



California Applicants Attorneys Association

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SUCCESS FOR WHOM? 6 Years of Schwarzenegger's Work Comp Law: Insurers Receive \$25.4 Billion in Profit since 2004

SACRAMENTO, CA – Advocates for injured workers today released a chart, “Where The Premium Goes,” showing that Governor Schwarzenegger’s workers compensation changes resulted in \$25 billion in insurance carrier profits between 2004 and 2008, the latest full year for which figures are available. “Gov. Schwarzenegger has called his workers’ compensation law a great ‘success,’” said California Applicants’ Attorneys Association (CAAA) President Adam Dombchik. “We ask, ‘Success for whom?’ The changes have been extremely profitable for insurance companies, but not for those injured on the job.” The chart was compiled using insurance industry figures from the Workers Compensation Insurance Ratings Bureau (WCIRB).

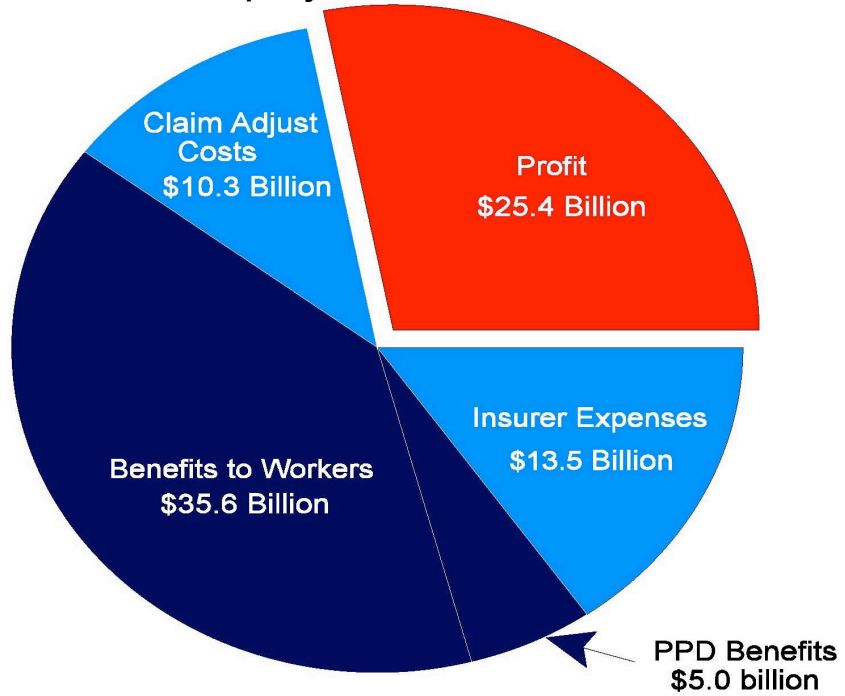
The chart (attached) shows that in addition to profit, insurers absorbed \$10.3 billion in claim adjustment costs and \$13.5 billion in expenses. Benefits to workers totaled \$35.6 billion, with just \$5 billion going to compensate workers for permanent disabilities from work injuries.

Insurance carrier profits skyrocketed under Schwarzenegger’s law

“There have been winners and losers under the administration’s changes. Insurance companies have won, while working Californians have lost. Less than half of the premium collected from employers since 2004 has gone to provide care and compensation for injured workers,” said Dombchik.

Where The Premium Goes

Distribution of Employers' Premiums 2004 - 2008



Source: WCIRB Summary of December 31, 2009 Insurer Experience, Exhibits 1 and 5.

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