

# **FREQUENTLY ASKED QUESTIONS**

## ***How do I obtain a Certificate of Insurance?***

- Typically the agent can issue the certificates of insurance on behalf of the assigned carrier.
- The NCRB does NOT issue Certificates of Insurance.

## ***What is the difference between a Servicing Carrier and a Direct Assignment Carrier?***

### **Servicing Carrier**

- Provides coverage to eligible employers on behalf of all pool participants.
- Is fully reinsured through the National Reinsurance Pool.
- Selected for a 3 year period through a bid process.
- Quota determined as part of bid process.

### **Direct Assignment Carrier**

- Not reinsured through the National Reinsurance Pool.
- Solely responsible for financial results of assignments.
- Notification to NCRB annually on desire to be a Direct Assignment Carrier.
- Quota is equal to percentage share in voluntary market.

## ***Who are the current Servicing & Direct Assignment Carriers?***

### **Servicing Carriers**

*(Effective 1/1/2008 – 12/31/2010)*

- Companion Property & Casualty Co.
- Key Risk Insurance Co.
- L M Insurance Co.
- Travelers Indemnity Co.

### **Direct Assignment Carriers**

*(Effective 1/1/2008)*

- American Interstate Ins. Co.
- American Zurich Ins. Co
- Cincinnati Insurance Co.
- Continental Casualty Co.
- Granite State Insurance Co.
- Hartford Underwriters Ins. Co.

## ***How long will it take to get an assignment once an application is received?***

- Generally, 3 to 5 business days.
- However, if the application is incomplete or additional premium is due to the carrier, the processing of the application will be delayed until receipt of additional information from the agent.
- If the necessary corrections, additional information and/or premium is not received within the specified time frame (usually 3-5 business days), the application will be returned to the agent.

***Can I obtain coverage in other states through the NCRB?***

- **No.** The North Carolina Rate Bureau can only bind coverage for North Carolina. Once the assignment is made, the Carrier will determine whether coverage can be provided for any additional states.

***What is the Expense Constant?***

- The expense constant is a premium charge that applies to every policy. It covers expenses such as those for issuing, recording, and auditing, which are common to all workers comp policies regardless of premium size.
- The current Expense Constant is \$250.

***Can I select my own carrier?***

- **No.** The assignment of a carrier is determined based upon a random and equitable distribution of employers to carriers authorized to write Assigned Risk coverage in the state. The assignment process to the carriers is an automated program called the “Quota Management System”.

***What is the USL&H?***

- The United States Longshore & Harbor Workers Compensation Act is a federal law that provides for payment of compensation and other benefits to eligible maritime employees. Such employees may include longshore workers, harbor workers, ship repairers, shipbuilders, shipbreakers, and other employees engaged in loading, unloading, repairing or building a vessel. Generally, it applies to these employees while working on navigable waters of the United States and while working on any adjoining pier, wharf, dry dock, terminal, building way, marine railway, or other area adjoining such navigable waters. You should consult your legal counsel if you have specific questions about USL&H.

***What is the USL&H Factor?***

- Effective 4/1/08 the USL&H percentage factor is 100%.

***What is the Loss Sensitive Rating Plan? (LSRP)***

- The Assigned Risk LSRP is a mandatory Plan and must apply to all assigned risk policies with total estimated annual standard premium or total audited standard premium that equals or exceeds \$200,000.
- The object of the plan is to adjust the premium for the insurance to which it applies on the basis of losses incurred during the period covered by that insurance. Its intent is to charge a premium that reflects those losses. This Plan uses the losses incurred during the term of the policy to establish the cost of insurance and includes provisions for all expenses and taxes on premiums

***What is the premium associated with the LSRP?***

- The deposit premium amount for the Loss Sensitive Rating Plan is 50% of the Total Estimated Premium *plus* an additional 20% LSRP Contingency Deposit.
- An Irrevocable Letter of Credit (ILOC) can be submitted in lieu of the 20% Contingency Deposit Premium.

### ***What are the Terrorism charges?***

On 12/6/07, President Bush signed the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA) that extends a federal backstop for terrorism exposure until 12/31/14.

The following Assigned Risk rates were approved by the NC Department of Insurance to be effective 9/1/08:

**Terrorism (includes Foreign and Domestic) – 0.02 per \$100 of payroll**

### ***What is a Minimum Premium Policy?***

- Minimum Premium is the lowest premium that is required in order to provide insurance under the Standard Policy. Minimum Premium is not subject to an experience rating modification.
- The premium associated with the class codes most frequently used on Minimum Premium applications in NC is typically \$850.

### ***What is an Interstate Mod?***

- Interstate rated means the risk has or had operations in North Carolina and other states and the National Council on Compensation Insurance, Inc. (NCCI) has issued an experience mod using data from all of the states.
- Interstate Mod worksheets ***MUST BE OBTAINED BY THE AGENT*** from NCCI and forwarded to the NCRB with the application. Contact information for NCCI: 1-800-622-4123 or [www.ncci.com](http://www.ncci.com).

### ***If unpaid premium is owed to a carrier, can an employer get coverage?***

- Not in the Assigned Risk market, unless a payment plan is set up with the carrier or documentation is provided to support a premium dispute.
- In order for an unpaid premium to be considered “in dispute”, both the carrier and the NCRB should be notified in writing.

### ***Is a Contractor liable for an uninsured subcontractor?***

- Under certain circumstances, contractors have an obligation to provide workers compensation benefits to the employees of an uninsured subcontractor. Please see N.C.G.S. 97-19.
- Under certain circumstances, a contractor who contracts with an individual in the interstate or intrastate carrier industry may be liable for workers compensation benefits for that independent contractor and his employees or subcontractors. Please see N.C.G.S. 97-19.1.
- For additional coverage information, please contact the North Carolina Industrial Commission.

### ***What is the agent commission in the Assigned Risk market?***

- Five percent (5%) of the total premium charged and collected from the employer must be the commission paid, which will be forwarded to the agent by the carrier.
- The NCRB does NOT issue commission checks.

***What is the status of my application?***

- For electronic application submissions, log on to ManageAR and use either the “Work List” or “Search” options to determine the current status.

***Note: Agents will receive an automatic e-mail notification once the assignment has been made.***

- For the status of applications that were not submitted electronically via ManageAR go to the NC Rate Bureau website at [www.ncrb.org](http://www.ncrb.org). Click on NCRB or select Workers Compensation, select Agent, go to Member Services and login. Select the link for Assigned Risk Application Status.

***The agent must have a user account to access this area.***