

Employer Participation in the Texas Workers' Compensation System: 2014 Estimates

**Texas Department of Insurance
Workers' Compensation Research and Evaluation Group**

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Brief History of Non-subscription in Texas

- Private sector employers have been allowed the option of whether to purchase workers' compensation (WC) insurance since 1913.
- Texas is currently the only state that allows any private-sector employer the option of not purchasing WC insurance or become "Non-Subscribers" to the state WC system.
- Several states' laws have numerical exceptions that allow small private sector employers to be "Non-Subscribers."
- The first study in Texas to estimate the percentage of employers that are "Non-Subscribers" to the Texas WC system took place in 1993 with 9 follow up studies conducted between 1995 and 2014.

Overview

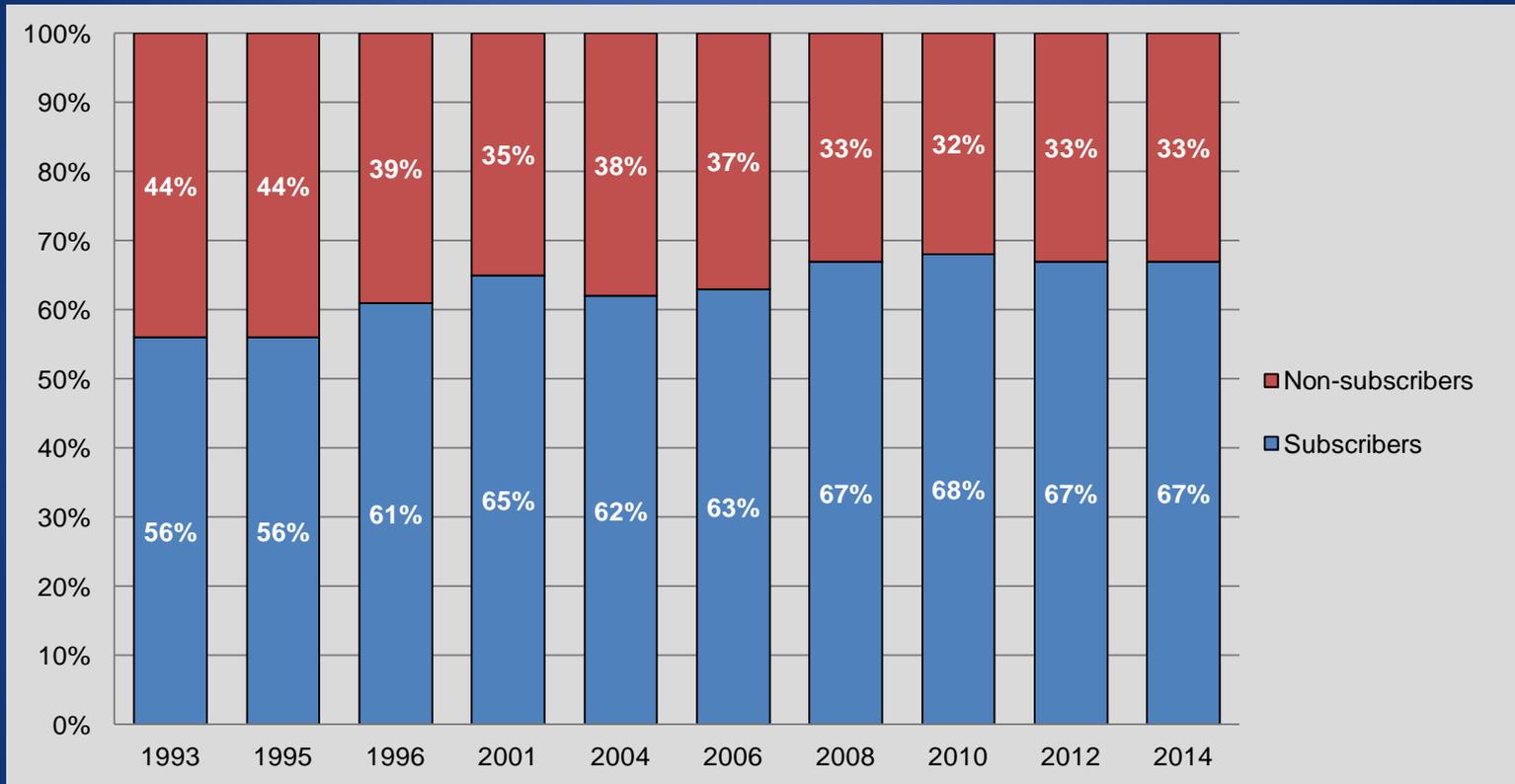
- **Overall, employer non-subscription rates and employee WC coverage rates**
- **Primary reasons why employers opt in or out of the workers' compensation system:**
 - **Texas employers' experiences with workers' compensation insurance costs**
 - **Satisfaction levels of subscribing and Non-Subscribing employers**
 - **Non-Subscriber alternative occupational benefit plans**
 - **Use of arbitration agreements by Non-Subscribing employers**
 - **Other types of insurance coverage purchased by Texas employers**
 - **Employers' knowledge of reporting requirements**

Survey Sample and Administration

- TDI made slight modifications to the survey instrument first developed by the Research and Oversight Council on Workers' Compensation (ROC)
- TDI pulled a random probability sample (stratified by industry and employment size) of Texas employers from Texas Workforce Commission (TWC) data
- TDI and the Public Policy Research Institute (PPRI) at Texas A&M University completed 1,989 interviews with year-round private sector Texas employers during June –August 2014
- Interview respondents held the following positions in the companies:
 - Company's owner = 68%
 - Company's human resources Administrator = 24%
 - Company's claim administrator = 4%
 - Company's risk manager = 3%
 - Others = 1%
- Employer non-subscription estimates have a +/- 2.4% margin of error at the 95% confidence interval

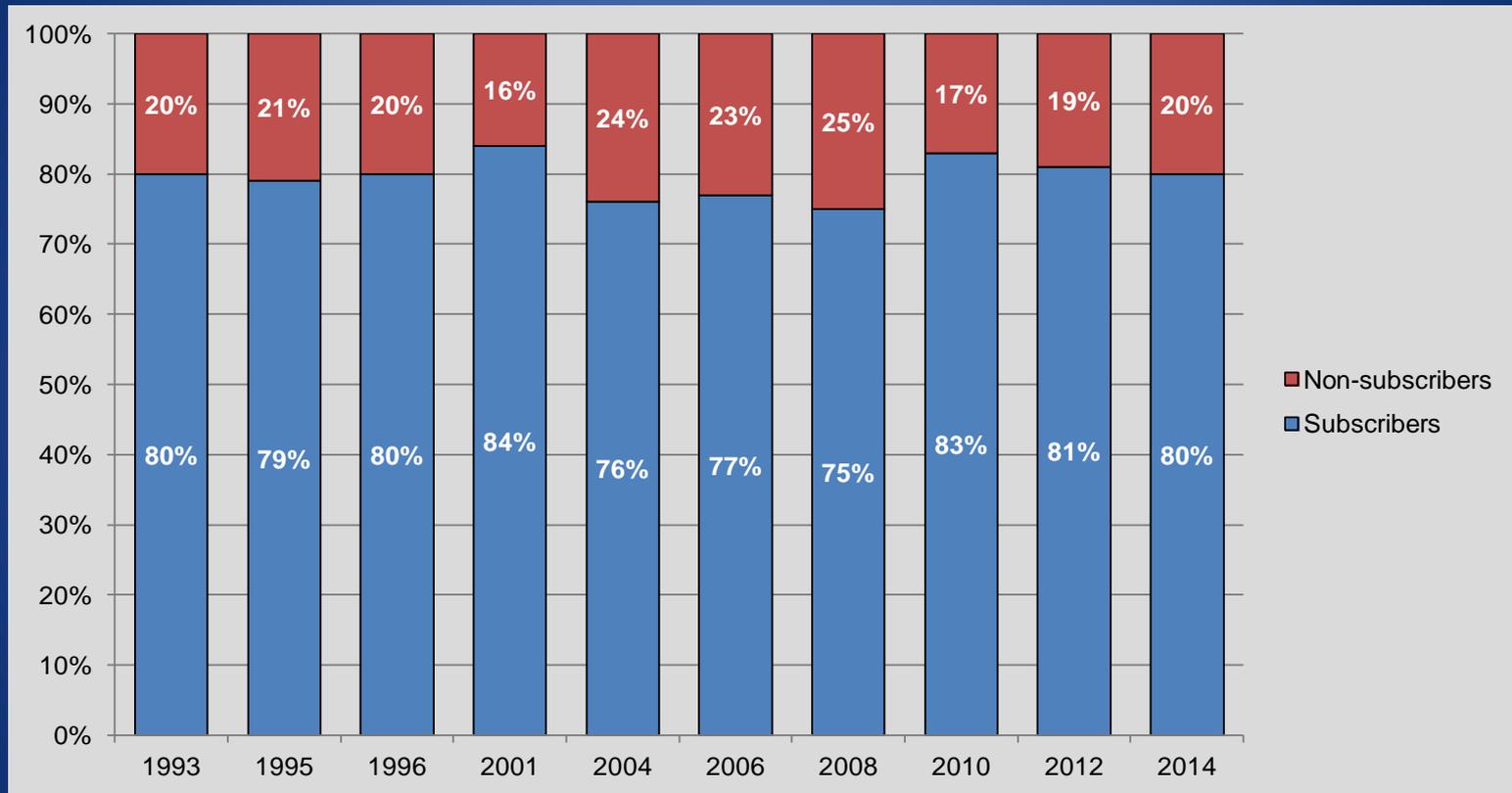
Overall Subscription Estimates

Percentage of Texas Employers That Are Subscribers and Non-Subscribers: 1993-2014



Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, 1993 and 1995 estimates from the Texas Workers' Compensation Research Center and the Public Policy Research Institute (PPRI) at Texas A&M University; 1996 and 2001 estimates from the Research and Oversight Council on Workers' Compensation and PPRI; and 2004 - 2014 estimates from the Texas Department of Insurance Workers' Compensation Research and Evaluation Group and PPRI.

Percentage of Texas Employees Employed by Subscribers and Non-Subscribers: 1993-2014



Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, 1993 and 1995 estimates from the Texas Workers' Compensation Research Center and the Public Policy Research Institute (PPRI) at Texas A&M University; 1996 and 2001 estimates from the Research and Oversight Council on Workers' Compensation and PPRI; and 2004 - 2014 estimates from the Texas Department of Insurance Workers' Compensation Research and Evaluation Group and PPRI.

Percentage of Texas Employers That Are Non-Subscribers, by Employment Size: 1995-2014

Employer Size	1995	1996	2001	2004	2006	2008	2010	2012	2014
1-4 Employees	55%	44%	47%	46%	43%	40%	41%	41%	43%
5-9 Employees	37%	39%	29%	37%	36%	31%	30%	29%	27%
10-49 Employees	28%	28%	19%	25%	26%	23%	20%	19%	21%
50-99 Employees	24%	23%	16%	20%	19%	18%	16%	19%	18%
100-499 Employees	20%	17%	13%	16%	17%	16%	13%	12%	14%
500 + Employees	18%	14%	14%	20%	21%	26%	15%	17%	19%

Note: Non-subscription estimates for 1993 were based on different employer size categories than were used in later years so they are not directly comparable.

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, 1993 and 1995 estimates from the Texas Workers' Compensation Research Center and the Public Policy Research Institute (PPRI) at Texas A&M University; 1996 and 2001 estimates from the Research and Oversight Council on Workers' Compensation and PPRI; and 2004 -2014 estimates from the Texas Department of Insurance Workers' Compensation Research and Evaluation Group and PPRI.

Percentage of Texas Employers That Are Non-Subscribers, by Industry: 2004-2014

Industry Type	Non-subscription Rate					
	2004	2006	2008	2010	2012	2014
Agriculture/Forestry/Fishing/Hunting	39%	25%	27%	25%	29%	26%
Mining/Utilities/Construction	32%	21%	28%	19%	22%	20%
Manufacturing	42%	37%	31%	31%	29%	25%
Wholesale Trade/ Retail Trade/Transportation	40%	37%	29%	32%	26%	34%
Finance/Real Estate/Professional Services	32%	33%	33%	33%	32%	29%
Health Care/Educational Services	41%	44%	39%	32%	35%	41%
Arts/Entertainment/Accommodation/Food Services	54%	52%	46%	40%	40%	39%
Other Services Except Public Administration	39%	42%	36%	42%	49%	47%

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, 1993 and 1995 estimates from the Texas Workers' Compensation Research Center and the Public Policy Research Institute (PPRI) at Texas A&M University; 1996 and 2001 estimates from the Research and Oversight Council on Workers' Compensation and PPRI; and 2004 -2014 estimates from the Texas Department of Insurance Workers' Compensation Research and Evaluation Group and PPRI.

Reasons for Opting In or Out of the Workers' Compensation System

Primary Reasons Subscribing Employers Gave for Purchasing Workers' Compensation Coverage

Primary reasons given by surveyed employers	Percentage of subscribing employers			
	2008	2010	2012	2014
Employer thought having workers' compensation was required by law	25%	22%	19%	22%
Employer was able to provide injured employees with medical care through a workers' compensation health care network	24%	27%	20%	22%
Employer was concerned about lawsuits	14%	18%	21%	20%
Employer needed workers' compensation coverage in order to obtain government contracts	3%	6%	9%	10%
Workers' compensation insurance rates were lower	2%	2%	11%	10%

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Primary Reasons Why Large Subscribing Employers (500+ Employees) Said They Purchase Workers' Compensation Coverage

Primary reasons given by surveyed employers with 500+ employees	Percentage of large subscribing employers			
	2008	2010	2012	2014
Employer was able to provide injured employees with medical care through a workers' compensation health care network	28%	29%	20%	23%
Employer thought having workers' compensation coverage was required by law	16%	17%	17%	16%
Employer was concerned about lawsuits	13%	12%	17%	14%
Employer was able to reduce its workers' compensation insurance costs through deductibles, certified self insurance, group self-insurance or other premium discounts	3%	13%	17%	19%
Employer needed workers' compensation coverage in order to obtain government contracts	NA	NA	11%	10%

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Primary Reasons Non-Subscriber Employers Did Not Purchase Workers' Compensation Coverage

Primary reasons given by surveyed employers	Percentage of non-subscribing employers			
	2008	2010	2012	2014
Workers' compensation insurance premiums were too high	26%	32%	15%	17%
Employer had too few employees	26%	25%	17%	21%
Employers are not required to have workers' compensation insurance by law	11%	13%	17%	19%
Medical costs in the workers' compensation system were too high	4%	5%	10%	16%
Employer had few on-the-job injuries	9%	12%	17%	20%

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

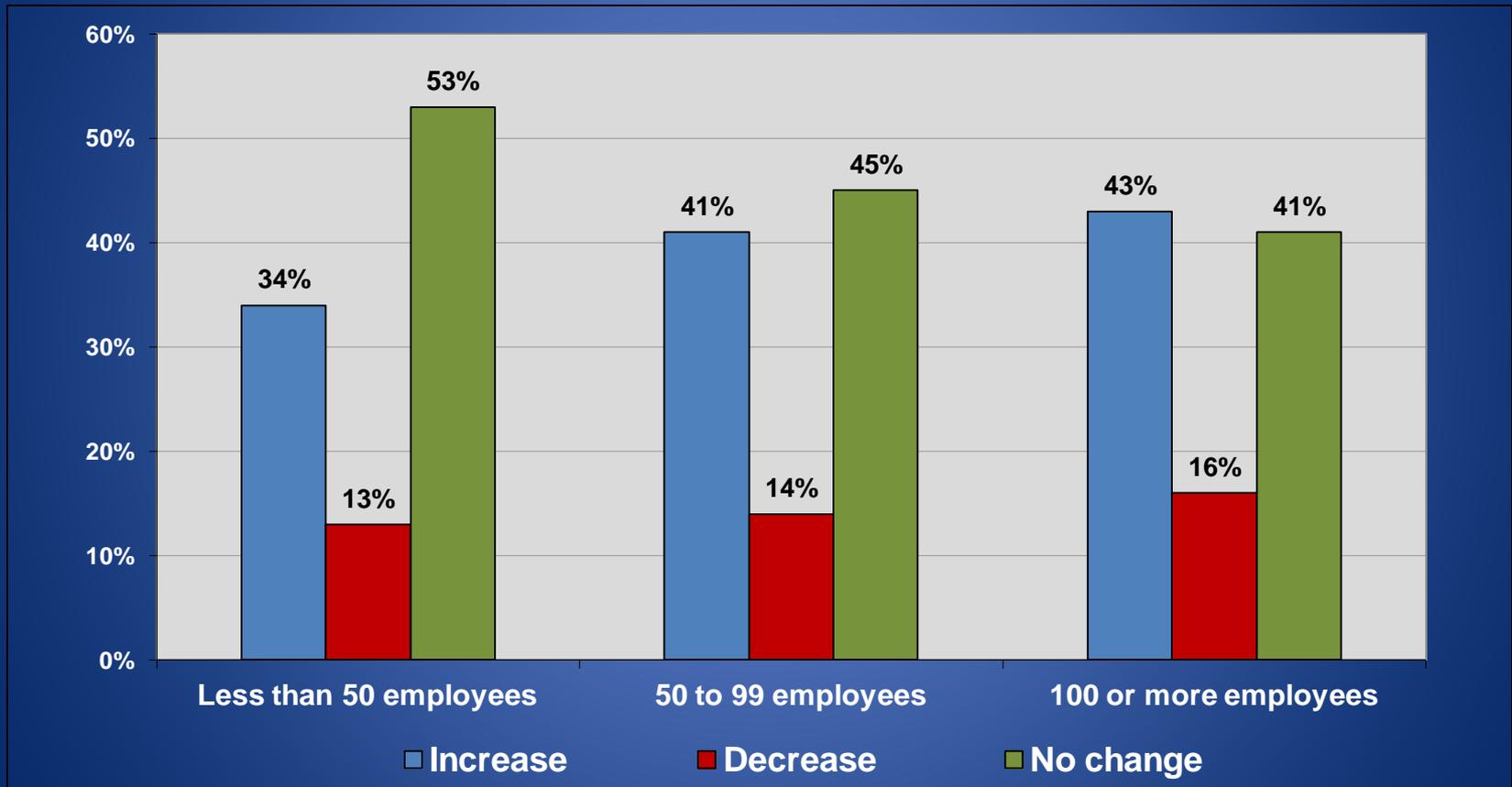
Primary Reasons Why Large Non-subscribing Employers (500+ Employees) Said They Did Not Purchase Workers' Compensation Coverage

Primary reasons given by surveyed non-subscribing employers with 500+ employees	Percentage of large non-subscribing employers			
	2008	2010	2012	2014
Workers' compensation insurance premiums were too high	49%	50%	23%	21%
The employer felt the company could do a better job than the Texas workers' compensation system at ensuring that employees injured on the job receive appropriate benefits (medical and wage loss)	Na	28%	20%	30%
Medical costs in the workers' compensation system were too high	13%	10%	24%	23%
Employer not required to have workers' compensation insurance by law	Na	2%	14%	15%

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

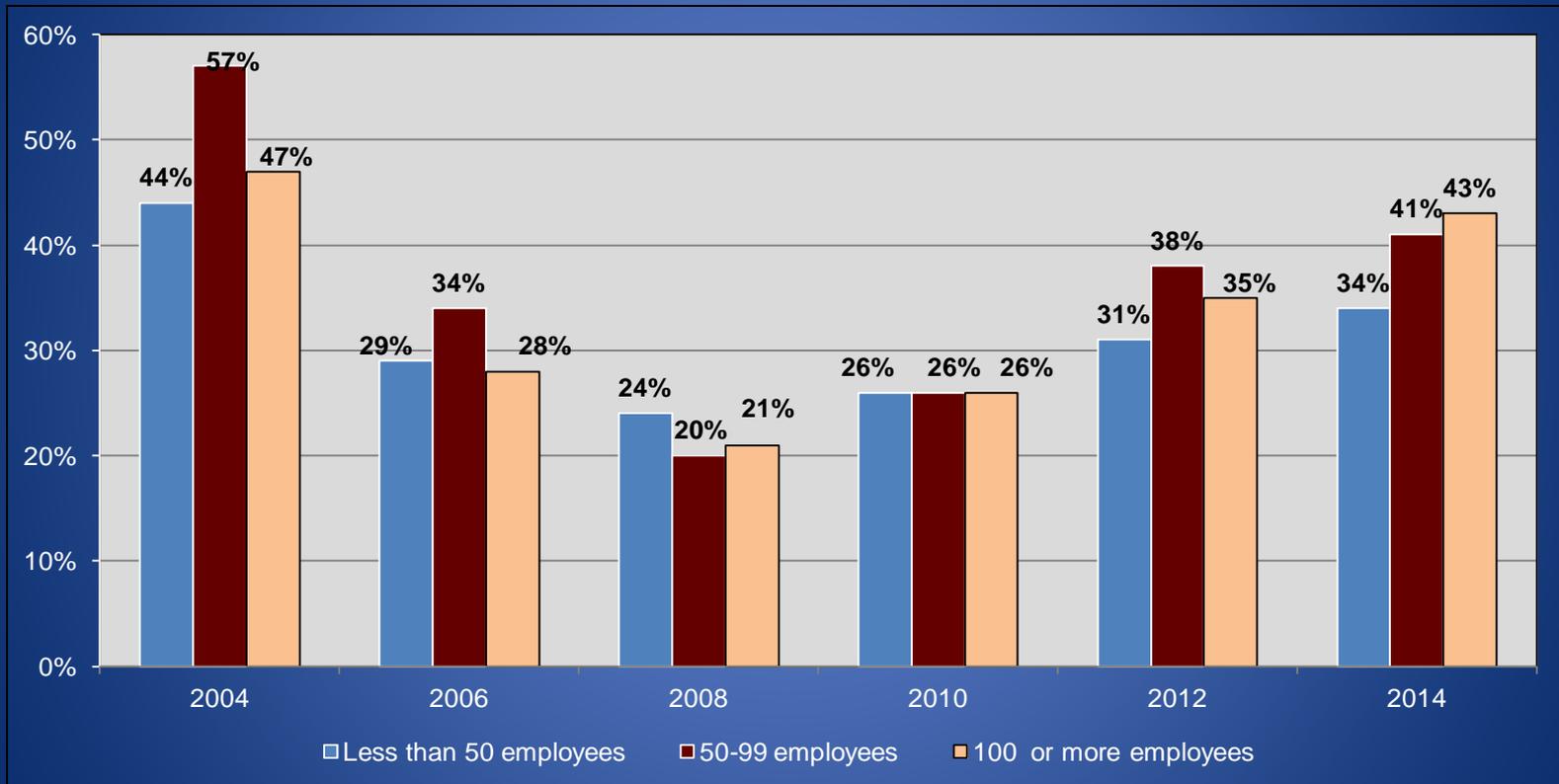
Texas Employers' Experiences with Workers' Compensation Insurance Premiums

Percentage of Subscribers That Indicated They Experienced a Premium Increase, Decrease, or No Change, by Number of Employees: 2014



Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, 1993 and 1995 estimates from the Texas Workers' Compensation Research Center and the Public Policy Research Institute (PPRI) at Texas A&M University; 1996 and 2001 estimates from the Research and Oversight Council on Workers' Compensation and PPRI; and 2004 - 2014 estimates from the Texas Department of Insurance Workers' Compensation Research and Evaluation Group and PPRI.

Percentage of Subscribers That Indicated They Experienced a Premium Increase, by Employment Size: 2004-2014



Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, 1993 and 1995 estimates from the Texas Workers' Compensation Research Center and the Public Policy Research Institute (PPRI) at Texas A&M University; 1996 and 2001 estimates from the Research and Oversight Council on Workers' Compensation and PPRI; and 2004 - 2014 estimates from the Texas Department of Insurance Workers' Compensation Research and Evaluation Group and PPRI.

Satisfaction Levels of Subscribing and Non-Subscribing Employers

Percentage “Extremely” or “Somewhat” Satisfied: Subscribers and Non-Subscribers In 2014

Satisfaction with subscription/non-subscription experience	Subscribers	Non-subscribers
Overall satisfaction (lower case)	61%	67%
Adequacy and equity of benefits paid to injured workers	54%	65%
Degree to which WC insurance coverage or occupational benefits plan is a good value for the company	53%	71%
The ability to effectively manage medical and wage replacement costs	50%	63%

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Overall Satisfaction of Subscribers and Non-Subscribers by Employment Size



Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Non-Subscriber Alternative Occupational Benefit Plans

Estimated Number (%) of Private Sector Employers and Employees, by Subscription Status: 2012-2014

Employers	Subscribers		Non-Subscribers	
	2012	2014	2012	2014
Number and Percentage of Texas Private-Sector Employers	226,000 (67%)	238,000 (67%)	113,000 (33%)	119,000 (33%)
Number and Percentage of Non-Subscriber employers with Alternative Plans	N/A	N/A	37,290 (33%)	39,270 (33%)
Number and Percentage of Non-Subscriber employers without Alternative Plans	N/A	N/A	75,710 (67%)	79,730 (67%)
Employees				
Number and Percentage of Texas Private-Sector Employees	7.25 million (81%)	7.7 million (80%)	1.7 million (19%)	1.9 million (20%)
Number and Percentage of Employees covered in Non-Subscriber Alternative Plans	N/A	N/A	1.2 million (71%)	1.43 million (75%)
Number and Percentage of Employees without Non-Subscriber Alternative Plans	N/A	N/A	0.5 m (29%)	0.47 million (25%)

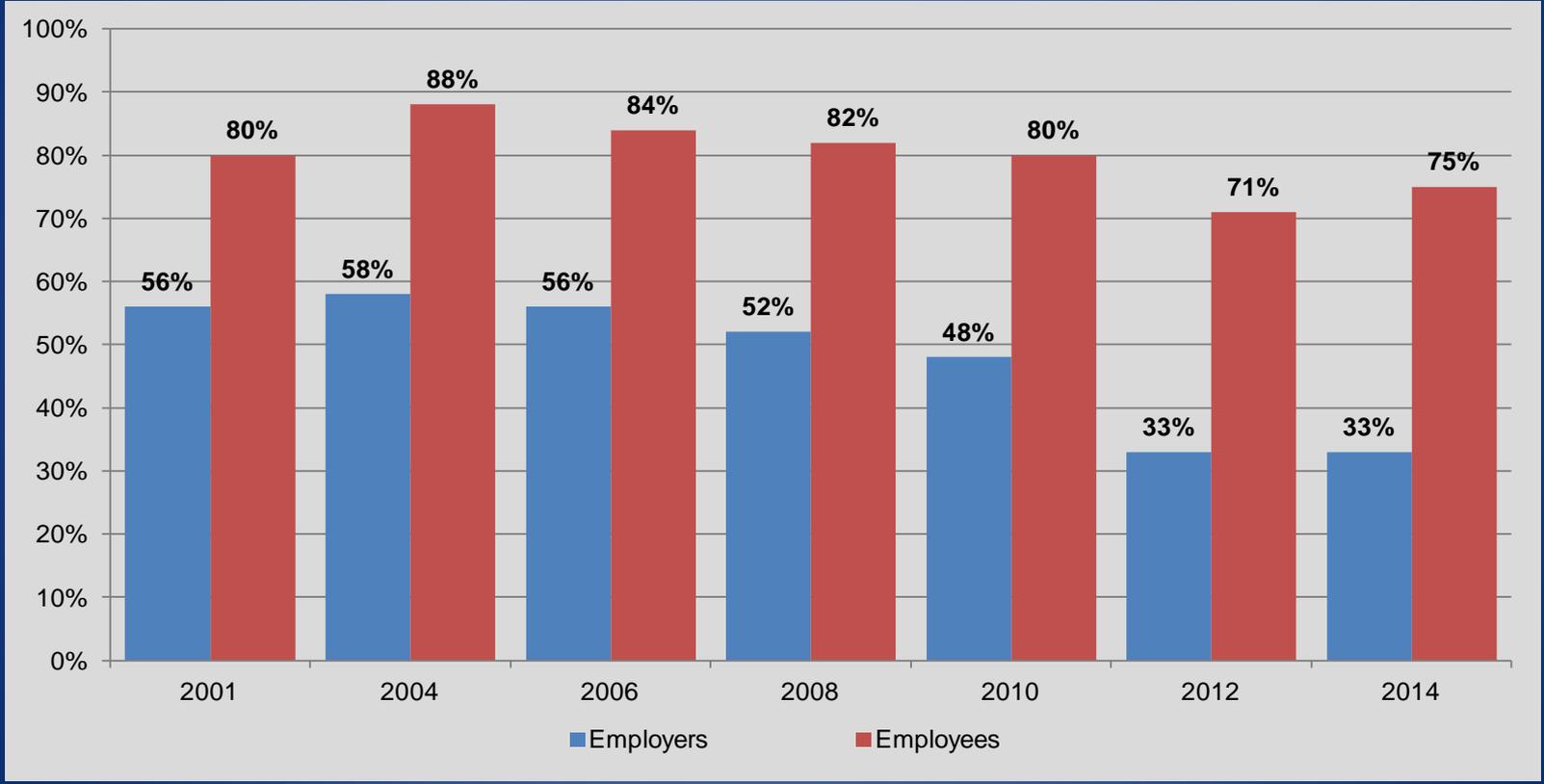
Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, 2004 -2012 estimates from the Texas Department of Insurance Workers' Compensation Research and Evaluation Group and PPRI, 2014.

Estimated Number (%) of Employees without Workers' Compensation Coverage or a Non-Subscriber Occupational Benefit Plan: 2012-2014

Employees	2012	2014
Number of Employees	500,000	470,000
Percent of Employees	5%	5%

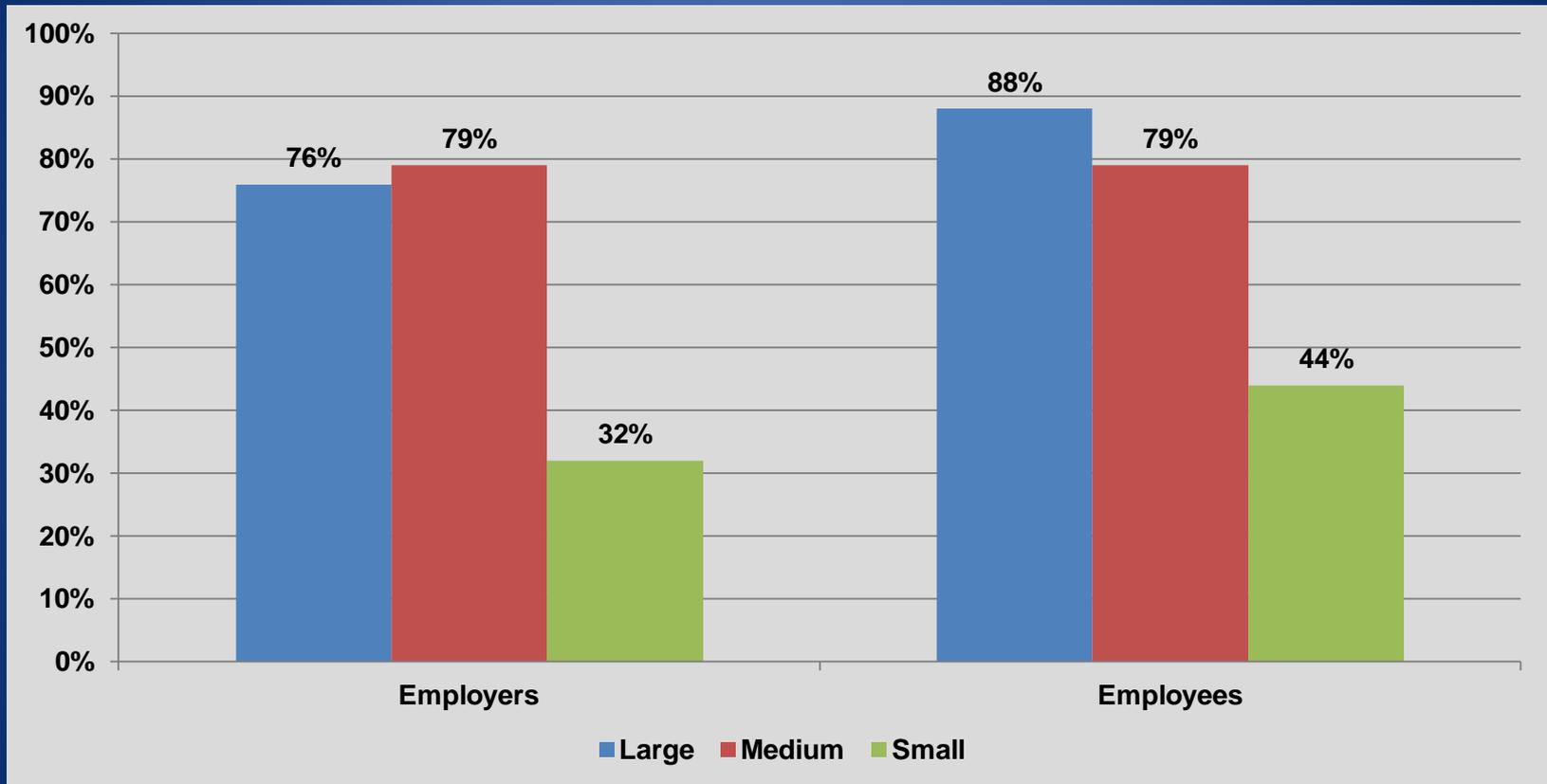
Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, 2004 -2012 estimates from the Texas Department of Insurance Workers' Compensation Research and Evaluation Group and PPRI, 2014.

Percentage of Non-Subscriber Employers That Pay Occupational Benefits and Percentage of Non-Subscriber Employees Covered by Occupational Benefit Plans, 2001 – 2014 Estimates



Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, 1996 and 2001 estimates from the Research and Oversight Council on Workers' Compensation and the Public Policy Research Institute (PPRI) at Texas A&M University; and 2004 - 2012 estimates from the Texas Department of Insurance Workers' Compensation Research and Evaluation Group and PPR, 2014.

Percentage of Non-Subscriber Employers That Pay Occupational Benefits and Percentage of Non-Subscriber Employees Covered by Occupational Benefit Plans by Employer Size, 2014 Estimates



Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, 1996 and 2001 estimates from the Research and Oversight Council on Workers' Compensation and the Public Policy Research Institute (PPRI) at Texas A&M University; and 2004 - 2014 estimates from the Texas Department of Insurance Workers' Compensation Research and Evaluation Group and PPR, 2014.

Non-Subscriber Alternative Occupational Benefit Plans

- When asked if their company had one or more work-related injuries within the last 12 month 5 percent said yes.
- When asked if their company pay medical, wage replacement or other types of benefits to employees injured on-the-job, 33 percent said yes (same as in 2012).
- When asked who administers the injured employees' claims in their company, 63 percent said an employee and 8 percent said a third party administrator (TPA).
- When asked if their nonsubscriber benefit plan and/or insurance policy have exclusions, 75 percent said yes.

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Medical Benefits Paid by Non-Subscribers

- Of those Non-Subscribing employers that say they pay occupational injury benefits, 86 percent (75 percent in 2012, 71 percent in 2010) cover medical costs.
- Of those Non-Subscribing employers that pay medical benefits:
 - 71 percent said they pay medical benefits for as long as they are medically necessary; and
 - 29 percent cap medical benefits based on the duration of treatment and/or amount of money spent on medical treatments or both.

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Wage Replacement Benefits Paid by Non-Subscribers

- Of those Non-Subscribing employers that say they pay occupational injury benefits, 72 percent (55 percent in 2012) said they pay wage replacement benefits.
- Approximately 60 percent (66 percent in 2012) of Non-Subscribing employers who pay wage replacement benefits said their injured employees are immediately compensated for lost wages, while 40 percent (34 percent in 2012) said there is a waiting period before wage replacement benefits begin.
- Of those Non-Subscribing employers that pay wage replacement benefits:
 - 66 percent said they pay wage replacement benefits for the entire duration of the injured employee's lost time; and
 - 34 percent cap wage replacement benefits based on the duration of lost time or amount of money spent on wage replacement benefits or both.

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Wage Replacement Benefits Paid By Non-Subscribers

Of the 40 percent of Non-Subscribing employers that pay wage replacement benefits:

- 66 percent have a predefined waiting period:
 - 7 days or fewer days (43 percent)
 - 8 days or more days (57 percent)
- 66 percent said their wage replacement benefits are paid for the entire duration of the lost time
- 34 percent said those benefits are capped by:
 - A certain amount of time specified in the nonsubscriber benefit plan (46 percent)
 - By the dollar amount of the benefit (1 percent)
 - By both a certain amount of time specified in your nonsubscriber benefit plan and by the \$ of benefits paid to the worker (38 percent)
 - Some other way (15 percent)

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Reporting Requirements in Non-Subscriber Plans

Reporting requirements by non-subscribing employers who pay for occupational injury benefits	Percent of non-subscribing employers	
	2012	2014
Immediately/same day	62%	64%
Within 24 hours/next day	24%	25%
Other (includes timeframes within 2 to 60 days)	14%	11%

Note: Approximately 33 percent of Non-Subscribers pay for occupational injury benefits. They were asked how soon after an employee has been injured must he or she report the injury to be eligible for benefits.

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Exclusions in Non-Subscriber Benefit Plans

Exclusions in nonsubscriber benefit plans and/or insurance policies in 2014	Percent of non-subscribing employers
Occupational diseases	22%
Chiropractic care	13%
Injured employee cannot choose doctor	7%
Must stay within medical network	5%
Heart attacks	3%
Others (including: pre-existing, degenerative, or self-inflicted injuries, bio-feedback, failure to follow procedures, working in an unauthorized area, positive drug test,	50%

Note: Approximately 25 percent of the Non-Subscribers who pay for medical and wage benefits said their non-subscriber benefit plan and/or insurance policy have exclusions.

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Non-subscribers With Permanent Impairment Benefits (Permanent Partial Benefits)

Non-subscribers with permanent impairment benefits	Percent of non-subscribing employers	
	2012	2014
Non-subscribers with occupational benefits who also have income benefits separate from wage replacement benefits for permanent physical impairments	31%	30%

Note: An estimated 30 percent of the Non-Subscribers who pay for occupational injury benefits said they have income benefits separate from wage replacement benefits for permanent physical impairments, including lifetime income benefits, and accidental death and dismemberment benefits. Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

How Non-Subscribers With Permanent Impairment Income Benefits Pay Those Benefits.

How non-subscribers pay permanent impairment income benefits	Percent of non- subscribing employers	
	2012	2014
Lump sum payments	28%	34%
Installment payments over specified period of time	58%	45%
Other	14%	21%

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Non-subscribers With Accidental Death, Dismemberment Or Other Benefits (i.e., Permanent Total Benefits)

Non-subscribers with accidental death, dismemberment or other benefits (i.e., permanent total benefits)	Percent of non- subscribing employers	
	2012	2014
Non-subscribers that pay accidental death, dismemberment, or other benefits for serious injuries	38%	25%

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Non-subscribers With Death and Burial Benefits

Types of death and burial benefits	Percent of non-subscribing employers	
	2012	2014
Death benefits in the case of a work-related fatality	41%	45%
If death benefits paid, benefit plan covers burial benefits to help pay burial expenses	11%	37%

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

How Non-Subscribers Finance Occupational Benefits to Injured Employees

Primary ways non-subscribing employers finance benefits for on-the-job injuries	Percent of non-subscribing employers	
	2012	2014
Through a special account that is self-funded and supplemented with non-subscriber insurance, including excess indemnity insurance, standard occupational accident insurance or some other alternative occupational benefits insurance	30%	32%
Using the non-subscriber's group health insurance	17%	13%
Through a special account that is self-funded exclusively by your company and not supplemented with nonsubscriber insurance	19%	22%
Other (company's account, sick leave, cash, savings plan between company and employee, etc.)	34%	34%

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Use of Arbitration Agreements by Non-Subscribing Employers

Use Of Arbitration by Non-subscribing Employers in 2014

- Overall, 14 percent (14 percent in 2012, 9 percent in 2010) of current Non-Subscribers said that they ask their employees to sign an agreement stating that the employee will resolve disputes through arbitration.
- Approximately 66 percent (63 percent in 2012, 76 percent in 2010) of large Non-Subscribers use arbitration agreements.
- Approximately 79 percent (90 percent in 2012, 98 percent in 2010) of Non-Subscribers that use arbitration asked their employees to sign arbitration agreements when the employee is first hired (pre-injury).

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Use Of Arbitration by Non-subscribing Employers In 2014

- Approximately 41 percent (41 percent in 2012, 43 percent in 2010) of Non-Subscribing employers that use arbitration agreements said that an employee would not receive medical and/or wage replacement benefits if the employee did not agree to resolve disputes through arbitration.
- Approximately 82 percent (81 percent in 2012) of Non-Subscribers that use arbitration agreements said the agreement specifies that the mediation or arbitration is binding, meaning that the arbiter's decision is final and cannot be appealed in most cases.
- Overall, 73 percent (68 percent in 2012) of Non-Subscribers that use arbitration said an employee can **continue to be employed** by the company even if the employee **does not agree** to resolve any disputes that arise from the work-related injury through mediation or arbitration.
- An estimated 54 percent of Non-Subscribers that use arbitration said an injured employee can **continue to receive benefits** even if the employee **does not agree** to resolve any disputes that arise from the work-related injury through mediation or arbitration.

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Arbitration Agreements by Non-Subscribing Employers

Does the arbitration agreement include the following:	Percent of non-subscribing employers	
	2012	2014
A requirement that the employee pay all or a portion of the arbitration costs	34%	16%
A requirement that the employer is also required to submit to arbitration for any disputes that arise from the work-related injury	54%	50%
A requirement the employee's continued employment constitutes acceptance of the employee's agreement to mediate or arbitrate any disputes that arise from work-related injuries	46%	35%
A requirement that the employer is also bound by the result of the mediation or arbitration of the dispute	53%	55%
A requirement that the employee voluntarily waives his or her right to arbitration if the employee fails to submit a written request for arbitration to the employer or respond to the selection of an arbiter within a pre-determined time frame	38%	39%
A requirement that the arbitration take place in a specific geographic location	25%	27%
A requirement that the employee forego recovery of his or her attorney fees	63%	24%

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Who Generally Serves as the Arbiter in These Disputes?

Types of arbiters used by non-subscribers	Percent of non-subscribing employers	
	2012	2014
A member of the American Arbitration Association (AAA) or the national arbitration forum	23%	26%
A single person who works for the company, mutually agreed upon by the employer and the employee	3%	4%
A single person who works for the company, who always serves as the company's arbiter	15%	9%
A panel of people who work for your company, who are mutually agreed upon by you and the employee	4%	1%
Other	16%	37%
Don't know	39%	23%

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Other Types of Insurance Coverage Purchased by Texas Employers

Other Types of Insurance Coverage Purchased by Texas Employers: 2010-2014 (All Employers)

Type of Insurance Coverage	Subscribers			Non-Subscribers		
	2010	2012	2014	2010	2012	2014
General health insurance for employees (excluding dental or vision insurance coverage)	62%	60%	60%	31%	30%	26%
Life insurance for employees	46%	46%	45%	21%	19%	16%
Disability insurance for employees (short-term or long-term or both)	39%	39%	38%	18%	13%	11%
Voluntary accidental death and dismemberment insurance (A, D &D)	40%	40%	38%	18%	15%	12%
General liability insurance (to protect your company against liability for bodily injuries that might occur on your premises)	92%	94%	92%	69%	74%	74%
Property insurance	89%	90%	90%	70%	76%	77%
Commercial auto insurance	68%	72%	66%	46%	46%	45%

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Other Types of Insurance Coverage Purchased by Large Texas Employers (500+ Employees): 2010 - 2014

Type of Insurance Coverage	Subscribers			Non-Subscribers		
	2010	2012	2014	2010	2012	2014
General health insurance for employees (excluding dental or vision insurance coverage)	90%	95%	96%	91%	97%	91%
Life insurance for employees	87%	92%	89%	83%	91%	79%
Disability insurance for employees (short-term or long-term or both)	84%	87%	85%	78%	84%	76%
Voluntary accidental death and dismemberment insurance (A, D &D)	72%	83%	84%	70%	85%	79%
General liability insurance (to protect your company against liability for bodily injuries that might occur on your premises)	87%	95%	94%	91%	87%	94%
Property insurance	84%	90%	91%	91%	94%	92%
Commercial auto insurance	80%	84%	88%	76%	81%	86%

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Employers' Knowledge About Workers' Compensation Reporting Requirements

Employers' Knowledge about Workers' Compensation Reporting Requirements: 2014

Employers' knowledge of reporting requirements	How knowledgeable		
	Not at all	Somewhat	Extremely
All employers <u>without</u> workers' compensation insurance coverage are required to notify the Texas Department of Insurance, Division of Workers' Compensation of their coverage status at least annually through the filing of the DWC 5 form	52%	33%	15%
Employers <u>without</u> workers' compensation insurance coverage that have at least 5 employees are required to report <u>all</u> work-related deaths, occupational diseases and injuries resulting in at least one day of lost time to the Division of Workers' Compensation through the filing of the DWC 7 form	48%	35%	17%
Employers <u>with</u> workers' compensation insurance coverage are required to report all work-related deaths, occupational diseases and injuries resulting in at least one day of lost time to their insurance carrier through the filing of the DWC 1 form	32%	39%	29%
Employers <u>with</u> workers' compensation insurance coverage are required to provide a copy of the employer's first report of injury to the injured employee as well as a copy of the employee's "rights and responsibilities"	28%	39%	33%

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Summary

- **Overall, employer subscription rates and employee WC coverage rates remain among the highest since 1993.**
- **The primary reasons subscribers say they buy workers' compensation coverage was the ability to provide medical care to injured employees through networks, the belief it's required by law, and concerns about law suits.**
- **The primary reasons Non-Subscribers say they do not buy workers' compensation coverage was that it was not required by law, they had too few employees, medical costs were too high, and that they could do a better job of providing medical and wage benefits to injured employees.**
- **A higher percentage of Texas subscribers reported premium increases in 2014 than in 2012, but more than 55 percent still report decreases or no change in premiums.**

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.

Summary (Continued)

- **Texas Non-Subscribing employers report higher levels of satisfaction than subscribers.**
- **An estimated 75 percent of employees employed by Non-Subscribers are covered by non-subscriber alternative occupational benefit plans that pay medical and/or wage benefits to injured employees.**
- **Approximately 470,000 (5 percent) of Texas employees are not covered by workers' compensation insurance or a non-subscriber occupational benefit plan.**
- **Generally, less than 30 percent of Texas employers say they are extremely knowledgeable about the workers' compensation reporting requirements.**
- **Generally, a lower percentage of non-subscribing employers purchase other types of insurance coverage, such as health insurance, life insurance, and disability insurance, for their employees.**

Source: *Survey of Employer Participation in the Texas Workers' Compensation System*, Public Policy Research Institute at Texas A&M University and the Texas Department of Insurance Workers' Compensation Research and Evaluation Group, 2014.



Texas Department of Insurance
Workers' Compensation Research and Evaluation Group

REG's main Web page at the Texas Department of Insurance:
www.tdi.texas.gov/wc/regulation/roc

For more information, contact us at WCRResearch@tdi.texas.gov.

Per Chapter 405 of the *Texas Labor Code*, the Workers' Compensation Research and Evaluation Group at the Texas Department of Insurance is responsible for conducting professional studies and research on various system issues, including:

- the delivery of benefits;
- litigation and controversy related to workers' compensation;
- insurance rates and rate-making procedures;
- rehabilitation and reemployment of injured employees;
- the quality and cost of medical benefits;
- employer participation in the workers' compensation system;
- employment health and safety issues; and
- other matters relevant to the cost, quality, and operational effectiveness of the workers' compensation system.