

NO ON 1082

Initiative 1082 would effectively end Washington's 99-year workers compensation system. Conceived by the Builders Industry Association of Washington and pushed by the nation's insurance giants, I-1082 would allow largely unregulated, for-profit insurers to cut benefits and raise rates for many businesses. I-1082 tilts the playing field in favor of insurance companies at the expense of our state's entrepreneurs and small businesses.

I-1082 raises premiums

Currently, employees pay a portion of the workers' compensation premium out of their paycheck. I-1082 would force this expense on employers, raising rates for businesses an average of 25%—for retailers, it is more likely a whopping 40%.

- Because workers would no longer pay their portion in December 2010 but private insurers wouldn't be allowed in the market until 2012, every Washington business would be saddled with these extra costs.
- Even I-1082's biggest supporters admit there are problems. In an analysis of I-1082 sent to its members, the Association of Washington Business notes: **"This will increase costs for some employers."**

I-1082 doesn't protect businesses from shady insurers

- The measure would gut protection under the Insurance Guaranty Act against insolvency. That means an insurance company could collect premiums and fail to pay benefits, leaving both employers and workers high and dry.
- I-1082 opens up Washington businesses to the risk of getting ripped off in Madoff-like ponzi schemes. It can happen: last month, a federal jury in Seattle penalized an insurance company for siphoning millions workers' comp premiums from California while refusing to pay claims and driving the company into insolvency.
- That's why Insurance Commissioner Mike Kreidler and State Auditor Brian Sonntag have both come out against I-1082.

I-1082 is a sweetheart deal for big insurance companies

- The insurance industry has taken this opportunity to create a market without barriers, choosing profits over care and safety.
- The BIAW, frustrated by its lack of progress in Olympia, created this initiative without thoroughly considering its implications. It is poorly written and full of budget-busters for businesses and taxpayers.

Washington's current system compares favorably with other states

- *Risk and Insurance* magazine gives Washington's current workers' compensation system an "A" for low employer costs and an "A" for high employee benefits, earning a fourth-place ranking nationwide.
- Washington's premium rates for employers were in the lowest third in the nation in 2008, based on the Oregon Workers' Compensation Premium Rate Ranking. This is possible because administrative costs at Labor & Industries are low and L&I is a non-profit, state-run insurance company. In fact, L&I operates with only 18% administrative costs while the industry average is 68% for workers' comp.