

NEWS FROM SCDCA

South Carolina Department of Consumer Affairs



Brandolyn Thomas Pinkston, Administrator

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FOR IMMEDIATE RELEASE

CONSUMER ADVOCATE AND NCCI REACH SETTLEMENT ON PROPOSED RATE INCREASES POTENTIALLY SAVING CONSUMERS \$130 MILLION

Columbia, SC.....Elliott Elam, South Carolina's Consumer Advocate, announced today that the South Carolina Department of Consumer Affairs has reached a settlement agreement with the National Council on Compensation Insurance (NCCI). The settlement concerns NCCI's filing for an increase in workers' compensation insurance loss costs. Other parties to the settlement include the South Carolina Small Business Chamber of Commerce and the South Carolina Department of Insurance. The hearing was scheduled to begin today in front of Chief Administrative Law Judge Marvin F. Kittrell.

In its filing in April of 2007, NCCI requested an increase of 23.7 percent. In August of 2007, the Department of Insurance denied the requested increase but indicated it would approve an increase of roughly 16 percent. NCCI requested a contested hearing before the Administrative Law Court, and the Consumer Advocate intervened in the case. Under the settlement, which still must be approved by the Court, loss costs will be allowed to increase by 9.8 percent. The effective date for the new rates will be July 1, 2008.

"We are pleased with today's agreement and believe that it found a reasonable balance between the parties' positions in the case," Elam stated. "We fully expect that when NCCI makes its filing next year that the data will indicate the need for rate reductions. The improving experience of the

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Established by the Consumer Protection code in 1974, The South Carolina Department of Consumer Affairs represents the interests of South Carolina Consumers.

Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement and education.

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employers in our State, increased regulatory scrutiny, and the reforms passed by the General Assembly have all made a positive difference.”

The Department of Consumer Affairs Administrator concurs. “It’s a very good resolution to this case and a great win for South Carolina businesses and consumers,” said Brandolyn Thomas Pinkston.

NCCI is not an insurance company itself, but it does collect and analyze data on insurance claims. NCCI uses that data to file rate cases on behalf of the insurance industry on the loss cost portion of rates. Individual insurance companies add to the loss costs their own expenses, such as profit provisions, commissions, office expenses, etc. to arrive at the premiums they charge customers. Virtually all workers’ compensation insurance companies in South Carolina base their rates on NCCI data. The current filing proposed to increase loss costs by a state-wide average of 23.7 percent, which would have amounted to at least \$225 million in additional annual premiums charged to South Carolina businesses for workers’ compensation insurance premiums. The result of today’s settlement is that businesses that pay for workers’ compensation insurance will save roughly \$130 million per year over the proposed rates.

For more information, contact the Public Information Division at 803.734.4190, toll free in SC at 1.800.922.1594, or online at www.scconsumer.gov.

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