

FOR IMMEDIATE RELEASE (from the Office of the Governor)

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**SUBJECT: GOVERNOR ANNOUNCES LARGEST DECREASE IN WORKERS
COMPENSATION RATES SINCE 1997**

Montpelier, VT - Governor Jim Douglas announced today that most Vermont employers will enjoy lower workers' compensation costs when new rates approved by the Department of Banking, Insurance, Securities and Health Care Administration (BISHCA) go into effect on April 1, 2009. This will be the largest average decrease in rates since 1997.

Rates for loss costs in the voluntary market – the competitive market offering the most favorable rates, and the market that covers the vast majority of Vermont employers – will decrease by an average of 13%. Rates in the assigned risk market – the market of last resort for employers unable to obtain coverage in the voluntary market – will decrease by an average of 9.6%.

"This is a proud moment for Vermont employers, who have worked extremely hard to create a culture of safety in workplaces across the state," said the Governor. "It is also a proud moment for those in state government who have worked tirelessly with Vermont employers to decrease the number of workplace injuries, and for those regulators who have worked to build and maintain a competitive market for insurers in our state."

The Governor indicated that while Vermont's workers' compensation costs remain comparatively high, this year's lower rates continue a positive trend. "For employees and employers in Vermont, this has been a very difficult year. But I am hopeful that the decline in workers' compensation costs will continue, which will enable employers to become more competitive, expand and improve their operations, and ultimately hire more Vermonters."

Paulette Thabault, Commissioner of BISHCA, echoed the Governor's comments. "The decline in accident frequency shows that Vermont employers recognize the value and importance of keeping their workplaces safe. At the same time insurers recognize that Vermont is a good place to do business. The combination of those two results in lower workers compensation costs for Vermont employers, which benefits all of us."

Medical costs continue to make up the majority of Vermont's workers compensation benefit costs – 61% of benefit costs are attributable to medical care, versus 39% for indemnity (wage replacement) costs. This mirrors a national trend in which medical costs continue to represent a larger and larger share of workers' compensation costs.

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