

A group of people holding hands in a circle, symbolizing unity and support. The image is dark with a blue tint and bokeh light effects.

Workers' Compensation

- Session 2: Quoting & Underwriting -

Agenda

What is needed for a work comp quote

What is the underwriting process like

How are premiums calculated

How to read the quote

What is needed for a Work Comp quote?

- Complete the work comp application (ACORD 130)
 1. Business name
 2. Mailing address
 3. Entity type
 4. Years in business
 5. FEIN
 6. Business address(es)
 7. Class codes
 8. Number of Employees
 9. Estimated annual payroll
 10. Who the owners are
 11. Group contact info and a general description of the business operation
 12. Work comp renewal date or state date of 1st EE (startups)



How to expedite the quoting process?

- Use any recent Employer Application
- Use the group's recent work comp policy doc
- Universal items:
 - Mailing address
 - Entity type
 - FEIN
 - Group contact person's info (name, phone, and email)
 - SIC Code
- Work comp specific items:
 - Estimated annual payroll for non-owner staff
 - Work Comp Classification codes
 - Number of work comp losses in the past policy periods



How to expedite the quoting process?

- How to get payroll info
 - Use a DE9C to get the estimated annual payroll for the group
 - Or use the group's previous work comp policy doc to get the payroll info and target premium
- For group's with riskier operations, collect the supplemental application or have information regarding the operations



What is the underwriting process like?

- Quoting info is submitted to the carrier
- Underwriter reviews the information provided:
 - Is the submission an eligible industry?
 - Is there enough premium being generated to support the risk?
 - Does the group have a lot of claims history?
 - What are the operations of the group? Are there any hazards that have to be considered?
 - Has the group lost coverage in the past 4 years? If so, what was the reason?



How are premiums calculated?

- Work comp premiums are based on every \$100 of payroll
- Take the estimated annual payroll and divide it by \$100; take the left over amount and multiply it by the work comp rate (this is the manual premium)
- Premium discounts:
 - Schedule credits
 - Exmod credit mod
- State mandated fees:
 - Fees are NOT commissionable
 - The money is collected by the carrier but given to the State



How to read the quote

Code No.	Classification Description	Total Est. Annual Remuneration	\$100 of Remuneration	Annual Premium
California				
Rating Period: 07/01/2018 through 07/01/2019				
Site 00001				
8859	COMPUTER PROGRAMMING OR SOFTWARE DEVELOPMENT-ALL EMPLOYEES-INCLUDING CLERICAL OFFICE EMPLOYEES AND OUTSIDE SALESPERSONS	140,000	0.150000	210.00
Site 00001 Total			\$	210.00
Total of Sites for Rating Period			\$	210.00
Rating Period Total			\$	210.00
Rating Period: 07/01/2018 through 07/01/2019				
0990	BALANCE TO MINIMUM PREMIUM			203.00
0936	STATE W.C. FRAUD ASSESSMENT	483	0.002550	1.00
0935	STATE W.C. ADMINISTRATIVE ASSESSMENT	483	0.008146	4.00
0937	CA INSURANCE GUARANTY	483	0.020000	10.00
0938	CA UNINSURED EMPLOYERS FUND	483	0.000573	
0939	CA SUBSEQUENT INJURY FUND	483	0.003599	2.00
0940	OSHF ASSESSMENT	483	0.002655	1.00
0943	LABOR ENFORCEMENT & COMPLIANCE	483	0.002150	1.00
9741	CATASTROPHE PREMIUM	140,000	0.020000	28.00
9740	TERRORISM PREMIUM	140,000	0.030000	42.00
Rating Period Total			\$	292.00
State Total			\$	502.00

Q&A



Thanks for joining!