

Workers' Compensation

Private insurance companies, on a competitive basis, provide workers' compensation insurance coverage in Kentucky.

In 1996, Kentucky overhauled its workers' compensation system, resulting in an improvement from a 1995 national ranking of state workers' compensation costs of 33rd-lowest costs to 19th-lowest costs in 2003, as reported by Actuarial and Technical Solutions, Inc.

Kentucky's low cost system streamlines the process for claims resolution that minimizes the legal and administrative fees associated with claims award. The 1996 reforms ensure speedier claims settlement: the number of requests for resolution of claims filed with the Kentucky Office of Workers' Claims has fallen from a high of 12,066 in FY 1993-94 to just 7,174 in FY 2003-04, a drop of nearly 41% in ten years.

According to the Kentucky Office of Workers Claims, from FY1993-94 to FY2001-02, the Workers' Compensation Total System Cost dropped from \$2.13 per \$100 of payroll to only \$1.62 per \$100 of payroll. That is a drop of 24% over the eight year period, or an average drop of 3% per year.

Source: Kentucky Cabinet for Economic Development