An aerial photograph of a city, likely Columbus, Ohio, showing a dense urban landscape with various buildings, streets, and green spaces. A large black rectangular box is overlaid on the right side of the image, containing white text. The text is arranged in a clear, professional layout, with a main title on the left and a descriptive paragraph on the right.

Stabilizing Group Rating, **Strengthening** Ohio's Economy

Started in 1991, BWC designed group rating as an economic development tool to allow smaller employers to achieve significant premium discounts, allowing them to become more competitive and grow Ohio's economy.

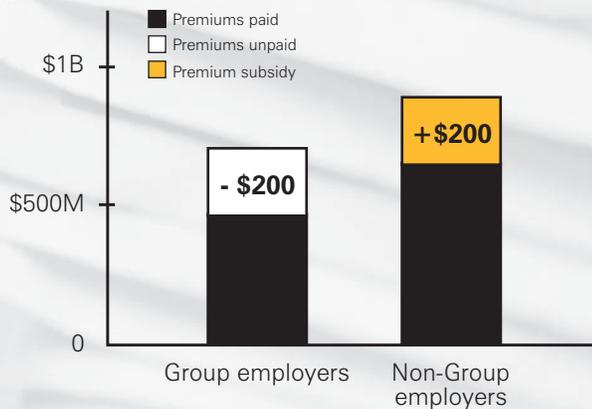
Today, there are

98,000 employers in group rating

who can **receive discounts**
up to 90 percent.

Group rating participation rates

98,000	Group employers
86,000	Non-group employers
47,000	Minimum premium (\$50) employers
231,000	Total state-fund employers



However, 9 independent reports have determined that, on average, employers with group-rating discounts do not pay enough in premiums to cover their total claims cost.

This has caused a \$200 million premium subsidy between group and non-group employers.

Not collecting enough premium from group employers forces BWC to **collect more premium from non-group employers** because BWC is revenue neutral. As a result, rates are inflated among industry groups and premium subsidies occur.

Industry	What employer expects to pay	What employer <u>actually</u> pays	Rate inflation
Carpentry	\$48,050	\$105,500	120 percent
Farming: Crops and drivers	\$22,450	\$68,800	206 percent
Trucking: Local drivers	\$57,600	\$106,600	85 percent
Painting	\$29,250	\$61,850	111 percent
Landscapers	\$35,550	\$73,300	106 percent
Cement workers	\$26,300	\$49,950	90 percent
Automotive service centers	\$15,450	\$26,300	71 percent

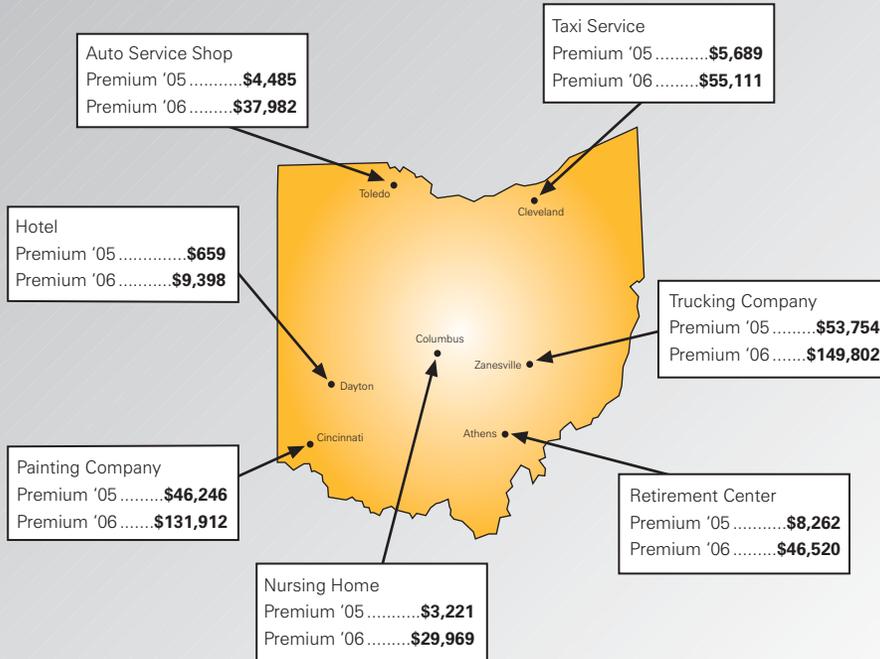
The expected base rate and the actual base rate per \$100 of payroll for each industry. The premium calculations use a payroll of \$500,000 to determine premiums for each industry.

The rate inflation demonstrates how much higher the actual premium is compared to the expected premium.



Currently, **employers must pay an average of \$1,200** to subsidize group-rated employers, **before paying \$1 towards their own premium costs.**

Examples of actual premium increases for Ohio businesses that lost their group discount



Losing a group discount causes significant financial hardship for Ohio businesses.

Premiums increased by an average of \$8,600 from 2005 to 2006 for businesses that lost their group discount.



Nearly **1 in 3 Ohio businesses** that lost their group discount either **canceled their coverage** or **filed bankruptcy**.



Today, group rating is not fulfilling its promise as an economic development tool.

Group rating:

Forces non-group **employers to pay more** than their fair share

Causes **financial hardship** for businesses that lose their group discount

Inflates premium rates costing Ohio business development opportunities

Stabilizing Group Rating

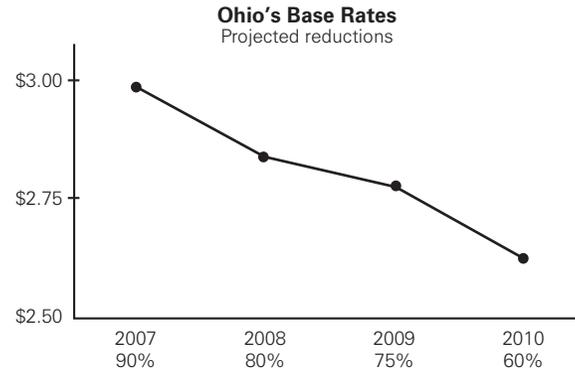
Long-term solutions:

- Gradually reducing the maximum discount to make sure all Ohio employers pay their fair share;
- Strengthening the group-rating rules to protect Ohio businesses;
- Transitioning to a new, nationally tested experience rating system (NCCI) to avoid punishing employers with just one claim.



Strengthening Ohio's Economy

Improved stability will better protect BWC customers and enhance business development opportunities for Ohio as base rates decline.



For more information, visit ohiobwc.com.