



Southwestern Insurance Information Service

WWW.SIISINFO.ORG

## Insurance News

**Date:** August 7, 2009

**Source:** The Daily Oklahoman

**Author:** Michael McNutt

**SIIS Office:** (512) 795-8214

**SIIS Cell:** (512) 965-4001 Jerry  
(512) 468-6965 Sandra

---

### **Oklahoma workers' comp could go private** CapitolFuture of CompSource remains uncertain

A legislative task force began work Thursday to find the best way to privatize the state agency that provides workers' compensation insurance.

"We have an organ of the state that is competing with private insurers for premium dollars for workers' comp," said Rep. Dan Sullivan, co-chairman of the Task Force on the Privatization of CompSource Oklahoma.

"It's a fundamental issue of what is the proper function of government," said Sullivan, R-Tulsa. "Is it to compete with private enterprise? We think not."

A state law passed this year states it is the intent of the Legislature to privatize CompSource no later than Dec. 31, 2010.

Options include selling CompSource, which has about 300 employees, or mutualizing it, meaning it would be owned by its members, said Sen. Cliff Aldridge, R-Midwest City, task force co-chairman.

"All of those options are on the table," Aldridge said.

But state Finance Director Michael Clingman, a task force member, questioned whether the state actually owns CompSource. While it's a state agency, its holdings may be owned by policyholders.

#### **About CompSource**

*For Additional Information:*

8303 N Mopac, Ste B-231  
Austin, TX 78759

Phone: (512) 795-8214  
Fax: (512) 795-9363



Southwestern Insurance Information Service

WWW.SIISINFO.ORG

## Insurance News

---

**CompSource was formed by the Legislature in 1933. It formerly was known as the State Insurance Fund. It does not receive a state appropriation.**

**It provides workers' compensation insurance for state, county and municipal employees, as well as many private employers across the state.**

**It initially provided workers' compensation insurance to businesses that couldn't afford the required coverage. Over the years it expanded to also provide coverage for employers that meet its eligibility criteria.**

**Sullivan said CompSource has about a 5 percent advantage over private carriers because it doesn't have to pay premium taxes and doesn't have to contribute to the state's guarantee fund, which covers the costs of claims of an insolvent insurance company.**

**"That automatically gives them a competitive advantage," he said.**

**CompSource officials said the agency has about 26,000 policyholders and writes about 35 percent of the workers' compensation policies in the state. Other employers are self-insured or are insured by private companies.**

**The task force is required to make a report to legislative leadership by Dec. 1. Information in the report could lead to proposed legislation.**

**"What we have to look at during this privatization is: How do we continue to cover those people that cannot purchase policies on the open market?" Sullivan said.**

**The incentive behind the privatization is to lower workers' compensation insurance rates, Sullivan said. Rates should fall because of increased competition, he said.**

**It's too early to determine what effect privatization would have on the fate of CompSource's employees, Sullivan said.**

*For Additional Information:*

8303 N Mopac, Ste B-231  
Austin, TX 78759

Phone: (512) 795-8214  
Fax: (512) 795-9363