



## FLASH REPORT!

### It's a 7.6% Increase For Pure Premium Rates

The Workers' Compensation Insurance Rating Bureau (WCIRB) governing committee completed its deliberations this morning and voted to file for a 7.6% overall average increase in the California workers' comp advisory pure premium rates for 2014. The Bureau, however, is quoting a 6.9% increase in concert with the way the Department wants to announce rates. You can expect the mainstream media guys to use the lower and number.

Another amended filing is likely to be filed which would further increase the PPRs by an additional 2 to 3 more percent.

The revised filing reflects deterioration the Bureau saw in the second quarter claims experience which includes higher – read increasing - medical payments on older claims and a greater influx of new claims coming into the system.

The WCIRB is a private non-governmental organization supported and governed by insurance carriers. The vote for the larger increase in rates was unanimous among the insurance carrier members, and the 4 public members on the committee. Last month the indicated rate increase was a more modest 4.4% over the approved 2013 pure premium rates.

"I can see no reason the increase will not be approved," *Workers' Comp Executive* was told by a source at the California Department who spoke on condition of anonymity.

Still to come is a planned amendment to the filing to account for the impact of the state's switch to Medicare's resource-based relative value scale (RBRVS) method of paying physicians. Regulations are still under development. The Bureau's actuarial committee will meet in late October to evaluate the cost impact. The governing committee will then meet to amend the filing, if necessary, in time for the rate hearing.

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