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**BY THE NUMBERS IN CONNECTICUT:
INSURERS REAP HUGE PROFITS
WHILE WORKERS SUFFER**

In 1993, the Connecticut legislature overhauled the state's workers compensation system, a move that has been a windfall for insurers, with profits now double the national average. However, these huge profits were gained by deep cuts in benefits paid to workers.

In fact, benefits paid to workers were cut in half due to measures like dropping the workers' compensation benefit rate to 75 percent of average take-home pay, a one-third reduction in all permanency benefits, restrictions on access to medical treatment, and other major benefit cutbacks.

o Connecticut's pay-outs to workers have lagged significantly below national averages, by as much as 21.2 percent in 1996, with an overall average from 1993 through 2004 of 65.2 percent of premium dollars in Connecticut versus 70.9 percent nationally.

o In each of the four succeeding years - 1994 through 1997 - workers compensation insurers in Connecticut earned after tax profits of more than 25 percent, actually exceeding 30 percent in both 1996 and 1997. This quadrupled the previous four years' national average profit rate.

o From 1993 through 2004, total benefits paid to injured workers represented 55 percent of insurance company revenues, resulting in after-tax profits of \$882,539,000.

o The 1993 changes mandated a 19 percent premium rebate for employers. This figure was based on estimates provided by the insurance industry to the Connecticut legislature at the time. However, at no time did the industry suggest that its profits would immediately skyrocket to a four-year average of 28.3 percent - quadrupling the previous four years' national average profit rate.

o In contrast, the loss component of the workers compensation rate charged by insurers decreased 50 percent from July 1, 1993 to January 1, 2005. Total benefits paid to workers decreased about 39 percent from 1991 to 2004 as a percentage of payroll. Insurers' overstatement of losses in rate filings leaves employers blaming injury losses for their expenses when insurance profits are really to blame.

o A collateral consequence of the shrinkage in workers compensation benefits has been a reduction of attorney involvement in workers compensation claims. Data available from 1998 through 2002 shows that attorney involvement in workers compensation claims in Connecticut dropped to an average of 10.6 percent of workers compensation claims in 2002 - the 2002 national average was 14.3 percent.

Source: AIS Risk Consultants, Inc.,