INDIANA COMPENSATION RATING BUREAU
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December 12, 2017

Circular 2017-09

To: ICRB Members

Re: Reasonable Offer of Voluntary Coverage

In Item Filing RM-W-8044, effective January 1, 2018, we revised assigned risk market rules regarding eligibility for employers to qualify for the assigned risk market (market of last resort).

We added a new rule to the definitions section in the Indiana Workers Compensation Insurance Plan of Operation for the Indiana Assigned Risk Reinsurance Pool ("Plan of Operation"). The rule reads as follows:

1.23 "Reasonable Offer of Voluntary Coverage": Any offer for voluntary coverage where the total estimated annual premium is less than the assigned risk total estimated annual premium including any applicable assigned risk surcharges and/or pricing programs for all comparable coverages.

Subject to the Plan Administrator's discretion and without limitation, the following are not considered a Reasonable Offer of Voluntary Coverage:

i. Offer does not provide all of the required coverage (i.e., carrier cannot provide federal coverage or limits of liability)
ii. A deductible or deposit that is a financial burden to the Employer as determined by the producer and/or Employer
iii. Carrier's A.M. Best financial rating status is below that required by the Producer and/or Employer

The rule is consistent with the national rule in the NCCI Basic Manual Rule 4-A-2-r.

Previously, an employer was required to accept any offer, regardless of price. Now, the rule defines "reasonable." Thus, any offer above the assigned risk market premium would not meet the definition of reasonable, and the employer would qualify for an assigned risk policy.

Sincerely,

Ronald W. Cooper, CWCP, CWP
President