



## Workers Compensation: The next insurance crisis?

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- 
- What's Driving The Insurance Market?
  - How Does Work Comp Work?
  - Why Have Work Comp Rates Decreased In Idaho?
  - What Might Drive a Work Comp Insurance Crisis?
  - What Can Counties Do To Control Costs?
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# What's Driving The Insurance Market?

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## Real Estate Increasing

When real estate prices rise, the cost to rebuild, repair, or replace properties also increases.

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## Home Price Increasing

Higher material costs and labor shortages in the construction industry mean that insurers must pay more to cover claims.

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## Cost of Vehicles Increasing

Repairs are more expensive due to the specialized parts and expertise required, increasing the average claim cost for auto insurers.

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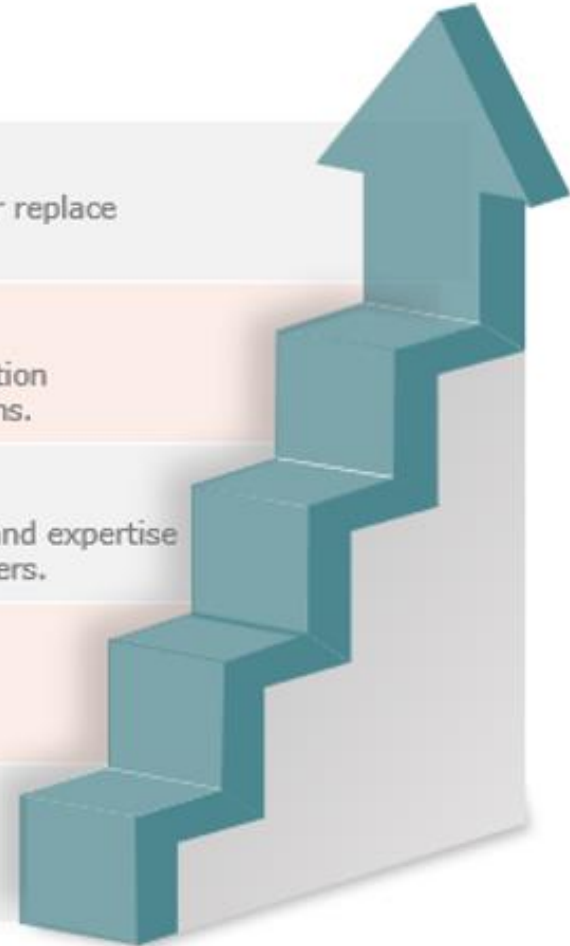
## Wildland Interface

When these fires spread to populated areas, they cause significant property damage, leading to large claims.

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## Weather

More frequent hurricanes, floods, hailstorms, and tornadoes result in higher claims for property damage.

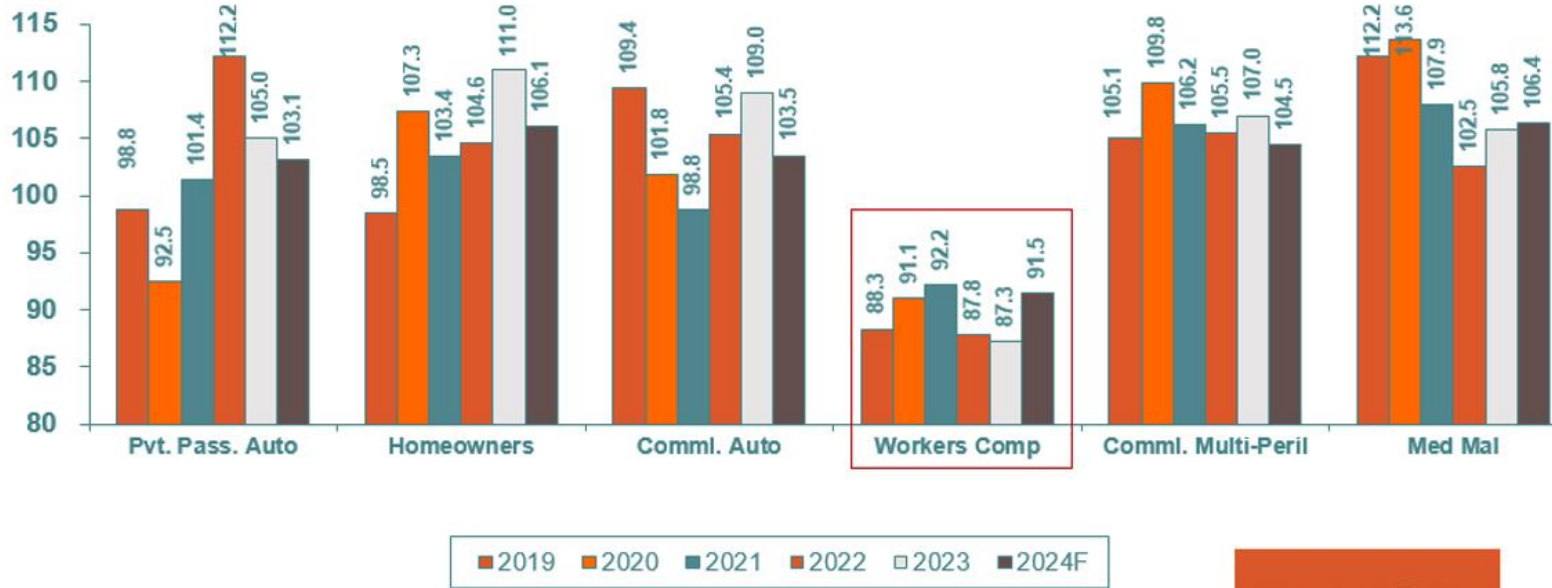


# Where Insurance Costs Could Rise the Most

States likely will face the steepest increases in insurance rates by the end of the year

	Project Change	Projected Annual Rate (2024)
Maine	19%	\$1,571
Michigan	14%	\$2,095
Utah	13%	\$1,541
Montana	12%	\$1,997
Connecticut	9%	\$1,927
Nevada	9%	\$1,336

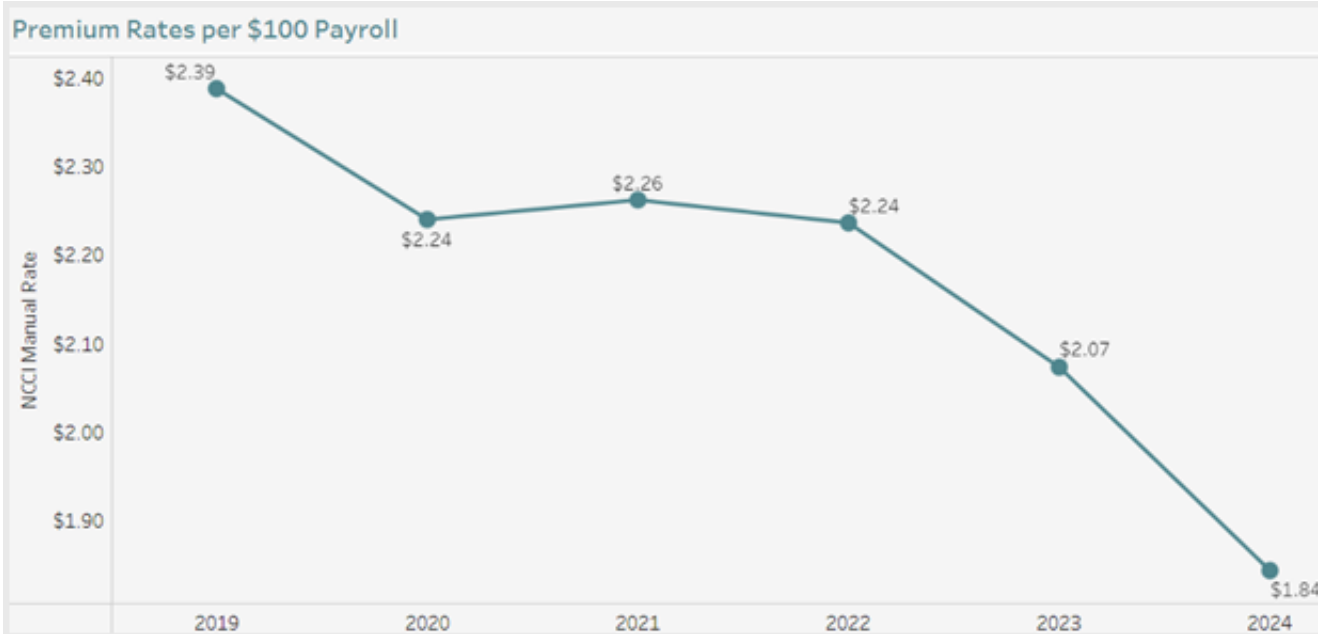
# What Might Drive A Work Comp Insurance Crisis?



Lingering inflation will continue to pressure combined ratios in 2024

Source: A.M. Best Review & Preview (2019-2022; 2024 forecasts as of Mar. 2024); A.M. Best data for 2023 (as of 6/24). Univ. of South Carolina, Risk and Uncertainty Management Center.

# Why Have Work Comp Rates Decreased In Idaho?



## Police Officers

- 2017 - \$3.85
- 2024 - \$3.06
- **21% decrease**

## Firefighters

- 2017 - \$4.86
- 2024 - \$3.92
- **19% decrease**

## Municipal Township, County, State

- 2017 - \$1.61
- 2024 - \$1.37
- **15% decrease**

### Rate Decrease Reasons

- Mechanization, Technology, Safety
- Cat Claim Management
- Preferred Provider Networks

### Potential Rate Impacts

- Cat claims – New Medical Technology
- Expanded coverage for claims – EMS PTSD, Presumptive cancers, Potential PTSD for all

# How Does Work Comp Work?



## Early Chinese and Greek Empires

Injured workers were compensated



## Industry Revolution

Lawsuits did not benefit either party



## State Funds Established

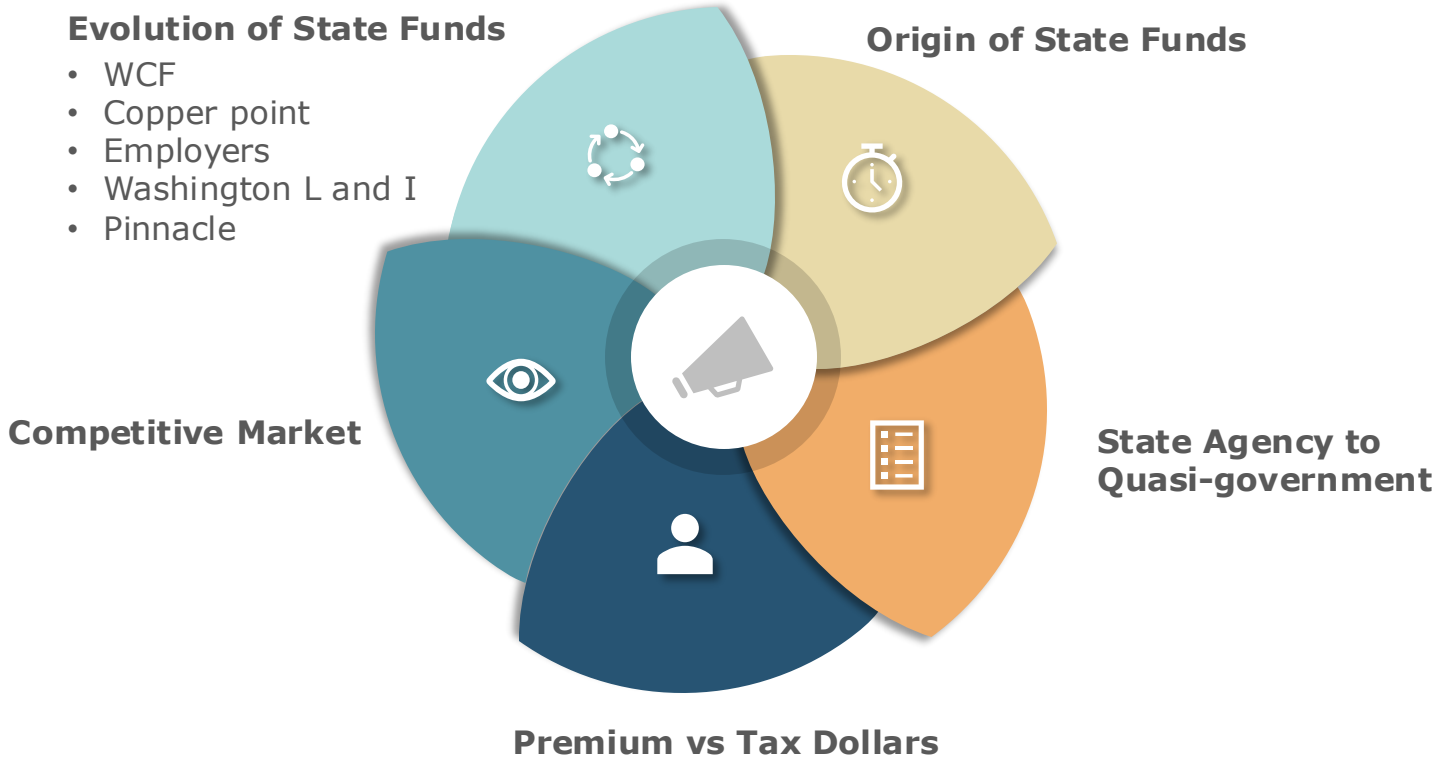
- Idaho SIF - 1917
- Replaces Tort Law with predetermined benefit



## Benefits Today

- Compensability
- Medical
- TTD, PPI, PPD, PTD

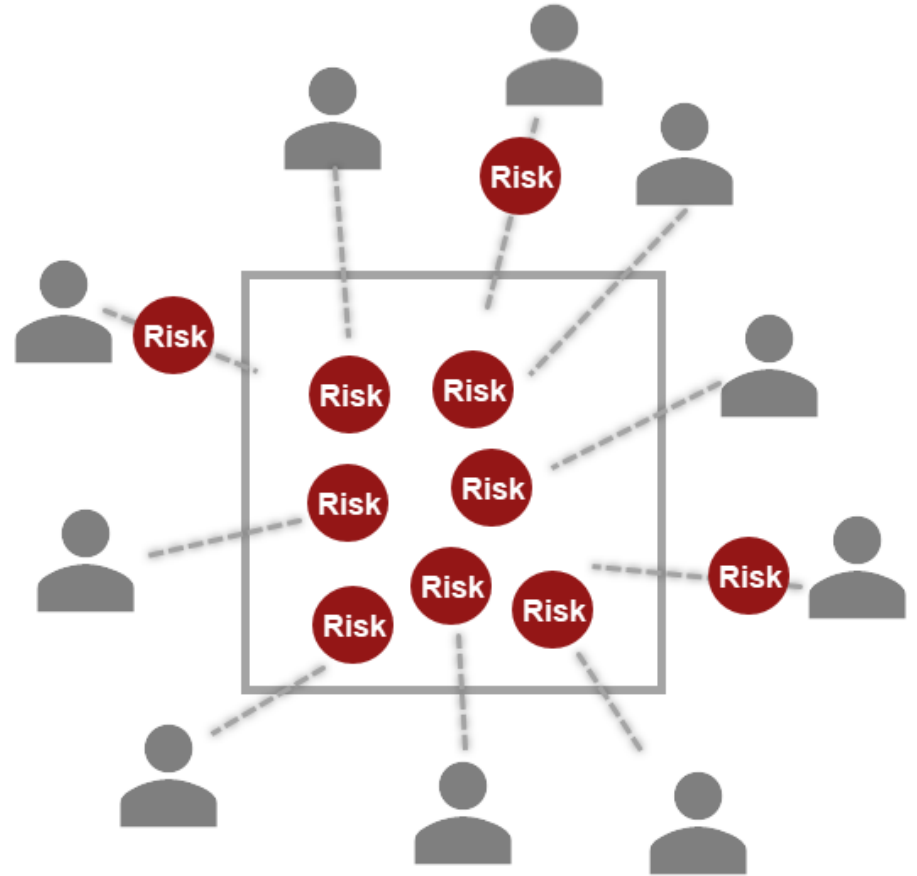
# How Does SIF Work?





# How Does Risk Sharing Work?

- Counties Share in the Risk Pool
  - Unique Risks - harder to underwrite
    - Sheriff Patrol
    - Sheriff Jail
    - EMS
    - PTSD
    - Road and Bridge
    - Landfill
  - Limited commercial insurance appetite
    - Aging employee base
    - Rural health care limitations
    - Tenure of our employees
  - Catastrophic claims



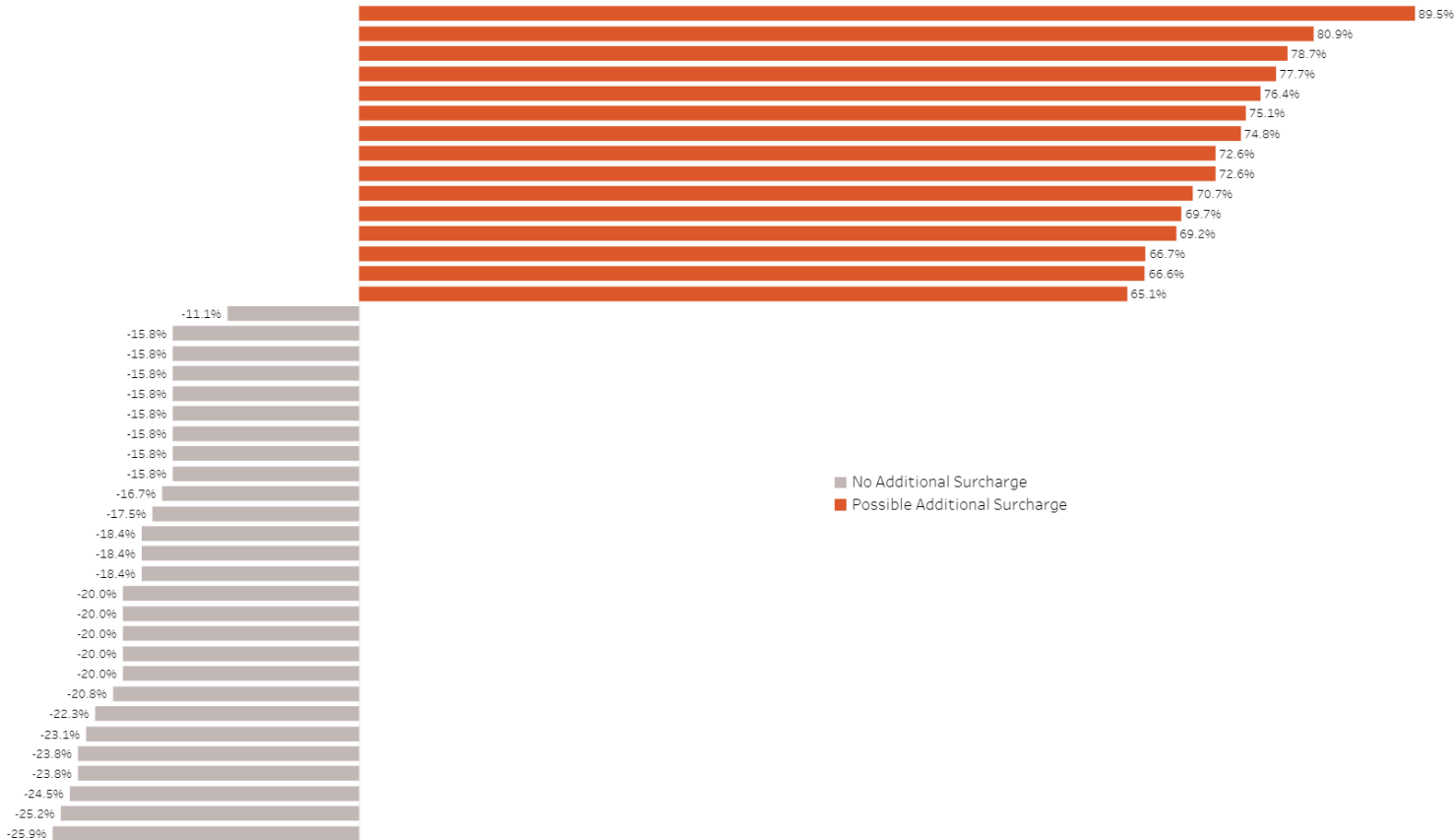
# Potential Savings vs. Increases

**(\$804K)**

**\$2,358K**

No Additional Surcharge

Possible Additional Surcharge



# What Can Counties Do To Control Costs?



**THANK YOU**

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