



Automotive Service Councils of California
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For Immediate Release

CA Department of Insurance files suit against Work Comp Insurer

Sacramento, CA - The CA Department of Insurance has recently filed a lawsuit against two Zurich entities for issuing illegal Workers' Comp policies. The suit is aimed at a very niche type of policy called the "High Deductible Workers' Comp Policy" (HDWCP). It does not affect any of their other products, including their standard Workers' Comp policies nor their garagekeeper/liability policies. This lawsuit should have no lasting effects on the future financial solvency of Zurich—though we will continue to monitor the situation closely. If you do not know what kind of workers' comp policy you have, then you have a standard policy. Here are some notes on HDWCP's:

- 1) High Deductible Work Comp Policies (HDWCP) are designed for larger employers with a minimum 100+ employees and spend a minimum of \$250,000 a year on premiums
- 2) HDWCP's are designed for employers that are testing the waters for self-funded workers' comp insurance.
- 3) They work very well for low claim and safe environments as employers typically get to "share" in a good year with some form of return of premiums.
- 4) Employers must go through a rigorous credit check to qualify. Proving that they can pay a \$25-\$50 thousand dollar deductible if needed.

It is always a good idea to continually review your insurance policies or double-check that your broker is doing his or her due diligence. Please feel free to use Armstrong as a resource to ensure that you are properly covered and not overpaying.

If you still think you might be affected by the Zurich lawsuit, please have a conversation with your broker and don't hesitate to get us involved.

For more information, contact:

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"To elevate and unite Automotive Professionals, and give them voice."
