



August 4, 2010

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

North Carolina Changes to ***NCCI Basic Manual***
Miscellaneous Rule – Deductible Insurance

The North Carolina Rate Bureau recently filed and the North Carolina Commissioner of Insurance has approved minor revisions to the ***NCCI Basic Manual***. The changes, shown in the attachment, are intended to clarify the intent of the existing Deductible Insurance Rule. This filing was for clarification purposes only. This change was approved effective August 1, 2010.

No rate change is associated with this item. No additional action is needed on the behalf of individual carriers.

If you have any questions, please contact the Information Center at 919-582-1056 or wcinfo@ncrb.org.

Sincerely,

Sue Taylor

Director of Insurance Operations

ST:dms

Attachment

C-10-10
NCRI-126722216

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Basic Manual—2001 Edition—NORTH CAROLINA

MISCELLANEOUS RULES

Effective 01 Aug 2010 12:00:01

DEDUCTIBLE INSURANCE

Each insurer transacting or offering to transact workers compensation insurance in North Carolina may offer deductibles to employers. Deductible coverage is effected by attaching the Benefits Deductible Endorsement (WC 00 06 03) to the policy [____].

Deductibles [____] may be available for total combined medical and indemnity benefits in amounts of \$100, \$200, \$300, \$400, \$500, \$1,000, \$1,500, \$2,000, \$2,500, and \$5,000 per claim. A selected deductible shall apply on a per claim basis. The deductible must apply separately to each claim for bodily injury by accident or disease.

The claim must be paid by the insurer, which must then be reimbursed by the employer for any deductible amounts paid by the insurer. The employer is liable for reimbursement up to the limit of the deductible chosen. The payment or nonpayment of deductible amounts by the insured employer to the insurer is treated under the policy insuring the liability for workers compensation in the same manner as payment or nonpayment of premiums.

An insurer [____] shall not be required to offer a deductible to an employer.

The applicable premium reduction percentage is that percentage corresponding to the appropriate hazard group and desired deductible amount. The premium reduction for deductible coverage is obtained by the application of the appropriate premium reduction percentage to the premium determined before application of any experience modification, premium discounts, or any retrospective rating plan.

The applicable hazard group is determined from the Table of Classifications by Hazard Group. *Refer to Appendix E for the Table of Classifications by Hazard Group.* The hazard group assignments are based on the classification, subject to any deductible amount, that produces the largest amount of estimated workers compensation standard premium for North Carolina.

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