

# An Insurer's View of Workers Compensation

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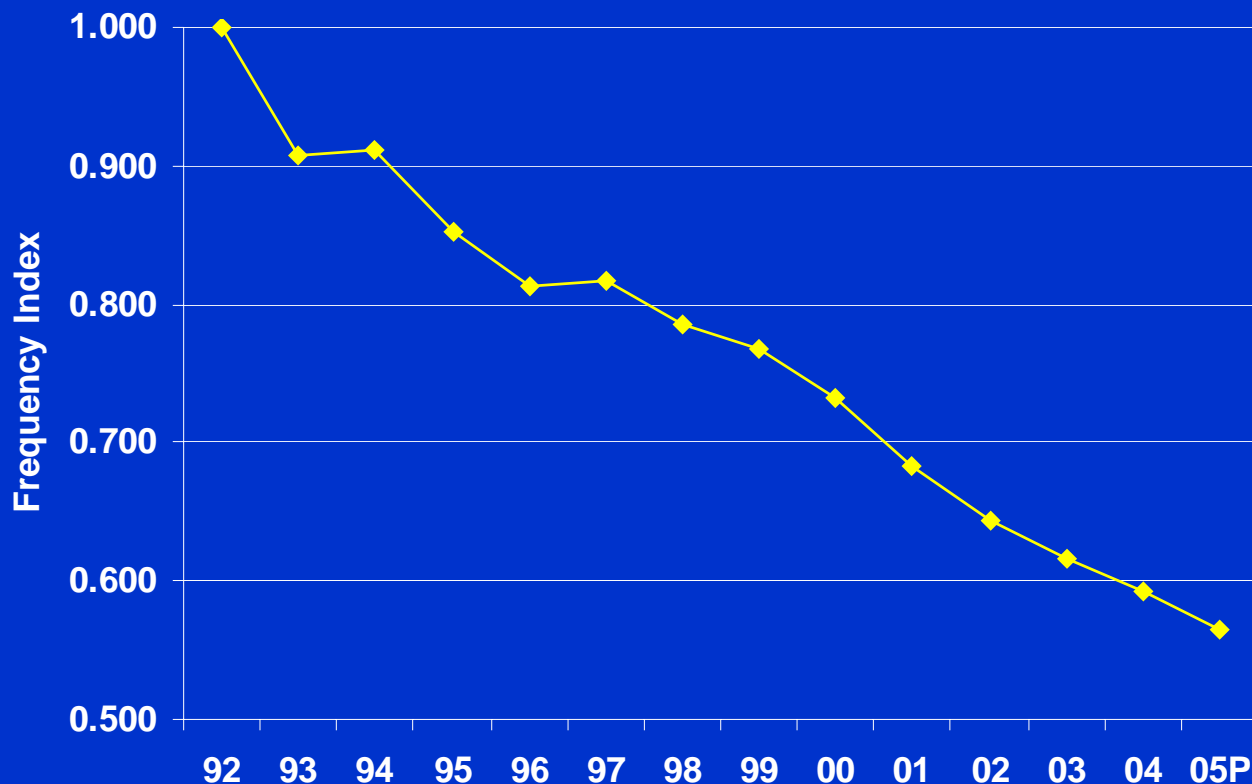
# Healthy WC System Will Have:

- Fair compensation for injured workers
- Appropriate incentives for all parties
- Access to quality medical care within a broad-based network
- Efficient process for handling claims and any related disputes
- Stability and predictability
- Competitive marketplace

# Observations

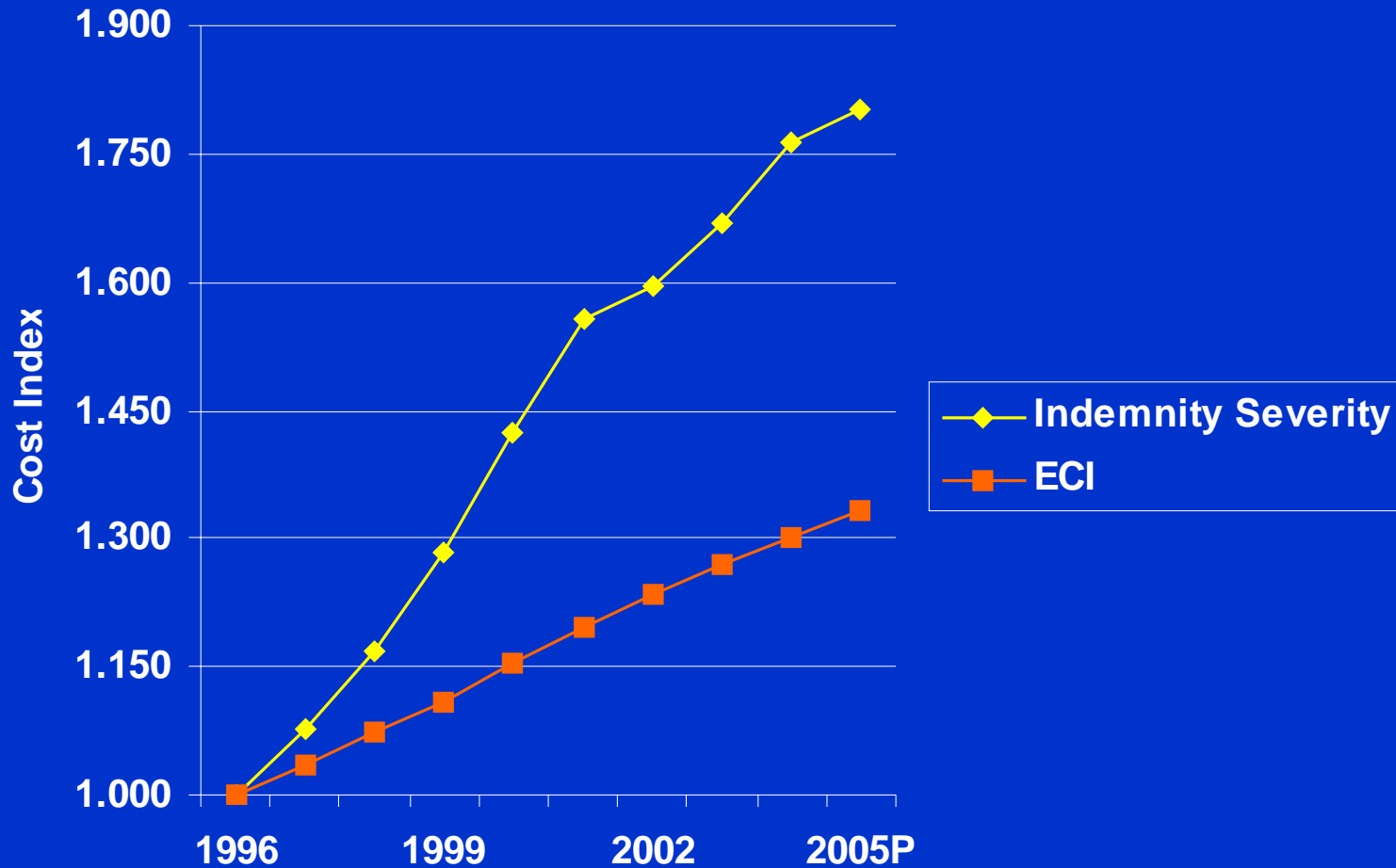
- Decline in accident frequency is driving decline in aggregate costs
- Claim benefit costs for both indemnity and medical far outpacing wage & medical inflation

# Observations – Lost-Time Claim Frequency is Down



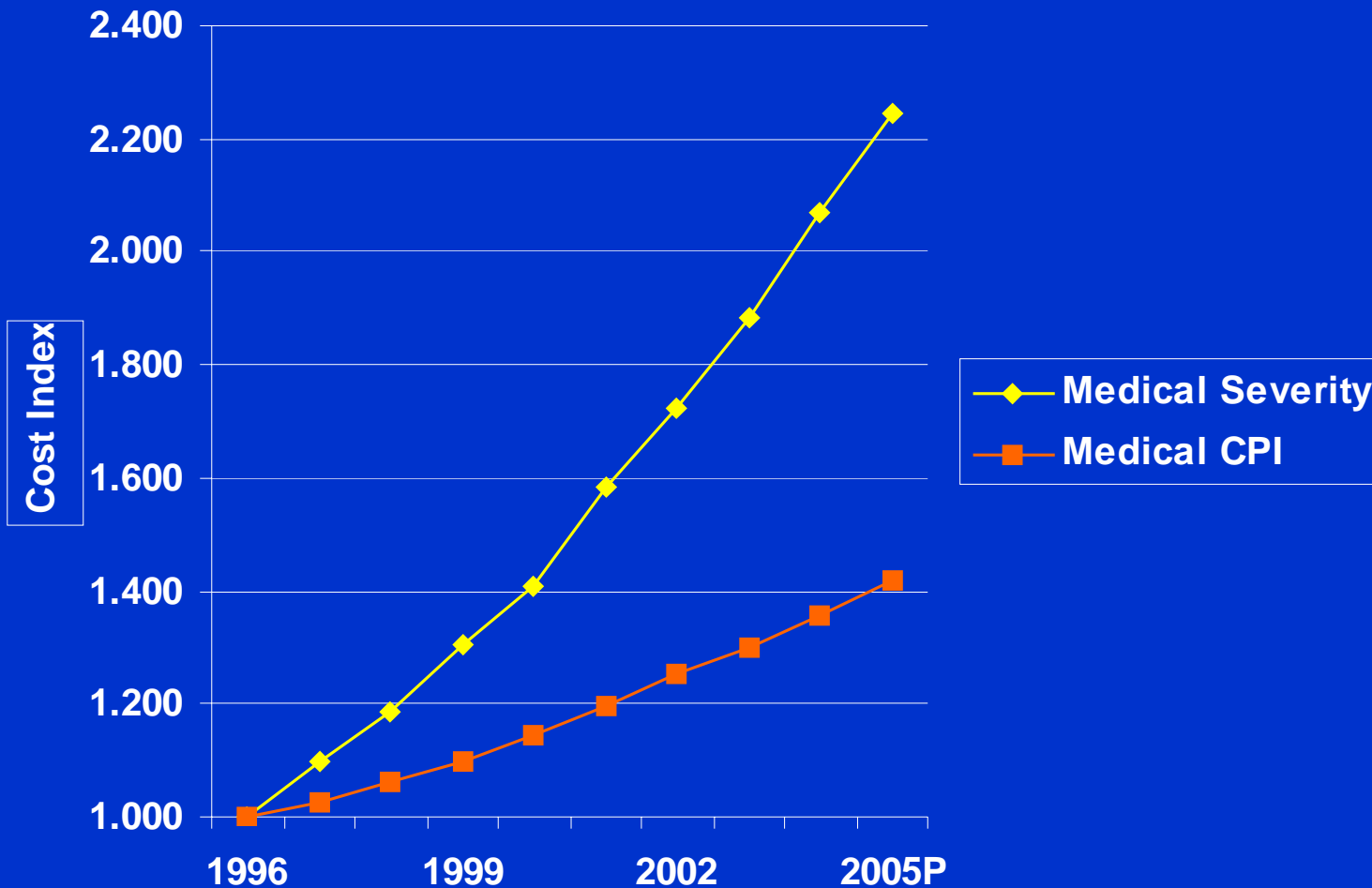
Source: NCCI

# Per Claim Indemnity Costs Outpacing Wage Inflation



Sources: NCCI and BLS

# Per Claim Medical Costs Outpacing Medical Inflation



Sources: NCCI and BLS

# Concerns Include:

- High rate of growth of medical costs
- Increasing proportion of drug costs
- Potential cost shifting from non-occupational healthcare to WC
- Increasing proportion of litigated claims
- Potential for catastrophic events

# Suggestions - Regulations that Work

- Pay without prejudice period
- Medical treatment limited to within network
- Suspend benefits during incarceration
- Industrial injury primary cause of disability
- PPD ratings based on objective guidelines
- Fast track alternative dispute mechanism
- Eliminate provider dispensed Rx
- Mandatory UM
- Limits on PT & Chiropractic