

November 20, 2008

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

North Carolina Statewide Forms:

WC 32 06 01 – Cancellation and Non-Renewal

WC 32 03 02 – Controlled Insurance Program
(with large deductible)

WC 32 03 03 – Controlled Insurance Program
(without deductible)

The North Carolina Rate Bureau recently filed and the North Carolina Commissioner of Insurance has approved three new state-specific forms. These forms are **OPTIONAL**, and may be used by all member companies. Each form and a description of its intended use is provided below.

A copy of each form is also attached to this circular, and available in the Endorsement/Form Listing on our website. These forms are available for use on or after November 15, 2008. No additional action needs to be taken by the carrier in order to use these forms as filed. No rate changes are associated with these forms.

FORM	DESCRIPTION
WC 32 06 01 – Cancellation and Non-Renewal	This form can be used to extend the number of days notice provide to an insured, so long as the number of days is more than required by law. This form should be used in conjunction with the already approved form WC 32 03 01B.
WC 32 03 02 – Controlled Insurance Program (with large deductible)	This form can be used to amend the policy in Controlled Insurance Programs (or wrap ups) where the project owner pays the premium on behalf of the named insured. This version is intended to be used in large deductible situations.
WC 32 03 03 – Controlled Insurance Program (without deductible)	This form is the same as WC 32 03 02 except that it can be applied in programs that do not include a deductible.

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

Sincerely,

Sue Taylor

Director of Insurance Operations

CANCELATION AND NON-RENEWAL ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because North Carolina is shown in item 3.A. of the Information Page.

It is hereby understood and agreed that all cancellation provisions in the policy addressing the required number of days notice for cancellation by us or non-renewal by us are amended as follows:

- a. ____ days notice will be given for notice of cancellation for non-payment of premium.
- b. ____ days notice will be given for notice of cancellation for any other reason.
- c. ____ days notice will be given for non-renewal.

Notwithstanding the provisions above, in no event will the number of days notice for cancellation or for non-renewal be fewer than the number of days required by North Carolina law.

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective
Insured
Insurance Company

Policy No.

Endorsement No.
Policy Effective Date

Countersigned By _____

Workers' Compensation and Employers' Liability Policy

Named Insured	Endorsement Number
	Policy Number
Policy Period	Symbol: Number:
	Effective Date of Endorsement

TO

Issued By (Name of Insurance Company)

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

NORTH CAROLINA CONTROLLED INSURANCE PROGRAM - AMENDATORY ENDORSEMENT (Large Deductible Plans)

This endorsement applies only to the insurance provided by the policy because North Carolina is show in Item 3.A. of the Information Page.

This endorsement applies because the policy is providing workers compensation coverage as part of a Controlled Insurance Program. The Project Sponsor of this Controlled Insurance Program is: _____ ("Project Sponsor").

This policy is amended to reflect the following changes and/or additions to clarify the policy provisions as they apply to the operations of Controlled Insurance Programs.

General Section, Item E. Location is replaced with the following:

E. Locations

This policy covers operations conducted at the workplace defined in the Designated Workplace Exclusion endorsement.

The following new sections F, G and H are added to the "GENERAL SECTION" of the Policy:

F. Project Sponsor

The Project Sponsor is the entity that has purchased this insurance on your behalf.

G. Controlled Insurance Program

The term "Controlled Insurance Program" signifies the insurance policies that the Project Sponsor has purchased from us and/or our affiliated insurance companies to cover operations conducted at the workplace defined in the Designated Workplace Exclusion endorsement.

H. Deductible Endorsement

The deductible endorsement attached to and made part of this policy applies solely with respect to the Project Sponsor. The duties to reimburse the insurance company and to provide collateral to secure the obligation to reimburse are solely the duties of the Project Sponsor.

Part Five - Premium, Item D. is replaced with the following:

D. Premium Payments

The Project Sponsor will pay all premium when due. The Project Sponsor will pay the premium even if part or all of a workers compensation law is not valid.

Part Five - Premium, Item E. is replaced with the following:

E. Final Premium

The premium shown on the Information Page, schedules, and endorsements is an estimate. The final premium will be determined after this policy ends by using the actual, not estimated, premium basis and the proper classifications and rates that lawfully apply to the business and work covered by this policy. If the final premium is more than the Project Sponsor paid to us, the Project Sponsor must pay us the balance. If it is less, we will refund the balance to the Project Sponsor. The final premium will not be less than the highest minimum premium for the classifications covered by this policy.

If this policy is canceled, final premium will be determined in the following way unless our manuals provide otherwise:

1. If we cancel, final premium will be calculated pro rata based on the time this policy was in force. Final premium will not be less than the pro rata share of the minimum premium.
2. If you or the Project Sponsor cancel, final premium will be more than pro rata; it will be based on the time this policy was in force, and increased by our short-rate cancellation table and procedure. Final premium will not be less than the minimum premium.

Part Six - Conditions, Item E. Sole Representative is replaced with the following:

E. Sole Representative

The Project Sponsor will act on behalf of the insured named in Item I of the Information Page with respect to changes in this policy, premium payments, receiving return premiums, giving or receiving notice of cancellation, claim payments, claim information and claim settlement agreements. If we cancel this policy, we will give notice of cancellation to you and the Project Sponsor.

All other terms, conditions and exclusions of this Policy remain unchanged.

Authorized Agent

Workers' Compensation and Employers' Liability Policy

Named Insured	Endorsement Number
	Policy Number
Policy Period	Symbol: Number:
	Effective Date of Endorsement

TO

Issued By (Name of Insurance Company)

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

NORTH CAROLINA CONTROLLED INSURANCE PROGRAM - AMENDATORY ENDORSEMENT

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General Section, Item E. Location is replaced with the following:

E. Locations

This policy covers operations conducted at the workplace defined in the Designated Workplace Exclusion endorsement.

The following new sections F and G are added to the "GENERAL SECTION" of the Policy:

F. Project Sponsor

The Project Sponsor is the entity that has purchased this insurance on your behalf.

G. Controlled Insurance Program

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All other terms, conditions and exclusions of this Policy remain unchanged.

Authorized Agent