



IMPORTANT - PLEASE READ

NCBE GROUP WORKERS' COMP INSURANCE PARTICIPATION RULES

Participation Criteria

To participate in the NCBE/SCIF Workers' Comp Group Program, the following criteria must be met:

- ✓ The participant must be a NCBE member in good standing (dues are paid and current)
- ✓ The business must be *eligible to participate in the following group program:

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- ✓ The participant must meet the following Loss Experience Criteria:
 - Loss ratio for the last two most recently completed policy years of 50% or less, *and*
 - Most recent Experience Modification of 110% or less
- ✓ The participant must agree to the rules and regulations of the group program and sign the Employer Participation Agreement provided by NCBE upon notification of the account being placed in the group
- ✓ The participant must cooperate with all safety efforts put forth on behalf of the NCBE Workers' Comp Trustees (NCBEWCT) and/or the designated State Compensation Insurance Fund (SCIF) Loss Control Representative

Participation in the NCBE Workers' Comp Program shall terminate any other Workers' Compensation group policy arranged by the firm or corporation. Participation shall not be assignable or transferable.

Performance Reviews

Participants in the group program will be subject to periodic performance reviews, which will be triggered by the following criteria:

- Loss ratio exceeding 50% on the current year, and a loss ratio exceeding 50% on the most recent completed policy year, and an average loss ratio exceeding 50% on the two most recently completed policy years
- Most recent Experience Modification exceeding 110%
- Negative safety attitude and detrimental operating practices
- Frequency of more than one injury per \$5,000 of premium

When the loss experience fails to meet the underwriting criteria established by the NCBEWCT, appropriate action to include any of the following may occur:

- Placing account on **WATCH & ASSIST** status – Requires that a safety consultation visit be conducted for the purpose of evaluating the company safety program in effort to identify areas for possible improvement
- Placing the account on a 2-year **PROBATION** – Requires that an initial safety consultation visit be conducted (as referenced for Watch & Assist status), with scheduled periodic reviews to allow for continued monitoring
- **REMOVAL**, for a minimum of 2-years, from the NCBE/SCIF Group Program

Participants on Watch & Assist or Probation may subsequently be removed from the group should it be determined by the NCBEWCT that continued participation is a threat to the integrity of the group.

Causes of Termination of Participation in Group

Participation in the group shall terminate on occurrence of any one of the following events:

- Termination or resignation of NCBE membership, by NCBE or the member
- Upon affirmative vote of the NCBEWCT, termination can occur due to any one of the following circumstances. If the Participant:
 - Sustains an adverse loss ratio that threatens the integrity of the group as a whole
 - Does not comply with recommended safety practices
 - Engages in illegal activities, or violates guidelines established by NCBE and/or NCBEWCT
 - Engages in conduct materially prejudicial to the purposes and interest of the other participants taken as a whole by reason of lack of insurability

* Determination of eligibility is based on your company's governing class. The governing class is determined by the classification code with the majority percentage of paid premium.

NCBE Group Workers' Comp Insurance Participation Rules *continued*

Safety and Administration

- A principle object of the NCBEWCT Worker's Comp Program is to promote and encourage the safety of employees of members. The Trust shall encourage safety programs by and for its members, and assist in implementing such programs.
- The NCBEWCT Trustees shall act as a safety committee and shall generally supervise the activities of the Trust with respect to promoting safety.
- The Trustees may select an Administrator and/or consultants to perform administrative duties for the Trust, with such powers and responsibilities as the Trustees may from time to time decide.
- The Trust may arrange for its members such Group Insurance Programs as it may see fit, and enter into such agreements with insurance coverage providers as it may deem advisable.

Payments and Dividends

- Any payments or dividends on the policies or insurance coverages of members arranged by the Trustees shall be returned to eligible participating members in accordance with the provisions of these participation rules. Separate administrative fees received by the Trust shall be used for the benefit of its members, for services, educational programs, and similar purposes. No member shall have any pecuniary interest in any reserve funds.
- All dividends which this Trust may receive from any insurance carrier for members, which was arranged pursuant to these participation rules, shall be held in trust by the Trustees for the benefit of each member entitled to share therein. Within a reasonable time (maximum 90 days) after receiving such dividends, the Trust shall distribute them to each member eligible to share.
- Before distributing dividends, the Trust shall determine if any group participant was, at the end of the policy year, a member in good standing with NCBE. Any such member would be eligible to receive dividends. However, any such terminated member will be required to pay any outstanding dues or other charges owed to NCBE to be eligible to receive a dividend from NCBEWCT.
- If the insurance of any member which was arranged pursuant to these participation rules is cancelled by the insurance carrier for non-payment of the premium or failure to report payroll as required by the insurance carrier, then such member shall not be entitled to receive any dividends of such insurance program. If any member fails to pay any insurance premium in accordance with the policy contract, and the NCBEWCT Trustees do not elect to extend a premium guarantee to such an account, then such member shall not be entitled to receive any dividend of such insurance program. If the NCBEWCT Trustees elect to extend a premium guarantee for any account for which a member fails to pay any insurance premium in accordance with the policy contract, the member is entitled to receive any dividend and group bonuses of such insurance program less the premium amount guaranteed and paid by the Trust and further less a \$100 service fee for the premium guarantee.
- Any distribution of funds to any member derived from a dividend shall not be reduced or forfeited except for reasons set forth in these participation rules. No such reduction or forfeiture shall be effective unless the reasons for such reductions or forfeiture have been made known by written communication to the member.

Appeals

Matters pertaining to membership or dividends may be appealed within 30 days of written notice of such action. Appeals must be made in writing and mailed or delivered to NCBE, Attention: NCBE WCT. Appeal decisions will be rendered within 30 days of receipt.

"Under California law, it is unlawful for an insurer to promise the future payment of dividends under an unexpired workers' compensation policy or to misrepresent the condition for dividend payment. Dividends are payable only pursuant to conditions determined by the Board of Directors or other governing board of the Company following policy expiration. It is a misdemeanor for any insurer or officer or agent thereof, or any insurance broker or solicitor, to promise the payment of future workers' compensation dividends. Past dividend performance is not a guarantee of an insurer's future dividend performance."