



NEWS RELEASE

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BIAW FILES INITIATIVE TO PRIVATIZE WORKERS' COMP

OLYMPIA—The Building Industry Association of Washington has filed an initiative with the Secretary of State allowing private insurers to compete with the state Department of Labor & Industries (L&I) to offer employers workers' compensation coverage.

“BIAW warned that if the Legislature refused to do anything this session to reform our state's broken and nearly bankrupt workers' compensation system, BIAW would,” said BIAW President Matthew Clarkson. “BIAW's initiative makes good on that promise.”

Initiative 1082 will bring Washington State in line with the 46 other states that allow competition from private insurers in the industrial insurance market. Washington's monopoly on workers' comp means employers have no choice but to pay L&I's ever-increasing workers' comp taxes to obtain the industrial insurance coverage they need to protect their workers.

The result has been a costly and inefficient workers' comp system on the verge of insolvency. While workplace injuries have decreased 55 percent in recent years, L&I's costs to manage these fewer injured worker claims have increased by more than 80 percent, and injured workers stay off the job more than two times longer in Washington than any other state. Thanks to L&I's inability to efficiently manage the workers' comp system, employers in Washington State have shouldered workers' comp tax increases of 54 percent over the past decade and now pay the second-highest cost per employee for workers' compensation—and they are facing double-digit workers' comp tax hikes next year.

I-1082, which has already been endorsed by the National Federation of Independent Business, ends the state's monopoly on workers' compensation and injects much needed competition into Washington's failing system. The initiative creates a Joint Legislative Task Force on Private Competition for Industrial Insurance charged with developing proposed legislation to conform current statutes to the provisions of the initiative and make recommendations by December 2011. The Legislature must adopt legislation to fully implement the policy directives of the initiative by March 1, 2012.

The initiative also eliminates the worker-paid share of workers' comp taxes, leaving workers with more money in their paychecks. Washington is the only state that allows employers to deduct a portion of workers' comp taxes from employee's wages. I-1082 will require employers to pay the full amount.

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“The provisions of I-1082 are a win-win for businesses and their workers,” said Clarkson. “Allowing private insurers to compete with L&I will create a more business friendly environment that will give existing Washington businesses some much needed relief and help attract new businesses, while scrapping the arcane rule that forces workers to pay workers’ comp taxes will put more money in the wallets of working families.”

BIAW, along with most of the business community, has pleaded for workers’ comp reform for years. Boeing specifically identified Washington State’s unreasonable and costly workers’ comp system as one of the reasons they awarded South Carolina the second production line of the 787. Despite these pleas, no changes have been made and costs have continued to spiral out of control.

Meanwhile, other states that have moved from government-run workers’ comp systems to privatization have experienced lower workers’ comp taxes for employers, better claims management for injured workers and a more efficient workers’ comp system. Oregon, West Virginia, Nevada, Maine, North Carolina, Colorado and California are just a few of the states which allow private insurers to sell workers’ comp policies whose workers’ comp rates decreased this year. Contrast to Washington’s 7.6 percent increase this year—the biggest workers’ comp increase of any state in the country.

“Monopolies don’t work, especially government monopolies,” said Clarkson. “Monopolies breed incompetence, inefficiency and lack of accountability,” he said. “Forty-six states have figured this out; it is time for Washington to do the same.”

For more information on I-1082, visit www.SAVEOURJOBSSWA.com.

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Known as the “champion of affordable housing,” the Building Industry Association of Washington is the largest trade association in Washington State, representing over 250,000 families and more than 11,000 member companies involved in the homebuilding business.