

Small Deductible Plans

FAQs

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Q: What are workers compensation small deductible plans?

A: Work comp small deductible plans are policies that help employers better control their insurance costs. By agreeing to a deductible, the employer retains some financial responsibility for claims but gets coverage at a discount.

A higher deductible usually results in a lower premium. The risk, however, is that you owe your insurer the deductible whenever it pays a claim.

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Q: How do workers compensation small deductible plans work?

A: Work comp small deductible plans use insurance deductibles the same way other insurance policies do. The only difference is that with work comp small deductible plans the employer reimburses the carrier. This prevents any lags in a claim. MEM and Previsor pay the full amount of the loss and then bill you for the deductible.

Depending on the state, a deductible may apply to medical expenses only or to both medical and indemnity (disability) expenses.

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Q: Is a small deductible plan a good option for my business?

A: While small deductible plans do help you save on your work comp premiums, you should only opt for one if you have the financial resources to pay claims and have a good understanding of your businesses' loss history. Understanding the typical loss history helps you project annual costs based on real claims data.

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Q: What type of small deductible plans do MEM and Previsor offer?

A: Depending on the state, MEM and Previsor can offer deductibles ranging from \$500 to \$20,000.

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Q: What premium credit will I receive with a small deductible plan?

A: The premium credit you receive varies depending on several factors including the deductible amount, type of business and state.

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Q: How does experience rating work with small deductible plans?

A: States vary in the way they calculate experience modifiers for deductible plans. Some states utilize the gross amount of each loss (including losses within the deductible) for experience rating. Other states use the net amount (excluding the losses within the deductible).

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Q: Does the deductible apply per accident or per injured worker?

A: Whether the deductible applies per accident or per injured worker varies by state. Ask your agent about the states in which you operate.

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Q: What happens if I don't pay my deductible?

A: For each loss you incur, you are obligated to reimburse your deductible. Failure to reimburse the deductible is treated in the same manner as failure to make a premium payment and you may receive a notice of cancellation.

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Q: Who do I contact for questions on small deductibles?

A: Contact your agent with questions or for more information.