



Printing Industries of Ohio/Northern Kentucky



October 16, 2009



William Lhota, Chairman
BWC Board of Directors
30 West Spring Street
Columbus, OH 43215

Dear Chairman Lhota:

Thank you for laying over the vote on BWC's proposed increase in workers' compensation premiums for the 2010 policy year until the October Board meeting.

In 2007, the BWC Board laid out a roadmap to:

- (1) reduce the credibility table from 90 to 85% in 2008, from 85 to 77% in 2009 and finally from 77 to 65% in 2010;
- (2) increase the amount of premium paid by group rated employers to eliminate non-group rated employers subsidy of group; and
- (3) reduce base rates for employers.

We have worked with BWC over the past few years to help accomplish these goals, but we believe that actual data needs to mature before additional increases are levied upon group-rated employers.

We specifically *oppose* the implementation of the group surcharge (the so-called break-even factor or BEF) as proposed by BWC for the 2010 rating year. Employers in group programs see this charge, which is only levied on group participants, as an extra “tax” they will have to pay, causing additional hardship for already financially strapped Ohio companies.

The surcharge was introduced earlier this year by BWC. Its effect on 2009 rates reduced the 77% maximum discount down to an effective maximum of 70%. Implementation of another surcharge in 2010 coupled with the reduction in the maximum credibility tables to 65% will effectively mean we are moving to a maximum discount of 51%, a reduction of nearly 20 points in one year!

To put this in perspective, over 70,000 employers that are near the maximum discount would drop to at most a 51% maximum discount. This will result in such employers seeing between a 40 to 60% increase in premiums, caused by decisions at the BWC, not because of claims for injured workers.

Our organizations have worked diligently with BWC staff to find solutions to issues that have been identified within the system. BWC has maintained on several occasions that the 2009 rate changes will result in non-group rated employers paying lower rates and no subsidization for group discounts. We have cooperated even as the rates for group employers have gone up in the past and we have agreed to the changes in credibility for 2010. Yet we are not satisfied that the surcharge for 2010 is warranted, particularly at a time when the economy in Ohio is suffering.

The BWC must focus on finding alternative programs for those employers that do not qualify to be in a group rating program and on looking for incentives that will actually reduce costs to the system – not simply shift costs around. Ohio cannot afford to cause this additional pain to its most safety compliant employers. To this end, our coalition has proposed an additional program or tool to help reduce the overall cost to the system coming from those larger or penalty rated employers.

Group rated employers have seen increases in premium rates over the past few years, but none as dramatic as BWC’s current proposal. (see attachment for actual employer examples) We ask that you keep the changes for 2010 confined to BWC’s original plan to reduce the credibility tables to 65% and forego further adjustments until the actual effects of the changes made for 2008 and 2009 can be measured.

Our organizations are committed to working with you and the BWC staff to improve Ohio’s workers’ compensation system to mitigate such drastic premium increases to group rated employers. It is our sincere hope that the BWC Board will take its final vote on a 2010 rate plan that addresses our concerns at the October Board meeting. If you have questions about our position, please feel free to contact us.

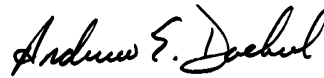
Sincerely,



Vince Squillace
Executive Vice President
Ohio Homebuilders Association



Barbara Shaner
Associate Executive Director
Ohio Association of School
Business Officials



Andrew E. Doehrel
President/CEO
Ohio Chamber of Commerce



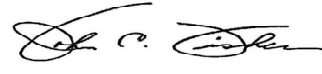
Tony Fiore, Esq.
Executive Vice President
Service Association of Ohio



Tom Jackson
President
Ohio Grocers' Association



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Dayton Area Chamber of Commerce



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Geoff Hetrick
President & CEO
Ohio Restaurant Association



George W. Haenszel, CAE
Executive Vice President
PIA Association of Ohio, Inc.



John C. Mahaney, Jr
President
Ohio Council of Retail Merchants



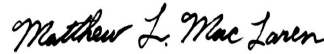
Greg Buscher
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Cincinnati USA Regional Chamber



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Builders Exchange of Central Ohio



Peter Van Runkle
Executive Director
Ohio Health Care Association



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Larry Davis
President
Ohio Trucking Association



Scott Nein
CEO
Independent Insurance
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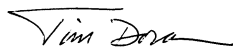
Richard C. Lewis
Executive Director
Ohio School Boards Association



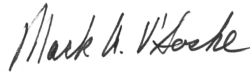
Douglas S. Evans, CAE
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Ohio Library Council



Thomas E. Stewart
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Ohio Oil & Gas Association



Tim Doran
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Mark A. V'Soske
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Clark Price
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Dennis P. Nauman
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Canton Regional Chamber of
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Jane Shallal
President
Associated Food &
Petroleum Dealers



Gary King
President & CEO
Ohio Agribusiness Association



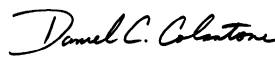
Susan J. Cave
Executive Director
Ohio Municipal League



Jim Cunningham
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Printing Industries of
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Robert Palmer

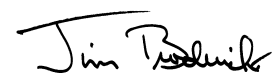
Robert Palmer
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Daniel C. Colantone, CCE
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Larry Long
Executive Director
County Commissioners
Association of Ohio



Jim Broderick
CEO
Ohio Florists Association

cc: BWC Board of Directors
BWC Administrator Marsha Ryan
Governor Ted Strickland
Ohio House of Representatives
Ohio Senate