

## WHAT ARE THE CHALLENGES FACED BY COMMERCIAL BUSINESSES WITH HIGH-RISK WORKERS' COMPENSATION ACCOUNTS?

High risk factors such as new operations, poor losses, a lapse in coverage or tough exposures can make it challenging to place these accounts with standard Workers' Compensation carriers. This can lead to high experience mods and the need for alternative solutions including the placement of these accounts in the Workers' Compensation assigned risk pool, also known as the state fund or pool.

## WHAT IS THE WC ASSIGNED RISK POOL, AND WHY IS IT CONSIDERED A "MARKET OF LAST RESORT"?

The assigned risk pool, also known as the state fund or pool, is a safety net established by insurance regulators in each state. It pools together insurance carriers to support employers with Workers' Compensation coverage for difficult risks. It is considered a market of last resort because premiums are typically higher, reflecting the higher risks involved.

## DO ALL STATES HAVE AN ASSIGNED RISK POOL OPTION?

All states have an "assigned risk" option, i.e. a market of last resort. It is either done via a state assigned risk plan or a state fund that not only is required to write these clients with no other options but also provide options to compete against the private carriers.

## CAN BEING IN THE ASSIGNED RISK POOL HINDER A BUSINESS'S GROWTH AND EXPANSION PLANS?

Yes, the complexities and limitations associated with the assigned risk pool can hinder a business's ability to expand into new markets, add new operations, or pursue growth opportunities that require flexible insurance solutions.

### CONTACT

For more information, please contact your local RT Specialty WC broker or underwriter.

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## WHAT ARE THE PITFALLS OF PLACING ACCOUNTS IN THE ASSIGNED RISK POOL?

Placing accounts in the assigned risk pool can lead to a number of drawbacks for clients.

- **PITFALL #1: Multiple policies to manage when clients expand to additional states**  
Reaching out to the existing carrier to add the additional exposures if a business owner expands to new states is not an option if an insured is in the assigned risk pool. Instead, agents must apply to each state's assigned risk pool for a separate policy on behalf of a client, for each individual state the business is expanding into. With most standard carriers, a tough account with multi-state exposures allows for a single policy.
- **PITFALL #2: Payment plans are not as generous or flexible**  
Most assigned risk pools do not offer payment plan options and insureds are often required to pay their premiums in full in advance. In contrast, standard carriers commonly offer a variety of payment plans, including monthly installment billing, payroll reporting via payroll companies and monthly self-reporting options. The latter plans can often eliminate annual audit surprises since payroll is reported monthly.
- **PITFALL #3: Loss control programs are not as extensive**  
Loss control programs within the assigned risk pool are not as extensive as most standard carriers. Generally, carriers employ loss control professionals who diligently work with clients to reduce their exposures by providing the right amount of service to those that need it most.
- **PITFALL #4: Lack of quality claim support**  
Claims adjusting is the most critical part of meeting the contractual obligations a carrier has with an insured once a claim occurs. Their primary goal is to be an effective member of a clients' risk management team. Experienced claims adjusters are committed to supporting a clients' business with a high level of quality and accuracy.
- **PITFALL #5: No access to additional client benefits and lower agent commissions**  
Depending on the size of the account, standard carriers offer additional benefits, which could include dedicated client service coordination with a single point of contact for all questions and inquiries, individually assigned indemnity claims professionals, an executive summary report prior to renewal, access to online claim notes, loss runs, billing information, online bill pay and more. Additionally, agent commissions with standard carriers are consistently higher than the assigned risk pool.

## HOW DOES BEING IN THE ASSIGNED RISK POOL AFFECT A BUSINESS'S REPUTATION AND COMPETITIVENESS?

Being in the assigned risk pool can signal to partners, investors, and clients that a business is perceived as high risk, potentially impacting its reputation and competitiveness in the market.

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## ARE THERE LIMITATIONS ON COVERAGE AND OPTIONS WITHIN THE ASSIGNED RISK POOL COMPARED TO STANDARD CARRIERS?

Yes, businesses in the assigned risk pool may face limitations on coverage options, endorsements, and additional services compared to what standard carriers offer.

## WHAT ARE THE LONG TERM IMPLICATIONS OF REMAINING IN THE ASSIGNED RISK POOL FOR A BUSINESS'S SUSTAINABILITY?

Long term, remaining in the assigned risk pool can pose challenges to a business's sustainability, as it may struggle to access competitive insurance options, manage costs effectively, and mitigate risks efficiently.

## RT SPECIALTY OFFERS SOLUTIONS THAT ADDRESS THE PITFALLS OF THE ASSIGNED RISK POOL INCLUDING:

- Access to streamlined policy management for multi-state exposures with single policies from highly rated AM Best Work Comp carriers
- Flexible payment plans, including monthly installments and payroll reporting options, to accommodate varied financial needs
- Loss control programs with dedicated professionals to help reduce exposures effectively
- Quality claims support from experienced adjusters committed to efficient resolution and client satisfaction
- Superior service and potential additional benefits tailored to account size and needs
- Other features, such as dedicated client service coordination and online access to important information, like adjuster notes, may also be available

Our knowledgeable [workers' compensation team](#) can answer additional questions you may have regarding alternatives to placing an account in the assigned risk pool, as well as other work comp related topics. Inquire today about all the market options available to you. RT Specialty is always ready to assist!

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page 3 of 3

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