

STATE OF OKLAHOMA

1st Session of the 46th Legislature (1997)

HOUSE

RESOLUTION NO. 1003

By: Benson, Adair, Bastin,
Begley, Beutler, Erwin,
Glover, Hamilton,
Hilliard, Kinnamon, Rice,
Settle, Steidley and
Thomas

AS INTRODUCED

A Resolution relating to workers' compensation; encouraging the Board of Managers of the State Insurance Fund to consider the effects of recent workers' compensation reform on workers' compensation rates; requesting the Board of Managers of the State Insurance Fund to approve a decrease in workers' compensation rates in line with the decrease in rates for private carriers approved by the State Board for Property and Casualty Rates; and directing distribution.

WHEREAS, over the past several years the Oklahoma State Legislature has enacted numerous workers' compensation reforms including establishing and funding a Workers' Compensation Fraud Unit in the office of the Attorney General, establishing an Independent Medical Examiner system to eliminate dueling doctors, expanding a workers' compensation counseling program to educate employers and employees on the workers' compensation system, authorizing certified workplace medical plans designed to provide employees with better quality care at lower costs, expediting the delivery of benefits to injured workers, and providing for increased monitoring of workers' eligibility for temporary disability benefits to detect possible fraud; and

WHEREAS, the Board of Managers of the State Insurance Fund has the full power and authority to fix and determine the rates to be

charged by the State Insurance Fund for insurance pursuant to Section 132 of Title 85 of the Oklahoma Statutes; and

WHEREAS, the State Insurance Fund is holding more money than needed to pay current and future claims (over-reserved) as evidenced by the Fund's two-to-one ratio of premium to surplus dollars while the industry standard is a ratio of three-to-one premium to surplus dollars; and

WHEREAS, the Legislature, in Senate Bill No. 1310 of the Second Regular Session of the Forty-fifth Legislature, authorized the State Insurance Fund to discount reserves at 4 percent which will reduce the amount of money needed for reserves; and

WHEREAS, the State Insurance Fund's financial condition has improved considerably over the last two years; and

WHEREAS, the State Insurance Fund has made significant strides in the reduction of workers' compensation fraud in addition to those made by the Attorney General's Workers' Compensation Fraud Unit; and

WHEREAS, workers' compensation filings have decreased by 8 percent, fraud charges have increased by 37 percent with 92 percent of the cases resulting in guilty pleas, the use of independent medical examiners has increased by 42 percent, and more than 40,000 workers are currently enrolled in certified workplace medical plans since the workers' compensation reforms contained in House Bill No. 1002 of the Second Extraordinary Session of the Forty-fourth Legislature were enacted; and

WHEREAS, the current downward trend in workers' compensation rates is due, in part, to legislative reforms, and such downward trend will continue as recent legislative reforms more fully impact the workers' compensation system; and

WHEREAS, the State Board for Property and Casualty Rates approved a 10.1 percent reduction in workers' compensation loss-cost rates for the private workers' compensation insurance carriers; and

WHEREAS, the State Insurance Fund must remain fairly competitive with other insurance carriers pursuant to Section 131 of Title 85 of the Oklahoma Statutes.

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE 1ST SESSION OF THE 46TH OKLAHOMA LEGISLATURE:

THAT the Oklahoma House of Representatives encourages the Board of Managers of the State Insurance Fund to carefully consider the workers' compensation reforms of House Bill No. 1002 of the Second Extraordinary Session of the Forty-fourth Legislature along with other legislative reforms passed in recent years when determining the rate to be charged by the State Insurance Fund.

THAT because the State Insurance Fund is currently over-reserved, a condition that will be compounded by the ability to discount reserves, the Oklahoma House of Representatives encourages the State Insurance Fund to reduce its workers' compensation rates, along with other available remedies, in an effort to return the excess reserves to the policyholders.

THAT the Oklahoma House of Representatives encourages the Board of Managers of the State Insurance Fund to approve a decrease in workers' compensation rates in line with the 10.1 percent decrease approved by the State Board for Property and Casualty Rates in order to remain fairly competitive with the private workers' compensation carriers.

THAT copies of this resolution shall be distributed to the members of the Board of Managers of the State Insurance Fund and the Commissioner of the State Insurance Fund.

46-1-6645

JAK