

May 2, 2019

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

NCCI Item RM-W-8046 – Revisions to Alternate Employer
Endorsement (WC 00 03 01A)

North Carolina Rate Bureau staff has filed and the North Carolina Commissioner of Insurance has approved NCCI Item RM-W-8046 with regard to revision to the Alternate Employer Endorsement (WC 00 03 01A). The approved changes will be applicable to all new and renewal assigned risk policies effective on or after July 1, 2019 and all alternate employer changes reported to the rating organization on or after July 1, 2019.

This item revises North Carolina Workers Compensation Basic Manual Rule 4-F-5 – Alternate Employer Endorsement (WC 00 03 01A) to allow use of the endorsement on policies of insureds whose employees are working on a special or temporary basis for another “alternate employer.” The endorsement will remain unavailable for Professional Employer Organization (PEO) arrangement policies.

A complete copy of NCCI's Item RM-W-8046, along with state-specific exhibit 1, are attached.

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 Office

JB:ko

Attachments

C-19-6

FILING MEMORANDUM

ITEM RM-W-8046—REVISION TO BASIC MANUAL RULE 4-G-5—ALTERNATE EMPLOYER ENDORSEMENT

PURPOSE

This item revises Rule 4-G-5—Alternate Employer Endorsement in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)* for the use of the endorsement on temporary arrangement policies. *Basic Manual* Rule 4-G includes the additional coverages available upon request of the employer for assigned risk policies only.

BACKGROUND

An alternate employer arrangement occurs when the employees of a policyholder are working on a special or temporary basis for another employer, or "alternate employer." The Alternate Employer Endorsement (WC 00 03 01 A) may be used to provide coverage for an alternate employer if required of the policyholder by contract and only when the state of operations of the alternate employer is listed in Item 3.A. of the policy.

As a result of Item RM-W-8038—Establishment of Basic Manual Rule 4-G—Available Coverages, effective January 1, 2012, *Basic Manual* Rule 4-G-5 was established for alternate employer coverage. Currently, the rule states that the Alternate Employer Endorsement is not available for Professional Employer Organization (PEO) and/or temporary arrangement policies. NCCI has determined that the rule must be revised to allow for the use of the endorsement on temporary arrangement policies. This is consistent with the endorsement's language regarding special or temporary employment by an alternate employer. The endorsement will continue to be unavailable for PEO arrangement policies.

PROPOSAL

This item proposes to revise NCCI's *Basic Manual* Rule 4-G-5 to allow for the use of the Alternate Employer Endorsement on temporary arrangement policies.

IMPACT

No statewide premium impact will result from the change proposed in this item.

STATE-SPECIFIC PROPOSAL AND IMPACT

New Mexico Proposal:

This item proposes to revise Rule 3-E—Alternate Employer Endorsement in NCCI's *New Mexico Workers' Compensation Assigned Risk Pool Manual (NMARM)* to allow for the use of the Alternate Employer Endorsement on temporary arrangement policies.

New Mexico Impact:

The impact detailed above applies in New Mexico.

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FILING MEMORANDUM

ITEM RM-W-8046—REVISION TO BASIC MANUAL RULE 4-G-5—ALTERNATE EMPLOYER
ENDORSEMENT

EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

Exhibit	Exhibit Comments	Implementation Summary
1	Details the revision to Rule 4-G-5—Alternate Employer Endorsement in NCCI's Basic Manual .	To become effective for new and renewal assigned risk policies only, effective on and after 12:01 a.m. on July 1, 2019.
2	Details the revision to Rule 3-E—Alternate Employer Endorsement in NCCI's NMARM .	

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ITEM RM-W-8046—REVISION TO BASIC MANUAL RULE 4-G-5—ALTERNATE EMPLOYER
ENDORSEMENT

EXHIBIT 1

BASIC MANUAL—2001 EDITION

PART ONE—RULES

RULE 4—WORKERS COMPENSATION INSURANCE PLAN RULES

G. AVAILABLE COVERAGES

(Applies in: AL, AR, AZ, CT, DC, GA, IA, ID, IL, IN, KS, MS, NH, NV, OR, SC, SD, TN, VA, VT, WV)

5. Alternate Employer Endorsement

- a. The Alternate Employer Endorsement is available if required of the employer by contract and only when the state of operations of the alternate employer is listed in Item 3.A. of the policy.
- b. The Alternate Employer Endorsement is **not** available for Professional Employer Organization (PEO) ~~and/or temporary~~ arrangement policies.

Rule 4 - Assigned Risk Plan Rules

F. Available Coverages

5. Alternate Employer Endorsement

- a. The Alternate Employer Endorsement (WC 00 03 01A) is available if required of the insured by contract and only when the state of operations of the alternate employer is listed in Item 3.A of the policy.
- b. The Alternate Employer Endorsement is not available for Professional Employer Organizations (PEOs) ~~and/or temporary~~ arrangement policies.