

## [Commissioner Poizner Diligent in Rejecting Any Requested Increase in the Workers' Compensation Claims Cost Benchmark](#)

Posted on November 13, 2009 by [James Castle](#)

Insurance Commissioner Steve Poizner today once again rejected a rate application from the Workers' Compensation Insurance Rating Bureau (WCIRB) to raise the Workers' Compensation Claims Cost Benchmark. After rejecting a slightly larger increase request in July of this year, the Commissioner this time rejected a proposed hike of 22.8% in the cost benchmark. This was yet another blow to the hopes of workers' compensation insurers for an increased cost benchmark anytime soon.

The Commissioner explained:

One in eight Californians is unemployed. Countless others are also suffering and have either given up looking because they cannot find work or have taken part-time jobs while they seek full-time work. Any increase in costs for employers will only make our already dire economic situation worse.

Given these harsh economic realities, I refuse to rubber stamp double-digit increases to the Workers Compensation Claims Cost Benchmark, especially when I see clear evidence that the cost control reforms from 2003-2004 have yet to be fully implemented,"

...

These increases requested by the WCIRB give insurers an excuse to raise rates in concert without fully utilizing all of their cost containment tools or increasing efficiency. I will not consider an increase in the Claims Cost Benchmark until I see substantial efforts being made by insurers to use all available tools to constrain costs and improve efficiency.

With regard to the controlling of costs, in the Commissioner's prior July denial of a request by the WCIRB to raise the Workers' Compensation Claims Cost Benchmark, the Commissioner issued a 27 point outline of means in which costs can be trimmed by workers' compensation insurers. Commissioner Poizner's remarks seemed to indicate that he was disappointed by insurers' efforts to curb costs. More specifically, the Commissioner stated, "I will not consider an increase in the Claims Cost Benchmark until I see substantial efforts being made by insurers to use all available tools to constrain costs and improve efficiency."

This denial of the cost benchmark is the latest in a long string of decisions by the Commissioner that have been stringent in their treatment of the cost benchmark, despite the WCIRB's repeated requests for significant increases. We expect Commissioner Poizner to continue to reject any attempt to raise the cost benchmark until there is significant improvement in California's unemployment rate (as of last check unemployment in California is a stifling 12.2%, 4th highest among states in the country).

[November 9, 2009 WC Benchmark Decision and Order](#)

[November 9, 2009 Department Press Release](#)