

Positive trend seen in majority of private-employer base rates

Rates for hundreds of manual classifications lowered from fiscal year 2008 to 2009

Base rates have dropped for 441 of the 532 manual classifications used in Ohio from fiscal year 2008 to fiscal year 2009.

During the past two years we have focused intently on reforming the way we set employers' premium rates. In March, the BWC Board of Directors took a big step forward in this effort by approving a comprehensive rate-reform plan.

The plan, which will help us set premium rates more accurately and equitably, took effect for private-sector employers July 1, 2009. And we're starting to see positive trends resulting from these reform efforts and overall system improvements.

The base rates for hundreds of manual classifications saw a decrease from fiscal year 2008 to fiscal year 2009. Base rates have dropped for 441 of the 532 manual classifications used in Ohio from one fiscal year to the next. Additionally, 325 classifications saw a decrease of 20 percent or greater.

The chart below shows 15 of the most commonly used manual classifications in Ohio. We chose these classifications because they account for about 55 percent of the total reported payroll for all classifications in the state.

Manual classification	Fiscal year 2008 base rate	Fiscal year 2009 base rate	% change (rounded)
8380 – Automobile service/repair center	5.12	3.49	-32
5645 – Carpentry (detached dwellings)	19.55	9.81	-50
8810 – Clerical office employees	0.27	0.19	-30
8868 – College (professional employees)	0.72	0.51	-29
5190 – Electrical wiring	5.67	3.78	-33
8833 – Hospital (professional employees)	1.72	1.50	-13
3632 – Machine shop (NOC)	4.88	3.74	-23
8742 – Outside salespersons	0.43	0.30	-30
8832 – Physician and clerical	0.68	0.44	-35
5183 – Plumbing	6.07	4.06	-33
9083 – Restaurant (fast food)	3.34	2.33	-30
9082 – Restaurant (NOC)	3.47	2.46	-29
8017 – Store (retail NOC)	2.78	2.24	-19
8018 – Store (wholesale NOC)	4.94	4.46	-10
7229 – Trucking (long distance)	10.11	9.09	-10

NOC = Not otherwise classified

Note: The base rates listed in the chart do not include administrative costs or other assessments such as the Disable Workers' Relief Fund, etc. These rates also do not reflect the individual experience of employers.

The improvements we've already made and the ones we plan on making will ensure employers pay rates that reflect the risk they bring to the system. Additionally, by providing more accurate, competitive rates, our workers' compensation system will be an asset for future job growth and economic development in Ohio.

**Study performed by Deloitte Consulting LLP as required by House Bill 100 (passed by the Ohio General Assembly in 2007).*

Our Actuarial Division is also studying Ohio's base rates and how they compare to those of neighboring states. We hope to have the results of this internal analysis in the near future.

We're beginning to see an encouraging shift in base rates for Ohio's employers, but that doesn't mean we're satisfied. We are still working to upgrade several facets of our rate-making system, including:

- Ongoing improvements and changes to group rating;
- Adopting recommendations from a comprehensive study* of our rating programs;
- Implementing a more accurate split-experience-rating system that considers the impact of both frequency and severity.