BCC INFORMAL REGULAR SESSION

DATE: Wednesday, August 13, 2014

NAME	TITLE	AFFILIATION	PHONE/EMAIL ADDRESS
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Informal Regular Session
Agenda Items
August 13, 2014

1. Clermont County 2015 Rating Options, Bruce Preston, Client Services Manger, Comp Management, Inc.

NOTE: Informal Regular Session will commence following the conclusion of the 10:00 a.m. Regular Session and adjourn at 4:00 pm or upon the conclusion of business.

August 5, 2014

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working harder for you

{ Client Education }

Bruce Preston,
Client Services Manager

August 13, 2014

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Today's Topics

- Current method of premium calculation
- Proposed change to prospective billing
- Performance in Individual Retrospective Rating
- Rating Options for 2015

Current Claim Years & Premium Payment Schedule

Policy Year	Current Survey Date	Claim Years (1-1 through 12-31)	Payroll	BWC Payment Due
2013	6/30/12	2008, 2009, 2010, 2011	1/1/13 to 12/31/13	May, Sept 2014
2014	6/30/13	2009, 2010, 2011, 2012	1/1/14 to 12/31/14	May, Sept 2015
2015	6/30/14	2010, 2011, 2012, 2013	1/1/15 to 12/31/15	May, Sept 2016

Proposed: New Claim Years & Survey Dates

Policy Year	Survey Date	Claim Years for Rate Calculation
2014	6/30/13	1/1/09 through 12/31/12
2015	6/30/14	1/1/10 through 12/31/13
2016	**NEW: 3/31/15**	**1/1/10 through 12/31/13**
2017	NEW: 3/31/16	1/1/11 through 12/31/14

From Retrospective Payment to Prospective Billing

- Last retrospective (in arrears) payment due 2015
  - May (45%) and September (55%)
- Transition to prospective billing cycle due 5-15-16
  - 50% credit on 2015 actual payroll
    - 6 months
  - 50% credit on 2016 estimated payroll
    - 6 months
- New: reconciliation or "true up"

Of actual payroll due by February 15

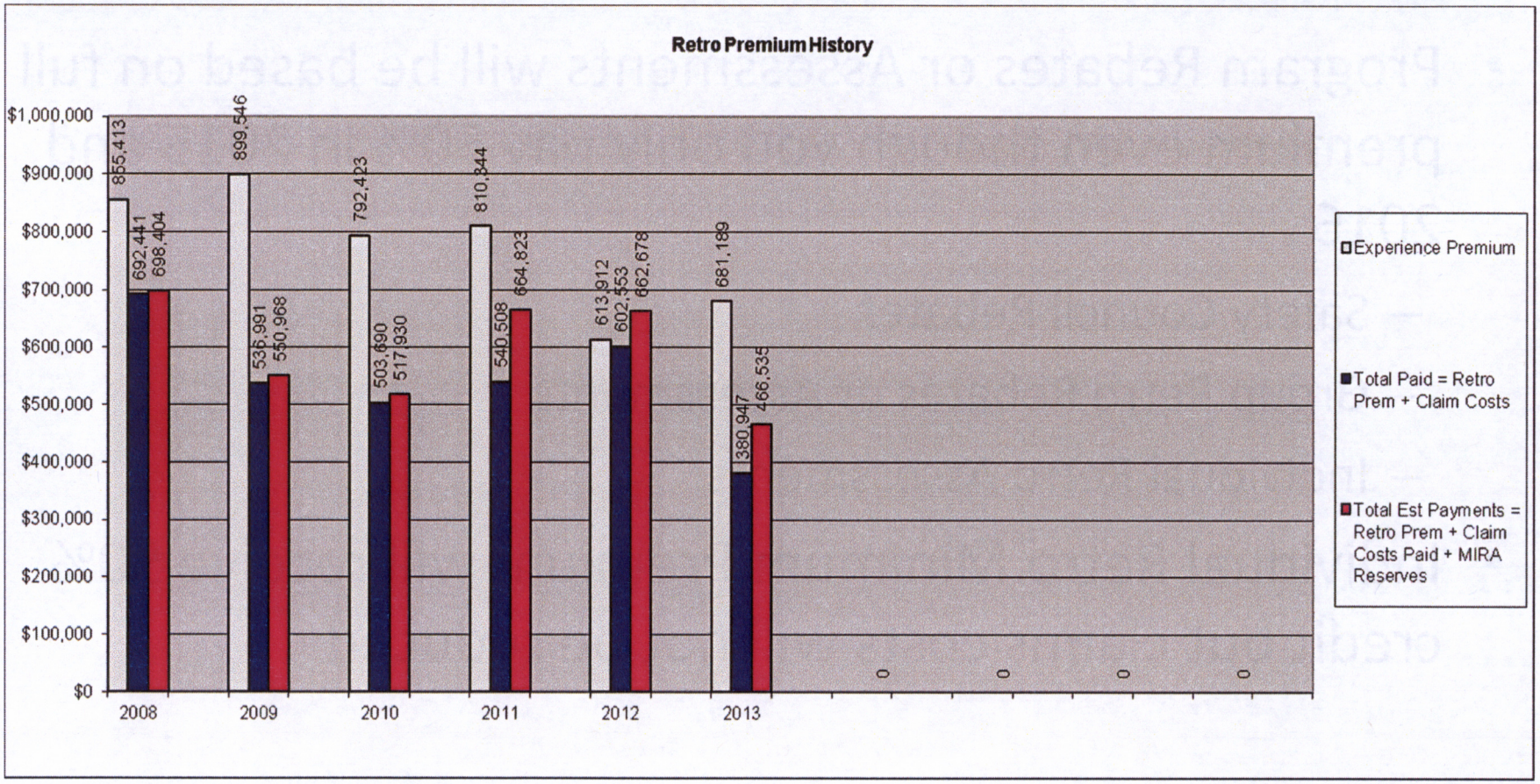
Proposed Installment Options

- 2017 Rating Year: Employers will automatically default to monthly payments
- 2018 Rating Year: Option of 1, 2, 4, 6 or 12 installments
- Failure to pay installments will result in lapsed coverage

Transition Credit

- Program Rebates or Assessments will be based on full premium even though you only pay 50% in 2015 and 2016
  - Safety Council Rebates
  - Group Retro Rebates or Assessments
  - Individual Retro Assessments
- Individual Retro Minimum Premium will receive 50% credit but claims costs will not be reduced

Performance In Individual Retrospective Rating



Savings through 12/31/13: $1,395,697.07

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Rating Option 1: Remain In Individual Retro

- Select claim and policy exposure limits, pay minimum premium + costs of 2015 claims for 10 years
- Current level of exposure:
  - $200,000 per claim
  - 150% of standard premium
  - 40% minimum premium estimate: $484,988
    - 50% transition credit: $242,494
    - Estimated cost for 2015 claims: $285,921
      - **Paid out over 10 years**
  - Net Premium estimate: **$528,415**
  - Maximum Premium exposure: $1,348,032

Rating Option 2: CCAO Group Retro

- Pooled with other counties
- Claims for 2015 are reviewed and compared to 2015 premium on:
  - 12/31/16, 12/31/17, 12/31/18
  - Rebates received by April
  - Assessments capped at 15% of standard premium
- Performance:
  - 2010: 27.42%
  - 2011: 29.76% to date, total estimate 30.88%
  - 2012: 18.32% on 1st review, total estimate 41%

Rating Option 2: CCAO Group Retro

- Estimated 2015 premium: $1,024,201
  - 50% transition credit: $512,101
  - No 2015 claim cost liability
- Estimated Rebates:
  - 10% = ($89,869) net premium of **$422,232**
  - 15% = ($134,803) net premium of **$377,297**
  - 20% = ($179,738) net premium of **$226,019**
- Maximum Assessment:
  - 15% = $134,803 net premium of $646,904

Program Comparison

Individual Retro	Group Retro
• Premium: $242,494	• Premium: $512,101
• Est. Claim Costs: $285,921	• Claim Costs: $0
	• Rebates: $89,869 – 179,738
• Max Exposure: $1,348,032	• Max Exposure: $646,904
• Est. Premium Range: $528,415 - $1,348,032	• Est. Premium Range: $332,363 - $646,904
• No additional TPA fee	• CCAO fee $14,285
• Costs paid out over 10 years	• Rebates issued over 3 years

Regardless of program selection for 2015, you will still be responsible for previous Individual Retro years (claims from 2008 – 2014)

Self Insurance

- Apply at any time
- Full claim cost responsibility + SI assessments
  - You will still be responsible for prior retro claims
- You can purchase "per claim" excess insurance but there is no aggregate cap insurance available
- Recommendation:

Consider after 12/31/16

  - Take advantage of 50% transition credits for 2015 & 2016
  - Premium paid for those years but no full claim liability