

FILING MEMORANDUM

ITEM P-1370—PREMIUM DUE DATE ENDORSEMENT

(To be effective 12:01 a.m. on April 1, 2001, applicable to new and renewal business only.)

PURPOSE

The purpose of this filing is to introduce Premium Due Date Endorsement WC 00 04 19. This endorsement will comply with the National Association of Insurance Commissioners (NAIC) Statement of Statutory Accounting Principles No. 6.

BACKGROUND

NAIC issued Statement of Statutory Accounting Principles No. 6 effective for years beginning January 1, 2001. This statement establishes statutory accounting principles for direct- and group-billed uncollected premiums, bills receivable for premiums, and amounts due from agents and brokers. These items are admitted assets to the extent that they conform to the requirements of this statement.

The due date is key to determining whether premium balances are admitted. The statement establishes the due date of audit premiums and retrospective premiums as governed by policy or contract provisions. If the due date for receivables relating to these policies is not addressed by policy or contract provisions, the statement requires treating any uncollected audit premium, either accrued or billed, as nonadmitted.

Workers Compensation and Employers Liability Policy WC 00 00 00 A does not currently address the due date of audit premiums and retrospective premiums.

PROPOSAL

The attached endorsement has been prepared to establish the due date for audit premiums and retrospective premiums as the date of billing. The proposed effective date of this endorsement in North Carolina is 12:01 a.m., April 1, 2001, applicable to new and renewal business only.

IMPACT

This Item does not affect current premium levels.

IMPLEMENTATION

The attached endorsement will be included in *Forms Manual of Workers Compensation and Employers Liability Insurance*.

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PREMIUM DUE DATE ENDORSEMENT

Section D of Part Five of the policy is replaced by this provision:

**PART FIVE
PREMIUM**

- D. **Premium** is amended to read:
You will pay all premium when due. You will pay the premium even if part or all of a workers compensation law is not valid. **The due date for audit and retrospective premiums is the date of the billing.**