



April 3, 2017

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Withdrawal of National Endorsements: WC 00 03
20A, WC 00 03 21, WC 00 03 22 and WC 00 03 23

The North Carolina Rate Bureau filed and the North Carolina Department of Insurance approved effective April 1, 2017, revisions to North Carolina Basic Manual Rule 3-D-Professional Employers Organization (PEO). The revisions to Rule 3.D PEO, as announced by way of NCRB circular C-16-22 dated October 13, 2016, included the establishment of state-specific PEO endorsements for North Carolina. National endorsements for policies issued to PEOs and Clients providing workers compensation coverage as part of PEO Arrangements have been withdrawn and should not be used for North Carolina as of April 1, 2017. Following is a list of the national endorsements that have been withdrawn and the North Carolina state-specific endorsements that will replace them effective April 1, 2017:

- Withdrawal, Labor Contractor Endorsement (WC 00 03 20A)
 - *Replaced by state specific North Carolina Professional Employer (PEO) Extension Endorsement (WC 32 03 08)*
- Withdrawal, Labor Contractor Exclusion Endorsement (WC 00 03 21)
 - *Replaced by state specific North Carolina Professional Employer (PEO) Exclusion Endorsement (WC 32 03 05)*
- Withdrawal, Employee Leasing Client Exclusion Endorsement (WC 00 03 22)
 - *Replaced by state specific North Carolina Professional Employer (PEO) Client Exclusion Endorsement (WC 32 03 07)*
- Withdrawal Multiple Coordinated Policy Endorsement (WC 00 03 23)
 - *Replaced by state specific North Carolina Professional Employer (PEO) Extension Endorsement (WC 32 03 08)*

A copy of the NCRB Filing Memorandum and Exhibits are attached for your review.

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

Sincerely,

Joanna Biliouris

Chief Operating Officer

JB:dms

C-17-4

FILING MEMORANDUM**RE: Withdrawal of Professional Employer Endorsement
Effective Prior to April 1, 2017****PURPOSE**

This filing withdraws national endorsements available prior to April 1 2017 for workers compensation policies issued to Professional Employer Organizations (PEO) and employers that have entered into leasing agreements for workers employed by the PEO (licensee) and leased to the employer (client). Endorsements being withdrawn are as follows:

Labor Contractor Endorsement (WC 00 03 20A)
Labor Contractor Exclusion Endorsement (WC 00 03 21)
Employee Leasing Client Exclusion Endorsement (WC 00 03 22)
Multiple Coordinated Policy Endorsement (WC 00 03 23)

BACKGROUND

The NC Rate Bureau (Bureau) filed revisions to Rule 3.D Professional Employer Organizations (PEO) of the North Carolina Basic Manual for Workers Compensation and Employers Liability. The NC Department of Insurance (DOI) approved the revisions with an effective date of April 1, 2017, by way of filing NCRI-130758709. The revisions to Rule 3.D PEO include the establishment of endorsements that are specific to North Carolina. The North Carolina state-specific endorsements clarify which policy provides coverage for leased and direct workers of a PEO and Client that has entered into a Professional Employer Organization arrangement. The approval of the state-specific endorsements eliminates the need for several national PEO endorsements for North Carolina. To eliminate the use of these endorsements for North Carolina the Bureau is requesting that the national endorsements be withdrawn, thereby no longer available for use in North Carolina effective April 1, 2017.

PROPOSAL

The following is a summary of changes being proposed:

- Withdrawal, Labor Contractor Endorsement (WC 00 03 20A) effective April 1, 2017
 - *This endorsement is being replaced by state specific North Carolina Professional Employer (PEO) Extension Endorsement (WC 32 03 08)*
- Withdrawal, Labor Contractor Exclusion Endorsement (WC 00 03 21) effective April 1, 2017
 - *This endorsement is being replaced by state specific North Carolina Professional Employer (PEO) Exclusion Endorsement (WC 32 03 05)*
- Withdrawal, Employee Leasing Client Exclusion Endorsement (WC 00 03 22) effective April 1, 2017
 - *This endorsement is being replaced by state specific North Carolina Professional Employer (PEO) Client Exclusion Endorsement (WC 32 03 07)*
- Withdrawal Multiple Coordinated Policy Endorsement (WC 00 03 23) effective April 1, 2017

FILING MEMORANDUM

**RE: Withdrawal of Professional Employer Endorsement
Effective Prior to April 1, 2017**

- This endorsement is being replaced by state specific North Carolina Professional Employer (PEO) Extension Endorsement (WC 32 03 08)

See attached - NCRB Exhibits 1-5

IMPACT

There is no statewide premium impact for this item. The changes proposed in this item will withdraw endorsements that are no longer applicable for North Carolina.

IMPLEMENTATION

All voluntary and assigned risk policies issued with an effective date on or after April 1, 2017.

Exhibit 1

Endorsement Withdrawal Filing (2017)

Previous Form/Endorsement Number	Form/Endorsement Title	Form/Endorsement Description	Approved	Expiration Date	NCCI Item Filing #	NCRB Circular	Replaced by Form/Endorsement Number	Effective Date	Form/Endorsement Description
WC 00 03 20A	Labor Contractor Endorsement	Attach to Client policy - "Extends" coverage to leased employees	9/1/1993	4/1/2017	B-1276	C-93-13	WC 32 03 08	4/1/2017	Attach to Client policy - "Extends" coverage to leased employees
WC 00 03 21	Labor Contractor Exclusion Endorsement	Attach to PEO policy - "Excludes" workers leased to Clients from PEO policy	9/1/1993	4/1/2017	B-1276	C-93-13	WC 32 03 05	4/1/2017	Attach to PEO policy - "Excludes" workers leased to Clients from PEO policy
WC 00 03 22	Employee Leasing Client Exclusion Endorsement	Attach to Client policy - "Excludes" leased workers from Client policy that provides coverage for Clients direct workers	9/1/1993	4/1/2017	B-1276	C-93-13	WC 32 03 07	4/1/2017	Attach to Client policy - "Excludes" leased workers from Client policy that provides coverage for Clients direct workers
WC 00 03 23	Multiple Coordinated Policy Endorsement	Attach to Client policy - "Extends" coverage to workers leased from PEO shown in schedule.	9/1/1993	4/1/2017	B-1276	C-93-13	WC 32 03 08	4/1/2017	Attach to Client policy - "Extends" coverage to leased employees

LABOR CONTRACTOR ENDORSEMENT

This endorsement applies only with respect to bodily injury to your leased employees in the state named in Item 2 of the Schedule when provided by a labor contractor named in Item 1 of the Schedule. This endorsement does not apply with respect to bodily injury to workers provided to you on a temporary basis.

Certain words and phrases in this endorsement are defined as follows:

Labor contractor means the entity furnishing some or all of the workers to another entity.

Client means the entity using the services of a labor contractor to obtain some or all of its workers.

Temporary worker means a worker who is furnished to an entity to substitute for a permanent employee on leave or to meet seasonal or short-term workload conditions.

Part One (Workers Compensation Insurance) and Part Two (Employers Liability Insurance) will apply as though the labor contractor is an insured. If an entry is shown in Item 3 of the Schedule, the insurance afforded by this endorsement applies only to work you perform under the contract or at the project named in the Schedule.

Under Part One we will reimburse the labor contractor named in the Schedule for the benefits required by the workers compensation law if we are not permitted to pay the benefits directly to the persons entitled to them.

The insurance afforded by this endorsement is not intended to satisfy the labor contractor's duty to secure its obligations under the workers compensation law. We will not file evidence of this insurance on behalf of the labor contractor with any government agency.

We will not ask any other insurer of the labor contractor to share with us a loss covered by this endorsement.

Premium will be charged for your leased employees while provided by the labor contractor. You must obtain from the labor contractor and furnish to us a complete payroll record of your leased employees provided by the labor contractor to satisfy your obligations under Part Five (Premium), C.2.

The policy may be canceled according to its terms or for violation of rules applicable to employee leasing operations provided that the labor contractor has been provided a reasonable opportunity to cure the violation. If the policy is canceled, we will send notice of such cancellation to the labor contractor.

Part Four (Your Duties If Injury Occurs) applies to you and the labor contractor. The labor contractor will recognize our right to defend under Parts One and Two and our right to inspect under Part Six (Conditions).

Schedule

- | | |
|--------------------------------------|----------------|
| 1. Labor Contractor | Address |
| 2. State Where Work Performed | |
| 3. Contract or Project | |

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

Policy No.

Endorsement No.
Premium

Insurance Company

Countersigned by _____

LABOR CONTRACTOR EXCLUSION ENDORSEMENT

As used in this endorsement, "employee leasing" shall mean an arrangement whereby an entity utilizes the services of a third party to provide its workers for a fee or other compensation. The third party providing employee leasing services shall be referred to as a "labor contractor." The entity receiving the services shall be referred to as a "client."

This endorsement applies only with respect to workers provided by you to a client under an employee leasing arrangement to engage in work for the client. Your policy does not provide coverage for workers you lease to the clients listed below.

Schedule

Client**Address**

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
Insured

Effective Policy No.

Endorsement No.
Premium

Insurance Company

Countersigned by _____

WC 00 03 21
(Ed. 2-92)

EMPLOYEE LEASING CLIENT EXCLUSION ENDORSEMENT

As used in this endorsement, "employee leasing" shall mean an arrangement whereby an entity utilizes the services of a third party to provide its workers for a fee or other compensation. The third party providing employee leasing services shall be referred to as a "labor contractor." The entity receiving the services shall be referred to as a "client."

This endorsement applies only with respect to your leased workers engaged in any work provided under an employee leasing arrangement. Your policy does not provide coverage for workers you lease from labor contractors listed below.

Schedule

Labor Contractor

Address

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
Insured

Effective Policy No.

Endorsement No.
Premium

Insurance Company

Countersigned by _____

WC 00 03 22
(Ed. 2-92)

MULTIPLE COORDINATED POLICY ENDORSEMENT

The multiple coordinated policy to which this endorsement is attached provides coverage for the workers you lease from the labor contractor listed below and does not provide coverage for any other workers leased or non-leased.

Schedule

- | | |
|---|----------------|
| <ol style="list-style-type: none"> 1. Labor Contractor 2. State Where Work Performed 3. Contract or Project 4. Labor Contractor Policy Number | Address |
|---|----------------|

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
Insured

Effective Policy No.

Endorsement No.
Premium

Insurance Company

Countersigned by _____

WC 00 03 23
(Ed. 2-92)