

Worker's Compensation Rates to Fall Again in Alabama?

On behalf of Johnston, Moore & Thompson

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The move to decrease workers' compensation insurance rates is not yet official, but it could happen in the very near future. The Alabama Department of Insurance will first consider the request, something it will begin with a Nov. 17 public hearing. If the request is approved, the rate change will take effect on Jan. 1, 2012.

As the Insurance Journal reports, if the rate change does take place, the state of Alabama will have seen its workers' compensation rates fall 44.8 percent since 2007.

Like many other states, Alabama has suffered during the economic slowdown. Alabama's unemployment rate has been hovering near 10 percent, meaning that the state's workers' compensation premium volume has dropped dramatically.

According to the Insurance Journal, Alabama's direct written premium volume hit \$422 million in 2007. In 2011, though, that figure now stands at \$318 million. That's a drop of nearly 25 percent. Employers are not buying as much and/or they are paying less for insurance in recent years.

Alabama's cost per workers' compensation claim is actually quite high. In 2009, for instance, the average medical cost per claim rose 14.9 percent to \$43,200, according to reports. During this same time, the medical cost per claim across the nation only jumped 5.4 percent to about \$27,000.

It's uncertain whether the new workers' compensation rates will become official in Alabama. The odds, though, are good that this will happen. Consider it another side effect of the nation's prolonged economic slump. With fewer workers, there simply are fewer workers' compensation claims.

But now that the insurance is cheaper, employers should find it easier than ever to afford workers' comp insurance in order to support their workers who are injured in a workplace accident. Just because it's a tough economy and fewer people are employed does not mean that those who are employed and suffer a work injury don't have rights to benefits.

Source

Insurance Journal: "Alabama Regulators Call for Hearing on Proposed Workers' Comp Rate Decrease," Michael Adams, Oct. 27, 2011