



Michigan Workers' Compensation Placement Facility

Information & Procedures Handbook

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MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY

Information and Procedures

FOR FURTHER INFORMATION

This handbook summarizes the Michigan Worker's Compensation Placement Facility and does not give every detail of the Facility or the procedures. If you have any questions or wish further information, please contact:

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PREFACE

PURPOSE OF THIS HANDBOOK

This handbook will help you, as a licensed Michigan insurance agent, understand the Michigan Workers' Compensation Placement Facility. It explains what the Facility is and how it works. In this Preface you will find a detailed Index, with many cross references, to help you find things quickly. Use it often! Also in this Preface are definitions for certain key terms which are used throughout this handbook. Become familiar with them! By carefully following the procedures in this handbook, you will benefit in two important ways:

1. You will find yourself saving time, effort, paperwork and frustration!
2. You will be able to give better, more professional insurance service to your customer.

Each page in this handbook has an effective date. From time to time pages will be revised with new effective dates, if changes have occurred which effect procedures in this handbook. This will include any rate revisions. These pages are available for a nominal fee from the Facility. Refer to the Forms Section for order information.

HOW TO USE THIS HANDBOOK

This handbook has five sections. They are:

Section I:	INTRODUCTORY INFORMATION
Section II:	PROCEDURES
Section III:	APPENDIX
Section IV:	RATES AND RATING FACTORS
Section V:	FORMS

The introductory Information section will get you acquainted with the Facility. There is an Introduction to the Facility and an overview of the way that the Facility operates. Finally, you will find a list of your duties and responsibilities as an agent as well as the corresponding obligations of the employer, Servicing Carrier and the Facility. Pages in this section start with the letter "I".

Section II, Procedures, is exactly that – a description of the procedures you must follow. You will need to use this section often. In it, you will find the answers to most of your questions. In this section are detailed instructions on completing the application form and securing proper coverage for your customers. These pages start with the letter "P".

Section III is the Appendix. This section contains much valuable information which does not fit conveniently into the other sections. There are discussions of certain topics which have proven troublesome to agents in the past, such as ownership changes and experience rating. In addition, you will find the names and phone numbers of the various Assigned Risk Pools and Funds outside of Michigan and a separate list of Servicing Carriers within Michigan. While you will use the Appendix less frequently than the Procedure section, you will find it very helpful as a reference source for many of your questions. Pages in the Appendix start with the letter "X".

Section IV contains the rates and factors necessary to develop proper premiums for submission with the application. Rating factors contained in this section provide for the development of an accurate experience modification. The rates and rating factors also aid in the determination of the Rating Plans A and C, and the amount of surcharge should the insured qualify for Rating Plan A. The rate pages start with the letter "R".

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DEFENITION OF KEY TERMS

There are a few important terms you need to know to use this handbook. These terms are used throughout the handbook; become familiar with them.

Workers' Compensation Insurance – Insurance which provides any of the following:

1. Security required pursuant to Act No. 317 of the Public Acts of 1969, as amended, being sections 418.101 to 418.941 of the Michigan Compiled Laws.
2. Security required pursuant to the United States Longshoremen's and Harbor Workers' Compensation Act.
3. Coverage customarily known as employer's liability insurance, when contained in or endorsed to a policy providing the security in subparagraph (1) or (2).

Employer

This is the "Risk", applicant or policyholder desiring or receiving coverage in the Facility. A proprietorship, partnership, corporation or other legally recognized entity subject to the Michigan Workers' Compensation Law.

Agent and Agency

The licensed Michigan agent who assists the employer in making application to the Facility and in continuing coverage in the Facility in accordance with the rules and procedures. The term "agency" will be used to identify the firm which employs the licensed agent.

Servicing Carrier

The insurance company which receives "assignments" from the Facility. The employer is assigned to the Servicing Carrier which writes a policy and provides the insurance services required by the Facility. The Servicing Carrier receives a servicing carrier allowance based on a percentage of premium collected.

Facility

The Michigan Workers' Compensation Placement Facility as created by Public Act No. 8 of 1982, is comprised of the Accident Fund and every insurer authorized to write workers' compensation insurance in Michigan.

Office of Financial & Insurance Regulation (OFIR)

This State agency, located in Lansing, has the responsibility of regulation of insurance matters.

Workers' Compensation Agency (WCA)

This is the State agency, located in Lansing, which has the responsibility of administering the Michigan Workers' Compensation Law.

Basic Manual

This is the Facility Basic Manual of Rules, Classifications and Rates for Workers' Compensation and Employers' Liability Insurance. The Basic Manual is available thru the National Council on Compensation Insurance, 750 Park of Commerce Dr., Boca Raton, FL 33487. It is also available at the web site: www.caom.com.

DEFENITION OF KEY TERMS

Standard Premium

Standard premium is the premium for the risk determined on the basis of authorized rates, any experience rating modification, and minimum premium. Determination of the standard premiums shall exclude:

1. Premium discount
2. The Expense Constant
3. Rating Plan A Surcharge Premium where applicable
4. Premium resulting from the non-ratable catastrophe element in the manual rates for classifications containing the same.
5. Premium developed by the passenger seat surcharge under Code 7421 – Aircraft Operations – Flying Crew.
6. Premium developed by the occupational disease rates for risks subject to the Federal Coal Mine Health and Safety Act.
7. Premium developed under the Terrorism Risk Insurance Act surcharge.

Michigan Workers' Compensation Placement Facility Depopulation Report

This is a quarterly publication issued by the Michigan Workers' Compensation Placement Facility to any interested party, in an effort to depopulate the Assigned Risk Plan. The Depopulation Report is available on our website at www.caom.com in the Assigned Risk section.

Order information for a paper copy of the depopulation report is contained in the Forms Section of this handbook.

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SECTION I INTRODUCTORY INFORMATION

THE FACILITY – PURPOSE AND OVERVIEW OF RULES AND PROCEDURES

Purpose of the Facility

The facility was created by the Michigan Legislature for the purpose of:

- (a) Providing workers' compensation insurance to any person who is unable to procure the insurance through ordinary methods.
- (b) Preserving to the public the benefits of price competition by encouraging maximum use of the normal private insurance system.

Several private insurance companies in Michigan have been designated as Servicing Carriers. As such, these companies write policies in their own name and provide claims, loss control, auditing and other services, just as they would for their voluntarily written policyholders, except MWCPF rules apply.

Operations of the Facility – Overview

The procedures you are to follow are given in detail in Section II of this handbook. Refer to the Index if you have a question or problem.

The Facility operates this way. An employer is unable to secure coverage on a voluntary basis. Working with an agent, this employer completes an application form and computes a deposit premium. The agent forwards the application and deposit to the Facility. The Facility binds coverage, selects a Servicing Carrier, to whom the employer is "assigned". The Servicing Carrier issues a policy in its own name and provides the same type of service which it would for a policyholder written on a voluntary basis, except MWCPF rules apply. The employer remains assigned to this Servicing Carrier until the coverage is canceled or not renewed.

Each year, prior to the policy expiration date, the Servicing Carrier computes a new deposit premium and notifies the employer, agent and the Facility that it will renew the policy upon receipt of the deposit. See Page P-6 for renewal deposit requirements.

The agent notifies the Servicing Carrier of changes to the policy during the year and otherwise assists the employer in matters relating to his insurance.

The employer may be removed from the Facility at any time, without penalty, by an authorized self-insurer or an insurance company willing to provide the coverage on a voluntary basis. In an effort to accomplish this, the Michigan Workers' Compensation Placement Facility will issue a Depopulation Report on a quarterly basis, to any interested party.

The policy may be canceled by the Servicing Carrier for non-payment of premium and for certain other specified reasons. See Page P-7.

There is also a procedure which permits the employer to request a different Servicing Carrier and another procedure which allows the Servicing Carrier to request reassignment of the employer to another company. There is no selection of Servicing Carrier assignment by the agent, insured or a Servicing Carrier.

The employer is subject to the classifications, rates, experience modifications and rules, determined by the Facility. For services provided, the agent shall receive a producer fee based on the amount of state standard premium. Payment of the producer fee is not to exceed 5% of the total standard premium. See Page P-11 for a full explanation of the producer fee procedure.

The Facility has responsibility for workers' compensation in the State of Michigan only. Each state has arrangements, however, for providing workers' compensation insurance through a plan, pool or fund of some type.

Your questions about the Plan and Facility operations should be addressed to the Facility.

DUTIES AND RESPONSIBILITIES IN THE FACILITY

The Agent's and Agency's Duties and Responsibilities

1. Assist the employer in meeting his obligations under the Michigan Workers' Compensation Law, preferably by securing coverage in the voluntary market. Failing to obtain such coverage, then the agent has the responsibility to assist the employer in obtaining coverage through the Facility in a prompt and efficient manner. Even if coverage must be placed through the Facility, the agent has the continuing responsibility to try to place the coverage in the voluntary market. The agent must explain to the employer the necessity for securing coverage through the Facility.
2. Assist the employer needing coverage through the Facility in completing thoroughly and accurately an application and any other documents that may be required, and in forwarding these promptly to the Michigan Workers' Compensation Placement Facility office.
3. Promptly report to the Servicing Carrier all changes in the employer's name, operations, exposures, locations, financial condition or other changes which may affect the policy or the services being provided. Keep the policy up-to-date by promptly requesting endorsements as required.
4. See that adequate deposit and advance premiums are maintained and encourage the employer to realistically estimate payrolls.
5. Determine what coverages the employer needs for both Michigan and out-of-state operations. Secure such coverages, as available, from the Servicing Carrier or other pools or funds, if necessary.
6. Promptly forward all premium payments received from the employer to the Servicing Carrier to avoid credit cancellations and lapses in coverage. Encourage the employer to meet all premium payments and, if any, finance company obligations in a timely manner.
7. Advise the employer in all matters relating to his workers' compensation insurance. Request information on his behalf, as needed, from the Servicing Carrier or the Facility.
8. Promptly refund any excess producer fees paid to you by the Servicing Carrier when requested to do so.

Important note to the agent: Remember, although you have a very important role in procuring coverage through the Facility you are not a contract agent or agency of the Servicing Carrier. You have no authority from the Servicing Carrier to bind or cancel coverage or to otherwise act within such an agency relationship. **Unless a legal finance agreement exists which assigns cancellation or premium refund collection rights to a third party, all premium transactions are strictly between the Servicing Carrier and the employer as a policyholder and you are not a party to that contract.** A Servicing Carrier may give you certain authority, such as permission to issue certificates of insurance, but such rights are not to be routinely assumed by an agent. Read this handbook carefully and if you still have a question about your authority, contact the Facility or the Servicing Carrier.

The Employers Duties and Responsibilities

1. Before applying for coverage from the Facility, the employer must, in good faith, be entitled to workers' compensation insurance.
2. Comply with all provisions of the Plan, including accurately and fully completing the required application form and any supporting documents which may be required.
3. Keep the agent fully advised of changes in name or ownership, operations, locations or exposures which may affect coverage, classifications, rates, premium estimates or other aspects of the coverage being provided by the Facility.
4. Cooperate fully with the Servicing Carrier in implementing all reasonable safety recommendations. (Failure to do so may be a valid reason for cancellation, or could result in additional premium charges.)
5. Report all claims promptly and cooperate with the Servicing Carrier in the investigation and settlement of claims.
6. Strictly comply with all terms and conditions of the policy.

The Servicing Carrier's Duties and Responsibilities

Several private insurance companies in Michigan have been designated as Servicing Carriers. As such, these companies write policies in their own name and provide claims, loss control, auditing and other services, just as they would for their voluntarily written policyholders, except MWCPF rules apply. The Servicing Carrier receives a servicing carrier allowance based on a percentage of premium collected.

1. Provide coverage to all employers who are assigned to the company and who are unable to procure the insurance through ordinary methods.
2. Issue the necessary policy and provide underwriting, claims, loss control, auditing and other services in a prompt and efficient manner. Meet the performance standards which have been established for Servicing Carriers in the State of Michigan.
3. Work with and assist the agent, employer and the Facility on problems relating to coverage and service provided under the Plan.
4. Maintain adequate deposits and advance premiums on policies. Refund promptly any excess premiums as determined by final audits. Pay agent's producer fees promptly when due.
5. Make filings with the Workers' Compensation Agency and other governmental agencies, as necessary, to provide them with an accurate and current record of coverage.
6. Strictly comply with all terms and conditions of the policy contract.

The Facility's Duties and Responsibilities

1. Immediately review all applications as received. Issue assignments to Servicing Carriers promptly on behalf of all employers who appear to be qualified for coverage from the Facility.
2. Make assignments to Servicing Carriers on an equitable basis, keeping in mind the employer's coverage and servicing requirements and determining which Servicing Carriers can best meet these requirements.
3. Maintain the necessary files and records on each employer so that proper experience modifications and rates are used. Review policy contracts to determine adherence to rules, rates and modifications by the Servicing Carrier.
4. Respond promptly to complaints, questions and problems from agents, Servicing Carriers and employers.

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SECTION II PROCEDURES

APPLICATION TO THE FACILITY – PROCEDURE

The employer must be unable to procure coverage through ordinary methods and be otherwise eligible for coverage as provided under the Plan. Once this is established, the agent assists the employer in completing an application and in computing the proper deposit premium. The application is filed with the Facility. Certain supporting documents may have to be completed and filed at the same time. These may include, but are not limited to, exclusion forms, ERM forms and certain tax forms. If the insured has current coverage, a letter of intent to cancel should be submitted with the application.

It is very important to fill in the application completely and accurately. Omissions may only delay the binding of coverage or possibly result in rejection of the application by the Facility. If an application is rejected for any reason coverage will not be bound. Until you become thoroughly familiar with this procedure, follow these instructions carefully as you complete each application.

If additional space is needed to answer any questions on the application attach a separate sheet.

Keep a reasonable supply of current applications and other forms you may need on hand. Forms may be downloaded from our website at www.caom.com. You may also copy any of the forms found in the Forms Section of this handbook.

The completed application is received and reviewed by the Facility. If acceptable the Facility will bind coverage and select a Servicing Carrier. This procedure is fully described on Page P-5 and P-6.

If operations in states other than Michigan are to be covered, refer to the procedure on Page X-4.

It is not necessary to complete an application each year. However, if a change in Servicing Carrier has been requested, a new application must be submitted to the Facility.

The Servicing Carrier will issue the policy in its own name. A policy should never be issued for more than one year and sixteen days.

IMPORTANT

This application covers the employer's operations in the state of Michigan only. Refer to Page X-4 if coverage is required in other states.

Print or type the application clearly. Since this document will be maintained on optical disc media, it is important that the application be legible. Documents with poor black and white contrast, or otherwise illegible, may be rejected.

COMPLETING THE APPLICATION – INSTRUCTIONS

EFFECTIVE DATE OF INSURANCE

This first item is extremely important. If the employer presently has insurance in effect, the date will be the same as the expiration of the present policy. If there is no existing coverage and the policy is to take effect as soon as possible, the Facility shall determine the effective date. In no case will the coverage be made effective at a time earlier than 12:01 A.M. the day following receipt by the Facility of the properly completed application and premium payment.

I. GENERAL INFORMATION

1. **Name of Employer:** Enter the complete legal name of the employer. For example, if a sole proprietor, John J. Jones DBA Jones and Company; a partnership would be John J. Jones and A. B. Brown DBA Jones and Brown Construction Co. Show names of all partners.
2. **Employer's Federal Identification Number:** This is required on all forms filed with the Workers' Compensation Agency. A FEIN may be obtained by calling the Internal Revenue Service at (800)-829-4933 or online at www.irs.gov.
3. **Mailing Address:** Policies, bills and correspondence will be sent to this address. Include a post office box, if any.
4. **Principal Location:** This is the principal Michigan location. A post office box is not acceptable here.
5. **Other Michigan Locations:** If the employer operates in locations in Michigan other than the principal location, show each such location. If additional space is needed attach a separate sheet.
6. **Payroll Records:** Giving this location helps the Servicing Carrier auditor schedule payroll audits and locate the employer's records. This location will, of course, often be the same as the principal location.
- 6a. **Total Number of Employees:** The total number of employees is required.
7. **Legal Status:** If "other", show the exact legal status...joint venture, estate, unincorporated association, municipality, etc.
8. **Operations – Not Michigan:** If coverage is needed outside Michigan, it may be necessary for pools or funds in other states to provide the coverage needed. See the procedure for other states on Page X-4. Contact the Facility if you need further information. If more space is needed attach a separate sheet.

II. INSURANCE RECORD

The seven questions under this heading are necessary to give the Facility the information it needs to determine if the Plan requirements are being met, to determine the proper classifications and experience modification and to bring its records together. The employer must answer Question 6 fully, since the Facility specifically requires that all undisputed premium obligations must be paid before the employer is eligible for coverage in the Plan. If there are any outstanding obligations, please furnish complete details.

III. BUSINESS PRINCIPALS

Executive Officers, Partners, Managing Members of a Limited Liability Company or the spouse, parent or child of the Individual proprietor may be excluded from coverage provided they meet the criteria outlined on Page X-1 and elect to be excluded. In order for the proper endorsement to be affixed to the policy, the signed exclusion form must accompany the application. The person who is the sole proprietor is not covered under the Act.

ELECTED PUBLIC OFFICIALS

See Page X-1 in the Appendix for more details.

IV. NATURE OF BUSINESS AND PREMIUM COMPUTATION

Explain the nature of the business completely. Describe the total operations of the employer by stating the business in which the employer is engaged for each location separately. (Do not use manual phraseology for this description.) If more than one legal entity is to be insured indicate each named entity's operations separately.

Include anyone performing work for the business which may require a determination of employee status. If subcontractors are used see Page X-2, CONTRACTORS.

If temporary or leased employees are used provide the name of the temporary employer or the leasing company.

Employee leasing firms and temporary service contractors **must** furnish a client list. Include a brief job description for each client.

Next, you will indicate the classifications, rates and estimated annual premium in Michigan. By location, list all of the individual operations performed by employees and assign, from the Facility Basic Manual, a classification code that describes each of the individual employee operations conducted by the employer, assign the proper rate for each classification and calculate the estimated annual premium. The rules, classifications and rates are found in the Facility Basic Manual. Contact the Facility if you need help. However, here are several specific instructions which should assist you:

- a. Indicate the classifications and rates by location until you develop your total premium. Contractors' work locations do not have to be shown separately.
- b. The Classification Codes and Description of Class Wording may be taken directly from a current or expiring policy.
- c. Total Payroll. Use realistic estimates of expected payrolls. If payroll levels differ from the most recent audit or previous policy confirm with form 941, schedule C (both sides), current payroll schedule, of M.E.S.C. report. Using inadequate payrolls will cause problems for you as well as the employer who will have to pay additional premiums later.
- d. Rates. Use current rates listed under the appropriate classification found in this handbook or the Facility Basic Manual.
- e. Experience or Merit Modification (if applicable).
- f. The Standard Premium is developed by applying any applicable experience or merit modification to the Total Premium (total premium x modification).
- g. The Premium Discount is calculated using the following table:

Standard Premium	Discount %
First \$ 10,000	0.0%
Next \$ 190,000	5.1%
Next \$1,555,000	6.5%
Over \$1,750,000	7.5%

h. Surcharge (if risk is subject to Rating Plan A).

Criteria for Surcharge: 1) A measurably adverse loss ratio; 2) A demonstrated accident frequency problem; 3) A demonstrated attitude of non-compliance with safety regulations.

Methodology for measurably adverse loss ratio or demonstrated accident frequency problem:
Three Year Experience Period

Insureds Eligible for Experience Rating

Test Ratio Defined: $TR = \frac{\text{(Actual Losses)}}{\text{(Expected Losses x Exp. Mod.)}}$

Test Ratio	Surcharge
TR ≤ 1.20	None
1.20 < TR ≤ 1.30	10%
1.30 < TR ≤ 1.40	20%
1.40 < TR ≤ 1.50	30%
TR > 1.50	40%

If the test ratio indicates a surcharge greater than 10% is applicable, a further comparison of individual years' losses and expected losses will determine if a modified surcharge applies. A modified surcharge will apply to those insureds who have had higher than expected losses in only one (1) or two (2) years of the experience period.

Insureds not Eligible for Experience Rating (Merit Rated Insureds)

Number of Lost-Time Claims	Surcharge
0, 1, 2	None
3	10%
4	20%
5	30%
6 or more	40%

i. Terrorism Premium is determined by total payroll divided by 100 multiplied by the terrorism rate.

j. Total Estimated Annual Premium is determined by the total of the following:

Standard Premium
Less: Premium Discount
Plus: Expense Constant
Plus: Surcharge (if risk is subject to Rating Plan A)
Plus: Terrorism Premium

V. DEPOSIT PREMIUM

Deposit Required:

The deposit premium must be submitted in the form of a cashier's check, agent's check, certified check or money order, with the application for coverage to the Facility. A finance company check is also acceptable. Coverage will not be bound without one of the above.

If the estimated annual premium is less than \$1,000, the full estimated annual premium must be submitted with the application.

If multiple applications are being submitted, a separate deposit is required for each application.

Servicing Carrier Deferred Premium Payment Plan:

At the insured's request, the policy premium may also be remitted in accordance with the following plan:

If the estimated annual premium is at least \$1,000, but no greater than \$2,500, the deposit premium shall be 50% of the estimated annual premium.

If the estimated annual premium is over \$2,500, the deposit premium shall be 25% of the estimated annual premium.

The balance of the estimated annual premium may be paid in monthly, quarterly or semi-annual installments based upon the Servicing Carrier's deferred payment plan.

Note: The Deferred Premium Payment Plans shall include sufficient payments at least equal to the pro rata earned premium at all times.

The deposit premium shall be credited in the premium computation to the final earned premium adjustment or to the renewal policy. The deposit premium shall not be credited to any interim premium adjustment.

PREMIUM PAYMENT

This section requires the check number and the amount of the check made out to the Facility. The Facility will endorse the check over to the Servicing Carrier receiving the assignment. Only the agent's check, cashier's check, certified check or money order are acceptable.

If the premium is being financed, the finance company check is acceptable, however, the appropriate premium must accompany the application. Include a copy of the legal finance agreement, signed by the employer, with the application. If not available at this time, then forward it to the Servicing Carrier as soon as it is received. These agreements are subject to careful review by the Servicing Carrier since they generally transfer certain rights from the employer to the finance company. See Page X-2 in the Appendix for more details.

Premium Audits:

The Servicing Carrier, based on sound underwriting practices, has the right to establish the policy basis, i.e., monthly, quarterly, semi-annual or annual policy audits.

BINDING PROCEDURE

If an application has been received by the Facility and appears to be satisfactory, the facility will bind coverage according to the following rule:

"Coverage will be bound at 12:01 A.M. on the first day following the receipt by the Facility of the properly completed application and the estimated annual or deposit premium or at expiration of the existing coverage, whichever is later. Those applications hand delivered to the Facility will be effective 12:01 A.M. the day following the date of receipt by the Facility unless a later date is requested."

Refer to the procedure for completing the application on Page P-2 for help in determining how to establish the effective date.

NOTES:

1. The Facility can only bind coverage under the Act with Employers' Liability coverage of \$100,000. See Page X-4 for coverage in other states and Page X-5 for coverages available.
2. Under no circumstances will coverage be bound at a time other than 12:01 A.M.
3. A time and date stamp by the Facility is acceptable when determining the binding date.

4. The Facility cannot bind coverage if the deposit premium, in the appropriate form, does not accompany the application.
5. The Facility is not permitted to bind coverage if the employer owes undisputed premium payments to any Facility Servicing Carrier.
6. The employer and its principals must be entitled "in good faith" to coverage under the Act before coverage can be bound.
7. The Facility is not permitted to bind coverage on a former self-insured employer. See Page X-7 for rules regarding former self insurers.
8. An application cannot be accepted unless signed by a Corporate Officer (President, Vice President, Secretary, Treasurer, CEO or Chairman of the Board), General Partner, Individual Proprietor or a Member or Manager of a Limited Liability Company. Include the title of the signer. (If a person other than those listed signs the application a copy of the power of attorney or other legal document assigning authority for signature must be provided.)
9. The Facility cannot bind coverage unless the application is completely filled out, including the appropriate FEIN.
10. The application may not be submitted any sooner than 60 days in advance of the requested effective date.

The Servicing Carrier receives an AR-1 "Notice of Assignment to Insurance Company", a copy of the application and check which has been endorsed to the Servicing Carrier.

The Facility will review its files and also send any information on the employer which will assist the Servicing Carrier in providing proper coverage and charging correct rates. Examples of such information include experience rating data, classification notices and change of ownership information.

The Servicing Carrier, prior to issuing the policy, may ask for additional information if necessary or if there are other problems. The binder stays in effect, however.

Under certain circumstances, the Servicing Carrier may request cancellation. See the cancellation procedure on Page P-7.

The Servicing Carrier must furnish the Facility with a copy of the initial policy information page and endorsements and all succeeding policy information pages and endorsements. The policy information page and endorsements must be stamped W.C.I.P.

RENEWAL PROCEDURES

An employer remains assigned to a Servicing Carrier until a policy is canceled or not renewed.

At least 45 days prior to the expiration date of the policy, the Servicing Carrier sends a renewal notice and a premium proposal to the employer, agency and Facility. This proposal includes a request for a new deposit premium which has been calculated by the Servicing Carrier. This deposit should be received by the Servicing Carrier at least 22 days before the policy expiration date to avoid issuance of a cancellation notice. Upon receipt of the deposit, the Servicing Carrier will issue the renewal policy within 30 days. The carrier's obligation to renew a policy ends when the deposit premium is not received prior to the expiration date. A renewal with a lapse of coverage is not permissible.

If a Servicing Carrier is unwilling to renew the employer's policy, it must notify the employer, agent and Facility at least 60 days before the policy expires, giving the reasons for the non-renewal. If coverage through the Facility is still necessary, and the risk is in good faith entitled to such coverage, a new application and deposit premium will be required.

An employer may request reassignment to a different Servicing Carrier by notifying the Servicing Carrier and the Facility at least 30 days prior to the policy expiration. A new application and deposit premium will be required in this instance. The Facility makes the selection of a new Servicing Carrier.

Often the Servicing Carrier will send a notice of termination or cancellation of coverage at the same time the renewal proposal or notice is sent. Advance notice is required by the Workers' Compensation Agency in case the coverage is not to be renewed; however, the Facility should not be notified until the cancellation is final. See below for a more detailed explanation of this procedure and requirement.

CANCELLATION PROCEDURE

The employer may request cancellation at any time, once coverage is no longer needed. Normal reasons for requesting a cancellation include (A) Out of business; (B) Coverage not needed-no employees; (C) Coverage placed voluntarily; or (D) Business sold.

The Servicing Carrier may issue cancellation at any time for non-payment of premium.

Any other reason for cancellation by the Servicing Carrier requires permission from the Facility. These reasons may include but are not limited to the following:

1. The employer is not entitled in good faith to insurance.
2. The employer has failed to comply with reasonable safety requirements.
3. The employer has violated one or more of the terms and conditions under which the coverage was issued.

The Servicing Carrier must give the reason for the cancellation request.

The agent may not request cancellation for failure of the employer to pay money due the agent, unless a legal finance agreement between the agent and employer permits this. The agent may request cancellation if the employer is out of business or cannot be located or coverage has been placed with another company on a voluntary basis. If possible, the agent is to surrender the policy, or, if the policy is lost, to submit a lost policy voucher along with a written explanation as to the reason for cancellation request.

If the premium has been financed, it is quite likely that the employer has given the finance company the right of cancellation for failure to make a payment. If the Servicing Carrier has a valid copy of this agreement, a cancellation request from the finance company will be honored. See Page X-2 in the Appendix for a discussion of the special considerations involved when the premium is financed.

In all cases of cancellation, the Servicing Carrier must send a notice of termination or cancellation to the Workers' Compensation Agency. Twenty days advance notice to the Bureau of Workers' Disability Compensation is required before the cancellation can be effective. See below for more details.

NOTICE OF TERMINATION OR CANCELLATION PROCEDURE

If a Servicing Carrier intends to terminate or cancel a policy, either for non-renewal or for non-payment, Michigan Law requires that the Workers' Compensation Agency must be notified twenty days in advance of the date the cancellation is to take effect. Many Servicing Carriers routinely send this notice at the time a renewal proposal is mailed. This is done in accordance with the prudent billing and collection practices. The Facility copy should be retained by the carrier until after the cancellation date.

If a non-payment cancellation is involved, the Servicing Carrier may have agreed to rescind this legal termination notice if the payment is received by a certain date. If the termination notice is sent with the renewal, this notice is rescinded if the deposit premium is received before the expiration date of the current policy.

When this notice of termination is issued by the Servicing Carrier, an explanation of the procedure will accompany. If the premiums are paid in a timely manner so that the Servicing Carrier receives them by the due date, the employer or agent need not be concerned with this procedure.

Reinstatement

An insured will be allowed a maximum of two rescissions of a cancellation or termination notice precipitated by non-payment of premium. An initial cancellation or termination notice can be rescinded only if the premium installment(s) are paid to the Servicing Carrier prior to the effective date of the cancellation or termination notice. On the second occurrence of the notice of cancellation or termination to the same insured, the full estimated annual premium must be paid to the Servicing Carrier prior to the effective date of the cancellation or termination notice to affect a rescission. In the event that an insured requests reassignment after a lapse in coverage has occurred, the insured shall not be entitled to a deferred premium payment plan for any policy issued with respect to a period of time which would have been within the policy period of the canceled policy. A reinstatement with a lapse of coverage is not permissible.

VOLUNTARY ASSUMPTION OF COVERAGE

Any carrier may at any time during the policy period, or at expiration of the policy, voluntarily, as direct business, assume coverage without obtaining prior approval from the Facility. However, notification of such action on the part of the carrier must be given to the Facility immediately upon assumption of such coverage.

In the event coverage is assumed on a voluntary basis during the policy period, cancellation of the current policy is to be made on a pro-rata basis.

POLICY CHANGE PROCEDURE

One of your obligations, as an agent, is to keep the policy up to date once it has been issued. Following is a list of the most common types of policy changes you will be involved with. In several cases, more detailed information on the type of change is available elsewhere in this handbook.

If changes in the policy are required, promptly request the same from the Servicing Carrier by means of written transmittal.

Name and Ownership Changes

Refer to the Appendix Page X-3 for information about the name and ownership changes. Ownership changes require submitting a special form titled "Confidential Request for Information (ERM Form).

Address and Location Changes

Indicate if an address change is also a location change or involves a change of location of payroll records. If the change involves the addition or deletion of a location, advise the Servicing Carrier as to what the resulting changes in payroll estimates will be.

Change in Operations

Advise the Servicing Carrier of any change in operations and request an amending endorsement. The Facility has the responsibility to assure that applicable classifications are used.

Change in Payroll Estimates

If the employer increases the size or scope of operations, report the revised payroll estimates to the Servicing Carrier.

Addition or Deletion of States

Certain states may be added to a policy reinsured in the National Pool. See the procedure on Page X-4 for details about adding states. States may be deleted at any time if coverage is no longer needed.

Change of Agency

Changes in agency must be requested by the employer. Servicing Carriers will require a signed "agent of record" letter from the employer. Producer fees are paid by the Servicing Carrier to the agent "of record" at the time the policy is effective.

Cancellation of Policy

Refer to the procedure on Page P-7 if a cancellation request is involved.

Other Changes

Contact the Servicing Carrier or the Facility.

PAYROLL AUDIT PROCEDURE

The Servicing Carrier is obligated to complete a final audit and bill for any additional premium or refund any excess premium paid during the policy year. The performance standards for Servicing Carriers require this to be done within 120 days of the policy expiration or cancellation.

Be sure to use reasonable payroll estimates on the policy to avoid possible substantial additional premiums at the time the audit is prepared.

Policies that are written on an audit basis other than annual will be subject to additional payroll audits during the year. These audits may involve a personal visit to the employer by the auditor or be handled by some sort of mail form or "self billing" procedure, depending on the procedures used by the Servicing Carrier. These audits, when billed, must be paid promptly to avoid a possible non-payment cancellation.

Unless the premium was financed, and the finance agreement specifies that return premiums are to be paid to the finance company, all return premium checks made out by the Servicing Carrier will be payable to the employer. If such a return premium develops, and you have already received your producer fee check on this overpayment, remit such excess producer fee to the Servicing Carrier when requested.

Please refer to Page P-5 "Premium Audits" for information concerning the frequency of interim audits during the policy year.

If the employer has non statutory exposure in the nature of Admiralty (Jones Act) classifications involving vessels and crews, and the employer insured such exposure through a Facility policy, premium will be due in spite of the existence of a Protection and Indemnity or similar policy.

If the employer utilizes subcontractors in the conduct of its business, the following Basic Manual Rule will be used by the carrier's auditor in determining employee/employer relationship:

Due to Michigan law it is difficult to establish an independent contractor status when the contractor is a sole proprietor with no employees.

The following rule will prevail in auditing of the insured's payrolls in connection with subcontractors:

F. SUBCONTRACTORS

3. Premium for Uninsured Subcontractors with Employees

The contractor shall furnish satisfactory evidence that the subcontractor with employees had workers' compensation insurance in force covering work performed by the subcontractor or provide a copy of an exclusion form (BWC-337) which has been properly filed with the Workers' Compensation Agency if the subcontractor qualifies for the use of such exclusion form. For each subcontractor with employees for which such evidence is not furnished, additional premium shall be charged on the policy which insured the contractor as follows:

- a. The contractor shall provide a complete payroll record of the employees of each uninsured subcontractor. Premium on such payroll shall be based on the classifications which would have applied if the employees of the subcontractor had been employees of the contractor.
- b. If the contractor does not supply the payroll records of its subcontractors who have employees, the full subcontract price of the work performed during the policy period by the subcontractor shall be established as the payroll of the subcontractor's employees. The additional premium shall be charged on that amount as payroll.

5. Criteria to be used to determine subcontractor status

The criteria to be considered in determining whether an individual is an employee or subcontractor is based upon reasonable proof provided to the carrier. Some specific factors to establish the relationship between the general contractor and the subcontractor follow:

- a. Factors to determine if the subcontractor maintains a separate business.
 - 1. A federal identification number of the subcontractor.
 - 2. A copy of an assumed name certificate filed with the county.
 - 3. Copies of the subcontractor's articles of incorporation or partnership papers.
 - 4. Subcontractor received an IRS 1099 form in lieu of a W2-form.
 - 5. The subcontractor maintains its own separate place of business.
 - 6. The subcontractor furnishes all its own materials and equipment to perform the job tasks.
 - 7. Copy of a written contract which spells out an employee/employer relationship.
 - 8. The subcontractor can realize a profit or suffer a loss as a result of services rendered.
 - 9. The subcontractor has the right to hire or fire its employees without securing permission from a general contractor.
- b. Factors to determine if the employer holds itself out to and renders service to the public.
 - 1. The subcontractor is listed in the yellow pages and/or advertises in newspapers, trade journals, on T.V. or on the radio.
 - 2. List of other general contractors or individuals the subcontractor worked for recently.
 - 3. The subcontractor performs specific jobs for prices agreed upon in advance and pays expenses incurred in connection with the specific jobs.
- c. Other factors
 - 1. A sworn statement from the sole proprietor that the sole proprietorship has no employees.
 - 2. The subcontractor does not primarily depend upon the payments from one general contractor for the payment of the individual's living expenses.

Contractor Worksheet

Effective July 1, 2009 (new and renewal policy audits) a sole proprietor without employees will have to submit a completed Contractor Worksheet (see Section V Forms) to the residual market entity undergoing an audit for consideration of independent status. A Certificate of Insurance for a sole proprietor without employees will no longer be accepted as proof of independence.

PRODUCER FEE PROCEDURE

For services rendered, the agency receives a producer fee from the Servicing Carrier. Payment of the producer fee is not to exceed 5% of the total standard premium. (See Preface Page ix)

Specifically, the scale is as follows:

5% on first \$5,000 of premium
4% on the next \$95,000 of premium
3% on the next \$400,000 of premium
2% on premium in excess of \$500,000

This is paid on both the original policy and each subsequent renewal.

Do not deduct the producer fee when sending in the deposit or a payment. The Servicing Carrier will send you a check.

Producer fee checks are made payable to the agency rather than the individual agent, unless they are one and the same.

Producer fees are paid to the agency recognized and authorized by the employer at the time the policy is effective. Only one agency can be recognized by the Servicing Carrier at any one time.

The producer fee is to be paid by the Servicing Carrier within 30 days from the premium payment.

Producer fees will not be paid on premiums collected once an uncollectible premium report is issued by the carrier.

CERTIFICATES OF INSURANCE PROCEDURE

Certificates of insurance are to be issued by the Servicing Carrier within 5 working days of receipt of the request.

Often, more immediate issuance is required. If so, the Servicing Carrier should be contacted to see what arrangements can be agreed upon.

PREMIUM DETERMINATION ENDORSEMENT – FORMER SELF-INSURERS

WC 21 04 01

The endorsement is to be attached to the Workers' Compensation policies of former self-insureds entering the involuntary market. The endorsement spells out the former self-insurer requirements of participation. See Page X-7 for details and Page X-10 for a copy of the endorsement.

APPEAL PROCEDURE

If you have a complaint which cannot be resolved on a cooperative basis between you and a Servicing Carrier or an employer, please refer the matter to the Facility. Be sure to submit, impartially, all of the facts and circumstances involved.

Address such complaints to:

Michigan Workers' Compensation
Placement Facility
P.O. Box 3337
Livonia, MI 48151-3337

Visitors: 17197 N. Laurel Park Dr., Ste. 311
(734) 462-9600

MICHIGAN NOTICE TO POLICYHOLDER ENDORSEMENT

WC 21 03 03

The Michigan Workers' Compensation Law requires that all policyholders be provided with the name, address and phone number of the carrier servicing the policy. This information will be used when the policyholder has any questions regarding rates. Classifications, payroll audits, reserves and claim redemption. It is mandatory that every workers' compensation policy issued in the residual market include this endorsement. Please refer to Page X-12 for a copy of the endorsement.

UNCOLLECTED PREMIUM

The Servicing Carrier Contract resulting from the competitive bid process indicates Servicing Carrier Allowance (SCA) will be based on a percentage of premium collected.

The Michigan Workers' Compensation Placement Facility (MWCPF) Board of Governors has determined that, for policies with effective dates on or after October 1, 2001, Servicing Carriers may petition the Pool for SCA on uncollected premium under certain circumstances. The following criteria must be met in order to petition for the SCA on uncollected premium:

1. All reasonable avenues of collection include litigation, if necessary, have been exhausted; and
2. The amount of uncollected premium for each policy term is greater than \$25,000; and
3. The carrier can demonstrate that all performance standards relating to premium audit, identification, billing and collection were met or exceeded by the Servicing Carrier.

Form NP-10M must be completed by the Servicing Carrier and forwarded to NCCI to initiate a petition. NCCI will screen the form and supporting documentation to determine whether applicable criteria have been met by the Servicing Carrier. Petitions meeting the criteria will be considered by the NCCI Pool Administration Department. Unresolved disputes should be directed to the MWCPF.

NP-10M Petition for Servicing Carrier Allowance on Uncollected Premium

The NP-10M is intended to provide Servicing Carriers, that have complied with all performance and due diligence standards in writing and servicing the account, an opportunity to recoup expense even though the premium is not collected.

All reasonable avenues of collection, including litigation, if necessary, must be exhausted as a prerequisite to filing an NP-10M. The Servicing Carriers are not precluded from filing an NP-10M once litigation is initiated, assuming all other requirements of the NP-10M petition are met. If the carrier has met all performance standards, due diligence requirements, and Servicing Carrier collection procedures at the time litigation is commenced, the NP-10M petition may be filed at that time. This is in recognition of the extended time and delays inherent in completing litigation in many jurisdictions.

The amount uncollectible for each policy term must be greater than \$25,000.

The NP-10M petition must include a file activity summary sheet identifying the date of each action/activity on the account, as demonstration of compliance with performance standards and other requirements relating to premium identification, billing and collection. Any variances between the carrier's actions/activities in the case and applicable performance standards must be documented and explained in detail.

Servicing Carriers interested in submitting NP-10Ms should forward them to the attention of NCCI's Pool Administration Department. Once received, the NP-10M petition and accompanying documents will be reviewed for accuracy and completeness. The information is also compared with data that the carrier previously reported through the quarterly uncollectible premium process. If additional documentation or clarification is needed to make a decision on the NP-10M, it will be requested in writing. If the NP-10M is rejected, the reasons for such rejection will be provided to the carrier in writing. If the NP-10M is approved, the carrier is provided with an approval letter from RMCIA and the carrier may use as support for the SCA reimbursement request on it's next quarterly financial filing. Question on the NP-10M process may be directed to Cliff Merritt at NCCI or Gary Thompson at the Michigan Workers' Compensation Facility.

NP-10M PETITION FOR SERVICING CARRIER ALLOWANCE

Servicing Carriers are permitted a servicing carrier allowance on assigned risk policies to compensate the carrier for its efforts in writing and servicing the policy. *For Michigan Workers' Compensation Placement Facility policies with an effective date on or after October 1, 2001, the Servicing Carrier receives a Servicing Carrier Allowance on and in which the Servicing Carrier complied with all performance standards related to premium audit, identification, billing and collection, and has exhausted all avenues of collection in a timely manner, the NP-10M form provides an appeal process whereby the Servicing Carrier can request an allowance on the uncollected premium.*

Any NP-10M petition received that is not completed in its entirety will not be processed, and will be returned to the Servicing Carrier. A Servicing Carrier will have 30 calendar days from the date staff returns the petition to the Servicing Carrier to resubmit the petition with the required information. Upon resubmission, if any essential information is still missing, the petition will be denied.

The following procedures must be followed by Servicing Carriers filing a petition for allowance:

The NP-10M must be completed in its entirety and submitted to NCCI's Pool Administration Department.

All performance standards including those relative to determining and collecting the premium must have been completed in the required manner.

Complete and legible copies of all documentation supporting the petition must be provided along with the NP-10M submission. (There should be documentation submitted by a Servicing Carrier to support each and every carrier certification statement. For example, there should be a copy of the application, audit, bills, collection activity records, correspondence, policy endorsement and loss runs).

A File Activity Summary Sheet must be provided along with the NP-10M form to identify:

Date and explanation of each specific account action/activity through all stages of the policy from underwriting, audit, claims, billing and collections. Carriers should provide a clear explanation of carrier's actions/activities. For example, if a carrier lists an endorsement, it must explain why the endorsement was added, which should include all billing and collection activities.

All Performance Standards are applicable to this policy.

Any NP-10M additional information requested by staff must be supplied by the carrier within 30 calendar days of staff's request.

In the event that the additional information is not sent by the Servicing Carrier with the required 30 days, the NP-10M will be denied.

NP-10M petitions meeting all established criteria will be approved for reimbursement of the Servicing Carrier allowance on the earliest quarterly report following the approval date.

Those NP-10M petitions not meeting established criteria/performance standards will be returned to the Servicing Carrier with an explanation of the deficiencies.

Appeals of NP-10M denials must be submitted by the Servicing Carrier to NCCI's Director of Reinsurance within 30 days of the date on the denial letter.

The Servicing Carrier Performance Standards require that Servicing Carriers inform risks of their right to dispute the premium balance billed. The final audit will produce a final billing. Information sent with the final billing will inform the risk of their right to dispute the billing and procedures to follow to do so. Risks should also be advised that failure to pay the premium billed by the due date on the bill or follow the procedures for disputing the balance may result in cancellation of current coverage and make the risk ineligible for future assigned risk coverage.

The Servicing Carrier must inform the risk that, at a minimum, the following procedures must be followed to raise a dispute:

The risk must clearly identify disputed items(s) in writing.

Any undisputed premium balance must be paid by the due date of the billing statement.

The dispute must be raised by the risk as soon as possible so as not to initiate the cancellation process.

The earlier the risk is notified of its right to dispute the premium balance billed and the procedures for doing so, the sooner the disputed items can be addressed by the Servicing Carrier. In addition, should the account ultimately be referred for litigation, the chance of success increases dramatically if the risk has been fully advised of its rights and failed to properly take advantage of them.

SECTION III APPENDIX

COVERAGE FOR EXECUTIVE OFFICERS, PARTNERS, SPOUSES, LLC MEMBERS AND OTHERS

The executive officers of a corporation are covered under a workers' compensation policy. The payroll allocation for each executive officer shall be the minimum amount specified in the miscellaneous values of the Michigan rate pages, unless the actual payroll is more than the minimum and less than the maximum. If the latter condition prevails, actual payroll should be used.

The law allows for the optional exclusion of employees who are officers and stockholders in a corporation which has not more than 10 stockholders; and in which the employee, officer and stockholder owns at least 10 percent of the stock of the corporation. The law indicates that to exercise such option by a corporate officer, the same must be approved by the Board of Directors of the corporation. Such election must be filed in writing with the insurance carrier.

The payroll allocation of each insured partner or spouse shall be the amount specified in the miscellaneous values of the Michigan rate pages.

A policy or contract of workers' compensation insurance, by endorsement, may exclude coverage as to any one or more named partners or the spouse, child or parent of a sole proprietor.

Active members of a limited liability company are covered under a workers' compensation policy. The payroll allocation for each active member is the same as the guidelines for executive officers above.

The law allows for the optional exclusion of employees who are both a member and a manager of a limited liability company which has not more than 10 members; and in which the member/manager owns at least a 10 percent interest. Such exclusion must be approved by a majority vote of the members, or if the limited liability company has more than 1 manager, all of the managers who are also members.

The appropriate exclusion forms may be obtained from the insurance carrier or the Facility. A copy of each form can also be found in the Forms Section of this handbook.

If executive officers, partners, the spouse, child or parent of the individual proprietor or member/managers of a limited liability company elect to be exempted from coverage and at a later date elect to be included, the employer must file a letter with the Servicing Carrier indicating an election for inclusion of the specific person(s) previously excluded. The Servicing Carrier will act on such request within a reasonable period of time.

ELECTED PUBLIC OFFICIALS

Elected public officials are employees of the state, or any county, city, village or school district therein, elected at the polls. The payroll of all elected public officials shall be included in the statement of payroll and premium charged thereon, subject to the following maximum and minimum amounts:

1. Minimum payroll amount shall be the same as the minimum payroll amount used for volunteer police officers, firefighters and safety patrol officers which is \$400 per person per year.
2. Maximum payroll amount will be the same as the maximum payroll amount shown under Miscellaneous Values on the rate pages for executive officers.

These limitations shall be applied to the average weekly payroll of each such elected public official determined on the basis of the total number of such weeks employed during the policy term. A part of a week shall be considered as a full week in determining the average weekly payroll. Payroll of elected public officials shall be assigned to classifications and rates under the rules which apply to employees.

CONTRACTORS

If you engage subcontractors in the conduct of your business, request that your agent advise you as to the rules pertaining to audit in respect to the payroll expended to the subcontractors. The employee/employer relationship will be governed by the elements of Rule Nine F. SUBCONTRACTORS, #3. *Premium For Uninsured Subcontractors with Employees* and #5. *Criteria to be used to determine subcontractor status*. The rules appear in the Facility Basic Manual as well as Page P-9 and P-10 of this handbook.

Sole Proprietors without employees who are claiming to be independent contractors must supply a completely filled out Contractor Worksheet (see Forms section) to the entity they work for when that entity is undergoing an audit. The entity using Sole Proprietors without employees should collect the Contractor Worksheets throughout the year as opposed to collecting them at audit. The Contractor Worksheet by itself does not automatically make the Sole Proprietor without employees an independent contractor.

RATING PLANS

Employers will be assigned to one of the following rating plans as filed with and approved by the Commissioner of Insurance:

Rating Plan A shall provide coverage for insureds who have a demonstrated accident frequency problem, who have a measurably adverse loss ratio over a period of years, or who have demonstrated an attitude of non-compliance with safety requirements. This Plan shall contain a system of surcharges established by the Board and approved by the Commissioner.

Rating Plan B shall provide coverage to those employers who apply for workers' compensation insurance in the Facility and are either self-insured or a member of a self-insurance group.

Rating Plan C shall provide coverage for all other insureds not subject to Rating Plan A or Rating Plan B. Rating Plan C shall not contain any surcharge system.

These rating plans shall be applied to insureds regardless of the number of employees or amount of payroll of the insured.

FINANCED PREMIUMS – EXPLANATION

The employer may elect to finance the deposit or estimated annual premium. When this is done, there are several concerns for the agent.

The financial or lending institution will probably require the employer to sign a finance agreement. This agreement will often require the employer to sign over to the finance or lending institution two important rights:

1. The right to cancel the policy should the employer fail to meet a payment as required in the agreement.
2. The right of the finance company to receive premiums, whether the policy is cancelled or not.

The Servicing Carrier must receive a valid copy of the finance agreement signed by the employer, either from the agent or the financial or lending institution. Without having a copy of the "official" legal agreement in its files, the Servicing Carrier cannot acknowledge the financial or lending institution's rights.

A financial or lending institution may request that a cancellation take effect on a certain date. The Servicing Carrier, because of legal cancellation notice requirements of the Workers' Compensation Agency must make this cancellation effective on a later date. See Page P-7 for an explanation.

In other instances, the financial or lending institution may request cancellation of the policy due to the employer's failure to meet the requirements of the financial agreement. If reinstatement of the policy is requested, the Servicing Carrier has no obligation to comply with such request, particularly if a legal cancellation filing has been made and is effective with the Workers' Compensation Agency.

The agent may advance premium payments on behalf of the employer. Without a validly financed premium, the Servicing Carrier must consider the policy to be a contract between itself and the employer. Premiums received from the employer or from the agent, on behalf of the employer, are all considered as payments directly by the employer, and not the agent. This can be a problem for the agent, particularly where the agent has advanced all or a portion of the premium and later the policy is cancelled for non-payment of premium or excess premium is refunded after final audit.

Agents should be alerted to these potential problems when premiums are financed or where premiums are advanced by the agent.

NAME AND OWNERSHIP CHANGES – INFORMATION

The name of the employer stated on the application is the name which will appear on the policy as the named insured. The use of this name must follow strict legal principles. These principles extend to establishing ownership as well. Advise the employer to promptly report all changes in name and ownership so that the proper action can be taken by the Servicing Carrier.

Certain changes require the submission of an ERM form to the Facility. This form is available from the Servicing Carrier or the Facility. A copy is also in the Forms Section of the handbook.

The "Confidential Request for Information" ERM form, must be signed by the owner, a partner or, if a corporation, an executive officer, and forwarded to the Facility.

Examples of changes requiring completion and submission of ERM forms are:

1. Name Change.
2. Addition and/or deletion of entities.
3. Changes in ownership or control, including mergers, consolidations, sale of a proprietorship, change in partners or significant change in stock ownership.

A new application will be required when a material (major) change in ownership occurs except for corporations, unless the corporation ceases.

Failure to follow these procedures will cause confusion over coverage and experience rating modifications. The Servicing Carrier will not be able to do a proper job. It will cause problems for everyone concerned.

COVERAGE FOR OPERATIONS OUTSIDE MICHIGAN

It is possible to request coverage in more than one state on an application provided that Michigan is the predominant state (majority working payroll). However, this situation exists only in certain states. Other states will require a separate application.

Endorsement WC 00 03 26 A – Residual Market Limited Other States Insurance Endorsement is required on all assigned risk policies. It is of utmost importance that a risk notify the Servicing Carrier as soon as possible of other states exposure. If coverage can be extended, it will be effective only after the carrier has been notified.

If coverage is needed in another state after assignment has been made, the insured or his agent of record contacts the Servicing Carrier. Upon receipt of the request, if coverage can be added, the Servicing Carrier shall compute the additional deposit premium for the extension. The Servicing Carrier must forward evidence of the extension to the appropriate administrative organization. The administrative organization's copy of the Information Page or endorsement must be stamped WCIP (Workers' Compensation Insurance Plan), to indicate that the coverage has been assigned.

A Servicing Carrier may extend coverage into any state indicated below even though it is not a Servicing Carrier in said state provided that:

1. The Carrier is a Servicing Carrier in the state of original assignment; and
2. The Carrier is licensed in the state to which coverage is extended.

If other states are to be included show the appropriate class code(s) and payroll(s) on the application or a separate sheet.

States which may be combined on a single application are: **(This list of states is based on the latest available information from NCCI as of the time of this printing and is subject to change without notice. Contact NCCI for up to date information.)**

Alabama	Connecticut	Illinois	Nevada	South Dakota
Alaska	Dist. Of Columbia	Iowa	New Hampshire	Vermont
Arizona	Georgia	Kansas	North Carolina	Virginia
Arkansas	Idaho	Michigan	Oregon	West Virginia
			South Carolina	

Although the states above may be combined in a single application, separate policies may need to be issued based upon a carrier's method of participation in each state.

A separate application is required in all other states. It must be sent to the administrative organization having jurisdiction over the specific state.

Due to the various insuring methods throughout the states, coverage for employee leasing and PEO firms is available for Michigan exposure only.

COVERAGES AVAILABLE THROUGH THE FACILITY

The Facility requires that only the coverages required by the Michigan Workers' Compensation Law must be provided by the Facility. However, the National Pool reinsures a number of additional coverages. These coverages are available from the Servicing Carriers who are members of the National Pool.

When the Facility binds coverage, only those coverages and limits required by the Michigan Law are bound. If additional coverage, such as Other States Coverage or Employer's Liability limits in excess of \$100,000 are required contact the Servicing Carrier.

If coverage is required in states other than Michigan, see Page X-4.

Coverages not listed below or on the next page are not available through the Facility and not reinsured by the National Pool. An example of such unavailable coverage is Voluntary Compensation.

In assigning a Servicing Carrier, the Facility will try to select an insurance company which can adequately service the risk and provide the proper coverages in Michigan or in other states, where necessary.

Coverage which is not required by Michigan Law, but is available through the Facility is identified under Coverage and Description with an asterisk (*).

COVERAGE	DESCRIPTION									
WORKERS' COMPENSATION INSURANCE - PART ONE	Statutory Workers' Compensation Insurance – Part One. Always required.									
EMPLOYERS' LIABILITY INSURANCE - PART TWO	Liability of \$100,000. Employers' Liability Coverage – Part Two is restricted to the standard limit of liability of \$100,000 unless the insured requests higher limits of \$500,000 or the maximum limit of \$1,000,000.									
	<table border="0"> <thead> <tr> <th style="text-align: center;"><u>Limit of</u></th> <th style="text-align: center;"><u>Percentage</u></th> <th style="text-align: center;"><u>Minimum Charge</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$500,000</td> <td style="text-align: center;">1%</td> <td style="text-align: center;">\$50</td> </tr> <tr> <td style="text-align: center;">\$1,000,000</td> <td style="text-align: center;">2%</td> <td style="text-align: center;">\$75</td> </tr> </tbody> </table>	<u>Limit of</u>	<u>Percentage</u>	<u>Minimum Charge</u>	\$500,000	1%	\$50	\$1,000,000	2%	\$75
<u>Limit of</u>	<u>Percentage</u>	<u>Minimum Charge</u>								
\$500,000	1%	\$50								
\$1,000,000	2%	\$75								
(*) MARITIME & F.E.L.A.	Liability under Maritime (Admiralty) or the Federal Employers' Liability Act Coverage I or Coverage II is available with a standard limit in Michigan of \$100,000 unless the insured requests higher limits of liability in which event the maximum limit shall be \$1,000,000. Can only be written as an adjunct to State Compensation Act coverage. (Effective 4-1-84)									
(*) T.W.M.&C.	Transportation, wages, maintenance and cure, available if required of the insured by contract.									
(*) U.S.L.&H.W. ACT	Liability under the United States Longshoremen's and Harbor Workers' Compensation Act written as an adjunct to State Act coverage.									
(*) DEFENSE BASES ACT	Liability under the Defense Bases Compensation Act, written as an adjunct to State Compensation Act, provided prior approval has been granted by the Facility.									
(*) OUTER CONTINENTAL SHELF LANDS ACT	Liability under the Outer Continental Shelf Lands Act written as an adjunct to State Compensation Act Coverage.									

COVERAGE	DESCRIPTION
(*) NON-APPROPRIATED FUND INSTRUMENTALITIES ACT	Liability under the Non-Appropriated Fund Instrumentalities Act can be provided.
(*) COVERAGE IN OTHER POOL STATES	Extension of Coverage A to operations in other National Pool states provided approval is secured from the Facility. See the procedure on Page X-4
(*) OTHER STATES COVERAGE	If requested, other states coverage may be provided. This coverage is provided by endorsement WC 00 03 26 A which is a mandatory endorsement on Michigan assigned risk policies.
(*) WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT	Waiver of Our Right to Recover From Others Endorsement if required of the insured by contract. The charge for the issuance of this endorsement shall be 2% of the developed premium for the job for which the endorsement is issued. The employer must maintain payroll records to adequately disclose allocation of such designated jobs subject to the endorsement. In the event an employee interchanges labor between a designated job site and a non-designated job site, the entire payroll of the employee will be subject to 2% increase for the duration of the job site exposure. The minimum charge for issuance of the endorsement shall be \$25.
(*) SPECIAL ENDORSEMENTS	1. Alternate Employer Endorsement
COAL MINE ACT	Occupational disease coverages, both state and federal, applicable to coal mine risks. Several states have established special pools for underground coal mines risks. Check with the Servicing Carrier or the Facility if such exposure exists.
(*) VOLUNTARY COMPENSATION ENDORSEMENT	This coverage is not available except to fulfill the requirements of Program II of Maritime Coverage.

**RATING PLAN "B"
MICHIGAN WORKERS' COMPENSATION INSURANCE PLAN-
RULES FOR FORMER SELF-INSURERS**

The following rules will govern the insuring of employers who, for the exposures to be insured, have been self-insured within the twelve (12) months immediately preceding the date of application for initial coverage under the Plan; who are in good faith entitled to insurance under the Workers' Compensation Law and who have been unable to secure such insurance in the regular manner. The determination and collection of premium and any security, financial or loss fund deposits and any rating plan deemed necessary by the carrier shall be determined on an individual risk basis, and applied in accordance with MCLA 500.2414.

1. Application shall be filed in duplicate with the Michigan Workers' Compensation Placement Facility (the "Facility") either by the employer or his representatives on a form approved by the Facility.
2. Upon receipt of the completed application, the Facility shall assign the risk for a period of three (3) consecutive years, subject to removal from the Plan under Rule 9 of this Plan, to an insurer designated to receive such risks furnishing that insurer with the application and any classification and rating data which may be available.
3. Assignments shall not be made unless all Workers' Compensation premium obligations on any previous insurance have been met by the employer.
4. Within five (5) business days after the receipt of the assignment, the designated insurer shall notify the employer of the program's requirements and the terms under which the insurer will issue the policy. The insurer will have a maximum of forty five (45) days from the date of assignment in which to compute the estimated premium and to fulfill other requirements prior to binding the coverage. Within fifteen (15) days after receipt of the premium quotation, and prior to the inception of coverage, the insurer will receive from the employer a deposit premium and specified loss funds.

The deposit premium and the Group Loss Fund Charge and the Risk Loss Fund shall be at least the sum of:

- a. The estimated premium payable under applicable Deposit Premium Rules. The estimated annual premium may be based upon current payroll estimates, subject to verification by audit;
- b. A non-refundable Group Loss Fund Charge of ten percent (10%) of the annual standard premium calculated as defined below; and
- c. A Risk Loss Fund of fifty percent (50%) of the annual standard premium as defined below. The Risk Loss Fund shall be subject to adjustment on audit.

For purposes of these rules, the "State Standard Premium" is the premium before applying premium discounts for the insurance for each state named in the Schedule of States determined by all provisions of the policy. "The Total Standard Premium" is the sum of the State Standard Premiums. The "Group Loss Fund Charge" is an amount equal to ten percent (10%) of the total standard premium calculated on the basis of the last three (3) years' average audited payrolls, or the last complete year's audited payroll, whichever is higher. Payroll shall be developed consistent with the Basic Manual Rules of the Facility. The "Group Loss Fund Charge" is payable in advance and is non-refundable. The "Risk Loss Fund Charge" is an amount equal to fifty (50%) of the total standard premium calculated on the basis of the last three (3) years' average audited payrolls, or the last complete year's audited payroll, whichever is higher. Payroll shall be developed consistent with the Basic Manual Rules of the Facility.

The Risk Fund requirements may be satisfied in the following manner:

- a. The employer may establish a trustee account with a legally constituted financial institution acceptable to the insurer. The trustee account must provide that no withdrawals of the principal by the employer be permitted.
- b. The employer may provide a non-revocable letter of credit acceptable to the insurer.

Following the adjustment on audit after expiration of the policy, any unused portion of the Risk Loss Fund will be returned to the insured not earlier than at the end of thirty (30) months after expiration of the policy.

The requirement of a Risk Loss Fund shall not apply to those insureds having a total annual standard premium of less than \$5,000. The determination of whether or not the total annual standard premium amounts of \$5,000 or less shall be ascertained by calculating the annual standard premium on the basis of the last three (3) years' average audited payrolls or the last complete year's audited payrolls, whichever is higher. Payroll shall be developed consistent with the Basic Manual Rules.

5. Upon receipt of required premium and loss funds, the insurer shall issue a binder of coverage or policy to be effective as of 12:01 a.m. on the first day following receipt of such premium and loss funds. The policy shall be issued for a term of one year. A copy of the policy information page and the "Premium Determination Endorsement-Former Self-Insurers," as well as any other endorsements properly stamped WCIP, must be filed with the Facility.
6. If, after the issuance of a policy, the designated insurer determines that an employer is not entitled to insurance, or has failed to comply with reasonable safety requirements, or has violated any of the terms and conditions under which the insurance was issued, and the insurer feels cancellation is in order, the reasons therefore shall be filed with the Facility for approval prior to issuance of the Cancellation Notice. However, approval shall not be required when cancellation is for non-payment of premium.
7. All risks assigned under this Plan shall be written at the classifications and rates established by the Facility. Any risk or insurer may appeal to the Facility if it does not agree with the established classifications, rates, rating data, premium or loss funds. In the event agreement cannot be reached, the matter shall be referred to the Facility's Board of Governors for final disposition.
8. At least sixty (60) days prior to the expiration date of insurance under both the first and second year policies, the insurer shall send a renewal proposal to the insured with copies to the agent and the Facility. Such a proposal shall include a request for payment in accordance with the procedures set forth in Rule 4, including payment of the deposit premium and appropriate loss funds. Upon receipt of the deposit premium and appropriate loss funds, the policy shall be issued in the normal manner, and a copy of such policy and the "Premium Determination Endorsement-Former Self-Insurers," as well as any other endorsements, properly stamped WCIP, must be filed with the Facility. At least sixty (60) days prior to expiration of the third one year policy, the insurer shall inform the insured of its eligibility for coverage hereunder, subject to the requirements of such Plan.

The insured or his representative shall make the necessary arrangements to maintain a continuity of coverage either voluntarily by an insurer or under an applicable rating plan afforded by the Facility.

9. Any insurer who wishes to insure a risk as direct business may do so at any time. If such insurer is not the assigned insurer, the assigned insurer shall cancel its coverage, and the assignment shall automatically terminate as of the effective date of the voluntary insurer's insurance. However, the full Risk Loss Fund will be retained by the assigned insurer and will be used to fund any losses in excess of the permissible losses contemplated by the earned Standard Premium.
10. Any employer desiring insurance for exposures in states other than those covered by its insurer may request its insurer to furnish insurance in such additional states.
 - a. In the event the original insurer agrees to provide such insurance, all premiums shall be collected by such insurer. The effective date of such insurance in such additional states shall be the day after premium is collected. No insurer shall be permitted to back-date the insurance afforded.
 - b. An assigned insurer unwilling or unable to provide insurance for a risk in additional states either on a direct basis or under the provisions of any Workers' Compensation Insurance Plan for Former Self-Insurers approved by the Facility, shall refer the request to the administrative office in the state of original assignment.

11. The employer may designate a licensed producer and, with respect to any renewal of the assigned insurance, may change the designated producer by notice to the insurer prior to the date of such renewal or, with consent of the insurer, at any other time. The insurer shall pay a fee to the designated producer. The fee shall be based on the Michigan portion of the total standard premium and shall not exceed the fee calculated by the rates in effect under the Michigan Workers' Compensation Insurance Plan rules.
12. This Plan shall be under the jurisdiction of the Facility.

**PREMIUM DETERMINATION ENDORSEMENT – FORMER SELF-INSURERS
WC 21 04 01 A**

It is agreed that:

1. This endorsement applies to the insurance provided by this policy for operations in the states listed in the Schedule of States of this endorsement. The amount of premium you will pay for this insurance will be determined on the basis of the provisions of this endorsement.
2. The amount of premium you will pay for this insurance will be the sum of:
 - a. The total premium for the policy determined on the basis of all provisions of this policy other than this endorsement plus
 - b. The Group Loss Fund Charges plus
 - c. The Risk Loss Fund losses which will be paid from the Risk Loss Fund.
3. Some of the terms used in this endorsement are defined here as they are used in this endorsement:
 - a. "State Standard Premium" is the premium, before premium discount is applied, for the insurance for each state listed in the Schedule of States based on all provisions of this policy other than this endorsement.
 - b. "Total Standard Premium" is the sum of the state standard premiums.
 - c. "Group Loss Fund Charge" is an amount equal to ten percent (10%) of the total standard premium calculated on the basis of the last three years' average audited payrolls or the last complete year's audited payroll whichever is higher. Payrolls are to be developed under the rules of the Facility Basic Manual. The Group Loss Fund Charge is to be paid in advance and will not be refunded.
 - d. "Risk Loss Fund losses" are incurred losses which are more than the sum of the state permissible losses.

The permissible losses for each state are determined by multiplying the expected loss ratio for that state by that state's standard premium. The expected loss ratio for each state is listed in the Schedule of States of this endorsement.

We will calculate the amount of your incurred losses not less frequently than six months after the end of the policy and annually after that, until (1) all claims have been closed, (2) it is apparent that the Risk Fund losses will be more than the Risk Loss fund, or (3) you and we agree that all incurred losses are final. We will determine the dates for these calculations.

- e. "Risk Loss Fund" is an amount equal to fifty percent (50%) of the total standard premium calculated on the basis of the last three years' average audited payrolls or the last complete year's audited payroll whichever is higher. Payrolls are to be developed under the rules of the Facility Basic Manual.

The Risk Loss Fund will be used by us at any time to pay Risk Loss Fund losses. Any portion of the Risk Loss Fund which we do not use will be returned to you, but not before the end of thirty (30) months following the termination of this endorsement.

The Risk Loss Fund may be posted by you in the form of an irrevocable letter of credit or a trustee account with a financial institution acceptable to us. The form of the letter or account must be acceptable to us.

- f. "Incurred losses" are the sum of:
 - (1) all losses, including medical, actually paid,
 - (2) reserves for unpaid losses as estimated by us,
 - (3) interest accrued after the entry of a judgment against you,
 - (4) allocated loss adjustment expenses with respect to Part Two-Employers Liability, and
 - (5) expenses we incur in recovering amounts we have paid on your behalf from others who are responsible for those payments.

- 4. If this policy is cancelled by you or by us,
 - a. The Group Loss Fund charge and the Risk Loss Fund shall be based on the total standard premium the policy would have earned if the policy had not been cancelled but had expired at the end of the policy period shown on the Information Page.
 - b. The Group Loss Fund Charge shall be fully earned and we will keep it.
 - c. The Risk Loss Fund shall continue to be available to us as provided by this endorsement.

Notes:

- 1. This endorsement must be used when insuring employers for exposures which have been self-insured within twelve (12) months immediately preceding the date of application for initial coverage, or which were subject to this endorsement on the employer's expiring policy.
- 2. Do not use this endorsement for more than three (3) consecutive years for the same employer. Check with the Facility before using this endorsement when insuring an employer engaged in coal mining operations.

**MICHIGAN NOTICE TO POLICYHOLDER ENDORSEMENT
WC 21 03 03 A**

This endorsement applies only to the insurance provided by the policy because Michigan is shown in item 3.A. of the Information Page.

1. Rates and Premium

The policy contains rates and classifications that apply to your type of business. If you have any questions regarding the rates or classifications, please contact us or your agent.

You may obtain pertinent rating information by submitting a written request to us at our address shown on this endorsement. We may require you to pay a reasonable charge for furnishing the information.

You may also submit a written request for a review of the method by which your rates and premiums were determined. If you are not satisfied with the results of the review, you may appeal to the Commissioner of Insurance at the address shown in this endorsement.

2. Payroll Audits

You may request a payroll audit once each calendar year. Your request must be in writing sent to our address shown in this endorsement. You must state that you believe your payroll expenditures have changed by 20% or more, and you must state the reasons for that belief. We will complete the audit within 120 days of receipt of your request if you provide us with all information we need to perform the audit.

3. Reserves or Redemptions

You may request reserve and redemption information that relates to the premium for this policy. Your request must be in writing sent to our address shown in this endorsement. We will provide you with that information within thirty (30) days of receipt of your request.

If you believe that the policy premiums are excessive because we set unreasonable reserves or because of the unreasonable redemption of a claim, you may request a meeting with our management representative. Your request must be in writing sent to our address shown in this endorsement. If you are not satisfied with the results of the meeting, you may appeal to the Insurance Commissioner at the address shown in this endorsement.

Addresses

Commissioner of Insurance
Michigan Insurance Bureau
P.O. Box 30220
Lansing, MI 48909

Company Address

Notes:

1. This endorsement must be attached to a policy showing Michigan in Item 3.A. of the Information Page.
2. This notice is required by Michigan Workers' Compensation Law.

Summary of Performance Standards for Servicing Carriers

The following performance standards shall apply to Servicing Carriers:

1. **Underwriting and Audit:**

- a. **New Business.** The policy shall be issued within thirty days after the completed application and appropriate deposit premium are received by the Servicing Carrier
- b. **Renewals.** The policy shall be issued within thirty days after receipt of the appropriate deposit premium.
- c. **Endorsements.** Endorsements shall be issued within thirty days after receipt of a request for the same.
- d. **Reinstatements.** A reinstatement, if permissible, shall be issued within thirty days after the Servicing Carrier is satisfied that the problems associated with the cancellation or termination have been satisfied. (Reinstatement of non-payment cancellation or termination is subject to the rule concerning the same on Page P-8.)
- e. **Certificates of Insurance.** Certificates of Insurance shall be issued within five working days after receipt of the request for same
- f. **Audits.** Audits shall be completed within 120 days of (1)* receipt of a written request from an insured, (2) the date specified in the policy, or (3) the termination date of the policy, whichever is applicable. The aforementioned time frame is applicable only if all necessary information has been made available to complete the audit.

Premium due an insured as the result of an audit adjustment shall be payable to the insured within 60 days after completion of the audit.

*The written request of an insured shall include a statement that the insured has reason to believe that there has been not less than a 20% change in payroll expenditures and the reasons for that belief. Only one audit per calendar year conducted at the request of an insured shall be required.

2. **Loss Control:**

- a. The Servicing Carrier shall make appropriate consultation available concerning accident prevention programs, seminars, safety literature and administrative aids, which will contribute to the loss control programs of the insured.
- b. The Servicing Carrier shall inform all newly assigned policyholders of appropriate loss control services, either by letter or comparable means.
- c. Servicing Carriers shall provide the loss control services to their policyholder as described in 2(a) and 2(b) above.

3. **Claims:**

a. **Investigation**

- (1) Make prompt contact with the policyholder to determine if the claimant's injury arose out of and in the course of employment.
- (2) Interview the claimant and others as necessary to obtain statements. Obtain other documentary information; i.e., investigate aspects of liability, wage data, policy coverage, possibility of subrogation recover, insured person's medical prognosis, possibility of litigation, etc.

b. Medical

- (3) Handle the medical aspects of the claims by obtaining medical evidence to support claims payment. Authorize payment for medical payment.
- (4) Determine the reasonableness of the charges for medical treatment by referencing schedules of maximum charges promulgated pursuant to Section 418.315(2) of the Michigan Workers' Disability Compensation Act.
- (5) Provide prompt and appropriate rehabilitation.

c. Promptness of Handling:

- (1) Investigations should be made promptly to insure payment when due.
- (2) Appropriate medical information should be obtained to screen, evaluate and determine whether or not the medical treatment being rendered may reasonably be required to cure or relieve the effects of the reported injury
- (3) Initiate claim reserves based on evaluation of the information contained in the claim file. Changes concerning reserve evaluation should be made as indicated by receipt of additional information.
- (4) Adjust and pay claims promptly on the basis of good, sound claims practices.
- (5) Provide vigorous defense of claims that do not have merit.
- (6) Make reports to the claim file as necessary to clearly indicate the claim developments.
- (7) Communicate with the engineering and underwriting departments concerning the insured's safety violations, disregard for safety, failure to file reports in compliance with policy conditions, etc.

d. Subrogation

- (1) Make adequate investigations to determine the possibility of subrogation recovery.
- (2) Appropriate follow-up for subrogation recovery shall be made and documented in the file.

Allowances

Servicing Carriers shall be compensated on a reasonable basis for servicing Facility business. Compensation will be determined by the Board of the Facility and will recognize Servicing Carrier operations cost, including reasonable expense incurred in settling claims. The Operations Committee of the Facility shall recommend the method of reimbursement and shall monitor the results of the compensation program adopted.

Termination

1. Any member who voluntarily terminates its status as a Servicing Carrier shall be required to provide advance notice to the Board of the Facility. The notice shall be directed to the Chief Executive Officer of the Facility. Confirmation of receipt of the Servicing Carrier's notice to terminate its service status shall be transmitted to the Servicing Carrier in writing.

The advance notice of termination from the Servicing Carrier shall specify a date when the Servicing Carrier will cease to accept new applications. The date cannot be less than six months after receipt of the termination notice by the Facility, unless an earlier termination date can be mutually agreed to by the Facility and the carrier.

A Servicing Carrier who gives notice of termination of service shall (in writing) affirm its commitment to continue to provide service on existing policies and on those policies written during the notice period. The commitment to provide such service will terminate when the policies become subject to the first renewal following the effective date of the termination notice, or when an alternative arrangement has been mutually agreed to by the Servicing Carrier and the Facility.

2. In the event it becomes necessary for the Facility Board to terminate the Facility's association with a Servicing Carrier, notice shall be given in writing to the Chief Executive Officer of the Servicing Carrier by the Chairperson of the Facility Board.

The notice shall specify a date of termination which shall not be less than six months after the date of such notice, unless an earlier date of termination can be mutually agreed to by the Facility and the Servicing Carrier.

The Facility's notice to terminate the Servicing Carrier's service will further stipulate that the Servicing Carrier will be expected to continue to provide service on existing policies until the first policy renewal date following the effective date of the termination notice, unless the Facility and the Servicing Carrier can agree on other arrangements.

3. In the event the Facility receives notice of termination from a Servicing Carrier or sends notice of termination to a Servicing Carrier, the Chairperson of the Board will, within 10 days, notify all the remaining Servicing Carriers of the action and solicit from them information needed to make a determination of the remaining Servicing Carriers' capacity to serve the insuring public. All Servicing Carriers are required to respond within thirty (30) days of the date of such a request.

Upon receipt of the responses of the remaining Servicing Carriers, the Board shall determine if the remaining carriers have adequate capacity to serve the departing Servicing Carrier's business in accordance with the performance standards for a Servicing Carrier. Should the Board find that the remaining Servicing Carriers may be unable to service the departing Carrier's customers and agents adequately, then the Board shall appoint one or more additional carriers which it deems can best serve consumers and producers on behalf of the Facility.

4. In the event any Servicing Carrier experiences unanticipated or unusual operational difficulties that would impair its ability to continue to meet the established Servicing Carrier performance standards, the Board, at its discretion, may take whatever action it may deem appropriate to alleviate the difficulties.

Handling of Claims After Termination of Servicing Carrier

1. Any Servicing Carrier that voluntarily terminates its status as a Servicing Carrier shall, subsequent to the effective date of the termination, unless otherwise agreed, service to a conclusion all claims (including pending, late reported, and reopened) that occurred prior to the renewal, transfer or termination of the particular policy involved. Such claims will be subject to periodic review by the Facility's Claim Committee.
2. Upon receipt of advance notice of termination or insolvency, or if the Board finds it necessary to terminate a Servicing Carrier, the Board may request a Special Claim File Review of a representative sample of open claim files. The review will enable the Board to determine:
 - a. appropriate action for further handling of Facility claim files;
 - b. the level of work completed on the files; and
 - c. estimated future adjustment expenses for completion of claim file work.

If the terminating Servicing Carrier is meeting and will continue to meet industry claim handling standards, it shall continue the handling of its Facility files to a conclusion.

If the terminating Servicing Carrier has not met industry claim standards, is insolvent, or refuses or is unable to further handle the claims, the Board shall consider the following options:

- (1) Allow the carrier to handle to a conclusion all outstanding claims reported to the carrier prior to its withdrawal. All subsequent claims are to be reassigned by the Facility.

- (2) Allow the carrier to retain suit files only if competent counsel is handling the case and the carrier is meeting industry standards. All other claims are to be reassigned by the Facility
 - (3) Place settlement authority limitations on all claims until reassignment by the Facility. Final settlement authority, until reassignment, is to be vested in the Facility Chief Executive Officer, in conjunction with the Claim Committee.
 - (4) Return of all claim files and notices to the Facility for reassignment.
 - (5) Transfer of the claim files to the applicable guaranty association for claims handling, adjustment and payment.
3. Reassignment of claims should be made to one Servicing Carrier, if practical, or to as limited a number of carriers as possible. If more than one succeeding carrier is required, the distribution will be under the direction of the Facility Chief Executive Officer with the assistance, when necessary, of the Claim Committee.
- a. The succeeding Servicing Carrier shall be reimbursed for reasonable servicing expenses on reassigned claims. The Board may consider the payment of:
 - (1) A Flat Servicing Fee; or
 - (2) A Flat Fee per file; or
 - (3) Actual expenses based on the succeeding Servicing Carrier utilizing:
 - (a) independent adjusters (with added increment for supervision); or
 - (b) its own staff; or
 - (c) any other arrangement that is fair and equitable to all parties.
- All previously incurred allocated adjustment expenses not paid by the withdrawing Servicing Carrier are subject to reimbursement to the succeeding Servicing Carrier by the Facility.
- b. The terminating Servicing Carrier has received a Claim Service Fee which contemplated its bringing the claims to a proper conclusion. The Board shall consider negotiation or reimbursement to the Facility from Claim Service Fees previously paid the terminating Servicing Carrier, based on added expenses to the Facility for services not completed. The amount negotiated should be based on the estimated incomplete claim work still to be performed on reported claims and on actuarially determined IBNR claims.
 - c. The record of all reassigned indemnity payment expenses must, among other required information, be kept statistically separate. It is the duty of the Facility Chief Executive Officer to notify the statistical and any other interested agency of terminations of Servicing Carriers and reassignments of claim files.

**MICHIGAN
WORKERS' COMPENSATION INSURANCE PLAN RULES**

The following rules will govern the insuring of employers (other than underground coal mine operators and employers subject to the Rules for Former Self-Insurers), who are in good faith entitled to insurance under the Workers' Compensation Law and who have been unable to secure such insurance on a voluntary basis.

1. Application for insurance shall be filed with the Michigan Workers' Compensation Placement Facility (the "Facility") by the employer or his representative, on a form approved by the Facility.
2. Coverage may be bound under these rules, as in effect at such time as the coverage is to be issued, in accordance with the following procedures.
 - (a) The employer shall, as a condition of the issuance of Workers' Compensation insurance coverage, be entitled in good faith to such insurance.
 - (b) Assignments shall not be made unless all Workers' Compensation insurance premium obligations on any previous insurance have been satisfied by the applicant.
 - (c) The employer's representative or the employer should forward the completed application to the Facility with a cashier's check, certified check or money order payable to the Facility for the estimated annual premium applicable under these rules.
 - (d) Coverage will be bound at 12:01 A.M. on the first day following receipt of the properly completed application, and the estimated annual or deposit premium by the Facility, or the expiration of the existing coverage, whichever is later. Those applications hand delivered to the Facility will be effective at 12:01 A.M. the day following the date of receipt by the Facility unless a later date is requested.

If coverage is bound pursuant to the above, the carrier to whom the assignment has been made will issue a policy with an effective date concurrent with that date which had been established by the Facility.

- (e) All assignments shall be made on an intra-state basis.

If coverage in another state is needed after assignment, the insured or his authorized representative shall contact the Facility or the designated carrier. If the designated carrier is a member of the National Workers' Compensation Reinsurance Pool, the carrier may extend coverage into any National Reinsurance Pool State even though it is not a designated carrier in the state into which coverage is extended, provided that:

 - (1) the carrier is a designated carrier in the original state of designation, and
 - (2) the carrier is licensed in the state to which coverage is extended.

If coverage in the additional state is to be provided, the designated carrier will compute the additional deposit premium for the extension and forward evidence of the extension to the Facility. The Facility's copy of the declaration or endorsement must be stamped WCIP (Worker's Compensation Insurance Plan).
- (f) The policy shall be issued for a term of one year unless insurance for a shorter term has been requested. A copy of the policy declaration must be filed with the Facility by the designated carrier and must be stamped in bold type WCIP.
- (g) If after the issuance of a Worker's Compensation policy, the designated carrier determines that an employer is not entitled in good faith to insurance, or has failed to comply with reasonable safety requirements, or has violated any of the terms and conditions under which the insurance was issued, and the designated carrier believes that cancellation of the policy is in order, the reasons therefore shall be filed with the Facility for approval prior to issuance of a Cancellation Notice. The designated carrier may cancel a policy for non-payment of premium after issuance of the policy, and the Facility approval shall not be required.

- (h) All policies affording coverage under these rules shall be written using applicable classification(s) and rate(s) as published in the Facility Basic Manual.

Any employer or carrier may appeal, in accordance with these rules and filed procedures, to the Facility if it does not agree with the established classification(s), rate(s), rating data, premium, or Plan deposit premium.

- (i) At least forty-five (45) days prior to the expiration of insurance, the designated carrier shall send a proposal or notice of impending expiration of coverage to the insured, agent and the Facility. Upon receipt of the required premium, the policy shall be issued in the normal manner, and a copy shall be filed with the Facility. The policy declarations filed with the Facility must be stamped in bold type WCIP.
- (j) Any carrier unwilling to renew an insured assigned to it, shall notify the Facility at least sixty (60) days in advance of expiration, giving the Facility the reasons therefore.
- (k) Any carrier who wishes to insure a Risk as direct business may do so at any time. If such carrier is not the designated carrier, the designated carrier shall cancel its coverage, and the assignment shall automatically terminate as of the effective date of the voluntary carrier's insurance policy.
- (l) Any insured who is dissatisfied with his carrier may request the designation of a new carrier by the Facility if such request is made at least thirty (30) days prior to the policy expiration. This will require a new application.
- (m) The employer may designate a licensed producer and, with respect to any renewal of the assigned insurance, may change the designated producer by notice to the carrier prior to the date of such renewal. The carrier shall pay a fee to the designated producer on new and renewal policies upon payment of all premium due under the policy. The fee shall be based on the Michigan portion of the total standard premium and paid at the rate of five percent (5%) on the first five thousand dollars of premium, four percent (4%) on the next ninety-five thousand dollars of premium, three percent (3%) on the next four hundred thousand dollars of premium, and two percent (2%) on the premium in excess of five hundred thousand dollars.

- 3. The Plan shall be administered by and under the jurisdiction of the Michigan Workers' Compensation Placement Facility. The rules of the Plan may be changed as deemed necessary by the Board of Governors of the Facility.

FACILITY SERVICING CARRIERS

LM INSURANCE CORP (27243)
PO Box 8090
Wausau, WI 54402-8090
(800) 653-7893

AMERISURE MUTUAL INSURANCE COMPANY (15660)
PO Box 9201
Farmington Hills, MI 48333-9201
(248) 615-9000
(800) 789-9594

THE TRAVELERS (11347)
Baldwin Point
2420 Lakemont Ave.
Orlando, FL 32814
(800) 443-4404

**LISTING OF STATES AND ADMINISTRATIVE
ORGANIZATION OR STATE FUND**

State	Administrative Organization or State Fund
Alabama	NCCI, INC (800) 622-4123
Alaska	NCCI, INC (800) 622-4123
Arizona	NCCI, INC (800) 622-4123
Arkansas	NCCI, INC (800) 622-4123
California	California State Comp Ins Fund (415) 565-1234
Colorado	Colorado Compensation Ins Authority (303) 782-4000
Connecticut	NCCI, INC (800) 622-4123
Delaware	Delaware Comp Rating Bureau (215) 568-2371
District of Columbia	NCCI, INC (800) 622-4123
Florida	Florida Workers Comp Joint Underwriting Assoc Inc (941) 378-7400
Georgia	NCCI, INC (800) 622-4123
Hawaii	Hawaii Employers Mutual Ins Co (808) 524-3642
Idaho	NCCI, INC (800) 622-4123
Illinois	NCCI, INC (800) 622-4123
Indiana	Indiana Comp Rating Bureau (317) 842-2800 or (800) 622-4208

**LISTING OF STATES AND ADMINISTRATIVE
ORGANIZATION OR STATE FUND**

State	Administrative Organization or State Fund
Iowa	NCCI, INC (800) 622-4123
Kansas	NCCI, INC (800) 622-4123
Kentucky	Kentucky Employers Mutual Insurance (800) 640-5364
Louisiana	Louisiana Workers Comp Corp (225) 924-7788 or (800) 756-7123
Maine	Maine Employers Mutual Ins Co (800) 660-1306
Maryland	Injured Workers Ins Fund (410) 494-2000
Massachusetts	The Workers Comp Rating & Inspection Bureau of Mass (617) 439-9030
Michigan	Michigan Workers Compensation Placement Facility (734) 462-9600
Minnesota	Minnesota Workers Comp Insurers' Assoc (651) 284-5030
Mississippi	Mississippi Plan (601) 977-9456
Missouri	Travelers Insurance Co (314) 551-3102
Montana	State Comp Ins Fund (800) 332-6102
Nebraska	Travelers Insurance Co (800) 842-9346
Nevada	NCCI, INC (800) 622-4123
New Hampshire	NCCI, INC (800) 622-4123
New Jersey	Compensation Rating & Inspection Bureau (973) 622-6014

**LISTING OF STATES AND ADMINISTRATIVE
ORGANIZATION OR STATE FUND**

State	Administrative Organization or State Fund
New Mexico	NCCI, INC – New Mexico Service Center (505) 242-1330
New York	New York State Ins Fund (212) 312-9000
North Carolina	North Carolina Rate Bureau (919) 783-9790
North Dakota	North Dakota Workmens Comp Bureau (701) 328-3800
Ohio	Ohio Bureau of Workers Comp (800) 644-6292
Oklahoma	Oklahoma State Ins Fund (405) 232-7663
Oregon	NCCI, INC (800) 622-4123
Pennsylvania	State Workmens Ins Fund (570) 963-4635
Rhode Island	The Beacon Mutual Ins Co (401) 825-2667
South Carolina	NCCI, INC (800) 622-4123
South Dakota	NCCI, INC (800) 622-4123
Tennessee	AON Risk Services (800) 471-6767
Texas	Texas Workers Comp Insurance Facility (512) 322-3800 (800) 859-5995
Utah	Workers Comp Fund of Utah (801) 288-8000
Vermont	NCCI, INC (800) 622-4123

**LISTING OF STATES AND ADMINISTRATIVE
ORGANIZATION OR STATE FUND**

State	Administrative Organization or State Fund
Virginia	NCCI, INC (800) 622-4123
Washington	State of Washington Dept of Labor & Industry (206) 902-5800
West Virginia	NCCI, INC (800) 622-4123
Wisconsin	Wisconsin Comp Rating Bureau (262) 796-4540
Wyoming	Wyoming Workers Safety & Compensation Div (307) 777-6763

RATES AND RATING VALUES EFFECTIVE JANUARY 1, 2010
APPLICABLE TO ASSIGNED RISK POLICIES ONLY

Current assigned risk rates available at www.caom.com (2010 Rates)

**RATES AND RATING VALUES EFFECTIVE JANUARY 1, 2008
APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**RATES AND RATING VALUES EFFECTIVE JANUARY 1, 2008
APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**RATES AND RATING VALUES EFFECTIVE JANUARY 1, 2008
APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**RATES AND RATING VALUES EFFECTIVE JANUARY 1, 2010
APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

Current assigned risk rates available at www.caom.com (2010 Rates)

RATES AND RATING VALUES EFFECTIVE JANUARY 1, 2008
 APPLICABLE TO ASSIGNED RISK POLICIES ONLY

**MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY BASIC MANUAL
 FOR WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE
 PART ONE - RULES**

PREMIUM DISCOUNT TABLES (IN PERCENT)

Standard Premium	Discount	Standard Premium	Discount	Standard Premium	Discount
\$ 0 - 10,099	0.0%	\$ 23,721 - 24,878	3.0%	\$ 601,819 - 735,555	6.0%
10,100 - 10,303	0.1	24,879 - 26,153	3.1	735,556 - 945,714	6.1
10,304 - 10,515	0.2	26,154 - 27,567	3.2	945,715 - 1,323,999	6.2
10,516 - 10,736	0.3	27,568 - 29,142	3.3	1,324,000 - 1,809,565	6.3
10,737 - 10,967	0.4	29,143 - 30,909	3.4	1,809,566 - 1,981,904	6.4
10,968 - 11,208	0.5	30,910 - 32,903	3.5	1,981,905 - 2,190,526	6.5
11,209 - 11,460	0.6	32,904 - 35,172	3.6	2,190,527 - 2,448,235	6.6
11,461 - 11,724	0.7	35,173 - 37,777	3.7	2,448,236 - 2,774,666	6.7
11,725 - 11,999	0.8	37,778 - 40,799	3.8	2,774,667 - 3,201,538	6.8
12,000 - 12,289	0.9	40,800 - 44,347	3.9	3,201,539 - 3,783,636	6.9
12,290 - 12,592	1.0	44,348 - 48,571	4.0	3,783,637 - 4,624,444	7.0
12,593 - 12,911	1.1	48,572 - 53,684	4.1	4,624,445 - 5,945,714	7.1
12,912 - 13,246	1.2	53,685 - 59,999	4.2	5,945,715 - 8,323,999	7.2
13,247 - 13,599	1.3	60,000 - 67,999	4.3	8,324,000 - 13,873,333	7.3
13,600 - 13,972	1.4	68,000 - 78,461	4.4	13,873,334 - 41,619,999	7.4
13,973 - 14,366	1.5	78,462 - 92,727	4.5	41,620,000 and over	7.5
14,367 - 14,782	1.6	92,728 - 113,333	4.6		
14,783 - 15,223	1.7	113,334 - 145,714	4.7		
15,224 - 15,692	1.8	145,715 - 200,606	4.8		
15,693 - 16,190	1.9	200,607 - 213,548	4.9		
16,191 - 16,721	2.0	213,549 - 228,275	5.0		
16,722 - 17,288	2.1	228,276 - 245,185	5.1		
17,289 - 17,894	2.2	245,186 - 264,799	5.2		
17,895 - 18,545	2.3	264,800 - 287,826	5.3		
18,546 - 19,245	2.4	287,827 - 315,238	5.4		
19,246 - 19,999	2.5	315,239 - 348,421	5.5		
20,000 - 20,816	2.6	348,422 - 389,411	5.6		
20,817 - 21,702	2.7	389,412 - 441,333	5.7		
21,703 - 22,666	2.8	441,334 - 509,230	5.8		
22,667 - 23,720	2.9	509,231 - 601,818	5.9		
				Above Table Based on the Following Discounts:	
				First \$ 10,000	0.0 %
				Next \$ 190,000	5.1
				Next \$ 1,550,000	6.5
				Over \$ 1,750,000	7.5

**RATES AND RATING VALUES EFFECTIVE JANUARY 1, 2010
APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

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APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

Current assigned risk rates available at www.caom.com (2010 Rates)

MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY

SECTION V

FORMS

MICHIGAN APPLICATION FOR WORKERS' COMPENSATION INSURANCE

MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY

MAIL: P.O. Box 3337, Livonia, MI 48151-3337
EXPRESS MAIL AND VISITORS: 17197 N. Laurel Park Dr., Suite 311, Livonia, MI 48152-2686
734-462-9600

IMPORTANT: Instructions for completing this application can be found in the Michigan Workers' Compensation Placement Facility's Information and Procedures Handbook. This handbook is available from the Michigan Worker's Compensation Placement Facility or at www.caom.com.

This application must be typed or legibly printed in ink. Under no circumstance will coverage be bound sooner than 12:01 AM the day following receipt by MWCPF. Missing or incomplete information may delay the binding of coverage.

I. GENERAL INFORMATION

EFFECTIVE 12:01 AM (DATE)
(To be completed by the Facility) _____

1. _____
NAME OF EMPLOYER

2. _____ () _____
FEDERAL EMPLOYERS IDENTIFICATION NUMBER PHONE NUMBER

3. _____
MAILING ADDRESS (STREET) (CITY) (STATE) (ZIP)

4. _____
PRINCIPAL LOCATION (STREET) (CITY) (STATE) (ZIP)

5. _____
OTHER MICHIGAN LOCATIONS (STREET) (CITY) (STATE) (ZIP)

6. _____
PAYROLL OFFICE ADDRESS (STREET) (CITY) (STATE) (ZIP)

6a. Total number of employees _____

7. LEGAL STATUS Sole Proprietor* Partnership Corporation Non-Profit Corp Limited Partnership
 LLC LLP Trust Other (explain) _____

* A sole proprietor is not eligible for workers' compensation benefits

* A sole proprietor with no employees working for a distinct entity is an employee of that entity. Supply a list of entities for which work is performed.

8. Are there operations in states other than Michigan? No Yes; If yes complete the following
(If uninsured indicate under Insurance Carrier)
STATE LOCATION INSURANCE CARRIER

II. INSURANCE RECORD

1. Has there been previous workers' compensation insurance coverage in Michigan?
 No; If no, complete New business Self Insured Other (explain) _____
 Yes; If yes, provide insurance record – three previous years
If previously self-insured, give name of self-insured employer or group fund if different from the above named insured.

STATE	INSURANCE CARRIER	POLICY NUMBER	POLICY PERIOD	PREMIUM

MICHIGAN APPLICATION FOR WORKERS' COMPENSATION INSURANCE

II. INSURANCE RECORD (CONTINUED)

2. Has there been a name change during the past five years? No Yes; If yes, give previous name and date of change and complete an ERM form. _____
3. Was this an existing business purchased by the insured? No Yes; If yes, give previous name, date of purchase and complete an ERM form. _____
4. Do owner(s) own a majority interest in any other business? No Yes; If yes, give the complete legal name of the other entity(s) and complete an ERM form. _____
5. Do you (applicant) have a workers' compensation insurance policy in force?
 No Yes; If yes, indicate expiration or cancellation date: _____
6. Are you in debt to any insurance company for any unpaid premium for worker's compensation?
 No Yes; If yes, explain: _____
7. Is the employer in bankruptcy? No Yes; If yes, attach a copy of the bankruptcy order.

III. BUSINESS PRINCIPALS

1. List below the name and title of all officers, general partners, members of limited liability company or spouse of sole proprietor. Indicate duties and approximate annual salaries for each person. If eligible persons are to be excluded check the space below. The appropriate completed exclusion form must accompany this application. (See information and Procedures handbook for exclusion eligibility.)
2. Indicate percentage of ownership for each person listed. If 100% of ownership is not shown, complete and submit an ERM form with this application.

NAME	TITLE	EXCLUDE	PERCENTAGE OWNED	DUTIES	APPROXIMATE ANNUAL SALARY
_____	_____	<input type="checkbox"/>	_____	_____	_____
_____	_____	<input type="checkbox"/>	_____	_____	_____
_____	_____	<input type="checkbox"/>	_____	_____	_____
_____	_____	<input type="checkbox"/>	_____	_____	_____
_____	_____	<input type="checkbox"/>	_____	_____	_____

3. If eligible persons are excluded, is the appropriate exclusion form attached? No Yes
If not excluded, have payrolls for officers, partners, LLC members or spouse been included in determining the estimated annual premium? No Yes

IV. NATURE OF BUSINESS AND PREMIUM COMPUTATION

1. Explain nature of business. Completely describe all operations at each location. (Do not use manual phraseology for description.) If more than one legal entity is to be insured indicate each named entity's operation.

2. If you use subcontractors in your business, ask your agent to tell you about the rules for audits for money paid to the subcontractors. The employee/employer relationship will be governed by the elements of rule Nine F part 3 and part 5 in the Facility Basic Manual and the Information and Procedures Handbook.

MICHIGAN APPLICATION FOR WORKERS' COMPENSATION INSURANCE

SUBCONTRACTOR STATEMENT

Criteria used to determine subcontractor status vary from situation to situation. Refer to Rule IX. F. SUBCONTRACTORS in the Basic Manual for Workers' Compensation and Employers Liability Insurance (1997 Edition). At a minimum (additional information may be required), the following information must be supplied at audit on each subcontractor who is a sole proprietor with no employees (claiming to be an independent contractor) you use during the course of a given policy period:

1. A written statement that the sole proprietor has no one working for him/her.
2. A copy of printed business material (advertisement, certificate of general liability insurance, filed dba or assumed name document, business card, etc.) used by the subcontractor in the operation of his/her business.
3. A list of other entities the sole proprietor has worked for in the past 6 months.

In the case of over-the-road, long-haul truck drivers, subcontractors who are sole proprietors must provide:

1. A written statement that the sole proprietor has no one working for him/her.
2. A written statement that the sole proprietor owns his/her own vehicle (tractor and/or trailer).

In all cases where the subcontractor is a sole proprietor with employees, a partnership, corporation, LLC or other entity, a valid certificate of workers compensation insurance or a properly filed BWC 337 (if the entity is qualified) form must be provided. Failure to provide this information on subcontractors will result in additional premium being charged at audit.

IT MUST BE UNDERSTOOD BY INDIVIDUALS USING THIS DOCUMENT TO DECLARE THEIR INDEPENDENT CONTRACTOR STATUS: THEY ARE NOT ELIGIBLE FOR WORKERS COMPENSATION BENEFITS PROVIDED BY POLICIES WRITTEN TO PROTECT ENTITIES THEY WORK FOR. ALSO, MEETING THE REQUIREMENTS OF THIS DOCUMENT IS NOT AN ATTEMPT TO EVADE THE WORKERS' COMPENSATION LAWS OF THE STATE OF MICHIGAN, NOR IS IT GIVING UP THE RIGHT TO WORKERS COMPENSATION COVERAGE; IT IS A STATEMENT OF FACT IN SUPPORT OF DECLARING INDEPENDENT CONTRACTOR STATUS IN CONJUNCTION WITH SECTION 418.161(n) OF THE STATE OF MICHIGAN, WORKERS' DISABILITY COMPENSATION ACT, PUBLIC ACT 317 OF 1969.

Employer Name and Title Type or Print	Date	* Signature (Corporate Officer, General Partner (Individual Proprietor, Member or Manager of LLC)
--	------	--

* If a person other than those listed has signed this application, attach a copy of the power of attorney or other legal document assigning authority for signature.

THIS SUBCONTRACTOR STATEMENT IS PART OF THE APPLICATION AND MUST BE SIGNED AND SUBMITTED WITH THE APPLICATION.

06-06

MICHIGAN WORKERS COMPENSATION PLACEMENT FACILITY

SPECIFIC PERSON EXCLUSION FORM

NAME OF ENTITY: _____

FEIN: _____

LEGAL FORM OF ENTITY:

- Sole Proprietor
- Partnership
- Corporation
- Limited Liability Company

PERSONS ELIGIBLE FOR EXCLUSION BY LEGAL ENTITY

Sole Proprietor Spouse, Child, Parent

Partnership Partner

Corporation Executive Officers may elect exclusion if the corporation has ten or fewer stockholders and the executive officer owns at least 10% of the stock. A corporate board resolution authorizing exclusion is to be executed.

(Certified Resolution/Consent Form must also be completed.)

Limited Liability Company Member/Managers of a limited liability company may elect exclusion if the LLC has ten or fewer members and the member is also a manager who owns at least a 10% interest. Exclusion must be approved by majority vote of members or if more than 1 manager, all managers who are also members.

(Certified Resolution/Consent Form must also be completed.)

Name	Title or Relationship	% of Stock Owned	Signature	Date

It is understood and agreed that I (we), whose signature(s) appear above, wish to be excluded from all benefits normally provided on the Workers Compensation and Employers Liability Policy. This is to apply to current and renewal policies.

THIS FORM NOT VALID UNLESS COMPLETELY FILLED OUT

MICHIGAN WORKERS COMPENSATION PLACEMENT FACILITY

****CERTIFIED RESOLUTION / CONSENT FORM****

CORPORATE BOARD RESOLUTION

(Complete this section if officers of a Corporation are being excluded)

I hereby certify that the following is a true copy of a resolution duly adopted by the Board of Directors of _____, a corporation duly organized and existing under the law of the State of _____, and that said resolution is in conformity with the Articles of Incorporation and By-laws of the Corporation and is now in full force and effect.

WHEREAS, the named persons of _____, elect to be excluded from the corporation's Workers Disability Compensation Insurance policy and further certify that each person listed on the Specific Person Exclusion Form meets the requirements of Section 161 (4) of the Workers' Disability Compensation Act which states as follows:

"An employee who is subject to this act, including an employee of a corporation which has not more than ten (10) stockholders and who is also an officer and stockholder who owns at least 10% of the stock of that corporation, with the consent of the corporation as approved by its Board of Directors, may elect to be individually excluded from this act by giving a notice of the election in writing to the carrier with the consent of the corporation endorsed on the notice. The exclusion shall remain in effect until revoked by the employee by giving a notice in writing to the carrier. While the exclusion is in effect, section 141 shall not apply to any action brought by the employee against the corporation, and

WHEREAS, the filing of this exclusion shall also be consistent with the law of the State of Michigan.

In witness thereof, I have hereunto subscribed my name and attest to the following resolution on this _____ day of _____, 20_____.

By: _____

Its: _____
(Corporate Title)

LIMITED LIABILITY COMPANY CONSENT

(Complete this section if members of a Limited Liability Company are being excluded)

The members listed on the Specific Persons Exclusion Form are also managers of _____, a limited liability company. The LLC has no more than 10 members and each member has at least a 10% interest in the LLC.

By majority vote of the members of the LLC, the members consent to the exclusion of its members from coverage afforded pursuant to the Michigan Workers' Disability Compensation Act.

It is understood and agreed that by signing this application for exclusion from coverage, I (we) elect to be excluded from all benefits otherwise afforded under the Michigan Workers' Disability Compensation Act pursuant to the Workers' Compensation and Employers Liability Policy.

On this _____ day of _____, 20_____.

By: _____
Member/Manager, certifying a majority vote of members

MICHIGAN WORKERS COMPENSATION PLACEMENT FACILITY

The following confidential ownership statements may be used only in establishing premiums for any of your insurance coverages. It is extremely important that all questions be answered completely. The standard workers' compensation policy requires that you must report ownership changes, and other changes as detailed below, to your insurance carrier in writing within 90 days.

PURPOSE (Check one)

- This is a request for current ownership only. **Please fill out columns indicated.**
- New entity established. **Complete column A only.**
- Name change only. **Complete column A for former entity & column B for newly named entity.**
- Combination of separate entities. **Complete a separate column for each entity related through common ownership. (Attach additional forms if necessary).**
- Sale, transfer or conveyance of all or a portion of an entity's ownership interest. **Complete column A for ownership before the change and column B for ownership after the change.**
- Merger or consolidation of two or more entities (attach copy of agreement). **Complete columns A & B for the former entities and column C for the surviving entity.**
- Formation of a new entity subsequent to the dissolution or non-operative capacity of an entity. **Complete column A for the dissolved or non-operative entity and column B for the new entity.**
- Sale, transfer or conveyance of an entity's physical assets to another entity which takes over its operations. **Complete column A for the former entity and column B for the purchasing entity.**
- Voluntary or court-mandated establishment of a trustee or receiver, excluding a debtor in possession, a trustee under a revocable trust or a franchisor. **Complete column A for ownership prior to the change, and column B for the trustee or receiver established.**

INFORMATION	A	B	C
Name & street address of entity (PO box numbers are not acceptable)			
Legal Status of Entity: (Corporation, Partnership, Sole Proprietor, trustee, Individual, Other)			
Ownership: <u>Corporations</u> - list names of owners of 5% or more of voting stock and number of shares owned. (Submit shareholder proposal if transaction involved exchange of stock). <u>Partnerships</u> - list each general partner and appropriate share in the profits. LLC – List each member and the appropriate membership interest. <u>Other</u> - If no voting stock, list members of board of directors or comparable governing body.			
Total shares of voting stock issued.			
Date of ownership change, acquisition or combinability.			
Carrier, policy number and effective date.			
Experience rating identification number (Carrier Use Only)			

- 1. Has this entity ever operated under another name?
- 2. Is the entity currently related through common majority ownership to any entity not listed on page 1 of this form? _____
- 3. Has this entity been previously related through common majority ownership to any other entities in the last four years? _____
If you answered "yes" to 1, 2, or 3 above, please provide the following information:

Name of Business	Principal Location	Policy Number	Effective Date
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

- 4. Were the assets and/or ownership interest (all or a portion) of this entity acquired from a previously existing business? _____ If "yes", you must provide complete ownership information on the prior owner in Column A and ownership information on the new owner in Column B on page 1 of this form.
- 5. In conjunction with the ownership change, did the entity involved also undergo a change in operations sufficient to result in a change to its main classification? _____ If "yes", did a significant change in the process and hazard of the entity's operation also occur? _____

(Note: Affirmative responses to both questions above must be supported by attaching a full explanation of these changes on the insured's letterhead, signed by an owner, partner or executive officer).

- 6. If this is a partial sale, transfer, or conveyance of an exiting business, (i.e., sale of one or more plants or locations):
 - a. Explain what portion or location of the entire operation was sold, transferred, or conveyed. _____
 - b. Was this entity insured under a separate policy from the remaining portion? _____ If not, specify the entities with which it was combined _____
 - c. What entities will the seller maintain majority ownership of after this change? _____

This is to certify that the information contained on this form is complete and correct to the best of my knowledge and belief.

Name of person completing form: _____

Date this ownership change was reported in writing to your insurance carrier: _____

Signature of Owner, Partner or Executive Officer

Title

Carrier

Print name of above signature

Date

Carrier Address

MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY

P.O. Box 3337 • Livonia, MI 48151-3337 • (734) 462-9600 • Fax (734) 462-9721

Internet WEB Site: www.caom.com • E-Mail: caom@caom.com

REQUEST FOR ASSIGNED RISK DEPOPULATION REPORT

NAME: _____

TITLE/DEPARTMENT: _____

AGENCY/COMPANY: _____

STREET ADDRESS: _____

CITY, STATE, ZIP: _____

PHONE #: _____ FAX #: _____

INDICATE SORT PREFERENCE

Standard Expiration date, primary sort
Premium, secondary sort

Alternative City, primary sort
Premium, secondary sort

COST: \$50.00 per Quarter

1st Quarter Issued in January
April, May and June expirations

2nd Quarter Issued in April
July, August and September expirations

3rd Quarter Issued in July
October, November and December expirations

4th Quarter Issued in October
January, February and March expirations

Request must be accompanied by a check made payable to The Michigan Workers' Compensation Placement Facility (MWCPF), P.O. Box 3337, Livonia, MI 48151-3337, Phone: (734) 462-9600, Fax: (734) 462-9721

Servicing Carrier Reference Guide

NP-10M PETITION FOR SERVICING CARRIER ALLOWANCE ON UNCOLLECTED PREMIUM

Please Provide All Applicable Information

Name of Servicing Carrier	
Mailing Address	
Company Representative Name	
Phone Number	
Fax Number	
E-mail Address	

Risk Name			
Risk Policy Number			
Policy Effective Date		Expiration/Cancellation Date	
Estimated Annual Premium			
Final Earned Premium			
Uncollected Premium			

The signatory, on behalf of the petitioning servicing carrier, certifies as follows:

Signed _____ Date ____ / ____ / ____

1. The amount due and uncollected on a single policy is \$25,000 or more.
2. All reasonable avenues of collection enumerated in the Uncollectible Premium and Noncompliance guidelines set forth by the Facility have been exhausted on the above-referenced policy term.
3. All applicable performance standards with an impact on the collectibility of this account required under the Uncollectible Premium and Noncompliance guidelines set forth by the Facility, including those specified below, have been met or exceeded.

Please answer the questions below. Provide more detailed answers on the file activity sheet with appropriate dates.

1. The exposure was verified for any/all of the following:
 - If there was reason to doubt the accuracy of the annual exposure base and/or classifications of the risk, such as claims being made for classifications not reflected on the policy or claims volume greatly exceeding the estimated premium, then the exposure was verified through interim audit or comparable means.
 - If the risk qualified for preliminary audit based on premium, classification, or engaging in the leasing of employees to others, then the preliminary audit was completed within 120 days of policy effective date as prescribed by the Standards.
 - The effects of inflation and employment level changes in the risk's operation(s) were considered, and latest available audit information was used to develop policy premium.

- Final audit reports were compared with renewal payrolls and other information to determine whether additional endorsements were necessary.

Yes No N/A If “yes”, include explanation on file activity sheet with appropriate dates.

2. If it was determined that any additional premium or other endorsement was necessary, the endorsement was accurately issued within 60 calendar days of making the determination. Billings for additional premium were mailed within 10 days of recording on the company records. If additional premium was not received within 45 calendar days from the date of mailing, cancellation procedures were initiated.

Yes No N/A If “yes”, include explanation on file activity sheet with appropriate dates.

3. The final audit was completed, billed and recorded on the company records within 120 days of policy expiration

Yes No N/A If “yes”, include explanation on file activity sheet with appropriate dates.

4. If the insured failed to perform any of the following activities, such non-compliance promptly reported to the Facility in accordance with published procedures?

- Implement reasonable health, safety or loss control recommendations,
- Pay any undisputed premium obligation for previous or present workers compensation insurance
- Allow reasonable access for audit or inspection
- Disclose the full nature and scope of the exposure,

Yes No N/A If “yes”, include explanation on file activity sheet with appropriate dates.

5. The uncollectible amount:

- Was not solicited for collection during the first thirty (30) days after the initial bill
- Had at least one follow-up billing attempt no earlier than thirty and no later than sixty days after the initial billing.
- Was referred to a collection agency, specialized in-house unit, or attorney for further collection within five working days from the completion of the 60-day billing cycle.
- Was approved by the Pool Administrator for reimbursement.
- Was not settled for less than the amount due without pre-approval from the Facility.

Yes No N/A If “yes”, include explanation on file activity sheet with appropriate dates.

6. Commencement of legal action and payment of suit, attorney and court fees received pre-approval from the Pool Administrator. If legal action was not commenced within 120 days of the date of receipt of approval for referral to an outside collection agency (or specialized in-house collection agency), the Facility was informed as to why the suit was not immediately necessary to resolve any then-existing, outstanding premium obligation.

Yes No N/A If “yes”, include explanation on file activity sheet with appropriate dates.

NP-10M INSTRUCTIONS

The Petition for servicing carrier allowance Form NP-10M (and NP-10M supplement, if applicable), must be completed in its entirety and all relevant documentation attached thereto prior to submitting it for consideration. Incomplete forms/packages will be returned to the servicing carrier.

A separate NP-10M form must be completed for each policy term for which a petition is being made.

Send the completed form together with sufficient documentation and information to support the petition to:

NCCI, Inc.
Residual Market Collection & Indemnification
901 Peninsula Corporate Circle, 3rd Floor
Boca Raton, FL 33487

**MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY
INDEPENDENT CONTRACTOR WORKSHEET**

TO BE COMPLETED BY THE INDEPENDENT CONTRACTOR

Policyholder Name form is being filled out for: _____

Subcontractor Name: _____

Doing Business As (DBA) : _____

If DBA is filed, attach a copy.

1. I operate as a : Sole Proprietor Partnership Corporation Limited Liability Company

Note: If indicating Partnership, Corporation or Limited Liability Company, a **Certificate of Workers' Compensation Insurance or a properly filed Form BWC-337 must be submitted.**

2. The type of work I perform can be described as: _____

3. I hire employees or casual laborers to complete work for the named policyholder:

Yes _____ Number hired (Attach Certificate of Workers' Compensation Insurance)

No Form 1040 SCHEDULE C (Profit or Loss from Business) may be provided as verification.

4. I hire subcontractors to complete work for the named policyholder: Yes No

If yes, additional information may be required.

5. I have General Liability coverage: Yes No

If yes, a Certificate of General Liability Insurance is required.

6. To validate my standing as an independent contractor, I state that I do not exclusively depend upon the payments of the named policyholder and have worked for the following general contractors or clients during the past twelve months.

	NAME	CITY	TELEPHONE
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

I acknowledge that as a sole proprietor, I am by law not covered by or subject to the Workers' Disability Compensation Act.

I certify the above represents a true and complete statement of my status as an Independent Contractor. I understand a company representative may verify this statement at any time. If requested, I agree to provide documentation to verify my status as a sole proprietor.

Signed: _____ Date: _____
(Independent Contractor)

Phone Number: _____ Email Address : _____
(Required)

This form is utilized as a test of the above individual's independent status. By completing this form, it does not automatically remove the above individual's exposure from the audit of the policy period in question. **Additional information may be required.** If independent status is proven, the exposure will not be charged.

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INFORMATION & PROCEDURES HANDBOOK ORDER FORM

The Information & Procedures Handbook is updated annually to include changes in procedures and rate revisions for the following year. The updates are traditionally available the beginning of December.

The entire handbook is available on our website free of charge. If you choose to order a printed copy there is a minimal charge of \$10.00 for the complete handbook. If you already have the handbook and wish to receive update pages only, the cost is \$5.00 per copy.

To place your order for either of the above, please fill in the appropriate areas on this form and submit with a check made payable to the Michigan Workers' Compensation Placement Facility (MWC PF).

Name: _____

Agency/Company Name: _____

Mailing Address: _____

City, State, Zip: _____

Phone Number: _____

I would like _____ copies of the *Information & Procedures Handbook* at \$10.00 each.

I would like _____ copies of the next scheduled update pages for the *Information & Procedures Handbook* at \$5.00 each.