

January 13, 2016

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

North Carolina Basic Manual  
Effective April 1, 2016

The North Carolina Rate Bureau is pleased to introduce the North Carolina Basic Manual (Manual). This Manual was approved by the North Carolina Department of Insurance on December 14, 2015 to be effective April 1, 2016. The rules provided in the Manual are to be used by all member companies writing North Carolina workers compensation and employers liability insurance policies effective on or after April 1, 2016.

There are no substantive changes to existing rules in the North Carolina Basic Manual, however, below are the highlights of improvements that you will notice when utilizing the Manual:

- We have made the Manual specific to North Carolina and incorporated verbiage changes where appropriate to provide clarification and simplification of rules. These changes do not impact how the rules are applied. Our objective is to remove ambiguity in the rules pertaining to North Carolina.
- The Classification section is streamlined to list the approved class codes for North Carolina in alphabetical order and by industry.
- Examples from the User's Guide are included within the applicable rules for easier reference.
- The North Carolina Workers Compensation Insurance Plan (WCIP) has been moved to Rule 4-A. It will remain a stand-alone "Plan" document. There was one minor change to the WCIP to reflect the recent changes to NCRB's office hours.
- Rules 5 (Policy and Endorsements) and 6 (Dispute Procedures) are new rules incorporating information from the User's Guide and from the Workers Compensation policy form for reference.

The Manual will be accessible on the Bureau's website on April 1, 2016. Attached is the Manual for preview prior to the effective date of April 1, 2016.

If you have questions regarding manual content or access, please contact the NCRB Information Center at 919-582-1056 or via email at [winfo@ncrb.org](mailto:winfo@ncrb.org).

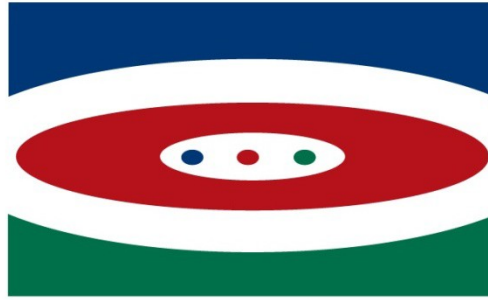
Sincerely,

Joanna Biliouris

Chief Operating Officer

JB:dms  
Attachment  
C-16-2

NCRB-NCRF-NCIGA



north carolina

RATE BUREAU

REINSURANCE FACILITY

INSURANCE GUARANTY ASSOCIATION

# **NORTH CAROLINA BASIC MANUAL**

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Issued by

**NORTH CAROLINA RATE BUREAU**

**2910 Sumner Boulevard  
Raleigh, NC 27616**

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## North Carolina Basic Manual for Workers Compensation and Employers Liability (North Carolina Basic Manual)

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### PREFACE

This manual is applicable to North Carolina only and is administered by the North Carolina Rate Bureau (NCRB or Bureau) in accordance with North Carolina General Statute 58-36-1. Payroll for other states listed on multi-state policies would be subject to rules and/or regulations as stipulated in the other states' applicable manual(s).

The *NC Basic Manual* is divided into three parts:

- PART 1 – RULES
- PART 2 – CLASSIFICATIONS
- PART 3 – LOSS COSTS, RATES, AND MISCELLANEOUS VALUES

#### Application of Manual Rules:

1. The rules in this manual apply to each policy, except as provided in the rules pertaining to premium discount and executive officers.
2. The rules in this manual apply from the anniversary rating date that occurs on or after the effective date of this manual.
3. The effective date of any change to a rule, classification, rate, or loss cost is 12:01 a.m. on the date approved for use.
4. Rule changes made during a policy period are effective as of the next anniversary rating date on or after the date of the rule change, unless otherwise indicated in this manual.
5. The anniversary rating date is the effective month and day of the policy in effect and each subsequent anniversary unless a different date has been established by the NCRB or the National Council on Compensation Insurance, Inc. (NCCI). Refer to Rule 3-A-2 for additional information.
6. The Bureau has full authority to classify the workers compensation risks within the state of North Carolina. The Bureau has the right to inspect risks and to determine the proper classifications in accordance with manual rules and shall provide such classification code assignments to the carrier of record. The classifications authorized by the Bureau must be used in writing any workers compensation insurance policy or policies for such risks. Policies on risks not previously classified by the Bureau must be written on the basis of classifications selected in accordance with the best judgment of the insurance carrier. Such classifications are subject to change in conformity with any classifications authorized by the Bureau.
7. The Bureau has authority to conduct test audits and to require corrections in accordance with the results of the test audit.

8. Appeals involving the application of any rules or classifications shown in this manual may be resolved in accordance with the *“Procedures for Submitting Workers Compensation Disputes to the North Carolina Rate Bureau”*.
9. Interpretation of North Carolina or federal workers compensation laws pertaining to coverage issues is not within the jurisdiction of the NCRB.
10. Some of the rules in the ***North Carolina Basic Manual*** may have exceptions or special rules applicable for assigned risk policies.

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## North Carolina Basic Manual for Workers Compensation and Employers Liability (North Carolina Basic Manual)

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*The rules, classifications, and values contained in this manual have been adopted by the North Carolina Rate Bureau and approved by the North Carolina Commissioner of Insurance for the purpose of writing workers compensation and employer's liability insurance in North Carolina.*

### **PART 1 – RULES**

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# Rule 1

## Assignment of Classifications

### A. Classification System

1. The objective of the classification system is to group employers with similar operations into classifications so that:
  - a. The classification reflects the exposures common to those employers
  - b. The rate for each classification reflects the loss exposure common to those employers
2. Subject to certain exceptions, it is the business of the employer within a state that is classified, not the separate employments, occupations, or operations within the business.

### B. Classification Explanation

Classifications are divided into two types – Basic Classifications and Standard Exception Classifications.

#### 1. Basic Classifications

Basic Classifications describe the business the employer is operating. Except for the Standard Exception Classifications, the term basic classification is applied to all classifications shown in this manual.

***Examples of classifications that describe the business of the employer:***

<b><i>Business</i></b>	<b><i>Classification</i></b>
<i>Manufacture of a product</i>	<i>Furniture manufacturing</i>
<i>A process</i>	<i>Engraving</i>
<i>Construction or erection</i>	<i>Carpentry</i>
<i>A mercantile business</i>	<i>Hardware store</i>
<i>A service</i>	<i>Beauty salon</i>

#### 2. Standard Exception Classifications

Standard Exception Classifications describe jobs or occupations that are common to many businesses. These common occupations are not included in the basic classification unless specified in the classification wording. These classifications are described below.

##### **a. Clerical Office Employees NOC (Code 8810) and Clerical Office Telecommuter Employees (Code 8871)**

The above classifications are assigned when all the following conditions are met:

- The basic classification wording does not include clerical office or telecommuting employees
- Other rules do not disallow the assignment of Code 8810 or Code 8871
- The employee meets the duties, site, and other requirements listed below:

##### **1) Duties**

Duties must be limited to the following work activities:

- Creation or maintenance of:
  - Correspondence



- Computer programs
- Employer records
- Files
- Telephone duties and/or telephone sales
- Data entry
- Operation of copy or fax machines, unless the insured is in the business of making copies or faxing for the public
- General office work similar in nature to the above

## 2) Site

a) Code 8810 – The duties listed in Rule 1-B-2-a (1) must take place in a work area that is separated from the operating hazards of:

- Factories
- Stores
- Shops
- Construction sites
- Warehouses
- Yards
- Any other work areas such as:
  - Work or service areas
  - Areas where inventory is located
  - Areas where products are displayed for sale
  - Areas to which the purchaser customarily brings the product from another area for payment

b) Work stations or service areas for Code 8810 must be physically separated from the operating hazards by at least one of the following:

- Floors
- Walls
- Partitions
- Counters
- Other physical barriers that protect the clerical employee from the operating hazards of a business

c) Code 8871 – The clerical duties as defined in Rule 1-B-2-a (1) above must take place inside the home of the clerical employee. The location must be separate and distinct from the employer's.

## 3) Other

- a) Employees who meet the requirements for Code 8810 or Code 8871 will not be disqualified from assignment to these codes if they perform certain incidental non-clerical duties that are related to their employment. These duties include:
- Making bank deposits
  - Picking up or delivering mail

- Purchasing office supplies
- Delivering paychecks or clerical-related documents to employees within an area exposed to the operative hazards of the business

b) Employees who otherwise meet the requirements for Code 8810 and Code 8871 will be disqualified from assignment to this classification if their duties involve:

- Outside sales or outside representatives
- Direct supervision of non-clerical employees not performed in an eligible site according to Rule 1-B-2-a(2) above
- Physical labor
- Work exposure to the operative hazards of the business that is incidental, necessary, or related to any business operations other than a clerical office

**b. Drivers, Chauffeurs, Messengers, and Their Helpers NOC - Commercial (Code 7380)**

This classification is assigned to employees who engage in duties on or in connection with a vehicle. Garage employees and employees using bicycles as part of their work duties are included in this code. Messenger and courier deliveries of documents and goods owned by the employer are assigned to the governing class code of the business when the deliveries are made by foot or public transportation.

Code 7380 does not apply when the basic classification wording includes drivers. Refer to Rule 2-H-3 for vehicles under contract.

**c. Salespersons or Collectors - Outside (Code 8742)**

This classification is assigned to employees engaged in sales or collection duties away from their employer's premises.

This code excludes employees who:

- Deliver merchandise
- Use vehicles to deliver or pick up goods, even if they collect or sell. These employees must be assigned to the classification applicable to the business for drivers
- Use public transportation or walk to deliver goods even if they collect or sell. These employees must be assigned to the governing classification applicable to the business

Code 8742 does not apply when the basic classification wording includes "Outside Salesperson" and/or "Collector".

**d. Automobile Salespersons (Code 8748)**

This classification is assigned to employees who perform their duties on or away from the employer's location. Types of transactions can include, but are not limited to, sale and/or long-term lease of:

- Automobiles
- Mobile Homes
- Boats

These employees are subject to the same rules and treatment as Code 8742 – Salespersons or Collectors – Outside.

### 3. General Inclusions

General Inclusions are operations that appear to be separate businesses but are included within the scope of all basic classifications. These operations are not separately classified. They include the following:

- Restaurants or cafeterias operated by the insured for employee use

**Exception:**

If these operations are conducted in connection with construction, erection, lumbering, or mining operations, they must be separately classified.

- Manufacture of containers by the insured, such as bags, barrels, bottles, boxes, cans, cartons, or packing cases for sole use in the insured's business operations
- Medical clinics, facilities, or hospitals operated by the insured for its employees
- Repair or maintenance of the insured's buildings or equipment by the insured's employees
- Lithography or printing by the insured on its own products

For employees that perform general inclusion duties for more than one basic classification, refer to Rule 2-G for classification treatment.

**Exceptions:**

A general inclusion operation must be classified separately if any of the following conditions apply:

- It is conducted as a separate and distinct business of the insured (Rule 1-D-3).
- It is specifically excluded in the basic classification wording.
- The principal business is described by a standard exception classification.

**Example of a general inclusion exception:**

*An internet service provider, classified to the standard exception Code 8810 – Clerical Office Employees NOC, operates a restaurant for its employees' use. A restaurant operated for the insured's employees is a general inclusion and usually not separately classified. However, because this business is classified to a standard exception classification, the restaurant operations must be separately classified to the appropriate restaurant classification.*

### 4. General Exclusions

Some operations in the business are so unusual for the business described in the basic classification they must be separately classified even though the operations are not conducted as a secondary business. These operations are called general exclusions. They are classified separately unless they are specifically included in the basic classification. General exclusions are:

- Aviation – all operations of ground and flying crews
- New construction or alterations
- Stevedoring
- Sawmill operations
- Employer-operated day care service

**Example of a general exclusion:**

*An internet service provider, classified to the standard exception Code 8810 – Clerical Office Employees NOC, provides a child care program for its employees. An employer-operated day care service is considered a general exclusion. This means that unless a classification applicable to a business includes employer-operated day care services, this service is separately classified. Therefore, the child care program of the internet service provider must be separately classified to the appropriate child care center classification(s).*

**5. Governing Classification**

The governing classification at a specific location or job is the classification, other than a standard exception, that produces the largest amount of payroll.

If a basic classification does not apply, the governing classification is then the standard exception classification that produces the largest amount of payroll.

The governing classification is used to determine the classification treatment of:

- Miscellaneous employees
- Local managers
- Executive officers who regularly engage in duties that are usually performed by a foreperson, superintendent, or worker

**Example of a governing classification:**

*A business has the following payroll amounts assigned to the following classifications:*

- \$220,000 for Code 2003 – Bakery
- \$120,000 for Code 8017 – Store: Retail NOC
- \$240,000 for Code 8810 – Clerical

*The governing code for this business is Code 2003 because it is the classification code, other than the standard exception code (8810), with the greatest amount of payroll.*

**6. Principal Business**

The Principal Business is described by the basic classification with the largest amount of payroll.

If there is no basic classification other than the general inclusion or general exclusion operations, the standard exception operation that generates the largest amount of payroll is considered the principal business.

**Examples of principal business and how it relates to governing classifications:**

- *A business is involved in two separate operations, the preparation and sale of blasting agents and blasting excavation. Consider the following basic classifications and payrolls:*
  - *Preparation and sale of blasting agents: Code 4777 – Explosive Distributor & Drivers. Total payroll = \$500,000.*
  - *Blasting operations: Code 6217 – Excavation. Total payroll = \$200,000.*

*As this business performs multiple operations, the principal business is the basic classification with the greatest amount of payroll, Code 4777. In this example, the principal business and governing classification are the same.*

- *A business is involved in drywall construction and has a qualified clerical office with an office manager and two clerks. Consider the following classifications and payrolls:*

- *Drywall construction: Code 5445 – Wallboard Installation Within Buildings & Drivers. Total payroll = \$50,000.*
- *Clerical Operations: Code 8810 – Clerical Office Employees NOC. Total payroll = \$75,000.*

*The governing classification and principal business in this example is Code 5445. Although Code 8810 has more payroll, according to Rule 1-B-5 and 1-B-6, the governing classification and principal business excludes standard exception classifications (i.e., Code 8810). See the following example for an exception to these rules.*

- *An internet service provider, classified to the standard exception Code 8810 – Clerical Office Employees NOC, provides a child day care service for its employees. An employer-operated day care service is considered a general exclusion and must be separately classified to the appropriate child day care center classification(s). Since the only basic classification of the business is represented by a general exclusion operation, the principal business is the standard exception classification, Code 8810.*
- *A business is involved in three separate operations. Consider the following locations, basic classifications, and payrolls:*
  - *Location 1: Retail shoe store. Code 8008 – Store: Shoe – Retail. Total payroll = \$250,000.*
  - *Location 1: T-shirt manufacturing. Code 2501 – Cloth, Canvas and Related Products Mfg. NOC. Total payroll = \$300,000.*
  - *Location 2: Wholesale hardware store. Code 8010 – Store: Hardware. Total payroll = \$500,000.*
  - *Location 2: T-shirt manufacturing. Code 2501 – Cloth, Canvas and Related Products Mfg. NOC. Total payroll = \$100,000.*

*The governing classification at Location 1 is Code 2501, the basic classification at this location with the greatest amount of payroll. The governing classification at Location 2 is Code 8010, the basic classification at this location with the greatest amount of payroll. The principal business for the insured is Code 8010, the basic classification that has the greatest amount of payroll for all operations.*

## C. Classification Wording

The following list provides a description of how classification wording shall be used:

### 1. Classification Captions and Notes

The caption is the heading that precedes the classification and the note is the phrase that follows the classification. Both are part of the classification wording.

The classification wording, including captions and notes, explains how the classification may be used and what controls or restrictions may apply.

**Example of a Classification entry:**

*Store: Fruit or vegetable – retail. No handling of fresh meats.*

- *“Store: Fruit of vegetable - retail” is the caption in the above example.*
- *“No handling of fresh meats” is the note.*

### 2. Words and Phrases

#### a. All Employees, All Other Employees, All Operations, or All Operations to Completion

If any of the above phrases are included, no other classification can be assigned unless noted in the classification wording. This applies even if some operations or employees are at a separate location.

**Exceptions:**

The following operations of a business must be separately classified even if the classification wording includes “All Employees,” “All Other Employees,” “All Operations,” or “All Operations to Completion”:

- Construction or Erection Permanent Yard (Code 8227)
- Contractor – Project Manager, Construction Executive, Construction Manager, or Construction Superintendent (Code 5606)
- Standard exception classifications, except when the basic classification includes the standard exception operation
- General exclusion classifications
- Any separate and distinct business (see Rule 1-D-3-c)

**b. Clerical**

Clerical includes office and drafting employees and clerical telecommuters, as defined in Rule 1-B-2-a.

**c. Drivers**

Drivers includes drivers, chauffeurs, messengers, and their helpers as defined in Rule 1-B-2-b.

**d. “Includes” or “&”**

If “includes” or “&” are in the classification wording, the operations or employees cited after those terms cannot be separately classified. Even if the operation or employees may be best described by another classification or are at a separate location, another classification cannot be used.

**NOTE:** If an insured has more than one basic classification, an employee’s payroll may be split among the codes appropriate for each operation. Refer to Rule 2-G for additional information regarding Interchange of Labor.

**e. Local Manager**

Local manager means an employee who is directly in charge of the operations in the yard of a business and is exposed to the hazards of the business. As such, the payroll of the local manager must be assigned to the governing classification unless another basic classification assigned to the business specifically includes this employee.

**f. “No” or “Not”**

A classification that includes a restrictive phrase beginning with “no” or “not” must not apply to a risk that conducts any operation described in the restrictive phrase.

**Exception:**

For construction, mercantile, or mining operations, this rule applies to each job or location.

**g. NOC (Not Otherwise Classified)**

If “NOC” is included in the classification wording, then that classification applies only if no other classification more specifically describes the insured’s business.

**h. "Or" or "And"**

The term "or" also means "and". This definition applies only to these terms as used in a classification's caption or notes.

**i. Salespersons**

Salespersons and collectors as defined in Rule 1-B-2-c.

**j. Stories in Height**

Some classification wording refers to "stories in height." A story is defined as fifteen (15) feet in height. It is measured from the lowest point to the highest point above ground level. Examples of these classifications include:

- Code 5037 – Painting: Metal Structures – Over Two Stories in Height – And Drivers
- Code 5059 – Iron or Steel – Erection – Frame Structures Not Over Two Stories in Height
- Code 5645 – Carpentry – Construction of Residential Dwellings Not Exceeding Three Stories in Height

**k. To Be Separately Rated**

If the classification wording contains the phrase "to be separately rated," operations or employees referenced in those classifications must be classified separately.

For rules regarding the assignment of more than one basic classification refer to Rule 1-D-3.

**D. Classification Procedures**

The object of the classification procedure is to assign the one basic classification that best describes the operations of the employer within North Carolina. Subject to certain exceptions described in this rule, each classification includes all of the types of labor found within the business.

It is the business that is classified, not the individual employments, occupations, or operations within the business.

**1. Separate Legal Entities**

If multiple entities are insured under a single policy, the classification rules are applied separately to each of these legal entities.

**2. Businesses Not Described by a Classification**

If there is no basic classification that clearly describes the business, the classification that most closely describes the business must be assigned. For a business not described by any classification, provide the wording and code number of the classification that most closely describes the business in Item 4 of the Information Page of the policy. All the rules pertaining to the basic classification used must apply to this operation.

**3. Assignment of More Than One Basic Classification**

If an insured's business meets the conditions of a, b, or c listed below, more than one basic classification may be assigned. Operation by definition means activities, enterprises, processes, secondary businesses, or undertakings.

- a. The basic classification of the insured's principal business requires certain operations or employees to be rated separately.
- b. The insured conducts one or more of the following business operations:
  - Construction or erection
  - Farming
  - Employee leasing, labor contracting, temporary labor services
  - Mercantile business
- c. The insured conducts more than one operation in a state.
  - 1) An insured would be described as conducting more than one operation in a state if portions of the insured's operations are not encompassed by the basic classification applicable to the insured's principal business operation. For an insured's additional business operations to qualify to be separately classified, these operations must meet all of the following conditions:
    - The operations must be able to exist as a separate business if the insured's principal business ceased to exist.
    - The operations must be separated from the principal business, such as in a different building or on the same floor but physically separated from the principal business by walls or partitions. Employees engaged in the principal business must be separated from the operating hazards associated with the additional operations.
    - Separate payroll records must be properly maintained for each of the operations. Refer to Rule 2-G for additional information.

***Example of two operations that could qualify as two separate businesses:***  
*An insured operates bowling lanes and a movie theater within the same state. These distinct operations can qualify as two separate businesses for classification purposes because:*

    - *The operations of bowling lanes and movie theaters are not ordinarily conducted as one business and, therefore, are not included within each other's scope*
    - *Either the bowling lane (if the movie theater ceases to exist) or the movie theater (if the bowling lane ceases to exist) can be expected to continue its operations*
  - 2) Additional operations not encompassed in the insured's principal business must meet all the conditions listed above in Rule 1-D-3-c (1) for the insured to be considered engaged in an additional operation. In these instances, a separate basic classification may be assigned to each operation that qualifies as a separate additional operation.
  - 3) Additional operations that do not meet all conditions listed above in Rule 1-D-3-c (1) have a rate:
    - *Lower* than the insured's principal business, then all operations must be assigned to the classification of the insured's principal business
    - *Higher* than or equal to the insured's principal business, then all operations must be assigned to the classification that describes the additional operation.



- 4) Policies with more than one classification may include employees working under several classifications. Payroll for these employees is subject to the Interchange of Labor rule. Refer to Rule 2-G.

**NOTE:** If the insured does not provide verifiable payroll records specific to the additional higher rated operation, then the principal and the additional operations are both assigned to the higher rated classification. For a description of proper payroll records, refer to Rule 2-G-2.

#### **d. Construction or Erection Operations**

Each type of construction or erection operation must be assigned to the classification that describes the operation only if separate payroll records are maintained for each operation.

If separate payroll records are not kept for any construction or erection operation, the highest rated classification that applies to the job or location where the operation is being performed must be used.

If a construction or erection operation is included in the scope of another classification, a separate code cannot be used.

##### **1) Insured Subcontractors**

Insured subcontractors who perform a single type of work on a construction project or job must be classified based on the classification that describes the type of work involved.

##### **Exception:**

All concrete construction operations including making and erecting forms, placing reinforcing steel, and stripping forms, when done by subcontractors, must be classified to the appropriate concrete construction code.

##### **Example of how to classify the work performed by an insured subcontractor:**

*The insured subcontractor who performs only excavation work in connection with the construction of a sewer is classified under Excavation (Code 6217) rather than under Sewer Construction (Code 6306).*

##### **2) Uninsured Subcontractors**

Uninsured subcontractors covered under the principal or general contractor's policy are classified based on the classifications that would apply if the work were completed by the principal's or general contractor's employees.

##### **Example of how to classify the work performed by an uninsured subcontractor:**

*The uninsured subcontractor who performs only excavation work, but is covered under the policy of the principal contractor performing the construction of a sewer, is classified under Sewer Construction (Code 6306).*

#### **e. Farm Operations**

A farm is described as any parcel(s) of land used for the purpose of agriculture, horticulture, viticulture, dairying, or raising of stock or poultry, for business or commercial purposes.

A division of payroll is allowed for each separate and distinct type of commercial farming operation if separate payroll records are maintained.

If separate payroll records are not maintained for the commercial farming operations or the records are not clear, the entire payroll of the farm must be separated on the basis of proportionate acreages.

Each farm classification includes:

- All employees
- Drivers
- Normal repair and maintenance of buildings or equipment performed by the employees of the insured
- Operations usual and incidental to a farm, such as:
  - Maintenance of chickens, cows or hogs for family use
  - A family orchard or truck garden
  - Hay or grain crops raised for the purpose of feeding work animals on the farm
  - Outside domestic workers at the farm location

Each farm classification excludes inside domestic workers at the farm location.

**f. Employee Leasing, Labor Contractors and Temporary Labor Services**

- 1) Leased workers must be classified the same as direct employees of the client performing the same or similar duties.
- 2) If the client has no direct employees that perform the same or similar duties, the leased workers are classified as if they were direct employees of the client entity.

**Example of how to classify workers assigned to clients of employee leasing companies, labor contractors, and temporary labor services:**

*The client is a retail store classified to Code 8017:*

- *Code 8017 is applicable to the worker assigned as a cashier, just as it is applicable to the client's employee who works as a cashier.*
- *Code 7380 is applicable to the worker assigned as a delivery truck driver, just as it is applicable to the client's employee who drives a delivery truck.*

**g. Mercantile Businesses**

A mercantile business is any store or dealer engaged in the sale of goods or merchandise or in the sale of services. Each location of the mercantile business is separately classified.

Operations of a store are classified based on the principal type of merchandise sold and whether the operations are wholesale or retail. For this rule, principal means more than 50% of gross receipts, excluding sale of lottery tickets.

The definitions and instructions below must be considered when determining the appropriate store classification.

### 1) Type of Merchandise Sold

If a store sells different types of goods, each of which may be subject to a different classification, the store is to be assigned to the classification that best describes the merchandise that generates more than 50% of gross receipts.

### 2) Wholesale vs. Retail

For classification purposes, the term "Retail" is defined as the sale of merchandise to the general public for personal or household consumption or use and not for resale.

For classification purposes, the term "Wholesale" is defined as the sale of merchandise for resale to others or sales to builders, contractors, manufacturers, or others for use in their business or as raw materials.

#### **Exception:**

If a store's sales are clearly retail in nature, the appropriate classification for the retail store may be assigned regardless of the definition of retail above.

#### **Examples of store sales that are clearly retail in nature:**

- A store selling artwork in a shopping mall whose majority of sales are for artwork purchased by businesses
- A store selling art supplies in a shopping mall whose majority of sales are to artists who use the materials in their business

*In these cases, the stores would clearly be classified as retail except for the ultimate use or purchaser of the products.*

### 3) Combination of Retail and Wholesale

A store that sells merchandise on both a wholesale and retail basis must use a classification that is based on whether the majority of gross receipts come from wholesale or retail sales.

## 4. Standard Exceptions

Standard Exceptions must be separately classified unless specifically included in a classification assigned to the business. Standard exception classifications apply even if the basic classification includes phrases such as "all employees" or "all operations."

## 5. Businesses Described by a Standard Exception Classification

If the principal business is described by a standard exception classification, the operations of all employees not included in the definition of a standard exception classification must be assigned to the separate basic classification that most closely describes their operation.

#### **Example of principal business that is described by a standard exception code:**

*The insured is a public museum:*

- Professional and clerical employees are assigned to Code 8810
- Maintenance employees are assigned to Code 9101
- Gift shop employees are assigned to Code 8017

## 6. Classifications Limited To Separate Businesses

The assignment of certain classifications is limited by their notes to separate and distinct businesses. These notes may describe an operation that frequently is an integral part of a business described by another classification.

## 7. Repair Operations

Insureds with shop operations that involve the repair of a product for which there is no repair classification are classified using the classification code that best describes the manufacturing of the product, unless the repair work is specifically referred to by another classification, footnote, or definition in the manual.

### **Example of repair operations that are classified to the manufacturing code:**

- A pump repair business is assigned to Code 3612 – Pump Mfg. There is no separate code for pump repair.
- A motor repair business is assigned to Code 3643 – Electric Power or Transmission Equipment Mfg. There is no separate code for motor repair.

## 8. Recycling Operations

- a. The collection, sorting, and handling of recyclable materials for resale to others must use the appropriate store or dealer classification or the classification that most closely describes the business.
- b. Insureds whose operations involve the reuse of materials for the production of a new product are classified using the classification code that applies to the manufacture of the new product unless the work is specifically referred to by another classification, footnote, or definition in the manual.

## E. Miscellaneous Employees

1. Miscellaneous employees who perform duties that are commonly performed for separate operations that are subject to more than one basic classification must be assigned to the governing classification.
2. Miscellaneous employees include but are not limited to the following:
  - a. General superintendents other than construction executives that meet the requirements of Code 5606 – Contractor – Project Manager, Construction Executive, Construction Manager, or Construction Superintendent
  - b. Maintenance or power plant employees
  - c. Shipping or receiving clerks
  - d. Yard workers other than construction yard employees properly assigned to Code 8227 – Construction or Erection Permanent Yard

**NOTE:** If the governing class code is a standard exception, refer to Rule 1-D-5 for additional information.

### **Example of classification for miscellaneous employees:**

*The insured has two separate operations: a machine shop (Code 3632) on one floor of the building and a plastics manufacturing business (Code 4452) on another floor. If it is determined that Code 3632 is the governing classification, all elevator operators, porters, cleaners, superintendents, and shipping clerks serving both operations are assigned to Code 3632.*

**F. Classification Changes or Corrections**

1. Classification changes due to changes in an insured's operations will be applied as of the date the change in operations occurred.
2. Classification corrections that result in a decrease in premium, whether determined during the policy period or at audit, must be applied retroactively to the effective date of the policy.
3. Classification corrections that result in an increase in premium, must be applied as follows:

<b><i>If the correction in classification is effective...</i></b>	<b><i>Then the correction is applied...</i></b>
During the first 120 days of the policy term...	Retroactively to the inception of the policy.
After the first 120 days of the policy term, but before the final 90 days...	As of the date the carrier discovers the cause for that correction.
During the last 90 days of the policy term...	Only to a renewal policy, if any.

The effective date of change, for purposes of the time periods noted in the table above, is the date a carrier applies a classification change.

**Exceptions to the table above:**

- a. If the classification correction is the result of an omission or misrepresentation by the insured, its agents, employees, officers, or directors, then the correction must be applied from the date on which the change would have applied if such omission or misrepresentation had not occurred.
  - b. The above rules do not apply to the following types of operations; therefore, classifications are assigned and applied at any time during the term of the policy or at audit:
    - Construction or erection risks
    - Employee leasing firms
    - Labor contractors
    - Temporary labor services
4. For purposes of Rule 1-F, the reallocation of payroll among classifications on the policy is not considered a change or correction in classification(s).

**Example of reallocation of payroll:**

- *An insured has Codes 8810 and 3632 on its policy. Jane Doe has been reported in 8810 by the insured. The auditor discovers that she cleans the office and reassigns her payroll in 3632. This is permissible because Code 3632 was already on the policy.*
  - *An insured has Codes 3179 and 3076 on its policy. John Doe has been reported in 3179. The auditor discovers that John Doe interchanges between 3076 and 3179 operations and there is no division of payroll. Code 3076 is the higher rated code. It is permissible to reassign all of the payroll from 3179 to 3076 because 3076 was already on the policy.*
5. No application to change classification(s) on the grounds that the risk has been improperly classified will be considered by the NCRB unless:

- The application is filed directly with the Bureau, by the insured or by the carrier, and
- The application is made during the term of the policy or within twelve months after the expiration date thereof.

As provided in the standard workers compensation and employers liability policy, the insurance carrier is permitted to audit or re-audit within three years after termination of the policy. The revised audit may be for the purpose of reallocation or amendment of the payroll or other premium basis, according to the rules, rates, and rating plans applicable under the manuals used by the carriers at the time the policy was terminated.

## Rule 2

### Premium and Payroll

#### A. Premium

Premium is calculated on the basis of the total payroll paid or payable by the insured for services of individuals who are eligible to receive workers compensation benefits for work-related injuries as provided by the policy.

#### Exception:

Premium is calculated for domestic workers on a per capita basis instead of payroll. Domestic workers are employees who perform household duties. See Rule 3-C for additional information.

A per capita classification uses the number of workers rather than payroll to measure exposure.

#### B. Payroll

For purposes of this manual, payroll means money or substitutes for money.

##### 1. Includes:

- a. Salary or wages (including retroactive salary or wages).
- b. Cash received by an employee for commissions and draws against commissions.
- c. Bonuses and stock bonus plans. See Rule 2-D-3.
- d. Extra pay for overtime work except as provided in Rule 2-C-2.
- e. Pay for holidays, sick leave, or vacations. See Rule 2-G-3 for allocation of payroll for employees subject to more than one classification code.
- f. Employer payments withheld from employees to meet statutory obligations for insurance and/or pension plans, such as the Federal Social Security Act or Medicare.
- g. Payment to employees on any basis other than time worked, such as piecework, profit sharing, or incentive plans.
- h. Payment or allowances for hand tools or hand-held power tools used by employees in their work for the insured. This includes tools supplied directly by the employee or to the employee through a third party.
- i. The rental value of a house or apartment provided to an employee based on comparable accommodations.
- j. The value of lodging, other than an apartment or house, received by an employee as part of their pay as shown in the insured's records.
- k. The value of meals received by employees as part of their pay as shown in the insured's records.

- l. The value of store certificates, credits, merchandise, or any other substitute for money received by employees as part of their pay.
- m. Payment for retirement or cafeteria plans (Internal Revenue Code 125), employee savings plans, or salary reduction that is made through employee-authorized salary reduction from the employee's gross pay.
- n. Davis-Bacon Act wages (A federal law that establishes the requirement for paying the local prevailing wages on public works projects) or wages from similar prevailing wage laws.
- o. Annuity plans.
- p. Expense reimbursements to employees to the extent that an employer's records do not confirm that the expense was incurred as a valid business expense.

**Exception:**

When it can be verified that the employee was away from home overnight on business for the employer but no verifiable receipts for incurred expenses have been retained, a reasonable expense allowance, also known as a per diem, is permitted, up to a maximum of \$30 per day.

- q. Payment for filming commercials for the insured, excluding subsequent residuals that are earned by the commercial's participant(s) each time the commercial appears in print or is broadcast.
- 2. Excludes:**
- a. Tips or other gratuities received by employees.
  - b. Group insurance or group pension payments made by an employer for employees, other than those covered by Rule 2-B-1-f and Rule 2-B-1-m.
  - c. Payments by an employer into third-party trusts for the Davis-Bacon Act or similar prevailing wage laws, provided the pension trust is qualified under the Internal Revenue Code, Sections 401(a) and 501(a).
  - d. The value of special rewards for individual invention or discovery.
  - e. Payments for dismissal or severance except for time worked or vacation accrued.
  - f. Payments for active military duty.
  - g. Employee discounts on goods purchased from the employee's employer.
  - h. Expense reimbursements to employees that were incurred as a valid business expense and for which a receipt has been retained.



Flat expense allowances and reimbursed expenses (except for hand or hand-held power tools) paid to employees may be excluded from the audit if all three of the following conditions are met:

- 1) The expenses are incurred for the business of the employer.
- 2) The amount of each employee's expense payments or allowances are shown separately in the records of the employer.
- 3) The amount of each employee's expense reimbursement is a fair estimate of the actual expenses incurred by the employee in the conduct of his/her work.

**NOTE:** When it can be verified that the employee was away from home overnight on business for the employer, but no verifiable receipts for the incurred expenses have been retained, a reasonable expense allowance, also known as a per diem, is permitted up to a maximum of \$30 per day.

**Example of payroll exclusions:**

*Consider an employer that allows a \$0.55 per mile reimbursement for an employee that uses a personal vehicle for company business. The employer considers the \$0.55 per mile reimbursement a fair estimate of actual incurred expenses. The employee drives 100 miles in a personal vehicle for the company. The \$0.55 reimbursement (100 miles x \$0.55) is a fair estimate and is excluded from payroll.*

- i. Money for food when working late
- j. Work uniform allowance
- k. Disability income benefits paid to an employee by a third party such as an insured's group insurance carrier
- l. Employer-provided perks including, but not limited to:
  - 1) Use of company car
  - 2) Airplane flights
  - 3) Incentive vacations (e.g., contest winners)
  - 4) Discounts on property or services
  - 5) Club memberships
  - 6) Tickets to entertainment events
- m. Employer contributions to employee benefit plans such as:
  - 1) Employee savings plans
  - 2) Retirement plans
  - 3) Cafeteria plans (Internal Revenue Code 125)

These include any matching contributions made by the employer, at the employer's expense, which are based upon the amount contributed by the employee.

## **C. Overtime**

### **3. Definition**

Overtime means hours worked for which there is an increase in the rate of pay:

- a. For work in any day or in any week in excess of the number of hours normally worked.
- b. For hours worked in excess of 8 hours in any day or 40 hours in any week.
- c. For work on Saturdays, Sundays, or holidays.

If a guaranteed wage agreement exists, overtime means only those hours worked in excess of the number specified in that agreement.

**NOTE:** Forms of incentive pay, commonly referred to as “shift differential” or “premium pay” associated with working other than normal day shift hours during the standard workweek are not considered overtime. See Rule 2-C-2-d for more information on premium pay.

**Examples of incentive pay:**

- *The hourly rate of pay for a night-shift worker is \$25, while the hourly rate for the day shift is \$15. The increase of the daytime rate of pay is premium pay. It should not be considered overtime and should not be excluded.*
- *An employee is normally not required to work on a holiday, but is paid for the holiday at the regular rate. If he or she does work on the holiday, he or she receives additional pay at time-and-a-half, resulting in his or her total pay then being 2 ½ times regular pay.*

**4. Exclusions of Overtime Payroll**

**a. Payroll Records**

Extra pay for overtime is excluded from payroll on which premium is calculated as indicated in the table below, provided that the insured’s books and records are maintained to show overtime pay separately by employee and in summary by classification. Extra pay is the difference between the regular pay rate and the overtime pay rate multiplied by the number of overtime hours worked.

**Example of overtime pay:**

*For the first 4 hours of overtime, the rate is time-and-a-half; thereafter, it is double time. If an employee continues to work after 12 hours total time, he or she is paid for an extra half hour as “supper money.” The extra pay earned for overtime, including the food money, is deducted.*

**Calculating Overtime**

<b><i>If the records show...</i></b>	<b><i>Then...</i></b>
Extra pay earned for overtime separately...	The entire extra pay is excluded.
Total pay earned for overtime (regular pay plus overtime pay) in one combined amount, and time and one-half is paid for overtime...	1/3 of this total pay must be excluded.
Double time is paid for overtime and the total pay for such overtime is recorded separately...	1/2 of the total pay for double time must be excluded.

**NOTE:** The only portion of the overtime payroll that is deductible is the amount in excess of wages that would have been applied if the overtime were compensated at the regular rate of pay.

**Exception to Rule 2-C-2-a:**

Exclusion of overtime pay does not apply to payroll assigned to any stevedoring classifications with a code number followed by the letter "F" (meaning it includes USL&H coverage).

#### b. Hours Worked

Extra pay for overtime is deducted only if the employee receives extra pay for:

- Working more than 8 hours per day or 40 hours per week, or
- Hours worked in a day or week that are greater than the number of hours usual to the insured or industry. This may permit an overtime deduction if an employee works less than 8 hours per day or less than 40 hours per week (For example, if an employer regularly works a 32-hour workweek, any hours over 32 hours would be considered overtime).

No overtime deduction is permitted for wages earned by employees who work in excess of 40 hours per week but do not receive an increase in their normal hourly rate of pay for the overtime work.

#### Examples of overtime pay that may or may not be deductible:

- *A night-shift employee works longer hours than usual and consequently receives an increase in rate of pay above the regular night-shift rate for extra hours. Provided the increase is paid at the traditional overtime rate of pay, the increased rate of pay over the regular night-shift rate for the extra hours is excluded.*
- *An employee works during his or her paid vacation period or on a paid holiday and receives straight time pay in addition to his or her regular vacation or holiday pay. No deduction is permissible because, under the basis of premium rule, unworked vacation pay or holiday pay must always be included in the payroll. In this case, we are dealing only with the straight time pay during the worked vacation period, none of which constitutes overtime.*
- *The normal working day is 7 hours. The hourly wage is \$10 for the first 6 hours and \$20 for the 7<sup>th</sup> hour. If any employee works more than 7 hours, he or she receives \$20 per extra hour.*
  - *An employee works 7 hours and receives \$80. There is no deductible overtime.*
  - *An employee works 8 hours and receives \$100. The deductible overtime is \$10. It is the increment over the basic hourly wage of \$10, which is included in the wage paid for the 8<sup>th</sup> hour.*
- *An employee's normal work week is 40 hours for which he is paid \$10 per hour. The employee worked 44 hours in a particular week. For the overtime hours (the 41<sup>st</sup> through 44<sup>th</sup>), the employee earned \$15 per hour. The extra pay earned by the employee for overtime is \$20 and is excluded. The \$20 is calculated by multiplying the total wages for those hours worked in excess of 40 and deducting the normal hourly pay earned for the overtime hours from the total:*
  - *44 hours for the week less 40 hours regular work week = 4 hours overtime*
  - *4 x \$15 overtime pay less 4 x \$10 normal hourly wage = \$20 extra pay for overtime*

*If the employee had received \$10 per hour for the 41<sup>st</sup> through 44<sup>th</sup> hour, that employee would not have received extra pay for overtime.*

#### c. Guaranteed Wages

Guaranteed wage contracts or agreements exist in certain industries under which the employee receives a guaranteed wage for work up to a specified number of hours per week, such as 50. For example, the guaranteed wage may be calculated on the basis of 40 hours at straight time and 10 hours at 1 ½ times the basic hourly wage. Under guaranteed wage plans of this general type, the full guaranteed wage is included in the premium calculation for any hours that an

employee works up to the maximum number of hours covered by the guaranteed wage, regardless of how this wage is calculated. For guaranteed wage contracts or agreements, the overtime rule is applicable only to earnings in excess of the guaranteed wages.

**Examples of guaranteed wages:**

- *A guaranteed wage agreement provides for a normal workweek of 50 hours, resulting in a guaranteed wage of \$550. This is computed on the basis of an hourly wage of \$10 per hour for the first 40 hours and \$15 per hour for the remaining hours. Any work in excess of 50 hours is compensated at \$15 per hour.*
  - *An employee works 50 hours and receives his or her guaranteed wage of \$550. There is no deductible overtime.*
  - *An employee works only 40 hours but still receives his or her guaranteed wage of \$550. There is no deductible overtime.*
  - *An employee works 55 hours and receives a total wage of \$625. The deductible overtime is \$25, which is the \$5 increment over the basic wage of \$10 and is included in the wage paid for the hours worked in excess of those covered by the guaranteed wage.*
- *In alternate weeks, an employee is available for emergency work, receiving an extra day's pay. If called upon for such work, the employee also receives time-and-a-half for the hours worked, with a minimum of 4 hours straight time even though the emergency work should take only ½ hour.*
  - *During one week, the employee performed no emergency work. There is no deduction, because the extra pay for standby is part of the worker's regular pay.*
  - *During another week, ½ hour of emergency work was performed. There is no deduction, because the 4 hours straight time received is a guaranteed wage.*
  - *During yet another week, 3 hours of emergency work was performed. The deductible amount is the excess over the 4-hour minimum at straight time (the ½ hour straight time).*

**d. Premium Pay**

This rule applies with respect to higher rates of pay that are paid at the traditional overtime hourly rate of pay for work on Saturdays, Sundays, or holidays at the traditional overtime hourly rate, even though the employee has not worked the normal workweek, because work on these days has been regarded traditionally as overtime and not as part of the normal workweek.

Premium pay is extra compensation paid to employees who work nights, holidays, weekends, other special hours, or work under unusual conditions. This premium pay is not considered overtime pay when it is the normal pay for working these shifts.

Consider an employee that works a 40-hour night shift at a rate of \$15 per hour. The day shift rate of pay for the same work is \$10 per hour. No overtime deduction is made from the \$15 per hour since this is considered premium pay. If the night shift employee works more than the normal number of hours and receives pay in excess of the normal \$15 per hour, only the excess is considered overtime.

**Examples of premium pay:**

- *A "swing shift" worker is paid at a premium rate for hours worked during odd hours although the total hours worked is within normal limits. There is no deductible overtime since premium pay is not overtime pay.*

- An electric meter reader is paid an hourly wage but also receives a bonus for reading a certain number of meters above a standard number. If the employee works overtime, he or she receives 1 ½ times his or her hourly rate and 1 ½ times the regular bonus. The extra half-time and extra portion of the bonus paid for work during the overtime hours is deductible.
- An employee is paid on a piecework basis. If the rate of pay per piece is increased after the employee works the normal number of hours, the excess portion above the regular piece rate, earned during the extra hours worked, should be treated as overtime. An increase in the piece rate for increased production within the normal working hours should not be treated as overtime.
- An employee is paid an hourly wage that is increased if his or her production in normal work hours exceeds a specified standard. The increase is not deductible as overtime.

#### **D. Payroll Limitations**

1. Payroll limitation is to be applied after any deductions of extra pay for overtime. When determining average weekly pay, partial weeks are considered full weeks. The total time an employee works during the policy period is the sum of the portions of all verbal and/or written agreements with that employee. Refer to the Miscellaneous Values section.
2. Certain limitations may apply to payroll for executive officers and to classifications with notes that outline specific payroll limitations. Payroll used to calculate premium must exclude that part of the employee's average weekly pay that exceeds the applicable weekly limitation, provided:
  - Books and records are maintained to show separately that the total payroll earned by each employee is in excess of the weekly payroll limitation for the total time employed during the policy period and
  - Separate records are maintained, in summary, by classification for such employees

Refer to the Miscellaneous Values section.

3. Bonuses paid during the policy term must be earned during the policy term and prorated for the period of employment during the policy term for the purposes of applying the payroll limitation rule. See Rule 2-E-1-b for additional information regarding executive officer payroll limitations.

**Example of prorating bonuses for the purpose of applying the payroll limitation rule:**

- Policy period is 9/1/14 – 9/1/15
- Period of employment is 52 weeks
- Amount of employee's annual bonus declared in December 2014 is \$1,560

*Average weekly bonus to be added to average weekly wage is \$30 (\$1,560 divided by 52 weeks).*

#### **E. Executive Officers, Members of Limited Liability Companies, Partners, and Sole Proprietors**

##### **1. Executive Officers**

Executive officers of a corporation or unincorporated association are the president, vice president, secretary, treasurer, or any other officer appointed in accordance with the charter or bylaws of such entity.

Executive officers may be paid by one or more corporations. In some cases, the multiple corporations may be insured by a single carrier under one or more policies. If so, the multiple

corporations are considered a single unit with respect to the application of the executive officer rule. In all other cases, the rule applies on a per policy basis. For additional information regarding majority interest, see Rule 3-A-14. For rules regarding combination of entities, refer to the ***Experience Rating Plan Manual***.

In North Carolina, executive officers of a corporation or unincorporated association are eligible for benefits under North Carolina workers compensation statutes and/or regulations. An executive officer may opt to be excluded from coverage using the standard Partners, Officers and Others Exclusion Endorsement (WC 00 03 08). See N.C.G.S. 97.2 for more detailed information on executive officer inclusion or exclusion.

**a. Classification Assignment**

Executive officers must be assigned to the classification that applies to the principal operations in which the executive officer is engaged.

**Exceptions:**

- Executive officer payroll for officers who regularly and frequently engage in duties that are ordinarily performed by a superintendent, foreperson, or worker must be assigned to the governing classification.
- Executive officer payroll for officers who perform construction, erection, and/or stevedoring operations must be divided and assigned to the classifications that apply to the different operations of the executive officer, per the requirements of Rule 2-G.

**b. Premium Determination**

Premium for executive officers is based on their total payroll, subject to the following limitations and the requirements of Rule 2-D:

- 1) The minimum individual payroll for an executive officer is shown in the Miscellaneous Values section.
- 2) The maximum individual payroll for an executive officer is shown in the Miscellaneous Values section.
- 3) Payroll limitations listed in Rules 2-E-b-1 and 2-E-b-2 above apply to the average weekly payroll of each executive officer for the number of weeks the officer was employed during the policy period.
- 4) Payroll is subject to minimum and maximum limitations and included when:
  - The executive officer frequently visits the premises of the risk but does not perform any duties.
  - The executive officer frequently visits the premises of the risk for business conferences, directors' meetings, or similar duties, even if the officer is an employee or officer of another risk in the operations of which he/she takes an active interest.
  - The executive officer receives no salary; however, a regular salary is credited to him or her on the books. In this instance the amount credited must be included in payroll.

- The executive officer receives no salary, either drawn or credited, or the audit records fail to disclose the salary. In this instance the amount to be included in the payroll is the applicable minimum per Rule 2-D.

5) Payroll is excluded when:

- The executive officer is elected for the value of his/her name or because of stock holdings, has no duties and does not visit the premises, except perhaps to attend directors' meetings.
- The executive officer ceases to perform any duties and does not visit the premises, except perhaps to attend directors' meetings.

**c. Executive Officers Performing Flight Duties**

If an executive officer acts as a pilot or member of the flying crew of an aircraft used in the insured's business, the payroll of that executive must be assigned as follows:

- 1) For each week that the executive officer did not perform flight duties, the classification of the principal operations in which the executive officer is engaged should be used.
- 2) For each week that the executive officer did perform flight duties, the officer's payroll for that week should be assigned to Code 7421 – Aviation – Flying Crew. However, if the executive officer's non-flight duties in that same week are subject to a higher rated classification, assign that higher rated classification for that week.

**NOTE:** These rules apply on the basis of the pilot's logbook, which is required under federal regulations, or on the basis of verifiable records.

- 3) If Code 7421 – Aviation – Flying Crew applies and verifiable records are not kept to indicate those weeks during which flying is performed by the executive officer, assign the executive officer's payroll to the highest rated classification that applies to any of his or her duties.

**2. Members of Limited Liability Companies (LLC)**

In North Carolina, members of an LLC are eligible for benefits under North Carolina workers compensation statutes and/or regulations. A member may opt to be included on the policy using the Standard Sole Proprietors, Partners, Officers and Others Coverage Endorsement (WC 00 03 10). When a member of an LLC is included on the policy, that member receives the same policy coverage as an employee.

**a. Treatment**

For the purposes of this rule, references to members or managers will collectively be referred to as members of LLCs. For coverage election purposes, a member of an LLC is to be treated as a partner or sole proprietor.

**b. Payroll Determination**

Payroll for each member electing coverage is based on the payroll amount shown in the Miscellaneous Values section.

### 3. Partners or Sole Proprietors

Partners and sole proprietors are not normally included in the category of employees, but they may elect to be covered in the North Carolina workers compensation policy using the Standard Sole Proprietors, Partners, Officers and Others Coverage Endorsement (WC 00 03 10).

If a partner or sole proprietor elects coverage, he or she has the same status as employees under the policy.

Payroll for each partner or sole proprietor electing coverage is based on the payroll amount shown in the Miscellaneous Values section.

### 4. Applicable Endorsements

- Attach the Standard Sole Proprietors, Partners, Officers and Others Coverage Endorsement (WC 00 03 10) to include those individuals that are excluded by law but are permitted the option of inclusion.
- Attach the Standard Partners, Officers and Others Exclusion Endorsement (WC 00 03 08) to exclude those individuals that are included by law but are permitted the option of exclusion.

## F. Wages for Time Not Worked

### 1. Idle Time

If an employer pays employees for time not worked, this is considered idle time. All wages paid to the employee for such idle time must be included in payroll. These wages are assigned to the classification for work normally performed by the employee under the following circumstances:

- Delay or suspension of work due to weather conditions
- Delays while waiting for materials
- Delays while waiting for another party to complete its portion of the work
- Delays arising from breakdown in equipment
- "Stand by" time where employees such as operators of cranes, hoists, or other equipment are on the job but their active services are not continuously required
- Union requirements or special agreements between employer and employees calling for pay for idle time under specific circumstances
- Inability of non-striking employees to perform normal duties due to other employees who are on strike. If non-striking employees perform absolutely no work for their employer and are not present at their employer's premises or job sites during a strike period, their payroll must be assigned to Code 8810 – Clerical Office Employees, provided adequate records are maintained by the employer.
- All other causes of a similar nature

**NOTE:** For idle time by construction, erection, or stevedoring risks refer to Rule 2-F-2.



**Example of wages paid for time not worked:**

*An insured's employees regularly work 8 hours per day, 5 days a week. In a given week, there were two work stoppages for a total of 3 hours, because of delays in delivering of materials to the site. The employees were paid their regular rate of pay while idle for the 3 hours. The payroll is assigned to the classification for the work normally performed and is included in the policy's payroll audit.*

**2. Wages Paid to Key Employees**

Wages paid to key employees of construction, erection, or stevedoring risks must be classified based on the work that each one actually performs during the periods where no jobs are in progress.

**Exception:**

If the job duties of the key employees for construction, erection, or stevedoring risks consist exclusively of drafting or other office work, or if these employees are completely idle, the wages must be assigned to Code 8810. Code 8810 is not available for the office time of an employee assigned to classification code 5606. It is expected that an employee assigned to classification code 5606 will spend a considerable portion of time engaged in duties typically assigned to Code 8810.

**G. Interchange of Labor**

If an employee performs duties directly related to more than one properly assigned classification, per Rule 1-D-3, his or her payroll may be divided among properly assigned classifications provided that:

1. The classifications can be properly assigned to the employer according to the rules of the classification system, and
2. The employer maintains proper payroll records which show the actual payroll by classification for each employee.
  - a. Records must document the actual time spent working within each job classification and an average hourly wage comparable to the wage rates for other employees within the employer's industry.
  - b. Estimated or percentage allocation of payroll is not permitted.

**NOTE:** If payroll records do not document the actual payroll applicable to each classification, the entire payroll of the individual employee must be assigned to the highest rated classification that represents any part of his or her work.

3. Payroll for holiday, vacation, sick pay, overtime, and all other forms of payroll that are not directly attributable to a specific classification code must be allocated to the classification code with the greatest amount of payroll applicable to the individual employee.

If none of the classification codes applicable to the employee have the greatest amount of payroll, the payroll for holiday, vacation, sick pay, overtime, and all other forms of payroll not directly attributable to a specific classification code must be allocated to the highest rated classification code applicable to the employee.

4. Some employees qualify for division of payroll between two or more basic classification codes and also engage in operations that are standard exception classifications 8810, 8742, 8748, and/or 8871. The payroll of these standard exception operations must be allocated to the basic classification code with the greatest amount of payroll applicable to that employee.

**Exceptions to Rule 2-G:**

- Code 8810 – Clerical Office Employees, Code 8871 – Clerical Telecommuter Employees, Code 8742 – Salespersons or Collectors – Outside, and Code 8748 – Automobile Salespersons are not available for division of payroll under this rule. However, when an interchange of labor exists between Code 8810 and Code 8871:
  - Code 8871 will be used when the employee spends more than 50% of work time telecommuting per Rule 1-B-2-a.
  - Code 8810 will be used when the employee spends 50% or less of work time telecommuting per Rule 1-B-2-a.
- The distribution of payroll for the employee may result in no single basic classification code that represents the highest amount of that employee’s payroll. In such cases, the payroll included in the standard exception codes (8810, 8742, 8748, and 8871) will be assigned to the highest rated classification code that represents any part of the employee’s work.
- This rule does not apply to miscellaneous employees. For additional information, refer to Rule 1-E.

**Examples of instances of interchange of labor where an employee’s payroll may be divided between two or more classifications:**

- *In a business that manufactures clocks, all employees must be assigned to Clock Mfg. (Code 3385), Clerical (Code 8810), Salespersons – Outside (Code 8742) or Drivers (Code 7380). In this example, division of payroll is only allowed for employees whose work is divided between activities described by Codes 3385 and 7380. Codes 8810 and 8742 are not eligible for division of payroll.*
- *In a business that sells furniture, all employees must be assigned to Store: Furniture & Drivers (Code 8044), Clerical (Code 8810) or Salespersons – Outside (Code 8742). No division of payroll is allowed in this example because drivers are already included in the basic classification. Codes 8810 and 8742 are not eligible for division of payroll.*
- *In a business that manufactures paper and also further processes this paper into wallpaper, all employees must be assigned to Paper Mfg. (Code 4239), Wallpaper Mfg. (Code 4279), Clerical (Code 8810), Salespersons – Outside (Code 8742) or Drivers (Code 7380). A division of payroll is allowed for employees whose work is divided among activities described by Codes 4239, 4279, and 7380. Codes 8810 and 8742 are not eligible for division of payroll.*

**H. Subcontractors**

1. North Carolina workers compensation laws provide that a contractor is responsible for the payment of compensation benefits to employees of its uninsured subcontractors. As such, the contractor must furnish satisfactory evidence to the carrier that the subcontractor has workers compensation insurance in force covering the work performed for the contractor. The following documents may be used to provide satisfactory evidence:

- Certificate of insurance for the subcontractor’s workers compensation policy
  - Certificate of Compliance issued by the North Carolina Department of Insurance to a self-insured subcontractor
2. For each subcontractor not providing such evidence of workers compensation insurance, additional premium must be charged on the contractor’s policy for the uninsured subcontractor’s employees in accordance with Subcontractor Table 1 and 2 below.

**Subcontractor Table 1**

<i><b>If the contractor has not furnished evidence of workers compensation insurance and...</b></i>	<i><b>Then to calculate the additional premium...</b></i>
Furnishes complete payroll records of the subcontractor's employees...	Use the payroll detailed in the records.
Does not furnish complete payroll records and the subcontracted price does not reflect a definite payroll amount...	Use the full subcontracted price of the work performed during the policy period by the subcontractor as payroll.
Does not furnish complete payroll records, but documentation of a specific job discloses a definite amount of the subcontracted price represents payroll...	Use the payroll amount indicated by the documentation as the payroll, subject to the minimums in Subcontractor Table 2 below.

**Subcontractor Table 2**

<i><b>If the job involves:</b></i>	<i><b>Then the minimum to calculate additional premium is:</b></i>
Mobile equipment with operators (such as, but not limited to earth movers, graders, bulldozers or log skidders)...	Not less than 33 1/3% of the subcontracted price
Labor and material...	Not less than 50% of the subcontracted price
Labor only...	Not less than 90% of the subcontracted price
Piecework...	Not less than 100% of the subcontracted price (The entire amount paid to pieceworkers must be the payroll.)

3. Vehicles with chauffeurs, drivers, helpers, or messengers entitled to benefits under workers compensation insurance law may be engaged under verbal or written contract. The amount used to calculate the premium is determined in the following manner:

**Subcontractor Table 3**

<i><b>If the owner of such vehicles has not furnished evidence of workers compensation insurance and...</b></i>	<i><b>Then...</b></i>
Payroll can be obtained...	The total payroll of these drivers must be included as payroll of the insured employer that contracted for the vehicles.
Payroll cannot be obtained or the driver is an owner-operator and does not receive a set payroll...	1/3 of the total contract price for the vehicles must be included as payroll of the drivers.

The contract price does not include the cost of fuel, maintenance or other services provided to the owner or the owner-operator of a vehicle under contract...	The value of these goods and services must be added to the contract price before determining the 1/3 amount.
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4. In all cases, the classification applicable to payroll for subcontractors is based on the same classification that would have applied if the individuals were employees of the contractor.
5. In all cases, if an experience modification has been established for the contractor, this experience modification must be applied to the premium developed for the uninsured subcontractor.

#### **I. Voluntary Compensation Insurance**

Premium is determined on the basis of the workers compensation rules, classifications, and rates in this manual if North Carolina is the designated workers compensation law in the schedule on the Voluntary Compensation and Employers Liability Coverage Endorsement (WC 00 03 11 A).

When Voluntary Compensation Insurance is provided for a group of employees, payroll records must be maintained separately by the insured for the designated group of employees.

For additional information, refer to Rule 5-C-1.

#### **J. Volunteer Workers**

To the extent coverage is provided for volunteer workers, premium is determined on the basis of payroll normally received by and assigned to the classification for non-volunteer employees doing same or similar work.

#### **K. Migrant and Seasonal Agricultural Workers**

To the extent coverage is provided for migrant and seasonal agricultural workers, premium is determined by the carrier based on its evaluation of the exposures presented by the risk.

## Rule 3 Ratings and Application of Premium Elements

### A. Explanation and Application

#### 1. Advisory Loss Cost & Assigned Risk Rates

- The advisory loss cost is the portion of the rate that represents projected losses and loss adjustment expenses. Each carrier adds an increment for expenses and any modification to the advisory loss cost to develop the rate, subject to the approval of the North Carolina Commissioner of Insurance.
- For assigned risk rates, the Bureau adds an increment for expenses and a modification to the advisory loss cost to develop the rate, subject to the approval of the North Carolina Commissioner of Insurance.
- Manual premium is calculated based on manual rates per \$100 of payroll.
- The advisory loss cost and assigned risk rates for each classification are shown in the Miscellaneous Values section.

#### 2. Anniversary Rating Date

The anniversary rating date (ARD) is the effective month and day of the policy in effect and each anniversary thereafter unless a different date has been established by the NCRB or NCCI.

Rules, classifications, and rates are applied on the anniversary rating date for all risks. When a material change in ownership occurs, the ARD of the previous entity is not used to determine the applicable rules, classifications, and rates of the new entity. Additional information regarding ownership changes can be located in the *Experience Rating Plan Manual*.

For proper ARD application determination, refer to the tables below:

**ARD Table 1**

<i>For a single policy risk whose...</i>	<i>The insurance carrier must apply...</i>
Policies have run consecutively, or the risk is a new entity...	The rules, classifications, and rates effective on the normal ARD for the full term of: <ul style="list-style-type: none"> <li>• The policy beginning on that date or</li> <li>• Any other policy beginning up to three months after that date.</li> </ul>
Policy has been cancelled and rewritten, either by the same or another carrier...	To the rewritten policy, all rules, classifications, and rates of the rewriting carrier in effect as of the: <ul style="list-style-type: none"> <li>• Normal ARD to the new policy until the next normal ARD has been reached or until the next ARD is established by the rating organization or</li> <li>• Next normal ARD until the expiration date of the rewritten policy or until the next ARD is established by the rating organization. Upon the expiration date of the rewritten policy, a new ARD is established based on the effective date of the rewritten policy. The new ARD becomes the normal ARD for future policies.</li> </ul>

**ARD Table 2**

<i><b>For a multiple policy risk with varying effective dates...</b></i>	<i><b>The insurance carrier must apply...</b></i>
That is not a long-term policy or Three-Year Fixed-Rate policy...	The rules, classifications, and rates in effect on the normal ARD until the next normal ARD: <ul style="list-style-type: none"> <li>• These rules, classifications, and rates apply to the portion of each policy falling within the 12-month period, regardless of their effective and termination dates</li> <li>• The renewal rules, classifications, and rates must be applied in the same manner and</li> <li>• The ARD is determined by the policy with the largest standard premium, unless otherwise established by the rating organization.</li> </ul>
That has been cancelled and rewritten, either by the same or another carrier...	To the rewritten policy, all rules, classifications, and rates of the rewriting carrier that were in effect as of the: <ul style="list-style-type: none"> <li>• Normal ARD to the new policy until the next normal ARD has been reached or until the next ARD is established by the rating organization or</li> <li>• Next normal ARD until the expiration date of the rewritten policy, or a new ARD is established based on the effective date of the rewritten policy. The new ARD becomes the normal ARD for future policies.</li> </ul>

**ARD Table 3**

<i><b>For other situations such as...</b></i>	<i><b>The insurance carrier must apply...</b></i>
A long-term policy (issued for a period longer than one year and 16 days, other than a Three-Year Fixed-Rate policy)...	All Rules, classifications, and rates to individual units as if a separate policy had been issued. <ul style="list-style-type: none"> <li>• Divide the policy into consecutive units of 12 months each.</li> <li>• This division will designate the last unit of less than 12 months as a short-term policy.</li> </ul>
A Three-Year Fixed- Rate policy...	The rates in force on the effective date of the policy without change until its termination. <p><b>Exceptions:</b> A single rate revision resulting in an increase of 10% or more on outstanding policies must be applied to the remaining portion of the policy.</p>

**ARD Table 4**

<i><b>Applicable Endorsements</b></i>
<ul style="list-style-type: none"> <li>• Use the Standard Anniversary Rating Date Endorsement (WC 00 04 02) when necessary. The endorsement is used to show the normal anniversary rating date if different from the policy effective date.</li> <li>• Use the Standard Policy Period Endorsement (WC 00 04 05) if the policy period is not a multiple of 12 months. This endorsement is used to designate the last unit of less than 12 months as a short-term policy.</li> </ul>

Refer to **Appendix H** for ARD examples.

**3. Cancellation Provisions**

**a. Cancellation**

The standard North Carolina policy cancellation condition permits cancellation by the insured or by the insurance carrier.

**b. Reasons for Cancellation and Premium Determination**

The reason for the cancellation determines the way in which the premium is calculated.

**Cancellation Provisions Table 1**

<i>If...</i>	<i>Then...</i>
The policy is cancelled by the insurance carrier...	1- Apply rates to the payroll developed during the period the policy was in effect. 2- Apply an experience rating modification in accordance with rules of the <b>Experience Rating Plan Manual</b> . 3- Add the pro rata portion of the expense constant, but not less than \$15. 4- The total premium for the cancelled policy must not be less than the pro rata portion of the minimum premium.

**Cancellation Provisions Table 2**

<i>If...</i>	<i>Then...</i>
The policy is cancelled by the insured when retiring from business such that: <ul style="list-style-type: none"> <li>• All the work covered by the policy has been completed, or</li> <li>• All interest in any business covered by the policy has been sold or</li> <li>• The insured has retired from all business covered by the policy...</li> </ul> <p><b>NOTE:</b> For the purpose of this rule, a change in the ownership of a corporation that results in the elimination of experience under the rules of the <b>Experience Rating Plan Manual</b> is not considered retiring from the business insured by the policy.</p>	1- Apply rates to the payroll developed during the period the policy was in effect. 2- Apply an experience rating modification in accordance with rules of the <b>Experience Rating Plan Manual</b> . 3- Add the pro rata portion of the expense constant, but not less than \$15. 4- The total premium for the cancelled policy must not be less than the pro rata portion of the minimum premium.

**Cancellation Provisions Table 3**

<i>If...</i>	<i>Then...</i>
<p>An assigned risk policy is being cancelled because the insured replaced coverage through the voluntary market...</p>	<ol style="list-style-type: none"> <li>1- Apply rates to the payroll developed during the period the policy was in effect.</li> <li>2- Apply an experience rating modification in accordance with rules of the <b><i>Experience Rating Plan Manual</i></b>.</li> <li>3- Add the pro rata portion of the expense constant, but not less than \$15.</li> <li>4- The total premium for the cancelled policy must not be less than the pro rata portion of the minimum premium.</li> </ol>

**Cancellation Provisions Table 4**

<i>If...</i>	<i>Then...</i>
<p>The policy is cancelled by the insured or Premium Finance Company, except when the insured is retiring from the business...</p>	<p>Unless a policy is endorsed with Pro-Rata Cancellation Endorsement (WC 32 06 02) and meets the criteria listed in the Schedule of that endorsement, the premium for the cancelled policy must be calculated by using either the short-rate percentage or short-rate factor as follows, based on the Short Rate Cancellation Table located in <b><i>Appendix B</i></b>:</p> <p><b><u>Short-rate percentage:</u></b></p> <ol style="list-style-type: none"> <li>1- Determine the payroll developed during the period the policy was in effect.</li> <li>2- Determine the full policy payroll by using the following formula:   <math display="block">\frac{\text{number of days for which the policy was written}}{\text{actual number of days the policy was in effect}} \times \text{payroll}</math> </li> <li>3- Apply rates to such payroll.</li> <li>4- Calculate the extended number of days by using the following formula. If the policy was written for a one-year period, the extended number of days is the number of days the policy was in effect:   <math display="block">\frac{\text{number of days for policy was in effect}}{\text{number of days the policy was written}} \times 365</math> </li> <li>5- Based on the extended number of days, apply the short-rate percentage shown in the Short Rate Cancellation Table located in <b><i>Appendix B</i></b> to the full policy premium calculated in step 3. This result is the short-rate portion of the premium.</li> <li>6- If applicable: <ul style="list-style-type: none"> <li>• Apply any pricing programs</li> <li>• Apply any experience rating modification</li> <li>• Apply any premium discount based on the final earned total standard premium</li> <li>• Add the short-rate portion of the expense constant but not less than \$15</li> </ul> </li> </ol>



	<ul style="list-style-type: none"> <li>• Apply catastrophe provisions (if applicable) based on the earned manual premium</li> </ul> <p>7- The total earned premium for the short-rate cancelled policy must not be less than the annual minimum premium applicable to the policy.</p> <p><b>Short-rate factor:</b></p> <ol style="list-style-type: none"> <li>1- Determine the payroll developed during the period that the policy was in effect.</li> <li>2- Apply rates to such payroll.</li> <li>3- Based on the number of days the policy was in effect, determine the applicable short-rate factor shown in the Short Rate Cancellation Table located in <b>Appendix B</b>.</li> <li>4- Apply the short-rate factor to the premium calculated on the basis of the earned premium for the period that the policy was in effect in step 2. This result is the short-rate manual premium.</li> <li>5- If applicable:             <ul style="list-style-type: none"> <li>• Apply any pricing programs</li> <li>• Apply any experience rating modification</li> <li>• Apply any premium discount based on the final earned total standard premium</li> <li>• Add the short-rate portion of the expense constant but not less than \$15</li> <li>• Apply catastrophe provisions (if applicable) based on the earned manual premium</li> </ul> </li> <li>6- The total earned premium for the short-rate cancelled policy must not be less than the annual minimum premium applicable to the policy.</li> </ol> <p>If the policy is endorsed with the Pro-Rata Cancellation Endorsement (WC 32 06 02) and the policy meets the criteria listed in the Schedule of that endorsement, the policy will be cancelled pro rata according to the following procedures:</p> <ol style="list-style-type: none"> <li>1- Apply rates to the payroll developed during the period the policy was in effect.</li> <li>2- Apply an experience modification in accordance with the rules of the <b>Experience Rating Plan Manual</b>.</li> <li>3- Add the pro rata portion of the expense constant, but not less than \$15</li> <li>4- The total premium for the cancelled policy must not be less than the pro rata portion of the minimum premium.</li> </ol>
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Refer to **Appendix B** for cancellation examples.

#### 4. Admiralty Law, Federal Employers Liability Act (FELA), and US Longshore and Harbor Worker's Compensation Act (USL&HW)

##### a. F-Classification Codes and Admiralty/FELA Classifications (that include USL&HW Act benefits)

The rates for classification codes followed by the letter "F", as well as Admiralty/FELA classifications applicable to Program II – USL&HW Act benefits, include premium for operations that are subject to the USL&HW Act.

##### b. Non F-Classification Codes and Admiralty/FELA Classifications (not including USL&HW Act benefits)

The rates for non F-classifications and Admiralty/FELA classifications under Program I and II – State Act do not include premium for operations subject to the USL&HW Act. If operations assigned to these classifications include employees that are subject to the USL&HW Act, apply the following:

- Use the non F-classification that describes the duties performed.
- Increase the rate and minimum premium for the non F-classification by the *USL&HW Coverage Percentage* found in the Miscellaneous Values section.

**NOTE:** This factor is not applied to the expense constant.

- Apply the increased rate to that portion of an employee's payroll that is subject to the USL&HW Act.

##### c. Waters not subject to Admiralty Jurisdictions

- Insurance for operations on waters not subject to admiralty jurisdiction are to be provided by the standard policy and endorsement forms and are subject to the rules that apply to statutory workers compensation insurance.
- Admiralty classifications and rates for Program II apply to these operations.

##### d. Extensions of the USL&HW Act

Premium for extensions of the USL&HW Act is determined in the same manner as the premium for the USL&HW Act.

#### 5. Combination of Legal Entities, Locations and Operations

##### a. Legal Entities

If the same person(s), or group of persons, own the majority interest in separate legal entities, they may be insured on one policy. Where combination of separate entities is permissible, a single policy may be issued to insure more than one legal entity.

Classifications are applied separately to each legal entity.

See the *Experience Rating Plan Manual* for additional information.

##### b. Locations and Operations

All operations of any one employer at a single location must be insured on one policy. If the same person(s), or group of persons, own the majority interest in separate legal entities at the same locations, they may be insured on one policy.

See the ***Experience Rating Plan Manual*** for additional information.

## 6. Deposit Premium

Deposit premium is the initial payment required by an insurance carrier to provide coverage. This is established by the carrier and is subject to periodic premium adjustment.

**Note:** The following rules, as they appear in this manual, do not apply unless approval for their use is obtained by or on behalf of the carrier from the North Carolina Commissioner of Insurance.

- a. For assigned risk policies deposit premium is the initial payment required by the Plan Administrator and/or insurance carrier to provide coverage.
- b. Deposit premium is determined by taking a percentage of the estimated annual premium. The percentage varies with the amount of the estimated annual premium.

Estimated Annual Premium	Payment Basis	Minimum Deposit Percentage	Additional Payments During Year
Under \$5,000	Annual	100% of annual	None
At least \$5,000	Semiannual	75% of annual	One
At least \$10,000	Quarterly	50% of annual	Three

- Such additional payments shall be in equal amounts. The sum of which, when added to the deposit premium, shall equal 100% of estimated annual premium. Estimated annual premium and the payment schedule are subject to adjustment at interim or final audit, and a risk may select a higher deposit premium at inception.
- The above "Deposit Premium" table is followed by the designated carriers. After assignment the designated carrier, based on sound underwriting practices, has the right to make appropriate changes in the payment basis which the employer has selected. The designated carrier will give the reasons for any change.

For information regarding deposit premium on Three-Year Fixed-Rate policies, refer to Rule 3-B-2.

## 7. Disease Loading

### a. Supplemental Disease Exposure

- 1) Premium for the disease exposures covered by the standard policy are included within the advisory loss cost and assigned risk rates.
- 2) Supplemental disease loading may be added to a rate applicable to an individual risk. The proposed supplemental disease loading will be based on the carrier's evaluation of the operations.

Atomic Energy Radiation Exposure NOC may be subject to a supplemental disease loading and is applicable for operations that involve radioactive material exposures that are not performed for, or under the direction of, the Nuclear Regulatory Commission or any governmental agency. Statistical code 9985 – Atomic Energy – Radiation Exposure NOC is used for reporting the radiation exposure.

### 3) Specific Disease Loading

- Classification code numbers that are followed by the letter “D” in the Classifications section include specific disease loadings within the advisory loss costs and assigned risk rates. These loadings reflect specific disease hazards involved in the operations assigned to those classifications.
- Any supplemental disease loading that is added to an advisory lost cost or assigned risk rate that includes a specific disease load must be for exposure not contemplated within the specific disease loading.
- The carrier may remove the specific disease loading from a rate when the substance for which the disease loading was established is not present or is determined by the carrier to be insignificant in the operations of the insured.

#### **Exceptions:**

For silicosis, the specific disease loading may be removed when not more than 5% free silica is present.

For Code 1741 - Flint or Spar Grinding, the specific disease loading must be reduced 15% for feldspar grinding and must be reduced 30% for mica grinding.

- 4) Partial application of a specific disease loading is permissible based on the carrier’s evaluation of the operations.

### b. **Supplementary Disease**

Supplementary disease advisory loss costs or assigned risk rates shown in the Miscellaneous Values section reflect hazards involved in foundry, abrasive, or sandblasting operations.

- Supplementary disease rates for Codes 0065 – Incidental Foundries – Steel, 0066 – Incidental Foundries - Non-Ferrous Metals and 0067 – Incidental Foundries - Iron must be applied to the payroll of employee’s exposure to the foundry hazard, except employees assigned to Codes 3081, 3082, 3085, and 3175.
- Supplementary disease rate Code 0059 – Abrasive or Sandblasting must be assigned to the payroll of employees exposed to these hazards.

## **8. Effective Date**

Effective date of a policy is the starting date (month, day, and year) of the policy, the time at which insurance coverage begins.

## **9. Estimated Annual Premium**

Estimated annual premium is based on the estimated payroll for each classification anticipated by the insured during the policy period. These estimates are subject to evaluation by the carrier through review of records or inspections.

**10. Expense Constant**

The expense constant is the premium charge applied to every policy regardless of premium size. The expense constant contributes to the recovery of expenses common to issuing, recording, and auditing a policy. The expense constant charged at the inception of the policy will not change if a state is added or deleted during the term of the policy.

For voluntary policies, the expense constant is filed by or on behalf of the carrier with the North Carolina Department of Insurance. For Assigned Risk policies, the expense constant is shown on the Miscellaneous Values section.

The following rules apply where an expense constant is applicable:

a. The expense constant is:

- Not subject to premium discount, experience rating modification, retrospective rating adjustment, or additional charges for the catastrophe provisions determined in Rule 3-A-23
- Included in the minimum premium for each classification and must not be added to the minimum premium if the minimum premium becomes the final premium for the policy
- Shown on the Information Page of the policy

**Expense constant examples:**

*In the example below, the manual premium plus the expense constant of \$250 does not exceed the minimum premium. The total estimated annual premium for this policy is the minimum premium:*

<i>Estimated Annual Payroll</i>	<i>\$10,000</i>
<i>Divided by 100</i>	<i>100 (units of payroll)</i>
<i>Rate</i>	<i>\$5.35</i>
<i>Manual Premium (Payroll/100) x Rate</i>	<i>\$535</i>
<i>Expense Constant</i>	<i>\$250</i>
<b><i>Total Estimated Annual Premium</i></b>	<b><i>\$785</i></b>
<b><i>Minimum Premium</i></b>	<b><i>\$1,250</i></b>

*In the example below, the manual premium plus the expense constant of \$250 exceeds the minimum premium. The total estimated annual premium for this policy is \$1,320:*

<i>Estimated Annual Payroll</i>	<i>\$20,000</i>
<i>Divided by 100</i>	<i>200 (units of payroll)</i>
<i>Rate</i>	<i>\$5.35</i>
<i>Manual Premium (Payroll/100) x Rate</i>	<i>\$1,070</i>
<i>Expense Constant</i>	<i>\$250</i>
<b><i>Total Estimated Annual Premium</i></b>	<b><i>\$1,320</i></b>
<b><i>Minimum Premium</i></b>	<b><i>\$1,250</i></b>

b. When more than one state is insured on the same policy, the highest expense constant must be charged even if that state is on an “if any” basis. If two or more states share the same highest expense constant, the expense constant is determined by the state with the largest amount of standard premium.

**Example of expense constant determination when two or more states have the same highest standard premiums:**

<b>State</b>	<b>Standard Premium</b>	<b>Expense Constant</b>
State X	\$10,000	\$250
State Y	\$17,000	\$250
State Z	\$1,400	\$180

*This is a multiple state policy with three states. When more than one state is listed on the policy, the appropriate expense constant to charge is the highest expense constant on the policy, which is \$250. In this example, two states (state X and state Y) have the same highest expense constant. State Y has the largest amount of standard premium and would determine the governing state for policy issuance and reporting purposes.*

c. The expense constant must be excluded from the determination of standard premium.

d. The full expense constant must be charged for short-term policies.

Expense constants are pro-rated when short-term policies are issued:

- To replace a binder
- Solely to establish consistent effective dates with other insurance policies

e. If the policy is cancelled, refer to cancellation provision tables in Rule 3-A-3-b for treatment of the expense constant.

f. The pro-rated portions of the expense constant as outlined above must not be less than \$15.

For expense constant determination of Three-Year Fixed-Rate policies, refer to Rule 3-B.

#### **11. Coal Mine Disease Charge** (Federal Mine Safety and Health Act)

a. Disease coverage provided for risks subject to the Federal Mine Safety and Health Act is not subject to:

- Experience rating
- Premium discounts
- Retrospective rating

Refer to the **North Carolina Workers Compensation Statistical Plan Manual** for the applicable codes to report disease experience where there is liability under the Federal Mine Safety and Health Act.

b. Advisory loss costs or assigned risk rates for this coverage and any underlying North Carolina coverage for disease are shown separately in the Miscellaneous Values section.

c. For advisory loss costs or assigned risk rates for employers not described by a coal mine classification, contact the North Carolina Rate Bureau if exposure develops.

#### **12. Final Earned Premium**

a. Final Earned Premium

Final earned premium is the total premium earned during the policy term. It is calculated using actual payroll multiplied by the rate for each classification. Final earned premium includes the application of premium elements applicable to the insured.

Final earned premium for the policy must be determined on actual payroll as determined by the carrier at audit, instead of an estimated payroll or other premium basis.

Determination of final earned premium is governed by the rules (Section 1 of this manual), classifications (Section 2 of this manual), and values (Section 3 of this manual), subject to modification by applicable rating plans.

The insurance carrier has the right to calculate earned premium based on an examination of original payroll records and accounting records of the insured.

Audited information must coincide with the effective and expiration dates of the policy. Reasonable deviations from this standard that do not affect the earned premium are permitted to coordinate the audit with the first of the nearest month.

**Example of acceptable deviation to rule that audited information must coincide with the effective and expiration dates of the policy:**

*The policy period is 1/1/2014 – 1/1/2015. The insured's payroll records begin on 1/7/2014 and are produced every two weeks. The auditor may use the payroll records to audit the premium from 1/7/2014 – 1/7/2015.*

**b. Audit of Payroll and Adjustment of Premium** (Applicable to Assigned Risk only)

The rules, classifications, and values in this manual govern the audit of payroll and adjustments of premiums, subject to the following requirements:

- 1) The carrier must make an actual audit of the employer's records for the purpose of determining the premium in accordance with the following:
  - a) For each risk producing an annual premium of less than \$50,000, the carrier must complete a mail or telephone audit of the employer's records at least once a year.
  - b) For each risk producing an annual premium of \$50,000 or more, the carrier must make a final physical audit of the employer's records at least once a year.
- 2) Failure of the insured to respond to audit request or refusal to cooperate in completing a voluntary or physical audit may result in the workers compensation carrier utilizing payroll up to a maximum of three times the estimated payroll for purposes of determining the final premium subject to the following conditions:
  - a) The carrier must make two good faith efforts to obtain the voluntary audit report or complete the physical audit.
  - b) The carrier must document the audit file regarding the above attempts to obtain the required audit information.
  - c) After the two good faith attempts to obtain audit information, the carrier must send a letter by certified mail to the insured advising them of the specific records that are required and the premium that will be charged if the insured continues to refuse access to the records. A cancellation notice for the renewal policy should be issued. The cancellation notice may be rescinded if the audit is performed.

### 13. Limits of Liability

#### a. Standard Limits of Liability

Standard limits of liability apply to employers liability insurance:

- With or without workers compensation insurance
- For employees subject to voluntary compensation insurance
- For operations subject to USL&HW Act
- For damages under admiralty law or FELA

**NOTE:** All references to FELA in this rule or other rules in this manual do not apply to assigned risk policies because FELA is not an available coverage in the assigned risk market. Refer to Rule 4-F regarding available coverages for assigned risk policies.

- 1) **Bodily Injury by Accident** (each accident limit) applies to all bodily injury resulting from a single accident.
- 2) **Bodily Injury by Disease** is represented by two limits:
  - **Each Employee Limit** is the maximum amount of damages that the carrier will page for a single employee during the policy year. It applies as a separate limit to bodily injury by disease to any one employee.
  - **Policy Limit** is an aggregate limit that applies to all bodily injury occurring from disease during the term of the policy, regardless of the number of employees who are injured by disease. An aggregate limit is the maximum amount of damages that a carrier will pay during the policy year.

**Table for Standard Limits**

	<i>Employers Liability, Voluntary Compensation, USL&amp;HW Act and Extensions</i>	<i>Admiralty Law and FELA</i>
Bodily Injury by Accident	\$100,000 – each accident	\$100,000
Bodily Injury by Disease	\$100,000 – each employee	Not applicable
Bodily Injury by Disease	\$500,000 – policy limit	\$100,000

#### b. Increased Limits of Liability

Except for FELA and/or admiralty coverage for assigned risk policies as described in Rule 3-A-13-b (4) (c), increased Limits of Liability are available under Part Two – Employers Liability. Accordingly, the standard limits may be increased.

Any additional premium for increased limits must be calculated before application of:

- Expense constant
- Experience rating modification
- Schedule rating modification
- Premium Discount
- Retrospective rating adjustment
- Deductible credits
- ARAP surcharge factor (Refer to Rule 4-D)



**1) Standard Policy**

The Employers Liability (E/L) Increased Limits Factor is applied to the manual premium if the employer chooses to increase its standard limits under Part Two – Employers Liability of the policy.

If the limits of liability under Part Two are increased:

- a) The limits of liability must be the same for all states specified in Item 3A of the Information Page of the policy.
- b) The additional premium for the increased limits must be determined by multiplying the total manual premium by the percentage in the Table for Increased Limits.
- c) For Voluntary policies, the additional premium must not be less than the minimum premium, if any, filed by or on behalf of the carrier and approved for use by the appropriate insurance regulatory authority.
- d) For assigned risk policies, the additional premium must not be less than the minimum premium shown in the Table for Increased Limits.
- e) The minimum premium for increased limits is in addition to the policy minimum premium at standard limits of liability and applies although coverage for increased limits may have been added during the policy term. For additional information regarding minimum premiums, refer to Rule 3-A-15-b.

**Example of a calculation of estimated annual premium when both the policy minimum premium and increased limits minimum premium apply:**

<i>Policy Minimum Premium:</i>	<i>\$1,250</i>
<i>Increased Limits Minimum Premium:</i>	<i>\$ 120</i>
<i>Estimated Annual Premium:</i>	<i>\$1,370</i>

- f) When more than one state is insured on the same policy:
  - The applicable increased limits minimum premium for the policy is that of the state with the highest increased limits minimum premium, or
  - When the increased limits premium calculated for all states equals or exceeds the increased limits minimum premium for the state with the highest increased limits minimum premium, no increased limits minimum premium applies. The combined increased limits premium for all states would apply.

**Example where multiple states are on the same policy and the increased limits premiums for all states on the policy are less than the single highest increased limits minimum premium applicable to the policy:**

	<b>Total Manual Premium</b>	<b>Percentage</b>	<b>Increased Limits Premium</b>	<b>Increased Limits Minimum Premium</b>
State A	\$1,500	3%	\$45	\$150
State B	\$1,000	2%	\$20	\$100
State C	\$3,000	3%	\$90	\$175
Total			\$155	

The increased limits premium calculated of \$155 of all states is lower than the single highest increased limits minimum premium for state C; therefore, the increased limits minimum premium amount of \$175 would apply to the policy.

**Example where multiple states are on the same policy and the increased limits premium for one state is higher than the single highest increased limits minimum premium applicable to the policy.**

	<b>Total Manual Premium</b>	<b>Percentage</b>	<b>Increased Limits Premium</b>	<b>Increased Limits Minimum Premium</b>
State A	\$70,000	3%	\$2,100	\$150
State B	\$4,500	2%	\$90	\$100
State C	\$1,000	3%	\$30	\$175
Total			\$2,220	

The increased limits premium calculated of \$2,220 would apply to the policy because the premium for all states exceeds the single highest minimum premium for State C.

**Table for Increased Limits**

<b>Limits of Liability (000 omitted)</b>	<b>Percentage</b>	<b>Minimum Premium for Increased Limits</b>
\$500/\$500/\$500	0.8%	\$75
1,000/2,000/1,000	1.1	120
2,000/2,000/2,000	1.4	140
3,000/3,000/3,000	1.6	160
4,000/4,000/4,000	1.8	180
5,000/5,000/5,000	2.0	200
6,000/6,000/6,000	2.2	210
7,000/7,000/7,000	2.4	220
8,000/8,000/8,000	2.6	230
9,000/9,000/9,000	2.8	240
10,000/10,000/10,000	3.0	250

Refer to **Appendix C** for additional limits values.

**2) Employers Liability Insurance – Without Workers Compensation Insurance**

- a) The standard limits of employers liability insurance may be increased. If higher limits of liability are applied, the premium is determined on the basis of the rates multiplied by the factors filed by or on behalf of the carrier and approved for their use by the North Carolina Commissioner of Insurance.
- b) All references to employers liability insurance without workers compensation insurance in this rule or other rules in this manual do not apply to assigned risk policies in North Carolina.

**3) Voluntary Compensation Insurance**

- a) The standard limits under Part Two – Employers Liability Insurance for employees subject to voluntary compensation insurance may be increased.

b) The premium for the increased limits must be determined by using the Table for Increased Limits provided in Rule 3-A-13-b (1) above.

4) **Admiralty Law/FELA**

a) The total premium, including the additional premium for increased limits, must be determined by applying the factor in the Table for Increased Limits provided below to the total premium for admiralty or FELA classifications.

b) The minimum premium for increased limits is in addition to the policy minimum premium at standard limits of liability, and applies although coverage for increased limits may have been added during the policy term. For additional information regarding minimum premiums, refer to Rule 3-A-15-b.

c) For assigned risk policies:

- Increased limits of liability for Employers Liability insurance are not available for admiralty coverage, although the standard limit of liability is available for such coverage.
- Employers Liability insurance is not available for FELA coverage; therefore, increased limits of liability are also not available for FELA coverage.
- Rule 3-A-13-b (4) – Table for Increased Limits does not apply.

**Table for Increased Limits**

<i>Limits per Accident</i>	<i>Factor Program I</i>	<i>Factor Program II</i>	<i>Minimum Premium Program I</i>	<i>Minimum Premium Program II</i>
\$100,000	1.00	1.00	\$0	\$0
200,000	1.31	1.26	75	100
300,000	1.47	1.41	75	100
400,000	1.56	1.50	75	100
500,000	1.60	1.54	75	100
1,000,000	1.77	1.70	120	150
5,000,000	2.13	2.04	200	250
10,000,000	2.20	2.11	250	300

*Refer to **Appendix C** for additional limits values.*

5) **USL&HW Act and Extensions of the USL&HW Act**

Rule 3-A-13-b (1) above also applies to policies that include coverage for the USL&HW Act and/or its extensions.

**14. Majority Interest**

Majority interest means more than 50%:

- a. Of voting stock
- b. Of owners, partners, or members if there is no voting stock
- c. Of the board of directors or comparable governing body if “a” or “b” is not applicable
- d. Participation of each general partner in profits of a partnership. Limited partners are not considered in determining majority interest

- e. Ownership interest held by an entity as a fiduciary. Such an entity’s total ownership interest will also include any ownership held in a non-fiduciary capacity

Refer to the *Experience Rating Plan Manual* for additional information.

**15. Minimum Premium**

**a. Standard Policy**

The minimum premium is the lowest policy premium that is required in order to provide insurance under the standard policy. The minimum premium must be shown on the Information Page of the policy and is not subject to an experience rating modification.

Voluntary minimum premiums are filed by the carrier. Assigned risk minimum premiums are shown in the Miscellaneous Values section.

**b. Determination**

- 1) The minimum premium at policy issuance is determined as follows:
  - If a policy only has one classification, apply the minimum premium for that classification.
  - If a policy has two or more classifications, apply the highest minimum premium for any classification on the policy.
  - If a policy is for multiple states, the applicable minimum premium would be that of the state with the single highest minimum premium, even if that state is on an “if any” basis. If two or more states have the same highest minimum premium, the minimum premium is determined by the state with the largest amount of standard premium.

**Example of minimum premium determination when two or more states have the same highest minimum premium:**

	<b>Standard Premium</b>	<b>Minimum Premium</b>
State X	\$500	\$1,250
State Y	\$700	\$1,250
State Z	\$400	\$1,000

*This is a multiple state policy with three states. If the estimated annual premium for each state is less than the highest minimum premium on the policy, the appropriate policy minimum premium to charge is the highest minimum premium on the policy, which is \$1,250. In this example, two states (State X and State Y) have the same highest minimum premium. State Y has the largest amount of standard premium and would determine the governing state for policy issuance and reporting purposes.*

- 2) The minimum premium is subject to final adjustment at final audit. Determination of the minimum premium is based on classifications developing premium as follows:
  - If the final earned premium is less than the minimum premium determined at audit, then the minimum premium must be charged.
  - If no classification develops premium during the policy term, the minimum premium for Code 8810 must be charged.
  - When more than one state is insured on the same policy, the minimum premium for the state with the single highest minimum premium must be charged even if that state is on an “if any” basis. If two or more states have an equal highest minimum premium, the

minimum premium is determined by the state with the largest amount of standard premium.

- 3) Full minimum premiums are charged for short-term policies, subject to Rule 3-A-15-b (4) referenced below.
- 4) The minimum premium is pro-rated when:
  - A short-term policy is issued to replace a binder.
  - A short-term policy is issued to establish consistent effective dates with other insurance policies.
  - A policy is cancelled by the carrier per Cancellation Provisions Table 1.
  - A policy is cancelled when the insured is retiring from business per Cancellation Provisions Table 2.
  - An assigned risk policy is cancelled because coverage was placed in the voluntary market per Cancellation Provisions Table 3.
  - The amount changes due to a change in the anniversary rating date.

**Example of a situation where the minimum premium would be pro-rated because the anniversary rating date differs from the policy effective date:**

- ARD is 6/1/2013 and 6/1/2014
- Policy period is effective 1/1/2014 – 1/1/2015
- Class code minimum premium based on 6/1/2013 ARD = \$500
- Class code minimum premium based on 6/1/2014 ARD = \$750

*The pro-rated portion of the minimum premium for the period of 1/1/2014 to 5/31/2014 = \$207 (\$500 x .414; 151 days in force)*

*The pro-rated portion of the minimum premium for the period of 6/1/2014 to 1/1/2015 = \$440 (\$750 x .586; 214 days in force)*

*Total minimum premium for policy period = \$647 (\$207 + \$440)*

*Refer to **Appendix B** for Pro Rata Cancellation Tables for additional details.*

- 5) If a policy is cancelled midterm, the minimum premium for increased limits for employers liability and federal coverages is treated the same as the classification minimum premium.
  - Cancellation may occur by the carrier or by the insured when retiring from business. When this happens, the total premium for the policy cannot be less than the pro rata portion of the minimum premium.
  - If cancellation occurs by the insured and the insured is not retiring from business, the total earned premium for the cancelled policy cannot be less than the applicable annual minimum premium.
- 6) For policies that only provide employers liability insurance with increased limits, the minimum premium must be increased by the factor that applies to the rates for that policy.

All references to employers liability insurance without workers compensation insurance in this rule or other rules in this manual do not apply to assigned risk policies in North Carolina.

**c. Admiralty Law/FELA**

A separate minimum premium applies to a policy that includes classifications for operations subject to admiralty law or FELA if filed by or on behalf of the carrier, and if approval for its use is granted by the appropriate insurance regulatory authority. For assigned risk policies, it must not be less than the minimum premium shown in the Table for Increased Limits in Rule 3-A-13-b (4).

- This minimum premium is the lowest premium for insuring admiralty or FELA operations.
- It must apply in addition to the minimum premium or premium for other operations on this type of policy.
- It is not subject to an experience rating modification.

**Example of a minimum premium policy that includes classifications subject to admiralty law and classifications not subject to admiralty law:**

- *Class Code Subject to Admiralty Law :*      \$750 Minimum Premium
- *Class Code Not subject to Admiralty Law:*    \$500 Minimum Premium

*The minimum premium for this policy would be \$1,250 (\$750 + \$500)*

**d. USL&HW Act**

Rules 3-A-15-a and b apply to policies that include ULS&HW Act coverage. For minimum premium determination on Three-Year Fixed policies, refer to Rule 3-B-2.

**16. Non-ratable Element**

- a. A non-ratable element is a supplementary loading or percentage included in the development of the manual rate for a specific classification. It adjusts for the classification's potential for occupational disease or catastrophic losses.
- b. Class codes designated with an "N" in the advisory loss cost or rate pages are part of the ratable/non-ratable group.
- c. The footnotes to the advisory loss cost or rate pages provide the separate statistical code for each non-ratable element to reflect the non-ratable catastrophe loading.
- d. When determining premium, the statistical non-ratable code and corresponding advisory loss cost or rate are applied in addition to the basic classification.
- e. Premium for a non-ratable element is not subject to experience rating or retrospective rating.

**17. Other States Insurance**

- a. Premium developed for operations covered under Part Three – Other States Insurance is based on the workers compensation rules and rates applicable in such other states.
- b. For additional information on assigned risk policies, refer to Rule 4-A (WCIP).

**18. Premium Discount**

Premium discount is a percentage discount that is based on the size of the total standard premium. See **Appendix A**. For more information regarding standard premium, refer to Rule 3-A-19.

Premium discount is not applicable in the North Carolina assigned risk market.

Premium discount does not apply to the portion of the standard premium under a Retrospective Rating Plan.

**NOTE:** The following rules, as they appear in this manual, do not apply unless approval for their use is obtained by or on behalf of the carrier from the North Carolina Commissioner of Insurance.

a. **Determination of Premium Discount**

A policy qualifies for premium discount when the standard premium exceeds the eligibility amount approved by the North Carolina Commissioner of Insurance.

Premium discount plans may vary based on individual carrier filing.

Premium discount is applied in accordance with the ARD. For more information regarding the ARD, refer to Rule 3-A-2.

Total standard premium is subject to premium discount as follows:

1) **Without Retrospective Rating**

• **Single State Policy**

Premium discount is determined by applying the discount percentages to the total standard premium that is in excess of the approved threshold amount.

• **Multiple State Policy**

Premium discount applies on an interstate basis and is determined by applying the discount percentages to each state's portion of the total standard premium that is in excess of the approved threshold amount.

Each state's portion of the threshold amount and varying gradations of premium discount are calculated by multiplying the total standard premium by the ratio of state standard premium to the total standard premium.

2) **With Retrospective Rating**

The portion of the standard premium subject to the retrospective rating plan is not subject to premium discount.

Total the premium of all entities to determine the amount subject to the retrospective rating plan. The remainder of that standard premium is subject to premium discount and is calculated as follows:

- a) Determine the discount (x) as if none of the premium is subject to retrospective rating.
- b) Determine the discount (y) for the premium that is subject to retrospective rating only.
- c) The premium discount is the difference between (x) and (y).

The total premium discount is distributed by state, by allocating the state portion of standard premium to the premium discount.

**3) Other Methods**

Any other method used to determine premium discount is permissible as long as the result does not differ by more than 0.1% of the standard premium from the premium discount produced by the methods outlined in this rule.

**b. Combination of Policies**

For the purpose of calculating premium discount for two or more policies that are issued to the same insured by one or more carriers that are under the same management, the total standard premium for those policies must be combined. This applies unless the insured instructs the carrier otherwise.

If the combined policies have different expiration dates:

- 1) The carrier must determine the policy effective date for application of the premium discount.
- 2) All policies in effect before the established effective date must be cancelled and rewritten with the established effective date.
- 3) All policies written to be effective after the established effective date of the combination of policies must be written to expire on the same date as the other policies in the combination.

**c. Wrap-Up Construction Projects**

The following conditions must be met for the purposes of determining premium discount for wrap-up policies that are issued to two or more legal entities:

- 1) All policies must be issued by one or more carriers that are under the same management.
- 2) None of the policies can be issued on a retrospective rating basis.
- 3) The policies are limited to providing coverage on large construction projects. To limit the insurance to a specific project, the standard Designated Workplaces Exclusion Endorsement (WC 00 03 02) must be attached.
- 4) Combinable entities are limited to the following:
  - a) General contractor, including any owner or principal acting as a general contractor.
  - b) Subcontractor performing work under contracts let on an ex-insurance basis.

**NOTE:** If the contract between the owner or principal and the general contractor is written on an ex-insurance basis, the owner or principal is eligible under this rule.

Refer to Rule 3-A-18-a (2) for premium discount determination for policies where a portion of the premium is written on a retrospective rating basis. Any discounted premium is allocated to all entities proportionate to their share of the standard premium. For additional information on wrap-up construction policies, refer to Rule 3-A-22.

**Premium Discount Example:**

*No part of Standard Premium subject to Retrospective Rating:*



<i>(a)</i>	<i>(b)</i>	<i>(c)</i>	<i>(d) = (b)*(c)</i>	<i>(e) = (b) - (c)</i>
		<b>Carrier Approved</b>	<b>Amount of</b>	<b>Final</b>
		<b>Discount Ratio</b>	<b>Discount</b>	<b>Premium</b>
<b>Total Premium</b>	\$390,000		\$61,611	\$328,389
<b>First \$1,000</b>	\$1,000	0.0%	\$0	
<b>Next \$4,000</b>	\$4,000	9.4%	\$376	
<b>Next \$95,000</b>	\$95,000	14.7%	\$13,965	
<b>Next \$400,000</b>	\$290,000	16.3%	\$47,270	
<b>Over \$500,000</b>	\$0	16.3%	\$0	

$$(d) \text{ total} = \$1,000*0.0\% + 4,000*9.4\% + 95,000*14.7\% + \$290,000*16.3\%$$

## 19. Standard Premium

Standard premium is the premium before application of any premium discount. It is determined on the basis of:

- Rates
- Disease loadings
- Non-ratable elements
- Premium for increased limits of liability
- Experience rating modification
- Applicable schedule rating modification
- Minimum premiums

Total standard premium is the total premium for all states covered by the policy excluding expense constant, additional charges for the catastrophe provisions detailed in Rule 3-A-23 and any disease charge subject to the Federal Mine Health and Safety Act before the application of the premium discount.

**NOTE:** NCCI's Annual Financial Calls for experience, which are used for ratemaking, contain a different definition of standard premium.

## 20. States Added After Policy Effective Date

- a. Additional states may be added to the policy after the effective date of the policy. For the additional state operations, apply:
  - 1) Manual rates in effect on the ARD of the policy to which the state has been added
  - 2) Any rate change that applies to outstanding policies for the state being added, and
  - 3) Any applicable experience rating modification for the policy to which the state has been added. Refer to the **Experience Rating Plan Manual** for application of experience rating.
- b. For assigned risk policies, additional states may be added to the policy only in accordance with Rule 4-A (WCIP).

## 21. Waiver of Right to Recover from Others (Subrogation)

It is permissible in North Carolina to issue the standard policy with a provision that the carrier not enforce its right of recovery against anyone liable for any injury covered by the policy. If this waiver is requested, a Waiver of Our Right to Recover from Others Endorsement (WC 00 03 13) must be attached to the policy.

- a. A premium charge may be applicable for the use of this endorsement (WC 00 03 13) and is calculated in the same manner in both the voluntary and assigned risk markets. There are two options available when using this endorsement:
  - 1) Blanket Waivers: Used when the waiver applies to all jobs during the policy year. The premium charge is 2% of the total manual premium with a \$100 minimum premium per policy, or otherwise approved by the North Carolina Commissioner of Insurance.
  - 2) Specific Waivers: Used when the waiver applies to a specific job. The premium charge is 5% of the manual premium that applies to the specific job being covered. The minimum premium for a specific waiver is \$100 per waiver, or otherwise approved by the North Carolina Commissioner of Insurance.
- b. The minimum premium, if applicable, for this coverage is in addition to the policy minimum premium and applies although coverage may have been added during the policy term.

## 22. Wrap-Up Construction Projects

A wrap-up construction project is a large construction, erection, or demolition project for which policies have been issued by one or more carriers under the same management, to insure two or more legal entities that are working on a project.

Appropriate classifications are assigned to each separate legal entity based on the operations performed.

In the instance of wrap-up construction projects, separate policies must be issued to each eligible entity involved in the project, unless the same person or group of persons owns the majority interest in such entities. For more information regarding majority interest, refer to Rule 3-A-14.

The Designated Workplace Exclusion Endorsement (WC 00 03 02) must be attached to other insurance policies issued to the same entities to exclude the wrap-up project from coverage on those other policies. This eliminates any duplication of coverage.

## 23. Catastrophe Provisions

- a. **Terrorism Risk Insurance Act (TRIA) of 2002** and any amendments thereto enacted by Congress.

- b. **Catastrophe (other than Certified Acts of Terrorism)**

Premium for catastrophe (other than Certified Acts of Terrorism) is calculated on the basis of total payroll according to Rule 2.

An insured's total payroll in each state is divided by units of \$100 and multiplied by the appropriate value found in the Miscellaneous Values section. The calculation is expressed as  $\text{Payroll}/100 \times \text{catastrophe (other than Certified Acts of Terrorism) value} = \text{premium}$ . This

premium is applied after standard premium and is not subject to any other modifications including, but not limited to, premium discount, experience rating, schedule rating, or retrospective rating.

Unless an "If any" policy develops payroll during the policy term or at audit, policies issued on an "If any" basis will not be charged this premium.

Per capita charges are not subject to premium under this Act.

**c. Terrorism**

Premium for terrorism is calculated on the basis of total payroll according to Rule 2.

An insured's total payroll in each state is divided by units of \$100 and multiplied by the appropriate value found in the Miscellaneous Values section. The calculation is expressed as  $\text{Payroll}/100 \times \text{terrorism value} = \text{premium}$ . This premium is applied after standard premium and is not subject to any other modifications including, but not limited to, premium discount, experience rating, schedule rating, or retrospective rating.

Unless an "If any" policy develops payroll during the policy term or at audit, policies issued on an "If any" basis will not be charged this premium.

Per capita charges are not subject to premium under this Act.

**B. Three-Year Fixed-Rate Policy Option**

**1. Explanation**

- a. If the estimated premium is less than the premium eligibility amount for experience rating, a policy may be issued for a period of three years at a fixed rate, as long as the risk is not otherwise eligible for the experience rating plan on the effective date of the policy.
- b. If a policy is issued as a Three-Year Fixed-Rate policy, it must be specifically identified on the Information page of the policy.
- c. The rates in force on the effective date of the Three-Year Fixed-Rate policy will apply to the policy for the full term.

**Exception to Rule 3-B-1-c:**

If a single rate revision results in an increase of 10% or more on outstanding policies, the rate increase must be applied to the remaining portion of the policy.

**2. Premium Determination**

- a. The minimum premium is calculated as follows:
  - 1) Determine the minimum premium for a one-year policy.
    - Apply the minimum premium for a specific classification if the policy has only one classification.
    - Apply the highest minimum premium for any classifications if the policy has two or more classifications.

2) Multiply the one-year policy minimum by three (3). Finally, subtract:

- Two expense constants if the deposit premium is paid in advance, or
- One expense constant if the deposit premium is paid in installments.

- b. An expense constant must be charged regardless of the amount of earned premium.
- c. The deposit premium may be paid in advance or in three annual installments. It must not be less than the minimum premium.
- d. Earned premium determination may be deferred until termination of the policy.
- e. Three-Year Fixed-Rate policies are not subject to experience rating modification.
- None of the operations insured by a Three-Year Fixed-Rate policy are eligible for experience rating during the period that this type of policy is in force.
  - None of the experience under a Three-Year Fixed-Rate policy can be used in experience rating.
  - A Three-Year Fixed-Rate policy cannot be combined with other policies under the experience rating plan.

### 3. Cancellation

- a. Cancellation by the carrier or the insured when the insured is retiring from the business is calculated per Rule 3-A-3. This rule is also applicable when an assigned risk policy is being cancelled because the insured has replaced coverage through the voluntary market.
- b. If the policy is cancelled by the insured, except when retiring from a business, add \$15 to the premium.

## C. Domestic Workers – Residences

### 1. Explanation

Domestic workers are hired to perform duties inside or outside a private residence. The domestic worker must be employed directly by the resident owner, the estate of the owner, or family of the resident.

- Code 0913 – Domestic Workers – Residences – Full Time are domestic workers, inside or outside, who are employed full-time. “Full-time” applies to any domestic worker who is employed more than 20 hours per workweek. Au pairs or domestic workers who are compensated by room and board are considered to be full-time.
- Code 0908 – Domestic Workers – Residences – Part-Time are domestic workers, inside or outside, who are employed 20 hours or less per workweek.

These codes include cooks, housekeepers, laundry workers, maids, butlers, companions, nannies, private chauffeurs, and gardeners.

#### Exception:

If commercial farm operations are conducted, Code 0908 and Code 0913 do not apply to any operations at the farm location. Outside domestic workers at commercial farm locations are assigned to the appropriate farm classification.

## 2. **Other Classifications – Maintenance, Repair or Construction Operations**

Code 0908 and Code 0913 include ordinary repair or maintenance of the insured's premises or equipment by domestic workers.

Building maintenance or repair by employees hired specifically for that purpose must be assigned to Code 9015 – Buildings – Operation by Owner or Lessee.

Extraordinary repairs, alterations, new construction, erection, or demolition of structures must be assigned to the appropriate construction or erection classifications.

## 3. **Coverages**

### a. **Workers Compensation and Employers Liability Insurance**

An employer's statutory workers compensation obligations with regard to domestic workers may be insured as follows:

- By the standard policy, or
- By attaching the Workers Compensation and Employers Liability Coverage for Residence Employees Endorsement (WC 00 03 14A) to a homeowner policy, a comprehensive personal liability policy, or to any policy that provides similar coverage.

Statutory coverage is the minimum extent of insurance protection required in an insurance contract in accordance with applicable state laws or statutes.

- b. In states where domestic workers are not included and cannot be covered under the workers compensation law, Voluntary Compensation Insurance may be provided by attaching a Voluntary Compensation and Employers Liability Coverage for Residence Employees Endorsement (WC 00 03 12A) to a homeowner's policy, comprehensive personal liability policy, or any policy that provides similar coverage.

## 4. **Name of Insured**

One or more members of the same residence may be named as the insured, but only in connection with the employment of domestic workers in that residence.

## 5. **Advisory Loss Costs, Rates and Premium**

Advisory loss costs and rates for Code 0908 and Code 0913 are per capita premium charges.

Per capita classifications use the number of workers rather than payroll to measure exposure.

### a. **Requirements for Maintenance of Records**

The insured must maintain a record of the names, duties, and period of service of each domestic worker.

### b. **Premium Determination**

#### • **Full-Time Domestic Workers – Code 0913**

Estimated premium is calculated based on the estimated number of such domestic workers during the policy period.

If additional domestic workers under Code 0913 are employed during the policy period or if some domestic workers are no longer employed and are not replaced, then the per capita premium charges must be prorated.

Each pro rata charge is based on the period of employment, but cannot be less than 25% of the per capita charge.

- **Part-Time Domestic Workers – code 0908**

Estimated premium is calculated based on the estimated aggregate (total) time of all occasional domestic workers who are to be employed during the policy period.

Regardless of concurrent employment, a single per capita charge applies for each aggregate of employed time 20 hours or less per workweek. An additional per capita charge applies to any remainder less than 20 hours or less per workweek.

c. **Minimum Premium**

For a policy with two or more classifications, whether per capita rated or payroll rated, the highest minimum premium for any classification on the policy must be applied.

d. **Catastrophe Provisions**

Premium for catastrophe provisions as detailed in Rule 3-A-23 does not apply to per capita classifications.

**D. Employee Leasing Arrangements**

*Applicable to Assigned Risk policies only*

1. **Definitions**

- a. Employee leasing arrangement means a verbal or written contractual arrangement whereby one business or other entity leases any or all of its workers from another business. Employee leasing arrangements include, but are not limited to, full service employee leasing arrangements, long-term temporary arrangements, and any other arrangement that involves the allocation of employment responsibilities among two or more entities. For purposes of this rule, employee leasing arrangement does not include arrangements to provide temporary help service.
- b. Temporary help service means a service whereby an organization hires its own employees and assigns them to clients for a finite time period to support or supplement the client's workforce in special work situations such as employee absences, temporary skill shortages and seasonal workloads.
- c. Client (lessee) means an entity that obtains all or part of its workforce from another entity through an employee leasing arrangement or that employs the services of an entity through an employee leasing arrangement.
- d. Labor contractor (lessor) means an entity that grants a written lease to a client through an employee leasing arrangement. In this rule, the labor contractor may also be referred to as an employee leasing company.

- e. Leased worker (leased employee) means a person performing services for a client under an employee leasing arrangement.
- f. Multiple coordinated policies basis means:
  - 1) Each client must have its own standard workers compensation insurance policy covering its leased workers required to be covered pursuant to the workers compensation laws of the state.
  - 2) Non-leased workers of a client must not be included on the policy required by (a) above.
  - 3) All policies for clients of the same employee leasing company must be assigned to one insurer in the state.
  - 4) The insurer must arrange to have the same renewal dates for all such policies.
  - 5) The insurer must arrange to have all notices sent to the labor contractor and to have a single master invoice sent to the labor contractor for all policies covering the clients of the labor contractor.
  - 6) If a client leases employees from more than one labor contractor, there must be a separate policy for the leased employees of each labor contractor.
  - 7) The insurer also must issue a policy covering the internal employees of the labor contractor.
  - 8) Appropriate endorsements must be used to restrict the coverage to specific employees and to coordinate coverage between clients and labor contractor.

## 2. Coverage

- a. A client seeking to fulfill its statutory responsibility to secure workers compensation benefits for leased workers under a state workers compensation insurance plan must secure the coverage by purchasing and maintaining a standard workers compensation insurance policy that covers the leased workers.
- b. A labor contractor seeking to obtain workers compensation benefits for leased workers under a state workers compensation insurance plan must secure the coverage for the leased workers on a multiple coordinated policies basis.

To afford coverage to a labor contractor on a multiple coordinated policies basis, refer to Rule 3-D-4.

## 3. Premium for Leased Workers

Premium must be charged on the policy of the party to an employee leasing arrangement that is securing coverage for the leased workers as indicated below. The party to an employee leasing arrangement that is not securing coverage for the leased workers must furnish satisfactory evidence that the other party to the employee leasing arrangement had workers compensation insurance in force covering the leased workers. For each employee leasing arrangement for which such evidence is not furnished, additional premium must be charged on the policy of the party to the employee leasing arrangement that originally did not intend to secure coverage for the leased workers as follows:

- a. The risk must provide a complete payroll record of the leased workers. Premium on such payroll must be based on the classifications and rates that would have applied if the leased workers had been direct employees of the client.
- b. If the payroll records of the leased workers are not provided, 100% of the full employee leasing

arrangement price must be established as the payroll of the leased workers. The premium must be charged on that amount as payroll.

**Exception to 3-D-3-b:**

If investigation on a specific employee leasing arrangement contract discloses that a definite amount of the contract price represents payroll, such amount if deemed reasonable must be the payroll for the premium computation.

- c. If an experience modification has been established for the risk, such experience modification must be applied to the premium developed for the leased workers.

**4. Multiple Coordinated Policies**

**a. Eligibility**

The labor contractor must meet each of the following requirements at application and thereafter to qualify for securing coverage on a multiple coordinated policies basis:

- (1) It is in good faith entitled to insurance required under the workers compensation laws, state and federal, and has been unable to secure such insurance in a regular manner.
- (2) Its officers, directors, and any person with a five percent or greater interest do not owe any undisputed workers compensation premium to the current or prior insurers; and
- (3) It provides all information required under each policy in accordance with this rule.
- (4) It is in compliance with all state laws applicable to employee leasing arrangements.

In order for the labor contractor to secure the coverage for the workers leased to a client, the client must be in good faith eligible to receive the insurance. The client is not in good faith entitled to insurance if any of the following circumstances exist, at the time of application or thereafter, or other evidence exists that the client is not in good faith entitled to insurance:

- (1) If, at the time of application, a self-insured client is aware of pending bankruptcy proceedings, insolvency, cessation of operations, or conditions that would probably result in occupational disease or cumulative injury claims from exposures incurred while the client was self-insured.
- (2) If the client, while insurance is in force, knowingly refuses to meet reasonable health and safety requirements.
- (3) If the client, or an enterprise with a common managing interest, has an outstanding obligation for workers compensation premium on previous insurance that is not the subject of a bona fide dispute.

**b. Policy Issuance**

Each policy issued to cover the leased workers of a specific employee leasing arrangement on a multiple coordinated policies basis must be issued in the name of the client and in accordance with this rule and all other rules governing the issuance of a standard workers compensation insurance policy for assigned risk business.

A policy issued to cover the direct employees of the labor contractor under a multiple coordinated policies basis must be issued in the name of the labor contractor and in accordance with this rule and all other rules governing the issuance of a standard workers compensation insurance policy for assigned risk business.



**c. Deposit Premium**

The multiple coordinated policies of a single labor contractor may be combined for the purpose of computing deposit premiums. A deposit premium is payable at the time of application and at the time of renewal.

**d. Endorsements****(1) Labor Contractor Policy**

Attach the Labor Contractor Exclusion Endorsement (WC 00 03 21) to the labor contractor's policy to exclude coverage for workers leased to specified clients.

**(2) Client Policy**

Attach to each client's policy the Multiple Coordinated Policy Endorsement (WC 00 03 23) to provide coverage for workers leased from the specified labor contractor and the Labor Contractor Endorsement (WC 00 03 20 A) to extend coverage to the labor contractor.

**5. Audit**

The insurer must audit any policy issued pursuant to Rule 3-D-2 above within 90 days of the policy effective date, and may conduct periodic audits thereafter to determine whether all classifications, experience modifications and estimated payrolls utilized are appropriate.

## Rule 4-A

### North Carolina Workers Compensation Insurance Plan

*Applicable to North Carolina **Assigned Risk** policies only*

Pursuant to North Carolina General Statute 58-36-1, there is hereby established a North Carolina Workers Compensation Insurance Plan ("Plan" or "WCIP"), which provides for the equitable apportionment of employers who are in good faith entitled to workers compensation insurance as defined herein, but who are unable to procure such insurance in a regular manner. This Plan, and any future modification, is subject to the approval of the North Carolina Commissioner of Insurance (Commissioner).

#### SECTION I- WCIP DEFINITIONS

##### **Affiliated Insurer**

An insurer that directly, or indirectly through one (1) or more intermediaries, controls, or is controlled by, or is under common control with, another insurer specified. The term "control" means possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an insurer, whether through the ownership of voting securities, by contract or otherwise. Control shall be deemed to exist if any person or business enterprise, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies, representing ten (10) percent or more of the voting securities of any other insurer.

##### **Agent**

A fire and casualty agent properly licensed in the State of North Carolina whose privileges under the Plan have not been suspended or revoked; provided, however, that such agent shall, for purposes of this Plan, be considered to be acting on behalf of the insured or employer applying under this Plan and not as an agent of the Plan Administrator or of any assigned carrier for Plan business.

##### **Application**

The application currently used in the residual market is the form currently approved for use in applying for workers compensation insurance written under the Plan.

##### **Application Submission Methods**

The methods approved by the Plan Administrator, in which eligible producers may submit completed applications which methods are as follows:

- Online – Through [www.ncrb.org](http://www.ncrb.org) and the **ManageAR** system
- Mail – The U.S. Postal Service or private overnight delivery service
- Hand Delivery – To the North Carolina Rate Bureau at its offices on weekdays, excluding holidays, Monday through Thursday, between the hours of 8:00am and 5:00pm, and on Fridays, between the hours of 8:00am and 12:00pm local time.

##### **Assigned Carrier**

The insurer that has been assigned to provide coverage to an employer who has applied for workers compensation insurance pursuant to the Plan. An assigned carrier can either be defined as a servicing or a direct assignment carrier.

**Association Bylaws or Bylaws**

The Bylaws of the National Workers Compensation Reinsurance Association NFP (NWCRA), whose member insurers participate in the Reinsurance Agreement(s) authorized under this Plan to provide reinsurance to the servicing carriers on employers assigned to them under this Plan. The Bylaws are the agreement subscribed to by insurers selecting Option 2 – Subscription to Association Bylaws as their means of satisfying their participation in the Plan. The Bylaws are attached hereto and by this reference are incorporated into and made a part of this Plan to the extent that the Association Bylaws are not inconsistent with this Plan and applicable to North Carolina law.

**Board of Directors**

The Board of Directors for the National Workers Compensation Reinsurance Association NFP.

**Direct Assignment Carrier**

An insurer, other than a servicing carrier, that has elected and been authorized by the Plan Administrator to receive direct assignments under Option 1 of the Participation section of this Plan.

**Employer**

Any business organization or enterprise that is required by statute or elects to maintain workers compensation insurance in this State. The term shall include any business organizations or enterprises that are affiliated as a result of common management or ownership.

**Net Premiums Written**

The gross direct premiums charged less all premiums (except dividends and savings refunded under participating policies) returned to insureds for all workers compensation and occupational disease insurance, exclusive of premiums for (i) employers subject to this Plan, (ii) employers written under the National Defense Projects Rating Plan and (iii) excess policies.

**North Carolina Rate Bureau or NCRB**

The statutory rating organization authorized in this State to make and file loss costs, residual market rates, rating values, policy and endorsement forms, classifications, and rating plans for workers compensation insurance.

**Plan Administrator**

The North Carolina Rate Bureau is the organization designated to administer the affairs of this Plan.

**Premium in Dispute**

A workers compensation insurance premium obligation over which a bona fide dispute exists and for which the employer or its representative has provided:

- 1) written notice to the insurer or the assigned carrier detailing the specific areas of dispute;
- 2) an estimate of the premium the employer believes to be correct, with an explanation of the premium calculation;
- 3) payment of the undisputed portion of the premium; and
- 4) a written report to the Plan Administrator which includes all documentation relevant to the dispute, describes the attempts to reconcile the differences and requests review and appropriate action to resolve the areas of dispute.

**Producer**

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 this 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 any assigned carrier for Plan business.

**Reinsurance Agreement**

A contractual arrangement among Association members providing a quota share reinsurance facility for workers compensation insurance in a number of states and for which administrative services are provided by the National Council on Compensation Insurance, Inc., in its capacity as Administrator as designated under the Association Bylaws.

**Servicing Carrier**

An insurer, other than a direct assignment carrier, authorized to receive Plan assignments and provide coverage to eligible employers on behalf of those participating companies subscribing to the Association Bylaws incorporated as part of this Plan in this State.

**Undisputed Premium**

A workers compensation insurance premium obligation that is not the subject of a bona fide dispute.

**Workers Compensation Insurance**

1. Statutory workers compensation and occupational disease liability insurance, including insurance for liability under the Longshore and Harbor Workers' Compensation Act, as amended, and the Federal Mine Safety and Health Act, as amended;
2. Employers liability insurance written in connection with a workers compensation insurance policy; and
3. Such other coverages as determined by the Plan Administrator and approved by the Commissioner.

**SECTION II- RULES FOR ELIGIBILITY AND ASSIGNMENT**

North Carolina General Statute 58-36-1 (5) requires, in part, that as a prerequisite to the transaction of workers compensation insurance in North Carolina, each carrier shall file written authority with the NCRB permitting the Bureau to assign to it employers which are in good faith entitled to workers compensation insurance as defined herein, but who are unable to procure such insurance in a regular manner. The following rules, which have been adopted by the North Carolina Rate Bureau and approved by the Commissioner of Insurance, shall cover the assignment and the insuring of such employers as provided by the law mentioned above. Any dispute arising hereunder shall be subject to the dispute resolution procedures provided in this Plan.

**1. Good Faith Entitlement**

This Plan shall apply only to employers that in good faith are entitled to workers compensation insurance under the North Carolina Workers' Compensation Law.

Good faith will be presumed in the absence of clear and convincing evidence to the contrary. An employer is not in good faith entitled to insurance, and the insurance may be refused or

cancelled, if any of the following circumstances exist, at the time of the application or thereafter, or other evidence exists that such employer is not in good faith entitled to insurance:

- 1) At the time of application, a self-insured employer is aware of and fails to disclose pending bankruptcy proceedings, insolvency, or cessation of operations involving the employer.
- 2) At the time of application, a self-insured employer is aware, or with the exercise of reasonable diligence should be aware, of prior conditions, exposures, claims, or any other information which make it likely that a significant number of occupational disease or cumulative injury claims will arise from exposure incurred while the employer was self-insured and the employer fails to disclose such prior conditions, exposures, claims, or other information.
- 3) The employer while insurance is in force, knowingly refuses to meet reasonable health, safety, or loss control requirements; does not allow reasonable access to the insurer for audit or inspection; or does not comply with any other policy or Plan obligations and conditions.
- 4) The employer has an outstanding workers compensation insurance premium obligation or other monetary obligation, on either previous insurance or while a member of a licensed group of self-insurance associations, that is not subject to a bona fide premium dispute.
- 5) The employer, or its representative and/or the agent/producer knowingly fails to comply with Plan procedures; or knowingly makes a material misrepresentation on the application by omission or otherwise, including, but not limited to, the following: estimated payroll, nature of business, name or ownership of business, previous insurance history, or an outstanding premium obligation.

## **2. Employer Certification**

An employer shall not be considered as subject to this Plan unless such employer has been certified to be difficult to place by a fire and casualty insurance agent licensed in North Carolina and such agent so certified in the prescribed application form.

## **3. Application Requirements**

A standard application form for insurance under this Plan must be completed by or on behalf of the employer. The application shall require:

- a. Complete underwriting information and reasonable payroll estimates.
- b. A statement that the employer will maintain a complete record of its payroll transactions in such form as the assigned carrier may reasonably require and that such record will be available to the assigned carrier at a designated place during the policy period and for one (1) year after.
- c. A statement that the employer will comply with all reasonable recommendations of the assigned carrier relating to the welfare, health, and safety of employees.
- d. Payment to the North Carolina Rate Bureau of the appropriate deposit premium in the form of a valid electronic funds transfer (EFT), a check of the agent or producer, check of a

premium finance company, or a certified check, cashier’s check, or money order of the applicant employer or its representative.

**4. Plan Administrator**

The Plan shall be administered by the North Carolina Rate Bureau (hereinafter referred to as the Plan Administrator), or its designee.

**5. Assignment procedures**

Upon receipt of a properly completed application for insurance, the Plan Administrator shall (a) determine, to the extent possible based on the application, that the employer is in good faith entitled to insurance; (b) establish the appropriate classifications, rates, and estimated annual premium; and (c) upon payment of the estimated annual or deposit premium, bind coverage and designate an assigned carrier.

The Plan Administrator may request additional information, at its discretion, to establish eligibility, to assign appropriate classification codes, to calculate applicable premium, and to otherwise appropriately process the application. Such information may include tax documentation, ownership information, contracts, or any other information deemed necessary to process the application. The employer and/or its representative shall provide this information/documentation or provide an acceptable explanation for failure to do so.

To secure a requested effective date, the employer or its representative must submit to the Plan Administrator a fully completed and signed application, using an approved application submission method.

***Depending on the application submission method, the earliest effective date for coverage will be established in the following manner:***

**Application Submission Table 1**

<b>If the application (including the estimated annual or deposit premium) is submitted by regular mail and the envelope containing the application has . . .</b>	<b>Then the earliest effective date will be 12:01 a.m. on the day after . . .</b>
A legible U.S. postmark	Postmark
An illegible U.S. postmark	Receipt of the application by the Plan Administrator
A private postage meter mark only	Receipt of the application by the Plan Administrator
Internet postage with a legible cancellation stamp	The date on the cancellation stamp
Internet postage without a cancellation stamp or an illegible cancellation stamp	Receipt of the application by the Plan Administrator

**Application Submission Table 2**

<b>If the application (including the estimated annual or deposit premium) is submitted by overnight mail and . . .</b>	<b>Then the earliest effective date will be 12:01 a.m. on the day after . . .</b>
The package containing the application has proof of mailing that can be verified	The application was sent to the Plan Administrator
The package containing the application does not have proof of mailing or proof of mailing cannot be verified	Receipt of the application by the Plan Administrator
Proof of mailing (i.e., certified mail receipt) provided by the agent	Postmark
Proof of mailing cannot be obtained	Receipt of the application by the Plan Administrator

**Application Submission Table 3**

<b>If the application (including the estimated annual or deposit premium) is hand-delivered to the Plan Administrator . . .</b>	<b>Then the earliest effective date will be 12:01 a.m. on the day after receipt by the Plan Administrator</b>
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**Application Submission Table 4**

<b>If the application (including any necessary supplemental applications) is submitted through the Rate Bureau’s ManageAR system and . . .</b>	<b>Then the earliest effective date will be 12:01 a.m. on the day after . . .</b>
The estimated annual or deposit premium is submitted electronically via a valid electronic funds transfer	Receipt of the completed online submission
The estimated annual or deposit premium is submitted via regular or overnight mail	Postmark

IF AN APPLICATION EMPLOYS A COMBINATION OF ANY OF THE ABOVE DESCRIBED METHODS OF SUBMISSION, THE BUREAU SHALL APPLY THE ABOVE DESCRIBED RULES USED TO DETERMINE THE EARLIEST EFFECTIVE DATE BASED ON THE METHODS OF SUBMISSION EMPLOYED AND THE EARLIEST EFFECTIVE DATE OF COVERAGE SHALL BE THE LATEST EFFECTIVE DATE OF SUCH METHODS EMPLOYED BY THE APPLICANT.

**6. Policy Term**

The assigned carrier shall issue a standard policy of insurance with an effective date as established by the Plan Administrator. The policy shall be effective for a period of one (1) year, unless another termination date is authorized by the Plan Administrator. A short-term policy may be obtained only once within a twelve-month (12) period, unless agreed to by the assigned carrier.

**7. Reassignment**

Any employer who is dissatisfied with its assigned carrier may request reassignment upon expiration. Reassignment will require the submission of a properly completed application.

**8. Additional States Coverage**

All assignments under this Plan are to be made on an intrastate basis. However, any employer desiring insurance in additional states may request its assigned carrier to furnish insurance in such additional states in accordance with the Interstate Assignment section of this Plan.

## 9. Agent/Producer Information

- a. **Commission:** Five percent (5%) of the total premium charged and collected from the employer shall be the commission to be paid to the producer of record or licensed agent designated by the insured employer.
- b. **Changes:** The employer shall designate a licensed agent or producer of record and, with respect to any renewal of the coverage, may change the agent or producer by notice to the assigned carrier prior to the date of such renewal or, with the consent of the assigned carrier, at any other time.

## 10. Available Coverages

Other coverages may be available to the employer through the assigned carrier.

### SECTION III- ASSIGNED CARRIER RESPONSIBILITIES

The assigned carrier shall comply with all applicable state laws and regulations and all performance standards and procedures set forth in or promulgated under this Plan including, but not limited to, the following:

#### 1. Approved Classifications, Forms, Rates and Rating Plans

All policies must be written utilizing the classifications, forms, rates, and rating plans that have been adopted for use in the residual market by the Plan Administrator and approved by the Commissioner.

#### 2. Policy Information Page

The Policy Information page and all endorsements must be properly identified as a WCIP or AR (Assigned Risk). Policies and endorsements submitted hard copy must show the WCIP or AR indicator directly above the policy number on the Policy Information page. Policies and endorsements submitted electronically must be reported in the format established by the Plan Administrator.

#### 3. Cancellation of the Policy

If, after the issuance of a policy, the assigned carrier determines that an employer is not entitled to insurance, or has failed to comply with reasonable health, safety, or loss control requirements, or has violated any of the terms and conditions under which the insurance was issued, and after providing opportunity for cure, the assigned carrier shall initiate cancellation and inform the Plan Administrator of the reason for such cancellation.

Failure or refusal by an employer to make full disclosure to the assigned carrier or Plan Administrator of information regarding true ownership, change of ownership, operations, payroll, or any other records pertaining to workers compensation insurance or any other information required under this Plan or to comply with policy or Plan terms or conditions shall be sufficient grounds for cancellation of the policy.

The assigned carrier shall also endeavor to contemporaneously send to the agent copies of correspondence to the employer relating to good faith entitlement, failure or refusal to comply, or other violations of policy or Plan terms or conditions.



Any insured employer so cancelled must reestablish eligibility or must demonstrate entitlement to the Plan Administrator before any further assignment can be made under this Plan.

**4. Effective Date of Policy**

Subject to Paragraph 6 below, policies must be issued, renewed, or reinstated without a lapse in coverage when premium is received or U.S. postmarked prior to the policy effective date or cancellation date.

**5. Renewal and Nonrenewal of Coverage**

At least forty-five (45) days prior to the expiration date of insurance, the assigned carrier shall send a renewal proposal or notice of impending expiration of coverage to the insured, the agent and the Plan Administrator. Upon receipt of the required premium, the policy shall be issued in the normal manner and a copy of such policy and all endorsements, properly identified as a WCIP or AR (Assigned Risk) policy, shall be furnished to the Plan Administrator within the time frame and in the format established by the Plan Administrator.

**6. Reapplication and Reassignment to the Plan**

Any assigned carrier unwilling to renew an employer assigned to it shall notify the employer, agent, and the Plan Administrator at least forty-five (45) days in advance of expiration, giving a reason or reasons acceptable to the Plan Administrator. Reassignment will require the submission of a properly completed application.

**7. Cancellation for Voluntary Coverage**

Notwithstanding Paragraph (10) of this section, any insurer that wishes to insure an employer as voluntary business may do so at any time. If such insurer is not the assigned carrier, the assigned carrier shall cancel its policy pro rata and the assignment shall automatically terminate as the effective date of the voluntary insurer's policy.

**8. Notification of Outstanding Premium**

Outstanding premium or other monetary policy obligation information identified by the assigned carrier or its representative shall be provided to the Plan Administrator in accordance with the appropriate performance standards or other legal or regulatory requirements.

**9. Policyholder Services**

The assigned carrier shall provide to its policyholders and their designated agents/producers access to audit, loss control, and safety services; prompt, professional handling of claims, including investigation, resolution, and communication; fair and prompt responses to complaints and disputes; and access to appropriate information regarding the classification of the business and the factors influencing the policy premium.

**10. Confidentiality of Information**

The assigned carrier shall keep in confidence and shall not, except as directed by the insured or the agent/producer of record, or as otherwise may be required by law or regulatory authority, disclose to any third party, or use for the benefit of itself or any third party, such information pertaining to a policyholder as it may obtain by virtue of its position as the assigned carrier. Such information shall be used solely for the evaluation, underwriting, and issuance of coverage under this Plan and not for any other purpose. The assigned carrier shall not use any

information it obtains in this capacity as the assigned carrier to request, encourage, or solicit employers it insures under this Plan to utilize the services of any specific insurance agent, agency, broker, insurer, or group of insurers for purposes of providing voluntary workers compensation insurance or other lines of insurance to such employer.

#### **SECTION IV- PARTICIPATION**

All insurers licensed to write workers compensation insurance in this state are required to participate in this Plan. All affiliated insurers must select the same option. An insurer must satisfy its participation required by selecting one of the following options:

**Option 1:** Provides for becoming a direct assignment carrier and receiving assigned risk assignments from the Plan Administrator. Any policy issued by an insurer that has selected this option will not be eligible for reinsurance through the Reinsurance Agreement(s) among members of the Association.

**Option 2:** Provides for subscribing to the Association Bylaws.

If Option 1 is selected, one insurer may be designated to accept direct assignments on behalf of all affiliated insurers.

Any insurer wishing to select Option 1 must receive prior approval from the Plan Administrator. Application for such approval must be made no later than ninety (90) days prior to the end of any calendar year. The Plan Administrator must review the application and approve or disapprove it within sixty (60) days of receipt of the request. If the application is approved, that insurer shall become a direct assignment carrier on January 1 of the year following the Plan Administrator's approval. Such approval shall continue in effect until terminated (a) by the mutual agreement of the insurer and the Plan Administrator, (b), upon notice from the insurer to the Plan Administrator at least 90 days prior to the end of the calendar year that the insurer elects, effective as of January 1 of the following year, another manner of satisfying its participation requirement under the Plan, or (c) upon the disqualification of the insurer as a direct assignment carrier.

Any insurer wishing to select Option 1 must:

- maintain a minimum Best's rating of A-;
- agree to conform, at a minimum, to such standards of performance as may be implemented by the Plan Administrator;
- agree to maintain necessary facilities to provide risks assigned to it the same level of service rendered to its voluntary business; and
- execute the Plan Administrator's direct assignment contract.

An insurer that fails to make application to the Plan Administrator for approval as a direct assignment carrier at least ninety (90) days prior to the end of any calendar year shall automatically be deemed to have selected Option 2 for the following year. If the Plan Administrator fails to act on a letter of application or disapproves the letter of application for direct assignment carrier status, such insurer shall automatically be deemed to have selected Option 2. During the period of time an application is pending or an appeal is pending before the Plan Administrator with regard to a disapproved letter of application for direct assignment carrier status, an insurer shall automatically be deemed to have selected Option 2 for the period during which approval has not been granted. If previously a subscriber to the Association

Bylaws, an insurer seeking to become a direct assignment carrier must also comply with the withdrawal provision in the Bylaws.

An insurer applying to be licensed in this State to write workers compensation insurance after this Plan has been approved and which desires to become a direct assignment carrier must submit its application to become a direct assignment carrier at the time it subscribes to and becomes a member of the North Carolina Rate Bureau. The Plan Administrator shall approve or disapprove the application within sixty (60) days.

If a licensed workers compensation insurer has not made an election, that insurer shall be deemed to have selected Option 2 until the next Plan membership election, at which time the insurer may then make its own participation selection. An insurer shall automatically be deemed to have selected Option 2 for the following calendar year when the insurer has an opportunity to make a participation selection and fails to do so.

Whenever participation under the Association Bylaws consists of those insurers cumulatively writing less than forty (40) percent of the total net workers compensation insurance premiums written by all insurers in this state as calculated in accordance with the preceding calendar year figures or whenever the Plan Administrator determines the capacity of servicing carriers to handle assignments made pursuant to the Rules for Eligibility and Assignment section falls below a level which is adequate to handle all the assignments being made, or whenever the reinsurance mechanism provided pursuant to the Association Bylaws is terminated, those insurers that selected Option 2 shall, as of January 1 of the following year, automatically be deemed to have selected Option 1 for employers insured effective on or after said January 1. Under this provision all licensed insurers shall automatically be deemed approved as direct assignment carriers and shall not need to seek Plan Administrator approval.

## **SECTION V – PLAN ADMINISTRATOR**

In recognition of the interests of the participating companies who have subscribed to the Association Bylaws, the Plan Administrator will consult with the Board of Directors, as appropriate, in the course of carrying out its duties and responsibilities with respect to the establishment of servicing carrier eligibility requirements under Section VI(1) and performance standards under Section VI(3). The Plan Administrator shall also be responsible for determining the expenses for the operation of the Plan, and shall assess each insurer participating in the Plan for those expenses on an equitable basis as determined by the Plan Administrator. The Plan Administrator will have the following duties and responsibilities in addition to any others set forth in this Plan:

1. administering, managing, and enforcing the Plan subject to the provisions contained herein;
2. determining the methodology and formula for making assignments to assigned carriers pursuant to the Assignment Formula section and securing the necessary information in order to make the assignments;
3. processing assigned risk applications pursuant to the requirements of this Plan;
4. administering the Plan with respect to the approval of direct assignment carriers;
5. establishing eligibility criteria for servicing carriers and selecting servicing carriers by competitive bid process or otherwise;
6. establishing written performance requirements for servicing carriers, including but not limited to:
  - verification of ongoing Plan eligibility for the employer
  - issuance of policies and endorsements
  - filings with administrative agencies

- maintenance of premiums on policies consistent with manual rules, rates, rating plans, and classifications
  - completion and billing of final audits
  - collection of premium
  - claim services, including investigation, disability management, and medical cost control
  - loss control services and safety information to encourage employers to make safety a part of their business
  - payment of agent commissions
  - issuance of renewal proposals and non-renewal notices
  - assurance of insured and insurer compliance with all terms and conditions of the policy contract
  - resolution of complaints and response to insured/agent inquiries
  - reporting financial and statistical data;
7. monitoring servicing carrier performance and enforcing performance requirements and incentives;
  8. administering the dispute resolution mechanism as provided in the Dispute Resolution Procedure section;
  9. developing and implementing assigned risk operating rules and forms to the extent necessary to carry out the purposes of this Plan;
  10. informing the Commissioner of any insurer that is not participating in this Plan; and
  11. monitoring the performance and operation of the Plan and initiating amendments thereto as appropriate.

## **SECTION VI – SERVICING CARRIERS**

With respect to the servicing carriers selected, the following shall apply:

The Plan Administrator shall also be responsible for determining the expenses for the operation of the Plan, and shall assess each insurer participating in the Plan for those expenses on an equitable basis as determined by the Plan Administrator.

### **1. Eligibility to Act as a Servicing Carrier**

The Plan Administrator shall establish written requirements that insurers must meet in order to be eligible to act as a servicing carrier. An insurer that has been approved as a direct assignment carrier pursuant to Option 1 under the Participation section is not eligible to be selected as a servicing carrier under this Plan. From among those insurers that are eligible and have applied to act as a servicing carrier, and subject to regulatory approval or review where applicable, the Plan Administrator shall select a sufficient number of servicing carriers that are needed to handle the assignments made pursuant to this Plan. Before the selection process begins, the Plan Administrator will consult with the Board of Directors, as appropriate, in determining the number of servicing carriers that are needed to handle the assignments made pursuant to this Plan. The Plan Administrator may terminate the servicing carrier status of any insurer that fails to meet the servicing carrier requirements on a continuing basis.

### **2. Servicing Carrier Operations Report**

Each servicing carrier shall provide a report to the Plan Administrator in such format and time as determined by the Plan Administrator. This report, among other things, shall provide

information on the servicing carrier's operations related to the Plan business in the following areas: underwriting, auditing, claims, loss control, premium collection, and customer service.

### **3. Standards for Servicing Carrier Performance, Compensation and Incentives**

The Plan Administrator shall establish written minimum levels of acceptable performance for servicing carriers and shall establish procedures for measuring servicing carrier performance. In recognition of the interests of the participating companies who have subscribed to the Association Bylaws, the Plan Administrator will consult with the Board of Directors, as appropriate, in establishing these standards. Servicing carriers shall manage losses in compliance with the performance standards established hereunder. The Plan Administrator shall also establish the compensation for servicing carriers which shall take into consideration, among other things, provisions for (a) rewarding servicing carriers for positive action targeted at reducing losses and costs, (b) disincentives for inefficiencies and poor service, and (c) servicing carrier capacity.

### **4. Monitoring and Enforcement**

The Plan Administrator shall monitor and review servicing carrier performance by (a) reviewing the operations reports, (b) requiring and reviewing self-audits, (c) conducting on-site audits, and (d) reviewing any other information available that relates to the servicing carrier. The Plan Administrator shall require servicing carriers to maintain desired performance levels and shall take appropriate remedial action where necessary including, but not limited to, establishment and administration of a progressive discipline program which may lead to terminating an insurer's servicing carrier status. Any action taken by the Plan Administrator under this provision is subject to review under the Dispute Resolution Procedure section. In order to fulfill its responsibilities under this Plan, the Plan Administrator shall have the right, itself or through authorized representatives, at all reasonable times during regular business hours, to audit and inspect the books and records of any servicing carrier with respect to any policies, claims, or related documents coming within the purview of this Plan, the Association Bylaws, or the Reinsurance Agreement(s). The Plan Administrator may provide the Board of Directors with a report and other data as appropriate, concerning the Plan Administrator's monitoring and enforcement activities related to servicing carriers.

## **SECTION VII – DIRECT ASSIGNMENT CARRIERS**

The Plan Administrator shall establish written performance requirements. The Commissioner of Insurance shall monitor direct assignment carrier performance through market conduct examinations, or through such other methods that he shall deem appropriate.

## **SECTION VIII – INTERSTATE ASSIGNMENTS**

### **1. Additional States Requested During the Policy Period**

Any employer assigned under this Plan and desiring workers compensation insurance for operations in states other than that covered by this Plan may request its assigned carrier to furnish such insurance in such additional states. Workers compensation insurance in such additional states may be written by the assigned carrier on a voluntary basis and in accordance with the law, rates, rules, classifications, and regulations applicable to the voluntary workers compensation market in those states.

If the assigned carrier does not wish to provide the additional states on a voluntary basis, such assigned carrier may provide assigned risk coverage in such additional states subject to the following:

- a. Workers compensation insurance may only be provided in accordance with Rules of Eligibility and Assignment section above in those states that have a Workers Compensation Insurance Plan that is similar to this Plan and that allows employers applying for coverage under those Plans to obtain coverage for operations in this State.
- b. An assigned carrier providing such insurance shall collect all premiums due on operations located in such other states. The effective date of such insurance in such additional states shall be the day after premium is received; however, in the event coverage in such additional states is on an "if any" basis, the effective date of such coverage shall be the day following receipt of an acceptable request for such insurance by the assigned carrier. A copy of the policy Information Page and all endorsements, properly identified as a WCIP or AR (Assigned Risk) policy, shall be submitted to the appropriate Plan Administrator having jurisdiction in the State where the coverage is affected.
- c. The rates, rating plans, classifications, and policy forms used to provide coverage in such additional states shall be those that are applicable to the residual market and are on file and have been approved by the regulators in those additional states and authorized for use in the residual market by the Plan Administrator.
- d. In the event the assigned carrier is a servicing carrier, in order to combine multiple states on a single policy, the assigned carrier must also be a signatory to an agreement providing reinsurance for residual market employers similar to the Association Bylaws in each state where the coverage shall be provided. If the assigned carrier is a direct assignment carrier pursuant to Option 1 in the Participation section, in order to combine multiple states on a single policy, it must also be authorized to act as a direct assignment carrier or servicing carrier in each state where the coverage shall be provided. Separate policies must be issued for states in which the insurer is a direct assignment carrier and for states in which the insurer is a servicing carrier.

An assigned carrier unwilling or unable to provide insurance for an employer in additional states either on a voluntary basis or in accordance with this section shall refer the request to the Plan Administrator.

## **2. Multi-state Policy Procedure at Time of Application**

Employers who make application for workers compensation insurance under another state's Workers Compensation Insurance Plan may purchase coverage for operations in this State without meeting the application requirements of this Plan, provided: (a) the employer qualifies for such insurance under the other state's Plan, (b) the employer is in good faith entitled to insurance under this Plan, (c) the other state's Plan is similar to this Plan, (d) that Plan also provides for interstate assignments, and (e) the payroll for the employer's operation in this State is not greater than the payroll in the other state.

The rates, rating plans, classifications, and policy forms used to provide coverage in this State shall be those that are applicable to the residual market in this State and are on file and have

been adopted by the Plan Administrator for use in the residual market and approved by the Commissioner.

The administrator of the other Plan is authorized to assign employers with operations in this state to the other Plan's assigned carriers subject to the following conditions:

- a. If the assigned carrier is a direct assignment carrier, it must also be a direct assignment carrier in this state pursuant to Option 1 of the Participation section, or a servicing carrier in this state pursuant to paragraph (1) of the Servicing Carrier section.
- b. If the assigned carrier is a signatory to an agreement providing reinsurance for residual market employers similar to this State's Association Bylaws, it must also be a signatory to the Association Bylaws in this state or a direct assignment carrier in this state. In addition, if the payroll for the employer's operation in this state is greater than \$250,000, and if the assigned carrier is a signatory to the Association Bylaws or a similar document in the other state, it must also be a servicing carrier or a direct assignment carrier in this State. If there is no eligible assigned carrier in this State that is also an insurer in the state of assignment, then the above payroll limitation may be removed at the discretion of the Plan Administrator or the employer may be required to submit a separate application for coverage in this State.
- c. The other state's Plan must give the Plan Administrator in this State similar authority to make interstate assignments.

With regard to interstate assignments and policies, this Plan shall have jurisdiction over all disputes resulting from the application of rules, programs and procedures that are specific to this State. Disputes regarding application requirements shall be under the jurisdiction of the state's Plan where the application was filed.

#### **SECTION IX – ASSIGNMENT FORMULA**

The following procedures describe the mechanism used to provide for the random and equitable distribution of employers under this Plan to assigned carriers. This distribution is based on each direct assignment carrier's allocable percentage and the combined allocable percentage of all servicing carriers, and the amount of estimated premium in the Plan, so far as practicable. When assigning an employer to an insurer, the mechanism considers the employer's prior Plan coverage, special requirements (i.e., additional states or federal coverage) and premium size.

The mechanism provides that the allocable percentage for each assigned carrier shall be determined as follows:

1. If the assigned carrier is a direct assignment carrier, its allocable percentage will be equal to its net premiums written as compared to the total net premiums written in this State.
2. If the assigned carrier is a servicing carrier, it shall be responsible for providing services on behalf of those insurers that have elected to meet their Plan assignment requirements by subscribing to the Association Bylaws pursuant to Option 2 of the Participation section. Its allocable percentage will be determined by the Plan Administrator; however, the combined allocable percentages for all servicing carriers shall be equal to the combined net premiums written for all signatories to the Association Bylaws as compared to the total net premiums of all insurers participating in the Plan in this State.

The Plan Administrator may override the random assignment process to ensure the availability of requested Plan coverages to the employer.

#### **SECTION X – DISPUTE RESOLUTION PROCEDURE**

Any person affected by the operation of the Plan including, but not limited to, participating companies, insureds, agents, and assigned carriers, who may have a dispute with respect to any aspect of the Plan may seek a review of the matter by the Plan Administrator by setting forth in writing with particularity the nature of the dispute, the parties to the dispute, the relief sought and the basis thereof. The Plan Administrator may secure such additional information as it deems necessary to make a decision.

Appeals from employers and insurers on Plan matters regarding individual employer disputes shall be within the jurisdiction of the mechanism established to handle such appeals under the applicable rating law. All other disputes shall be handled as follows:

1. If the dispute relates to the general operation of the Plan, excluding individual employer disputes, those arising under the Association Bylaws, and those pertaining to the selection of servicing carriers, the Plan Administrator shall review the matter and render a written decision with an explanation of the reasons for the decision within thirty (30) days after receipt of all the information necessary to make the decision. Any party affected by such decision made by the Plan Administrator may seek a *de novo* review by the Commissioner by requesting such review, in writing, within thirty (30) days after the date of such decision.

In reviewing any such matter, the Commissioner shall follow normal hearing procedures. The Commissioner shall decide the dispute in accordance with applicable state laws and regulations, with due consideration to approved rules, procedures, and rating plans and pursuant to the provisions of the approved North Carolina Workers Compensation Insurance Plan.

2. If the dispute relates to any competitive bid process, the Bid Protest Procedure contained in the applicable Request for Proposal shall apply.
3. Except as provided below, if the dispute arises under the Association Bylaws or Reinsurance Agreement(s), the administrator designated under the Association Bylaws (the "Reinsurance Administrator") shall first review the matter and render a written decision with an explanation of the reasons for the decision within thirty (30) days after receipt of all the information necessary to make the decision. Any party affected by the decision may seek a review by the Board of Directors established under the Association Bylaws by requesting such review, in writing, within thirty (30) days of the date of the decision by the Reinsurance Administrator under the Association Bylaws. The Board of Directors may (a) consider the matter and render its written decision pursuant to the procedures set forth in the Association Bylaws, or (b) waive its decision and offer the aggrieved party the option of appealing directly to the Commissioner or submitting the dispute to arbitration in accord with the terms and conditions established by the Board of Directors. Any party affected by a decision of the Board of Directors may seek a *de novo* review by the Commissioner by requesting such a review, in writing, within thirty (30) days of the date of the Board of Directors' decision.

If the dispute relates to the expulsion of a participating company under the Association Bylaws by the Board of Directors or the non-continuation of the reinsurance afforded under the Association



Bylaws, any appeal may be taken directly to the Commissioner without first complying with the procedures contained herein. The Commissioner shall have exclusive jurisdiction over all such disputes. In reviewing any such matter, the Commissioner shall follow those procedures applicable to administrative hearings as set out in Article 3A of Chapter 150B of the NC General Statutes and 11 NCAC 1.0400 et seq.

## **Rule 4-B**

### **Professional Employer Organization (PEO) Arrangements**

*Applicable to North Carolina **Assigned Risk** policies only*

Refer to Rule 3-D for PEO rules.

## Rule 4-C Loss Sensitive Rating Plan

*Applicable to **Assigned Risk** policies only*

### 1. Introduction to the Loss Sensitive Rating Plan

- a. Loss Sensitive Rating Plan (LSRP) is a mandatory assigned risk retrospective rating plan for those employers that have a qualifying workers compensation and employers liability insurance policy(ies) through the WCIP.
- b. LSRP adjusts the premium for an employer’s WCIP policy(ies) on the basis of losses incurred during a particular policy term. LSRP reflects the actual experience of the employer by using the losses incurred during the term of the policy(ies) to establish the cost of insurance, including provisions for all expenses and taxes on premium. The result of the actual experience may be additional premium, return premium, or no change to the estimated premium.
- c. The LSRP is designed to:
  - Encourage safety and loss prevention
  - Provide incentives for employers with favorable loss experience through lower premiums
  - Provide a disincentive for employers with unfavorable loss experience through higher premiums
  - Depopulate the assigned risk market

### 2. Eligibility

- a. Eligibility for LSRP is determined in accordance with the Eligibility Tables below. Refer to Rule 4-C-5-c (12) for the definition of LSRP standard premium.

**Eligibility Table 1**

<b><i>If a single-state employer has operations in...</i></b>	<b><i>Then...</i></b>
<ul style="list-style-type: none"> <li>• One LSRP-approved state, and</li> <li>• Has a single-state WCIP policy covering such operations in the state</li> </ul>	The single-state WCIP policy must meet or exceed LSRP standard premium of \$250,000
<ul style="list-style-type: none"> <li>• One LSRP-approved state, and</li> <li>• Has two or more WCIP policies covering such operations in the state, and</li> <li>• The two or more policies are written by the same assigned carrier</li> </ul>	The combined LSRP standard premium of all policies written by the same assigned carrier must meet or exceed \$250,000

**Eligibility Table 2**

<b><i>If a multistate employer has operations in...</i></b>	<b><i>Then...</i></b>
<ul style="list-style-type: none"> <li>• Two or more LSRP-approved states, and</li> <li>• Has one multistate WCIP policy covering such operations in those states</li> </ul>	The combined LSRP standard premium of all states on the policy must meet or exceed: <ul style="list-style-type: none"> <li>• \$250,000</li> <li>• The premium eligibility requirement for the LSRP state generating the largest LSRP standard premium if such state’s eligibility requirement is less than \$250,000</li> </ul>

<ul style="list-style-type: none"> <li>• Two or more LSRP-approved states, and</li> <li>• Has multiple WCIP policies covering such operations in those states, and</li> <li>• The two or more policies are written by the same assigned carrier</li> </ul>	<p>The combined LSRP standard premium of all policies written by the same assigned carrier must meet or exceed:</p> <ul style="list-style-type: none"> <li>• \$250,000, or</li> <li>• The premium eligibility requirement for the LSRP state generating the largest LSRP standard premium if such state's eligibility requirement is less than \$250,000</li> </ul>
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- b. It may not always be possible for a single carrier to provide coverage for all requested states; additional policies issued by more than one carrier may be necessary. Refer to Rule 4-C-5-b (3) for more information about policy issuance and corresponding deposits.
- c. WCIP policies issued in non-LSRP-approved jurisdictions are not subject to LSRP and are not combinable with WCIP policies in LSRP-approved jurisdictions for eligibility purposes.
- d. LSRP eligibility may be impacted by ownership or combinability status in accordance with the ***Experience Rating Plan Manual***.

### 3. Evasion of LSRP

- a. Some employers may take actions for the purpose of avoiding the application of LSRP. Other employers may take actions for otherwise legitimate business reasons that nonetheless result in the improper calculation and/or application of LSRP. Regardless of intent, any action that results in the miscalculation and/or misapplication of LSRP determined in accordance with these LSRP rules is prohibited. These actions include, but are not limited to:
- Misrepresentation and/or miscalculation of payroll at application, audit, or renewal
  - Failure to report changes in ownership or ownership information according to the WCIP and the ***Experience Rating Plan Manual***.
  - Violation of any of the terms and conditions under the policy for which this insurance was issued
  - Failure to allow the assigned carrier and/or Plan Administrator and/or rating organization reasonable access to facilities or files and records for audit or inspection
  - Failure to disclose to the assigned carrier and/or Plan Administrator and/or rating organization the full nature and scope of the employer's exposure or business operations
- b. In such circumstances, the assigned carrier and/or Plan Administrator and/or rating organization may obtain any information that indicates evasion or improper calculation or application of LSRP due to actions included, but not limited to, those listed in Rule 4-C-3-a. The assigned carrier and/or Plan Administrator and/or rating organization will act to ensure the proper calculation and application of LSRP to inception of all current and preceding WCIP policies impacted by these actions.

#### 4. Assigned Carrier Responsibilities

Assigned carrier responsibilities include, but are not limited to:

- a. Administering, managing, and applying LSRP in accordance with these rules to:
  - 1) Individual LSRP policies within an LSRP-approved jurisdiction.
  - 2) Other WCIP policies related through common majority ownership as defined in the ***Experience Rating Plan Manual***.
- b. Providing the employer with a full explanation and potential impact of LSRP at policy issuance, in accordance with Rules 4-C-6-b (2) and (3).
- c. Completing preliminary physical and final physical audits for all new business qualifying for LSRP (and any other audit requirements for renewal business) in accordance with the ***Assigned Carrier Performance Standards***.
- d. Indicating on all renewal quotes to employers that payment of the renewal deposit constitutes knowledge and acceptance of the possible application of LSRP to the policy(ies).
- e. Attaching all appropriate LSRP endorsement(s) to the policy (ies) in accordance with Rule 4-C-6-b (3).
- f. Filing for Proof of Claim when it receives notification that the employer has declared bankruptcy; for information about off-cycle valuations, refer to rule 4-C-9-e.
- g. Performing valuations of losses in accordance with Rule 4-C-9.
- h. Calculating all LSRP premiums.
- i. Collecting or returning any LSRP premium and/or LSRP contingency deposit.

#### 5. LSRP Definitions

##### a. Assigned Carrier

Assigned carrier refers to direct assignment carriers and servicing carriers as defined in Rule 4-A (WCIP) or applicable state workers compensation insurance plan approved for use in a jurisdiction.

##### b. Deposits

###### 1) Deposit or Initial Premium

For purposes of LSRP, deposit or initial premium is paid on all new and renewal WCIP policies, including LSRP policies, in accordance with the North Carolina WCIP (Rule 4A). On LSRP policies, it is paid in addition to the LSRP contingency deposit as detailed below and in Rule 4-C-6-c. For more information about all payment methods, refer to [www.ncrb.org](http://www.ncrb.org).

###### 2) LSRP Contingency Deposit

- a) In addition to the WCIP initial or deposit premium, new and renewal LSRP policies are secured with a LSRP contingency deposit.

- b) The LSRP contingency deposit serves as collateral for premium that may be due to the assigned carrier as a result of losses incurred during the policy term.
  - c) The LSRP contingency deposit must be paid in accordance with Rule 4-C-6-c, as applicable.
  - d) At policy inception, the LSRP contingency deposit is calculated by multiplying the LSRP standard premium by 20%. When WCIP policies are combined for LSRP purposes, the LSRP contingency deposit is calculated by multiplying the combined LSRP standard premium for all policies by 20%.
- 3) **Deposit/Initial Premium and LSRP Contingency Deposit Submission Requirements**  
 Deposit/initial premium and LSRP contingency deposits are submitted for single and multiple policy employers in accordance with the table below.

**Deposit/Initial Premium, LSRP Contingency Deposit and Policy Issuance Table**

<b><i>Application and Conditions</i></b>	<b><i>Application Assignment and Policy Issuance</i></b>	<b><i>The employer must submit...</i></b>
One application- No other applications or existing policies are in effect that may be combined for LSRP eligibility determination and/or coverage	<ul style="list-style-type: none"> <li>• Individual application assigned to carrier</li> <li>• Assigned carrier issues one policy</li> </ul>	<ol style="list-style-type: none"> <li>1. Individual WCIP deposit or initial premium for the WCIP policy, and</li> <li>2. An additional 20% LSRP contingency deposit based on the LSRP standard premium</li> </ol>
Multiple applications – To determine LSRP eligibility, review possible combination with any applications and/or policies in effect for an employer with common majority ownership as defined in the <b><i>Experience Rating Plan Manual</i></b>	<ul style="list-style-type: none"> <li>• Multiple applications assigned to same carrier</li> <li>• Assigned carrier issues LSRP policies for those that meet the eligibility requirement</li> <li>• Policy inception dates may vary; however, all policies must have a common expiration date</li> <li>• Refer to Rule 4-C-6-a for application of the anniversary rating date</li> </ul>	<ol style="list-style-type: none"> <li>1. Individual WCIP deposit or initial premium for each WCIP policy (e.g., two WCIP policies require two WCIP initial or deposit premiums), and</li> <li>2. An additional 20% LSRP contingency deposit based on the combined LSRP standard premium</li> </ol>
Multiple applications – For the rare circumstance when applications and/or policies in effect for an employer with common majority ownership as defined in the <b><i>Experience Rating Plan Manual</i></b> cannot be assigned to an individual carrier	<ul style="list-style-type: none"> <li>• Multiple applications assigned to multiple carriers, including affiliated insurers when possible</li> <li>• Assigned carriers issue LSRP policies for those that meet the eligibility requirement</li> <li>• Policy effective dates may vary</li> <li>• Refer to Rule 4-C-6-a for application of the anniversary rating date</li> </ul>	<ol style="list-style-type: none"> <li>1. Individual WCIP deposit or initial premium for each WCIP policy (e.g., two WCIP policies require two WCIP initial or deposit premiums), and</li> <li>2. An additional 20% LSRP contingency deposits based on individual eligible LSRP standard premium(s)</li> </ol>
Assigned carriers must issue a guaranteed cost policy(ies) for a state(s) where LSRP is not approved.		

**c. Elements of the LSRP****1) Basic Premium Factor (BPF)**

The basic premium factor (BPF) is a fixed factor of 0.40 used to determine the basic premium.

**2) Basic Premium**

- a) Basic premium is determined by multiplying the total LSRP standard premium by the BPF.
- b) The basic premium contributes to the recovery of expenses, such as those for servicing the LSRP policy, loss prevention services, premium audit, and general administration of the LSRP policy.
- c) The basic premium does not include premium taxes or claim adjustment expenses. These elements are provided for in the tax multiplier and the loss conversion factor.

**3) Loss Conversion Factor (LCF)**

A loss conversion factor (LCF) is applied to actual incurred losses to determine converted losses. The LCF:

- Includes claim adjustment expenses
- Includes the costs of the assigned carrier's claim services, such as investigations of claims and filing claim reports
- Applies on a state basis, as shown in the individual state assigned risk Miscellaneous Values section.

**4) Converted Losses**

Converted losses are determined by applying an LCF to the actual incurred losses. A converted loss is the loss amount including an approximate load for claim adjustment expenses.

**5) Incurred Losses (ICL)**

Losses used in the LSRP calculation are those incurred losses (ICL) reported in accordance with the applicable statistical plan, subject to exclusions in accordance with Rule 4-C-9-f.

**6) Loss Limitations**

For purposes of LSRP, losses are not limited.

**7) Loss Development Factor (LDF)**

The loss development factor (LDF) is included in all four adjustments of LSRP premium. The LDF:

- Anticipates a pattern of increasing loss valuations during the adjustment periods
- Stabilizes premium adjustments
- Applies on a state basis, as shown in the individual state assigned risk Miscellaneous Values section

**8) Maximum Premium Factor (MaxPF)**

The maximum premium factor (MaxPF) is a fixed factor of 1.75 used to determine the greatest amount of premium that may be paid.

**9) LSRP Maximum Premium**

LSRP maximum premium is determined by multiplying LSRP standard premium by the MaxPF. It limits the impact of incurred losses on LSRP premium. The policyholder will not pay more than the calculated LSRP maximum premium. For combinable policies, the LSRP maximum premium is based on the combined LSRP standard premium for all combinable policies.

**10) Minimum Premium Factor (MinPF)**

The minimum premium factor (MinPF) is a fixed factor of 0.75 used to determine the least amount of premium that may be paid.

**11) LSRP Minimum Premium**

LSRP minimum premium is determined by multiplying LSRP standard premium by the MinPF. The policyholder will not pay less than the calculated LSRP minimum premium. For combinable policies, the LSRP minimum premium is based on the combined LSRP standard premium for all combinable policies.

**12) LSRP Standard Premium (SP)**

- a) LSRP standard premium (SP) is determined on the basis of authorized rates (including premium developed from payroll assigned to aircraft classifications), and includes any:
  - Increased limits of liability
  - Experience rating modification
  - Deductible credit, if applied
  - ARAP and/or assigned risk surcharge programs and/or other assigned risk pricing programs other than LSRP
  - Minimum premium
- b) Determination of LSRP standard premium must exclude:
  - Premium resulting from non-ratable elements
  - Premium discount
  - Premium developed by the occupational disease rates for employers subject to the Federal Mine Safety and Health Act
  - Expense constant
  - Premium developed by catastrophe provisions in accordance with Rule 3-A-23
- c) LSRP standard premium is calculated differently than standard premium as defined in Rule 3-A-19
- d) LSRP standard premium may change before, during and/or after a policy period due to reasons including, but not limited to:
  - Premium endorsements
  - Preliminary and/or final audits



- A change in ownership or combinability status in accordance with the ***Experience Rating Plan Manual***.

### 13) Tax Multiplier (TM)

The tax multiplier (TM) varies by state and includes licenses, fees, assessments, and taxes that an assigned carrier must pay on the premium it collects. The appropriate factors for these elements are located in the individual state assigned risk Miscellaneous Values section.

#### d. Total Standard Premium, Estimated Annual Premium and Final Annual Premium

Premiums developed in accordance with state-specific premium algorithms include premium elements that may be excluded from LSRP standard premium as detailed in Rule 4-C-5-c (12). Although these elements are excluded from LSRP standard premium and the calculation as detailed in Rule 4-C-9-c for LSRP purposes, these elements are still charged as part of a WCIP policy's total standard premium, estimated annual premium, and final annual premium as determined in accordance with the applicable algorithms and ***NC Basic Manual*** rules.

## 6. General Explanations

### a. Anniversary Rating Date (ARD)

All LSRP rating values are applied on an ARD basis for all single and multiple LSRP policy risks where Rule 3-A-2 applies.

### b. Application of LSRP

#### 1) Applicable Rating Programs, Pricing Programs, and Premium Elements

Although certain rating and/or pricing programs and corresponding premium elements (if any) may be specifically excluded from LSRP standard premium, the rating and/or pricing programs may still apply to LSRP policies. These include:

- Increased limits of liability
- Wrap-up construction policies, including Owner-Controlled Insurance Programs (OCIPs)
- Premium discount

#### 2) Assigned Risk Policyholder Notices

##### a) ACORD 135® NC Application

Notification about LSRP is provided to the employer and its representative when submitting the ACORD 135® NC application for coverage in the assigned risk market. By signing the applicant statement on the ACORD 135® NC, the applicant understands and agrees that they are acknowledging that the LSRP has been explained, and agrees to the terms of LSRP if the employer meets the eligibility requirements. The applicant also agrees to submit an additional LSRP contingency deposit in accordance with Rules 4-C-5-b (2) and 4-C-6-c.

The ACORD 135® NC application will include the following language above the signature of the employer:

*“By signing below I acknowledge that the loss sensitive rating plan, if applicable, has been explained to me by my agent. I agree that I shall be bound by the terms of such plan if my estimated annual premium or preliminary physical audit premium meets or exceeds the premium eligibility requirement.”*

**b) Assignment Letter (Binder)**

In states that have approved LSRP, notification about the application of LSRP to an employer’s WCIP policy is provided to the employer and its representative on the assignment letter.

**c) Endorsements**

The following endorsements are applied to all new and renewal assigned risk policies in accordance with the LSRP rules.

**LSRP Endorsements Table**

<i><b>Endorsement</b></i>	<i><b>Instructions and Purpose</b></i>
<b>WC 00 04 17 B</b> – Assigned Risk Loss Sensitive Rating Plan Notification Endorsement	<ul style="list-style-type: none"> <li>Assigned carriers must attach this endorsement to all new and renewal assigned risk policies regardless of premium size</li> <li>This endorsement ensures that all assigned risk employers, regardless of premium size, are notified of the intent and details of LSRP as well as possible application of LSRP if the employer meets the eligibility requirements</li> </ul>
<b>WC 00 04 18 F</b> – Assigned Risk Loss Sensitive Rating Plan Endorsement	<ul style="list-style-type: none"> <li>All assigned carries must attach this endorsement to all new and renewal assigned risk policies meeting the LSRP eligibility requirements</li> <li>This endorsement advises policyholders meeting the eligibility requirements of the applicable LSRP factors and how LSRP premium is calculated</li> </ul>

**c. LSRP Contingency Deposit Procedures**

**1) Mandatory LSRP Contingency Deposit**

a) In accordance with Rule 4-C-5-b (2), the employer must pay the LSRP contingency deposit as collateral. Nonpayment of the LSRP contingency deposit will result in:

- Cancellation of the WCIP policy according to the Plan rules, state law or the ***Assigned Carrier Performance Standards***, whichever is more stringent, and
- Ineligibility in good faith for coverage in the assigned risk market

b) Upon receipt, LSRP contingency deposits are treated in accordance with Rule 4-C-7 and 4-C-10.

**2) LSRP Contingency Deposit Submission Methods**

When the LSRP contingency deposit payment is made to the NCRB for the initial premium, the only acceptable forms of payment are agency check, money order, cashier's checks, certified check, premium finance company check or EFT payment via the ManageAR system. When the LSRP contingency deposit payment is made directly to the assigned carrier, the below methods may be available:

a) **Automated Clearing House/Electronic Funds Transfer (ACH/EFT)**

Assigned carriers may offer policyholders the ability to pay LSRP contingency deposit by ACH in the form of an EFT.

b) **Credit Card**

Assigned carriers may offer policyholders the ability to pay LSRP contingency deposit by credit card.

c) **Personal or Business Check**

A personal or business check may be provided to pay the LSRP contingency deposit. For details on how to tender the check, based on whether submitting a new application or payment for renewal policies, refer to Rules 4-C-6-c (3) and (4) below, respectively.

d) **Irrevocable Letter of Credit (ILOC)**

An ILOC may be provided as collateral for the LSRP contingency deposit. The ILOC must:

- Be drawn on a member bank of the U.S. Federal Reserve System.
- Be acceptable, clean, unconditional and irrevocable.
- Name the insured on the policy as the Applicant.
- Name the assigned carrier as the Beneficiary. The Plan Administrator and/or the rating organization must not be named as the Beneficiary(ies).
- Contain a provision where the assigned carrier is notified by the issuing bank in advance of any proposed alteration, modification, amendment or waiver of terms and conditions. No alterations, modifications, amendments or waivers of terms and conditions are permitted without the advance express written consent of the Beneficiary.
- Not be assignable or transferable.
- Have an initial expiration date no earlier than 10 months following the policy expiration date.
- Have an automatic annual renewal clause for as many as three additional one-year periods.

3) **New Application Submission**

- a) The employer must pay the deposit or initial premium, as defined in Rule 4-C-5-b (1), at time of application submission for a binder to be issued. Additionally, LSRP contingency deposits are treated in accordance with the Deposit/Initial Premium, LSRP Contingency Deposit and Policy Issuance Table in Rule 4-C-5-b (3).

At the time of application, the employer must pay the LSRP contingency deposit or obtain an acceptable ILOC. Upon assignment, the Plan Administrator will forward the LSRP contingency deposit or ILOC to the assigned carrier with the deposit premium and assignment/binder package.

- b) A binder is issued by the Plan Administrator in accordance with Rule 4-A (WCIP) when an employer is determined to be eligible for coverage under the WCIP and is eligible for LSRP.
- c) The binder also specifies the appropriate LSRP contingency deposit, which is determined at the time of application submission.
- d) The employer may be considered ineligible for coverage under the WCIP, and the binder may be revoked or cancelled in accordance with Plan rules, state law and the **Assigned Carrier Performance Standards**, whichever is more stringent, if for any reason:
  - The funds provided are insufficient or are not received by the assigned carrier, or
  - An ILOC is not secured

#### 4) **Renewal of Coverage**

- a) Assigned carriers must include notice of any new LSRP contingency deposit in its renewal quote.
- b) The new LSRP contingency deposit must be paid to the assigned carrier in accordance with Rules 4-C-5-b (2) and 4-C-6-c (1) and (2) before the expiration of the current policy for coverage to be renewed without any gap in coverage.
- c) If the employer is unable to obtain an ILOC for the renewal policy and has notified the assigned carrier, to avoid any gap in coverage, the new LSRP contingency deposit must still be paid for the renewal policy to the assigned carrier before expiration of the current policy.
- d) Effective dates for renewal LSRP policies are established in accordance with Rule 4-A (WCIP) or other applicable state rules.

#### 7. **Changes in LSRP Standard Premium**

- a. For all policies except for professional employer organizations and temporary arrangements, in accordance with the tables below, during the policy term:
  - 1) LSRP may be applied to a policy or
  - 2) A policy may be converted to a guaranteed cost policy
- b. For treatment of professional employer organizations and temporary arrangements, refer to Rule 4-C-11.

**Application of LSRP During the Policy Term- Table 1**

<i><b>If during the first 120 days of the policy term...</b></i>	<i><b>Then...</b></i>
The LSRP standard premium decreases and falls below the LSRP eligibility threshold	<ul style="list-style-type: none"> <li>• The policy is converted to a guaranteed cost policy, retroactively to policy inception</li> <li>• LSRP contingency deposit is returned</li> </ul>
The LSRP standard premium increases and meets the LSRP eligibility threshold	<ul style="list-style-type: none"> <li>• LSRP is applied retroactively to policy inception</li> <li>• An LSRP contingency deposit must be paid within 30 days of the assigned carrier issuing notice of the application of LSRP</li> <li>• Valuations are calculated in accordance with Rule 4-C-9</li> <li>• The assigned carrier must hold the LSRP contingency deposit in accordance with Rule 4-C-10</li> </ul>
The employer’s LSRP policy is cancelled due to reasons detailed in Rule 3-A-3-b, Cancellation Provisions Tables 1, 2 or 3	<ul style="list-style-type: none"> <li>• The policy is converted to a guaranteed cost policy, retroactively to policy inception</li> <li>• The policy is cancelled pro rata</li> <li>• The LSRP contingency deposit and any unearned premium is returned, subject to final audit</li> </ul>
The employer’s LSRP policy is cancelled due to reasons detailed in Rule 3-A-3-b, Cancellation Provisions Table 4	<ul style="list-style-type: none"> <li>• The policy is converted to a guaranteed cost policy, retroactively to policy inception</li> <li>• The policy is cancelled short rate</li> <li>• The LSRP contingency deposit and any unearned premium is returned subject to final audit</li> </ul>

**Application of LSRP During the Policy Term- Table 2**

<i><b>If after the first 120 days of the policy term...</b></i>	<i><b>Then...</b></i>
The LSRP standard premium decreases and falls below the LSRP eligibility threshold	<ul style="list-style-type: none"> <li>• LSRP continues to apply to the policy</li> <li>• Valuations are calculated in accordance with Rule 4-C-9</li> </ul>
The LSRP standard premium increases and meets the LSRP eligibility threshold	<ul style="list-style-type: none"> <li>• The policy remains a guaranteed cost policy</li> <li>• LSRP is applied at renewal, subject to meeting the eligibility requirements on the renewal policy</li> </ul>
The employer’s LSRP policy is cancelled due to reasons detailed in Rule 3-A-3-b, Cancellation Provisions Tables 1, 2 or 3	<ul style="list-style-type: none"> <li>• LSRP continues to apply to the policy</li> <li>• The policy is cancelled pro rata in accordance with Rule 4-C-8</li> <li>• Valuations are calculated in accordance with Rule 4-C-9</li> <li>• The assigned carrier must hold the LSRP contingency deposit in accordance with Rule 4-C-10</li> </ul>
The employer’s LSRP policy is cancelled due to reasons detailed in Rule 3-A-3-b, Cancellation Provisions Table 4	<ul style="list-style-type: none"> <li>• LSRP continues to apply to the policy</li> <li>• The policy is cancelled short rate in accordance with Rule 4-C-8</li> <li>• Valuations are calculated in accordance with</li> </ul>

	<p>Rule 4-C-9</p> <ul style="list-style-type: none"> <li>The assigned carrier must hold the LSRP contingency deposit in accordance with Rule 4-C-10</li> </ul>
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Refer to Rule 4-C-6-b (3) for further information on the proper application of endorsements.

- c. Application of LSRP in accordance with Rule 4-C-3 applies retroactively to policy inception, regardless of the 120-day timing requirement detailed in Application of LSRP During the Policy Term - Table 1 and Application of LSRP During the Policy Term - Table 2.

## 8. Cancellation of LSRP Policies

### a. General Information

- 1) Cancellation of LSRP policies must be in accordance with the standard workers compensation and employers liability insurance policy.
- 2) Cancellation of LSRP policies is subject to pro rata or short rate calculation of LSRP standard premium in accordance with Rule 3-A-3.
- 3) The assigned carrier must report noncompliance and any subsequent compliance to the Plan Administrator.
- 4) Cancelled LSRP policies are subject to all LSRP rules, as applicable.
- 5) Employers with cancelled LSRP policies are responsible for any additional premium due for reasons including, but not limited to:
  - a) Premium endorsements
  - b) Audits
  - c) An ownership change or change in combinability status in accordance with the *Experience Rating Plan Manual*.
  - d) An employer retiring from business
  - e) Any applicable and/or remaining LSRP valuations.

### b. Calculation of Minimum and Maximum Premium

#### 1) Elements

Based on the type of policy cancellation (pro rata or short rate), minimum and maximum premiums for LSRP policies are adjusted in accordance with the applicable calculation method, using the following elements:

- SP represents LSRP Standard Premium
- PRF represents Pro Rate Factor
- SR represents Short Rate Factor
- MinPF represents Minimum Premium Factor
- MaxPF represents Maximum Premium Factor

#### 2) Methods

- a) Pro Rata LSRP Minimum Premium Calculation Method (PMnP)

$$\text{PMnP} = \text{SP} \times \text{PRF} \times \text{MinPF}$$

## b) Pro Rata LSRP Maximum Premium Calculation Method (PMxP)

$$\text{PMxP} = \text{SP} \times \text{PRF} \times \text{MaxPF}$$

## c) Short Rate LSRP Minimum Premium Calculation Method (SMnP)

$$\text{SMnP} = \text{SP} \times \text{SR} \times \text{MinPF}$$

## d) Short Rate LSRP Maximum Premium Calculation Method (SMxP)

$$\text{SMxP} = \text{SP} \times \text{SR} \times \text{MaxPF}$$

**9. LSRP Valuation****a. General Information**

LSRP policies are subject to a first valuation with three subsequent valuations for a maximum of four valuations. The valuations adjust LSRP standard premium to reflect the actual experience of the employer. The result of the actual experience may be additional premium, return premium, or no change to the estimated premium.

**b. Timing and Reporting of Valuations**

- 1) LSRP valuations and resulting premium adjustments must be based on losses valued at 18, 30, 42, and 54 months after the month in which the policy became effective in accordance with the applicable statistical plan.
- 2) For policies in effect for less than 12 months, the first LSRP valuation must be calculated as soon as practical based on losses valued six months after the WCIP policy(ies) expiration. Three additional LSRP valuations must be calculated at 30, 42, and 54 months after the month in which the policy(ies) became effective in accordance with the applicable statistical plan. Refer to Rule 4-C-9-e for information about off-cycle valuations.
- 3) Reporting subsequent valuations must occur in accordance with the applicable statistical plan reporting requirements for open, closed, and/or reopened claims.

**c. Formula**

The LSRP formula is designed to allow for a premium that is not less than the LSRP minimum premium or more than the LSRP maximum premium in accordance with Rules 4-C-5-c (9) and (11). The formula is:

$$\text{LSRP (Additional/Return) Premium} = \{[(\text{SP} \times \text{BPF}) + (\text{ICL} \times \text{LCF}) + (\text{SP} \times \text{LDF} \times \text{LCF})] \times \text{TM}\} - \text{SP}$$

**d. Calculation of LSRP (Additional/Return) Premium**

- 1) LSRP (additional/return) premium is calculated by the assigned carrier.
- 2) The data used must be reported in accordance with the applicable statistical plan.
- 3) LSRP (additional/return) premium adjustments are calculated as soon as practical.
- 4) A maximum of four valuations are calculated to determine the LSRP (additional/return) premium per policy period.

**e. Off-Cycle Valuation of LSRP (Additional/Return) Premium**

- 1) In certain circumstances, the assigned carrier may perform an off-cycle (early) valuation to determine LSRP (additional/return) premium. Such cases include, but are not limited to cancellation of the policy; and/or the employer’s:
  - Noncompliance with policy terms and conditions
  - Bankruptcy
  - Default on premium
  - Involvement in any liquidation, reorganization, or receivership
  - Disposal of all, or substantially all, of its assets
  
- 2) The employer or the bankruptcy estate, if applicable, is responsible for any additional premium due as a result of any off-cycle valuations or other applicable remaining valuations.
  
- 3) Report of off-cycle valuations must be in accordance with the applicable statistical plan.

**f. Treatment of Incurred Losses in Valuation Calculation**

For purposes of calculating LSRP (additional/return) premium, certain losses associated with classifications or rating and/or pricing programs are treated in accordance with the Loss Treatment Table.

**Loss Treatment Table**

<i>Program or Loss Type</i>	<i>Treatment</i>
Deductible programs	Include all losses at the net amount, regardless of net/gross reporting
Federal Coal Mine Safety and Health Act	Exclude the disease-related portion of losses covered under the Act
Catastrophe provisions in accordance with Rule 3-A-23	Exclude losses
Any other losses where premium is non-ratable	Exclude losses
Losses that are reported as fully fraudulent according to the <i>NC Statistical Plan Manual</i>	Exclude losses
Losses that are reported as noncompensable according to the <i>NC Statistical Plan Manual</i>	Exclude losses

**10. Application of LSRP (Additional/Return) Premium**

Application of LSRP (additional/return) premium is determined in accordance with the tables below. LSRP contingency deposits are typically held until the fourth or final valuation.

**First and/or Subsequent Valuations Table**

<i>If the first and/or a subsequent valuation results in...</i>	<i>Then...</i>
Additional premium due to the assigned carrier	The assigned carrier must: <ul style="list-style-type: none"> <li>• Bill the employer for additional LSRP premium due, and</li> <li>• Hold the LSRP contingency deposit until the fourth or final valuation</li> <li>• Payment must be postmarked or submitted electronically on or before 30 days from the date of billing or earlier, if</li> </ul>



	<p>required by state law</p> <ul style="list-style-type: none"> <li>• If the employer is noncompliant for nonpayment, any existing WCIP policy may be cancelled; the employer will no longer be eligible in good faith for coverage under the WCIP</li> </ul>
Return premium due to the employer	<p>The assigned carrier must:</p> <ul style="list-style-type: none"> <li>• Return the LSRP premium due, and</li> <li>• Hold the LSRP contingency deposit until the fourth or final valuation, subject to earlier return based on sound underwriting judgment except for all PEOs and temporary arrangements policies; the file must be documented with sufficient level of detail when an early return of the contingency deposit is made, and</li> <li>• Provide the employer with a billing statement, including a reason for the return</li> </ul>

**Fourth and/or Final Valuations Table**

<i>If the fourth and/or final valuation results in...</i>	<i>Then...</i>
Additional premium due to the assigned carrier	<p>The assigned carrier:</p> <ul style="list-style-type: none"> <li>• Must bill the employer for additional LSRP premium due</li> <li>• May offset the additional LSRP premium with the LSRP contingency deposit if the employer requests that contingency deposit funds or an ILOC originally provided be applied</li> <li>• Payment must be postmarked or submitted electronically on or before 30 days from the date of billing or earlier, if required by state law</li> <li>• If the employer is noncompliant for nonpayment, any existing WCIP policy may be cancelled; the employer will no longer be eligible in good faith for coverage under the WCIP</li> </ul>
Return premium due to the employer	<p>Within 10 days after the valuation, the assigned carrier must:</p> <ul style="list-style-type: none"> <li>• Return the LSRP premium due and LSRP contingency deposit, if any</li> <li>• Provide the employer with a billing statement, including a reason for the return</li> </ul>
No premium due to the assigned carrier or employer	<p>Within 10 days after the valuation, the assigned carrier must:</p> <ul style="list-style-type: none"> <li>• Return the LSRP contingency deposit, if any</li> <li>• Provide the employer with a billing statement</li> </ul>

**11. Professional Employer Organizations (PEO) and Temporary Arrangements**

**a. General Information**

- 1) LSRP is a mandatory assigned risk retrospective rating plan for those PEOs and its individual clients and temporary arrangement employers that have a qualifying workers compensation and employers liability insurance policy(ies) through the WCIP.
- 2) Unless otherwise specified, Rules 4-C-1 through 10 apply to PEO, individual client, and temporary arrangement WCIP policies.

**b. Definitions**

**1) Client**

Client is defined in accordance with Rule 4-B-1-b. For purposes of LSRP, clients are referred to as individual clients when used in conjunction with multiple coordinated policies.

**2) Multiple Coordinated Policies (MCP) Basis**

WCIP policies written in accordance with Rule 4-B-1-j or other applicable state rules.

**3) PEO and PEO Arrangement**

PEO is defined in accordance with Rule 4-B-1-l. PEO arrangement is defined in accordance with Rule 4-B-1-m.

**4) Temporary Arrangement**

Temporary arrangement is defined in accordance with Rule 4-B-1-q.

**c. Eligibility**

- 1) Eligibility for LSRP for PEOs, its individual clients and temporary arrangement employers is determined in accordance with the Eligibility Tables below. Refer to Rule 4-C-5-c (12) for the definition of LSRP standard premium.

**Eligibility Table 1**

<i><b>If a single-state employer has operations in...</b></i>	<i><b>Then...</b></i>
<ul style="list-style-type: none"> <li>• One LSRP-approved state, and</li> <li>• Has a single-state WCIP policy covering such operations in the state</li> </ul>	The single-state WCIP policy must meet or exceed LSRP standard premium of \$250,000
<ul style="list-style-type: none"> <li>• One LSRP-approved state, and</li> <li>• Has two or more WCIP policies covering such operations in the state, and</li> <li>• The two or more policies are written by the same assigned carrier</li> </ul>	The combined LSRP standard premium of all policies written by the same assigned carrier must meet or exceed \$250,000

**Eligibility Table 2**

<i><b>If a multistate employer has operations in...</b></i>	<i><b>Then...</b></i>
<ul style="list-style-type: none"> <li>• Two or more LSRP-approved states, and</li> <li>• Has one multistate WCIP policy covering such operations in those states</li> </ul>	The combined LSRP standard premium of all states on the policy must meet or exceed: <ul style="list-style-type: none"> <li>• \$250,000 or</li> <li>• The premium eligibility requirement for the LSRP state generating the largest LSRP standard premium if such state's eligibility requirement is less than \$250,000</li> </ul>
<ul style="list-style-type: none"> <li>• Two or more LSRP-approved states, and</li> <li>• Has multiple WCIP policies covering such operations in those states, and</li> <li>• The two or more policies are written by the same assigned carrier</li> </ul>	The combined LSRP standard premium of all policies written by the same assigned carrier must meet or exceed: <ul style="list-style-type: none"> <li>• \$250,000, or</li> <li>• The premium eligibility requirement for the LSRP state generating the largest LSRP</li> </ul>

	standard premium if such state’s eligibility requirement is less than \$250,000
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- 2) It may not always be possible for a single carrier to provide coverage for all requested states; additional policies issued by more than one carrier may be necessary. Refer to Rule 4-C-5-b (3) for more information about policy issuance and corresponding deposits.
- 3) WCIP policies issued in non-LSRP-approved jurisdictions are not subject to LSRP and are not combinable with WCIP policies in LSRP-approved jurisdictions for eligibility purposes.
- 4) LSRP eligibility may be impacted by ownership or combinability status in accordance with the ***Experience Rating Plan Manual***.
- 5) LSRP standard premium is determined in accordance with Rule 4-C-5-c (12); however, the policy type/type of arrangement must be considered when determining LSRP standard premium as referenced in the Arrangement Type Eligibility Table below.

**Arrangement Type Eligibility Table**

<b><i>Policy Type/Type of Arrangement</i></b>	<b><i>LSRP eligibility is determined...</i></b>
PEO multiple coordinated policy (MCP)	<ul style="list-style-type: none"> <li>• For PEOs (excluding clients), using LSRP standard premium of any PEO policy written in accordance with Rule 4-B-4-b (2) or other applicable state-specific WCIP MCP rule</li> <li>• For individual clients of PEOs, using LSRP standard premium separately for each individual client PEO policy written in accordance with Rule 4-B-4-b (1) or other applicable state-specific WCIP MCP rule</li> </ul>
Temporary Arrangement	Using LSRP standard premium for the entire temporary arrangement policy

**d. Deposit/Initial Premium and LSRP Contingency Deposits**

Deposit and initial premium and LSRP contingency deposits are applied in accordance with Rules 4-C-5-b and 4-C-10.

**e. Application of LSRP**

PEO arrangement and temporary arrangement policies are subject to Rule 4-C-5-c (12). If the LSRP eligibility threshold is met at any time then:

- LSRP is applied retroactively to policy inception
- An LSRP contingency deposit is required to be paid within 30 days of the assigned carrier issuing notice of the application of LSRP
- Valuations are calculated in accordance with Rule 4-C-9
- The assigned carrier must hold the LSRP contingency deposit until the fourth or final valuation is completed.

**12. LSRP Examples**

The Loss Sensitive Rating Plan (LSRP) is a mandatory assigned risk loss sensitive retrospective rating plan for those employers in the assigned risk market whose standard premium meets a

minimum threshold. LSRP impacts the amount of premium owed after the policy has expired, and after all of the losses incurred during the policy term have been valued in accordance with Rule 4-C.

The following examples show how valuations may impact workers compensation premium. The values and factors used in the valuations are for illustration purposes only. The values and factors are shown in the assigned risk Miscellaneous Values section.

The formula below applies for all examples:

**Formula**

$$\text{LSRP (Additional/Return) Premium} = \{[(\text{SP} \times \text{BPF}) + (\text{ICL} \times \text{LCF}) + (\text{SP} \times \text{LDF} \times \text{LCF})] \times \text{TM}\} - \text{SP}$$

Where . . .	Equals . . .
SP	LSRP Standard Premium
BPF	Basic Premium Factor
ICL	Incurred Losses
LCF	Loss Conversion Factor
LDF	Loss Development Factor
TM	Tax Multiplier

**LSRP Contingency Deposit**

A 20% LSRP contingency deposit is held by the assigned carrier until the 4th or final valuation, unless the assigned carrier has determined that an earlier return is warranted based on sound underwriting judgment.

a) **Example 1**

Consider Policy A with valuations between the LSRP minimum and maximum premium amounts.

LSRP Standard Premium (SP)	\$339,000
LSRP Contingency Deposit Percentage	20%
LSRP Contingency Deposit	\$67,800

(1) **LSRP Factors**

Basic Premium Factor (BPF)	0.40
Minimum Premium Factor (MinPF)	0.75
Maximum Premium Factor (MaxPF)	1.75
Loss Conversion Factor (LCF)	1.125
Tax Multiplier (TM)	1.126

<b>Valuation Incurred Losses (ICL) Loss Development Factors (LDF)</b>		
1st	\$184,000	0.31
2nd	\$271,200	0.21
3rd	\$280,000	0.15
4th	\$289,650	0.10

(2) LSRP (Additional/Return) Premium Calculations

Factors/Formulas	1st Valuation	2nd Valuation	3rd Valuation	4th Valuation
1 LSRP Standard Premium (SP)	\$339,000	\$339,000	\$339,000	\$339,000
2 Basic Premium Factor (BPF)	0.40	0.40	0.40	0.40
3 Basic Premium (1) x (2)	\$135,600	\$135,600	\$135,600	\$135,600
4 Incurred Losses (ICL)	\$184,000	\$271,200	\$280,000	\$289,650
5 Loss Conversion Factor (LCF)	1.125	1.125	1.125	1.125
6 Converted Losses (4) x (5)	\$207,000	\$305,100	\$315,000	\$325,856
7 Loss Development Factor (LDF)	0.31	0.21	0.15	0.10
8 Loss Development Premium (1) x (7) x (5)	\$118,226	\$80,089	\$57,206	\$38,138
9 Subtotal (3) + (6) + (8)	\$460,826	\$520,789	\$507,806	\$499,594
10 Tax Multiplier (TM)	1.126	1.126	1.126	1.126
11 Valued LSRP Premium (9) x (10)	\$518,890	\$586,408	\$571,790	\$562,543
12 Minimum Premium Factor (MinPF)	0.75	0.75	0.75	0.75
13 LSRP Minimum Premium (1) x (12)	\$254,250	\$254,250	\$254,250	\$254,250
14 Maximum Premium Factor (MaxPF)	1.75	1.75	1.75	1.75
15 LSRP Maximum Premium (1) x (14)	\$593,250	\$593,250	\$593,250	\$593,250
16 LSRP Premium (adjusted for minimum/maximum if necessary)	\$518,890	\$586,408	\$571,790	\$562,543
17 Premium billed through prior valuation	\$339,000	\$518,890	\$586,408	\$571,790
18 LSRP (Additional/Return) Premium (16) – (17)	\$179,890 (additional)	\$67,518 (additional)	\$14,618 (return)	\$9,247 (return)

(3) Summary

Based on the incurred losses, the LSRP premium as of the 4th valuation is \$562,543. The valued LSRP premium is between the minimum and the maximum premium under the LSRP. So, no further premium adjustment is needed.

At the 4th valuation, the amount due to the employer is \$77,047, which is the sum of the return premium of \$9,247 and the LSRP contingency deposit of \$67,800.

b) Example 2

Consider Policy B with the 4th valuation below the LSRP minimum premium amount.

LSRP Standard Premium (SP)	\$270,000
LSRP Contingency Deposit Percentage 20%	
LSRP Contingency Deposit	\$54,000

(1) LSRP Factors

Basic Premium Factor (BPF)	0.40
Minimum Premium Factor (MinPF)	0.75
Maximum Premium Factor (MaxPF)	1.75
Loss Conversion Factor (LCF)	1.171
Tax Multiplier (TM)	1.168

<b>Valuation Incurred Losses (ICL) Loss Development Factors (LDF)</b>		
1st	\$78,000	0.31
2nd	\$90,300	0.20
3rd	\$60,000	0.16
4th	\$53,100	0.01

(2) LSRP (Additional/Return) Premium Calculations

<b>Factors/Formulas</b>	<b>1st Valuation</b>	<b>2nd Valuation</b>	<b>3rd Valuation</b>	<b>4th Valuation</b>
1 LSRP Standard Premium (SP)	\$270,000	\$270,000	\$270,000	\$270,000
2 Basic Premium Factor (BPF)	0.40	0.40	0.40	0.40
3 Basic Premium (1) x (2)	\$108,000	\$108,000	\$108,000	\$108,000
4 Incurred Losses (ICL)	\$78,000	\$90,300	\$60,000	\$53,100
5 Loss Conversion Factor (LCF)	1.171	1.171	1.171	1.171
6 Converted Losses (4) x (5)	\$91,338	\$105,741	\$70,260	\$62,180
7 Loss Development Factor (LDF)	0.31	0.20	0.16	0.01
8 Loss Development Premium (1) x (7) x (5)	\$98,013	\$63,234	\$50,587	\$3,162
9 Subtotal (3) + (6) + (8)	\$297,351	\$276,975	\$228,847	\$173,342
10 Tax Multiplier (TM)	1.168	1.168	1.168	1.168
11 Valued LSRP Premium (9) x (10)	\$347,306	\$323,507	\$267,293	\$202,463
12 Minimum Premium Factor (MinPF)	0.75	0.75	0.75	0.75
13 LSRP Minimum Premium (1) x (12)	\$202,500	\$202,500	\$202,500	\$202,500
14 Maximum Premium Factor (MaxPF)	1.75	1.75	1.75	1.75
15 LSRP Maximum Premium (1) x (14)	\$472,500	\$472,500	\$472,500	\$472,500
16 LSRP Premium (adjusted for minimum/maximum if necessary)	\$347,306	\$323,507	\$267,293	\$202,500
17 Premium billed through prior valuation	\$270,000	\$347,306	\$323,507	\$267,293
18 LSRP (Additional/Return) Premium (16) – (17)	\$77,306 (additional)	\$23,799 (return)	\$56,214 (return)	\$64,793 (return)

(3) Summary

Based on the incurred losses, the valued LSRP premium as of the 4th valuation is \$202,463. Since the valued LSRP premium of \$202,463 is below the LSRP minimum premium of \$202,500, the LSRP minimum premium of \$202,500 becomes the LSRP premium.

At the 4th valuation, the LSRP premium of \$202,500 is subtracted from the amount paid through the 3rd valuation, \$267,293. The 4th valuation is adjusted to a return premium of \$64,793. The amount due to the employer is \$118,793, which is the sum of the return premium of \$64,793 and the LSRP contingency deposit of \$54,000.

c) Example 3

Consider Policy C with 3rd and 4th valuations above the LSRP maximum premium amount.

LSRP Standard Premium (SP)	\$420,000
LSRP Contingency Deposit Percentage 20%	
LSRP Contingency Deposit	\$84,000

## (1) LSRP Factors

Basic Premium Factor (BPF)	0.40
Minimum Premium Factor (MinPF)	0.75
Maximum Premium Factor (MaxPF)	1.75
Loss Conversion Factor (LCF)	1.185
Tax Multiplier (TM)	1.151

<b>Valuation Incurred Losses (ICL) Loss Development Factors (LDF)</b>		
1st	\$240,000	0.20
2nd	\$300,000	0.14
3rd	\$400,000	0.10
4th	\$560,000	0.05

## (2) LSRP (Additional/Return) Premium Calculations

<b>Factors/Formulas</b>	<b>1st Valuation</b>	<b>2nd Valuation</b>	<b>3rd Valuation</b>	<b>4th Valuation</b>
1 LSRP Standard Premium (SP)	\$420,000	\$420,000	\$420,000	\$420,000
2 Basic Premium Factor BPF	0.40	0.40	0.40	0.40
3 Basic Premium (1) x (2)	\$168,000	\$168,000	\$168,000	\$168,000
4 Incurred Losses (ICL)	\$240,000	\$300,000	\$400,000	\$560,000
5 Loss Conversion Factor (LCF)	1.185	1.185	1.185	1.185
6 Converted Losses (4) x (5)	\$284,400	\$355,500	\$474,000	\$663,600
7 Loss Development Factor (LDF)	0.20	0.14	0.10	0.05
8 Loss Development Premium (1) x (7) x (5)	\$99,540	\$69,678	\$49,770	\$24,885
9 Subtotal (3) + (6) + (8)	\$551,940	\$593,178	\$691,770	\$856,485
10 Tax Multiplier (TM)	1.151	1.151	1.151	1.151
11 Valued LSRP Premium (9) x (10)	\$635,283	\$682,748	\$796,227	\$985,814
12 Minimum Premium Factor (MinPF)	0.75	0.75	0.75	0.75
13 LSRP Minimum Premium (1) x (12)	\$315,000	\$315,000	\$315,000	\$315,000
14 Maximum Premium Factor (MaxPF)	1.75	1.75	1.75	1.75
15 LSRP Maximum Premium (1) x (14)	\$735,000	\$735,000	\$735,000	\$735,000
16 LSRP Premium (adjusted for minimum/maximum if necessary)	\$635,283	\$682,748	\$735,000	\$735,000
17 Premium billed through prior valuation	\$420,000	\$635,283	\$682,748	\$735,000
18 LSRP (Additional/Return) Premium (16) – (17)	\$215,283 (additional)	\$47,465 (additional)	\$52,252 (additional)	\$0

## (3) Summary

Based on the incurred losses, the valued LSRP premium as of the 3rd valuation is \$796,227. When the maximum premium factor is applied, the LSRP maximum premium equals \$735,000 (\$420,000 x 1.75). Therefore, the adjusted policy premium at the 3rd valuation is \$735,000.

The valued LSRP premium as of the 4th valuation is \$985,814. Since this also exceeds the LSRP maximum premium of \$735,000, the LSRP maximum premium still applies at the 4th valuation.

*Because the maximum premium of \$735,000 still applies and has been paid in full as of the 3rd valuation, no LSRP additional/return premium is due. Therefore, the only amount due to the employer is the LSRP contingency deposit of \$84,000.*



## Rule 4-D

### Assigned Risk Adjustment Program (ARAP)

*Applicable to **Assigned Risk** policies only*

#### 1. Administration

- a. The Plan Administrator determines the applicability of all Assigned Risk Adjustment Program (ARAP) rules.
- b. ARAP applies on a mandatory basis for employers written in the assigned risk market that meet the criteria in Rule 4-D-3.
- c. Experience rated assigned risk employers with multistate operations are subject to ARAP in jurisdictions in which ARAP applies.
- d. A policy cannot be cancelled, rewritten, or extended for purposes of enabling an employer to avoid application of ARAP.
- e. Any action taken in any form to evade the application of an ARAP surcharge factor determined in accordance with these rules is prohibited.
- f. The ARAP surcharge factor is calculated, issued, and if necessary, revised by the designated rating/advisory organization on behalf of the appropriate Plan Administrator.
- g. The designated rating/advisory organization in a jurisdiction, on behalf of the Plan Administrator, issues an experience rating worksheet for the risk that includes the ARAP surcharge factor.
- h. ARAP surcharge factor issuance, revision, and application is limited in accordance with the ***Experience Rating Plan Manual*** or other applicable experience rating plan.
- i. The calculated ARAP surcharge factor is applied by the assigned carrier(s) in accordance with these rules and other applicable rules, statutes, and/or regulations.

#### 2. General Terms

- a. **ARAP**  
ARAP refers to the Assigned Risk Adjustment Program.
- b. **ARAP Surcharge Factor**  
ARAP identifies assigned risk employers with less favorable loss experience and requires them to share in the underwriting losses of the assigned risk market. ARAP recognizes the difference among individual assigned risk employers with respect to safety and loss prevention by providing more weight to the severity of the total losses rather than the frequency of individual losses. The differences are reflected by an ARAP surcharge factor, which may result in an increase in assigned risk premium.

c. **Employer**

For purposes of ARAP, employer is defined in accordance with Rule 4-A (WCIP).

d. **Experience**

The experience used to calculate a risk's ARAP surcharge factor is comprised of losses that are reported by insurance carriers. The statistical plan data used to develop the ARAP surcharge are the same data used in the corresponding experience rating modification.

e. **Experience Rating Plan**

The *Experience Rating Plan Manual* defines experience rating modifications referenced in these rules. Any reference to experience rating refers to the program outlined in the *Experience Rating Plan Manual*.

f. **Losses**

The *Experience Rating Plan Manual* defines losses for the purposes of ARAP.

g. **Plan**

Plan refers to North Carolina's Workers Compensation Insurance Plan (WCIP), as set out in Rule 4-A.

h. **Plan Administrator**

The North Carolina Rate Bureau (NCRB or Bureau) is the organization which has been designated to administer the affairs of the Plan.

i. **Risk**

The *Experience Rating Plan Manual* defines risk for the purposes of ARAP.

j. **Statistical Plan**

The statistical plan references mean the *North Carolina Workers Compensation Statistical Plan Manual* and/or any other applicable unit statistical plan approved for use in a jurisdiction. Statistical plans detail data reporting requirements for individual risk experience.

**3. Criteria**

- a. The designated rating/advisory organization calculates an ARAP surcharge factor for an intrastate and/or interstate risk. The risk must:
- 1) Be experience rated, and
  - 2) Have an experience rating modification that includes data from at least one ARAP-approved jurisdiction, and
  - 3) Have an experience rating modification factor greater than or equal to 1.01, and Meet or exceed the weighted test ratio in accordance with Rule 4-D-6.
- b. An ARAP surcharge factor is not calculated in an ARAP-approved jurisdiction if:
- 1) A risk is not experience rated, or
  - 2) An intrastate and/or interstate experience rated risk does not have an ARAP-approved jurisdiction's data included in the experience rating modification calculation, or
  - 3) A risk has a calculated experience rating modification equal to or less than 1.00.

**4. Application**

- a. The ARAP surcharge factor appears on a risk’s experience rating modification worksheet.
- b. ARAP surcharge factors generally are determined on an annual basis and are effective for a period of 12 months. However, as provided in the applicable experience rating plans, certain circumstances may result in a reduced or extended application of an ARAP surcharge factor consistent with the experience rating modification.
- c. Only one ARAP surcharge factor applies to an assigned risk policy at any time.
- d. The ARAP surcharge factor is applied to the total modified premium of an assigned risk policy in ARAP-approved jurisdictions, in accordance with the applicable state assigned risk premium algorithm or any other applicable programs or statutory requirements. The ARAP surcharge factor is included in total standard premium.
- e. Revisions to an ARAP surcharge factor are made and applied in accordance with the **Experience Rating Plan Manual** or other applicable experience rating plan.
- f. In the event of a change in ownership or combinability status of a risk, the applicable experience rating plan applies to the experience used to calculate ARAP surcharge factors. The experience for any entity undergoing such a change will be retained or transferred to the ARAP surcharge factor of the acquiring, surviving, or new entity unless specifically excluded in the **Experience Rating Plan Manual** or other applicable experience rating plan.
- g. Maximum ARAP Surcharge Factor

1) In North Carolina, the ARAP surcharge factor is limited based on risk expected losses as follow:

Maximum Surcharge	Maximum Surcharge (%) Based on Risk Expected Losses (\$)				
	\$2,500	\$5,000	\$10,000	25,000	\$40,000 and over
49%	9%	14%	22%	38%	49%

- 2) When an ARAP surcharge factor is calculated for an interstate experience rated risk with at least one ARAP-approved jurisdiction included in the calculation, the ARAP surcharge factor will be limited to the jurisdiction with the highest maximum ARAP surcharge factor. For ARAP surcharge factor for states other than North Carolina, refer to the appropriate manual for the applicable jurisdiction.
- 3) It is the assigned carrier’s responsibility to apply an ARAP surcharge factor in accordance with each jurisdiction’s specific maximum ARAP surcharge factor. The ARAP surcharge factor applied by the assigned carrier cannot exceed the specific jurisdiction’s maximum surcharge.

**5. Values and Elements Used in ARAP**

- a. **Values**

- 1) **R** represents the weighted test ratio calculated in accordance with Rule 4-D-6-a. The weighted test ratio compares a risk's actual losses to the modified expected losses.
- 2) **E'** represents the total expected losses of the particular risk, shown in thousands, and limited to 40.
- 3) **S** represents the ARAP surcharge factor. If a risk is interstate experience rated, **S** is calculated on a full interstate basis.

**b. Elements**

All elements used to calculate the weighted test ratio (**R**) and the ARAP surcharge factor (**S**) are those used in an individual risk's experience rating modification calculation. Losses are limited in accordance with the *Experience Rating Plan Manual* or other applicable experience rating plan.

- 1) **W** represents weighting value
- 2) **Ap** represents actual primary losses
- 3) **A** represents actual losses
- 4) **M** represents the experience rating modification factor for a particular risk
- 5) **Ep** represents expected primary losses
- 6) **E** represents total expected losses

**6. Formulas**

**a. Weighted Test Ratio (R)**

- 1) After the calculation of the experience rating modification factor (**M**) for a particular risk, the weighted test ratio (**R**) is calculated using the following formula:

$$R = \frac{(0.5 - 0.5W)Ap}{M \times Ep} + \frac{(0.5 + 0.5W)A}{M \times E}$$

- 2) **R** is limited to 2.00.
- 3) For interstate experience rated risks, **R** is calculated on a full interstate basis.

**b. ARAP Surcharge Factor**

- i. If **R** is greater than 1.00, the ARAP surcharge factor **S** is calculated using the following formula:

$$S = 1 + \frac{(0.08)E'(R - 1)^{1.25}}{(E' + 3)^{0.5}}$$

- ii. **S** is limited in accordance with Rule 4-D-4-g (3).

## Rule 4-E

### Take-Out-Credit Program

*Applicable to **Assigned Risk** policies only*

#### 1. General Information

- a. The Take-Out Credit Program (TOC) provides carriers with financial incentives for writing assigned risk market employers on a voluntary market basis.
- b. Each carrier that removes an employer insured under the WCIP may be eligible for a TOC. The TOC is applied against the premium used to calculate the voluntary market carrier's Plan participation base as defined in the WCIP.
- c. All carriers licensed in North Carolina and writing workers compensation and employers liability insurance coverage are eligible to participate in the TOC program.
- d. It is the voluntary market carrier's responsibility to:
  - 1) Enroll with the Plan Administrator as well as update enrollment information on an annual basis. Once a carrier has formally requested to participate, they are automatically enrolled each year thereafter.
  - 2) Provide supporting data as may be required by the Plan Administrator.
- e. TOCs are not issued to carriers that do not enroll in the program.
- f. The Plan Administrator determines the applicability of all TOC program rules.

#### 2. General Terms

- a. **Direct Premiums Written in the Exhibit of Premiums and Losses (Statutory Page 14)**  
Refers to a carrier's Direct Premiums Written in the Exhibit of Premiums and Losses (Statutory Page 14) contained in its Annual Statement.
- b. **Employer**  
Employer refers to an insured or a policyholder, in accordance with Rule 4-A (WCIP).
- c. **Experience Rating Threshold**  
For purposes of TOC, no experience rating threshold applies in North Carolina.
- d. **Individual Reported Policy Premium**  
For purposes of TOC, individual reported policy premium is the amount of policy premium included for specific employers in the carrier's Direct Premiums Written in the Exhibit of Premiums and Losses (Statutory Page 14) of the carrier's Annual Statement for the most recent calendar year. This premium is also the basis for carrier participation in the Plan.
- e. **Plan**  
Plan refers to North Carolina Workers Compensation Insurance Plan (WCIP).

f. **Plan Administrator**

The North Carolina Rate Bureau is the organization which has been designated to administer the affairs of the Plan. For purposes of TOC, the Plan Administrator may also be referred to as the TOC Administrator.

g. **Plan Participation Base**

Plan participation base refers to the basis of a carrier's participation in the WCIP in accordance with rules of the North Carolina WCIP.

h. **Program Length**

In North Carolina, the program length is three (3) years in length. This means that a voluntary market employer's initial policy and two subsequent voluntary renewals may qualify for TOC.

i. **TOC**

TOC refers to the Take-Out Credit program. This term is also used to refer to the actual credit (e.g., a carrier may qualify for a TOC to be applied to its Plan participation base). TOC is an assigned risk market depopulation incentive program, with state-specific program parameters.

j. **Program Year**

Program year refers to the individual year that an employer's initial and renewal voluntary market policies may participate in TOC. For example, an eligible initial voluntary market policy would be Program Year 1. The consecutive renewals would be Program Years 2 and 3, respectively.

k. **TOC Ratio**

In North Carolina, the TOC ratio is 1:1. It is multiplied against the individual reported policy premium for all policies.

l. **Voluntary Market Carrier**

For purposes of TOC, a voluntary market carrier removes an employer from the assigned risk market and writes the employer on a voluntary basis. For purposes of TOC, voluntary market carrier(s) will be referred to only as carrier(s).

**3. TOC Requirements**

- a. Any carrier, other than the last voluntary carrier of record, may remove an employer without any restriction on the length of time that the employer was written in the assigned risk market. For purposes of TOC, these requirements apply to a carrier's group/affiliate as well as the carrier.
- b. A carrier will not receive a TOC for any employer removed from the assigned risk market within 12 months of that carrier, or a member of that carrier's group, writing the employer in the voluntary market.
- c. In no instance may a carrier receive a TOC for employers returned to the assigned risk market within 12 months of being removed from the assigned risk market.

- d. If the enrolled carrier keeps the employer out of the assigned risk market for the full program length, that carrier will receive the TOC for premium relating to each of the program years of voluntary market coverage.
- e. A carrier is not eligible for TOC for an employer's remaining program years if:
  - 1) A carrier does not enroll in TOC for an employer's first program year, or
  - 2) A carrier does not request a TOC for an employer's first program year, or
  - 3) A carrier requests a TOC for an employer's first program year, but subsequently decides not to accept the TOC, or
  - 4) An enrolled carrier accepts a TOC for a specific program year, but not its subsequent program years.
- f. Subject to Rule 4-E-3-a through e, if the enrolled carrier does not write the employer for the full program length, it will receive TOC only for that consecutive period of time that it covered the employer in the voluntary market.

#### 4. TOC Calculation

- a. Individual reported policy premium is used to determine the Individual Policy TOC and is subject to subsequent adjustments:

$$\frac{\text{Individual Policy TOC}}{\text{TOC}} = \frac{\text{Individual Reported Policy Premium}}{\text{Policy Premium}} \times \text{TOC Ratio}$$

- b. Total Carrier TOC is calculated as follows:

$$\frac{\text{Total Carrier TOC}}{\text{TOC}} = \text{Sum of Individual Policy TOC}$$

- c. Subsequent adjustments made to TOC, such as audit premiums, retro adjustments, etc., are developed and reported in the calendar year in which they are made.
- d. Regardless of when a policy adjustment is made by the carrier, a TOC adjustment is applied if it is related to a policy within the program length.

#### 5. Carrier Submission of Request for Take-Out Credit

If a carrier wishes to have a TOC applied to its Plan participation base, it must request the TOC in accordance with the following:

- a. Carriers must enroll in the TOC program in accordance with the enrollment procedures established by the Plan Administrator.
- b. In order to receive a TOC for the entire program length, policies of employers taken out of the assigned risk market must be identified as voluntary and accurately reported every year.
- c. The Plan Administrator performs a systematic review and provides enrolled carriers with an electronic detailed report of eligible policies. The report includes only voluntary market policies as reported by the enrolled carrier for employers that were previously written in the assigned risk market.

- d. Enrolled carriers must review and report to the Bureau any corrections, additions, or deletions needed to ensure that only eligible policies are included in the calculation of the TOC. The report changes must be provided in accordance with the procedures established by the Plan Administrator.
- e. Enrolled carriers must ensure that the individual reported policy premium is the amount included in the Direct Premiums Written in the Exhibit of Premiums and Losses (Statutory Page 14) of the carrier's Annual Statement for the most recent calendar year.
- f. If no changes are necessary, refer to [Rule 4-E-5-h](#).
- g. Upon receipt of a modified report, the Plan Administrator reviews the submitted changes to ensure agreement. The Plan Administrator has the discretion to eliminate policies from the report that were inaccurately reported or whose changes cannot be confirmed.
- h. The enrolled carrier must review and provide final approval of the policies on the report. The approval and corresponding confirmation that the report is correct must be sent to the Plan Administrator for final processing.

#### **6. Total Carrier TOC Application to Plan Participation Base**

- a. A total carrier TOC will be given only to enrolled carriers that provide acceptance of the final TOC Report to the Plan Administrator, in accordance to the established enrollment procedures.
- b. The developed total carrier TOC is applied to the carrier's Plan participation base.
- c. There is no maximum limit on the total carrier TOC amount, but a carrier's Plan participation base will not be reduced below zero as a result of the TOC.
- d. Total carrier TOCs are applied to each individual carrier's Plan participation base, and are not rolled up to an aggregate TOC for the carrier's group.



## Rule 4-F

### Available Coverages

*Applicable to North Carolina **Assigned Risk** policies only*

#### 1. General Information

- a. In accordance with the Rule 4-A (WCIP), additional coverage(s) may be secured, at the employer's request, on a WCIP Standard Workers Compensation and Employers Liability Insurance Policy.
- b. Additional coverage(s) availability is subject to the assigned carrier's ability and agreement to provide the requested coverage.
- c. If federal coverage is requested and the assigned carrier is able and agrees to provide the requested federal coverage, it can only be provided in addition to state act workers compensation coverage.

#### 2. Limits of Employers Liability Insurance

##### a. Standard Limits of Liability

- 1) Employers liability insurance can only be secured in the assigned risk market in conjunction with workers compensation insurance. Employers liability insurance without workers compensation insurance is not available.
- 2) Standard limits of liability apply to employers liability insurance, as detailed in Rule 3-A-13.

##### b. Increased Limits of Liability

- 1) Increased limits of liability are available under Part Two – Employers Liability of the policy. In the assigned risk market, the standard limits may be increased up to the maximum limits provided in the following table:

**Increased Limits of Liability Availability Table**

<i>Coverage</i>	<i>Maximum Increased Limits Available</i>
Employers Liability Insurance	<ul style="list-style-type: none"> <li>• \$1,000,000 – Bodily Injury by Accident, Each Accident</li> <li>• \$1,000,000 – Bodily Injury by Disease, Policy Limit</li> <li>• \$1,000,000 – Bodily Injury by Disease, Each Employee</li> </ul>

- 2) Increased limits, their corresponding factors and minimum premiums are applied in accordance with Rule 3-A-13-b, **Appendix C**, and applicable state rules and algorithms.

##### c. Limits of Liability for Specific Coverages

If endorsed onto the policy, Voluntary Compensation (WC 00 02 03) and Employers Liability Coverage and USL&HW Act and its extensions are included in the limits of employers liability insurance requested under Part Two – Employers Liability.

### 3. **Limited Other States Insurance**

Limited Other States Insurance coverage is provided under the WCIP through the Residual Market Limited Other States Insurance Endorsement (WC 00 03 26A). This endorsement is attached to all assigned risk policies.

### 4. **Waiver of Our Right to Recover From Others (Subrogation)**

a. The Waiver of Our Right to Recover From Others Endorsement (WC 00 03 13) is available if required of the insured by contract. A copy of the contract requiring the employer to obtain the coverage is not required prior to issuance of the endorsement. However, a copy of the contract that requires the employer to obtain the endorsement must be provided to the assigned carrier upon notification of a claim to the assigned carrier and/or at policy audit, as requested by the assigned carrier.

b. Blanket waivers are available in the North Carolina assigned risk market.

c. Additional premium charged for a waiver of subrogation is applied in accordance with Rule 3-A-21.

### 5. **Alternate Employer Endorsement**

a. The Alternate Employer Endorsement (WC 00 03 01A) is available if required of the insured by contract and only when the state of operations of the alternate employer is listed in Item 3.A of the policy.

b. The Alternate Employer Endorsement is not available for Professional Employer Organizations (PEOs) and/or temporary arrangement policies.

### 6. **Federal Coverages**

#### a. **USL&HW Act and Extensions**

##### 1) **USL&HW Act and Extensions**

Coverage for the United States Longshore and Harbor Workers' Compensation (USL&HW) Act (WC 00 01 06A) is available by endorsement in the assigned risk market written only in addition to state workers compensation act coverage.

##### 2) **USL&HW Act Extensions**

Coverage for USL&HW Act's extensions are available in the assigned risk market only when the Longshore and Harbor Workers' Compensation Act Endorsement is attached, as well as the other appropriate endorsements, and is available when written only in addition to state workers compensation act coverage.

##### 3) **Endorsements**

The available endorsements are:

Longshore and Harbor Workers' Compensation Act Coverage Endorsement (WC 00 01 06A)

Defense Base Act Coverage Endorsement (WC 00 01 01A)

Nonappropriated Fund Instrumentalities Act Coverage Endorsement (WC 00 01 08A)

Outer Continental Shelf Lands Act Coverage Endorsement (WC 00 01 09B)

For more information about federal coverages, refer to Rules 3-A-4 and 3-A-13.

**b. Coverage for Maritime (Admiralty), Program I or Program II**

**1) General Information**

Coverage for Maritime (Admiralty), Program I or Program II, is available by endorsement (WC 00 02 01 A) only at the standard limit of liability in accordance with Rule 3-A-13-B (4), and written only in addition to state workers compensation act coverage. Increased limits are not available for this coverage in the assigned risk market.

**2) Additional Maritime (Admiralty) Options**

Coverage for the following may be included at an additional charge, subject to certain requirements.

**a) Transportation, Wages, Maintenance, and Cure (TWMC)**

- In conjunction with Maritime coverage, the assigned carrier may provide coverage for TWMC on the Maritime Coverage Endorsement (WC 00 02 01A).
- The TWMC premium charge for the exposure is determined by the assigned carrier based on its evaluation of the exposure presented by the risk.

**b) Voluntary Compensation Maritime Coverage**

In conjunction with Maritime coverage, the assigned carrier may provide coverage for voluntary compensation maritime exposure only under Program II for masters and members of the crews of vessels and only when the Maritime Coverage Endorsement is attached.

**c) Endorsements**

The available endorsements are:

- Maritime Coverage Endorsement (WC 00 02 01A)
- Voluntary Compensation Maritime Coverage Endorsement (WC 00 02 03)

**c. Federal Mine Safety and Health Act**

Coverage for Federal Mine Safety & Health Act is available by endorsement (WC 00 01 02A), and written only in addition to state workers compensation act coverage. For more information about how to provide this coverage, refer to Rule 3-A-11.

## Rule 4-G

### Producer Fees

*Applicable to North Carolina **Assigned Risk** policies only*

#### 1. General Explanation and Requirements

- a. For purposes of this rule, producer means a licensed North Carolina insurance agent, broker, or insurance representative, as defined in the state insurance code, whose privileges under the WCIP have not been suspended or revoked, designated by the employer or applicant applying under this Plan to secure and maintain workers compensation and employers liability insurance on behalf of the employer.

For the purposes of this Plan, the producer is considered to be acting on behalf of the insured or employer applying for coverage under the Plan and not as an agent of the Plan Administrator or of any assigned carrier for Plan business.

Also, for purposes of this rule:

- 1) Producer fees may be referred to as producer fees, fees, or commissions.
  - 2) Proper producer licenses and producer licensing refer to resident or nonresident producer and/or agency licenses as applicable.
  - 3) Plan Administrator is defined in accordance with Rule 4-A (WCIP).
- b. Rule 4-A (WCIP) provides the authority for the fees that must be paid by an assigned carrier to a licensed agency for all new and renewal assigned risk policies for which the agency is the agency of record.
  - c. Assigned carriers must have and adhere to internally documented state producer and agency licensing requirements for payment of producer fees.
  - d. To be paid a fee, a producer and/or agency must be properly licensed to write in North Carolina. It is the assigned carrier's responsibility to determine whether or not the producer and/or agency is properly licensed. Producer fee checks are made payable to the licensed agency of record rather than to the individual licensed producer, unless they are one and the same.
  - e. Only one producer and agency can be recognized by the assigned carrier at any one time for a single policy. The producer of record and agency of record are the producer and agency designated on the application unless the producer and/or agency changes during the policy period in accordance with Rule 4-A (WCIP).

#### 2. Licensing Requirements

##### a. Application Submission

- 1) When the assigned risk **ACORD® 135 NC** is submitted to the Plan Administrator the producer must include either the Federal Employer Identification Number for the agency or the Social Security Number for the agent.

- 2) If the producer is not properly licensed (e.g., expired licenses, lack of an applicable nonresident license) the assigned carrier will accept the assignment, but the producer fee will not be paid to the producer listed on the application. However, for all other purposes, the unlicensed representative is treated as the producer of record.
- 3) When the assigned carrier receives the WCIP assignment/binder package from the Plan Administrator, it must confirm proper producer and/or agency licensing.

**b. Continuing License Verification – During Policy Term and Renewals**

- 1) At renewal, the assigned carrier must confirm that the producer and/or agency is properly licensed in North Carolina.
- 2) If during the policy period, an assigned carrier obtains written documentation that a producer's and/or agency's license has been suspended or revoked by a particular state(s), the producer and/or agency:
  1. Will be terminated as the producer of record,
  2. Will no longer be eligible for procedure fees, and
  3. Will no longer be treated as the producer of record.

If the producer and/or agency appeal the suspension or revocation of their license and subsequently win their appeal, the producer and/or agency will not be paid producer fees retroactively.

- 3) Subject to Rule 4-G-1-c, if the agency of record is still properly licensed even though the producer is not licensed, the agency will continue to be paid producer fees and will continue as the agency of record.

**c. Multistate Policies**

On a multistate policy, a fee is paid only in the state(s) in which the producer and/or agency is properly licensed. If a policy covers two or more states, and the producer and/or agency is properly licensed in:

- 1) Only one of the states, the fee is paid only on the premium and premium basis for the state in which the producer and/or agency is licensed.
- 2) Two or more of the states, the fee is paid on all premiums for all states in which the producer and/or agency is licensed, based on each state's premium basis and percentage. A fee is not paid on any premium for a state in which a producer and/or agency is not licensed.

**3. Producer Changes**

- a. A policyholder may change its producer and/or agency of record by providing written notice to the assigned carrier. Such written notice is generally in the form of a "producer of record" letter, indicating the new producer and/or agency information and the requested effective date of the change.
- b. Such requests must be made before the renewal policy effective date or with the consent of the assigned carrier at another agreed upon time. The assigned carrier is not required to make such

a change before renewal, but changes typically become effective as of the date of renewal. The policyholder must contact the assigned carrier for its requirements.

**4. Premium Basis**

**a. General Information**

In North Carolina, producer fees are paid based on total annual premium charged and collected. Premium may be adjusted due to endorsements and preliminary, interim, and final audits, which may result in an adjustment to the producer fee.

**b. LSRP Policies**

In states in which LSRP applies:

- 1) Producer fees are paid based on premium in accordance with Rule 4-G-4-a, not LSRP Standard Premium as defined in Rule 4-C-5-c (12).
- 2) Producer fees are not paid on the LSRP contingency deposit.
- 3) No additional producer fee is payable or return commission chargeable as a result of LSRP valuation activity.

**5. Payment Information**

- a. The assigned carrier pays fees in accordance with Table 1- Collected Premium and Table 2- Exceptions below:

**Table 1 – Collected Premium**

<i><b>If premium is charged and collected from the policyholder and the...</b></i>	<i><b>Then the assigned carrier must process and mail fee payments within 30 days of the...</b></i>
<ul style="list-style-type: none"> <li>• Producer fee meets or exceeds \$25, or</li> <li>• The policy is a minimum premium policy</li> </ul>	<ul style="list-style-type: none"> <li>• Date that the assigned carrier issues the policy in accordance with the <b>Assigned Carrier Performance Standards</b>, or</li> <li>• Receipt of premium</li> </ul>
<p>Producer fee is less than \$25</p>	<ul style="list-style-type: none"> <li>• Date of reaching a cumulative total of \$25 per agency, or</li> <li>• Date the withholding time period exceeds six months, or</li> <li>• Request for payment, or</li> <li>• Whichever is earlier</li> </ul>

**Table 2 – Exceptions**

<i><b>If the premium is not collected and the account...</b></i>	<i><b>Then producer fees are...</b></i>
<p>Has not yet been referred to an outside collection agency</p>	<p>Not paid on any uncollected premium until the premium is collected and the fees meet the requirements in Table 1 – Collected Premium</p>
<p>Has been referred to an outside collection agency</p>	<p>Never paid on any balance that is referred to the outside collection agency, even if the balance is subsequently collected</p>

- b. Producers and/or agencies must return fees to the assigned carrier in a timely manner when return premiums are generated. The fee payment may also be applied to return fees that the producer and/or agency may owe to the carrier from other assigned risk policies for that agency.

- c. The producer may not deduct the producer fee when sending in the deposit premium or a payment. The assigned carrier will forward the fee as appropriate.

**6. Producer Fee**

The producer fee paid by the assigned carrier must be a 5% flat fee applied to the total annual premium charged and collected.

**7. Producer Disputes**

For information about disputes relating to the calculation and/or payment of producer fees and producer of record changes, contact the Plan Administrator, per Rule 4-A (WCIP).

## Rule 5

### Policy and Endorsements

The following information is provided for your convenience and is not intended to provide an interpretation of state or federal law. Interpretation of state or federal laws pertaining to coverage issues is not within the jurisdiction of the North Carolina Rate Bureau (NCRB).

#### A. Standard Policy (WC 00 00 00 B):

##### ***Workers Compensation and Employers Liability Coverage Insurance Policy***

The standard policy is the preprinted policy that has been created by NCCI and approved by the North Carolina Commissioner of Insurance. The standard policy includes the Information Page (WC 00 00 01 A) and endorsements. The standard policy is divided into three parts:

#### 1. Part One – Workers Compensation Insurance

Workers compensation insurance is statutory coverage for employers subject to the workers compensation law of North Carolina. It provides benefits to employees for occupational diseases or work-related injuries.

- Benefits may include payment of medical bills, lost wages, rehabilitation expenses, additional disability payments, and/or death benefits.
- Benefits vary and are determined by state workers compensation laws and state occupational disease laws. Occupational disease is defined by state law. Generally it is an illness resulting from conditions related to a particular occupation. It excludes those diseases to which the general public is exposed.
- An employer may also need coverage under certain federal acts. Coverage for federal acts may be provided by attaching the appropriate endorsement to the standard policy. To determine if coverage is necessary under federal acts, refer to applicable federal statutes.

The extent and limitations of liability under Part One depends on the benefits required by the workers compensation law of a state listed in Item 3.A. of the Information Page.

#### 2. Part Two – Employers Liability Insurance

Employers liability insurance is designed to protect the employer against compensable claims for occupational diseases or work-related injuries not covered under North Carolina workers compensation laws.

- Employers liability coverage applies only if the injury or death of an employee arises out of and in the course of employment.
- The standard policy includes employers liability insurance written with workers compensation insurance.
- Employers liability insurance written without workers compensation insurance may be permissible where there is no law or regulation that prohibits the issuance of such a policy.
- Standard Limits for Employers Liability Insurance are:

<b>Accident- Each Accident</b>	<b>\$100,000</b>
<b>Disease - Each Employee</b>	<b>\$100,000</b>
<b>Disease - Policy Limit</b>	<b>\$500,000</b>



Refer to the appropriate laws for information related to employer's liability insurance coverage.

### 3. Part Three – Other States Insurance

Other states insurance is intended to cover operations in other states that are unknown or unexpected at the time the policy is written, but that could develop during the policy period.

- This insurance is provided by listing the states where an employer later may have an exposure under Item 3.C. of the Information Page of the policy.
- If the carrier is not authorized to make compensation payments directly to persons entitled to them in a particular state, the carrier will make the payments indirectly by reimbursing the employer for all compensation and benefits required of the employer under such state law.
- Other States Insurance coverage is not available in states:
  - With a Monopolistic State Fund – a workers compensation plan established by state law as the only provider of workers compensation insurance in a given state. Private insurers are not permitted to write workers compensation coverage in states where Monopolistic State Funds exist.
  - Where the carrier elects not to write this coverage.
- Other States Insurance does not provide coverage for exposures under the USL&HW Act.

**NOTE:** For assigned risk policies, Other States Insurance coverage is limited. Refer to the Residual Market Limited Other States Coverage Endorsement (WC 00 03 26 A) for additional information.

#### B. Information Page (WC 00 00 01 A)

The Information Page is the portion of the standard policy that contains identifying data such as name and address of the insured, policy period, coverages, and premium.

##### 1. Item 1: Name, Address, and Other Workplaces of Insured

The insured is the employer covered by an insurance policy. In Item 1, the exact name of the employer insured and the appropriate legal status of the entity must be shown. If separate legal entities are insured on a single policy, consistent with the *North Carolina Basic Manual* rules, separately show the complete name of each insured employer and indicate each employer's legal entity status.

List all usual workplaces of the insured that are to be covered by the policy. Include the respective Federal Employer's Identification Number (FEIN) for each entity included on the policy.

Refer to Rule 3-A-5 for additional information.

##### 2. Item 2: Policy Period

Policy period is the length and time an insurance policy is in effect. The effective date and expiration date must be shown in this section.

A normal policy period is defined as one year, although a policy may be issued for up to, but not exceeding, three years. **North Carolina Basic Manual** rules are based on a policy period of one year. A one-year policy is a policy issued for a one-year period or a period not exceeding one year and 16 days.

### 3. **Item 3.A.: State Laws Designated in the Policy**

Insurance for operations conducted in a state is provided by listing the state in Item 3.A. of the Information Page.

Additional states may be added after the effective date of the policy. Refer to Rule 3-A-20 for additional information.

"If any" is a term used to express that, at the time of policy issuance, a state is covered if exposure develops for the state during the policy period. This term is used to identify potential exposure; however, no payroll is reported at the time of issuance of the policy.

**NOTE:** The USL&HW Act is not entered in Item 3.A. of the Information Page. Attach the Standard Longshore and Harbor Workers' Compensation Act Coverage Endorsement (WC 00 01 06 A) to the standard policy to provide this insurance.

### 4. **Item 3.B.: Employers Liability Insurance – Limits of Liability**

Separate limits of liability apply to employers liability coverage for Bodily Injury by Disease and Bodily Injury by Accident and must be shown separately in this section. The limits are:

- Accident Limit
- Policy Limit
- Employee Limit

Standard limits may be increased at the insured's option. Refer to Rule 3-A-13 for additional information.

#### a. **Bodily Injury by Accident**

Bodily Injury by Accident (each accident limit) applies to all bodily injury resulting from a single accident: standard limit is \$100,000.

#### b. **Bodily Injury by Disease**

Bodily Injury by Disease is represented by two limits:

- **Employee Limit**  
Each Employee Limit is the maximum amount of damages that a carrier will pay for a single employee during the policy year: standard limit is \$100,000.
- **Policy Limit**  
Policy Limit is an aggregate limit that applies to all bodily injury occurring from disease during the term of the policy. An aggregate limit is the maximum amount of damages that a carrier will pay during the policy year: standard limit is \$500,000.

### 5. **Item 3.C.: Other States Insurance**

Other States Insurance covers operations that are unknown or unexpected at the time the policy is written but that could develop during the policy period.

This coverage is provided by listing the states where an employer may later have an exposure under Item 3.C. of the Information Page of the policy. If during the policy period the insured is conducting operations in a state listed under item 3.C., and if the carrier agrees to continue coverage, the carrier may add that state to Item 3.A. and remove it from Item 3.C.

Monopolistic state fund states or a state where the carrier will not provide this coverage should not be named or designated in Item 3.A. and/or 3.C.

Refer to Rule 3-A-17 for additional information.

#### 6. **Item 3.D.: Endorsements and Schedules**

This section of the Information Page includes reference to endorsements and schedules applicable to the policy. Completion of this section may be omitted so long as the list of the policy's schedules and endorsements appear somewhere on the Information Page.

#### 7. **Item 4: Classifications and Premium Basis**

##### a. **Classifications**

For all businesses, the following is included, separately, by state:

- Classification wording (with or without footnotes)
- Any caption that precedes several related classifications
- Code number
- Underlined, capitalized classification wording may be used instead of the entire wording

##### **Exception:**

If classification wording does not describe the business, substitute wording may be used.

Refer to Rule 1-C for additional information.

##### b. **Premium Basis**

Premium is based on the estimated payroll for the policy period.

Premium is displayed on the Information Page, rounded to the nearest dollar.

Refer to Rule 2-A for additional information.

##### c. **Rates**

For each classification listed, the rate must be stated under the heading "Rate per \$100 of Payroll."

- In North Carolina, for voluntary policies, the final rates are those filed by or on behalf of the carrier. Rates are comprised of two elements: an advisory loss cost and a loss cost multiplier.
- In North Carolina, for assigned risk policies, rates are filed by on behalf of the carrier by the North Carolina Rate Bureau.

Refer to Rule 3-A-1 for additional information.

d. **Estimated Annual Premium**

Estimated Annual Premium is the total premium the policy is expected to earn in a given year. It is calculated prior to policy inception by:

- Estimating annual payrolls for each classification,
- Dividing by 100,
- Then multiplying the results by the rate for each classification, by state.

Where appropriate, other premium adjustments may be included in the estimated premium calculation. These adjustments may include experience rating, schedule rating, premium discounts, etc.

Refer to Rule 3-A-9 for additional information.

e. **Expense Constant**

The expense constant is a premium charge that is applied to every policy regardless of premium size. It helps cover the expenses common to issuing, recording, and auditing a policy. The expense constant is shown on the Information Page of the policy.

Refer to Rule 3-A-10 for additional information.

f. **Minimum Premium**

The minimum premium is the lowest policy premium that is required in order to provide insurance under the standard policy. The minimum premium must be shown on the Information Page of the policy.

Refer to Rule 3-A-15 for additional information.

**C. Additional Coverages**

The standard workers compensation and employers liability insurance policy may be endorsed to change or provide additional coverages. These are:

**1. Voluntary Compensation Insurance** (*Not a federal coverage*)

- Under many state workers compensation insurance laws, an employer is not required to provide benefits for certain types of employment such as domestic, farm, and casual workers.
- Voluntary Compensation Insurance enables the employer to offer the equivalent of workers compensation and employers liability coverage for these types of employment.
- It is permitted for volunteers only where allowed by state law.
- To include coverage, use the Voluntary Compensation and Employers Liability Coverage Endorsement, WC 00 03 11 A.

**2. Railroads & Railroad Employees** (*NC Workers Compensation Act*)

The North Carolina Workers' Compensation Act does not apply to railroads or railroad employees. This exclusion includes the operation of interstate railroads: railroads operated on

an interstate basis, such as logging railroads and street railroads in Mecklenburg County. The law does apply to street railroads outside of Mecklenburg County.

Policies involving railroad operations (including street railroad operations in Mecklenburg County only) must be written at approved rates. The Standard Workers Compensation and Employer's Liability Policy must be endorsed so that employees outside the scope of the Workers' Compensation Act will, in the case of injury, be offered Voluntary Compensation Insurance. The endorsement should also provide that the standard limit of liability apply under the Employers Liability Insurance for those excluded employees. If a higher limit is desired, the Table for Increased Limits is to be used to calculate the increased premium. Refer to Rule 3-A-13.

This procedure applies to all policies involving railroad operations (including street railroad operations in Mecklenburg County only) whether or not other operations coming within the scope of the North Carolina Workers' Compensation Act are covered.

### **3. United States Longshore and Harbor Worker's Compensation Act (USL&HW)**

*(US Code 33 USC 901 et seq.)*

- This Act is a federal law that provides for payment of compensation and other benefits to eligible maritime employees.
- Such employees may include longshore workers, harbor workers, ship repairers, shipbuilders, shipbreakers, and other employees engaged in loading, unloading, repairing, or building a vessel.
- It applies to these employees while working on navigable waters of the United States. Navigable waters are usually defined as those that form a continuous highway for interstate or international commerce.
- It also applies to these employees while working on any adjoining pier, wharf, dry dock, terminal, building way, marine railway, or other area adjoining such navigable waters. These adjoining areas are usually used for loading, unloading, repairing, dismantling, or building a vessel.
- It does not cover masters or members of the crew of a vessel. Refer to the Admiralty Law section for more information.
- The standard policy is used to insure statutory obligation of an employer to provide benefits required by the USL&HW Act.
- Do not designate the USL&HW Act in Item 3.A. of the Information Page.
- To include coverage, use the Longshoremen's and Harbor Workers' Compensation Act Coverage Endorsement, WC 00 01 06 A.

Classifications for insurance under USL&HW are listed in the Classifications section of this manual.

### **4. Extensions of the USL&HW Act such as:**

#### **a. Defense Base Act (*US Code 42 USC 1651 et seq.*)**

- This Act extends the provisions of the USL&HW Act to employers and their employees on overseas military bases and on other overseas locations under public works contracts being performed by contractors with agencies of the United States government.

- Employees who are not United States citizens may be exempted from coverage on approval of a waiver by the United States Secretary of Labor.
- To include coverage, use the Defense Base Act Coverage Endorsement, WC 00 01 01 A.

**b. Outer Continental Shelf Lands Act** (*US Code 43 USC1331 et seq.*)

- This Act extends the provisions of the USL&HW Act to employers and their employees exploring for natural resources on the Outer Continental Shelf of the United States.
- This area is generally described as all submerged lands lying between the seaward boundary of the states' jurisdiction and the seaward boundary of federal jurisdiction.
- To include coverage, use the Outer Continental Shelf Lands Act Coverage Endorsement, WC 00 01 09 B.

**c. Civilian Employees of Non-appropriated Fund Instrumentalities Act** (*US Code 5 USC 8171 et seq.*)

- This Act extends the provisions of USL&HW Act to civilian employees of non-appropriated fund instrumentalities such as post exchanges and service clubs of the United States Armed Forces.
- To include coverage, use the Nonappropriated Funds Instrumentalities Act Coverage Endorsement, WC 00 01 08 A.

**5. The Migrant and Seasonal Agricultural Worker Protection Act** (*US Code 29 USC 1801 et seq.*)

- This Act makes agricultural employers, agricultural contractors, and agricultural associations liable for bodily injuries sustained by an employee due to intentional violation of the Act or regulations under the Act.
- The premium for this endorsement is based on a rate determined by the carrier from its evaluation of the exposures presented by the risk.
- To include coverage, use the Migrant and Seasonal Agricultural Workers Protection Coverage Endorsement, WC 00 01 11.

**6. Admiralty Law (Jones Act or Merchant Marine Act of 1920) Program I or Program II** (*US Code 46 USC 30101 et seq. and 50101 et seq.*)

**a. For Waters Subject to Admiralty Jurisdiction:**

- Masters and members of the crews of vessels are subject to admiralty law and not covered under the state workers compensation laws or the USL&HW Act.
- If injured, masters and members of the crews of vessels have the right to sue their employers for damages in the admiralty courts where the proceeding is in the nature of an employer's liability suit. They also have the right to transportation, wages, maintenance, and cure.
- Every person employed on board a vessel is considered to be a seaman if connected with the operation or welfare of the vessel while in navigable waters.
- Navigable waters are usually defined as those that form a continuous highway for interstate or international commerce.

- If Admiralty Law coverage is provided, USL&HW Act coverage may also be necessary.
- Standard Limits for Employers Liability Insurance are:

<b>Accident - Each Accident</b>	<b>\$100,000</b>
<b>Disease - Each Employee</b>	<b>N/A</b>
<b>Disease - Policy Limit</b>	<b>\$100,000</b>

- There are two programs to provide insurance under admiralty law: Program I and Program II. These programs are described below.
  - To include coverage for Program I, use the Maritime Coverage Endorsement, WC 00 02 01 A.
  - To include coverage for Program II, use the Maritime Coverage Endorsement, WC 00 02 01 A, and the Voluntary Compensation Maritime Coverage Endorsement, WC 00 02 03.

**b. For Waters Not Subject to Admiralty Jurisdiction:**

- An insured may conduct operations on waters not subject to admiralty jurisdiction.
- Insurance for such operations must be provided by the standard policy and endorsement forms and is subject to the rules that apply to statutory workers compensation insurance.
- Admiralty classifications and rates for Program II apply to these operations:
  - The advisory loss cost for each classification is shown after its code number in the Miscellaneous Values section.
  - The assigned risk rate of each classification is the authorized rate approved by the North Carolina Commissioner of Insurance for use by the carrier.

**7. Federal Employers' Liability Act (FELA) Program I or Program II (US Code 45 USC 51 et seq.)**

- The Federal Employers' Liability Act applies to employees of interstate railroads.
- There are two programs to provide insurance under FELA: Program I and Program II.
- If FELA coverage is provided, USL&HW Act coverage may also be necessary.
- Under Part One- Workers Compensation Insurance, Program I provides statutory liability under workers compensation law of any state designated in Item 3.A. of the Information Page.
- Under Part Two – Employers Liability Insurance, Program I provides employers liability for damages under admiralty law or FELA, subject to a standard limit.
- Liability for transportation, wages, maintenance, and cure can be excluded by endorsement.
- Program II provides the same coverage as Program I, but with the addition of Voluntary Compensation.
- Under Program II, the laws of negligence do not apply. The insurance carrier will offer a settlement of a claim strictly according to the statutory benefits provided in the workers compensation law. This law is designated in the voluntary compensation endorsement, which is attached to the policy as if the claim were subject to this law.

- If the offer of settlement is rejected, employers liability then applies to this claim, with the same standard limit as for Program I.
- Standard Limits for Employers Liability Insurance are:

<b>Accident- Each Accident</b>	<b>\$100,000</b>
<b>Disease - Each Employee</b>	<b>N/A</b>
<b>Disease - Policy Limit</b>	<b>\$100,000</b>

- To include coverage for Program I, use the Federal Employer's Liability Act Coverage Endorsement, WC 00 01 04.
- To include coverage for Program II, use the Voluntary Compensation and Employer's Liability Coverage Endorsement, WC 00 03 11 A.

#### **D. Bureau Requirements:**

##### **1. Reporting/Corrections**

For each policy issued or endorsed that includes coverage for North Carolina in Item 3.A. of the Information Page, the carrier must electronically submit to the Bureau the policy, to include the information as shown on the policy Information Page (new and renewal), each endorsement, each cancellation, and each reinstatement.

If the Bureau finds that a policy requires correction(s) to conform to manual rules or classifications, the carrier will be notified.

For detailed reporting requirements, refer to NCRB's *Data Reporting Guide*.

##### **2. Endorsement and/or Form Filing**

Endorsements are forms that change the provisions of the standard policy. The available endorsements are contained in the *Forms Manual* and are available on NCRB's website.

Independent carrier form and endorsement filings can be filed directly with the North Carolina Department of Insurance only in specific instances. These instances can include:

- Applications
- Notices (including billing forms, cancellation, non-renewal, reinstatement terms, terrorism disclosures, etc.)
- Binders and/or Policy Jackets
- Certificates of Insurance
- Declaration Pages/Information Pages
- Dividend forms
- Form with logo changes only
- Large Deductible Programs
- Signature pages
- Stuffers/Fliers

Any carrier that wishes to file an endorsement not included in the above list, which changes the terms and conditions of the policy, must file a request with the NCRB. The Bureau will review, and if appropriate, make a filing on behalf of all carriers with the North Carolina



Department of Insurance. This process must be completed in order to comply with North Carolina statutes which require a "Standard Policy Form" to be used in North Carolina.

### 3. Experience Rating Modification

The Bureau has the responsibility for calculating and issuing experience rating modifications for those qualifying risks whose operations are conducted in North Carolina. The Bureau will endeavor to calculate and issue experience rating modifications at least ninety (90) days before the effective rating date.

- a. A copy of the experience rating worksheet will be sent to the carrier of record electronically.
- b. A copy of the experience rating worksheet will be sent to a carrier, other than the carrier of record, upon receipt of a letter of authority.
- c. A copy of the experience rating worksheet will be sent to the agent of record upon request.
- d. A copy of the experience rating worksheet will be sent to an agent, other than the agent of record, upon receipt of a letter of authority.
- e. Upon receipt of a letter of authority, the Bureau will provide experience rating data as specified in the letter or authority. The letter of authority must be written on the insured's stationery and signed by an officer or owner.
- f. The Bureau will charge a fee for each experience rating worksheet sent to a non-member of the Bureau (i.e. self-insured funds, self-insured entities, or self-insured groups).

### E. Deductible Insurance

Each insurer transacting or offering to transact workers compensation insurance in North Carolina may offer deductibles to employers. Deductible coverage is effected by attaching the Benefits Deductible Endorsement (WC 00 06 03) to the policy. An insurer is not required to offer a deductible to an insured.

Deductibles may be available for total combined medical and indemnity benefits in amounts of \$100, \$200, \$300, \$400, \$500, \$1,000, \$1,500, \$2,000, \$2,500, and \$5,000 per claim. A selected deductible applies on a per claim basis. The deductible must apply separately to each claim for bodily injury by accident or disease.

The claim is paid by the insurer, which will then be reimbursed by the insured for any deductible amounts paid by the carrier. The insured is liable for reimbursement up to the limit of the deductible chosen. The payment or nonpayment of deductible amounts by the employer to the insurer is treated under the policy insuring the liability for workers compensation in the same manner as payment or nonpayment of premiums.

The applicable loss elimination ration (LER) represents the percentage of losses removed when an employer is responsible for losses up to the deductible amount. LERs vary by deductible amount and hazard group. The LER is a key variable used in determining the policy premium credit.

In the voluntary market, the policy premium credit is calculated using the published LER in the Miscellaneous Values section in combination with the appropriate insurer expenses. In the assigned risk market, the applicable premium reduction percentage for the policy premium credit is that

percentage corresponding to the appropriate deductible amount and hazard group as shown in the Miscellaneous Values section. The insurer will determine the policy premium credit for the deductible coverage and apply that credit to the policy manual premium, which is determined before the application of any experience or schedule rating modification, premium discounts, or any retrospective rating plan.

The applicable hazard group is determined from the Table of Classifications by Hazard Group, according to **Appendix E**. The hazard group assignments are based on the classification, subject to any deductible amount, that produces the largest amount of estimated workers compensation standard premium for North Carolina.

## Rule 6

### Dispute Resolution Process

NCRB provides dispute resolution services in North Carolina. A party who believes that an assigned risk rate, advisory loss cost, or rule approved for use in North Carolina has not been properly applied to a workers compensation insurance policy can request NCRB's review. If a dispute cannot be resolved, the carrier has a duty to inform the party about NCRB's dispute resolution services. The dispute resolution services are designed to provide an opportunity to resolve disputes without the need for litigation.

Any disputes arising out of the operation of the North Carolina Workers Compensation Insurance Plan (NCWCIP or Assigned Risk), other than individual employer disputes, are to be handled under the NCWCIP Dispute Resolution Procedures. Refer to Rule 4-A (WCIP), Section X.

**Procedures for Submitting Workers Compensation Disputes to the North Carolina Rate Bureau**  
**General Statute 58-36-1(2)** provides authority to establish a process to submit disputes to the North Carolina Rate Bureau. The statute reads as follows:

*The bureau shall provide reasonable means to be approved by the Commissioner whereby any person affected by a rate or loss costs made by it may be heard in person or by the person's authorized representative before the governing committee or other proper executive of the Bureau.*

The procedures for submission and review of a dispute are as follows:

1. An employer or company involved in a dispute arising out of a rate or loss cost, including but not limited to premiums in dispute, individuals covered by the policy, classifications, or experience modifications may submit such dispute to the Bureau. Such submissions shall be directed in writing to the Manager of Workers Compensation of the Bureau. The written document shall state the reason(s) for and the parties involved in the dispute.
2. Upon receipt of a written notice of a dispute, the Bureau shall forward to the complainant a request for information with respect to the situation at issue, the specific relief sought, and such other information deemed necessary by the Bureau, unless the written notice of dispute contains all information deemed necessary by the Bureau. If the Bureau does not receive the requested information from the complainant within 45 days from the date of the Bureau's letter requesting such information, the matter will be deemed concluded.
3. Upon receipt of the requested information, or upon receipt of the written notice of a dispute if the written notice of dispute contains all information deemed necessary by the Bureau, the Bureau shall forward copies of the written notice of dispute and the information received from the complainant to the other parties involved in the dispute.
4. The Bureau may request information that it deems necessary from the other party or parties involved in the dispute. Such other party or parties may provide, in addition to information requested by the Bureau, such information as they deem relevant to the determination of the dispute at issue. If the Bureau does not receive the requested information from the other party or parties involved in the dispute within 45 days from the date of the Bureau's letter requesting such information, the Bureau shall make its determination based on the information submitted by the complainant and on such other information available to the Bureau from its own records.

5. The information the Bureau may request includes, but is not limited to, the following:
  - a. A summary of the complainant's and other parties involved understanding of the details of the dispute.
  - b. Any explanatory documents contained in the complainant's or other parties' files, including, but not limited to:
    - 1) Audits
    - 2) Payroll records
    - 3) Company inspections
    - 4) Correspondence with the insured
    - 5) Explanations of classification rulings or underwriting rules
    - 6) Loss information
    - 7) Descriptions of the work performed by the employer and the individuals performing such work
    - 8) Information on work performed by principals of the employer under other trade names
    - 9) Information as the employment status of individuals performing the work
    - 10) Previous policy declaration pages
6. The periods of time for receipt of data from the complainant or other parties may be extended by the Bureau for good cause shown upon written request.
7. The Bureau may discuss with the parties the information gathered and may undertake to facilitate resolution of the dispute between the parties.
8. If the parties are unable to resolve their dispute, any of the parties may request a hearing. Such request must be made in writing to the Bureau's Manager of Workers Compensation. Unless the parties are advised in writing that the Governing Committee of the Bureau has designated a different hearing officer, the hearing officer shall be the Bureau's Manager of Workers Compensation.
9. In lieu of a hearing, upon written consent by all parties, the hearing officer may issue a decision on the dispute based on the information submitted by all parties.
10. If a hearing is requested, the Bureau shall notify the parties in writing of a hearing date. The Bureau shall endeavor to set a hearing date convenient to all parties.
11. Hearings shall be conducted at the Bureau's offices in Raleigh, North Carolina, or at such other location as may be determined by the Bureau for the convenience of all parties. Parties shall appear in person for such a hearing unless the Bureau, in its sole discretion, permits a party to participate via telephone or other electronic means.
12. Hearings need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence may be considered by the hearing officer if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. The hearing may be continued or rescheduled by the hearing officer in order to obtain such additional information as the hearing officer deems appropriate.

13. The parties may retain and have present counsel at any or all stages of the investigation of the dispute and at the hearing before the hearing officer.
14. The Bureau may consult other governmental or private entities for information on an advisory basis to assist the Bureau in the resolution of the dispute.
15. Within 30 days following the agreement by the parties for the Bureau to issue a decision based on the information submitted or within 30 days following the close of a hearing, the hearing officer shall issue and mail to the parties a written decision setting forth the hearing officer's decision on the dispute at issue and the basis for such decision.

Questions about this process or assistance with a dispute should be directed to:

North Carolina Rate Bureau  
Attn: Workers Compensation Dispute Resolution  
2910 Sumner Blvd.  
Raleigh, NC 27616

E-mail: [wcinfo@ncrb.org](mailto:wcinfo@ncrb.org)  
Phone: 919-582-1056  
Fax: 919-783-7467

## NC Basic Manual Appendices

	<i>Title</i>
Appendix A	NC Premium Discount Tables
Appendix B	Cancellation Tables and Examples
Appendix C	Increased Limits Tables
Appendix D	Schedule Rating Plan
Appendix E	Classifications by Hazard Group
Appendix F	Payroll Determination Formulas
Appendix G	Program I and Program II Classification Comparison Tables
Appendix H	Anniversary Rating Date Examples

## **Appendix A**

### **NORTH CAROLINA PREMIUM DISCOUNT**

Refer to Rule 3-A-18

The NCRB does not file Premium Discount tables. Carriers must obtain approval for premium discounts from the North Carolina Commissioner of Insurance.

Premium discount is not applicable in the North Carolina Assigned Risk market.

## Appendix B

### CANCELLATION TABLES & EXAMPLES

Refer to Rule 3-A-3

#### SHORT RATE CANCELLATION TABLE FOR A TERM OF ONE YEAR

Days Policy In Force	Percent of One Year Premium	Days Policy In Force	Percent of One Year Premium	Days Policy In Force	Percent of One Year Premium
1	5%	95- 98	37%	219-223	69%
2	6	99-102	38	224-228	70
3- 4	7	103-105	39	229-232	71
5- 6	8	106-109	40	233-237	72
7- 8	9	110-113	41	238-241	73
9-10	10	114-116	42	242-246 (8 mos.)....	74
11-12	11	117-120	43	247-250	75
13-14	12	121-124 (4 mos.)....	44	251-255	76
15-16	13	125-127	45	256-260	77
17-18	14	128-131	46	261-264	78
19-20	15	132-135	47	265-269	79
21-22	16	136-138	48	270-273 (9 mos.)....	80
23-25	17	139-142	49	274-278	81
26-29	18	143-146	50	279-282	82
30-32 (1 mo.)....	19	147-149	51	283-287	83
33-36	20	150-153 (5 mos.)....	52	288-291	84
37-40	21	154-156	53	292-296	85
41-43	22	157-160	54	297-301	86
44-47	23	161-164	55	302-305 (10 mos.)...	87
48-51	24	165-167	56	306-310	88
52-54	25	168-171	57	311-314	89
55-58	26	172-175	58	315-319	90
59-62 (2 mos.)....	27	176-178	59	320-323	91
63-65	28	179-182 (6 mos.)....	60	324-328	92
66-69	29	183-187	61	329-332	93
70-73	30	188-191	62	333-337 (11 mos.)...	94
74-76	31	192-196	63	338-342	95
77-80	32	197-200	64	343-346	96
81-83	33	201-205	65	347-351	97
84-87	34	206-209	66	352-355	98
88-91 (3 mos.)....	35	210-214 (7 mos.)....	67	356-360	99
92-94	36	215-218	68	361-365 (12 mos.)...	100



**SHORT RATE CANCELLATION TABLE**

Days in Policy Period	Short Rate Percentages	Factor to Apply to Earned Premium for Period Policy in Effect	Days in Policy Period	Short Rate Percentages	Factor to Apply to Earned Premium for Period Policy in Effect	Days in Policy Period	Short Rate Percentages	Factor to Apply to Earned Premium for Period Policy in Effect
1	5%	18.2482	46	23%	1.8250	91	35%	1.4038
2	6	10.9489	47	23	1.7861	92	36	1.4283
3	7	8.5158	48	24	1.8250	93	36	1.4129
4	7	6.3869	49	24	1.7877	94	36	1.3979
5	8	5.8394	50	24	1.7520	95	37	1.4216
6	8	4.8662	51	24	1.7176	96	37	1.4068
7	9	4.6924	52	25	1.7548	97	37	1.3923
8	9	4.1058	53	25	1.7216	98	37	1.3781
9	10	4.0552	54	25	1.6899	99	38	1.4010
10	10	3.6496	55	26	1.7255	100	38	1.3870
11	11	3.6496	56	26	1.6947	101	38	1.3733
12	11	3.3455	57	26	1.6650	102	38	1.3598
13	12	3.3689	58	26	1.6362	103	39	1.3820
14	12	3.1283	59	27	1.6704	104	39	1.3688
15	13	3.1630	60	27	1.6425	105	39	1.3557
16	13	2.9653	61	27	1.6156	106	40	1.3774
17	14	3.0056	62	27	1.5895	107	40	1.3645
18	14	2.8386	63	28	1.6222	108	40	1.3519
19	15	2.8818	64	28	1.5969	109	40	1.3395
20	15	2.7377	65	28	1.5723	110	41	1.3605
21	16	2.7812	66	29	1.6038	111	41	1.3482
22	16	2.6547	67	29	1.5799	112	41	1.3362
23	17	2.6980	68	29	1.5566	113	41	1.3243
24	17	2.5856	69	29	1.5341	114	42	1.3447
25	17	2.4821	70	30	1.5643	115	42	1.3330
26	18	2.5270	71	30	1.5423	116	42	1.3215
27	18	2.4334	72	30	1.5208	117	43	1.3414
28	18	2.3465	73	30	1.5000	118	43	1.3301
29	18	2.2656	74	31	1.5291	119	43	1.3189
30	19	2.3117	75	31	1.5087	120	43	1.3079
31	19	2.2371	76	31	1.4888	121	44	1.3273
32	19	2.1672	77	32	1.5169	122	44	1.3164
33	20	2.2121	78	32	1.4974	123	44	1.3057
34	20	2.1471	79	32	1.4785	124	44	1.2951
35	20	2.0857	80	32	1.4600	125	45	1.3140
36	20	2.0278	81	33	1.4870	126	45	1.3036
37	21	2.0716	82	33	1.4689	127	45	1.2933
38	21	2.0171	83	33	1.4512	128	46	1.3117
39	21	1.9654	84	34	1.4774	129	46	1.3016
40	21	1.9162	85	34	1.4600	130	46	1.2916
41	22	1.9585	86	34	1.4430	131	46	1.2817
42	22	1.9119	87	34	1.4264	132	47	1.2996
43	22	1.8674	88	35	1.4517	133	47	1.2899
44	23	1.9079	89	35	1.4354	134	47	1.2802
45	23	1.8655	90	35	1.4194	135	47	1.2708

**SHORT RATE CANCELLATION TABLE (CONT'D)**

Days in Policy Period	Short Rate Percentages	Factor to Apply to Earned Premium for Period Policy in Effect	Days in Policy Period	Short Rate Percentages	Factor to Apply to Earned Premium for Period Policy in Effect	Days in Policy Period	Short Rate Percentages	Factor to Apply to Earned Premium for Period Policy in Effect
136	48%	1.2882	181	60%	1.2099	226	70%	1.1305
137	48	1.2788	182	60	1.2033	227	70	1.1255
138	48	1.2696	183	61	1.2167	228	70	1.1206
139	49	1.2867	184	61	1.2101	229	71	1.1317
140	49	1.2775	185	61	1.2035	230	71	1.1267
141	49	1.2684	186	61	1.1970	231	71	1.1219
142	49	1.2595	187	61	1.1906	232	71	1.1170
143	50	1.2762	188	62	1.2037	233	72	1.1279
144	50	1.2674	189	62	1.1974	234	72	1.1231
145	50	1.2586	190	62	1.1910	235	72	1.1183
146	50	1.2500	191	62	1.1848	236	72	1.1136
147	51	1.2663	192	63	1.1977	237	72	1.1089
148	51	1.2578	193	63	1.1914	238	73	1.1195
149	51	1.2493	194	63	1.1853	239	73	1.1149
150	52	1.2653	195	63	1.1792	240	73	1.1102
151	52	1.2569	196	63	1.1732	241	73	1.1056
152	52	1.2487	197	64	1.1858	242	74	1.1161
153	52	1.2405	198	64	1.1798	243	74	1.1115
154	53	1.2562	199	64	1.1739	244	74	1.1070
155	53	1.2481	200	64	1.1680	245	74	1.1025
156	53	1.2401	201	65	1.1804	246	74	1.0980
157	54	1.2554	202	65	1.1745	247	75	1.1083
158	54	1.2475	203	65	1.1687	248	75	1.1038
159	54	1.2396	204	65	1.1630	249	75	1.0994
160	54	1.2319	205	65	1.1573	250	75	1.0950
161	55	1.2469	206	66	1.1694	251	76	1.1052
162	55	1.2392	207	66	1.1638	252	76	1.1008
163	55	1.2316	208	66	1.1582	253	76	1.0964
164	55	1.2241	209	66	1.1526	254	76	1.0921
165	56	1.2388	210	67	1.1645	255	76	1.0878
166	56	1.2313	211	67	1.1590	256	77	1.0979
167	56	1.2240	212	67	1.1535	257	77	1.0936
168	57	1.2384	213	67	1.1481	258	77	1.0893
169	57	1.2311	214	67	1.1428	259	77	1.0851
170	57	1.2238	215	68	1.1544	260	77	1.0810
171	57	1.2167	216	68	1.1491	261	78	1.0908
172	58	1.2308	217	68	1.1438	262	78	1.0866
173	58	1.2237	218	68	1.1385	263	78	1.0825
174	58	1.2167	219	69	1.1500	264	78	1.0784
175	58	1.2097	220	69	1.1448	265	79	1.0881
176	59	1.2236	221	69	1.1396	266	79	1.0840
177	59	1.2167	222	69	1.1345	267	79	1.0800
178	59	1.2098	223	69	1.1294	268	79	1.0759
179	60	1.2235	224	70	1.1406	269	79	1.0719
180	60	1.2167	225	70	1.1356	270	80	1.0815

**SHORT RATE CANCELLATION TABLE (CONT'D)**

Days in Policy Period	Short Rate Percentages	Factor to Apply to Earned Premium for Period Policy in Effect	Days in Policy Period	Short Rate Percentages	Factor to Apply to Earned Premium for Period Policy in Effect	Days in Policy Period	Short Rate Percentages	Factor to Apply to Earned Premium for Period Policy in Effect
271	80%	1.0775	316	90%	1.0396	361	100%	1.0111
272	80	1.0735	317	90	1.0363	362	100	1.0083
273	80	1.0696	318	90	1.0330	363	100	1.0055
274	81	1.0790	319	90	1.0298	364	100	1.0027
275	81	1.0751	320	91	1.0380	365	100	1.0000
276	81	1.0712	321	91	1.0347			
277	81	1.0673	322	91	1.0315			
278	81	1.0635	323	91	1.0283			
279	82	1.0728	324	92	1.0364			
280	82	1.0689	325	92	1.0332			
281	82	1.0651	326	92	1.0301			
282	82	1.0614	327	92	1.0269			
283	83	1.0705	328	92	1.0238			
284	83	1.0667	329	93	1.0318			
285	83	1.0630	330	93	1.0286			
286	83	1.0593	331	93	1.0255			
287	83	1.0556	332	93	1.0224			
288	84	1.0646	333	94	1.0303			
289	84	1.0609	334	94	1.0272			
290	84	1.0572	335	94	1.0242			
291	84	1.0536	336	94	1.0211			
292	85	1.0625	337	94	1.0181			
293	85	1.0589	338	95	1.0259			
294	85	1.0553	339	95	1.0229			
295	85	1.0517	340	95	1.0198			
296	85	1.0481	341	95	1.0169			
297	86	1.0569	342	95	1.0139			
298	86	1.0534	343	96	1.0216			
299	86	1.0498	344	96	1.0186			
300	86	1.0463	345	96	1.0156			
301	86	1.0429	346	96	1.0127			
302	87	1.0515	347	97	1.0203			
303	87	1.0480	348	97	1.0174			
304	87	1.0446	349	97	1.0145			
305	87	1.0411	350	97	1.0116			
306	88	1.0497	351	97	1.0087			
307	88	1.0462	352	98	1.0162			
308	88	1.0429	353	98	1.0133			
309	88	1.0395	354	98	1.0105			
310	88	1.0361	355	98	1.0076			
311	89	1.0445	356	99	1.0150			
312	89	1.0412	357	99	1.0122			
313	89	1.0379	358	99	1.0094			
314	89	1.0346	359	99	1.0065			
315	90	1.0429	360	99	1.0038			

**PRO RATA CANCELLATION TABLE**

JANUARY			FEBRUARY			MARCH			APRIL			MAY			JUNE		
DAY OF MONTH	DAY OF YEAR NUMBER OF DAYS	RATIO	DAY OF MONTH	DAY OF YEAR NUMBER OF DAYS	RATIO	DAY OF MONTH	DAY OF YEAR NUMBER OF DAYS	RATIO	DAY OF MONTH	DAY OF YEAR NUMBER OF DAYS	RATIO	DAY OF MONTH	DAY OF YEAR NUMBER OF DAYS	RATIO	DAY OF MONTH	DAY OF YEAR NUMBER OF DAYS	RATIO
1	1	.003	1	32	.088	1	60	.164	1	91	.249	1	121	.332	1	152	.416
2	2	.005	2	33	.090	2	61	.167	2	92	.252	2	122	.334	2	153	.419
3	3	.008	3	34	.093	3	62	.170	3	93	.255	3	123	.337	3	154	.422
4	4	.011	4	35	.096	4	63	.173	4	94	.258	4	124	.340	4	155	.425
5	5	.014	5	36	.099	5	64	.175	5	95	.260	5	125	.342	5	156	.427
6	6	.016	6	37	.101	6	65	.178	6	96	.263	6	126	.345	6	157	.430
7	7	.019	7	38	.104	7	66	.181	7	97	.266	7	127	.348	7	158	.433
8	8	.022	8	39	.107	8	67	.184	8	98	.268	8	128	.351	8	159	.436
9	9	.025	9	40	.110	9	68	.186	9	99	.271	9	129	.353	9	160	.438
10	10	.027	10	41	.112	10	69	.189	10	100	.274	10	130	.356	10	161	.441
11	11	.030	11	42	.115	11	70	.192	11	101	.277	11	131	.359	11	162	.444
12	12	.033	12	43	.118	12	71	.195	12	102	.279	12	132	.362	12	163	.447
13	13	.036	13	44	.121	13	72	.197	13	103	.282	13	133	.364	13	164	.449
14	14	.038	14	45	.123	14	73	.200	14	104	.285	14	134	.367	14	165	.452
15	15	.041	15	46	.126	15	74	.203	15	105	.288	15	135	.370	15	166	.455
16	16	.044	16	47	.129	16	75	.205	16	106	.290	16	136	.373	16	167	.458
17	17	.047	17	48	.132	17	76	.208	17	107	.293	17	137	.375	17	168	.460
18	18	.049	18	49	.134	18	77	.211	18	108	.296	18	138	.378	18	169	.463
19	19	.052	19	50	.137	19	78	.214	19	109	.299	19	139	.381	19	170	.466
20	20	.055	20	51	.140	20	79	.216	20	110	.301	20	140	.384	20	171	.468
21	21	.058	21	52	.142	21	80	.219	21	111	.304	21	141	.386	21	172	.471
22	22	.060	22	53	.145	22	81	.222	22	112	.307	22	142	.389	22	173	.474
23	23	.063	23	54	.148	23	82	.225	23	113	.310	23	143	.392	23	174	.477
24	24	.066	24	55	.151	24	83	.227	24	114	.312	24	144	.395	24	175	.479
25	25	.068	25	56	.153	25	84	.230	25	115	.315	25	145	.397	25	176	.482
26	26	.071	26	57	.156	26	85	.233	26	116	.318	26	146	.400	26	177	.485
27	27	.074	27	58	.159	27	86	.236	27	117	.321	27	147	.403	27	178	.488
28	28	.077	28	59	.162	28	87	.238	28	118	.323	28	148	.405	28	179	.490
29	29	.079				29	88	.241	29	119	.326	29	149	.408	29	180	.493
30	30	.082				30	89	.244	30	120	.329	30	150	.411	30	181	.496
31	31	.085				31	90	.247				31	151	.414			

**PRO RATA CANCELLATION TABLE (CONT'D)**

JULY			AUGUST			SEPTEMBER			OCTOBER			NOVEMBER			DECEMBER		
DAY OF MONTH	DAY OF YEAR NUMBER OF DAYS	RATIO	DAY OF MONTH	DAY OF YEAR NUMBER OF DAYS	RATIO	DAY OF MONTH	DAY OF YEAR NUMBER OF DAYS	RATIO	DAY OF MONTH	DAY OF YEAR NUMBER OF DAYS	RATIO	DAY OF MONTH	DAY OF YEAR NUMBER OF DAYS	RATIO	DAY OF MONTH	DAY OF YEAR NUMBER OF DAYS	RATIO
1	182	.499	1	213	.584	1	244	.668	1	274	.751	1	305	.836	1	335	.918
2	183	.501	2	214	.586	2	245	.671	2	275	.753	2	306	.838	2	336	.921
3	184	.504	3	215	.589	3	246	.674	3	276	.756	3	307	.841	3	337	.923
4	185	.507	4	216	.592	4	247	.677	4	277	.759	4	308	.844	4	338	.926
5	186	.510	5	217	.595	5	248	.679	5	278	.762	5	309	.847	5	339	.929
6	187	.512	6	218	.597	6	249	.682	6	279	.764	6	310	.849	6	340	.932
7	188	.515	7	219	.600	7	250	.685	7	280	.767	7	311	.852	7	341	.934
8	189	.518	8	220	.603	8	251	.688	8	281	.770	8	312	.855	8	342	.937
9	190	.521	9	221	.605	9	252	.690	9	282	.773	9	313	.858	9	343	.940
10	191	.523	10	222	.608	10	253	.693	10	283	.775	10	314	.860	10	344	.942
11	192	.526	11	223	.611	11	254	.696	11	284	.778	11	315	.863	11	345	.945
12	193	.529	12	224	.614	12	255	.699	12	285	.781	12	316	.866	12	346	.948
13	194	.532	13	225	.616	13	256	.701	13	286	.784	13	317	.868	13	347	.951
14	195	.534	14	226	.619	14	257	.704	14	287	.786	14	318	.871	14	348	.953
15	196	.537	15	227	.622	15	258	.707	15	288	.789	15	319	.874	15	349	.956
16	197	.540	16	228	.625	16	259	.710	16	289	.792	16	320	.877	16	350	.959
17	198	.542	17	229	.627	17	260	.712	17	290	.795	17	321	.879	17	351	.962
18	199	.545	18	230	.630	18	261	.715	18	291	.797	18	322	.882	18	352	.964
19	200	.548	19	231	.633	19	262	.718	19	292	.800	19	323	.885	19	353	.967
20	201	.551	20	232	.636	20	263	.721	20	293	.803	20	324	.888	20	354	.970
21	202	.553	21	233	.638	21	264	.723	21	294	.805	21	325	.890	21	355	.973
22	203	.556	22	234	.641	22	265	.726	22	295	.808	22	326	.893	22	356	.975
23	204	.559	23	235	.644	23	266	.729	23	296	.811	23	327	.896	23	357	.978
24	205	.562	24	236	.647	24	267	.732	24	297	.814	24	328	.899	24	358	.981
25	206	.564	25	237	.649	25	268	.734	25	298	.816	25	329	.901	25	359	.984
26	207	.567	26	238	.652	26	269	.737	26	299	.819	26	330	.904	26	360	.986
27	208	.570	27	239	.655	27	270	.740	27	300	.822	27	331	.907	27	361	.989
28	209	.573	28	240	.658	28	271	.742	28	301	.825	28	332	.910	28	362	.992
29	210	.575	29	241	.660	29	272	.745	29	302	.827	29	333	.912	29	363	.995
30	211	.578	30	242	.663	30	273	.748	30	303	.830	30	334	.915	30	364	.997
31	212	.581	31	243	.666				31	304	.833				31	365	1.000

## CANCELLATION EXAMPLES

The following examples have been created and apply to the Cancellation tables outlined in Rule 3-A-3.

### Sample Policy Information

- Policy Effective Date: 1/1/X4
- Policy Expiration Date: 1/1/X5 (365 day term)
- Policy Cancellation Date: 7/5/X4 (in effect 185 days)
- Actual Payroll: \$300,000 (reflecting 1/1/X4 to 7/5/X4)
- Manual Rate: \$2
- Minimum Premium: \$1,250
- Experience Modification: 0.95
- Expense Constant: \$250
- Terrorism Charge of .01
- Catastrophe (other than Certified Acts of terrorism) charge of .01

### Pro Rata Cancellation Example

- Pro Rata number of days ratio = 0.507
- 1. Payroll extended for full policy term =  $\$55,500 * 365 / 185 = \$109,500$
- 2. Full policy term premium before experience rating =  $\$109,500 / 100 * \$2 = \$2,190$
- 3. Full policy term Modified Premium =  $\$2,190 * .95 = \$2,081$
- 4. Pro-Rata modified premium =  $\$2,081 * 0.507 = \$1,055$
- 5. Pro-Rata portion of expense constant =  $0.507 * \$250 = \$127$
- 6. Terrorism =  $(\$55,500 / 100 * .01) = \$6$
- 7. Catastrophe =  $(\$55,500 / 100 * .01) = \$6$
- 8. Total Pro Rata Premium for cancelled policy =  $(\$1,055 + \$127 + \$6 + \$6) = \$1,194$

### Short Rate percentage cancellation example

- Short Rate percentage for 185 days = 61%
- 1. Payroll extended for full policy term =  $\$55,500 * 365 / 185 = \$109,500$
- 2. Full policy term premium before experience rating =  $\$109,500 / 100 * \$2 = \$2,190$
- 3. For a 365 day policy, extended # of days = # of days policy in effect = 185
- 4. Short rate premium =  $\$2,190 * .61 = \$1,336$
- 5. Short rate modified premium =  $\$1,336 * 0.95 = \$1,269$
- 6. Less premium discount (first \$5,000 @ 0%) = \$0
- 7. Short rate portion of expense constant =  $\$250 * .61 = \$153$
- 8. Terrorism =  $(\$55,500 / 100 * .01) = \$6$
- 9. Catastrophe =  $(\$55,500 / 100 * .01) = \$6$
- 10. Total premium for cancelled policy =  $\$1,269 + \$153 + \$6 + \$6 = \$1,434$

### Short Rate factor cancellation example

- Short Rate Factor for 185 days = 1.2035
- 1. Actual premium =  $\$55,500 / 100 * \$2 = \$1,110$
- 2. Short rate charge =  $\$1,110 * .2035 = 226$
- 3. Short rate manual premium =  $\$1,110 + \$226 = \$1,336$
- 4. Short rate modified premium =  $\$1,336 * .95 = \$1,269$
- 5. Less premium discount (first \$5,000 @ 0%) = \$0

6. Short rate portion of expense constant = pro rata portion of expense constant + short rate factor applied to pro rata portion of expense constant =  $(\$250 / 365 \times 185) + [(\$250 / 365 \times 185) \times .2036] = \$153$
7. Terrorism =  $(\$55,500/100 * .01) = \$6$
8. Catastrophe =  $(\$55,500/100 * .01) = \$6$
9. Total premium for cancelled policy =  $\$1,269 + \$153 + \$6 + \$6 = \$1,434$

## Appendix C

### INCREASED LIMITS TABLES

Refer to Rule 3-A-13

**TABLE 1 – WORKERS COMPENSATION AND EMPLOYERS LIABILITY- INCREASED LIMITS PERCENTAGE**

**Bodily Injury by Disease: Policy Limit (\$000 Omitted)**

	Loss Limit	Minimum Premium <sup>□</sup>	500	1,000	2,000	3,000	4,000	5,000	6,000	7,000	8,000	9,000	10,000
Bodily	100	–	0.0%	0.1%	0.2%	0.3%	0.4%	0.5%	0.6%	0.7%	0.8%	0.9%	1.0%
Injury by	200	\$75	0.2%	0.3%	0.4%	0.5%	0.6%	0.7%	0.8%	0.9%	1.0%	1.1%	1.2%
Accident	300	\$75	0.4%	0.5%	0.6%	0.7%	0.8%	0.9%	1.0%	1.1%	1.2%	1.3%	1.4%
Each	400	\$75	0.6%	0.7%	0.8%	0.9%	1.0%	1.1%	1.2%	1.3%	1.4%	1.5%	1.6%
Accident	500	\$75	0.8%	0.9%	1.0%	1.1%	1.2%	1.3%	1.4%	1.5%	1.6%	1.7%	1.8%
Limit	1,000	\$120		1.1%	1.2%	1.3%	1.4%	1.5%	1.6%	1.7%	1.8%	1.9%	2.0%
and	2,000	\$140			1.4%	1.5%	1.6%	1.7%	1.8%	1.9%	2.0%	2.1%	2.2%
Bodily	3,000	\$160				1.6%	1.7%	1.8%	1.9%	2.0%	2.1%	2.2%	2.3%
Injury by	4,000	\$180					1.8%	1.9%	2.0%	2.1%	2.2%	2.3%	2.4%
Disease	5,000	\$200						2.0%	2.1%	2.2%	2.3%	2.4%	2.5%
Each	6,000	\$210							2.2%	2.3%	2.4%	2.5%	2.6%
Employee	7,000	\$220								2.4%	2.5%	2.6%	2.7%
Limit	8,000	\$230									2.6%	2.7%	2.8%
(\$000	9,000	\$240										2.8%	2.9%
Omitted)	10,000	\$250											3.0%

<sup>□</sup> The same minimum premium applies for all the Bodily Injury by Disease policy limits within the same row.

For increased limits not displayed in the table, apply the minimum premium shown for the next highest limit published in the table.



**TABLE 2—Employers Liability Insurance for Admiralty or FELA—Table for Minimum Premium and Increased Limits Factors**

Limit Per Accident	Factor		Minimum Premium*	
	Program I	Program II	Program I	Program II
\$ 100,000	1.00	1.00	\$ 0	\$ 0
200,000	1.31	1.26	75	100
300,000	1.47	1.41	75	100
400,000	1.56	1.50	75	100
500,000	1.60	1.54	75	100
1,000,000	1.77	1.70	120	150
2,000,000	1.96	1.88	140	175
3,000,000	2.05	1.97	160	200
4,000,000	2.10	2.02	180	225
5,000,000	2.13	2.04	200	250
6,000,000	2.15	2.06	210	260
7,000,000	2.17	2.08	220	270
8,000,000	2.18	2.09	230	280
9,000,000	2.19	2.10	240	290
10,000,000	2.20	2.11	250	300

## Appendix D

### SCHEDULE RATING PLAN

1. This Plan may be available to any risk whose estimated annual manual premium is equal to or greater than \$2,500.
2. Subject to a maximum modification of a 25% credit or a 25% debit, the premium for a risk may be modified in accordance with the following Schedule Rating Table to reflect characteristics of the risk that are not reflected in its experience (Note: The "Risk Characteristics" examples given to evaluate the positive or negative conditions of a risk may be interpreted as "including, but not limited to" those examples):

#### SCHEDULE RATING TABLE

<u>Risk Characteristics</u>	<u>Range of Modifications</u>	
	<b>Credit</b>	<b>Debit</b>
<b>Premises</b> Physical condition, preventive maintenance, hazards controlled, housekeeping	5% to	5%
<b>Classification Peculiarities</b> Technology or methodology variations, exposure identification, employee distribution, employee turnover, and interchange	5% to	5%
<b>Health and Medical</b> First aid or medical assistance, emergency or disaster plans, return-to-work policy, alcohol or substance abuse programs, industrial hygiene, and ergonomics	10% to	10%
<b>Safety Devices and Equipment</b> Type and condition, guarding, personal protective equipment, maintenance	10% to	10%
<b>Employees</b> Selection, training, experience, motivation, supervision	5% to	5%
<b>Management</b> Commitment to workplace safety, involvement in loss control programs, cooperation with insurer	10% to	10%
<b>Safety Organization</b> Accident investigation and analysis, record keeping, safety committee organization, and effectiveness	5% to	5%

3. For risks that are also experience rated, the amount of schedule credit or debit shall be applied in a multiplicative manner after the application of the experience modification but before the application of premium discounts and the expense constant.
4. There shall be an annual report to the Bureau, or its designated statistical agent, illustrating the total dollar amount of schedule debits and the total dollar amount of schedule credits.
5. Standard earned premium figures reported on the aggregate calls for experience (e.g., policy year, calendar year, etc.) must exclude the effects of schedule rating premium adjustments. Net earned premium reported on these calls must include the effects of schedule rating premium adjustments. Schedule rating premium adjustments must be reported under unique statistical codes on unit statistical reports submitted in accordance with the ***NC Statistical Plan Manual***.
6. This program is not applicable to assigned risk policyholders covered under the provisions of the NC WCIP.
7. All schedule debits and all schedule credits shall be based on documented evidence that is contained in the workers compensation policy file of the insurer.
8. The effective date of any schedule debit or credit shall not be any date prior to the receipt in the insurer's office of the evidence supporting the debit or credit.
9. The derivation of the schedule rating factor must be made available to the insured upon request. To the degree that the insured can correct the reason for any schedule debit to the satisfaction of the insurer, the debit may be removed effective the date documentation for the correction is received in the insurer's office.

## **Appendix E**

### CLASSIFICATIONS BY HAZARD GROUP

Refer to the Classifications Section- PART 2 of the ***North Carolina Basic Manual*** for the applicable Hazard Group per classification code.

## Appendix F

### PAYROLL DETERMINATION FORMULAS

Refer to Rule 2-E

Appendix F provides payroll determination formulas for the following:

- Partners and Sole Proprietor Payroll Determination
- Executive Officer Weekly Minimum and Maximum Payroll Limitation
- Code 7370 Employee-Operated Vehicles and Leased or Rental Vehicle Payroll Basis (unless used in the absence of verifiable payroll records)
- Code 9178 and Code 9179 Weekly Maximum Payroll Limitation

**STATE PAYROLL DETERMINATION FORMULA TABLE 1**

Effective Date	Partners/Sole Proprietor Payroll Determination	Executive Officer Weekly Payroll Limitation	
		Minimum	Maximum
	Maximum = SAWW x 52 x 1.5		
4/1/20XX	SAWW x 52	SAWW	SAWW x 2

**STATE PAYROLL DETERMINATION FORMULA TABLE 2**

Effective Date	Code 7370 Payroll Basis		Code 9178 and Code 9179 Weekly Maximum Payroll Limitation
	Employee-Operated Vehicle	Leased or Rented Vehicle	
4/1/20XX	SAWW x 52 x 1.5	SAWW x 52	SAWW x 2

## Appendix G

### PROGRAM I AND PROGRAM II CLASSIFICATION COMPARISON TABLES

Classifications	Notes	Code Number		
		<i>Program I</i>	<i>Program II State Act Benefits</i>	<i>Program II USL Act Benefits</i>
Boat Livery - boats under 15 tons	This classification includes the laying up or putting into commission of boats. Boats 15 tons or over to be separately rated under the appropriate vessels classification.	7038	7090	7050
Diving - marine		7394	7395	7398
Dredging - all types		7333	7335	7337
Ferries	This classification includes dock employees.	7016	7024	7047
Fishing Vessels - NOC	This classification includes packing, curing, or shipping fish and repair or nets or boats.	7016	7024	7047
Oyster Boats	This classification includes planting, harvesting and operation of boats.	7016	7024	7047
Salvage Operations - marine		7394	7395	7398
Supply Boats		7016	7024	7047
Tugboats		7016	7024	7047
Vessels - NOC		7016	7024	7047
Vessels - not self-propelled	Such vessels having a regular master and crew who are furnished living quarters aboard the vessel shall be rated as "Vessels NOC."	7046	7098	7099
Vessels - sail		7038	7090	7050
Wrecking - marine	This classification includes salvage operations.	7394	7395	7398
Yachts - private- sail or power		7038	7090	7050

Federal Employers' Liability Act	Notes	Code Number		
		<i>Program I</i>	<i>Program II State Act Benefits</i>	<i>Program II USL Act Benefits</i>
Railroad Construction - all operations including clerical, salespersons and drivers		6702	6704	6703
Railroad Operation - all employees including drivers	This classification contemplates the normal operations of railroads including normal maintenance and repair. All extraordinary repair work including such work as rebuilding bridges, grade crossing elimination, laying, or relaying track and all new construction operations shall be classified as Code 6702, 6703, or 6704.	7151	7153	7152
Clerical Office Employees-NOC		8814	8805	8815
Salesperson, Collectors or Messengers - outside		8737	8734	8738

## Appendix H

### ANNIVERSARY RATING DATE EXAMPLES

The following examples have been created and apply to the ARD tables outlined in Rule 3-A-2.

#### ARD Table 1 Examples

*A single policy risk that has been cancelled and rewritten, either by the same or another carrier:*

#### Example 1- Midterm Cancellation

<b><i>If we assume:</i></b>	<b><i>Then...</i></b>
<p>Rates effective 4/1/2013 , 4/1/2014                      ARD 7/1/2013                      Policy effective 7/1/2013 – 7/1/2014                      Cancellation effective 9/1/2013                      Rewritten policy effective 9/1/2013 – 9/1/2014                      Renewal policy effective 9/1/2014 – 9/1/2015</p>	<p>Application of rules, classifications and rates to the rewritten policy and subsequent policies:</p> <p>Policy effective 9/1/2013-9/1/2014:</p> <ul style="list-style-type: none"> <li>• ARD is 7/1/2013; 4/1/2013 rates are in effect on ARD of 7/1/2013 and apply until policy expiration.</li> </ul> <p>Policy effective 9/1/2014-9/1/2015:</p> <ul style="list-style-type: none"> <li>• ARD is 9/1/2014; 4/1/2014 rates are in effect on ARD of 9/1/2014 and apply until policy expiration.</li> </ul>

#### Example 2 - Midterm Cancellation (Table 1)

<b><i>If we assume:</i></b>	<b><i>Then...</i></b>
<p>Rates effective 4/1/2013 , 4/1/2014                      ARD 7/1/2013                      Policy effective 7/1/2013 – 7/1/2014                      Cancellation effective 1/1/2014                      Rewritten policy effective 1/1/2014 – 1/1/2015                      Renewal policy effective 1/1/2015 – 1/1/2016</p>	<p>Application of rules, classifications and rates to the rewritten policy and subsequent policies:</p> <p>Policy effective 1/1/2014-1/1/2015:</p> <ul style="list-style-type: none"> <li>• ARD is 7/1/2013; 4/1/2013 rates are in effect on ARD of 7/1/2013 and apply until 7/1/2014.</li> <li>• On 7/1/2014(new ARD), the 4/1/2014 rates are in effect and apply until policy expiration</li> </ul> <p>Policy effective 1/1/2015-1/1/2016:</p> <ul style="list-style-type: none"> <li>• ARD is 1/1/2015; 4/1/2014 rates are in effect on ARD of 1/1/2015 and apply until policy expiration</li> </ul>

#### Example 3 - Gap in Coverage and Midterm Cancellation

<b><i>If we assume:</i></b>	<b><i>Then...</i></b>
<p>Rates effective 4/1/2012                      4/1/2013                      4/1/2014</p>	<p>Application of rules, classifications and rates to the rewritten policy and subsequent policies:</p> <p>Policy effective 7/1/2013-3/1/2014:</p> <ul style="list-style-type: none"> <li>• ARD is 1/1/2013; 4/1/2012 rates are in effect on ARD of 1/1/2013 and apply until 1/1/2014.</li> </ul>



<p>ARD 1/1/2013                  Policy effective 1/1/2013 – 1/1/2014                  Cancellation effective 6/1/2013                  Rewritten policy effective 7/1/2013 – 3/1/2014                  Renewal policy effective 3/1/2014 – 3/1/2015</p>	<ul style="list-style-type: none"> <li>On 1/1/2014 (new ARD), the 4/1/2013 rates are in effect and apply until policy expiration.</li> </ul> <p>Policy effective 3/1/2014-3/1/2015:</p> <ul style="list-style-type: none"> <li>ARD is 1/1/2014; 4/1/2013 rates are in effect on ARD of 1/1/2014 and apply until policy expiration.</li> </ul>
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**Example 4 - Gap in Coverage and Midterm Cancellation**

<i><b>If we assume:</b></i>	<i><b>Then...</b></i>
<p>Rates effective 4/1/2012                  4/1/2013</p> <p>Policy effective dates:                  ARD 1/1/2013                  Renewal policy effective 1/1/2013 – 1/1/2014                  Cancellation effective 6/1/2013                  Rewritten policy effective 7/1/2013 – 1/1/2014                  Renewal policy effective 1/1/2014 – 1/1/2015</p>	<p>Application of rules, classifications and rates to the rewritten policy and subsequent policies:</p> <p>Policy effective 7/1/2013-1/1/2014:</p> <ul style="list-style-type: none"> <li>ARD is 1/1/2013; 4/1/2012 rates are in effect on ARD of 1/1/2013 and apply until policy expiration.</li> </ul> <p>Policy effective 1/1/2014-1/1/2015:</p> <ul style="list-style-type: none"> <li>ARD is 1/1/2014; 4/1/2013 rates are in effect on ARD of 1/1/2014 and apply until policy expiration.</li> </ul>

**Example 5 – Short-term Policies- As Originally Written**

<i><b>If we assume:</b></i>	<i><b>Then...</b></i>
<p>Rates effective 4/1/2012                  4/1/2013                  4/1/2014</p> <p>ARD 3/16/2013                  Policy effective dates: 3/16/2013 – 3/1/2014                  Renewal policy effective 3/1/2014 – 1/1/2015                  Renewal policy effective 1/1/2015 – 1/1/2016</p>	<p>Application of rules, classifications and rates to the policies:</p> <p>Policy effective 3/16/2013-3/1/2014:</p> <ul style="list-style-type: none"> <li>ARD IS 3/16/2013; 4/1/2012 rates are in effect effective at the start of policy and apply until policy expiration.</li> </ul> <p>Policy effective 3/1/2014-1/1/2015:</p> <ul style="list-style-type: none"> <li>ARD is 3/16/2013; 4/1/2012 rates are in effect at the start of the policy and apply until 3/16/2014.</li> <li>On 3/16/2014 (new ARD), the 4/1/2013 rates are in effect and apply until policy expiration.</li> </ul> <p>Policy effective 1/1/2015-1/1/2016:</p> <ul style="list-style-type: none"> <li>1/1/2015 – 1/1/2016 ARD is 1/1/2015; 4/1/2014 rates are in effect at the start of the policy apply until policy expiration</li> </ul>

**Example 6 - Gap in Coverage less than a year**

<b><i>If we assume:</i></b>	<b><i>Then...</i></b>
<p>Rates effective                    4/1/2013             4/1/2014             4/1/2015             1/1/2016</p> <p>Policy effective dates:        9/15/2013 – 9/15/2014          Policy effective                1/1/2015 – 1/1/2016          Policy effective                1/1/2016 – 1/1/2017</p>	<p>Application of rules, classifications and rates to the rewritten policy and subsequent policies:</p> <p>Policy effective 9/15/2013-9/15/2014:</p> <ul style="list-style-type: none"> <li>• ARD is 9/15/2013; 4/1/2013 rates are in effect at the start of policy and apply until policy expiration.</li> </ul> <p>Policy effective 1/1/2015-1/1/2016:</p> <ul style="list-style-type: none"> <li>• ARD is 9/15/2014; 4/1/2014 rates are in effect on the ARD of 9/15/2014 and apply until 9/15/2015.</li> <li>• On 9/15/2015 (the new ARD) the 4/1/2015 rates are in effect and apply until policy expiration.</li> </ul>

**Example 7-Gap in Coverage greater than a year**

<b><i>If we assume:</i></b>	<b><i>Then...</i></b>
<p>Rates effective                    4/1/2013             4/1/2014             4/1/2015</p> <p>Policy effective dates:        9/15/2013 – 9/15/2014          Gap in coverage          Policy effective                1/1/2016 – 1/1/2017</p>	<p>Application of rules, classifications and rates to the rewritten policy and subsequent policies:</p> <p>Policy effective 9/15/2013-9/15/2014:</p> <ul style="list-style-type: none"> <li>• ARD is 9/15/2013; 4/1/2013 rates are in effect at the start of policy and apply until policy expiration.</li> </ul> <p>Policy effective 1/1/2016-1/1/2017:</p> <ul style="list-style-type: none"> <li>• ARD is 1/1/2016; 4/1/2015 rates are in effect at the start of the policy and apply until policy expiration</li> </ul>

**Example 8 – Original Policy Written Greater than 365 Days but Less than 381 Days**

<b><i>If we assume:</i></b>	<b><i>Then...</i></b>
<p>Rates effective                    4/1/2013             4/1/2014             4/1/2015</p> <p>Policy effective dates:        9/23/2013 – 10/1/2014</p>	<p>Application of rules, classifications and rates to the policies:</p> <p>Policy effective 09/23/13-10/1/14</p> <ul style="list-style-type: none"> <li>• ARD is 9/23/2013; 4/1/2013 rates are in effect at the start of the policy and apply until policy expiration.</li> </ul> <p>Policy effective 10/1/2014-11/16/2014</p> <ul style="list-style-type: none"> <li>• ARD is 9/23/2014; 4/1/2014 rates are in effect and apply until policy expiration.</li> </ul> <p>Policy effective 12/7/2014-9/1/2015:</p>

Renewal policy effective 10/1/2014 – 11/16/2014	<ul style="list-style-type: none"> <li>• ARD is 9/23/2014; 4/1/2014 rates are in effect and apply until policy expiration.</li> </ul> <p>Policy effective 9/1/2015-2/1/2016:</p> <ul style="list-style-type: none"> <li>• From 9/1/2015 to 9/23/2015, the ARD is 9/23/2014; the 4/1/2014 rates are in effect and apply until 9/23/2015.</li> <li>• From 9/23/2015 – 2/1/2016, ARD is 9/23/2015; the 4/1/2015 rates are in effect and apply until policy expiration.</li> </ul> <p>Policy effective 2/1/2016 to 2/1/2017:</p> <ul style="list-style-type: none"> <li>• ARD is 2/1/2016; 4/1/2015 rates are in effect at the start of the policy and apply until policy expiration.</li> </ul>
Renewal policy effective 12/7/2014 – 9/1/2015	
Renewal policy effective 9/1/2015 – 2/1/2016	
Renewal policy effective 2/1/2016 – 2/1/2017	

**ARD Table 2 Example**

*For multiple-policy risks (one that is covered by two or more policies) with varying effective dates and is not a long-term policy or Three-Year Fixed-Rate policy:*

<b>If we assume:</b>	<b>Then...</b>
<p>Controlling Policy X effective 7/1/2013 – 7/1/2014, renews annually on 7/1</p> <p>Policy Y effective 10/1/2013 – 10/1/2014, renews annually on 10/1</p> <p>Policy Z effective 1/1/2014 – 7/1/2014, renews on 7/1 and annually thereafter.</p> <p>Rates effective 4/1/2013 4/1/2014 4/1/2015</p>	<p><b>POLICY X:</b></p> <p>Application of rules, classifications and rates to the policies:</p> <p>Policy effective 7/1/2013-7/1/2014:</p> <ul style="list-style-type: none"> <li>• ARD is 7/1/2013; 4/1/2013 rates are in effect and apply until policy expiration.</li> </ul> <p>Policy effective 7/1/2014-7/1/2015:</p> <ul style="list-style-type: none"> <li>• ARD is 7/1/2014; 4/1/2014 rates are in effect and apply until policy expiration.</li> </ul> <p>Policy effective 7/1/2015-7/1/2016:</p> <ul style="list-style-type: none"> <li>• ARD is 7/1/2015; 4/1/2015 rates are in effect and apply until policy expiration.</li> </ul> <p><b>POLICY Y:</b></p> <p>Policy effective 10/1/2013-10/1/2014:</p> <ul style="list-style-type: none"> <li>• ARD 7/1/2013; 4/1/2013 rates are in effect and apply until policy expiration.</li> </ul> <p>Policy effective 10/1/2014-10/1/2015:</p> <ul style="list-style-type: none"> <li>• ARD 7/1/2014; 4/1/2014 rates are in effect and apply until policy expiration.</li> </ul> <p><b>POLICY Z:</b></p> <p>Policy effective 1/1/2014-7/1/2014:</p> <ul style="list-style-type: none"> <li>• ARD 7/1/2013; 4/1/2013 rates are in effect</li> </ul>

	<p>and apply until policy expiration.</p> <p>Policy effective 7/1/2014-7/1/2015:</p> <ul style="list-style-type: none"> <li>• ARD 7/1/2014; 4/1/2014 rates are in effect and apply until policy expiration.</li> </ul> <p>Policy effective 7/1/2015-7/1/2016:</p> <ul style="list-style-type: none"> <li>• ARD 7/1/2015; 4/1/2015 rates are in effect and apply until policy expiration.</li> </ul>
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	7/1/2013	7/1/2014	7/1/2015
<b>Controlling Policy X</b>	2013 Rates	2014 Rates	2015 Rates
	10/1/2013	10/1/2014	10/1/2015
<b>Policy Y</b>	2013 Rates	2014 Rates	2015 Rates
	1/1/2014	7/1/2014	7/1/2015
<b>Policy Z</b>	2013 Rates	2014 Rates	2015 Rates

**ARD Table 3 Examples:**

*For long-term policies issued for a period longer than one year and 16 days, other than a three-Year Fixed-Rate policy:*

**Example 1-**

<b><i>If we assume:</i></b>	<b><i>Then...</i></b>
<p>Policy effective: 7/1/2013 – 10/26/2014</p> <p>Rates effective 4/1/2013</p> <p>Normal ARD 7/1</p>	<p>For ARD purposes, divide the policy into two units as follows:</p> <ul style="list-style-type: none"> <li>• 7/1/2013 to 10/1/2013 and 10/1/2013 to 10/1/2014</li> <li>• 7/1/2013 to 7/1/2014</li> <li>• 7/1/2014 to 10/26/2014.</li> </ul> <p>Application of rules, classifications and rates:                      For 7/1/2013 - 7/1/2014, use 7/1/2013 ARD                      For 7/1/2014 - 10/26/2014, use 7/1/2014 ARD</p>

**Example 2-**

<b><i>If we assume:</i></b>	<b><i>Then...</i></b>
<p>Policy effective: 7/1/2013 – 12/1/2014</p> <p>Rates effective 7/1/2013, 7/1/2014</p> <p>Normal ARD 7/1</p>	<p>For ARD purposes, divide the policy into two units as follows:</p> <ul style="list-style-type: none"> <li>• 7/1/2013 to 7/1/2014</li> <li>• 7/1/2014 to 12/1/2014.</li> </ul> <p>Application of rules, classifications and rates:                      For 7/1/2013 - 7/1/2014, use 7/1/2013 ARD                      For 7/1/2014 - 12/1/2014, use 7/1/2014 ARD</p>

## North Carolina Basic Manual for Workers Compensation and Employers Liability (North Carolina Basic Manual)

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*The rules, classifications, and values contained in this manual have been adopted by the North Carolina Rate Bureau and approved by the North Carolina Commissioner of Insurance for the purpose of writing workers compensation and employer's liability insurance in North Carolina.*

### PART 2 – CLASSIFICATIONS

This section of this manual provides an alpha and numeric listing of all classification codes approved for usage in North Carolina.

State special codes, cross-references, notes, and alternate phraseologies have been included in both the alpha and numeric indexes. For complete descriptions of the classification codes and what business operations they include and exclude, refer to NCCI's *Scopes Manual*.

Several class codes have special footnotes or industry identifiers. If applicable, these will be notated in the "Class Code Footnotes and Identifiers" column. The meaning of each letter or symbol is described below.

#### Class Code Footnotes and Identifiers

A	Minimum Premium \$100 per ginning location for policy minimum premium computation.
D	Rate for classification already includes specific disease loading, per Rule 3-A-7. *
F	Rate provides for coverage under the USL&HW Act and its extensions. Rate includes a provision for USL&HW Assessment.
M	Risks are subject to Admiralty Law or Federal Employers Liability Act (FELA). *
N	This code is part of a ratable/nonratable group. The statistical non-ratable code and corresponding rate are applied in addition to the basic classification when determining premium. *
P	Classification is computed on a per capita basis.
X	Refer to special classification phraseology in these pages which is applicable in North Carolina.
●	Construction Classification
■	Farm Classification
◆	Mercantile Classification

*\*Additional details are available in the Miscellaneous Values section of this manual.*

## Alphabetical Listing

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
1860		Abrasive Paper or Cloth Preparation	B
1748		Abrasive Wheel Mfg. & Drivers	E
3224		Agate or Enamel Ware Mfg.	B
3826		Aircraft Engine Mfg.	C
3830		Airplane Mfg.	D
3227		Aluminum Ware Mfg.	B
7705		Ambulance Service Companies and EMS (Emergency Medical Service) Providers & Drivers	D
9180		Amusement Device Operation NOC - Not Traveling - & Drivers	E
9016		Amusement Park or Exhibition Operation & Drivers	C
4511		Analytical Laboratories or Assaying - Including Laboratory, Outside Employees, Collectors of Samples, & Drivers	D
8603		Architectural or Engineering Firm - Clerical	C
8601		Architectural or Engineering Firm - Including Salespersons & Drivers	D
1852	D	Asbestos Goods Mfg.	G
5472	•	Asbestos Removal Operations - Contractor - Pipe and Boiler Work Exclusively & Drivers	G
5473	•	Asbestos Removal Operations: Contractor - NOC & Drivers	G
4741		Asphalt or Tar Distilling or Refining & Drivers	C
1463		Asphalt Works Operated by Paving Contractor - Permanent Location & Drivers	F
9179		Athletic Sports or Park - Contact Sports	B
9178		Athletic Sports or Park - Noncontact Sports	A
9182		Athletic Sports or Park - Operations & Drivers	C
9181		Athletic Teams or Parks - All Players on Salary List of Insured, Whether regularly Played or Not - Including Umpires	A
8820		Attorney - all Employees & Clerical, Messengers, Drivers	D
8803		Auditor, Accountant or Computer System Designer or Programmer - Traveling	E
5188	•	Automatic Sprinkler Installation & Drivers	E
8393		Automobile Body Repair	C
3827		Automobile Engine Mfg.	D
3808		Automobile Mfg. or Assembly	D
3807		Automobile Radiator Mfg.	B
3821		Automobile Recycling & Drivers	D
8002		Automobile Rental Co.- All Other Employees & Counter Personnel, Drivers	C
8748		Automobile Salespersons	D

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
8380		Automobile Service or Repair Center & Drivers	D
8392	◆	Automobile Storage Garage, Parking Lot of Parking Station, Valet Service, Cashiers or Counter Personnel & Drivers	C
3803		Automobile Wheel Mfg. - Metal - Not Cast	C
3822	X	Automobile, Bus, Truck or Trailer Body Mfg. - Die-Pressed Steel. <b><i>Special Notation within Scope:</i></b> Code 3822 is not assigned to risks engaged solely in bus, truck or trailer repair and/or service operations in North Carolina (Code 8393)	D
3824	X	Automobile, Bus, Truck or Trailer Body Mfg. - NOC. <b><i>Special Notation within Scope:</i></b> Code 3822 is not assigned to risks engaged solely in bus, truck or trailer repair or service operations in North Carolina (Code 8393)	D
3648		Automotive Lighting, Ignition or Starting Apparatus Mfg. NOC	B
7405	N	Aviation - Air Carrier - Scheduled, Commuter or Supplemental - Flying Crew	E
7431	N	Aviation - Air Charter or Air Taxi- Flying Crew	G
7402		Aviation - Air Traffic Controllers Under Contract with the FAA	C
7403		Aviation - All Other Employees & Drivers	E
7425		Aviation - Helicopters - Flying Crew	G
7422		Aviation - NOC- Other than Helicopters - Flying Crew	G
7420		Aviation - Stunt Flying, Racing or Parachute Jumping - Flying Crew	G
7421		Aviation - Transportation of personnel in Conduct of employer's Business - Flying Crew	F
3865		Baby Carriage Mfg.	A
4273		Bag Mfg. - Paper or Plastic	C
2003		Bakery - Salesperson & Drivers	C
3638		Ball or Roller Bearing Mfg.	B
8855		Banks and Trust Companies - All Employees, Salespersons, Drivers & Clerical	C
9084		Bar, Discotheque, Lounge, Nightclub or Tavern	C
9586		Barber Shop, Beauty Parlor or Hair Styling Salon	A
3642		Battery Mfg. - Dry	C
3647		Battery Mfg. - Storage	D
3300		Bed Spring or Wire Mattress Mfg.	C
7390		Beer or Ale Dealer - Wholesale & Drivers	C
9089		Billiard Hall	B
3111		Blacksmith	C
7038	M	Boat Livery - Boats Under 15 Tons	G

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
7050	M	Boat Livery - Boats Under 15 Tons	G
7090	M	Boat Livery - Boats Under 15 Tons	G
6801	F	Boatbuilding - Wood - NOC & Drivers	E
6811		Boatbuilding - Wood - NOC & Drivers	E
6824	F	Boatbuilding or Repair & Drivers	F
6834		Boatbuilding or Repair & Drivers	D
3726		Boiler Installation or Repair - Steam	G
3620		Boilermaking	E
4307		Bookbinding	A
2660		Boot or Shoe Mfg. NOC	B
8264	◆	Bottle Dealer - Used & Drivers	E
2157		Bottling - All Operations & Route Supervisors, Drivers	C
9093		Bowling Lane	B
4243		Box Mfg. - Folding Paper - NOC	C
4240		Box Mfg. - Set up Paper	B
3315		Brass or Copper Goods Mfg.	B
2121		Brewery & Drivers	C
4021		Brick or Clay Products Mfg. NOC & Drivers	E
9019		Bridge or Vehicular Tunnel Operation & Drivers	E
2835		Brush or Broom Assembly	A
2836		Brush or Broom Mfg. NOC	A
8058	◆	Building Material Dealer - New Materials Only - Store Employees	C
8204	◆	Building Material Yard & Local Managers, Drivers	E
9015		Building or Property Management - All Other Employees	C
9012		Building or Property Management - Property Managers and Leasing Agents & Clerical, Salespersons	D
4283		Building or Roofing Paper or Felt Preparation - No Installation	C
5703	●	Building Raising or Moving	E
7605	●	Burglar and Fire Alarm Installation or Repair & Drivers	E
7382		Bus Co - All Other Employees & Drivers	C
8385		Bus Co - Garage Employees	E
2081		Butchering	C
4717		Butter Substitute Mfg.	A
3131		Button or Fastener Mfg. - Metal	C
4470		Cable Mfg. - Insulated Electrical	C
3220		Can Mfg.	C
2041		Candy, Chocolate and Confection Mfg.	B
2111		Cannery NOC	B



<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
3881		Car Mfg. - Railroad - & Drivers	C
9186		Carnival, Circus or Amusement Device Operations - Traveling - All Employees & Drivers	F
5645	•	Carpentry - Construction of Residential Dwellings Not Exceeding Three Stories in Height	F
5437	•	Carpentry - Installation of Cabinet Work or Interior Trim	E
5403	•	Carpentry - NOC	F
2802		Carpentry - Shop Only- & Drivers	D
2402		Carpet or Rug Mfg. NOC	E
9062		Casino Gambling - All Employees & Clerical, Salespersons, Drivers	A
9044		Casino Gambling Hotel All Employees & Clerical, Salespersons, Drivers	B
4133		Cathedral or Art Glass Window Mfg.	B
5020	•	Ceiling Installation - Suspended Acoustical Grid Type	E
1701		Cement Mfg.	E
9220		Cemetery Operations & Drivers	D
5348	•	Ceramic Tile, Indoor Stone, Marble or Mosaic Work	E
2016		Cereal or Bar Mfg.	B
8856		Check Cashing Establishments - All Employees, Salespersons, Drivers & Clerical	C
4828		Chemical Blending or Mixing NOC - All Operations & Drivers	D
4829		Chemical Mfg. NOC - All Operations & Drivers - Includes Blending or Mixing	F
8869		Child Care Center - All Employees Including Clerical, Salespersons & Drivers	B
5610	•	Cleaner - Debris Removal - Construction	C
2586		Cleaning or Dyeing & Route Supervisors, Drivers	C
8805	M	Clerical Office Employees - NOC	C
8810		Clerical Office Employees - NOC	C
8814	M	Clerical Office Employees - NOC	C
8815	M	Clerical Office Employees - NOC	C
8871		Clerical Telecommuter Employees	B
2417		Cloth Printing	C
2501		Cloth, Canvas and Related Products Mfg. NOC	C
9060		Club - Country, Golf, Fishing or Yacht - All Employees & Clerical, Salespersons, Drivers	B
9061		Club NOC & Clerical	A
7313	F	Coal Dock Operation & Stevedoring	G
8233		Coal Merchant & Local Managers, Drivers	E

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<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
1005		Coal Mining - Surface & Drivers	G
1470	X	Coke Mfg. & Drivers. <b>State Special Scope:</b> Code 1470 is applied to insureds engaged principally in the manufacture of coke by the use of beehive or by-product oven methods. Coal is fed into crushers, which reduce the oversize pieces. It is then conveyed to bunkers serving the ovens. The process is a high-temperature carbonization process to produce coke. The distillation of by-products by coke manufacturing concerns is also contemplated by this classification. Such distillation is confirmed to the treatment of the coal tar residue and the ammoniacal liquor to produce products such as coal tar, ammonium sulfate, naphthalene and similar substances. The breaking up of the by-products does not extend into the region of dyes, essences and similar chemicals.	E
9101		College - All Other Employees	B
8868		College - Professional Employees & Clerical	B
3574		Computing, Recording or Office Machine Mfg. NOC	B
5222	●	Concrete Construction in Connection with Bridges or Culverts	F
5213	●	Concrete Construction NOC	F
5221	●	Concrete or Cement Work - Floors, Driveways, Yards or Sidewalks & Drivers	E
4034		Concrete Products Mfg. & Drivers	E
5215	●	Concrete Work - Incidental to the Construction of Private Residence	D
6325	●	Conduit Construction - For Cables or Wires- & Drivers	F
3559		Confection Machine Mfg.	C
3507		Construction or Agricultural Machinery Mfg.	C
8227	◆	Construction or Erection Permanent Yard	G
5606	●	Contractor - Project Manager, Construction Executive, Construction Manager or Construction Superintendent	F
4703		Corn Products Mfg.	C
4244		Corrugated or Fiberboard Container Mfg.	C
2211		Cotton Batting, Wadding or Waste Mfg.	E
0400		Cotton Compressing & Drivers	D
0401	A	Cotton Gin Operation & Local Managers, Drivers	F
4670		Cottonseed Oil Mfg. - Mechanical & Drivers	E
2070		Creamery or Dairy & Route Supervisors, Drivers	C
3122		Cutlery Mfg. NOC	B
6017	●	Dam or Lock Construction - Concrete Work - All Operations	E
6018	●	Dam or Lock Construction - Earthmoving or Placing - All Operations & Drivers	E

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
4692		Dental Laboratory	B
1925		Die Casting Mfg.	D
7394	M	Diving - Marine	G
7395	M	Diving - Marine	G
7398	M	Diving - Marine	G
0913	P	Domestic Workers - Residences - Full-time	C
0908	P	Domestic Workers - Residences - Part-time	C
5102	●	Door and Window Installation - All Types - Residential and Commercial	F
7333	M	Dredging - All Types	G
7335	M	Dredging - All Types	G
7337	M	Dredging - All Types	G
4282		Dress Pattern Mfg. - Paper	B
2503		Dressmaking or Tailoring - Custom Exclusively	B
6204	●	Drilling NOC & Drivers	F
7380		Drivers, Chauffeurs, Messengers and Their Helpers NOC - Commercial	D
4825		Drug, Medicine or Pharmaceutical Preparation Mfg. - Including Mfg. of Ingredients	E
4611		Drug, Medicine or Pharmaceutical Preparation, Compounding or Blending - No Mfg. of Ingredients	B
4110		Electric Bulb Mfg.	C
7539		Electric Light or Power Co. NOC - All Employees & Drivers	F
7540		Electric Light or Power Cooperative - REA Project Only - All Employees & Drivers	G
7529	X	Electric Light or Power Line Construction - REA Project Only & Drivers. <b>State Specific Code</b>	G
7538	●	Electric Light or Power Line Construction & Drivers	G
3643		Electric Power or Transmission Equipment Mfg.	C
3179		Electrical Apparatus Mfg. NOC	B
3180		Electrical or Gas Lighting Fixtures Mfg.	B
5190	●	Electrical Wiring - Within Buildings & Drivers	E
9516		Electronic Equipment - Installation, Service or Repair - Shop and Outside & Drivers	E
3372		Electroplating	D
5160	●	Elevator Erection or Repair	F
3042		Elevator or Escalator Mfg.	D
2388		Embroidery Mfg.	B
1747		Emery Works & Drivers	E

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<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
4352		Engraving	B
6217	●	Excavation & Drivers	F
4777		Explosives Distributors & Drivers	G
4771	N	Explosives or Ammunition Mfg. NOC & Drivers	G
3270		Eyelet Mfg.	C
4493		Fabric Coating or Impregnating NOC	C
8848	X	Family Care Home , Domiciliary Homes, Rest Homes- All Employees. <b>State Specific Code</b>	C
0170	■	Farm - Animal Raising & Drivers	C
0079	■	Farm - Berry or Vineyard & Drivers	E
0083	■	Farm - Cattle or Livestock Raising NOC & Drivers	C
0036	■	Farm - Dairy & Drivers	C
0037	■	Farm - Field Crops & Drivers	D
0113	■	Farm - Fish Hatchery & Drivers	C
0035	■	Farm - Florist & Drivers	B
0008	■	Farm - Gardening - Market or Truck - & Drivers	D
0005	■	Farm - Nursery Employees & Drivers	C
0016	■	Farm - Orchard or Grove & Drivers	E
0034	■	Farm - Poultry or Egg Producer & Drivers	C
8116	◆	Farm Machinery Dealer - All Operations & Drivers	C
0050	●	Farm Machinery Operation - by Contractor & Drivers	C
2534		Feather or Flower Mfg. - Artificial	B
8215	◆	Feed, Fertilizer, Hay or Grail Dealer & Local Managers, Drivers - No Mfg.	E
2288		Felting Mfg.	B
6400	●	Fence Installation and Repair - Metal, Vinyl, Wood or Prefabricated Concrete Panel Fence Installed by Hand	D
4583		Fertilizer Mfg. & Drivers	F
4263		Fiber Goods Mfg.	C
7710		Firefighters & Drivers	F
7711		Firefighters & Drivers - Volunteer	F
1741	D	Flint or Spar Grinding & Drivers	G
5478	●	Floor Coverage Installation - Resilient Flooring - Carpet and Laminate Flooring	E

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
6504		Food Products Mfg. NOC	B
3110		Forging Work - Drop or Machine	C
3081	D	Foundry - Ferrous - NOC	E
3085	D	Foundry - Non-Ferrous	E
3082	D	Foundry - Steel Castings	E
7350	F	Freight Handling NOC	F
7360		Freight Handling NOC	E
2112		Fruit Evaporating or Preserving	B
2143		Fruit Juice Mfg. & Drivers	B
2105		Fruit Packing	B
3581		Fuel Injection Device Mfg.	B
9620		Funeral Director & Drivers	D
2600		Fur Processing - Preparing Skins	B
2881		Furniture Mfg. and Cabinet Shop - Assembly by Hand - Wood	A
2883		Furniture Mfg. and Cabinet Shop - Wood - NOC	C
5146	●	Furniture or Fixtures Installation - Portable - NOC	E
2735		Furniture Stock Mfg.	B
3373		Galvanizing or Tinning - Not Electrolytic	C
7590		Garbage Works	D
9403		Garbage, Ashes or Refuse Collection & Drivers	F
7502		Gas Co. - Natural Gas - Local Distribution & Drivers	E
6319	●	Gas Main or Connection Construction & Drivers	F
8350		Gasoline or Oil Dealer & Drivers	F
8006		Gasoline Station - Self Service and Convenient/Grocery - Retail	C
8381		Gasoline Station - Self-Service Only - Retail	D
3635		Gear Mfg. or Grinding	C
8606	◆	Geophysical Exploration - All Employees & Drivers	F
4130		Glass Merchant	C
4101		Glass Mfg. - & Drivers	D
4113		Glass Mfg. - Cut	C
4111		Glassware Mfg. - No Automatic Blowing Machines	B
4114		Glassware Mfg. NOC	C
5462	●	Glazier - Away from Shop & Drivers	E
2670		Glove Mfg. - Leather or Textile	A
4653		Glue Mfg. & Drivers	B
8304	◆	Grain Elevator Operation & Local Managers, Drivers	E
2014		Grain or Feed Milling	E

Class Code	Class Code Footnotes & Identifiers	Phraseology	Hazard Group
8842	X	Group Homes - All Employees & Salespersons, Drivers. <b><i>State Special Note (is NOT applicable to NC):</i></b> Includes group homes, group foster homes, halfway houses that provide rehabilitation services, shelters and independent supportive living homes for mentally, physically or emotionally challenged individuals. Juvenile detention centers, "boot camps" and halfway houses for convicts are to be separately rated to Code 7720. Detoxification, treatment and rehabilitation of alcoholics or narcotic addicts are separately rated to the appropriate hospital classification codes. Refer to Code 8864 for social service organizations.	C
3146		Hardware Mfg. NOC	C
5537	●	Heating, Ventilation, Air Conditioning and Refrigeration Systems - Installation, Service and Repair, Shop, Yard & Drivers	E
3307		Heat-Treating - Metal	C
8835		Home, Public and Traveling Healthcare - All Employees	C
2361		Hosiery Mfg..	C
9040		Hospital - All Other Employees	B
8833		Hospital - Professional Employees	C
8831		Hospital- Veterinary & Drivers	C
9052		Hotel - All Other Employees & Salespersons, Drivers	B
9058		Hotel - Restaurant Employees	A
5402	●	Hothouse Erection - All Operations	B
9521		House Furnishings Installation NOC & Upholstering	E
9519		Household and Commercial Appliances - Electrical - Installation, Service or Repair & Drivers	E
9033		Housing Authority & Clerical, Salespersons, Drivers	C
2039		Ice Cream Mfg. & Drivers	B
8203	◆	Ice Mfg. or Distribution & Drivers	C
4557		Ink Mfg.	B
8720		Inspection of Risks for Insurance of Valuation Purposes NOC	E
3685		Instrument Mfg. NOC	B
5479	●	Insulation Work NOC & Drivers	D
8723		Insurance Companies - Including Clerical & Salespersons	C
4109		Integrated Circuit Mfg.	B
8725		Inventory Counters - Traveling - Including Salespersons & Clerical	E
5069	●	Iron or Steel - Erection - Construction of Dwellings Not Over Two Stories in Height	G
5040	●	Iron or Steel - Erection - Frame Structures	G
5059	●	Iron or Steel - Erection - Frame Structures Not Over Two Stories in Height	G

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
5057	●	Iron or Steel - Erection - NOC	G
3041		Iron or Steel - Fabrication - Ironworks - Shop - Decorative or Artistic & Foundries, Drivers	C
3040		Iron or Steel - Fabrication - Ironworks - Shop - Ornamental - & Drivers	E
3030		Iron or Steel - Fabrication - Ironworks or Steelworks - Shop - Structural - & Drivers	E
8106	◆	Iron or Steel Merchant & Drivers	E
3018		Iron or Steel Mfg., Rolling Mill & Drivers	E
3004		Iron or Steel Mfg., Steelmaking & Drivers	E
8265	◆	Iron or Steel Scrap Dealer & Drivers	F
6229	●	Irrigation or Drainage System Construction & Drivers	F
0251		Irrigation Works Operation & Drivers	C
9170		Janitorial Services By Contractors - Includes Window Cleaning Above Ground Level & Drivers	G
9014		Janitorial Services By Contractors - No Window Cleaning Above Ground Level & Drivers	C
6005	●	Jetty or Breakwater Construction - All Operations to Completion & Drivers	E
3383		Jewelry Mfg.	B
8263	◆	Junk Dealer & Drivers	D
2362		Knit Goods Mfg. NOC	C
8755		Labor Union - All Employees	E
2386		Lace Mfg.	B
4439		Lacquer or Varnish Manufacturing	D
3223		Lamp or Portable Lantern Mfg.	A
0042	●	Landscape Gardening & Drivers	D
5443	●	Lathing & Drivers	C
2589		Laundry and Dry Cleaning Store - Retail- & Route Supervisors, Drivers	C
2585		Laundry NOC & Route Supervisors, Drivers	B
2688		Leather Goods Mfg. NOC	B
2623		Leather Mfg. - Including Tanning, Leather Embossing and Wool Pulling	D
6045	●	Levee Construction - All Operations to Completion & Drivers	E
1642		Lime Mfg.	E
1655		Lime Mfg. - Quarry - Surface- & Drivers	E
8288	◆	Livestock Dealer or Commission Merchant & Salespersons, Drivers	E
2727	X	Log Hauling & Drivers. <b><i>State Special Note:</i></b> <i>Applicable to employees of logging firms and independent contractors hauling logs to mills or other sites. Logging or road building operations to be separately rated.</i>	E

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
2702		Logging or Tree Removal - Nonmechanized Operations	G
2705	X	Logging or Tree Removal - Pulpwood Only - All Operations. <b><u>State Special Note:</u></b> <i>Employees of logging firms and independent contractors engaged exclusively in hauling logs to mills or other sites to be separately rated as Code 2727. Sawmills to be separately rated as Code 2710. Mechanized equipment operators and drivers can be separately classified to Code 2709 or code 2727. These additional classifications may only be assigned when verifiable payroll records are maintained.</i>	E
2683		Luggage Mfg.	B
8232	◆	Lumberyard New Materials Only - All Other Employees & Yard, Warehouse, Drivers	E
3632		Machine Shop NOC	D
8107	◆	Machinery Dealer NOC - Store or Yard - & Drivers	E
3724		Machinery or Equipment Erection or Repair NOC & Drivers	F
4431		Magnetic and Optical Recording Media Mfg.	A
7231		Mail, Parcel or Package Delivery and Courier or Messenger Service Companies - All Employees & Drivers	D
8800		Mailing or Addressing Company or Letter Service Shop	A
8799		Mailing or Addressing Company or Letter Service Shop - Clerical Staff	C
2797		Manufactured, Modular or Prefabricated Home Manufacturing- Shop Work - All Operations & Drivers	C
2799	●	Manufactured, Modular or Prefabricated Home Setup, Hookup or Installation at Building Site	D
6826	F	Marina & Drivers	E
6836		Marina & Drivers	E
5022	●	Masonry NOC	F
2570		Mattress or Box Spring Mfg.	B
2095		Meat Products Mfg. NOC	C
8500	◆	Metal Scrap Dealer & Drivers	E
3400		Metal Stamped Goods Mfg. NOC	D
1853		MICA Goods Mfg. & MICA Preparing	D
2065		Milk Products Mfg. NOC	C
1165	D, X	Mining NOC - Not Coal - Surface & Drivers. <b><u>State Special Cross-Reference:</u></b> <i>Feldspar Mining - Surface &amp; Drivers.</i>	F
1164		Mining NOC - Not Coal - Underground - & Drivers	G
4131		Mirror Mfg.	B
9534	●	Mobile Crane and Hoisting Service Contractors - NOC - All Operations - & Drivers	F



<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
4360		Motion Picture - Development of Negatives, Printing and All Subsequent Operations	B
3851		Motorcycle Mfg. or Assembly	B
9410		Municipal, Township, County or State Employee NOC	C
3119		Needle Mfg.	A
8745	◆	News Agent or Distributor of Magazines or Other Periodicals - Not Retail Dealer - & Salespersons, Drivers	D
4304		Newspaper Publishing	D
8849	X	Nursing Homes - All Employees. <b>State Specific Code</b>	C
3132		Nut or Bolt Mfg.	C
5191		Office Machine Installation, Inspection, Adjustment or Repair	C
4683		Oil Mfg. - Vegetable - NOC	C
4686		Oil Mfg. - Vegetable - Solvent Extraction Process	E
1320	●	Oil or Gas Lease Operator - All Operations & Drivers	F
6216	●	Oil or Gas Lease Work NOC - By Specialist Contractor & Drivers	G
6233	●	Oil or Gas Pipeline Construction & Drivers	F
7515		Oil or Gas Pipeline Operation & Drivers	G
6206	●	Oil or Gas Well - Cementing & Drivers	G
1322		Oil or Gas Well - cleaning or Swabbing of Wells - By Specialist Contractor- No Drilling & Drivers	F
6235	●	Oil or Gas Well - Drilling or Redrilling & Drivers	G
6236	●	Oil or Gas Well - Installation or Recovery of Casing & Drivers	E
6237	●	Oil or Gas Well - Instrument Logging or Survey Work & Drivers	E
6214	●	Oil or Gas Well - Perforating of Casing - All Employees & Drivers	G
6213	●	Oil or Gas Well - Specialty Tool & Equipment Leasing NOC - All Employees & Drivers	F
4740		Oil Refining - Petroleum- & Drivers	E
3719	●	Oil Still Erection or Repair	G
4149		Optical Goods Mfg. NOC	A
1452		Ore Milling & Drivers	E
4635		Oxygen or Hydrogen Mfg. & Drivers	G
2114		Oyster Processing	B
2089		Packing House - All Operations	C
4558		Paint Mfg.	C
9505		Painting - Automobile or Carriage Bodies	D
5037	●	Painting - Metal Structures - Over Two Stories in Height - & Drivers	G
6874	F	Painting - Ship Hulls	G
6884		Painting - Ship Hulls	G
9501		Painting - Shop Only & Drivers	D

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<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
5474	●	Painting NOC & Shop Operations, Drivers	F
2759		Pallet, Box or Box Shook Mfg. - Wooden	B
4250		Paper Coating	C
4279		Paper Goods Mfg. NOC	C
4239		Paper Mfg.	E
5491	●	Paperhanging & Drivers	F
9102		Park NOC - All Employees & Drivers	C
2002		Pasta or Noodle Mfg.	B
2790		Pattern Making NOC	B
4432		Pen Mfg.	A
2942		Pencil, Penholder or Crayon Mfg.	A
4693		Pharmaceutical or Surgical Goods Mfg. NOC	C
4581		Phosphate Works & Drivers	F
4351		Photoengraving	C
4361		Photographer - All Employees & Clerical, Salespersons, Drivers	B
4923		Photographic Supplies Mfg.	C
8832		Physician & Clerical	C
2923		Piano Mfg.	B
2110		Pickle Mfg.	B
6003	●	Pile Driving	E
3028		Pipe or Tube Mfg. - Iron or Steel - & Drivers	C
3022		Pipe or Tube Mfg. NOC & Drivers	B
2731		Planning or Molding Mill	E
4038		Plaster Statuary or Ornament Mfg.	A
4036		Plasterboard or Plaster Block Mfg. & Drivers	E
5480	●	Plastering NOC & Drivers	F
4452		Plastics Mfg. - Fabricated Products NOC	C
4484		Plastics Mfg. - Molded Products NOC	C
4459		Plastics Mfg. - Sheets, Rods or Tubes	C
8111	◆	Plumbers' Supplies Dealer & Drivers	C
3188		Plumbers' Supplies Mfg. NOC	B
5183	●	Plumbing NOC & Drivers	E
2300		Plush or Velvet Mfg.	A

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
7720	X	Police Officers & Drivers. <b><i>State Special Cross-Reference:</i></b> <i>Juvenile Detention Center - All Employees &amp; Salespersons, Drivers - includes halfway houses, juvenile detention centers, "boot camps" or homes for convicts. Refer to Code 8842 for group homes, group foster homes, halfway houses licensed in accordance with NC state statutes that provide rehabilitation services, shelters and independent supportive living homes for mentally, physically or emotionally challenged individuals.</i>	E
6503		Potato Chip, Popcorn & Snack Chip Mfg. NOC	B
4053		Potter Mfg. - China or Tableware	C
4061		Potter Mfg. - Earthenware - Glazed or Porcelain - Hand Molded or Cast	B
4062		Potter Mfg. - Porcelain Ware - Mechanical Press Forming	C
3629		Precision Machined Parts Mfg. NOC	B
4299		Printing	B
3548		Printing or Bookbinding Machine Mfg.	C
4207		Pulp Mfg. - Chemical Process	E
4206		Pulp Mfg. - Ground Wood Process	C
3612		Pump Mfg.	D
1654		Quarry - Cement Rock - Surface- & Drivers	E
1624	D	Quarry NOC & Drivers	F
8015	◆	Quick Printing - Copying or Duplicating Service- All Employees & Clerical, Salespersons, Drivers	C
3175		Radiator or Heater Mfg.	C
7610		Radio or Television Broadcasting Station - All Employees & Clerical, Drivers	D
6702	M	Railroad Construction - All Operations Including Clerical, Salespersons & Drivers	E
6703	M	Railroad Construction - All Operations Including Clerical, Salespersons & Drivers	E
6704	M	Railroad Construction - All Operations Including Clerical, Salespersons & Drivers	E
7855		Railroad Construction - Laying or Relaying of Tracks or Maintenance of Way By Contractor - No Work on Elevated Railroads - & Drivers	E
7151	M	Railroad Operation- All Employees Including Drivers	F
7152	M	Railroad Operation- All Employees Including Drivers	F
7153	M	Railroad Operation- All Employees Including Drivers	F
7133		Railroad Operations- NOC - All Employees & Drivers	F
2913		Rattan, Willow or Twisted Fiber Products Mfg.	A
8236	●,X	Ready-Mixed Concrete Dealers & Drivers. <b><i>State Specific Code</i></b>	E

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<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
8721		Real Estate Appraisal Company - Outside Employees	E
4024	D	Refractory Products Mfg. & Drivers	E
4665		Rendering Works NOC & Drivers	E
0917		Residential Cleaning Services by Contractor - Inside	B
9083		Restaurant - Fast Food	A
9082		Restaurant NOC	A
8826		Retirement Living Centers - All Other Employees, Salespersons & Drivers	C
8825		Retirement Living Centers - Food Service Employees	A
8824		Retirement Living Centers - Health Care Employees	B
1699		Rock Wool Mfg.	E
3027		Rolling Mill NOC & drivers	E
5551	●	Roofing - All Kinds - Including Yard Employees	G
4410		Rubber Goods Mfg. NOC	C
4420		Rubber Tire Mfg.	F
8742		Salespersons or Collectors - Outside	E
8734	M	Salespersons, Collectors or Messengers - Outside	E
8737	M	Salespersons, Collectors or Messengers - Outside	E
8738	M	Salespersons, Collectors or Messengers - Outside	E
4568		Salt, Borax or Potash Producing or Refining & Drivers	E
5705	●	Salvage Operation - No Wrecking or any Structural Operations	E
4000		Sand or Gravel Digging & Drivers	F
8235	◆	Sash, Door or Assembled Millwork Dealer & Drivers	C
3118		Saw Mfg.	B
2710		Sawmill	F
3145		Screw Mfg.	C
7723	X	Security Guard Services - Detective or Patrol Agency - Private & Drivers. <b>State Specific Code</b>	G
8102	◆	Seed Merchant - Includes Seed Sorting Machinery	B
5951	●	Serum, Anti-Toxin or Virus Mfg. & Drivers	B
7580		Sewage Disposal Plant Operation & Drivers	E
6306	●	Sewer Construction - All Operations & Drivers	F
6252	●,D	Shaft Sinking - All Operations	G
3076		Sheet Metal Products Mfg.	B
5535	●	Sheet Metal Work - Installation & Drivers	E
6872	F	Ship Repair Conversion - All Operations & Drivers	G
6882		Ship Repair Conversion - All Operations & Drivers	G
6843	F	Shipbuilding - Iron or Steel - NOC & Drivers	G

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
6854		Shipbuilding - Iron or Steel - NOC & Drivers	G
6845	F	Shipbuilding - Naval & Drivers	G
2651		Shoe Stock Mfg.	B
9554	•	Sign Installation, Maintenance, Repair, Removal or Replacement NOC - Away From Shop & Drivers	F
3064		Sign Mfg. - Metal	C
2302		Silk Thread or Yarn Mfg.	C
1430		Smelting, Sintering or Refining - Lead- & Drivers	E
1438		Smelting, Sintering or Refining - Metals - Not Iron or Lead - NOC & Drivers	F
4720		Soap or Synthetic Detergent Mfg.	C
8864	X	Social Services Organization - All Employees & Salespersons, Drivers. <b><i>State Special Note (is NOT applicable to NC):</i></b> Applicable to institutions that provide social services to mentally, physically or emotionally challenged persons. Social service organizations may offer these individuals sleeping accommodations, meals, on-site counseling or client assessments, education, training and employment and offer limited medical services such as first aid. Includes employees who may, among other services, counsel, advise, guide, direct or instruct clients. Refer to Code 8842 for group homes, group foster homes, halfway houses that provide rehabilitation services, shelters and independent supportive living homes for mentally, physically or emotionally challenged individuals. Refer to Code 7720 for juvenile detention centers, "boot camps" and halfway houses for convicts. Detoxification, treatment and rehabilitation of alcoholics or narcotic addicts are separately rated to the appropriate hospital classification codes. Separately rate business ventures operated by social service organizations.	C
2131		Spirituos Liquor Bottling	C
2130		Spirituos Liquor Distillery	C
4902		Sporting Goods Mfg. NOC	B
3303		Spring Mfg.	B
8279	◆	Stable or Breeding Farm & Drivers	F
4251		Stationery Mfg.	C
8726	F	Steamship Line or Agency - Port Employees - Superintendents, Captains, Engineers, Stewards or Their Assistants, Pay Clerks	E
7317	F	Stevedoring - By Hand or Hand Trucks Exclusively	G
7327	F	Stevedoring - Containerized Freight & Drivers	G
7323	F,N,X	Stevedoring - Explosive Materials - Under Contract. <b>State Specific Code</b>	G

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
8709	F	Stevedoring - Talliers and Checking Clerks Engaged in Connection with Stevedore Work.	G
8719		Stevedoring - Talliers and Checking Clerks Engaged in Connection with Stevedore Work.	G
7309	F	Stevedoring NOC	G
1710		Stone Crushing & Drivers	E
1803	D	Stone Cutting or Polishing NOC & Drivers	F
8291	◆	Storage Warehouse - Cold	D
8293	■	Storage Warehouse - Furniture & Drivers	E
8292	◆	Storage Warehouse NOC	C
8046	◆	Store - Automobile Parts and Accessories NOC & Drivers	C
8072	◆	Store - Book, Record, Compact Disc, Software, Video or Audio Cassette - Retail	B
8008	●	Store - Clothing, Wearing Apparel or Dry Goods - Retail	B
8032	◆	Store - Clothing, Wearing Apparel or Dry Goods - Wholesale	B
8039	◆	Store - Department - Retail	B
8045	◆	Store - Drug - Retail	B
8047	◆	Store - Drug - Wholesale	B
8001		Store - Florist & Drivers	B
8044	◆	Store - Furniture & Drivers	D
8010	◆	Store - Hardware	B
8105	◆	Store - Hide or Leather Dealer	B
8013	◆	Store - Jewelry	C
8031	◆	Store - Meat, Fish or Poultry Dealer - Retail	C
8021	◆	Store - Meat, Fish or Poultry Dealer - Wholesale	C
8033	◆	Store - Meat, Grocery and Provision - Combined - Retail NOC	C
8017	◆	Store - Retail NOC	B
8037	◆	Store - Superstores and Warehouse Clubs	B
8018	◆	Store - Wholesale NOC	B
3169		Stove Mfg.	C
9402		Street Cleaning & Drivers	E
5506	●	Street of Road Construction - Paving or Repaving & Drivers	G
5508	●	Street of Road Construction - Rock Excavation & Drivers	E
5507	●	Street of Road Construction - Subsurface Work & Drivers	F
2021		Sugar Mfg. or Refining From Sugarcane or Sugar Beets	D
8602		Surveyors, Timber Cruisers, Oil or Gas Geologists or Scouts & Drivers	D
5223	●	Swimming Pool Construction - Not Iron or Steel- & Drivers	E
4751		Synthetic Rubber Mfg.	E

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
7370		Taxicab Co - All Other Employees & Drivers	C
9600		Taxidermist	B
7600		Telecommunications Co. - Cable TV or Satellite - All Other Employees & Drivers	E
8901		Telecommunications Co. - Office or Exchange Employees & Clerical	D
3681		Television, Radio or Telecommunication Device Mfg. NOC	B
2413		Textile - Bleaching, Dyeing, Mercerizing, Finishing	C
2305		Textile Fiber Mfg. - Synthetic	D
3515		Textile Machinery Mfg.	C
9154		Theatre NOC - All Other Employees	C
9156		Theatre NOC- Players, Entertainers or Musicians	D
3334		Tin Foil Mfg.	C
2172		Tobacco Products Mfg. NOC	D
2174		Tobacco Rehandling or Warehousing	B
3126		Tool Mfg. - Agricultural, Construction, Logging, Mining, Oil or Artesian Well	C
3114		Tool Mfg. - Drop or Machine Forges NOC - Machining or Finishing of Tools or Die Making Operations	C
3113		Tool Mfg. - Not Drop or Machine Forged NOC	C
2587	◆	Towel or Toilet Supply Co. & Route Supervisors, Drivers	B
0106		Tree Pruning, Spraying, repairing - All Operations & Drivers	F
7228		Trucking - Local Hauling Only - All Employees & Drivers	E
7229		Trucking - Long Distance Hauling - All Employees & Drivers	F
7232		Trucking - Mail, Parcel or Package Delivery - Under Contract with the US Postal Service - All Employees & Drivers	F
7222		Trucking - Oil Field Equipment - All Employees & Drivers	E
7230		Trucking - Parcel or Package Delivery - All Employees & Drivers	D
6251	●,D	Tunneling - Not Pneumatic - All Operations	F
6260	●	Tunneling - Pneumatic - All Operations	G
3336		Type Foundry	E
9077	F	United States Armed Service Risk - All Employees & Drivers	C
9522		Upholstering	C
3634		Valve Mfg.	B
8209	◆	Vegetable Packing & Drivers	C
5192		Vending or Coin Operated Machines - Installation, Service or Repair & Salespersons, Drivers	C
2714		Veneer Mfg.	B
2915		Veneer Products Mfg.	D

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
2916		Veneer Products Mfg.	F
7016	M	Vessels - NOC	G
7024	M	Vessels - NOC	G
7047	M	Vessels - NOC	G
7046	M	Vessels - Not Self-Propelled	G
7098	M	Vessels - Not Self-Propelled	G
7099	M	Vessels - Not Self-Propelled	G
5445	●	Wallboard, Sheetrock, Drywall, Plasterboard or Cement Board Installation Within Buildings & Drivers	F
3385		Watch Mfg.	B
7520		Waterworks Operation & Drivers	C
2380		Webbing Mfg.	C
3365	●	Welding or Cutting NOC & Drivers	E
3255		Wire Cloth Mfg. NOC	A
3241		Wire Drawing - Iron or Steel	C
1924		Wire Drawing or Cable Mfg.	B
3257		Wire Goods Mfg. NOC	C
3240		Wire Rope or Cable Mfg. - Iron or Steel	B
2960		Wood Preserving & Drivers	C
2841		Woodenware Mfg. NOC	B
8103	◆	Wool Merchant	D
2286		Wool Spinning and Weaving	B
2416		Yarn or Thread Dyeing or Finishing	C
2220		Yarn or Thread Mfg. - Cotton	C
9063		YMCA, YWCA, YMHA or YWHA, Institution - All Employees & Clerical	B



## Numerical Listing

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
0005	▪	Farm - Nursery Employees & Drivers	C
0008	▪	Farm - Gardening - Market or Truck - & Drivers	D
0016	▪	Farm - Orchard or Grove & Drivers	E
0034	▪	Farm - Poultry or Egg Producer & Drivers	C
0035	▪	Farm - Florist & Drivers	B
0036	▪	Farm - Dairy & Drivers	C
0037	▪	Farm - Field Crops & Drivers	D
0042	●	Landscape Gardening & Drivers	D
0050	●	Farm Machinery Operation - by Contractor & Drivers	C
0079	▪	Farm - Berry or Vineyard & Drivers	E
0083	▪	Farm - Cattle or Livestock Raising NOC & Drivers	C
0106		Tree Pruning, Spraying, repairing - All Operations & Drivers	F
0113	▪	Farm - Fish Hatchery & Drivers	C
0170	▪	Farm - Animal Raising & Drivers	C
0251		Irrigation Works Operation & Drivers	C
0400		Cotton Compressing & Drivers	D
0401	A	Cotton Gin Operation & Local Managers, Drivers	F
0908	P	Domestic Workers - Residences - Part-time	C
0913	P	Domestic Workers - Residences - Full-time	C
0917		Residential Cleaning Services by Contractor - Inside	B
1005		Coal Mining - Surface & Drivers	G
1164		Mining NOC - Not Coal - Underground - & Drivers	G
1165	D, X	Mining NOC - Not Coal - Surface & Drivers. <b><u>State Special Cross-Reference:</u></b> <i>Feldspar Mining - Surface &amp; Drivers.</i>	F
1320	●	Oil or Gas Lease Operator - All Operations & Drivers	F
1322		Oil or Gas Well - cleaning or Swabbing of Wells - By Specialist Contractor- No Drilling & Drivers	F
1430		Smelting, Sintering or Refining - Lead- & Drivers	E
1438		Smelting, Sintering or Refining - Metals - Not Iron or Lead - NOC & Drivers	F
1452		Ore Milling & Drivers	E
1463		Asphalt Works Operated by Paving Contractor - Permanent Location & Drivers	F

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
1470	X	Coke Mfg. & Drivers. <b><i>State Special Scope:</i></b> Code 1470 is applied to insureds engaged principally in the manufacture of coke by the use of beehive or by-product oven methods. Coal is fed into crushers, which reduce the oversize pieces. It is then conveyed to bunkers serving the ovens. The process is a high-temperature carbonization process to produce coke. The distillation of by-products by coke manufacturing concerns is also contemplated by this classification. Such distillation is confirmed to the treatment of the coal tar residue and the ammoniacal liquor to produce products such as coal tar, ammonium sulfate, naphthalene and similar substances. The breaking up of the by-products does not extend into the region of dyes, essences and similar chemicals.	E
1624	D	Quarry NOC & Drivers	F
1642		Lime Mfg.	E
1654		Quarry - Cement Rock - Surface- & Drivers	E
1655		Lime Mfg. - Quarry - Surface- & Drivers	E
1699		Rock Wool Mfg.	E
1701		Cement Mfg.	E
1710		Stone Crushing & Drivers	E
1741	D	Flint or Spar Grinding & Drivers	G
1747		Emery Works & Drivers	E
1748		Abrasive Wheel Mfg. & Drivers	E
1803	D	Stone Cutting or Polishing NOC & Drivers	F
1852	D	Asbestos Goods Mfg.	G
1853		MICA Goods Mfg. & MICA Preparing	D
1860		Abrasive Paper or Cloth Preparation	B
1924		Wire Drawing or Cable Mfg.	B
1925		Die Casting Mfg.	D
2002		Pasta or Noodle Mfg.	B
2003		Bakery - Salesperson & Drivers	C
2014		Grain or Feed Milling	E
2016		Cereal or Bar Mfg.	B
2021		Sugar Mfg. or Refining From Sugarcane or Sugar Beets	D
2039		Ice Cream Mfg. & Drivers	B
2041		Candy, Chocolate and Confection Mfg.	B
2065		Milk Products Mfg. NOC	C
2070		Creamery or Dairy & Route Supervisors, Drivers	C
2081		Butchering	C
2089		Packing House - All Operations	C
2095		Meat Products Mfg. NOC	C

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
2105		Fruit Packing	B
2110		Pickle Mfg.	B
2111		Cannery NOC	B
2112		Fruit Evaporating or Preserving	B
2114		Oyster Processing	B
2121		Brewery & Drivers	C
2130		Spirituos Liquor Distillery	C
2131		Spirituos Liquor Bottling	C
2143		Fruit Juice Mfg. & Drivers	B
2157		Bottling - All Operations & Route Supervisors, Drivers	C
2172		Tobacco Products Mfg. NOC	D
2174		Tobacco Rehandling or Warehousing	B
2211		Cotton Batting, Wadding or Waste Mfg.	E
2220		Yarn or Thread Mfg. - Cotton	C
2286		Wool Spinning and Weaving	B
2288		Felting Mfg.	B
2300		Plush or Velvet Mfg.	A
2302		Silk Thread or Yarn Mfg.	C
2305		Textile Fiber Mfg. - Synthetic	D
2361		Hosiery Mfg..	C
2362		Knit Goods Mfg. NOC	C
2380		Webbing Mfg.	C
2386		Lace Mfg.	B
2388		Embroidery Mfg.	B
2402		Carpet or Rug Mfg. NOC	E
2413		Textile - Bleaching, Dyeing, Mercerizing, Finishing	C
2416		Yarn or Thread Dyeing or Finishing	C
2417		Cloth Printing	C
2501		Cloth, Canvas and Related Products Mfg. NOC	C
2503		Dressmaking or Tailoring - Custom Exclusively	B
2534		Feather or Flower Mfg. - Artificial	B
2570		Mattress or Box Spring Mfg.	B
2585		Laundry NOC & Route Supervisors, Drivers	B
2586		Cleaning or Dyeing & Route Supervisors, Drivers	C
2587	◆	Towel or Toilet Supply Co. & Route Supervisors, Drivers	B
2589		Laundry and Dry Cleaning Store - Retail- & Route Supervisors, Drivers	C
2600		Fur Processing - Preparing Skins	B

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
2623		Leather Mfg. - Including Tanning, Leather Embossing and Wool Pulling	D
2651		Shoe Stock Mfg.	B
2660		Boot or Shoe Mfg. NOC	B
2670		Glove Mfg. - Leather or Textile	A
2683		Luggage Mfg.	B
2688		Leather Goods Mfg. NOC	B
2702		Logging or Tree Removal - Nonmechanized Operations	G
2705	X	Logging or Tree Removal - Pulpwood Only - All Operations. <b>State Special Note:</b> <i>Employees of logging firms and independent contractors engaged exclusively in hauling logs to mills or other sites to be separately rated as Code 2727. Sawmills to be separately rated as Code 2710. Mechanized equipment operators and drivers can be separately classified to Code 2709 or code 2727. These additional classifications may only be assigned when verifiable payroll records are maintained.</i>	E
2710		Sawmill	F
2714		Veneer Mfg.	B
2727	X	Log Hauling & Drivers. <b>State Special Note:</b> <i>Applicable to employees of logging firms and independent contractors hauling logs to mills or other sites. Logging or road building operations to be separately rated.</i>	E
2731		Planing or Molding Mill	E
2735		Furniture Stock Mfg.	B
2759		Pallet, Box or Box Shook Mfg. - Wooden	B
2790		Pattern Making NOC	B
2797		Manufactured, Modular or Prefabricated Home Manufacturing- Shop Work - All Operations & Drivers	C
2799	●	Manufactured, Modular or Prefabricated Home Setup, Hookup or Installation at Building Site	D
2802		Carpentry - Shop Only- & Drivers	D
2835		Brush or Broom Assembly	A
2836		Brush or Broom Mfg. NOC	A
2841		Woodenware Mfg. NOC	B
2881		Furniture Mfg. and Cabinet Shop - Assembly by Hand - Wood	A
2883		Furniture Mfg. and Cabinet Shop - Wood - NOC	C
2913		Rattan, Willow or Twisted Fiber Products Mfg.	A
2915		Veneer Products Mfg.	D
2916		Veneer Products Mfg.	F
2923		Piano Mfg.	B

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
2942		Pencil, Penholder or Crayon Mfg.	A
2960		Wood Preserving & Drivers	C
3004		Iron or Steel Mfg., Steelmaking & Drivers	E
3018		Iron or Steel Mfg., Rolling Mill & Drivers	E
3022		Pipe or Tube Mfg. NOC & Drivers	B
3027		Rolling Mill NOC & drivers	E
3028		Pipe or Tube Mfg. - Iron or Steel - & Drivers	C
3030		Iron or Steel - Fabrication - Ironworks or Steelworks - Shop - Structural - & Drivers	E
3040		Iron or Steel - Fabrication - Ironworks - Shop - Ornamental - & Drivers	E
3041		Iron or Steel - Fabrication - Ironworks - Shop - Decorative or Artistic & Foundries, Drivers	C
3042		Elevator or Escalator Mfg.	D
3064		Sign Mfg. - Metal	C
3076		Sheet Metal Products Mfg.	B
3081	D	Foundry - Ferrous - NOC	E
3082	D	Foundry - Steel Castings	E
3085	D	Foundry - Non-Ferrous	E
3110		Forging Work - Drop or Machine	C
3111		Blacksmith	C
3113		Tool Mfg. - Not Drop or Machine Forged NOC	C
3114		Tool Mfg. - Drop or Machine Forges NOC - Machining or Finishing of Tools or Die Making Operations	C
3118		Saw Mfg.	B
3119		Needle Mfg.	A
3122		Cutlery Mfg. NOC	B
3126		Tool Mfg. - Agricultural, Construction, Logging, Mining, Oil or Artesian Well	C
3131		Button or Fastener Mfg. - Metal	C
3132		Nut or Bolt Mfg.	C
3145		Screw Mfg.	C
3146		Hardware Mfg. NOC	C
3169		Stove Mfg.	C
3175		Radiator or Heater Mfg.	C
3179		Electrical Apparatus Mfg. NOC	B
3180		Electrical or Gas Lighting Fixtures Mfg.	B
3188		Plumbers' Supplies Mfg. NOC	B
3220		Can Mfg.	C
3223		Lamp or Portable Lantern Mfg.	A

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
3224		Agate or Enamel Ware Mfg.	B
3227		Aluminum Ware Mfg.	B
3240		Wire Rope or Cable Mfg. - Iron or Steel	B
3241		Wire Drawing - Iron or Steel	C
3255		Wire Cloth Mfg. NOC	A
3257		Wire Goods Mfg. NOC	C
3270		Eyelet Mfg.	C
3300		Bed Spring or Wire Mattress Mfg.	C
3303		Spring Mfg.	B
3307		Heat-Treating - Metal	C
3315		Brass or Copper Goods Mfg.	B
3334		Tin Foil Mfg.	C
3336		Type Foundry	E
3365	•	Welding or Cutting NOC & Drivers	E
3372		Electroplating	D
3373		Galvanizing or Tinning - Not Electrolytic	C
3383		Jewelry Mfg.	B
3385		Watch Mfg.	B
3400		Metal Stamped Goods Mfg. NOC	D
3507		Construction or Agricultural Machinery Mfg.	C
3515		Textile Machinery Mfg.	C
3548		Printing or Bookbinding Machine Mfg.	C
3559		Confection Machine Mfg.	C
3574		Computing, Recording or Office Machine Mfg. NOC	B
3581		Fuel Injection Device Mfg.	B
3612		Pump Mfg.	D
3620		Boilermaking	E
3629		Precision Machined Parts Mfg. NOC	B
3632		Machine Shop NOC	D
3634		Valve Mfg.	B
3635		Gear Mfg. or Grinding	C
3638		Ball or Roller Bearing Mfg.	B
3642		Battery Mfg. - Dry	C
3643		Electric Power or Transmission Equipment Mfg.	C
3647		Battery Mfg. - Storage	D
3648		Automotive Lighting, Ignition or Starting Apparatus Mfg. NOC	B
3681		Television, Radio or Telecommunication Device Mfg. NOC	B
3685		Instrument Mfg. NOC	B

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
3719	●	Oil Still Erection or Repair	G
3724		Machinery or Equipment Erection or Repair NOC & Drivers	F
3726		Boiler Installation or Repair - Steam	G
3803		Automobile Wheel Mfg. - Metal - Not Cast	C
3807		Automobile Radiator Mfg.	B
3808		Automobile Mfg. or Assembly	D
3821		Automobile Recycling & Drivers	D
3822	X	Automobile, Bus, Truck or Trailer Body Mfg. - Die-Pressed Steel. <b><u>Special Notation within Scope:</u></b> Code 3822 is not assigned to risks engaged solely in bus, truck or trailer repair and/or service operations in North Carolina (Code 8393)	D
3824	X	Automobile, Bus, Truck or Trailer Body Mfg. - NOC. <b><u>Special Notation within Scope:</u></b> Code 3822 is not assigned to risks engaged solely in bus, truck or trailer repair or service operations in North Carolina (Code 8393)	D
3826		Aircraft Engine Mfg.	C
3827		Automobile Engine Mfg.	D
3830		Airplane Mfg.	D
3851		Motorcycle Mfg. or Assembly	B
3865		Baby Carriage Mfg.	A
3881		Car Mfg. - Railroad - & Drivers	C
4000		Sand or Gravel Digging & Drivers	F
4021		Brick or Clay Products Mfg. NOC & Drivers	E
4024	D	Refractory Products Mfg. & Drivers	E
4034		Concrete Products Mfg. & Drivers	E
4036		Plasterboard or Plaster Block Mfg. & Drivers	E
4038		Plaster Statuary or Ornament Mfg.	A
4053		Potter Mfg. - China or Tableware	C
4061		Potter Mfg. - Earthenware - Glazed or Porcelain - Hand Molded or Cast	B
4062		Potter Mfg. - Porcelain Ware - Mechanical Press Forming	C
4101		Glass Mfg. - & Drivers	D
4109		Integrated Circuit Mfg.	B
4110		Electric Bulb Mfg.	C
4111		Glassware Mfg. - No Automatic Blowing Machines	B
4113		Glass Mfg. - Cut	C
4114		Glassware Mfg. NOC	C
4130		Glass Merchant	C
4131		Mirror Mfg.	B

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
4133		Cathedral or Art Glass Window Mfg.	B
4149		Optical Goods Mfg. NOC	A
4206		Pulp Mfg. - Ground Wood Process	C
4207		Pulp Mfg. - Chemical Process	E
4239		Paper Mfg.	E
4240		Box Mfg. - Set up Paper	B
4243		Box Mfg. - Folding Paper - NOC	C
4244		Corrugated or Fiberboard Container Mfg.	C
4250		Paper Coating	C
4251		Stationery Mfg.	C
4263		Fiber Goods Mfg.	C
4273		Bag Mfg. - Paper or Plastic	C
4279		Paper Goods Mfg. NOC	C
4282		Dress Pattern Mfg. - Paper	B
4283		Building or Roofing Paper or Felt Preparation - No Installation	C
4299		Printing	B
4304		Newspaper Publishing	D
4307		Bookbinding	A
4351		Photoengraving	C
4352		Engraving	B
4360		Motion Picture - Development of Negatives, Printing and All Subsequent Operations	B
4361		Photographer - All Employees & Clerical, Salespersons, Drivers	B
4410		Rubber Goods Mfg. NOC	C
4420		Rubber Tire Mfg.	F
4431		Magnetic and Optical Recording Media Mfg.	A
4432		Pen Mfg.	A
4439		Lacquer or Varnish Manufacturing	D
4452		Plastics Mfg. - Fabricated Products NOC	C
4459		Plastics Mfg. - Sheets, Rods or Tubes	C
4470		Cable Mfg. - Insulated Electrical	C
4484		Plastics Mfg. - Molded Products NOC	C
4493		Fabric Coating or Impregnating NOC	C
4511		Analytical Laboratories or Assaying - Including Laboratory, Outside Employees, Collectors of Samples, & Drivers	D
4557		Ink Mfg.	B
4558		Paint Mfg.	C
4568		Salt, Borax or Potash Producing or Refining & Drivers	E
4581		Phosphate Works & Drivers	F



<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
4583		Fertilizer Mfg. & Drivers	F
4611		Drug, Medicine or Pharmaceutical Preparation, Compounding or Blending - No Mfg. of Ingredients	B
4635		Oxygen or Hydrogen Mfg. & Drivers	G
4653		Glue Mfg. & Drivers	B
4665		Rendering Works NOC & Drivers	E
4670		Cottonseed Oil Mfg. - Mechanical & Drivers	E
4683		Oil Mfg. - Vegetable - NOC	C
4686		Oil Mfg. - Vegetable - Solvent Extraction Process	E
4692		Dental Laboratory	B
4693		Pharmaceutical or Surgical Goods Mfg. NOC	C
4703		Corn Products Mfg.	C
4717		Butter Substitute Mfg.	A
4720		Soap or Synthetic Detergent Mfg.	C
4740		Oil Refining - Petroleum- & Drivers	E
4741		Asphalt or Tar Distilling or Refining & Drivers	C
4751		Synthetic Rubber Mfg.	E
4771	N	Explosives or Ammunition Mfg. NOC & Drivers	G
4777		Explosives Distributors & Drivers	G
4825		Drug, Medicine or Pharmaceutical Preparation Mfg. - Including Mfg. of Ingredients	E
4828		Chemical Blending or Mixing NOC - All Operations & Drivers	D
4829		Chemical Mfg. NOC - All Operations & Drivers - Includes Blending or Mixing	F
4902		Sporting Goods Mfg. NOC	B
4923		Photographic Supplies Mfg.	C
5020	•	Ceiling Installation - Suspended Acoustical Grid Type	E
5022	•	Masonry NOC	F
5037	•	Painting - Metal Structures - Over Two Stories in Height - & Drivers	G
5040	•	Iron or Steel - Erection - Frame Structures	G
5057	•	Iron or Steel - Erection - NOC	G
5059	•	Iron or Steel - Erection - Frame Structures Not Over Two Stories in Height	G
5069	•	Iron or Steel - Erection - Construction of Dwellings Not Over Two Stories in Height	G
5102	•	Door and Window Installation - All Types - Residential and Commercial	F
5146	•	Furniture or Fixtures Installation - Portable - NOC	E
5160	•	Elevator Erection or Repair	F

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
5183	●	Plumbing NOC & Drivers	E
5188	●	Automatic Sprinkler Installation & Drivers	E
5190	●	Electrical Wiring - Within Buildings & Drivers	E
5191		Office Machine Installation, Inspection, Adjustment or Repair	C
5192		Vending or Coin Operated Machines - Installation, Service or Repair & Salespersons, Drivers	C
5213	●	Concrete Construction NOC	F
5215	●	Concrete Work - Incidental to the Construction of Private Residence	D
5221	●	Concrete or Cement Work - Floors, Driveways, Yards or Sidewalks & Drivers	E
5222	●	Concrete Construction in Connection with Bridges or Culverts	F
5223	●	Swimming Pool Construction - Not Iron or Steel- & Drivers	E
5348	●	Ceramic Tile, Indoor Stone, Marble or Mosaic Work	E
5402	●	Hothouse Erection - All Operations	B
5403	●	Carpentry - NOC	F
5437	●	Carpentry - Installation of Cabinet Work or Interior Trim	E
5443	●	Lathing & Drivers	C
5445	●	Wallboard, Sheetrock, Drywall, Plasterboard or Cement Board Installation Within Buildings & Drivers	F
5462	●	Glazier - Away from Shop & Drivers	E
5472	●	Asbestos Removal Operations - Contractor - Pipe and Boiler Work Exclusively & Drivers	G
5473	●	Asbestos Removal Operations: Contractor - NOC & Drivers	G
5474	●	Painting NOC & Shop Operations, Drivers	F
5478	●	Floor Coverage Installation - Resilient Flooring - Carpet and Laminate Flooring	E
5479	●	Insulation Work NOC & Drivers	D
5480	●	Plastering NOC & Drivers	F
5491	●	Paperhanging & Drivers	F
5506	●	Street or Road Construction - Paving or Repaving & Drivers	G
5507	●	Street or Road Construction - Subsurface Work & Drivers	F
5508	●	Street or Road Construction - Rock Excavation & Drivers	E
5535	●	Sheet Metal Work - Installation & Drivers	E
5537	●	Heating, Ventilation, Air Conditioning and Refrigeration Systems - Installation, Service and Repair, Shop, Yard & Drivers	E
5551	●	Roofing - All Kinds - Including Yard Employees	G
5606	●	Contractor - Project Manager, Construction Executive, Construction Manager or Construction Superintendent	F
5610	●	Cleaner - Debris Removal - Construction	C

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
5645	•	Carpentry - Construction of Residential Dwellings Not Exceeding Three Stories in Height	F
5703	•	Building Raising or Moving	E
5705	•	Salvage Operation - No Wrecking or any Structural Operations	E
5951	•	Serum, Anti-Toxin or Virus Mfg. & Drivers	B
6003	•	Pile Driving	E
6005	•	Jetty or Breakwater Construction - All Operations to Completion & Drivers	E
6017	•	Dam or Lock Construction - Concrete Work - All Operations	E
6018	•	Dam or Lock Construction - Earthmoving or Placing - All Operations & Drivers	E
6045	•	Levee Construction - All Operations to Completion & Drivers	E
6204	•	Drilling NOC & Drivers	F
6206	•	Oil or Gas Well - Cementing & Drivers	G
6213	•	Oil or Gas Well - Specialty Tool & Equipment Leasing NOC - All Employees & Drivers	F
6214	•	Oil or Gas Well - Perforating of Casing - All Employees & Drivers	G
6216	•	Oil or Gas Lease Work NOC - By Specialist Contractor & Drivers	G
6217	•	Excavation & Drivers	F
6229	•	Irrigation or Drainage System Construction & Drivers	F
6233	•	Oil or Gas Pipeline Construction & Drivers	F
6235	•	Oil or Gas Well - Drilling or Redrilling & Drivers	G
6236	•	Oil or Gas Well - Installation or Recovery of Casing & Drivers	E
6237	•	Oil or Gas Well - Instrument Logging or Survey Work & Drivers	E
6251	•,D	Tunneling - Not Pneumatic - All Operations	F
6252	•,D	Shaft Sinking - All Operations	G
6260	•	Tunneling - Pneumatic - All Operations	G
6306	•	Sewer Construction - All Operations & Drivers	F
6319	•	Gas Main or Connection Construction & Drivers	F
6325	•	Conduit Construction - For Cables or Wires- & Drivers	F
6400	•	Fence Installation and Repair - Metal, Vinyl, Wood or Prefabricated Concrete Panel Fence Installed by Hand	D
6503		Potato Chip, Popcorn & Snack Chip Mfg. NOC	B
6504		Food Products Mfg. NOC	B
6702	M	Railroad Construction - All Operations Including Clerical, Salespersons & Drivers	E
6703	M	Railroad Construction - All Operations Including Clerical, Salespersons & Drivers	E

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
6704	M	Railroad Construction - All Operations Including Clerical, Salespersons & Drivers	E
6801	F	Boatbuilding - Wood - NOC & Drivers	E
6811		Boatbuilding - Wood - NOC & Drivers	E
6824	F	Boatbuilding or Repair & Drivers	F
6826	F	Marina & Drivers	E
6834		Boatbuilding or Repair & Drivers	D
6836		Marina & Drivers	E
6843	F	Shipbuilding - Iron or Steel - NOC & Drivers	G
6845	F	Shipbuilding - Naval & Drivers	G
6854		Shipbuilding - Iron or Steel - NOC & Drivers	G
6872	F	Ship Repair Conversion - All Operations & Drivers	G
6874	F	Painting - Ship Hulls	G
6882		Ship Repair Conversion - All Operations & Drivers	G
6884		Painting - Ship Hulls	G
7016	M	Vessels - NOC	G
7024	M	Vessels - NOC	G
7038	M	Boat Livery - Boats Under 15 Tons	G
7046	M	Vessels - Not Self-Propelled	G
7047	M	Vessels - NOC	G
7050	M	Boat Livery - Boats Under 15 Tons	G
7090	M	Boat Livery - Boats Under 15 Tons	G
7098	M	Vessels - Not Self-Propelled	G
7099	M	Vessels - Not Self-Propelled	G
7133		Railroad Operations- NOC - All Employees & Drivers	F
7151	M	Railroad Operation- All Employees Including Drivers	F
7152	M	Railroad Operation- All Employees Including Drivers	F
7153	M	Railroad Operation- All Employees Including Drivers	F
7222		Trucking - Oil Field Equipment - All Employees & Drivers	E
7228		Trucking - Local Hauling Only - All Employees & Drivers	E
7229		Trucking - Long Distance Hauling - All Employees & Drivers	F
7230		Trucking - Parcel or Package Delivery - All Employees & Drivers	D
7231		Mail, Parcel or Package Delivery and Courier or Messenger Service Companies - All Employees & Drivers	D
7232		Trucking - Mail, Parcel or Package Delivery - Under Contract with the US Postal Service - All Employees & Drivers	F
7309	F	Stevedoring NOC	G
7313	F	Coal Dock Operation & Stevedoring	G
7317	F	Stevedoring - By Hand or Hand Trucks Exclusively	G

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
7323	F,N,X	Stevedoring - Explosive Materials - Under Contract. <b>State Specific Code</b>	G
7327	F	Stevedoring - Containerized Freight & Drivers	G
7333	M	Dredging - All Types	G
7335	M	Dredging - All Types	G
7337	M	Dredging - All Types	G
7350	F	Freight Handling NOC	F
7360		Freight Handling NOC	E
7370		Taxicab Co - All Other Employees & Drivers	C
7380		Drivers, Chauffeurs, Messengers and Their Helpers NOC - Commercial	D
7382		Bus Co - All Other Employees & Drivers	C
7390		Beer or Ale Dealer - Wholesale & Drivers	C
7394	M	Diving - Marine	G
7395	M	Diving - Marine	G
7398	M	Diving - Marine	G
7402		Aviation - Air Traffic Controllers Under Contract with the FAA	C
7403		Aviation - All Other Employees & Drivers	E
7405	N	Aviation - Air Carrier - Scheduled, Commuter or Supplemental - Flying Crew	E
7420		Aviation - Stunt Flying, Racing or Parachute Jumping - Flying Crew	G
7421		Aviation - Transportation of personnel in Conduct of employer's Business - Flying Crew	F
7422		Aviation - NOC- Other than Helicopters - Flying Crew	G
7425		Aviation - Helicopters - Flying Crew	G
7431	N	Aviation - Air Charter or Air Taxi- Flying Crew	G
7502		Gas Co. - Natural Gas - Local Distribution & Drivers	E
7515		Oil or Gas Pipeline Operation & Drivers	G
7520		Waterworks Operation & Drivers	C
7529	X	Electric Light or Power Line Construction - REA Project Only & Drivers. <b>State Specific Code</b>	G
7538	•	Electric Light or Power Line Construction & Drivers	G
7539		Electric Light or Power Co. NOC - All Employees & Drivers	F
7540		Electric Light or Power Cooperative - REA Project Only - All Employees & Drivers	G
7580		Sewage Disposal Plant Operation & Drivers	E
7590		Garbage Works	D
7600		Telecommunications Co. - Cable TV or Satellite - All Other Employees & Drivers	E
7605	•	Burglar and Fire Alarm Installation or Repair & Drivers	E

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
7610		Radio or Television Broadcasting Station - All Employees & Clerical, Drivers	D
7705		Ambulance Service Companies and EMS (Emergency Medical Service) Providers & Drivers	D
7710		Firefighters & Drivers	F
7711		Firefighters & Drivers - Volunteer	F
7720	X	Police Officers & Drivers. <b><i>State Special Cross-Reference:</i></b> <i>Juvenile Detention Center - All Employees &amp; Salespersons, Drivers - includes halfway houses, juvenile detention centers, "boot camps" or homes for convicts. Refer to Code 8842 for group homes, group foster homes, halfway houses licensed in accordance with NC state statutes that provide rehabilitation services, shelters and independent supportive living homes for mentally, physically or emotionally challenged individuals.</i>	E
7723	X	Security Guard Services - Detective or Patrol Agency - Private & Drivers. <b><i>State Specific Code</i></b>	G
7855		Railroad Construction - Laying or Relaying of Tracks or Maintenance of Way By Contractor - No Work on Elevated Railroads - & Drivers	E
8001		Store - Florist & Drivers	B
8002		Automobile Rental Co.- All Other Employees & Counter Personnel, Drivers	C
8006		Gasoline Station - Self Service and Convenient/Grocery - Retail	C
8008	●	Store - Clothing, Wearing Apparel or Dry Goods - Retail	B
8010	◆	Store - Hardware	B
8013	◆	Store - Jewelry	C
8015	◆	Quick Printing - Copying or Duplicating Service- All Employees & Clerical, Salespersons, Drivers	C
8017	◆	Store - Retail NOC	B
8018	◆	Store - Wholesale NOC	B
8021	◆	Store - Meat, Fish or Poultry Dealer - Wholesale	C
8031	◆	Store - Meat, Fish or Poultry Dealer - Retail	C
8032	◆	Store - Clothing, Wearing Apparel or Dry Goods - Wholesale	B
8033	◆	Store - Meat, Grocery and Provision - Combined - Retail NOC	C
8037	◆	Store - Superstores and Warehouse Clubs	B
8039	◆	Store - Department - Retail	B
8044	◆	Store - Furniture & Drivers	D
8045	◆	Store - Drug - Retail	B
8046	◆	Store - Automobile Parts and Accessories NOC & Drivers	C
8047	◆	Store - Drug - Wholesale	B

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
8058	◆	Building Material Dealer - New Materials Only - Store Employees	C
8072	◆	Store - Book, Record, Compact Disc, Software, Video or Audio Cassette - Retail	B
8102	◆	Seed Merchant - Includes Seed Sorting Machinery	B
8103	◆	Wool Merchant	D
8105	◆	Store - Hide or Leather Dealer	B
8106	◆	Iron or Steel Merchant & Drivers	E
8107	◆	Machinery Dealer NOC - Store or Yard - & Drivers	E
8111	◆	Plumbers' Supplies Dealer & Drivers	C
8116	◆	Farm Machinery Dealer - All Operations & Drivers	C
8203	◆	Ice Mfg. or Distribution & Drivers	C
8204	◆	Building Material Yard & Local Managers, Drivers	E
8209	◆	Vegetable Packing & Drivers	C
8215	◆	Feed, Fertilizer, Hay or Grail Dealer & Local Managers, Drivers - No Mfg.	E
8227	◆	Construction or Erection Permanent Yard	G
8232	◆	Lumberyard New Materials Only - All Other Employees & Yard, Warehouse, Drivers	E
8233		Coal Merchant & Local Managers, Drivers	E
8235	◆	Sash, Door or Assembled Millwork Dealer & Drivers	C
8236	●,X	Ready-Mixed Concrete Dealers & Drivers. <b>State Specific Code</b>	E
8263	◆	Junk Dealer & Drivers	D
8264	◆	Bottle Dealer - Used & Drivers	E
8265	◆	Iron or Steel Scrap Dealer & Drivers	F
8279	◆	Stable or Breeding Farm & Drivers	F
8288	◆	Livestock Dealer or Commission Merchant & Salespersons, Drivers	E
8291	◆	Storage Warehouse - Cold	D
8292	◆	Storage Warehouse NOC	C
8293	■	Storage Warehouse - Furniture & Drivers	E
8304	◆	Grain Elevator Operation & Local Managers, Drivers	E
8350		Gasoline or Oil Dealer & Drivers	F
8380		Automobile Service or Repair Center & Drivers	D
8381		Gasoline Station - Self-Service Only - Retail	D
8385		Bus Co - Garage Employees	E
8392	◆	Automobile Storage Garage, Parking Lot of Parking Station, Valet Service, Cashiers or Counter Personnel & Drivers	C
8393		Automobile Body Repair	C
8500	◆	Metal Scrap Dealer & Drivers	E

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
8601		Architectural or Engineering Firm - Including Salespersons & Drivers	D
8602		Surveyors, Timber Cruisers, Oil or Gas Geologists or Scouts & Drivers	D
8603		Architectural or Engineering Firm - Clerical	C
8606	◆	Geophysical Exploration - All Employees & Drivers	F
8709	F	Stevedoring - Talliers and Checking Clerks Engaged in Connection with Stevedore Work.	G
8719		Stevedoring - Talliers and Checking Clerks Engaged in Connection with Stevedore Work.	G
8720		Inspection of Risks for Insurance of Valuation Purposes NOC	E
8721		Real Estate Appraisal Company - Outside Employees	E
8723		Insurance Companies - Including Clerical & Salespersons	C
8725		Inventory Counters - Traveling - Including Salespersons & Clerical	E
8726	F	Steamship Line or Agency - Port Employees - Superintendents, Captains, Engineers, Stewards or Their Assistants, Pay Clerks	E
8734	M	Salespersons, Collectors or Messengers - Outside	E
8737	M	Salespersons, Collectors or Messengers - Outside	E
8738	M	Salespersons, Collectors or Messengers - Outside	E
8742		Salespersons or Collectors - Outside	E
8745	◆	News Agent or Distributor of Magazines or Other Periodicals - Not Retail Dealer - & Salespersons, Drivers	D
8748		Automobile Salespersons	D
8755		Labor Union - All Employees	E
8799		Mailing or Addressing Company or Letter Service Shop - Clerical Staff	C
8800		Mailing or Addressing Company or Letter Service Shop	A
8803		Auditor, Accountant or Computer System Designer or Programmer - Traveling	E
8805	M	Clerical Office Employees - NOC	C
8810		Clerical Office Employees - NOC	C
8814	M	Clerical Office Employees - NOC	C
8815	M	Clerical Office Employees - NOC	C
8820		Attorney - all Employees & Clerical, Messengers, Drivers	D
8824		Retirement Living Centers - Health Care Employees	B
8825		Retirement Living Centers - Food Service Employees	A
8826		Retirement Living Centers - All Other Employees, Salespersons & Drivers	C
8831		Hospital- Veterinary & Drivers	C
8832		Physician & Clerical	C
8833		Hospital - Professional Employees	C
8835		Home, Public and Traveling Healthcare - All Employees	C



<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
8842	X	Group Homes - All Employees & Salespersons, Drivers. <b><i>State Special Note (is NOT applicable to NC):</i></b> Includes group homes, group foster homes, halfway houses that provide rehabilitation services, shelters and independent supportive living homes for mentally, physically or emotionally challenged individuals. Juvenile detention centers, "boot camps" and halfway houses for convicts are to be separately rated to Code 7720. Detoxification, treatment and rehabilitation of alcoholics or narcotic addicts are separately rated to the appropriate hospital classification codes. Refer to Code 8864 for social service organizations.	C
8848	X	Family Care Home, Domiciliary Homes, Rest Homes- All Employees. <b><i>State Specific Code</i></b>	C
8849	X	Nursing Homes - All Employees. <b><i>State Specific Code</i></b>	C
8855		Banks and Trust Companies - All Employees, Salespersons, Drivers & Clerical	C
8856		Check Cashing Establishments - All Employees, Salespersons, Drivers & Clerical	C
8864	X	Social Services Organization - All Employees & Salespersons, Drivers. <b><i>State Special Note (is NOT applicable to NC):</i></b> Applicable to institutions that provide social services to mentally, physically or emotionally challenged persons. Social service organizations may offer these individuals sleeping accommodations, meals, on-site counseling or client assessments, education, training and employment and offer limited medical services such as first aid. Includes employees who may, among other services, counsel, advise, guide, direct or instruct clients. Refer to Code 8842 for group homes, group foster homes, halfway houses that provide rehabilitation services, shelters and independent supportive living homes for mentally, physically or emotionally challenged individuals. Refer to Code 7720 for juvenile detention centers, "boot camps" and halfway houses for convicts. Detoxification, treatment and rehabilitation of alcoholics or narcotic addicts are separately rated to the appropriate hospital classification codes. Separately rate business ventures operated by social service organizations.	C
8868		College - Professional Employees & Clerical	B
8869		Child Care Center - All Employees Including Clerical, Salespersons & Drivers	B
8871		Clerical Telecommuter Employees	B
8901		Telecommunications Co. - Office or Exchange Employees & Clerical	D
9012		Building or Property Management - Property Managers and Leasing Agents & Clerical, Salespersons	D

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
9014		Janitorial Services By Contractors - No Window Cleaning Above Ground Level & Drivers	C
9015		Building or Property Management - All Other Employees	C
9016		Amusement Park or Exhibition Operation & Drivers	C
9019		Bridge or Vehicular Tunnel Operation & Drivers	E
9033		Housing Authority & Clerical, Salespersons, Drivers	C
9040		Hospital - All Other Employees	B
9044		Casino Gambling Hotel All Employees & Clerical, Salespersons, Drivers	B
9052		Hotel - All Other Employees & Salespersons, Drivers	B
9058		Hotel - Restaurant Employees	A
9060		Club - Country, Golf, Fishing or Yacht - All Employees & Clerical, Salespersons, Drivers	B
9061		Club NOC & Clerical	A
9062		Casino Gambling - All Employees & Clerical, Salespersons, Drivers	A
9063		YMCA, YWCA, YMHA or YWHA, Institution - All Employees & Clerical	B
9077	F	United States Armed Service Risk - All Employees & Drivers	C
9082		Restaurant NOC	A
9083		Restaurant - Fast Food	A
9084		Bar, Discotheque, Lounge, Nightclub or Tavern	C
9089		Billiard Hall	B
9093		Bowling Lane	B
9101		College - All Other Employees	B
9102		Park NOC - All Employees & Drivers	C
9154		Theatre NOC - All Other Employees	C
9156		Theatre NOC- Players, Entertainers or Musicians	D
9170		Janitorial Services By Contractors - Includes Window Cleaning Above Ground Level & Drivers	G
9178		Athletic Sports or Park - Noncontact Sports	A
9179		Athletic Sports or Park - Contact Sports	B
9180		Amusement Device Operation NOC - Not Traveling - & Drivers	E
9181		Athletic Teams or Parks - All Players on Salary List of Insured, Whether regularly Played or Not - Including Umpires	A
9182		Athletic Sports or Park - Operations & Drivers	C
9186		Carnival, Circus or Amusement Device Operations - Traveling - All Employees & Drivers	F
9220		Cemetery Operations & Drivers	D
9402		Street Cleaning & Drivers	E
9403		Garbage, Ashes or Refuse Collection & Drivers	F
9410		Municipal, Township, County or State Employee NOC	C

<b>Class Code</b>	<b>Class Code Footnotes &amp; Identifiers</b>	<b>Phraseology</b>	<b>Hazard Group</b>
9501		Painting - Shop Only & Drivers	D
9505		Painting - Automobile or Carriage Bodies	D
9516		Electronic Equipment - Installation, Service or Repair - Shop and Outside & Drivers	E
9519		Household and Commercial Appliances - Electrical - Installation, Service or Repair & Drivers	E
9521		House Furnishings Installation NOC & Upholstering	E
9522		Upholstering	C
9534	•	Mobile Crane and Hoisting Service Contractors - NOC - All Operations - & Drivers	F
9554	•	Sign Installation, Maintenance, Repair, Removal or Replacement NOC - Away From Shop & Drivers	F
9586		Barber Shop, Beauty Parlor or Hair Styling Salon	A
9600		Taxidermist	B
9620		Funeral Director & Drivers	D

## **North Carolina Basic Manual for Workers Compensation and Employers Liability (North Carolina Basic Manual)**

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*The rules, classifications, and values contained in this manual have been adopted by the North Carolina Rate Bureau and approved by the North Carolina Commissioner of Insurance for the purpose of writing workers compensation and employer's liability insurance in North Carolina.*

### **PART 3 – LOSS COSTS, RATES AND MISCELLANEOUS VALUES**

- **North Carolina Premium Algorithm**
- **North Carolina Assigned Risk Premium Algorithm**
- **Advisory Loss Costs**
- **Assigned Risk Rates**
- **Miscellaneous Values**

**NORTH CAROLINA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.<sup>(\*)</sup>

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>	<b>RULE REFERENCE</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]	
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]	3-A-7
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL &H FACTOR)]	3-A-4
	<b>TOTAL MANUAL PREMIUM</b>		
+	Waiver of Subrogation factor	Blanket Waiver: [% applied to Total Manual Premium] Specific Waiver: [% applied to the portion of Total Manual Premium where waiver is applied]	3-A-21
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]	3-A-13-b (1)
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]	3-A-13-b
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applied]	3-A-13-b (4)
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]	Carrier files for charge
-	Deductible credit	[% applied to Total Manual Premium]	5-E
	<b>TOTAL SUBJECT PREMIUM</b>		
x	Experience Modification		Experience Rating Plan Manual
	<b>TOTAL MODIFIED PREMIUM</b>		
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)		Carrier files for charge
+	Supplemental Disease Exposure (Asbestos, NOC)[+]		3-A-7
+	Atomic Energy Radiation Exposure NOC[+]		3-A-7
+	Charge for nonratable catastrophe loading[+]		3-A-16
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]	N/A
+	Balance to Minimum Premium (Admiralty, FELA)		N/A
	<b>TOTAL STANDARD PREMIUM [‡]</b>		
-	Premium Discount[§]	[% applied to Standard Premium]	3-A-18
+	Coal Mine Disease Charge	[Surface and other than mining]	3-A-12
+	Expense Constant		3-A-11
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]	3-A-23
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]	3-A-23
	<b>ESTIMATED ANNUAL PREMIUM</b>		

[†] Nonratable Element Premiums generated by non-ratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

[\$] For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

NOC = Not Otherwise Classified.

Note: For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

[‡] The above rating method would be used in absence of independent carrier filings.

**NORTH CAROLINA ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM***Applicable to Assigned Risk Policies Only*

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>	<b>RULE REFERENCE</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$	
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$	3-A-7
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$	3-A-4
	<b>TOTAL MANUAL PREMIUM</b>		
+	Waiver of Subrogation factor	Blanket Waiver: [% applied to Total Manual Premium] Specific Waiver: [% applied to the portion of Total Manual Premium where waiver is applied]	3-A-21
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]	3-A-13-b (1)
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]	3-A-13-b
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]	3-A-13-b (4)
-	Small Deductible Credit	[% applied to Total Manual Premium]	5-E
	<b>TOTAL SUBJECT PREMIUM</b>		
x	Experience Modification (Exp Mod)		Experience Rating Plan Manual
	<b>TOTAL MODIFIED PREMIUM</b>		
x	Assigned Risk Adjustment Program (ARAP) Surcharge		4-D
+	Supplemental Disease Exposure (Asbestos, NOC)[†]		3-A-7
+	Atomic Energy Radiation Exposure NOC[†]		3-A-7
+	Charge for nonratable catastrophe loading[†]		3-A-16
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]	N/A
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]	N/A
	<b>TOTAL STANDARD PREMIUM</b>		
+	Coal Mine Disease Charge	[Underground, surface, surface auger]	3-A-12
+	Expense Constant		3-A-11
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$	3-A-23
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$	3-A-23
	<b>ESTIMATED ANNUAL PREMIUM</b>		

[†] Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

NOC = Not Otherwise Classified.

Note: For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.



**WORKERS COMPENSATION AND EMPLOYERS LIABILITY**  
**NORTH CAROLINA**  
**ADVISORY LOSS COSTS**  
*Effective April 1, 2016*

CLASS CODE	LOSS COST	ELR	D RATIO
0005	2.79	1.58	0.30
0008	2.25	1.21	0.27
0016	5.91	2.96	0.24
0034	3.51	1.98	0.30
0035	1.99	1.17	0.33
0036	3.77	2.14	0.30
0037	3.34	1.80	0.27
0042	4.10	2.20	0.27
0050	5.37	3.02	0.30
0059 D	0.34	0.07	0.21
0065 D	0.08	0.02	0.24
0066 D	0.08	0.02	0.24
0067 D	0.08	0.02	0.24
0079	3.28	1.64	0.24
0083	3.16	1.78	0.30
0106	19.05	8.97	0.21
0113	4.34	2.45	0.30
0170	2.73	1.54	0.30
0251	3.69	2.08	0.30
0400	5.77	3.08	0.27
0401	9.32	4.39	0.21
0771 N	0.40	-	-
0908 P	122.00	68.42	0.30
0913 P	559.00	314.42	0.30
0917	4.46	2.62	0.33
1005	5.83	2.43	0.21
1164	5.64	2.36	0.21
1165 XD	3.03	1.40	0.21
1320	1.97	0.92	0.21
1322	8.18	3.82	0.21
1430	6.73	3.36	0.24
1438	3.13	1.46	0.21
1452	2.39	1.19	0.24
1463	7.39	3.48	0.21
1470	-	1.04	0.22
1472	2.24	1.04	0.22
1473	-	1.04	0.22
1474	-	1.04	0.22
1624 D	2.81	1.30	0.21
1642	2.20	1.09	0.24
1654	24.99	12.32	0.24
1655	2.75	1.36	0.24
1699	3.31	1.65	0.24

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
ADVISORY LOSS COSTS**

*Effective April 1, 2016*

<b>CLASS CODE</b>	<b>LOSS COST</b>	<b>ELR</b>	<b>D RATIO</b>
1701	4.38	2.18	0.24
1710	5.49	2.73	0.24
1741 D	2.49	0.91	0.21
1747	1.74	0.86	0.24
1748	3.44	1.72	0.24
1803 D	7.66	3.30	0.21
1852 D	1.99	0.82	0.20
1853	1.18	0.63	0.27
1860	1.60	0.93	0.33
1924	1.97	1.16	0.33
1925	2.73	1.47	0.27
2001	—	1.82	0.30
2002	1.91	1.13	0.33
2003	3.23	1.82	0.30
2014	3.60	1.80	0.24
2016	1.65	0.96	0.33
2021	1.65	0.89	0.27
2039	2.10	1.23	0.33
2041	2.33	1.37	0.33
2065	2.76	1.56	0.30
2070	4.29	2.41	0.30
2081	2.28	1.29	0.30
2089	2.36	1.33	0.30
2095	3.68	2.07	0.30
2105	2.82	1.66	0.33
2110	1.91	1.12	0.33
2111	3.85	2.27	0.33
2112	2.70	1.59	0.33
2114	1.86	1.09	0.33
2121	1.31	0.74	0.30
2130	1.76	1.00	0.30
2131	2.48	1.40	0.30
2143	2.07	1.22	0.33
2157	3.55	1.99	0.30
2172	1.54	0.82	0.27
2174	2.79	1.64	0.33
2211	6.84	3.41	0.24
2220	2.43	1.37	0.30
2286	1.18	0.69	0.33
2288	4.34	2.54	0.33
2300	2.06	1.28	0.36
2302	1.66	0.94	0.30
2305	2.38	1.28	0.27

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
ADVISORY LOSS COSTS**

*Effective April 1, 2016*

<b>CLASS CODE</b>	<b>LOSS COST</b>	<b>ELR</b>	<b>D RATIO</b>
2361	1.75	0.99	0.30
2362	1.34	0.75	0.30
2380	2.15	1.22	0.30
2386	1.35	0.79	0.33
2388	1.82	1.07	0.33
2402	2.40	1.20	0.24
2413	2.31	1.30	0.30
2416	2.08	1.18	0.30
2417	1.24	0.70	0.30
2501	2.10	1.19	0.30
2503	0.99	0.58	0.33
2534	1.46	0.86	0.33
2570	3.66	2.14	0.33
2585	3.17	1.85	0.33
2586	2.07	1.16	0.30
2587	2.73	1.59	0.33
2589	1.84	1.04	0.30
2600	2.35	1.37	0.33
2623	5.47	2.94	0.27
2651	1.50	0.88	0.33
2660	2.00	1.18	0.33
2670	1.28	0.80	0.36
2683	1.03	0.61	0.33
2688	2.85	1.67	0.33
2702	18.48	7.79	0.21
2705 X*	68.78	34.19	0.24
2709	8.16	4.06	0.24
2710	8.16	3.84	0.21
2714	3.67	2.15	0.33
2727 X	8.53	4.23	0.24
2731	3.21	1.60	0.24
2735	3.91	2.30	0.33
2759	4.77	2.80	0.33
2790	1.45	0.85	0.33
2791	—	1.82	0.33
2797	5.06	2.86	0.30
2799	3.70	1.96	0.27
2802	4.00	2.15	0.27
2812	—	1.85	0.30
2835	2.18	1.36	0.36
2836	1.62	1.02	0.36
2841	3.09	1.82	0.33
2881	3.22	2.02	0.36

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
ADVISORY LOSS COSTS**

*Effective April 1, 2016*

<b>CLASS CODE</b>	<b>LOSS COST</b>	<b>ELR</b>	<b>D RATIO</b>
2883	3.27	1.85	0.30
2913	1.93	1.21	0.36
2915	1.95	1.04	0.27
2916	3.00	1.41	0.21
2923	1.85	1.08	0.33
2942	1.77	1.11	0.36
2960	4.17	2.35	0.30
3004	1.40	0.70	0.24
3018	2.94	1.46	0.24
3022	6.53	3.81	0.33
3027	2.10	1.04	0.24
3028	2.35	1.33	0.30
3030	4.86	2.43	0.24
3040	5.18	2.58	0.24
3041	4.74	2.66	0.30
3042	3.07	1.64	0.27
3064	4.52	2.56	0.30
3069	—	1.42	0.30
3076	2.51	1.42	0.30
3081 D	3.77	1.85	0.24
3082 D	3.01	1.48	0.24
3085 D	3.90	1.91	0.24
3110	4.34	2.45	0.30
3111	2.18	1.23	0.30
3113	1.64	0.92	0.30
3114	2.05	1.15	0.30
3118	1.62	0.95	0.33
3119	0.76	0.48	0.36
3122	1.52	0.90	0.33
3126	2.12	1.20	0.30
3131	1.34	0.76	0.30
3132	2.39	1.35	0.30
3145	1.61	0.91	0.30
3146	1.97	1.11	0.30
3169	2.88	1.62	0.30
3175	3.39	1.92	0.30
3179	1.38	0.81	0.33
3180	1.70	1.00	0.33
3188	1.10	0.64	0.33
3220	1.51	0.85	0.30
3223	2.69	1.68	0.36
3224	2.92	1.69	0.33
3227	2.76	1.61	0.33

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
ADVISORY LOSS COSTS**

*Effective April 1, 2016*

CLASS CODE	LOSS COST	ELR	D RATIO
3240	2.27	1.34	0.33
3241	2.49	1.40	0.30
3255	2.09	1.30	0.36
3257	2.82	1.59	0.30
3270	2.35	1.33	0.30
3300	2.73	1.55	0.30
3303	3.16	1.85	0.33
3307	2.88	1.62	0.30
3315	4.08	2.39	0.33
3334	3.50	1.96	0.30
3336	2.38	1.18	0.24
3365	5.61	2.79	0.24
3372	2.99	1.60	0.27
3373	3.75	2.11	0.30
3383	0.98	0.57	0.33
3385	0.74	0.43	0.33
3400	2.55	1.37	0.27
3507	1.95	1.10	0.30
3515	1.68	0.95	0.30
3516	—	0.95	0.30
3548	1.15	0.65	0.30
3559	1.93	1.09	0.30
3574	0.60	0.35	0.33
3581	0.88	0.52	0.33
3612	1.94	1.04	0.27
3620	4.63	2.32	0.24
3629	1.47	0.86	0.33
3632	2.54	1.36	0.27
3634	1.40	0.82	0.33
3635	2.21	1.24	0.30
3638	1.21	0.71	0.33
3642	1.00	0.56	0.30
3643	1.41	0.80	0.30
3647	1.47	0.79	0.27
3648	1.11	0.65	0.33
3681	0.72	0.42	0.33
3685	0.97	0.57	0.33
3719	1.19	0.50	0.21
3724	2.85	1.34	0.21
3726	4.69	1.97	0.21
3803	1.96	1.10	0.30
3807	1.63	0.96	0.33
3808	3.42	1.82	0.27

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
ADVISORY LOSS COSTS**

*Effective April 1, 2016*

CLASS CODE	LOSS COST	ELR	D RATIO
3821	5.76	3.10	0.27
3822 X	3.78	2.02	0.27
3824 X	3.11	1.67	0.27
3826	0.60	0.33	0.29
3827	1.51	0.81	0.27
3830	1.00	0.54	0.27
3851	3.24	1.90	0.33
3865	1.72	1.09	0.36
3881	3.66	2.06	0.30
4000	4.12	1.93	0.21
4021	3.86	1.93	0.24
4024 D	2.52	1.24	0.24
4034	4.82	2.41	0.24
4036	1.94	0.96	0.24
4038	2.62	1.63	0.36
4053	1.54	0.87	0.30
4061	2.20	1.28	0.33
4062	2.05	1.15	0.30
4101	2.55	1.37	0.27
4109	0.40	0.24	0.33
4110	0.89	0.50	0.30
4111	1.25	0.73	0.33
4112	—	0.50	0.30
4113	1.69	0.94	0.29
4114	2.96	1.66	0.30
4130	3.17	1.79	0.30
4131	3.86	2.27	0.33
4133	1.60	0.94	0.33
4149	0.52	0.33	0.36
4150	—	0.33	0.36
4206	2.18	1.22	0.30
4207	1.46	0.72	0.24
4239	2.65	1.32	0.24
4240	1.71	1.00	0.33
4243	1.71	0.96	0.30
4244	1.71	0.96	0.30
4250	1.63	0.92	0.30
4251	1.85	1.04	0.30
4263	3.37	1.92	0.30
4273	2.36	1.33	0.30
4279	1.85	1.04	0.30
4282	2.01	1.17	0.33
4283	1.53	0.86	0.30

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
ADVISORY LOSS COSTS**

*Effective April 1, 2016*

CLASS CODE	LOSS COST	ELR	D RATIO
4299	1.48	0.87	0.33
4301	—	1.04	0.30
4304	3.81	2.05	0.27
4307	1.49	0.93	0.36
4351	1.18	0.66	0.29
4352	1.29	0.76	0.33
4360	1.24	0.72	0.33
4361	0.99	0.58	0.33
4362	—	0.72	0.33
4410	2.89	1.63	0.30
4417	—	1.63	0.30
4420	6.85	3.20	0.21
4431	1.15	0.72	0.36
4432	0.99	0.62	0.36
4439	1.56	0.83	0.27
4452	2.44	1.38	0.30
4459	2.22	1.25	0.30
4470	1.77	1.00	0.30
4484	2.02	1.14	0.30
4493	1.96	1.10	0.30
4511	0.39	0.21	0.27
4557	2.30	1.35	0.33
4558	1.12	0.63	0.30
4561	—	0.83	0.27
4568	1.84	0.92	0.24
4581	0.64	0.30	0.21
4583	5.08	2.40	0.21
4611	0.53	0.31	0.33
4635	2.51	1.06	0.21
4653	1.77	1.04	0.33
4665	5.62	2.80	0.24
4670	6.23	3.13	0.24
4683	3.61	2.03	0.30
4686	1.87	0.93	0.24
4692	0.49	0.29	0.33
4693	0.84	0.47	0.30
4703	1.70	0.95	0.30
4717	1.87	1.17	0.36
4720	1.40	0.79	0.30
4740	2.44	1.21	0.24
4741	1.96	1.10	0.30
4751	2.61	1.31	0.24
4771 N	2.26	0.96	0.21

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
ADVISORY LOSS COSTS**

*Effective April 1, 2016*

CLASS CODE	LOSS COST	ELR	D RATIO
4777	3.79	1.59	0.21
4825	0.96	0.48	0.24
4828	1.43	0.76	0.27
4829	1.25	0.59	0.21
4902	2.92	1.70	0.33
4923	0.81	0.45	0.30
5020	6.40	3.19	0.24
5022	6.40	3.00	0.21
5037	15.60	6.54	0.21
5040	6.95	2.92	0.21
5057	5.41	2.28	0.21
5059	18.58	7.87	0.20
5069	15.61	6.51	0.21
5102	4.98	2.34	0.21
5146	4.91	2.44	0.24
5160	2.65	1.24	0.21
5183	3.88	1.93	0.24
5188	5.17	2.57	0.24
5190	4.17	2.07	0.24
5191	0.66	0.37	0.30
5192	3.07	1.73	0.30
5213	6.39	3.00	0.21
5215	4.00	2.14	0.27
5221	4.41	2.19	0.24
5222	8.52	3.99	0.21
5223	4.57	2.28	0.24
5348	4.13	2.05	0.24
5402	4.46	2.62	0.33
5403	5.81	2.73	0.21
5437	5.09	2.53	0.24
5443	3.69	2.08	0.30
5445	8.91	4.19	0.21
5462	6.09	3.03	0.24
5472	3.97	1.66	0.21
5473	10.67	4.51	0.21
5474	6.40	3.01	0.21
5478	3.23	1.60	0.24
5479	6.14	3.29	0.27
5480	5.11	2.39	0.21
5491	2.73	1.28	0.21
5506	5.93	2.51	0.21
5507	4.23	1.98	0.21
5508	11.37	5.62	0.24



**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
ADVISORY LOSS COSTS**

*Effective April 1, 2016*

CLASS CODE	LOSS COST	ELR	D RATIO
5535	6.77	3.38	0.24
5537	4.95	2.46	0.24
5551	15.20	6.43	0.20
5606	1.32	0.62	0.21
5610	6.11	3.45	0.30
5645	12.91	6.08	0.21
5651	—	6.08	0.21
5703	13.59	6.74	0.24
5705	19.63	9.82	0.24
5951	0.28	0.17	0.33
6003	9.07	4.50	0.24
6005	5.15	2.53	0.24
6017	4.40	2.17	0.24
6018	3.08	1.51	0.24
6045	4.12	2.04	0.24
6204	9.39	4.42	0.21
6206	3.55	1.49	0.21
6213	2.20	1.03	0.21
6214	2.69	1.13	0.21
6216	6.27	2.63	0.21
6217	5.46	2.56	0.21
6229	3.80	1.78	0.21
6233	2.62	1.22	0.21
6235	5.94	2.49	0.21
6236	10.59	5.26	0.24
6237	1.73	0.86	0.24
6251 D	6.36	2.94	0.21
6252 D	4.14	1.73	0.21
6260	5.93	2.48	0.21
6306	4.83	2.26	0.21
6319	5.39	2.53	0.21
6325	4.95	2.32	0.21
6400	5.86	3.14	0.27
6503	1.54	0.90	0.33
6504	2.06	1.21	0.33
6702 M*	3.89	1.93	0.24
6703 M*	7.67	3.59	0.24
6704 M*	4.32	2.14	0.24
6801 F	2.60	1.05	0.23
6811	6.55	3.25	0.24
6824 F	7.88	3.05	0.20
6826 F	3.99	1.60	0.23
6834	2.56	1.37	0.27

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
ADVISORY LOSS COSTS**

*Effective April 1, 2016*

CLASS CODE	LOSS COST	ELR	D RATIO
6836	3.99	1.99	0.24
6843 F	9.11	3.20	0.19
6845 F	8.23	2.89	0.19
6854	3.90	1.64	0.21
6872 F	8.85	3.09	0.19
6874 F	14.33	5.01	0.19
6882	4.22	1.77	0.21
6884	5.48	2.28	0.21
7016 M	3.56	1.49	0.21
7024 M	3.95	1.65	0.21
7038 M	4.31	1.83	0.20
7046 M	5.87	2.46	0.21
7047 M	7.01	2.76	0.21
7050 M	8.50	3.40	0.20
7090 M	4.79	2.03	0.20
7098 M	6.52	2.74	0.21
7099 M	11.57	4.59	0.21
7133	4.18	1.97	0.21
7151 M	5.08	2.39	0.21
7152 M	10.02	4.45	0.21
7153 M	5.64	2.65	0.21
7222 X	6.87	3.40	0.24
7228 X	6.84	3.39	0.24
7229 X	10.52	4.91	0.21
7230 X	7.94	4.25	0.27
7231	7.06	3.77	0.27
7232 X	8.88	4.14	0.21
7309 F	12.56	4.41	0.19
7313 F	2.57	0.90	0.19
7317 F	9.75	3.35	0.19
7323	—	1.38	0.20
7327 F	12.80	4.53	0.19
7333 M	3.81	1.59	0.21
7335 M	4.23	1.76	0.21
7337 M	7.51	2.95	0.21
7350 F	9.67	3.72	0.20
7360	4.29	2.13	0.24
7370	6.14	3.45	0.30
7380	4.59	2.45	0.27
7382	4.55	2.56	0.30
7390	4.59	2.58	0.30
7394 M	3.82	1.59	0.21
7395 M	4.24	1.77	0.21

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
ADVISORY LOSS COSTS**

*Effective April 1, 2016*

CLASS CODE	LOSS COST	ELR	D RATIO
7398 M	7.53	2.96	0.21
7402	0.13	0.08	0.30
7403	4.59	2.29	0.24
7405 N	1.95	0.97	0.24
7420	11.91	4.93	0.21
7421	0.88	0.41	0.21
7422	2.01	0.85	0.21
7425	2.65	1.10	0.21
7431 N	1.24	0.52	0.21
7445 N	0.65	-	-
7453 N	0.41	-	-
7502	2.41	1.20	0.24
7515	1.08	0.46	0.21
7520	2.88	1.63	0.30
7529 X	17.31	7.29	0.21
7538	8.23	3.48	0.21
7539	2.12	0.99	0.21
7540	4.96	2.10	0.21
7580	2.84	1.41	0.24
7590	3.69	1.98	0.27
7600	4.93	2.45	0.24
7601	-	2.45	0.24
7605	2.08	1.04	0.24
7610	0.54	0.29	0.27
7611	-	2.45	0.24
7612	-	2.45	0.24
7613	-	2.45	0.24
7705	7.43	3.98	0.27
7710	4.82	2.27	0.21
7711	4.82	2.27	0.21
7720 X	1.95	0.97	0.24
7723 X	3.04	1.29	0.20
7855	3.20	1.59	0.24
8001	2.16	1.27	0.33
8002	1.61	0.92	0.30
8006	2.97	1.68	0.30
8008	1.19	0.70	0.33
8010	1.25	0.73	0.33
8013	0.35	0.20	0.30
8015	0.76	0.43	0.30
8017	1.47	0.87	0.33
8018	1.94	1.13	0.33
8021	2.34	1.32	0.30

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
ADVISORY LOSS COSTS**

*Effective April 1, 2016*

CLASS CODE	LOSS COST	ELR	D RATIO
8031	2.99	1.70	0.30
8032	1.79	1.05	0.33
8033	1.54	0.87	0.30
8037	1.79	1.05	0.33
8039	1.94	1.14	0.33
8044	3.18	1.70	0.27
8045	0.48	0.28	0.33
8046	2.43	1.38	0.30
8047	0.87	0.51	0.33
8058	2.55	1.44	0.30
8072	0.67	0.39	0.33
8102	1.27	0.74	0.33
8103	1.95	1.05	0.27
8105	1.98	1.16	0.33
8106	3.44	1.71	0.24
8107	3.56	1.77	0.24
8111	1.92	1.08	0.30
8116	2.45	1.39	0.30
8203	6.28	3.55	0.30
8204	3.03	1.51	0.24
8209	2.94	1.66	0.30
8215	3.17	1.58	0.24
8227	4.32	1.82	0.21
8232	4.15	2.07	0.24
8233	2.63	1.30	0.24
8235	4.15	2.35	0.30
8236 X	4.89	2.42	0.24
8263	5.38	2.91	0.27
8264	4.19	2.09	0.24
8265	5.76	2.71	0.21
8279	7.15	3.40	0.20
8288	6.85	3.43	0.24
8291 X	4.18	2.25	0.27
8292 X	3.14	1.77	0.30
8293 X	10.77	5.36	0.24
8304	4.04	2.01	0.24
8350	7.15	3.36	0.21
8380	2.36	1.27	0.27
8381	1.72	0.93	0.27
8385	2.33	1.16	0.24
8392	2.26	1.29	0.30
8393	1.53	0.86	0.30
8500	4.80	2.39	0.24

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
ADVISORY LOSS COSTS**

*Effective April 1, 2016*

CLASS CODE	LOSS COST	ELR	D RATIO
8601	0.48	0.26	0.27
8602	0.93	0.50	0.27
8603	0.08	0.04	0.30
8606	2.82	1.32	0.21
8709 F	4.00	1.41	0.19
8710	—	0.98	0.24
8719	2.85	1.20	0.21
8720	1.68	0.84	0.24
8721	0.27	0.13	0.24
8723	0.16	0.09	0.30
8725	2.14	1.07	0.24
8726 F	2.51	1.01	0.23
8734 M	0.51	0.26	0.24
8737 M	0.46	0.23	0.24
8738 M	0.91	0.43	0.24
8742	0.38	0.19	0.24
8745	4.53	2.45	0.27
8748	0.62	0.33	0.27
8755	0.41	0.21	0.24
8799	0.48	0.27	0.30
8800	1.20	0.75	0.36
8803	0.08	0.04	0.24
8805 M	0.18	0.10	0.30
8810	0.13	0.08	0.30
8814 M	0.16	0.09	0.30
8815 M	0.31	0.18	0.30
8820	0.13	0.07	0.27
8824	2.84	1.67	0.33
8825	1.42	0.89	0.36
8826	2.73	1.54	0.30
8831	1.21	0.69	0.30
8832	0.34	0.19	0.30
8833	1.33	0.75	0.30
8835	2.33	1.32	0.30
8842 X	2.01	1.14	0.30
8848 X	2.49	1.41	0.30
8849 X	2.70	1.52	0.30
8855	0.12	0.07	0.30
8856	0.18	0.10	0.30
8864 X	1.26	0.71	0.30
8868	0.46	0.27	0.33
8869	1.10	0.65	0.33
8871	0.10	0.06	0.33

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
ADVISORY LOSS COSTS**

*Effective April 1, 2016*

CLASS CODE	LOSS COST	ELR	D RATIO
8901	0.19	0.10	0.27
9012	1.01	0.54	0.27
9014	2.60	1.47	0.30
9015	2.96	1.67	0.30
9016	2.64	1.50	0.30
9019	2.09	1.04	0.24
9033	1.73	0.98	0.30
9040	2.93	1.72	0.33
9044	1.43	0.84	0.33
9052	1.90	1.12	0.33
9058	1.31	0.82	0.36
9059	—	0.65	0.33
9060	1.11	0.65	0.33
9061	0.98	0.62	0.36
9062	1.24	0.77	0.36
9063	0.92	0.55	0.34
9077 F	1.79	0.79	0.29
9082	1.15	0.72	0.36
9083	1.19	0.74	0.36
9084	1.27	0.72	0.30
9089	1.46	0.87	0.34
9093	1.23	0.72	0.34
9101	2.82	1.66	0.33
9102	2.70	1.53	0.30
9154	1.70	0.96	0.30
9156	2.12	1.14	0.27
9170	5.77	2.44	0.20
9178	6.21	3.92	0.36
9179	10.10	5.93	0.33
9180	4.03	2.03	0.24
9182	1.84	1.05	0.30
9186	12.02	5.69	0.21
9220	4.37	2.34	0.27
9402	4.68	2.32	0.24
9403	7.42	3.48	0.21
9410	2.44	1.38	0.30
9501	3.10	1.66	0.27
9505	3.24	1.74	0.27
9516	5.08	2.53	0.24
9519	3.53	1.76	0.24
9521	4.31	2.15	0.24
9522	1.60	0.90	0.30
9534	6.58	3.07	0.21

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
ADVISORY LOSS COSTS**  
*Effective April 1, 2016*

<b>CLASS CODE</b>	<b>LOSS COST</b>	<b>ELR</b>	<b>D RATIO</b>
9554	12.94	6.10	0.21
9586	0.51	0.32	0.36
9600	1.94	1.13	0.33
9620	0.95	0.51	0.27

Effective April 1, 2016

**FOOTNOTES**

D Advisory loss cost for classification already includes the specific disease loading shown in the table below. See **Basic Manual** Rule 3-A-7.

Code No.	Disease Loading	Symbol	Code No.	Disease Loading	Symbol	Code No.	Disease Loading	Symbol
0059D	0.34	S	1624D	0.02	S	3082D	0.05	S
0065D	0.08	S	1741D	0.34	S	3085D	0.07	S
0066D	0.08	S	1803D	0.64	S	4024D	0.02	S
0067D	0.08	S	1852D	0.06	Asb	6251D	0.04	S
1165XD	0.03	S	3081D	0.07	S	6252D	0.03	S

Asb=Asbestos, S=Silica

F Advisory loss cost provides for coverage under the United States Longshore and Harbor Workers Compensation Act and its extensions. Loss cost contains a provision for USL&HW Assessment.

M Risks are subject to Admiralty Law or Federal Employers Liability Act (FELA). However, the published loss cost is for risks that voluntarily purchase standard workers compensation and employers liability coverage. A provision for the USL&HW Assessment is included for those classifications under Program II USL Act.

N This code is part of a ratable / non-ratable group shown below. The statistical non-ratable code and corresponding advisory loss cost are applied in addition to the basic classification when determining premium.

Class Code	Non-Ratable Element Code
4771	0771
7405	7445
7431	7453

P Classification is computed on a per capita basis.

X Refer to special classification phraseology in these pages which is applicable in this state.

**II. \* Class Codes with Specific Footnotes**

- 2705 An upset payroll of \$4.00 per cord shall be used for premium computation purposes in all instances.
- 6702 Loss cost and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection code loss cost and elr each x 1.215.
- 6703 Loss cost and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class loss cost x 2.396 and elr x 2.26.
- 6704 Loss cost and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class loss cost and elr each x 1.35.



III. **ADVISORY MISCELLANEOUS VALUES**

**Advisory Loss Elimination Ratios** - The following percentages represent the portion of total loss eliminated per claim and are applicable by hazard group. They do not include a safety factor.

Advisory Loss Elimination Ratios							
Deductible Amount	HAZARD GROUP						
	A	B	C	D	E	F	G
\$100	1.1%	0.8%	0.7%	0.5%	0.3%	0.2%	0.2%
\$200	2.0%	1.5%	1.2%	0.9%	0.6%	0.4%	0.4%
\$300	2.7%	2.1%	1.8%	1.3%	0.9%	0.6%	0.5%
\$400	3.4%	2.7%	2.2%	1.6%	1.1%	0.8%	0.7%
\$500	4.0%	3.1%	2.6%	1.9%	1.4%	0.9%	0.8%
\$1,000	6.3%	4.9%	4.2%	3.1%	2.3%	1.6%	1.4%
\$1,500	8.0%	6.3%	5.4%	4.1%	3.1%	2.2%	1.9%
\$2,000	9.4%	7.4%	6.4%	4.9%	3.7%	2.7%	2.3%
\$2,500	10.6%	8.3%	7.2%	5.6%	4.3%	3.2%	2.7%
\$5,000	15.2%	12.0%	10.7%	8.5%	6.8%	5.3%	4.5%

**Basis of premium** applicable in accordance with *Basic Manual* footnote instructions for Code 7370 --"Taxicab Co.":

Employee operated vehicle.....\$65,200  
 Leased or rented vehicle.....\$43,500

**Catastrophe (other than Certified Acts of Terrorism)** - (Advisory Loss Cost)..... \$0.01

**Maximum Weekly Payroll** applicable in accordance with *Basic Manual* Rule 2-E-1 -- "Executive Officers" and the *Basic Manual* footnote instructions for Code 9178 -- "Athletic Sports or Park: Non-Contact Sports," and Code 9179 -- "Athletic Sports or Park: Contact Sports".....\$1,700

**Minimum Weekly Payroll** applicable in accordance with *Basic Manual* Rule 2-E-1 -- "Executive Officers" ...\$850

**Premium Determination for Partners and Sole Proprietors** in accordance with *Basic Manual Rule 2-E-3* (Annual Payroll).....\$43,500

**Terrorism** - (Advisory Loss Cost) .....\$0.01

IV. **United States Longshore and Harbor Workers' Compensation Coverage Percentage** applicable only in connection with *Basic Manual* Rule 3-A-4.....92%

(Multiply a Non-F classification loss cost by a factor of 1.92 to adjust for differences in benefits and loss-based expenses. This factor is the product of the adjustment for differences in benefits (1.82) and the adjustment for differences in loss-based expenses (1.053).)

V. **Experience Rating Eligibility**

A risk is eligible for experience rating when the payrolls or other exposures developed in the last year or last two years of the experience period produced a premium of at least \$10,000. If more than two years, an average annual premium of at least \$5,000 is required. These amounts are applicable for ratings effective date April 1, 2016 and subsequent. The *Experience Rating Plan Manual* should be referenced for the latest approved eligibility amounts by state.

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
ASSIGNED RISK RATES**

*Effective April 1, 2016*

<b>CLASS CODE</b>	<b>RATE</b>	<b>MIN PREM</b>	<b>ELR</b>	<b>D RATIO</b>
0005	7.12	1500	1.58	0.30
0008	5.74	1308	1.21	0.27
0016	15.08	1500	2.96	0.24
0034	8.95	1500	1.98	0.30
0035	5.08	1176	1.17	0.33
0036	9.62	1500	2.14	0.30
0037	8.52	1500	1.80	0.27
0042	10.46	1500	2.20	0.27
0050	13.70	1500	3.02	0.30
0059 D	0.87	—	0.07	0.21
0065 D	0.20	—	0.02	0.24
0066 D	0.20	—	0.02	0.24
0067 D	0.20	—	0.02	0.24
0079	8.37	1500	1.64	0.24
0083	8.06	1500	1.78	0.30
0106	48.60	1500	8.97	0.21
0113	11.07	1500	2.45	0.30
0170	6.96	1500	1.54	0.30
0251	9.41	1500	2.08	0.30
0400	14.72	1500	3.08	0.27
0401	23.78	A	4.39	0.21
0771 N	1.02	—	—	—
0908 P	311.00	471	68.42	0.30
0913 P	1426.00	1500	314.42	0.30
0917	11.38	1500	2.62	0.33
1005	14.87	1500	2.43	0.21
1164	14.39	1500	2.36	0.21
1165 XD	7.73	1500	1.40	0.21
1320	5.03	1166	0.92	0.21
1322	20.87	1500	3.82	0.21
1430	17.17	1500	3.36	0.24
1438	7.98	1500	1.46	0.21
1452	6.10	1380	1.19	0.24
1463	18.85	1500	3.48	0.21
1470	—	—	1.04	0.22
1472	5.71	1302	1.04	0.22
1473	—	—	1.04	0.22
1474	—	—	1.04	0.22
1624 D	7.17	1500	1.30	0.21
1642	5.61	1282	1.09	0.24
1654	63.75	1500	12.32	0.24
1655	7.02	1500	1.36	0.24
1699	8.44	1500	1.65	0.24

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY****NORTH CAROLINA  
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<b>CLASS CODE</b>	<b>RATE</b>	<b>MIN PREM</b>	<b>ELR</b>	<b>D RATIO</b>
1701	11.17	1500	2.18	0.24
1710	14.00	1500	2.73	0.24
1741 D	6.35	1430	0.91	0.21
1747	4.44	1048	0.86	0.24
1748	8.78	1500	1.72	0.24
1803 D	19.54	1500	3.30	0.21
1852 D	5.07	1174	0.82	0.20
1853	3.01	762	0.63	0.27
1860	4.08	976	0.93	0.33
1924	5.03	1166	1.16	0.33
1925	6.96	1500	1.47	0.27
2001	—	—	1.82	0.30
2002	4.87	1134	1.13	0.33
2003	8.24	1500	1.82	0.30
2014	9.18	1500	1.80	0.24
2016	4.21	1002	0.96	0.33
2021	4.21	1002	0.89	0.27
2039	5.36	1232	1.23	0.33
2041	5.94	1348	1.37	0.33
2065	7.04	1500	1.56	0.30
2070	10.94	1500	2.41	0.30
2081	5.82	1324	1.29	0.30
2089	6.02	1364	1.33	0.30
2095	9.39	1500	2.07	0.30
2105	7.19	1500	1.66	0.33
2110	4.87	1134	1.12	0.33
2111	9.82	1500	2.27	0.33
2112	6.89	1500	1.59	0.33
2114	4.74	1108	1.09	0.33
2121	3.34	828	0.74	0.30
2130	4.49	1058	1.00	0.30
2131	6.33	1426	1.40	0.30
2143	5.28	1216	1.22	0.33
2157	9.06	1500	1.99	0.30
2172	3.93	946	0.82	0.27
2174	7.12	1500	1.64	0.33
2211	17.45	1500	3.41	0.24
2220	6.20	1400	1.37	0.30
2286	3.01	762	0.69	0.33
2288	11.07	1500	2.54	0.33
2300	5.26	1212	1.28	0.36
2302	4.23	1006	0.94	0.30
2305	6.07	1374	1.28	0.27

WORKERS COMPENSATION AND EMPLOYERS LIABILITY

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CLASS					
CODE		MIN		D	
	RATE	PREM	ELR	RATIO	
0005	4.46	1052	0.99	0.30	
0008	3.42	844	0.75	0.30	
0016	5.48	1256	1.22	0.30	
0034	3.44	848	0.79	0.33	
0035	4.64	1088	1.07	0.33	
0036	6.12	1384	1.20	0.24	
0037	5.89	1338	1.30	0.30	
0042	5.31	1222	1.18	0.30	
0050	3.16	792	0.70	0.30	
0059	5.36	1232	1.19	0.30	
0065	2.53	666	0.58	0.33	
0066	3.72	904	0.86	0.33	
0067	9.34	1500	2.14	0.33	
0079	8.09	1500	1.85	0.33	
0083	5.28	1216	1.16	0.30	
0106	6.96	1500	1.59	0.33	
0113	4.69	1098	1.04	0.30	
0170	5.99	1358	1.37	0.33	
0251	13.95	1500	2.94	0.27	
0400	3.83	926	0.88	0.33	
0401	5.10	1180	1.18	0.33	
0771	3.27	814	0.80	0.36	
0908	2.63	686	0.61	0.33	
0913	7.27	1500	1.67	0.33	
0917	47.14	1500	7.79	0.21	
1005	X*	175.46	1500	34.19	0.24
1164		20.82	1500	4.06	0.24
1165		20.82	1500	3.84	0.21
1320		9.36	1500	2.15	0.33
1322	X	21.76	1500	4.23	0.24
1430		8.19	1500	1.60	0.24
1438		9.97	1500	2.30	0.33
1452		12.17	1500	2.80	0.33
1463		3.70	900	0.85	0.33
1470		-	-	1.82	0.33
1472		12.91	1500	2.86	0.30
1473		9.44	1500	1.96	0.27
1474		10.20	1500	2.15	0.27
1624		-	-	1.85	0.30
1642		5.56	1272	1.36	0.36
1654		4.13	986	1.02	0.36
1655		7.88	1500	1.82	0.33
1699		8.21	1500	2.02	0.36

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<b>CLASS CODE</b>	<b>RATE</b>	<b>MIN PREM</b>	<b>ELR</b>	<b>D RATIO</b>
2883	8.34	1500	1.85	0.30
2913	4.92	1144	1.21	0.36
2915	4.97	1154	1.04	0.27
2916	7.65	1500	1.41	0.21
2923	4.72	1104	1.08	0.33
2942	4.52	1064	1.11	0.36
2960	10.64	1500	2.35	0.30
3004	3.57	874	0.70	0.24
3018	7.50	1500	1.46	0.24
3022	16.66	1500	3.81	0.33
3027	5.36	1232	1.04	0.24
3028	5.99	1358	1.33	0.30
3030	12.40	1500	2.43	0.24
3040	13.21	1500	2.58	0.24
3041	12.09	1500	2.66	0.30
3042	7.83	1500	1.64	0.27
3064	11.53	1500	2.56	0.30
3069	-	-	1.42	0.30
3076	6.40	1440	1.42	0.30
3081 D	9.62	1500	1.85	0.24
3082 D	7.68	1500	1.48	0.24
3085 D	9.95	1500	1.91	0.24
3110	11.07	1500	2.45	0.30
3111	5.56	1272	1.23	0.30
3113	4.18	996	0.92	0.30
3114	5.23	1206	1.15	0.30
3118	4.13	986	0.95	0.33
3119	1.94	548	0.48	0.36
3122	3.88	936	0.90	0.33
3126	5.41	1242	1.20	0.30
3131	3.42	844	0.76	0.30
3132	6.10	1380	1.35	0.30
3145	4.11	982	0.91	0.30
3146	5.03	1166	1.11	0.30
3169	7.35	1500	1.62	0.30
3175	8.65	1500	1.92	0.30
3179	3.52	864	0.81	0.33
3180	4.34	1028	1.00	0.33
3188	2.81	722	0.64	0.33
3220	3.85	930	0.85	0.30
3223	6.86	1500	1.68	0.36
3224	7.45	1500	1.69	0.33
3227	7.04	1500	1.61	0.33

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<b>CLASS CODE</b>	<b>RATE</b>	<b>MIN PREM</b>	<b>ELR</b>	<b>D RATIO</b>
3240	5.79	1318	1.34	0.33
3241	6.35	1430	1.40	0.30
3255	5.33	1226	1.30	0.36
3257	7.19	1500	1.59	0.30
3270	5.99	1358	1.33	0.30
3300	6.96	1500	1.55	0.30
3303	8.06	1500	1.85	0.33
3307	7.35	1500	1.62	0.30
3315	10.41	1500	2.39	0.33
3334	8.93	1500	1.96	0.30
3336	6.07	1374	1.18	0.24
3365	14.31	1500	2.79	0.24
3372	7.63	1500	1.60	0.27
3373	9.57	1500	2.11	0.30
3383	2.50	660	0.57	0.33
3385	1.89	538	0.43	0.33
3400	6.51	1462	1.37	0.27
3507	4.97	1154	1.10	0.30
3515	4.29	1018	0.95	0.30
3516	-	-	0.95	0.30
3548	2.93	746	0.65	0.30
3559	4.92	1144	1.09	0.30
3574	1.53	466	0.35	0.33
3581	2.24	608	0.52	0.33
3612	4.95	1150	1.04	0.27
3620	11.81	1500	2.32	0.24
3629	3.75	910	0.86	0.33
3632	6.48	1456	1.36	0.27
3634	3.57	874	0.82	0.33
3635	5.64	1288	1.24	0.30
3638	3.09	778	0.71	0.33
3642	2.55	670	0.56	0.30
3643	3.60	880	0.80	0.30
3647	3.75	910	0.79	0.27
3648	2.83	726	0.65	0.33
3681	1.84	528	0.42	0.33
3685	2.47	654	0.57	0.33
3719	3.04	768	0.50	0.21
3724	7.27	1500	1.34	0.21
3726	11.96	1500	1.97	0.21
3803	5.00	1160	1.10	0.30
3807	4.16	992	0.96	0.33
3808	8.72	1500	1.82	0.27

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<b>CLASS CODE</b>	<b>RATE</b>	<b>MIN PREM</b>	<b>ELR</b>	<b>D RATIO</b>
3821	14.69	1500	3.10	0.27
3822 X	9.64	1500	2.02	0.27
3824 X	7.93	1500	1.67	0.27
3826	1.53	466	0.33	0.29
3827	3.85	930	0.81	0.27
3830	2.55	670	0.54	0.27
3851	8.27	1500	1.90	0.33
3865	4.39	1038	1.09	0.36
3881	9.34	1500	2.06	0.30
4000	10.51	1500	1.93	0.21
4021	9.85	1500	1.93	0.24
4024 D	6.43	1446	1.24	0.24
4034	12.30	1500	2.41	0.24
4036	4.95	1150	0.96	0.24
4038	6.68	1496	1.63	0.36
4053	3.93	946	0.87	0.30
4061	5.61	1282	1.28	0.33
4062	5.23	1206	1.15	0.30
4101	6.51	1462	1.37	0.27
4109	1.02	364	0.24	0.33
4110	2.27	614	0.50	0.30
4111	3.19	798	0.73	0.33
4112	—	—	0.50	0.30
4113	4.31	1022	0.94	0.29
4114	7.55	1500	1.66	0.30
4130	8.09	1500	1.79	0.30
4131	9.85	1500	2.27	0.33
4133	4.08	976	0.94	0.33
4149	1.33	426	0.33	0.36
4150	—	—	0.33	0.36
4206	5.56	1272	1.22	0.30
4207	3.72	904	0.72	0.24
4239	6.76	1500	1.32	0.24
4240	4.36	1032	1.00	0.33
4243	4.36	1032	0.96	0.30
4244	4.36	1032	0.96	0.30
4250	4.16	992	0.92	0.30
4251	4.72	1104	1.04	0.30
4263	8.60	1500	1.92	0.30
4273	6.02	1364	1.33	0.30
4279	4.72	1104	1.04	0.30
4282	5.13	1186	1.17	0.33
4283	3.90	940	0.86	0.30

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<b>CLASS CODE</b>	<b>RATE</b>	<b>MIN PREM</b>	<b>ELR</b>	<b>D RATIO</b>
4299	3.78	916	0.87	0.33
4301	—	—	1.04	0.30
4304	9.72	1500	2.05	0.27
4307	3.80	920	0.93	0.36
4351	3.01	762	0.66	0.29
4352	3.29	818	0.76	0.33
4360	3.16	792	0.72	0.33
4361	2.53	666	0.58	0.33
4362	—	—	0.72	0.33
4410	7.37	1500	1.63	0.30
4417	—	—	1.63	0.30
4420	17.47	1500	3.20	0.21
4431	2.93	746	0.72	0.36
4432	2.53	666	0.62	0.36
4439	3.98	956	0.83	0.27
4452	6.22	1404	1.38	0.30
4459	5.66	1292	1.25	0.30
4470	4.52	1064	1.00	0.30
4484	5.15	1190	1.14	0.30
4493	5.00	1160	1.10	0.30
4511	0.99	358	0.21	0.27
4557	5.87	1334	1.35	0.33
4558	2.86	732	0.63	0.30
4561	—	—	0.83	0.27
4568	4.69	1098	0.92	0.24
4581	1.63	486	0.30	0.21
4583	12.96	1500	2.40	0.21
4611	1.35	430	0.31	0.33
4635	6.40	1440	1.06	0.21
4653	4.52	1064	1.04	0.33
4665	14.34	1500	2.80	0.24
4670	15.89	1500	3.13	0.24
4683	9.21	1500	2.03	0.30
4686	4.77	1114	0.93	0.24
4692	1.25	410	0.29	0.33
4693	2.14	588	0.47	0.30
4703	4.34	1028	0.95	0.30
4717	4.77	1114	1.17	0.36
4720	3.57	874	0.79	0.30
4740	6.22	1404	1.21	0.24
4741	5.00	1160	1.10	0.30
4751	6.66	1492	1.31	0.24
4771 N	5.77	1500	0.96	0.21



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<b>CLASS CODE</b>	<b>RATE</b>	<b>MIN PREM</b>	<b>ELR</b>	<b>D RATIO</b>
4777	9.67	1500	1.59	0.21
4825	2.45	650	0.48	0.24
4828	3.65	890	0.76	0.27
4829	3.19	798	0.59	0.21
4902	7.45	1500	1.70	0.33
4923	2.07	574	0.45	0.30
5020	16.33	1500	3.19	0.24
5022	16.33	1500	3.00	0.21
5037	39.80	1500	6.54	0.21
5040	17.73	1500	2.92	0.21
5057	13.80	1500	2.28	0.21
5059	47.40	1500	7.87	0.20
5069	39.82	1500	6.51	0.21
5102	12.70	1500	2.34	0.21
5146	12.53	1500	2.44	0.24
5160	6.76	1500	1.24	0.21
5183	9.90	1500	1.93	0.24
5188	13.19	1500	2.57	0.24
5190	10.64	1500	2.07	0.24
5191	1.68	496	0.37	0.30
5192	7.83	1500	1.73	0.30
5213	16.30	1500	3.00	0.21
5215	10.20	1500	2.14	0.27
5221	11.25	1500	2.19	0.24
5222	21.73	1500	3.99	0.21
5223	11.66	1500	2.28	0.24
5348	10.54	1500	2.05	0.24
5402	11.38	1500	2.62	0.33
5403	14.82	1500	2.73	0.21
5437	12.98	1500	2.53	0.24
5443	9.41	1500	2.08	0.30
5445	22.73	1500	4.19	0.21
5462	15.54	1500	3.03	0.24
5472	10.13	1500	1.66	0.21
5473	27.22	1500	4.51	0.21
5474	16.33	1500	3.01	0.21
5478	8.24	1500	1.60	0.24
5479	15.66	1500	3.29	0.27
5480	13.04	1500	2.39	0.21
5491	6.96	1500	1.28	0.21
5506	15.13	1500	2.51	0.21
5507	10.79	1500	1.98	0.21
5508	29.00	1500	5.62	0.24

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5535	17.27	1500	3.38	0.24
5537	12.63	1500	2.46	0.24
5551	38.78	1500	6.43	0.20
5606	3.37	834	0.62	0.21
5610	15.59	1500	3.45	0.30
5645	32.93	1500	6.08	0.21
5651	—	—	6.08	0.21
5703	34.67	1500	6.74	0.24
5705	50.08	1500	9.82	0.24
5951	0.71	302	0.17	0.33
6003	23.14	1500	4.50	0.24
6005	13.14	1500	2.53	0.24
6017	11.22	1500	2.17	0.24
6018	7.86	1500	1.51	0.24
6045	10.51	1500	2.04	0.24
6204	23.95	1500	4.42	0.21
6206	9.06	1500	1.49	0.21
6213	5.61	1282	1.03	0.21
6214	6.86	1500	1.13	0.21
6216	15.99	1500	2.63	0.21
6217	13.93	1500	2.56	0.21
6229	9.69	1500	1.78	0.21
6233	6.68	1496	1.22	0.21
6235	15.15	1500	2.49	0.21
6236	27.02	1500	5.26	0.24
6237	4.41	1042	0.86	0.24
6251 D	16.22	1500	2.94	0.21
6252 D	10.56	1500	1.73	0.21
6260	15.13	1500	2.48	0.21
6306	12.32	1500	2.26	0.21
6319	13.75	1500	2.53	0.21
6325	12.63	1500	2.32	0.21
6400	14.95	1500	3.14	0.27
6503	3.93	946	0.90	0.33
6504	5.26	1212	1.21	0.33
6702 M*	9.92	1500	1.93	0.24
6703 M*	19.57	1500	3.59	0.24
6704 M*	11.02	1500	2.14	0.24
6801 F	6.65	1490	1.05	0.23
6811	16.71	1500	3.25	0.24
6824 F	20.15	1500	3.05	0.20
6826 F	10.20	1500	1.60	0.23
6834	6.53	1466	1.37	0.27

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<b>CLASS CODE</b>	<b>RATE</b>	<b>MIN PREM</b>	<b>ELR</b>	<b>D RATIO</b>
6836	10.18	1500	1.99	0.24
6843 F	23.29	1500	3.20	0.19
6845 F	21.04	1500	2.89	0.19
6854	9.95	1500	1.64	0.21
6872 F	22.63	1500	3.09	0.19
6874 F	36.64	1500	5.01	0.19
6882	10.77	1500	1.77	0.21
6884	13.98	1500	2.28	0.21
7016 M	9.08	1500	1.49	0.21
7024 M	10.08	1500	1.65	0.21
7038 M	10.99	1500	1.83	0.20
7046 M	14.97	1500	2.46	0.21
7047 M	17.88	1500	2.76	0.21
7050 M	21.68	1500	3.40	0.20
7090 M	12.22	1500	2.03	0.20
7098 M	16.63	1500	2.74	0.21
7099 M	29.52	1500	4.59	0.21
7133	10.66	1500	1.97	0.21
7151 M	12.96	1500	2.39	0.21
7152 M	25.56	1500	4.45	0.21
7153 M	14.39	1500	2.65	0.21
7222 X	17.53	1500	3.40	0.24
7228 X	17.45	1500	3.39	0.24
7229 X	26.84	1500	4.91	0.21
7230 X	20.25	1500	4.25	0.27
7231	18.01	1500	3.77	0.27
7232 X	22.65	1500	4.14	0.21
7309 F	32.12	1500	4.41	0.19
7313 F	6.57	1474	0.90	0.19
7317 F	24.93	1500	3.35	0.19
7323	—	—	1.38	0.20
7327 F	32.73	1500	4.53	0.19
7333 M	9.72	1500	1.59	0.21
7335 M	10.79	1500	1.76	0.21
7337 M	19.16	1500	2.95	0.21
7350 F	24.73	1500	3.72	0.20
7360	10.94	1500	2.13	0.24
7370	15.66	1500	3.45	0.30
7380	11.71	1500	2.45	0.27
7382	11.61	1500	2.56	0.30
7390	11.71	1500	2.58	0.30
7394 M	9.74	1500	1.59	0.21
7395 M	10.82	1500	1.77	0.21

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY**

**NORTH CAROLINA  
ASSIGNED RISK RATES**

*Effective April 1, 2016*

<b>CLASS CODE</b>	<b>RATE</b>	<b>MIN PREM</b>	<b>ELR</b>	<b>D RATIO</b>
7398 M	19.21	1500	2.96	0.21
7402	0.33	226	0.08	0.30
7403	11.71	1500	2.29	0.24
7405 N	4.97	1486	0.97	0.24
7420	30.38	1500	4.93	0.21
7421	2.24	608	0.41	0.21
7422	5.13	1186	0.85	0.21
7425	6.76	1500	1.10	0.21
7431 N	3.16	1002	0.52	0.21
7445 N	1.66	—	—	—
7453 N	1.05	—	—	—
7502	6.15	1390	1.20	0.24
7515	2.76	712	0.46	0.21
7520	7.35	1500	1.63	0.30
7529 X	44.16	1500	7.29	0.21
7538	20.99	1500	3.48	0.21
7539	5.41	1242	0.99	0.21
7540	12.65	1500	2.10	0.21
7580	7.24	1500	1.41	0.24
7590	9.41	1500	1.98	0.27
7600	12.58	1500	2.45	0.24
7601	—	—	2.45	0.24
7605	5.31	1222	1.04	0.24
7610	1.38	436	0.29	0.27
7611	—	—	2.45	0.24
7612	—	—	2.45	0.24
7613	—	—	2.45	0.24
7705	18.95	1500	3.98	0.27
7710	12.30	1500	2.27	0.21
7711	12.30	1500	2.27	0.21
7720 X	4.97	1154	0.97	0.24
7723 X	7.76	1500	1.29	0.20
7855	8.16	1500	1.59	0.24
8001	5.51	1262	1.27	0.33
8002	4.11	982	0.92	0.30
8006	7.58	1500	1.68	0.30
8008	3.04	768	0.70	0.33
8010	3.19	798	0.73	0.33
8013	0.89	338	0.20	0.30
8015	1.94	548	0.43	0.30
8017	3.75	910	0.87	0.33
8018	4.95	1150	1.13	0.33
8021	5.97	1354	1.32	0.30

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY****NORTH CAROLINA  
ASSIGNED RISK RATES***Effective April 1, 2016*

<b>CLASS CODE</b>	<b>RATE</b>	<b>MIN PREM</b>	<b>ELR</b>	<b>D RATIO</b>
8031	7.63	1500	1.70	0.30
8032	4.57	1074	1.05	0.33
8033	3.93	946	0.87	0.30
8037	4.57	1074	1.05	0.33
8039	4.95	1150	1.14	0.33
8044	8.11	1500	1.70	0.27
8045	1.22	404	0.28	0.33
8046	6.20	1400	1.38	0.30
8047	2.22	604	0.51	0.33
8058	6.51	1462	1.44	0.30
8072	1.71	502	0.39	0.33
8102	3.24	808	0.74	0.33
8103	4.97	1154	1.05	0.27
8105	5.05	1170	1.16	0.33
8106	8.78	1500	1.71	0.24
8107	9.08	1500	1.77	0.24
8111	4.90	1140	1.08	0.30
8116	6.25	1410	1.39	0.30
8203	16.02	1500	3.55	0.30
8204	7.73	1500	1.51	0.24
8209	7.50	1500	1.66	0.30
8215	8.09	1500	1.58	0.24
8227	11.02	1500	1.82	0.21
8232	10.59	1500	2.07	0.24
8233	6.71	1500	1.30	0.24
8235	10.59	1500	2.35	0.30
8236 X	12.47	1500	2.42	0.24
8263	13.72	1500	2.91	0.27
8264	10.69	1500	2.09	0.24
8265	14.69	1500	2.71	0.21
8279	18.24	1500	3.40	0.20
8288	17.47	1500	3.43	0.24
8291 X	10.66	1500	2.25	0.27
8292 X	8.01	1500	1.77	0.30
8293 X	27.47	1500	5.36	0.24
8304	10.31	1500	2.01	0.24
8350	18.24	1500	3.36	0.21
8380	6.02	1364	1.27	0.27
8381	4.39	1038	0.93	0.27
8385	5.94	1348	1.16	0.24
8392	5.77	1314	1.29	0.30
8393	3.90	940	0.86	0.30
8500	12.24	1500	2.39	0.24

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY****NORTH CAROLINA  
ASSIGNED RISK RATES***Effective April 1, 2016*

<b>CLASS CODE</b>	<b>RATE</b>	<b>MIN PREM</b>	<b>ELR</b>	<b>D RATIO</b>
8601	1.22	404	0.26	0.27
8602	2.37	634	0.50	0.27
8603	0.20	200	0.04	0.30
8606	7.19	1500	1.32	0.21
8709 F	10.23	1500	1.41	0.19
8710	—	—	0.98	0.24
8719	7.27	1500	1.20	0.21
8720	4.29	1018	0.84	0.24
8721	0.69	298	0.13	0.24
8723	0.41	242	0.09	0.30
8725	5.46	1252	1.07	0.24
8726 F	6.42	1444	1.01	0.23
8734 M	1.30	420	0.26	0.24
8737 M	1.17	394	0.23	0.24
8738 M	2.32	624	0.43	0.24
8742	0.97	354	0.19	0.24
8745	11.56	1500	2.45	0.27
8748	1.58	476	0.33	0.27
8755	1.05	370	0.21	0.24
8799	1.22	404	0.27	0.30
8800	3.06	772	0.75	0.36
8803	0.20	200	0.04	0.24
8805 M	0.46	252	0.10	0.30
8810	0.33	226	0.08	0.30
8814 M	0.41	242	0.09	0.30
8815 M	0.79	318	0.18	0.30
8820	0.33	226	0.07	0.27
8824	7.24	1500	1.67	0.33
8825	3.62	884	0.89	0.36
8826	6.96	1500	1.54	0.30
8831	3.09	778	0.69	0.30
8832	0.87	334	0.19	0.30
8833	3.39	838	0.75	0.30
8835	5.94	1348	1.32	0.30
8842 X	5.13	1186	1.14	0.30
8848 X	6.35	1430	1.41	0.30
8849 X	6.89	1500	1.52	0.30
8855	0.31	222	0.07	0.30
8856	0.46	252	0.10	0.30
8864 X	3.21	802	0.71	0.30
8868	1.17	394	0.27	0.33
8869	2.81	722	0.65	0.33
8871	0.26	212	0.06	0.33

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY**

**NORTH CAROLINA  
ASSIGNED RISK RATES**

*Effective April 1, 2016*

<b>CLASS CODE</b>	<b>RATE</b>	<b>MIN PREM</b>	<b>ELR</b>	<b>D RATIO</b>
8901	0.48	256	0.10	0.27
9012	2.58	676	0.54	0.27
9014	6.63	1486	1.47	0.30
9015	7.55	1500	1.67	0.30
9016	6.73	1500	1.50	0.30
9019	5.33	1226	1.04	0.24
9033	4.41	1042	0.98	0.30
9040	7.47	1500	1.72	0.33
9044	3.65	890	0.84	0.33
9052	4.85	1130	1.12	0.33
9058	3.34	828	0.82	0.36
9059	—	—	0.65	0.33
9060	2.83	726	0.65	0.33
9061	2.50	660	0.62	0.36
9062	3.16	792	0.77	0.36
9063	2.35	630	0.55	0.34
9077 F	4.58	1076	0.79	0.29
9082	2.93	746	0.72	0.36
9083	3.04	768	0.74	0.36
9084	3.24	808	0.72	0.30
9089	3.72	904	0.87	0.34
9093	3.14	788	0.72	0.34
9101	7.19	1500	1.66	0.33
9102	6.89	1500	1.53	0.30
9154	4.34	1028	0.96	0.30
9156	5.41	1242	1.14	0.27
9170	14.72	1500	2.44	0.20
9178	15.84	1500	3.92	0.36
9179	25.77	1500	5.93	0.33
9180	10.28	1500	2.03	0.24
9182	4.69	1098	1.05	0.30
9186	30.66	1500	5.69	0.21
9220	11.15	1500	2.34	0.27
9402	11.94	1500	2.32	0.24
9403	18.93	1500	3.48	0.21
9410	6.22	1404	1.38	0.30
9501	7.91	1500	1.66	0.27
9505	8.27	1500	1.74	0.27
9516	12.96	1500	2.53	0.24
9519	9.01	1500	1.76	0.24
9521	10.99	1500	2.15	0.24
9522	4.08	976	0.90	0.30
9534	16.79	1500	3.07	0.21

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
ASSIGNED RISK RATES**  
*Effective April 1, 2016*

<b>CLASS CODE</b>	<b>RATE</b>	<b>MIN PREM</b>	<b>ELR</b>	<b>D RATIO</b>
9554	33.01	1500	6.10	0.21
9586	1.30	420	0.32	0.36
9600	4.95	1150	1.13	0.33
9620	2.42	644	0.51	0.27



Effective April 1, 2016

**VI. APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**FOOTNOTES**

- A Minimum Premium \$100 per ginning location for policy minimum premium computation.
- D Rate for classification already includes the specific disease loading shown in the table below. See **Basic Manual** Rule 3-A-7.

Disease			Disease			Disease		
Code No.	Loading	Symbol	Code No.	Loading	Symbol	Code No.	Loading	Symbol
0059D	0.87	S	1624D	0.05	S	3082D	0.13	S
0065D	0.20	S	1741D	0.87	S	3085D	0.18	S
0066D	0.20	S	1803D	1.63	S	4024D	0.05	S
0067D	0.20	S	1852D	0.15	Asb	6251D	0.10	S
1165XD	0.08	S	3081D	0.18	S	6252D	0.08	S

Asb=Asbestos, S=Silica

- F Rate provides for coverage under the United States Longshore and Harbor Workers Compensation Act and its extensions. Rate includes a provision for USL&HW Assessment.
- M Risks are subject to Admiralty Law or Federal Employers Liability Act (FELA). However, the published rate is for risks that voluntarily purchase standard workers compensation and employers liability coverage. A provision for the USL&HW Assessment is included for those classifications under Program II USL Act. The listed codes of 6702, 6703, 6704, 7151, 7152, 7153, 8734, 8737, 8738, 8805, 8814, and 8815 under the Federal Employers' Liability Act (FELA) for employees of interstate railroads are not applicable in the residual market.
- N This code is part of a ratable / non-ratable group shown below. The statistical non-ratable code and corresponding rate are applied in addition to the basic classification when determining premium.

Class Code	Non-Ratable Element Code
4771	0771
7405	7445
7431	7453

- P Classification is computed on a per capita basis.
- X Refer to special classification phraseology in these pages which is applicable in this state.

**VII. \* Class Codes with Specific Footnotes**

- 2705 An upset payroll of \$4.00 per cord shall be used for premium computation purposes in all instances.
- 6702 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection code rate and elr each x 1.215.
- 6703 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate x 2.396 and elr x 2.26.
- 6704 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate and elr each x 1.35.

Effective April 1, 2016  
**APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**MISCELLANEOUS VALUES**

**Basis of premium** applicable in accordance with *Basic Manual* footnote instructions for Code 7370 -- "Taxicab Co.":  
Employee operated vehicle..... \$65,200  
Leased or rented vehicle.....\$43,500

**Catastrophe (other than Certified Acts of Terrorism) - (Assigned Risk)**.....\$0.01

**Expense Constant** applicable in accordance with *Basic Manual* Rule 3-A-11.....\$160

**Loss Sensitive Rating Plan (LSRP) -** The factors which are used in the calculation of the LSRP are as follows:

Basic Premium Factor	0.40
Minimum Premium Factor	0.75
Maximum Premium Factor	1.75
Loss Conversion Factor	1.17
Tax Multiplier	1.031

Loss Development Factors	
1st Adjustment	0.20
2nd Adjustment	0.12
3rd Adjustment	0.09
4th Adjustment	0.06

**Maximum Weekly Payroll** applicable in accordance with *Basic Manual* Rule 2-E-1 -- "Executive Officers" and the *Basic Manual* footnote instructions for Code 9178 -- "Athletic Sports or Park: Non-Contact Sports," and Code 9179 -- "Athletic Sports or Park: Contact Sports".....\$1,700

**Minimum Weekly Payroll** applicable in accordance with *Basic Manual* Rule 2-E-1 -- "Executive Officers" .....\$850

**Premium Determination for Partners and Sole Proprietors** in accordance with *Basic Manual* Rule 2-E-3 (Annual Payroll).....\$43,500

**Premium Reduction Percentages -** The following percentages are applicable by deductible amount and hazard group for total losses on a per claim basis:

Deductible	Total Losses						
	HAZARD GROUP						
	A	B	C	D	E	F	G
\$10	0.6	0.4	0.4	0.3	0.2	0.1	0.1
\$20	1.1	0.8	0.7	0.5	0.3	0.2	0.2
\$30	1.5	1.2	1.0	0.7	0.5	0.3	0.3
\$40	1.9	1.4	1.2	0.9	0.6	0.4	0.4
\$50	2.2	1.7	1.4	1.0	0.7	0.5	0.4
\$1,00	3.4	2.7	2.3	1.7	1.3	0.9	0.8
\$1,50	4.4	3.4	2.9	2.2	1.7	1.2	1.0
\$2,00	5.1	4.0	3.5	2.6	2.0	1.5	1.3
\$2,50	5.8	4.5	3.9	3.0	2.4	1.7	1.5
\$5,00	8.2	6.5	5.8	4.6	3.7	2.9	2.4

**Terrorism - (Assigned Risk)**.....\$0.02

**United States Longshore and Harbor Workers' Compensation Coverage Percentage** applicable only in connection with *Basic Manual* Rule 3-A-4.....92%

(Multiply a Non-F classification rate by a factor of 1.92 to adjust for differences in benefits and loss-based expenses. This factor is the product of the adjustment for differences in benefits (1.82) and the adjustment for differences in loss-based expenses (1.053).)

**Experience Rating Eligibility**

A risk is eligible for experience rating when the payrolls or other exposures developed in the last year or last two years of the experience period produced a premium of at least \$10,000. If more than two years, an average annual premium of at least \$5,000 is required. These amounts are applicable for ratings effective date April 1, 2016 and subsequent. The *Experience Rating Plan Manual* should be referenced for the latest approved eligibility amounts by state.

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