



PRESS RELEASE

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BWC Proposes another \$1 Billion Workers' Compensation Rebate

Giving Back to Ohio Business

Each year, the Ohio Bureau of Workers' Compensation helps nearly 250,000 employers protect their employees. The premiums paid by Ohio's businesses and public employers help provide safety services to reduce workplace incidents and care to get injured workers back to work and back to life. An improving safety climate, good fiscal management and better than expected investment returns have resulted in the State Insurance Fund having a net position of more than \$9 billion. So, for the third time in four years, BWC is poised to return more than \$1 billion dollars to Ohio's private and public employers. Combined with nearly 30 percent in average rate cuts and \$3 billion in previous rebates and credits, this rebate would mean BWC will have helped return more than \$6 billion to Ohio's economy.

What does the proposal include?

BWC is proposing a one-time rebate of approximately \$1 billion for private employers and public-taxing districts. This includes an estimated \$967 million to private employers and \$133 million to public employer taxing districts. In total more than 200,000 employers will receive rebates.

BWC is also considering an additional, significant investment in workplace wellness and safety. BWC has begun developing ideas to support this request and expects a proposal in April that will help significantly reduce workplace injuries.

To become effective, the proposal must go to the BWC Board of Directors for a first read on March 15, and then must have a second read and be approved by its board on April 28.

How much will employers receive and when?

If approved at the board's April 28 meeting, most rebates would equal 66% of the employer's premium for the policy year ending June 30, 2016 (calendar year 2015 for public employers). If approved, BWC expects to begin sending checks in early July.

Private employers in the group-retro program will have their rebate amount calculated and paid following the 12-month premium calculation scheduled to occur in October 2017.

Who is eligible for the rebate?

Both private employers and public employer taxing districts that pay into the State Insurance Fund are eligible for the rebate. Details of eligibility will be posted to bwc.ohio.gov in the near future, but generally the employer must have been billed premium for the policy year ending June 30, 2016 (Dec. 31, 2015 for public employers), and be current in meeting their policy requirements. Employers with an outstanding BWC balance will have their rebate first applied to that balance. Employers that report through a Professional Employer Organization should receive their rebate from their PEO, which is required to pass a portion of the rebate on to their members.

How is it possible that BWC has \$1 billion to provide rebates?

Despite a nearly 30 percent reduction in rates since 2011, the net position of BWC continues to grow. The State Insurance Fund's net position stands at \$9.6 billion as of Jan. 31. This is primarily due to strong investment returns. Annualized return of investments was 7 percent over the last three fiscal years, including a total net return of 5.8 percent in FY2016. BWC's expected annual investment return is four percent. Prudent fiscal management and declining claims also factor into BWC's financial strength.

Will this impact BWC's ability to operate as normal and continue to care for injured workers?

No. Investments have performed so well, that even with the \$1 billion rebate, BWC's finances will remain very strong, so operations will continue as normal and injured workers will continue to receive the care they need to heal and return to work. In fact, we are developing a proposal to invest a significant amount into worker safety and wellness, which should benefit Ohio workers by further reducing workplace injuries. After the rebate, BWC will still have a net position of \$8.5 billion.

What else has BWC done to help Ohio businesses?

Since the beginning of 2011, BWC has saved Ohio businesses \$4.8 billion through rebates, credits and rate reductions. That includes:

- Giving rebates of \$1 billion in 2013 and another \$1 billion in 2014.
- Providing \$1.2 billion in credits to transition to a modern billing system at no cost to employers.
- Reducing rates for private employers an average of 28.2%. That means BWC collected \$1.7 billion less from employers than had 2010 rates remained steady.
- Reducing rates for public employers an average of 29.6%, or \$334 million less than had 2010 rates remained steady.
- Moving from the state with the third highest private employer rates in the country in 2008 to the 11th lowest.

Source: Ohio Bureau of Workers' Compensation (<https://www.bwc.ohio.gov/home/current/releases/2017/031317.asp>)