Mega-Deductible Study Group Status Update

The NAIC/ IAIABC Joint Working Group has made good progress assembling a team of subject matter experts to work on updating the 2006 report on the impact of large deductibles in workers compensation. The attached list reflects the names of regulators, insurance company employees, PEO representatives, guaranty fund representatives and insurance industry associations that have expressed an interest in participating at this time.

While the preliminary focus of the 2015 update was on the impact of Mega-Deductibles (Deductibles over $500,000) on the workers compensation market, it turns out participants would like to expand the focus to an additional number related topic areas.

The working group has suggested that that attention be focused on the following eight areas.

- **Current buying trends in workers compensation. What types of products are larger employers using today and why?**
  - Large deductible
  - Mega-Deductible
  - Retro
  - Self-insurance
- **Underwriting Deductible Policies**
  - Best Practices
  - Securing collateral for deductibles
- **Solvency Concerns**
  - Recent workers compensation carrier insolvencies
  - Possible causes
  - Lessons learned about large deductibles and collateral
- **Data Reporting Concerns**
  - Claims
  - Premiums
- **Unpaid Claims Concerns**
  - Delays before guaranty funds take over claims
- **State Filing Requirements –Do these need updating?**
  - Exempt Commercial Policyholder (ECP) Laws
  - Large Risk Rating Option Provisions (LRRO)
- **Professional Employment Organizations**
  - Should PEOs be written with large or mega-deductibles?

During the May 1st call we will ask those parties that are interested in contributing information or expertise to identify one or two of the subject matter areas from the list above. The working group will conduct topic specific calls in May and June. This will enable those contributors with similar interests to develop information for their section of the final study paper.

*The NAIC would like to make it clear that all calls related to the drafting of sections of the 2015 Mega-Deductibles in Workers Compensation Study are open calls. Information on all calls will be posted on the NAIC Workers Compensation Website. If you are interested in the call topic, please dial in. Once a draft document is developed it will be made available for public comments before final release.*