

California Applicants Attorneys Association
Affiliated with the International Brotherhood of Teamsters

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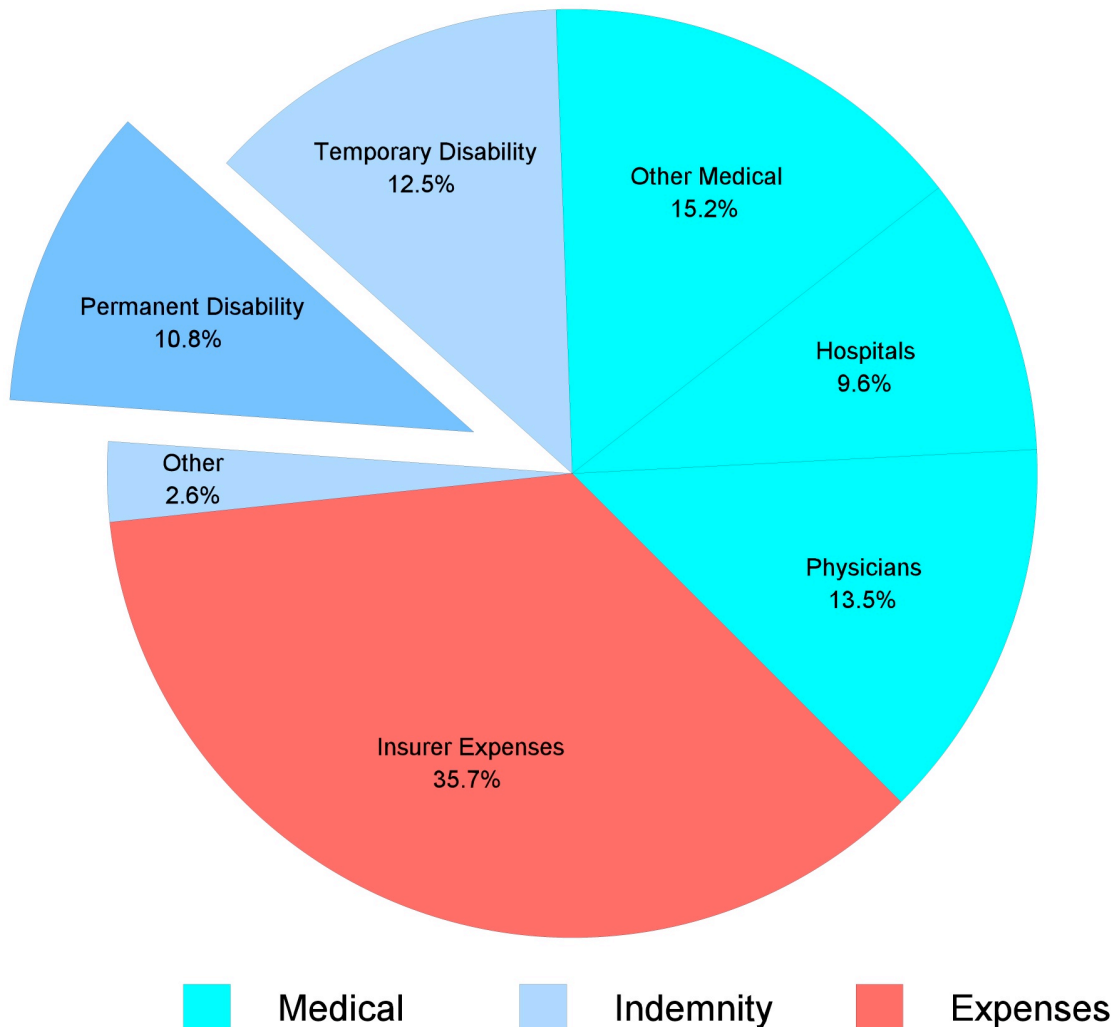
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**Insurers Own Expenses Consume More Than 35% of
Workers' Compensation Insurance Payout**
Fastest Rising Costs: Overruling Doctors' Recommended Care

SACRAMENTO, CA – Advocates for injured workers today released a chart showing that workers' compensation insurance carriers' own expenses consume more than 35% of the payout, with the fastest-rising costs going to review and overrule treatment from the insurers' own hand-picked doctors. In contrast, the permanent disability compensation payout to those injured on the job is a small percentage (10.8%) of the payout of the workers' compensation insurers. The chart was compiled using insurance industry figures from the Workers Compensation Insurance Ratings Bureau (WCIRB). "Employers should demand that workers' compensation insurers lower their overhead and take less of the premium dollar," said California Applicants' Attorneys Association (CAAA) President Barry Hinden. "The fastest rising costs are the hundreds of millions of dollars spent on reviewing treatments recommended by their own handpicked doctors -- and in far too many instances, overruling those recommendations. Why should insurers overrule their own doctors' recommended care? The Legislature and the Insurance Commissioner should investigate how to free more of these hundreds of millions of dollars so they can be spent for their intended purpose – to heal and compensate those injured doing their jobs."

The chart (attached) shows that out of total workers' compensation payout, insurer expenses consume 35.7%, all medical care combined receives 38.3%, temporary disability support 12.5%, and permanent disability compensation just 10.8%. The Schwarzenegger Rating Schedule slashed permanent disability compensation by 50% to 70%.

Where Insurance Payout Goes



Permanent disability compensation is a small percentage of the payout of workers' compensation insurers

