



HB744 – An Act relative to workers' compensation indemnity benefits percentage
NHMTA Opposes HB744

The New Hampshire Motor Transport Association (NHMTA) is a statewide trade association representing nearly 300 businesses in the commercial trucking and transportation industry in New Hampshire.

NHMTA runs a Self-Insurance Group (SIG) Trust for workers' compensation for eligible NHMTA members. NHMTA opposes this bill because it would negatively impact the members of NHMTA Self Insurance Group Trust.

Higher Costs (Premiums) for NHMTA Members

Workers' compensation insurance premiums are directly influenced by the amount insurers like the NHMTA SIG Trust must pay out in claims. If benefits increase from 60% to 66% of income, the NHMTA SIG may be forced to raise premiums in order to cover the indemnity payments. The NHMTA SIG Trust has cut workers' compensation insurance rates for seven (7) straight plan years, for a cumulative total of 52.2% rate cuts over the seven plan years. This proposal could begin to undo the progress in rate reduction, and cause rates to increase, rather than continue to decrease.

Potential for Increased Fraud and Prolonged Claims

The NHMTA SIG already faces issues with fraudulent claims, where individuals exaggerate injuries or remain out of work longer than necessary. A higher income replacement rate can reduce the urgency to return to work. Since this proposal would significantly increase (10% increase) the potential amount of money to a claimant, we are concerned it could lead to an increase in fraudulent claims, and/or result in the need to spend more money investigating claims. If that were to become the case, it would drive NHMTA to raise rates, or potentially cut dividend payments to members.

Potential Decline in Dividends Paid to NHMTA SIG Members

The NHMTA SIG Trust pays dividends directly back to members when we are able to do so. This happens when claims from previous plan years are closed, if NHMTA finds that we reserved more funds for claims than were ultimately needed.

The NHMTA SIG Trust has paid more than \$19.8 million in dividends to members since the SIG was created. The program has paid dividends in 27 of the last 28 years.

This legislative proposal could result in divided payments to members being reduced.

Conclusion

NHMTA is not aware of any compelling reason to increase the indemnity benefits percentage. Conversely, there is significant risk of negative impacts if this bill were to become law. Accordingly, we urge opposition to HB744.