



# Circular

JULY 22, 2010

PLAN INFORMATION

PLAN-IN-2010-01

## Plan–Indiana–Item RM-01-IN-2010–Revision to Assigned Carrier Performance Standards 3–Underwriting and 7–Billing and Collection of Premium

### ACTION NEEDED

Please review the changes outlined in the attachments for impact on your company's systems and procedures. Also review the *Status of Item Filings* circular for state approval of this item.

**Caution:** At the time of distribution of this circular, this item has been recommended to the Indiana Compensation Rating Bureau (ICRB) for consideration and filing with the regulator. It has **not been approved**. This information is provided for your convenience and analysis. Please do not use the information until the regulator has approved the filing. Subscribers should contact the ICRB for further details and status.

### BACKGROUND

National performance standard PS 3-C-2 requires that assigned carriers issue midterm employer-initiated endorsements within 20 days after receipt of the endorsement request, required documentation, and any additional deposit premium.

On an exception basis, in situations where an insured needs a Waiver of Our Right to Recover From Others Endorsement (WC 00 03 13) to fulfill a contractual requirement and begin work on a specific project, the Indiana Compensation Rating Bureau (ICRB) has directed that the endorsement be issued sooner than the national *Assigned Carrier Performance Standards*. In these instances, the ICRB requires that the assigned carrier issue the endorsement within one business day after receiving the required documentation and at least a \$250 minimum premium charge per requested waiver. If any additional premium is required for the endorsement, and the premium is not received by the billing date, then standard cancellation rules and procedures for nonpayment of premium apply, in accordance with the Indiana Worker's Compensation Insurance Plan.

National PS 7-A-2 provides the requirements for issuing billing statements to policyholders. The ICRB also requires that assigned carriers include the basis of the premium, an itemized calculation, and a copy of the audit (or other appropriate documentation) with the billing statement. This is an exception to national PS 7-A-2-g.

NCCI has submitted Item RM-01-IN-2010—Revision to Assigned Carrier Performance Standards 3—Underwriting and 7—Billing and Collection of Premium. Item RM-01-IN-2010 proposes to create two Indiana state exceptions to NCCI's *Assigned Carrier Performance Standards* for:

- PS 3-C-2, regarding midterm policy changes resulting from an employer-requested Waiver of Our Right to Recover From Others Endorsement (WC 00 03 13), and
- PS 7-A-2, regarding billing statements

### IMPACT

The ICRB does not anticipate any impact to statewide premium as a result of this item.

### NCCI ACTION

NCCI will release updated pages of NCCI's *Assigned Carrier Performance Standards* upon approval.

**PERSON TO  
CONTACT**

If you have any questions, please contact:

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## FILING MEMORANDUM

### **ITEM RM-01-IN-2010—REVISION TO ASSIGNED CARRIER PERFORMANCE STANDARDS 3—UNDERWRITING AND 7—BILLING AND COLLECTION OF PREMIUM**

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(To be effective 12:01 a.m. on January 1, 2011, applicable to new and renewal assigned risk policies only.)

#### **PURPOSE**

This item creates two Indiana state exceptions to NCCI's *Assigned Carrier Performance Standards* for:

- PS 3-C-2, regarding midterm policy changes resulting from an employer-requested Waiver of Our Right to Recover From Others Endorsement (WC 00 03 13), and
- PS 7-A-2, regarding billing statements

#### **BACKGROUND**

National PS 3-C-2 requires that assigned carriers issue midterm employer-initiated endorsements within 20 days after receipt of the endorsement request, required documentation, and any additional deposit premium.

On an exception basis, in situations where an insured needs a Waiver of Our Right to Recover From Others Endorsement (WC 00 03 13) to fulfill a contractual requirement and begin work on a specific project, the Indiana Compensation Rating Bureau (ICRB) has directed that the endorsement be issued sooner than the national *Assigned Carrier Performance Standards*. In these instances, the ICRB requires that the assigned carrier issue the endorsement within one business day after receiving the required documentation and at least a \$250 minimum premium charge per requested waiver. If any additional premium is required for the endorsement, and the premium is not received by the billing date, then standard cancellation rules and procedures for nonpayment of premium apply, in accordance with the Indiana Worker's Compensation Insurance Plan.

National PS 7-A-2 provides the requirements for issuing billing statements to policyholders. The ICRB also requires that assigned carriers include the basis of the premium, an itemized calculation, and a copy of the audit (or other appropriate documentation) with the billing statement. This is an exception to national PS 7-A-2-g.

#### **PROPOSAL**

To formalize the requirements of the ICRB, this item proposes to create Indiana state exceptions for:

- PS 3-C-2, to address the treatment of employer-initiated requests for the Waiver of Our Right to Recover From Others Endorsement (WC 00 03 13), and
- PS 7-A-2-g, to specify the additional information that is required with billing statements

#### **IMPACT**

This item is not expected to have any impact to overall statewide premium levels.

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**IMPLEMENTATION**

**Exhibit 1** details the proposed creation of the two Indiana state exceptions in the *Assigned Carrier Performance Standards*.

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**EXHIBIT 1  
ASSIGNED CARRIER PERFORMANCE STANDARDS—2009 EDITION  
INDIANA  
PERFORMANCE STANDARD 3—UNDERWRITING**

**C. MIDTERM POLICY CHANGES**

**2. Endorsements**

**a. Employer-Initiated Endorsements**

Add the following to PS 3-C-2-a:

- (4) When requested by the employer or producer, the Waiver of Our Right to Recover From Others Endorsement (WC 00 03 13) will be issued within one business day after receiving the required documentation and at least a \$250 minimum premium charge per requested waiver. If additional premium is required for the endorsement and the premium is not received by the billing date, the assigned carrier must follow the standard cancellation rules and procedures for nonpayment of premium in accordance with the Indiana Worker's Compensation Insurance Plan.

**ITEM RM-01-IN-2010—REVISION TO ASSIGNED CARRIER PERFORMANCE STANDARDS  
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**EXHIBIT 1  
ASSIGNED CARRIER PERFORMANCE STANDARDS—2009 EDITION  
INDIANA  
PERFORMANCE STANDARD 7—BILLING AND COLLECTION OF PREMIUM**

**A. BILLING PROCEDURES**

**2. Billing Statements**

Change PS 7-A-2-g as follows:

- g. Billing statements must include a clear explanation of the bill and specific information on how the employer may inquire about the billing determination. The assigned carrier is to include a statement of the basis of premium due. This statement includes, but is not limited to, revised payrolls, changed classifications, an itemized calculation, and a copy of the audit or appropriate documentation with the invoice to the policyholder. For more information about customer service, refer to PS 2.