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P&C Insurance information for  
consumers, media and  
policymakers in Idaho, Oregon &  
Washington

February 6, 2023

S 1037, Attachment 1, February 7, 2023

Sen. Kevin Cook, Chair  
Sen. Brian Lenney, Vice Chair  
Members of the Idaho Senate Committee on Commerce & Human Resources

**RE: Please support SB 1037 – Allowing Workers Compensation insurers to access out-of-state adjusters**

Dear Chair Cook, Vice Chair Lenney and Committee Members,

On behalf of the insurance company members of the Northwest Insurance Council, I am pleased to offer our support for proposed **SB 1037**, a measure to modernize and improve the efficiency of managing workers compensation claims in Idaho.

Based in Washington state, NW Insurance Council is a nonprofit organization that provides information about Property & Casualty insurance to consumers, media and policymakers in Idaho, Oregon and Washington.

Unlike Washington, where the only option for employers and working people at most businesses seeking insurance coverage for on-the-job injuries is a state-run monopoly, Idaho is fortunate to have a competitive private insurance market serving the workplace insurance needs of employers and working people. And Idaho has been a leader in creating pathways to innovation in the insurance marketplace over the years – including as one of the first states to enact legislation allowing insurers to provide policy forms to consumers electronically via email and/or posting policy forms online for policyholders to access more easily.

SB 1037 is a measure that is intended to reduce costs, improve efficiency and continue to ensure prompt and high-quality claims management by insurers for workplace injury claims filed by injured workers and/or employers, by removing the current requirement that claims may only be managed by adjusters who are located in, and are residents of, the state of Idaho.

Today, an insurer that does not have an office in the state must work through an independent adjusting firm or third-party administrator. This reduces the degree of quality control that the insurer has over the service provided to policyholders and injured workers. And in some cases, an insurer with an adjuster in Washington or Oregon may be physically located closer to the employer and/or claimant than an Idaho-based third-party adjuster.

Information provided to the committee by the American Property Casualty Insurance Association (APCIA) shows that only six states in the nation with private insurance markets for workers compensation require insurers to exclusively use in-state adjusters.

There was a time when having adjusters physically located in each state where a workers compensation insurer wrote business made sense, to be responsive to employers and injured workers. But the age we live in today – the age of instant access to information online, video-enhanced communication and the

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“remote work” environment – offers policymakers the opportunity to allow insurers to better serve policyholders and claimants in a more cost-efficient manner.

Allowing insurers greater flexibility in how they manage and settle workers compensation claims is likely to help reduce claims costs for insurers – savings that can help keep Idaho employers’ premiums stable at a time when other costs – for treating injuries and rehabilitating injured workers – are rising with inflation. Further, modernizing Idaho’s workers compensation system again signals to insurers that Idaho is a leader in innovation and a good place to start or expand a book of business. More competition in the workers compensation insurance market serves to benefit employers as well as working people in Idaho. And for Idaho-based insurers that write workers compensation coverage here as well as in other states, removing the “in-state adjuster” requirement may help eliminate barriers our home-based companies face in their other markets due to reciprocity requirements.

We urge Idaho legislators to thoughtfully consider and fully support passage of SB 1037, to improve the efficiency of workers compensation claims management, stabilize costs and promote competition in Idaho’s workers compensation marketplace.

Thank you for your consideration.

Kenton Brine  
President, NW Insurance Council