Notes and Brief Reports

Workers' Compensation: Coverage, Benefits, and Costs, 1984*

In addition to its research and data collection on the old-age, survivors, and disability insurance program, the Social Security Administration (SSA) regularly follows developments in a number of other programs that are relevant to social security issues and policy questions. Workers' compensation is one such income-maintenance program that relates to social security in a number of ways, particularly disability insurance and Federal black lung benefits. SSA conducts an annual review examining the current experience under the State workers' compensation system. Data are compiled on trends of coverage, aggregate benefits paid, and total employer costs.

This note focuses on the reestablishment of longterm levels of major workers' compensation indicators as the economy grew in 1984. In 1984, employer costs rose by 9 percent after 3 years of little or no rise. Premium growth represented partially an adjustment to reductions in premium rates of the previous few years as employers and States tried to control costs. A more immediate factor raising premium costs was the increase of benefits in 1984. After several years during which the annual percentage increase in aggregate benefit payments generally was less than in the previous year, 1984 witnessed a rise of 11.0 percent over 1983 payments, compared with an 8.2 percent increase in the year before.

Paralleling the growth in benefits and employer costs, the number of workers covered under the system also grew during 1984. The number of workers covered increased by 5.2 percent in 1984, a faster rate of growth than in any other year since 1973. Most of this growth was a direct reflection of the expanding economy, including sharply rising employment. National levels and trends in coverage, benefit payments, and costs are discussed below as well as individual State benefit experience and legislative developments.

Coverage

About 82.6 million workers were protected under

*By Daniel N. Price, Office of Research, Statistics, and International Policy, Office of Policy, Social Security Administration.

workers' compensation programs in 1984. This number was 4.1 million more than in 1983, or 5.2 percent higher. Previous annual percentage changes during the 1980–83 period were 0.3 percent for 1980, 0.8 percent for 1981, -0.2 percent for 1982, and 0.9 percent for 1983.

An expanding economy in 1984 accounted almost entirely for the growth in workers' compensation coverage. Civilian wage and salary employment from 1980 through 1983 fluctuated narrowly between 90.0 million and 91.1 million each year. In 1984, it jumped to 95.1 million.

Legislative coverage provisions were amended in 1983 and 1984 in some States. In particular, more farm workers were provided protection under the State laws of Maryland, North Carolina, and Virginia. But these changes and other amendments had limited overall impact. As a result, the estimated proportion of employed workers with protection under workers' compensation was 86.8 percent in 1984 about the same as it has been since the early 1970's.

Payroll for workers covered under workers' compensation totaled \$1,516 billion in 1984. As with coverage, the 1984 payroll increased notably over the 1983 amount compared with the annual change in each of the previous few years. Payrolls for 1984 were 10.1 percent above 1983 levels, whereas the annual increments in 1982 and 1983 had been 5.0 percent and 5.2 percent, respectively. The large rise in 1984 payrolls was attributable to the growth in the number of workers covered.

The other factor affecting payroll levels, the average wage per worker, grew at a similar rate as in 1983, but well below corresponding annual changes in 1980–82. The average wage per covered worker was \$18,356¹ in 1984, or 4.6 percent more than the 1983 level. Previous increments were 8.9 percent in 1980, 9.4 percent in 1981, 7.1 percent in 1982, and 4.9 percent in 1983. The relationship of covered payrolls under workers' compensation to all wage and salary disbursements was 84.7 percent—a decrease of 1.9 percent from the series high point of 86.6 percent in 1976.

Benefit Trends

Workers' compensation benefits paid in 1984 were

¹Wages reported here are those for employees covered by unemployment insurance, the closest available measure for estimating wages covered under workers' compensation programs.

\$19.5 billion (table 1). This total included \$17.9 billion in regular² program benefits and \$1.6 billion in Federal black lung program payments. As can be seen from table 1, benefits under regular programs rose substantially over the 1983 level (by 12.5 percent) while black lung benefits declined (by 3.0 percent). It is expected that the black lung component will decline further. The black lung program represented 20.5 percent of the total compensation programs in 1973, its highest proportion relative to regular workers' compensation. In 1984, black lung payments were 8.4 percent of the total. This proportion is expected to drop to 3 percent or less as the parts of the black lung program administered by the Labor Department and the Social Security Administration are reduced through attrition in the number of beneficiaries. The part administered by SSA is a closed program with no new cases replacing those who leave the benefit rolls. Approval rates and the number of awards administered under the Labor Department program have fallen each year since 1980.

Aggregate regular program payments increased at a brisker pace in 1984 than in the previous 2 years, even though inflationary effects on wages (and hence on benefits awarded) continued to slacken. The average statutory maximum weekly benefit amount for temporary total disability rose to \$303.42 in 1984, or 6.9 percent above the 1983 level (the same rate of increase occurred for the 1982–83 period). The national average maximum weekly benefit would have risen by only 5.2 percent in 1984 if the two largest States, California and New York, had not raised their benefits statutorily by greater amounts than wages had risen during the year. (In most States the maximum benefit

²References to "State" or "Regular" programs pertain to programs in the 50 States, the District of Columbia, the workers' compensation program for Federal employees, and the longshore workers program, unless specifically noted otherwise.

Table	1Estimates of workers' compensation pay-	
ments,	by type of benefit, 1983 and 1984	

	Amount of pa (in millio	Percentage	
Type of benefit	1983	1984	change
Total	\$17,589	\$19,529	11.0
Regular	15,898	17,888	12.5
Black lung	1,691	1,641	- 3.0
Medical and hospitali-			
zation	5,690	6,370	12.0
Regular	5,569	6,262	12.4
Black lung	121	108	- 10.7
Compensation	11.899	13,159	10.6
Regular	10,329	11,626	12.6
Black lung	1.570	1.533	-2.4
Disability	10,389	11,569	11.4
Regular	9,519	10,746	12.9
Black lung	870	823	-5.4
Survivor	1.510	1.590	5.3
Regular	810	880	8.6
Black lung	700	710	1.4

rises automatically each year in proportion to wage increases.)

Changes in incidence and severity of occupational injury and diseases are another major factor influencing the level of benefits paid for workers' compensation. Data are available from an annual survey by the Bureau of Labor Statistics (BLS) which shows trends in the extent of workplace accidents and diseases. As reported by the BLS,³ the number of on-the-job injuries and illnesses per 100 full-time equivalent workers was 8.0 in 1984, up from 7.6 in 1983. Prior to 1984, the rate had declined irregularly⁴ from 10.4 percent in 1974. The measure of severity used here (the average number of lost workdays for each worker who lost time due to an occupational disability) was 17.2 percent in 1984, up slightly from 17.0 in 1983. The increase in the extent of workplace disability during 1984 helps account for the growth of benefits paid in that year.

Another measure of trends in the workers' compensation system is the relationship between benefits paid and payrolls. This ratio offers a means of evaluating the role of workers' compensation benefits as one of the various employee benefits that workers receive along with direct wages. The benefit-payroll ratio grew rapidly in the 1970's, and by a slower pace thus far in the 1980's. In 1984, benefits were \$1.20 for every \$100 of payroll, or 2 cents more than in 1983.

Since benefit formulas and statutory coverage provisions have not noticeably expanded the level of protection under workers' compensation in the 1980's, the continued rise in the benefit-payroll ratio most probably is due to other factors. The ratio, for example, is affected by changes in industry and occupational composition of the economy, by differential growth among States with different benefit formulas and wage levels, as well as other factors, any of which can affect the benefit-payroll ratio.

Types of Benefits and Insurers

Cash benefits are payable under workers' compensation to replace lost wages during periods of temporary or permanent total disability and to provide compensation for partial disabilities. Cash benefits are also payable to survivors of workers who die because of work-related causes. In addition, workers' compensation pays for medical care and hospitalization in connection with these workplace disabilities. (Medical benefits may be paid even if no cash award is made.) In 1984, \$11.6 billion or 65.0 percent was paid in cash benefits under the regular programs (excluding black lung). Most of these payments were to disabled workers, and the remainder were to survivors. The

³Published in the BLS "News" release (USDL 85-483), November 13, 1985.

⁴The annual rate from 1974 to 1983 went down each year or increased by 0.1 point.

share of the workers' compensation going to survivors was 4.9 percent in 1984, compared with 5.1 percent in 1983. This slight decrease was typical of the slow decline experienced in the 45 years for which these data have been compiled. In 1939, survivor benefits were 12.8 percent of the total. The declining share of survivor benefits has been approximately matched by a similar increase in the share going to disabled workers (from 51.1 percent in 1939 to 60.1 in 1984). In contrast, medical benefits have continued to represent approximately one-third of regular program benefits throughout the series.

Unlike most other social insurance programs, workers' compensation permits employers to choose among different insurance mechanisms in order to fulfill their statutory obligation. In all but six States, employers may buy commercial insurance to provide the required protection to workers; in about one-third of the States, employers may insure through a publicly operated State fund; and in all but three States the employer may qualify to assume direct responsibility for payments of its workers' compensation costs by self-insuring the risk. Of the \$19.5 billion in benefits paid in 1984, 54.3 percent were private insurance payments, 27.1 percent were State and Federal fund payments, and the remaining 18.6 percent were payments by selfinsurers (table 2). As can be seen in table 3, the shares of benefits paid by type of insurance for regular programs (that is, excluding the Federal black lung program) have shown an interesting pattern over the vears.

After a 20-year period of growth, private insurance has accounted for a stable three-fifths proportion of workers' compensation benefits paid since the early 1960's. The share paid by State funds, in contrast, declined slowly and irregularly to about one-fifth of the total by 1984. And in yet another pattern, the share of self-insurance benefit payments in the 1980's is about one-fifth, slightly above that before World War II. From 1939 through 1984, the proportion of workers' compensation payments made by self-insurers first declined and then rose gradually. The most recent period (from the 1970's) has been dominated by the restructuring of private insurance pricing procedures and by the growth of self-insurance, as accelerating premium costs caused many employers to look for alternative ways to control costs.

Is a new trend in workers' compensation insurance evolving? In 1983, Minnesota established a competitive State fund, the first new one in 50 years. In 1985, Hawaii also established a competitive State fund. And, in reexamining their workers' compensation programs, a number of other States have been considering the option of establishing a State fund. It will be of interest to observe whether this recent spurt of attention to State funds will change the role of that sector.

Interstate Variation

As in the past, the eight States that pay the greatest aggregate amount of benefits⁵ accounted for a little over one-half (\$8.9 billion) of the national total in 1984, excluding Federal programs (table 2). The 1984 percentage remained at the 1981–83 level of 53 percent. This stability was notable in light of the declines experienced in most years throughout the 1970's, from about 60 percent at the beginning of that decade. Benefits in the eight States accounting for the lowest aggregate payments under workers' compensation⁶ amounted to \$342 million, or 2 percent of the total.

The accelerated rate of growth in benefit payments in 1984 over 1983, compared with the pace from 1982 to 1983, is reflected in the distributions recorded in table 4. Fewer States experienced declines in benefit payments from 1983 to 1984 than from 1982 to 1983. Benefits rose by at least 10 percent in 37 States during 1984, but only in 22 States during 1983. Correspondingly, in terms of covered workers, 1.7 percent were in States with declines in aggregate payments during 1984; 19.3 percent were in such States during 1983. In 1984, 73.2 percent were in States with increases of benefit payments of at least 10 percent, compared with 46.5 percent in 1983.

As might be expected, the diversity in benefit growth trends is evident in 1984 among the geographic divisions. Benefit payments rose at an annual rate of 16.8 percent in the Pacific States,⁷ compared with the United States' average of 12.5 percent (excluding black lung benefits). The smallest amount of growth in 1984 was the 7.0 percent average increase in the East North Central Division.⁸ The Pacific States and those in the East North Central area experienced the same distinction in growth in 1983.

Longer-term patterns are also evident in these areas. Reflecting higher increases than the rest of the country in total benefits paid, the Pacific States accounted for 17.9 percent of the United States benefit payments in 1974 and 21.5 percent by 1984. The share of East North Central States shrank from 21.3 percent to 16.5 percent over the same period, reflecting lower than average benefit growth for most of those years. As noted earlier in this series, differential growth in the labor force geographically has probably been the single most important factor to explain these differences in aggregate benefit growth.

Employer Costs

In 1984, premiums paid by employers (including

⁵California, Florida, Illinois, Michigan, New York, Ohio, Pennsylvania, and Texas.

⁶Delaware, Idaho, Nebraska, North Dakota, South Dakota, Utah, Vermont, and Wyoming.

⁷Alaska, California, Hawaii, Oregon, and Washington. ⁸Illinois, Indiana, Ohio, Michigan, and Wisconsin.

			[Amount:	s in thousands]					
	1983			1984			Percentage		
		Insurance losses paid by	State and Federal fund	Self-		Insurance losses paid by	State and Federal fund	Self-	change in total payments
Jurisdiction	Total	private insurance ²	disburse- ments ³	insurance payments ⁴	Total	private insurance ²	disburse- ments ³	insurance payments ⁴	from 1983 to 1984 -
United States	\$17,589,216	\$9,267,903	\$5,062,566		\$19,529,177	\$10,608,847	\$5,295,045	\$3,625,285	11.0
Alabama	146,626	104.726	••••	41,900	166,350	118,850	•••	47,500	13.5
Alaska Arizona	76,774 170,936	63,174 79,295	76,284	13,600 15,357	92,842 165,243	77,342 92,518	57,703	15,500 15,022	20.9 3.3
Arkansas	118,199	78,799		39,400	132,135	89,135		43,000	11.8
California	2,260,638	- 1,290,575	273,063	697,000	2,687,267	1,538,604	319,663	829,000	18.9
Colorado	209,655	80,842	103,413	25,400	250,812	105,890	112,622	32,300	19.6
Connecticut	232,310	184,703	•	47,607	266,155	215,463	•••	50,692	14.6
Delaware District of Columbia	30,276 77,551	23,326 63,551	•••	6,950 14,000	36,208 73,705	27,308 60,565	•••	8,900 13,140	19.6 5.0
Florida	645,119	424,419		220,700	691,815	482,115		209,700	7.2
Georgia	255,903	220,603		35,300	295,929	255,129		40,800	15.6
Hawaii	105,136	75,436	• •••	29,700	114,788	84,038		30,750	9.2
Idaho	46,061	32,561	8,100	5,400	56,648	38,688	11,260	6,700	23.0
llinois Indiana	739,705 128,764	551,705 103,564	•••	188,000 25,200	824,872 133,984	601,872 116,784	•••	223,000 17,200	11.5 4.1
Iowa	109,600	97,600	•••	12,000	119,851	107,951	•••	11,900	9.4
Kansas	114,597	96,297	•••	18,300	127,841	107,441	•••	20,400	11.6
Kentucky	168,062	125,962	•••	42,100	193,854	[45,354		48,500	15.3
Louisiana	415.442	340,542	•••	74,900	431,448	345,148		86,300	3.9
Maine	145,317	109,517	•••	35,800	169,547	127,747	•••	41,800	16.7
Maryland Massachusetts	254,782	167,269	31,813	55,700	276,352	186,432	35,020	54,900	8.5
Michigan	407,554 593,372	373,954 368,197	31,200	33,600 193,975	451,329 629,560	414,029 392,627	32,424	37,300 204,509	10.7 6.1
Minnesota	348,435	292,835		55,600	373,478	313,835	43	59,600	7.2
Mississippi	74,485	66,485	•••	8,000	88,641	80,341	•••	8,300	19.0
Missouri	172,352	139,452	•	32,900	195,316	158,916		36,400	13.3
Montana Nebraska	65,667 56,482	24,878 49,382	\$32,857	7,932 7,100	78,651	31,651	⁵ 38,666	8,334	19.8
Nevada	95,704	49.382	84,000	9,880	60,832 105,621	53,132 1,121	92,000	7,700 12,500	7.7 10.4
New Hampshire	63,482	56,682	•••	6,800	75,482	67,382		8,100	18.9
New Jersey	394,527	333,677		60,850	446,033	377,233		68,800	13.1
New Mexico	92,296	87,096	:::	5,200	113,851	107,451	•••	6,400	23.4
New York North Carolina	758,142 172,472	413,172 130,472	211,470	133,500 42,000	856,567 197,732	467,272	238,295	151,000	13.0
North Dakota	23,091	30	23,061	42,000	28,860	150,232 166	28,694	47,500	14.6 25.0
Ohio	1,079,842	3,634	715,708	360,500	1,121,001	4,022	729,979	387,000	3.8
Oklahoma	227,881	160,351	31,930	35,600	266,197	186,700	37,897	41,600	16.8
Oregon	313,395	97,709	156,086	59,600	345,838	123,373	165,665	56,800	10.4
Pennsylvania Rhode Island	780,738 81,283	540,149 73,183	\$62,689	177,900 8,100	888,046	631,466	⁵ 53,580	203,000	13.7
South Carolina	106,960	89,295		17,665	87,141 127,908	78,541 105,970	•••	8,600	7.2
South Dakota	17,706	15,406	•••	2,300	20,863	18,163	•••	21,938 2,700	19.6 17.8
Tennessee	148,660	135,160		13,500	174,511	158,611		15,900	17.4
Texas	1,083,994	1,083,994			1,293,089	1,293,089			19.3
Utah	50,814	20,137	22,777	7,900	66,205	27,512	28,393	10,300	30.3
Vermont	23,598 275,859	21,698 182,659	•••	1,900 93,200	25,250	23,150	•••	2,100	7.0
Washington	532,401	16,529	395,872	120,000	308,817 600,906	204,517 15,906	450,000	104,300 135,000	11.9 12.9
West Virginia	222,246	1,159	142,356	78,731	253,309	1,231	162,278	89,800	14.0
Wisconsin	214,097 44,009	173,897 341	43,668	40,200	239,177 47,753	196,377 457	47,296	42,800	11.7 8.5
Federal:									
Civilian employee program ⁶	918,925	, 	918,925		1,003,563		1,003,563	• •••	9.2
Black lung benefits program ⁷	1,691,049		1,691,049		1,641,131		1,641,131		-3.0
Other ⁸	6,245	•••	6,245		8,873	•••	8,873	•••	42.1

Table 2.-Estimates of workers' compensation payments, by State and type of insurance, 1983-841 [Amounts in thousands]

Data for 1984 preliminary; data for 1983 represent revised figures. Calendar year figures, except that data for Montana, Nevada, and West Virginia, for Federal civil-ian employees and "other" Federal workers' compensation, and for State fund disbursements in Maryland, North Dakota, and Wyoming represent fiscal years ended in 1983 and 1984. Includes benefit payments under the Longshore and Harbor Workers' Compensation Act and extensions for the States in which such payments are made.

²Net cash and medical benefits paid during the calendar year by private insurance carriers under standard workers' compensation policies. Data primarily from A.M. Best Company, a national data-collecting agency for private insurance.

3Net cash and medical benefits paid by State funds compiled from State reports (published and unpublished); estimated for some States.

⁴Cash and medical benefits paid by self-insurers, plus the value of medical bene-

fits paid by employers carrying workers' compensation policies that do not include the standard medical coverage. Estimated from available State data.

⁵Includes payment of supplemental pensions from general funds.

Payments to civilian Federal employees (including emergency relief workers) and their dependents under the Federal Employees' Compensation Act.

⁷Includes \$628,349,000 in 1983 and \$594,061,000 in 1984 paid by the Depart-

ment of Labor. ⁸Primarily payments made to dependents of reservists who died while on duty in the Armed Forces, to individuals under the War Hazards Act, War Claims Acts, and Civilian War Benefits Act, and to Civil Air Patrol and Reserve Officers Training Corps personnel, persons involved in maritime war risks, and law enforcement officers (P.L. 90-921).

 Table 3.—Workers' compensation benefits, by type of insurer, selected years, 1939-84

	Total		Percent of benefits paid-			
Selected years	Amount (in billions)	Percent	Private insurance	State and Federal funds	Self- insurance	
1939	· \$0.2	100.0	52.0	29.2	18.8	
1960	1.3	100.0	62.5	25.1	12.4	
1973	4.1	100.0	61.9	23.5	14.6	
1983	15.9	100.0	58.3	21.2	20.5	
1984	17.9	100.0	59.3	20.4	20.3	

 Table 4.—Distribution of States and workers by percentage change in workers' compensation benefits, 1982–83 and 1983–841

	Number of	States	Percentage distribution of covered workers		
Percentage change in benefits	1982-83	1983-84	1982-83	1983-84	
Total	52	52	100.0	100.0	
Decrease	6	2	19.3	1.7	
Increase: 0.0- 4.9	. 9	4	12.8	8.2	
5.0- 9.9	15	9	21.4	16.9	
10.0-14.9	. 11	17	31.9	42.3	
15.0-19.9	6	15	· 7.7	29.0	
20.0 or more	5	5	6.9	1.9	

Includes programs in all the States and the District of Columbia and the program for Federal civilian employees.

Chart 1. — Annual increases in workers' compensation employer costs,¹ 1970-84





¹Direct premiums written

thetical premiums among self-insurers) reached \$25.1 billion. This amount was 9.0 percent above the corresponding 1983 total, following a 1.8-percent rise from 1982 to 1983. These increases represent a sharp reversal in direction of rates of change in employer costs, especially in 1984, compared with the previous several years. As chart 1 shows, after 1977, workers' compensation costs to employers increased at a slower pace each year than in the year before, culminating in 1982 when there was no increase—instead costs were lower than in 1981.

The increases in premiums paid in 1983 and 1984 can most likely be attributed to an adjustment being made to the major decline in growth rates from 1977– 82. In the 1977–82 period, insurers responded to pressure by employers and State regulators to contain workers' compensation costs. In some cases, the zeal to reduce premium rates may have resulted in premium levels insufficient to meet continued growth in benefit outlays. In any event, the actual decline in the aggregate premiums written in 1982 was most unusual. Only in one other year in this series had an annual decline occurred—the 0.4 percent decline from 1948 to 1949.

Workers' compensation premiums consist of amounts paid to private insurers, to public funds (State and Federal funds including the share of the Federal black lung program paid for by employers), and equivalent hypothetical amounts paid by self-insurers (table 5).

Both private carriers and State funds experienced a decline in premiums from 1980 through 1982. The premium amounts shown for Federal employees' compensation and for self-insurers are, of course, hypothetical premiums based largely on benefit expenditures. These estimated premiums could be expected to have somewhat different patterns than private and State insurance premiums, which are required to be actuarially funded.

Employer costs as a proportion of payroll declined by less than 1 cent to \$1.66 per \$100 of covered payroll in 1984. From the all-series high of \$1.96 in 1980, the ratio has declined every year, but by a smaller amount each year. The 1983 to 1984 minimal change strongly

Table 5.—Workers' compensation premiums paid, by type of insurer, 1980, 1982, and 1984

		Premium	ns paid (in mill	ions)	
Year	Total	Private carriers	State funds	Federal pro- grams'	Self- insur- ers ²
1980 1982 1984	\$22,265 22,642 25,104	\$15,743 15,398 16,633	\$3,008 2,640 3,005	\$1,142 1,509 1,569	\$2,372 3,095 3,897

Includes Federal employee compensation program and the portion of the Federal black lung program financed from employer contributions.

²Benefit payments plus 5-10 percent (the estimated cost of administration).

suggests that the decline in this ratio is ending. As might be expected, the trend in this series from 1970 onward resembles that of the percentage changes in the absolute cost totals shown in chart 1. The cost-payroll pattern, however, has lagged behind by a few years in reaching a peak and in reaching the bottom of the decline.

Since benefit payments continued to increase at a faster pace than costs in 1984, as has also been true each year from 1978, the ratio of benefits to costs again increased, to 72.7 percent. This ratio, also called the loss ratio, reached a new peak since it has been estimated by SSA from 1950. Again, the pace seems to be slackening. Nevertheless, the 1983 to 1984 change was 2.2 percentage points, larger than were annual changes before the mid-1970's generally. The rising loss ratios in the 1980's are understandable in terms of the States' attempts to restore balance in the system by reversing premium growth, establishing more rate competition, and tightening claims administration.

Loss ratios for private insurers and State funds of the workers' compensation system present somewhat varied results in 1984. For private carriers, the 1984 loss ratio based on benefits paid and premiums written was 63.7 percent, representing a growth of 3.5 points from the 1983 level. On the other hand, the loss ratio for private industry on an incurred basis (taking into account future obligations), grew unexpectedly fast, from 69.8 percent in 1983 to 80.4 percent in 1984. The loss ratio on an incurred basis (losses incurred and premiums earned) is traditionally higher than that based on cash flows (benefits paid and premiums written). In 1984, the loss ratio was 16.7 points higher.

The loss ratio for the 18 State funds combined was 87.6 percent in 1984. This level represented a drop from 90.4 percent in 1983, which was the high point in the series. The ratio had risen each year after 1978; the reversal of direction during 1984 evidently shows the influence of the same factors causing cost and cost-payroll figures to moderate in 1984.

The loss ratio for private carriers and, to some extent, for State funds does not take into account the premium income returned to employers in the form of dividends. Available data indicate that, when dividends are related to total premium payments (for both dividend and non-dividend-paying companies), they have averaged about 9–11 percent in the 1980's. Dividends as a percent of earned premiums averaged 10.7 percent in 1984.⁹

⁹The 10.7 percent figure reflects experience for all companies included in the 1984 Insurance Expense Exhibit of the National Council on Compensation Insurance.