



## **CIPR Event:**

*The Role of Mega-Deductibles  
in Workers' Compensation Insurance*



May 18, 2016  
10:00 a.m. – 11:50 a.m.  
Kansas City, Missouri

## WELCOME MESSAGE



Welcome to the NAIC Center for Insurance Policy and Research (CIPR) Event: *Role of Mega-Deductibles in Workers Compensation Insurance*. The mission for the CIPR is to serve federal and state lawmakers, federal and state regulatory agencies, international regulatory agencies, and insurance consumers, by enhancing intergovernmental cooperation and awareness, improving consumer protection and promoting legitimate marketplace competition. To help achieve this mission, the CIPR hosts four annual events that bring together a number of dynamic and informative speakers and panelists. These events offer a forum for opinion and discussion on major insurance regulatory issues.

Large deductible policies and self-insurance have become increasingly common in the workers' compensation market. This event will examine the historical background for what led to the drafting of the 2015 Workers' Compensation Large Deductible Study, as well as the Study's recommendations. It will also cover regulatory concerns surrounding the potential for Professional Employer Organization fraud and strain on guaranty funds.

While you are here, I encourage you to take some time to explore the Crown Center and downtown areas of Kansas City. I hope you enjoy the event and your stay!

Sincerely,

Eric Nordman  
Director of CIPR and Regulatory Services

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## MEET THE CIPR TEAM



*Eric Nordman, CPCU, CIE, is the director of the NAIC Regulatory Services Division and the CIPR. He directs the Regulatory Services Division staff in a wide range of insurance research, financial and market regulatory activities, supporting NAIC committees, task forces and working groups. He has been with the NAIC since 1991. Prior to his appointment as director of the Regulatory Services Division, Mr. Nordman was director of the Research Division and, before that, the NAIC senior regulatory specialist. Before joining the NAIC, he was with the Michigan Insurance Bureau for 13 years. Mr. Nordman earned a bachelor's degree in mathematics from Michigan State University. He is a member of the CPCU Society and the Insurance Regulatory Examiners Society.*



*Kris DeFrain is the NAIC Director of the Research and Actuarial Department. She is currently charged as primary NAIC staff for the Principle-Based Reserving and the Casualty Actuarial and Statistical Task Forces. She manages a staff of actuaries, statistical analysts, insurance contract experts, and research analysts working on regulatory solvency and market-related issues, providing regulatory services, and conducting research for the Center for Insurance Policy and Research. She received her bachelor's degree in finance/actuarial science from the University of Nebraska in 1989. Ms. DeFrain received her FCAS designation from the Casualty Actuarial Society (CAS), where she previously served as Vice President—International. She is a member of the American Academy of Actuaries and a Chartered Property and Casualty Underwriter.*



*Shanique (Nikki) Hall is the manager of the NAIC Center for Insurance Policy and Research (CIPR). She joined the NAIC in 2000 and currently oversees the CIPR's primary work streams, including: the CIPR Newsletter; studies; events; webinars and website. Ms. Hall has extensive capital markets and insurance expertise and has authored copious articles on major insurance regulatory and public policy matters. She began her career at J.P. Morgan Securities as a research analyst in the Global Economic Research Division. At J.P. Morgan, Ms. Hall analyzed regional economic conditions and worked closely with the chief economist to publish research on the principal forces shaping the economy and financial markets. Ms. Hall has a bachelor's degree in economics from Albany State University and an MBA in financial services from St. John's University. She also studied abroad at the London School of Economics.*



*Anne Obersteadt is a researcher with the NAIC Center for Insurance Policy and Research (CIPR). Since 2000, she has been at the NAIC performing financial, statistical and research analysis on all insurance sectors. In her current role, she has authored several articles for the CIPR Newsletter, a CIPR Study on the State of the Life Insurance Industry, organized forums on insurance related issues, and provided support for NAIC working groups. Before joining CIPR, she worked in other NAIC Departments where she published statistical reports, provided insurance guidance and statistical data for external parties, analyzed insurer financial filings for solvency issues, and authored commentaries on the financial performance of the life and property/casualty insurance sectors. Prior to the NAIC, she worked as a commercial loan officer for U.S. Bank. Ms. Obersteadt has a bachelor's degree in business administration and an MBA in finance.*



*Dimitris Karapiperis joined the NAIC in 2001 and he is a researcher with the NAIC Center for Insurance Policy and Research. He has worked for more than 15 years as an economist and analyst in the financial services industry, focusing on economic, financial market and insurance industry trends and developments. He studied economics and finance at Rutgers University and the New School for Social Research, and he developed an extensive research background while working in the public and private sector.*




*Tiffany Fosgate joined the NAIC in 2012 and is the administrative assistant to the Research and Actuarial department, including the CIPR team. She assists with preparing for CIPR events, organizes speakers' accommodations and prepares CIPR newsletters for print and distribution. She previously worked in the Financial Regulatory Services department before coming to the Research and Actuarial team. Prior to the NAIC, she was employed with UMB at a branch primarily known for its commercial business. She continues her education in insurance regulation while assisting her team with the newsletter and event preparation.*

## Learning Objectives

At the completion of this program, attendees will be able to:

- Identify how large deductibles are used in Workers' Compensation Insurance
- Explain the role large deductibles have played in some workers compensation insurer insolvencies
- Identify what Professional Employment Organizations (PEOs) are and why they are important when discussing large deductibles
- Explain some proposals for additional regulation and how it would impact stakeholders
- Identify insurance regulatory concerns surrounding the potential for misuse of deductible plans by Professional Employer Organizations (PEO)
- Explain the potential for strain on guaranty funds from the misuse of deductible plans

 This is a NAIC Insurance Regulator Professional Designated program eligible for two hours of continuing professional development credit. To receive credit, you will need to write down the codes provided periodically throughout the program and provide them in a survey that will be sent to the email address you provided during registration.

# CIPR Event: Role of Mega-Deductibles in Workers Compensation Insurance

As of 5/4/2016

May 18, 2016  
Sheraton, Empire Room  
Kansas City, MO

## 10:00 Introduction and Overview

This presentation will provide an historical background for what led to the 2015 Workers' Compensation Large Deductible Study draft. It will also discuss the Study's findings and recommendations.

~ *Elizabeth Dwyer, Superintendent  
Rhode Island Division of Insurance*

## 10:30 Role of Large Deductibles

Panelists will discuss the role of large deductibles. The discussion will also include regulatory concerns surrounding the potential for misuse of deductible plans by Professional Employer Organizations (PEO) and the resulting strain on guaranty funds.

### *Moderator:*

~ *Angela Nelson, Director of Market Regulation  
Missouri Department of Insurance*

### *Panelists:*

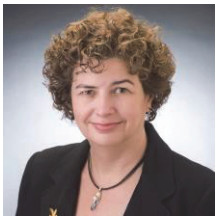
- ~ *Jennifer Wolf Horejsh, Executive Director  
International Association of Industrial Accident Boards and Commissions (IAIABC)*
- ~ *Robyn Crosson, Compliance Executive and Senior Counsel  
Automatic Data Processing (ADP)*
- ~ *Barbara Cox, VP Legal & Regulatory Affairs  
National Conference of Insurance Guaranty Funds (NCIGF)*
- ~ *John Finston, General Counsel and Deputy Commissioner  
California Department of Insurance*

## 11:50 Adjourn





# CIPR Event: The Role of Mega-Deductibles in Workers' Compensation Insurance



**BARBARA F. COX**  
**SENIOR VICE PRESIDENT OF LEGAL & REGULATORY AFFAIRS NATIONAL**  
**CONFERENCE OF INSURANCE GUARANTY FUNDS (NCIGF)**

Since 1993, Barb Cox has served as a staff attorney for NCIGF working on drafting of model legislation, and acting as a technical resource for promoters of legislative efforts. Currently, she serves as senior vice president of legal and regulatory affairs, overseeing the NCIGF legal operations.

She works with a number of NCIGF committees and coordinates guaranty fund activities related to large, multi-state insolvencies. She has offered expert advice to the NAIC, NCOIL and other groups in developing model insolvency laws.

Ms. Cox earned her BA degree from Dickinson College in Carlisle, PA, and her law degree from Indiana University. She holds the designation of Chartered Property Casualty Underwriter (CPCU).



**ROBYN CROSSON**  
**ACA CENTER OF EXCELLENCE AND COMPLIANCE EXECUTIVE ADP**  
**TOTALSOURCE**

Ms. Robyn Crosson, J.D., F.L.M.I., joined ADP TotalSource in August 2011 as senior counsel. In August 2015, she accepted a position as ACA Center of Excellence and Compliance Executive in the ADP TotalSource Benefits Division. Prior to joining ADP TotalSource, Ms. Crosson served as chief deputy commissioner at the Indiana Department of Insurance (IDOI). In this capacity, she reviewed all rate and form filings for life/health and property and casualty for the state of Indiana. In addition, she served as the chief legislative liaison with the Indiana General Assembly, as well as the IDOI representative for the Governor's Health Care Reform Task Force.

Ms. Crosson's 20+ years in insurance experience is broad and across several types of insurance. She began her insurance career at Golden Rule Insurance Company, now a subsidiary of United Healthcare, focusing on claims review. Subsequently, she focused on compliance at American United Life and small group health insurance pricing in the actuarial department of Anthem. From 2002 until joining the IDOI in September of 2009, Ms. Crosson, as senior associate at Proskauer, represented corporations and individual policyholders on coverage matters relating to general liability, fiduciary liability, workers' compensation, fine art/collectible, directors' & officers', health, life, captive and reinsurance policies. She is admitted in New York, Illinois and Indiana (2003, 2009 and 2010). She is a graduate from the Indiana University Kelley School of Business and the Indiana University School of Law.

Ms. Crosson served as the first chair of the NAPEO Health Care Reform Task Force – Best Practices Committee, drafting much ACA guidance for the industry, serving on NAPEO panels and multiple webinars. She also has been a panelist discussing ACA and PEO issues at the American Payroll Association, the National Conference of Insurance Guaranty Funds, the American Bar Association Section of Taxation, the NAIC and the National Conference of Insurance Legislators.



**ELIZABETH KELLEHER DWYER  
SUPERINTENDENT OF INSURANCE  
RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION, DIVISION OF  
INSURANCE**

Elizabeth Kelleher Dwyer was appointed Deputy Director and Superintendent of Insurance and Banking on January 11, 2016. Prior to this appointment, she had been employed by the Rhode Island Department of Business Regulation for 15 years, first as General Counsel to the Insurance Division and later as Associate Director. Prior to government service, she was engaged in private law practice in California and Rhode Island, specializing in insurance regulation and litigation.

Superintendent Dwyer is a past president of the Rhode Island Women's Bar Association and served on the Rhode Island Supreme Court Advisory Committee on Gender in the Courts. In 2010, she was awarded the Rhode Island Attorney General's Justice Award for Consumer Protection. She has served as chair of a number of NAIC working groups and has achieved the designation of Professional in Insurance Regulation from the NAIC.

Superintendent Dwyer was admitted to practice law in California in 1985, Rhode Island in 1994 and Massachusetts in 1996. She is also admitted to practice before the Federal District Courts of California and Rhode Island and the Ninth Circuit Court of Appeals. She received a bachelor's degree in political science and public administration from Providence College in 1982 and a Juris Doctor from Pepperdine University in 1985.



**JOHN FINSTON  
GENERAL COUNSEL AND DEPUTY COMMISSIONER CALIFORNIA  
DEPARTMENT OF INSURANCE**

On July 6, 2015, Mr. Finston was appointed by California Insurance Commissioner Dave Jones to the position of general counsel and deputy commissioner. In this position, he supervises 160 attorneys and staff in nine legal bureaus, and is responsible for advising the Insurance Commissioner on all legal issues and litigation pending before the Department. Prior to being appointed general counsel, he was deputy commissioner for corporate & regulatory affairs since January 17, 2012. In this position, he was responsible for supervising the Corporate and Regulatory Affairs Branch of the California Department of Insurance, which evaluates regulatory applications, reinsurance agreements and trusts, holding company act filings required by insurers doing business in the state of California, the conservation and liquidation of insurers and oversight of surplus lines insurance issues. He also represents California as the chair of the NAIC Receivership and Reinsurance Task Forces.

On January 13, 2013, Mr. Finston was appointed to a four-year term as a member of the Board of Directors of the Federal Crop Insurance Corporation to fill the board position set aside for an individual with reinsurance and regulatory experience.

Prior to his appointment as a deputy commissioner, Mr. Finston was a senior partner in Denton's insurance practice and was chair of the firm's Insurance Regulatory Practice Group. His private practice spanned over thirty years and included representing companies on reinsurance, transactional, insolvency and regulatory issues.



**JENNIFER WOLF HOREJSH  
EXECUTIVE DIRECTOR  
INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT BOARDS AND  
COMMISSIONS (IAIABC)**

As the executive director of the IAIABC, Jennifer Wolf Horejsh works with the IAIABC community to advance the efficiency and effectiveness of workers' compensation systems throughout the world. She connects with industry professionals from around the globe to identify emerging issues, develop resources, and reinforce the social purpose of workers' compensation programs.

Ms. Horejsh is in danger of becoming a work comp wonk. She has authored numerous articles on workers' compensation management and regulatory topics. She has also presented on the history, foundations, and structure of workers' compensation in the United States. You can hear her perspective on workers' compensation during the IAIABC's monthly podcast, *Accidentally*. Even though Ms. Horejsh accidentally fell into workers' compensation, she appreciates the important role it plays in our health, safety and security at work.

Ms. Horejsh manages five staff and works closely with the IAIABC Board of Directors and other association leaders. She graduated from the University of Kansas with a BS in chemistry. Her degree is put to good use with baking experiments in her free time.



**ANGELA NELSON  
DIRECTOR, DIVISION OF MARKET REGULATION  
MISSOURI DEPARTMENT OF INSURANCE**

The director of the Market Regulation Division and chief industry liaison, Angela Nelson has been with the Missouri Department of Insurance since 2002.

Before leading the Market Regulation Division, Ms. Nelson was the director of the Consumer Affairs Division. In that position, she led the department's recovery efforts on behalf of victims of the May 22 Joplin tornado. Through the efforts of her division, Missouri consumers recovered an additional \$19.2 million dollars in 2011, a record amount for the Department. Ms. Nelson received the Graduate College Award in 2012 from William Woods University in recognition of her efforts on behalf of Missouri insurance consumers.

Ms. Nelson is active within the NAIC, serving on numerous committees and task forces. She currently serves as chair of the Transparency and Readability Subgroup (C Committee), Consumer Information Subgroup (B Committee) and the Consumer Outreach and Assistance Post-Disaster Subgroup (C Committee).

Ms. Nelson graduated summa cum laude with a bachelor's degree in management and earned an MBA from William Woods University.

The CIPR serves: federal and state lawmakers; federal and state regulatory agencies; international regulatory agencies; and insurance consumers. It enhances intergovernmental cooperation and awareness, improving consumer protection while promoting legitimate marketplace competition. The site provides information on current insurance regulatory developments, ongoing CIPR projects, and coverage of a wide-range of insurance industry topics.

The CIPR's organization and navigation shares many of the same elements the NAIC home page as described on Page 1.

Here are the highlights unique to CIPR pages:

1. The NAIC's Central Office/CIPR staff can provide a great deal of information to regulators and lawmakers. Contact information providing direct access to them is vital to the CIPR site's function.
2. Click to see the most current as well as archived issues of the CIPR Newsletter.
3. The A-Z Index of Insurance Topics and articles on a wide range of insurance regulatory topics and concerns.
4. The Key Issues section provides access to state score cards which detail statistics about each jurisdiction's insurance market along with that of the entire US. In addition, links to samples of NAIC research reports and data are provided.

4. The Key Issues section includes a topical listing of key insurance regulatory issues.

NAIC Web Site Support  
 Contact Information:

1. NAIC Help Desk:  
 Phone 816.783.8500  
 E-mail [help@naic.org](mailto:help@naic.org)  
 fax 816.460.7456
2. NAIC Web Team: [webpost@naic.org](mailto:webpost@naic.org)
3. NAIC Communications: [news@naic.org](mailto:news@naic.org)





## **CIPR EVENTS**

The CIPR holds four events each year—three events during each of the NAIC National Meetings and one off-site event. For more information on our past events, including presentations and audio, please visit our website at: [www.naic.org/cipr\\_events.htm](http://www.naic.org/cipr_events.htm).

### **2016 Events**

- Insurance and Technology (Apr. 5)

### **2015 Events**

- Regulation of Captives (Nov. 18)
- All About Earthquakes (Aug. 14)
- Boom or Bust? A Look into Retirement Issues Facing Baby Boomers Symposium (June 15-16)
- Risk of Pandemics to the Insurance Industry (Mar. 27)

### **2014 Events**

- Navigating Interest Rate Risk in the Life Insurance Industry (Nov. 19)
- Implications for Increasing Catastrophe Volatility on Insurers and Consumers Symposium (Oct. 7-8)
- Commercial Ride-Sharing and Car-Sharing Issues (Aug. 16)
- Insuring Cyber Liability Risk (Mar. 28)

### **2013 Events**

- The Future of Automobile Insurance: Telematics in the U.S. (Dec. 16)
- Exploring Insurers' Liabilities Summit (Aug. 27)
- Health Care Reform - Tools for Oversight and Assistance in the Marketplace Symposium (Apr. 30-May 1)
- Insurance for Acts of Terrorism (Apr. 9)

### **2012 Events**

- Financing Home Ownership Luncheon (Nov. 30)
- State of the Life Insurance Industry: Implications of Industry Trends Symposium (Oct. 25-26)
- Flood Insurance Summit (Aug. 14)

### **2011 Events**

- Conference on Transatlantic Insurance Group Supervision (Sep. 7-8)





## NAIC Insurance Regulator Professional Designation Program

- *comprehensive, customizable, content-rich curriculum... directly from the NAIC*

Over 800 enrollments and growing...our designations have been designed to assure that regulators have a basic understanding of market, solvency, and rates and forms regulation at the APIR level, specialized training in regulatory concepts at the PIR level, leadership training at the SPIR level and a focused understanding of investments at the IPIR level. We continue to add new course opportunities at the PIR level and the new IPIR courses are rolling out at a rapid pace!

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### ***What Regulators Have to Say:***

"The APIR program was a well- rounded program that gave me a clear picture of how I fit into the overall regulatory setting. The background obtained through these classes has improved my ability and confidence to perform as a regulator immensely, and I believe there is something here for everyone."...David

"The APIR has provided me with a wonderful opportunity to learn from and interact with regulators across the country (and our U.S. territories). I think the NAIC will be of growing importance to all of us in the future and we should not miss the opportunity to learn from the wealth of knowledge and experience it offers to us."...Richie

"I have really enjoyed the PIR program. It has enhanced my skills as a regulator by increasing my knowledge of both the industry and the regulatory tools that I have at my disposal. One of my favorite things about the program is the opportunity to attend instructor-led NAIC courses and associate with other regulators. There is no substitute for learning from other regulators personal experiences...Dan

"Through the NAIC Designation Program I have been able to work, learn, accomplish and excel in insurance regulatory areas outside of my duties. The program gave me the opportunity to broaden my knowledge beyond the basic insurance scope and think outside the box."...Vanessa

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If you are a state insurance department employee, we invite you to sign up and learn how this program can help you achieve your personal goals.

Visit us at [http://www.naic.org/education\\_designation.htm](http://www.naic.org/education_designation.htm)







NOTES:





