

## **Actuarial Committee Agenda**

**Thursday, June 17, 2010**

**William Green Building**

Level 2, Room 3

12:00 pm. to 2:00 p.m.

### **Call to Order**

Chuck Bryan, Committee Chair

### **Roll Call**

Larry Rhodebeck, Scribe

### **Approve Minutes of May 27, 2010 meeting**

Chuck Bryan, Committee Chair

### **Review and approve Agenda**

Chuck Bryan, Committee Chair

### **New Business/ Action Items**

Motions for Board Consideration:

#### A. For Second Reading

1. Coal Workers' Pneumoconiosis Fund – Rule 4123-17-20  
John Pedrick, Chief Actuarial Officer
2. Administrative Cost Fund – Rule 4123-17-36  
Tracy Valentino, Chief Fiscal and Planning Officer
3. Safety & Hygiene Assessment – 4123-17-37  
Tracy Valentino, Chief Fiscal and Planning Officer
4. Self-Insured Assessments – Rule 4123-17-32  
Terrence Potts, Actuarial Operations Rates Supervisor
5. Public Employer Taxing Districts Credibility Table effective 1-1-2011 – Rule 4123-17-33.1 and Public Employer Taxing Districts Group Break-Even Factor – Rule 4123-17-64.2  
John Pedrick, Chief Actuarial Officer
6. Large Deductible - Rule 4123-17-72 Revision  
John Pedrick, Chief Actuarial Officer

#### B. For First Reading

1. None

## **Discussion Items**

1. Rate Reform  
John Pedrick, Chief Actuarial Officer
2. Legislative Discussion and Analysis – if necessary
3. CAO report  
John Pedrick, Chief Actuarial Officer
4. Committee Calendar  
Chuck Bryan, Committee Chair

## **Executive Session**

Litigation update – if necessary

## **Adjourn**

Chuck Bryan, Committee Chair

## **Next Meeting: Monday, July 26, 2010**

\*Not all agenda items have material.

\*\* Agenda Subject to change

BWC Board of Directors  
**ACTUARIAL COMMITTEE**  
**Thursday, May 27, 2010, 12:00 P.M.**  
**William Green Building**  
30 West Spring St. 2<sup>nd</sup> Floor (Mezzanine)  
Columbus, Ohio 43215

Members Present: Charles Bryan, Chair  
Jim Matesich, Vice Chair  
David Caldwell  
James Hummel  
Thomas Pitts  
William Lhota, ex officio

Members Absent: None

Other Directors Present: Alison Falls, Kenneth Haffey, James Harris, Larry Price, and Bob Smith

Counsel present: James Barnes, General Counsel

Scribe: Larry Rhodebeck, Staff Counsel

**CALL TO ORDER**

Mr. Bryan called the meeting to order at 12:00 p.m. and the roll call was taken. Mr. Lhota reported to the meeting at 12:03.

**MINUTES OF APRIL 29, 2010**

Mr. Caldwell moved to approve the minutes of April 29, 2010. Mr. Matesich seconded and the minutes were approved by a roll call vote of five ayes and no nays.

**AGENDA**

Mr. Pedrick requested adding a sixth item for first readings on the deductible program because it requires a change before July. Mr. Matesich moved to adopt the agenda as amended. Mr. Pitts seconded and the amended agenda was adopted by a roll call vote of six ayes and no nays.

**NEW BUSINESS/ACTION ITEMS**

**SECOND READING: PRIVATE EMPLOYER BASE RATES AND EXPECTED LOSS RATES, OHIO ADMINISTRATIVE CODE RULES 4123-17-05 & 4123-17-06.**

John Pedrick, Chief Actuarial Officer, Elizabeth Bravender, Actuarial Director, and

Terrence Potts, Actuarial Operations Rates Supervisor, recommended amendment of Ohio Administrative Code Rules 4123-17-05 and 4123-17-06 to adopt the base rate and expected loss rate recommendation approved in April by the Workers' Compensation Board. The presentation included reference to "Executive Summary: Private Employer Contribution to the State Insurance Fund" of May 17, 2010. Mr. Bryan commented that setting of the individual rates is the last action to be taken, following approval of a 3.9% overall rate recommendation and changes in the credibility table. The rates are subject to a 30% cap on increases and a finding that the break even factor need not be changed.

Mr. Potts reported that preliminary rates were reported at the April meeting and no changes were needed, so the rates presented today are the same as those from last month. Of the classifications, 122 will experience base rate increases, 396 will experience decreases, and 13 will have no changes. Base rates are calculated using data from the oldest four of the previous five calendar years preceding the effective date of rates.

In response to Mr. Bryan's question, Mr. Potts confirmed the experience period was CY 2005 through 2008. Mr. Potts also stated the experience includes adjustments from claims payroll audits. The rates do not include employer's rating plans, such as group rating or retrospective rating.

Mr. Potts further reported that base rates and expected loss rates are used for two separate and distinct purposes. Base rates are used to insure BWC collects the necessary premium to cover the anticipated costs of claims incurred during the policy year and include assessments to fund the Division of Safety & Hygiene and for the Premium Payment Security Fund. Expected loss rates are used to determine whether a specific employer's loss is better or worse than average. If an employer has a better than average loss history, they will receive a credit applied to the base rate. Conversely, if an employer's loss history is worse than average, a debit will be applied to the base rate.

At the April meeting, the Actuarial Committee asked for the number of employers affected by changes. Page 19 of the materials available in the April and May executive summaries, shows a chart with the number of classifications affected by different base rate changes. New charts on pages 20 and 21 for the May executive summary include the number of employers assigned to manual classifications and the premiums the employers will pay for those manual classes. For example, manuals with a reduction of 50% to 86% affect 12 manual classes, 27 employers, and \$79,000 in premiums. Reductions of 10% to 19% will affect 199,126 employers, 169 classes, and a little over \$568 million in premiums.

Mr. Bryan asked if there are employers with more than one manual class. Mr. Potts confirmed and replied that the employer counts may be duplicated if an employer has employees in different manual classes.

Mr. Matesich asked how BWC is approaching employers with delivery of safety services for those experiencing high base rate increases. Mr. Pedrick reported that for both claim changes and experience modification increases, BWC is targeting employers for safety programs. Mr. Potts added this will affect 122 manual classes.

Mr. Bryan stated that an 86% change seems large when 60% of experience used for manual base rate determination is the same from one year to the next. Mr. Potts reported that the large particular decrease occurs in manual classification 4439, lacquer or spirit varnish manufacturing. Ohio has only one employer in this category. Mr. Pedrick added that, although there are still three years of claims in common in the experience period for a given year and the next year, the next year's data has also developed by a year. Most classes have enough employers and payroll to have full credibility. For some classes, the number of employers is so small the rate is set at the industry rate. Mr. Bryan commented that this still seems volatile. Mr. Pedrick replied that volatility in class rates causes him concern and that is why he and his staff will work with Deloitte Consulting LLC over the next year to investigate ways to reduce volatility and improve class rate setting methods. Manual 4439 is exceptional; because it has so little information, and it has no credibility. When deciding what the proper rate is for classes with little or no data, BWC staff examines rate calculations from previous years as well as the industry class rate. .

Mr. Price stated that he saw more classes in the chart where there were drastic changes. Mr. Pedrick responded that rates are predictions of the cost of next year's claims. Mr. Price pointed out that one example is manual 1430, where rates increase from \$63 to \$81 and were more of a concern because of the initial high rate. Mr. Pedrick stated when a rate increases 30%, it is likely that the increase would have been more. The next question is what the uncapped rate eventually be. Was there a 30% rise last year and could there be a 30% raise next year? Class 1430 shows how one large employer and payroll can affect business.

Mr. Harris stated that in small classes, an employer with several claims can affect rates materially, and result in volatility. That is just the nature of rate setting.

Mr. Pedrick confirmed to Mr. Smith that in pricing, when BWC has little information, it must set a base rate with the information it has.

Mr. Matesich reviewed a number of manual classes in beverage manufacturing, transportation, and sales. He is aware that consolidation of employers and reduction of employees has shrunk the industry. Should not BWC put these employers into fewer classes? Mr. Pedrick replied that the National Council on Compensation Insurance (NCCI) makes distinctions in classes because, on a national level, it sees significant differences in the data. Consolidating classifications must be balanced with the need to follow NCCI classifications wherever possible.

Mr. Matesich stated the smaller the employer, the greater the volatility, whereas, the larger the number of employers, and the fewer employees, safety culture differences have an effect in experience. Mr. Pedrick replied this statement articulates the rationale for predictability and stability in rate-making.

Mr. Hummel reported another example is lead smelting and a large employer leaves. Mr. Pedrick answered that this can affect the class rate and related his recent answer to an employer's questions. When staff calculated the hypothetical class rate without this employer's experience, the result would have been a lower rate for all other employers in the class.

Mr. Pedrick stated that if a manual class has low credibility, then BWC turns to the rate for the industry group to which the class belongs.

Mr. Lhota wondered how many classifications have only one employer.

Ms. Falls put the issue a different way. NCCI classes are widely used. Do other insurers using NCCI classifications see the same volatility and what in Ohio is increasing volatility? Mr. Pedrick answered that in the next year, BWC wants to look at these types of questions in the investigation of ways to increase class rate stability.

Marsha Ryan, BWC Administrator, asked when the NCCI sets rates, does it create rates for all states or individual states. Mr. Pedrick replied that it is state by state and submitted to state insurance regulators for approvals.

Mr. Bryan requested that BWC take this volatility issue into consideration when setting rates for July 1, 2011.

Mr. Matesich moved that the Actuarial Committee recommend that the Bureau of Workers' Compensation Board of Directors consent to the Administrator's recommendation to amend private employer rate rules 4123-17-05 and 4123-17-06 of the Administrative Code, effective July 1, 2010. Mr. Pitts seconded and the motion was approved by a roll call vote of six ayes and no nays.

#### **SECOND READING: MARINE INDUSTRY FUND, OHIO ADMINISTRATIVE CODE RULE 4123-17-19**

Mr. Pedrick recommended approval of rates for the Marine Industry Fund and amendments to Ohio Administrative Code Rule 4123-17-19. The presentation included reference to "Executive Summary, Marine Industry Fund (MIF)" of April 19, 2010. At the April meeting of the Actuarial Committee, BWC recommended a 25% reduction.

Mr. Hummel moved that the Actuarial Committee recommend that the Bureau of Workers' Compensation Board of Directors consents to the Administrator's recommendation to amend rule 4123-17-19 of the Administrative Code, "Employer Contribution to the Marine Industry Fund," effective July 1, 2010. Mr. Caldwell seconded the motion.

Mr. Matesich requested time at the end of the meeting, if available, to discuss the terminology of HB562. (This discussion was not held due to lack of time.)

The motion was approved by a roll call vote of six ayes and no nays.

#### **SECOND READING, DISABLED WORKERS' RELIEF FUND, OHIO ADMINISTRATIVE CODE RULE 4123-17-29**

Mr. Pedrick recommended approval of Disabled Workers' Relief Fund rates and Ohio Administrative Code Rule 4123-17-29. The presentation included "Executive Summary, Disabled Workers' Relief Fund (DWRF I)."

Mr. Bryan asked why the Actuarial Committee needs a motion if the Administrator has recommended no change. Mr. Pedrick replied that rating rules need approval every year. James Barnes, General Counsel, added that because rates are new for each year, a motion should be approved.

Mr. Pitts moved that the Actuarial Committee recommend that the Bureau of Workers' Compensation Board of Directors consents to the Administrator's recommendation to retain without change Rule 4123-17-29 of the Administrative Code, "Disabled Workers' Relief Fund: Employers' Assessments and Self-Insurer's Payments." This motion consents to the Administrator retaining without change Rule 4123-17-29 as presented here today. Mr. Matesich seconded the motion.

Mr. Pitts stated that a vote is necessary because a vote on the Administrator's recommendation, even if there is no change, indicates the Board's approval of the Administrator's proposed course of action.

The motion was approved by a roll call vote of six ayes and no nays.

#### **SECOND READING, SPONSORSHIP CERTIFICATION REQUIREMENTS, OHIO ADMINISTRATIVE CODE RULE 4123-17-61.1**

Tom Prunte, Director of Employer Management Services, and Sherri Simpson, Management Analyst Supervisor, requested amendment of Ohio Administrative Code Rule 4123-17-61.1 regarding sponsors. Ms. Simpson reported that the recommended changes make the rule more generic by removing references to specific policy years. At the April meeting, it was reported that there would be additional changes to the draft in paragraph (A), which have now been included. There has been a change in the marketing rule which prohibits marketing before adoption of the break even factors. BWC has received no additional feedback from stakeholders.

Mr. Matesich remarked that paragraph (D) requires safety data reports and asked if BWC can provide these to the Workers' Compensation Board. Ms. Simpson noted that the amendment requires additional reporting. Mr. Matesich stated that the rule required data reporting in the former version. Mr. Prunte stated that BWC can report on the data collected.

Mr. Bryan suggested the Medical Services and Safety Committee would be a better venue for a report of that nature. Mr. Harris, Chair of the Medical Services and Safety Committee, concurred.

Mr. Caldwell moved the Actuarial Committee recommend that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendation to amend Rule 4123-17-61.1 of the Administrative Code, "Sponsorship Certification Requirements." The motion consents to the Administrator amending Rule 4123-17-61.1 as presented here today. Mr. Hummel seconded and the motion was approved by a roll call vote of six ayes and no nays.

**FIRST READING, COAL WORKERS' PNEUMOCONIOSIS FUND, OHIO ADMINISTRATIVE CODE RULE 4123-17-20**

Mr. Pedrick and Dave Heppen, Jan Lommele, and Bob Miccolis, Deloitte Consulting, presented the rate recommendation to the Coal Workers' Pneumoconiosis Fund and Ohio Administrative Code Rule 4123-17-20. Reference was made to Deloitte's report, "Coal Workers' Pneumoconiosis Fund ("CWPF") Recommendations to be Effective July 1, 2010," of May 27, 2010. Mr. Lommele reported that he and Dave Heppen were the lead analysts, and Bob Miccolis provided the peer review. Deloitte has made alternative recommendations, depending on decisions by BWC. Mr. Heppen recommended discontinuing the moratorium on premium collections begun in 1999. Currently, only coal miner operators joining the fund in 1999 and later pay premiums. The recommendation is based on promoting equity. If the moratorium is discontinued, premiums can be lowered by 20%. The alternate recommendation is to keep rates unchanged and maintain the moratorium.

Mr. Bryan asked how many employers are "new." Mr. Heppen replied that seventeen are new, of forty-six total employers covered by the CWPF. However, the seventeen have larger payrolls.

Mr. Smith commented that the old employers may argue they have already paid into the fund, so are entitled to the moratorium.

Ms. Ryan stated there should be much more work completed to review the customers and the structures of the customers.

Mr. Bryan asked if the Actuarial Committee should be requesting more information before acting on the recommendation. Ms. Ryan replied so much more work is necessary, especially under National Health Care Reform. So she is recommending preserving the status quo.

Mr. Hummel asked if the fund has been examined for old employers bringing in new claims.

Mr. Heppen reported that on page 3 of the report a chart showing that the fund has maintained net assets, but losses are increasing, so the fund is losing ground. Mr. Pedrick added that the question is what is the true exposure to the fund?

Mr. Lhota asked how does the transfer to the Ohio Department of Natural Resources (ODNR) affect the fund. Mr. Pedrick responded that it comes from the investment income. Tracy Valentino, Chief, Fiscal & Planning, added that the net operating income shown in Deloitte's presentation probably includes the transfer. Mr. Bryan requested research on that for the June meeting.

Mr. Caldwell suggested that the Actuarial Committee waive the second reading because the consensus is to continue the moratorium. Mr. Price stated his view is that when there is a change recommendation, that it have a second reading.

Mr. Caldwell moved to waive second reading. Mr. Pitts seconded.

Mr. Hummel asked will there be additional information presented by the June meeting. Mr. Pedrick replied he will have information on the impact of the transfer of funds to the ODNR in existing and future transactions. However, BWC cannot do more in-depth studies before the next meeting.

Ms. Valentino reported that audited financial statements of fiscal year 2009 show \$4 million transferred for the safety program. Mr. Lhota commented that the transfer to the safety inspection program is an ongoing obligation.

In a roll call vote, Mr. Bryan, Mr. Caldwell, and Mr. Pitts voted to waive the second reading. Mr. Matesich and Mr. Hummel voted against waiving. Mr. Lhota did not vote because the Board's Governance Guidelines require him to abstain from voting if a tie vote could result. Mr. Bryan ruled that by a 3-2 vote, the requirement for a second reading was waived.

Mr. Pitts moved that the Actuarial Committee recommend that the Bureau of Workers' Compensation Board of Directors consents to the Administrator's recommendation to retain without change Rule 4123-17-20 of the Administrative Code, "Employers' contribution to the Coal Workers' Pneumoconiosis Fund." This motion consents to the Administrator retaining without change Rule 4123-17-20 as presented here today. Mr. Caldwell seconded the motion.

Mr. Bryan asked how does the motion seek to advise and consent. Mr. Pitts replied that page 2 of the BWC "Executive Summary, Coal Workers' Pneumoconiosis Fund (CWPF)" advised no change from the past, so the Administrator recommends a moratorium.

In a roll call vote, Mr. Bryan, Mr. Caldwell, and Mr. Pitts voted to approve the motion. Mr. Matesich and Mr. Hummel voted against the motion. Mr. Lhota did not vote per the procedures in the Governance Guidelines. Mr. Bryan ruled that the motion was approved and that the Actuarial Committee will recommend to the Workers' Compensation Board that the moratorium be continued. (At the Board meeting, this recommendation was rejected by a vote of 6 to 5 and the matter was returned to the Actuarial Committee.)

#### **FIRST READING, ADMINISTRATIVE COST FUND, OHIO ADMINISTRATIVE CODE RULE 4123-17-36**

Ms. Valentino requested adoption of assessment rates for the Administrative Cost Fund (ACF) and amendment of Ohio Administrative Code Rule 4123-17-36. Reference was made to the report "7/1/10 Administrative Assessments Executive Summary" of May 21, 2010. The rates were calculated based on the results of the annual administrative cost allocation study. The principle followed in the cost allocation study is that administrative costs allocated to each employer group should be related to the level and type of service provided to the group by BWC, the Industrial Commission, and the Workers' Compensation Council. In the course of the study, types of services provided were identified, service levels were measured, and costs were distributed using available workload statistics. Each state fund employer group's rate is calculated as a percentage of that group's projected premium base. The Self-Insured employer rate is calculated as a percentage of paid compensation. Page 3 of the executive summary includes an historic

review of rates. Over the past year, BWC lowered costs to \$254 million from \$273 million. For private employers and public employers, assessments are a percentage of premiums; for self-insuring employers, assessments are a percentage of paid compensation.

Mr. Matesich asked why the Industrial Commission is not doing as well as BWC in controlling costs. John Georgiton, Fiscal Officer, Industrial Commission, replied that the Industrial Commission is making improvements as well. Its budget for fiscal year 2010 is \$62 million, but it spent only \$52.7 million. It has thirty-one fewer employees and has closed four offices. The Industrial Commission still conducted 170,000 hearings because there is a lag-time between reductions of claims at BWC, and reductions in hearings.

Mr. Matesich asked why then is the budget still at \$62 million. Mr. Georgiton replied the actual calculation is at \$49.4 million.

Mr. Matesich asked what rates would be if the Workers' Compensation Council is abolished. Ms. Valentino replied that if it were abolished before July 1, the assessment can be removed. If after July 1, BWC will make the appropriate adjustment. BWC expects new information on the Workers' Compensation Council before the next reading of the rules, which will affect the rates. Page six shows the calculation for the fiscal year 2010 rates, which shows the collection more than projected expense. BWC also looks at the cash balance. If BWC has more than \$45 million in unencumbered cash at the end of the fiscal year, it must be rolled into next year's budget. This year, that balance is \$48 million. Page 6 also shows the decrease in the discount rate to 4%. For the Industrial Commission, there is no change. For the Workers' Compensation Council, BWC may reduce the assessment based on information received between now and the June meeting.

**FIRST READING, SAFETY AND HYGIENE, OHIO ADMINISTRATIVE CODE RULE 4123-17-37**

Ms. Valentino requested amendment of Ohio Administrative Code Rule 4123-17-37 regarding assessments for the Safety and Hygiene Fund. Reference was made to a report entitled, "Executive Summary, Public Employer State Safety and Hygiene Rate" of May 17, 2010. Ms. Valentino reported that there will be no change in the safety and hygiene rates for public employer taxing districts and private employers. There is a sufficient fund balance and rates are equitable.

Mr. Matesich asked if private employers pay the right amount because of use and are state agencies using the Safety and Hygiene Division less. Ms. Valentino replied that the rates charged are appropriate for the use by each group.

Mr. Harris asked how can the BWC maintain the level of services with reduction of rate and keep the same staff. Ms. Valentino stated that the recommendation reflects confidence of BWC in the rate recommendation. Ms. Ryan added that BWC starts with what the General Assembly appropriates.

**FIRST READING, SELF-INSURED ASSESSMENTS, OHIO ADMINISTRATIVE CODE RULE 4123-17-32**

Mr. Pedrick, Ms. Bravender, and Mr. Potts requested adoption of the self-insured assessment rates and amendment of Ohio Administrative Code Rule 4123-17-32. Reference was made to the report entitled, "Executive Summary, Self-Insured Employers Assessments" of May 17, 2010. Mr. Potts reported that there are 1,194 active self-insuring employers in Ohio, who pay four mandatory assessments and three optional assessments. The mandatory assessments are the Surplus Fund assessment for payment of claims for bankrupt employers who have defaulted on their claim obligations for injuries with dates of injury prior to 1987, the Self-Insuring Employers' Guaranty Fund for claims with dates of injury after 1986, the Administrative Cost Fund assessment, and the Safety and Hygiene assessment. The optional assessments are for rehabilitation, in which three employers are participating; the handicap reimbursement program, in which no employers participate; and the disallowed claim program, in which 519 employers participate.

Mr. Potts reported that rates are on page 5 of the report. The rate would be reduced for the mandatory surplus fund from .0935 to .0300 because workers' compensation claim payments decreased by \$4M and BWC collected \$2.5 million more from sureties last year. The Guaranty Fund assessment is increasing from .0527 to .1154 due to a \$2M increase in claim payments for post 1986 claims. The ACF remains the same for BWC and the Industrial Commission. If funding for the Workers' Compensation Council changes, then BWC will adjust the rate. No changes are recommended on rehabilitation and handicap reimbursement, but the disallowed claim assessment is increasing to 0.0396.

Mr. Matesich commented that in paragraph H of the rule, BWC should delete "and" following "hundred."

Mr. Pitts stated that he was surprised by the number of bankruptcies.

**FIRST READING, PUBLIC EMPLOYER TAXING DISTRICTS CREDIBILITY TABLE EFFECTIVE JANUARY 1, 2011, & PUBLIC EMPLOYER TAXING DISTRICTS GROUP BREAK-EVEN FACTOR, OHIO ADMINISTRATIVE CODE RULES 4123-17-33.1 & 4123-17-64.2**

Mr. Pedrick requested adoption of the public employer taxing districts credibility table effective January 1, 2011, and public employer taxing districts group break-even factor, Ohio Administrative Code Rules 4123-17-33.1 & 4123-17-64.2. The report included reference to a PowerPoint presentation "Public Employer-Taxing Districts (PECs), 2011 Rate Structure—Credibility and Break Even Factors" of May 27, 2010; "Executive Summary, Public Employer Taxing Districts," of May 14, 2010; and "Executive Summary, Public Employer Break-Even Factor," of May 14, 2010.

BWC proposes that public employer taxing districts adopt the same credibility table as private employers. Also, BWC will change the break even factor table so that the group to non-group relativity remains at the target. Because adopting the new credibility table has a greater impact on group risk, this allows BWC to reduce the break-even factor table. Finally, BWC will adjust the off balance to achieve an overall 0.0% premium effect. When the start of the new PEC policy year is much closer and full data on payroll, claim costs, and group membership is available, BWC will look over the effects and make any necessary changes. BWC is selecting the break even factor now, so group sponsors can

begin marketing. Page 3 of the PowerPoint shows the target relativities. Retrospective rating has a ten-year period to pay, so this program tends to pay the right premium. That is why the structural changes under discussion today apply to group and non-group employers. Page 4 has a summary of changes and shows the reduction of the break even factor for group-rated employers.

Mr. Price asked who the stakeholders at the meetings were. Mr. Pedrick replied that it was group sponsors and TPAs and that he would provide a list. BWC did not receive comments, but participants were glad to see the break even factor reduced. More on this proposal will be presented in June.

#### **FIRST READING, DEDUCTIBLE PROGRAM RULE, OHIO ADMINISTRATIVE CODE RULE 4123-17-72**

Mr. Pedrick requested a change to the deductible program and amendment of Ohio Administrative Code Rule 4123-17-72. The presentation included references to "Executive Summary, Deductible Program Rule Changes," of May 26, 2010. In April, the Workers' Compensation Board approved two changes to make the program compatible with the Drug Free Safety Program and for the large deductible portion. BWC found problems with the table in Appendix F approved at that time, so it is requesting approval of the rule without the table. BWC will fix the error in July and August and return to Workers' Compensation Board with corrected rates. Public employer state agencies enroll from September 1 to October, so there is time to revise.

Mr. Bryan asked if this affected private employers. Mr. Pedrick replied that the affect on private employers was theoretical, but it appears that no private employers will use the options that will be addressed in July and August.

In response to Mr. Bryan's question, Mr. Pedrick reported the problem was in the pricing. If an employer had \$2 million in premiums and selected the \$200,000 deductible with \$600,000 aggregate stop-loss, it would receive a discount of at least 47%. As a result, the employer would receive a premium reduction of \$940,000, but would never pay more than \$600,000 regardless of claims losses due to the aggregate stop loss feature. This creates a negative incentive and is an error in the pricing.

Ms. Falls remarked that it appeared that the Workers' Compensation Board is voting four times on this rule before July 1. Mr. Pedrick replied this reflects the growing pains for new programs, plus staggered enrollment times for different programs.

#### **DISCUSSION ITEMS**

#### **RESERVE UPDATE FOR FINANCIAL REPORTING FOR FISCAL YEAR ENDING JUNE 30, 2010 AND PROJECTION FOR JUNE 30, 2011, BASED ON DATA AS OF MARCH 31, 2010**

Bill Van Dyke, Mr. Lommele, Mr. Miccolis, and Mr. Heppen presented the reserve study on behalf of Deloitte Consulting. The presentation was based on "Ohio Bureau of Workers' Compensation March 31, 2010 Reserve Analysis: Unpaid Loss and Loss Adjustment Expense as of June 30, 2010."

Mr. Van Dyke reported that Deloitte has been retained by BWC to determine an actuarial central estimate of the unpaid loss and loss adjustment expense as of June 30, 2010. The annual evaluation used data as of March 31, 2010. This is the first annual evaluation by Deloitte (Oliver Wyman had provided previous evaluations) and is modified from December 2009 data. The Ultimate Loss Estimates are based on multiple actuarial methodologies that incorporate both incremental and cumulative to date accident year data as well as both paid losses and incurred losses. The selected ultimate losses are primarily based on methodologies that employ cumulative paid data, which are commonly used for workers' compensation. The Nominal Unpaid Loss Estimate is calculated as ultimate losses, less payments, projected through June 30, 2010. Projected payments from April 1, 2010, to June 30, 2010, are determined based on the historical payment pattern of BWC. The Discounted Unpaid Loss Estimates are determined as the undiscounted unpaid loss estimates adjusted for expected future investment income using a discount rate of 4.0%—not 4.5% as was used last year—and the historical payment pattern of BWC.

The preliminary reserve currently used by BWC as of June 30, 2010, of \$19.3 billion is \$530 million, or 3% below the discounted unpaid estimate by Deloitte of \$19.8 billion based on data as of March 31, 2010. The discounted unpaid estimate is based on a discount rate of 4.0% and reflects \$12.4 billion of future investment income, which must be realized to provide sufficient funds to make all future claim payments associated with claims occurring on June 30, 2010, and prior. The indicated unbilled premium receivable of \$3.4 billion as of June 30, 2010, is approximately \$190 million higher than the BWC recorded unbilled premium receivable as of June 30, 2009, of \$3.21 billion.

The current June 30, 2010, discounted unpaid estimate of \$19.8 billion is \$848 million, or 4.5% higher than the prior discounted unpaid estimate by Deloitte of \$19 billion based on data as of December 31, 2009. The discount rate change from 4.5% to 4.0% drives the change with a \$965 million impact. The current June 30, 2010, unbilled premium receivable estimate of \$3.4 billion is \$238 million higher than the prior estimate of \$3.2 billion based on data as of December 31, 2009.

For the State Insurance Fund only, the current discounted unpaid estimate of \$15.7 billion is \$593 million or 3.9% higher than the prior discounted unpaid estimate of \$15.1 billion based on data as of December 31, 2009. The June 30, 2010, State Insurance Fund unpaid estimate decreased \$100 million assuming a constant discount rate.

The December 31, 2009, analysis showed a reserve of \$14.3 billion; the balance based on data through March 31, 2010, is \$14.8 billion, a change of \$553 million. The drivers of change are reduction of the discount rate to 4.0%, changes in ultimate losses (both changes in losses and parameter updates), changes in expected premiums paid at June 30, 2010, and change in the reserve discount rate. Expected paid loss for FY 2010 to date (July 1, 2009, to March 31, 2010) was \$1.328 billion. Actual paid loss was \$1.240 billion.

Mr. Bryan asked would this be because BWC is paying more slowly. Mr. Van Dyke replied it is because of decline in frequency. Also, the actual loss for the third quarter is \$399 million, which is \$52 million less than expected.

Mr. Van Dyke further reported that the other funds remain relatively stable. For DWRF, the current June 30, 2010 discounted unpaid estimate of \$2.044 billion is \$135 million higher than the prior estimate of \$1.909 billion, driven primarily by the change in the discount rate. The Coal Workers Fund June 30 discounted unpaid estimate is \$74 million, \$10 million higher than the prior estimate of \$65 million for December 31, 2009. Seven million dollars of the increase is from the change in the discount rate. The remaining \$3 million is associated with change in the average age from 56 to 55. There are no changes in methodology or other changes in assumptions since the prior analysis. For the SIEGF, the current June 30, 2010, discounted unpaid estimate of \$889 million is \$69 million higher the prior estimate of \$820 million for December 31, 2009. The increase is primarily driven by the change in the discount rate. For the ACF, the discounted unpaid estimate of \$1,116 million is \$41 million higher than the prior estimate of \$1,074 million.

The June 30, 2010, roll-forward process begins in July. Deloitte does not anticipate any changes to the methodology or any significant change in the assumptions. If changes are noted, then Deloitte will conduct a deep dive to determine the reasons. Results will be communicated to the Bureau of Workers' Compensation Board of Directors in August.

#### **LEGISLATIVE DISCUSSION AND ANALYSIS**

There was no discussion of pending legislation.

#### **CHIEF ACTUARY REPORT**

Mr. Pedrick stated that since the last report, BWC has revised the plan for group rating and split-experience rating. Group rating should be self-supporting by July 1, 2012. BWC will be looking at group-rating with Deloitte. For split-experience rating, BWC will roll out a "beta" version in 2011, and will fully implement the new methodology by July 1, 2012.

#### **COMMITTEE CALENDAR**

Mr. Bryan asked for additions to the calendar and hearing none, made no changes.

#### **EXECUTIVE SESSION**

There was no executive session.

#### **ADJOURNMENT**

Mr. Pitts moved to adjourn and Mr. Caldwell seconded. Mr. Bryan adjourned the meeting at 2:25 p.m. after the motion was approved by a roll call vote of six ayes and no nays.

## Common Sense Business Regulation (BWC Rules)

(Note: The below criteria apply to existing and newly developed rules)

### **Rule 4123-17-20**

#### **Rule Review**

1.  The rule is needed to implement an underlying statute.

Citation: R.C. 4123.34, 4131.04

2.  The rule achieves an Ohio specific public policy goal.

What goal(s): This rule provides for the premium rating of employer contributions to the coal workers pneumoconiosis fund for coal coverage. It is optional for employers to obtain this coverage from BWC. This rule establishes the rates for employers and informs employers of the rates. BWC is not proposing a change in the rate for this rule.

3.  Existing federal regulation alone does not adequately regulate the subject matter.

4.  The rule is effective, consistent and efficient.

5.  The rule is not duplicative of rules already in existence.

6.  The rule is consistent with other state regulations, flexible, and reasonably balances the regulatory objectives and burden.

7.  The rule has been reviewed for unintended negative consequences.

8.  Stakeholders, and those affected by the rule were provided opportunity for input as appropriate.

Explain: BWC rates are developed using actuarial and insurance principles, stakeholder input is not appropriate. Recommendation from BWC actuarial.

9.  The rule was reviewed for clarity and for easy comprehension.

10.  The rule promotes transparency and predictability of regulatory activity.

11.  The rule is based on the best scientific and technical information, and is designed so it can be applied consistently.

12.  The rule is not unnecessarily burdensome or costly to those affected by rule.

If so, how does the need for the rule outweigh burden and cost? \_\_\_\_\_

13.  The Chief Legal Officer, or his designee, has reviewed the rule for clarity and compliance with the Governor's Executive Order.

# Board of Directors Executive Summary

## Coal Workers' Pneumoconiosis Fund (CWPF)

**Description of Fund:** The Coal Workers' Pneumoconiosis Fund (CWPF) provides benefits for injured workers under the Federal Coal Mine Health and Safety Act of 1969. The federal government sets benefit levels and determines claim eligibility for benefits. The CWPF provides voluntary coverage to employers who have employee exposure to coal dust, as required by federal law. Ohio employers may choose to purchase the insurance from BWC, from a private carrier, or self insure.

**Benefits provided by fund:** CWPF provides Permanent and Total Disabled (PTD) pension benefits and medical payments to employees who have contracted pneumoconiosis in the course of their employment. CWPF provides for Death benefits for surviving spouses of injured workers who have contracted pneumoconiosis in the course of their employment and subsequently died from the pneumoconiosis.

**Rate Method:** Calculate and apply premium rates designed to provide premiums to equal the cost of all coal mining lung related occupational diseases that have injury dates within the policy year. The current rate will apply to new employers to the fund. A moratorium on premium collections has been in place beginning in the policy year beginning 7-1-1999 through the policy year beginning 7-1-2009 due to the level of net assets. Premium is paid only by employers who have newly subscribed to the CWPF fund on or after May 15, 1999.

The Federal Health Care Reform amendment filed by Senator Robert Byrd – D- West Virginia, restores the rebuttable presumption for a veteran miner, with at least 15 years experience, that is diagnosed with a debilitating lung disease. The presumption is that the disease was contracted in the course of employment in the mines. The amendment also provides for an automatic death benefit for survivors in these cases and allows that the presumption be retroactive to January 1, 2005. This reverses legislation enacted in 1981 by Congress under the Reagan administration. The BWC and Deloitte have not yet completed an analysis of the cost of this amendment to the CWPF. We are in the process of gathering data internally, and from the Department of Labor and the Ohio Coal Mine industry.

### **Deloitte Rate Indication:**

The BWC's consulting actuary, Deloitte, recommends a premium rate decrease of 20% contingent on the BWC discontinuing the premium moratorium described above. If the moratorium is maintained, then Deloitte recommends no change in the current rate.

### **Administrator's Recommendation:**

The Administrator is recommending no rate change and continuation of the moratorium for CWPF subscribers to the fund with active dates prior to May 15, 1999.

## Coal-Workers' Pneumoconiosis (Black Lung) Fund Rate History

7-1-74	Rates: Manual 1112 - \$6.30 Manual 1115 - \$3.68
7-1-75	No Change
7-1-76	No Change
7-1-77	No Change
7-1-78	No Change
7-1-79	No Change
7-1-80	No Change; Administrative Cost now included as a part of the base rate
7-1-81	30% increase
7-1-82	30% increase; Manual 1116 was added
7-1-83	30% decrease for Manual 1115 and Manual 1116 only
7-1-84	30% decrease for Manual 1115 and Manual 1116 only
7-1-85	30% decrease
7-1-86	30% decrease
7-1-87	30% decrease
7-1-88	No Change
7-1-89	No Change
7-1-90	30% decrease
7-1-91	30% decrease
7-1-92	No Change
7-1-93	No Change
7-1-94	No Change
7-1-95	No Change
7-1-96	No Change
7-1-97	10% decrease
7-1-98	No Change
7-1-99	No Change
7-1-2000	No Change
7-1-2001	Rates: Manual 1112 - \$3.70 Manual 1115 - \$1.07 Manual 1116 - \$0.83
7-1-2002	No Change
7-1-2003	No Change
7-1-2004	No Change
7-1-2005	No Change
7-1-2006	No Change
7-1-2007	No Change
7-1-2008	No Change
7-1-2009	No Change

**\*\*\*DRAFT – NOT FOR FILING\*\*\***

**4123-17-20 EMPLOYER CONTRIBUTION TO THE  
COALWORKERS  
PNEUMOCONIOSIS FUND.**

The administrator of workers' compensation, with the advice and consent of the workers' compensation oversight commission, has authority to establish contributions made to the coal-workers pneumoconiosis fund by employers pursuant to sections 4121.121 and 4131.04 of the Revised Code. The administrator hereby sets the premium rates per one hundred dollar unit of payroll to be effective July 1, 2001, as indicated in attached appendix A.

Effective: 7/1/01

Prior Effective Dates: 7/1/90; 7/1/91; 7/1/92; 7/1/97; 7/1/98

**\*\*\*DRAFT – NOT FOR FILING\*\*\***

**Appendix A**

Manual	Rate
1112	\$3.70
1115	\$1.07
1116	\$0.83

Note: the above premium rates shall only apply to employers who newly subscribe to the coal-workers pneumoconiosis fund on or after May 15, 1999. The bureau shall institute a moratorium on premium collections from all employers who were subscribers to the coalworkers pneumoconiosis fund prior to May 15, 1999, and who remain subscribers to the fund.

**Common Sense Business Regulation (BWC Rules)**

(Note: The below criteria apply to existing and newly developed rules)

**Rule 4123-17-36**

**Rule Review**

1.  The rule is needed to implement an underlying statute.  
Citation: R.C. 4123.341, 4123.342
2.  The rule achieves an Ohio specific public policy goal.  
  
What goal(s): The rule notifies employers of the administrative cost assessments applicable to the policy year 7/1/10 to 6/30/11
3.  Existing federal regulation alone does not adequately regulate the subject matter.
4.  The rule is effective, consistent and efficient.
5.  The rule is not duplicative of rules already in existence.
6.  The rule is consistent with other state regulations, flexible, and reasonably balances the regulatory objectives and burden.
7.  The rule has been reviewed for unintended negative consequences.
8.  Stakeholders, and those affected by the rule were provided opportunity for input as appropriate.  
  
Explain: Because BWC administrative cost assessments rules are developed based upon the BWC budget and a cost allocation study, stakeholder input is not appropriate.
9.  The rule was reviewed for clarity and for easy comprehension.
10.  The rule promotes transparency and predictability of regulatory activity.
11.  The rule is based on the best scientific and technical information, and is designed so it can be applied consistently.
12.  The rule is not unnecessarily burdensome or costly to those affected by rule.  
  
If so, how does the need for the rule outweigh burden and cost? \_\_\_\_\_
13.  The Chief Legal Officer, or his designee, has reviewed the rule for clarity and compliance with the Governor's Executive Order.

**Bureau of Workers' Compensation Actuarial Committee**  
**7/1/10 Administrative Assessments**  
**Executive Summary**

The agenda for the May meeting of the Actuarial Committee of the Bureau of Workers' Compensation Board of Directors includes the rules for the administrative assessments. The rates presented will be those recommended by the Administrator, the Chairman of the Ohio Industrial Commission and the Executive Director of the Workers' Compensation Council for the approval of the Workers' Compensation Board of Directors. If consent is obtained, the rules will be filed with the Legislative Services Commission and the Secretary of State and will become effective July 1, 2010.

Employers in the State of Ohio pay annual assessments that are used to fund the operating expenditures of BWC, the Industrial Commission and the Workers' Compensation Council. Assessments for administrative rates are authorized by the Ohio Revised Code, which requires periodic studies and calculations in order to establish an assessment. The Ohio Revised Code establishes that a separate rate be calculated for BWC, the Industrial Commission and the Workers' Compensation Council.

The rates were calculated based on the results of the annual administrative cost allocation study. The principle followed in the cost allocation study was that administrative costs allocated to each employer group should be related to the level and type of service provided to that group by BWC, the Industrial Commission, and the Workers' Compensation Council. In the course of the study, types of services provided were identified, service levels were measured, and costs were distributed using available workload statistics. Each state fund employer group's rate is calculated as a percentage of that group's projected premium base. The Self-Insured employer rate is calculated as a percentage of paid compensation.

Rule 4123-17-36 establishes the actual Administrative Cost Assessments for state-fund employers for rating year beginning July 1, 2010. The rule reflects separate rates for BWC, the Industrial Commission and the Workers' Compensation Council. Please note that the Self-Insured administrative assessment is not included in this rule but is included in Rule 4123-17-32 which is on the agenda for this meeting.

**BWC  
Administrative Cost Fund  
Historical Information**

**Estimated Costs by Employer Group (before adjustment) -BWC**

<b>Employer Group</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Private	224,978,328	229,631,037	229,694,878	217,142,564	202,902,250
Public - State	12,949,918	10,220,182	7,528,633	8,376,907	8,453,180
Public Taxing Districts	32,672,554	32,158,330	25,521,804	29,291,798	28,004,400
Self-Insured	24,852,131	21,673,834	17,500,749	18,943,855	19,940,170
<b>Total</b>	<b>295,452,931</b>	<b>293,683,383</b>	<b>\$280,246,064</b>	<b>\$273,755,123</b>	<b>\$259,300,000</b>

**Allocation Base**

<b>Employer Group</b>	<b>7/1/06</b>	<b>7/1/07</b>	<b>7/1/08</b>	<b>7/1/09</b>	<b>7/1/10</b>
Private	1,520,000,000	1,600,000,000	1,700,000,000	1,435,000,000	1,262,000,000
Public - State	68,500,000	70,800,000	66,400,000	61,500,000	61,325,275
Public Taxing Districts	361,800,000	363,000,000	359,000,000	353,000,000	289,067,022
Self - Insured	227,000,000	218,000,000	219,000,000	213,000,000	202,000,000

**Rate History- BWC**

<b>Employer Group</b>	<b>7/1/06</b>	<b>7/1/07</b>	<b>7/1/08</b>	<b>7/1/09</b>	<b>7/1/10</b>
Private	14.09%	14.09%	13.67%	14.01%	13.45%
Public - State	12.43%	12.43%	12.24%	12.85%	12.85%
Public Taxing Districts	8.15%	8.15%	8.05%	8.25%	8.25%
Self - Insured	8.22%	8.22%	8.47%	8.89%	8.89%

**Industrial Commission  
Administrative Fund  
Historical Information**

**Estimated Costs by Employer Group (before adjustment) -IC**

<b>Employer Group</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Private	34,002,366	33,148,265	34,454,723	34,628,592	35,283,975
Public - State	1,938,889	2,012,677	2,221,355	2,246,446	2,439,498
Public Taxing Districts	5,816,667	5,765,420	6,427,285	6,980,028	7,411,529
Self-Insured	18,084,328	17,075,852	18,696,002	17,860,479	17,509,532
Total	\$59,842,250	\$58,002,213	\$61,799,365	\$61,715,545	\$62,644,534

**Rate History- IC**

<b>Employer Group</b>	<b>7/1/06</b>	<b>7/1/07</b>	<b>7/1/08</b>	<b>7/1/09</b>	<b>7/1/10</b>
Private	2.27%	2.25%	1.98%	2.10%	2.10%
Public - State	3.28%	3.14%	3.27%	3.31%	3.31%
Public Taxing Districts	1.90%	1.77%	1.75%	1.81%	1.81%
Self - Insured	7.26%	7.90%	8.34%	7.98%	7.98%

## Workers' Compensation Council Administrative Cost Information

### Estimated Costs by Employer Group (before adjustment) -WCC

<b>Employer Group</b>	<b>2010</b>	<b>2011</b>
Private	640,120	541,585
Public - State	260	220
Public Taxing Districts	7,410	6,270
Self-Insured	2,210	1,925
<b>Total</b>	<b>\$650,000</b>	<b>\$550,000</b>

### Rate History- WCC

<b>Employer Group</b>	<b>7/1/09</b>	<b>7/1/10</b>
Private	0.0446%	0.0429%
Public - State	0.0004%	0.0004%
Public Taxing Districts	0.0021%	0.0022%
Self - Insured	0.0010%	0.0010%

**Ohio Bureau of Workers' Compensation  
Administrative Cost Fund (ACF) Model  
Calculated Fiscal Year 2011 Rates**

Employer Group	FY 2011 Estimated Costs	Annual Adjustment	Net FY 2011 Estimated Costs	Rate Allocation Base	FY 2011 Recommended Rate	FY 2010 Rates	% Change
Private (PA)	202,902,250	(41,226,345)	\$161,675,905	1,262,000,000	13.45%	14.01%	-4.00%
Public State (PS)	8,453,180	(856,130)	7,597,050	61,325,275	12.85%	12.85%	0.00%
Public Taxing Districts (PC)	28,004,400	(5,024,377)	22,980,023	289,067,022	8.25%	8.25%	0.00%
Self-Insured (SI)	19,940,170	(1,616,553)	18,323,617	202,000,000	8.89%	8.89%	0.00%
<b>Total</b>	<b>\$259,300,000</b>	<b>(48,723,406)</b>	<b>\$210,576,594</b>				

Appropriation \$299,625,529  
Difference \$40,325,529 13.46%

**Industrial Commission of Ohio  
Administrative Cost Fund (ACF) Model  
Calculated 2011 rates**

Employer Group	2011 Actual Budget	Adjustment	2011 Projected Revenue	Premiums or SI Actual Comp.	2011 Recommended Rates	2010 Rates	Rate Change
Private (PA)	\$35,283,975	(8,719,005)	26,564,970	1,262,000,000	2.10%	2.10%	0%
Public State (PS)	\$2,439,498	(408,031)	2,031,467	61,325,275	3.31%	3.31%	0%
Public Taxing Districts (PC)	\$7,411,529	(2,190,252)	5,221,277	289,067,022	1.81%	1.81%	0%
Self-Insured (SI)	\$17,509,532	(1,394,454)	16,115,078	202,000,000	7.98%	7.98%	0%
<b>Total</b>	<b>\$62,644,534</b>	<b>(\$12,711,741)</b>	<b>49,932,793</b>	<b>1,814,392,297</b>			

**Ohio Bureau of Workers' Compensation  
Workers' Compensation Council Model  
Calculated Fiscal Year 2011 Rates**

Employer Group	FY 2011 Estimated Costs	Annual Adjustment	Net FY 2011 Estimated Costs	Rate Allocation Base	FY 2011 Recommended Rate	FY 2010 Rates	% Change
Private (PA)	541,585	0	\$541,585	1,262,000,000	0.0429%	0.0446%	-3.78%
Public State (PS)	220	0	220	61,325,275	0.0004%	0.0004%	0.00%
Public Taxing Districts (PC)	6,270	0	6,270	289,067,022	0.0022%	0.0021%	3.29%
Self-Insured (SI)	1,925	0	1,925	202,000,000	0.0010%	0.0010%	0.00%
<b>Total</b>	<b>\$550,000</b>	<b>0</b>	<b>\$550,000</b>				

#### **4123-17-36 Administrative cost contribution.**

(A) The administrator of workers' compensation, with the advice and consent of the workers' compensation board of directors, has authority to calculate contributions to the administrative cost fund by employers pursuant to sections 4121.121, 4123.341, and 4123.342 of the Revised Code. The administrator hereby sets administrative cost rates as indicated in paragraph (D) of this rule for the bureau of workers' compensation and the bureau of workers' compensation board of directors. Based upon the information provided to the administrator by the industrial commission pursuant to section 4123.342 of the Revised Code, the administrator, with the approval of the chairperson of the industrial commission, hereby sets administrative cost rates as indicated in paragraph (E) of this rule for the industrial commission.

(B) The administrative cost rate for each employer's assessment, except for self-insuring employers, is calculated as follows:

(1) If the employer qualifies for experience rating, either as an individual or through participation in group rating, the assessment is calculated based on a percentage of the employer's experience rated premium.

(2) If the employer is not experience rated, the assessment is calculated based on a percentage of the employer's base rate premium.

(3) If the employer is retrospectively rated, the assessment is calculated based on a percentage of the employer's experience rated premium or base rated premium (but not the minimum premium percentage from the retrospective rating plan) that the employer would have paid if the employer were not participating in retrospective rating.

(4) For state agencies, including state universities and state university hospitals, the assessment is calculated based on a percentage of the employer's premium.

(C) Whenever administrative cost rates established under this rule and rule 4123-17-32 of the Administrative Code prove inadequate or excessive, the same may be adjusted at any time during the biennial period.

(D) Administrative cost rates for the bureau of workers' compensation and bureau of workers' compensation board of directors.

(1) Private employers: ~~14.01~~ 13.45 per cent of premium effective July 1, ~~2009~~ 2010.

(2) Public employer taxing districts: 8.25 per cent of premium effective January 1, ~~2009~~ 2010.

(3) Public employer state agencies: 12.85 per cent of premium effective July 1, ~~2009~~ 2010.

(E) Administrative cost rates for the industrial commission.

(1) Private employers: 2.10 per cent of premium effective July 1, ~~2009~~ [2010](#).

(2) Public employer taxing districts: 1.81 per cent of premium effective January 1, ~~2009~~ [2010](#).

(3) Public employer state agencies: 3.31 per cent of premium effective July 1, ~~2009~~ [2010](#).

(F) Administrative cost rates for the workers' compensation council.

(1) Private employers: ~~0.0446~~ [0.0429](#) per cent of premium effective July 1, ~~2009~~ [2010](#).

(2) Public employer taxing districts: ~~0.0021~~ [0.0022](#) per cent of premium effective January 1, ~~2009~~ [2010](#).

(3) Public employer state agencies: 0.0004 per cent of premium effective July 1, ~~2009~~ [2010](#).

Promulgated Under: 111.15

Statutory Authority: 4121.12, 4121.121

Rule Amplifies: 4123.341, 4123.342

Prior Effective Dates: 7/1/90, 7/1/91, 7/1/91, 7/1/93, 7/1/94, 1/1/95, 7/1/95, 7/1/96, 7/1/97, 7/1/98, 7/1/99, 7/1/00, 7/1/01, 7/1/02, 7/1/03, 7/1/04, 7/1/06, 7/1/07, 7/1/08, 7/1/09

**Common Sense Business Regulation (BWC Rules)**

(Note: The below criteria apply to existing and newly developed rules)

**Rule 4123-17-37**

**Employer Contribution to Safety and Hygiene Fund Update**

**Rule Review**

1.  The rule is needed to implement an underlying statute.

Citation: R.C. 4121.37 and 4123.34

2.  The rule achieves an Ohio specific public policy goal.

What goal(s): The rule establishes the premium rate paid by Ohio employers to the Safety and Hygiene fund.

3.  Existing federal regulation alone does not adequately regulate the subject matter.

4.  The rule is effective, consistent and efficient.

5.  The rule is not duplicative of rules already in existence.

6.  The rule is consistent with other state regulations, flexible, and reasonably balances the regulatory objectives and burden.

7.  The rule has been reviewed for unintended negative consequences.

8.  Stakeholders, and those affected by the rule were provided opportunity for input as appropriate.

Explain: N/A Rate Rule

9.  The rule was reviewed for clarity and for easy comprehension.

10.  The rule promotes transparency and predictability of regulatory activity.

11.  The rule is based on the best scientific and technical information, and is designed so it can be applied consistently.

12.  The rule is not unnecessarily burdensome or costly to those affected by rule.

If so, how does the need for the rule outweigh burden and cost? \_\_\_\_\_

13.  The Chief Legal Officer, or his designee, has reviewed the rule for clarity and compliance with the Governor's Executive Order.

**Board of Directors**  
**Executive Summary**

**Public Employer State Safety and Hygiene Rate**

**Background Information**

The Safety and Hygiene Fund (Fund), as defined in Ohio Revised Code 4121.37, is used solely for the purpose of investigation and prevention of workplace accidents and diseases. Funding supports the salaries of the Superintendent of the Safety & Hygiene Division and the necessary experts, engineers, staff and related operating costs for the operation of the Division of Safety and Hygiene. All employer groups support the fund through the contribution of no more than one percent of their premiums. Current rates are 1% for private employer and state agencies and .5% for public employer taxing districts and self insured employers. The Self Insured employer rate is charged as a percentage of its paid compensation. The rate for self insured employers was reduced from 1% to .5% for the rating period beginning July 1, 2009. The rate for Public Employer Taxing Districts was reduced from 1% to .5% for the rating period beginning January 1, 2009. State Agencies have contributed 1% since 2000.

**Executive summary**

Safety and Hygiene rates are reviewed annually in conjunction with BWC administrative cost allocation analysis. For the purposes of reviewing the rates for this Fund, the Safety and Hygiene Division budget, estimated collections and the Fund balance are all considered in the review. Safety and Hygiene and Field Operations staff provide data indicating the percentage of their time attributable to each employer group. This includes, but is not limited to, the number of dedicated staff to the various employer groups, site visits, site testing, and class attendance. For the purpose of calculating the rate for the state agencies, the portion of the Safety and Hygiene budget attributed to agencies is divided by estimated premium collections from these employers. Estimated premium collections are calculated by BWC's Actuarial Division.

The annual review of the Safety and Hygiene rate indicated contributions from state agencies were in excess of the budget set aside for this particular employer group. In addition, there is a significant Fund balance available. The excess Fund balance is sufficient enough to support a reduction in the assessment rate for State Agencies without compromising services provided. A reduction in the rate from 1% to .5% can be sustained for several years.

The proposed rate reduction will allow the Division of Safety and Hygiene to continue current services provided and staffing levels for the Safety and Hygiene Division, both now and in future years. Funding will also be available for modifications to services that may be proposed.

**\*\*\* DRAFT – NOT FOR FILING \*\*\***

**4123-17-37 Employer contribution to the safety and hygiene fund.**

The administrator of workers' compensation, with the advice and consent of the bureau of workers' compensation board of directors, has authority to approve contributions to the state insurance fund by employers pursuant to sections 4121.121 and 4121.37 of the Revised Code. The administrator hereby establishes the amount of premium to be set aside to fund the division of safety and hygiene to be one half of one per cent of paid premium for public employer taxing districts, ~~and~~ one half of one per cent of paid premium for public employer state agencies, and one per cent of paid premium for private employers.

Promulgated Under: 111.15

Statutory Authority: 4121.12, 4121.121, 4121.37, 4123.34

Rule Amplifies: 4121.37, 4123.34

Prior Effective Dates: 7/1/90, 7/1/93, 7/1/98, 7/1/99, 7/21/08, 1/1/10

## **Common Sense Business Regulation (BWC Rules)**

(Note: The below criteria apply to existing and newly developed rules)

### **Rule 4123-17-32**

#### **Rule Review**

1.  The rule is needed to implement an underlying statute.

Citation: R.C. 4121.37, 4121.66, 4123.34, 4123.342, 4123.343, 123.35

2.  The rule achieves an Ohio specific public policy goal.

What goal(s): This rule establishes the rates for self-insuring employers for the policy year 7/1/2010 through 6/30/2011.

3.  Existing federal regulation alone does not adequately regulate the subject matter. (*BWC rate rules are not a federal regulatory matter.*)

4.  The rule is effective, consistent and efficient.

5.  The rule is not duplicative of rules already in existence.

6.  The rule is consistent with other state regulations, flexible, and reasonably balances the regulatory objectives and burden.

7.  The rule has been reviewed for unintended negative consequences.

8.  Stakeholders, and those affected by the rule were provided opportunity for input as appropriate.

If no, explain: BWC rate rules are developed using actuarial and insurance principles, stakeholder input is not appropriate.

9.  The rule was reviewed for clarity and for easy comprehension.

10.  The rule promotes transparency and predictability of regulatory activity.

11.  The rule is based on the best scientific and technical information, and is designed so it can be applied consistently.

12.  The rule is not unnecessarily burdensome or costly to those affected by rule.

If so, how does the need for the rule outweigh burden and cost?

13.  The Chief Legal Officer, or his designee, has reviewed the rule for clarity and compliance with the Governor's Executive Order.

Board of Directors  
**Executive Summary**

**Self-Insured Employers Assessments**

**Description of Fund:** The Self-Insured Employers Assessment Fund is established to support the safety and hygiene fund, the administrative cost fund, and the portion of the surplus fund that is mandatory as they relate to self-insured employers. The Self-Insured Employers Guaranty Fund (SIEGF) and the former Self-Insured Surety Bond Fund (SBF) provide for payment of compensation and benefits to injured workers of bankrupt self-insured employers. Claims with injury dates prior to 1987, self-insured employers provided security in the form of a letter of credit or a bond from private insurance carriers to cover the cost of claims in the event of bankruptcy or default. This is referred to as the Surety Bond Fund (SBF). It was replaced in 1993 by the Self-Insured Employers Guaranty Fund (SIEGF) for claims with injury dates after 1986.

**Benefits provided by the SIEGF and SBF funds:** All injured worker benefits (including DWRP) that would normally be paid by the self-insured employer that has defaulted.

**SIEGF Rate Method:** The BWC is to maintain a minimum balance of funds in the SIEGF at rates as low as possible to assure sufficient moneys to guarantee the payment of any claims against the fund. The Ohio Administrative Code 4123-19-15 (B) requires the SIEGF to maintain a minimum balance of 1.25 times the previous years annual claims disbursements. When the BWC determines that the SIEGF has insufficient funds, an assessment is necessary to ensure the minimum balance in the fund and will assess all self-insuring employers an annual contribution. New self-insuring employers will be assessed six percent of base rate premium as reported on the last two six month payroll reports for the first three years of self-insurance. When a self-insured employer defaults on its self-insured workers' compensation obligations, the BWC moves to recover monies paid from the SIEGF and SBF by filing bankruptcy claims and by drawing on additional security that may have been placed in BWC's favor by the defaulting employer.

The following is a list of the assessments:

1. Mandatory Surplus Fund (SI Surplus Fund): This assessment is to fund costs charged to the Self-Insured Mandatory Surplus Fund which is an account of the Surplus Fund of the State Insurance Fund. These costs are primarily for claims with injury dates prior to 1987 of bankrupt self-insured employers and for specific medical costs such as some medical exams and prostheses.
2. Self-Insured Employers Guaranty Fund (SIEGF Fund): This assessment is to fund the costs charged to the SIEGF. These costs are for claims of bankrupt self-insured employers with injury dates after 1986, and for the costs of DWRP on all claims of bankrupt self-insured employers with any injury date.
3. Administrative Cost Fund (ACF): This assessment is to fund the administrative costs for the BWC, IC, and WCC for only the activities that support the self-insured employers.

4. Safety and Hygiene Fund (S&H Fund): This assessment is to fund the work of the Division of Safety and Hygiene for self-insured employers.
5. Optional Rehabilitation Program (SI Surplus Fund): This assessment mutualizes the costs of rehabilitation among the self-insured participants in this program. Currently, three self-insured employers participate.
6. Optional Handicap Program (SI Surplus Fund): This assessment mutualizes the costs of handicap claims among the self-insured participants of this program. Currently, there are no self-insured employers participating.
7. Optional Disallowed Claim Reimbursement Program (SI Surplus Fund): This assessment mutualizes the costs of disallowed claims among the self-insured employers in this program. This program is designed to reimburse self-insured employers for claim costs ordered to be paid by the Industrial Commission that were ultimately denied. Currently, five hundred nineteen self-insured employers participate.

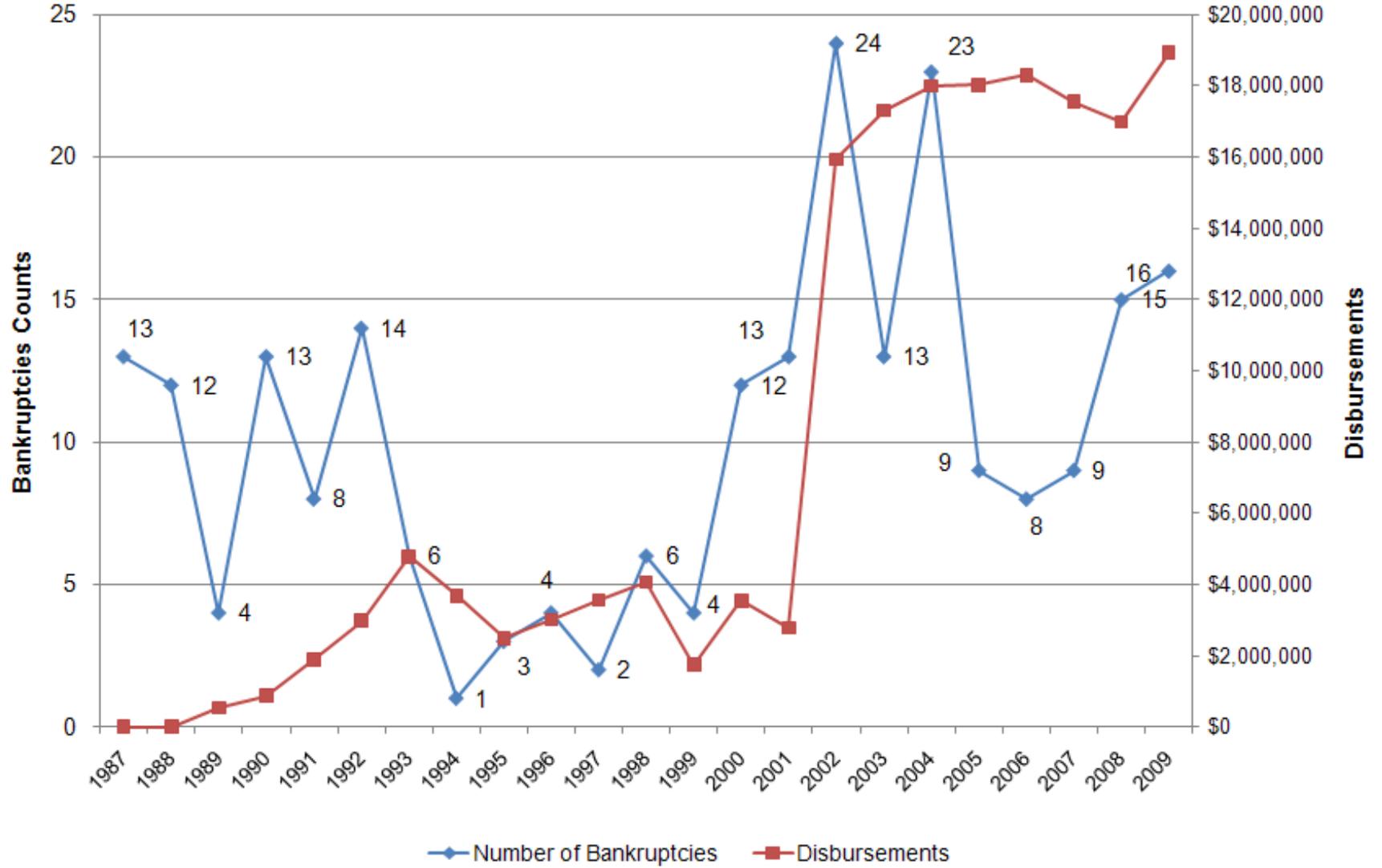
**Number of Bankrupt Ohio Employers: 282**

<b>Calendar Year</b>	<b>Number of Bankruptcies</b>	<b>Payment Amounts as of 5/18/2010 by bankruptcy year<sup>1</sup></b>	<b>SIEGF Disbursements by calendar year<sup>2</sup></b>
1987	13	\$14,753,917	
1988	12	24,891,823	
1989	4	9,079,831	\$536,613
1990	13	22,526,177	871,542
1991	8	11,679,511	1,893,236
1992	14	26,515,395	2,983,798
1993	6	14,047,091	4,775,129
1994	1	519,593	3,682,184
1995	3	23,257,456	2,495,841
1996	4	8,384,482	3,002,436
1997	2	2,971,423	3,560,750
1998	6	3,414,951	4,066,601
1999	4	10,894,633	1,742,639
2000	12	8,734,302	3,548,229
2001	13	25,475,178	2,779,046
2002	24	101,849,254	15,920,989
2003	13	12,039,621	17,295,253
2004	23	31,456,681	17,982,107
2005	9	4,524,746	18,021,985
2006	8	3,804,338	18,289,499
2007	9	3,165,395	17,547,887
2008	15	6,311,354	16,972,818
2009	16	4,675,188	18,916,292
2010 to date	0		

1. From Data Warehouse

2. From Cash Basis Financial Statements

### Self-Insured Employers Guarantee Fund Disbursements and Bankruptcy Counts

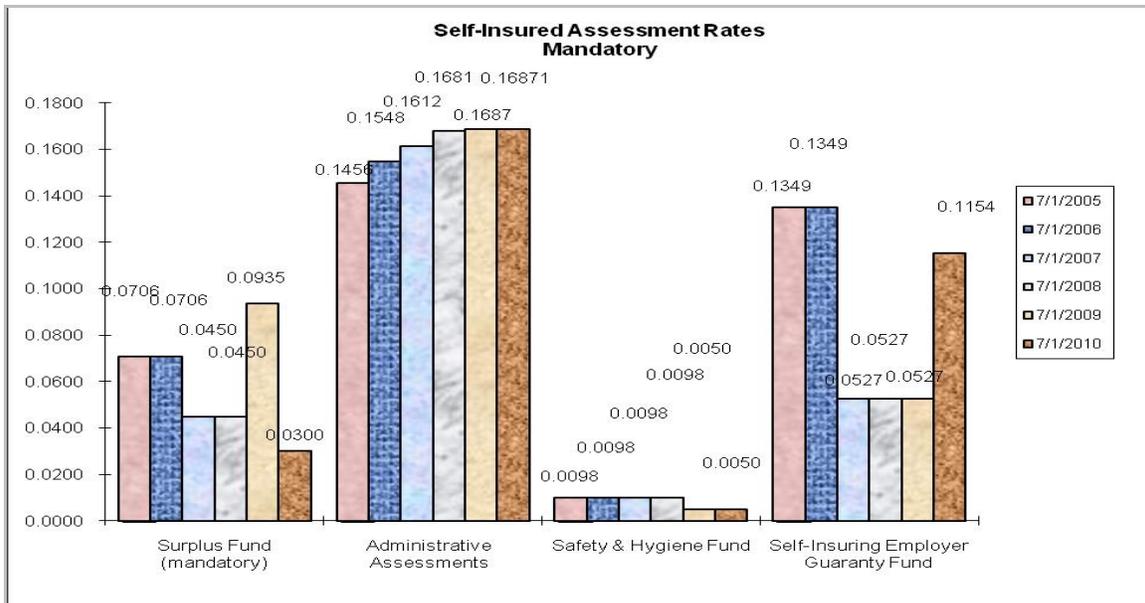


Created by: Terry Potts  
 May 28, 2010

**Self-Insuring Employer Assessment Funds**

**Assessment Rates  
Per \$1.00 Paid Comp**

	<u>7/1/2005</u>	<u>7/1/2006</u>	<u>7/1/2007</u>	<u>7/1/2008</u>	<u>7/1/2009</u>	<u>7/1/2010</u>	<u>2009/2010 Change</u>
<b>Mandatory</b>							
Surplus Fund (mandatory)	0.0706	0.0706	0.0450	0.0450	0.0935	0.03000	-0.06350
Self-Insuring Employer Guaranty Fund	0.1349	0.1349	0.0527	0.0527	0.0527	0.11540	+0.06270
Administrative Cost Fund: <u>BWC</u>	<u>0.0790</u>	<u>0.0822</u>	<u>0.0822</u>	<u>0.0847</u>	<u>0.0889</u>	<u>0.08890</u>	+0.00000
Administrative Fund: <u>IC</u>	<u>0.0666</u>	<u>0.0726</u>	<u>0.0790</u>	<u>0.0834</u>	<u>0.0798</u>	<u>0.07980</u>	+0.00000
Administrative Cost Fund: <u>WCC</u>					<u>0.00001</u>	<u>0.00001</u>	+0.00000
Safety & Hygiene Fund	0.0098	0.0098	0.0098	0.0098	0.0050	0.00500	-0.00000
<b>Mandatory Assessments</b>	<b>0.3609</b>	<b>0.3701</b>	<b>0.2687</b>	<b>0.2756</b>	<b>0.31991</b>	<b>0.31911</b>	<b>-0.00080</b>
<b>Optional</b>							
Surplus Fund (rehabilitation)	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300	+0.0000
Surplus Fund (handicap)	0.2480	0.2480	0.2480	0.2480	0.2480	0.2480	+0.0000
Surplus Fund (disallowed claims)	n/a	n/a	0.0236	0.0285	0.0278	0.0396	+0.0118



- Mandatory Assessment Rates based upon Paid Compensation of \$202,000,000
- Surplus Fund (mandatory) Regular Disbursements less Adjustments is \$9,461,903
- Surplus Fund (disallowed claims) Claim Disbursements are \$2,509,000 and based upon paid compensation of \$63,290,000
- SIEGF Total Assets as of December 31, 2009 are \$48,054,000 and Current Year Disbursements are \$24,744,000
- Projected Rehabilitation Reimbursements are \$26,286 and based upon paid compensation of \$202,201

**4123-17-32 Self-insuring employer assessment based upon paid compensation**

The administrator of workers' compensation, with the advice and consent of the workers' compensation board of directors, has authority to determine and levy against self-insuring employers amounts to be paid to support the safety and hygiene fund, the administrative cost fund, the portion of the surplus fund that is mandatory, the portion of the surplus fund that is used for rehabilitation reimbursement subject to the self-insuring employer's election under section 4121.66 of the Revised Code, the portion of surplus fund that is used for handicap reimbursement subject to the self-insuring employer's election under section 4123.343 of the Revised Code, and the portion of the surplus fund used for claims reimbursement for self-insuring employers under division (H) of section 4123.512 of the Revised Code, pursuant to sections 4121.12, 4121.37, 4121.66, 4123.34, 4123.342, and 4123.35 of the Revised Code in conjunction with rule 4123-19-01 of the Administrative Code. The administrator hereby sets the self-insuring employer assessments to be effective July 1, ~~2009-2010~~, for the period July 1, ~~2009-2010~~, to June 30, ~~2010-2011~~, payable in two equal remittances by February 28, ~~2010-2011~~, and August 31, ~~2010-2011~~, as follows:

(A) The assessments shall be on the basis of the paid compensation attributable to the individual self-insuring employer as a fraction of the total amount of paid compensation for the previous calendar year attributable to all amenable self-insuring employers.

(B) Paid compensation means all amounts paid by a self-insuring employer for living maintenance benefits, all amounts for compensation paid pursuant to sections 4121.63, 4121.67, 4123.56, 4123.57, 4123.58, 4123.59, 4123.60 and 4123.64 of the Revised Code, all amounts paid as wages in lieu of such compensation, all amounts paid in lieu of such compensation under a non-occupational accident and sickness program fully funded by the self-insuring employer, and all amounts paid by a self-insuring employer for a violation of a specific safety standard pursuant to section 35 of article II, Ohio Constitution and section 4121.47 of the Revised Code. Any reimbursement received from the surplus fund pursuant to section 4123.512 of the Revised Code by a self-insuring employer for any such payments or compensation paid shall be applied to reduce the amount of paid compensation reported in the year in which the reimbursement is made. Any amount recovered by the self-insuring employer under section 4123.931 of the Revised Code and any amount that is determined not to have been payable to a claimant in any final administrative or judicial proceeding shall be deducted, in the year collected, from the amount of paid compensation reported.

(C) The assessments shall be computed for all self-insuring employers operating in Ohio by multiplying the following rates by the individual self-insuring employer's paid compensation for calendar year ~~2008-2009~~:

(1) Safety and hygiene fund: .0050.

(2) Administrative cost fund, BWC: .0889.

(3) Administrative cost fund, IC: .0798.

(4) Administrative cost fund, WCC: .00001

(5) Surplus fund (mandatory): ~~.0935~~-.0300

(D) The assessment to fund the portion of the surplus fund that is used for rehabilitation reimbursement for all self-insuring employers who have not made an election to opt out of the rehabilitation reimbursement program under the provisions of section 4121.66 of the Revised Code shall be computed by multiplying the following rate by the individual self-insuring employer's paid compensation for calendar year ~~2008-2009~~:

(1) Surplus fund (rehabilitation): .1300.

(E) The assessment to fund the portion of the surplus fund that is used for handicap reimbursement for all self-insuring employers operating in Ohio who have not made an election to opt out of the handicap reimbursement program under the provisions of division (G) of section 4123.343 of the Revised Code shall be computed by multiplying the following rate by the individual self-insuring employer's paid compensation for calendar year ~~2008-2009~~:

(1) Surplus fund (handicap): .2480.

(F) The assessment to fund the portion of the surplus fund that is used for claims reimbursement for all self-insuring employers operating in Ohio who have not made an election to opt out of the right to reimbursement under the provisions of division (H) of section 4123.512 of the Revised Code shall be computed by multiplying the following rate by the individual self-insuring employer's paid compensation for calendar year ~~2008-2009~~:

(1) Surplus fund (disallowed claims reimbursement): ~~.0278~~-.0396.

(G) An employer who no longer is a self-insuring employer in Ohio or who no longer is operating in this state shall continue to pay assessments for administrative costs and for the portion of the surplus fund that is mandatory. The assessments shall be computed by such employer by multiplying the following rates by the individual employer's paid compensation for calendar year ~~2008-2009~~:

(1) Administrative cost fund, BWC: .0889.

(2) Administrative cost fund, IC: .0798.

(3) Administrative cost fund, WCC: .00001.

(4) Surplus fund (mandatory): ~~.0935~~.0300.

(H) If the paid compensation for a self-insuring employer for calendar year ~~2008-2009~~ is less than ~~eleven thousand two hundred~~ fourteen thousand seven hundred ~~and twenty seven~~ twenty six dollars and ~~twelve~~ eighty two cents, the minimum assessments shall be paid as follows:

(1) Safety and hygiene fund: ~~\$56.14~~\$73.63.

(2) Administrative cost fund, BWC: ~~\$998.09~~\$1,309.21.

(3) Administrative cost fund, IC: ~~\$895.92~~ \$1,175.20.

(4) Administrative cost fund, WCC: ~~\$0.11~~\$0.15.

(5) Surplus fund (mandatory): ~~\$1049.74~~ \$441.80.

If the paid compensation for calendar year ~~2008-2009~~ for a self-insuring employer which has not made an election to opt out of the rehabilitation reimbursement program effective on or before July 1, ~~2009-2010~~ is less than fifteen thousand three hundred ~~and~~ eighty four dollars and sixty two cents, the minimum assessment for the surplus fund (rehabilitation) shall be two thousand dollars.

If the paid compensation for calendar year ~~2008-2009~~ for a self-insuring employer which has opted to participate in the handicap reimbursement program is less than fifty thousand dollars, the minimum assessment for the surplus fund (handicap) shall be twelve thousand four hundred dollars.

Assessments are applicable only for the funds to which payments must be made based upon the status and the options exercised relative to the handicap reimbursement program and the rehabilitation reimbursement program.

An employer who no longer is a self-insuring employer in Ohio or no longer is operating in this state and who has less than ~~eleven thousand two hundred~~ fourteen thousand seven hundred ~~and twenty seven~~ twenty six dollars and ~~twelve~~ eighty two cents in paid compensation for calendar year ~~2008-2009~~ shall have a reduced minimum assessment. The minimum assessment shall be ninety per cent of the above minimum assessments in this paragraph in the year after becoming inactive, eighty per cent in the following year, seventy per cent in the following year, and so forth, being reduced ten per cent each year, until the assessment is phased out over ten years.

(I) If an individual self-insuring employer has become self-insured in the last five years (on or after July 1, ~~2004-2005~~) paid compensation shall be as defined in paragraph (B) of

this rule and shall additionally include compensation paid in calendar year ~~2008-2009~~ by the state insurance fund for claim costs directly attributable to the employer prior to becoming self-insured.

(J) The initial assessment to a self-insuring employer in its first calendar year of operation as a self-insuring employer shall be prorated to cover the time period that self-insurance was in effect, but shall not be less than the minimum assessment for a self-insuring employer as provided in paragraph (H) of this rule.

(K) Pursuant to rule 4123-19-15 of the Administrative Code, the following assessment, to be billed and payable in two equal remittances by February 28, ~~2010-2011~~, and August 31, ~~2010-2011~~, shall be computed for all self-insuring employers by multiplying the following rate by the individual self-insuring employer's paid compensation for calendar year ~~2008-2009~~:

(1) Self-insuring employer guaranty fund: ~~.0527~~ .1154.

(L) If an employer fails to pay the assessment when due, the administrator may add a late fee penalty of not more than five hundred dollars to the assessment plus an additional penalty amount as follows:

(1) For an assessment from sixty-one to ninety days past due, the prime interest rate, multiplied by the assessment due;

(2) For an assessment from ninety-one to one hundred twenty days past due, the prime interest rate plus two per cent, multiplied by the assessment due;

(3) For an assessment from one hundred twenty-one to one hundred fifty days past due, the prime interest rate plus four per cent, multiplied by the assessment due;

(4) For an assessment from one hundred fifty-one to one hundred eighty days past due, the prime interest rate plus six per cent, multiplied by the assessment due;

(5) For an assessment from one hundred eighty-one to two hundred ten days past due, the prime interest rate plus eight per cent, multiplied by the assessment due;

(6) For each additional thirty-day period or portion thereof that an assessment remains past due after it has remained past due for more than two hundred ten days, the prime interest rate plus eight per cent, multiplied by the assessment due.

For purposes of this division, "prime interest rate" means the average bank prime rate, and the administrator shall determine the prime interest rate in the same manner as a county auditor determines the average bank prime rate under section 929.02 of the Revised Code.

**OHIO BUREAU OF WORKERS' COMPENSATION  
 SELF INSURING EMPLOYERS' GUARANTY FUND (FORMERLY SURETY BOND FUND)  
 CASH BASIS FINANCIAL STATEMENTS  
 FOR THE 12 MOS ENDED DECEMBER 31 2009**

**Operating Statement**

	2005	2006	2007	2008	2009	<u>*Estimate</u> 2010	<u>*Estimate</u> 2011
Receipts:							
Assessments SIEGF rate	35,253,334	35,190,892	30,667,466	12,972,260	11,820,719	<b>10,645,400</b>	<b>23,313,426</b>
Assessment New Self Insured Policies	7,405,906	7,484,922	6,676,217	7,531,564	7,542,686	<b>7,542,686</b>	<b>7,542,686</b>
Investments	215,993	1,416,986	2,385,513	1,504,343	229,662		
<b>Total Receipts</b>	<b>42,875,233</b>	<b>44,092,800</b>	<b>39,729,196</b>	<b>22,008,167</b>	<b>19,593,067</b>	<b>18,188,086</b>	<b>30,856,112</b>
Disbursements:							
Surety Losses	18,021,985	18,289,499	17,547,887	16,972,818	18,916,292	<b>25,178,673</b>	<b>27,178,673</b>
MCO Fees Paid			6,187,535	1,074,199	1,142,010	<b>1,510,720</b>	<b>1,630,720</b>
Interest Expense	29,788	0	0	0	0	<b>0</b>	<b>0</b>
DWRF Losses	2,819,924	3,039,789	3,033,293	3,282,649	4,682,843	<b>4,682,843</b>	<b>4,682,843</b>
<b>Total Disbursements</b>	<b>20,871,697</b>	<b>21,329,288</b>	<b>26,768,715</b>	<b>21,334,151</b>	<b>24,744,114</b>	<b>31,372,236</b>	<b>33,492,236</b>
Net Receipts Over (Under)							
Disbursements	22,003,536	22,763,512	12,960,481	674,016	(5,151,047)	<b>(13,184,150)</b>	<b>(2,636,124)</b>
Beginning Net Asset Balance	(5,196,957)	16,806,579	39,570,091	52,530,572	53,204,588	<b>48,053,541</b>	<b>34,869,391</b>
Ending Net Asset Balance	16,806,579	39,570,091	52,530,572	53,204,588	48,053,541	<b>34,869,391</b>	<b>32,233,267</b>

\*Does not include potential large bankruptcies

## **Common Sense Business Regulation (BWC Rules)**

(Note: The below criteria apply to existing and newly developed rules)

### **Rules 4123-17-33.1**

#### **Rule Review**

1.  The rule is needed to implement an underlying statute.

Citation: O. R.C. 4123.39, 4123.40, 4121.12 and 4121.121

2.  The rule achieves an Ohio specific public policy goal.

What goal(s): This rule establishes the credibility table used for experience rating for public employer taxing districts for the policy year 1/1/2011 to 12/31/2011.

3.  Existing federal regulation alone does not adequately regulate the subject matter.
4.  The rule is effective, consistent and efficient.
5.  The rule is not duplicative of rules already in existence.
6.  The rule is consistent with other state regulations, flexible, and reasonably balances the regulatory objectives and burden.
7.  The rule has been reviewed for unintended negative consequences.
8.  Stakeholders, and those affected by the rule were provided opportunity for input as appropriate.

Explain: A meeting was held on May 18, 2010 with stakeholders. The following had been in attendance: The Ohio Library Council, The County Commissioners' Association, CCI, CompManagement, Frank Gates and Sheakley. There were no comments.

9.  The rule was reviewed for clarity and for easy comprehension.
10.  The rule promotes transparency and predictability of regulatory activity.
11.  The rule is based on the best scientific and technical information, and is designed so it can be applied consistently.
12.  The rule is not unnecessarily burdensome or costly to those affected by rule.

If so, how does the need for the rule outweigh burden and cost? \_\_\_\_\_

13.  The Chief Legal Officer, or his designee, has reviewed the rule for clarity and compliance with the Governor's Executive Order.

# **Board of Directors Executive Summary**

## **Public Employer Taxing Districts**

### **Introduction**

Rule 4123-17-33.1 establishes the public employer taxing districts credibility table used for experience rating. Public Employer Taxing Districts consist of approximately 3,900 cities, counties, villages, townships, schools, and miscellaneous special districts in Ohio who are provided workers' compensation insurance through the Ohio State Insurance Fund.

At the October, 2009 Workers' Compensation Board of Directors meeting, the board recommended setting the maximum credibility for private employers for the 7-1-2010 rating year at 65%. The recommendation of the administrator is to adopt the same credibility table for public employer taxing district rates.

In addition, the BWC has added three new levels of credibility groupings at the lower end for employers who were individually base rated in the past. The new levels are at the top of the credibility table chart in the rule. This change allows those employers with expected losses between \$2,000 and \$7,999 to be experience rated. This range is segregated into the top three rows with ranges of \$2,000 each.

Although the credibility table used for experience rating does not need to be filed with the Secretary of State and Legislative Services Commission until December 20, 2010 to be effective January 1, 2011, this is being brought today to allow group administrators enough time to select their groups.

Base rates for all manual classifications will be calculated in the fall of 2010 using the adopted credibility table selected by the Workers' Compensation Board of Directors. Base rates for public employer taxing districts must be approved and filed with the Secretary of State and Legislative Services Commission on or before December 20, 2010, to be effective January 1, 2011. The consent of the Workers' Compensation Board of Directors is necessary for the adoption of base rates.

## DRAFT – NOT FOR FILING

### 4123-17-33.1 **Public employer taxing districts credibility table.**

The administrator of workers' compensation, with the advice and consent of the bureau of workers' compensation board of directors has authority to calculate contributions made to the state insurance fund by employers pursuant to section 4121.121 of the Revised Code. The administrator hereby sets the credibility table part A, "credibility and maximum value of a loss," to be effective January 1, ~~2010~~ [2011](#), applicable to the payroll reporting period January 1, ~~2010~~ [2011](#), through December 31, ~~2010~~ [2011](#), for public employer taxing districts as indicated in the attached appendix A.

Effective: 01/01/2011

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Certification

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Date

Promulgated Under: 111.15

Statutory Authority: 4121.12, 4121.121

Rule Amplifies: 4123.39, 4123.40

Prior Effective Dates: 1/1/90, 1/1/91, 1/1/92, 1/1/93, 1/1/94, 1/1/95, 1/1/96 (Emer), 3/15/96, 1/1/97, 1/1/98, 1/1/99, 1/1/00, 1/1/01, 1/1/02, 1/1/03, 1/1/04, 1/1/05, 1/1/06, 1/1/07, 1/1/08, 1/1/09, 1/1/10

DRAFT – NOT FOR FILING

TABLE 1

PART A

**Credibility and Maximum Value of a Loss**

Credibility Group	Expected Losses*	Credibility Percent	Credibility Group Maximum Claim Value
1	2,000	6%	12,500
2	4,000	9%	12,500
3	6,000	12%	12,500
4	8,000	16%	12,500
5	15,000	19%	12,500
6	27,000	22%	25,000
7	45,000	25%	37,500
8	62,500	27%	55,000
9	90,000	29%	75,000
10	122,500	31%	87,500
11	160,000	33%	100,000
12	202,500	35%	112,500
13	250,000	36%	125,000
14	302,500	38%	137,500
15	360,000	39%	150,000
16	422,500	41%	162,500
17	490,000	42%	175,000
18	562,500	44%	187,500
19	640,000	48%	200,000
20	722,500	53%	212,500
21	810,000	58%	225,000
22	902,500	63%	237,500
23	1,000,000	65%	250,000

Catastrophe value equals \$250,000

\*Expected losses are lower limits of credibility groups

Revised 5/14/2010

**Common Sense Business Regulation (BWC Rules)**

(Note: The below criteria apply to existing and newly developed rules)

**PEC Break-Even Factor**

**Rule 4123-17-64.2**

**Rule Review**

1.  The rule is needed to implement an underlying statute.

Citation:  R.C. 4123.29

2.  The rule achieves an Ohio specific public policy goal.

What goal(s):  This revision allows BWC to set accurate, equitable rates for all public employer taxing districts (PECs).

3.  Existing federal regulation alone does not adequately regulate the subject matter.

4.  The rule is effective, consistent and efficient.

5.  The rule is not duplicative of rules already in existence.

6.  The rule is consistent with other state regulations, flexible, and reasonably balances the regulatory objectives and burden.

7.  The rule has been reviewed for unintended negative consequences.

8.  Stakeholders, and those affected by the rule were provided opportunity for input as appropriate.

Explain:  The BWC held a meeting with interested parties on May 18, 2010.

9.  The rule was reviewed for clarity and for easy comprehension.

10.  The rule promotes transparency and predictability of regulatory activity.

11.  The rule is based on the best scientific and technical information, and is designed so it can be applied consistently.

12.  The rule is not unnecessarily burdensome or costly to those affected by rule.

If so, how does the need for the rule outweigh burden and cost? \_\_\_\_\_

13.  The Chief Legal Officer, or his designee, has reviewed the rule for clarity and compliance with the Governor's Executive Order.

**BWC Board of Directors**  
**Executive Summary**

**Public Employer Break-Even Factor**

**Introduction**

Chapter 4123-17 of the Ohio Administrative Code contains BWC rules which enable the Administrator, with the advice and consent of the BWC Board of Directors, to set rates and calculate contributions to the State Insurance Fund pursuant to section 4121.121 of the Ohio Revised Code

**Background Information**

For the policy year January 1, 2010 the BWC introduced a stratified Break-Even Factor to achieve discount levels that enabled the bureau to set rate levels reflective of the established targets in the rate differential study.

**Executive summary**

The Public-Employer Taxing District Credibility Table (4123-17-33) results in discount levels for PECs participating in group-experience rating. However, BWC's desire to introduce a stratified break-even factor will achieve discount levels that enable the bureau to set rate levels reflective of the targets established in the rate differential study.

BWC applied the same methodology to private-sector employers for the July 1, 2010, rating year. As such, this rule continues a stratified range of factors varying from 1.171 for PECs with a group experience modifier (EM) of 0.35 to a low of 1.003 for PECs participating in a group with an EM of .99. The average break-even factor is approximately 1.094 for the policy year 1/1/2011. For the policy year 1/1/2010 the average break even factor was 1.139.

**4123-17-64.2 Public Employer Taxing District Group Rating Break Even Factor**

The administrator will apply an adjustment factor to all group rated employer experience modifier (EM) as indicated in the attached Appendix A.

Appendix A of Rule 4123-17-64.2  
Stratified Break Even Factors

Policy Year 1-1-2011 Group Rated Experience Modifier	Group Break Even Factor		Policy Year 1-1-2011 Group Rated Experience Modifier	Group Break Even Factor
0.35	1.171		0.68	1.084
0.36	1.168		0.69	1.082
0.37	1.166		0.70	1.079
0.38	1.163		0.71	1.076
0.39	1.160		0.72	1.074
0.40	1.158		0.73	1.071
0.41	1.155		0.74	1.068
0.42	1.153		0.75	1.066
0.43	1.150		0.76	1.063
0.44	1.147		0.77	1.061
0.45	1.145		0.78	1.058
0.46	1.142		0.79	1.055
0.47	1.139		0.80	1.053
0.48	1.137		0.81	1.050
0.49	1.134		0.82	1.047
0.50	1.132		0.83	1.045
0.51	1.129		0.84	1.042
0.52	1.126		0.85	1.039
0.53	1.124		0.86	1.037
0.54	1.121		0.87	1.034
0.55	1.118		0.88	1.032
0.56	1.116		0.89	1.029
0.57	1.113		0.90	1.026
0.58	1.110		0.91	1.024
0.59	1.108		0.92	1.021
0.60	1.105		0.93	1.018
0.61	1.103		0.94	1.016
0.62	1.100		0.95	1.013
0.63	1.097		0.96	1.011
0.64	1.095		0.97	1.008
0.65	1.092		0.98	1.005
0.66	1.089		0.99	1.003
0.67	1.087			

**Common Sense Business Regulation (BWC Rules)**

(Note: The below criteria apply to existing and newly developed rules)

**Rule 4123-17-72**

**Rule Review**

1.  The rule is needed to implement an underlying statute.

Citation:   R.C. 4123.29  

2.  The rule achieves an Ohio specific public policy goal.

What goal(s): The Deductible Program Rule must be updated to synchronize it with the revised Drug-Free Safety Program (DFSP). The Drug-Free Safety Program revision states that an employer may not receive the DFSP discount if they participate at a large deductible level (\$25,000 or greater).

3.  Existing federal regulation alone does not adequately regulate the subject matter.

4.  The rule is effective, consistent and efficient.

5.  The rule is not duplicative of rules already in existence.

6.  The rule is consistent with other state regulations, flexible, and reasonably balances the regulatory objectives and burden.

7.  The rule has been reviewed for unintended negative consequences.

8.  Stakeholders, and those affected by the rule were provided opportunity for input as appropriate.

Explain: Change reviewed as part of the Drug-Free Safety Plan revisions. Discount table will be revised in July and August 2010.

9.  The rule was reviewed for clarity and for easy comprehension.

10.  The rule promotes transparency and predictability of regulatory activity.

11.  The rule is based on the best scientific and technical information, and is designed so it can be applied consistently.

12.  The rule is not unnecessarily burdensome or costly to those affected by rule.

If so, how does the need for the rule outweigh burden and cost? \_\_\_\_\_

13.  The Chief Legal Officer, or his designee, has reviewed the rule for clarity and compliance with the Governor’s Executive Order.

# BWC Board of Directors Executive Summary

## Deductible Program Rules Changes

### Introduction

The Deductible Program Rule is the same as was passed by the board in the April meeting except for the exclusion of Appendix F: PEC Large Deductible Pricing. The rule still includes the changes to synchronize it with the revised Drug-Free Safety Program (DFSP). The Drug-Free Safety Program rule states that an employer may not receive the DFSP discount if they participate at a large deductible level (\$25,000 or greater).

### Background Information

Rule 4123-17-72 was passed by BWC's Board of Directors in February of 2009. This rule enabled Ohio employers to receive a premium discount for agreeing to pay a per claim deductible. An updated version was passed by the board in April 2010 that included changes to compatibility and PEC Large Deductible pricing.

### Proposed Changes

Section (M) of the Deductible Program specifies employer programs that are incompatible with the Deductible Program. The Drug-Free Safety Program was added to this section with additional text to clarify that large deductible employers may participate in the program but will not receive a premium discount. The new section of the rule reads as follows:

(M)(5) Drug-Free Safety Program premium discount if a deductible level of twenty-five thousand dollars, fifty thousand dollars, one hundred thousand dollars, or two hundred thousand dollars is selected. An employer may implement or continue to use the Drug-Free Safety Program, but will not receive the premium discount typically associated with program participation.

Appendix F, the large deductible discount amounts for PEC employers, will not be included in this version of the rule.

## **4123-17-72 Deductible rule.**

(A) As used in this rule:

(1) "Coverage period" means the twelve month period beginning July first through June thirtieth for private employers, and January first through December thirty-first for public employers. The deductible selected by the employer will apply only to claims with a date of injury within the coverage period defined in the deductible agreement.

(2) "Deductible" means the maximum amount an insured participating in the deductible program must reimburse the bureau for each claim that occurs during the policy year.

(3) "Experience rated premium" means the premium obligations of an employer for the policy year excluding DWRP and administrative cost assessments. This may include any experience premium related to policy combinations.

(4) "Modified rate" means the rate that employers who are experience rated pay as a percentage of their payroll. This rate is calculated by taking the base rate and multiplying it by the employer's experience modification (EM) factor.

(5) "NCCI base rate" means the rate that employers who are not experience rated pay as a percentage of their payroll.

(6) "Policy in good standing" means the employer is current on all payments due to the bureau and is in compliance with bureau laws, rules, and regulations at the time of enrollment or reenrollment.

(7) "Premium" means money paid (due) from an employer for workers' compensation insurance. It does not include money paid as fees, fines, penalties or deposits.

(8) "Qualified employer" means an employer that has a bureau policy that is in good standing at the time of enrollment or reenrollment. Although the employer may be a qualified employer, the bureau may not accept the employer into the deductible program for other reasons set forth in this rule.

(B) Eligibility requirements.

Each employer seeking to enroll in the bureau deductible program shall have active workers' compensation coverage and shall meet the following standards:

(1) The employer shall have a bureau policy that is in good standing at the time of enrollment.

(2) The employer shall be a private state funded employer or public employer taxing district. A self-insuring employer or a state agency public employer shall not be eligible for participation in the deductible program.

(3) The employer shall be current on all premium payments and deductible billings as of the original application deadline or anniversary date of participation.

(4) The employer shall have active coverage as of the original application deadline or anniversary date of participation.

(5) The employer shall demonstrate the ability to make payments under the deductible program based upon a credit score established by the bureau on an annual basis which will be applicable to all applicants for the program year. The bureau shall obtain the credit reports from an established vendor of such information.

(6) If the employer selects a deductible amount of five hundred dollars, one thousand dollars, two thousand five hundred dollars, five thousand dollars, or ten thousand dollars, the employer may not have cumulative lapses in workers' compensation coverage in excess of forty days within the twelve months preceding the original application deadline or subsequent anniversary deadline wherein the employer seeks renewal in the deductible program. If the employer selects a deductible amount of twenty-five thousand dollars, fifty thousand dollars, one hundred thousand dollars, or two hundred thousand dollars, the employer may not have cumulative lapses in workers' compensation coverage in excess of fifteen days within the five years preceding the original application deadline or subsequent anniversary deadline wherein the employer seeks renewal in the deductible program.

(C) In selecting an employer deductible program under this rule, the employer must select, on an application provided by the bureau, a per claim deductible amount, which shall be applicable for all claims with dates of injury within a one year coverage period. The employer shall choose one deductible level from the following:

(1) Five hundred dollars;

(2) One thousand dollars;

(3) Two thousand five hundred dollars;

(4) Five thousand dollars;

(5) Ten thousand dollars;

(6) Twenty-five thousand dollars;

(7) Fifty thousand dollars;

(8) One hundred thousand dollars;

(9) Two hundred thousand dollars.

(D) In choosing a deductible amount of five hundred dollars, one thousand dollars, two thousand five hundred dollars, five thousand dollars, or ten thousand dollars, the employer may not choose a deductible amount that exceeds twenty-five per cent of their experience rated premium obligation during the most recent full policy year. For a new employer policy, the deductible amount shall not exceed twenty-five per cent of the employer's expected premium. In choosing a deductible amount of twenty-five thousand dollars, fifty thousand dollars, one hundred thousand dollars, or two hundred thousand dollars, the employer may not choose a deductible amount that exceeds forty per cent of their experience rated premium obligation for the most recent full policy year. For self-insured employers re-entering the state fund system, the bureau will use the paid workers' compensation benefits from the last full policy year in place of experience rated premium.

BWC may estimate a full year's premium should only a partial year be available or if no premium is available in the most recent full policy year.

(E) A deductible level of twenty-five thousand dollars, fifty thousand dollars, one hundred thousand dollars, or two hundred thousand dollars will be considered a large deductible and will undergo additional credit analysis. Employers enrolling in a large deductible program must submit financial information to the bureau during the enrollment period preceding each policy year they elect to participate in the program.

(1) An employer choosing a deductible level of twenty-five thousand dollars or fifty thousand dollars must submit reviewed or audited financials for at least the three most recent fiscal years. The financials must be prepared in accordance with generally accepted accounting principles.

(2) An employer choosing a deductible level of one hundred thousand dollars or two hundred thousand dollars must submit audited financials for at least the three most recent fiscal years. The financials must be prepared in accordance with generally accepted accounting principles.

(3) The bureau may require an employer to adopt additional risk mitigation measures as a prerequisite for participation in the program. These measures may include, but are not limited to: adoption of an alternative payment plan, providing securitization in the form of a letter of credit or surety bond, and selection of an aggregate stop-loss limit.

(F) An employer may elect an annual aggregate stop-loss limit option in combination with deductible levels of twenty-five thousand dollars, fifty thousand dollars, one hundred thousand dollars, fifty-thousand dollars, one-hundred thousand dollars, or two-hundred thousand dollars. If the employer elects the aggregate stop-loss limit option, the bureau will limit deductible billings for injuries which occur during the associated policy year to three times the deductible level chosen.

(G) The employer shall file the application provided by the bureau and any other paperwork required for enrollment in the deductible program by the bureau by the appropriate enrollment period as follows:

(1) For a private employer, between March first and the last business day of April preceding a policy year that begins on July first.

(2) For a public employer taxing district, between September first the last business day of October preceding a policy year that begins on January first.

Applications and any supporting documentation may be submitted by U.S. postal service, fax, e-mail containing scanned documentation, or online submission, so long as such paperwork is received by the bureau on or before the due date.

(3) The bureau shall not permit an employer to enroll in a deductible program outside of the deadlines set forth in this rule, except that the bureau will consider a new employer, establishing a policy in Ohio for the first time, for participation where the employer submits its deductible program application to the bureau within thirty days of obtaining coverage.

(H) Renewal in the deductible program at the same level for each subsequent year shall be automatic, subject to review by the bureau of the employer's continued eligibility under paragraph (B) of this rule, unless the employer notifies the bureau in writing that the employer does not wish to participate in the program or that the employer wants to change the deductible amount for the next coverage period. The employer shall provide such notice to the bureau within the time and in the manner provided in paragraph (G) of this rule.

(I) An employer shall not be permitted to withdraw from the deductible program during the policy year, and no changes shall be made with respect to any deductible amount selected by the employer within the policy year. However, the bureau shall have the option of removing an employer from the deductible program for any of the reasons described in paragraph (N) of this rule.

(J) The bureau shall pay the claims costs under a deductible program and the employer shall reimburse to the bureau the costs under the deductible program as follows:

(1) The bureau shall pay all claims costs in accordance with the laws and rules governing payment of workers' compensation benefits. The bureau shall include the entire cost in the employer's experience for the appropriate policy year.

(2) The bureau shall bill the employer on a monthly basis for any claims costs paid by the bureau for amounts subject to the deductible as elected by the employer for the policy year. In addition to amounts paid by the bureau for which the bureau is seeking reimbursement from the employer, such monthly billings shall also reflect the payments to date for any claims to which a deductible is applicable.

(3) The employer shall pay all deductible amounts billed by the bureau within twenty-eight days of the invoice date. The employer will be subject to any interest or penalty provisions to which other monies owed the bureau are subject, including certification to the attorney general's office for collection.

(4) The employer shall continue to be liable beyond any deductible program period for billings covered under a deductible program for injuries that arose during any period for which a deductible is applicable, regardless of when payment was made by the bureau.

(K) The bureau will apply the premium reduction calculation under the deductible program directly to the NCCI base rate established for the policy year for base-rated employers, or after the modified premium rate is established for experience-rated employers, but prior to any other premium discounts, as well as DWRP and administrative expenses. An individual employer participating in both group rating under rules 4123-17-61 to 4123-17-68 of the Administrative Code and the deductible program under this rule may implement the deductible program and receive the associated premium discounts in addition to the group discount; provided, however, the combined discounts may not exceed the maximum discount allowed under the group rating plan. The maximum discount with group rating will be the maximum credibility of a rating group without the application of the breakeven factor. The bureau will calculate the reduction in accordance with [the appendices of appendix A to](#) this rule, which takes into account both the deductible amount chosen by the employer and the applicable hazard group under the most current version of NCCI as established by the primary manual classification of the employer as determined at the end of the enrollment period for that year.

(1) In determining the primary manual classification and appropriate hazard group, the bureau shall utilize payroll and the associated experience premium for the rating year beginning two years prior to the period in which the employer is seeking to enroll in the deductible program.

(2) For new employers, the bureau shall base the appropriate primary manual classification and hazard group upon estimated payroll.

(L) Where there is a combination or experience transfer of an employer within a deductible program policy period, following the application of any other rules applicable to a combination or experience transfer, the employer may be eligible to remain in a deductible program as follows:

(1) Successor: entity not having coverage.

Predecessor: enrolled in deductible program currently or in prior policy years.

Where there is a combination or experience transfer, where the predecessor was a participant in the deductible program and the successor is assigned a new policy with the bureau, the successor shall make application for the deductible program within thirty days of obtaining a bureau policy, as set forth in paragraph (G)(3) of this rule. Notwithstanding this election, the successor shall be responsible for any and all existing or future liabilities stemming from the predecessor's participation in the deductible program prior to the date that the bureau was notified of the transfer as provided under paragraph (C) of rule 4123-17-02 of the Administrative Code.

(2) Successor: enrolled in the deductible program.

Predecessor: not enrolled in the deductible program.

Where there is a combination or experience transfer involving two or more entities, each having Ohio coverage at the time of the combination or experience transfer, and the successor policy is enrolled in the deductible program for the program year, the successor shall automatically remain in the deductible program for the program year and is subject to renewal in accordance with paragraph (H) of this rule.

(3) Successor: not enrolled in deductible program.

Predecessor: enrolled in deductible program.

Where there is a combination or experience transfer involving two or more entities, each having Ohio coverage at the time of the combination or experience transfer, and the successor policy is not enrolled in the deductible program, the predecessor shall not be automatically entitled to continue in the deductible program. The successor may make a formal application should it desire to participate in the deductible program for the next policy year. Whether or not the successor chooses or is otherwise eligible to participate in a deductible program, under paragraph (C) of rule 4123-17-02 of the Administrative Code, the successor remains liable for any existing and future liabilities resulting from a predecessor's participation in the deductible program.

(M) An employer participating in the deductible program shall be entitled to participate in any other bureau rate program, including group rating, concurrent with its participation in the deductible program, except that an employer cannot utilize or participate in, with respect to any injuries which occur during a period for which the employer is enrolled in a deductible program, the following bureau rate programs:

(1) Retrospective rating, whether group or individual.

(2) The fifteen-thousand medical-only program.

(3) Salary continuation.

(4) Group rating if a deductible level of twenty-five thousand dollars, fifty thousand dollars, one hundred thousand dollars, or two hundred thousand dollars is selected.

(5) Drug-Free Safety Program premium discount if a deductible level of twenty-five thousand dollars, fifty thousand dollars, one hundred thousand dollars, or two hundred thousand dollars is selected. An employer may implement or continue to use the Drug-Free Safety Program, but will not receive the premium discount typically associated with program participation.

(N) The bureau may remove an employer participating in the deductible program from the program, effective the second half of the program year, with thirty days written notice to the employer based upon any of the following:

(1) Where the employer participates in any plan or program prohibited under paragraph (M) of this rule.

(2) Where the bureau certifies a balance due from the employer to the attorney general during the program year.

(3) Where the employer makes direct payments to any medical provider for services rendered or supplies or to any injured worker for compensation associated with a workers' compensation claim.

(4) Where the employer engages in misrepresentation or fraud in conjunction with the deductible program application process.

## Appendix A: Summary of Selected Deductible Credits - PA

### Summary of Selected Deductible Credits

Deductible Amount	A	B	C	D	E	F	G
\$500	6.3%	4.1%	3.9%	3.9%	2.8%	2.0%	1.4%
\$1,000	9.5%	6.3%	6.0%	6.0%	4.4%	3.2%	2.3%
\$2,500	14.0%	10.0%	9.6%	9.4%	7.2%	5.5%	3.9%
\$5,000	17.9%	14.2%	13.7%	13.4%	10.3%	8.1%	5.8%
\$10,000	26.0%	21.2%	20.8%	19.9%	16.6%	12.9%	9.7%

## Appendix B: Summary of Selected Deductible Credits - PEC

### Summary of Selected Deductible Credits - PEC

Deductible Amount	H (IG 1/5/22)	I (IG 2)	J (IG 3/4)	K (IG 6/8)	L (IG 7/20)
\$500	4.3%	5.6%	4.7%	7.3%	2.0%
\$1,000	6.8%	8.8%	7.4%	10.3%	3.3%
\$2,500	11.3%	13.8%	11.6%	14.9%	5.6%
\$5,000	16.0%	19.2%	15.7%	19.5%	8.3%
\$10,000	21.9%	25.4%	20.7%	25.2%	12.0%

## Appendix C: Table of Classifications by Hazard Group – PA

TABLE OF CLASSIFICATIONS BY HAZARD GROUP												EFF		7/1/2008			
Class	Haz Grp	Class	Haz Grp	Class	Haz Grp	Class	Haz Grp	Class	Haz Grp	Class	Haz Grp	Class	Haz Grp	Class	Haz Grp	Class	Haz Grp
Code	A-G	Code	A-G	Code	A-G	Code	A-G	Code	A-G	Code	A-G	Code	A-G	Code	A-G	Code	A-G
0005	C	2121	C	3027	E	3642	C	4432	A	5472	G	7382	C	8232	E	9083	A
0008	D	2130	C	3028	C	3643	C	4439	E	5473	G	7390	C	8233	E	9084	C
0016	E	2131	C	3030	E	3647	D	4452	C	5474	F	7403	E	8235	C	9088	G
0034	C	2143	B	3040	E	3648	B	4459	C	5478	E	7405	E	8263	D	9089	B
0035	B	2157	C	3041	C	3681	B	4470	C	5479	D	7409	G	8264	E	9093	B
0036	C	2172	D	3042	D	3685	B	4484	C	5480	F	7420	G	8265	F	9101	B
0037	D	2174	B	3064	C	3719	G	4493	C	5491	F	7421	F	8279	F	9102	C
0042	D	2211	E	3069	E	3724	F	4511	D	5506	G	7422	G	8288	E	9154	C
0050	C	2220	C	3076	B	3726	G	4557	B	5507	F	7425	G	8291	D	9156	D
0079	E	2286	B	3081	E	3803	C	4558	C	5508	E	7431	G	8292	C	9170	G
0083	C	2288	B	3082	E	3807	B	4561	C	5535	E	7502	E	8293	E	9178	A
0106	F	2300	A	3085	E	3808	D	4568	E	5537	E	7515	G	8304	E	9179	B
0113	C	2302	C	3110	C	3821	D	4581	F	5538	E	7520	C	8350	F	9180	E
0170	C	2305	D	3111	C	3822	D	4583	F	5551	G	7538	G	8380	D	9182	C
0251	C	2361	C	3113	C	3824	D	4611	B	5605	F	7539	F	8381	D	9186	F
0400	D	2362	C	3114	C	3826	C	4635	G	5606	F	7540	G	8385	E	9220	D
0401	F	2380	C	3118	B	3827	D	4653	B	5610	C	7580	E	8392	C	9402	E
0917	B	2386	B	3119	A	3830	D	4665	E	5645	F	7590	D	8393	C	9403	F
1005	G	2388	B	3122	B	3851	B	4670	E	5651	F	7600	E	8500	E	9501	D
1016	G	2402	E	3126	C	3865	A	4683	C	5703	E	7601	F	8601	D	9505	D
1164	G	2413	C	3131	C	3881	C	4686	E	5705	E	7605	E	8606	F	9516	E
1165	F	2416	C	3132	C	4000	F	4692	B	5951	B	7610	D	8720	E	9519	E
1320	F	2417	C	3145	C	4021	E	4693	C	6003	E	7611	E	8721	E	9521	E
1322	F	2501	C	3146	C	4024	E	4703	C	6005	E	7612	E	8742	E	9522	C
1430	E	2503	B	3169	C	4034	E	4717	A	6017	E	7613	E	8745	D	9534	F
1438	F	2534	B	3175	C	4036	E	4720	C	6018	E	7704	F	8748	D	9545	F
1452	E	2570	B	3179	B	4038	A	4740	E	6045	E	7705	D	8755	E	9549	F
1463	F	2585	B	3180	B	4053	C	4741	C	6204	F	7710	F	8799	C	9554	F
1472	F	2586	C	3188	B	4061	B	4751	E	6206	G	7711	F	8800	A	9586	A
1624	F	2587	B	3220	C	4062	C	4771	G	6213	F	7720	E	8803	E	9600	B
1642	E	2589	C	3223	A	4101	D	4777	G	6214	G	7855	E	8810	C	9620	D
1654	E	2600	B	3224	B	4111	B	4825	E	6216	G	8001	B	8820	D	9984	G
1655	E	2623	D	3227	B	4112	C	4828	D	6217	F	8002	C	8824	B	9985	G
1699	E	2651	B	3240	B	4113	C	4829	F	6229	F	8006	C	8825	A		
1701	E	2660	B	3241	C	4114	C	4902	B	6233	F	8008	B	8826	C		
1710	E	2670	A	3255	A	4130	C	4923	C	6235	G	8010	B	8829	C		
1741	G	2683	B	3257	C	4131	B	5020	E	6236	E	8013	C	8831	C		
1747	E	2688	B	3270	C	4133	B	5022	F	6237	E	8015	C	8832	C		
1748	E	2701	E	3300	C	4150	A	5037	G	6251	F	8017	B	8833	C		
1803	F	2702	G	3303	B	4206	C	5040	G	6252	G	8018	B	8835	C		
1852	G	2709	E	3307	C	4207	E	5057	G	6260	G	8021	C	8842	C		
1853	D	2710	F	3315	B	4239	E	5059	G	6306	F	8031	C	8864	C		
1860	B	2714	B	3334	C	4240	B	5069	G	6319	F	8032	B	8868	B		
1924	B	2731	E	3336	E	4243	C	5102	F	6325	F	8033	C	8869	B		
1925	D	2735	B	3365	E	4244	C	5146	E	6400	D	8039	B	8871	B		
2001	B	2759	B	3372	D	4250	C	5160	F	6504	B	8044	D	8901	D		
2002	B	2790	B	3373	C	4251	C	5183	E	6704	F	8045	B	8989	E		
2003	C	2802	D	3383	B	4263	C	5188	E	6811	E	8046	C	9012	D		
2014	E	2812	C	3385	B	4273	C	5190	E	6834	D	8047	B	9014	C		
2016	B	2835	A	3400	D	4279	C	5191	C	6836	E	8058	C	9015	C		
2021	D	2836	A	3507	C	4282	B	5192	C	6854	G	8072	B	9016	C		
2039	B	2841	B	3515	C	4283	C	5213	F	6882	G	8102	B	9019	E		
2041	B	2881	A	3548	C	4299	B	5215	D	6884	G	8103	D	9033	C		
2065	C	2883	C	3559	C	4304	D	5221	E	7133	F	8105	B	9040	B		
2070	C	2913	A	3574	B	4307	A	5222	F	7222	E	8106	E	9044	B		
2081	C	2915	D	3581	B	4351	C	5223	E	7228	E	8107	E	9052	B		
2089	C	2916	F	3612	D	4352	B	5348	E	7229	F	8111	C	9058	A		
2095	C	2923	B	3620	E	4360	B	5402	B	7230	D	8116	C	9059	D		
2105	B	2942	A	3629	B	4361	B	5403	F	7231	D	8203	C	9060	B		
2110	B	2960	C	3632	D	4362	C	5437	E	7232	F	8204	E	9061	A		
2111	B	3004	E	3634	B	4410	C	5443	C	7360	E	8209	C	9062	A		
2112	B	3018	E	3635	C	4420	F	5445	F	7370	C	8215	E	9063	B		
2114	B	3022	B	3638	B	4431	A	5462	E	7380	D	8227	G	9082	A		

## Appendix D: Summary of PA Large Deductible Premium Discounts

Summary of PA Large Deductible Premium Discounts								
Hazard Group A								
Premium Size	Deductible Level				Deductible Level with Aggregate Limit			
	\$ 25,000	\$ 50,000	\$ 100,000	\$ 200,000	\$ 25,000	\$ 50,000	\$ 100,000	\$ 200,000
\$ 62,500	41%				41%			
\$ 75,000	41%				40%			
\$ 100,000	41%				38%			
\$ 125,000	41%	53%			36%	51%		
\$ 150,000	41%	53%			34%	50%		
\$ 175,000	41%	53%			31%	48%		
\$ 200,000	41%	53%			28%	45%		
\$ 250,000	41%	53%	65%		23%	40%	59%	
\$ 300,000	41%	53%	65%		21%	38%	58%	
\$ 400,000	41%	53%	65%		16%	30%	51%	
\$ 500,000	41%	53%	65%	77%	13%	25%	45%	68%
\$ 600,000	41%	53%	65%	77%	11%	21%	40%	65%
\$ 700,000	41%	53%	65%	77%	10%	19%	35%	61%
\$ 800,000	41%	53%	65%	77%	8%	16%	31%	56%
\$ 900,000	41%	53%	65%	77%	8%	15%	28%	52%
\$ 1,000,000	41%	53%	65%	77%	7%	14%	26%	48%
Hazard Group B								
Premium Size	Deductible Level				Deductible Level with Aggregate Limit			
	\$ 25,000	\$ 50,000	\$ 100,000	\$ 200,000	\$ 25,000	\$ 50,000	\$ 100,000	\$ 200,000
\$ 62,500	32%				32%			
\$ 75,000	32%				32%			
\$ 100,000	32%				31%			
\$ 125,000	32%	44%			29%	43%		
\$ 150,000	32%	44%			26%	40%		
\$ 175,000	32%	44%			24%	39%		
\$ 200,000	32%	44%			22%	37%		
\$ 250,000	32%	44%	57%		19%	34%	51%	
\$ 300,000	32%	44%	57%		17%	30%	49%	
\$ 400,000	32%	44%	57%		13%	24%	42%	
\$ 500,000	32%	44%	57%	71%	11%	21%	37%	60%
\$ 600,000	32%	44%	57%	71%	9%	17%	33%	55%
\$ 700,000	32%	44%	57%	71%	8%	15%	29%	51%
\$ 800,000	32%	44%	57%	71%	7%	14%	26%	48%
\$ 900,000	32%	44%	57%	71%	7%	13%	24%	45%
\$ 1,000,000	32%	44%	57%	71%	6%	12%	22%	42%

<b>Hazard Group C</b>								
	<b>Deductible Level</b>				<b>Deductible Level with Aggregate Limit</b>			
<b>Premium Size</b>	\$ 25,000	\$ 50,000	\$ 100,000	\$ 200,000	\$ 25,000	\$ 50,000	\$ 100,000	\$ 200,000
\$ 62,500	31%				30%			
\$ 75,000	31%				29%			
\$ 100,000	31%				28%			
\$ 125,000	31%	42%			27%	40%		
\$ 150,000	31%	42%			25%	39%		
\$ 175,000	31%	42%			25%	39%		
\$ 200,000	31%	42%			22%	36%		
\$ 250,000	31%	42%	55%		19%	34%	51%	
\$ 300,000	31%	42%	55%		17%	30%	48%	
\$ 400,000	31%	42%	55%		13%	25%	43%	
\$ 500,000	31%	42%	55%	69%	11%	21%	38%	60%
\$ 600,000	31%	42%	55%	69%	9%	18%	33%	55%
\$ 700,000	31%	42%	55%	69%	8%	16%	30%	52%
\$ 800,000	31%	42%	55%	69%	8%	15%	28%	50%
\$ 900,000	31%	42%	55%	69%	7%	13%	25%	45%
\$ 1,000,000	31%	42%	55%	69%	6%	12%	23%	43%

<b>Hazard Group D</b>								
	<b>Deductible Level</b>				<b>Deductible Level with Aggregate Limit</b>			
<b>Premium Size</b>	\$ 25,000	\$ 50,000	\$ 100,000	\$ 200,000	\$ 25,000	\$ 50,000	\$ 100,000	\$ 200,000
\$ 62,500	29%				29%			
\$ 75,000	29%				27%			
\$ 100,000	29%				27%			
\$ 125,000	29%	39%			24%	35%		
\$ 150,000	29%	39%			24%	34%		
\$ 175,000	29%	39%			23%	34%		
\$ 200,000	29%	39%			21%	34%		
\$ 250,000	29%	39%	51%		18%	32%	47%	
\$ 300,000	29%	39%	51%		16%	29%	46%	
\$ 400,000	29%	39%	51%		13%	24%	41%	
\$ 500,000	29%	39%	51%	64%	10%	20%	36%	56%
\$ 600,000	29%	39%	51%	64%	9%	17%	32%	52%
\$ 700,000	29%	39%	51%	64%	8%	15%	29%	50%
\$ 800,000	29%	39%	51%	64%	7%	14%	26%	46%
\$ 900,000	29%	39%	51%	64%	7%	13%	25%	44%
\$ 1,000,000	29%	39%	51%	64%	6%	12%	23%	42%

<b>Hazard Group E</b>								
	<b>Deductible Level</b>				<b>Deductible Level with Aggregate Limit</b>			
<b>Premium Size</b>	\$ 25,000	\$ 50,000	\$ 100,000	\$ 200,000	\$ 25,000	\$ 50,000	\$ 100,000	\$ 200,000
\$ 62,500	22%				22%			
\$ 75,000	22%				22%			
\$ 100,000	22%				22%			
\$ 125,000	22%	32%			21%	31%		
\$ 150,000	22%	32%			20%	29%		
\$ 175,000	22%	32%			19%	29%		
\$ 200,000	22%	32%			18%	29%		
\$ 250,000	22%	32%	43%		16%	26%	39%	
\$ 300,000	22%	32%	43%		14%	24%	38%	
\$ 400,000	22%	32%	43%		12%	21%	35%	
\$ 500,000	22%	32%	43%	56%	10%	19%	32%	49%
\$ 600,000	22%	32%	43%	56%	9%	17%	30%	47%
\$ 700,000	22%	32%	43%	56%	8%	15%	27%	45%
\$ 800,000	22%	32%	43%	56%	7%	13%	25%	42%
\$ 900,000	22%	32%	43%	56%	6%	13%	24%	41%
\$ 1,000,000	22%	32%	43%	56%	6%	12%	22%	39%

<b>Hazard Group F</b>								
	<b>Deductible Level</b>				<b>Deductible Level with Aggregate Limit</b>			
<b>Premium Size</b>	\$ 25,000	\$ 50,000	\$ 100,000	\$ 200,000	\$ 25,000	\$ 50,000	\$ 100,000	\$ 200,000
\$ 62,500	20%				19%			
\$ 75,000	20%				19%			
\$ 100,000	20%				19%			
\$ 125,000	20%	28%			19%	28%		
\$ 150,000	20%	28%			19%	28%		
\$ 175,000	20%	28%			18%	27%		
\$ 200,000	20%	28%			17%	27%		
\$ 250,000	20%	28%	39%		16%	26%	38%	
\$ 300,000	20%	28%	39%		15%	25%	37%	
\$ 400,000	20%	28%	39%		13%	22%	35%	
\$ 500,000	20%	28%	39%	52%	11%	20%	33%	49%
\$ 600,000	20%	28%	39%	52%	10%	19%	32%	48%
\$ 700,000	20%	28%	39%	52%	9%	17%	30%	46%
\$ 800,000	20%	28%	39%	52%	9%	16%	28%	45%
\$ 900,000	20%	28%	39%	52%	8%	16%	28%	45%
\$ 1,000,000	20%	28%	39%	52%	8%	15%	27%	44%

Hazard Group G								
Premium Size	Deductible Level				Deductible Level with Aggregate Limit			
	\$ 25,000	\$ 50,000	\$ 100,000	\$ 200,000	\$ 25,000	\$ 50,000	\$ 100,000	\$ 200,000
\$ 62,500	16%				16%			
\$ 75,000	16%				16%			
\$ 100,000	16%				15%			
\$ 125,000	16%	23%			15%	23%		
\$ 150,000	16%	23%			14%	23%		
\$ 175,000	16%	23%			14%	23%		
\$ 200,000	16%	23%			14%	22%		
\$ 250,000	16%	23%	32%		13%	21%	31%	
\$ 300,000	16%	23%	32%		13%	21%	31%	
\$ 400,000	16%	23%	32%		11%	19%	29%	
\$ 500,000	16%	23%	32%	44%	11%	18%	29%	42%
\$ 600,000	16%	23%	32%	44%	10%	17%	27%	41%
\$ 700,000	16%	23%	32%	44%	9%	17%	27%	40%
\$ 800,000	16%	23%	32%	44%	9%	16%	26%	40%
\$ 900,000	16%	23%	32%	44%	9%	16%	26%	40%
\$ 1,000,000	16%	23%	32%	44%	9%	16%	26%	40%
Effective Date: 2/1/2010								

## Appendix E: Table of Classifications by Hazard Group – PEC

### TABLE OF CLASSIFICATIONS BY HAZARD GROUP - PEC

Class Code	Haz Grp	NCCI Classification Description
	H-L	
9430	H	County employees: all employees & clerical telecommuter, salespersons, drivers
9431	I	City employees: all employees & clerical, clerical telecommuter, salespersons, drivers
9432	J	Village employees: all employees & clerical, clerical telecommuter, salespersons, drivers
9433	J	Township employees: all employees & clerical, clerical telecommuter, salespersons, drivers
9434	H	Local school districts: all employees & clerical, clerical telecommuter, salespersons, drivers
9435	H	Public Libraries: all employees & clerical, clerical telecommuter, salespersons, drivers
9436	H	Special public universities: all employees & clerical, clerical telecommuter, salespersons, drivers
9437	H	Joint vocational schools: all employees & clerical, clerical telecommuter, salespersons, drivers
9438	K	Public work-relief employees
9439	L	Public employer emergency services organizations - contract coverage
9440	K	Public hospitals: all employees & clerical, clerical telecommuter, salespersons, drivers

Created by: Jamey Fauque

Create Date: 5/26/2010

9441	K	Special public institutions: all employees & clerical, clerical telecommuter, salespersons, drivers
9442	L	Pulbic transit auuthorities: all employees & clerical, clerical telecommuter, salespersons, drivers
9443	H	Special public authorities: all employees & clerical, clerical telecommuter, salespersons, drivers

## **2010 Ohio State-to-State Rate Comparison**

The Board of Directors has requested that the bureau provide a rate level comparison for Ohio and similar states. The results for 2010 from this study are reflected in the attached Ohio State-to-State Rate Comparison.

The Ohio Rate Comparison utilizes the 50 manual classes which represent 77% of private SIF employer payroll. The methodology for determining other states' rates follows the approach used in the *Oregon Workers' Compensation Premium Rate Ranking*.

Ohio's rates are those in effect for the policy year beginning July 1, 2010. The rate effective dates for the other states are available in the attached documentation. Advisory loss costs and published manual rates were gathered from the NCCI Basic Manual and various state departments of insurance websites. Load factors were applied to these advisory loss costs to reflect costs such as operational expenses, agent commissions, and profit, using the methodology from the 2008 Oregon study. For Ohio, the administrative cost assessment and DWRP assessments were added to reflect the total cost of insurance. Certain states were omitted from the study because rate or loading factor information was not available publicly.

The 42 states were then ranked based upon the weighted average rate by payroll across the 50 selected manual classes. Ohio moved from the 17<sup>th</sup> highest rates in the 2009 rate comparison to the 20<sup>th</sup> highest this year.

### **To summarize:**

1. Manual Classifications are those with Ohio's greatest payroll.
2. Oregon's load factors were use to make comparison possible by factoring in various expenses to the loss cost such as insurer expenses, taxes, profits, fees and possible residual market effect.
3. This comparison did not compare benefit levels, either from a statutory perspective or a utilization perspective.
4. The rates reflected in the study are only manual rates. Individual employer rates will vary based on a number of factors.

**Exhibit 1: 2010 Rate Comparison Summary**

<b>2010 Ranking</b>	<b>2009 Ranking</b>	<b>State</b>	<b>2010 Index Rate</b>
1	3	Oklahoma	\$3.25
2	1	Montana	\$3.00
3	2	Alaska	\$2.84
4	4	South Carolina	\$2.76
5	5	Illinois	\$2.59
6	7	Texas	\$2.45
7	10	New Hampshire	\$2.35
8	6	Vermont	\$2.34
9	11	New Jersey	\$2.30
10	8	Maine	\$2.22
11	9	Alabama	\$2.17
12	19	New Mexico	\$2.15
13	14	North Carolina	\$2.10
14	12	Pennsylvania	\$2.03
15	16	Connecticut	\$2.02
16	13	Kentucky	\$1.98
17	18	Wisconsin	\$1.95
18	15	Michigan	\$1.93
19	20	Tennessee	\$1.83
20	17	<b>Ohio</b>	<b>\$1.83</b>
21	22	Idaho	\$1.79
22	23	Delaware	\$1.77
23	25	Rhode Island	\$1.76
24	26	South Dakota	\$1.74
25	28	West Virginia	\$1.73
26	27	Missouri	\$1.73
27	29	Louisiana	\$1.68
28	30	Nebraska	\$1.66
29	21	Georgia	\$1.66
30	32	Iowa	\$1.65
31	34	Hawaii	\$1.63
32	24	Florida	\$1.56
33	33	Kansas	\$1.55
34	36	Oregon	\$1.54
35	31	Mississippi	\$1.52
36	37	Maryland	\$1.51
37	35	Arizona	\$1.48
38	39	Virginia	\$1.31
39	38	Colorado	\$1.27
40	40	Utah	\$1.18
41	41	Arkansas	\$1.13
42	42	Indiana	\$1.03

## 2010 Ohio State-to-State Rate Comparison

Ohio Payroll Rank	Manual Class	Manual Class Description	OH	AL	AK	AZ	AR	CO	CT	DE	FL	GA	HI	ID	IL	IN	IA
1	8810	CLERICAL OFFICE EMPLOYEES NOC	\$ 0.28	\$ 0.36	\$ 0.69	\$ 0.22	\$ 0.20	\$ 0.20	\$ 0.26	\$ 0.34	\$ 0.26	\$ 0.23	\$ 0.33	\$ 0.28	\$ 0.31	\$ 0.20	\$ 0.29
2	8742	SALESPERSONS OR COLLECTORS – OUTSIDE	\$ 0.37	\$ 0.88	\$ 0.98	\$ 0.39	\$ 0.39	\$ 0.34	\$ 0.58	\$ 0.53	\$ 0.46	\$ 0.36	\$ 0.51	\$ 0.48	\$ 0.63	\$ 0.34	\$ 0.64
3	8832	PHYSICIAN AND CLERICAL	\$ 0.53	\$ 0.55	\$ 1.04	\$ 0.42	\$ 0.26	\$ 0.48	\$ 0.58	\$ 0.56	\$ 0.40	\$ 0.38	\$ 0.64	\$ 0.51	\$ 0.59	\$ 0.24	\$ 0.44
4	8868	COLLEGE – PROFESSIONAL EMPLOYEES AND CLERICAL	\$ 0.59	\$ 0.64	\$ 1.08	\$ 0.50	\$ 0.37	\$ 0.54	\$ 0.63	\$ 0.57	\$ 0.40	\$ 0.47	\$ 0.58	\$ 0.56	\$ 0.69	\$ 0.29	\$ 0.48
5	9082	RESTAURANT NOC	\$ 2.46	\$ 2.64	\$ 4.66	\$ 1.79	\$ 1.31	\$ 1.51	\$ 2.00	\$ 2.28	\$ 2.30	\$ 1.96	\$ 2.01	\$ 2.28	\$ 2.79	\$ 1.50	\$ 2.03
6	8380	AUTOMOBILE SERVICE OR REPAIR CENTER AND DRIVERS	\$ 3.87	\$ 6.43	\$ 5.90	\$ 2.61	\$ 2.96	\$ 2.15	\$ 4.05	\$ 3.30	\$ 3.02	\$ 3.16	\$ 3.17	\$ 3.08	\$ 5.59	\$ 2.23	\$ 3.62
7	8803	AUDITORS, ACCOUNTANT OR FACTORY COST OR OFFICE SYSTEMATIZER – TRAVELING	\$ 0.17	\$ 0.13	\$ 0.26	\$ 0.11	\$ 0.07	\$ 0.08	\$ 0.14	\$ 0.15	\$ 0.18	\$ 0.09	\$ 0.15	\$ 0.12	\$ 0.15	\$ 0.07	\$ 0.18
8	8829	CONVALESCENT OR NURSING HOME – ALL EMPLOYEES	\$ 5.06	\$ 4.32	\$ 6.19	\$ 2.48	\$ 2.30	\$ 3.04	\$ 4.29	\$ 4.98	\$ 2.92	\$ 3.48	\$ 3.34	\$ 5.39	\$ 3.83	\$ 2.07	\$ 3.40
9	8820	ATTORNEY – ALL EMPLOYEES AND CLERICAL, MESSENGERS, DRIVERS	\$ 0.28	\$ 0.28	\$ 0.49	\$ 0.14	\$ 0.22	\$ 0.22	\$ 0.28	\$ 0.19	\$ 0.18	\$ 0.26	\$ 0.25	\$ 0.33	\$ 0.28	\$ 0.13	\$ 0.26
10	8864	PHRASEOLOGY SOCIAL SERVICES ORGANIZATION—ALL EMPLOYEES & SALESPERSONS, DRIVERS	\$ 3.30	\$ 3.05	\$ 4.48	\$ 2.00	\$ 1.19	\$ 3.41	\$ 2.68	\$ 2.69	\$ 1.41	\$ 1.61	\$ 2.06	\$ 2.96	\$ 2.66	\$ 1.65	\$ 1.65
11	9083	RESTAURANT – RESTAURANT – FAST FOOD	\$ 2.59	\$ 2.65	\$ 2.95	\$ 1.59	\$ 1.31	\$ 1.51	\$ 1.95	\$ 2.39	\$ 2.18	\$ 2.17	\$ 1.55	\$ 2.09	\$ 2.52	\$ 1.36	\$ 1.73
12	8601	ARCHITECT OR ENGINEER – CONSULTING	\$ 0.56	\$ 1.03	\$ 1.07	\$ 0.52	\$ 0.63	\$ 0.43	\$ 1.01	\$ 0.88	\$ 0.87	\$ 0.86	\$ 0.71	\$ 0.74	\$ 1.20	\$ 0.43	\$ 1.16
13	8833	HOSPITAL – PROFESSIONAL EMPLOYEES	\$ 1.63	\$ 1.87	\$ 2.61	\$ 1.45	\$ 0.85	\$ 1.09	\$ 1.15	\$ 0.98	\$ 1.16	\$ 1.32	\$ 1.58	\$ 1.65	\$ 1.56	\$ 0.78	\$ 1.53
14	3632	MACHINE SHOP NOC	\$ 3.90	\$ 6.43	\$ 7.47	\$ 2.78	\$ 3.48	\$ 3.38	\$ 3.64	\$ 4.85	\$ 3.78	\$ 4.35	\$ 4.21	\$ 4.74	\$ 7.86	\$ 2.21	\$ 4.83
15	8017	STORE – RETAIL NOC	\$ 2.47	\$ 3.01	\$ 3.04	\$ 1.76	\$ 1.24	\$ 1.66	\$ 2.21	\$ 2.35	\$ 1.56	\$ 2.21	\$ 1.77	\$ 2.20	\$ 3.16	\$ 1.24	\$ 1.75
16	8018	STORE – WHOLESALE NOC	\$ 4.80	\$ 4.71	\$ 6.11	\$ 3.45	\$ 2.20	\$ 2.40	\$ 4.71	\$ 3.23	\$ 3.64	\$ 3.38	\$ 5.71	\$ 3.73	\$ 5.97	\$ 2.16	\$ 3.24
17	4484	PLASTICS MANUFACTURING – MOLDED PRODUCTS NOC	\$ 5.30	\$ 3.25	\$ 5.44	\$ 2.74	\$ 2.17	\$ 2.65	\$ 4.01	\$ 4.93	\$ 3.73	\$ 3.31	\$ 4.42	\$ 4.12	\$ 4.85	\$ 2.47	\$ 3.48
18	8748	AUTOMOBILE SALESPERSON	\$ 0.70	\$ 1.01	\$ 1.34	\$ 0.42	\$ 0.39	\$ 0.60	\$ 0.93	\$ 1.79	\$ 0.61	\$ 0.62	\$ 0.83	\$ 0.79	\$ 1.00	\$ 0.41	\$ 0.94
19	7229	TRUCKING: LONG DISTANCE HAULING—ALL EMPLOYEES AND DRIVERS	\$ 9.55	\$ 9.08	\$ 14.32	\$ 8.83	\$ 6.62	\$ 7.13	\$ 12.65	\$ 9.17	\$ 8.83	\$ 8.84	\$ 9.66	\$ 8.66	\$ 15.64	\$ 5.43	\$ 8.88
20	5190	ELECTRICAL WIRING – WITHIN BUILDINGS AND DRIVERS	\$ 3.77	\$ 5.73	\$ 7.11	\$ 3.84	\$ 3.27	\$ 2.69	\$ 6.15	\$ 3.48	\$ 4.72	\$ 4.41	\$ 3.75	\$ 3.41	\$ 9.02	\$ 2.82	\$ 4.42
21	3400	METAL STAMPED GOODS MANUFACTURING – NOC AND METAL STAMPING MFG – NOC	\$ 6.21	\$ 4.60	\$ 9.69	\$ 5.07	\$ 2.59	\$ 3.30	\$ 6.11	\$ 4.77	\$ 3.69	\$ 4.66	\$ 4.38	\$ 8.41	\$ 8.79	\$ 3.00	\$ 3.89
22	5183	PLUMBING NOC AND DRIVERS	\$ 4.66	\$ 5.41	\$ 7.50	\$ 4.77	\$ 3.55	\$ 3.79	\$ 7.30	\$ 5.15	\$ 4.75	\$ 5.14	\$ 3.52	\$ 3.96	\$ 11.11	\$ 2.57	\$ 5.86
23	8835	PUBLIC AND TRAVELING HEALTHCARE – ALL EMPLOYEES	\$ 4.50	\$ 5.07	\$ 4.69	\$ 2.16	\$ 1.99	\$ 3.07	\$ 3.69	\$ 3.00	\$ 2.48	\$ 3.83	\$ 2.56	\$ 4.84	\$ 3.27	\$ 2.59	\$ 2.87
24	9012	BUILDING OPERATION BY OWNER, LESSEE, OR REAL ESTATE MANAGEMENT FIRM: PROFESSIONAL EMPLOYEES, PROPERTY MANAGERS AND LEASING AGENTS & CLERICAL, SALESPERSONS	\$ 0.93	\$ 1.81	\$ 3.21	\$ 3.63	\$ 1.61	\$ 0.98	\$ 1.65	\$ 4.63	\$ 1.49	\$ 0.77	\$ 1.12	\$ 1.49	\$ 1.76	\$ 0.84	\$ 1.81
25	5537	HEATING, VENTILLATION, AIR-CONDITIONING AND REFRIGERATION SYSTEMS - INSTALLATION SVC & REPAIR, SHOP, YARD & DRIVERS	\$ 4.86	\$ 5.61	\$ 7.73	\$ 6.44	\$ 3.38	\$ 3.55	\$ 9.19	\$ 4.74	\$ 6.49	\$ 7.37	\$ 3.81	\$ 6.82	\$ 13.05	\$ 4.52	\$ 4.44
26	7228	TRUCKING: LOCAL HAULING ONLY—ALL EMPLOYEES AND DRIVERS	\$ 11.47	\$ 8.96	\$ 14.32	\$ 7.57	\$ 5.28	\$ 6.67	\$ 11.00	\$ 9.17	\$ 8.83	\$ 7.88	\$ 8.82	\$ 8.66	\$ 14.27	\$ 4.77	\$ 8.34
27	9015	BUILDINGS—OPERATION BY OWNER OR LESSEE OR REAL ESTATE MANAGEMENT FIRM: ALL OTHER EMPLOYEES	\$ 6.15	\$ 5.20	\$ 5.53	\$ 3.63	\$ 2.45	\$ 3.23	\$ 4.05	\$ 4.63	\$ 3.88	\$ 3.35	\$ 3.98	\$ 4.48	\$ 4.81	\$ 2.49	\$ 4.16

Ohio Payroll Rank	Manual Class	Manual Class Description	OH	AL	AK	AZ	AR	CO	CT	DE	FL	GA	HI	ID	IL	IN	IA
28	3507	CONSTRUCTION OR AGRICULTURAL MACHINERY MANUFACTURING	\$ 3.92	\$ 5.53	\$ 7.43	\$ 3.74	\$ 3.12	\$ 3.86	\$ 6.79	\$ 2.88	\$ 4.26	\$ 3.62	\$ 4.67	\$ 5.14	\$ 7.98	\$ 2.91	\$ 5.61
29	4299	PRINTING	\$ 2.78	\$ 2.09	\$ 3.99	\$ 2.37	\$ 1.67	\$ 2.06	\$ 3.58	\$ 3.16	\$ 2.60	\$ 2.94	\$ 2.38	\$ 2.77	\$ 4.78	\$ 1.55	\$ 3.24
30	3113	TOOL MANUFACTURING – NOT DROP OR MACHINE FORGED – NOC	\$ 2.25	\$ 2.57	\$ 4.22	\$ 1.91	\$ 1.42	\$ 1.79	\$ 3.04	\$ 1.89	\$ 2.27	\$ 2.62	\$ 2.63	\$ 2.20	\$ 5.19	\$ 1.36	\$ 3.79
31	5605	CONSTRUCTION OR ERECTION ESTIMATORS	\$ 1.32	\$ 2.15	\$ 1.94	\$ 1.71	\$ 2.01	\$ 1.20	\$ 3.38	\$ 1.31	\$ 1.77	\$ 2.46	\$ 1.42	\$ 1.47	\$ 4.04	\$ 1.29	\$ 2.82
32	7380	DRIVERS, CHAUFFEURS, MESSENGERS AND THEIR HELPERS NOC – COMMERCIAL	\$ 7.79	\$ 8.13	\$ 6.36	\$ 5.58	\$ 3.77	\$ 3.91	\$ 9.56	\$ 8.05	\$ 5.67	\$ 4.71	\$ 4.67	\$ 5.16	\$ 11.39	\$ 3.10	\$ 5.27
33	8008	STORE – CLOTHING, WEARING APPAREL OR DRY GOODS – RETAIL	\$ 2.09	\$ 2.68	\$ 2.77	\$ 1.43	\$ 0.95	\$ 1.28	\$ 1.85	\$ 1.70	\$ 1.52	\$ 1.76	\$ 1.58	\$ 1.70	\$ 2.03	\$ 1.08	\$ 1.29
34	5645	CARPENTRY-DETACHED ONE OR TWO FAMILY DWELLINGS	\$ 10.55	\$ 22.70	\$ 17.48	\$ 12.65	\$ 8.82	\$ 9.83	\$ 13.95	\$ 10.09	\$ 13.96	\$ 24.62	\$ 8.65	\$ 13.41	\$ 23.17	\$ 7.23	\$ 10.13
35	9014	JANITORIAL SERVICES BY CONTRACTORS - NO WINDOW CLEANING ABOVE GROUND LEVEL & DRIVERS	\$ 5.78	\$ 4.81	\$ 6.13	\$ 3.33	\$ 2.27	\$ 2.87	\$ 4.09	\$ 4.63	\$ 4.15	\$ 3.77	\$ 4.19	\$ 4.49	\$ 5.51	\$ 2.36	\$ 3.98
36	9586	BARBER SHOP, BEAUTY PARLOR OR HAIR STYLING SALON	\$ 0.84	\$ 1.43	\$ 1.73	\$ 0.96	\$ 0.53	\$ 0.84	\$ 0.96	\$ 0.65	\$ 0.85	\$ 0.80	\$ 0.92	\$ 1.20	\$ 0.94	\$ 0.46	\$ 0.60
37	5191	OFFICE MACHINE OR APPLIANCE INSTALLATION, INSPECTION, ADJUSTMENT OR REPAIR	\$ 1.65	\$ 1.47	\$ 1.70	\$ 0.98	\$ 1.17	\$ 0.67	\$ 1.39	\$ 0.84	\$ 1.14	\$ 0.96	\$ 1.27	\$ 1.06	\$ 1.99	\$ 0.79	\$ 1.60
38	5403	CARPENTRY NOC	\$ 7.09	\$ 17.22	\$ 14.99	\$ 15.80	\$ 8.30	\$ 6.42	\$ 18.10	\$ 7.58	\$ 10.73	\$ 10.95	\$ 12.25	\$ 10.07	\$ 22.20	\$ 6.52	\$ 11.58
39	8869	CHILD DAY CARE CENTER – PROFESSIONAL EMPLOYEES AND CLERICAL, SALESPERSONS	\$ 2.15	\$ 1.64	\$ 2.77	\$ 1.30	\$ 0.72	\$ 1.08	\$ 1.08	\$ 1.37	\$ 1.13	\$ 0.66	\$ 0.96	\$ 1.30	\$ 1.29	\$ 0.79	\$ 1.00
40	8033	STORE – MEAT, GROCERY AND PROVISION STORES COMBINED – RETAIL NOC	\$ 3.39	\$ 2.89	\$ 6.80	\$ 3.41	\$ 2.14	\$ 2.20	\$ 2.98	\$ 3.88	\$ 2.55	\$ 3.15	\$ 3.45	\$ 2.97	\$ 3.93	\$ 2.10	\$ 1.99
41	3076	SHEET METAL PRODUCTS MFG – SHOP ONLY	\$ 5.67	\$ 4.73	\$ 7.76	\$ 3.97	\$ 2.45	\$ 2.94	\$ 5.69	\$ 7.81	\$ 4.70	\$ 4.46	\$ 5.25	\$ 5.61	\$ 8.57	\$ 2.86	\$ 4.15
42	4511	ANALYTICAL CHEMIST	\$ 1.24	\$ 1.03	\$ 1.42	\$ 0.93	\$ 0.62	\$ 0.58	\$ 0.80	\$ 0.88	\$ 1.08	\$ 0.90	\$ 1.60	\$ 1.31	\$ 1.14	\$ 0.50	\$ 0.98
43	6217	EXCAVATION AND DRIVERS	\$ 5.70	\$ 6.90	\$ 10.89	\$ 4.98	\$ 4.92	\$ 5.30	\$ 9.53	\$ 6.00	\$ 5.78	\$ 6.89	\$ 4.74	\$ 6.44	\$ 10.65	\$ 4.33	\$ 7.61
44	9060	CLUB – COUNTRY, GOLF, FISHING OR YACHT, AND CLERICAL	\$ 2.03	\$ 2.12	\$ 6.95	\$ 1.80	\$ 1.41	\$ 1.66	\$ 2.50	\$ 3.20	\$ 1.82	\$ 2.05	\$ 2.89	\$ 1.99	\$ 2.37	\$ 1.17	\$ 1.37
45	8824	RETIREMENT LIVING CENTERS – HEALTH CARE EMPLOYEES	\$ 6.60	\$ 5.47	\$ 7.75	\$ 2.73	\$ 2.12	\$ 3.64	\$ 4.84	\$ 3.68	\$ 4.54	\$ 5.09	\$ 3.10	\$ 7.15	\$ 4.56	\$ 2.28	\$ 3.62
46	8010	STORE – HARDWARE	\$ 2.65	\$ 4.20	\$ 4.98	\$ 1.97	\$ 1.58	\$ 2.12	\$ 2.84	\$ 2.30	\$ 2.09	\$ 2.79	\$ 3.24	\$ 2.24	\$ 3.61	\$ 1.38	\$ 2.24
47	8901	TELEPHONE OR TELEGRAPH CO.- OFFICE OR EXCHANGE EMPLOYEES AND CLERICAL	\$ 0.23	\$ 0.39	\$ 0.90	\$ 0.20	\$ 0.19	\$ 0.14	\$ 0.49	\$ 0.34	\$ 0.31	\$ 0.28	\$ 0.54	\$ 0.40	\$ 0.51	\$ 0.17	\$ 0.57
48	5606	CONTRACTOR – PROJECT MANAGER, CONSTRUCTION EXECUTIVE, CONSTRUCTION MANAGER OR CONSTRUCTION SUPERINTENDENT	\$ 1.39	\$ 2.15	\$ 1.94	\$ 1.71	\$ 2.01	\$ 1.20	\$ 3.38	\$ 1.62	\$ 1.77	\$ 2.46	\$ 1.42	\$ 1.47	\$ 4.04	\$ 1.29	\$ 2.82
49	8006	GASOLINE STATION: SELF-SERVICE AND CONVENIENCE/GROCERY – RETAIL	\$ 4.06	\$ 3.77	\$ 2.95	\$ 2.40	\$ 1.67	\$ 2.53	\$ 2.93	\$ 2.55	\$ 2.42	\$ 3.42	\$ 2.84	\$ 3.39	\$ 4.24	\$ 1.75	\$ 2.59
50	7610	RADIO OR TELEVISION BROADCASTING STATION – ALL EMPLOYEES AND CLERICAL, DRIVERS	\$ 0.67	\$ 0.79	\$ 1.21	\$ 0.69	\$ 0.55	\$ 0.54	\$ 0.38	\$ 0.54	\$ 0.62	\$ 0.32	\$ 1.06	\$ 0.55	\$ 0.90	\$ 0.38	\$ 0.67
<b>Payroll Weighted Average Rate</b>			\$ 1.83	\$ 2.17	\$ 2.84	\$ 1.48	\$ 1.13	\$ 1.27	\$ 2.02	\$ 1.77	\$ 1.56	\$ 1.66	\$ 1.63	\$ 1.79	\$ 2.59	\$ 1.03	\$ 1.65
<b>2010 OH Based Rate Comparison Rank</b>			<b>20</b>	<b>11</b>	<b>3</b>	<b>37</b>	<b>41</b>	<b>39</b>	<b>15</b>	<b>22</b>	<b>32</b>	<b>29</b>	<b>31</b>	<b>21</b>	<b>5</b>	<b>42</b>	<b>30</b>
2009 OH Base Rate Comparison Rank			17	9	2	35	41	38	16	23	24	21	34	22	5	42	32
Change from 2009			-3	-2	-1	-2	0	-1	+1	+1	-8	-8	+3	+1	0	0	+2

## 2010 Ohio State-to-State Rate Comparison

Ohio Payroll Rank	Manual Class	Manual Class Description	KS	KY	LA	ME	MD	MI	MS	MO	MT	NE	NH	NJ	NM	NC	OK	OR
1	8810	CLERICAL OFFICE EMPLOYEES NOC	\$ 0.25	\$ 0.28	\$ 0.29	\$ 0.48	\$ 0.23	\$ 0.26	\$ 0.38	\$ 0.31	\$ 0.70	\$ 0.29	\$ 0.37	\$ 0.25	\$ 0.36	\$ 0.39	\$ 0.64	\$ 0.19
2	8742	SALESPERSONS OR COLLECTORS – OUTSIDE	\$ 0.46	\$ 0.71	\$ 0.63	\$ 0.65	\$ 0.39	\$ 0.54	\$ 0.70	\$ 0.60	\$ 0.93	\$ 0.53	\$ 0.79	\$ 0.58	\$ 0.64	\$ 0.67	\$ 0.90	\$ 0.32
3	8832	PHYSICIAN AND CLERICAL	\$ 0.51	\$ 0.51	\$ 0.35	\$ 0.64	\$ 0.39	\$ 0.57	\$ 0.37	\$ 0.48	\$ 1.01	\$ 0.43	\$ 0.56	\$ 0.48	\$ 0.55	\$ 0.53	\$ 0.87	\$ 0.40
4	8868	COLLEGE – PROFESSIONAL EMPLOYEES AND CLERICAL	\$ 0.52	\$ 0.44	\$ 0.54	\$ 0.48	\$ 0.34	\$ 0.52	\$ 0.45	\$ 0.52	\$ 1.23	\$ 0.45	\$ 0.59	\$ 1.33	\$ 0.66	\$ 0.66	\$ 0.84	\$ 0.47
5	9082	RESTAURANT NOC	\$ 1.71	\$ 2.32	\$ 2.09	\$ 1.95	\$ 1.97	\$ 2.02	\$ 2.32	\$ 2.20	\$ 2.76	\$ 1.82	\$ 2.59	\$ 3.11	\$ 2.13	\$ 2.20	\$ 3.68	\$ 1.70
6	8380	AUTOMOBILE SERVICE OR REPAIR CENTER AND DRIVERS	\$ 3.03	\$ 4.00	\$ 3.26	\$ 5.10	\$ 2.81	\$ 4.42	\$ 3.11	\$ 2.57	\$ 6.42	\$ 3.26	\$ 6.12	\$ 5.94	\$ 4.33	\$ 4.16	\$ 6.74	\$ 3.31
7	8803	AUDITORS, ACCOUNTANT OR FACTORY COST OR OFFICE SYSTEMATIZER – TRAVELING	\$ 0.11	\$ 0.16	\$ 0.20	\$ 0.16	\$ 0.11	\$ 0.12	\$ 0.18	\$ 0.14	\$ 0.21	\$ 0.15	\$ 0.14	\$ 0.25	\$ 0.16	\$ 0.15	\$ 0.37	\$ 0.09
8	8829	CONVALESCENT OR NURSING HOME – ALL EMPLOYEES	\$ 3.62	\$ 4.95	\$ 2.82	\$ 5.17	\$ 2.68	\$ 3.52	\$ 2.70	\$ 2.71	\$ 6.75	\$ 4.64	\$ 6.07	\$ 4.34	\$ 4.38	\$ 4.07	\$ 10.44	\$ 4.85
9	8820	ATTORNEY – ALL EMPLOYEES AND CLERICAL, MESSENGERS, DRIVERS	\$ 0.31	\$ 0.23	\$ 0.30	\$ 0.51	\$ 0.17	\$ 0.28	\$ 0.26	\$ 0.39	\$ 0.45	\$ 0.35	\$ 0.37	\$ 0.33	\$ 0.31	\$ 0.32	\$ 0.79	\$ 0.16
10	8864	PHRASEOLOGY SOCIAL SERVICES ORGANIZATION—ALL EMPLOYEES & SALESPERSONS, DRIVERS	\$ 2.88	\$ 2.64	\$ 2.13	\$ 2.80	\$ 2.08	\$ 3.55	\$ 1.35	\$ 3.28	\$ 5.47	\$ 2.31	\$ 2.90	\$ 5.55	\$ 3.06	\$ 4.49	\$ 5.26	\$ 2.95
11	9083	RESTAURANT – RESTAURANT – FAST FOOD	\$ 1.50	\$ 2.22	\$ 2.03	\$ 1.86	\$ 1.67	\$ 2.02	\$ 1.68	\$ 2.00	\$ 3.48	\$ 1.86	\$ 3.53	\$ 3.11	\$ 2.07	\$ 2.11	\$ 4.36	\$ 1.70
12	8601	ARCHITECT OR ENGINEER – CONSULTING	\$ 0.53	\$ 0.92	\$ 0.71	\$ 1.12	\$ 0.86	\$ 0.81	\$ 1.19	\$ 0.71	\$ 1.29	\$ 1.06	\$ 1.19	\$ 1.00	\$ 1.27	\$ 1.43	\$ 1.24	\$ 0.79
13	8833	HOSPITAL – PROFESSIONAL EMPLOYEES	\$ 1.59	\$ 2.00	\$ 1.55	\$ 1.89	\$ 1.05	\$ 1.97	\$ 0.99	\$ 1.43	\$ 3.79	\$ 1.42	\$ 1.89	\$ 1.34	\$ 2.49	\$ 2.63	\$ 3.70	\$ 1.43
14	3632	MACHINE SHOP NOC	\$ 3.71	\$ 4.26	\$ 4.88	\$ 4.55	\$ 3.13	\$ 4.56	\$ 3.73	\$ 4.82	\$ 6.51	\$ 3.75	\$ 4.58	\$ 4.00	\$ 4.38	\$ 4.05	\$ 7.64	\$ 3.65
15	8017	STORE – RETAIL NOC	\$ 1.81	\$ 2.09	\$ 2.40	\$ 1.96	\$ 2.30	\$ 1.84	\$ 2.34	\$ 1.81	\$ 3.11	\$ 1.80	\$ 3.00	\$ 2.75	\$ 2.81	\$ 2.48	\$ 4.33	\$ 1.74
16	8018	STORE – WHOLESALE NOC	\$ 3.05	\$ 2.89	\$ 3.59	\$ 4.16	\$ 3.27	\$ 3.90	\$ 2.97	\$ 3.33	\$ 4.88	\$ 2.98	\$ 6.86	\$ 5.49	\$ 3.48	\$ 3.21	\$ 6.88	\$ 2.81
17	4484	PLASTICS MANUFACTURING – MOLDED PRODUCTS NOC	\$ 5.42	\$ 3.69	\$ 3.71	\$ 4.06	\$ 3.90	\$ 5.11	\$ 3.45	\$ 4.48	\$ 7.21	\$ 3.31	\$ 3.53	\$ 4.96	\$ 4.05	\$ 4.47	\$ 8.20	\$ 2.88
18	8748	AUTOMOBILE SALESPERSON	\$ 0.66	\$ 0.99	\$ 0.66	\$ 0.90	\$ 0.76	\$ 1.03	\$ 0.63	\$ 1.16	\$ 1.73	\$ 0.67	\$ 0.75	\$ 0.77	\$ 1.13	\$ 1.23	\$ 1.49	\$ 0.51
19	7229	TRUCKING: LONG DISTANCE HAULING—ALL EMPLOYEES AND DRIVERS	\$ 7.64	\$ 12.43	\$ 9.87	\$ 16.13	\$ 8.99	\$ 8.17	\$ 6.62	\$ 9.48	\$ 11.56	\$ 9.56	\$ 13.15	\$ 12.66	\$ 16.16	\$ 13.11	\$ 18.26	\$ 9.53
20	5190	ELECTRICAL WIRING – WITHIN BUILDINGS AND DRIVERS	\$ 3.85	\$ 5.53	\$ 4.14	\$ 5.44	\$ 5.24	\$ 4.16	\$ 3.54	\$ 4.70	\$ 6.05	\$ 4.69	\$ 5.64	\$ 4.38	\$ 7.80	\$ 7.97	\$ 8.51	\$ 3.78
21	3400	METAL STAMPED GOODS MANUFACTURING – NOC AND METAL STAMPING MFG – NOC	\$ 6.46	\$ 3.11	\$ 4.79	\$ 6.52	\$ 3.98	\$ 4.07	\$ 4.46	\$ 6.21	\$ 6.43	\$ 4.72	\$ 5.32	\$ 5.67	\$ 4.36	\$ 4.65	\$ 8.36	\$ 3.44
22	5183	PLUMBING NOC AND DRIVERS	\$ 4.72	\$ 5.78	\$ 3.41	\$ 8.21	\$ 6.25	\$ 6.17	\$ 5.30	\$ 6.79	\$ 8.41	\$ 5.56	\$ 8.45	\$ 5.79	\$ 6.98	\$ 7.03	\$ 9.35	\$ 3.59
23	8835	PUBLIC AND TRAVELING HEALTHCARE – ALL EMPLOYEES	\$ 2.78	\$ 5.16	\$ 3.57	\$ 5.51	\$ 3.05	\$ 3.20	\$ 2.47	\$ 2.66	\$ 9.88	\$ 2.54	\$ 6.29	\$ 4.98	\$ 3.92	\$ 3.43	\$ 7.89	\$ 3.39
24	9012	BUILDING OPERATION BY OWNER, LESSEE, OR REAL ESTATE MANAGEMENT FIRM: PROFESSIONAL EMPLOYEES, PROPERTY MANAGERS AND LEASING AGENTS & CLERICAL, SALESPERSONS	\$ 1.90	\$ 2.07	\$ 1.76	\$ 1.78	\$ 1.03	\$ 5.77	\$ 1.72	\$ 1.74	\$ 7.51	\$ 1.18	\$ 3.06	\$ 6.20	\$ 2.07	\$ 2.49	\$ 3.09	\$ 3.49
25	5537	HEATING, VENTILLATION, AIR-CONDITIONING AND REFRIGERATION SYSTEMS - INSTALLATION SVC & REPAIR, SHOP, YARD & DRIVERS	\$ 4.69	\$ 11.00	\$ 7.25	\$ 8.06	\$ 5.75	\$ 7.31	\$ 4.58	\$ 5.72	\$ 9.69	\$ 6.17	\$ 7.64	\$ 7.64	\$ 9.56	\$ 8.82	\$ 13.12	\$ 4.66
26	7228	TRUCKING: LOCAL HAULING ONLY—ALL EMPLOYEES AND DRIVERS	\$ 7.51	\$ 6.26	\$ 9.87	\$ 12.39	\$ 8.76	\$ 8.17	\$ 7.39	\$ 9.10	\$ 11.56	\$ 8.10	\$ 11.41	\$ 12.66	\$ 14.20	\$ 14.40	\$ 14.21	\$ 9.53
27	9015	BUILDINGS—OPERATION BY OWNER OR LESSEE OR REAL ESTATE MANAGEMENT FIRM: ALL OTHER EMPLOYEES	\$ 4.62	\$ 4.90	\$ 3.38	\$ 4.65	\$ 3.39	\$ 5.77	\$ 3.94	\$ 3.73	\$ 7.51	\$ 4.47	\$ 6.64	\$ 6.20	\$ 4.10	\$ 4.07	\$ 10.19	\$ 3.49

Ohio Payroll Rank	Manual Class	Manual Class Description	KS	KY	LA	ME	MD	MI	MS	MO	MT	NE	NH	NJ	NM	NC	OK	OR
28	3507	CONSTRUCTION OR AGRICULTURAL MACHINERY MANUFACTURING	\$ 4.93	\$ 4.38	\$ 3.20	\$ 4.55	\$ 5.54	\$ 4.22	\$ 3.94	\$ 4.92	\$ 9.41	\$ 4.88	\$ 5.25	\$ 7.17	\$ 3.50	\$ 3.76	\$ 9.15	\$ 5.16
29	4299	PRINTING	\$ 2.86	\$ 2.76	\$ 2.07	\$ 3.72	\$ 2.87	\$ 2.77	\$ 2.11	\$ 3.15	\$ 4.25	\$ 3.13	\$ 2.45	\$ 3.36	\$ 2.73	\$ 2.49	\$ 5.45	\$ 2.12
30	3113	TOOL MANUFACTURING – NOT DROP OR MACHINE FORGED – NOC	\$ 2.16	\$ 2.14	\$ 3.57	\$ 2.96	\$ 2.10	\$ 4.62	\$ 2.15	\$ 2.95	\$ 7.29	\$ 2.58	\$ 2.59	\$ 3.19	\$ 2.64	\$ 2.71	\$ 4.43	\$ 1.45
31	5605	CONSTRUCTION OR ERECTION ESTIMATORS	\$ 1.28	\$ 2.71	\$ 2.06	\$ 2.39	\$ 2.17	\$ 1.94	\$ 2.19	\$ 3.77	\$ 2.39	\$ 3.11	\$ 2.37	\$ 2.75	\$ 2.76	\$ 2.73	\$ 2.25	\$ 0.83
32	7380	DRIVERS, CHAUFFEURS, MESSENGERS AND THEIR HELPERS NOC – COMMERCIAL	\$ 4.75	\$ 6.94	\$ 5.81	\$ 8.38	\$ 5.92	\$ 6.17	\$ 3.90	\$ 6.09	\$ 6.83	\$ 5.79	\$ 7.59	\$ 9.64	\$ 7.03	\$ 6.84	\$ 9.29	\$ 4.42
33	8008	STORE – CLOTHING, WEARING APPAREL OR DRY GOODS – RETAIL	\$ 1.61	\$ 1.96	\$ 1.56	\$ 2.15	\$ 1.50	\$ 1.39	\$ 1.80	\$ 1.30	\$ 2.63	\$ 1.60	\$ 2.26	\$ 2.73	\$ 2.24	\$ 2.06	\$ 2.27	\$ 1.34
34	5645	CARPENTRY-DETACHED ONE OR TWO FAMILY DWELLINGS	\$ 12.36	\$ 19.62	\$ 14.46	\$ 14.18	\$ 10.21	\$ 18.21	\$ 10.65	\$ 11.92	\$ 16.79	\$ 11.09	\$ 16.95	\$ 14.79	\$ 19.55	\$ 19.02	\$ 19.63	\$ 15.95
35	9014	JANITORIAL SERVICES BY CONTRACTORS - NO WINDOW CLEANING ABOVE GROUND LEVEL & DRIVERS	\$ 3.95	\$ 3.30	\$ 3.65	\$ 4.77	\$ 3.55	\$ 5.77	\$ 2.97	\$ 4.14	\$ 9.11	\$ 3.42	\$ 5.63	\$ 6.20	\$ 4.24	\$ 4.27	\$ 7.61	\$ 4.17
36	9586	BARBER SHOP, BEAUTY PARLOR OR HAIR STYLING SALON	\$ 0.86	\$ 0.88	\$ 1.08	\$ 1.34	\$ 0.49	\$ 0.81	\$ 1.72	\$ 1.30	\$ 3.42	\$ 0.81	\$ 1.18	\$ 0.65	\$ 0.89	\$ 0.79	\$ 2.52	\$ 1.10
37	5191	OFFICE MACHINE OR APPLIANCE INSTALLATION, INSPECTION, ADJUSTMENT OR REPAIR	\$ 1.04	\$ 1.02	\$ 1.07	\$ 1.53	\$ 0.82	\$ 1.81	\$ 1.62	\$ 1.31	\$ 2.44	\$ 1.06	\$ 1.49	\$ 1.50	\$ 1.32	\$ 1.02	\$ 1.75	\$ 0.90
38	5403	CARPENTRY NOC	\$ 8.76	\$ 19.61	\$ 12.54	\$ 21.26	\$ 8.73	\$ 18.45	\$ 9.46	\$ 9.12	\$ 23.60	\$ 11.80	\$ 15.88	\$ 14.79	\$ 14.58	\$ 12.03	\$ 15.06	\$ 10.05
39	8869	CHILD DAY CARE CENTER – PROFESSIONAL EMPLOYEES AND CLERICAL, SALESPERSONS	\$ 1.10	\$ 0.90	\$ 1.22	\$ 1.41	\$ 0.76	\$ 0.77	\$ 0.95	\$ 0.94	\$ 2.60	\$ 1.05	\$ 1.47	\$ 1.33	\$ 1.52	\$ 1.24	\$ 1.80	\$ 1.23
40	8033	STORE – MEAT, GROCERY AND PROVISION STORES COMBINED – RETAIL NOC	\$ 2.40	\$ 3.03	\$ 2.93	\$ 2.77	\$ 4.13	\$ 2.80	\$ 2.29	\$ 2.50	\$ 4.84	\$ 2.07	\$ 2.58	\$ 5.28	\$ 2.92	\$ 2.63	\$ 5.92	\$ 2.27
41	3076	SHEET METAL PRODUCTS MFG – SHOP ONLY	\$ 4.24	\$ 4.60	\$ 3.96	\$ 4.01	\$ 4.75	\$ 4.57	\$ 3.34	\$ 4.17	\$ 6.77	\$ 4.36	\$ 6.64	\$ 8.32	\$ 4.46	\$ 4.51	\$ 7.38	\$ 2.55
42	4511	ANALYTICAL CHEMIST	\$ 1.04	\$ 1.04	\$ 1.16	\$ 0.84	\$ 0.43	\$ 1.09	\$ 1.20	\$ 0.58	\$ 1.33	\$ 1.24	\$ 1.26	\$ 1.15	\$ 0.75	\$ 0.74	\$ 1.52	\$ 0.94
43	6217	EXCAVATION AND DRIVERS	\$ 4.79	\$ 9.38	\$ 6.68	\$ 9.36	\$ 7.94	\$ 10.74	\$ 6.30	\$ 7.12	\$ 14.94	\$ 7.62	\$ 9.52	\$ 8.18	\$ 10.26	\$ 8.81	\$ 12.83	\$ 6.75
44	9060	CLUB – COUNTRY, GOLF, FISHING OR YACHT, AND CLERICAL	\$ 1.59	\$ 2.23	\$ 1.53	\$ 2.36	\$ 1.71	\$ 2.69	\$ 2.11	\$ 1.90	\$ 2.81	\$ 1.66	\$ 3.51	\$ 3.05	\$ 2.15	\$ 2.21	\$ 4.15	\$ 1.56
45	8824	RETIREMENT LIVING CENTERS – HEALTH CARE EMPLOYEES	\$ 3.17	\$ 4.74	\$ 4.47	\$ 5.17	\$ 2.79	\$ 3.52	\$ 3.16	\$ 9.06	\$ 8.92	\$ 3.52	\$ 7.18	\$ 4.34	\$ 5.22	\$ 4.89	\$ 7.25	\$ 4.85
46	8010	STORE – HARDWARE	\$ 2.04	\$ 3.41	\$ 2.39	\$ 2.77	\$ 2.08	\$ 2.42	\$ 2.26	\$ 0.31	\$ 3.94	\$ 1.94	\$ 3.53	\$ 4.53	\$ 2.51	\$ 2.47	\$ 4.39	\$ 2.35
47	8901	TELEPHONE OR TELEGRAPH CO.- OFFICE OR EXCHANGE EMPLOYEES AND CLERICAL	\$ 0.37	\$ 0.31	\$ 0.29	\$ 0.47	\$ 0.34	\$ 0.29	\$ 0.41	\$ 0.28	\$ 0.49	\$ 0.57	\$ 0.40	\$ 0.33	\$ 0.39	\$ 0.40	\$ 0.65	\$ 0.23
48	5606	CONTRACTOR – PROJECT MANAGER, CONSTRUCTION EXECUTIVE, CONSTRUCTION MANAGER OR CONSTRUCTION SUPERINTENDENT	\$ 1.28	\$ 2.71	\$ 2.06	\$ 2.39	\$ 2.17	\$ 1.94	\$ 2.19	\$ 3.77	\$ 2.39	\$ 3.11	\$ 2.37	\$ 2.75	\$ 2.76	\$ 2.73	\$ 2.25	\$ 0.83
49	8006	GASOLINE STATION: SELF-SERVICE AND CONVENIENCE/GROCERY – RETAIL	\$ 2.93	\$ 2.80	\$ 3.08	\$ 3.01	\$ 2.02	\$ 2.11	\$ 2.86	\$ 2.10	\$ 5.36	\$ 2.43	\$ 3.27	\$ 2.52	\$ 4.06	\$ 3.65	\$ 5.14	\$ 2.05
50	7610	RADIO OR TELEVISION BROADCASTING STATION – ALL EMPLOYEES AND CLERICAL, DRIVERS	\$ 0.52	\$ 0.76	\$ 0.98	\$ 0.50	\$ 0.48	\$ 0.75	\$ 0.46	\$ 0.75	\$ 1.09	\$ 0.86	\$ 1.41	\$ 1.00	\$ 0.80	\$ 1.04	\$ 0.84	\$ 0.48
<b>Payroll Weighted Average Rate</b>			\$ 1.55	\$ 1.98	\$ 1.68	\$ 2.22	\$ 1.51	\$ 1.93	\$ 1.52	\$ 1.73	\$ 3.00	\$ 1.66	\$ 2.35	\$ 2.30	\$ 2.15	\$ 2.10	\$ 3.25	\$ 1.54
<b>2010 OH Based Rate Comparison Rank</b>			<b>33</b>	<b>16</b>	<b>27</b>	<b>10</b>	<b>36</b>	<b>18</b>	<b>35</b>	<b>26</b>	<b>2</b>	<b>28</b>	<b>7</b>	<b>9</b>	<b>12</b>	<b>13</b>	<b>1</b>	<b>34</b>
2009 OH Base Rate Comparison Rank			33	13	29	8	37	15	31	27	1	30	10	11	19	14	3	36
Change from 2009			0	-3	+2	-2	+1	-3	-4	+1	-1	+2	+3	+2	+7	+1	+2	+2

## 2010 Ohio State-to-State Rate Comparison

Ohio Payroll Rank	Manual Class	Manual Class Description	PA	RI	SC	SD	TN	TX	UT	VT	VA	WV	WI
1	8810	CLERICAL OFFICE EMPLOYEES NOC	\$ 0.37	\$ 0.32	\$ 0.67	\$ 0.29	\$ 0.33	\$ 0.34	\$ 0.18	\$ 0.46	\$ 0.17	\$ 0.30	\$ 0.28
2	8742	SALESPERSONS OR COLLECTORS – OUTSIDE	\$ 0.69	\$ 0.42	\$ 0.86	\$ 0.94	\$ 0.61	\$ 0.54	\$ 0.40	\$ 0.64	\$ 0.33	\$ 0.73	\$ 0.74
3	8832	PHYSICIAN AND CLERICAL	\$ 0.55	\$ 0.54	\$ 0.74	\$ 0.45	\$ 0.45	\$ 0.55	\$ 0.25	\$ 0.63	\$ 0.30	\$ 0.40	\$ 0.41
4	8868	COLLEGE – PROFESSIONAL EMPLOYEES AND CLERICAL	\$ 0.78	\$ 0.34	\$ 0.94	\$ 0.59	\$ 0.51	\$ 1.03	\$ 0.27	\$ 0.73	\$ 0.45	\$ 0.46	\$ 0.51
5	9082	RESTAURANT NOC	\$ 2.52	\$ 2.56	\$ 3.19	\$ 2.58	\$ 1.99	\$ 3.41	\$ 1.31	\$ 2.75	\$ 1.65	\$ 1.99	\$ 2.10
6	8380	AUTOMOBILE SERVICE OR REPAIR CENTER AND DRIVERS	\$ 4.91	\$ 3.40	\$ 6.28	\$ 3.22	\$ 3.46	\$ 10.88	\$ 2.44	\$ 5.03	\$ 2.69	\$ 3.62	\$ 3.82
7	8803	AUDITORS, ACCOUNTANT OR FACTORY COST OR OFFICE SYSTEMATIZER – TRAVELING	\$ 0.09	\$ 0.13	\$ 0.21	\$ 0.14	\$ 0.13	\$ 0.20	\$ 0.11	\$ 0.13	\$ 0.07	\$ 0.12	\$ 0.14
8	8829	CONVALESCENT OR NURSING HOME – ALL EMPLOYEES	\$ 4.94	\$ 3.29	\$ 5.24	\$ 3.96	\$ 2.83	\$ 6.91	\$ 3.04	\$ 7.97	\$ 2.97	\$ 3.46	\$ 2.93
9	8820	ATTORNEY – ALL EMPLOYEES AND CLERICAL, MESSENGERS, DRIVERS	\$ 0.25	\$ 0.25	\$ 0.58	\$ 0.24	\$ 0.38	\$ 0.21	\$ 0.12	\$ 0.36	\$ 0.13	\$ 0.27	\$ 0.17
10	8864	PHRASEOLOGY SOCIAL SERVICES ORGANIZATION—ALL EMPLOYEES & SALESPERSONS, DRIVERS	\$ 3.08	\$ 1.37	\$ 3.37	\$ 1.77	\$ 2.21	\$ 3.67	\$ 1.19	\$ 2.40	\$ 1.48	\$ 2.15	\$ 2.89
11	9083	RESTAURANT – RESTAURANT – FAST FOOD	\$ 2.51	\$ 2.77	\$ 3.45	\$ 1.62	\$ 1.90	\$ 3.41	\$ 1.21	\$ 2.61	\$ 1.52	\$ 1.87	\$ 1.84
12	8601	ARCHITECT OR ENGINEER – CONSULTING	\$ 0.72	\$ 0.98	\$ 1.58	\$ 0.79	\$ 0.93	\$ 0.63	\$ 0.75	\$ 0.92	\$ 0.72	\$ 0.94	\$ 1.78
13	8833	HOSPITAL – PROFESSIONAL EMPLOYEES	\$ 1.27	\$ 1.81	\$ 2.09	\$ 1.45	\$ 1.61	\$ 1.48	\$ 1.05	\$ 1.91	\$ 1.25	\$ 1.51	\$ 1.13
14	3632	MACHINE SHOP NOC	\$ 4.02	\$ 3.74	\$ 6.68	\$ 3.81	\$ 5.99	\$ 4.78	\$ 2.34	\$ 5.63	\$ 3.03	\$ 4.22	\$ 4.61
15	8017	STORE – RETAIL NOC	\$ 3.10	\$ 2.26	\$ 3.11	\$ 1.99	\$ 1.78	\$ 4.34	\$ 1.55	\$ 2.37	\$ 1.68	\$ 2.03	\$ 2.06
16	8018	STORE – WHOLESALE NOC	\$ 5.16	\$ 4.96	\$ 4.31	\$ 2.52	\$ 3.00	\$ 6.79	\$ 2.82	\$ 6.31	\$ 2.44	\$ 3.05	\$ 4.45
17	4484	PLASTICS MANUFACTURING – MOLDED PRODUCTS NOC	\$ 3.12	\$ 3.69	\$ 5.24	\$ 4.02	\$ 5.11	\$ 5.78	\$ 1.59	\$ 7.82	\$ 2.61	\$ 3.39	\$ 3.41
18	8748	AUTOMOBILE SALESPERSON	\$ 1.99	\$ 0.88	\$ 1.17	\$ 0.83	\$ 0.82	\$ 0.79	\$ 0.44	\$ 0.91	\$ 0.58	\$ 0.78	\$ 0.87
19	7229	TRUCKING: LONG DISTANCE HAULING—ALL EMPLOYEES AND DRIVERS	\$ 11.23	\$ 9.78	\$ 15.69	\$ 9.47	\$ 8.98	\$ 12.23	\$ 7.62	\$ 11.90	\$ 9.01	\$ 9.70	\$ 9.68
20	5190	ELECTRICAL WIRING – WITHIN BUILDINGS AND DRIVERS	\$ 5.13	\$ 5.15	\$ 9.03	\$ 3.79	\$ 5.30	\$ 5.76	\$ 2.82	\$ 4.69	\$ 3.54	\$ 5.46	\$ 6.39
21	3400	METAL STAMPED GOODS MANUFACTURING – NOC AND METAL STAMPING MFG – NOC	\$ 4.85	\$ 4.15	\$ 6.73	\$ 3.58	\$ 5.91	\$ 5.88	\$ 2.19	\$ 6.02	\$ 4.56	\$ 4.29	\$ 7.90
22	5183	PLUMBING NOC AND DRIVERS	\$ 3.12	\$ 4.42	\$ 9.05	\$ 7.76	\$ 5.28	\$ 5.88	\$ 3.61	\$ 7.46	\$ 3.96	\$ 5.78	\$ 6.03
23	8835	PUBLIC AND TRAVELING HEALTHCARE – ALL EMPLOYEES	\$ 5.26	\$ 3.91	\$ 5.49	\$ 2.87	\$ 2.99	\$ 6.03	\$ 2.47	\$ 3.72	\$ 3.54	\$ 3.67	\$ 3.49
24	9012	BUILDING OPERATION BY OWNER, LESSEE, OR REAL ESTATE MANAGEMENT FIRM: PROFESSIONAL EMPLOYEES, PROPERTY MANAGERS AND LEASING AGENTS & CLERICAL, SALESPERSONS	\$ 5.95	\$ 1.21	\$ 2.82	\$ 1.68	\$ 1.72	\$ 5.42	\$ 1.05	\$ 2.08	\$ 1.05	\$ 1.57	\$ 3.42
25	5537	HEATING, VENTILLATION, AIR-CONDITIONING AND REFRIGERATION SYSTEMS - INSTALLATION SVC & REPAIR, SHOP, YARD & DRIVERS	\$ 6.15	\$ 7.75	\$ 10.92	\$ 9.03	\$ 7.67	\$ 6.05	\$ 4.78	\$ 7.27	\$ 5.12	\$ 6.96	\$ 9.02
26	7228	TRUCKING: LOCAL HAULING ONLY—ALL EMPLOYEES AND DRIVERS	\$ 11.23	\$ 10.56	\$ 14.70	\$ 6.02	\$ 8.98	\$ 12.23	\$ 5.96	\$ 11.61	\$ 8.47	\$ 9.35	\$ 11.02
27	9015	BUILDINGS—OPERATION BY OWNER OR LESSEE OR REAL ESTATE MANAGEMENT FIRM: ALL OTHER EMPLOYEES	\$ 5.95	\$ 5.07	\$ 5.51	\$ 5.35	\$ 3.88	\$ 5.42	\$ 3.08	\$ 4.59	\$ 2.77	\$ 3.76	\$ 5.47

Ohio Payroll Rank	Manual Class	Manual Class Description	PA	RI	SC	SD	TN	TX	UT	VT	VA	WV	WI
28	3507	CONSTRUCTION OR AGRICULTURAL MACHINERY MANUFACTURING	\$ 3.38	\$ 5.90	\$ 6.28	\$ 4.64	\$ 5.54	\$ 5.39	\$ 2.85	\$ 7.50	\$ 3.95	\$ 4.18	\$ 5.75
29	4299	PRINTING	\$ 3.24	\$ 3.58	\$ 3.54	\$ 1.90	\$ 3.07	\$ 3.83	\$ 1.42	\$ 6.52	\$ 1.95	\$ 2.32	\$ 2.89
30	3113	TOOL MANUFACTURING – NOT DROP OR MACHINE FORGED – NOC	\$ 2.15	\$ 2.42	\$ 4.28	\$ 1.80	\$ 2.79	\$ 5.86	\$ 1.69	\$ 5.63	\$ 1.42	\$ 2.16	\$ 2.15
31	5605	CONSTRUCTION OR ERECTION ESTIMATORS	\$ 1.32	\$ 2.41	\$ 3.33	\$ 5.18	\$ 2.16	\$ 1.92	\$ 1.42	\$ 2.19	\$ 2.23	\$ 2.31	\$ 2.99
32	7380	DRIVERS, CHAUFFEURS, MESSENGERS AND THEIR HELPERS NOC – COMMERCIAL	\$ 10.70	\$ 7.69	\$ 8.21	\$ 5.00	\$ 5.37	\$ 7.32	\$ 3.82	\$ 6.66	\$ 4.76	\$ 5.82	\$ 5.34
33	8008	STORE – CLOTHING, WEARING APPAREL OR DRY GOODS – RETAIL	\$ 2.79	\$ 1.53	\$ 3.07	\$ 1.37	\$ 2.07	\$ 2.86	\$ 0.89	\$ 1.83	\$ 1.55	\$ 1.82	\$ 1.36
34	5645	CARPENTRY-DETACHED ONE OR TWO FAMILY DWELLINGS	\$ 12.26	\$ 8.69	\$ 26.75	\$ 9.80	\$ 22.57	\$ 9.17	\$ 12.78	\$ 11.12	\$ 11.81	\$ 16.64	\$ 15.66
35	9014	JANITORIAL SERVICES BY CONTRACTORS - NO WINDOW CLEANING ABOVE GROUND LEVEL & DRIVERS	\$ 5.95	\$ 4.72	\$ 5.27	\$ 4.26	\$ 3.55	\$ 6.19	\$ 3.42	\$ 5.51	\$ 2.47	\$ 3.26	\$ 4.94
36	9586	BARBER SHOP, BEAUTY PARLOR OR HAIR STYLING SALON	\$ 1.21	\$ 1.47	\$ 1.30	\$ 0.91	\$ 1.01	\$ 1.98	\$ 0.65	\$ 1.56	\$ 0.47	\$ 0.79	\$ 0.93
37	5191	OFFICE MACHINE OR APPLIANCE INSTALLATION, INSPECTION, ADJUSTMENT OR REPAIR	\$ 1.30	\$ 1.40	\$ 2.28	\$ 0.89	\$ 1.25	\$ 1.44	\$ 0.89	\$ 1.04	\$ 0.82	\$ 1.12	\$ 1.76
38	5403	CARPENTRY NOC	\$ 9.92	\$ 10.96	\$ 18.54	\$ 15.54	\$ 10.16	\$ 9.17	\$ 8.16	\$ 14.77	\$ 7.01	\$ 12.59	\$ 17.41
39	8869	CHILD DAY CARE CENTER – PROFESSIONAL EMPLOYEES AND CLERICAL, SALESPERSONS	\$ 1.53	\$ 0.92	\$ 1.51	\$ 0.92	\$ 0.97	\$ 1.03	\$ 0.65	\$ 1.18	\$ 0.80	\$ 0.88	\$ 0.98
40	8033	STORE – MEAT, GROCERY AND PROVISION STORES COMBINED – RETAIL NOC	\$ 2.96	\$ 3.72	\$ 3.21	\$ 1.96	\$ 2.50	\$ 4.79	\$ 1.73	\$ 3.38	\$ 1.83	\$ 2.51	\$ 2.86
41	3076	SHEET METAL PRODUCTS MFG – SHOP ONLY	\$ 5.44	\$ 4.45	\$ 5.46	\$ 4.76	\$ 4.55	\$ 5.88	\$ 2.77	\$ 8.26	\$ 2.84	\$ 4.06	\$ 4.20
42	4511	ANALYTICAL CHEMIST	\$ 0.72	\$ 0.86	\$ 1.43	\$ 0.72	\$ 0.67	\$ 1.18	\$ 0.61	\$ 1.55	\$ 0.51	\$ 0.73	\$ 0.70
43	6217	EXCAVATION AND DRIVERS	\$ 7.52	\$ 7.50	\$ 9.77	\$ 6.78	\$ 10.58	\$ 5.87	\$ 6.38	\$ 9.54	\$ 6.00	\$ 7.39	\$ 8.17
44	9060	CLUB – COUNTRY, GOLF, FISHING OR YACHT, AND CLERICAL	\$ 2.73	\$ 2.22	\$ 3.49	\$ 1.60	\$ 2.13	\$ 2.99	\$ 1.50	\$ 2.52	\$ 1.66	\$ 1.93	\$ 2.03
45	8824	RETIREMENT LIVING CENTERS – HEALTH CARE EMPLOYEES	\$ 3.91	\$ 4.73	\$ 6.59	\$ 2.87	\$ 5.07	\$ 6.91	\$ 4.14	\$ 5.90	\$ 3.41	\$ 3.91	\$ 4.74
46	8010	STORE – HARDWARE	\$ 3.32	\$ 2.19	\$ 3.38	\$ 1.89	\$ 2.37	\$ 4.34	\$ 1.55	\$ 3.83	\$ 1.73	\$ 2.49	\$ 2.63
47	8901	TELEPHONE OR TELEGRAPH CO.- OFFICE OR EXCHANGE EMPLOYEES AND CLERICAL	\$ 0.37	\$ 0.45	\$ 0.60	\$ 0.36	\$ 0.50	\$ 0.41	\$ 0.48	\$ 0.46	\$ 0.17	\$ 0.33	\$ 0.17
48	5606	CONTRACTOR – PROJECT MANAGER, CONSTRUCTION EXECUTIVE, CONSTRUCTION MANAGER OR CONSTRUCTION SUPERINTENDENT	\$ 1.39	\$ 2.41	\$ 3.33	\$ 5.18	\$ 2.16	\$ 1.92	\$ 1.42	\$ 2.19	\$ 2.23	\$ 2.31	\$ 2.99
49	8006	GASOLINE STATION: SELF-SERVICE AND CONVENIENCE/GROCERY – RETAIL	\$ 3.04	\$ 3.46	\$ 4.62	\$ 2.27	\$ 2.42	\$ 5.42	\$ 1.96	\$ 4.32	\$ 2.33	\$ 2.61	\$ 3.85
50	7610	RADIO OR TELEVISION BROADCASTING STATION – ALL EMPLOYEES AND CLERICAL, DRIVERS	\$ 0.59	\$ 0.58	\$ 1.34	\$ 0.50	\$ 0.63	\$ 0.86	\$ 1.01	\$ 1.03	\$ 0.40	\$ 0.63	\$ 0.59
<b>Payroll Weighted Average Rate</b>			\$ 2.03	\$ 1.76	\$ 2.76	\$ 1.74	\$ 1.83	\$ 2.45	\$ 1.18	\$ 2.34	\$ 1.31	\$ 1.73	\$ 1.95
<b>2010 OH Based Rate Comparison Rank</b>			<b>14</b>	<b>23</b>	<b>4</b>	<b>24</b>	<b>19</b>	<b>6</b>	<b>40</b>	<b>8</b>	<b>38</b>	<b>25</b>	<b>17</b>
2009 OH Base Rate Comparison Rank			12	25	4	26	20	7	40	6	39	28	18
Change from 2009			-2	+2	0	+2	+1	+1	0	-2	+1	+3	+1

## Benchmark States

Benchmark State	Rate Eff Date	Rates Used for Comparison Comments	Rate Info Source
Ohio	7/1/10	Base rates plus 16.1546% admin costs used, DWRF1 assessment at \$.08 per \$100 of payroll, and DWRF2 at	Internal Rate Sheet
Alabama	3/1/10	33.3% load factor on Advisory Loss Costs	NCCI Basic Manual
Alaska	1/1/10	52.8% load factor on Advisory Loss Costs	NCCI Basic Manual
Arizona	1/1/10	NCCI Advisory Rates Used	NCCI Basic Manual
Arkansas	7/1/10	43.9% load factor on Advisory Loss Costs	NCCI Basic Manual
California	n/a	Advisory Rates not available online	n/a
Colorado	1/1/10	20.0% load factor on Advisory Loss costs	NCCI Basic Manual
Connecticut	1/1/09	25.0% load factor on Advisory Loss Costs	NCCI Basic Manual
Delaware	12/1/09	35.8% load factor on Advisory Loss Costs	DCRB website
Florida	1/1/10	NCCI Advisory Rates Used	NCCI Basic Manual
Georgia	7/1/09	35.0% load factor on Advisory Loss Costs	NCCI Basic Manual
Hawaii	1/1/10	65.1% load factor on Advisory Loss Costs	NCCI Basic Manual
Idaho	1/1/10	NCCI Advisory Rates Used	NCCI Basic Manual
Illinois	1/1/10	NCCI Advisory Rates Used	NCCI Basic Manual
Indiana	1/1/10	Advisory Rates from State of Indiana Used	NCCI Basic Manual
Iowa	1/1/10	NCCI Advisory Rates Used	NCCI Basic Manual
Kansas	1/1/10	40.4% load factor on Advisory Loss Costs	NCCI Basic Manual
Kentucky	10/1/09	45.9% load factor on Advisory Loss Costs	NCCI Basic Manual
Louisiana	5/1/10	50.0% load factor on Advisory Loss Costs	NCCI Basic Manual
Maine	1/1/10	42.1% load factor on Advisory Loss Costs	NCCI Basic Manual
Maryland	1/1/10	54.2% load factor on Advisory Loss Costs	NCCI Basic Manual
Massachusetts	n/a	Advisory Rates not available online	n/a
Michigan	1/1/10	53.0% load factor on Advisory Loss Costs (estimated)	Michigan Rating Bureau
Minnesota	n/a	Loss Costs not available online	n/a
Mississippi	3/1/10	36.3% load factor on Advisory Loss Costs	NCCI Basic Manual
Missouri	2/11/10	Average rates charged in Missouri	Missouri Regulatory website
Montana	7/1/10	7.0% load factor on Advisory Loss Costs	NCCI Basic Manual
Nebraska	2/1/10	33.0% load factor on Advisory Loss Costs	NCCI Basic Manual
Nevada	n/a	Advisory Rates not available online	n/a
New Hampshire	1/1/10	37.0% load factor on Advisory Loss Costs	NCCI Basic Manual

Benchmark State	Rate Eff Date	Rates Used for Comparison Comments	Rate Info Source
New Jersey	10/1/09	Rates from the New Jersey Workers' Compensation and Employer Liability Insurance Manual 2009	NJCRI website
New Mexico	1/1/10	56.9% load factor on Advisory Loss Costs	NCCI Basic Manual
New York	n/a	Advisory Rates not available online	n/a
North Carolina	4/1/10	34.7% load factor on Advisory Loss Costs	NCCI Basic Manual
North Dakota	n/a	Rates not available online	n/a
Oklahoma	1/1/10	55.3% load factor on Advisory Loss Costs	NCCI Basic Manual
Oregon	1/1/10	29.9% load factor on Advisory Loss Costs	NCCI Basic Manual
Rhode Island	6/1/08	46.0% load factor on Advisory Loss Costs	NCCI Basic Manual
Pennsylvania	4/1/10	47.4% load factor on Advisory Loss Costs	Rates from PA Comp Rating Bureau website
South Carolina	7/1/09	71.7% load factor on Advisory Loss Costs	NCCI Basic Manual
South Dakota	7/1/09	51.0% load factor on Advisory Loss Costs	NCCI Basic Manual
Tennessee	3/1/10	31.6% load factor on Advisory Loss Costs	NCCI Basic Manual
Texas	5/1/10	Relative rates from State of Texas	Rates from the TX Dept of Ins
Utah	12/1/09	36.3% load factor on Advisory Loss Costs	NCCI Basic Manual
Vermont	4/1/10	48.9% load factor on Advisory Loss Costs	NCCI Basic Manual
Virginia	4/1/10	42.1% load factor on Advisory Loss Costs	NCCI Basic Manual
Washington	n/a	Rates are based on hours worked making it difficult to formulate an accurate comparison	n/a
West Virginia	11/1/09	Used national average load factor of 44.1% from the 2008 Oregon Study. A load factor was not available for WV in 2008 study because of the privatization transition.	NCCI Basic Manual
Wisconsin	10/1/09	Rates from the Wisconsin Compensation Rating Bureau website	Wisconsin Compensation Rating Bureau website
Wyoming	n/a	Rates not available online	n/a

**Top Manual Classes (PA policy year 2004-07)**

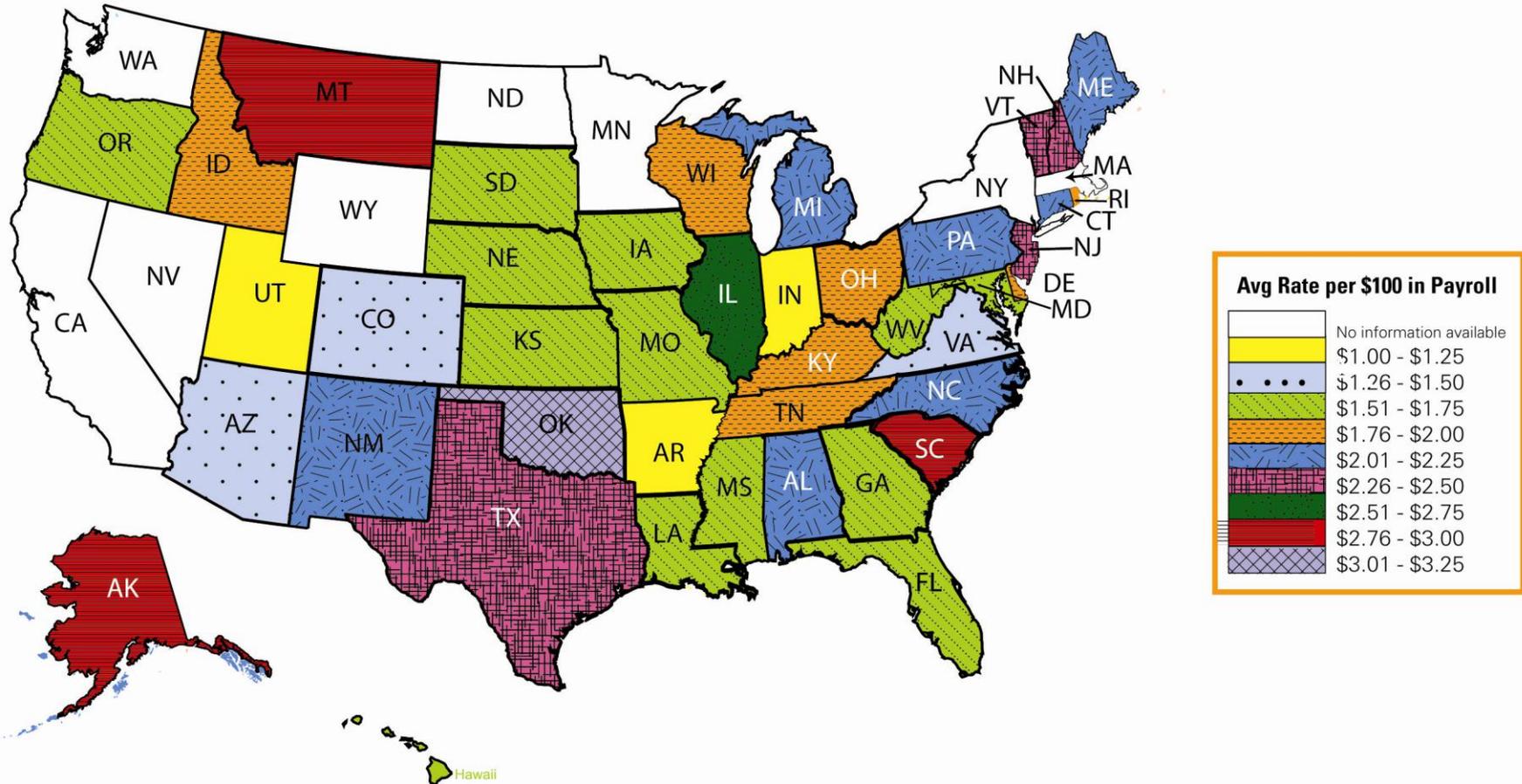
Rank	NCCI Manual	Policy Year	% of Total Payroll	Total 2004-07 Payroll
1	8810	2009	19.8%	\$67,000,127,994.80
2	8742	2009	10.9%	\$36,778,340,843.12
3	8832	2009	6.1%	\$20,639,333,065.16
4	8868	2009	2.3%	\$7,810,643,337.00
5	9082	2009	2.1%	\$7,223,036,881.26
6	8380	2009	2.1%	\$7,084,348,232.43
7	8803	2009	1.9%	\$6,527,704,484.81
8	8829	2009	1.8%	\$6,045,063,249.82
9	8820	2009	1.8%	\$5,989,743,910.68
10	8864	2009	1.5%	\$5,149,593,061.80
11	9083	2009	1.4%	\$4,874,163,669.01
12	8601	2009	1.4%	\$4,719,748,075.02
13	8833	2009	1.2%	\$4,157,363,515.23
14	3632	2009	1.2%	\$3,955,387,601.98
15	8017	2009	1.1%	\$3,724,739,863.48
16	8018	2009	1.1%	\$3,590,380,112.74
17	4484	2009	0.9%	\$3,122,798,680.24
18	8748	2009	0.9%	\$3,115,561,170.15
19	7229	2009	0.9%	\$2,907,867,412.40
20	5190	2009	0.8%	\$2,587,417,810.26
21	3400	2009	0.7%	\$2,424,845,466.36
22	5183	2009	0.7%	\$2,394,821,582.01
23	8835	2009	0.7%	\$2,384,095,368.14
24	9012	2009	0.7%	\$2,327,752,443.57
25	5537	2009	0.6%	\$2,015,213,704.85
26	7228	2009	0.5%	\$1,849,169,549.90
27	9015	2009	0.5%	\$1,819,008,263.12
28	3507	2009	0.5%	\$1,773,528,261.05
29	4299	2009	0.5%	\$1,734,072,986.53
30	3113	2009	0.5%	\$1,729,891,639.64
31	5605	2009	0.5%	\$1,693,879,671.28
32	7380	2009	0.5%	\$1,675,988,537.19
33	8008	2009	0.5%	\$1,641,785,619.59

Rank	NCCI Manual	Policy Year	% of Total Payroll	Total 2004-07 Payroll
34	5645	2009	0.5%	\$1,638,623,331.81
35	9014	2009	0.5%	\$1,619,757,263.20
36	9586	2009	0.5%	\$1,598,103,374.06
37	5191	2009	0.5%	\$1,590,510,802.29
38	5403	2009	0.5%	\$1,531,302,692.90
39	8869	2009	0.4%	\$1,489,528,547.22
40	8033	2009	0.4%	\$1,470,770,942.16
41	3076	2009	0.4%	\$1,454,510,012.78
42	4511	2009	0.4%	\$1,446,075,568.31
43	6217	2009	0.4%	\$1,386,576,787.75
44	9060	2009	0.4%	\$1,335,801,035.93
45	8824	2009	0.4%	\$1,325,700,346.98
46	8010	2009	0.4%	\$1,316,717,611.70
47	8901	2009	0.4%	\$1,298,252,360.90
48	5606	2009	0.4%	\$1,274,812,360.22
49	8006	2009	0.4%	\$1,247,539,784.61
50	7610	2009	0.4%	\$1,229,884,896.94

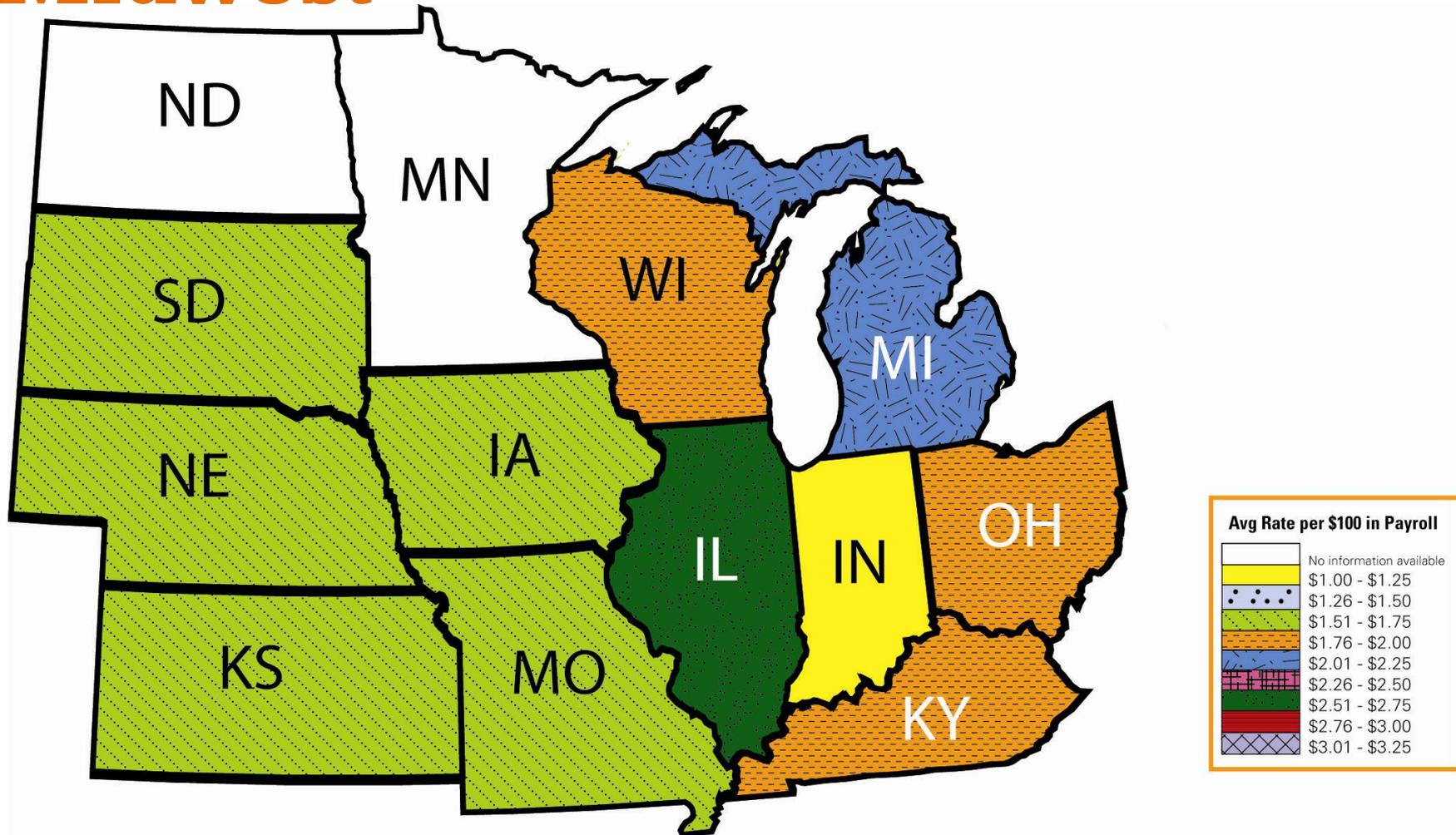
**Notes on the Ohio Rate Comparison:**

- 1) Top 50 manual classes by payroll selected for sample (from the 2007 PA policy year)
- 2) The top 50 manual classes account for 77.1% of payroll reported in Ohio.
- 3) Oregon loading factors used where applicable from the 2008 Oregon Workers' Compensation Premium Rate Ranking
- 4) NCCI state rates taken from the most recent NCCI rate filings available at BWC
- 5) Non-NCCI state information was gathered from rating bureau websites.
- 6) Ohio rates are based on 2010 PA Base Rates with administrative costs included.
- 7) PA, DE, and TX manual classes were mapped to NCCI classes using an internal manual class mapping document.

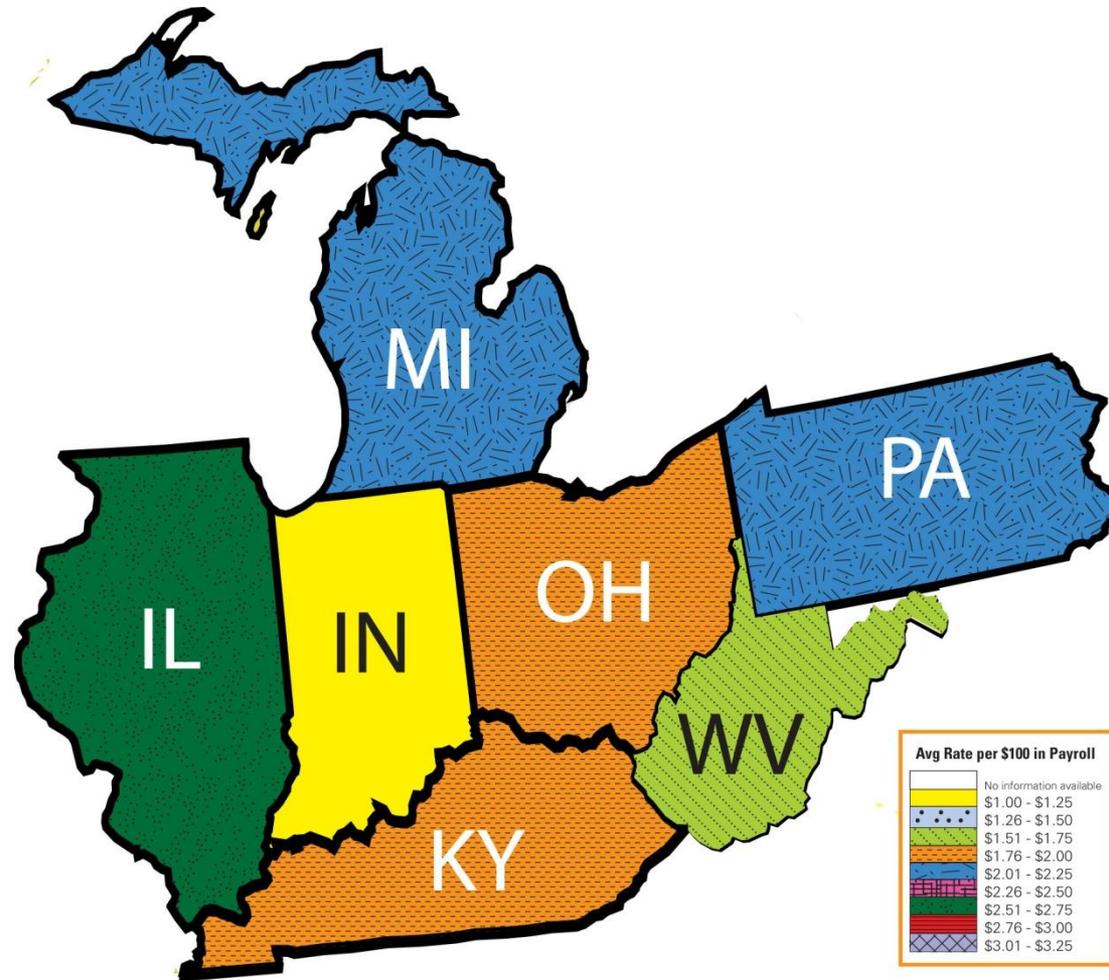
# 2010 Ohio Rate Comparison - National



# 2010 Ohio Rate Comparison - Midwest



# 2010 Ohio Rate Comparison – Ohio Region



## **Follow-up Items**

Several questions arose during the May committee meeting regarding volatility in manual class rates. Beginning this summer we will review our entire approach to class ratemaking. While there are statutory requirements such as the experience that must be used (oldest four of the last five years), there are also actuarial elements that deserve attention such as the use of credibility. This review will include a look at the experience in other states under the NCCI classification system. We expect this review to identify changes we can implement for policy year July 2011, and that it may identify longer-term issues including statutory changes.

Another question was asked regarding the impact of House Bill 562 on employers involved with the Marine Insurance Fund (MIF). Prior to HB 562, employers with marine exposure had to purchase concurrent or dual coverage from both the insurer providing federal Longshore and Harbor-workers (USL&H) Compensation Act coverage and from the BWC State Insurance Fund. This meant that an employer was required to report payroll and pay premium to both the Ohio BWC and to the USL&H insurer (either a private carrier or the BWC's MIF). House Bill 562 eliminated the concurrent/dual coverage effective September 23, 2008. An employer can now segregate payroll and only report the USL&H payroll, and pay premium, either to the Marine Insurance Fund or the insurer providing this coverage. Payroll and premium for the remaining SIF (non-USL&H) coverage is still required.

## **Calendar Preview**

There are now only a few items that must be completed as we near the beginning of the next policy year, as shown in the table below.

### **June**

- Second readings and anticipated action are on the agenda for the administrative costs fund (ACF) assessment and the safety and hygiene (S&H) assessment.
- The Coal Workers Pneumoconiosis Fund (CWPF) rates are also scheduled for a second reading. Deloitte presented recommendations based on either of two options. One option is to maintain the current moratorium and leave rates unchanged. The second option is to drop the moratorium. Since more coal companies would then pay premium, the rate should decrease by 20% to produce the same premium income. The Administrator and staff recommend keeping the moratorium and the rates unchanged.
- We will also present for second reading, and anticipated action, the credibility table and break-even factor table for public employer – taxing districts (PECs). These will be used for rates effective January 1, 2011. Since group sponsors are prohibited from marketing groups until the board approves these items, we are discussing them now. Approval this month will enable sponsors to begin this work. During the discussion of the CSBR we

were asked for the names of the stakeholders we contacted. We met with the Ohio Library Council, the County Commissioners Association, CareWorks Consultants (CCI), CompManagement, Frank Gates, and Sheakley. None of these organizations has voiced an objection to the rule.

- The deductible rule is scheduled for a second reading and anticipated action. We found an error in the pricing for large deductibles with aggregate limits that we are currently recalculating. We expect to have the revisions ready for readings in July and August. However, changes the compatibility provisions with the Drug Free Safety Program should go into effect on July 1. Thus, we ask for approval of the rule without the large deductible table for public employer – taxing districts during this meeting.

July

- In conjunction with the Employer Services Division, we plan to restructure rules for our various rate-related programs. Common elements such as compatibility and scheduled deadlines do not follow a consistent template in the current rules. This effort will lead to clearer and more consistently written rules. We don't anticipate that this will involve substantive change in the rules, but will restructure them.
- Corrected tables for the large deductible program are also anticipated for first reading, with a second reading in August.

**Communications/Group Structure and Governance Team**

Jeremy Jackson		
Task/Function	Timeline	Status
Communications, Outreach	8/1/2008 start	Continuing
Split Plan Discussions	Summer 2010	Continuing
Targeted Employer Communications	8/1/2008 start	Continuing

- A meeting was held the week of May 17, 2010 to discuss the credibility table and break even factors for Public Employer Taxing Districts (PEC) with interested parties. After the meeting additional contact was made with the interested parties for feedback on the plan. The BWC did not receive any comments about the changes.

**Capping/Split Plan Team**

Terry Potts and Jon Turnes		
Task/Function	Timeline	Status
Capping strategy for PA employers effective	July 1, 2009	Completed
Capping strategy and Group BEF for PEC employers effective	January 1, 2010	Completed
Rating strategies for PA employers effective July, 2010	October, 2009	Completed
Split Plan parameters	January 2010- June 2011	In-Progress
Split plan development	September, 2009 to July, 2010	In-Progress
Split Plan implementation ( Beta Version)	July 2011	
Split Plan in production for rates	July 1, 2012	

- The split plan IT programming development is continuing. The modeling and programming of the split plan in the BWC rating system is almost complete and is

undergoing testing. The final split plan parameters are still being developed by the BWC along with Deloitte.

- The BWC capped 2,665 private employer policies for the 7/1/2010 rating year. Of those policies, 358 were capped for a second consecutive year.

### New Products

<b>Joy Bush and Jamey Fauque, Centric Consulting</b>		
<b>Task/Function</b>	<b>Timeline</b>	<b>Status</b>
Small Deductible Plan	July, 2009	Completed
Large Deductible Plan	July, 2010	Completed
Group Retrospective Rating Program	July, 2009	Completed
Research and Development of employer programs	Fall, 2009	In-Progress

- The BWC has received 23 PA group retro applications for approximately 1,000 employers with over \$100 million in premium. The BWC continues to review the applications for eligibility requirements.
- BWC received 676 deductible applications with 146 of those employers being new to the program. For the large deductible 33 employers have enrolled in the program with 17 of those employers opting for the stop loss provision. The BWC continues to review the applications for eligibility requirements.

### 7/1/2011 Private Employer (PA) Rates

<b>Terry Potts</b>		
<b>Task/Function</b>	<b>Timeline</b>	<b>Status</b>
Private Employer Rate Calculation	January to July 2010	In-Process
Summary Payroll	January to February 2010	Completed
Summary Losses	January to February 2010	Completed
Rate Calculations	February to June 2010	In-Process
Rate recommendation received from Deloitte	March 2010	Completed
Rate decision from WCB	April 2010	Completed
Final Rates to WCB	May 2010	Completed
Mailing of Employer Rate Letters	July 2010	In-Process

### 7/1/2011 Public Employer State Agency (PES) Rates

<b>Terry Potts</b>		
<b>Task/Function</b>	<b>Timeline</b>	<b>Status</b>
Public Employer State Agency Rate Calculation	January to June 2010	In-Process
Validate Payroll and Losses	January to March 2010	Completed
Rate Calculations	February to April 2010	Completed
Rate decision from WCB	April 2010	Completed
Mailing of Employer Rate Letters	May to June 2010	In-Process

**Deloitte Consulting**

- Deloitte and the BWC are evaluating the data that is supplied for the quarterly reserve evaluations to determine the best way to provide the data to Deloitte. The BWC provided data to Deloitte to complete a new mortality study.
- Deloitte has submitted a statement of work that will be covered under the current consulting contract to assist the BWC in building a complete actuarial database.



To: BWC Board of Directors, Actuarial Committee  
From: John Pedrick, Chief Actuarial Officer  
Elizabeth Bravender, Director of Actuarial Operations  
Date: June 17, 2010  
Re: Follow Up Questions and Answers

During the May 2010 Actuarial Committee meeting and subsequently, several questions arose. This memo supplements the materials provided to the Board and the committee to assist in our discussions.

1. **Question:** Director Matesich asked for an explanation of the impact of House Bill 562 on employers.

**Answer:** Prior to HB 562, employers with marine exposure had to purchase concurrent or dual coverage from both the insurer providing federal Longshore and Harbor-workers (USL&H) Compensation Act coverage and from the BWC State Insurance Fund. This meant that an employer was required to report payroll and pay premium to both the Ohio BWC and to the USL&H insurer (either a private carrier or the BWC's MIF). House Bill 562 eliminated the concurrent/dual coverage effective September 23, 2008. An employer can now segregate payroll and only report the USL&H payroll, and pay premium, either to the Marine Insurance Fund or the insurer providing this coverage. Payroll and premium for the remaining SIF (non-USL&H) coverage is still required.

While we do not expect an increase in claim costs for the MIF from this change, we will monitor this closely for trends that would impact future rates.

2. **Question:** Chairman Bryan asked how many NCCI classes that have a single employer reporting payroll.

**Answer:** Below is a table that shows that the BWC has 19 manual classifications with only one employer reporting payroll.

Number of Manual Classes	Policy Count
19	1
13	2
11	3
7	4
11	5

3. **Question:** Chairman Bryan asked if other NCCI states have similar rate volatility.

**Answer:** Most NCCI states limit rate swings to 25%. We are just starting the foundational work to review our class ratemaking methods, which will consider the practice in other states among many other issues.

4. **Question:** Chairman Lhota asked if the financial information provided in the Deloitte CWPf presentation takes into consideration the amount of money provided for the mine safety program and the ODNR permitting.

**Answer:** The financial statements do include the disbursements made to the ODNR for the Mine Safety Program. For fiscal year to date 2010 as of April 30th, \$2.9 million for the Mine Safety program was transferred to ODNR. That figure is not included in the rate recommendation. The newest legislation in which the BWC will be required to provide an additional \$2.4 million to pay for the ODNR's permitting division is not included in the financial statements at this time and is also not considered in the rate recommendation.

5. **Question:** Director Price asked if we could provide a list of stakeholders that were involved in the PEC credibility table and PEC GBEF discussion.

**Answer:** We have revised the CSBR by listing the following organizations:

The Ohio Library Council

The County Commissioners' Association

Compensation Consultants Inc. (a.k.a. CCI)

CompManagement

Frank Gates

Sheakley

6. **Question:** Chairman Bryan asked for an example of the pricing problem with the Deductible program.

**Answer:** If BWC were to use the tables developed previously, a large deductible employer that chooses an aggregate stop-loss could receive too large a discount. For example, a PEC employer with \$2 million dollars in premium and who selects a \$200,000 per claim deductible with aggregate stop-loss would receive a discount of at least 47 percent, or \$940,000. The most the employer would have to pay out for the year would be \$600,000 in deductible payments. Regardless of the employer's claim performance, it could realize a reduction of at least \$340,000 without doing anything to reduce accidents and injuries. The deductible program is not meant to work this way.

Subsequent to last month's meeting, Chairman Bryan asked some additional questions.

7. **Question:** How many Coal Workers' Pneumoconiosis Fund employers are required to pay premiums and how many employers are under the moratorium? How much premium do they pay?

**Answer:** The BWC currently has 38 subscribers to the fund based upon policy number count, which does not reflect possible common ownership of mines. Eleven employers pay premiums, 27 employers do not. Premium is approximately \$2 million.

8. **Question:** How long has the moratorium existed?

**Answer:** The moratorium was effective with the rating year beginning 7-1-1998 for those employers that had been subscribers to the fund prior to May 15, 1998.

9. **Question:** How much does a current CWPF premium payer pay and its history? How much would they pay if all payers paid?

**Answer:** The rates are shown in the materials for the rule. Under Deloitte's recommendation, each rate would be decreased by 20% if the moratorium stopped.

10. **Question:** What is the list of items for the CWPF that need researching on future benefits and changes in loss costs?

**Answer:** The BWC is actively looking into the change in liability that may exist with the recent Federal Health Care Bill. The BWC and Deloitte Consulting are working on establishing a more comprehensive view of the pneumoconiosis exposure/liability in the state of Ohio and is looking to other sources of data such as the US Department of Labor.

11. **Question:** For the CWPF, is there an actuarial analysis of adequacy of premium level if all employers paid? if we continue the moratorium and only some of the employers pay?

**Answer:** The rate recommendation provided by Deloitte in fact considers the adequacy of projected premiums under both scenarios of whether all employers paid or if BWC were to continue the moratorium and it considers the current fund balance.

12. **Question:** What information will we have in nine months from now that will let us do a better job of evaluating?

**Answer:** The BWC is actively looking into the change in liability that may exist with the recent Federal Health Care Bill. The BWC and Deloitte Consulting are working on establishing a more comprehensive view of the pneumoconiosis exposure/liability in the state of Ohio by partnering with the Department of Development along with use of their data. The BWC is looking into obtaining employment data from the coal mine operators in Ohio.

13. **Question:** The downsides (possibly less premium, possible inequity) and the upsides of continuing the moratorium for this year?

**Answer:** The moratorium has been in place since 1999 and was implemented to partially address the high level of net assets in relation to liabilities. Rather than cease premium collections altogether, the moratorium addressed the need to have new employers pay something into the fund in order to use the benefits, while at the same time recognizing that the employers now subject to the moratorium have paid premiums over many years contributing to its sizable balance.

It is not clear what the research and additional analysis we plan will indicate in regard to the liabilities of the fund and the premiums that should be charged. Until we have more full information, continuing the moratorium means employers who paid for many years, and now benefit from the moratorium, will not be required to pay more, while newer employers will continue at the current level. Dropping the moratorium means charging all employers the same rate, regardless of their tenure as coal mine employers.

# **Ohio Bureau of Workers' Compensation Actuarial Committee**

## **Coal-Workers Pneumoconiosis Fund (“CWPF”) Recommendations to be effective July 1, 2010**

Dave Heppen, FCAS, MAAA

Jan Lommele, FCAS, MAAA, FCA

Bob Miccolis, FCAS, MAAA

Deloitte Consulting LLP

May 27, 2010

# CWPF Recommendations

## Premium Moratorium and Rate Change Recommendations:

CWPF Premium Moratorium	Discontinue	Maintain
Recommended Rate Change	-20%	0%

- Deloitte recommends discontinuing the premium moratorium, which is a major step to implementing the conclusions in the Comprehensive Study.
- Deloitte recommends a CWPF premium rate decrease of 20% if BWC discontinues the premium moratorium.
- These recommendations will substantially reduce rates and increase the number of employers who pay premium for Federal Black Lung coverage, resulting in expected total annual premium collections consistent with recent years.
- Deloitte recommends no rate change if the premium moratorium is maintained.

# CWPF Recommendations

## Fund History (\$ in thousands)

(1)	(2)	(3)	(4) = (2) - (3)	(5)	(6)	(7)	(8)	(9) = (7) / (8)
<u>Fiscal Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Net Assets</u>	<u>Net Operating Income</u>	<u>Premiums</u>	<u>Funded Assets</u>	<u>Funded Liabilities</u>	<u>Funding Ratio</u>
1999	148,102	37,043	111,059		(16)	147,841	36,782	4.0
2000	152,326	38,249	114,077		3	152,098	38,021	4.0
2001	187,512	53,271	134,241		-	171,267	37,026	4.6
2002	186,115	50,758	135,357		1,232	185,548	50,190	3.7
2003	211,290	63,398	147,892		267	203,995	52,600	3.9
2004	220,527	68,809	151,718	(4,019)	256	207,421	55,700	3.7
2005	224,739	63,320	161,419	(2,268)	824	218,923	57,500	3.8
2006	221,894	61,756	160,138	(3,989)	921	221,243	61,100	3.6
2007	234,762	63,021	171,741	(1,963)	887	233,945	62,199	3.8
2008	244,457	65,118	179,339	(472)	1,249	242,173	62,800	3.9
2009	282,939	116,556	166,383	(5,181)	1,678	235,026	68,600	3.4

- Funding Ratio (Assets / Liabilities) has been in excess of 3.0 for several years, though this ratio has been generally declining.
- Funded liabilities include provisions for current claims, pending claims, and a portion of future claims expected from active miners.
- The recent healthcare legislation made potentially significant changes to the CWPF benefits, to increase entitlements and extend survivor benefits.
- Deloitte plans to work with BWC to collect more detailed data on coal mining employment to better quantify the future CWPF benefit costs.

# 12 - Month Actuarial Committee Calendar

Date	June 2010
6/17/2010	1. Administrative Cost Fund - rule 4123-17-36 - 2 <sup>nd</sup> reading
	2. Self-Insured Assessments - rule 4123-17-32 - 2 <sup>nd</sup> reading
	3. Safety & Hygiene assessment- 2 <sup>nd</sup> reading
	4. Public employer taxing districts credibility table effective 1-1-2011- rule 4123-17-33.1 - 2 <sup>nd</sup> reading
	5. Public employer taxing districts group break even factor rule 4123-17-64.2 - 2 <sup>nd</sup> reading
	6. Coal-Workers' Pneumoconiosis Fund - rule 4123-17-20 - 2 <sup>nd</sup> reading
	7. Large Deductible - rule 4123-17-72 (revision) - 2 <sup>nd</sup> reading
	8. State-by-State Rate Comparison
Date	July 2010
7/29/2010	1. PEC Deductible Tables - rule 4123-17-72 - 1 <sup>st</sup> reading
	2. Reserve adjustments as of June 30, 2010 - discussion if necessary
	3. Private employer credibility table effective 7-1-2011 - rule 4123-17-05.1 - 1 <sup>st</sup> reading
	4. Program compatibility rule changes and rule clean-up - 1 <sup>st</sup> reading
	5. Annual group rating report required in Rule 4123-17-61.1
	6. Reserve Education
Date	August 2010
8/26/2010	1. PEC Deductible Tables - rule 4123-17-72 - 2 <sup>nd</sup> reading
	2. Final Reserve Audit as of June 30, 2010
	3. Quarterly reserve true up for financial reporting for fiscal year ending June 30, 2010 and updated estimate for fiscal year ending June 30, 2011 based on data as of June 30, 2010
	4. Private employer credibility table effective 7-1-2011 - rule 4123-17-05.1 - 2 <sup>nd</sup> reading
	5. Public employer taxing districts rate change - 1 <sup>st</sup> reading
	6. Program compatibility rule changes and rule clean-up - 2 <sup>nd</sup> reading
Date	September 2010
9/23/2010	1. Public employer taxing districts rate change - 2 <sup>nd</sup> reading
	2. Public employer taxing districts draft base rates and expected loss rates
	3. Market results for the new deductible plan
	4. Annuity table rule 4123-17-60 - 1 <sup>st</sup> reading
Date	October 2010
10/21/2010	1. Public Employer Taxing Districts base rates and expected loss rates - rule 4123-17-33 and 4123-17-34 - 1 <sup>st</sup> reading
	2. Annuity table rule 4123-17-60 - 2 <sup>nd</sup> reading
	3. Committee Charter - 1 <sup>st</sup> reading
Date	November 2010
11/18/2010	1. Public Employer Taxing Districts base rates and expected loss rates - rule 4123-17-33 and 4123-17-34 - 2 <sup>nd</sup> reading
	2. Quarterly reserve analysis for financial reporting for fiscal year ending June 30, 2011 based on data as of September 30, 2010
	3. Committee Charter - 2 <sup>nd</sup> reading
Date	December 2010
12/15/2010	

# 12 - Month Actuarial Committee Calendar

Date	January 2011
	1. RFP Plan and issuance schedule
Date	February 2011
	1. State of the Line report
Date	March, 2011
	1. Private employer rate change recommendation - 1 <sup>st</sup> reading
	2. Public employer state agency rate change recommendation- 1 <sup>st</sup> reading
	3. 2010 NCCI Classification Code Changes - 1 <sup>st</sup> reading
	4. Quarterly reserve analysis for financial reporting for fiscal year ending June 30, 2010 based on data as of December 31, 2010
Date	April, 2011
	1. Private employer base rates and expected loss rates - rules 4123-17-05 and 4123-17-06 - 1 <sup>st</sup> reading
	2. Disabled Workers' Relief Fund and Additional Disabled Workers' Relief Fund rule 4123-17-29 - 1 <sup>st</sup> reading
	3. Marine Industry Fund - rule 4123-17-19 - 1 <sup>st</sup> reading
	4. Coal-Workers' Pneumoconiosis Fund - rule 4123-17-20 - 1 <sup>st</sup> reading
	5. Sponsorship Certification Requirements rule 4123-17-61.1 - 1 <sup>st</sup> reading
	6. Private employer rate change indication - 2 <sup>nd</sup> reading
	7. Public employer state agency rate change - 2 <sup>nd</sup> reading
	8. 2010 NCCI Classification Code Changes - 2 <sup>nd</sup> reading
	9. Private employer group breakeven factor rule 4123-17-64.1 - 1 <sup>st</sup> reading (possible)
Date	May, 2011
Date	June, 2011