

IMPORTANT NOTICE TO ALL CLIENTS

You may have already heard through our office, colleagues, and most recently, newspaper articles that the Ohio Bureau of Workers' Compensation will be making changes to the Group Rating Program as it currently exists. In general, the BWC's independent actuaries have concurred that a premium inequity exists between group-rated and non-group-rated employers. Several independent actuarial studies suggest that non-group-rated employers are subsidizing the losses of grouped employers. Based on those findings, it has been recommended that the BWC lower the maximum group discount and credibility table from the current 90% to no less than 80% for the 2008 rating year.

The BWC's new Administrator, Marsha Ryan, presented her initial recommendations for Group Rating changes to the BWC's Board of Directors last week. According to a recent press release published on the BWC's website, the Board of Directors "...unanimously approved a recommendation from Administrator Marsha Ryan to fully review the Ohio Group Rating Program, with an initial reduction of the group discount to be no less than 80 percent for the 2008 policy year. The current maximum discounts for the program is 90 percent." This change will not only impact the maximum 90% discount groups, but will impact all other group discount levels as well.

Due to this proposed change, we have temporarily postponed our quoting process. While the BWC has assured the TPA community that discounts will be lowered for the 2008 rating year, some Third Party Administrators and/or group sponsors have decided to issue quotes with what will most likely be inaccurate information. Our office, in conjunction with our group sponsors, has decided to wait until the BWC is closer to making a final decision on the proposed changes. It is important for you to note that **any quotes you have already received, or quotes you may receive prior to the BWC issuing its formal determination, will not be an accurate reflection of the actual 2008 savings.** We are hopeful that by the end of October, the BWC's Board of Directors will have finalized any modifications that will be in place next year and then we can begin our quoting process.

Our office will continue to keep you updated on this important issue. In the meantime, if you have any questions, please do not hesitate to contact one of CRM's Group Rating Representatives listed below at 216-901-0066 at any time.

Paula Gorman, Vice President of Business Development, Ext. 127
Lauri Cochran, Vice President Risk Management, Ext. 126
Lauren Ondrejch, Administrator of Actuarial Services, Ext. 104