



Casualty Actuarial Society Ratemaking and Product Management Seminar

**Update on State and Federal Workers
Compensation Issues**

**Tim Tucker
Washington Affairs Executive**

Agenda

- Introduction
- State Workers Compensation Issues and Trends
- Federal Issues Impacting Workers Compensation
 - Terrorism Risk Insurance
 - Medicare Secondary Payer Issues
 - Other Federal Issues
- Questions and Answers

Federal Workers Compensation Issues – Administration's FY 2015 Budget Request

Workers Compensation Data (Social Security Administration)

- The FY 2015 includes again a proposal for the development of a process to collect workers compensation information in a timely manner from states and private insurers in order to correctly offset disability insurance benefits and reduce social security insurance payments.
- This proposal allocated \$5 million for development of the process and has been included in at least the three previous Administration budget requests.

Federal Workers Compensation Issues – Administration's FY 2015 Budget Request

Federal Employees Compensation Act (FECA) (Department of Labor)

- Included in the Administration's FY 2015 Budget Request is a proposal to reform the Federal Employees Compensation Act (FECA).
- Similar to past Administration FECA reform proposals, the centerpiece is a mandatory conversion at retirement age for FECA beneficiaries to the Federal retirement system.

Federal Workers Compensation Issues – Administration's FY 2015 Budget Request

Employee Misclassification (Department of Labor)

- The FY 2015 includes provisions aimed at “detecting and deterring” employee misclassification. It notes that misclassification harms workers from benefits and protections they are entitled.

Federal Workers Compensation Issues – Administration's FY 2015 Budget Request

Defense Base Act (DBA) (Department of Labor)

- Absent from the FY 2015 Administration Budget Request is a proposal to convert the current Defense Base Act private insurance market mechanism to a government run self-insurance program.
- Representative Cummings (D-MD) has introduced legislation that would make the statutory amendments necessary to implement the DBA changes proposed in past Administration budget.

USL&H Recreation Vessel Exclusion

- H.R. 3896 (Wasserman-Schultz, D-FL)
 - Seeks to clarify that the exclusion from federal Longshore coverage included in the ARRA of 2009 applies to all recreational vessels regardless of size
 - Addresses confusion created by USDOL regulations promulgated as required by the ARRA

Federal Insurance Office (FIO)

- FIO was created with the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
- FIO give authority to:
 - monitor all aspects of the insurance sector;
 - monitor the extent to which traditionally underserved communities and consumers have access to affordable non-health insurance products; and
 - to represent the United States on prudential aspects of international insurance matters
- FIO was charged with examining current state-based system of insurance regulation

FIO Report on State Regulatory Modernization

- Key Findings:
 - Need for greater uniformity in state-based system
 - Recommended several areas for direct federal regulation (i.e. mortgage insurance) and opportunities for indirect federal regulation (i.e. NARAB II)
 - Significant role for FIO on international regulatory issues

