

February 15, 2019

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

Revisions to **North Carolina Basic Manual Rule 4-A – Workers Compensation Insurance Plan (WCIP)**

Revisions to **Application for Designation of an Insurance Company** (ACORD 135 NC)

Revisions to **Instructions for Completing ACORD 135 NC Application** (ACORD 136 NC)

The North Carolina Rate Bureau (NCRB) has filed and the North Carolina Commissioner of Insurance (Commissioner) has approved revisions to North Carolina Basic Manual for Workers Compensation and Employers Liability. The approved revisions include a re-write of Rule 4-A – Workers Compensation Insurance Plan (WCIP), which includes the modernization of WCIP definitions, revised payment methods rules requiring electronic submission of deposit premium, and clarification of the effective date rules. The approved changes for the WCIP are to be effective March 1, 2019.

In conjunction with the revisions to the WCIP, the NCRB has adopted the revised *North Carolina Workers Compensation Insurance Plan Application for Designation of an Insurance Company* (ACORD 135 NC) and *Instructions for Completing ACORD 135 NC Application* (ACORD 136 NC). These items were also approved by the Commission with an effective date of March 1, 2019.

A complete copy of the revised WCIP showing all changes, approved WCIP and the approved ACORD Forms are attached for your review.

If you have any questions concerning this matter, please contact the NCRB Information Center at 919-582-1056 or via email at support@ncrb.org.

Sincerely,

Joanna Biliouris

Chief Operating Officer

JB:ko
Attachments
C-19-2

Rule 4 - Assigned Risk Plan Rules

Last Revision Date: ~~5/1/2017~~ 3/01/2019

Applicable to North Carolina Assigned Risk policies only

4A. Workers Compensation Insurance Plan (WCIP)

Pursuant to North Carolina General Statute 58-36-1, there is hereby established a North Carolina Workers Compensation Insurance Plan (“Plan” or “WCIP”), which provides for the equitable apportionment of employers who are in good faith entitled to workers compensation insurance as defined herein, but who are unable to procure such insurance in a regular manner. This Plan, and any future ~~modification, is~~ subject modifications are to the approval of be written in accordance with state laws, regulations and/or rules and approved by the North Carolina Commissioner of Insurance ~~(“Commissioner”).~~

1. WCIP Definitions

a. Affiliated Insurer

An insurer that directly, or indirectly through one (1) or more intermediaries, controls, or is controlled by, or is under common control with, another insurer specified. The term “control” means possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an insurer, whether through the ownership of voting securities, by contract or otherwise. Control ~~shall be~~ is deemed to exist if any person or business enterprise, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies, representing ten (10) percent or more of the voting securities of any other insurer.

b. Agent

~~A fire and casualty agent~~ An agent as referenced in NCGS 58-36-1(5)a that is properly licensed in the State of North Carolina whose privileges under the Plan have not been suspended or revoked; ~~provided, however, that such agent shall, for purposes of this Plan, be and who has been designated by the employer or applicant to secure workers compensation and employers liability insurance on behalf of the insured or employer.~~ For purposes of this Plan, an agent is considered to be acting on behalf of the insured or employer applying under this Plan and not as an agent of the Plan Administrator or of any assigned carrier for Plan business.

c. Application

The application ~~currently used in the residual market~~ is the form ~~currently(s)~~ approved for use in ~~applying the residual market by the Plan Administrator~~ for ~~the purpose of securing~~ workers compensation insurance written under the Plan. ~~The form currently approved for use under the Plan is the ACORD 135 NC® (North Carolina Workers Compensation Insurance Plan Application for Designation of An Insurance Company).~~

d. Application Submission Methods

The methods approved by the Plan Administrator, in which eligible producers or agents may submit ~~completed applications which methods~~ an application, on behalf of good faith eligible employers, for the purpose of securing coverage through the WCIP are as follows:

- ~~Online – Through www.ncrb.org and the **ManageAR** system~~
- Online – At www.ncrb.org through the **ManageAR** system
- Mail – ~~The~~By U.S. Postal Service delivery or ~~private~~other overnight delivery service
- Hand Delivery – To the ~~North Carolina Rate~~ Bureau at its offices on weekdays, excluding holidays, Monday through Thursday, ~~between the~~ during its business hours ~~of 8:00am and 5:00pm, and on Fridays, between the hours of 8:00am and 12:00pm local time.~~

See Rule 4.A.2.a for good faith eligibility requirements.

e. Assigned Carrier

~~The~~An insurer that has been assigned to provide coverage to an employer who has applied for and is in good faith eligible for workers compensation insurance ~~pursuant to~~under the Plan. ~~An~~ There are two types of assigned carrier ~~can either be defined as a servicing or a direct assignment carrier.~~carriers:

- **Servicing Carrier** - An insurer authorized by the Plan Administrator to receive Plan assignments and provide coverage to eligible employers on behalf of those participating companies subscribing to the Association Bylaws incorporated as part of this Plan and reinsured through the Reinsurance Agreement, or
- **Direct Assignment Carrier** - ~~The~~ - An insurer that has elected and has been authorized by the Plan Administrator to receive direct assignments under Option 1 of Rule 4.A.4 of this Plan. An insurer selecting the direct assignment option is solely responsible for the financial results of the assignments it receives.

f. Assigned Carrier Performance Standards

Assigned Carrier Performance Standards (ACPS) provides the minimum level of performance for assigned carriers writing coverage pursuant to the WCIP. The purpose of the ACPS is to provide policy issuance and service level requirements that assigned carriers must comply with to provide residual market policyholders with effective and consistent service levels.

g. Association Bylaws

Association Bylaws are the Bylaws of the National Workers Compensation Reinsurance Association NFP (NWCRA), ~~whose~~. The NWCRA member insurers participate in the Reinsurance Agreement(s) authorized under this Plan to provide reinsurance to the servicing carriers on employers assigned to them under this Plan. The Bylaws are the agreement subscribed to by insurers selecting Option 2 – Subscription to Association Bylaws as their means of satisfying their participation in the Plan. The Bylaws are ~~attached hereto and by this reference are~~ incorporated into by reference and made a part of this Plan to the extent that the Association Bylaws are not inconsistent with this Plan and applicable ~~to~~ North Carolina law.

h. Board of Directors

~~The~~For purposes of this Plan, Board of Directors means Board of Directors for the National Workers Compensation Reinsurance Association NFP.

i. Common Managing (or Management) Interest

With respect to an applicant or policyholder as referenced in the Plan, common managing (or management) interest exists when one or more individuals are or were owners or officers of, or perform or performed management functions for, two or more entities, or for a succession of entities. To secure or maintain coverage under the Plan, all employers that are under common managing (or management) interest must be in good faith eligible for workers compensation insurance under the Plan.

h. Direct Assignment Carrier

~~An insurer, other than a servicing carrier, that has elected and been authorized by the Plan Administrator to receive direct assignments under Option 1 of the Participation section of this Plan.~~

j. Employer

~~Any~~An employer is any business organization or enterprise that is required by ~~statute~~state law, regulation, and/or rule or elects to maintain workers compensation insurance in this State. The term ~~shall include~~includes any business organizations or enterprises that are or were affiliated at any time as a result of common managing (or management) interest or common ownership.

k. Insured

An insured is an assigned risk employer designated on the Information Page of the policy or policies to which this Plan is applied and issued by an assigned carrier.

l. Net Premiums Written

The gross direct premiums charged less all premiums (except dividends and savings refunded under participating policies) returned to insureds for all workers compensation and occupational disease insurance, exclusive of premiums for ~~(1) employers subject to this Plan,~~

- 1) ~~(2) employers~~Employers subject to this Plan;
- 2) Employers written under the National Defense Projects Rating Plan; and ~~(3) excess~~
- 3) Excess policies.

m. North Carolina Rate Bureau or NCRBBureau

The statutory rating organization designated as the Plan Administrator and authorized in this State to make and file loss costs, residual market rates, rating values, policy and endorsement forms, classifications, and rating plans for workers compensation insurance. (Also referred to herein as the Bureau)

n. Payment Methods – Initial or Deposit Premium

The payment method currently approved for the required initial or deposit premium on application submissions is the electronic payment method prescribed by the Plan Administrator.

Note: Payment other than through the prescribed electronic method would require Plan Administrator approval.

o. Plan Administrator

The North Carolina Rate Bureau is the organization designated to administer the affairs of this Plan.

p. Premium in Dispute

A workers compensation insurance premium obligation over which a bona fide dispute exists and for which the employer or its representative has provided:

- 1) Written notice to the ~~insurer or the~~ assigned carrier detailing the specific ~~areas~~area of dispute;

- 2) An estimate of the premium the employer believes to be correct, with an explanation of the premium calculation;
- 3) Payment of the undisputed portion of the premium; and
- 4) A written report to the Plan Administrator which includes all documentation relevant to the dispute, describes the attempts to reconcile the differences and requests review and appropriate action to resolve the areas of dispute.

q. Producer

A licensed North Carolina agent, broker, producer or insurance representative as defined in the state insurance code, whose privileges under this Plan have not been suspended or revoked, designated by the employer or applicant applying under this Plan to secure and maintain workers compensation and employers liability insurance on behalf of the _employer. _For purposes of this Plan, the producer is considered to be acting on behalf of the insured or employer applying for coverage under this Plan and not as an agent of the Plan Administrator or any assigned carrier for Plan business.

r. Regulatory Authority

The North Carolina Commissioner of Insurance or a properly appointed designee

s. Reinsurance Agreement

A contractual arrangement among _Association members providing a quota share reinsurance facility for workers compensation insurance in a number of states and for which administrative services are provided by the National Council on Compensation Insurance, Inc., in its capacity as Administrator as designated under the Association Bylaws.

t. Residual Market

The residual market is the state insurance plan that provides employers unable to secure coverage in the voluntary market with a means for insuring their operations through a designated insurance carrier. The residual market is also known as:

- Assigned risk market
- Involuntary market
- Market of last resort

u. Undisputed Premium

A workers compensation insurance premium obligation that is not the subject of a bona fide dispute.

v. Voluntary Carrier

A voluntary carrier is a licensed insurer providing workers compensation insurance coverage on a policy written in the voluntary market, and not through this Plan.

w. Workers Compensation Insurance

- 1) Statutory workers compensation and occupational disease liability insurance, including insurance for liability under the United States Longshore and Harbor Workers' Compensation (USL&HW) Act, as amended, and the Federal Mine Safety and Health Act, as amended; Compensation Act, as amended, and the Federal Mine Safety and Health Act, as amended;
- 2) Employers liability insurance written in connection with a workers compensation insurance policy; and
- 3) Such other coverages as determined by the Plan Administrator and approved by the Commissioner.

x. Workers Compensation Insurance Plan (WCIP or Plan)

A program established by NCGS 58-36-1 and approved by the Commissioner whereby eligible employers unable to secure coverage in the voluntary market may secure workers compensation insurance.

2. Rules for Eligibility and Assignment

North Carolina General Statute 58-36-1 (5) requires, in part, that as a prerequisite to the transaction of workers compensation insurance in North Carolina, each carrier shall file written authority with the NCRB Bureau permitting the Bureau to assign to it employers which are in good faith entitled to workers compensation insurance as defined herein, but who are unable to procure such insurance in a regular manner. The following rules, which have been adopted by the ~~North Carolina Rate~~ Bureau and approved by the Commissioner of Insurance, shall cover the assignment and the insuring of such employers as provided by the law mentioned above. Any dispute arising ~~hereunder shall be from the application or interpretation of this Plan is~~ subject to the dispute resolution procedures provided in this Plan.

a. Good Faith Entitlement

This Plan shall apply only to employers that are in good faith ~~are~~ entitled to workers compensation insurance ~~under the North Carolina Workers' Compensation Law.~~

~~Good faith will be presumed in the absence of clear and convincing evidence to the contrary.~~ An employer is not in good faith entitled to insurance, and the insurance may be refused or cancelled, if any of the ~~following~~ circumstances listed below exist, at the time of the application or thereafter, or other evidence exists that such employer is not in good faith entitled to insurance. The employer will remain ineligible for coverage through the Plan until the employer has complied with the policy provisions or satisfied any of the outstanding obligation(s) listed below, as applicable, and is deemed by the Bureau to be in good faith entitled to insurance.

- 1) At the time of application, a self-insured employer is aware of and fails to disclose pending bankruptcy proceedings, insolvency, or cessation of operations involving the employer.
- 2) At the time of application, a self-insured employer is aware, or with the exercise of reasonable diligence should be aware, of prior conditions, exposures, claims, or any other information which make it likely that a significant number of occupational disease or cumulative injury claims will arise from exposure incurred while the employer was self-insured and the employer fails to disclose such prior conditions, exposures, claims, or other information.
- 3) ~~The~~ On a current or previous workers compensation insurance policy, the employer ~~while insurance is in force,~~
 - knowingly refuses to meet reasonable health, safety, or loss control requirements;
 - does not allow reasonable access to ~~the insurer's~~ records, premises and work locations for audit or inspection; or
 - does not comply with any other policy or Plan obligations and conditions.
- 4) The employer has any outstanding workers compensation insurance premium obligation or other monetary obligation, on ~~either previous a current workers compensation insurance policy or on any previous workers compensation insurance policy~~ or while a member of a licensed group of self-insurance associations, that is not subject to a bona fide premium dispute.
- 5) The employer, ~~or~~ its representative and/or the agent/producer knowingly fails to comply with Plan procedures; ~~or~~ knowingly makes a material misrepresentation on the application by omission or otherwise, including, but not limited to, the following:
 - estimated payroll,
 - nature of business,
 - name
 - management or ownership of business, or predecessor entities

- ~~•~~ previous insurance history, ~~or~~
- ~~•~~ avoidance of an experience rating modification
- ~~•~~ an outstanding premium obligation, ~~or other monetary policy obligation~~
- ~~•~~ noncompliance with any applicable state licensing or registration requirement.

b. Employer Certification

An employer shall not be considered as subject to this Plan unless such employer has been certified to be difficult to place by a ~~n~~ fire and casualty insurance agent licensed in North Carolina and such agent so certified in the prescribed application form.

c. Application Requirements

A standard application form for insurance under this Plan must be completed by or on behalf of the employer. ~~The~~ application shall require:

- 1) Complete underwriting information and reasonable payroll estimates.
- 2) A statement that the employer will maintain a complete record of its payroll transactions in such form as the assigned carrier may reasonably require and that such record will be available to the assigned carrier at a designated place during the policy period and for one (1) year after.
- 3) A statement that the employer will comply with all reasonable recommendations of the assigned carrier relating to the welfare, health, and safety of employees.

~~Payment to the North Carolina Rate Bureau of the appropriate deposit premium in the form of a valid electronic funds transfer (EFT), a check of the agent or producer, check of a premium finance company, or a certified check, cashier's check, or money order of the applicant employer or its representative.~~

d. Plan Administrator

The Plan shall be administered by the North Carolina Rate Bureau (~~hereinafter~~ referred to herein as the “Plan Administrator,” or the “Bureau”), or its designee.

e. Assignment ~~procedures~~ Procedures

Upon receipt of a properly completed application for insurance, the Plan Administrator shall (1) determine, to the extent possible based on the application, that the employer is in good faith entitled to insurance; (2) establish the appropriate classifications, rates, and estimated annual premium; and (3)

designate an assigned carrier and bind coverage, contingent upon payment of the estimated annual or deposit premium, ~~bind coverage and designate an assigned carrier.~~

The Plan Administrator may request additional information, at its discretion, to establish eligibility, to assign appropriate classification codes, to calculate applicable premium, and to otherwise appropriately process the application. Such information may include tax documentation, ownership information, contracts, or any other information deemed necessary to process the application. The employer and/or its representative shall provide this information/documentation or provide an acceptable explanation for failure to do so.

To secure a requested effective date, the employer or its representative must submit to the Plan Administrator a fully completed and signed application, using an approved application submission method.

Depending on the application submission method, the earliest effective date for coverage will be established in the following manner:

Application Submission Table 1

<p>If the application (including the estimated annual or deposit premium) is submitted by regular mail and the envelope containing the application has . ..</p>	<p>Then the earliest effective date will be 12:01 a.m. on the day after ...</p>
<p>A legible U.S. postmark <u>or certified mail receipt</u></p>	<p>Postmark</p>
<p>An illegible U.S. postmark</p>	<p>Receipt of the application by the Plan Administrator</p>
<p>A private postage meter mark only</p>	<p>Receipt of the application by the Plan Administrator</p>
<p>Internet postage with a legible cancellation stamp</p>	<p>The date on the cancellation stamp</p>
<p>Internet postage without a cancellation stamp or an illegible cancellation stamp</p>	<p>Receipt of the application by the Plan Administrator</p>

Application Submission Table 2

If the application (including the estimated annual or deposit premium) is submitted by overnight mail and . . .	Then the earliest effective date will be 12:01 a.m. on the day after . . .
The package containing the application has proof of mailing that can be verified	The application was sent to the Plan Administrator
The package containing the application does not have proof of mailing or proof of mailing cannot be verified	Receipt of the application by the Plan Administrator
Proof of mailing (i.e., certified mail receipt) provided by the agent <u>can be obtained</u>	Postmark
Proof of mailing cannot be obtained	Receipt of the application by the Plan Administrator

Application Submission Table 3

If the application (including the estimated annual or deposit premium) is hand-delivered to the	Then the earliest effective date will be 12:01 a.m. on the day after receipt by the Plan Administrator
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<u>If the application is hand-delivered to the Plan Administrator . . .</u>	<u>Then the earliest effective date will be 12:01 a.m. on the day after receipt by the Plan Administrator</u>
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Application Submission Table 4

If the application (including any necessary supplemental applications) is submitted through the Rate Bureau’s ManageAR system and	Then the earliest effective date will be 12:01 a.m. on the day after -- <u>-submission to the Plan Administrator.</u>
The estimated annual or deposit premium is submitted electronically via a valid electronic funds transfer	Receipt of the completed online submission
The estimated annual or deposit premium is submitted via regular or overnight mail	Postmark

IF AN APPLICATION EMPLOYS A COMBINATION OF ANY OF THE ABOVE DESCRIBED METHODS OF SUBMISSION, THE BUREAU SHALL APPLY THE ABOVE DESCRIBED RULES USED TO DETERMINE THE EARLIEST EFFECTIVE DATE BASED ON THE METHODS OF SUBMISSION EMPLOYED AND THE EARLIEST EFFECTIVE DATE OF COVERAGE SHALL BE THE LATEST EFFECTIVE DATE OF SUCH METHODS EMPLOYED BY THE APPLICANT.

f. Policy Term

The assigned carrier shall issue a standard policy of insurance with an effective date as established by the Plan Administrator. ~~The policy shall be effective issued for a period term of at least one (1) year, unless another termination date is authorized by the Plan Administrator. insurance for a shorter term has been requested.~~ A short-term policy may be obtained only once within a twelvemonth (12) period, unless agreed to by the assigned carrier.

g. Reassignment

~~AnyAn~~ employer ~~who is dissatisfied with its assigned carrier~~ may submit a written request for reassignment to a different assigned carrier upon policy expiration. Reassignment Any request for reassignment is subject to the approval of the Plan Administrator. If approved, reassignment will require the submission of a properly completed application and payment of the required initial or deposit premium and the employer must also otherwise be eligible for coverage through the Plan.

h. Additional States Coverage

All assignments under this Plan are to be made on an intrastate basis. However, any employer desiring insurance in additional states may request its assigned carrier to furnish insurance in such additional states in accordance with the Interstate Assignment section of this Plan.

i. Agent/Producer Information

- 1) Commission: ~~Five percent (5%) of the total premium charged and collected from the employer shall be the commission to be paid to the producer of record or licensed agent designated by the insured employer.~~
- 2) Changes: ~~The employer shall designate a licensed agent or producer of record and, with respect to any renewal of the coverage, may change the agent or producer by notice to the assigned carrier prior to the date of such renewal or, with the consent of the assigned carrier, at any other time.~~

i. Available Coverages

Other coverages may be available to the employer through the assigned carrier.

3. Assigned Carrier Responsibilities

The assigned carrier ~~shall comply with~~ is held accountable to the Assigned Carrier Performance Standards. all applicable state laws and regulations, and all ~~performance standards and~~ procedures set forth in or promulgated under this Plan including, but not limited to, the following:

a. Approved Classifications, Forms, Rates, and Rating Plans

All policies must be written utilizing the classifications, forms, rates, and rating plans that have been adopted for use in the residual market by the Plan Administrator and approved by the Commissioner.

b. Policy Information Page

The Policy Information page and all endorsements must be ~~properly identified as a WCIP or AR (Assigned Risk). Policies and endorsements submitted hard copy must show the WCIP or AR indicator directly above the policy number on the Policy Information page. Policies and endorsements submitted reported~~ electronically ~~must be reported~~ in the format established by the Plan Administrator.

c. Cancellation of the Policy

If, after the issuance of a policy, the assigned carrier determines that an employer is not entitled to insurance, or has failed to comply with reasonable health, safety, or loss control requirements, or has violated any of the terms and conditions under which the insurance was issued, and after providing opportunity for cure, the assigned carrier shall initiate cancellation and inform the Plan Administrator of the reason for such cancellation.

Failure or refusal by an employer to make full disclosure to the assigned carrier or Plan Administrator of information regarding true ownership, change of ownership, operations, payroll, or any other records pertaining to workers compensation insurance or any other information required under this Plan or to comply with policy or Plan terms or conditions shall be sufficient grounds for cancellation of the policy.

The assigned carrier shall also endeavor to contemporaneously send to the agent copies of correspondence to the employer relating to good faith entitlement, failure or refusal to comply, or other violations of policy or Plan terms or conditions.

Any insured employer so cancelled must reestablish eligibility or must demonstrate entitlement to the Plan Administrator before any further assignment can be made under this Plan.

d. Effective Date of Policy

Subject to Rule 4-A-3-f below, policies must be ~~issued,~~ renewed, or reinstated without a lapse in coverage when premium is received or U.S. postmarked prior to the policy effective date or cancellation date.

On new assignments policies must be issued based on the effective date provided by the Plan Administrator.

e. Renewal and Nonrenewal of Coverage

At least forty-five (45) days prior to the expiration date of insurance, the assigned carrier shall send a renewal proposal or notice of impending expiration of coverage to the insured, the agent and the Plan Administrator. Upon receipt of the required premium, the policy shall be issued in the normal manner and a copy of such policy and all endorsements, properly identified as a WCIP or AR (Assigned Risk) policy, shall be furnished to the Plan Administrator within the time frame and in the format established by the Plan Administrator.

f. Reapplication and Reassignment to the Plan

Any assigned carrier unwilling to renew an employer assigned to it shall notify the employer, agent, and the Plan Administrator at least forty-five (45) days in advance of expiration, giving a reason or reasons acceptable to the Plan Administrator. Reassignment will require the submission of a properly completed application.

g. Cancellation for Voluntary Coverage

Notwithstanding Rule 4-A-3-j, any insurer that ~~wishes~~ is willing to insure an employer as voluntary business may do so at any time. If such insurer is not the assigned carrier, the assigned carrier ~~shall~~ must cancel its policy pro rata ~~and the assignment shall automatically terminate as of~~ the effective date of the voluntary ~~insurer's~~ carrier's policy.

h. Notification of Outstanding Premium

Outstanding premium or other monetary policy obligation information identified by the assigned carrier or its representative shall be provided to the Plan Administrator in accordance with —the appropriate performance standards or other legal or regulatory requirements.

i. Policyholder Services

The assigned carrier shall provide to its policyholders and their designated agents/producers access to audit, loss control, and safety services; prompt, professional handling of claims, including investigation, resolution, and communication; fair and prompt responses to complaints and disputes; and access to appropriate information regarding the classification of the business and the factors influencing the policy premium.

i. Confidentiality of Information

The assigned carrier shall keep in confidence and shall not, except as directed by the insured or the agent/producer of record, or as otherwise may be required by law or regulatory authority, disclose to any third party, or use for the benefit of itself or any third party, such information pertaining to a policyholder as it may obtain by virtue of its position as the assigned carrier. Such information ~~shall~~will be used solely for the evaluation, underwriting, and issuance of coverage under this Plan and not for any other purpose. The assigned carrier shall not use any information it obtains in this capacity as the assigned carrier to request, encourage, or solicit employers it insures under this Plan to utilize the services of any specific insurance agent, agency, broker, insurer, or group of insurers for purposes of providing voluntary workers compensation insurance or other lines of insurance to such employer.

4. Participation

All insurers licensed to write workers compensation insurance in this state are required to participate in this Plan. All affiliated insurers must select the same option. An insurer must satisfy its participation required by selecting one of the following options:

Option 1: ~~Provides for becoming~~ Becoming a direct assignment carrier and receiving ~~assigned-risk~~ assignments from the Plan Administrator. Any policy issued by an insurer that has selected this option will not be eligible for reinsurance through the Reinsurance Agreement(s) among members of the Association.

Option 2: ~~Provides for subscribing~~ Subscribing to the Association Bylaws.

If Option 1 is selected, one insurer may be designated to accept direct assignments on behalf of all affiliated insurers.

Any insurer wishing to select Option 1 must receive prior approval from the Plan Administrator. Application for such approval must be made no later than ninety (90) days prior to the end of any calendar year. The Plan Administrator must review the application and approve or disapprove it within sixty (60) days of receipt of the request. If the application is approved, that insurer shall become a direct assignment carrier on January 1 of the year following the Plan Administrator's approval. Such approval shall continue in effect until terminated (a) by the mutual agreement of the insurer and the Plan Administrator, (b). upon notice from the

insurer to the Plan Administrator at least 90 days prior to the end of the calendar year that the insurer elects, effective as of January 1 of the following year, another manner of satisfying its participation requirement under the Plan, or (c) upon the disqualification of the insurer as a direct assignment carrier.

Any insurer wishing to select Option 1 must:

- Maintain a **minimum** Best’s rating of A-; **or better**; **▪** Agree to conform, at a minimum, to such standards of performance as may be implemented by the Plan Administrator;
- Agree to maintain necessary facilities to provide risks assigned to it the same level of service rendered to its voluntary business; and
- Execute the Plan Administrator’s direct assignment contract.

An insurer that fails to make application to the Plan Administrator for approval as a direct assignment carrier at least ninety (90) days prior to the end of any calendar year shall automatically be deemed to have selected Option 2 for the following year. If the Plan Administrator fails to act on a letter of application or disapproves the letter of application for direct assignment carrier status, such insurer shall automatically be deemed to have selected Option 2. During the period of time an application is pending or an appeal is pending before the Plan Administrator with regard to a disapproved letter of application for direct assignment carrier status, an insurer shall automatically be deemed to have selected Option 2 for the period during which approval has not been granted. If previously a subscriber to the Association Bylaws, an insurer seeking to become a direct assignment carrier must also comply with the withdrawal provision in the Bylaws.

An insurer applying to be licensed in this State to write workers compensation insurance after this Plan has been approved and which desires to become a direct assignment carrier must submit its application to become a direct assignment carrier at the time it subscribes to and becomes a member of the North Carolina Rate Bureau. The Plan Administrator shall approve or disapprove the application within sixty (60) days.

If a licensed workers compensation insurer has not made an election, that insurer shall be deemed to have selected Option 2 until the next Plan membership election, at which time the insurer may then make its own participation selection. An insurer shall automatically be deemed to have selected Option 2 for the following calendar year when the insurer has an opportunity to make a participation selection and fails to do so.

Whenever participation under the Association Bylaws consists of those insurers cumulatively writing less than forty (40) percent of the total net workers compensation insurance premiums written by all insurers in this state as calculated in accordance with the preceding calendar year figures or whenever the Plan Administrator determines the capacity of servicing carriers to handle assignments made pursuant to the Rules for Eligibility and Assignment section falls below a level which is adequate to handle all the assignments being made, or whenever the reinsurance mechanism provided pursuant to the Association Bylaws is terminated, those insurers that

selected Option 2 shall, as of January 1 of the following year, automatically be deemed to have selected Option 1 for employers insured effective on or after said January 1. Under this provision all licensed insurers shall automatically be deemed approved as direct assignment carriers and shall not need to seek Plan Administrator approval.

5. Plan Administrator

In recognition of the interests of the participating companies who have subscribed to the Association Bylaws, the Plan Administrator will consult with the Board of Directors, as appropriate, in the course of carrying out its duties and responsibilities with respect to the establishment of servicing carrier eligibility requirements under ~~Rule 4-A-6-a~~ Rule 4-A-6-a and performance standards under ~~Rule 4-A-6-c~~ Rule 4-A-6-c. The Plan Administrator shall also be responsible for determining the expenses for the operation of the Plan, and shall assess each insurer participating in the Plan for those expenses on an equitable basis as determined by the Plan Administrator. The Plan Administrator will have the following duties and responsibilities in addition to any others set forth in this Plan:

- a. Administering, managing, and enforcing the Plan subject to the provisions contained herein;
- b. Determining the methodology and formula for making assignments to assigned carriers pursuant to the Assignment Formula section and securing the necessary information in order to make the assignments;
- c. Processing assigned risk applications pursuant to the requirements of this Plan;
- d. Administering the Plan with respect to the approval of direct assignment carriers;
- e. Establishing eligibility criteria for servicing carriers and selecting servicing carriers by competitive bid process or otherwise;
- f. Establishing written performance requirements for servicing carriers, including but not limited to:
 - Verification of ongoing Plan eligibility for the employer
 - Issuance of policies and endorsements
 - Filings with administrative agencies ▪ Maintenance of premiums on policies consistent with manual rules, rates, rating plans, and classifications
 - Completion and billing of final audits
 - Collection of premium ▪ Claim services, including investigation, disability management, and medical cost control
 - Loss control services and safety information to encourage employers to make safety a part of their business

- Payment of agent commissions
- Issuance of renewal proposals and non-renewal notices
- Assurance of insured and insurer compliance with all terms and conditions of the policy contract
- Resolution of complaints and response to insured/agent inquiries
- Reporting financial and statistical data;

g. Monitoring servicing carrier performance and enforcing performance requirements and incentives;

h. Administering the dispute resolution mechanism as provided in the Dispute Resolution Procedure section;

i. Developing and implementing assigned risk operating rules and forms to the extent necessary to carry out the purposes of this Plan;

j. Informing the Commissioner of any insurer that is not participating in this Plan; and

k. Monitoring the performance and operation of the Plan and initiating amendments thereto as appropriate.

6. Servicing Carriers

~~With respect to the servicing carriers selected, the following shall apply:~~

The Plan Administrator shall also be responsible for determining the expenses for the operation of the Plan, and shall assess each insurer participating in the Plan for those expenses on an equitable basis as determined by the Plan Administrator.

a. Eligibility to Act as a Servicing Carrier

The Plan Administrator shall establish written requirements that insurers must meet in order to be eligible to act as a servicing carrier. An insurer that has been approved as a direct assignment carrier pursuant to Option 1 under the Participation section is not eligible to be selected as a servicing carrier under this Plan. From among those insurers that are eligible and have applied to act as a servicing carrier, and subject to any applicable regulatory approval or review where applicable, the Plan Administrator shall select a sufficient number of servicing carriers that are needed to handle the assignments made pursuant to this Plan. Before the selection process begins, the Plan Administrator will consult with the Board of Directors, as appropriate, in determining the number of servicing carriers that are needed to handle the assignments made pursuant to this Plan. The Plan Administrator may terminate the servicing carrier status of any insurer that fails to meet the servicing carrier requirements on a continuing basis.

b. Servicing Carrier Operations Report

Each servicing carrier shall provide a report to the Plan Administrator in such format and time as determined by the Plan Administrator. This report, among other things, shall provide information on the servicing carrier's operations related to the Plan business in the following areas: underwriting, auditing, claims, loss control, premium collection, and customer service.

c. Standards for Servicing Carrier Performance, Compensation and Incentives

The Plan Administrator shall establish written minimum levels of acceptable performance for servicing carriers and shall establish procedures for measuring servicing carrier performance. In recognition of the interests of the participating companies who have subscribed to the Association Bylaws, the Plan Administrator will consult with the Board of Directors, as appropriate, in establishing these standards. Servicing carriers shall manage losses in compliance with the performance standards established hereunder. The Plan Administrator shall also establish the compensation for servicing carriers which shall take into consideration, among other things, provisions for (1) rewarding servicing carriers for positive action targeted at reducing losses and costs, (2) disincentives for inefficiencies and poor service, and (3) servicing carrier capacity.

d. Monitoring and Enforcement

The Plan Administrator shall monitor and review servicing carrier performance by (1) reviewing the operations reports, (2) requiring and reviewing self-audits, (3) conducting on-site audits, and (4) reviewing any other information available that relates to the servicing carrier. The Plan Administrator shall require servicing carriers to maintain desired performance levels and shall take appropriate remedial action where necessary including, but not limited to, establishment and administration of a progressive discipline program which may lead to terminating an insurer's servicing carrier status. Any action taken by the Plan Administrator under this provision is subject to review under the Dispute Resolution Procedure section. In order to fulfill its responsibilities under this Plan, the Plan Administrator shall have the right, itself or through authorized representatives, at all reasonable times during regular business hours, to audit and inspect the books and records of any servicing carrier with respect to any policies, claims, or related documents coming within the purview of this Plan, the Association Bylaws, or the Reinsurance Agreement(s). The Plan Administrator may provide the Board of Directors with a report and other data as appropriate, concerning the Plan Administrator's monitoring and enforcement activities related to servicing carriers.

7. Direct Assignment Carriers

The Plan Administrator shall establish written performance requirements for direct assignment carriers. The Commissioner of Insurance shall monitor direct assignment carrier performance through market conduct examinations, or through such other methods that he shall deem appropriate.

8. Interstate Assignments

a. Additional States Requested During the Policy Period

Any employer assigned under this Plan and desiring workers compensation insurance for operations in states other than that covered by this Plan may request its assigned carrier to furnish such insurance in such additional states. Workers compensation insurance in such additional states may be written by the assigned carrier on a voluntary basis and in accordance with the law, rates, rules, classifications, and regulations applicable to the voluntary workers compensation market in those states.

If the assigned carrier does not wish to provide the additional states on a voluntary basis, such assigned carrier may provide assigned risk coverage in such additional states subject to the following:

1) Workers compensation insurance may only be provided in accordance with the Rules of Eligibility and Assignment section above in those states that have a Workers Compensation Insurance Plan that is similar to this Plan and that allows employers applying for coverage under those Plans to obtain coverage for operations in this State.

2) An assigned carrier providing such insurance shall collect all premiums due on operations located in such other states. The effective date of such insurance in such additional states shall be the day after premium is received; however, in the event coverage in such additional states is on an “if any” basis, the effective date of such coverage shall be the day following receipt of an acceptable request for such insurance by the assigned carrier. A copy of the ~~policy~~Policy Information Page and all endorsements, properly identified as a WCIP or AR (Assigned Risk) policy, shall be submitted to the appropriate ~~Plan Administrator~~plan administrator having jurisdiction in the State where the coverage is effected.

3) The rates, rating plans, classifications, and policy forms used to provide coverage in such additional states shall be those that are applicable to the residual market and are on file and have been approved by the regulators in those additional states and authorized for use in the residual market by the Plan Administrator.

4) In the event the assigned carrier is a servicing carrier, in order to combine multiple states on a single policy, the assigned carrier must also be a signatory to an agreement providing reinsurance for residual market employers similar to the Association Bylaws in each state where the

coverage shall be provided. If the assigned carrier is a direct assignment carrier pursuant to Option 1 in the Participation section, in order to combine multiple states on a single policy, it must also be authorized to act as a direct assignment carrier or servicing carrier in each state where the coverage shall be provided. Separate policies must be issued for states in which the insurer is a direct assignment carrier and for states in which the insurer is a servicing carrier.

An assigned carrier unwilling or unable to provide insurance for an employer in additional states either on a voluntary basis or in accordance with this section shall refer the request to the Plan Administrator.

b. Multi-state Policy Procedure at Time of Application

Employers who make application for workers compensation insurance under another state’s Workers Compensation Insurance Plan may purchase coverage for operations in this State without meeting the application requirements of this Plan, provided: (a) the employer qualifies for such insurance under the other state’s Plan, (b) the employer is in good faith entitled to insurance under this Plan, (c) the other state’s Plan is similar to this Plan, (d) that Plan also provides for interstate assignments, and (e) the payroll for the employer’s operation in this State is not greater than the payroll in the other state.

The rates, rating plans, classifications, and policy forms used to provide coverage in this State shall be those that are applicable to the residual market in this State and are on file and have been adopted by the Plan Administrator for use in the residual market and approved by the Commissioner.

1) The administrator of the other Plan is authorized to assign employers with operations in this state to the other Plan’s assigned carriers subject to the following conditions: 1) If the assigned carrier is a direct assignment carrier, it must also be a direct assignment carrier in this state pursuant to Option 1 of ~~Rule 4-A-4, or a servicing carrier in this state pursuant to Rule 4-A-6-a.~~ Rule 4-A-4, or a servicing carrier in this state pursuant to Rule 4-A-6-a.

2) If the assigned carrier is a signatory to an agreement providing reinsurance for residual market employers similar to this State’s Association Bylaws, it must also be a signatory to the Association Bylaws in this state or a direct assignment carrier in this state. In addition, if the payroll for the employer’s operation in this state is greater than \$250,000, and if the assigned carrier is a signatory to the Association Bylaws or a similar document in the other state, it must also be a servicing carrier or a direct assignment carrier in this State. If there is no eligible assigned carrier in this State that is also an insurer in the state of assignment, then the above payroll limitation may be removed at the discretion of the Plan Administrator or the employer may be required to submit a separate application for coverage in this State.

3) The other state’s Plan must give the Plan Administrator in this State similar authority to make interstate assignments.

With regard to interstate assignments and policies, this Plan shall have jurisdiction over all disputes resulting from the application of rules, programs and procedures that are specific to this State. Disputes regarding application requirements shall be under the jurisdiction of the state’s Plan where the application was filed.

9. Assignment Formula

The following procedures describe the mechanism used to provide for the random and equitable distribution of employers under this Plan to assigned carriers. This distribution is based on each direct assignment carrier’s allocable percentage and the combined allocable percentage of all servicing carriers, and the amount of estimated premium in the Plan, so far as practicable. When assigning an employer to an insurer, the mechanism considers the employer’s prior Plan coverage, special requirements (i.e., additional states or federal coverage) and premium size.

The mechanism provides that the allocable percentage for each assigned carrier shall be determined as follows:

a. If the assigned carrier is a direct assignment carrier, its allocable percentage will be equal to its net premiums written as compared to the total net premiums written in this State.

b. If the assigned carrier is a servicing carrier, it shall be responsible for providing services on behalf of those insurers that have elected to meet their Plan assignment requirements by subscribing to the Association Bylaws pursuant to Option 2 of the Participation section. Its allocable percentage will be determined by the Plan Administrator; however, the combined allocable percentages for all servicing carriers shall be equal to the combined net premiums written for all signatories to the Association Bylaws as compared to the total net premiums of all insurers participating in the Plan in this State.

The Plan Administrator may override the random assignment process to ensure the availability of requested Plan coverages to the employer.

10. Dispute Resolution Procedure

Any person affected by the operation of the Plan including, but not limited to, participating companies, insureds, agents, and assigned carriers, who may have a dispute with respect to any aspect of the Plan may seek a review of the matter by the Plan Administrator by setting forth in writing with particularity the nature of the dispute, the parties to the dispute, the relief sought and the basis thereof. The Plan Administrator may secure such additional information as it deems necessary to make a decision.

Appeals from employers and insurers on Plan matters regarding individual employer disputes shall be within the jurisdiction of the mechanism established to handle such appeals under the applicable rating law. All other disputes shall be handled as follows:

a. If the dispute relates to the general operation of the Plan, excluding individual employer disputes, those arising under the Association Bylaws, and those pertaining to the selection of servicing carriers, the Plan Administrator shall review the matter and render a written decision with an explanation of the reasons for the decision within thirty (30) days after receipt of all the information necessary to make the decision. Any party affected by such decision made by the Plan Administrator may seek a *de novo* review by the Commissioner by requesting such review, in writing, within thirty (30) days after the date of such decision.

In reviewing any such matter, the Commissioner shall follow normal hearing procedures. The Commissioner shall decide the dispute in accordance with applicable state laws and regulations, with due consideration to approved rules, procedures, and rating plans and pursuant to the provisions of the approved North Carolina Workers Compensation Insurance Plan.

b. If the dispute relates to any competitive bid process, the Bid Protest Procedure contained in the applicable Request for Proposal shall apply.

c. Except as provided below, if the dispute arises under the Association Bylaws or Reinsurance Agreement(s), the administrator designated under the Association Bylaws (the “Reinsurance Administrator”) shall first review the matter and render a written decision with an explanation of the reasons for the decision within thirty (30) days after receipt of all the information necessary to make the decision. Any party affected by the decision may seek a review by the Board of Directors established under the Association Bylaws by requesting such review, in writing, within thirty (30) days of the date of the decision by the Reinsurance Administrator under the Association Bylaws. The Board of Directors may (1) consider the matter and render its written decision pursuant to the procedures set forth in the Association Bylaws, or (2) waive its decision and offer the aggrieved party the option of appealing directly to the Commissioner or submitting the dispute to arbitration in accord with the terms and conditions established by the Board of Directors. Any party affected by a decision of the Board of Directors may seek a *de novo* review by the Commissioner by requesting such a review, in writing, within thirty (30) days of the date of the Board of Directors’ decision.

If the dispute relates to the expulsion of a participating company under the Association Bylaws by the Board of Directors or the non-continuation of the reinsurance afforded under the Association Bylaws, any appeal may be taken directly to the Commissioner without first complying with the procedures contained herein. The Commissioner shall have exclusive jurisdiction over all such disputes. In reviewing any such matter, the Commissioner shall follow those procedures applicable to administrative hearings as set out in Article 3A of Chapter 150B of the NC General Statutes and 11 NCAC 1.0400 et seq.

Rule 4 - Assigned Risk Plan Rules

Last Revision Date 3/01/2019

Applicable to North Carolina Assigned Risk policies only

4A. Workers Compensation Insurance Plan (WCIP)

Pursuant to North Carolina General Statute 58-36-1, there is hereby established a North Carolina Workers Compensation Insurance Plan ("Plan" or "WCIP"), which provides for the equitable apportionment of employers who are in good faith entitled to workers compensation insurance as defined herein, but who are unable to procure such insurance in a regular manner. This Plan and any future modifications are to be written in accordance with state laws, regulations and/or rules and approved by the North Carolina Commissioner of Insurance ("Commissioner").

1. WCIP Definitions

a. Affiliated Insurer

An insurer that directly, or indirectly through one (1) or more intermediaries, controls, or is controlled by, or is under common control with, another insurer specified. The term "control" means possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an insurer, whether through the ownership of voting securities, by contract or otherwise. Control is deemed to exist if any person or business enterprise, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies, representing ten (10) percent or more of the voting securities of any other insurer.

b. Agent

An agent as referenced in NCGS 58-36-1(5)a that is properly licensed in the State of North Carolina whose privileges under the Plan have not been suspended or revoked and who has been designated by the employer or applicant to secure workers compensation and employers liability insurance on behalf of the insured or employer. For purposes of this Plan, an agent is considered to be acting on behalf of the insured or employer applying under

this Plan and not as an agent of the Plan Administrator or of any assigned carrier for Plan business.

c. Application

The application is the form(s) approved for use in the residual market by the Plan Administrator for the purpose of securing workers compensation insurance under the Plan. The form currently approved for use under the Plan is the ACORD 135 NC® (North Carolina Workers Compensation Insurance Plan Application for Designation of An Insurance Company).

d. Application Submission Methods

The methods approved by the Plan Administrator in which eligible producers or agents may submit an application, on behalf of good faith eligible employers, for the purpose of securing coverage through the WCIP are as follows:

- Online – At www.ncrb.org through the [ManageAR](#) system
- Mail – By U.S. Postal Service delivery or other overnight delivery service
- Hand Delivery – To the Bureau at its offices on weekdays, excluding holidays, Monday through Thursday, during its business hours.

See Rule 4.A.2.a for good faith eligibility requirements.

e. Assigned Carrier

An insurer that has been assigned to provide coverage to an employer who has applied for and is in good faith eligible for workers compensation insurance under the Plan. There are two types of assigned carriers:

- **Servicing Carrier** - An insurer authorized by the Plan Administrator to receive Plan assignments and provide coverage to eligible employers on behalf of those participating companies subscribing to the Association Bylaws incorporated as part of this Plan and reinsured through the Reinsurance Agreement, or
- **Direct Assignment Carrier** - An insurer that has elected and has been authorized by the Plan Administrator to receive direct assignments under Option 1 of Rule 4.A.4 of this Plan. An insurer selecting the direct assignment option is solely responsible for the financial results of the assignments it receives.

f. Assigned Carrier Performance Standards

Assigned Carrier Performance Standards (ACPS) provides the minimum level of performance for assigned carriers writing coverage pursuant to the WCIP. The purpose of the **ACPS** is to provide policy issuance and service level requirements that assigned carriers must comply with to provide residual market policyholders with effective and consistent service levels.

g. Association Bylaws

Association Bylaws are the Bylaws of the National Workers Compensation Reinsurance Association NFP (NWCRA). The NWCRA member insurers participate in the Reinsurance Agreement(s) authorized under this Plan to provide reinsurance to the servicing carriers on employers assigned to them under this Plan. The Bylaws are the agreement subscribed to by insurers selecting Option 2 – Subscription to Association Bylaws as their means of satisfying their participation in the Plan. The Bylaws are incorporated by reference and made a part of this Plan to the extent that the Association Bylaws are not inconsistent with this Plan and applicable North Carolina law.

h. Board of Directors

For purposes of this Plan, Board of Directors means Board of Directors for the National Workers Compensation Reinsurance Association NFP.

i. Common Managing (or Management) Interest

With respect to an applicant or policyholder as referenced in the Plan, common managing (or management) interest exists when one or more individuals are or were owners or officers of, or perform or performed management functions for, two or more entities, or for a succession of entities. To secure or maintain coverage under the Plan, all employers that are under common managing (or management) interest must be in good faith eligible for workers compensation insurance under the Plan.

j. Employer

An employer is any business organization or enterprise that is required by state law, regulation, and/or rule or elects to maintain workers compensation insurance in this State. The term includes any business organizations or enterprises that are or were affiliated at any time as a result of common managing (or management) interest or common ownership.

k. Insured

An insured is an assigned risk employer designated on the Information Page of the policy or policies to which this Plan is applied and issued by an assigned carrier.

I. Net Premiums Written

The gross direct premiums charged less all premiums (except dividends and savings refunded under participating policies) returned to insureds for all workers compensation and occupational disease insurance, exclusive of premiums for

- 1) Employers subject to this Plan;
- 2) Employers written under the National Defense Projects Rating Plan; and
- 3) Excess policies.

m. North Carolina Rate Bureau or Bureau

The statutory rating organization designated as the Plan Administrator and authorized in this State to make and file loss costs, residual market rates, rating values, policy and endorsement forms, classifications, and rating plans for workers compensation insurance. (Also referred to herein as the Bureau)

n. Payment Methods – Initial or Deposit Premium

The payment method currently approved for the required initial or deposit premium on application submissions is the electronic payment method prescribed by the Plan Administrator.

Note: Payment other than through the prescribed electronic method would require Plan Administrator approval.

o. Plan Administrator

The North Carolina Rate Bureau is the organization designated to administer the affairs of this Plan.

p. Premium in Dispute

A workers compensation insurance premium obligation over which a bona fide dispute exists and for which the employer or its representative has provided:

- 1) Written notice to the assigned carrier detailing the specific area of dispute;
- 2) An estimate of the premium the employer believes to be correct, with an explanation of the premium calculation;

- 3) Payment of the undisputed portion of the premium and
- 4) A written report to the Plan Administrator which includes all documentation relevant to the dispute, describes the attempts to reconcile the differences and requests review and appropriate action to resolve the areas of dispute.

q. Producer

A licensed North Carolina agent, broker, producer or insurance representative as defined in the state insurance code, whose privileges under this Plan have not been suspended or revoked, designated by the employer or applicant applying under this Plan to secure and maintain workers compensation and employers liability insurance on behalf of the employer. For purposes of this Plan, the producer is considered to be acting on behalf of the insured or employer applying for coverage under this Plan and not as an agent of the Plan Administrator or any assigned carrier for Plan business.

r. Regulatory Authority

The North Carolina Commissioner of Insurance or a properly appointed designee

s. Reinsurance Agreement

A contractual arrangement among Association members providing a quota share reinsurance facility for workers compensation insurance in a number of states and for which administrative services are provided by the National Council on Compensation Insurance, Inc., in its capacity as Administrator as designated under the Association Bylaws.

t. Residual Market

The residual market is the state insurance plan that provides employers unable to secure coverage in the voluntary market with a means for insuring their operations through a designated insurance carrier. The residual market is also known as:

- Assigned risk market
- Involuntary market
- Market of last resort

u. Undisputed Premium

A workers compensation insurance premium obligation that is not the subject of a bona fide dispute

v. Voluntary Carrier

A voluntary carrier is a licensed insurer providing workers compensation insurance coverage on a policy written in the voluntary market, and not through this Plan.

w. Workers Compensation Insurance

- 1) Statutory workers compensation and occupational disease liability insurance, including insurance for liability under the United States Longshore and Harbor Workers' Compensation (USL&HW) Act, as amended, and the Federal Mine Safety and Health Act, as amended;
- 2) Employers liability insurance written in connection with a workers compensation insurance policy; and
- 3) Such other coverages as determined by the Plan Administrator and approved by the Commissioner.

x. Workers Compensation Insurance Plan (WCIP or Plan)

A program established by NCGS 58-36-1 and approved by the Commissioner whereby eligible employers unable to secure coverage in the voluntary market may secure workers compensation insurance.

2. Rules for Eligibility and Assignment

North Carolina General Statute 58-36-1(5) requires, in part, that as a prerequisite to the transaction of workers compensation insurance in North Carolina, each carrier shall file written authority with the Bureau permitting the Bureau to assign to it employers which are in good faith entitled to workers compensation insurance as defined herein, but who are unable to procure such insurance in a regular manner. The following rules, which have been adopted by the Bureau and approved by the Commissioner of Insurance, shall cover the assignment and the insuring of such employers as provided by the law mentioned above. Any dispute arising from the application or interpretation of this Plan is subject to the dispute resolution procedures provided in this Plan.

a. Good Faith Entitlement

This Plan shall apply only to employers that are in good faith entitled to workers compensation insurance.

An employer is not in good faith entitled to insurance, and the insurance may be refused or cancelled, if any of the circumstances listed below exist, at the time of the application or thereafter, or other evidence exists that such

employer is not in good faith entitled to insurance. The employer will remain ineligible for coverage through the Plan until the employer has complied with the policy provisions or satisfied any of the outstanding obligation(s) listed below, as applicable, and is deemed by the Bureau to be in good faith entitled to insurance.

- 1) At the time of application, a self-insured employer is aware of and fails to disclose pending bankruptcy proceedings, insolvency or cessation of operations involving the employer.
- 2) At the time of application, a self-insured employer is aware, or with the exercise of reasonable diligence should be aware, of prior conditions, exposures, claims, or any other information which make it likely that a significant number of occupational disease or cumulative injury claims will arise from exposure incurred while the employer was self-insured and the employer fails to disclose such prior conditions, exposures, claims, or other information.
- 3) On a current or previous workers compensation insurance policy, the employer:
 - knowingly refuses to meet reasonable health, safety, or loss control requirements;
 - does not allow reasonable access to its records, premises, or work locations for audit or inspection; or
 - does not comply with any other policy or Plan obligations and conditions.
- 4) The employer has any outstanding workers compensation insurance premium obligation or other monetary obligation on a current workers compensation insurance policy or on any previous workers compensation insurance policy or while a member of a licensed group of self-insurance associations that is not subject to a bona fide premium dispute.
- 5) The employer, its representative and/or the agent/producer knowingly fails to comply with Plan procedures, or knowingly makes a material misrepresentation on the application by omission or otherwise, including, but not limited to, the following:
 - estimated payroll
 - nature of business
 - name
 - management or ownership of business or predecessor entities
 - previous insurance history
 - avoidance of an experience rating modification

- an outstanding premium obligation or other monetary policy obligation
- noncompliance with any applicable state licensing or registration requirement.

b. Employer Certification

An employer shall not be considered as subject to this Plan unless such employer has been certified to be difficult to place by an agent licensed in North Carolina and such agent so certified in the prescribed application form.

c. Application Requirements

A standard application form for insurance under this Plan must be completed by or on behalf of the employer. The application shall require:

- 1) Complete underwriting information and reasonable payroll estimates.
- 2) A statement that the employer will maintain a complete record of its payroll transactions in such form as the assigned carrier may reasonably require and that such record will be available to the assigned carrier at a designated place during the policy period and for one (1) year after.
- 3) A statement that the employer will comply with all reasonable recommendations of the assigned carrier relating to the welfare, health, and safety of employees.

d. Plan Administrator

The Plan shall be administered by the North Carolina Rate Bureau (referred to herein as the "Plan Administrator" or the "Bureau"), or its designee.

e. Assignment Procedures

Upon receipt of a properly completed application for insurance, the Plan Administrator shall (1) determine, to the extent possible based on the application, that the employer is in good faith entitled to insurance; (2) establish the appropriate classifications, rates, and estimated annual premium; and (3) designate an assigned carrier and bind coverage, contingent upon payment of the estimated annual or deposit premium.

The Plan Administrator may request additional information, at its discretion, to establish eligibility, to assign appropriate classification codes, to calculate applicable premium, and to otherwise appropriately process the application. Such information may include tax documentation, ownership information, contracts, or any other information deemed necessary to process the application. The employer and/or its representative shall provide this

information/documentation or provide an acceptable explanation for failure to do so.

To secure a requested effective date, the employer or its representative must submit to the Plan Administrator a fully completed and signed application, using an approved application submission method.

Depending on the application submission method, the earliest effective date for coverage will be established in the following manner:

Application Submission Table 1

If the application is submitted by regular mail and the envelope containing the application has . . .	Then the earliest effective date will be 12:01 a.m. on the day after . . .
A legible U.S. postmark or certified mail receipt	Postmark
An illegible U.S. postmark	Receipt of the application by the Plan Administrator
A private postage meter mark only	Receipt of the application by the Plan Administrator
Internet postage with a legible cancellation stamp	The date on the cancellation stamp
Internet postage without a cancellation stamp or an illegible cancellation stamp	Receipt of the application by the Plan Administrator

Application Submission Table 2

If the application is submitted by overnight mail and . . .	Then the earliest effective date will be 12:01 a.m. on the day after . . .
The package containing the application has proof of mailing that can be verified	The application was sent to the Plan Administrator
The package containing the application does not have proof of mailing or proof of mailing cannot be verified	Receipt of the application by the Plan Administrator
Proof of mailing (i.e., certified mail receipt) can be obtained	Postmark
Proof of mailing cannot be obtained	Receipt of the application by the Plan Administrator

Application Submission Table 3

<p>If the application is hand-delivered to the Plan Administrator . . .</p>	<p>Then the earliest effective date will be 12:01 a.m. on the day after receipt by the Plan Administrator</p>
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Application Submission Table 4

<p>If the application (including any necessary supplemental applications) is submitted through the Bureau's ManageAR system . . .</p>	<p>Then the earliest effective date will be 12:01 a.m. on the day after submission to the Plan Administrator.</p>
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IF AN APPLICATION EMPLOYS A COMBINATION OF ANY OF THE ABOVE DESCRIBED METHODS OF SUBMISSION, THE BUREAU SHALL APPLY THE ABOVE DESCRIBED RULES USED TO DETERMINE THE EARLIEST EFFECTIVE DATE BASED ON THE METHODS OF SUBMISSION EMPLOYED AND THE EARLIEST EFFECTIVE DATE OF COVERAGE SHALL BE THE LATEST EFFECTIVE DATE OF SUCH METHODS EMPLOYED BY THE APPLICANT.

f. Policy Term

The assigned carrier shall issue a standard policy of insurance with an effective date as established by the Plan Administrator. The policy shall be issued for a term of at least one (1) year, unless insurance for a shorter term has been requested. A short-term policy may be obtained only once within a twelve-month (12) period, unless agreed to by the assigned carrier.

g. Reassignment

An employer may submit a written request for reassignment to a different assigned carrier upon policy expiration. Any request for reassignment is subject to the approval of the Plan Administrator. If approved, reassignment will require the submission of a properly completed application and payment of the required initial or deposit premium and the employer must also otherwise be eligible for coverage through the Plan.

h. Additional States Coverage

All assignments under this Plan are to be made on an intrastate basis. However, any employer desiring insurance in additional states may request its assigned carrier to furnish insurance in such additional states in accordance with the Interstate Assignment section of this Plan.

i. Agent/Producer Information

- 1) Commission: Five percent (5%) of the total premium charged and collected from the employer shall be the commission to be paid to the producer of record or licensed agent designated by the insured employer.
- 2) Changes: The employer shall designate a licensed agent or producer of record and, with respect to any renewal of the coverage, may change the agent or producer by notice to the assigned carrier prior to the date of such renewal or, with the consent of the assigned carrier, at any other time.

j. Available Coverages

Other coverages may be available to the employer through the assigned carrier.

3. Assigned Carrier Responsibilities

The assigned carrier is held accountable to the *Assigned Carrier Performance Standards*, all applicable state laws and regulations, and all procedures set forth in or promulgated under this Plan including, but not limited to, the following:

a. Approved Classifications, Forms, Rates, and Rating Plans

All policies must be written utilizing the classifications, forms, rates, and rating plans that have been adopted for use in the residual market by the Plan Administrator and approved by the Commissioner.

b. Policy Information Page

The Policy Information page and all endorsements must be reported electronically in the format established by the Plan Administrator.

c. Cancellation of the Policy

If, after the issuance of a policy, the assigned carrier determines that an employer is not entitled to insurance, or has failed to comply with reasonable health, safety, or loss control requirements, or has violated any of the terms and conditions under which the insurance was issued, and after providing opportunity for cure, the assigned carrier shall initiate cancellation and inform the Plan Administrator of the reason for such cancellation.

Failure or refusal by an employer to make full disclosure to the assigned carrier or Plan Administrator of information regarding true ownership, change of ownership, operations, payroll, or any other records pertaining to workers compensation insurance or any other information required under this Plan or to comply with policy or Plan terms or conditions shall be sufficient grounds for cancellation of the policy.

The assigned carrier shall also endeavor to contemporaneously send to the agent copies of correspondence to the employer relating to good faith entitlement, failure or refusal to comply, or other violations of policy or Plan terms or conditions.

Any insured employer so cancelled must reestablish eligibility or must demonstrate entitlement to the Plan Administrator before any further assignment can be made under this Plan.

d. Effective Date of Policy

Subject to Rule 4-A-3-f below, policies must be renewed or reinstated without a lapse in coverage when premium is received or U.S. postmarked prior to the policy effective date or cancellation date.

On new assignments policies must be issued based on the effective date provided by the Plan Administrator.

e. Renewal and Nonrenewal of Coverage

At least forty-five (45) days prior to the expiration date of insurance, the assigned carrier shall send a renewal proposal or notice of impending expiration of coverage to the insured, the agent and the Plan Administrator. Upon receipt of the required premium, the policy shall be issued in the normal manner and a copy of such policy and all endorsements, properly identified as a WCIP or AR (Assigned Risk) policy, shall be furnished to the Plan Administrator within the time frame and in the format established by the Plan Administrator.

f. Reapplication and Reassignment to the Plan

Any assigned carrier unwilling to renew an employer assigned to it shall notify the employer, agent, and the Plan Administrator at least forty-five (45) days in advance of expiration, giving a reason or reasons acceptable to the Plan Administrator. Reassignment will require the submission of a properly completed application.

g. Cancellation for Voluntary Coverage

Notwithstanding Rule 4-A-3-j, any insurer that is willing to insure an employer as voluntary business may do so at any time. If such insurer is not the assigned carrier, the assigned carrier must cancel its policy pro rata as of the effective date of the voluntary carrier's policy.

h. Notification of Outstanding Premium

Outstanding premium or other monetary policy obligation information identified by the assigned carrier or its representative shall be provided to the Plan

Administrator in accordance with the appropriate performance standards or other legal or regulatory requirements.

i. Policyholder Services

The assigned carrier shall provide to its policyholders and their designated agents/producers access to audit, loss control, and safety services; prompt, professional handling of claims, including investigation, resolution, and communication; fair and prompt responses to complaints and disputes; and access to appropriate information regarding the classification of the business and the factors influencing the policy premium.

j. Confidentiality of Information

The assigned carrier shall keep in confidence and shall not, except as directed by the insured or the agent/producer of record, or as otherwise may be required by law or regulatory authority, disclose to any third party, or use for the benefit of itself or any third party, such information pertaining to a policyholder as it may obtain by virtue of its position as the assigned carrier. Such information will be used solely for the evaluation, underwriting, and issuance of coverage under this Plan and not for any other purpose. The assigned carrier shall not use any information it obtains in this capacity as the assigned carrier to request, encourage, or solicit employers it insures under this Plan to utilize the services of any specific insurance agent, agency, broker, insurer, or group of insurers for purposes of providing voluntary workers compensation insurance or other lines of insurance to such employer.

4. Participation

All insurers licensed to write workers compensation insurance in this state are required to participate in this Plan. All affiliated insurers must select the same option. An insurer must satisfy its participation required by selecting one of the following options:

Option 1: Becoming a direct assignment carrier and receiving assignments from the Plan Administrator. Any policy issued by an insurer that has selected this option will not be eligible for reinsurance through the Reinsurance Agreement(s) among members of the Association.

Option 2: Subscribing to the Association Bylaws.

If Option 1 is selected, one insurer may be designated to accept direct assignments on behalf of all affiliated insurers.

Any insurer wishing to select Option 1 must receive prior approval from the Plan Administrator. Application for such approval must be made no later than ninety (90) days prior to the end of any calendar year. The Plan Administrator

must review the application and approve or disapprove it within sixty (60) days of receipt of the request. If the application is approved, that insurer shall become a direct assignment carrier on January 1 of the year following the Plan Administrator's approval. Such approval shall continue in effect until terminated (a) by the mutual agreement of the insurer and the Plan Administrator, (b) upon notice from the insurer to the Plan Administrator at least 90 days prior to the end of the calendar year that the insurer elects, effective as of January 1 of the following year, another manner of satisfying its participation requirement under the Plan, or (c) upon the disqualification of the insurer as a direct assignment carrier.

Any insurer wishing to select Option 1 must:

- Maintain a Best's rating of A- or better;
- Agree to conform, at a minimum, to such standards of performance as may be implemented by the Plan Administrator;
- Agree to maintain necessary facilities to provide risks assigned to it the same level of service rendered to its voluntary business; and
- Execute the Plan Administrator's direct assignment contract.

An insurer that fails to make application to the Plan Administrator for approval as a direct assignment carrier at least ninety (90) days prior to the end of any calendar year shall automatically be deemed to have selected Option 2 for the following year. If the Plan Administrator fails to act on a letter of application or disapproves the letter of application for direct assignment carrier status, such insurer shall automatically be deemed to have selected Option 2. During the period of time an application is pending or an appeal is pending before the Plan Administrator with regard to a disapproved letter of application for direct assignment carrier status, an insurer shall automatically be deemed to have selected Option 2 for the period during which approval has not been granted. If previously a subscriber to the Association Bylaws, an insurer seeking to become a direct assignment carrier must also comply with the withdrawal provision in the Bylaws.

An insurer applying to be licensed in this State to write workers compensation insurance after this Plan has been approved and which desires to become a direct assignment carrier must submit its application to become a direct assignment carrier at the time it subscribes to and becomes a member of the North Carolina Rate Bureau. The Plan Administrator shall approve or disapprove the application within sixty (60) days.

If a licensed workers compensation insurer has not made an election, that insurer shall be deemed to have selected Option 2 until the next Plan membership election, at which time the insurer may then make its own participation selection. An insurer shall automatically be deemed to have

selected Option 2 for the following calendar year when the insurer has an opportunity to make a participation selection and fails to do so.

Whenever participation under the Association Bylaws consists of those insurers cumulatively writing less than forty (40) percent of the total net workers compensation insurance premiums written by all insurers in this state as calculated in accordance with the preceding calendar year figures or whenever the Plan Administrator determines the capacity of servicing carriers to handle assignments made pursuant to the Rules for Eligibility and Assignment section falls below a level which is adequate to handle all the assignments being made, or whenever the reinsurance mechanism provided pursuant to the Association Bylaws is terminated, those insurers that selected Option 2 shall, as of January 1 of the following year, automatically be deemed to have selected Option 1 for employers insured effective on or after said January 1. Under this provision all licensed insurers shall automatically be deemed approved as direct assignment carriers and shall not need to seek Plan Administrator approval.

5. Plan Administrator

In recognition of the interests of the participating companies who have subscribed to the Association Bylaws, the Plan Administrator will consult with the Board of Directors, as appropriate, in the course of carrying out its duties and responsibilities with respect to the establishment of servicing carrier eligibility requirements under [Rule 4-A-6-a](#) and performance standards under [Rule 4-A-6-c](#). The Plan Administrator shall also be responsible for determining the expenses for the operation of the Plan, and shall assess each insurer participating in the Plan for those expenses on an equitable basis as determined by the Plan Administrator. The Plan Administrator will have the following duties and responsibilities in addition to any others set forth in this Plan:

- a. Administering, managing, and enforcing the Plan subject to the provisions contained herein;
- b. Determining the methodology and formula for making assignments to assigned carriers pursuant to the Assignment Formula section and securing the necessary information in order to make the assignments;
- c. Processing assigned risk applications pursuant to the requirements of this Plan;
- d. Administering the Plan with respect to the approval of direct assignment carriers;

- e. Establishing eligibility criteria for servicing carriers and selecting servicing carriers by competitive bid process or otherwise;
- f. Establishing written performance requirements for servicing carriers, including but not limited to:
 - Verification of ongoing Plan eligibility for the employer
 - Issuance of policies and endorsements
 - Filings with administrative agencies
 - Maintenance of premiums on policies consistent with manual rules, rates, rating plans, and classifications
 - Completion and billing of final audits
 - Collection of premium
 - Claim services, including investigation, disability management, and medical cost control
 - Loss control services and safety information to encourage employers to make safety a part of their business
 - Payment of agent commissions
 - Issuance of renewal proposals and non-renewal notices
 - Assurance of insured and insurer compliance with all terms and conditions of the policy contract
 - Resolution of complaints and response to insured/agent inquiries
 - Reporting financial and statistical data;
- g. Monitoring servicing carrier performance and enforcing performance requirements and incentives;
- h. Administering the dispute resolution mechanism as provided in the Dispute Resolution Procedure section;
- i. Developing and implementing assigned risk operating rules and forms to the extent necessary to carry out the purposes of this Plan;
- j. Informing the Commissioner of any insurer that is not participating in this Plan; and
- k. Monitoring the performance and operation of the Plan and initiating amendments thereto as appropriate.

6. Servicing Carriers

The Plan Administrator shall also be responsible for determining the expenses for the operation of the Plan, and shall assess each insurer participating in the Plan for those expenses on an equitable basis as determined by the Plan Administrator.

a. Eligibility to Act as a Servicing Carrier

The Plan Administrator shall establish written requirements that insurers must meet in order to be eligible to act as a servicing carrier. An insurer that has been approved as a direct assignment carrier pursuant to Option 1 under the Participation section is not eligible to be selected as a servicing carrier under this Plan. From among those insurers that are eligible and have applied to act as a servicing carrier, and subject to any applicable regulatory approval or review, the Plan Administrator shall select a sufficient number of servicing carriers that are needed to handle the assignments made pursuant to this Plan. Before the selection process begins, the Plan Administrator will consult with the Board of Directors, as appropriate, in determining the number of servicing carriers that are needed to handle the assignments made pursuant to this Plan. The Plan Administrator may terminate the servicing carrier status of any insurer that fails to meet the servicing carrier requirements on a continuing basis.

b. Servicing Carrier Operations Report

Each servicing carrier shall provide a report to the Plan Administrator in such format and time as determined by the Plan Administrator. This report, among other things, shall provide information on the servicing carrier's operations related to the Plan business in the following areas: underwriting, auditing, claims, loss control, premium collection, and customer service.

c. Standards for Servicing Carrier Performance, Compensation and Incentives

The Plan Administrator shall establish written minimum levels of acceptable performance for servicing carriers and shall establish procedures for measuring servicing carrier performance. In recognition of the interests of the participating companies who have subscribed to the Association Bylaws, the Plan Administrator will consult with the Board of Directors, as appropriate, in establishing these standards. Servicing carriers shall manage losses in compliance with the performance standards established hereunder. The Plan Administrator shall also establish the compensation for servicing carriers which shall take into consideration, among other things, provisions for (1) rewarding servicing carriers for positive action targeted at reducing losses and costs, (2) disincentives for inefficiencies and poor service, and (3) servicing carrier capacity.

d. Monitoring and Enforcement

The Plan Administrator shall monitor and review servicing carrier performance by (1) reviewing the operations reports, (2) requiring and reviewing self-audits, (3) conducting on-site audits, and (4) reviewing any other information available that relates to the servicing carrier. The Plan Administrator shall require servicing carriers to maintain desired performance levels and shall take appropriate remedial action where necessary including, but not limited to, establishment and administration of a progressive discipline program which may lead to terminating an insurer's servicing carrier status. Any action taken by the Plan Administrator under this provision is subject to review under the Dispute Resolution Procedure section. In order to fulfill its responsibilities under this Plan, the Plan Administrator shall have the right, itself or through authorized representatives, at all reasonable times during regular business hours, to audit and inspect the books and records of any servicing carrier with respect to any policies, claims, or related documents coming within the purview of this Plan, the Association Bylaws, or the Reinsurance Agreement(s). The Plan Administrator may provide the Board of Directors with a report and other data as appropriate, concerning the Plan Administrator's monitoring and enforcement activities related to servicing carriers.

7. Direct Assignment Carriers

The Plan Administrator shall establish written performance requirements for direct assignment carriers. The Commissioner of Insurance shall monitor direct assignment carrier performance through market conduct examinations, or through such other methods that he shall deem appropriate.

8. Interstate Assignments

a. Additional States Requested During the Policy Period

Any employer assigned under this Plan and desiring workers compensation insurance for operations in states other than that covered by this Plan may request its assigned carrier to furnish such insurance in such additional states. Workers compensation insurance in such additional states may be written by the assigned carrier on a voluntary basis and in accordance with the law, rates, rules, classifications, and regulations applicable to the voluntary workers compensation market in those states.

If the assigned carrier does not wish to provide the additional states on a voluntary basis, such assigned carrier may provide assigned risk coverage in such additional states subject to the following:

- 1) Workers compensation insurance may only be provided in accordance with the Rules of Eligibility and Assignment section above in those states that have a Workers Compensation Insurance Plan that is

similar to this Plan and that allows employers applying for coverage under those Plans to obtain coverage for operations in this State.

- 2) An assigned carrier providing such insurance shall collect all premiums due on operations located in such other states. The effective date of such insurance in such additional states shall be the day after premium is received; however, in the event coverage in such additional states is on an "if any" basis, the effective date of such coverage shall be the day following receipt of an acceptable request for such insurance by the assigned carrier. A copy of the Policy Information Page and all endorsements properly identified as a WCIP or AR (Assigned Risk) policy shall be submitted to the appropriate plan administrator having jurisdiction in the State where the coverage is effected.
- 3) The rates, rating plans, classifications, and policy forms used to provide coverage in such additional states shall be those that are applicable to the residual market and are on file and have been approved by the regulators in those additional states and authorized for use in the residual market by the Plan Administrator.
- 4) In the event the assigned carrier is a servicing carrier, in order to combine multiple states on a single policy, the assigned carrier must also be a signatory to an agreement providing reinsurance for residual market employers similar to the Association Bylaws in each state where the coverage shall be provided. If the assigned carrier is a direct assignment carrier pursuant to Option 1 in the Participation section, in order to combine multiple states on a single policy, it must also be authorized to act as a direct assignment carrier or servicing carrier in each state where the coverage shall be provided. Separate policies must be issued for states in which the insurer is a direct assignment carrier and for states in which the insurer is a servicing carrier.

An assigned carrier unwilling or unable to provide insurance for an employer in additional states either on a voluntary basis or in accordance with this section shall refer the request to the Plan Administrator.

b. Multi-state Policy Procedure at Time of Application

Employers who make application for workers compensation insurance under another state's Workers Compensation Insurance Plan may purchase coverage for operations in this State without meeting the application requirements of this Plan, provided: (a) the employer qualifies for such insurance under the other state's Plan, (b) the employer is in good faith entitled to insurance under this Plan, (c) the other state's Plan is similar to this Plan, (d) that Plan also provides for interstate assignments, and (e) the payroll for the

employer's operation in this State is not greater than the payroll in the other state.

The rates, rating plans, classifications, and policy forms used to provide coverage in this State shall be those that are applicable to the residual market in this State and are on file and have been adopted by the Plan Administrator for use in the residual market and approved by the Commissioner.

The administrator of the other Plan is authorized to assign employers with operations in this state to the other Plan's assigned carriers subject to the following conditions:

- 1) If the assigned carrier is a direct assignment carrier, it must also be a direct assignment carrier in this state pursuant to Option 1 of [Rule 4-A-4](#), or a servicing carrier in this state pursuant to [Rule 4-A-6-a](#).
- 2) If the assigned carrier is a signatory to an agreement providing reinsurance for residual market employers similar to this State's Association Bylaws, it must also be a signatory to the Association Bylaws in this state or a direct assignment carrier in this state. In addition, if the payroll for the employer's operation in this state is greater than \$250,000, and if the assigned carrier is a signatory to the Association Bylaws or a similar document in the other state, it must also be a servicing carrier or a direct assignment carrier in this State. If there is no eligible assigned carrier in this State that is also an insurer in the state of assignment, then the above payroll limitation may be removed at the discretion of the Plan Administrator or the employer may be required to submit a separate application for coverage in this State.
- 3) The other state's Plan must give the Plan Administrator in this State similar authority to make interstate assignments.

With regard to interstate assignments and policies, this Plan shall have jurisdiction over all disputes resulting from the application of rules, programs and procedures that are specific to this State. Disputes regarding application requirements shall be under the jurisdiction of the state's Plan where the application was filed.

9. Assignment Formula

The following procedures describe the mechanism used to provide for the random and equitable distribution of employers under this Plan to assigned carriers. This distribution is based on each direct assignment carrier's allocable percentage and the combined allocable percentage of all servicing carriers, and the amount of estimated premium in the Plan, so far as practicable. When assigning an employer

to an insurer, the mechanism considers the employer's prior Plan coverage, special requirements (i.e., additional states or federal coverage) and premium size.

The mechanism provides that the allocable percentage for each assigned carrier shall be determined as follows:

- a. If the assigned carrier is a direct assignment carrier, its allocable percentage will be equal to its net premiums written as compared to the total net premiums written in this State.
- b. If the assigned carrier is a servicing carrier, it shall be responsible for providing services on behalf of those insurers that have elected to meet their Plan assignment requirements by subscribing to the Association Bylaws pursuant to Option 2 of the Participation section. Its allocable percentage will be determined by the Plan Administrator; however, the combined allocable percentages for all servicing carriers shall be equal to the combined net premiums written for all signatories to the Association Bylaws as compared to the total net premiums of all insurers participating in the Plan in this State.

The Plan Administrator may override the random assignment process to ensure the availability of requested Plan coverages to the employer.

10. Dispute Resolution Procedure

Any person affected by the operation of the Plan including, but not limited to, participating companies, insureds, agents, and assigned carriers, who may have a dispute with respect to any aspect of the Plan may seek a review of the matter by the Plan Administrator by setting forth in writing with particularity the nature of the dispute, the parties to the dispute, the relief sought and the basis thereof. The Plan Administrator may secure such additional information as it deems necessary to make a decision.

Appeals from employers and insurers on Plan matters regarding individual employer disputes shall be within the jurisdiction of the mechanism established to handle such appeals under the applicable rating law. All other disputes shall be handled as follows:

- a. If the dispute relates to the general operation of the Plan, excluding individual employer disputes, those arising under the Association Bylaws, and those pertaining to the selection of servicing carriers, the Plan Administrator shall review the matter and render a written decision with an explanation of the reasons for the decision within thirty (30) days after receipt of all the information necessary to make the decision. Any party affected by such decision made by the Plan Administrator may seek a *de novo* review by the Commissioner by requesting such review, in writing, within thirty (30) days after the date of such decision.

In reviewing any such matter, the Commissioner shall follow normal hearing procedures. The Commissioner shall decide the dispute in accordance with applicable state laws and regulations, with due consideration to approved rules, procedures, and rating plans and pursuant to the provisions of the approved North Carolina Workers Compensation Insurance Plan.

- b. If the dispute relates to any competitive bid process, the Bid Protest Procedure contained in the applicable Request for Proposal shall apply.
- c. Except as provided below, if the dispute arises under the Association Bylaws or Reinsurance Agreement(s), the administrator designated under the Association Bylaws (the "Reinsurance Administrator") shall first review the matter and render a written decision with an explanation of the reasons for the decision within thirty (30) days after receipt of all the information necessary to make the decision. Any party affected by the decision may seek a review by the Board of Directors established under the Association Bylaws by requesting such review, in writing, within thirty (30) days of the date of the decision by the Reinsurance Administrator under the Association Bylaws. The Board of Directors may (1) consider the matter and render its written decision pursuant to the procedures set forth in the Association Bylaws, or (2) waive its decision and offer the aggrieved party the option of appealing directly to the Commissioner or submitting the dispute to arbitration in accord with the terms and conditions established by the Board of Directors. Any party affected by a decision of the Board of Directors may seek a de novo review by the Commissioner by requesting such a review, in writing, within thirty (30) days of the date of the Board of Directors' decision.

If the dispute relates to the expulsion of a participating company under the Association Bylaws by the Board of Directors or the non-continuation of the reinsurance afforded under the Association Bylaws, any appeal may be taken directly to the Commissioner without first complying with the procedures contained herein. The Commissioner shall have exclusive jurisdiction over all such disputes. In reviewing any such matter, the Commissioner shall follow those procedures applicable to administrative hearings as set out in Article 3A of Chapter 150B of the NC General Statutes and 11 NCAC 1.0400 et seq.

**NORTH CAROLINA WORKERS COMPENSATION INSURANCE PLAN
APPLICATION FOR DESIGNATION OF AN INSURANCE COMPANY**

<p>This application must be submitted electronically, unless otherwise approved by the Plan Administrator, via our website at www.ncrb.org, click on the "ManageAR" link.</p> <p align="center">NORTH CAROLINA RATE BUREAU 2910 SUMNER BOULEVARD RALEIGH, NC 27616</p>	<p>A delay in coverage may result if you fail to:</p> <ol style="list-style-type: none"> 1. Fully answer <u>all</u> questions on the application. 2. Remit amount of estimated annual or deposit premium. 3. Include required signatures. <p align="center">For questions, please call: 919-582-1056</p>	<p>This application does NOT provide insurance coverage</p> <p align="center">FOR BUREAU USE ONLY</p> <p>Spectrum ID#</p> <hr/> <p>ManageAR ID#</p>
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Pursuant to and in compliance with NC GS 58-36-1(5), the undersigned employer hereby applies for the designation of an insurance company to provide insurance in accordance with the provision of the NC Workers Compensation Insurance Plan.

<p>1. APPLICANT NAME (Enter complete legal name of employer)</p> <hr/> <p>DBA Name:</p> <hr/> <p>FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN)</p> <hr/> <p>TELEPHONE # (Include Area Code)</p> <hr/> <p>FAX # (Include Area Code)</p>	<p>2. MAILING ADDRESS (Including ZIP Code)</p> <hr/> <p>3. LEGAL STATUS</p> <table style="width:100%;"> <tr> <td><input type="checkbox"/> INDIVIDUAL</td> <td><input type="checkbox"/> CORPORATION</td> <td><input type="checkbox"/> OTHER: _____ <small>(please specify)</small></td> </tr> <tr> <td><input type="checkbox"/> PARTNERSHIP</td> <td><input type="checkbox"/> LIMITED LIABILITY CO</td> <td></td> </tr> </table> <p>4. REQUESTED EFFECTIVE DATE</p> <p align="right"><i>NC General Statute 58-36-1(5) may determine coverage effective date.</i></p>	<input type="checkbox"/> INDIVIDUAL	<input type="checkbox"/> CORPORATION	<input type="checkbox"/> OTHER: _____ <small>(please specify)</small>	<input type="checkbox"/> PARTNERSHIP	<input type="checkbox"/> LIMITED LIABILITY CO		<p>NUMBER OF YEARS IN BUSINESS</p>
<input type="checkbox"/> INDIVIDUAL	<input type="checkbox"/> CORPORATION	<input type="checkbox"/> OTHER: _____ <small>(please specify)</small>						
<input type="checkbox"/> PARTNERSHIP	<input type="checkbox"/> LIMITED LIABILITY CO							

5. NATURE OF BUSINESS / DESCRIPTION OF OPERATIONS

GIVE COMPLETE DESCRIPTION OF BUSINESS AND OPERATIONS, INCLUDING PRODUCTS MANUFACTURED, SOLD OR SERVICED.

6. ADDITIONAL BUSINESS NAMES & LOCATIONS OF ALL NORTH CAROLINA WORK PLACES (Show principal name and location first)

NOTE: If a PO Box is used as the mailing address in Section 2, then a physical NC location must be listed below.

#	NAME, STREET, CITY, STATE, ZIP CODE	#	NAME, STREET, CITY, STATE, ZIP CODE
1		3	
2		4	

PAYROLL OFFICE ADDRESS (Street, City, State & ZIP Code)	CONTACT PERSON & TELEPHONE NUMBER (Include Area Code)
---	---

REMARKS

7. GENERAL INFORMATION

Coverages and Ownership	YES	NO	YES	NO
1a. HAS THERE BEEN PREVIOUS WORKERS COMPENSATION INSURANCE COVERAGE IN NORTH CAROLINA? <i>If "NO", please check one:</i> <input type="checkbox"/> NEW BUSINESS <input type="checkbox"/> OTHER: _____ <input type="checkbox"/> SELF INSURED (Please specify)			Subcontractors	
1b. HAS THERE BEEN PREVIOUS WORKERS COMPENSATION INSURANCE IN ANY OTHER STATE? 2a. IS THERE ANY UNPAID WORKERS COMPENSATION PREMIUM DUE FROM YOU OR ANY COMMONLY MANAGED ENTERPRISES? <i>If "YES", please provide the following information:</i> Named Insured: _____ Insurance Company: _____ Policy Number: _____ Explain: _____			4. DO YOU USE SUBCONTRACTORS AS PART OF YOUR WORK FORCE?	
			Professional Employer Organizations	
			5. DO YOU LEASE WORKERS FROM A LABOR CONTRACTOR? <i>If "YES", please attach a completed:</i> <input style="width:100%;" type="text"/> CLIENT SUPPLEMENTAL APPLICATION	
2b. IS THERE ANY UNPAID WORKERS COMPENSATION PREMIUM IN DISPUTE FROM YOU OR ANY COMMONLY MANAGED ENTERPRISES? <i>If "YES", please provide the following information:</i> Named Insured: _____ Insurance Company: _____ Policy Number: _____ Explain: _____			6. DO YOU LEASE WORKERS TO A CLIENT COMPANY? <i>If "YES", please attach a completed:</i> <input style="width:100%;" type="text"/> LABOR CONTRACTOR SUPPLEMENTAL APPLICATION (SIDE A)	
			7. ARE YOU SEEKING TO COVER THESE LEASED WORKERS? <i>If "YES", please attach a completed:</i> <input style="width:100%;" type="text"/> LABOR CONTRACTOR SUPPLEMENTAL APPLICATION (SIDE A & B)	
3. HAS THERE BEEN A NAME CHANGE, CONSOLIDATION, MERGER OR OWNERSHIP CHANGE DURING THE PAST FIVE YEARS? <i>If "YES", please provide the following information below and complete the ERM-14.</i> Previous Name(s): _____ Date of Change: _____			Truckers	
			8. DO TRUCKING CLASSIFICATIONS APPLY? <i>If "YES", please attach a completed:</i> <input style="width:100%;" type="text"/> TRUCKERS SUPPLEMENTAL APPLICATION	
			Other State Coverages	
			9. ARE THERE ANY OPERATIONS IN STATES OTHER THAN NORTH CAROLINA? <i>If "YES", list states:</i>	
			10. ARE YOU REQUESTING COVERAGE FOR ANY OF THESE STATES? <i>If "YES", list states:</i>	
NOTE: <i>Extension of coverage to other states is subject to designated carrier review and approval. Coverage may not be available in some states.</i>				

8. INSURANCE RECORD

PLEASE PROVIDE WORKERS COMPENSATION POLICY INFORMATION FOR THE THREE PREVIOUS YEARS

STATE	INSURANCE COMPANY	POLICY NUMBER	FROM	POLICY PERIOD TO	ANNUAL PREMIUM

9. CORPORATE OFFICERS, SOLE PROPRIETORS, PARTNERS OR MEMBERS OF A LIMITED LIABILITY COMPANY

PROVIDE A COMPLETE LIST OF THE NAMES AND TITLES, AS WELL AS THE ADDITIONAL PERTINENT INFORMATION, AS IT PERTAINS TO ALL OFFICERS, SOLE PROPRIETORS, GENERAL PARTNERS OR MEMBERS OF A LIMITED LIABILITY COMPANY. PLEASE NOTE THAT THE ANNUAL SALARY IS REQUIRED REGARDLESS OF ELECTION OR REJECTION OF COVERAGE.

NAME	DATE OF BIRTH	TITLE	% of Ownership	DUTIES	COVERAGE		CLASS CODE	APPROX ANNUAL SALARY
					ELECT	REJECT		

EXECUTIVE OFFICERS OF A CORPORATION ARE AUTOMATICALLY COVERED UNDER THE ACT. ANY EXECUTIVE OFFICER MAY BE SPECIFICALLY EXCLUDED FROM COVERAGE. THE PAYROLL, SUBJECT TO INDIVIDUAL MINIMUM OR MAXIMUM LIMITATIONS AS SHOWN ON THE NORTH CAROLINA RATE PAGES FOR ALL COVERED OFFICERS, MUST BE INCLUDED IN THE PREMIUM CALCULATION SECTION.

SOLE PROPRIETORS, PARTNERS AND MEMBERS OF A LIMITED LIABILITY COMPANY ARE NOT AUTOMATICALLY COVERED UNDER THE ACT. ANY SOLE PROPRIETOR, PARTNER OR MEMBER OF A LIMITED LIABILITY COMPANY MAY ELECT TO BE COVERED. THE PAYROLL, AS SHOWN ON THE NORTH CAROLINA RATE PAGES FOR THOSE COVERED INDIVIDUALS, MUST BE INCLUDED IN THE PREMIUM CALCULATION SECTION.

REMARKS

10. CALCULATION OF NORTH CAROLINA ESTIMATED ANNUAL / DEPOSIT PREMIUM

EMPLOYEE DUTIES OR CLASSIFICATION PHRASEOLOGY	CLASS CODE	ADD USL&H		# OF EMPLOYEES	TOTAL PAYROLL	RATE	PREMIUM
		YES	NO				

Employer Limits of Liability Standard Limits of Liability of \$100,000 / \$100,000 / \$500,000 apply to all NC Assigned Risk workers compensation policies. Increased limits can be requested for an additional premium.	Do you want to increase the Employer Limits of Liability? <input type="checkbox"/> YES <input type="checkbox"/> NO <i>If "YES", please select one:</i>	TOTAL MANUAL PREMIUM Increased Limits of Employers Liability															
	<input type="checkbox"/> \$500,000 / \$500,000 / \$500,000 <input type="checkbox"/> \$1,000,000 / \$1,000,000 / \$1,000,000	Balance to Increased Limits TOTAL SUBJECT PREMIUM															
Request for Any Additional Coverages DEPOSIT PREMIUM IS DETERMINED BY TAKING A PERCENTAGE OF THE ESTIMATED ANNUAL PREMIUM. THE PERCENTAGE VARIES WITH THE AMOUNT OF THE ESTIMATED ANNUAL PREMIUM (SEE BELOW)	Experience Modification TOTAL MODIFIED PREMIUM	ARAP Surcharge Charge for Non-ratable Element Balance to Minimum Premium at Standard Limits TOTAL STANDARD PREMIUM															
	<table border="1"> <thead> <tr> <th>ESTIMATED ANNUAL PREMIUM</th> <th>PAYMENT BASIS</th> <th>MINIMUM DEPOSIT PERCENTAGE</th> <th>ADDITIONAL PAYMENTS DURING YEAR</th> </tr> </thead> <tbody> <tr> <td>UNDER \$5,000</td> <td>ANNUAL</td> <td>100% OF ANNUAL</td> <td>NONE</td> </tr> <tr> <td>AT LEAST \$5,000</td> <td>SEMIANNUAL</td> <td>75% OF ANNUAL</td> <td>ONE</td> </tr> <tr> <td>AT LEAST \$10,000</td> <td>QUARTERLY</td> <td>50% OF ANNUAL</td> <td>THREE</td> </tr> </tbody> </table>	ESTIMATED ANNUAL PREMIUM	PAYMENT BASIS	MINIMUM DEPOSIT PERCENTAGE	ADDITIONAL PAYMENTS DURING YEAR	UNDER \$5,000	ANNUAL	100% OF ANNUAL	NONE	AT LEAST \$5,000	SEMIANNUAL	75% OF ANNUAL	ONE	AT LEAST \$10,000	QUARTERLY	50% OF ANNUAL	THREE
ESTIMATED ANNUAL PREMIUM	PAYMENT BASIS	MINIMUM DEPOSIT PERCENTAGE	ADDITIONAL PAYMENTS DURING YEAR														
UNDER \$5,000	ANNUAL	100% OF ANNUAL	NONE														
AT LEAST \$5,000	SEMIANNUAL	75% OF ANNUAL	ONE														
AT LEAST \$10,000	QUARTERLY	50% OF ANNUAL	THREE														
SUCH ADDITIONAL PAYMENTS SHALL BE IN EQUAL AMOUNTS. THE SUM OF WHICH, WHEN ADDED TO THE DEPOSIT PREMIUM, SHALL EQUAL 100% OF ESTIMATED ANNUAL PREMIUM. ESTIMATED ANNUAL PREMIUM AND THE PAYMENT SCHEDULE ARE SUBJECT TO ADJUSTMENT AT INTERIM OR FINAL AUDIT, AND A RISK MAY SELECT A HIGHER DEPOSIT PREMIUM AT INCEPTION. THE ABOVE "DEPOSIT PREMIUM" TABLE IS FOLLOWED BY THE DESIGNATED CARRIERS. THE DESIGNATED CARRIER, BASED ON SOUND UNDERWRITING PRACTICES, HAS THE RIGHT TO MAKE APPROPRIATE CHANGES IN THE PAYMENT BASIS WHICH THE EMPLOYER HAS SELECTED. THE DESIGNATED CARRIER WILL GIVE THE REASONS FOR ANY CHANGE.		Required Deposit Premium Loss Sensitive Rating Plan Premium TOTAL REQUIRED DEPOSIT PREMIUM															

11. PREMIUM PAYMENT

- Upon completion of application, an assigned carrier will be designated and coverage will be bound contingent upon payment of estimated annual or deposit premium.
- Estimated annual or deposit premium must be submitted electronically, unless otherwise approved by the Plan Administrator.
- Is the premium financed? YES NO *(If "YES", attach a copy of the finance agreement)*
- Name of Finance Company: _____

12. REMARKS

13. APPLICANT'S STATEMENT

THE UNDERSIGNED EMPLOYER (1) CERTIFIES THAT THE INFORMATION WHICH HAS BEEN GIVEN TO THE AGENT FOR COMPLETION OF THE APPLICATION IS ACCURATE TO THE BEST OF THEIR KNOWLEDGE AND BELIEF AND (2) AGREES:

1. TO MAINTAIN A COMPLETE RECORD OF ALL PAYROLL TRANSACTIONS IN SUCH FORM AS THE INSURANCE COMPANY MAY REASONABLY REQUIRE AND THAT SUCH RECORD WILL BE AVAILABLE TO THE COMPANY AT THE DESIGNATED ADDRESS DURING THE POLICY PERIOD AND FOR ONE YEAR AFTER.
2. TO COMPLY SUBSTANTIALLY WITH ALL LAWS, ORDERS, RULES AND REGULATIONS IN FORCE AND EFFECT MADE BY THE PUBLIC AUTHORITIES RELATING TO THE WELFARE, HEALTH AND SAFETY OF EMPLOYEES.
3. TO COMPLY WITH ALL REASONABLE RECOMMENDATIONS MADE BY THE INSURANCE COMPANY RELATING TO THE WELFARE, HEALTH AND SAFETY OF EMPLOYEES.

THE UNDERSIGNED EMPLOYER ALSO CERTIFIES THEY HAVE HAD NO DIFFICULTIES WITH AN AGENT OR INSURANCE COMPANY IN REGARD TO: (a) PAYROLL RECORDS; (b) THE AMOUNT OF PREMIUM CHARGED; (c) THE PAYMENT OF PREMIUM; (d) THE CARRYING OUT OF ANY RECOMMENDATION MADE FOR THE PURPOSE OF SAFEGUARDING EMPLOYEES AND (e) THE HANDLING OF ANY CLAIM OR ACCIDENT REPORT EXCEPT THE FOLLOWING:

BY SIGNING BELOW I ACKNOWLEDGE THAT THE LOSS SENSITIVE RATING PLAN, IF APPLICABLE, HAS BEEN EXPLAINED TO ME BY MY AGENT. I AGREE THAT I SHALL BE BOUND BY THE TERMS OF SUCH PLAN IF MY ESTIMATED ANNUAL PREMIUM OR PRELIMINARY PHYSICAL AUDIT PREMIUM MEETS OR EXCEEDS THE PREMIUM ELIGIBILITY REQUIREMENT.

ADDITIONAL INFORMATION, SUCH AS, BUT NOT LIMITED TO: 1 - TAX DOCUMENTATION, 2 - OWNERSHIP INFORMATION, 3 - OPERATIONS OR CONTRACTS, MAY BE REQUIRED TO CONFIRM ELIGIBILITY, CLASS CODES, ESTIMATED PAYROLLS OR OTHERWISE PROCESS THE APPLICATION.

ANY ADDITIONAL INFORMATION REQUESTED BY A NORTH CAROLINA RATE BUREAU ASSOCIATE MUST BE FURNISHED BY THE EMPLOYER OR ITS REPRESENTATIVE WITHIN THE SPECIFIED TIME FRAME. FAILURE TO PROVIDE THIS INFORMATION TIMELY MAY RESULT IN A DELAY OF COVERAGE.

THE INSURANCE TO BE PROVIDED IS THROUGH THE **NORTH CAROLINA WORKERS COMPENSATION INSURANCE PLAN** AND NOT THROUGH THE PRIVATE MARKET. VIOLATION OF ANY OF THESE AGREEMENTS OR FAILURE TO PAY VALID WORKERS COMPENSATION INSURANCE PREMIUM CHARGED MAY RESULT IN CANCELLATION OF ANY POLICY OF INSURANCE ISSUED UNDER THE NORTH CAROLINA WORKERS COMPENSATION INSURANCE PLAN.

APPLICANT SIGNATURE (REQUIRED)

SIGNATURE MUST BE OF AN EXECUTIVE OFFICER OR OWNER AND THE SIGNER MUST BE LISTED IN SECTION 9 OF THE APPLICATION.

PRINTED NAME	TITLE
SIGNATURE	DATE

14. STATEMENT OF LICENSED AGENT

I, *(printed name of agent)* _____, DO HEREBY AFFIRM THAT I AM A LICENSED NORTH CAROLINA AGENT, AND PURSUANT TO NC GS 58-36-1(5), CERTIFY THIS WORKERS COMPENSATION INSURANCE RISK TO BE DIFFICULT TO PLACE WITHIN THE STANDARD MARKET.

I AM THE PRODUCER OF RECORD YES NO *(The Producer of Record must be a licensed North Carolina resident broker)*

INCLUDED IN THIS APPLICATION IS THE INFORMATION GIVEN TO ME BY THE APPLICANT. IF THE POLICY IS CANCELLED OR INSURANCE TERMINATED WHICH RESULTS IN A RETURN OF PREMIUM TO THE INSURED, I AGREE, UPON REQUEST, TO RETURN MY PROPORTIONATE SHARE OF SUCH RETURN PREMIUM.

OUT OF STATE AGENTS MUST FURNISH A COPY OF THE AGENT'S (Not Agency) NORTH CAROLINA NON-RESIDENT'S LICENSE.

- By checking this box, I certify that I have reviewed Section 13 of the Application with the applicant prior to his/her signing.
- By checking this box, I hereby acknowledge the signature to this Application as an original signature and request, on behalf of the applicant, the designation of an insurance company to provide insurance in accordance with the provisions of the NC Workers Compensation Insurance Plan, and I certify that I have reviewed the applicant's responsibilities with the applicant and will retain a copy of the completed Application with the applicant's signature for a period of not less than five (5) years.

AGENT	FEIN OR SOCIAL SECURITY NUMBER
AGENCY	TELEPHONE #
MAILING ADDRESS	FAX #
	E-MAIL ADDRESS
AGENT SIGNATURE (REQUIRED)	

SIGNATURE OF AGENT	DATE
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NORTH CAROLINA RATE BUREAU

2910 SUMNER BOULEVARD
RALEIGH, NC 27616
Email Address: support@ncrb.org

Phone: (919) 582-1056
Website: www.ncrb.org

The ACORD 135 NC is available on our website www.ncrb.org, go to Access Online Tools and click on the "ManageAR" link. If an NCRB Web User Account is needed, the registration form is on our website as well.

The numbers of this instruction sheet correspond to the numbered sections of the application on our website. If more space is needed, additional documentation can be uploaded.

GENERAL

- Failure to fully answer all questions, upload supplemental applications, remit amount of estimated annual or deposit premium and/or include required signatures may result in a delay of coverage and/or your application being declined.
- North Carolina General Statute 58-36-1(5) and the approved North Carolina Workers Compensation Insurance Plan will govern the processing of the application.

ELECTRONIC APPLICATIONS (ManageAR)

- Submit the application via ManageAR web application to the NC Rate Bureau. A copy of the ACORD 135 NC can be printed or saved from the web application for your records. All supplemental applications, ERM-14 form (if applicable), and additional documentation must be uploaded via ManageAR to the NC Rate Bureau.

MAILED APPLICATIONS (PAPER COPY)

- The ACORD 135 NC must be submitted electronically, unless otherwise approved by the NC Rate Bureau.

SECTION 1. APPLICANT NAME

- Show the complete legal name of the employer(s). If the applicant is a proprietorship or a partnership the full name(s) of the proprietor or general partners must be included. Include the business telephone and fax numbers, including area code, and the applicant's Federal Employers Identification Number.
- The insured named first on the Policy Information Page is given certain rights and responsibilities by the language of the policy contract. If more than one applicant employer is listed on the application, the one intended to receive these rights and responsibilities should be named first.

SECTION 2. MAILING ADDRESS

- Show the applicant's complete and exact mailing address, to include city, state and Zip code.

SECTION 3. LEGAL STATUS

- Select the proper box to designate the legal status of the primary applicant. If you check "other", please identify the applicable legal status.
- Indicate the number of years the applicant has been in business in North Carolina.

SECTION 4. REQUESTED EFFECTIVE DATE

- NC GS 58-36-1(5) states that coverage will be bound as follows:

To secure a requested effective date, the employer or its representative must submit to the Plan Administrator a fully completed and signed application, using an approved application submission method.

Depending on the application submission method, the earliest effective date for coverage will be established in the following manner:

Application Submission Table 1

If the application is submitted by regular mail and the envelope containing the application has . . .	Then the earliest effective date will be 12:01 a.m. on the day after . . .
A legible U. S. postmark or certified mail receipt	Postmark
An illegible U. S. postmark	Receipt of the application by the Plan Administrator
A private postage meter mark only	Receipt of the application by the Plan Administrator
Internet postage with a legible cancellation stamp	The date on the cancellation stamp
Internet postage without a cancellation stamp or an illegible cancellation stamp	Receipt of the application by the Plan Administrator

Application Submission Table 2

If the application is submitted by overnight mail and . . .	Then the earliest effective date will be 12:01 a.m. on the day after . . .
The package containing the application has proof of mailing that can be verified	The application was sent to the Plan Administrator
The package containing the application does not have proof of mailing or proof of mailing cannot be verified	Receipt of the application by the Plan Administrator
Proof of mailing (i.e., certified mail receipt) can be obtained	Postmark
Proof of mailing cannot be obtained	Receipt of the application by the Plan Administrator

Application Submission Table 3

If the application is hand-delivered to the Plan Administrator . . .	Then the earliest effective date will be 12:01 a.m. on the day after receipt by the Plan Administrator
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Application Submission Table 4

If the application (including any necessary supplemental applications) is submitted through the Bureau's ManageAR system . . .	Then the earliest effective date will be 12:01 a.m. on the day after submission to the Plan Administrator.
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IF AN APPLICATION EMPLOYS A COMBINATION OF ANY OF THE ABOVE DESCRIBED METHODS OF SUBMISSION, THE BUREAU SHALL APPLY THE ABOVE DESCRIBED RULES USED TO DETERMINE THE EARLIEST EFFECTIVE DATE BASED ON THE METHODS OF SUBMISSION EMPLOYED AND THE EARLIEST EFFECTIVE DATE OF COVERAGE SHALL BE THE LATEST EFFECTIVE DATE OF SUCH METHODS EMPLOYED BY THE APPLICANT.

SECTION 5. NATURE OF BUSINESS/DESCRIPTION OF OPERATIONS

- Completely describe the business or operations of the applicant. This information is needed to establish proper classification code assignments. Do not simply include the wording for a classification code.
- If the applicant is a service organization, describe the nature and details of the operation.
- If the applicant is a merchant, describe the products sold and any operations that involve the preparation of merchandise for sale and indicate if sales are retail or wholesale (if both, give percentage of each).
- If the applicant is a manufacturer, list the raw materials, processes and products manufactured.
- If the applicant is a contractor, describe the type of construction, erection or repair work performed and the type of equipment used. Describe the nature of any sub-contract arrangements.

SECTION 6. ADDITIONAL BUSINESS NAMES & LOCATIONS OF ALL NORTH CAROLINA WORK PLACES

- Enter the physical address of all permanent North Carolina locations from which the applicant operates. A post office box is not acceptable here.
- If a PO Box is used as the mailing address in Section 2, a physical North Carolina address must be entered in this Section.
- Enter the company name and physical address of the location where payroll records are maintained. A post office box is not acceptable here, unless it is the Payroll Office address. Include the name and telephone number of the person to contact regarding the applicant's payroll records.

SECTION 7. GENERAL INFORMATION

- Answer all questions by selecting yes or no.
- Provide any additional details or clarification as required.
- Complete the ERM-14 and/or other supplemental form(s) as needed for Professional Employer Organizations and/or trucking operations.

SECTION 8. INSURANCE RECORD

- Provide the previous record of workers compensation insurance coverage for the applicant for the three (3) previous years.

SECTION 9. CORPORATE OFFICERS, SOLE PROPRIETORS, PARTNERS OR MEMBERS OF A LLC

- List the name, date of birth, title, percentage of ownership, duties, class code and approximate annual salary of each executive officer, the sole proprietor, each general partner or each member of a limited liability company and indicate whether coverage for each individual is elected or rejected. The annual salary is required regardless of election or rejection of coverage.
- Executive officers of a corporation are automatically covered under North Carolina law; however, any executive officer may be specifically excluded from coverage by endorsing the insurance policy to exclude such executive officer. The payroll, subject to the individual minimum and maximum limitations as shown on the state rate pages, for all covered executive officers must be included in the "total payroll" in Section 10 and used to calculate estimated annual premium.
- Sole proprietors, partners and members of a limited liability company are not automatically covered under North Carolina law; however, the sole proprietor, any partner or any member of a limited liability company may elect to be included as an employee, if actively engaged in the operation of the business and the insurer is notified of the election to be included. The fixed payroll amount, as shown on the state rate pages, for covered sole proprietors, partners or members of a limited liability company must be included in the "total payroll" in Section 10 and used to calculate estimated annual premium.

SECTION 10. CALCULATION OF NC ESTIMATED ANNUAL/DEPOSIT PREMIUM

- List separately employee/department duties or classification phraseology, class code, number of employees, an accurate estimate of the annual payroll, the rate and calculated premium.
- If United States Longshore and Harbor Workers (USL&H), increased limits of Employer Liability and/or other coverages are requested, indicate these in the appropriate space(s).
- Any premium of \$250,000 or more is subject to the mandatory Loss Sensitive Rating Plan (LSRP) and additional premium may be required.
- For an estimated annual premium in excess of \$5,000, a percentage of the annual premium may be calculated as the deposit premium.

SECTION 11. PREMIUM PAYMENT

- The payment method currently approved for the required estimated annual or deposit premium on application submissions is the electronic payment method prescribed by the NC Rate Bureau. Payment other than through the prescribed electronic method would require Plan Administrator approval.
- Upon completion of application, an assigned carrier will be designated and coverage will be bound contingent upon payment of estimated annual or deposit premium.
- If the premium is financed, include a copy of the signed premium finance agreement and provide the name of the premium finance company in the space provided.

SECTION 12. REMARKS

- Document any additional information you feel will assist in the processing of the application or to explain any issues or concerns.

SECTION 13. APPLICANT'S STATEMENT

- The application is incomplete unless it has been signed by an individual (i) certifying the accuracy of the information that was given to the agent and used to complete the application and (ii) agreeing to comply with basic provisions of the North Carolina Workers Compensation Insurance Plan. The individual signing the application must be the sole proprietor if the applicant is a proprietorship, a partner if the applicant is a partnership, a member if the applicant is a limited liability company or an executive officer if the applicant is a corporation.
- Additional information may be requested before an assignment of coverage can be made. Any additional information requested should be promptly submitted.
- Any requested information required by the North Carolina Rate Bureau must be provided within the specified time frame in order to prevent the return of the application with no coverage assigned.

SECTION 14. STATEMENT OF LICENSED AGENT OR PRODUCER OF RECORD

- North Carolina law [GS 58-36-1(5)] requires that the applicant employer be "certified to be 'difficult to place' by any fire and casualty insurance agent who is licensed in this State".
- The application is incomplete unless it has been signed by the agent.
- The application may be signed by an out-of-state agent to whom the North Carolina Department of Insurance has issued a non-resident fire and casualty agent license. A non-resident agent cannot qualify as a producer of record. A copy of the agent's non-resident license must be submitted with the application for verification purposes.
- Select the box to indicate if the agent is a producer of record (a licensed North Carolina resident broker).
- The agent must certify (by checking box) that Section 13 has been explained to the applicant.
- The agent must acknowledge (by checking box) that the agent's signature is original, that the applicant's responsibilities as they pertain to coverage in the North Carolina Workers Compensation Insurance Plan have been reviewed with the applicant. In addition, the agent agrees to retain a copy of the completed application, with the applicant's signature for a period of not less than five (5) years.
- Include the name of agent, complete agency name, mailing address, telephone and fax numbers, e-mail address and either the Federal Employer Identification Number for the agency or the Social Security Number for the agent.