



September 3, 2008

CIRCULAR LETTER TO ASSIGNED RISK MEMBER COMPANIESRe: Workers Compensation InsuranceItem RM-W-8031 Assigned Carrier  
Performance Standards

NCCI has issued Item RM-W-8031 regarding the Assigned Carrier Performance Standards, a copy of which is attached.

The Bureau has adopted the 2009 edition of the Assigned Carrier Performance Standards (Performance Standards). The adoption of this item will eliminate the 2002 Servicing Carrier Performance Standards that became effective January 1, 2002 and were last revised in North Carolina effective January 1, 2005.

The attached Filing Memorandum describes the changes which have been adopted to become effective January 1, 2009 and are applicable to new and renewal assigned risk policies or for claims incurred January 1, 2009 or thereafter only. The Assigned Carrier Performance Standards effective January 1, 2009 will supersede any previously filed or adopted Performance Standards for North Carolina.

The Coal Mine Occupational Disease Servicing Carrier Performance Standards are not included as part of this update. A review of those Performance Standards will take place with a future initiative.

State-specific changes for North Carolina are as follows:

**Performance Standard 3 – Underwriting – 3.B.1**

Occasionally, employers previously covered under the WCIP may reapply for coverage. According to Basic Manual Rule 4-A-9-c, the employer will be assigned back to the assigned carrier that had provided the prior assigned risk coverage where available, but limited to the previous 3 years. However, reassignment requests made by either the employer or assigned carrier in a timely manner are granted when:

- a. A valid reassignment request is submitted in accordance with **Basic Manual** Rules 4-A-3-k; the Plan Administrator will contact the current or prior carrier for documentation concerning the employer's eligibility. The assigned carrier must review its records and inform the Plan Administrator of any outstanding premium obligation or other unresolved incidents affecting eligibility within five days of receipt of the request.
- b. The prior assigned carrier cannot provide all the requested coverage(s).
- c. The quota mechanism determines that another carrier is needed to ensure proper Plan participation.

#### **Performance Standard 4 – Loss Prevention – 4.D**

North Carolina has elected to adopt the **Loss Prevention Survey Table** as shown in the Assigned Carrier Performance Standards. North Carolina State Special classifications that need to be included in this table are shown as a State-Specific Standard.

#### **Performance Standard 6 – Audits – 6.C**

North Carolina has elected to adopt the **PPA – New Business Table** and the **Final Physical Audit – New Business Table** as shown in the Assigned Carrier Performance Standards. North Carolina State Special classifications that need to be included in these tables are shown as a State-Specific Standard.

If you have any questions, please contact our Information Center at 919-582-1056 or [winfo@ncrb.org](mailto:winfo@ncrb.org).

Sincerely,

Sue Taylor

Insurance Operations Director

ST:dg

C-08-18

## FILING MEMORANDUM

### ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS

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(To become effective 12:01 a.m. on January 1, 2009, applicable to new and renewal assigned risk policies only.)

#### PURPOSE

This item:

1. Creates the 2009 edition of the **Assigned Carrier Performance Standards (Performance Standards)** as a stand-alone publication.
2. Eliminates the 2002 **Servicing Carrier Performance Standards**. Currently, the 2002 edition of the **Performance Standards** is located in both NCCI's **Assigned Risk Supplement to the Basic Manual for Workers Compensation and Employers Liability Insurance** and **Servicing Carrier Reference Guide**.

#### BACKGROUND

The current edition of the **Performance Standards** became effective January 1, 2002. The 2002 **Performance Standards** were designed to implement the best practices identified by carriers and NCCI staff. The **Performance Standards** focused on both qualitative and quantitative measures of performance and assurance that services received by residual market policyholders were equivalent to those in the voluntary market.

The **Performance Standards** were last revised effective January 1, 2006. The changes were limited to restructuring and renumbering the **Performance Standards** to coincide with the new numbering system in the 2006 edition of the **Assigned Risk Supplement**. Since the **Performance Standards** are included in the **Assigned Risk Supplement**, it was necessary to revise them as well.

Similar to the approach taken with the revision of other NCCI manuals, in 2007, NCCI's Plan Administration Department initiated a complete review and update of the 2002 **Performance Standards** to:

- Create national **Performance Standards** to appear as a stand-alone document.
- Address state exceptions to the **Performance Standards** in the same manner as the **Basic Manual**, **Experience Rating Plan Manual**, and the Workers Compensation Insurance Plan **Basic Manual** Rule 4-A to incorporate state specials into the national **Performance Standards** where appropriate.
- Clarify material by simplifying the language and presentation by using a plain language approach that incorporates assigned carrier, regulator, and policyholder feedback regarding the existing **Performance Standards**.
- Address industry and technology changes for assigned carriers to ensure consistency in the service provided to residual market policyholders.
- Analyze classification codes that have traditionally driven premium audit, loss prevention, and losses.

The Coal Mine Occupational Disease Servicing Carrier Performance Standards were not included as part of this update of the **Performance Standards** and will continue to be located in the **Assigned Risk Supplement** and **Servicing Carrier Reference Guide**. A review of those **Performance Standards** will take place with a future initiative.

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#### PROPOSAL

The revisions proposed in this item identify four themes that provide the focus for improving this product:

##### 1. National Approach

In creating the revised *Performance Standards*, all individual state *Performance Standards* were reviewed to determine the consistent elements of all the states. This review determined that the vast majority of the state-specific *Performance Standards* were similar and often the same when compared to the national *Performance Standards*. Individual state *Performance Standards* were incorporated within the national *Performance Standards* when appropriate or maintained as needed.

##### 2. Accessibility and Usability

The creation of the *Performance Standards* as a stand-alone publication enables the online user to immediately access information without navigating through other publications such as the *Assigned Risk Supplement* or the *Servicing Carrier Reference Guide*.

An “ease-of-use” feature involves the way in which specific information is retrieved. Currently, the *Performance Standards* are not designed to allow an online user to select a specific standard within a section. To the extent possible, the revised *Performance Standards* present specific items with a minimal need to scroll for additional information.

##### 3. Use of Plain Language

Customers have responded favorably to the plain language presentation of NCCI’s 2001 *Basic Manual*, 2003 *Experience Rating Plan Manual*, and the 2006 residual market rules incorporated as *Basic Manual* Rule 4. To continue with this approach, the 2009 *Performance Standards* are written in simpler language and presented in a more suitable manner.

The proposed *Performance Standards* are clarified where necessary, by use of simplified text, to reduce interpretation issues. The use of bulleted lists and “If-Then” tables are simplistic features used to clarify information.

##### 4. Address Industry and Technology Changes for Assigned Carriers

While the use of plain language assists in reducing interpretation issues, the update of the *Performance Standards* also:

- Addresses classifications driving assigned carrier premium audits and loss prevention services
- Confirms noncompliance and compliance reporting expectations
- Reduces policyholder service inconsistencies by addressing the electronic environment and expected future technological changes

A summary of the *Performance Standards* is as follows:

- **Preface to the Assigned Carrier Performance Standards**

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A new feature of the *Performance Standards*, the Preface provides the ability to easily communicate where and when the *Performance Standards* apply.

- **Performance Standard 1—Introduction**

A new feature of the *Performance Standards*, which provides:

- The foundation for all forthcoming *Performance Standards* by setting the expectation for how the remaining *Performance Standards* relate to each other
- Definitions and terms
- Data reporting in an enhanced format
- Noncompliance and Compliance with Policy Terms and Conditions, previously communicated only through circulars; this new *Performance Standard* is now a requirement

- **Performance Standard 2—Customer Service**

Provides the requirements for employer-related requests and disputes.

- **Performance Standard 3—Underwriting**

Provides the details regarding how new business and renewal business is to be treated for eligibility and verification purposes, as well as endorsements, cancellations, and reinstatements.

- **Performance Standard 4—Loss Prevention (Non-Coal Mine Risks)**

Provides time and qualification requirements for loss prevention services. Enhancements include:

- Clarifying scheduling, follow-up, documentation, and noncompliance/compliance notification
- Creating the Loss Prevention Survey Table and Location Determination Table
- Refining the timing and frequency of loss prevention surveys
- Refining the premium ranges and governing classification codes that require a loss prevention survey

- **Performance Standard 5—Claims (Non-Coal Mine)**

Provides the procedures for handling workers compensation and employers liability insurance claims. This enhanced *Performance Standard* provides assigned carriers with refined timing to properly determine the type of claim and expanded requirements for file management and documentation.

- **Performance Standard 6—Audits**

Provides time and qualification requirements for audits. Enhancements include:

- Clarifying scheduling, follow-up, documentation, and noncompliance/compliance notification
- Creating the Cancelled and Reinstated Policies Audit Table, Audit Attempt Table, and new tables for determining qualification requirements
- Refining the timing and frequency of audits
- Refining the premium ranges and governing classification codes that require a preliminary physical or final physical audit

- **Performance Standard 7—Billing and Collection of Premium**

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Provides the procedures regarding billing and collection of premium. Enhancements were made to define the billing cycle, the creation of the Receipt of Premium Tables, and cancellation requirements.

- **Performance Standard 8—Billing and Collection for Deductibles**

Provides the procedures regarding billing and collection for deductibles. Enhancements were made to define the billing cycle, the creation of the Receipt of Funds Tables, and cancellation requirements.

- **Appendix**

A new feature of the *Performance Standards* that provides a summary table for frequently referenced *Performance Standards* and provides examples of the timing and frequency for determining loss prevention surveys and audits.

### IMPACT

There will be no premium impact as a result of the updated *Performance Standards*. It is anticipated that the updated *Performance Standards* will enhance the assigned carriers' understanding of the Plan and Pool Administrator's expectations and procedures to assure services provided to assigned risk policyholders are comparable to industry standards.

### IMPLEMENTATION

It is proposed that the 2002 *Servicing Carrier Performance Standards* be eliminated, and the 2009 *Assigned Carrier Performance Standards*, as contained in the attached exhibits, be adopted. The following is a summary of each of the exhibits included in this item filing package:

- **Exhibit 1** contains the new national *Assigned Carrier Performance Standards*
- **Exhibit 2** contains the state special *Assigned Carrier Performance Standards* or other applicable state specific items

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# Assigned Carrier Performance Standards

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**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**PREFACE**

**A. JURISDICTIONS WHERE THESE PERFORMANCE STANDARDS APPLY**

The jurisdictions where these *Performance Standards* apply are listed below. Exceptions are shown in the state pages.

01	AL	Alabama	11	ID	Idaho	29	NJ	New Jersey
54	AK	Alaska	12	IL	Illinois	32	NC	North Carolina
02	AZ	Arizona	13	IN	Indiana	36	OR	Oregon
03	AR	Arkansas	14	IA	Iowa	39	SC	South Carolina
06	CT	Connecticut	15	KS	Kansas	40	SD	South Dakota
08	DC	District of Columbia	23	MS	Mississippi	44	VT	Vermont
07	DE	Delaware	27	NV	Nevada	45	VA	Virginia
10	GA	Georgia	28	NH	New Hampshire			

**B. JURISDICTIONS WHERE THESE PERFORMANCE STANDARDS DO NOT APPLY**

04	CA	California	22	MN	Minnesota	38	RI	Rhode Island
05	CO	Colorado	24	MO	Missouri	41	TN	Tennessee
09	FL	Florida	25	MT	Montana	42	TX	Texas
52	HI	Hawaii	26	NE	Nebraska	43	UT	Utah
16	KY	Kentucky	30	NM	New Mexico <sup>1</sup>	46	WA	Washington
17	LA	Louisiana	31	NY	New York	47	WV	West Virginia
18	ME	Maine	33	ND	North Dakota	48	WI	Wisconsin
19	MD	Maryland	34	OH	Ohio	49	WY	Wyoming
20	MA	Massachusetts	35	OK	Oklahoma			
21	MI	Michigan	37	PA	Pennsylvania			

<sup>1</sup> The New Mexico 2002 *Servicing Carrier Performance Standards* apply. Refer to NCCI's *Assigned Risk Supplement to the Basic Manual for Workers Compensation and Employers Liability Insurance* (2006 Edition).



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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS  
PERFORMANCE STANDARD 1—INTRODUCTION****A. GENERAL EXPLANATION****1. Purpose**

- a. The purpose of these **Assigned Carrier Performance Standards (Performance Standards or PS)** is to provide policy issuance and service level requirements that assigned carriers must adhere to, in order to provide residual market employers with uniform quality service while containing residual market system costs.
- b. While these **Performance Standards** are the minimum requirements, assigned carriers are not precluded from providing enhanced levels of service.
- c. It is not the purpose of these **Performance Standards** to duplicate information contained in other NCCI manuals. They are to be used in conjunction with the NCCI manuals.

**2. Assigned Carrier Compliance****a. Application**

- (1) These **Performance Standards** apply to new and renewal policies effective only on or after the effective date of this publication. Changes made to the **Performance Standards** during a policy period are effective as of the next policy effective date on or after the date of change, unless otherwise specified.
- (2) The **Performance Standards** apply to all assigned carriers. Unless otherwise indicated, all **Performance Standards** apply to both direct assignment carriers and servicing carriers.
- (3) These **Performance Standards** apply whether or not the assigned carriers perform the services in-house or contract with outside vendors. In all cases, the assigned carrier is responsible for ensuring compliance with these **Performance Standards**.
- (4) While not published in these **Performance Standards**, standards that are enhanced by servicing carriers through their individual servicing carrier contracts must be applied.
- (5) The **Performance Standards** are applied separately to each legal entity of the employer, regardless of whether multiple legal entities are at the same location(s).

**b. State Laws**

- (1) The assigned carrier is responsible for complying with all state laws and Workers Compensation Insurance Plan (WCIP) rules, as well as the **Performance Standards**. For purposes of these **Performance Standards**, state law includes but is not limited to statutes, regulations, and administrative laws or rules.
- (2) Where these **Performance Standards** conflict with state laws and WCIP rules, the more stringent applies.
- (3) Where these **Performance Standards** conflict with servicing carrier enhanced standards, as defined in PS 1-A-4-g through a bid process and/or executed contract, the more stringent applies.

**c. Time Periods**

- (1) For the purposes of these **Performance Standards**, the day following the date of receipt, issuance, or other required action (either electronically, telephonically, or by hard copy), is counted as the first day.
- (2) Except where otherwise indicated, all time periods are calendar days.

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS****d. Staff and Team Approach**

- (1) Assigned carriers must have the facilities as well as staff of sufficient expertise necessary to comply with all state laws, **Performance Standard**, WCIP rules, and procedures for its assigned duties.
- (2) Assigned carriers must administer these **Performance Standards** and any enhanced **Performance Standards** using a team approach. The team approach requires communication, interaction, and training among Customer Service, Underwriting, Claims, Loss Prevention, Audit, Billing, and Collections staff.
- (3) These **Performance Standards** must be implemented by the assigned carrier with objectively measurable and enforceable written procedures to include ongoing monitoring of quality controls. Compliance with these **Performance Standards** and corresponding written procedures ensures understanding and proper underwriting and servicing of each policy.

**e. Termination**

Failure to adhere to these **Performance Standards** constitutes a failure to fulfill the requirements of the servicing carrier contract or direct assignment carrier appointment, and termination or other penalties may result at the discretion of the Plan Administrator and/or regulatory authority.

**3. Administration**

- a. The Plan Administrator determines the applicability of all **Performance Standards**.
- b. The Plan and Pool Administrators have the authority to audit servicing carriers and, where mandated, direct assignment carriers, in order to furnish informed, objective, and independent opinions and evaluations of assigned carrier performance as outlined in the applicable WCIPs, **Performance Standards**, and data reporting guidelines.
- c. The Plan and Pool Administrators use the evaluations of assigned carrier performance to ensure compliance with Plan and Pool requirements and contractual obligations.

**4. Definitions and Terms****a. Assigned Carrier**

Assigned carrier refers to direct assignment carriers and servicing carriers as defined in **Basic Manual** Rule 4-A-2-e.

**b. Audit**

Audit refers to premium audits performed by assigned carriers or their outside vendors to determine adequate estimated or actual payroll, confirm classification assignment(s), and estimated or actual annual premium. For more information about audits, refer to PS 6.

**(1) Midterm Audits**

Midterm audits are conducted during the policy period and are in the form of:

**(a) Interim Audit**

The employer submits externally verifiable payroll, tax, and/or other requested information via mail or other electronic means.

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS****(b) Interim Telephone**

The employer provides externally verifiable payroll, tax, and/or other requested information via telephone.

**(c) Preliminary Physical**

Generally conducted at the employer's location(s), typically early in the policy term, to review verifiable payroll, tax, and/or other requested information.

**(2) Final Audits**

Final audits are conducted after the cancellation or expiration of a policy and are in the form of:

**(a) Estimated**

Where permitted by state law, the audit is closed out with payrolls and classifications based on the assigned carrier's sound underwriting judgment due to the carrier's inability to conduct a mail, telephone, or physical audit.

**(b) Mail**

The employer submits externally verifiable payroll, tax, and/or other requested information via mail or other electronic means.

**(c) Physical**

Generally conducted at the employer's location(s) to review verifiable payroll, tax, and/or other requested information.

**(d) Telephone**

The employer provides externally verifiable payroll, tax, and/or other requested information via telephone.

**c. Binder Package**

The assigned carrier will receive binder information electronically. This information is referred to as the binder package or assignment package, in accordance with *Basic Manual* Rule 4-A-3-i(2).

**d. Competitive Servicing Carrier Selection Process**

Generally, servicing carriers are selected through a competitive process, which results in providing residual market stakeholders with a consistent quality of service at the most cost-effective price.

**e. Data**

Data refers to actuarial, financial, policy, and statistical data unless otherwise indicated.

**f. Employer**

Employer refers to an insured or a policyholder, in accordance with *Basic Manual* Rule 4-A-2-i. Further, for purposes of these *Performance Standards*, it also includes the employer's representative or producer of record, unless otherwise specified.

**g. Enhanced Standards**

An enhanced standard is a contractual commitment to perform at a measurably higher level of service that exceeds the minimum *Performance Standards*.

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS****h. Estimated Annual Premium**

Estimated annual premium refers to premium developed in accordance with *Basic Manual* Rule 3-A-9.

**i. Manuals Referenced in These Standards****(1) Assigned Risk Supplement to the Basic Manual**

Applies in accordance with the States of Application section of the *Assigned Risk Supplement*.

**(2) Basic Manual**

Applies in NCCI jurisdictions and where licensed to independent jurisdictions in accordance with the Preface of the *Basic Manual*. In jurisdictions where NCCI's *Basic Manual* does not apply, substitute the appropriate state rules.

**(3) Experience Rating Plan Manual**

The appropriate *Experience Rating Plan Manual* provides the authority for the experience rating modifications referenced in these *Performance Standards*.

**(4) Servicing Carrier Reference Guide**

Applies to residual market servicing carriers. Provides procedures, rules, and reporting requirements regarding reinsurance of residual market policies through the National Workers Compensation Reinsurance Pool.

**(5) Statistical Plan**

The *Statistical Plan* references mean all unit statistical plans approved for use in states where these *Performance Standards* apply.

**(6) WCIO Workers Compensation Data Specifications Manual**

Applies to data providers. Contains the electronic specifications for reporting policy and unit statistical data and detailed claim information to data collection organizations.

**(7) Workers Compensation Policy Data Reporting Manual**

Applies to data providers. Contains rules and requirements for reporting policy data, including new/renewal policies, cancellations, reinstatements, endorsements, and other required documents.

**j. New Business**

New business is the first year an employer is assigned to an assigned carrier by the Plan Administrator.

**k. Plan**

Plan refers to NCCI's Workers Compensation Insurance Plan (WCIP), as defined in *Basic Manual* Rule 4-A-2-y or applicable state workers compensation insurance plan.

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS****l. Plan Administrator**

The organization designated to administer the affairs of the Plan as approved by the regulatory authority in a state.

**m. Pool**

The organization appointed, contracted, or designated to administer the affairs of the Pool.

**n. Pool Administrator**

The organization designated to administer the affairs of the Pool as approved by the regulatory authority.

**o. Producer**

A licensed insurance agent, broker, or insurance representative as defined in the state insurance law, regulation, and/or rule, whose privileges under the WCIP have not been suspended or revoked. designated by the employer that applied under the WCIP to secure and maintain workers compensation and employers liability insurance on behalf of the employer. For purposes of the WCIP, the producer is considered to be acting on behalf of the employer and not as an agent of the Plan Administrator or of any assigned carrier for Plan business.

**p. Renewal Business**

Policies issued after the expiration of a new business policy are considered renewal business.

**B. DATA REPORTING**

Assigned carriers are responsible for reporting data in accordance with the **Statistical Plan**, and other appropriate manuals and materials (e.g., circulars, statutes) as directed by the appropriate advisory, rating, statistical organization, Plan Administrator, and/or Pool Administrator.

**1. Assigned Carriers**

All assigned carriers must:

- a. Identify, distinguish, and segregate residual market data from voluntary market data.
- b. Collect and maintain residual market data required to carry out all necessary reporting requirements.
- c. Report all data to NCCI and/or other appropriate advisory, rating, statistical organization, Plan Administrator, and/or Pool Administrator.
- d. Report all assigned risk policy information to the Plan Administrator. Information includes, but is not limited to:
  - Policies
  - Endorsements
  - Binder number
  - Cancellations and reinstatements
  - Noncompliance and compliance transactions
- e. Report other required data in the form and manner specified by the Plan and/or Pool Administrator that is used for the oversight of assigned carriers (e.g., used for the selection of policy or claim data for audits).

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS****2. Servicing Carriers**

All servicing carriers must also segregate and report actuarial and financial data in accordance with the *Servicing Carrier Reference Guide*.

**C. NONCOMPLIANCE AND COMPLIANCE WITH POLICY TERMS AND CONDITIONS****1. Purpose**

Employers are not entitled to insurance in the residual market if they are not in compliance with the Good Faith Rules of Eligibility as defined in *Basic Manual* Rule 4-A-3-b. Therefore, the assigned carriers must determine when employers are not in compliance with the terms and conditions of its policy and report this to the Plan Administrator.

**2. Noncompliance Categories and Continuing Eligibility for Coverage**

- a. The assigned carrier must determine which noncompliance category applies.
- b. An employer may be considered to be noncompliant with the terms and conditions of its policy under one of these categories:
  - Nonpayment
  - Other than Nonpayment
- c. The employer remains ineligible for coverage under the WCIP while it is noncompliant.
- d. Once the employer becomes compliant, the employer may be eligible for coverage in accordance with the good faith rules of eligibility located in *Basic Manual* Rule 4-A-3-b.

**3. Determination of Noncompliance**

The assigned carrier must determine which noncompliance reason(s) applies:

**a. Nonpayment**

An employer may be noncompliant for nonpayment for any of the following reasons:

- (1) Nonpayment of amount billed:
  - (a) Through a payment plan during the policy term (e.g., deposit, installment, or endorsement premium)
  - (b) At final audit
- (2) There is an undisputed premium obligation
- (3) After resolving a bona fide dispute in accordance with *Basic Manual* Rule 4-A-10, outstanding premium is still unpaid
- (4) Any other nonpayment (e.g., installments, nonpayment of claim deductible)

**b. Other Than Nonpayment**

An employer may be noncompliant for reasons other than nonpayment including, but not limited to:

- (1) Knowingly refusing to meet reasonable health, safety, premium audit, or loss prevention requirements
- (2) Not allowing any insurer or assigned carrier reasonable access to its records for audit or inspection under the policy
- (3) Not complying with any other policy obligations (e.g., submission of required underwriting information, ERM-14s)

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS****4. Noncompliance Reporting**

- a. All noncompliance transactions must be reported to the Plan Administrator within five business days of the assigned carrier's determination that the employer is noncompliant.
- b. Assigned carriers must report and update noncompliance of policy terms and conditions electronically using one or both of the following data reporting options:

- (1) **DCA Access<sup>®</sup> Online**
- (2) WCPOLS Record Layout

For the form and manner in which the data must be reported, *refer to the **Workers Compensation Policy Data Reporting Manual** and **WCIO Workers Compensation Data Specifications Manual**.*

- c. The Plan Administrator will reject any application submitted for a known noncompliant employer.
- d. If the Plan Administrator receives notification from a carrier of an employer's noncompliance, the Plan Administrator will notify the current assigned risk carrier, if any (and if different than the carrier reporting the noncompliance), that the employer is ineligible for continuing coverage. The current assigned carrier must then comply with cancellation requirements in accordance with **Basic Manual** Rules 3-A-3 and 4-A-4-a(3) and PS 3-D-2.

**5. Reporting Multiple Noncompliance Transactions**

- a. An employer may be noncompliant for more than one reason.
- b. Assigned carriers may report a maximum of four noncompliance reasons on an individual policy at any given time.
- c. The employer cannot have more than one noncompliance transaction for nonpayment of premium, on any individual policy, at the same time.
- d. The maximum combination of noncompliance transactions are:
  - Nonpayment
  - Audit
  - Loss Control (Loss Prevention)
  - Other
- e. In multiple noncompliance situations the assigned carrier must report all reasons within five business days of determination of each individual issue.

**6. Determination of Compliance**

- a. An employer is deemed compliant for any of the following reasons:
  - (1) Payment in full of all outstanding premium or deductible obligations
  - (2) Receipt of first payment in accordance with written agreement to use a payment plan
  - (3) Bona fide dispute is received as defined in **Basic Manual** Rule 4-A-2-g
  - (4) Audit adjustment reduces the premium obligation to a zero or credit balance
  - (5) Compliance with audit requirements or loss prevention survey recommendations
  - (6) Agreement and scheduling of audit or loss prevention survey
  - (7) Bankruptcy and carrier is listed as a secured creditor for all outstanding premium obligations
  - (8) Submission of required underwriting information (e.g., ERM-14s)
- b. When multiple noncompliance issues occur, individual issues may be deemed compliant, but if there are any remaining noncompliant issues, the employer remains noncompliant.

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**c. Compliance Effective Date**

- (1) If the employer becomes compliant for reasons not related to submitting outstanding premium or deductible payments, the compliance effective date is the date the employer is deemed compliant.
- (2) If the employer submits the outstanding premium or deductible payment, the compliance effective date must be in accordance PS 7-A-3 and 8-A-3, respectively.

**7. Compliance Reporting**

- a. Assigned carriers must report compliance transactions within five business days of the item correcting any noncompliance issue.
- b. When multiple noncompliance issues occur, assigned carriers must report all appropriate compliance transactions as they occur, each within five business days, regardless of other outstanding noncompliance transactions.
- c. If the Plan Administrator receives notification from a carrier of an employer's compliance, the Plan Administrator will notify the current assigned risk carrier, if any (and if different than the carrier reporting the noncompliance), that the employer is eligible for continuing coverage. The current assigned carrier must then comply with reinstatement requirements in accordance with **Basic Manual** Rule 4-A-4-a(4) and PS 3-E.



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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**PERFORMANCE STANDARD 2—CUSTOMER SERVICE**

**A. GENERAL INFORMATION REQUESTS**

**1. Employer Requests**

Upon telephone or written request by the employer, the assigned carrier must:

- a. Provide information regarding the classification of the business and other factors resulting in the policy premium within 14 days.
- b. Furnish a contact list of names, addresses, e-mail addresses, toll-free telephone and facsimile numbers for Customer Service, Underwriting, Audit, Claims, Loss Prevention, and Billing and Collections, within 14 days.
- c. Maintain and make available loss records within 20 days.

When an initial inquiry is made to the assigned carrier via telephone, the assigned carrier should require, where appropriate, that the inquiry be submitted in writing, including hard copy, fax, or e-mail, to ensure proper handling.

**2. Injured Worker Requests**

Injured workers may directly contact the assigned carrier. Injured worker inquiries should be responded to with the same completeness and timeliness as employer inquiries, in accordance with **Performance Standard 5—Claims (Non-Coal Mine)**.

When an initial inquiry is made to the assigned carrier via telephone, the assigned carrier should require, where appropriate, that the inquiry be submitted in writing, including hard copy, fax, or e-mail, to ensure proper handling.

**B. WRITTEN CORRESPONDENCE**

Employers may inquire about or “dispute” policy issues (e.g., classification assignment, audits) because they do not understand the rules or policy contract, or they may request policy changes. The assigned carrier must make every effort to educate the employer in order to ultimately avoid premium billing and payment issues, noncompliance with policy terms and conditions, and/or cancellation.

**1. Initial Response**

The assigned carrier must respond to written correspondence within 14 days of receipt. If research is required for a response that will delay resolution beyond 14 days, an expected date of resolution must be provided within the initial 14 days.

**2. Review and Resolution**

**a. Review**

The assigned carrier must review all correspondence and research as appropriate to respond to and/or resolve the issue(s). If it is determined that additional information is needed from the employer, provide a detailed written explanation of what information is needed, with a reasonable deadline for the requested information.

**b. Resolution**

Upon receipt of all necessary information and completion of appropriate research and review, respond to the employer with:

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

- (1) Appropriate resolution.
- (2) All documentation relevant to the issue(s), including a clear, written explanation detailing the applicable rule(s) and/or policy condition(s) and how it applies to the specific inquiry.
- (3) An explanation of how to contact the Plan Administrator if the resolution is unsatisfactory to the employer.

**3. Timeliness**

- a. Issues must be resolved within 45 days of the date of receipt of written correspondence, even if additional information is requested in accordance with PS 2-B-2-a. If a resolution cannot be achieved within 45 days, the file must be documented reflecting the reason and the revised expected resolution date.
- b. Where certain **Performance Standards** require time frames for specific types of requests (e.g., endorsement and/or cancellation requests), the subject-appropriate **Performance Standard** applies.

**C. BONA FIDE DISPUTES**

If a bona fide dispute exists in accordance with **Basic Manual** Rule 4-A-2-g, the assigned carrier must comply with the dispute resolution procedures located in **Basic Manual** Rule 4-A-10.

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS  
PERFORMANCE STANDARD 3—UNDERWRITING****A. POLICY ISSUANCE (NEW AND RENEWAL BUSINESS)****1. General Information****a. Consideration and Forms**

All policies must be issued in consideration of premiums and such additional fees and charges as authorized by the Plan Administrator and/or approved by the regulatory authority. The assigned carrier must use the policy forms prescribed by the Plan Administrator and/or approved by the regulatory authority.

**b. State Filing and Regulatory Requirements**

The assigned carrier is responsible for maintaining adequate safeguards to ensure employer and assigned carrier compliance with all state regulatory requirements as well as all terms and conditions of the policy contract.

**c. Proof of Coverage**

Proof of coverage (state filing) effective periods must coincide with policy coverage periods. For the employer and producer's use, the Plan Administrator's binder letter serves as proof of coverage until it is cancelled or a policy is issued.

**2. New Business****a. Welcome Letter**

Within five business days of the assigned carrier's receipt of the WCIP binder package from the Plan Administrator, the assigned carrier must send a welcome letter to the employer that includes:

- Its toll-free telephone number(s)
- Where and how to file claims
- Notice that the binder is proof of coverage until cancelled or the policy is issued
- Where and how to obtain certificates of insurance
- Key contact information
- The policy number or other means by which the assigned carrier can track the policyholder

**b. Eligibility Verification**

- (1) Prior to issuing the policy, the assigned carrier must verify the eligibility of the employer in accordance with **Basic Manual** Rule 4-A-3-b.
- (2) If a question of eligibility arises, the assigned carrier must document the issue(s) and provide the employer an opportunity to respond and/or resolve the issue(s). If the issue cannot be resolved within five business days, the assigned carrier must immediately report the issue to the Plan Administrator. The assigned carrier must notify the Plan Administrator when outstanding eligibility issue(s) are resolved.
- (3) If the employer is ultimately found to be ineligible for coverage under the WCIP, the assigned carrier must:
  - (a) Request that the Plan Administrator rescind the binder (if appropriate, based on coverage effective date), or
  - (b) Issue the policy and then immediately initiate appropriate cancellation procedures

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS****c. Payroll and Classification Verification**

Prior to issuing the policy, the assigned carrier must:

- (1) Review the application to determine if there is any missing information.
- (2) Review the description of the operations, the name of the business, payroll, and the classification codes to ensure they are consistent for each location.
- (3) Use sound underwriting judgment based on WCIP binder package information and/or the latest available audit information to develop current policy premium.
- (4) Review the employer history to develop current policy premium.
- (5) Review ownership and experience rating information to ensure that the correct experience rating modification is applied to the policy.
- (6) Obtain additional information if there is a discrepancy, and make any appropriate changes. Assigned carriers must use sound underwriting judgment to determine if any missing information is critical to accurate policy issuance.

**d. Policy Issuance**

- (1) New policies must be accurately issued within 30 days from the date of assignment of coverage from the Plan Administrator and assigned carrier's receipt of required information. For more information about binding coverage, refer to *Basic Manual Rule 4-A-3-i*.
- (2) If the employer is found to be ineligible for residual market coverage, the time standard for policy issuance is suspended as of the date of documented contact with the Plan Administrator. It restarts on the date the resolution of the eligibility issue is communicated to the assigned carrier. When the time standard is restarted, the assigned carrier has the balance of the 30-day time frame or 10 days, whichever is greater, to issue the policy.

**3. Renewal Business****a. Renewal or Nonrenewal Notices**

- (1) At least 60 days before expiration of the current policy, the assigned carrier must send a renewal proposal and/or nonrenewal notice, as appropriate, to the employer and the producer of record.
- (2) When developing a renewal proposal, the assigned carrier should consider reasonable payroll inflation and employment level changes in the employer's operation.
- (3) In situations where the issuance of a renewal proposal or nonrenewal notice has been suspended or delayed due to the current policy being in cancellation status, the renewal proposal and/or nonrenewal notice, as appropriate, must be sent to the employer within 15 days after receipt of funds satisfying the premium obligation or receipt of the item correcting the fault.

**b. Eligibility, Payroll, and Classification Verification**

Prior to renewal policy issuance, the assigned carrier must:

- (1) Accurately reflect the exposure base and/or classification(s) of the employer.
- (2) Review:
  - (a) Eligibility of the employer in accordance with *Basic Manual Rule 4-A-3-b* and *PS 3-A-2-b*.

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

- (b) The previous and/or current policy information to determine if there is any missing information.
  - (c) The description of the operations, the name of the business, and the classification codes to ensure that they are consistent for each location.
  - (d) The employer history to develop current policy premium.
  - (e) Ownership and experience rating information to ensure that the correct experience rating modification is applied to the policy.
  - (f) Information discovered or received, either through audit, endorsement request, claim information, loss prevention survey, or other means, verifiable:
    - 1) Payroll information that is not consistent with the annual exposure base as assigned, or
    - 2) Classification information that raises doubt concerning the accuracy of the policy's classification(s).
- (3) Obtain additional information if there is a discrepancy, and make any appropriate changes. Assigned carriers must use sound underwriting judgment to determine if any missing information is critical to accurate policy issuance. If needed, the assigned carrier must contact the employer and/or the producer to obtain the additional information.
- c. **Policy Issuance**
- (1) Renewal policies will be accurately issued within 30 days after the receipt of the required deposit premium, if applicable.
  - (2) If the required renewal premium is received late, the policy will be issued with an effective date consistent with **Basic Manual** Rule 4-A-4-a(4).

**B. REAPPLICATION AND REASSIGNMENT**

1. Occasionally, employers previously covered under the WCIP may reapply for coverage. According to **Basic Manual** Rule 4-A-9-c, the employer will be assigned back to the assigned carrier that had provided the prior assigned risk coverage, where available. However, reassignment requests made by either the employer or assigned carrier in a timely manner are granted when:
  - a. A valid reassignment request is submitted in accordance with **Basic Manual** Rule 4-A-3-k; the Plan Administrator will contact the current or prior assigned carrier for documentation concerning the employer's eligibility. The assigned carrier must review its records and inform the Plan Administrator of any outstanding premium obligation or other unresolved incidents affecting eligibility within five days of receipt of the request.
  - b. The prior assigned carrier cannot provide all the requested coverage(s).
  - c. The quota mechanism determines that another carrier is needed to ensure proper Plan participation.
2. The assigned carrier to which the employer was reassigned will receive a notice of prior coverage, the effective date and policy number, if available. For purposes of these **Performance Standards**, reassignments are serviced as follows:
  - a. An employer reassigned to a new assigned carrier must be serviced as new business.
  - b. An employer reassigned back to a prior assigned carrier must be serviced as a renewal; however, if there is a gap of six months or more between the policy periods, the reassignment must be serviced as new business.
3. All data reporting requirements must continue to be met according to the **Workers Compensation Policy Data Reporting Manual** and **Statistical Plan**.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS****C. MIDTERM POLICY CHANGES****1. Payroll and Classification Verification**

- a. The assigned carrier must periodically review the operations of the employer throughout the policy period to determine if the correct classification and/or payroll information is being used to develop current policy premium.
- b. After the assignment and/or initial policy issuance, the assigned carrier may discover or receive, either through audit, assigned carrier initiated endorsement request, claim information, loss prevention survey, or other means, verifiable:
  - (1) Payroll information that is not consistent with the annual exposure base as assigned, or
  - (2) Classification information that raises doubt concerning the accuracy of the policy's classification(s)
- c. The assigned carrier must investigate and decide within 30 days whether an endorsement to the policy is needed to accurately reflect the exposure base and/or classification(s) of the policyholder.
- d. The assigned carrier must use sound underwriting judgment using the latest available audit information to develop current policy premium.

**2. Endorsements****a. Employer-Initiated Endorsements**

- (1) When requested by the employer or producer, endorsements will be accurately issued within 20 days after receipt of request, required documentation, and any additional deposit premium.
- (2) The assigned carrier must contact the employer or producer within 10 days of receipt of the request if:
  - (a) Additional documentation and/or premium is necessary, or
  - (b) The policy will not be endorsed as requested
- (3) If additional information or deposit premium is required, the time standard is suspended as of the date of the request for additional information or deposit premium. It restarts on the date the additional information or deposit premium is received. On the restart of the time standard, the assigned carrier has the balance of the 20-day time frame or 10 days, whichever is greater, to issue the endorsement.

**b. Assigned Carrier-Initiated Premium Endorsements**

- (1) A change in exposure or payroll determined by any type of audit or by other verifiable means may result in the need to issue an additional premium endorsement. In order to make such a determination, recalculate the new estimated annual premium using the new exposure and payroll and compare it to the current policy's estimated annual premium. If the additional premium generated is at least \$500 or 25% of the most recent estimated annual premium of the current policy, whichever is the greater amount, the endorsement must be accurately issued within 50 days of the accurate determination of the exposures and payroll.
- (2) All files must be documented as to when accurate exposure and payroll information is obtained.
- (3) Policies must be endorsed in accordance with appropriate **Basic Manual** and **Experience Rating Plan Manual** rules.

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS****D. CANCELLATION****1. Employer-Initiated Cancellation or Nonrenewal**

- a. Written requests for cancellation by an employer or its representative must be processed and notice of cancellation issued within five business days after receipt of request and required documentation.
- b. The employer, producer, premium finance company, Plan Administrator, regulators, known certificate holders, and/or other appropriate parties must be provided notices of cancellation detailing the specific reason(s) for cancellation or nonrenewal of the policy. Such notification must be in accordance with all applicable state laws.
- c. Retroactive cancellation is not permitted unless other workers compensation insurance has been secured, the employer has been approved as a self-insured, or to comply with statutory cancellation notice requirements.

**2. Assigned Carrier-Initiated Cancellation**

- a. When authorized by the WCIP, the assigned carrier must initiate cancellation and notify the employer, producer, premium finance company, Plan Administrator, regulators, known certificate holders, and/or other appropriate parties within five business days if, after opportunity to cure, an employer is not in good faith entitled to workers compensation insurance.
- b. Assigned carriers must comply with eligibility and cancellation related **Basic Manual** Rules 3-A-3, 4-A-3-b, 4-A-4-a(3), and/or other state specific WCIP rules.

**E. REINSTATEMENT/RESCISSION OF CANCELLATION NOTICES**

Requests for reinstatement or rescission of a cancellation notice must be accepted or denied and communicated to the employer, producer, premium finance company, Plan Administrator, regulators, known certificate holders, and/or other appropriate parties within five business days after receipt of request, receipt of funds satisfying the premium obligation, or receipt of the item correcting the fault. For more information about effective dates and cancellations, refer to **Basic Manual Rule 4-A-4-a(4) and PS 3-A-3-a(3) and 3-D**.

**F. CERTIFICATE OF INSURANCE**

1. On request, the assigned carrier must issue certificates of insurance. If the request is consistent with the terms and conditions of the policy, the certificate must be issued within five business days after receipt of the request.
2. Producers are authorized to issue certificates of workers compensation insurance, in accordance with Section 1-A-4-a of the **Assigned Risk Supplement to the Basic Manual**.
3. Assigned carriers may permit producers to issue certificates of insurance on the assigned carrier's own forms; however, such certificates may only be issued subject to the same terms and conditions under which certificates on the standard ACORD® form may be issued. If the assigned carrier authorizes the use of such a form, the assigned carrier must instruct producers in the use of that particular form.
4. The "Special Items" section of the certificate may be modified by the assigned carrier, or by the employer/producer if authorized by the assigned carrier, to include clauses required by contract. This is the only basis for modification and must be authorized by the assigned carrier. An example of such modification is the addition of the special cancellation and notification clause required by many government contracts.

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**G. PRODUCER FEES**

Assigned carriers must adhere to *Basic Manual* Rule 4-A-3-I(1) for payment of producer fees.

**H. PREMIUM AVOIDANCE, LEAKAGE, AND FRAUD**

**1. Procedures and Investigation**

Some employers may take actions for the purpose of avoiding premium or committing fraud. Other employers may take actions for otherwise legitimate business reasons that nonetheless result in improper premium determination. The assigned carrier must establish measurable and enforceable written standards and procedures to investigate premium avoidance, leakage, and fraud.

**2. Notification and Resolution**

- a. Regardless of the employer's intent, action should be taken by the assigned carrier to ensure proper calculation and collection of policy premium. Any evidence of possible misrepresentation or premium avoidance, leakage, or fraud as determined by audit, claims, loss prevention, or any other assigned carrier function must be communicated promptly to Underwriting with such notice and resulting action documented in the underwriting file.
- b. The assigned carrier must notify the Plan Administrator of suspected premium avoidance, leakage, or fraud cases. In states where there is a formal state agency set up to investigate insurance fraud, all cases involving suspected fraud must also be reported to that agency.



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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS****PERFORMANCE STANDARD 4—LOSS PREVENTION (NON-COAL MINE RISKS)****A. LOSS PREVENTION SERVICES TO BE PROVIDED****1. General Information**

- a. At the time of policy issuance in accordance with PS 3-A-2-d, the assigned carrier must notify the employer and producer of record in writing, of:
  - Available loss prevention services and safety information, and
  - Assigned carrier contacts and instructions for obtaining services and information
- b. Any employer may request reasonable loss prevention services from the assigned carrier regardless of its size or operations, as referenced in PS 4-A-1-c.
- c. To support the loss prevention efforts of the employer, the assigned carrier will provide, at no additional cost to the employer, appropriate consultation regarding:
  - Accident prevention programs
  - Accident trends
  - Preinjury/illness programs
  - Safety seminars
  - Safety literature
  - Other administrative aids

**2. Scheduling and Follow-Up**

- a. When scheduling appointments for loss prevention services, the assigned carrier must make reasonable allowances for scheduling conflicts or other employer difficulties.
- b. Assigned carriers must make two reasonable documented attempts to schedule loss prevention services (e.g., survey, follow-ups). The attempts to begin scheduling appointments must be made early in the process to ensure that the timeliness requirements in PS 4-B are met. Documented initial and follow-up attempts include:
  - Written correspondence (mail, e-mail, or fax)
  - Telephone contact
  - Other procedures
- c. The assigned carrier must issue a notice of cancellation in accordance with the applicable state laws for violation of the good faith provisions of the WCIP and/or state laws if:
  - (1) After at least two good faith attempts at contact by the assigned carrier to schedule a loss prevention survey (LPS), one of which must be in writing, the employer fails to afford reasonable access to its operations within 60 days of the last attempt.
  - (2) After 60 but no later than 90 days from submission of the critical recommendations, the employer fails to implement or demonstrate substantial evidence of intent to implement the recommendations. For more information about following up on critical recommendations, refer to PS 4-C-2.

**Note:** Assigned carriers must comply with eligibility and cancellation-related *Basic Manual* Rules 3-A-3, 4-A-3-b, 4-A-4-a(3), and/or other state specific WCIP rules, and PS 3-D-2.

**3. Loss Prevention Services Documentation**

- a. Assigned carriers must document files with a sufficient level of detail indicating all:
  - LPS scheduling attempts

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

- Requests for, and receipt of, information
  - LPS completion
  - Any other item or decision that impacts loss prevention
- b. File documentation must be retained in accordance with policy terms and state laws.

**4. Noncompliance and Compliance Notification**

- a. Employers are required to comply with all policy terms and conditions, including allowing loss prevention services.
- b. Assigned carriers are required to comply with loss prevention noncompliance and compliance reporting in accordance with PS 1-C.

**5. Loss Prevention Survey Content**

Loss prevention surveys include, but are not limited to:

- a. Definitive analysis of past accident experience to determine causes and trends, supported by loss runs or other related documentation.
- b. Review of potential employer exposures; specifically identifying conditions and operations that could cause loss.
- c. Review and documentation of major elements of employer loss prevention program and activities.
- d. Description of nature and size of operations, number of locations, and loss potential for classification and underwriting purposes.

**6. Recommendations and Additional Services**

- a. Recommendations are the results of a loss prevention survey. They indicate employer control of actual or potential exposures and, where applicable, program activities or management principles.
- b. The status of recommendations submitted on prior surveys must be reviewed with the employer during the loss prevention survey visit. Such review must:
- Be confirmed in writing, and
  - Indicate the status of these recommendations (completed or not), and
  - Include employer agreement with those recommendations not previously completed
- c. There are two types of recommendations:
- (1) **Critical Recommendations**
- (a) Critical recommendations address:
- Exposures of imminent danger
  - Serious loss potential or continuing losses, which address uncontrolled exposures expected for the type of operation as indicated in *Best's Loss Control Manual* or other materials
- (b) These recommendations must be identified as critical to both the employer and producer with notification stating that failure to comply with these recommendations may result in the cancellation of coverage.

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS****(2) Desirable Recommendations**

Desirable recommendations address minor exposures that exist but are not of pressing importance.

d. Additional loss prevention services must be provided where, at the assigned carrier's discretion, they determine the services will be effective in reducing losses. These services include one or more of the following:

- (1) Assessment of identified occupational disease exposure
- (2) Workstation ergonomic assessments
- (3) Supervisor safety training materials to supplement insurer training efforts

**B. TIMELINESS AND PROCEDURES****1. Employer Requested Loss Prevention Services**

When an employer requests loss prevention services, the assigned carrier must:

- a. Respond to the employer within 14 days of the receipt of request
- b. Complete the survey or provide other appropriate assistance (e.g., safety literature, video) within 45 days from the date of response

**2. Assigned Carrier-Initiated Loss Prevention Surveys (LPS)****a. Loss Prevention Survey****(1) New Policies**

- (a) An LPS must be performed on qualifying employers.
- (b) An LPS must be performed if the assigned carrier has knowledge of a prior LPS that contained critical recommendations, regardless of qualification for that policy period.

**(2) Renewal Policies**

- (a) An LPS must be performed if the prior policy's LPS contained critical recommendations, regardless if the current policy is a qualifying employer.
- (b) An LPS must be performed for a qualifying employer if an LPS was not conducted within the last three policies regardless of whether or not the employer qualified during the last three policies. For examples, *refer to Appendix B*.

**Note:** If the assigned carrier chooses to perform an LPS at its discretion for a renewal policy within the three-year time frame, that LPS would be used to determine the next three-year qualifying policy.

- (3) An LPS typically is performed by visiting and observing the physical operations of an employer. However, an LPS may be performed by visiting an employer's office or by telephone, in accordance with the Location Determination Table in PS 4-D.
- (4) For purposes of the three-year LPS cycle:
  - (a) Policies that are cancelled and reinstated with a lapse are combined to be treated as an individual full policy term based on the original effective and expiration dates.
  - (b) An employer reassigned back to a prior assigned carrier must be serviced as a renewal; however, if there is a gap of six months or more between the policy periods, the reassignment must be serviced as new business.

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS****b. Basic Timeliness for Qualifying Employers and Locations**

- (1) The assigned carrier must complete an LPS for all locations within 120 days of the policy effective date or receipt of assignment by the assigned carrier, whichever is later, with the date of receipt being maintained in the file.
- (2) The assigned carrier is not required to conduct an LPS if, at policy issuance:
  - (a) The policy qualified for an LPS, and
  - (b) Is subsequently endorsed within 90 days of policy effective date, and
  - (c) No longer meets the LPS requirement
- (3) The assigned carrier must complete an LPS within 120 days of the endorsement issuance date if, at policy issuance:
  - (a) The policy did not qualify for an LPS, and
  - (b) Is subsequently endorsed within 180 days of policy effective date, and
  - (c) Now meets the LPS requirement
- (4) The assigned carrier must complete an LPS on the renewal policy within 120 days of the policy effective date if:
  - (a) The current policy did not originally qualify for an LPS, and
  - (b) Is subsequently endorsed more than 180 days after policy effective date, and
  - (c) The current policy now meets the LPS requirement

**Note:** If the assigned carrier chooses to perform an LPS on the current policy, then an LPS on the renewal policy is not required.

**c. Multiple and Active Location Operations Timeliness**

- (1) In addition to PS 4-B-2-b, the assigned carrier must complete a minimum of one LPS within 120 days from identification of any new qualifying location not known at policy issuance.
- (2) When a job site becomes active and the assigned carrier has knowledge of that active job site, the LPS must be completed within 120 days of the date the assigned carrier becomes aware of the active job site, if it qualifies according to PS 4-D.

**C. COMPLETION OF RECOMMENDATIONS****1. Communication**

- a. Critical and/or desirable recommendations must be provided to the employer and the producer in writing within 30 days of completion of the survey.
- b. The completion date is defined as the date the survey is finalized in the field.
- c. When surveying multiple locations, the completion date is defined as the date the final location is surveyed in the field.

**2. Critical Recommendations Follow-Up**

The assigned carrier must follow up within 30 days and between 30 and 60 days from the submission of critical recommendations to the employer and producer.

**3. Desirable Recommendations Follow-Up**

Assigned carriers should use sound underwriting judgment regarding follow-up of desirable recommendations.

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**D. QUALIFYING EMPLOYERS AND SURVEY LOCATION DETERMINATION**

LPSs are to be conducted in accordance with the following premium ranges, governing classifications, experience rating modifications, and locations for all employers except domestic servants. While these are the minimum requirements, assigned carriers are encouraged to perform LPSs for non-qualifying employers based on sound underwriting judgment.

**Note:** Premium Range refers to estimated annual premium developed in accordance with *Basic Manual* Rule 3-A-9. Governing classification is determined in accordance with *Basic Manual* Rule 1-B-5.

**Loss Prevention Survey Table**

Premium Range	Governing Classification Codes									
\$50,000 and over	All employers, regardless of governing classification code.									
\$20,000 to \$49,999	0037	0042	0050	0083	0106	0401	1164	1165	1320	1322
	1438	1472	1624	1741	1803	1852	2095	2701	2702	2709
	2710	2802	2883	2916	3030	3507	3632	3724	3821	4420
	4511	4581	4583	4635	4771	4828	4829	5022	5037	5040
	5057	5059	5069	5183	5190	5213	5348	5403	5437	5445
	5474	5506	5535	5551	5610	5645	5651	6204	6217	6235
	6251	6252	6260	6319	6702	6703	6704	6834	6836	6854
	6872	6874F	6882	6884	7038	7050	7090	7098	7099	7228
	7229	7309F	7317F	7350F	7370	7403	7420	7422	7425	7431
	7515	7539	7610	7705	7710	7711	8018	8021	8215	8227
	8265	8279	8288	8292	8293	8380	8824	8826	8829	8831
	8832	8833	8835	8842	8864	8868	9014	9015	9016	9082
	9083	9088	9156	9178	9180	9186	9403			
\$1 to \$19,999	At assigned carrier's discretion, based on sound underwriting judgment.									
<b>Experience Rating</b>										
1.40 and higher, with an estimated annual premium of \$10,000 and over	All employers, regardless of governing classification code and status of experience rating modification (e.g. preliminary, final, contingent).									
1.39 and lower	At assigned carrier's discretion, based on sound underwriting judgment									
<b>Claim Frequency</b>	The assigned carrier must develop written procedures to identify and perform LPSs by comparing claim frequency with policy premium size during the course of the policy period.									

ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS

EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS

Location Determination Table

If...	Then survey...
Each location meets the criteria of a mandatory LPS based on premium range	All locations and active job sites
The total annual premium for a state meets the criteria of a mandatory LPS based on premium range, but no single location within the state meets the criteria	The principal location for that state
The total annual premium for a multistate policy meets the criteria of a mandatory LPS based on premium range, but no single state on the policy meets the criteria	The principal location of the employer
An employer qualifies based on its experience rating modification	Location(s) based on assigned carrier's underwriting judgment including, but not limited to: <ul style="list-style-type: none"> <li>• High exposure, or</li> <li>• Frequent or severe loss history</li> </ul>
<ul style="list-style-type: none"> <li>• There are no active job sites or</li> <li>• The operations are transient in nature or</li> <li>• The operations are seasonal</li> </ul>	The employer's office to review operations in the state(s) covered by the policy, until the job site becomes active
An office is not located in the state(s) covered by the policy	By telephone, until the job site becomes active
A location received a critical recommendation during a prior LPS	That location—additional locations may be surveyed at the assigned carrier's discretion.

**Note:** Principal location is defined as the location of the operation with the governing classification that produces the greatest amount of payroll for the business.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS****PERFORMANCE STANDARD 5—CLAIMS (NON-COAL MINE)****A. PRE-LOSS ACTIVITIES**

Assigned carriers must provide employers with cost-effective measures to reduce or control claims costs. Such measures must include, but are not limited to:

- Preaccident medical care arrangements
- Procedures for policyholders to immediately report notice of losses
- A team approach to help return the injured employee safely to work

**B. FILE MANAGEMENT AND DOCUMENTATION**

1. The assigned carrier must develop reasonable standard procedures for:
  - Contacting appropriate parties
  - Obtaining pertinent information
  - Documenting the case file
  - Ensuring that claims are coded to classification codes that are on the policy at the time of the loss or upon completion of a final premium audit
2. Assigned carriers must make documented attempts to make appropriate contact and obtain information required in these **Performance Standards**. Documented initial (unless otherwise indicated) and follow-up contact attempts include:
  - Written correspondence (mail, e-mail, or fax)
  - Personal contact
  - Telephone contact
  - Other procedures
3. Assigned carriers must fully document files with a sufficient level of detail, either electronically or by hard copy, indicating all:
  - Contact attempts
  - Sources of information and dates of all activity, including date the claim was received, established, and assigned
  - Requests for, and receipt of, information
  - Copies of documents confirming relationships, dependency, investigations by public entities, etc.
  - Team review, supervision and management direction and control of file consistent with the injury severity and the extent of disability
  - Any other item or decision that impacts compensability
4. File documentation must be retained in accordance with policy terms and state laws.

**C. COMPLIANCE AND NOTIFICATION OF INJURY**

1. Assigned carriers must:
  - a. Provide employers submitting an untimely report of injury or illness with a written notice or documented verbal notice explaining:
    - The importance of early intervention emphasizing the benefits to the employer and the injured worker
    - State law and insurance contract obligations of employers to report injuries in a timely manner

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**Note:** Untimely is defined as 10 or more days from the employer notice of injury to the assigned carrier, or as defined by state law, whichever is more stringent.

- b. Comply with all state laws regarding claims reporting requirements.
2. When assigned carriers receive a notification of an injury, the assigned carrier must review it within one business day of the notification to determine whether it is a medical-only, lost-time, or potential lost-time claim.

**D. MEDICAL-ONLY CLAIMS AND LOST-TIME CLAIMS NOT EXCEEDING THE APPLICABLE WAITING PERIOD**

Assigned carriers must:

1. Establish objectively measurable written standards, procedures, and guidelines for appropriate handling of medical-only claims and lost-time claims not exceeding the applicable state-determined waiting period. These must include, but are not limited to, the ability to transfer the file to appropriate claims personnel based on the following as determined by the assigned carrier:
  - Medical payout limit
  - Injury severity limit
  - Lost-time or potential lost-time indicators
2. Ensure coverage and compensability. If denial of compensability and/or liability is in order, ensure that prompt and legally sufficient denial is made to proper parties, followed up with timely administrative filings where required, providing vigorous defense for nonmeritorious claims.
3. Establish timely and adequate medical reserves commensurate with all known claim factors and information developed.
4. Activate an integrated medical management program that includes, but is not limited to, where required or permitted by state law:
  - Preaccident medical care arrangements
  - Timely reporting of accidents
  - PPO/PPN/MCO and similar arrangements. PPO/PPN/MCO and similar entities should be accredited through recognized accreditation organizations
  - Peer review
  - Utilization review
  - Hospital precertification/preadmission review, consistent with the severity of injury
5. Obtain narrative reports from the treating physician(s) and/or other medical practitioners documenting the status of the worker's injury and disability to use in conjunction with medical bill screening.
6. Screen all medical bills to ensure that treatment is related to the injury and charges are reasonable and necessary, utilizing fee schedules, relative value studies, and/or usual and customary rates to reduce billed amounts accordingly. Where questions of compensability, liability, necessity, or reasonableness:
  - a. Do not exist, and physician reports have been received, pay all bills within 30 days of receipt or earlier if the state law so provides.
  - b. Exist, notify the medical provider/vendor within 30 days of receipt, explaining the reasons for the need for further information or investigation.
7. Provide and update required reports to appropriate administrative agencies.
8. Immediately notify the underwriter concerning any coverage or classification issues that surface as a result of an injury or illness report.



**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS****E. EARLY INTERVENTION FOR LOST-TIME OR POTENTIAL LOST-TIME CLAIMS****1. Assignment**

Within one business day of assigned carrier's receipt of notice of loss for a claim that exceeds or may exceed the applicable waiting period, assigned carriers must assign cases based on:

- a. Type of injury
- b. A claim handler's appropriate expertise and knowledge regarding, but not limited to, potential:
  - (1) Lost time in excess of the applicable waiting period
  - (2) Permanent disability
  - (3) Subrogation
  - (4) Compensability issues
  - (5) Fraudulent or abusive acts or practices
  - (6) Coverage issues
  - (7) Medical severity

**2. Early Intervention****a. Timeliness**

- (1) Assigned carriers must initiate aggressive early intervention in accordance with PS 5-E-2-b within two business days of receipt of notice of loss to establish control of lost-time cases.
- (2) If the injury was not initially reported as a lost-time claim and the injured worker subsequently loses time from work that exceeds the waiting period, assigned carriers must initiate aggressive early intervention in accordance with PS 5-E-2-b within one business day of receipt of notice of lost time.
- (3) At least two documented personal or telephone contacts must be attempted, assuming the first attempt is unsuccessful.
- (4) If the second attempt is also unsuccessful, then the assigned carrier must follow up in accordance with PS 5-B-2 within one business day of the second unsuccessful attempt.

**b. Three-Point Contact**

The injured worker, employer, and medical practitioner(s) must be contacted in accordance with PS 5-E-2-a as follows:

**(1) Injured Worker**

Contact the injured worker (when appropriate) to:

- (a) Confirm:
  - Facts of the injury
  - Medical history or prior injuries
  - Work history
  - Current wages
  - Job duties
- (b) Provide an explanation/full disclosure of benefits
- (c) Establish the foundation for the injured worker's safe and timely return to work

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**(2) Employer and Other Witness(es)**

Contact the employer and witness(es) to:

- Verify accident facts
- Obtain description of job duties
- Determine prior injury information
- Involve the employer in a safe and timely return-to-work plan

**(3) Medical Practitioners**

(a) Contact the treating medical practitioner(s) and/or physician(s) (when appropriate) to establish initial contact and request their procedures for obtaining the following information:

- Diagnosis and prognosis
- Treatment plan
- Causal relationship
- Medical history
- Safe and timely return-to-work plan

(b) Within two business days of the assigned carrier's knowledge of the procedure, the assigned carrier must adhere to the medical staff's procedure for obtaining information.

**F. LOST-TIME AND POTENTIAL LOST-TIME CLAIMS**

**1. Compensability and Coverage Determination**

**a. Investigation**

(1) The overall completeness of an investigation of a lost-time case is based on:

- Severity of injury
- Potential extent of disability
- Questions of compensability, jurisdiction, and/or medical causal relationship
- Fatal injuries
- Employer liability actions
- State claims laws

(2) When necessary, statements must be promptly taken from the injured worker, the employer/supervisor and/or witnesses.

(3) If recorded statements are taken, they do not need to be transcribed initially, provided a clear and legible summary detailing the relevant points is prepared at the time the statements are taken.

(4) Verify and document that the injured worker's average wage is consistent with jurisdictional requirements using payroll and/or tax records for salaried, hourly, seasonal, or piecemeal workers, or owners, partners, and officers. For owners, partners, or officers, the average wage may also be verified using premium-based payroll.

(5) Investigations should include "Inquiry Reports" to and/or from other insurers/administrators when appropriate.

(6) Investigation of assigned claims must be substantially completed within 30 days following assignment.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS****b. Documentation**

Assigned carriers must summarize the following items and activity:

- Coverage
- Assignment date
- Accident data and description
- Liability and medical investigation
- Subrogation/second injury fund and/or apportionment potential
- Disability status
- Prior and/or subsequent related injuries or health conditions
- Need for physical and/or vocational rehabilitation
- Employer's liability exposure
- Compensability judgment
- Identification of outstanding issues as well as plans for future handling
- Contact log

**c. Notification and Reporting**

- (1) Assigned carriers must provide and update required reports to appropriate state administrative agencies in accordance with the agency requirements.
- (2) Assigned carriers must report all lost-time injury claims to the Index Bureau. Claims should be reindexed as appropriate, based upon sound claims judgment. In addition, permanent total claims and scheduled loss awards may be reindexed based on sound claims judgment. Document any use of information developed as a result of the Index Bureau inquiry.
- (3) If denial of compensability and/or liability is in order, ensure that prompt and legally sufficient denial is made to proper parties, followed up with timely administrative filings where required, providing vigorous defense for nonmeritorious claims.
- (4) The underwriter must be immediately notified concerning any coverage or classification issues that surface as a result of an injury or illness report.
- (5) Any claim filed by any employee of an uninsured entity affiliated with or owned by an insured entity must be thoroughly investigated to determine proper coverage and compensability. The review must include, but is not limited to, a review of the original application for insurance to determine if the uninsured affiliate has insurance through some other source. The underwriter must be immediately notified of the results of the review in order to take immediate appropriate action under the existing policy. The action(s) includes but is not limited to:
  - (a) Endorsing the policy to include or exclude coverage for the affiliate
  - (b) Initiating cancellation

**2. Pursuit of Recovery and/or Offset**

- a. Based on case circumstances, develop a strategy to promptly obtain needed evidence to pursue recovery and/or offsets, including:
  - (1) Second injury fund possibilities
  - (2) Apportionment or contribution possibilities
  - (3) Social Security or other applicable offsets
  - (4) Third party subrogation recovery

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

- b. Recovery and/or offset investigations must be conducted simultaneously with the compensability investigations, and include where appropriate:
  - Statements
  - Photographs
  - Diagrams
  - Engineering opinions
  - Preservation of evidence to support a recovery
- c. Reasons for or against pursuit of recovery/offsets must be documented.

**3. Initial Payment of Indemnity Benefits**

- a. If a claim is compensable, the first payment must be sent either by mail or by electronic means on or before the 14th day of disability or earlier, if required by state law.
- b. If compensability cannot be determined by or before the 14th day of disability, a strategy for promptly concluding the compensability investigation must be documented and implemented.

**4. Reserving**

Assigned carriers must:

- a. Establish timely and adequate medical and indemnity reserves consistent with all known claim factors and information developed.
- b. Use the tables authorized by state law or prescribed by the appropriate Statistical Plan to report indemnity reserves on fatal and permanent total cases that have the potential for benefits to be paid for life.
- c. Revise medical and/or indemnity reserves within a reasonable time after developments occur that change the ultimate loss exposure. Developments include, but are not limited to:
  - Changes in the tables authorized by state law or prescribed by the appropriate Statistical Plan
  - The claim, or any part thereof, is declared noncompensable
  - The assigned carrier or claimant has received, or anticipates receipt of, reimbursement from a second injury fund or similar type fund
- d. Document the basis for cost estimate changes either by hard copy or electronically, using reserve worksheets or other appropriate means.

**5. Medical Care and Cost Control**

- a. Activate an integrated medical management program that includes, but is not limited to, where required or permitted by state law:
  - Preaccident medical care arrangements
  - Timely reporting of accidents
  - PPO/PPN/MCO and similar arrangements. These should be accredited through recognized accreditation organizations.
  - Peer review
  - Utilization review
  - Hospital precertification/preadmission review, consistent with the severity of injury
  - Return-to-work programs

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

- Physical rehabilitation case management and catastrophic case management, consistent with the severity of injury and extent of disability
- b. Obtain periodic reports from the treating physician(s) and/or other medical practitioners documenting the status of the worker's injury and disability and for use in conjunction with medical bill screening.
- c. Screen all medical bills to ensure that treatment is related to the injury and charges are reasonable and necessary, utilizing fee schedules, PPO/PPN/MCO and similar entities, relative value studies, and/or usual and customary rates to reduce billed amounts accordingly.
- d. Where questions of compensability, liability, necessity, or reasonableness:
  - (1) Do not exist, and physician reports have been received, pay all bills within 30 days of receipt or earlier if state law so provides.
  - (2) Exist, notify the medical provider/vendor within 30 days of receipt, explaining the reasons for the need for further information or investigation.

**6. Indemnity and Disability Management**

Assigned carriers must:

- a. Arrange for medical care consistent with diagnostic and treatment guidelines and/or current medical practice patterns to treat and cure the injury or illness.
- b. Promote, through documented preaccident medical care arrangements, treatment by physicians and/or other medical practitioners experienced in occupational medicine and managed care concepts, where permitted by state law.
- c. Depending on the case circumstances and consistent with sound claims practice and state law, initiate, determine, and/or implement the following:
  - (1) Establish a working relationship with all parties to control disability through:
    - Ongoing contact with the injured worker, employer, and physician at intervals consistent with the injury severity and the extent of disability.
    - Establishing a return-to-work target date.
    - Promptly adjusting return-to-work strategies as conditions change. Consult with the employer, nurse case managers, or other physical rehabilitation managers to formulate a strategy to return the injured worker to the workforce.
    - Immediate involvement of medical case management on severe injuries.
    - Providing the treating physician with a complete job description and/or videotape of the job, when necessary, to facilitate an objective evaluation of the injured worker's ability to return to the work.
  - (2) Document consideration of, or use of, independent medical examinations (where allowed by state law) when reports from the treating physician are not forthcoming or questions exist regarding:
    - Disability
    - Causal relationship
    - Need for surgery
    - Existing treatment
  - (3) Document consideration of, or conduct, activity checks due to:
    - Length of disability

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

- Suspicion of the injured worker exaggerating or prolonging disability, if the potential for intervening events exists (e.g., another injury, other employment)
- (4) Investigate the availability of return to other employment, modified- or light-work duties consistent with medical restrictions if:
  - A safe return of the injured worker to the preinjury job position with the employer does not appear medically feasible, or
  - The job is unavailable
- (5) Provide assistance to the employer in the development of a transitional and/or modified job, when necessary.
- (6) Consistent with the applicable state law, provide vocational rehabilitation in the form of:
  - Alternative work
  - Modified work
  - Job placement
  - On-the-job training
  - Education
- d. Document and timely pay all benefit payments made in accordance with applicable state laws.
- e. Conduct dependency checks at least every 12 months to determine, if applicable, whether the:
  - (1) Injured worker is still alive
  - (2) Widow/widower has remarried
  - (3) Current dependents still qualify to be dependent

**7. Legal Management**

- a. Review file to determine that all efforts to resolve disputes have been exhausted before litigation.
- b. Once it has been determined that litigation is necessary, ensure that all cases are properly prepared to defend or resolve all outstanding issues before conference, hearing, alternative dispute process, or trial, including, but not limited to, the following:
  - (1) Have documentation of complete pretrial preparation in the areas at issue, such as coverage, liability, medical, and disability.
  - (2) Have available all necessary lay and professional witnesses or their depositions prior to formal hearing or trial.
  - (3) If litigation encompasses issues of extent of disability and/or permanency, have medical reports and opinions and witnesses available and ready for testimony or deposition, depending on the state law requirements.
  - (4) The possibility of a negotiated settlement should be evaluated on a continual basis throughout the litigation process. Do not wait until day of pretrial conference or hearing to initiate negotiations. For more information on settlements, *refer to PS 5-F-8-b*.
  - (5) If litigation is to be handled by an attorney:
    - (a) Provide the necessary material and direction, issues to be litigated, and actions needed to resolve those issues.
    - (b) Document attorney's receipt of the claim file and opinion about the merits of the issues to be litigated and the probable success of the litigation.
    - (c) If an adverse finding is made, the attorney must comment about the costs and merits of an appeal, including the potential impact on future claims costs.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

(6) Consistent with the assigned carrier/attorney agreement, review and adjust attorney bills to ensure that they reflect authorized billing practices and expense controls.

*Refer to NCCI's **Servicing Carrier Reference Guide** for more information about litigation.*

**8. Settlements**

- a. Before settlement negotiations, ensure that the medical and/or indemnity reserves reflect medical and/or indemnity settlement value.
- b. Conduct settlement negotiations promptly after completion of investigation, assuming plaintiff attorney's and employer's willingness (or lack of response by employer), consistent with sound claims judgment and applicable state laws.
- c. Base all permanency or compromise settlements on sound claims judgment consistent with liability and medical evidence developed, in accordance with the state laws and benefit structure.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS  
PERFORMANCE STANDARD 6—AUDITS**

**A. TIMELINESS**

**1. Employer Requested Audits**

- a. Physical audits will be performed whenever requested by the employer with reasonable grounds.
- b. The requested audit must be completed, billed, recorded, and closed on the company records within 90 days of the date of receipt of the request.

**2. Preliminary Physical Audits (PPA) or Interim Audits**

- a. PPAs are performed for qualifying employers in accordance with PS 6–C as follows:
  - (1) All preliminary physical audits (PPA) must be completed within 90 days of policy effective date or receipt of assignment by the assigned carrier, whichever is later, with the date of receipt being maintained in the file.
  - (2) The assigned carrier must conduct a PPA within 75 days of the endorsement issuance date if, at issuance the policy:
    - (a) Did not qualify for a PPA, and
    - (b) Is subsequently endorsed within 90 days of policy effective date, and
    - (c) Now meets the PPA requirement
  - (3) The assigned carrier is not required to conduct a PPA if, at issuance the policy:
    - (a) Qualified for a PPA, and
    - (b) Is subsequently endorsed within 90 days of policy effective date, and
    - (c) No longer meets the PPA requirement
- b. Interim audits are performed at the assigned carrier's discretion.

**3. Final Audits**

- a. The assigned carrier must develop standard timeliness procedures to evaluate a policy's qualification for a final physical audit in accordance with PS 6-C-2. Mail or telephone audit reports are permitted only when a physical audit is not required.
- b. All final audits must be completed, billed, recorded, and closed on the company records within 75 days of:
  - (1) The policy expiration or the effective date of cancellation if initiated by the assigned carrier, or
  - (2) The effective date of cancellation or the date of receipt of cancellation notification, whichever is later, if initiated by the employer.

**4. Three-Year Audit Cycle**

- a. A final physical audit must be conducted for a qualifying employer if a final physical audit was not conducted within the last three years, regardless of whether or not the employer qualified during the last three years. For examples, *refer to Appendix C*.

**Note:** If the assigned carrier chooses to perform a final physical audit at its discretion for a renewal policy within the three-year time frame, that final physical audit would be used to determine the next three-year qualifying policy.
- b. If an employer's new business policy did not qualify for a final physical audit, the employer must receive a final physical audit the first year it qualifies, which begins the three-year audit cycle.
- c. For purposes of the three-year audit cycle:



**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

- (1) Policies that are cancelled and reinstated with a lapse are combined to be treated as an individual full policy term based on the original effective and expiration dates.
- (2) An employer reassigned back to a prior assigned carrier must be serviced as a renewal; however, if there is a gap of six months or more between the policy periods, the reassignment must be serviced as new business.

**5. Cancelled and Reinstated Policies**

Audits of cancelled and reinstated policies must be completed in accordance with the Cancelled and Reinstated Policies Audit Table.

**Cancelled and Reinstated Policies Audit Table**

<b>If a policy...</b>	<b>And...</b>	<b>Then...</b>
Cancels within 90 days of the policy effective date	A PPA has not been conducted	A PPA is not required and a final audit must be conducted in accordance with PS 6-A-3 and 6-C-2.
	A PPA has been conducted	A final physical audit is not required and a mail or telephone audit must be conducted in accordance with PS 6-A-3.
Qualified for a PPA and: <ul style="list-style-type: none"> <li>• Was in cancellation status but did not cancel</li> <li>• Cancelled but was reinstated with a lapse</li> <li>• Cancelled but was reinstated without a lapse</li> </ul>	A PPA has not been conducted on that qualifying policy	The time requirements of PS 6-A-2 are extended for the number of days the policy was in cancellation status plus any lapse, with the lapse not exceeding 60 days.
Cancels more than 90 days from the policy effective date	N/A	All audits must be conducted in accordance with PS 6-A-3 and 6-C-2.
Cancels and is reinstated with a lapse	A final audit has not been conducted on the first short-term portion	The assigned carrier must complete a final audit covering the entire policy period between the original effective and expiration dates. <b>Note:</b> Premium cannot be charged for the lapsed coverage.
	A final audit has been conducted on the first short-term portion	The assigned carrier must complete a final audit covering the period from the effective date of reinstatement to the expiration date. <b>Note:</b> Premium cannot be charged for the lapsed coverage.

For more information about reinstating with lapses and rescission of cancellation, refer to **Basic Manual Rule 4-A-4-a(4)**.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**6. Billing**

Billing as a result of an audit must:

- a. Occur in accordance with **Performance Standard 7**—Billing and Collection of Premium, and
- b. Be sent electronically or mailed to the policyholder within the time frames detailed in PS 6-A.

**B. DOCUMENTATION AND UNCOOPERATIVE EMPLOYERS**

**1. Scheduling Attempts and Information Requests**

- a. The assigned carrier must develop reasonable standard procedures for preliminary and final audits for:
  - Scheduling appointments for physical audits.
  - Obtaining audit information for mail or telephone audits. These procedures must include reasonable allowances for scheduling conflicts or other employer difficulties.
- b. Assigned carriers must make reasonable documented attempts to schedule physical audits or obtain audit information for mail or telephone audits. The attempts to begin scheduling appointments must be made early in the process to ensure the timeliness requirements in PS 6-A are met. These attempts must occur in accordance with PS 6-A. Documented initial and follow-up attempts include:
  - Written correspondence (mail, e-mail, or fax)
  - Telephone contact
  - Other procedures
- c. The order in which the attempts are to be made for mail, telephone, or physical audits are to be completed in accordance with the Audit Attempt Table.

**Audit Attempt Table**

<b>If an employer refuses or does not respond to a...</b>	<b>Then...</b>
First inquiry or scheduling attempt for a preliminary physical or interim audit of a new policy	Send a second notice.
Second attempt for a preliminary physical or interim audit of a new policy	Initiate cancellation procedures on the current policy in accordance with the applicable state laws for violation of policy provision. Notify the Plan Administrator of the employer's noncompliance, in accordance with PS 1-C. <b>Note:</b> Assigned carriers may make more than two attempts before initiating cancellation.
First inquiry or scheduling attempt for a final audit	Send a second notice.
Second attempt for a final audit	Initiate cancellation procedures on the current policy in accordance with the applicable state laws for violation of policy provision. If there is no current coverage, notify the Plan Administrator of the employer's noncompliance, in accordance with PS 1-C.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**Note:** Assigned carriers must comply with eligibility and cancellation-related *Basic Manual* Rules 3-A-3, 4-A-3-b and 4-A-4-a(3), or other state specific WCIP rules, as well as PS 3-D.

**2. File Documentation**

- a. Assigned carriers must document files with a sufficient level of detail indicating all:
  - Scheduling attempts
  - Requests for, and receipt of, information
  - Any other item or decision that impacts policy premium or coverage
- b. File documentation must be retained in accordance with policy terms and state laws.

**3. Noncompliance and Compliance Notification**

- a. Employers are required to comply with all policy terms and conditions, including allowing assigned carrier audits.
- b. Assigned carriers are required to comply with audit noncompliance and compliance reporting in accordance with PS 1-C.

**4. Physical Audits**

- a. Prior to the audit for preliminary and final physical audits, auditors must be provided complete policy information, including, but not limited to:
  - Payroll
  - Claims data
  - Experience rating modification factor(s)
  - Adverse loss conditions
  - Suspected payroll
  - Classification discrepancies
- b. If payroll records are located in a state that is not listed on the policy or in a remote location, a mail audit must be conducted and is considered as a physical audit.

**5. Mail and Telephone Audits**

Assigned carriers must obtain, via a documented attempt, the most recent applicable state and/or federal tax forms on all mail and telephone audits to assess reasonableness of reported payroll.

**C. QUALIFYING EMPLOYERS**

Audits are to be conducted in accordance with PS 6-A based on the following minimum frequencies, premium ranges, and governing classifications for all employers except domestic servants. While these are the minimum requirements, assigned carriers are not precluded from physically auditing non-qualifying employers based on sound underwriting judgment.

**Note:** Premium Range refers to estimated annual premium developed in accordance with *Basic Manual* Rule 3-A-9. Governing classification is determined in accordance with *Basic Manual* Rule 1-B-5.

**1. Preliminary Physical Audits (PPA)****a. New Business**

PPAs must be completed in accordance with the PPA—New Business Table.

ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS

EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS

PPA—New Business Table

Premium Range	Governing Classification Codes									
\$50,000 and over	All employers, regardless of governing classification code.									
\$10,000 to \$49,999	0036	0037	0042	0050	1005	1016	1165	1320	1322	2701
	2702	2709	2710	2759	2802	2812	3030	3040	3076	3179
	3365	3400	3507	3632	3724	3726	4000	4299	4635	5022
	5040	5057	5059	5102	5146	5160	5183	5188	5190	5191
	5213	5215	5221	5223	5348	5403	5437	5445	5472	5473
	5474	5478	5479	5506	5507	5535	5537	5551	5606	5610
	5645	5651	5703	6003	6204	6216	6217	6229	6306	6319
	6325	6400	7228	7229	7231	7380	7538	7605	7612	7613
	7705	7720	8006	8010	8017	8018	8107	8227	8232	8264
	8279	8292	8350	8380	8393	8742	8829	8833	8835	8842
	8864	9014	9015	9058	9082	9083	9084	9101	9178	9179
	9516	9534								
\$5,000 to \$9,999	3726	5022	5057	5102	5183	5190	5191	5213	5215	5221
	5348	5403	5437	5445	5474	5478	5479	5507	5535	5537
	5551	5606	5610	5645	5651	5703	6204	6217	6325	6400
	7228	7229	7538	7613	8279					
\$1 to \$4,999	At assigned carrier's discretion, based on sound underwriting judgment.									
ALL	All employers engaged in leasing employees to others or in providing temporary help to others, regardless of premium size.									

b. **Renewal Business**

The assigned carrier should conduct PPAs whenever warranted, based upon sound underwriting judgment.

2. **Final Physical Audits**

a. **New Business**

Final physical audits must be completed in accordance with the Final Physical Audit—New Business Table.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**Final Physical Audit—New Business Table**

<b>Premium Range</b>	<b>Governing Classification Codes</b>									
\$50,000 and over	All employers, regardless of governing classification code.									
\$5,000 to \$49,999	0036	0037	0042	0050	1005	1016	1165	1320	1322	2701
	2702	2709	2710	2759	2802	2812	3030	3040	3076	3179
	3365	3400	3507	3632	3724	3726	4000	4299	4635	5022
	5040	5057	5059	5102	5146	5160	5183	5188	5190	5191
	5213	5215	5221	5223	5348	5403	5437	5445	5472	5473
	5474	5478	5479	5506	5507	5535	5537	5551	5606	5610
	5645	5651	5703	6003	6204	6216	6217	6229	6306	6319
	6325	6400	7228	7229	7231	7380	7538	7605	7612	7613
	7705	7720	8006	8010	8017	8018	8107	8227	8232	8264
	8279	8292	8350	8380	8393	8742	8829	8833	8835	8842
	8864	9014	9015	9058	9082	9083	9084	9101	9178	9179
		9516	9534							
\$1,000 to \$4,999	3726	5022	5057	5102	5183	5190	5191	5213	5215	5221
	5348	5403	5437	5445	5474	5478	5479	5507	5535	5537
	5551	5606	5610	5645	5651	5703	6204	6217	6325	6400
	7228	7229	7538	7613	8279					
\$1 to \$999	At assigned carrier's discretion, based on sound underwriting judgment.									
ALL	All employers engaged in leasing employees to others or in providing temporary help to others, regardless of premium size.									

**b. Exceptions to Final Physical Audit—New Business Table**

For those employers where a PPA was conducted, a final mail audit may be substituted for the final physical audit if all of the following conditions are met:

- The PPA agrees with the information submitted on the application
- The employer is not seasonal or variable in nature
- The governing classification code is not a trucking or construction code
- The business is not in its first year of operation
- The business is not engaged in leasing employees to others or in providing temporary help to others, regardless of premium size

**c. Renewal Business**

Final physical audits must be completed in accordance with the Final Physical Audit—Renewal Business Table.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**Final Physical Audit—Renewal Business Table**

<b>Premium Range</b>	<b>Governing Classification Code</b>									
\$20,000 and over	All employers, regardless of governing classification code, every third year.									
\$1,000 to \$19,999	3726	5022	5057	5102	5183	5190	5191	5213	5215	5221
	5348	5403	5437	5445	5474	5478	5479	5507	5535	5537
	5551	5606	5610	5645	5651	5703	6204	6217	6325	6400
	7228	7229	7538	7613	8279					
\$1 to \$999	At assigned carrier's discretion, based on sound underwriting judgment.									
ALL	All employers engaged in leasing employees to others or in providing temporary help to others, regardless of premium size.									

**3. Final Mail or Telephone Audit**

A final mail or telephone audit must be completed on all risks that do not receive a physical audit, regardless if the business is new or renewal.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**PERFORMANCE STANDARD 7—BILLING AND COLLECTION OF PREMIUM**

**A. BILLING PROCEDURES**

**1. Billing Cycle**

For purposes of this *Performance Standard*, the billing cycle consists of 45 days. The 45-day billing cycle begins the day after the date of billing. It includes 30 days from the date of billing and a 15-day period for follow-up and/or collection activity.

**2. Billing Statements**

- a. Billing statements may be sent either by mail or by electronic means.
- b. Billing statements for less than \$100 are not required to be billed, excluding final billing, until the cumulative amount of premium due for a single policy period equals or exceeds \$100.
- c. Billing statements for additional premium of \$100 or greater must be sent within 15 days of posting the premium transaction on company records. However, if the billing is on an installment basis, and an installment is due within the next 30 days, the additional premium may be allocated to all remaining installments.
- d. Billing statements for scheduled installments must be dated and issued at least 30 days prior to the payment due date as established by the appropriate WCIP payment plan.
- e. Billing statements for deposit premium on renewal policies must be dated and issued at least 30 days prior to the renewal effective date.
- f. The billing statement must require payment to be postmarked or submitted electronically on or before 30 days from date of billing or earlier, if required by state law.
- g. Billing statements must include a clear explanation of the bill and specific information on how the employer may inquire about the billing determination. For more information about customer service, refer to PS 2.

**3. Receipt of Premium**

Premium must be posted to the policy, regardless of when the funds clear, in accordance with the following tables.

**Receipt of Premium Table 1**

<b>If the payment is submitted by regular mail and the envelope containing the payment has...</b>	<b>Then, the received date is the date of the...</b>
A legible US postmark	Postmark
An illegible US postmark	Receipt of the payment
A meter mark only	Receipt of the payment
Internet postage with a legible cancellation stamp	Cancellation stamp
Internet postage without a cancellation stamp or an illegible cancellation stamp	Receipt of the payment

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**Receipt of Premium Table 2**

<b>If the payment is submitted by overnight mail and...</b>	<b>Then, the received date is the date of the...</b>
The package containing the payment has proof of mailing that can be verified	The date the payment was sent
The package containing the payment does not have proof of mailing or proof of mailing cannot be verified	Receipt of the payment
Proof of mailing (e.g., certified mail receipt) can be obtained	Postmark
Proof of mailing cannot be obtained	Receipt of the payment

**Receipt of Premium Table 3**

<b>If the payment is submitted...</b>	<b>Then, the received date is the date of the...</b>
Electronically	Employer’s electronic submission
Telephone	Telephone submission

**4. Collection Attempts**

- a. At least one written follow-up collection attempt must be made within the billing cycle.
- b. In addition to the initial billing and one written follow-up collection attempt, additional collection attempts consist of:
  - Billing
  - Telephone contact
  - Cancellation notices, or
  - Other procedures
- c. On all accounts with an outstanding premium balance of \$10,000 or more, a documented telephone call to the employer must be made in addition to the initial billing and one written follow-up collection attempt.

**5. Cancellation**

- a. If the amount due is not received in accordance with the Receipt of Premium Tables by the end of the billing cycle, a cancellation notice must be issued no later than five business days from the end of the billing cycle, and must be in accordance with all applicable state laws, WCIP rules and PS 3–D.
- b. Cancellation notices issued for nonpayment cannot have a cancellation date earlier than the 46th day from the date of initial billing, and must be in accordance with state law timeliness requirements.
- c. Cancellations cannot occur if:
  - (1) The first payment has been received in accordance with written agreement to use payment plan, or
  - (2) A bona fide dispute exists according to *Basic Manual* Rules 4-A-2-g and 4-A-10.



**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

- d. The employer, producer, premium finance company, Plan Administrator, regulators, known certificate holders, and/or other appropriate parties must be provided notices of cancellation detailing the specific reason for cancellation. Such notification must be in accordance with all applicable state laws, WCIP rules and PS 3-D.
- e. The assigned carrier must report noncompliance in accordance with PS 1-C.

**6. Return Premium**

- a. If return premium is due, statements and return premium checks must be mailed within 15 days of recording on company records.
- b. Return premium checks must be made payable:
  - (1) To the employer, unless directed otherwise by a valid power of attorney on file with the assigned carrier, and
  - (2) On the gross amount of the return premium
- c. A bill for the unearned commission may be sent to the producer of record or an offset must be made against other commissions due to the same producer from the assigned carrier on other assigned risk business.

**B. COLLECTION PROCEDURES****1. Servicing Carriers****a. Outstanding Premium of \$999 or Under**

Pursuit of collections is at the servicing carrier's discretion.

**b. Outstanding Premium of \$1,000 and Over**

(1) Uncollectible accounts must be referred to an approved collection agency for further collection activity within 10 business days of the completion of the billing cycle unless:

- (a) Potential for imminent settlement is reasonably certain, or
- (b) The premium is in dispute, and the dispute is being actively resolved

(2) Preapproval is required from the Pool Administrator for referral directly to outside counsel instead of an approved collection agency.

*Refer to NCCI's **Servicing Carrier Reference Guide** for more information about:*

- Approved collection agencies
- Financial and uncollectible reporting
- Indemnification procedures
- Litigation

**2. Direct Assignment Carriers**

Direct assignment carriers are expected to have collection procedures in accordance with state laws. However, PS 7-B-1 does not apply.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**PERFORMANCE STANDARD 8—BILLING AND COLLECTION FOR DEDUCTIBLES**

**A. BILLING PROCEDURES**

**1. Billing Cycle**

For purposes of this *Performance Standard*, the billing cycle consists of 45 days. The 45-day billing cycle begins the day after the date of billing. It includes 30 days from the date of billing and a 15-day period for follow-up and/or collection activity.

**2. Billing Statements**

- a. Billing statements may be sent either by mail or by electronic means.
- b. Billing statements for unpaid deductible amounts must be sent to employers, at a minimum, on a quarterly basis during the policy period. Assigned carriers must also send billing statements for unpaid deductible amounts, if any, on expired policies at a minimum, on a quarterly basis.
- c. The billing must be for the total amount of all deductibles during each policy period.
- d. The billing statement must require payment to be postmarked or submitted electronically on or before 30 days from date of billing or earlier, if required by state law.
- e. Billing statements must include a clear explanation of the bill and specific information on how the employer may inquire about the billing determination. For more information about customer service, refer to PS 2.

**3. Receipt of Funds**

Funds must be posted to the policy, regardless of when the funds clear, in accordance with the following tables.

**Receipt of Funds Table 1**

<b>If the payment is submitted by regular mail and the envelope containing the payment has...</b>	<b>Then, the received date is the date of the...</b>
A legible US postmark	Postmark
An illegible US postmark	Receipt of the payment
A meter mark only	Receipt of the payment
Internet postage with a legible cancellation stamp	Cancellation stamp
Internet postage without a cancellation stamp or an illegible cancellation stamp	Receipt of the payment

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**Receipt of Funds Table 2**

<b>If the payment is submitted by overnight mail and...</b>	<b>Then, the received date is the date of the...</b>
The package containing the payment has proof of mailing that can be verified	The date the payment was sent
The package containing the payment does not have proof of mailing or proof of mailing cannot be verified	Receipt of the payment
Proof of mailing (e.g., certified mail receipt) can be obtained	Postmark
Proof of mailing cannot be obtained	Receipt of the payment

**Receipt of Funds Table 3**

<b>If the payment is submitted...</b>	<b>Then, the received date is the date of the...</b>
Electronically	Employer’s electronic submission
Telephone	Telephone submission

**4. Collection Attempts**

- a. At least one follow-up collection attempt in addition to the initial billing must be made within the billing cycle.
- b. Additional collection attempts consist of:
  - Billing
  - Telephone contact
  - Cancellation notices, or
  - Other procedures

**5. Cancellation**

- a. If the amount due is not received in accordance with the Receipt of Funds Tables by the end of the billing cycle, a cancellation notice must be issued no later than five business days from the end of the billing cycle, and be in accordance with all applicable state laws, WCIP rules and PS 3-D.
- b. Cancellation notices issued for nonpayment cannot have a cancellation date earlier than the 46th day from the date of initial billing, and must be in accordance with all applicable state law timeliness requirements.
- c. The employer, producer, premium finance company, Plan Administrator, regulators, known certificate holders, and/or other appropriate parties must be provided notices of cancellation detailing the specific reason for cancellation. Such notification must be in accordance with all applicable state laws, WCIP rules and PS 3-D.
- d. The assigned carrier must report noncompliance in accordance with PS 1-C.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**B. COLLECTION PROCEDURES**

**1. Servicing Carriers**

The servicing carrier must consider all outstanding deductibles for each quarter to determine the deductible amount past due.

**a. Past Due Deductibles \$999 or Under**

Collection of deductibles should be referred to the servicing carrier's specialized in-house collection unit, if any, or to an approved external collection agency for further collection activity.

**b. Past Due Deductibles of \$1,000 or Over**

(1) Collection of deductibles should be referred to the servicing carrier's specialized in-house collection unit, if any, or to an approved external collection agency for further collection activity.

(2) If the servicing carrier chooses to refer an account to its in-house collection unit, such unit is allotted 60 days from the date of the referral to collect the balance due or reach an acceptable settlement with the insured.

(3) In-house uncollectible accounts aged more than 60 days from the date of in-house referral must transfer the account to an approved collection agency for further collection activity.

*Refer to NCCI's **Servicing Carrier Reference Guide** for more information about:*

- Approved collection agencies
- Financial and uncollectible reporting
- Indemnification procedures
- Litigation

**2. Direct Assignment Carriers**

Direct assignment carriers are expected to have collection procedures in accordance with state laws. However, PS 8-B-1 does not apply.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**APPENDIX**

**A. SUMMARY TIME TABLE**

The following table summarizes some of the frequently referenced **Performance Standards**. This chart is not a complete listing of all **Performance Standards**. In accordance with PS 1-A-2-c(2), except where otherwise indicated, all time periods are calendar days. Assigned carriers must refer to the applicable **Performance Standards** for complete details of the specific item below and all other national and state specific applicable **Performance Standards**.

ITEM	TIME FRAME	PERFORMANCE STANDARD REFERENCE
<b>PERFORMANCE STANDARD 1—INTRODUCTION</b>		
Report all noncompliance transactions	5 business days	1-C-4-a
Report all compliance transactions	5 business days	1-C-7-a
<b>PERFORMANCE STANDARD 2—CUSTOMER SERVICE</b>		
General employer requests except loss records	14 days	2-A-1-a and b
Employer requested loss records	20 days	2-A-1-c
Other employer requests	<ul style="list-style-type: none"> <li>• 14 days (initial response)</li> <li>• 45 days (resolution)</li> </ul>	<ul style="list-style-type: none"> <li>• 2-B-1</li> <li>• 2-B-3</li> </ul>
<b>PERFORMANCE STANDARD 3—UNDERWRITING</b>		
New business welcome letter	5 business days	3-A-2-a
New business policy issuance	30 days	3-A-2-d
Renewal proposal Nonrenewal notice	60 days 60 days	3-A-3-a(1)
Renewal policy issuance	30 days	3-A-3-c(1)
Midterm policy endorsement <ul style="list-style-type: none"> <li>• Employer initiated</li> <li>• Carrier determination</li> <li>• Carrier initiated</li> </ul>	<ul style="list-style-type: none"> <li>• 20 days</li> <li>• 30 days</li> <li>• 50 days</li> </ul>	<ul style="list-style-type: none"> <li>• 3-C-2-a(1)</li> <li>• 3-C-1-c</li> <li>• 3-C-2-b(1)</li> </ul>
Cancellation	5 business days	3-D-1-a and 3-D-2-a
Reinstatement/rescission of cancellation notices	5 business days	3-E

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

ITEM	TIME FRAME	PERFORMANCE STANDARD REFERENCE
Certificates of Insurance	5 business days	3-F-1
<b>PERFORMANCE STANDARD 4—LOSS PREVENTION (NON-COAL MINE RISKS)</b>		
Cancellation due to: • Scheduling • Critical recommendations	• 2 attempts within 60 days • 61–90 days	• 4-A-2-c(1) • 4-A-2-c(2)
Employer requested services	• 14 days (initial response) • 45 days (completion)	• 4-B-1-a • 4-B-1-b
Completion of LPS	120 days	PS 4-B-2-b and c
Recommendations • Provide to employer • Follow-up on critical recommendations	• 30 days • 30 days (initial)/ 30-60 days (follow-up)	• 4-C-1-a • 4-C-2
<b>PERFORMANCE STANDARD 5—CLAIMS (NON-COAL MINE RISKS)</b>		
Determine claim type	1 business day	5-C-2
Medical-only and lost-time claims not exceeding the applicable waiting period—pay or request more information	30 days	5-D-6
Early intervention for lost-time or potential lost-time claims • Assignment • Early Intervention	• 1 business day • 2/1/1 business days	• 5-E-1 • 5-E-2-a
Substantially complete compensability and coverage investigation	30 days	5-F-1-a(6)
Initial payment of indemnity benefits on compensable claim	14 days	5-F-3
Medical care and cost control—pay or request more information	30 days	5-F-5-d
Dependency checks	Every 12 months	5-F-6-e
<b>PERFORMANCE STANDARD 6—AUDITS</b>		

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

ITEM	TIME FRAME	PERFORMANCE STANDARD REFERENCE
Employer requested audits	90 days	6-A-1-b
Completion of PPA	<ul style="list-style-type: none"> <li>• 90 days (policy effective date or receipt)</li> <li>• 75 days (endorsement)</li> </ul>	<ul style="list-style-type: none"> <li>• 6-A-2-a(1)</li> <li>• 6-A-2-a(2)</li> </ul>
Completion of Final Audits	75 days	6-A-3-b
<b>PERFORMANCE STANDARD 7—BILLING AND COLLECTION OF PREMIUM</b>		
Billing cycle	45 days	7-A-1
Billing statements <ul style="list-style-type: none"> <li>• Additional premium of \$100 or greater</li> <li>• Installments</li> <li>• Renewal deposit premium</li> </ul>	<ul style="list-style-type: none"> <li>• 15 days</li> <li>• 30 days</li> <li>• 30 days</li> </ul>	<ul style="list-style-type: none"> <li>• 7-A-2-c</li> <li>• 7-A-2-d</li> <li>• 7-A-2-e</li> </ul>
Receipt of premium	See Receipt of Premium Tables	7-A-3
Collection attempts	1 within billing cycle	7-A-4
Cancellation	5 business days	7-A-5
Return premium	15 days	7-A-6
Collection agency referral	10 business days	7-B-1-b
<b>PERFORMANCE STANDARD 8—BILLING AND COLLECTION FOR DEDUCTIBLES</b>		
Billing cycle	45 days	8-A-1
Billing statements	Quarterly	8-A-2-b
Receipt of funds	See Receipt of Funds Tables	8-A-3
Collection attempts	1 within billing cycle	8-A-4
Cancellation	5 business days	8-A-5-a
In-house collections	60 days	8-B-1-b(2)

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**B. LOSS PREVENTION SURVEY (LPS)—RENEWAL POLICY EXAMPLES**

**PS 4-B-2-a(2)**

Examples of the timing and frequency for determining the completion of a loss prevention survey for a policyholder with the same carrier.

For all examples:

N = Not a qualifying employer

Q = Qualifying employer

**Example 1:**

<b>Policy Year</b>	<b>Qualification</b>	<b>Action</b>
1	N	An LPS is not required.
2	Q	Employer qualifies for the first time. Therefore, an LPS must be conducted.
3	Q	The employer again qualifies. Review prior 2 years to determine if an LPS was conducted. In this instance, an LPS was conducted in policy year 2. Therefore, an LPS is not required in policy year 3.
4	N	An LPS is not required.
5	N	An LPS is not required.
6	Q	The employer again qualifies. Review prior 3 years to determine if an LPS was conducted. In this instance, an LPS was not conducted in policy years 3, 4, and 5. Therefore, an LPS must be conducted.
7	Q	The employer again qualifies. Review prior 3 years to determine if an LPS was conducted. In this instance, an LPS was conducted in policy year 6. Therefore, an LPS is not required in policy year 7.



**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**Example 2:**

<b>Policy Year</b>	<b>Qualification</b>	<b>Action</b>
1	Q	Employer initially qualifies. Therefore, an LPS must be conducted.
2	Q	The employer again qualifies. Review prior year to determine if an LPS was conducted. In this instance, an LPS was conducted in policy year 1. Therefore, an LPS is not required in policy year 2.
3	Q	The employer again qualifies. Review prior 2 years to determine if an LPS was conducted. In this instance, an LPS was conducted in policy year 1. Therefore, an LPS is not required in policy year 3.
4	Q	The employer again qualifies. Review prior 3 years to determine if an LPS was conducted. In this instance, an LPS was conducted in policy year 1. Therefore, an LPS is not required in policy year 4.
5	Q	The employer again qualifies. Review prior 3 years to determine if an LPS was conducted. In this instance, an LPS was not conducted in policy years 2, 3, and 4. Therefore, an LPS must be conducted.
6	Q	The employer again qualifies. Review prior 3 years to determine if an LPS was conducted. In this instance, an LPS was conducted in policy year 5. Therefore, an LPS is not required in policy year 6.
7	Q	The employer again qualifies. Review prior 3 years to determine if an LPS was conducted. In this instance, an LPS was conducted in policy year 5. Therefore, an LPS is not required in policy year 7.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**Example 3:**

<b>Policy Year</b>	<b>Qualification</b>	<b>Action</b>
1	N	An LPS is not required.
2	Q	Employer qualifies for the first time; therefore an LPS must be conducted.
3	Q	The employer again qualifies. Review prior 2 years to determine if an LPS was conducted. In this instance, an LPS was conducted in policy year 2. Therefore, an LPS is not required in policy year 3.
4	N	An LPS is not required.
5	N	An LPS is not required.
6	N	An LPS is not required.
7	Q	The employer again qualifies. Review prior 3 years to determine if an LPS was conducted. In this instance, an LPS was not conducted in policy years 3, 4, 5 and 6. Therefore, an LPS must be conducted in policy year 7.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**C. THREE-YEAR AUDIT CYCLE EXAMPLES**

**PS 6-A-4-a**

Examples of the timing and frequency for determining the completion of a final physical audit for a renewal policy, assuming an individual policyholder with the same carrier. If a final physical audit is not performed, a mail or telephone audit must be performed in accordance with PS 6-C-3.

For all examples:

N = Not a qualifying employer

Q = Qualifying employer

**Example 1:**

<b>Policy Year</b>	<b>Qualification</b>	<b>Action</b>
1	N	A final physical audit is not required.
2	Q	Employer qualifies for the first time. Therefore, a final physical audit must be conducted.
3	Q	The employer again qualifies. Review prior 2 years to determine if a final physical audit was conducted. In this instance, a final physical audit was conducted in policy year 2. Therefore, a final physical audit is not required in policy year 3.
4	N	A final physical audit is not required.
5	N	A final physical audit is not required.
6	Q	The employer again qualifies. Review prior 3 years to determine if a final physical audit was conducted. In this instance, a final physical audit was not conducted in policy years 3, 4, and 5. Therefore, a final physical audit must be conducted in policy year 6.
7	Q	The employer again qualifies. Review prior 3 years to determine if a final physical audit was conducted. In this instance, a final physical audit was conducted in policy year 6. Therefore, a final physical audit is not required in policy year 7.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**Example 2:**

<b>Policy Year</b>	<b>Qualification</b>	<b>Action</b>
1	Q	Employer initially qualifies. Therefore, a final physical audit must be conducted.
2	Q	The employer again qualifies. Review prior year to determine if a final physical audit was conducted. In this instance, a final physical audit was conducted in policy year 1. Therefore, a final physical audit is not required in policy year 2.
3	Q	The employer again qualifies. Review prior 2 years to determine if a final physical audit was conducted. In this instance, a final physical audit was conducted in policy year 1. Therefore, a final physical audit is not required in policy year 3.
4	Q	The employer again qualifies. Review prior 3 years to determine if a final physical audit was conducted. In this instance, a final physical audit was conducted in policy year 1. Therefore, a final physical audit is not required in policy year 4.
5	Q	The employer again qualifies. Review prior 3 years to determine if a final physical audit was conducted. In this instance, a final physical audit was not conducted in policy years 2, 3, and 4. Therefore, a final physical audit must be conducted in policy year 5.
6	Q	The employer again qualifies. Review prior 3 years to determine if a final physical audit was conducted. In this instance, a final physical audit was conducted in policy year 5. Therefore, a final physical audit is not required in policy year 6.
7	Q	The employer again qualifies. Review prior 3 years to determine if a final physical audit was conducted. In this instance, a final physical audit was conducted in policy year 5. Therefore, a final physical audit is not required in policy year 7.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

**EXHIBIT 1 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS**

**Example 3:**

<b>Policy Year</b>	<b>Qualification</b>	<b>Action</b>
1	N	A final physical audit is not required.
2	Q	Employer qualifies for the first time. Therefore, a final physical audit must be conducted.
3	Q	The employer again qualifies. Review prior 2 years to determine if a final physical audit was conducted. In this instance, a final physical audit was conducted in policy year 2. Therefore, a final physical audit is not required in policy year 3.
4	N	A final physical audit is not required.
5	N	A final physical audit is not required.
6	N	A final physical audit is not required.
7	Q	The employer again qualifies. Review prior 3 years to determine if a final physical audit was conducted. In this instance, a final physical audit was not conducted in policy years 3, 4, 5 and 6. Therefore, a final physical audit must be conducted in policy year 7.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 2  
ASSIGNED CARRIER PERFORMANCE STANDARDS  
STATE-SPECIFIC STANDARDS APPLYING IN NORTH CAROLINA**

**PERFORMANCE STANDARDS 1—INTRODUCTION**

**A. GENERAL EXPLANATION**

Add the following to PS 1-A:

References to “NCCI” in the *Assigned Carrier Performance Standards* and accompanying forms must be interpreted to reference the North Carolina Rating Bureau.

**4. Definitions and Terms**

**c. Binder Package**

Change PS 1-A-4-c as follows:

The assigned carrier will receive binder information. This information is referred to as the binder package or assignment package, in accordance with *Basic Manual* Rule 4-A-3-i(2).

**k. Plan**

Change PS 1-A-4-k as follows:

Plan refers to North Carolina’s Workers Compensation Insurance Plan (WCIP).

**l. Plan Administrator**

Change PS 1-A-4-l as follows:

The North Carolina Rate Bureau, the organization which has been designated to administer the affairs of the Plan.

**o. Producer**

Change PS 1-A-4-o as follows:

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 the 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 of any assigned carrier for Plan business.

**B. DATA REPORTING**

**1. Assigned Carriers**

Change PS 1-B-1-d as follows:

d. Report all assigned risk policy information electronically to the Plan Administrator. Information includes, but is not limited to:

- Policies
- Endorsements
- Binder number

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 2 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS  
STATE-SPECIFIC STANDARDS APPLYING IN NORTH CAROLINA**

- Cancellations and reinstatements
- Noncompliance and compliance transactions

Add the following to PS 1–B:

3. The North Carolina Statistical Plan permits the filing of unit statistical data to either the NCRB and/or NCCI. Further, policy data must be reported to the NCRB.

**C. NONCOMPLIANCE AND COMPLIANCE WITH POLICY TERMS AND CONDITIONS**

**7. Compliance Reporting**

Change PS 1-C-7-c as follows:

- c. If the Plan Administrator has authorized cancellation for noncompliance and the policy is subsequently cancelled, the employer must reapply for coverage through the North Carolina Workers Compensation Insurance Plan.

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 2 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS  
STATE-SPECIFIC STANDARDS APPLYING IN NORTH CAROLINA**

**PERFORMANCE STANDARDS 3—UNDERWRITING**

**A. POLICY ISSUANCE—NEW AND RENEWAL BUSINESS**

**3. Renewal Business**

**a. Renewal or Nonrenewal Notices**

Change PS 3-A-3-a(1) as follows:

- (1) At least 45 days before expiration of the current policy, the assigned carrier must send a renewal proposal, as appropriate, to the employer and the producer.

Add the following to PS 3-A-3-a:

- (4) Any assigned carrier unwilling to renew an employer assigned to it must notify the employer, producer and the Plan Administrator at least 60 days before expiration of the current policy, giving a reason or reasons acceptable to the Plan Administrator.

**F. CERTIFICATES OF INSURANCE**

Change PS 3-F-3 as follows:

3. PS 3-F-3 does not apply in North Carolina.



**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 2 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS  
STATE-SPECIFIC STANDARDS APPLYING IN NORTH CAROLINA**

**PERFORMANCE STANDARDS 4—LOSS PREVENTION (NON-COAL MINE RISKS)**

**D. QUALIFYING EMPLOYERS AND SURVEY LOCATION DETERMINATION**

Add the following to the Loss Prevention Survey Table:

**Loss Prevention Survey Table**

<b>Premium Range</b>	<b>Governing Classification Codes</b>
\$20,000 to \$49,999	1474 2706 8849

**ITEM RM-W-8031—ASSIGNED CARRIER PERFORMANCE STANDARDS**

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**EXHIBIT 2 (CONT'D)  
ASSIGNED CARRIER PERFORMANCE STANDARDS  
STATE-SPECIFIC STANDARDS APPLYING IN NORTH CAROLINA**

**PERFORMANCE STANDARDS 6—AUDITS**

**B. DOCUMENTATION AND UNCOOPERATIVE EMPLOYERS**

**4. Physical Audits**

Add the following to PS 6-B-4:

- c. In instances where an audit is clearly impracticable, such as private residences or building operations risks served by one or two employees, an actual physical audit may be waived and a signed payroll statement from the employer may be accepted.

**C. QUALIFYING EMPLOYERS**

**1. Preliminary Physical Audits (PPA)**

**a. New Business**

Add the following to the PPA—New Business Table:

**PPA—New Business Table**

<b>Premium Range</b>	<b>Governing Classification Codes</b>
\$10,000 to \$49,999	2706 8849

**2. Final Physical Audits**

**a. New Business**

Add the following to the Final Physical Audit—New Business Table:

**Final Physical Audit—New Business Table**

<b>Premium Range</b>	<b>Governing Classification Codes</b>
\$5,000 to \$49,999	2706 8849