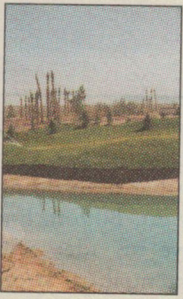


### Highlights



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Land of  
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## Workers' comp options bring little change

By Annmarie Geddes Lipold  
Contributing Writer

SOMETIMES HAVING A CHOICE doesn't make much difference. Nevada employers are learning that first hand with workers' compensation.

For 86 years, employers could get workers' compensation coverage from only one source — the state's workers' compensation fund, then known as the State Industrial Insurance System.

Then last July, the state opened the market to private insurance companies eager to sell workers' compensation coverage to Nevada employers.

The insurers' presence has not made a big difference to employers. That might be because the system was well on its way to reform before the newcomers arrived.

The road to privatization began in the 1980s, when the workers' compensation system here, as in other states, was falling into crisis. Besides increasing premiums, the state fund had problems servicing employers and injured workers, sources said. In 1993, state system had unfunded liability of \$2.2 billion.

Legislation forged over the past decade improved the system, said Ray Bacon, executive director of the Nevada Manufacturers Association, the Carson City-based trade association.

1, 1999 — the target date for new insurers to enter the market — the agency became a private mutual company. The original plan was for the agency to continue as a state fund that competed against for-profit insurers. But Gov. Kenny Guinn decided he did not want the state in the insurance business, said Doug Dirks, the agency's CEO and president. The agency also sold off its unfunded liability by selling it to three insurance companies, Dirks said.

This helped ripen the conditions for competition last July. However, Dirks said, there was not a rush into the state by other insurers. And the new carriers didn't promote their new products, Dirks said.

Still, the state fund, which had a complete monopoly on the \$330 million market, lost 25 percent in the first month of competition, Dirks said. By the end of the year, the state fund had 19,000 clients comprising 56 percent of the market in premiums, Dirks said.

The state fund took steps to get rid of many clients, dropping 18,000 employers whose annual premiums were less than \$750. These employers made up less than 1 percent of written premium for the state,

new carriers picked up most of those employers, Dirks said. About 1,000 ended up in the residual market, also known as the market of last resort.

The four-employee Carson City Area Chamber of Commerce was one of the small employers that the state fund dropped, said Wayne Pedlar, a member of the chamber's board of directors and general manager of the RTP Company in Dayton, Ohio.

The state fund is exercising a "rather strange" business strategy that discourages future business from those employers, he said.

The fund also lost business last July because even though service had generally improved, some employers were burned by bad experiences, the Nevada Manufacturers Association's Bacon said.

Some stayed with the state fund

*Other companies signed up with national insurers simply to have one carrier responsible for all locations nationwide, Dirks said. And according to Bacon, these companies have had mixed results with their new carriers.*

Crystal Springs Water Co. in Reno stuck with the state fund because the answer is "sure," he said.

Other companies signed up with national insurers simply to have one carrier responsible for all locations nationwide, Dirks said. And according to Bacon, these companies have had mixed results with their new carriers.

"I haven't been impressed with what

running back to he still has bill give another in Chuck W Marathon Equ Yerington, said able savings" 1 based Liberty N was covering the side of Nevada been much diff he said. Pedlar insurer comp able to buy wor with other bus eral liability a ance, from the to overall savin said.

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