

WORKERS COMPENSATION

Time for An Update

with PATRICK KIM

Applying For A

Learner Permit ID Card Renewal Replacement

Identification Information

Driver license? Yes No

Learner permit? Yes No

Non-driver ID Card? Yes No

PHOTO HERE

Your Personal

Full Last Name

Full First Name

Date of birth

Nationality

Driver license, Lerner Permit, or Non-Driver ID card number

Out-of-State License ID No:

Date of Expiration:

Type of License:

Contact Details

Home Phone No.

Your Personal Details

Hight

on / inches

Eye color

Workers' Compensation vs. Ancillary Products



Workers' Compensation as a Product



Underwriting Comparison



Quoting Comparison



Presenting, Closing, and Servicing the Sale



Commissions Comparison

**Workers' Compensation
as a Product**


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What is workers' compensation?



Mandatory coverage for all businesses, regardless of size, and most organizations.



Covers any claim/injury/loss that occurred on the job or because of the job.



Can be acquired via private insurance carrier, state insurance funds, self-insurance, or be self-insured.



“No-Fault” coverage

Workers' Compensation as a Product

Workers' Compensation Provider Network

Works like an HMO: stay in network or the doctor will deny service

Worker or Employer can pick a PCP but must do so within 30 days of policy effective date and the PCP must agree to be paid on a work comp payment schedule.

Coinsurance/Deductible

Coinsurance does not exist. When a work comp claim is filed and accepted, the carrier pays whatever medical bills it receives from the provider

Workers' Compensation as a Product


Workers' Compensation Claims



Members are not to be billed for work comp claims




The work comp carrier and the provider work out the details of the claim




Always have the carrier name and policy number on hand to provide to the provider.

What happens if I don't have workers' compensation?



Employer is responsible for the full cost of a workers' compensation claim



Benefits that would normally be paid via worker's compensation will likely be "collected" from the employer via litigation



Employer is responsible for the regulatory penalties

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How the Carriers Underwrite

- Operations: What do the employees do?
- Ownership: Who owns the business?
- History: What is the group's claims history?

Ancillary Underwriting



Multiple considerations to keep in mind:

- Industry Loads / Restrictions
- Eligibility
- Participation
- UCR
- And More

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Ancillary Quoting



Ancillary Quote

- Submit directly to carrier
- Use quote engine



Considerations When Quoting

- Costs
- Benefits
- Network
- Providers

What Is Quotes Is What Is Sold

- Premiums are based on payroll
- Waivers have to be collected in order to minimize premiums
- Benefits are determined by law

Considerations

- What is the group's estimated annual payroll?
- What is the group's FEIN?
- What is the group's employee classifications?

Reading the Quote – Basic Information



EIG Services, Inc.
In California, dba
EIG Insurance Services

Quotation for Workers' Compensation and Employers Liability Insurance

Date: 05/02/2016

Applicant/First Named Insured: Beere & Purves Test Quote
Insurance Company: Employers Preferred Insurance Company
Underwriting Contact: Gayane Karamanukyan
Underwriter Phone: +1 818 5494507
Underwriter Email: GKARAMANUKYAN@EMPLOYERS.COM

Quote will indicate the writing paper or company offered.

Quote Number: EIG 3029067-00
Proposed Effective Date: 05/01/2016
Proposed Expiration Date: 05/01/2017

Quote # will become the Policy # if bound

Agency: Beere & Purves Inc (GA)
Agency Number: 6880000
Payment Plan: 10% DP + 11 Monthly - Anthem
Down Payment: \$1,862.30
Installments of: \$1,171.88

Payment terms are always disclosed on the quotation. Down Payment includes state taxes and fees. Also remember that no monies are required upfront and all polices are direct billed to insured.

We are pleased to offer the following quotation for your workers' compensation insurance. The estimated annual premium is \$14,753. This quotation is valid until the Proposed Effective Date noted above. Coverage must be bound prior to the Proposed Effective Date. You may accept this quotation and request policy issuance by selecting Request Bind in the quoting system and making a timely payment. The requested payment plan is based on estimated annual premium (EAP) and is subject to change after policy issuance and final audit. We will send the First Named Insured an invoice when the policy is issued. Please do not make payment from this quotation.

This quotation has been prepared based on the information submitted by you and/or your agency. If, prior to binding, the information we received and relied on to generate this quotation changes, we may rescind the existing quote or offer a new quote. A new quote may contain changes in rates, premium, and/or conditions. This quotation and any subsequently issued policy and estimated premium, may also be subject to change based on changes in rates, assessments, bureau promulgated experience modifiers or any other item issued by controlling jurisdictions.



Reading the Quote – Coverages

Workers' Compensation/Employers Liability

	Coverage	Limits
Workers' Compensation Employers Liability	Bodily Injury by Accident Each Accident	Statutory \$1,000,000
	Bodily Injury by Disease Policy Limit	\$1,000,000
	Each Employee	\$1,000,000

Part Two Benefits:
Employer's Liability
 Provides coverage for liability for work-related accidental injuries/diseases that do not fall under the workers' compensation statute.

Policy Declarations	
Item 1.	First Named Insured: Beere & Purves Test Quote
Item 3.A. Workers' Compensation Insurance: Part One of the policy applies to the workers' compensation law(s) in:	States of: CA <div style="border: 1px solid black; padding: 2px; display: inline-block;"> If there are operations in any state not listed in 3A at the time of quote/policy issuance, there will be no coverage. </div>
Item 3.C. Other States Insurance: Part Three of the policy applies to:	All states except ND, OH, WA, WY, AK, CT, DE, HI, LA, ME, MA, NE, NH, RI, SD, VT, WV, self-insured states, those states insured under other policies and states listed in item 3.A.

Critical to confirm accurate entity names and tax ID# - if incorrect there is no coverage.

Purpose is to cover incidental out of state exposures. If a policyholder begins operations in one of these states after policy is issued notify EMPLOYERS immediately as 3A coverage may be required.



Reading the Quote – Class Codes & Rates

Estimated Annual Premium Schedule						
State	Class Code	Loc	Class Description	Payroll	Rate	Estimated Annual Premium
CA	8008	1	STORES--CLOTHING, WEARING APPAREL OR DRY GOODS--RETAIL--INCLUDING ALTERATION DEPARTMENT	\$200,000	3.42	\$6,840
			SubTotal			\$6,840
CA	8008	2	STORES--CLOTHING, WEARING APPAREL OR DRY GOODS--RETAIL--INCLUDING ALTERATION DEPARTMENT	\$200,000	5.24	\$10,480
			SubTotal			\$10,480

Class Codes are specific to WC. There are over 500 currently being used and can be verified by the WCIRB.
<http://www.wcirb.com/>

A rate is established for each class and is applied per \$100 of payroll

Note the rate difference from each location. ECIC, EAC, and EPIC are territorial rated and is determined by zip code which creates a potential for different base rates per location.

HOW ARE PREMIUMS CALCULATED?

\$200,000 (Payroll) x 3.42 (Rate) / 100 = \$6,840 estimated annual premium

This is before Credits and Debits and before Mandatory State Assessments, Taxes and Fees



Reading the Quote – Pricing

State	Class Code	Loc	Class Description	Payroll	Rate	Estimated Annual Premium
CA	9898		EXPERIENCE MODIFICATION	\$17,320	0.98	(\$346)
CA	9707		YEARS IN BUSINESS, YEARS IN INDUSTRY RATING MODIFICATION	\$16,974	0.07	(\$1,188)
CA	9655		INTEGRATED BENEFITS CREDIT	\$15,786	0.1	(\$1,579)
CA	0063		PREMIUM DISCOUNT	\$14,207	0.027	(\$384)
CA	0900		EXPENSE CONSTANT			\$220
CA	0936		STATE W.C. FRAUD ASSESSMENT	\$14,323	0.001741	\$25
CA	0935		STATE W.C. ADMINISTRATIVE ASSESSMENT	\$14,323	0.003433	\$49
CA	0937		CA INSURANCE GUARANTY	\$14,323	0.02	\$286
CA	0938		CA UNINSURED EMPLOYERS FUND	\$14,323	0.000532	\$8
CA	0939		CA SUBSEQUENT INJURY FUND	\$14,323	0.001191	\$17
CA	0940		OSHF ASSESSMENT	\$14,323	0.001925	\$28
CA	0943		LABOR ENFORCEMENT & COMPLIANCE	\$14,323	0.001215	\$17
CA	9741		CATASTROPHE PREMIUM	\$400,000	0.04	\$160
CA	9740		TERRORISM PREMIUM	\$400,000	0.03	\$120
			SubTotal			(\$2,567)
			Total For State			\$14,753
			Total For Policy			\$14,753
			Minimum Premium			\$750

Exmod Credit/Debit issued by the WCIRB

Scheduled Credits or Debits determined by EMPLOYERS

CA issued mandatory state assessments, taxes and fees

Total Estimated Annual Premium

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Presenting the Sale



Race to the bottom in terms of pricing.



In house servicing (claims, audits, etc.)



Added value services (training programs, safety posters, etc.)

Closing the Sale

Compare the rates first, not the premium, as payroll drives the premium and can vary. See example below:

John's Auto					
Carrier A			Carrier B		
Payroll	Rate	Premium	Payroll	Rate	Premium
\$100,000	4.65	\$4,650	\$130,000	4.32	\$5,616

Send a “bind request” email; a simple email asking to “bind coverage” will suffice

Signed California exclusion form for all waiving owning officers

Binder check NOT necessary

Servicing the Sale



Keep the Policy Up-to-Date

- Employee changes OR changes in payroll
- Ownership Changes
- Address Changes



Comply with Carrier Requests In a Timely Manner

- Make sure to file claims in a timely manner
- Comply with mail audit requests

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Workers' Compensation vs. Ancillary Commissions

Carrier name	Avg annual premium	Actual Earned premium	Average annual Commissions	Commission percentage
Aetna	\$8,160	\$32,640	\$734	9%
Anthem blue Cross	\$4,134	\$276,974	\$413	10%
Choice builder	\$6,507	\$331,868	\$651	12%
Cal Choice	\$1,962	\$35,323	\$235	10%
Delta Dental	\$11,652	\$1,876,048	\$1,165	10%
Guardian	\$12,516	\$200,262	\$1,252	10%
Health Net	\$2,330	\$13,978	\$233	10%
Metlife	\$24,703	\$617,574	\$2,470	10%
UHC	\$3,252	\$74,790	\$325	10%
Worker's Compensation	\$5,652.45	\$1,079,617	\$425.56	8% or 10%

SUMMARY

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Summary

Workers' Compensation:

Few considerations when quoting

Underwriting is contingent upon operations

What you quote is what you sell, and what you're paid

Needs to be kept up to date

Ancillary:

Multiple considerations when quoting

Underwriting is contingent upon many factors

What you quote might not always be what is sold or what you're paid

Needs to be kept up to date

B&P Workers' Comp Services

Process



All pre- and post- sale servicing



Pre-populate applications



Pre-underwrite groups



Classifications, ownership changes, and documentation consultation



Proof documentation for accuracy



Assistance with claims processing

Get Connected

with BEERE&PURVES

Twitter

Receive real-time updates for carrier, hospital and medical group network changes, future webinars.



YouTube

Watch recent webinars, online enrollment solutions and bpQuote training tips.



LinkedIn

Read feature articles containing industry information and carrier updates on your news.



SMS

Coming soon! Receive texts alerts for rate availability, network updates, and other time-sensitive notices.



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QUESTIONS?

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