

North Carolina's Workers Compensation System

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Critically important *Remarkably stable* *Working for North Carolina*

Our state's workers' compensation system is critically important to the workers of our state who are injured or become ill in the service of their employers. Under this system, employers receive immunity from lawsuits over such injuries and illnesses, and the injured employees are entitled to quick and certain, but limited, benefits in return. This workers' compensation system determines almost completely the future lives of injured employees, including their medical care and the benefits intended to partially replace the wages lost as a result of their injuries and on which they and their families survive.

Our workers' compensation system – entirely the creature of our legislature – has been and continues to be a remarkably stable one, providing generally adequate benefits at a modest cost to employers. This is largely due to the hard work of many over the years and the fact that our state has the most restrictive test for establishing a compensable injury by accident in the country. Armed with immunity and this high compensability test, some in the business and insurance communities nevertheless are seeking to reduce the benefits and to restrict the eligibility for benefits, both of which will reduce the already usually marginal standard of living of families dependent on our workers' compensation system.

The primary argument used to justify such cuts

– that the current benefits are jeopardizing our employers - is simply misplaced. For example, *Site Magazine* recently rated North Carolina's business climate in 2010 as the very best in the nation. More, North Carolina employers pay less as a percentage of payroll than do South Carolina and Tennessee employers, and North Carolina ranks 23rd overall in costs to employers among the 50 states. Indeed, our employers with an average safety record typically pay almost 22% less in premiums in 2010 dollars than fifteen years ago.

We want our workers compensation system to be a stable one. Of course, we support elimination of any fraud or waste in or unnecessary cost to the system. But cutting benefits to and taking benefits from those injured in the service of their employers when the cost of the system to those employers remains modest will cause unwarranted stress and harm both to the families dependent on those benefits and our communities in which they live.

We look forward to talking with you about these issues as the legislative session progresses.

