



## **COMPENSATION ADVISORY ORGANIZATION OF MICHIGAN MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY**

17197 N. Laurel Park Drive, Ste. 311, Livonia, MI 48152-2686

Phone: (734) 462-9600 • Web: [www.caom.com](http://www.caom.com) • E-Mail: [caom@caom.com](mailto:caom@caom.com)

### **CAOM's Objectives during the Coronavirus Pandemic**

CAOM's efforts regarding the coronavirus pandemic are two-fold:

1. Assure the health and safety of our staff; and
2. Assure continuing ability to service our customers with minimal disruption

### **CAOM Staff's Health and Safety**

Keeping staff healthy means disinfecting high-use office surfaces daily and reminding staff of their responsibility to heed the latest precautions from health and government sources.

### **CAOM's Continued Service to Customers / Work-From-Home ("WFH") Capability**

CAOM transitioned more than half its staff to work-from-home ("WFH") as of 03/19/20. This effort will reduce contagion exposure while ensuring continued service to our customers. Additional laptops are available if needed for current office staff to WFH if circumstances change. Staff members will continue to be available to you by email or telephone (at their office number).

Fulfilling your expectations and our statutory and regulatory obligations are paramount. Any changes to what you've come to expect from us will be communicated as far in advance as possible.

### **Assigned Risk Servicing Carrier Procedural Flexibility**

Our Assigned Risk Servicing Carriers are facing the inability to perform physical audits due to newly instituted restrictions/prohibitions on access to insured premises, as well as questions about cancellations prompted by insureds that are closed or otherwise unable to pay premiums. In these uncertain times, we support appropriate and reasonable Servicing Carrier decisions based on their approach to voluntary market business. Thus, virtual audits are acceptable where physical audits are not feasible. Likewise, cancellations may be suspended where payment is not feasible due to insured office closings or cash flow problems. CAOM and the Michigan Worker's Compensation Placement Facility ("Facility") are flexible regarding Servicing Carrier Performance Standards considering these unprecedented circumstances. As long as reasonable decisions are made and documented, we will support our Servicing Carriers in their handling of issues relevant to the pandemic. If in doubt, please feel free to contact us with questions.

### **CAOM Seeking Guidance from DIFS and WDCA (Revised 4/17/20)**

As an advisory organization tasked with collecting Michigan workers' compensation statistical data and managing Michigan's residual market pool, CAOM does not have the authority to set policy on many Michigan worker's compensation issues stemming from the pandemic. CAOM instead looks to the Michigan Department of Insurance and Financial Services ("DIFS") and the Michigan Workers' Disability Compensation Agency ("WDCA") for guidance. CAOM has scheduled a weekly call with DIFS and the WDCA to coordinate and communicate Michigan workers' compensation information relevant to you and the pandemic. Any resulting information relative to CAOM and the Facility will be added to this document as soon as it's available. Questions not answered in this document should be directed to DIFS (toll free 877-999-644, [DIFS-Info@michigan.gov](mailto:DIFS-Info@michigan.gov)) or the WDCA (517-284-8947, [WCinfo@michigan.gov](mailto:WCinfo@michigan.gov)).



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### **New WDCA Emergency Rule for First Response Employees**

The WDCA issued an emergency rule on 3/30/20 regarding “first response employees,” COVID-19, and the Michigan Workers’ Disability Compensation Act. The rule expires six months from the 3/30/20 filing date. For details, [click here](#).

An employee who has COVID-19 but who does not fall into one of the occupations described in the emergency rule above can still claim a workers’ compensation injury or occupational disease if he or she believes the illness is due to their employment. Filing a claim, however, does not guarantee workers’ compensation benefits will be awarded. Please contact the WDCA (517-284-8947, [WCinfo@michigan.gov](mailto:WCinfo@michigan.gov)) for more information.

### **New Unit Statistical Code 0012 for Furloughed Employees (New 4/17/20)**

CAOM plans to follow NCCI and add unit statistical code 0012, entitled “Paid Furloughed Workers During a Governmental Emergency Order Impacting Employment.” This new code will be used to report payroll of employees who are being paid but are not working due to COVID-19. The payroll will not be used to calculate premium and the new code will be distinct from “idle time.” CAOM plans to submit a SERFF filing to DIFS on behalf of the Michigan Workers’ Compensation Placement Facility (“Facility”), seeking approval of the new code and associated amendments to the Facility’s Statistical Reporting and Basic Manuals. This will be followed by a Facility circular letter to all stakeholders informing them on how the Facility plans to address the COVID-19 situation.

While CAOM is charged with managing the Facility, CAOM is only an advisory organization with regard to the voluntary market. Insurers in the voluntary market need to assess how best to address the COVID-19 situation and obtain approval through DIFS on their planned approach. CAOM expects future voluntary market unit statistical reporting to align with the Facility class plan. If an insurer obtains approval to establish a furloughed employee class, then the affected payroll should be mapped to the Facility statistical code 0012. Otherwise, the payroll should reside in the class used in computing the policy premium and be mapped to the appropriate Facility class code as is done today.

### **CAOM and the Voluntary Market (Revised 4/17/20)**

CAOM spoke with DIFS on 03/25/20 and expressed the importance of understanding any new ground rules (e.g. statutes, rules, directives, orders, etc.) established by the State of Michigan regarding the pandemic and Michigan’s workers’ compensation system. Weekly scheduled discussions with DIFS and the WDCA will continue as needed during the pandemic. We will update this document as new information becomes available.

In the meantime, we remind private insurers operating in Michigan that unlike other jurisdictions CAOM disseminates (but does not file) advisory pure premium data to all insurers for use in the voluntary market at their discretion. Michigan Insurance Code 500.2407(1) defines “pure premium data” to mean all historical data by classification per payroll, except data prohibited by section 500.2407(4), which explicitly mandates that advisory pure premium must exclude:

- Actuarial projections or trending factors
- Profits



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- Expenses, except loss adjustment expenses

Insurers may choose to base their workers' compensation rating plan on the advisory pure premiums but must file their plan, including any actuarial assumptions used in deriving the pure premiums and adjusting the pure premiums to insurer rates, with DIFS. CAOM does not file pure premiums on behalf of any insurer so it is the insurer's responsibility to provide the actuarial support for their rating plan. Insurers may reference the actuarial exhibits provided to CAOM Member insurers as support should they choose to base their rating plan off the advisory pure premiums. Additional actuarial support for the conversion of advisory pure premiums to insurer rates is the insurer's responsibility.

### **Statistical Reporting: New Nature of Injury Code 83 and Cause of Injury Code 83**

CAOM worked with the Workers' Compensation Insurance Organizations ("WCIO") and the Electronic Data Interchange ("EDI") Committee to introduce the following new codes: Nature of Injury Code 83 (COVID-19) and Cause of Injury Code 83 (Pandemic). CAOM is not required to submit a filing with DIFS for approval of these new codes, however, internal programming changes must be implemented before CAOM can process the codes. Please refrain from reporting claims on these new codes until CAOM submits a Circular announcing what to do.

### **In Conclusion**

We are laser-focused on the best interests of our staff and our customers. We appreciate your flexibility and patience as we work through unparalleled and continually evolving circumstances.

CAOM will continually update this document as new information is obtained.