

CompConnectsm

RTW, Inc

**Workers' Compensation Small
Accounts Program - Underwriting
Guidelines**

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Program Objective

I. Program Objective

The objective of the RTW, Inc. Workers' Compensation Program is to provide mono-line workers' compensation insurance for small, low severity insureds.

Underwriting Criteria

I. Eligibility

All risks qualifying under the class code descriptions listings provided by RTW are eligible under the program if they meet some basic underwriting criteria. **Not all class codes and descriptions are available in all states.** Risks not qualifying under listed class codes will be automatically declined by the underwriting system. All risks must maintain a Bureau Experience Modification of 1.20 or lower. Risks in business less than one year should have equivalent, documented experience in a similar position or capacity.

II. Territorial Scope

The following states are eligible for coverage in this program: See RTW state licensing map

III. Policy Term

Policies may be written for no longer than one year. Any policy to be written for less than twelve months must be submitted to an underwriter.

IV. Minimum / Maximum Policy Premiums

The minimum policy premium is \$500 or RTW's filed minimum. The maximum annual policy premium is \$25,000.

V. Policy Limits

The maximum limits authorized are:

Coverage A: Statutory

Coverage B: \$1 million Each Accident

\$1 million BI – Disease – Employee

\$1 million BI – Disease – Aggregate

In Coverage A, RTW agrees to pay all workers' compensation benefits required of the insured entity by law. That law is the state designated in item 3.A of the

declarations page. This coverage also includes occupational disease that is part of the workers' compensation law of the state. The policy covers all locations and operations included in the state law even if they are not disclosed when coverage is placed. This broad coverage is a key feature of the workers' compensation policy and it applies to all operations of the insured unless specifically excluded.

In Coverage B, Employers' Liability Insurance, RTW covers the insured for liability for bodily injury to its employees or disease. Losses typical for this part include third party action-over suits in which an employee's suit against a machinery manufacturer is subrogated against the employer for negligent supervision, inadequate maintenance, etc. In some states, employees can waive their right to statutory benefits and sue the employer. Other states allow suits by the spouse for loss of consortium. If a disease contracted out of and in the course of employment is not covered by the workers' compensation law of the state, the employee can sue for damages and it would be covered by part two.

VI. Policy Forms

Policy forms are automatically generated by the underwriting system and produced and emailed to authorized agents. Only company approved forms will be used, including state mandatory forms in accordance with state mandated workers' compensation rules and regulations. Deductibles are allowed in mandatory states only per the company's filings.

VII. Prohibited Coverages

- Foreign coverage including endemic disease and repatriation coverages.
- Outer Continental Shelf Lands Act
- Defense Based Act
- Non-appropriated Fund Instrumentalities Act
- Alternative Employer Endorsement
- Maritime, Admiralty (Jones Act)
- United States Longshoremen and Harbor Workers Act
- Federal Coal Mine and Safety Act
- Federal Employees Liability Act
- Voluntary Workers Compensation
- Special Endorsements

VIII. Submission Requirements

- Each submission must include a completed ACORD application signed and dated within sixty days from the effective date of coverage.
- Current-valued (within ninety days) loss experience, including the current year and four prior twelve month policy terms. The minimum is three previous years, unless the risk is a new venture. Hard copy company loss runs are preferred.
- Prior cancellations, non-renewals or gaps in continuous coverage must be documented as to reasons and include any justification in writing.
- A copy of the current experience modification worksheet should be obtained by the agent from NCCI or the appropriate state agency.
- Federal employer identification numbers are necessary for each entity.

IX. Prohibited Risks

The following risks are prohibited under the program:

- Accounts with undocumented gaps in coverage
- Risks cancelled for non-payment more than twice in any policy year
- Applicants requesting coverage on any basis other than guaranteed cost. This includes, but is not limited to: retrospective rating plans, dividend plans, retention plans of all kinds, portfolio transfers, captive or rental captive programs, large deductible programs, aggregate stop loss coverage and IBNR coverage
- Any risk generating eight or more claims for the previous three year period
- Any risk with a single claim exceeding \$10,000 in incurred loss for the previous three year period
- Risks involved with the transportation, manufacture or use of any type of explosive
- Oil or gas risks, on or offshore
- Chemical Manufacturing (toxic)
- Temporary staffing agencies
- Professional Employer Organizations (PEO's)
- Employee Leasing
- Trucking / Transportation Risks
- Fireworks Store
- Risks with 24 hour exposure other than hotels
- Gun shops
- Check cashing stores

- Pawn Shops
- On-demand food delivery
- Driving exposure exceeding 10% of total payroll
- Risks that have work exceeding 10' in height
- Risks with underground work of any kind
- Risks where owners elect coverage with no other employees and no health insurance
- Risks with losses in the past four years resulting from weapons, assaults, automobile accidents
- Risks that own, operate or lease aircraft/watercraft
- Other exclusions as required by RTW and their reinsurers
- Risks with more than three locations

X. Binding Authority

Authorized agents will have authority to bind coverage for those risks that meet the underwriting criteria for the RTW Small Account Program

General Information

I. Premium Audit

RTW will conduct voluntary, telephone audits and physical audits at its discretion. Exposures on the current policy will be endorsed to the prior year audited exposures and the premium adjusted.

II. Inspections / Loss Control

Due to the size and class of business under the program, few inspections will be required on that business. However, notice should be provided to all insureds advising them of the availability of loss control services. Loss control material will be available for download over the Internet.

III. Premium Payment

Policies will be direct billed by RTW. The down payment invoice will be sent with the policy. No premium payment required to bind policies.

IV. Policy Fee

Policy Fees will be charged only when they conform to RTW state filings.

V. Commissions

Commissions are paid on collected premium only. Commissions are paid on earned premium as it is collected by RTW.

VI. Cancellation / Non-Renewal

Cancellations and non-renewals will be processed in accordance with state regulations.

VII. Backdating

When a submission is received requesting an effective date already past, coverage may not be backdated without written approval of RTW underwriting staff.

After a quotation is offered, agent can backdate up to three days with written confirmation from the insured that there are no work related injuries. Such statement must be notarized.

VIII. General Rules

- Agent will not offer coverage unless all known exposures for the applicant are considered typical for the class.
- Only Agent is authorized to quote and / or bind coverage. Quotes may only be offered a maximum of 60 days into the future.

IX. Underwriting Information Needed

The following is information must be uploaded via the CompConnect portal to RTW on bound policies immediately:

- Signed copy of the application
- Copy of the latest experience modification sheet if applicable
- Loss runs or signed copy of loss information for three years
- General correspondence.

