

April 10, 2007

## Rating Organization Survey on Workers' Compensation Assessments

The NAIC's Casualty Actuarial Task Force (CATF) is considering Recommendation #14 in the NAIC *Workers' Compensation Large Deductible Study*. This recommendation is:

*"Annual Statement reporting should be amended to show workers' compensation losses under the deductible threshold on a state-by-state basis."* For workers' compensation (only), this would include columns showing paid, incurred and unpaid deductible losses, and written, earned and perhaps unearned actual deductible premiums. In addition, the page would also show premiums on a basis that is reflective of the total exposure for policyholders without credit for deductibles. These could be calculated using payrolls and bureau or state-provided rates or loss costs. The same basis of calculation would not necessarily need to be used for every state. Rather, an attempt should be made to use whatever is most efficient for insurers in the individual states, which will probably be a function of the insurers' statistical reporting practices for that state. There would be several purposes for this reporting. States would have a clearer picture of their total insured marketplace and the portion of its risk being retained under deductible forms. In addition, it would allow for more equitable taxes and assessments to support of workers' compensation funds and administration using a basis other than paid losses. While state-specific reporting is contemplated, this reporting should probably not be on the State Page, as columns showing deductible losses would create a mismatch between premiums and losses. In addition, the current State Page is already crowded."

To assist in this review, the CATF requests your assistance by responding to the following questions. A survey is also being sent to state insurance departments and to the industry. If you have questions, you may contact Kris DeFrain at [KDefrain@naic.org](mailto:KDefrain@naic.org), (816) 783-8229 or Sarah McNair-Grove at [Sarah\\_McNair@commerce.state.ak.us](mailto:Sarah_McNair@commerce.state.ak.us), (907) 465-4613. **Please send your response to Eva Yeung ([EYeung@naic.org](mailto:EYeung@naic.org)) by May 4, 2007.**

The following questions apply to Workers' Compensation business only:

1. Please list and describe the data sets reported to you by insurers that identify large deductible data. Include a description of how large deductible data is identified within those data sets, including any special definitions of premium, losses under the deductible or losses over the deductible..
2. Is any of this data used or reported to a state for the purpose of determining taxes or assessments?

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Name

Title

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Phone/e-mail

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Name of Organization

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