

S O U T H C A R O L I N A
Workers' Comp
LAW BLOG

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We Are All Affected by the Recession

Worker's compensation claims have been declining. From FY 08-09 to FY 09-10, the SC Workers' Compensation Commission reported a 19% drop in claims. If the current rate of filings holds, claims will drop even more by the end of FY 10-11. Commission Beck and Gary Cannon reported at the SCWCEA Medical Conference that hearings docketed fell almost 6% from FY08-09 to FY09-10 and may fall another 16% by the end of FY10 -11. Full Commission appeals dropped 21% from FY08-09 to FY09-10; and, at current rates, appeal hearings will drop another 30% by the end of this fiscal year.

The problem seems to be systemic, and one wonders how it is connected to the recession. Many of us thought claims would increase as workers lost their jobs, but the opposite has been true. Conventional wisdom says claims went down because workers who still had jobs did not want to put themselves in jeopardy by filing claims. There may be some truth to this, but I submit the real impact of the recession is not just loss of jobs; rather, it is the loss of employers. Harvey Mathias, Director of Risk Management for the Municipal Association of South Carolina, reported in its fall 2010 newsletter that, "The recession has caused the largest impact on workers' compensation exposure in 60 years. In the last two years, workers' compensation has lost 23 percent of its premium." Fewer employers means less total premium. Less premium means lower profit. Lower profit means fewer carriers in the market. Fewer carriers means less business for third party administrators, defense attorneys and nurse case managers. And fewer employers mean fewer employees and fewer claims. Until the economy is back to normal, we are all affected.