



Re: MOD calculation for accounts coming out of funds

Background:

Accounts coming out of certain state workers' compensation funds will not have a CAOM MOD available due to funds not having to report statistical data to the state. As a result, Retailers Insurance Company (RIC) is putting in place a method to handle MODs on new business quotes that come from these funds. This method will be similar to what was used when RIC converted the Michigan Hardware Fund book of business in 2016.

MOD Calculation:

1. Loss runs will be required to be provided by the agent. Loss runs must provide detail on individual claims, and cannot just be a total claim amount for a particular year.
2. A copy of the most recent dec page will be required to be provided by the agent. The dec page will provide RIC underwriters with the current MOD being used by the fund.
3. If loss runs are clean, or have very small claims, the current MOD that is being used by the fund will be used for RICs quote. If loss runs show significant claims, a MOD of 1.0 will be used for RICs quote or the quote will be declined.
4. RIC will not deviate any fund MODs that are applied to quotes.

Any questions regarding the above procedures can be directed to RIC's Vice President Underwriting, Laura Schilling at 517.372.5656 x313 or lschilling@retailers.com