



Bureau of Workers'
Compensation

Governor Ted Strickland
Administrator Marsha P. Ryan

NEWS RELEASE

For immediate release: **April 30, 2009**

BWC Board of Directors Vote to Update State Fund Investment Policy Statement

Safety-based Rate Reform Programs Also Approved

COLUMBUS – The Bureau of Workers' Compensation (BWC) Board of Directors today approved a comprehensive update to the State Insurance Fund's investment policy statement (IPS). The new IPS will provide further diversification within both fixed income and equity investments.

“Sound, safe investments are paramount to maintaining a strong state fund,” said BWC Administrator Marsha Ryan. “By diversifying these investments we will reduce our portfolio risk, be less susceptible to market volatility and anticipate enhanced returns in the future.”

The State Insurance Fund portfolio will remain 100 percent passively managed. Mercer Investment Consulting, Inc. has been working with BWC's Board of Directors and staff to perform a year-long analysis of the current IPS, and the benefits of modifying it to meet the current needs of the State Insurance Fund. With the updated IPS, the State Insurance Fund investment portfolio will be comprised of 70 percent bonds and 30 percent equities. BWC investment staff, with Mercer Investment Consulting will prepare a proposed implementation plan for the new asset allocation strategy which is expected to be presented to the Board of Directors' Investment Committee on May 28.

Additionally, the Board of Directors approved several components of BWC's comprehensive rate reform plan. These include the creation of a Group Retrospective Rating Program that will provide employers with a new performance based program to promote and achieve workplace safety. The program allows BWC-certified sponsoring organizations to create homogeneous groups that are focused on safety and claims management. Members of these groups join forces to improve safety and manage claim costs and can receive retrospective premium adjustments based on the combined performance of their group.

The Group Retrospective Rating Program will become active July 1. Sponsors must enroll members and submit their application for the upcoming policy year by June 26. More information and a list of certified sponsors is available online at ohiobwc.com or by calling the BWC Employer Program Unit at 614-466-6773.

Other rule changes include:

- A 100-percent cap on increases to an employer's experience modifier (EM) for employers with an individual EM of 1.01 or higher, and who agree to follow the 10-Step Business Plan for Safety;
- Limiting the financial incentives paid from the Drug Free Workplace Program (DFWP) to non group-rated employers only. Effective July 1 group-rated employers will receive up to a 77 percent premium discount. With this new rule, these group-rated employers will no longer be permitted to 'stack' DFWP discounts on top of their group premium discounts. All Ohio employers are eligible and encouraged to participate in the DFWP to benefit from the educational and safety benefits associated with the program;

- Eliminating the Premium Discount Program (PDP+) which was found to be underutilized and ineffective in the recent study by Deloitte Consulting LLC. BWC will retain the 10-Step Business Plan for Safety as a key safety strategy for employers to develop a culture where all members of the organization actively manage workplace safety and health.

“We’ve made great strides toward improvements to ensure each employer pays the appropriate premiums that match their individual risk,” added Ryan. “The average base rate for private employers is now lower than it has been in over 30 years. Additionally, the introduction of new alternative rating programs and the modification of existing offerings are placing a renewed emphasis on the importance of safety education and training in Ohio workplaces.”

The next Board of Directors meeting will be held Friday, May 29, 2009 at 8 a.m. in Room 3, Level 2 of the William Green Building, located at 30 W. Spring St., Columbus

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Media contacts:

Melissa Vince
614-466-2956 or 614-202-2329
melissa.vince@bwc.state.oh.us

Maria Smith
(614) 728-8045 or (614) 205-5709
maria.smith@bwc.state.oh.us