WORKERS COMPENSATION AND EMPLOYERS LIABILITY POLICY

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Workers Compensation and Employers Liability Policy

This course discusses policies purchased by employers to comply with their obligations under state and federal workers compensation laws. It provides a detailed analysis of the 1992 edition of the workers compensation and employers liability policy form developed by the National Council on Compensation Insurance (NCCI), together with the actual policy language.

The workers compensation and employers liability insurance policy is the result of a compromise between employers and employees in which injured employees relinquish the right to sue their employers for employment related injuries in return for guaranteed specific scheduled benefits, funded for the most part by insurance.

Each of the 50 states, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands have workers compensation statutes (with five states -- North Dakota, Ohio, Washington, West Virginia, and Wyoming -- administering their own monopolistic systems).

Workers compensation (WC) insurance is the most effective and simplest method available to an employer for compensation to employees and their families for work related injuries or diseases as prescribed by law. Employers liability coverage protects employers when suits are filed against them for employment related incidents that are not compensable under workers compensation coverage.

This course describes the standard provisions of the current workers compensation and employers liability insurance policy of the National Council on Compensation Insurance (NCCI). The NCCI is recognized in over thirty workers compensation jurisdictions.
The Workers Compensation And Employers Liability Insurance Policy, (WC 00 00 00A) developed by the National Council on Compensation Insurance (NCCI), provides insurance coverage for the statutory liability under the state’s Workers Compensation Law for medical treatment and indemnity for disability. It also provides tort liability for bodily injury to employees outside the state law. The coverages, as provided through its terms and conditions, will respond to mandatory benefits for accidental injury arising out of, and in the course of employment, and for disease or death that may naturally and unavoidably result. In addition, if the employee injury is not compensable under the Workers Compensation or Occupational Disease Acts, the policy (subject to its terms and conditions) will respond to the employee’s allegation of negligence by the employer.

This section provides a broad overview of the policy form and its provisions. The following sections will describe each of these provisions in detail.

**Part One—Workers Compensation Insurance**

The policy applies to accidents or diseases under a workers compensation or occupational disease law. The coverage is on an "occurrence" or claims-incurred basis rather than a claims-made basis.

The entire liability of the employer, under the designated law or laws is insured under the policy, including accidents that occur during the "policy period" and occupational diseases in which the last exposure occurs during the "policy period." The insurance company is obligated to retain and compensate legal counsel when necessary to represent the insured.

A list of provisions is shown in the policy. Only those that are required by the particular state’s law apply.

**Part Two Employers’ Liability Insurance**

Employers liability insurance covers tort or other liability for "damages," as opposed to statutory liability for workers compensation "benefits" under workers compensation law. The policy applies to bodily injury by accident, as well as by disease, including resulting death.
Employers Liability Exclusions

This insurance does not cover:

- Liability assumed by you under a contract
- Punitive or exemplary damages resulting from injury to an employee that has been employed in violation of a law with or without the actual knowledge you or any of your executive officers
- Obligations imposed by workers compensation, occupational disease, unemployment compensation disability benefits, or similar law
- Injury intentionally caused by you
- Injury occurring outside the United States of America, its territories or possessions, and Canada unless temporarily outside the specified territory
- Damages caused by coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any employee, or any personnel practices, policies, acts or omissions
- Injury to any person subject to the Longshore and Harbor Workers Compensation Act, the Nonappropriated Fund Instrumentalities, the Outer Continental Shelf Lands Act, the Defense Base Act, the Federal Coal Mine Health and Safety Act of 1969
- Injury to any person subject to the Federal Employers Liability Act
- Injury to a master or crew of any vessel
- Fines or penalties resulting from the violation of federal or state law
- Damages payable under the Migrant and Seasonal Agricultural Worker Protection Act

The insurance company has the responsibility under Employers liability to retain and compensate legal counsel, when necessary, to represent the insured in a covered suit.

Part Three Other States Insurance

This part explains that if there are other states shown in Item 3.C. of the Information Page and the insured begins any operations or works in those states listed in Item 3.C., the policy applies as though those states were listed in Item 3.A. (3.A. states are covered states where the insured currently has operations.) The insured is obligated to notify the insurer if they begin any work or operations in a 3.C. state.

Part Four Your Duties If Injury Occurs

One of the most important requirements in the policy is that the insured must notify the insurer immediately when an accident occurs. The remainder of the provisions are designed to assure cooperation between the insured and the insurer and are very similar to comparable provisions of other liability insurance policies.

Endorsements

Various endorsements are available to tailor the coverage to the needs of each individual client.
THE WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

BACKGROUND

The standard coverage form used to provide insurance for an employer is the Workers Compensation And Employers Liability Insurance Policy, WC 00 00 00 A, issued by the National Council on Compensation Insurance (NCCI). The workers compensation insurance policy provides coverage not only for the workers compensation exposures required by law, but also the employers liability coverage to protect the insured employer for the tort liability resulting from the activities of an employer.

POLICY DESIGN

The Workers Compensation and Employers Liability Policy contains a General Section followed by six parts. The General Section describes the other components of the policy such as the Information Page and all endorsements and schedules listed there. The components of the Information Page are arranged to show insurer and insured information, as well as coverage and premium information.

- Part One provides statutory Workers Compensation Coverage.
- Part Two provides Employers Liability Insurance.
- Part Three provides optional Other States Insurance.
- Part Four describes the insured's duties in the event of an injury.
- Part Five contains the premium provisions.
- Part Six contains policy conditions not shown elsewhere in the policy.

Divisions of Coverage

The workers compensation and employers liability insurance policy contains three separate and distinct areas of coverage.

- Part One is the workers compensation (WC) section, under which the insurer agrees to pay the benefits imposed upon the insured by the workers compensation law or laws of the state(s) that are listed on the information page (declarations).

- Part Two is the Employers liability section, which protects the insured against liability imposed by law for injury to employees in the course of employment that is not compensable under the workers compensation section.

Despite the fact that workers compensation is usually considered to be the exclusive remedy of covered employees for work-related disabilities, there are several reasons why Employers liability coverage is needed.

Some states do not make workers compensation insurance compulsory or do not require the statutory coverage unless an employer has three or more employees. Under these
circumstances, workers compensation is elective. There may also be instances when an on-the-job injury or disease is not considered work-related and therefore not compensable under the statutory coverage. However, the employee may still believe the employer should be held accountable, and proceed with legal action. The workers compensation laws of some states also permit suits and recovery against employers by spouses and dependents of disabled workers, even though the workers are compensated for their disabilities. The basis of such suits is loss of consortium (loss of companionship, comfort, and affection) or consequential injury. Employers are increasingly being confronted with claims and suits called "third-party-over" actions. These arise when an injured employee sues a negligent third party (regardless of workers compensation benefits received). The third party sues the employer for contributory negligence. The employer can look to Employers liability insurance for coverage, unless the employer has assumed the liability of the third party, in which case contractual liability insurance, under the CGL policy, would usually provide protection for the insured employer.

- Part Three provides other states insurance for workers compensation and employers liability coverage in states that are not listed on the information page for part one coverage. However, this coverage applies only to states listed under Part Three; the other states insurance section of the declarations.

National Council on Compensation Insurance

The 1992 edition of the workers compensation policy drafted by the National Council on Compensation Insurance (NCCI) is currently in use in all of the 45 states that allow private insurers to write workers compensation insurance, plus the District of Columbia.

In many states, workers compensation insurers are actually required to issue all workers compensation policies using this form. In some states, insurers can file a form that differs from the 1992 NCCI form for approval—but few actually do so. Most insurers who alter the NCCI form do it by endorsement. The result is that nearly all workers compensation policies in the United States are based on the 1992 NCCI workers compensation and employers liability policy form.

This section of the manual provides an in-depth analysis on each of the provisions of the 1992 edition of the NCCI workers compensation and employers liability policy. The text of the form is shown in a box, with the analysis of each provision immediately following.
WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  WC 00 00 01 B INFORMATION PAGE

The Information Page of the Workers Compensation And Employers Liability Insurance Policy is equivalent to the declarations page found in other commercial property and casualty insurance policies. Unlike the declarations pages of other lines of insurance, the Information Page has a strict set of rules that apply to the order and presentation of the information presented. These rules were established to provide consistency with state and NCCI reporting requirements.

Sample WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY INFORMATION PAGE

Policy Number: XXXXXXXXXXXXXXX

Insurer Name

Insurer Address
(include 5-digit NCCI carrier code)

Type of Insurer (stock, mutual, or other)

If an Interstate/Intrastate Risk Identification number applies, label and show.

1. INSURED (show exact name for each entity insured)

Name and Mailing address of the Insured:

Show Federal Employers Identification Number where applicable.

All Workplaces (Other Than Mailing Address):

Designated Entity Of The Insured:

___ Individual;
___ Partnership;
___ Corporation;
___ Other - Describe: ________________________________

2. POLICY PERIOD

From XX-XX-XX To XX-XX-XX At The Insured's Mailing Address—the hour of inception is also shown.
3. COVERAGE

A. Workers Compensation Insurance Part One applies to the Workers Compensation Law of the states listed below:

B. Employers Liability Insurance Part Two applies to work in each state listed in Item 3.A. The Employers Liability Limits for Part Two:

- Bodily Injury by Accident: $__________ each accident
- Bodily Injury by Disease: $__________ policy limit
- Bodily Injury by Disease: $__________ each employee

C. Other States Insurance Part Three of the policy applies to any states listed below:

D. Endorsements and Schedules included in this insurance policy:

4. PREMIUM

The premiums charged for this policy are calculated according to our manual, rules, classifications, rate filings and rate plans. All premiums are subject to verification and re-rating based upon audits of both classifications and payroll.

<table>
<thead>
<tr>
<th>Classification</th>
<th>Total Estimated Annual</th>
<th>Rate Per $100</th>
<th>Estimated Annual Remuneration</th>
<th>Applicable Premium Discounts</th>
<th>Total Estimated Annual Premium</th>
<th>Minimum Premium</th>
<th>Expense Constant</th>
<th>Experience Rating Modification Factor</th>
<th>Countersigned by</th>
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THE WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY, WC 00 00 00 A

Workers Compensation and Employers Liability Insurance Policy

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

In return for the payment of the premium and subject to all terms of this policy, we agree with you as follows:


As with all insurance contracts, the policy begins with the explanation that coverage is agreed upon and provided under the specified terms and conditions in return for consideration—the premium paid.

As its name suggests, the workers compensation and employers liability insurance policy provides the following two types of insurance coverage.

- Coverage for workers compensation benefits owed by the insured to its employees in accordance with applicable state workers compensation law
- Coverage for liability to employees for work-related bodily injury, other than liability imposed on the insured by a workers compensation law

The policy is divided into seven sections, which include a short General Section and the following six "parts."

- Part One—Workers Compensation Insurance
- Part Two—Employers Liability Insurance
- Part Three—Other States Insurance
- Part Four—Your Duties If Injury Occurs
- Part Five—Premium
- Part Six—Conditions

General Section

The General Section is the first of the seven sections of the policy. It establishes who is insured under the policy and what locations are covered, and defines the terms "workers compensation law" and "state."
A. The Policy

This policy includes at its effective date the Information Page and all endorsements and schedules listed there. It is a contract of insurance between you (the employer named in Item 1 of the Information Page) and us (the insurer named on the Information Page). The only agreements relating to this insurance are stated in this policy. The terms of this policy may not be changed or waived except by endorsement issued by us to be part of this policy.


The policy begins by specifying what documents constitute the insurance contract and who the parties to the contract are. The policy consists of the standard policy provisions.

The policy states that the information page part of the policy. The information page shows the name and mailing address of the insured, the addresses of the insured's other workplaces, and the policy period. Also shown on the information page are the state(s) where coverage is provided, the employers liability coverage limits, the state(s) where other states insurance coverage is provided, and the endorsements and schedules that are part of the policy. The estimated policy premium, as well as the insured's payroll classifications, estimated payrolls, and applicable rates, also appear on the information page.

The policy also states that all endorsements and schedules listed on the information page are part of the policy. Endorsements make changes in policy terms. Schedules provide information on the insured's operations that is used in developing premium.

The insurance policy constitutes the entire agreement between the insurer and the insured. There are no other agreements relating to the insurance. Any changes to be made in the insurance contract must be in the form of an endorsement issued by the insurance company and made a part of the policy. The intent of this language is to prevent any oral agreements, or any agreements not put into the form of a policy endorsement from becoming part of the insurance contract.

The provision also states that no terms of the policy can be waived except by an endorsement. Black's Law Dictionary defines "waiver" as "the intentional or voluntary relinquishment of a known right." This provision requires any waivers to be in the form of a written endorsement.

This part of the policy identifies the named insured as the employer listed on the information page; the employer, who is purchasing the workers compensation and employers liability coverage, is referred to throughout the policy as "you" or "your."

B. Who Is Insured
You are insured if you are an employer named in Item 1 of the Information Page. If that employer is a partnership, and if you are one of its partners, you are insured, but only in your capacity as an employer of the partnership's employees.


The "insured" is the employer listed in item 1 of the information page. An employer can be an individual, partnership, joint venture, association, corporation, or the legal representative or trustee of the insured. If the listed employer is a partnership, each individual partner is an insured but only in his or her "capacity as an employer of the partnership's employees." If the insured is a joint venture, however, its members are not covered as separate entities.

A standard endorsement, Joint Venture As Insured Endorsement, WC 00 03 05, may be used to cover the individual members as insureds, but only in their capacity as employers of the joint venture’s employees.

The spouse of the insured is not automatically covered as an insured. If the spouse is an employer, they must also be listed as an insured.

Neither corporate officers nor any other employees of the insured are insureds under the standard workers compensation policy. The Employers liability portion of the workers compensation policy and Employers liability policy does not provide coverage for any suits by an injured employee against a co-employee (including a corporate officer). In most states, employees cannot be sued in connection with workplace injury to another employee, unless the co-employee's conduct was intentional or grossly negligent.

Where co-employee lawsuits are permitted, "executive officers" have coverage for co-employee lawsuits under the CGL policy, however other employees do not.

Under the workers compensation laws of most states, executive officers of a corporation (generally defined as the president, vice president, secretary, or treasurer) are eligible to receive benefits in the event of compensable injury or disease. However, many states allow an executive officer to elect not to be covered. Partners and sole proprietors are usually not eligible to receive benefits but can, in many states, elect to be covered.

Eight states provide for insuring "combinable" entities under one workers compensation policy. Combinable entities are those that share a common majority ownership interest. Common majority interest exists when the same person, group of persons, or corporation owns more than 50 percent of each entity or when one entity owns a majority interest in another entity which, in turn, owns a majority interest in a third entity. There is no limit to the number of entities that may be combined. However, each individual entity must be separately identified, classified, and rated.

Contract provisions often require additional insured status be added to the workers compensation policy. Since the sole purpose of the workers compensation policy is to cover injuries to the insured's employees, it is not appropriate for one party to a contract (e.g., the general contractor of a construction project) to require the other party (e.g., a subcontractor) to provide additional insured status under the workers compensation policy, as is commonly done.
with general liability insurance. There are very specific rules as to who can be added as an insured to a policy. This must be discussed with the individual insurer and a charge is often made.

C. Workers Compensation Law

C. Workers Compensation Law

Workers Compensation Law means the workers or workmen’s compensation law and occupational disease law of each state or territory named in Item 3.A. of the Information Page. It includes any amendments to that law that are in effect during the policy period. It does not include any federal workers or workmen’s compensation law, any federal occupational disease law or the provisions of any law that provide nonoccupational disability benefits.


This provision allows the policy to cover one or more different states’ or territories’ workers compensation and occupational disease laws, depending on which states or territories are listed in Item 3.A. of the Information Page. The provisions of the workers compensation law of the applicable state(s) or territory(ies), not the terms and conditions of the policy, determines exactly what workers compensation coverage is provided. These laws establish what employments are covered, what injuries and diseases are covered, and exactly what benefits are provided to injured workers. This includes any changes or amendments to the laws that occur or become effective during the policy that would affect the coverage for that period.

The insured has the responsibility of knowing which state(s) or territory needs to be listed on the information page so that the proper benefits can be paid to injured workers.

Some states such as New York, New Jersey, Rhode Island, Hawaii, and California currently have disability benefits laws under which employers are required to purchase short-term disability income insurance for their employees to cover disabilities that do not arise out of employment. These mandatory coverages must be provided by disability benefits policies, not workers compensation policies.

In the 1992 edition of the NCCI workers compensation policy, the definition of "workers compensation law" specifically excludes federal workers compensation and occupational disease laws and other federal laws that provide disability benefits. Unless coverage for liability imposed by federal acts has been added to the policy by endorsement, there is no coverage.

Federal Workers Compensation Laws

Longshore and Harbor Workers’ Compensation Act (LHWCA)—Provides no-fault workers compensation benefits to employees other than masters or crew members of a vessel injured in maritime employment—generally, in loading, unloading, repairing, or building a vessel. Employers can obtain coverage by purchasing a Longshoremen's and Harbor Workers'
Compensation Act coverage endorsement (WC 00 01 06 A) to a standard workers compensation policy.

**Outer Continental Shelf Lands Act (OCSLA)**—Extends LHWCA benefits to those other than masters or crewmembers of a vessel working on a continental shelf (as defined in the Act). Employers can obtain coverage by purchasing an Outer Continental Shelf Lands Act coverage endorsement (WC 00 01 09 A) to a standard workers compensation policy.

**Defense Base Act (DBA)**—Extends LHWCA benefits to civilian employees working on military bases in lands occupied or used by the United States. Employers can obtain coverage by purchasing a Defense Base Act coverage endorsement (WC 00 01 01 A) to a standard workers compensation policy.

**Nonappropriated Fund Instrumentalities Act (NFIA)**—Extends LHWCA benefits to civilian employees of the U.S. armed forces, e.g., employees of a military exchange store on a military base. Employers can obtain coverage by purchasing a Nonappropriated Fund Instrumentalities Act coverage endorsement (WC 00 01 08 A) to a standard workers compensation policy.

**Federal Employees Compensation Act (FECA)** —Provides no-fault workers compensation benefits to all civilian employees of the U.S. government. The U.S. government self-insures FECA benefits.

**Federal Coal Mine Health and Safety Act of 1969 (FCMHSA) and Related Acts** —Provides no-fault workers compensation benefits to coal miners in the event of death or disability due to black lung disease. Employers can obtain coverage by purchasing a Federal Coal Mine Health and Safety Act coverage endorsement (WC 00 01 02) to a standard workers compensation policy.

**Federal Employers Liability Laws**

**General Maritime Law**—The common law of the sea holds that vessel owners owe "transportation, wages, maintenance, and cure" to masters or members of a crew of a vessel in the event of injury or illness during the voyage, regardless of whether the injury or illness is work related. Also, seamen can sue the vessel owner for damages resulting from the unseaworthiness of the ship. Employers can obtain coverage by purchasing a maritime coverage endorsement (WC 00 02 01 A) to a standard workers compensation policy.

**Death on the High Seas Act**—Establishes a cause of action against those responsible for beneficiaries of persons (including seamen) killed on the high seas. Employers can obtain coverage by purchasing a maritime coverage endorsement (WC 00 02 01 A) to a standard workers compensation policy.

**Merchant Marine Act of 1920 (the Jones Act)** —Provides seamen with a negligence remedy for on-the-job injury without having to overcome employer defenses of assumption of the risk or fellow servant liability. Contributory negligence of the employee does not bar recovery, but recovery is reduced by the proportion of negligence attributable to the employee. Employers can obtain coverage by purchasing a maritime coverage endorsement (WC 00 02 01 A) to a standard workers compensation policy.
Federal Employers Liability Act (FELA)—Provides employees of interstate railroads with a negligence remedy for on-the-job injury without having to overcome employer defenses of assumption of the risk, or fellow servant liability. Contributory negligence of the employee does not bar recovery, but recovery is reduced by the proportion of negligence attributable to the employee. Employers can obtain coverage by purchasing a Federal Employers Liability Act coverage endorsement (WC 00 01 04) to a standard workers compensation policy.

Migrant and Seasonal Agricultural Worker Protection Act (MSAWPA)—Establishes a private right of action for actual or statutory damages (as well as criminal and administrative sanctions) against employers and contractors of migrant or seasonal agricultural workers who violate the Act’s housing and motor vehicle safety requirements, motor vehicle liability insurance requirements, and job information disclosure requirements. Employers can obtain coverage by purchasing a Migrant and Seasonal Agricultural Worker Protection Act coverage endorsement (WC 00 01 11) to a standard workers compensation policy.

D. State

D. State

State means any state of the United States of America, and the District of Columbia.


Whenever the term "State" is used throughout the insurance policy, it is defined to mean not only any state of the United States of America, but it also includes the District of Columbia. All states of the United States and the District of Columbia have enacted workers compensation laws.

This definition does not include United States territories, such as American Samoa, Guam, Puerto Rico, and the U.S. Virgin Islands. Some U.S. territories (notably Puerto Rico and the U.S. Virgin Islands) have monopolistic workers compensation insurance funds. Coverage for the workers compensation law of a U.S. territory that does not have a monopolistic fund can be provided under the standard policy simply by naming the territory in item 3.A. of the information page.

E. Locations

E. Locations

This policy covers all of your workplaces listed in Items 1 or 4 of the Information Page; and it covers all other workplaces in Item 3.A. states unless you have other insurance or are self-insured for such workplaces.

The policy covers the insured's workplaces identified in the insured's mailing address (item 1. of the information page) and in the premium information (shown under item 4. on the information page). In addition, any other workplace that is located in a state listed as covered under item 3.A. of the information page is covered, unless the insured has purchased another workers compensation policy to cover, or is self-insured for that workplace.

In states that allow employers to insure their workers compensation liabilities under more than one policy, the designated workplaces exclusion endorsement, (WC 00 03 02), can be used to exclude locations covered under other workers compensation policies.

The workers compensation laws of all states except North Dakota and Wyoming allow a private employer to self-insure its workers compensation liabilities rather than purchase workers compensation insurance, if that employer has satisfied the applicable self-insurance requirements. Therefore, the provision granting automatic statewide coverage for all workplaces of the insured in states listed under item 3.A. on the information page also contains an exception for any workplace for which the insured is self-insured. Usually, self-insurance is only feasible for very large employers.

PART ONE--WORKERS COMPENSATION INSURANCE

This section of the policy pertains exclusively to the workers compensation coverage provided by the policy. Workers compensation insurance applies only to liability imposed on the insured by applicable workers compensation law. No coverage is provided under this section of the policy for the insured's common law (tort) liability for injury to an employee.

A. How This Insurance Applies

This workers compensation insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. Bodily injury by accident must occur during the policy period.

2. Bodily injury by disease must be caused or aggravated by the conditions of your employment.

The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.
The workers compensation insurance provided applies to bodily injury, including resulting death, caused by accident or disease. The next provision clarifies that the policy only covers the benefits required of the insured by applicable workers compensation law. It is the workers compensation law, not the policy provisions, that limits coverage to employment-related injury or disease.

In Connecticut this provision is amended by the endorsement (WC 06 03 01) to replace the term "bodily injury" with the term "injury." Connecticut's statute defines "injury" to include "an injury to an employee which is causally connected with his employment and is the direct result of repetitive trauma or repetitive acts incident to such employment, and occupational disease."

Most state workers compensation statutes define occupational injury as an accidental injury arising out of and in the course of employment. The term "accidental" refers to something that is unforeseen, unexpected, or unintended. However, an injury may be accidental in that the cause of the injury was unintended, or in that the injury was the unintended result of an intentional act. Deliberately self-inflicted injuries would clearly not qualify as accidental and most state statutes explicitly disallow coverage for deliberately self-inflicted injuries. In order to be compensable, usually the injury must have occurred at a definite time and place.

The phrase "in the course of employment" is generally interpreted to mean that, to be compensable, the injury must occur when the employee is at work, during the hours in which he or she is expected to be there, and while he or she is engaged in the work he or she is employed to do. "Arising out of employment," means that the injury must also arise out of a risk that is reasonably related to the employment.

The definition of "occupational disease" varies from state to state, however a common meaning is "a disease that arises out of employment and is caused by conditions that are peculiar to that employment." Coverage is usually not provided for diseases of everyday life that happen to be contracted at work, such as the flu.

For coverage to apply, the bodily injury must occur during the policy period. However, coverage for bodily injury by disease applies only if the employee’s last day of last exposure to conditions causing or aggravating the disease is during the policy period. The majority of states apply this "last injurious exposure rule". This approach assigns sole responsibility to the last employer and insurer. Jurisdictions that do not use the "last injurious exposure" rule generally apportion the loss to all employers (and insurers) during the period of exposure.

**B. We Will Pay**

We will pay promptly when due the benefits required of you by the workers compensation law.
The insurer is obligated to promptly pay whatever benefits are required of the insured by the applicable workers compensation law. Workers compensation coverage applies only to benefits required of the insured by applicable workers compensation law. The policy does not provide coverage for benefits in connection with injuries that are, for any reason, not covered by the workers compensation law.

There is no need to specify what particular benefits, such as medical benefits or disability benefits, are covered by the policy, since all such benefits are automatically covered depending upon what the applicable state workers compensation law provides, including any revisions that have been made to that law.

The types of workers compensation benefits generally payable to an injured worker or the worker's dependents are medical, disability, rehabilitation, and death. The dollar amount of these benefits, as well as eligibility and other related rules, varies considerably from state to state.

Medical benefits are payments for the medical treatment of an injured employee. Most state statutes provide for unlimited medical benefits in terms of both dollar amounts and duration. Although many states have enacted medical fee schedules, these schedules serve as limits on the amounts that medical practitioners can charge in connection with a workplace injury. They do not limit the injured worker's entitlement to necessary medical treatment at no cost.

Disability benefits are intended to replace the income lost by a worker as a result of a compensable injury. There are four types of disability.

- Temporary total disability
- Permanent total disability
- Temporary partial disability
- Permanent partial disability

An employee with a temporary total disability is expected to recover completely from the injury and return to employment but is unable to do any type of work while recovering. This is the most common type of disability. An employee who suffers an injury that leaves the employee unable to do any kind of work for the rest of his or her life is said to have a permanent total disability. A worker with a temporary partial disability is expected to recover fully and can still do some types of work, but is unable to earn his or her usual wage until full recovery. A worker with a permanent partial disability is one who can do some types of work despite having suffered an injury from which he or she will never recover, but his or her earning capacity is less than it would have been had no injury occurred. Compensation for temporary total and permanent total disability is typically set by statute as a percentage of the worker's weekly wages, subject to a minimum and/or maximum dollar amount.

For permanent partial disability, most states have developed a schedule of specific injuries and corresponding benefits to compensate workers with the most common permanent partial disabilities. These "scheduled injuries," generally include the loss or loss of use of a hand, an arm, or a leg and the loss of hearing or eyesight. Benefit levels for scheduled injuries vary significantly from state to state.

All states impose a waiting period on disability benefits—a specified period of time after the injury during which no disability benefits are payable. Although waiting periods vary from state to
state, 3 days is the most common time period. The waiting period functions like a deductible, eliminating disproportionate administrative costs associated with small claims. In most states, if the disability lasts beyond a specified number of weeks (usually 2 or 3), disability benefits will be paid retroactively from the date of injury. The waiting period applies only to disability benefits. Medical benefits are payable immediately on all claims.

Most state workers compensation laws contain specific provisions related to the vocational rehabilitation of injured workers. These provisions generally make rehabilitation and reimbursement for rehabilitation-related expenses (such as board, lodging, travel) available to an injured worker. States often impose limits on the type of rehab programs available, as well as the dollar limits payable.

If a worker's death arises out of and in the course of employment, death benefits are payable. These benefits generally consist of a burial allowance and a weekly income benefit designed to help compensate dependents for the employee's lost income. The amount of these weekly income benefits varies from state to state and is usually a percentage of the weekly wages of the deceased worker, subject to a maximum and minimum weekly benefit. Weekly income benefits for the worker's children usually end at age 18. Weekly income benefits for the worker's spouse usually end upon remarriage.

C. We Will Defend

We have the right and duty to defend at our expense any claim, proceeding or suit against you for benefits payable by this insurance. We have the right to investigate and settle these claims, proceedings or suits.

We have no duty to defend a claim, proceeding or suit that is not covered by this insurance.


The insurer must defend the insured against any suit for benefits payable under the policy. The duty to defend is separate and distinct from the obligation to pay. It arises from the insurer's contractual obligation to its insured, whereas the duty to pay depends on the insured's liability to an injured third party as determined in a court of law or as agreed in a settlement with the third party.

The insurer is not, however, obligated to defend a claim or suit that is not covered by the policy. Unless the allegations on which a claim is based clearly outside the scope of the coverage, the insurer has a duty to defend until such time as it is established that the claim is not covered by the policy. Since the insurer must defend the insured even if no liability will be imposed on the insured, the duty to defend is broader than the duty to pay.

The insurer has "the right to investigate and settle" these claims or suits. This important provision gives the insurer the right to settle workers compensation claims without the insured's consent.
The primary obligation of the insurer under this or any similar "defense" provision is to retain and compensate legal counsel when necessary to represent the insured. The choice of a particular attorney or attorneys rests with the insurer as part of its "right" to defend. The costs of defense are assumed by the insurer without monetary limitation.

D. We Will Also Pay

D. We Will Also Pay

We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding or suit we defend:

1. Reasonable expenses incurred at our request, but not loss of earnings;

2. Premiums for bonds to release attachments and for appeal bonds in bond amounts up to the amount payable under this insurance;

3. Litigation costs taxed against you;

4. Interest on a judgment as required by law until we offer the amount due under this insurance; and

5. Expenses we incur.


This provision contains a listing of various costs and expenses, which the insurer is obligated to pay in connection with the defense of any claim made against the insured. These costs and expenses are in addition to the defense, which the insurer is obligated to provide under the preceding section. The costs and expenses include:

- Reasonable expenses incurred by the employer—if at the request of the insurer—other than loss of earnings, even if the result of compliance with the insurer's request

- Premiums on bonds to release attachments or for appeal bonds. The amounts of those bonds cannot exceed the amounts payable under the provisions of the applicable workers compensation law.

- Litigation costs taxed against the insured employer

- Interest on a judgment as required by law, until such time as the insurer offers payment for the amount due

- Any interest that accrues on a judgment between the time the judgment is entered and the time the insurer offers the amount due under the policy is also covered.

- Those expenses incurred by the insurer
E. Other Insurance

We will not pay more than our share of benefits and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that may apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance will be equal until the loss is paid.


The other insurance provision addresses apportionment of benefits and costs when more than one policy or self-insurance arrangement is applicable to a given claim.

This provision calls for all applicable policies and plans to contribute equal shares of the amounts payable. In the event of the exhaustion of any applicable policy or plan, the remaining insurance policies or plans are to contribute equal shares of the remaining amount payable.

F. Payments You Must Make

You are responsible for any payments in excess of the benefits regularly provided by the workers compensation law including those required because:

- Of your serious and willful misconduct;
- You knowingly employ an employee in violation of law;
- You fail to comply with a health or safety law or regulation; or
- You discharge, coerce, or otherwise discriminate against any employee in violation of the workers compensation law.

If we make any payments in excess of the benefits regularly provided by the workers compensation law on your behalf, you will reimburse us promptly.


There is no coverage for payments required of the insured beyond the benefits "regularly provided" by the applicable workers compensation law. In many states it is considered contrary to public policy to allow insurance coverage for penalties imposed on the insured for wrongdoing, and therefore such payments are uninsurable.

Four situations are listed for which the insurer is not obligated and coverage does not exist:
• The serious and willful misconduct of the employer
• When the employer knowingly employs a person in violation of law;
• When the employer has failed to comply with a health or safety law or regulation
• If the employer discharged, coerced or otherwise discriminated against any employee in violation of the workers compensation law

If the insurer mistakenly pays any charges that are in excess of the regular benefits required by the workers compensation law on behalf of the insured, the insured must promptly reimburse the insurer.

G. Recovery From Others

We have your rights, and the rights of persons entitled to the benefits of this insurance, to recover our payments from anyone liable for the injury. You will do everything necessary to protect those rights for us and to help us enforce them.


This is the subrogation provision of the policy. Most workers compensation laws provide that an employer is subrogated to the employee’s rights against third parties, to the extent of the compensation payable by the employer.

Under this policy provision, the employee’s rights, which have passed to the employer by statute, are in turn passed to the insurer by contract. Any recoveries of damages in such a case will usually be subject to the workers compensation insurer’s right to recover an amount equal to the benefits paid under the policy.

The insured is obligated to do everything necessary to protect those rights for the insurer and to help the insurer in enforcing them.

The Waiver Of Our Right To Recover From Others Endorsement, WC 00 03 13, may be used to waive the insurer’s right of subrogation against named third parties who may be responsible for an injury. The endorsement provides a schedule to list the person or organization to which the benefit will inure. The insurer will usually charge for this endorsement.

H. Statutory Provisions

These statements apply where they are required by law.
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<table>
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<tbody>
<tr>
<td>1. As between an injured worker and us, we have notice of the injury when you have notice.</td>
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<tr>
<td>2. Your default or the bankruptcy or insolvency of you or your estate will not relieve us of our duties under this insurance after an injury occurs.</td>
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<tr>
<td>3. We are directly and primarily liable to any person entitled to the benefits payable by this insurance. Those persons may enforce our duties; so may an agency authorized by law. Enforcement may be against us or against you and us.</td>
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<tr>
<td>4. Jurisdiction over you is jurisdiction over us for purposes of the workers compensation law. We are bound by decisions against you under that law, subject to the provisions of this policy that are not in conflict with that law.</td>
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</tr>
<tr>
<td>5. This insurance conforms to the parts of the workers compensation law that apply to: a. Benefits payable by this insurance; or b. Special taxes, payments into security or other special funds, and assessments payable by us under that law.</td>
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<tr>
<td>6. Terms of this insurance that conflict with the workers compensation law are changed by this statement to conform to that law.</td>
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Nothing in these paragraphs relieves you of your duties under this policy.


This section of the policy incorporates six provisions required by the workers compensation laws of at least one state, which apply only to claims subject to the law of a state requiring the provision.

The First statutory provision states that an injured worker’s notice of injury to the employer will be considered notice to the insurer. Verbal notice to the employer is sufficient, unless state law requires otherwise.

The Second statutory provision states that the policy will remain in effect and its coverage will remain unchanged in the event of a bankrupt or insolvent insured. This provision does not prevent the insurer from canceling the policy in accordance with the policy cancellation provisions. However, the bankruptcy laws in some states may affect the insurer's ability to cancel. Coverage remains in force until the effective date of a valid cancellation. Cancellation of the policy would only prevent coverage for injuries occurring after the cancellation date, however injuries that occurred prior to the effective date of cancellation would still be covered.

The Third statutory provision grants what is known as the right of "direct action" to workers compensation claimants, when required by state law. It stipulates that the insurer is liable directly to any person entitled to the benefits payable under the policy, and that the Employers duties under the law can be enforced against the insurer. A claimant can sue the insurer directly instead of the employer.
The Fourth statutory provision states that the insurer is bound by the workers compensation law in the same manner as the insured. Therefore, any decisions against the insured under that law will also bind the insurer.

The Fifth statutory provision states that the policy conforms to statutory requirements with regard to not only payment of benefits but also taxes and other assessments payable by the insurer, such as payments to a state guarantee or second injury fund and residual market assessments.

The last statutory provision states that where required by law, any policy terms that are in conflict with applicable law are changed to conform to the law.

Only those provisions that are actually required by law in a given state are made part of the insurance contract, and only as to the policy coverage for that state.

Nothing stated in this provision will in any way relieve the insured employer of any duties or conditions otherwise specified in this insurance contract.

**PART TWO EMPLOYERS LIABILITY INSURANCE**

Part Two of the policy contains the provisions applicable to "Employers liability" insurance, as opposed to the workers compensation insurance provided under Part One. The key distinction is that Part One applies to statutory benefits payable by the insured whereas Part Two applies to common law or other damages recoverable from the insured.

PART TWO

EMPLOYERS LIABILITY INSURANCE


What is commonly referred to simply as the "workers compensation policy" actually provides two insurance coverages. Part one of the policy provides coverage for workers compensation benefits prescribed by applicable statutory law. Part two provides coverage for the insured's legal liability for employment-related bodily injury or disease other than workers compensation benefits.

Workers compensation benefits are intended to be the "exclusive remedy" for employees injured on the job. Injured workers were to be provided with specific benefits, regardless of negligence. In exchange, they would give up the right to sue the employer for damages in connection with work-related injuries. However, not all employees are eligible for workers compensation benefits in the event of on-the-job injury. And there are also some circumstances under which an injured worker who is entitled to workers compensation benefits may be allowed to sue the employer, either in addition to or instead of workers compensation benefits.

Liability for work-related injury and disease not covered by applicable workers compensation law is covered under the Employers liability portion of a workers compensation policy. Since
there is no state law stipulating what is and is not covered, all employers liability coverage provisions must be spelled out clearly. The Employers liability part of the policy, therefore, is much longer than the workers compensation part.

**A. How This Insurance Applies**

This Employers liability insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.


Like its counterpart in the workers compensation coverage portion of the policy, this provision states that coverage applies only to bodily injury.

1. The bodily injury must arise out of and in the course of the injured employee's employment by you.

2. The employment must be necessary or incidental to your work in a state or territory listed in Item 3.A. of the Information Page.

3. Bodily injury by accident must occur during the policy period.

4. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.

5. If you are sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America, its territories or possessions, or Canada.


The employers liability portion of the policy -- part two -- covers the insured for liabilities arising out of the injury of an employee in the course of employment that are not in the scope of workers compensation coverage. The insurer agrees to pay all sums that the insured becomes legally obligated to pay as damages because of bodily injury to employees, "provided the bodily injury is covered by this Employers liability insurance." Bodily injury must arise out of and in the course of employment by the insured, and the employment must be necessary or incidental to the insured’s work in a state or territory listed on the information page.

In order for bodily injury to be covered under the Employers liability portion of the policy, all five of the above criteria must be met. Since coverage under the Employers liability insurance
portion of the policy does not depend on statutory provisions, all of the terms and conditions of coverage must be spelled out in the policy.

There is an abundance of judicial interpretation on the meaning and application of the phrase "arising out of and in the course of" the injured worker's employment by the insured; such as whether injury is compensable when the employee is injured traveling to and from work, or on a personal errand during work, and what personal activities are considered to be "in the course of employment" when an employee is out of town on business.

The requirement that employment be necessary or incidental to the Employers work in a state listed under item 3.A. of the information page means that coverage is not necessarily limited to the states for which workers compensation coverage is provided. As long as the employment is connected with the Employers work in a state listed under item 3.A., the Employers liability coverage of the policy applies.

There is no Employers liability coverage for operations in monopolistic state fund states. Employers whose only exposures in the monopolistic fund states are necessary and incidental to their work in other states would have Employers liability coverage for the exposure without the need for any endorsement. But an employer with operations in a monopolistic state that has purchased the required workers comp coverage from the state fund has an Employers liability coverage gap in that state. The coverage afforded by the policies or funds of these jurisdictions does not apply to injuries that are not covered by the workers compensation law. An endorsement designed to eliminate this coverage gap: the Employers liability coverage endorsement (WC 00 03 03) is discussed later in this course.

Employers liability insurance deals with "bodily injury.") It does not provide coverage for "personal injury" (including such things as slander, libel, false imprisonment, and invasion of privacy, etc.) or for any kind of property damage. This section also defines the kinds of bodily injury that are covered. It states that the policy applies to bodily injury by accident as well as by disease, and includes resulting death.

Bodily injury from an accident must occur during the policy period. Bodily injury from disease must be caused or aggravated by the conditions of employment, and the employee's last day of last exposure to the employment conditions causing or aggravating the disease must occur during the policy period (the "last injurious exposure" rule).

The coverage is limited to legal actions that are brought in the United States or in Canada, not in other foreign countries.

**B. We Will Pay**

We will pay all sums you legally must pay as damages because of bodily injury to your employees, provided the bodily injury is covered by this Employers Liability Insurance.

This is the basic indemnity provision or insuring agreements of Part Two. Employers liability insurance is insurance against tort or other liability for "damages," as opposed to the Employers statutory liability for workers compensation "benefits" under Part One.

The insurer agrees to pay all damages for which the insured is legally liable due to an employee's bodily injury, provided that the bodily injury is covered under the terms and conditions of the Employers liability insurance portion of the policy. Coverage applies unless excluded by any of the following Employers liability exclusions.

The damages we will pay, where recovery is permitted by law, include damages:

1. For which you are liable to a third party by reason of a claim or suit against you by that third party to recover the damages claimed against such third party as a result of injury to your employee;

2. For care and loss of services; and

3. For consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee;

Provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by you; and

4. Because of bodily injury to your employee that arises out of and in the course of employment, claimed against you in a capacity other than as employer.


After stating that coverage applies to all employers' liability claims not specifically excluded under the policy, this provision goes on to explicitly grant coverage for four of the most common types of employers liability claims.

- Third-party-over suits
- Loss of consortium suits
- Dual capacity suits
- Consequential bodily injury suits

"Third-party-over" suits are lawsuits filed by a third party seeking indemnity because it was held liable for an employee's injury.

Loss of consortium suits are lawsuits filed by an injured employee's spouse for loss of the "services" of his or her spouse. Under common law, these services include sexual relations, companionship, and help in performing household chores and maintenance. Occasionally suits by a parent over the loss of services of a child, and suits by a child over the loss of services of a parent, also fall into this category.
"Dual capacity" suits are lawsuits brought by an injured employee against the employer when the injury arises from a product the employer manufactures. In such a case the exclusive remedy doctrine contained in workers compensation law may not be effective because the employer was acting in a dual capacity as both employer and manufacturer at the time of the injury.

“Consequential bodily injury” suits are lawsuits filed by a family member for injury suffered as a consequence of the employee's injury. Many states have enacted legislation to limit consequential bodily injury suits.

Employers liability coverage is not limited to these four types of claims. Coverage also applies to Employers liability suits that do not fall into any of the four described categories. These are, however, by far the most common.

The policy can be endorsed to provide employers-liability-only coverage in a particular state (using the employers liability coverage endorsement, WC 00 03 03 B). However, this can only be done when all of the insured’s employees are excluded from the applicable workers compensation law or have elected not to be subject to it, and only in states where issuance of an Employers-liability-only policy is legal.

C. Exclusions

This insurance does not cover:

Part one of the policy (workers compensation insurance) contains no exclusions, since coverage is determined by the applicable jurisdiction's workers compensation statutes. Under part two of the policy (Employers liability insurance), however, the scope of coverage must be defined by the policy. These exclusions are very important and must be reviewed carefully to have a full understanding of the extent of coverage provided.

1. Liability assumed under a contract. This exclusion does not apply to a warranty that your work will be done in a workmanlike manner;

Employers liability insurance covers only liability imposed by law; liability assumed under contract is not covered. However, claims for employers liability assumed under contract are usually covered under the Commercial General Liability (CGL) form (CG 00 01 10 01), because the CGL policy's employers liability exclusion has an exception for contractually assumed liability.
The contractual liability exclusion does not apply to a warranty that the work performed by the insured will be done in a workmanlike manner. Such a warranty is not considered to be a "contract" in the sense that the term is used here. The reason for this exception is that an employee who performed their work negligently or in an unknown like manner and is injured will still be covered.

2. Punitive or exemplary damages because of bodily injury to an employee employed in violation of law;


Unless the policy is endorsed, there is no coverage for punitive or exemplary damages imposed because of bodily injury to an employee employed in violation of the law (such as an illegally employed minor or an illegal alien). At present, only one such jurisdiction, Louisiana, requires that policies must include endorsement WC 17 03 02, which deletes this exclusion from the policy on the basis that it violates public policy in Louisiana. Many jurisdictions prohibit insurance coverage for punitive or exemplary damages on the basis that allowing insurance coverage for these damages is against public policy.

3. Bodily injury to an employee while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers;


There is also no coverage for bodily injury damages, if the insured or the insured's executive officers knew that the employee was employed in violation of the law.

4. Any obligation imposed by a workers compensation, occupational disease, unemployment compensation, or disability benefits law, or any similar law;


Employers liability coverage does not apply to benefits owed under state workers compensation law. Liability for workers compensation benefits is covered under part one of the policy—or not at all.

Coverage for unemployment compensation, disability benefits law, and any other similar law is not provided under any part of this policy.
5. Bodily injury intentionally caused or aggravated by you;


The policy excludes liability for injury inflicted by or at the direction of an individual named insured or a partner if the insured is a partnership, or the person controlling a corporate named insured.

In most jurisdictions, common lawsuits are allowed only where it is shown that the employer acted with deliberate intent to injure; even gross negligence is not sufficient. Usually only an injury inflicted by the employer in person is actionable. Employers generally may not be sued for injuries deliberately inflicted by fellow employees, including supervisors.

6. Bodily injury occurring outside the United States of America, its territories or possessions, and Canada. This exclusion does not apply to bodily injury to a citizen or resident of the United States of America or Canada who is temporarily outside these countries;


Injury that occurs outside the United States, its territories or possessions, and Canada is not covered, except for citizens or residents of the United States or Canada who are temporarily outside the country. Employers liability in connection with injury to these employees is not excluded, even if it occurs outside these boundaries.

Employees temporarily outside the country may or may not be entitled to workers compensation benefits if they are injured outside the country, depending on the extraterritoriality provisions of the applicable state law. Many states extend benefits to those injured outside its borders (whether in another state or outside the country) provided that the contract of hire was made in the state or the principal localization of the employment is in the state. Many employers cover this exposure by using a voluntary compensation endorsement (WC 00 03 11). Under this endorsement, if a covered employee is injured while temporarily on assignment outside the United States, benefits equivalent to those provided by the workers compensation law of the employee's home state are provided.

Employers assigning U.S. nationals to work indefinitely outside of the United States can arrange workers compensation coverage for injury to these employees by endorsement or under a separate policy. A foreign voluntary workers compensation policy or endorsement is generally used. There is no NCCI foreign voluntary workers compensation endorsement, but manuscript foreign voluntary workers compensation endorsements are in widespread use.

More information will be available.
7. Damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any employee, or any personnel practices, policies, acts or omissions;


This exclusion is commonly known as the employment-related practices exclusion. The purpose of this exclusion is to clarify "that these acts fall outside common law negligence, the principal risk to be covered by Employers liability insurance."

Due to a similar exclusion in the CGL policy, the insured would not have coverage for any claims of this type under the general liability policy. Employment practices liability policies are available from a few specialty markets however, these policies differ widely. It is important that the agent review their language carefully.

8. Bodily injury to any person in work subject to the Longshore and Harbor Workers' Compensation Act (33 USC Sections 901-950), the Nonappropriated Fund Instrumentalities Act (5 USC Sections 8171-8173), the Outer Continental Shelf Lands Act (43 USC Sections 1331-1356), the Defense Base Act (42 USC Sections 1651-1654), the Federal Coal Mine Health and Safety Act of 1969 (30 USC Sections 901-942), any other federal workers or workmen's compensation law or other federal occupational disease law, or any amendments to these laws;

9. Bodily injury to any person in work subject to the Federal Employers' Liability Act (45 USC Sections 51-60), any other federal laws obligating an employer to pay damages to an employee due to bodily injury arising out of or in the course of employment, or any amendments to those laws;


Unless coverage for liability imposed by a specific federal act has been added to the policy by endorsement, there is no coverage.

All of the federal law coverage endorsements for federal workers compensation laws except the Federal Coal Mine Health and Safety Act coverage endorsement (WC 00 01 02) provide coverage for both workers compensation benefits and employers liability. The federal coal mine health and safety act coverage endorsement provides only workers compensation coverage, because the Black Lung Act does not impose Employers liability for damages.

Each of the federal workers compensation laws is specifically mentioned in this exclusion except the Federal Employees Compensation Act (FECA), because the only employer subject to FECA is the federal government, and it self-insures for the benefits established in the Act.

Liability imposed by the Federal Employers Liability Act (FELA), the railroad Employers liability act, is also excluded.
Federal workers’ compensation and employers’ liability laws and endorsements are covered in detail later in this course.

10. Bodily injury to a master or member of the crew of any vessel;


Unless coverage for liability imposed by federal or maritime law has been added to the policy by endorsement, there is no coverage.

No single law establishes the rights of seamen in the event of on-the-job injury. Instead, there are several different laws that may be applicable to work-related injuries suffered by masters and crewmembers of vessels. The common law of the sea (referred to as general maritime law or admiralty law) holds that vessel owners owe "transportation, wages, maintenance, and cure" to masters or members of a crew of a vessel in the event of injury or illness during the voyage, regardless of whether the injury or illness is work related. Seamen can also sue the vessel owner for damages resulting from the unseaworthiness of the ship.

There are also two federal acts that provide injured seamen with legal remedies: the Death on the High Seas Act and the Merchant Marine Act of 1920. The Death on the High Seas Act establishes a cause of action against those responsible for beneficiaries of any persons (including seamen) killed on the high seas. The Merchant Marine Act of 1920 (the Jones Act) makes FELA (the act that provides employees of interstate railroads with a negligence remedy for on-the-job injury) applicable to seamen. The Jones Act provides seamen with a negligence remedy for on-the-job injury without having to overcome employer defenses of assumption of the risk or fellow servant liability. Contributory negligence of the employee does not bar recovery, but recovery is reduced by the proportion of negligence attributable to the employee.

Employers can obtain coverage for liability imposed by all of these laws by purchasing the maritime coverage endorsement (WC 00 02 01) to a standard workers compensation policy.

Vessel owners may also have coverage for these claims under a protection and indemnity (P&I) policy. P&I policies provide coverage for a number of different types of liability faced by vessel owners, including liability for injuries suffered by seamen.

More information will be available in the Endorsements section of this course.

11. Fines or penalties imposed for violation of federal or state law; and


The policy does not provide coverage for fines or penalties imposed for violation of any federal or state law. Only liability for damages as a result of bodily injury to an employee is covered.
12. Damages payable under the Migrant and Seasonal Agricultural Worker Protection Act (29 USC Sections 1801-1872) and under any other federal law awarding damages for violation of those laws or regulations issued thereunder, and any amendments to those laws.


The Migrant and Seasonal Agricultural Worker Protection Act (MSAWPA) imposes housing safety requirements, motor vehicle safety requirements, motor vehicle liability insurance requirements, and job information disclosure requirements on those who recruit, transport to job sites, provide temporary housing for, and employ migrant and seasonal agricultural workers. Those who violate the Act are subject to both criminal and administrative sanctions. The Act also specifically establishes a private right of action for actual or statutory damages. Coverage for damages (but not fines and penalties) under the Act can be added by endorsement, using the Migrant and Seasonal Agricultural Worker Protection Act coverage endorsement (WC 00 01 11).

D. We Will Defend


This provision is nearly identical to its counterpart in the workers compensation portion of the policy. The following are the only two differences:

- The Employers liability "we will defend" provision promises to defend suits for covered damages, while the workers compensation provision promises to defend suits for covered benefits.

- Because Employers liability insurance is subject to limits of liability, the duty to defend ends when the insurer has paid out the applicable limit of liability as indemnity. Defense costs are not included within the limit. This is in contrast to workers compensation coverage, which is not subject to any limit of liability other than limits prescribed by the applicable workers compensation law.
E. We Will Also Pay

We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding, or suit we defend:

1. Reasonable expenses incurred at our request, but not loss of earnings;

2. Premiums for bonds to release attachments and for appeal bonds in bond amounts up to the limit of our liability under this insurance;

3. Litigation costs taxed against you;

4. Interest on a judgment as required by law until we offer the amount due under this insurance; and

5. Expenses we incur.


The insurer will pay certain costs in connection with its defense of a claim or legal proceeding. Specified are the particular costs and expenses that will be paid by the insurer in connection with the duty to defend under Employers liability coverage. These costs and expenses are not necessarily part of the defense itself. They are:

- Reasonable expenses incurred by the employer—if at the request of the insurer—other than loss of earnings

- Premiums on bonds to release attachments or for appeal bonds. The amounts of those bonds cannot exceed the amounts payable under this insurance policy

- Litigation costs taxed against the insured employer

- Interest on a judgment as required by law, until such time as the insurer offers payment for the amount due

- Those expenses incurred by the insurer

F. Other Insurance

We will not pay more than our share of damages and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that apply, all shares will be equal
until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance and self-insurance will be equal until the loss is paid.


The other insurance provision addresses apportionment of benefits and costs when more than one policy or self-insurance arrangement applies to a given claim.

This provision is the same as the other insurance clause discussed previously under part one of the WC policy. The only difference between them is that the workers compensation other insurance provision refers to "benefits" where the employers liability other insurance provision refers to "damages."

G. Limits of Liability

G. Limits of Liability

Our liability to pay for damages is limited. Our limits of liability are shown in Item 3.B. of the Information Page. They apply as explained below.

1. Bodily Injury by Accident. The limit shown for "bodily injury by accident—each accident" is the most we will pay for all damages covered by this insurance because of bodily injury to one or more employees in any one accident.

A disease is not bodily injury by accident unless it results directly from bodily injury by accident.

2. Bodily Injury by Disease. The limit shown for "bodily injury by disease—policy limit" is the most we will pay for all damages covered by this insurance and arising out of bodily injury by disease, regardless of the number of employees who sustain bodily injury by disease. The limit shown for "bodily injury by disease—each employee" is the most we will pay for all damages because of bodily injury by disease to any one employee.

Bodily injury by disease does not include disease that results directly from a bodily injury by accident.

3. We will not pay any claims for damages after we have paid the applicable limit of our liability under this insurance.


Unlike the workers compensation section of the policy, Employers liability insurance is subject to specific limits of liability in most states. The limits of liability for Employers liability insurance are broken down into three parts:

- The "bodily injury by accident—each accident" limit shown on the information page is the most the insurer will pay for all damages covered by policy because of bodily injury
to one or more employees in any one accident. Clarification is made that disease is not bodily injury by accident unless it results directly from any bodily injury by accident, regardless of how many claims arise out of the accident.

- The "bodily injury by disease—each employee" limit shown on the information page is the most the insurer will pay for damages covered which arise out of bodily injury by disease, regardless of the number of employees involved who happen to sustain a disease. It also clarifies that bodily injury by disease does not include disease that results directly from a bodily injury by accident.

- The "bodily injury by disease—policy limit" shown on the information page is the most the insurer will pay for bodily injury by disease claims, regardless of how many employees make such claims. No other benefits or payments for disease will be made once the insurer has made one or more payments totaling this maximum or aggregate limit of liability as it applies to disease.

The standard employers liability coverage limits are as follows.

- $100,000 Bodily injury by accident—each accident
- $100,000 Bodily injury by disease—each employee
- $500,000 Bodily injury by disease—policy limit

These limits can be, and often are, increased for an additional premium. Many umbrella insurers require underlying Employers liability limits that are greater than the standard limits.

Additional or "excess" Employers liability insurance may also be provided under an excess or umbrella policy, separate from the workers compensation and employers liability policy. Currently New York, Massachusetts, Missouri, and New Jersey require unlimited employers liability insurance. For these states, special endorsement forms are used.

**H. Recovery From Others**

H. Recovery From Others

We have your rights to recover our payment from anyone liable for any injury covered by this insurance. You will do everything necessary to protect those rights for us and to help us enforce them.


This is the subrogation provision applicable to employers' liability. In the event that payments are made under the employers' liability coverage portion of the policy, the insurer has the insured's rights to recover the payments from any third party responsible in whole or in part for the injury. The insured is obligated to do everything necessary to protect those rights for the insurer and to assist the insurer in enforcing them. It differs from Part One G in that it does not give the insurer the insured employee's rights, but is limited to giving the insurer the rights of the
employer against third parties. This difference is necessary because contractually the insurer can only acquire rights from the employer, with whom it has a contract.

Waiver Of Our Right To Recover From Others Endorsement, WC 00 03 13, may be used to waive the insurer's right of subrogation against named third parties who may be responsible for an injury. The endorsement provides a Schedule to list the person or organization to which the benefit will inure. Typically, the insurer will charge for the use of this endorsement.

However, this endorsement limits its application to work performed by the insured under a written contract that requires the insured to obtain a written waiver of recovery rights from the insurer. A manuscript blanket waiver of subrogation may be another option.

**I. Action Against Us**

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<thead>
<tr>
<th>1. Actions Against Us</th>
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<tbody>
<tr>
<td>There will be no right of action against us under this insurance unless:</td>
</tr>
<tr>
<td>1. You have complied with all the terms of this policy; and</td>
</tr>
<tr>
<td>2. The amount you owe has been determined with our consent or by actual trial and final judgment.</td>
</tr>
</tbody>
</table>

This insurance does not give anyone the right to add us as a defendant in an action against you to determine your liability. The bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this Part.


There is no right of direct action against the insurer until the insurer's liability to the insured has become fixed by consent or by a judgment. The insurer is not relieved of responsibility due to the bankruptcy or insolvency of the insured.

This clause stresses that the WC policy is a contractual agreement between the insured and the insurer and no other outside party has the right to sue the insurer to enforce the provisions of the policy.

**PART THREE - OTHER STATES INSURANCE**

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<th>PART THREE</th>
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<td>OTHER STATES INSURANCE</td>
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</table>

This section extends both workers compensation and employers liability coverage to the jurisdictions specified in item 3.C. of the information page.

This unique feature of the workers compensation and employers liability policy allows an insured to have additional coverage, based upon possible exposures to liability in states where the employer does not currently have "operations."

A. How This Insurance Applies

A. How This Insurance Applies

1. This other states insurance applies only if one or more states are shown in Item 3.C. of the Information Page.

2. If you begin work in any one of those states after the effective date of this policy and are not insured or are not self-insured for such work, all provisions of the policy will apply as though that state were listed in Item 3.A. of the Information Page.

3. We will reimburse you for the benefits required by the workers compensation law of that state if we are not permitted to pay the benefits directly to persons entitled to them.

4. If you have work on the effective date of this policy in any state not listed in Item 3.A. of the Information Page, coverage will not be afforded for that state unless we are notified within thirty days.


If there are other states shown in Item 3.C. of the Information Page and the insured begins any operations or work in those states the policy applies as though that state were listed in Item 3.A.

There is no separate premium charge for Part Three. If the insured actually begins operations in those states, the appropriate state rates will apply to the exposure base actually developed during the policy period, resulting in the proper premium charge. Part Three A.2. clarifies that all notification and other provisions of the policy apply to Other States Insurance.

Part Three A.3. allows an insurer which is not authorized to make compensation payments directly to an injured employee in a particular state, to make those payments indirectly through the employer.

If the insured already has ongoing work on the effective date of the policy in any state not listed in item 3.A. of the information page, coverage will not be afforded for that state unless the insurer is notified within 30 days.

To avoid an uninsured loss due to oversight, when possible the statement "all states except North Dakota, Ohio, Washington, West Virginia, Wyoming (the monopolistic states), and states designated in item 3.A. of the information page" should be inserted in item 3.C. However, an
insurer licensed to operate in only a limited number of states should not include this broad statement in the WC policy since it might give the impression that the insurer is authorized to write WC insurance in all states.

B. Notice

Tell us at once if you begin work in any state listed in Item 3.C. of the Information Page.


Other states coverage is triggered by an entry under item 3.C. of the information page of the names of states for which other states coverage is provided. The other states section of the policy is designed to provide temporary automatic coverage for new operations in other states, plus coverage for incidental exposures in other states. If the insured begins operations in one of the states listed for other states insurance, the insurer is to be notified "at once." Assuming that the insurer is willing to continue to provide coverage for the new operation, it will then delete that state under item 3.C. and add it under item 3.A. of the information page. Other states insurance does not provide longshoremen and harbor workers compensation coverage.

Many employers and their agents and brokers have been in the habit of relying on other states coverage to pick up new operations in states not declared in item 3.A. of the information page of the policy without the bother of notifying the insurer of the new operations. There can be severe consequences of failure to notify the insurer of operations that are ongoing in an "other state." The insurer has grounds for denying coverage on the basis of the insured's failure to inform the insurer "at once" when work begins in an other states coverage state. It is important for agents and brokers to make their clients aware of it.

For most businesses, the need for other states coverage arises not so much from new operations or new facilities, but from the potential for "incidental" exposures in other states exposures that arise from temporary, occasional work in or work-related travel involving other states.

State workers compensation laws vary from one another, not only benefit levels, but also whether the law applies to injuries suffered outside the state (extraterritorial injuries), whether the law applies to injuries to "transients" (persons only temporarily in the state at the time of the injury), and whether common law suits are permitted in connection with a workplace injury.

It is entirely possible for an employee injured in a state other than the ones where the employer normally operates to be covered by the workers compensation law of another state. If the other state offers significantly higher benefits, or allows common lawsuits in connection with workplace injuries, or if there is no applicable state workers compensation law, the employee might elect to file a claim under that state's workers compensation law. Every business could conceivably have an incidental workers compensation exposure in another state at some point.

In general, a state may apply its workers compensation law to a given injury whenever it has sufficient interests in the case, such as these circumstances:
- When the injury takes place in the state
- When the contract of employment was made in the state
- When the employment is principally localized in the state
- When the injured employee resides in the state
- When the employer is principally localized in the state

A workers compensation award in one state does not necessarily preclude a workers compensation award in another state having an interest in the case. Nor does a denial of workers compensation benefits in one state necessarily prevent another state from awarding benefits for the injury in question. However, when there are successive awards of benefits from more than one state, each state must subtract the amount already awarded in other states. The effect of this requirement is that the claimant can potentially collect the full amount of the benefits of the most generous state, but no more than that. Duplicate recoveries are possible only under a few specific and rare circumstances.

**PART FOUR YOUR DUTIES IF INJURY OCCURS**

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**PART FOUR**

**YOUR DUTIES IF INJURY OCCURS**


This section of the policy lists the insured's duties in the event of an injury that may be covered by workers compensation, employers liability, or other states insurance.

Seven specific duties are mentioned in this policy condition that apply to any loss, injury, accident, or damages that occur under any part of this contract—Parts One, Two, and Three.

Tell us at once if injury occurs that may be covered by this policy. Your other duties are listed here.


The first duty is found in the opening sentence of this paragraph which states that the insured must inform the insurer "at once" if an injury covered by this policy has occurred. Prompt notice allows the insurer to pay claims expeditiously and to reserve funds for future benefit payments appropriately. It also gives the insurer the opportunity to make a prompt investigation of the accident. If the investigation is not made promptly, it typically becomes much more difficult to gather the necessary information, and the quality of that information often suffers dramatically. The insured's failure to give timely notice of the injury to the insurer are not spelled out in the policy could void coverage.
This condition does not stipulate that the notice of injury must be made in writing, however, it is probably best to do so since it would enable the insured to easily demonstrate compliance with the notification requirement.

1. Provide for immediate medical and other services required by the workers compensation law.


The first duty of the insured in the event of injury is to "provide for" emergency medical care for the injured worker. This may consist of calling for an ambulance and providing first-aid, until medical help arrives.

2. Give us or our agent the names and addresses of the injured persons and of witnesses, and other information we may need.


Second, the insured must provide the insurer or the agent of the insurer with the details of the loss or injury that may assist in the settlement of any loss or claim. This should include the names and addresses of injured persons, witnesses, or any other related information.

3. Promptly give us all notices, demands and legal papers related to the injury, claim, proceeding or suit.


This condition requires the insured to give all legal papers related to a claim to the insurer "promptly." If the insured's failure to give any such document to the insurer promptly were to negatively affect the outcome of a given claim, the insurer might be able to deny coverage.

4. Cooperate with us and assist us, as we may request, in the investigation, settlement or defense of any claim, proceeding or suit.

It is mandatory that the insured cooperate with and assist the insurer with the investigation, settlement, or defense of any claim, proceeding, or suit—as often as the insurer requests. No number of times or limitation is placed upon the frequency of the insurer’s requests.

The insured’s failure to cooperate in the insurer’s investigation, settlement, or defense of a claim could certainly have a negative effect on the outcome of the case—and in turn on the insured’s future workers compensation premiums.

5. Do nothing after an injury occurs that would interfere with our right to recover from others.


Both the workers compensation coverage part and the employers liability coverage part contain recovery against others (subrogation) provisions that state that the insurer has the insured's rights to recover from other responsible parties for its payments and costs under the policy. The insured must not do anything that would interfere with the insurer’s right to recover from others once an injury or accident has occurred.

The insured cannot waive its recovery rights against others, orally or in writing, after an employee has been injured.

6. Do not voluntarily make payments, assume obligations or incur expenses, except at your own cost.


The insured cannot voluntarily make payments, assume obligations, or incur expenses. If the insured so chooses to do so, it will be at the insured's own expense and the insurer is not obligated to cover or reimburse for such costs.

PART FIVE--PREMIUM

Part Five of the policy describes how and when premium is determined, when it is payable, and how cancellation of the policy affects premium. It also imposes record-keeping requirements on the insured and gives the carrier the right to inspect and audit the insured’s records as they relate to the policy.
A. Our Manuals

All premium for this policy will be determined by our manuals of rules, rates, rating plans and classifications. We may change our manuals and apply the changes to this policy if authorized by law or a governmental agency regulating this insurance.

This clause simply informs the insured that the insurer's manual is the guide for determining premiums.

Normally, the carrier's manuals of rules, rates, rating plans and classifications will be the corresponding manuals filed by NCCI with the insurance regulatory authorities in its capacity as a licensed rating or advisory organization, on behalf of all NCCI member carriers.

In the remaining states, the insurer's manuals are published by the state workers compensation-rating bureau for use by all insurers, which are generally very similar in format and content to NCCI manuals.

Workers compensation premium calculation rules and procedures are established in three different manuals; the titles of the NCCI versions of these manuals are listed below.

- The Basic Manual for Workers Compensation and Employers Liability Insurance
- The Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance
- The Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance

The Basic Manual for Workers Compensation and Employers Liability Insurance. This manual includes rules, classifications, "manual" rates, rating values, and premium discounts for all NCCI jurisdictions. Exceptions to rules and classifications that apply to workers compensation written in a particular state are included in the Basic Manual's state exception pages.

The Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance. This manual describes in detail the operation of the mandatory experience-rating plan under which an insured's past loss experience is used to calculate a modification factor, which either increases or decreases the current policy premium from the manual premium level.

Experience rating rewards businesses with better-than-average workers compensation loss experience and penalizes businesses with worse-than-average loss experience in their industry.
In most states, experience rating is mandatory for all insureds whose annual workers compensation premium is in excess of a specified amount—typically $5,000.

**The Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance.** This manual describes the operation of various optional rating plans that modify the premium for a given policy period, in addition to experience rating, based upon the insured's actual loss experience during that policy period. It is available in most states, to insureds whose guaranteed cost premium exceeds a specified amount.

Because the manuals are constantly being revised, particularly regarding rate revisions (which take place at least annually in most states), the second sentence of Part Five A provides that changes in the manuals will apply to the policy if they are authorized by law or by a regulatory agency. Workers compensation rates are tightly regulated in most states, and the rates must be approved by the insurance department prior to use.

Rate changes which are attributable to changes in the benefit provisions of state workers compensation laws may be applied to outstanding policies on a pro rata basis from the effective date of the rate change forward. Two standard policy endorsements, the Pending Rate Change Endorsement, WC 00 04 04, and The Rate Change Endorsement, WC 00 04 07, are used in connection with these kinds of rate changes.

**B. Classifications**

<table>
<thead>
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<th>B. Classifications</th>
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<tr>
<td>Item 4 of the Information Page shows the rate and premium basis for certain business or work classifications. These classifications were assigned based on an estimate of the exposures you would have during the policy period. If your actual exposures are not properly described by those classifications, we will assign proper classifications, rates and premium basis by endorsement to this policy.</td>
</tr>
<tr>
<td><strong>Source:</strong> Workers Compensation and Employers Liability Insurance Policy, WC 00 00 00 A, National Council on Compensation Insurance, Effective April 1, 1992.</td>
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</tbody>
</table>

For purposes of workers compensation rating, an insured business is assigned one or more classifications intended to accurately reflect the work done by that business. For each classification, there is an associated rate, which is multiplied times the exposure basis (usually payroll) to determine the premium.

The classifications of the insured's business shown on the Information Page are estimates of what the insured's actual work classifications will be during the policy period. These estimates may be based upon the insured's representations to the carrier at the time the policy is applied for, or upon an actual investigation or inspection performed by the carrier or on its behalf.

If the nature of the insured's business changes during the policy period, or if it appears later that the original estimates were not correct at the time they were made, this provision gives the carrier the right to make changes to reflect the actual exposures presented.
C. Remuneration

Premium for each work classification is determined by multiplying a rate times a premium basis. Remuneration is the most common premium basis. This premium basis includes payroll and all other remuneration paid or payable during the policy period for the services of:

1. All your officers and employees engaged in work covered by this policy; and

2. All other persons engaged in work that could make us liable under Part One (Workers Compensation Insurance) of this policy. If you do not have payroll records for these persons, the contract price for their services and materials may be used as the premium basis. This paragraph 2 will not apply if you give us proof that the employers of these persons lawfully secured their workers compensation obligations.


A premium for each classification is determined by multiplying a rate (usually expressed in dollars and cents per $100) times a premium basis (usually "remuneration" or "payroll").

Remuneration includes payroll and all other sums paid or payable during the policy period for the services of all of the insured's executive officers and employees engaged in work covered by the policy. Salary and wages are not the only forms of remuneration that must be used in calculating workers compensation premium. Certain benefits are to be assigned a dollar value and added to salary and wages for purposes of premium calculation. The exposure for workers that are not on the insured's regular payroll but who still represent a risk for workers compensation, is handled through the use of the contract price between the insured and these workers as a premium basis. If these workers have workers comp coverage through other employers, the risk of loss is lessened for the insured and the insurer, and so, there is no need to charge for the exposure.

Rule V of the Basic Manual explains what is to be included and what can be excluded from remuneration for premium calculation purposes.

This provision specifically mentions officers engaged in work covered by the policy. Payroll for covered executive officers can be limited to a specified amount, which varies by state, for purposes of premium calculation.

In a number of states, executive officers may elect not to be covered. If an officer has elected not to be subject to workers compensation law, the policy must be endorsed, and that officer's remuneration excluded in premium calculations.
## REMUNERATION INCLUSIONS AND EXCLUSIONS

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<td>Pay for holidays</td>
<td>Military duty pay</td>
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<td>Vacation pay</td>
<td>Employee discounts</td>
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<td>Social security payments</td>
<td>Supper money for late work</td>
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<td>Profit sharing, etc.</td>
<td>Work uniform allowances</td>
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<tr>
<td>Allowances for hand tools</td>
<td>Sick pay by third party</td>
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<tr>
<td>Rental value of living quarters</td>
<td>&quot;Perks&quot; such as automobile</td>
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<tr>
<td>Value of lodging</td>
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<td>Value of meals</td>
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<td>Value of store certificates</td>
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<td>Employee's deductions to plans</td>
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<td>Davis-Bacon wages</td>
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<td>Annuity plans</td>
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<td>Expense reimbursements (no records)</td>
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<tr>
<td>Filming commercials (but not residuals)</td>
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</tbody>
</table>

### LIST OF STATES WHERE EXECUTIVE OFFICERS MAY BE EXCLUDED

- Alabama
- Alaska
- Arizona
- Arkansas
- Colorado
- Connecticut
- District of Columbia*
- Delaware
- Florida
- Georgia
- Hawaii*
- Illinois
- Indiana*
- Iowa*
- Kansas*
- Kentucky
- Louisiana*
- Maine*
- Maryland*
- Mississippi*
- Montana
- Nebraska*
A contractor is responsible for paying workers compensation benefits to injured employees of its subcontractors if that subcontractor has no workers compensation coverage. Since the insurer is obligated under the policy to pay all benefits required of the insured by workers compensation law, the insurer would have the right to collect premium for this exposure. If the insured maintains payroll records of the independent contractor’s employees, payroll will serve as the premium basis. However, if no accurate records are kept as to the separation of wages and materials in the contract cost, the insurer is entitled to use the full contract cost as the premium basis.

This provision does not apply when the insured can supply the insurer with proof (usually in the form of a certificate of insurance) that the independent contractor has secured proper workers compensation insurance. It is recommended that insured contractors hire only subcontractors who furnish their own workers compensation insurance and can provide certificates of insurance before beginning the job. If the insured decides to hire an uninsured subcontractor, the additional workers compensation premium cost should be taken into consideration in determining the contract price, and proper payroll records should be maintained to avoid paying a premium based on the entire contract amount.

**D. Premium Payments**

You will pay all premium when due. You will pay the premium even if part or all of a workers compensation law is not valid.

Source: Workers Compensation and Employers Liability Insurance Policy, WC 00 00 00 A, National Council on Compensation Insurance, effective April 1, 1992.
The insured must pay the premium when it is due. Failure to pay the premium when due is grounds for cancellation of the policy in accordance with the applicable cancellation provision. State-specific cancellation endorsements address cancellation for nonpayment of premium.

Most businesses pay a workers compensation deposit premium equal to the annual estimated premium determined at the inception of the policy. This estimated premium is adjusted to reflect the actual exposures during the policy period by audit. The audit may consist of a report form mailed to the insured for completion and return to the insurer, or the insurer may send an auditor to the insured's offices to perform a physical audit.

**E. Final Premium**

The premium shown on the Information Page, schedules, and endorsements is an estimate. The final premium will be determined after this policy ends by using the actual, not the estimated, premium basis and the proper classifications and rates that lawfully apply to the business and work covered by this policy. If the final premium is more than the premium you paid to us, you must pay us the balance. If it is less, we will refund the balance to you. The final premium will not be less than the highest minimum premium for the classifications covered by this policy.

If this policy is canceled, final premium will be determined in the following way unless our manuals provide otherwise:

1. If we cancel, final premium will be calculated pro rata based on the time this policy was in force. Final premium will not be less than the pro rata share of the minimum premium.

2. If you cancel, final premium will be more than pro rata; it will be based on the time this policy was in force, and increased by our short-rate cancellation table and procedure. Final premium will not be less than the minimum premium.


The premium shown on the information page is merely an estimate. The final premium will be determined after the policy period ends, using the actual premium basis for the policy period and classifications and rates that accurately reflect the insured's work during the policy period. If the final premium is more than the deposit premium paid by the insured, the insured must pay the insurer the balance. If it is less, the insurer will refund the balance to the insured.

The final premium cannot be less than the policy's minimum premium. Minimum premiums in workers compensation vary from classification to classification, and from company to company. The minimum premium is usually the minimum premium for the highest rated classification shown on the policy, plus loss and expense constants, if applicable. Only those classifications that have developed premium are taken into consideration in determining the minimum premium.
This provision also addresses final premium calculation in the event of cancellation. If the insurer cancels, the premium will be calculated on a pro rata basis, which means that the insured will be charged only for a proportionate share of the full term premium, based on the number of days the policy was in force. In the event of cancellation by the insured, the final premium will be based on a short-rate penalty; however, the final premium will not be less than the minimum premium.

F. Records

You will keep records of information needed to compute premium. You will provide us with copies of those records when we ask for them.


This provision imposes on the insured the obligation to keep records, primarily payroll records, which the carrier will need to compute the final premium. It also obligates the insured to provide the carrier with copies of the records upon request.

Keeping accurate and detailed payroll records is to the insured's benefit, since their final premium will be based on these records.

G. Audit

You will let us examine and audit all your records that relate to this policy. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data. We may conduct the audits during regular business hours during the policy period and within three years after the policy period ends. Information developed by audit will be used to determine final premium. Insurance rate service organizations have the same rights we have under this provision.


In addition to the insured's record-keeping obligations, the insured must allow the carrier physical access to examine and audit the insured's records which relate to the insurance provided under the policy.

Records that the insurer may examine specifically include not only payroll and disbursement records, but also ledgers, journals, registers, vouchers, contracts, tax reports, and programs for storing and retrieving data. The information gathered during the audit will be used to determine the final policy premium.
These records may be in hard copy or in a computerized format. The carrier has the right to perform audits at the insured's place of business during regular business hours, at any time during the policy period and for an additional three years after the policy period ends.

**PART SIX--CONDITIONS**

PART SIX

CONDITIONS


This section of the workers compensation and employers liability policy contains all the conditions applicable to both workers compensation and employers liability coverage.

A. Inspection

A. Inspection

We have the right, but are not obliged to inspect your workplaces at any time. Our inspections are not safety inspections. They relate only to the insurability of the workplaces and the premiums to be charged. We may give you reports on the conditions we find. We may also recommend changes. While they may help reduce losses, we do not undertake to perform the duty of any person to provide for the health or safety of your employees or the public. We do not warrant that your workplaces are safe or healthful or that they comply with laws, regulations, codes, or standards. Insurance rate service organizations have the same rights we have under this provision.


The insurer is given the right to conduct physical inspections of the insured's workplaces. The purpose of which is to determine insurability and the proper premiums to be charged. The inspections are not for the purpose of determining or evaluating the relative degree of safety in the workplaces.

The disclaimer provisions included here are based mainly on state laws. The provisions also confer the same rights upon rate service organizations that typically are involved in classification inspections.

Although this provision stipulates that the insurer is not obligated to inspect the insured's workplaces, a number of states require the insurer not only to perform loss control inspections at the insured's request, but also to inform its insureds about the availability of these services.
B. Long Term Policy

If the policy period is longer than one year and sixteen days, all provisions of this policy will apply as though a new policy were issued on each annual anniversary that this policy is in force.


A policy may be issued for any period not longer than three years. If the policy is issued for up to one year and sixteen days, it is treated as a one-year policy. Otherwise the policy period is divided into twelve-month units, and the first or last unit of less than twelve months is treated as a "short-term" policy. The excess unit is treated as a separate policy for purposes of minimum premium, short rate cancellation, and any other policy provisions.

C. Transfer of Your Rights and Duties

Your rights or duties under this policy may not be transferred without our written consent.

If you die and we receive notice within thirty days after your death, we will cover your legal representative as insured.


The insured's rights and duties under the workers compensation policy cannot be transferred to another entity without the written consent of the insurer. Most commercial insurance policies contain a similar provision (often called an assignment clause), which establishes that the policy cannot be assigned to anyone else without the insurer's consent. Insurance policies are issued to particular insureds, and the identity and character of the insured is a very important consideration in the underwriting process, in workers compensation insurance as in other lines of coverage, the policy itself are not assignable without the written consent of the carrier.

If, however, the insured is a natural person and dies during the policy period, coverage will continue for the deceased insured's executor or administrator for 30 days after the insured's death, without the carrier's consent being necessary.

D. Cancellation
1. You may cancel this policy. You must mail or deliver advance written notice to us stating when the cancellation is to take effect.

2. We may cancel this policy. We must mail or deliver to you not less than ten days advance written notice stating when the cancellation is to take effect. Mailing that notice to you at your mailing address shown in Item 1 of the Information Page will be sufficient to prove notice.

3. The policy period will end on the day and hour stated in the cancellation notice.

4. Any of these provisions that conflict with a law that controls the cancellation of the insurance in this policy is changed by this statement to comply with the law.


Either the insured or the carrier has the right to cancel the policy. The policy period, and therefore the coverage provided, ends when the policy is canceled.

The insured may do so by mailing or delivering advance written notice to the insurer stating when the cancellation is to be effective.

The insurer may cancel the policy. When that happens, the insurer must mail or deliver to the insured a minimum of 10-days advance, written notice to the mailing address shown in Item 1 of the Information Page. The notice must state clearly when the cancellation is to take effect.

Many states require more than 10 days advance written notice of cancellation, and the last part of the cancellation provision amends the provisions to comply with applicable state law governing policy cancellation.

If there appears to be any type of conflict between the provisions of this insurance policy and the state or territory law that controls the cancellation of the policy, the law takes precedence and the policy is amended to reflect the necessary compliance with the law.

AMENDATORY ENDORSEMENTS FOR CANCELLATION & NONRENEWAL

<table>
<thead>
<tr>
<th>State</th>
<th>Amendatory Endorsement</th>
<th>Cancellation Notice</th>
<th>Nonrenewal Notice</th>
<th>Material Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>WC 54 06 02</td>
<td>60 days</td>
<td>45 days</td>
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<td></td>
<td></td>
<td>20 days</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>nonpayment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arizona</td>
<td>WC 02 06 01</td>
<td>30 days</td>
<td>30 days</td>
<td></td>
</tr>
<tr>
<td>Arkansas</td>
<td>WC 03 06 01A</td>
<td>30 days</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>10 days</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>nonpayment</td>
<td></td>
<td></td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>State</th>
<th>Policy Number</th>
<th>Days Nonpayment</th>
<th>Days Renewals</th>
<th>Days Nonrenewals</th>
</tr>
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<tbody>
<tr>
<td>Delaware</td>
<td>WC 07 06 01</td>
<td>10 days</td>
<td>60 days</td>
<td></td>
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<tr>
<td>District of Columbia</td>
<td>WC 08 06 01</td>
<td>30 days</td>
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<tr>
<td>Georgia</td>
<td>WC 10 06 01A</td>
<td>75 days</td>
<td>75 days</td>
<td>45 days</td>
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<td></td>
<td></td>
<td>10 days nonpayment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Illinois</td>
<td>WC 12 06 01C</td>
<td>60 days</td>
<td>60 days</td>
<td>60 days</td>
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<tr>
<td></td>
<td></td>
<td>10 days nonpayment</td>
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<td></td>
</tr>
<tr>
<td>Kansas</td>
<td>WC 15 06 01A</td>
<td>30 days</td>
<td>60 days</td>
<td></td>
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<td></td>
<td></td>
<td>10 days nonpayment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kentucky</td>
<td>WC 16 06 01</td>
<td>75 days</td>
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<td></td>
<td>14 days nonpayment</td>
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<tr>
<td>Louisiana</td>
<td>WC 17 06 01D</td>
<td>60 days (policies in force less than 60 days are not a renewal) 30 days (policies in force for 60 days or renewals) 10 days nonpayment</td>
<td>60 days</td>
<td>30 days</td>
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<tr>
<td>Maine</td>
<td>WC 18 06 03A</td>
<td>30 days</td>
<td>30 days</td>
<td>30 days</td>
</tr>
<tr>
<td>Maryland</td>
<td>WC 19 06 01B</td>
<td>30 days</td>
<td>45 days</td>
<td>17–45 days depending on % of premium increase</td>
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<tr>
<td>Massachusetts</td>
<td>WC 20 06 01</td>
<td>10 days</td>
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<td></td>
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<tr>
<td>Minnesota</td>
<td>WC 22 06 01B</td>
<td>30 days nonpayment</td>
<td>60 days</td>
<td>60 days</td>
</tr>
<tr>
<td>Missouri</td>
<td>WC 24 06 01B</td>
<td>60 days</td>
<td>60 days</td>
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<td></td>
<td></td>
<td>10 days nonpayment</td>
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<td>Montana</td>
<td>WC 25 06 01</td>
<td>20 days</td>
<td>30 days</td>
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<td>Nebraska</td>
<td>WC 26 06 01C</td>
<td>30 days</td>
<td>30 days</td>
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<td></td>
<td>10 days nonpayment</td>
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<td></td>
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<tr>
<td>Nevada</td>
<td>WC 27 06 01</td>
<td>30 days</td>
<td>60 days</td>
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<td></td>
<td></td>
<td>10 days</td>
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</tr>
<tr>
<td>State</td>
<td>WC Code</td>
<td>Nonpayment Conditions</td>
<td>Days</td>
<td></td>
</tr>
<tr>
<td>------------</td>
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<td>---------------------------------------------------------------------------------------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>New Hampshire</td>
<td>WC 28 06 04</td>
<td>45 days nonpayment, 30 days nonpayment</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>New Mexico</td>
<td>WC 30 06 01</td>
<td>30 days nonpayment, 10 days nonpayment and new policies in effect less than 60 days</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>North Carolina</td>
<td>WC 32 03 01B</td>
<td>30 days nonpayment, 15 days nonpayment</td>
<td>45</td>
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<tr>
<td>Oklahoma</td>
<td>WC 35 06 01C</td>
<td>10 days nonpayment</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>Oregon</td>
<td>WC 36 06 01D</td>
<td>30 days nonpayment</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>WC 37 06 03A</td>
<td>10 days nonpayment, 60 days</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>Texas</td>
<td>WC 42 03 01F</td>
<td>30 days nonpayment, 10 days nonpayment</td>
<td>30</td>
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<tr>
<td>Utah</td>
<td>WC 43 06 02</td>
<td>30 days nonpayment, 10 days nonpayment</td>
<td>30</td>
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<tr>
<td>Vermont</td>
<td>WC 44 06 02A</td>
<td>45 days nonpayment</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>Virginia</td>
<td>WC 45 06 02</td>
<td>30 days nonpayment, 10 days nonpayment</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>Wisconsin</td>
<td>WC 48 06 01B</td>
<td>30 days nonpayment, 60 days</td>
<td>60</td>
<td></td>
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<tr>
<td>Wyoming</td>
<td>WC 49 03 01</td>
<td>45 days nonpayment, 10 days nonpayment</td>
<td>45</td>
<td></td>
</tr>
</tbody>
</table>

**E. Sole Representative**

The insured first named in Item 1 of the Information Page will act on behalf of all insureds to change this policy, receive return premium, and give or receive notice of cancelation.

If there is more than one insured shown on the information page of the policy, the insured whose name is listed first in item 1 on the information page is authorized to act on behalf of the other insureds to change the policy, receive unearned premium, and give and receive notice of cancellation. Care should be given to the order of named insureds on the information page of the policy when there are multiple named insureds.
WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY ENDORSEMENTS

ENDORSEMENTS

Endorsements may be used to modify coverage under the Workers Compensation and Employers Liability Insurance Policy, in one of four ways:

- To broaden coverage.
- To restrict coverage.
- To clarify coverage.
- To comply with state specific requirements.

BACKGROUND

The National Council on Compensation Insurance, Inc. (NCCI) has developed and filed forms in eligible states. These forms are of two types. "Standard" and "Advisory." Standard forms allow only limited modifications which may be applied to the form or endorsement which are spelled out in detail. Advisory forms may be used and modified in almost any way the insurer feels necessary as long as appropriately filed with the proper state authorities.

FORM AND ENDORSEMENT NUMBERING SCHEME

The coverage forms and endorsements are designated with unique identification sequences that give clues to the type, usage, version, and applicable state in which the form or endorsement may be used.

NCCI endorsements begin with the prefix "WC" to indicate that they are workers compensation endorsements, followed by eight and sometimes nine characters.

They are arranged in 3 2-digit sequences, sometimes followed by a single letter of the alphabet.

- The first 2 digits indicate whether the form or endorsement is multi-state or state specific. If 00 is used, it is general. Any other 2-digit combination except 89 and 99 indicates a state-specific endorsement. 89 means a miscellaneous endorsement, notice, or related transactions. 99 may be used by an insurer for their own company-specific endorsements. The state codes are as follows:

  | Alabama=01 | Alaska=54 |
  | Arizona=02 | Arkansas=03 |
  | California=04 | Colorado=05 |
  | Connecticut=06 | Delaware=07 |
  | District of Columbia=08 | Florida=09 |
  | Georgia=10 | Hawaii=52 |
  | Idaho=11 | Illinois=12 |
Indiana=13 Iowa=14
Kansas=15 Kentucky=16
Louisiana=17 Maine=18
Maryland=19 Massachusetts=20
Michigan=21 Minnesota=22
Mississippi=23 Missouri=24
Montana=25 Nebraska=26
Nevada=27 New Hampshire=28
New Jersey=29 New Mexico=30
New York=31 North Carolina=32
North Dakota=33 Ohio=34
Oklahoma=35 Oregon=36
Pennsylvania=37 Rhode Island=38
South Carolina=39 South Dakota=40
Tennessee=41 Texas=42
Utah=43 Vermont=44
Virginia=45 Washington=46
West Virginia=47 Wisconsin=48
Wyoming=49

- The second 2-digit sequence designates the category of endorsements:
  
  01= Federal Coverages and Exclusions
  02= Maritime Coverages and Exclusions
  03= Other Coverages and Exclusions
  04= Premium
  05= Retrospective Premium
  06= Miscellaneous

- The third 2-digits are unique sequence number to differentiate that particular endorsement from other endorsements of the same category and state or within the same series.

- Some endorsement numbers end with: a letter of the alphabet that indicates the version of that particular endorsement, starting with "A" indicating that this endorsement has been revised once. Endorsements that do not have version identifiers have not been revised since NCCI adopted this version identifying system.
WC FORMS AND ENDORSEMENTS

The NCCI Worker’s Compensation and Employers Liability endorsements are listed in numeric order. The text of each endorsement appears in a box, followed by the discussion on that endorsement. State-specific forms and endorsements will not be discussed in this course.

First the two forms which were discussed in previous sections.

**WC 00 00 00 A—WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY**

This is the basic insurance coverage form for the workers compensation policy.

**WC 00 00 01 B—INFORMATION PAGE**

Equivalent to the declaration page, in other policies, this is the page that provides information regarding the covered insured and insurer.

**FEDERAL COVERAGE ENDORSEMENTS**

The endorsements discussed in this section are used to add coverage for liability imposed by various federal workers compensation or employers liability laws to the standard workers compensation and employers liability policy. All of these endorsements are numbered WC 00 01 XX, where the last two numbers indicate the particular federal coverage endorsement.

Workers compensation laws and programs are generally under the domain of the state government. Some federal laws, however, are necessary to deal with workers employed in areas beyond the authority of an individual state. To comply with the federal laws and provide workers compensation insurance and employers liability insurance for affected workers, several endorsements are available for use.

In each endorsement the exclusionary language eliminating coverage for all other federal workers compensation laws remains. If coverage for some other federal law is needed, it must be specifically added to the policy using the appropriate endorsement.

**WC 00 01 01 A—DEFENSE BASE ACT COVERAGE ENDORSEMENT**

1st Reprint
Effective April 1, 1992
WC 00 01 01 A Standard

DEFENSE BASE ACT COVERAGE ENDORSEMENT

This endorsement applies only to the work described in the Schedule or described on the Information Page as subject to the Defense Base Act. The policy applies to that work as though
The location included in the description of the work were a state named in Item 3.A. of the Information Page.


The Defense Base Act extends the provisions of the Longshore and Harbor Workers' Compensation Act to contractors performing work at overseas military bases, whether in a territory or possession of the United States or in a foreign country, and to various public works contracts performed outside the continental United States. Employees who are not United States Citizens may be exempted from coverage upon approval of a waiver by the Secretary of Labor. The description of the work must include the location where the work is to be performed.

General Section C. Workers' Compensation Law is replaced by the following:

C. Workers' Compensation Law

Workers' Compensation Law means the workers or workmen's compensation law and occupational disease law of each state or territory named in Item 3.A. of the Information Page and the Defense Base Act (42 USC Sections 1651-1654). It includes any amendments to those laws that are in effect during the policy period. It does not include any other federal workers or workmen's compensation law, other federal occupational disease law or the provisions of any law that provide nonoccupational disability benefits.

Part Two (Employers Liability Insurance), C. Exclusions., exclusion 8, does not apply to work subject to the Defense Base Act.

Schedule

Description of Work


The disability income and survivorship benefits payable under the Defense Base Act are higher than those provided under most, but not all, state workers compensation laws.

This endorsement applies only to the work described in the schedule or described on the information page as subject to the Defense Base Act. WC 00 01 01 replaces the definition of "workers compensation law" found on the WC policy with the following: Workers compensation law means the workers compensation law and occupational disease law of each state or territory named in item 3.A. of the information page and the Defense Base Act (42 USC Sections 1651-1654).
This endorsement also declares that exclusion 8 under the employers liability insurance part of the WC policy does not apply to work subject to the Defense Base Act. Exclusion 8 deals with bodily injury to any person in work subject to the Defense Base Act.

**WC 00 01 02—FEDERAL COAL MINE HEALTH AND SAFETY ACT COVERAGE ENDORSEMENT**

1st Reprint
Effective April 1, 1984
WC 00 01 02 Standard

FEDERAL COAL MINE HEALTH AND SAFETY ACT COVERAGE ENDORSEMENT

This endorsement applies only to work in a state shown in the Schedule and subject to the Federal Coal Mine Health and Safety Act of 1969 (30 USC Sections 931-942). Part One (Workers Compensation Insurance) applies to that work as though that state were shown in Item 3.A. of the Information Page.


This endorsement adds coverage for liability imposed by the Federal Coal Mine Health and Safety Act. The part of the Act that has to do with workers compensation coverage is Title IV of the Act, which is known as the Black Lung Benefits Act. It provides specified benefits to coal miners who are totally disabled due to pneumoconiosis, and to surviving dependents of coal miners whose death was due to pneumoconiosis, a chronic lung disease caused by the accumulation of coal dust in the lungs. Benefits payable to qualified miners and their dependents are: medical treatment for black lung disease and income benefits to disabled miners, and death benefits to the dependents of deceased miners.

The definition of workers compensation law includes the Federal Coal Mine Health and Safety Act of 1969 (30 USC Sections 931-942) and any amendment to that law that is in effect during the policy period.


The endorsement amends the definition of workers compensation law to include the Federal Coal Mine Health and Safety Act of 1969 and any amendments to the Act in effect during the policy period. If coverage for some other federal law is needed, it must be specifically added to the policy using the appropriate endorsement.

Part One (Workers Compensation Insurance), Section A.2., How This Insurance Applies, is replaced by the following:
Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period or, when the last exposure occurred prior to July 1, 1973, a claim based on that disease must be first filed against you during the policy period shown in Item 2 of the Information Page.

Schedule
State


The endorsement is used when the policy is written to cover exposures subject to the Federal Coal Mine Health and Safety Act. Federal Black Lung workers compensation insurance is provided in a state (including monopolistic state fund states) by naming the state in the schedule found in the endorsement.

The Act makes employers responsible for benefits to qualified claimants whose claims are filed on or after January 1, 1974, regardless of when the exposure to the disease-causing conditions took place. Claims in connection with last exposure dates after July 1, 1973, are covered by the policy in effect at the time of the last injurious exposure, just like other occupational disease claims.

The endorsement provides only workers compensation coverage, because the Black Lung Act does not impose employers’ liability for damages. Therefore Employers liability claims for damages in connection with black lung disease would be covered under the regular employers’ liability portion of the policy like any other occupational disease.

**WC 00 01 04—FEDERAL EMPLOYERS LIABILITY ACT COVERAGE ENDORSEMENT**

Original Printing
Effective April 1, 1984
WC 00 01 04 Standard

FEDERAL EMPLOYERS’ LIABILITY ACT COVERAGE ENDORSEMENT

This endorsement applies only to work subject to the Federal Employers’ Liability Act (45 USC Sections 51-60) and any amendment to that Act that is in effect during the policy period.


This endorsement is used to add employers liability coverage for damages payable under the Federal Employers Liability Act (FELA). FELA gives employees of interstate railroads a right of action for damages against the railroad employer for on-the-job injury, without having to
overcome employer defenses of assumption of the risk or fellow servant liability. Contributory negligence of the employee does not bar recovery, however recovery is reduced by the proportion of negligence attributable to the employee.

FELA is an employers liability law rather than a workers compensation law, so there are no prescribed benefits under FELA. However, injured railroad workers who can prove some negligence on the part of the railroad can recover amounts that are much greater than state workers compensation benefits. For this reason, many employers who are subject to FELA elect to purchase voluntary workers compensation coverage (using the standard voluntary compensation and employers liability coverage endorsement, WC 00 03 11 A) in addition to employers liability coverage for FELA, the Federal Employees Liability Act coverage endorsement, WC 00 01 04). This approach allows the employer to offer the injured employee the statutory state workers compensation benefits, in hopes of avoiding a negligence action under FELA. If the offer is rejected and the employee files suit under FELA, the FELA coverage endorsement applies.

G. Limits of Liability of Part Two (Employers Liability Insurance) is replaced by the following:

G. Limits of Liability

Our liability to pay for damages is limited. Our limits of liability are shown in the Schedule. They apply as explained below.

1. Bodily Injury by Accident. The limit shown for "bodily injury by accident—each accident" is the most we will pay for all damages covered by this insurance because of bodily injury to one or more employees in any one accident.

A disease is not bodily injury by accident unless it results directly from bodily injury by accident.

2. Bodily Injury by Disease. The limit shown for "bodily injury by disease—aggregate" is the most we will pay for all damages covered by this insurance because of bodily injury by disease to one or more employees. The limit applies separately to bodily injury by disease arising out of work in each state shown in Item 3.A. of the Information Page or in the Schedule. Bodily injury by disease does not include disease that results directly from bodily injury by accident.

3. We will not pay any claims for damages after we have paid the applicable limit of our liability under this insurance.


The endorsement alters the employers liability limits with respect to work subject to FELA. Instead of three liability limits, there are two: a per accident limit for liability arising out of bodily injury by accident; and an aggregate limit for liability arising out of bodily injury by disease that applies per state. There is no per employee disease limit.
If any state is named in Item 2 of the Schedule, Part Two (Employers Liability Insurance) applies in that state to work subject to the Federal Employers’ Liability Act as though that state were listed in Item 3.A. of the Information Page. Part One (Workers Compensation Insurance) does not apply in a state shown in the Schedule.

Schedule

1. Limits of Liability
   Bodily Injury by Accident $______ each accident
   Bodily Injury by Disease $______ aggregate

2. State


The liability to pay for damages is limited and the limits are shown in the schedule. The limits of liability for bodily injury by accident are on an each accident basis; the limits for bodily injury by disease are on an aggregate basis.

The standard FELA coverage limits are $100,000 per accident and $100,000 disease aggregate. Most umbrella insurers will require FELA limits of at least $500,000/$500,000.

If FELA coverage is to apply only in states where workers compensation coverage applies, there is no need to complete Item 2 of the endorsement schedule. Item 2 of the schedule is used only to provide FELA coverage in a state not covered for workers compensation.

**WC 00 01 06 A—LONGSHORE AND HARBOR WORKERS COMPENSATION ACT COVERAGE ENDORSEMENT**

1st Reprint
Effective April 1, 1992
WC 00 01 06 A Standard

LONGSHORE AND HARBOR WORKERS’ COMPENSATION ACT COVERAGE ENDORSEMENT

This endorsement applies only to work subject to the Longshore and Harbor Workers’ Compensation Act in a state shown in the Schedule. The policy applies to that work as though that state were listed in Item 3.A. of the Information Page.

Source: Longshore and Harbor Workers’ Compensation Act Coverage Endorsement, WC 00 01 06 A, National Council on Compensation Insurance, Effective April 1, 1992.

The Longshore and Harbor Workers Compensation Act is a federal workers compensation law that applies to workers in maritime employments, including longshore, harbor workers, shipbuilders, shipbreakers, ship repairers and other employees engaged in loading and
unloading, repairing or building a vessel. It applies to such employees while such employees on navigable water of the United States and also while working on any adjoining pier, wharf, dry dock, terminal, building way, marine railway, or other area adjoining such navigable waters customarily used for loading and unloading, repairing or building a vessel. It does not apply to masters or members of the crews of vessels.

This endorsement adds coverage for benefits due under The Longshore and Harbor Workers’ Compensation Act (LHWCA). The LHWCA provides medical, disability income, and survivorship benefits to eligible employees injured in maritime employment on the navigable waters of the United States and adjoining areas. Eligible employees generally include those involved in loading and unloading vessels and building, repairing, or dismantling vessels. Masters and crewmembers of a vessel are not covered by the Longshore Act. Employees who are explicitly excluded from coverage under the Act are also described.

General Section C. Workers’ Compensation Law is replaced by the following:

C. Workers’ Compensation Law

Workers’ Compensation Law means the workers or workmen's compensation law and occupational disease law of each state or territory named in Item 3.A. of the Information Page and the Longshore and Harbor Workers’ Compensation Act (33 USC Sections 901-950). It includes any amendments to those laws that are in effect during the policy period. It does not include any other federal workers or workmen's compensation law, other federal occupational disease law or the provisions of any law that provide nonoccupational disability benefits.

Part Two (Employers Liability Insurance), C. Exclusions., exclusion 8, does not apply to work subject to the Longshore and Harbor Workers’ Compensation Act.

This endorsement does not apply to work subject to the Defense Base Act, the Outer Continental Shelf Lands Act, or the Nonappropriated Fund Instrumentalities Act.

Source: Longshore and Harbor Workers’ Compensation Act Coverage Endorsement, WC 00 01 06 A, National Council on Compensation Insurance, Effective April 1, 1992.

The endorsement stipulates that no coverage is provided for benefits under the Nonappropriated Fund Instrumentalities Act, the Defense Base Act, or the Outer Continental Shelf Lands Act. All three of these federal laws extend the LHWCA to apply to additional types of employees not otherwise eligible for benefits under the LHWCA. If coverage for any other federal law is needed, it must be added to the policy using the appropriate endorsement.

EMPLOYEES NOT COVERED UNDER THE LHWCA

- Individuals employed exclusively to perform office clerical, secretarial, security, or data processing work
- Individuals employed by a club, camp, recreational operation, restaurant, museum, or retail outlet
- Individuals employed by a marina who are not engaged in construction, replacement, or expansion of the marina, except for routine maintenance
- Individuals who are employed by suppliers, transporters, or vendors, and who are temporarily on the premises of an employer engaged in maritime employment and not engaged in work normally performed by that employer
- Aquaculture workers
- Individuals employed to build, repair, or dismantle any recreational vessel under 65 feet long
- A master or member of a crew of any vessel

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Longshore and Harbor Workers' Compensation Act Coverage Percentage

The rates for classifications with code numbers not followed by the letter "F" are rates for work not ordinarily subject to the Longshore and Harbor Workers' Compensation Act. If this policy covers work under such classifications, and if the work is subject to the Longshore and Harbor Workers' Compensation Act, those non-F classification rates will be increased by the Longshore and Harbor Workers' Compensation Act Coverage Percentage shown in the Schedule.

Source: Longshore and Harbor Workers' Compensation Act Coverage Endorsement, WC 00 01 06 A, National Council on Compensation Insurance, Effective April 1, 1992.

The schedule portion of the endorsement is used to indicate the multipliers that will apply in each state to rates for classifications shown on the policy information page and schedules. The multipliers vary by state according to the difference between the benefit levels provided under that state's workers compensation law and the benefits provided under the LHWCA. The disability income and survivorship benefits payable under the LHWCA are higher than the income benefits provided under most (but not all) state workers compensation laws.

This endorsement applies only to work subject to the Longshore and Harbor Workers Compensation Act in a state shown in the schedule and provides compensation coverage to employees such as longshoremen, harbor workers, ship repairmen, and shipbuilders. The endorsement expands the definition of workers compensation law to include the Longshore and Harbor Workers Compensation Act (33 USC sections 901 - 950) and any amendments to that act that are in effect during the policy period.

**WC 00 01 08 A—NONAPPROPRIATED FUND INSTRUMENTALITIES ACT COVERAGE ENDORSEMENT**

1st Reprint
Effective April 1, 1992
WC 00 01 08 A Standard
NONAPPROPRIATED FUND INSTRUMENTALITIES ACT COVERAGE ENDORSEMENT
This endorsement applies only to the work described in the Schedule or described on the Information Page as subject to the Nonappropriated Fund Instrumentalities Act. The policy applies to that work as though the location shown in the Schedule were a state named in Item 3.A. of the Information Page.


This endorsement adds coverage for benefits under the Nonappropriated Fund Instrumentalities Act.

The Nonappropriated Fund Instrumentalities Act makes the Longshore and Harbor Workers Compensation Act apply to civilian employees of certain instrumentalities such as the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Ship's Stores Ashore, Navy, Marine and Coast Guard Exchanges and other instrumentalities of the United States under jurisdiction of the Armed Forces conducted for the pleasure and improvement of Armed Forces personnel.

The disability income and survivorship benefits payable under the Nonappropriated Fund Instrumentalities Act are higher than the income benefits provided under most, but not all, state workers compensation laws.

This endorsement applies only to the work described in the schedule as subject to the Nonappropriated Fund Instrumentalities Act.

Today most entities that are subject to the Nonappropriated Fund Instrumentalities Act have qualified with the Department of Labor as self-insurers under the Act.

General Section C. Workers' Compensation Law is replaced by the following:

C. Workers' Compensation Law

Workers’ Compensation Law means the workers or workmen's compensation law and occupational disease law of each state or territory named in Item 3.A. of the Information Page and the Nonappropriated Fund Instrumentalities Act (5 USC Sections 8171-8173). It includes any amendments to those laws that are in effect during the policy period. It does not include any other federal workers or workmen's compensation law, other federal occupational disease law or the provisions of any law that provide nonoccupational disability benefits.

Part Two (Employers Liability Insurance), C. Exclusions., exclusion 8, does not apply to work subject to the Nonappropriated Fund Instrumentalities Act.

Schedule

Description and Location of Work

The Outer Continental Shelf Lands Act makes the Longshore and Harbor Workers Compensation Act apply to work involving the development from fixed platforms of the natural resources of the Outer Continental Shelf. That area is generally described as all submerged lands lying seaward and outside of the area of lands beneath navigable waters of the United States and subject to its jurisdiction.

This endorsement adds coverage for benefits owed under the Outer Continental Shelf Lands Act. The Outer Continental Shelf Lands Act extends the benefits established in the Longshore and Harbor Workers Compensation Act (LHWCA) to those employed in operations conducted on the outer continental shelf of the United States for purposes of exploration, development, or removal of natural resources of the subsoil and seabed. The term "outer continental shelf" is very precisely defined in the Act, but a brief working definition might be: submerged lands lying seaward of the boundaries of the various states that are subject to the jurisdiction of the United States.

General Section C. Workers' Compensation Law is replaced by the following:

C. Workers' Compensation Law

Workers' Compensation Law means the workers or workmen's compensation law and occupational disease law of each state or territory named in Item 3.A. of the Information Page and the Outer Continental Shelf Lands Act (43 USC Sections 1331-1356). It includes any amendments to those laws that are in effect during the policy period. It does not include any other federal workers or workmen's compensation law, other federal occupational disease law or the provisions of any law that provide nonoccupational disability benefits.

Part Two (Employers Liability Insurance), C. Exclusions., exclusion 8, does not apply to work subject to the Outer Continental Shelf Lands Act.
Description and Location of Work


The disability income and survivorship benefits payable under the Outer Continental Shelf Lands Act are higher than the income benefits provided under most, but not all, state workers compensation laws.

The description of the work must show the state whose boundaries, if extended to the Outer Continental Shelf, would include the location of the work. This endorsement applies only to the work described in the schedule as subject to the Outer Continental Shelf Lands Act. The coverage will apply to that work as though the location shown in the schedule were a state named on the workers compensation policy.

Use the Maritime Exclusion Endorsement—WC 00 02 02 or Maritime Coverage Endorsement—WC 00 02 01 to exclude or cover the exposure for masters and members of the crew of vessels.

**WC 00 01 11—MIGRANT AND SEASONAL AGRICULTURAL WORKER PROTECTION ACT COVERAGE ENDORSEMENT**

Original Printing
Effective July 1, 1992
WC 00 01 11

MIGRANT AND SEASONAL AGRICULTURAL WORKER PROTECTION ACT COVERAGE ENDORSEMENT

Part Two (Employers Liability Insurance), C. Exclusions., exclusion 12, does not apply to work subject to the Migrant and Seasonal Agricultural Worker Protection Act.

This endorsement applies only to the work described in Item 4 of the Information Page or in the Schedule as subject to the Migrant and Seasonal Agricultural Worker Protection Act (29 USC Sections1801-1872). The policy applies to that work as though that work were in a state listed in Item 3.A. of the Information Page.

Source: Migrant and Seasonal Agricultural Worker Protection Act Coverage Endorsement, WC 00 01 11, National Council on Compensation Insurance, Effective July 1, 1992.

This endorsement adds coverage for damages payable under the Migrant and Seasonal Agricultural Worker Protection Act (MSAWP). The Migrant and Seasonal Agricultural Worker Protection Act makes agricultural employers, agricultural contractors and agricultural associations liable for bodily injuries sustained by an employee due to intentional violations of the Act or regulations under the Act.
This Act imposes job information disclosure requirements, motor vehicle safety requirements, housing safety requirements, and motor vehicle liability insurance requirements on those who recruit, transport to job sites, provide temporary housing for, and employ migrant and seasonal agricultural workers. Those who violate the Act are subject to both criminal and administrative sanctions. In addition, the Act specifically establishes a private right of action for actual or statutory damages resulting from violations of the Act.

This policy will cover damages payable under the Migrant and Seasonal Agricultural Worker Protection Act (29 USC Sections 1801-1872) or any amendment to that law in effect during the policy period.

Schedule

Description and Location of Work

Source: Migrant and Seasonal Agricultural Worker Protection Act Coverage Endorsement, WC 00 01 11, National Council on Compensation Insurance, Effective July 1, 1992.

Like the employers liability coverage grant in the policy itself, the endorsement adds coverage for liability for damages only. Although the Act does establish criminal and administrative fines and penalties for violations, exclusion 11 clearly eliminates coverage for these costs.

MARITIME COVERAGE ENDORSEMENTS

Unendorsed, the workers compensation and employers liability policy does not provide coverage for bodily injury to a master or crewmember of any vessel. The endorsements discussed in this section are used to add coverage for liability imposed by maritime law to a standard workers compensation and employers liability policy. They are numbered WC 00 02 XX, with the last two numbers indicating the particular maritime coverage endorsement.

WC 00 02 01 A—MARITIME COVERAGE ENDORSEMENT

Masters and members of the crews of vessels are not covered under state workers compensation laws or under the Longshore and Harbor Workers Compensation Act; they are subject to admiralty law and, if injured, have the right to sue their employers for damages. This endorsement affords coverage where the employer has such exposure and needs employers liability insurance.

This endorsement applies to and schedules limits of liability for bodily injury by accident or by disease and such bodily injury must arise out of and in the course of employment as described in the schedule. The coverage does not apply to bodily injury that is covered by a protection and indemnity policy issued to the insured (a protection and indemnity policy is ocean marine insurance that applies to personal injury liability including bodily injury to employees). Insurance under this endorsement also does not apply to the duty of the insured to provide transportation, wages, maintenance, and cure for the employees unless the insured pays an extra premium for such coverage and this is listed in the schedule.
In the early history of ocean marine insurance, an injured seaman could file a suit directly against the ship and not the owner, seeking compensation by claiming a property interest in the ship. WC 00 02 01 includes a statement that a suit or action in rem against a vessel owned by the insured is treated by the insurer as a suit against the insured himself requiring a defense by the insurance company.

The Standard Policy may be used to provide insurance for liability under one or more state workers compensation laws and also for liability under admiralty law. There are two programs to furnish such insurance:

Program I

Provides, under Part One (Workers Compensation Insurance), statutory liability under the workers compensation law of any state designated in Item 3.A. of the Information Page and, under Part Two (Employers Liability Insurance), employers liability for damages under admiralty law, subject to a standard limit of $25,000.

Program II

Provides the same coverage as Program I, but with the addition of Voluntary Compensation. Under Program II, the insurance carrier will offer a settlement of a claim strictly in accordance with the statutory benefits provided in the worker compensation law designated in the voluntary compensation endorsement attached to the policy as if the claim was subject to such law, instead of subject to the laws of negligence. If the offer of settlement is rejected, employers liability then applies to such claim or suit, with the same standard limit as for Program I.

Use the endorsement to afford maritime coverage under Program I where the employer has maritime exposures and no Protection and Indemnity policy, or has a Protection and Indemnity policy that does not cover all its operations. To provide Program II for admiralty law, also attach the standard Voluntary Compensation Maritime Coverage Endorsement - WC 00 02 03.

Item 1 of the Schedule in the endorsement is used to describe the maritime operations that are to be insured by this endorsement. The description may include limitations by size, ownership or name of vessel and limitations by names of waterways to be used by the vessels.

2nd Reprint
Effective April 1, 1992
WC 00 02 01 A Standard

MARITIME COVERAGE ENDORSEMENT

This endorsement changes how insurance provided by Part Two (Employers Liability Insurance) applies to bodily injury to a master or member of the crew of any vessel.

Source: Maritime Coverage Endorsement, WC 00 02 01 A, National Council on Compensation Insurance, Effective April 1, 1992.
No single law establishes the rights of seamen in the event of on-the-job injury. Instead, there are several different laws that may be applicable to work-related injuries suffered by masters and crewmembers of vessels.

- General Maritime Law
- Death on the High Seas Act
- Merchant Marine Act of 1920 (the Jones Act)

Under the common law of the sea (general maritime law or admiralty law) holds that vessel owners owe "transportation, wages, maintenance, and cure" to masters or members of the crew in the event of injury or illness during the voyage, regardless of whether the injury or illness is work-related. Seamen can also sue the vessel owner for damages resulting from the unseaworthiness of the ship.

The Death on the High Seas Act establishes a cause of action for beneficiaries of any persons (including seamen) killed on the high seas, against those responsible. The Merchant Marine Act of 1920 (the Jones Act) provides seamen with a negligence remedy for on-the-job injury without having to overcome employer defenses of assumption of the risk or fellow servant liability. Contributory negligence of the employee does not bar recovery, but recovery is reduced by the proportion of negligence attributable to the employee.

None of the laws that raise an Employers liability for on-the-job injuries suffered by seamen have scheduled benefits. Injured seamen who can prove some negligence on the part of the employer can recover amounts that are much greater than state workers compensation benefits. For this reason, many employers who are subject to maritime employers liability elect to purchase voluntary workers compensation coverage (using a voluntary compensation maritime coverage endorsement, WC 00 02 03) in addition to maritime liability coverage (WC 00 02 01). This allows the employer to offer the injured employee the workers compensation benefits of the state designated in the endorsement, in hopes of avoiding a negligence action. If the offer is rejected and the employee files suit, the maritime coverage endorsement applies.

A. How This Insurance Applies is replaced by the following:

A. How This Insurance Applies

This insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. The bodily injury must arise out of and in the course of the injured employee's employment by you.

2. The employment must be necessary or incidental to work described in Item 1 of the Schedule of the Maritime Coverage Endorsement.

3. The bodily injury must occur in the territorial limits of, or in the operation of a vessel sailing directly between the ports of, the continental United States of America, Alaska, Hawaii or Canada.

4. Bodily injury by accident must occur during the policy period.
5. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee’s last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.

6. If you are sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America, its territories or possessions, or Canada.

Source: Maritime Coverage Endorsement, WC 00 02 01 A, National Council on Compensation Insurance, Effective April 1, 1992.

The endorsement replaces the five provisions under “How This Insurance Applies” in the employers’ liability coverage part section with the six provisions that are spelled out in the endorsement. It specifies that the employment must be necessary or incidental to work described in the schedule that is part of the maritime coverage endorsement.

Item A.3. of the endorsement restricts coverage to bodily injury occurring only in the territorial limits of, or sailing directly between the ports of, the continental United States of America, Alaska, Hawaii, or Canada. For an insured whose employees might be injured outside of these areas, this coverage restriction should either be deleted from the policy, or amended to cover all of the territory in which the insureds would ever conduct operations. In any case it is important to make the insured aware of these territorial limitations.

C. Exclusions is changed by removing exclusion 10 and by adding exclusions 13 and 14. This insurance does not cover:

13. Bodily injury covered by a Protection and Indemnity Policy or similar policy issued to you or for your benefit. This exclusion applies even if the other policy does not apply because of another insurance clause, deductible or limitation of liability clause, or any similar clause.

14. Your duty to provide transportation, wages, maintenance, and cure. This exclusion does not apply if a premium entry is shown in Item 2 of the Schedule.

Source: Maritime Coverage Endorsement, WC 00 02 01 A, National Council on Compensation Insurance, Effective April 1, 1992.

The endorsement deletes the exclusion in the employers liability coverage section of the policy that eliminates coverage for bodily injury to a master or member of the crew of any vessel. It also adds two new exclusions:

- Bodily injury covered by a protection and indemnity policy
- Transportation, wages, maintenance, and cure that applies only if no premium charge for this coverage is shown in item 2. of the endorsement schedule.

To provide coverage for transportation, wages, maintenance and cure, show a premium charge or other appropriate entry in Item 2 of the endorsement.
Protection and indemnity (P&I) policies are specialty liability coverage policies purchased to provide coverage for several types of liability faced by vessel owners, including liability for injuries suffered by seamen. The P&I policy would cover the vast majority of maritime employers liability claims against the vessel owner, and the maritime coverage endorsement to the workers compensation policy would respond in the event of a claim that is not covered under the P&I policy. Coverage on an “if any” basis should be available for little or no additional premium.

P&I policies can be written with an exclusion of liability for bodily injury to crewmembers. In such a case, the vessel owner would rely totally on the maritime liability endorsement to respond to all maritime employers liability claims, and the pricing would reflect that fact.

P&I policy deductibles typically range from $5,000 to $25,000 per occurrence, whereas workers compensation policies usually do not contain a deductible clause. This endorsement excludes bodily injury covered by a P&I policy even if the other policy does not apply, therefore the insured will not be able to collect the amount of the P&I policy deductible under this endorsement.

Not all employers whose employees might be eligible for recovery under maritime law are vessel owners. Employees of beauty shops or other service businesses on board a ship might well have valid claims for on-the-job injury under maritime law. For these businesses, the maritime coverage endorsement to the workers compensation policy is the only coverage available to respond to maritime employers liability claims.

D. We Will Defend is changed by adding the following statement:

We will treat a suit or other action in rem against a vessel owned or chartered by you as a suit against you.

Source: Maritime Coverage Endorsement, WC 00 02 01 A, National Council on Compensation Insurance, Effective April 1, 1992.

An action in rem is a legal proceeding against the vessel itself, as opposed to an action in personam, which is legal proceeding against the employer. It gives the injured seaman a maritime lien against the vessel itself. This provision amends the policy to apply to an action in rem against a vessel owned or chartered by the insured as if it were a suit against the insured.

G. Limits of Liability

Our liability to pay for damages is limited. Our limits of liability are shown in the Schedule. They apply as explained below.

1. Bodily Injury by Accident. The limit shown for "bodily injury by accident—each accident" is the most we will pay for all damages covered by this insurance because of bodily injury to one or more employees in any one accident.

A disease is not bodily injury by accident unless it results directly from bodily injury by accident.
2. Bodily Injury by Disease. The limit shown for "bodily injury by disease—aggregate" is the most we will pay for all damages covered by this insurance because of bodily injury by disease to one or more employees. The limit applies separately to bodily injury by disease arising out of work in each state shown in Item 3.A. of the Information Page. Bodily injury by disease will be deemed to occur in the state of the vessel's home port.

Bodily injury by disease does not include disease that results directly from a bodily injury by accident.

3. We will not pay any claims for damages after we have paid the applicable limit of our liability under this insurance.

Source: Maritime Coverage Endorsement, WC 00 02 01 A, National Council on Compensation Insurance, Effective April 1, 1992.

The endorsement alters the policy's employers liability limits with respect to liability for bodily injury to a master or crew member of a vessel. Instead of three liability limits, there are two: a per accident limit for liability arising out of bodily injury by accident; and a policy aggregate limit for liability arising out of bodily injury by disease. There is no per employee disease limit.

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<td>2. Transportation, Wages, Maintenance and Cure Premium $</td>
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<td>3. Limits of Liability</td>
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<tr>
<td>Bodily Injury by Accident $______ each accident</td>
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<tr>
<td>Bodily Injury by Disease $______ aggregate</td>
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Source: Maritime Coverage Endorsement, WC 00 02 01 A, National Council on Compensation Insurance, Effective April 1, 1992.

The endorsement excludes coverage for transportation, wages, maintenance, and cure unless a premium for that coverage is shown in the endorsement schedule. Vessel owners who also have a P&I policy would not normally need coverage for transportation, wages, maintenance, and cure under this endorsement.

The standard maritime coverage limits are $25,000 per accident and $25,000 disease aggregate. Most umbrella insurers require maritime limits of at least $500,000/$500,000/$500,000.
This endorsement provides voluntary compensation to the employees described in the Schedule of the endorsement. Employees are described by name, or by describing the vessel to which they are attached.

The Standard Policy may be used to provide insurance for liability under one or more state workers compensation laws and also for liability under admiralty law. There are two programs to furnish such insurance:

Program I

Provides, under Part One (Workers Compensation Insurance), statutory liability under the workers compensation law of any state designated in Item 3.A. of the Information Page and, under Part Two (Employers Liability Insurance), employers liability for damages under admiralty law, subject to a standard limit of $25,000.

Program II

Provides the same coverage as Program I, but with the addition of Voluntary Compensation. Under Program II, the insurance carrier will offer a settlement of a claim strictly in accord with the statutory benefits provided in the workers compensation law designated in the voluntary compensation endorsement attached to the policy as if the claim was subject to such law, instead of subject to the laws of negligence. If the offer of settlement is rejected, employers liability then applies to such claim or suit, with the same standard limit as for Program I.

Use the endorsement to provide Voluntary Compensation Insurance under Program II for masters and members of the crews of vessels.

When the endorsement is used, the Maritime Coverage Endorsement—WC 00 02 01 A must also be attached to the policy.

Since none of the laws that give rise to an Employers liability for on-the-job injuries suffered by seamen have scheduled benefits, there is the potential for injured seamen who can prove some
negligence on the part of the employer to recover amounts that are much greater than state workers compensation benefits. Many employers who are subject to maritime employers liability purchase voluntary workers compensation coverage, using this endorsement, in addition to maritime liability coverage (using the maritime liability coverage endorsement, WC 00 02 01). This allows the employer to offer the injured employee the workers compensation benefits of the state designated in the endorsement, in hopes of avoiding a negligence action. If the offer is rejected and the employee files suit, the maritime coverage endorsement still applies.

A. How This Insurance Applies

This insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. The bodily injury must be sustained by an employee who is a master or member of the crew of a vessel described in the Schedule.

2. The bodily injury must occur in employment that is necessary or incidental to work described in Item 2 of the Schedule.

3. The bodily injury must occur in the territorial limits of, or in the operation of a vessel sailing directly between the ports of, the continental United States of America, Alaska, Hawaii or Canada.

4. Bodily injury by accident must occur during the policy period.

5. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.

Source: Voluntary Compensation Maritime Coverage Endorsement, WC 00 02 03, National Council on Compensation Insurance, Effective April 1, 1984.

As in the maritime liability coverage endorsement, in order for coverage to apply, the bodily injury must occur in the territorial limits of, or in the operation of a vessel between the ports of the continental United States, Alaska, Hawaii, or Canada. Again the agent must be careful to explain this territorial limitation to the insured.

B. We Will Pay

We will pay an amount equal to the benefits that would be required of you if you and your employees described in Item 1 of the Schedule were subject to the workers compensation law shown in Item 1 of the Schedule. We will pay those amounts to the persons who would be entitled to them under that law.

C. Exclusions

This insurance does not cover:
1. Any obligation imposed by a workers compensation or occupational disease law, or any similar law.

2. Bodily injury intentionally caused or aggravated by you.

Source: Voluntary Compensation Maritime Coverage Endorsement, WC 00 02 03, National Council on Compensation Insurance, Effective April 1, 1984.

The insurer will pay the workers compensation benefits prescribed by the workers compensation law of the state shown in the schedule to injured employees (and their beneficiaries and dependents, as appropriate) described in the schedule. This endorsement provides voluntary compensation coverage for workers entitled to recover under maritime employers liability law. The exclusion of coverage for bodily injury intentionally caused by the insured is included in both the workers compensation and employers liability coverage parts of the policy.

D. Before We Pay

Before we pay benefits to the persons entitled to them, they must:

1. Release you and us, in writing, of all responsibility for the injury or death.

2. Transfer to us their right to recover from others who may be responsible for the injury or death.

3. Cooperate with us and do everything necessary to enable us to enforce the right to recover from others.

If the persons entitled to the benefits of this insurance fail to do those things, our duty to pay ends at once. If they claim damages from you or from us for the injury or death, our duty to pay ends at once.

E. Recovery From Others

If we make a recovery from others, we will keep an amount equal to our expenses of recovery and the benefits we paid. We will pay the balance to the persons entitled to it. If the persons entitled to the benefits of this insurance make a recovery from others, they must reimburse us for the benefits we paid them.

Schedule

1. Employees ____________ Workers Compensation Law ________________

Master and members of the crews of these vessels

2. Description of Work
The voluntary compensation benefits made available by the endorsement are payable only if the injured employee releases the insurer and the employer in writing from all responsibility for the injury. If the employee refuses, there is no coverage under this endorsement; however, the suit would be covered under the maritime coverage endorsement (WC 00 02 01).

Another condition of payment of voluntary compensation benefits is that the injured employee transfer rights of recovery against others that may be responsible for the injury to the insurer and assist the insurer in enforcing those rights. If the insurer is successful in obtaining a recovery from others, the insurer will keep an amount equal to the benefits paid and the expenses incurred in the recovery, and the remainder will be paid to "the persons entitled to it"—usually the injured employee or their beneficiaries.

**WC 00 02 04—LIMITED MARITIME COVERAGE ENDORSEMENT**

The endorsement permits a listing of classifications that might have incidental connection to a vessel, such as a carpenter, florist, or food caterer.

It eliminates the employers liability exclusion for bodily injury to masters and crew members of a vessel, but only with respect to the classifications listed in the endorsement schedule. It is most often used on policies covering service businesses, when there is a remote or incidental service provided to a vessel.
OTHER COVERAGE AND EXCLUSION ENDORSEMENTS

The "other coverage and exclusion endorsements" category (numbered WC 00 03 XX) includes all coverage endorsements other than the federal or maritime coverage endorsements. The endorsements in this group are too varied to label meaningfully with a single descriptive title.

WC 00 03 01 A—ALTERNATE EMPLOYER ENDORSEMENT

The alternate employer endorsement is one of six NCCI endorsements that can be used to address long-term employee leasing situations. It should be attached to the employee leasing company's policy when the employee leasing company is responsible for providing workers compensation coverage on employees leased to clients, and the employee leasing client exclusion endorsement (WC 00 03 22) is attached to the client's workers compensation policy.

Use of the alternate employer endorsement is not limited to situations involving short-term labor borrowing or leasing. It is also used in some long-term employee leasing situations. Employee leasing is a permanent staffing method under which an employee leasing company (sometimes called a labor contractor) provides all or most of its client's employees.

Because this endorsement is not designed to address only long-term leasing situations, it does contain two provisions that may warrant modification when used in employee leasing situations. One of these provisions is a statement that the endorsement can be canceled without notice to the alternate employer: and the second, a statement that the endorsement is not intended to satisfy the workers compensation obligations of the alternate employer and that the insurer will not file evidence of this coverage on behalf of the alternate employer with any government entity.

EMPLOYEE LEASING ENDORSEMENTS

<table>
<thead>
<tr>
<th>Endorsement</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternate Employer Endorsement</td>
<td>(WC 00 03 01 A)</td>
</tr>
<tr>
<td>Employee Leasing Client Endorsement</td>
<td>(WC 00 03 19)</td>
</tr>
<tr>
<td>Labor Contractor Endorsement</td>
<td>(WC 00 03 20 A)</td>
</tr>
<tr>
<td>Labor Contractor Exclusion Endorsement</td>
<td>(WC 00 03 21)</td>
</tr>
<tr>
<td>Employee Leasing Client Exclusion Endorsement</td>
<td>(WC 00 03 22)</td>
</tr>
<tr>
<td>Multiple Coordinated Policy Endorsement</td>
<td>(WC 00 03 23)</td>
</tr>
</tbody>
</table>
ALTERNATE EMPLOYER ENDORSEMENT

This endorsement applies only with respect to bodily injury to your employees while in the course of special or temporary employment by the alternate employer in the state named in Item 2 of the Schedule. Part One (Workers Compensation Insurance) and Part Two (Employers Liability Insurance) will apply as though the alternate employer is insured. If an entry is shown in Item 3 of the Schedule the insurance afforded by this endorsement applies only to work you perform under the contract or at the project named in the Schedule.

Under Part One (Workers Compensation Insurance) we will reimburse the alternate employer for the benefits required by the workers compensation law if we are not permitted to pay the benefits directly to the persons entitled to them.

The insurance afforded by this endorsement is not intended to satisfy the alternate Employers duty to secure its obligations under the workers compensation law. We will not file evidence of this insurance on behalf of the alternate employer with any government agency.

We will not ask any other insurer of the alternate employer to share with us a loss covered by this endorsement.

Premium will be charged for your employees while in the course of special or temporary employment by the alternate employer.

The policy may be canceled according to its terms without sending notice to the alternate employer.

Part Four (Your Duties If Injury Occurs) applies to you and the alternate employer. The alternate employer will recognize our right to defend under Parts One and Two and our right to inspect under Part Six.

Schedule

1. Alternate Employer Address

2. State of Special or Temporary Employment

3. Contract or Project


This endorsement provides primary workers compensation coverage for employees of the insured who are injured while they are lent or leased to another firm. For example, an employee of a temporary employment service who suffers an on-the-job injury during the course of a work
assignment with a customer. Without this endorsement, the “borrowed servant doctrine” might make the customer for whom the temporary was working at the time of the injury responsible for the workers compensation benefits, instead of the temporary employment firm.

Attachment of the alternate employer endorsement to the “regular” Employers workers compensation policy eliminates the possibility that the alternate employer might be held accountable for payment of workers compensation benefits to a lent or leased employee, by specifying that the policy will apply to employees injured while working for the alternate employer as though the alternate employer were an insured under the policy; and the insurer will not ask the alternate Employers insurer to share in a loss covered by the endorsement.

The payroll of employees provided to the alternate employer will be used in determining the insured's premium. The alternate employer should not include the payroll for these employees when reporting payroll to its workers compensation insurer.

The endorsement may be used only if the state of temporary or special employment is a state shown in Item 3.A. of the Information Page.

This endorsement may not be used to limit coverage to specific jobs or contracts in Wisconsin. If the endorsement is used because of temporary or special employment in Illinois the carrier must send a written notice of cancellation to all Illinois Alternate Employers shown in the Schedule.

**WC 00 03 02—DESIGNATED WORKPLACES EXCLUSION ENDORSEMENT**

Original Printing  
Effective April 1, 1984  
WC 00 03 02 Standard  

DESIGNATED WORKPLACES EXCLUSION ENDORSEMENT  
The policy does not cover work conducted at or from__________________________________  

Source: Designated Workplaces Exclusion Endorsement, WC 00 03 02, National Council on Compensation Insurance, Effective April 1, 1984.

This endorsement excludes injuries incurred at workplaces described in the endorsement. It is often used when the insured is a contractor who is working on a large construction project subject to a wrap-up plan (a single consolidated insurance plan covering all parties to a construction contract). It may also be used to exclude workplaces covered under the other policy when the employer has more than one workers compensation policy.

The endorsement can be used to exclude designated workplaces only when it is proper to do so under the workers compensation law. Use the blank space in the endorsement to carefully describe the work or workplace to be excluded.

Kansas employers must comply with requirements of the Kansas Workers Compensation Act by insuring all employees whether one or more policies are issued to the same employer.
EMPLOYERS LIABILITY COVERAGE ENDORSEMENT

This endorsement applies only to work in the states shown in the Schedule.

A. Part One (Workers Compensation Insurance) does not apply to work in a state shown in the Schedule.

B. Part Two (Employers Liability Insurance) applies to work in states shown in the Schedule as though they were shown in Item 3.A. of the Information Page.

C. Part Two (Employers Liability Insurance), C. Exclusions is changed by adding these exclusions.

This insurance does not cover:

13. Bodily injury to any member of the flying crew of any aircraft;

14. Bodily injury to an employee when you are deprived of common law defenses or are subject to penalty because of your failure to secure your obligations under the workers compensation law of any state shown in the Schedule or otherwise fail to comply with that law.

Schedule

States

Source: Employers Liability Coverage Endorsement, WC 00 03 03 B, National Council on Compensation Insurance, Effective April 1, 1992.

This endorsement, often referred to as the “stopgap” endorsement, provides employers liability-only coverage in states where the policy does not provide workers compensation coverage. It is primarily used to provide employers liability coverage for an Employers operations in a monopolistic state fund state.

An employer with operations in a monopolistic state that has purchased the required state workers compensation coverage has an employers liability coverage gap in that state, because the coverage provided by the policies or funds of these jurisdictions does not apply to injuries that are not covered by the workers compensation law, and the employers liability portion of the insured's "regular" workers compensation policy will not respond because the employment is not in a covered state.
The employers liability coverage endorsement (WC 00 03 03 B) eliminates this coverage gap in all of the monopolistic states except Ohio. The Ohio employers' liability coverage endorsement (WC 34 03 01 B) accomplishes the same purpose for Ohio operations.

Both this endorsement and the Ohio employers' liability coverage endorsement add two exclusions that apply in addition to the exclusions in the employers liability portion of the policy. The first is an exclusion of coverage for bodily injury to any member of the flying crew of any aircraft. The second excludes coverage for bodily injury to an employee when the insured is deprived of common law defenses or is subject to a penalty because of failure to provide workers compensation coverage. This prevents the insured from attempting to use the endorsement as a substitute for workers compensation insurance.

The endorsement can also be used to provide employers liability-only coverage when the employer is not subject to the workers compensation law of a given state and needs only employers’ liability coverage, or when the employer is self-insured for workers compensation benefits but elects to purchase employers liability insurance.

**WC 00 03 04—INSURANCE COMPANY AS INSURED ENDORSEMENT**

Original Printing
Effective April 1, 1984
WC 00 03 04 Standard

**INSURANCE COMPANY AS INSURED ENDORSEMENT**

The policy does not cover your obligations as a workers compensation reinsurer or insurer of other employers.

Source: Insurance Company as Insured Endorsement, WC 00 03 04, National Council on Compensation Insurance, Effective April 1, 1984.

This endorsement is attached to the policy only if the insured is an insurance company that is licensed to write workers compensation insurance. It merely clarifies that the workers compensation policy issued to the insurance company as an employer does not apply to its obligations to employees of its policyholders as a workers compensation insurer.

**WC 00 03 05—JOINT VENTURE AS INSURED ENDORSEMENT**

Original Printing
Effective April 1, 1984
WC 00 03 05 Standard

**JOINT VENTURE AS INSURED ENDORSEMENT**
If the employer named in Item 1 of the Information Page is a joint venture, and if you are one of its members, you are insured, but only in your capacity as an employer of the joint venture's employees.

Source: Joint Venture as Insured Endorsement, WC 00 03 05, National Council on Compensation Insurance, Effective April 1, 1984.

This endorsement is used to add coverage for members of a joint venture when the insured is a joint venture. Without this endorsement, members of a joint venture are not covered as separate entities.

A joint venture is a legal entity similar to a partnership, formed between separate business entities, usually to accomplish a specific purpose.

**WC 00 03 06—MEDICAL BENEFITS EXCLUSION ENDORSEMENT**

Original Printing
Effective April 1, 1984
WC 00 03 06 Standard

MEDICAL BENEFITS EXCLUSION ENDORSEMENT

Part One (Workers Compensation Insurance) does not cover any medical benefits required by the workers compensation law of a state named in the Schedule. You will provide medical benefits to the full extent required by that workers compensation law and to our satisfaction.

Schedule
State

Source: Medical Benefits Exclusion Endorsement, WC 00 03 06, National Council on Compensation Insurance, Effective April 1, 1984.

This endorsement is used to exclude workers compensation medical benefits payable in a specific state from coverage under the policy when the insured is qualified as a self-insurer for medical benefits in the state shown in the schedule. The endorsement specifies that the insured is responsible for providing medical benefits in accordance with applicable workers compensation law, even though the policy does not cover these benefits. The endorsement even specifies that the insured is to provide the required medical benefits to the insurer's satisfaction, because the insurer could be held responsible for payment if the insured defaults.

Currently, the following states allow employers to become qualified self-insurers with respect to payment of medical benefits: Alabama, Colorado, Connecticut, Florida, Hawaii, Idaho, Indiana, Iowa, Kentucky, Louisiana, Minnesota, New Mexico, North Carolina, Rhode Island, South Carolina, South Dakota, and Vermont.
If the insured has elected, under the workers compensation law, to be responsible for these benefits but is not a self-insurer for them, use Medical Benefits Reimbursement Endorsement—WC 00 03 07, instead.

**WC 00 03 07—MEDICAL BENEFITS REIMBURSEMENT ENDORSEMENT**

<table>
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<tr>
<th>Original Printing</th>
<th>Effective April 1, 1984</th>
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<tbody>
<tr>
<td>WC 00 03 07 Standard</td>
<td></td>
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</table>

**MEDICAL BENEFITS REIMBURSEMENT ENDORSEMENT**

You will provide all medical benefits to the full extent required by the workers compensation law of each state named in the Schedule and to our satisfaction.

This agreement is between you and us. It does not change the rights of others under the policy. You will reimburse us for any of those medical benefits that we may be legally required to pay.

**Schedule**

**State**

Source: Medical Benefits Reimbursement Endorsement, WC 00 03 07, National Council on Compensation Insurance, Effective April 1, 1984.

This endorsement is used when the insured has elected to be responsible for payment of workers compensation medical benefits in the state shown in the schedule, in accordance with the applicable workers compensation law, but is not a qualified self-insurer for these benefits. This endorsement differs from the medical benefits exclusion endorsement (WC 00 03 06) in that there is no exclusion of medical benefits coverage under the policy. Instead, the endorsement stipulates that the insured is to provide medical benefits in accordance with applicable workers compensation law, to the insurer’s satisfaction and that the insured must reimburse the insurer for any medical benefit payments that the insurer is required to make.

At present the following states allow an employer who is not a qualified self-insurer to elect to be responsible for providing medical benefits: Alabama, Connecticut, Florida, Hawaii, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Missouri, Montana, New Mexico, North Carolina, Rhode Island, South Carolina, South Dakota, and Vermont.

If the insured is a qualified self-insurer with respect to the payment of medical benefits, use Medical Benefits Exclusion Endorsement—WC 00 03 06 instead.
PARTNERS, OFFICERS AND OTHERS EXCLUSION ENDORSEMENT

The policy does not cover bodily injury to any person described in the Schedule.

The premium basis for the policy does not include the remuneration of such persons.

You will reimburse us for any payment we must make because of bodily injury to such persons.

Schedule

Partners        Officers        Others

Source: Partners, Officers and Others Exclusion Endorsement, WC 00 03 08, National Council on Compensation Insurance, Effective April 1, 1984.

This endorsement is used to eliminate coverage for workers compensation and employers liability, for bodily injury to partners, officers, and others named or described in the endorsement that elect in accordance with applicable state workers compensation law not to be covered by the law. However, in some states, those who elect not to be subject to the workers compensation law retain the right to sue the employer for damages caused by the Employers negligence. This endorsement eliminates not just workers compensation coverage, but employers’ liability coverage as well, with respect to the individuals named in the endorsement, so care should be taken to be sure the insured fully understands this endorsement.

Use the endorsement only in a state where an individual has elected pursuant to the workers compensation law not to be covered by the law and to exclude employers’ liability coverage where the insured is statutorily exempt from workers compensation coverage.

Individuals may be designated in the endorsement only when it is proper to do so under the workers compensation law. Individuals may be designated by naming or describing them.

RURAL ELECTRIFICATION ADMINISTRATION ENDORSEMENT

Effective February 1, 1994
WC 00 03 09 A

RURAL ELECTRIFICATION ADMINISTRATION ENDORSEMENT
1. We will submit our policy and endorsement forms to the Rural Electrification Agency prior to using them.

2. We will mail to the Rural Electrification Agency at least ten days advance notice of the termination of the policy.

3. If you are immune from tort liability, we will not use that immunity as a defense unless you so request us. You agree that waiving the defense of immunity will not make us liable for any payment in excess of the limits of liability stated in the policy.

4. If you are a cooperative or a mutual organization, we agree with the Rural Electrification Administration that the insurance afforded by this policy is subject to the following provisions:

   a. We agree that we will not use, either in the adjustment of claims or in the defense of suits against you, your immunity from tort liability, unless you interpose such defense;

   b. You agree that the waiver of the defense of immunity shall not subject the company to liability of any portion of a claim, verdict, or judgment in excess of the limits stated in the policy;

   c. We agree that if you are relieved of liability because of your immunity, either by interposition of such defense or at your request or by voluntary action of a court, the insurance applicable to the injuries on which such suit is based, to the extent it would otherwise have been available to you, shall apply to your officers and employees in their capacity as such; provided that all defenses other than immunity in suits against you or against the company under the policy shall be available to the company with respect to such officers and employees in suits against such officers and employees or against the company under the policy.

Source: Rural Electrification Administration Endorsement, WC 00 03 09 A, National Council on Compensation Insurance, Effective February 1, 1994.

When the insured is a rural electrification cooperative or mutual, the Rural Electrification Administration (REA) requires attachment of this endorsement to the policy. It establishes that the insurer will submit the policy and endorsement forms to the REA for review prior to using them, and will provide the REA with at least 10 days' advance notice of policy termination. The endorsement also includes several provisions addressing the effect of the insured's tort immunity on the coverage provided by the policy:

- The insurer will not use the insured's tort immunity as a defense;
- The insured's waiver of tort immunity will not subject the insurer to liability in excess of policy limits;
- If the insured is relieved of liability because of its tort immunity, the policy will apply to the insured's officers and employees.
### WC 00 03 10—SOLE PROPRIETORS, PARTNERS, OFFICERS AND OTHERS COVERAGE ENDORSEMENT

Original Printing  
Effective April 1, 1994  
WC 00 03 10 Standard

**SOLE PROPRIETORS, PARTNERS, OFFICERS AND OTHERS COVERAGE ENDORSEMENT**

An election was made by or on behalf of each person described in the Schedule to be subject to the workers compensation law of the state named in the Schedule. The premium basis for the policy includes the remuneration of such persons.

**Schedule**

<table>
<thead>
<tr>
<th>Persons</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole Proprietor:</td>
<td></td>
</tr>
<tr>
<td>Partners:</td>
<td></td>
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<tr>
<td>Officers:</td>
<td></td>
</tr>
<tr>
<td>Others:</td>
<td></td>
</tr>
</tbody>
</table>

Source: Sole Proprietors, Partners, Officers and Others Coverage Endorsement, WC 00 03 10, National Council on Compensation Insurance, Effective April 1, 1984.

This endorsement is used to provide coverage for the individuals named or described in the endorsement who have elected to be subject to the workers compensation law of the state shown in the endorsement, as permitted by that law.

Individuals may be designated in this endorsement only when it is proper to do so under the workers compensation law. Individuals may be designated by naming or describing them.

### WC 00 03 11—A VOLUNTARY COMPENSATION AND EMPLOYERS LIABILITY COVERAGE ENDORSEMENT

2nd Reprint  
Effective August 1, 1991  
WC 00 03 11 A Standard

**VOLUNTARY COMPENSATION AND EMPLOYERS LIABILITY COVERAGE ENDORSEMENT**

This endorsement adds Voluntary Compensation Insurance to the policy.
This endorsement provides voluntary coverage for the workers compensation benefits of a given jurisdiction to employees who are not covered by state workers compensation law. Employees who are not eligible for workers compensation benefits can sue the employer for damages in the event of an on-the-job injury resulting from employer negligence. An injured exempt employee who can prove some negligence on the part of the employer can recover amounts that are much greater than state workers compensation benefits. For this reason, many employers who have exempt employees purchase voluntary workers compensation coverage. This allows the employer to offer the injured employee the workers compensation benefits of the state designated in the endorsement, in hopes of avoiding a lawsuit for negligence. If the offer is rejected and the employee files suit, the employers liability coverage of the policy applies.

Employees who may not be covered under the workers compensation law of a given state include the following.

- Domestic workers
- Agricultural workers
- Volunteers
- Employees injured while temporarily outside of the United States or Canada
- Employees injured while on indefinite assignment outside of the United States or Canada

Volunteers working for private entities are not normally entitled to workers compensation benefits. Organizations that make extensive use of volunteer workers often elect to purchase voluntary compensation coverage for them.

Employees injured while temporarily outside of the country may or may not be entitled to workers compensation benefits, depending on the extraterritorial coverage provisions of the applicable state law. Many states extend benefits to those injured outside its borders (whether in another state or outside the country) if the contract of hire was made in the state. Circumstances can arise, however, under which such employees would not be entitled to state workers compensation benefits. Many employers address this exposure by arranging for a voluntary compensation benefits endorsement.

U.S. nationals assigned to work indefinitely outside of the United States can also be covered under this endorsement. However, coverage under a foreign voluntary workers compensation policy or endorsement is generally preferable. There is no NCCI foreign voluntary workers compensation endorsement, but manuscript foreign voluntary workers compensation endorsements are in widespread use. A foreign workers compensation coverage endorsement usually is very similar to the NCCI voluntary compensation endorsement, without the requirement that bodily injury occur while the employee is only temporarily out of the country, and adding coverage for endemic disease and repatriation expense.

An endemic disease is one that is peculiar to a particular country. The endemic disease provision of a foreign workers compensation endorsement establishes that coverage applies to
injury or death arising out of endemic disease even if the disease is not covered under the workers compensation or occupational disease law of the designated state.

Repatriation expense coverage reimburses the insured for expenses over and above normal transportation costs when it is necessary to bring an injured, sick, or deceased employee back to the United States. The extra transportation costs under such circumstances can be enormous. Some foreign workers compensation coverage endorsements impose a sublimit on repatriation expense coverage; the adequacy of any such sublimit should be carefully evaluated.

Because of the repatriation and endemic disease coverage available under a foreign voluntary workers compensation endorsement or policy, many employers purchase this type of coverage for all employees outside the United States, regardless of whether the assignment is temporary or permanent.

A. How This Insurance Applies

This insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. The bodily injury must be sustained by an employee included in the group of employees described in the Schedule.

2. The bodily injury must arise out of and in the course of employment necessary or incidental to work in a state listed in the Schedule.

3. The bodily injury must occur in the United States of America, its territories or possessions, or Canada, and may occur elsewhere if the employee is a United States or Canadian citizen temporarily away from those places.

4. Bodily injury by accident must occur during the policy period.

5. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee’s last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.


Since the voluntary compensation coverage provided by this endorsement is neither workers compensation coverage, nor employers liability coverage, the endorsement includes its own "How This Coverage Applies" provision. Unique to the endorsement, however, item A.1., specifies that voluntary compensation coverage applies only to bodily injury suffered by an employee included in a group of employees described in the endorsement schedule. It is very important that the schedule of the endorsement clearly includes all of the employees for whom coverage is intended.
B. We Will Pay

We will pay an amount equal to the benefits that would be required of you if you and your employees described in the Schedule were subject to the workers compensation law shown in the Schedule. We will pay those amounts to the persons who would be entitled to them under the law.

C. Exclusions

This insurance does not cover:

1. Any obligation imposed by a workers compensation or occupational disease law, or any similar law.

2. Bodily injury intentionally caused or aggravated by you.


The insurer will pay the workers compensation benefits prescribed by the workers compensation law of the state shown in the schedule to injured employees (and their beneficiaries and dependents, as appropriate) described in the schedule. Damage resulting from bodily injury intentionally caused by the insured is excluded.

D. Before We Pay

Before we pay benefits to the persons entitled to them, they must:

1. Release you and us, in writing, of all responsibility for the injury or death.

2. Transfer to us their right to recover from others who may be responsible for the injury or death.

3. Cooperate with us and do everything necessary to enable us to enforce the right to recover from others.

If the persons entitled to the benefits of this insurance fail to do those things, our duty to pay ends at once. If they claim damages from you or from us for the injury or death, our duty to pay ends at once.

E. Recovery From Others

If we make a recovery from others, we will keep an amount equal to our expenses of recovery and the benefits we paid. We will pay the balance to the persons entitled to it. If the persons entitled to the benefits of this insurance make a recovery from others, they must reimburse us for the benefits we paid them.
The voluntary compensation benefits made available by the endorsement are payable only if the injured employee releases the insurer and the employer in writing from all responsibility for the injury. If the employee refuses, there is no coverage under this endorsement. However, the suit would be covered under the employers liability part of the policy.

Another condition of payment of voluntary compensation benefits is that the injured employee transfer rights of recovery against others that may be responsible for the injury to the insurer and assist the insurer in enforcing those rights. If the insurer is successful in obtaining a recovery from others, the insurer will keep an amount equal to the benefits paid and the expenses incurred in the recovery; the remainder will be paid to "the persons entitled to it"—usually the injured employee or the employee's beneficiaries.

F. Employers Liability Insurance

Part Two (Employers Liability Insurance) applies to bodily injury covered by this endorsement as though the State of Employment shown in the Schedule were shown in Item 3.A. of the Information Page.

Schedule

Employees State of Employment Designated Workers Compensation Law

To provide the broadest possible coverage, it is suggested that the endorsement schedule include a notation like "all employees not subject to the workers compensation or occupational disease law of any state" under the "Employees" heading, "all states where legally permissible" under the "State of Employment" heading, and "state of operations" or "state of hire" or "state where the injury occurs" under the "Designated Workers Compensation Law" heading.

Voluntary compensation insurance does not provide compensation, medical or other benefits in excess of the statutory requirement in the workers compensation law designated in the standard Voluntary Compensation & Employers Liability Coverage Endorsement. It is not applicable to any employee subject to a workers compensation law.

The Standard Policy may be used to provide insurance for liability under one or more state workers compensation laws and also for liability under admiralty law or FELA. There are two programs to furnish such insurance:

Program I

Provides, under Part One (Workers Compensation Insurance), statutory liability under the workers compensation law of any state designated in Item 3.A. of the Information Page and,
under Part Two (Employers Liability Insurance), employers liability for damages under admiralty law or FELA, subject to a standard limit of $25,000.

Program II

Provides the same coverage as Program I but with the addition of Voluntary Compensation. Under Program II, the insurance carrier will offer a settlement of a claim strictly in accord with the statutory benefits provided in the workers compensation law designated in the voluntary compensation endorsement attached to the policy as if the claim was subject to such law, instead of subject to the laws of negligence. If the offer of settlement is rejected, employers liability then applies to such claim or suit, with the same standard limit as for Program I.

Work in a monopolistic state fund state should not be included in the Schedule unless employers’ liability coverage is provided in that state.

**WC 00 03 12—VOLUNTARY COMPENSATION AND EMPLOYERS LIABILITY COVERAGE FOR RESIDENCE EMPLOYEES ENDORSEMENT**

This is the first of 2 endorsements designed to be used with a homeowners policy, comprehensive personal liability policy, or other policy that provides similar personal liability coverage.

- The voluntary compensation and employers liability coverage for residence employees endorsement (WC 00 03 12)
- The workers compensation and employers liability coverage for residence employees endorsement (WC 00 03 14)

**Original Printing**
Effective April 1, 1984
WC 00 03 12 Standard

VOLUNTARY COMPENSATION AND EMPLOYERS LIABILITY COVERAGE FOR RESIDENCE EMPLOYEES ENDORSEMENT

Source: Voluntary Compensation and Employers Liability Coverage for Residence Employees Endorsement, WC 00 03 12, National Council on Compensation Insurance, Effective April 1, 1984.

This endorsement is not intended to be used with the NCCI workers compensation and employers liability policy. WC 00 03 12 is designed to be attached to a homeowners or other personal liability policy to provide voluntary compensation coverage for residence employees of the insured when the workers compensation law does not apply to these employees. It also provides employers liability coverage that will respond to a suit for damages against the insured in connection with an on-the-job injury.

Because this endorsement is intended to be used with a homeowners policy or other personal liability policy, and these policies do not contain any workers compensation coverage
This endorsement adds Voluntary Compensation Coverage and Employers Liability Coverage to the policy.

"Bodily injury," "business," "residence employee," "residence premises," "you," and "we" have the meanings stated in the policy.

Voluntary Compensation Coverage

A. How This Coverage Applies

This Coverage applies to bodily injury by accident or bodily injury by disease sustained by your residence employees.

1. The bodily injury must arise out of and in the course of the residence employee's employment by you.

2. The employment must be necessary or incidental to work in the state of the residence premises or a state listed in the Schedule.

3. Bodily injury by accident must occur during the policy period.

4. Bodily injury by disease must be caused or aggravated by the conditions of your residence employee's employment by you. The residence employee’s last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.

B. We Will Pay

We will pay an amount equal to the benefits that would be required of you if you and your residence employees were subject to the workers compensation law shown in the Schedule. We will pay those amounts to the persons who would be entitled to them under that law.

C. Other Insurance

We will not pay more than our share of benefits and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that may apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance will be equal until the loss is paid.

D. Exclusions

This Coverage does not cover:

1. Bodily injury arising out of any of your business pursuits.

2. Bodily injury intentionally caused or aggravated by you.
3. Any obligation imposed by a workers compensation or occupational disease law or any similar law.

E. Before We Pay

Before we pay benefits to the persons entitled to them, they must:

1. Release you and us, in writing, of all responsibility for the injury or death.

2. Transfer to us their right to recover from others who may be responsible for the injury or death.

3. Cooperate with us and do everything necessary to enable us to enforce the right to recover from others.

If the persons entitled to the benefits of this Coverage fail to do those things, our duty to pay ends at once. If they claim damages from you or from us for the injury or death, our duty to pay ends at once.

EMPLOYERS LIABILITY COVERAGE

A. How This Coverage Applies

This Coverage applies to bodily injury by accident or bodily injury by disease sustained by your residence employees.

1. The bodily injury must arise out of and in the course of the residence employee's employment by you.

2. The employment must be necessary or incidental to work in the state of the residence premises or a state listed in the Schedule.

3. Bodily injury by accident must occur during the policy period.

4. Bodily injury by disease must be caused or aggravated by the conditions of your residence employee's employment by you. The residence employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.

B. We Will Pay

We will pay all sums you legally must pay as damages because of bodily injury to your employees, provided the bodily injury is covered by this Employers Liability Insurance.

The damages we will pay, where recovery is permitted by law, include damages:

1. For which you are liable to a third party by reason of a claim or suit against you to recover damages obtained from the third party;

2. For care and loss of services; and
3. For consequential bodily injury to a spouse, child, parent, brother, or sister of the injured employee; provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by you; and

4. Because of bodily injury to your employee that arises out of and in the course of employment, claimed against you in a capacity other than as employer.

C. Exclusions

This Coverage does not apply to:

1. Bodily injury arising out of any of your business pursuits.

2. Bodily injury intentionally caused or aggravated by you.

3. Any obligation imposed by a workers compensation or occupational disease law or any similar law.

D. Other Insurance

We will not pay more than our share of damages and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance and self-insurance will be equal until the loss is paid.

E. Limits of Liability

Our liability to pay for damages is limited. Our limits of liability are shown in the Schedule. They apply as explained below, regardless of the number of insureds, claims or suits, or persons who sustain bodily injury.

1. Bodily Injury by Accident. The limit shown for "bodily injury by accident—each accident" is the most we will pay for damages because of bodily injury to one or more residence employees arising out of any one accident. That limit includes damages for death, care, and loss of services.

2. Bodily Injury by Disease. The limit shown for "bodily injury by disease—coverage limit" is the most we will pay for damages because of all bodily injury by disease to one or more residence employees. The limit shown for "bodily injury by disease—each employee" is the most we will pay for all damages because of bodily injury by disease to any one employee. The limits include damages for death, care, and loss of services.

3. We will not pay any claims for damages after we have paid the applicable limit of our liability under this insurance.

Policy Provisions

Voluntary Compensation Coverage and Employers Liability Coverage are subject to the provisions of the policy relating to the defense of suits; payment of claim expenses; duties after loss; waiver or changes of policy provisions; cancellation and non-renewal; subrogation or recovery from others; assignment or death of the insured; premium; and bankruptcy.
Schedule

1. Residence Employees  Number  Rates  Premium

Inservants

Outservants, including private chauffeurs

2. State Workers Compensation Law

3. Limits of Liability for Employers Liability Coverage

   Bodily Injury by Accident  $_____ each accident

   Bodily Injury by Disease  $_____ Coverage limit
                              $_____ each employee

Source: Voluntary Compensation and Employers Liability Coverage for Residence Employees Endorsement, WC 00 03 12, National Council on Compensation Insurance, Effective April 1, 1984.

Use the endorsement to provide voluntary compensation and employers liability coverages for domestic workers in a state where they are not included and cannot be brought within the workers compensation law.

**WC 00 03 13—WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT**

Original Printing
Effective April 1, 1984
WC 00 03 13 Advisory

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

Schedule
The workers compensation policy clearly prohibits the insured from waiving recovery rights against others after an injury has taken place. However, whether the subrogation provision in the policy does or does not prohibit the insured from waiving recovery rights against others prior to loss is uncertain.

The safest approach is to have a waiver of subrogation endorsement attached to the workers compensation policy. This endorsement can be used to waive the insurer's right to recover amounts paid under the policy from the entity named in the endorsement schedule. However, this endorsement is limited to work performed by the insured under a written contract that requires the insured to obtain a written waiver of recovery rights from the insurer.

A manuscript blanket waiver of subrogation may be another option. Workers compensation insurers typically charge a premium for adding a waiver of subrogation endorsement to the policy. The premium charge may be a flat dollar amount or a percentage of the premium—say, 2 percent of the policy premium for a blanket waiver or 5 percent of the project waiver for a project-specific waiver.

The following entry must be added to the endorsement when used in Hawaii:

"The premium charge for the endorsement is $__________"

**WC 00 03 14—WORKERS COMPENSATION AND EMPLOYERS LIABILITY COVERAGE FOR RESIDENCE EMPLOYEES ENDORSEMENT**

This is the second of 2 endorsements, which are designed to be attached to home owners or CPC policies.

- The voluntary compensation and employers liability coverage for residence employees endorsement (WC 00 03 12)

- The workers compensation and employers liability coverage for residence employees endorsement (WC 00 03 14)
This endorsement is not intended to be used with the NCCI workers compensation and employers liability policy. It is designed for attachment to a homeowners policy or other policy that provides personal liability coverage for individuals.

This endorsement may be used to insure the statutory workers compensation obligations of an employer of domestic workers.

This endorsement (WC 00 03 14) is attached to a homeowners or other personal liability policy to provide statutory workers compensation coverage for residence employees of the insured when these employees are covered under the law, whether automatically or by the Employers election. It also provides employers liability coverage that will respond to a suit for damages against the insured in connection with an on-the-job injury.

Because this endorsement is intended to be used with a homeowners policy or other personal liability policy, and since these policies do not contain any workers compensation coverage provisions, it is a very long one. The company may need to make changes in this endorsement to properly identify policy provisions that apply to the endorsement.

This endorsement adds Workers Compensation and Employers Liability Coverage to the policy. Certain words and phrases used in this endorsement are defined as follows.

"Bodily injury," "business," "residence employee," "residence premises," "you," and "we" have the meanings stated in the policy.

"Workers compensation law" means the workers or workmen’s compensation and occupational disease law of the state or territory where the residence premises is located and of any other state shown in Item 2 of the Schedule. Workers compensation law does not include the provisions of any law that provide nonoccupational benefits.

Workers Compensation Coverage

A. How This Coverage Applies

This Coverage applies to bodily injury by accident or bodily injury by disease sustained by your residence employees.

1. Bodily injury by accident must occur during the policy period.

2. Bodily injury by disease must be caused or aggravated by the conditions of your residence employee’s employment by you. The residence employee’s last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.

B. We Will Pay

We will pay promptly when due the benefits required of you by the workers compensation law.

C. Other Insurance
We will not pay more than our share of benefits and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that may apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance will be equal until the loss is paid.

D. Exclusion

This Coverage does not apply to bodily injury arising out of any of your business pursuits.

E. Law Provision

Terms of this Coverage that conflict with the workers compensation law are changed by this statement to conform to that law.

EMPLOYERS LIABILITY COVERAGE

A. How This Coverage Applies

This Coverage applies to bodily injury by accident or bodily injury by disease sustained by your residence employees.

1. The bodily injury must arise out of and in the course of the residence employee’s employment by you.

2. The employment must be necessary or incidental to work in the state of the residence premises or a state listed in the Schedule.

3. Bodily injury by accident must occur during the policy period.

4. Bodily injury by disease must be caused or aggravated by the conditions of your residence employee’s employment by you. The residence employee’s last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.

B. We Will Pay

We will pay all sums you legally must pay as damages because of bodily injury to your employees, provided the bodily injury is covered by this Employers Liability Insurance.

The damages we will pay, where recovery is permitted by law, include damages:

1. For which you are liable to a third party by reason of a claim or suit against you to recover damages obtained from the third party;

2. For care and loss of services; and

3. For consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee; provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee’s employment by you; and
4. Because of bodily injury to your employee that raises out of and in the course of employment, claimed against you in a capacity other than as employer.

C. Exclusions

This Coverage does not apply to:

1. Bodily injury arising out of any of your business pursuits.

2. Bodily injury intentionally caused or aggravated by you.

3. Any obligation imposed by a workers compensation or occupational disease law or any similar law.

D. Other Insurance

We will not pay more than our share of damages and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance and self-insurance will be equal until the loss is paid.

E. Limits of Liability

Our liability to pay for damages is limited. Our limits of liability are shown in the Schedule. They apply as explained below, regardless of the number of insureds, claims or suits, or persons who sustain bodily injury.

1. Bodily Injury by Accident. The limit shown for "bodily injury by accident—each accident" is the most we will pay for damages because of bodily injury to one or more residence employees arising out of any one accident. That limit includes damages for death, care, and loss of services.

2. Bodily Injury by Disease. The limit shown for "bodily injury by disease—coverage limit" is the most we will pay for damages because of all bodily injury by disease to one or more residence employees. The limit shown for "bodily injury by disease—each employee" is the most we will pay for all damages because of bodily injury by disease to any one employee. The limits include damages for death, care, and loss of services.

3. We will not pay any claims for damages after we have paid the applicable limit of our liability under this insurance.

POLICY PROVISIONS

Workers Compensation Coverage and Employers Liability Coverage are subject to the provisions of the policy relating to the defense of suits; payment of claim expenses; duties after loss; waiver or changes of policy provisions; cancellation and non-renewal; subrogation or recovery from others; assignment or death of the insured; premium; and bankruptcy.

Schedule

<table>
<thead>
<tr>
<th>Residence Employees</th>
<th>Number</th>
<th>Rates</th>
<th>Premium</th>
</tr>
</thead>
</table>

Inservants
Outservants, including private chauffeurs

2. State:

3. Limits of Liability for Employers Liability Coverage

   | Bodily Injury by Accident | $_____ each accident |
   | Bodily Injury by Disease | $_____ Coverage limit |
   |                           | $_____ each employee |


**WC 00 03 15—DOMESTIC AND AGRICULTURAL WORKERS EXCLUSION ENDORSEMENT**

2nd Reprint
Issued September 1, 1985
WC 00 03 15 Standard

DOMESTIC AND AGRICULTURAL WORKERS EXCLUSION ENDORSEMENT

The policy does not cover bodily injury to any person described in the Schedule.

The premium basis for the policy does not include the remuneration of such persons. You will reimburse us for any payment we are required to make because of bodily injury to such persons.

Schedule

Farm or Agricultural Workers:

Domestic or Household Workers:

Source: Domestic and Agricultural Workers Compensation Exclusion Endorsement, WC 00 03 15, National Council on Compensation Insurance, Effective September 1, 1985.

Use the endorsement in a state where the insured has elected, pursuant to the workers compensation law, not to be responsible for providing benefits for domestic or household...
workers and to exclude employers' liability coverage where the insured is statutorily exempt from workers compensation coverage.

Individuals may be designated by naming them or by describing them, for example:

- All farm or agricultural workers.
- All domestic or household workers.

This endorsement eliminates both workers compensation and employers liability coverage for bodily injury to the agricultural or domestic workers named or described in the endorsement. In many, if not most states, exempt employees retain their rights to sue the employer for damages resulting from the Employers negligence, so care must be taken to ensure that this endorsement is carefully explained to clients.

This endorsement can only be used in Connecticut when the insured is not responsible for providing benefits for domestic or household workers and does not elect pursuant to the workers compensation law to provide such benefits.

**Amendatory Endorsement**

Original Printing  
Effective April 1, 1992  
WC 00 03 18 Standard

AMENDATORY ENDORSEMENT

General Section C. Workers Compensation Law is replaced by the following:

C. Workers Compensation Law

Workers Compensation Law means the workers or workmen's compensation law and occupational disease law of each state or territory named in Item 3.A. of the Information Page. It includes any amendments to that law which are in effect during the policy period. It does not include any federal workers or workmen's compensation law, any federal occupational disease law or the provisions of any law that provide nonoccupational disability benefits.

The insurance afforded by Part Two (Employers Liability Insurance) is subject to the following additional provisions:

C. Exclusions

This insurance does not cover:

7. Damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any employee, or any personnel practices, policies, acts or omissions.

8. Bodily injury to any person in work subject to the Longshore and Harbor Workers' Compensation Act (33 USC Sections 901-950), the Nonappropriated Fund Instrumentalities Act (5 USC Sections 8171-8173), the Outer Continental Shelf Lands Act (43 USC Sections 1331-
1356), the Defense Base Act (42 USC Sections 1651-1654), the Federal Coal Mine Health and Safety Act of 1969 (30 USC Sections 901-942), any other federal workers or workmen's compensation law or other federal occupational disease law, or any amendments to these laws.

9. Bodily injury to any person in work subject to the Federal Employers' Liability Act (45 USC Sections 51-60), any other federal laws obligating an employer to pay damages to an employee due to bodily injury arising out of or in the course of employment, or any amendments to those laws.

10. Bodily injury to a master or member of the crew of any vessel.

11. Fines or penalties imposed for violation of federal or state law.

12. Damages payable under the Migrant and Seasonal Agricultural Worker Protection Act (29 USC Sections 1801-1872) and under any other federal law awarding damages for violation of those laws or regulations issued thereunder, and any amendments to those laws.

1. Actions Against Us is subject to the following additional provision:

The bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this Part.

Part Three (Other States Insurance) is changed as follows:

A. How This Insurance Applies

2. If you begin work in any one of those states after the effective date of this policy and are not insured or are not self-insured for such work, all provisions of the policy will apply as though that state were listed in Item 3.A. of the Information Page.

4. If you have work on the effective date of this policy in any state not listed in Item 3.A. of the Information Page, coverage will not be afforded for that state unless we are notified within thirty days.

Schedule

This endorsement applies in the states listed below:

Source: Amendatory Endorsement, WC 00 03 18, National Council on Compensation Insurance, Effective April 1, 1992.

This endorsement alters the provisions of the 1984 edition of the policy to match those of the 1992 edition. It is designed to allow insurers to use up their supplies of the 1984 edition of the policy.

WC 00 03 19—EMPLOYEE LEASING CLIENT ENDORSEMENT
EMPLOYEE LEASING CLIENT ENDORSEMENT

This endorsement applies only to the insurance provided by the policy when you enter into a contract or have an existing contract or contracts to lease workers to others. Part Six (Conditions) is changed by adding these conditions. Each entity to which you lease workers is called the Client. You must provide us the following information in writing for each Client within 30 days of the effective date of the leasing contract:

1. Contract effective date and term.
2. Client's name.
4. Client's mailing address.
5. Number of workers you leased to your Client, description of duties of each, and work location of each.

Your Clients are obligated to maintain workers compensation coverage for their direct and leased employees. You must submit to us a certificate of insurance from your Client's insurer or other proof that the client has lawfully secured its workers compensation obligations for the leased workers. If you do not submit the certificate of insurance or other proof, you must pay premium for the leased employees. If your Client has not obtained the lawful coverage, we may cancel the policy as provided in Part Six (Conditions), Section D. Cancelation, of the policy.

Source: Employee Leasing Client Endorsement, WC 00 03 19, National Council on Compensation Insurance, Effective April 1, 1991.

This endorsement is one of six NCCI endorsements designed to address employee-leasing situations. Employee leasing is a permanent staffing method under which an employee leasing company (sometimes called a labor contractor) provides all or most of its client's employees.

Under a leased employee arrangement, the workers compensation insurance protection may be provided by either the leasing company or the client company. However, both entities should not be required to pay premium for the exposure. This endorsement is attached to the leasing company's policy to avoid paying premium if the insurance is being provided by the client company.

When the client is responsible for providing coverage for leased employees, and either the endorsement (WC 00 03 19) or the labor contractor exclusion endorsement (WC 00 03 21) is attached to the employee leasing company's workers compensation policy, the labor contractor endorsement (WC 00 03 20) should be attached to the client's policy. It is a type of additional insured endorsement that covers the employee leasing company for any liability it may have to
injured employees it leases to the client. It also waives the insurer’s right of subrogation against the employee leasing firm.

The employee leasing client endorsement (WC 00 03 19) requires the employee leasing company to provide information to the insurer about each of its clients and the employees it leases to them within 30 days of the effective date of each leasing agreement. It also requires the employee leasing company to supply its insurer with proof (a certificate of insurance) that its clients have provided workers compensation coverage on their leased employees as required, and establishes the insurer's right to charge additional premium if that evidence is not submitted. Finally, the endorsement stipulates that the insurer has the right to cancel the policy in accordance with the policy cancellation provisions in the event that the client fails to properly secure workers compensation for its leased employees. However, until any such cancellation actually takes effect, the employee-leasing firm does have coverage for its liability to the leased employees if the client fails to maintain coverage.

The endorsement does not apply to bodily injury to workers provided to clients on a temporary basis, including workers furnished to substitute for a permanent employee on leave or to meet seasonal or short-term workload conditions.

**WC 00 03 20 A—LABOR CONTRACTOR ENDORSEMENT**

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Original Printing
Effective February 25, 1992
WC 00 03 20 A Standard

LABOR CONTRACTOR ENDORSEMENT

This endorsement applies only with respect to bodily injury to your leased employees in the state named in Item 2 of the Schedule when provided by a labor contractor named in Item 1 of the Schedule. This endorsement does not apply with respect to bodily injury to workers provided to you on a temporary basis.

Certain words and phrases in this endorsement are defined as follows:

Labor contractor means the entity furnishing some or all of the workers to another entity.
Client means the entity using the services of a labor contractor to obtain some or all of its workers.
Temporary worker means a worker who is furnished to an entity to substitute for a permanent employee on leave or to meet seasonal or short-term workload conditions.

Part One (Workers Compensation Insurance) and Part Two (Employers Liability Insurance) will apply as though the labor contractor is an insured. If an entry is shown in Item 3 of the Schedule, the insurance afforded by this endorsement applies only to work you perform under the contract or at the project named in the Schedule.

Under Part One we will reimburse the labor contractor named in the Schedule for the benefits required by the workers compensation law if we are not permitted to pay the benefits directly to the persons entitled to them.
The insurance afforded by this endorsement is not intended to satisfy the labor contractor's duty to secure its obligations under the workers compensation law. We will not file evidence of this insurance on behalf of the labor contractor with any government agency.

We will not ask any other insurer of the labor contractor to share with us a loss covered by this endorsement.

Premium will be charged for your leased employees while provided by the labor contractor. You must obtain from the labor contractor and furnish to us a complete payroll record of your leased employees provided by the labor contractor to satisfy your obligations under Part Five (Premium), C.2.

The policy may be canceled according to its terms or for violation of rules applicable to employee leasing operations provided that the labor contractor has been provided a reasonable opportunity to cure the violation. If the policy is canceled, we will send notice of such cancelation to the labor contractor.

Part Four (Your Duties If Injury Occurs) applies to you and the labor contractor. The labor contractor will recognize our right to defend under Parts One and Two and our right to inspect under Part Six (Conditions).

Schedule

1. Labor Contractor
   Address

2. State Where Work Performed

3. Contract or Project


WC 00 03 20 is designed for attachment to the client's policy when the client is responsible for providing workers compensation coverage for employees leased from an employee leasing company. It specifies that the client's policy will apply to injuries to employees leased from the employee leasing firm named in the endorsement as though the employee leasing firm were an insured under the policy, and that the insurer will not ask the employee leasing company's insurer to share in a loss covered by the endorsement. The endorsement also stipulates that the payroll of leased employees provided to the client by the employee-leasing firm will be used in determining the client's premium.

When the client is responsible for providing workers compensation coverage for leased employees, and the labor contractor endorsement is attached to the client's workers compensation policy, one of the following two endorsements should be attached to the employee leasing company's policy.
• Employee leasing client endorsement (WC 00 03 19), which provides the employee leasing company with coverage for its liability for injury to employees leased to clients only in the event that the client fails to provide coverage as required.

• Labor contractor exclusion endorsement (WC 00 03 21), which excludes from coverage any liability for injury to employees leased to clients.

Part One (Workers Compensation Insurance) and Part Two (Employers Liability Insurance) will apply as though the leasing company is an insured but only as it regards to the leased workers. The insurance afforded by this endorsement is not intended to satisfy the leasing company's duty to secure its obligations under the workers compensation law.

**WC 00 03 21—LABOR CONTRACTOR EXCLUSION ENDORSEMENT**

Original Printing
Effective February 25, 1992
WC 00 03 21

LABOR CONTRACTOR EXCLUSION ENDORSEMENT

As used in this endorsement, "employee leasing" shall mean an arrangement whereby an entity utilizes the services of a third party to provide its workers for a fee or other compensation. The third party providing employee-leasing services shall be referred to as a "labor contractor." The entity receiving the services shall be referred to as a "client."

This endorsement applies only with respect to workers provided by you to a client under an employee leasing arrangement to engage in work for the client. Your policy does not provide coverage for workers you lease to the clients listed below.

Schedule

<table>
<thead>
<tr>
<th>Client</th>
<th>Address</th>
</tr>
</thead>
</table>


The labor contractor exclusion endorsement (WC 00 03 21) is designed for attachment to the employee leasing company's workers compensation policy when the client is responsible for providing coverage for its leased employees. It excludes from coverage any bodily injury to employees leased to clients; no coverage is provided for any liability imposed on the employee leasing company if the client fails to maintain coverage.

When the client is responsible for providing coverage for leased employees, and either the employee leasing client endorsement (WC 00 03 19) or the labor contractor exclusion endorsement (WC 00 03 21) is attached to the employee leasing company's workers compensation policy, the labor contractor endorsement (WC 00 03 20) should be attached to the client's policy. It is a type of additional insured endorsement that covers the employee.
leasing company for any liability it may have to injured employees it leases to the client; it also waives the insurer's right of subrogation against the employee leasing firm.

**WC 00 03 22—EMPLOYEE LEASING CLIENT EXCLUSION ENDORSEMENT**

Original Printing
Effective February 25, 1992
WC 00 03 22

EMPLOYEE LEASING CLIENT EXCLUSION ENDORSEMENT

As used in this endorsement, "employee leasing" shall mean an arrangement whereby an entity utilizes the services of a third party to provide its workers for a fee or other compensation. The third party providing employee-leasing services shall be referred to as a "labor contractor." The entity receiving the services shall be referred to as a "client."

This endorsement applies only with respect to your leased workers engaged in any work provided under an employee leasing arrangement. Your policy does not provide coverage for workers you lease from labor contractors listed below.

Schedule

<table>
<thead>
<tr>
<th>Labor Contractor</th>
<th>Address</th>
</tr>
</thead>
</table>


The employee leasing client exclusion endorsement (WC 00 03 22) is designed for attachment to the client's workers compensation policy when it is the responsibility of the employee leasing company to provide workers compensation coverage on employees leased to the client. It excludes from coverage under the client's policy any liability for bodily injury to employees leased from the employee leasing company named in the endorsement.

This endorsement may be attached to a policy issued to a client to limit coverage under the policy to employees not leased from others. Either a separate policy must be issued to the client company to cover leased employees, or the insurance must be provided by the leasing company.

When the employee leasing client exclusion endorsement (WC 00 03 22) is attached to the client's workers compensation policy, the alternate employer endorsement (WC 00 03 01) should be attached to the employee leasing company's policy. It specifies that the policy will apply to employees injured in the course of special employment by the alternate employer (the client) named in the endorsement as though the alternate employer were an insured under the policy, and that the insurer will not ask the alternate Employers insurer to share in a loss covered by the endorsement.
WC 00 03 23—MULTIPLE COORDINATED POLICY ENDORSEMENT

Original Printing
Effective February 25, 1992
WC 00 03 23

MULTIPLE COORDINATED POLICY ENDORSEMENT

The multiple coordinated policy to which this endorsement is attached provides coverage for the workers you lease from the labor contractor listed below and does not provide coverage for any other workers leased or non-leased.

Schedule

1. Labor Contractor Address
2. State Where Work Performed
3. Contract or Project
4. Labor Contractor Policy Number


A multiple coordinated policy plan allows state assigned risk plans providing coverage on leased employees through the employee leasing company to ensure that all of the employees are accounted for and insured, on one policy or the other. It also eliminates the possibility of a client using the employee leasing arrangement to avoid application of its own experience modification in calculating of premium owed in connection with leased employees. The employee leasing company is usually billed for the total premium on all of the coordinated policies, and may well pass the appropriate premium charge on to its clients. But the premium for each coordinated policy is calculated using the client’s experience modification.

Under a multiple coordinated policy plan, the employee leasing company and each of its clients are issued separate policies that have common expiration dates by a single assigned risk plan insurer. Each of the policies issued to the clients includes the multiple coordinated policy endorsement, which stipulates that the policy covers only liability for bodily injury to employees leased to the insured by the employee leasing company named in the endorsement. If the client has other employees (whether direct, nonleased employees, or employees leased from another employee leasing firm) workers compensation coverage for these employees must be provided under a separate policy. Each client’s policy also includes the labor contractor endorsement (WC 00 03 20), which specifies that their policy will apply to injuries to employees leased from the employee-leasing firm named in the endorsement. The labor contractor exclusion
endorsement (WC 00 03 21) (which deletes coverage for workers leased to clients named in the endorsement) is attached to the employee leasing company's policy.

**WE 00 03 24—WORKERS COMPENSATION INSURANCE PLAN—OTHER STATES ENDORSEMENT**

This endorsement provides for the insurer to reimburse the insured for any benefits paid by or on behalf of the insured as required by the workers compensation law of another state, with several important clarifications.

The state(s) in which the insured begins work must be excluded from item 3.C. of the Information Page.

If the insured has work in a state listed under item 3.C. as of the effective date of the policy, the insurer must be notified of this within 30 days, or there is no coverage.

"This endorsement must be attached to all policies under the Workers Compensation Plan (WCIP)."

**WC 00 03 25—RESIDUAL MARKET MULTIPLE COMPANY ENDORSEMENT**

This endorsement provides for coverage for an insured who must use a residual market for workers compensation or employers liability in other states, not listed in item 3. A.1, through the use of affiliated insurers. All of the involved insurers must first meet servicing carrier eligibility requirements, and all must use this endorsement.

Under Schedule A are the other states covered under this endorsement, and under Schedule B are the corresponding insurers, next to their appropriate states.

**WC 00 03 26 A—RESIDUAL MARKET LIMITED OTHER STATES INSURANCE ENDORSEMENT**

This endorsement may be used to pay workers compensation benefits required of an insured employer for work in states not listed in item 3. A., however, the coverage is limited and subject to several conditions. The employee must either have been hired or principally employed in a state listed in item 3. A; that employee’s work in a non-listed state is temporary; and the employer has no other coverage (whether insurance or where the insured is self-insured) for the non-listed state, nor does that state require the employer to have separate workers compensation insurance.

**PREMIUM ENDORSEMENTS**

**WC 00 04 01 A—AIRCRAFT PREMIUM ENDORSEMENT**

Use this endorsement to show the additional premium required for classification code 7421. Report passenger seat surcharge under code 9108.
Show in the Schedule of the endorsement, state(s) to which the payroll of classification 7421 is assigned.

**WC 00 04 02—ANNIVERSARY RATING DATE ENDORSEMENT**

The anniversary rating date is the effective month and day of the policy in effect and each annual anniversary thereafter unless a different date has been established by the National Council or other licensed rating organization. If the policy is cancelled and rewritten by the same or another insurance carrier, all rules, classifications and rates of the rewriting carrier which were in effect as of the anniversary rating date shall apply to the rewritten policy until the next anniversary rating date, as established by the rating organization, has been reached.

Use the endorsement to show the insured's normal anniversary rating date if different from the policy effective date.

The insurer may show the anniversary rating date in Item 2 or Item 4 of the Information Page.

**WC 00 04 03—EXPERIENCE RATING MODIFICATION FACTOR ENDORSEMENT**

This endorsement may be used if the insured's experience rating modification factor is not available when the policy is issued.

An appropriate typewritten entry may be made on the Information Page instead of using the endorsement.

**WC 00 04 04—PENDING RATE CHANGE ENDORSEMENT**

Use this endorsement if the rates shown in the policy may change because of a rate filing pending when the policy is issued.

An appropriate typewritten entry may be made on the Information Page instead of using the endorsement.

**WC 00 04 05—POLICY PERIOD ENDORSEMENT**

Use this endorsement if the policy period is longer than one year and sixteen days and does not consist of complete twelve-month periods.

Show which period, the first or the last, is to be considered less than twelve months, and treated as a short-term policy. All manual rules and procedures apply to each such policy period as if a separate policy had been issued for each period of time.

**WC 00 04 06 A—PREMIUM DISCOUNT ENDORSEMENT**
If a policy develops total standard premium in excess of $10,000, the standard premium is subject to premium discount as follows:

**Without Retrospective Rating**

- **Single State Policy**—If a policy provides coverage only in one state, the premium discount for that state shall be determined by applying the discount percentages on the state rate pages to the total standard premium.

- **Multiple State Policy**—Premium discount applies on an interstate basis. It shall be determined by applying the discount percentages on the state rate pages to each state’s portion of the first $10,000, next $190,000, next $1,550,000 and the amount over $1,550,000 of the total standard premium. Each state’s portion of the foregoing division of total standard premium shall be computed by multiplying the total standard premium in each of the above divisions by the ratio of the state standard premium to the total standard premium.

**With Retrospective Rating**

The portion of standard premium subject to a retrospective rating plan is not subject to premium discount. The remainder of that standard premium is subject to premium discount, which shall be computed as follows:

- Determine the discount as if none of the premium is subject to retrospective rating;
- Determine the discount on the basis of only that premium which is subject to retrospective rating;
- The difference between the two above is the premium discount.
- The total premium discount shall be distributed by state in proportion to the standard premium, which is subject to premium discount.

**Other Methods**

Any other method may be used to determine the premium discount provided that the discount so determined does not differ from the discount produced by the method outlined above by more than 0.1% of the standard premium.

Do not make entries in Items 1, 2, or 3 of the endorsement if a policy number is to be shown in Item 4.

The company has the option of replacing Item 1 in the endorsement with the appropriate Table in use by the company. The company may also revise Item 1 in the endorsement to conform to Manual Rules applicable to certain states.

Item 2 of the endorsement may be used if all eligible premium is developed in one or more states using the same discount.

Item 3 of the endorsement is available to list all policies that are combined under the Discount Rule.

Use Item 4 of the endorsement if premium discount is shown on another policy issued to the insured.
WC 00 04 07—RATE CHANGE ENDORSEMENT

Use this endorsement to show a change in rates for state coverage.

The first and second column in the endorsement should be used to show the state and effective date of the change.

The third column of the endorsement is used if the change is a flat percentage applicable to all classifications.

Use the fourth column in the endorsement to show the new percentage, if any, applicable to non-F classifications for work subject to the Longshoremen’s and Harbor Workers Compensation Act.

The company may show a fifth column (Classification Code Number and Rate) in order to show the change on a Schedule of Rate basis.

WC 00 04 08—LONGSHOREMEN’S AND HARBOR WORKERS COMPENSATION ACT RATE CHANGE ENDORSEMENT

Use this endorsement to show a change in rates for "F" classification coverages.

Use the first and second columns in the endorsement to show the state and effective date of the changes.

Use the third column in the endorsement if the change is a flat percentage applicable to all "F" classifications.

The company may show a fourth column (Rate and Classification Code Number) in order to show the change on a Schedule of Rate basis.

WC 00 04 09—PREMIUM DETERMINATION ENDORSEMENT—FORMER SELF-INSURERS 1

This endorsement must be used when insuring employers for exposures which were self-insured within twelve months prior to the application of initial coverage or which were subject to the endorsement on the Employers expiring policy. It applies to assigned risk business only.

The endorsement shall not be used:

- If the employer is a self-rated risk, as determined by the applicable workers compensation insurance rating organization's filed experience rating plan; or
- On a policy subject to retrospective rating; or
- For more than three consecutive years for the same employer.

An Employers newly commenced operations in a state listed in the endorsement are subject to the endorsement. The company shall audit an insured's operations upon receipt of notice from
the Administrative Office and prior to binding coverage. The company may use its own attachment clause and method of execution.

**WC 00 04 10-PREMIUM DETERMINATION ENDORSEMENT—FORMER SELF-INSURERS 2**

This endorsement must be used when insuring employers for exposures which were self-insured within twelve months prior to the application of initial coverage or which were subject to the endorsement on the Employers expiring policy. It applies to assigned risk business only.

The endorsement shall not be used:

If the employer is a self-rated risk, as determined by the applicable workers compensation insurance rating organization's filed experience rating plan; or
- On a policy subject to retrospective rating; or
- For more than three consecutive years for the same employer.

An Employers newly commenced operations in a state listed in the endorsement are subject to the endorsement.

The company shall audit an insured's operations upon receipt of notice from the Administrative Office and prior to binding coverage.

**WC 00 04 11—ASSIGNED RISK PREMIUM DIFFERENTIAL ENDORSEMENT**

This endorsement is attached when an insured employer has work in more than one state and is used to show the rate and premium for the various states. When the standard premium is in excess of the specified amount (which is inserted into the endorsement) for each state, the applicable differential percent is indicated on the schedule.

**WC 00 04 12—CONTINGENT EXPERIENCE RATING MODIFICATION FACTOR ENDORSEMENT**

When a policy is issued and the experience-rating factor is not final or may be adjusted, this endorsement is applied. The endorsement clarifies that the experience-rating factor shown or used is contingent, and as soon as all of the data and computations are available and finalized, the factor may change accordingly.

**WC 00 04 13—ASSIGNED RISK PREMIUM SURCHARGE ENDORSEMENT**

Use this endorsement to apply a residual market surcharge, which is based upon all of the standard premium in accordance with the applicable state rate pages.

Show any additional premium in Item 4 of the Information Page.
WC 00 04 14—NOTIFICATION OF CHANGE IN OWNERSHIP ENDORSEMENT

Use this endorsement on all policies to notify the insured that changes in ownership, as defined in the Experience Rating Plan Manual, must be reported to the insurer within 90 days of the change.

WC 00 04 15—ASSIGNED RISK ADJUSTMENT PROGRAM ENDORSEMENT

This endorsement must be used if any state listed in Item 3 A. of the Information Page has approved an Assigned Risk Adjustment Program, and the insured is an assigned risk eligible for an experience rating modification.

WC 00 04 16—ASSIGNED RISK RATING PROGRAM ENDORSEMENT

This endorsement applies to assigned risk business only. The endorsement modifies Part Five (Premium) of the Workers Compensation and Employers Liability Insurance Policy for policies subject to the Assigned Risk Rating Program. The final premium will be adjusted according to the standard premium, expense and development ratio, loss conversion factor and tax multiplier.

The Table of Maximum Premium Factors may be printed in the Schedule of the endorsement or printed separately. The display of information in the Schedule may be rearranged by the company.

The applicable loss conversion factor(s), tax multiplier(s), expense, and development ratio and maximum premium factors are to be listed in the Schedule of the endorsement.

The company shall audit an insured’s operations consistent with the Performance Standards for Servicing Carriers.

WC 00 04 17—ASSIGNED RISK LOSS SENSITIVE RATING PLAN NOTIFICATION ENDORSEMENT

An insured may have insurance written in a state or states that has adopted the Loss Sensitive Rating Plan which takes into account the standard premium and losses incurred during the period covered by the insurance.

The Loss Sensitive Rating Plan is a mandatory program in the assigned risk market for risks that meet the eligibility threshold.

This endorsement must be used for every assigned risk policy to indicate the state and premium eligibility.
This endorsement is added to explain the rating plan and how the Assigned Risk Loss Sensitive Rating Plan premium will be determined. This endorsement applies where the LSRP has been approved. It determines the Assigned Risk Loss Sensitive Rating Plan premium for the insurance provided during the rating plan period of the policy. The amount of Assigned Risk Loss Sensitive Rating Plan premium depends on six standard elements. These are:

- Standard Premium
- Basic Premium
- Incurred Losses
- Converted Loss
- Taxes
- Development Premium

All of these elements are defined in the endorsement.

The Loss Sensitive Rating Plan is a mandatory program in the assigned risk market for risks that meet the eligibility threshold.

**RETROSPECTIVE PREMIUM ENDORSEMENTS**

**WC 00 05 03 A—RETROSPECTIVE PREMIUM ENDORSEMENT ONE YEAR PLAN**

This endorsement is to be used for a one-year rating plan period. Identify by policy number any other policy to be combined with the policy for retrospective rating. Other policies should be endorsed with Retrospective Premium Endorsement (Short Form) to show that they are subject to this endorsement.

Show the amount of the loss limitation, if applicable, in Item 2 of the Schedule of the endorsement. If a loss limitation was not elected, enter "none," "does not apply," or other appropriate text. If the limitation applies in some but not all states, name the states where it applies.

Use Item 3 of the Schedule of the endorsement to show the loss conversion factor, minimum retrospective premium factor, and the maximum retrospective premium factor.

Use Item 4 of the Schedule of the endorsement to show basic premium factors for 50%, 100%, and 150% of estimated standard premium. Additional columns may be added to show the basic premium factor for other percentages of estimated standard premium.

The Table of States may be printed at the beginning or end of the Schedule of the endorsement or printed separately. The company may rearrange the display of information on the Table of States.
WC 00 05 04 A—RETROSPECTIVE PREMIUM ENDORSEMENT THREE YEAR PLAN

This endorsement is to be used for a three-year rating plan period.

Identify by policy number any other policy to be combined with the policy for retrospective rating. Other policies should be endorsed with Retrospective Premium Endorsement (Short Form) to show that they are subject to this endorsement.

Show the amount of the loss limitation, if applicable, in Item 2 of the Schedule in the endorsement. If a loss limitation was not elected, enter "none," "does not apply," or other appropriate text. If the limitation applies in some but not all states, name the states where it applies.

Use Item 3 of the Schedule in the endorsement to show the loss conversion factor, minimum retrospective premium factor, and the maximum retrospective premium factor.

Use Item 4 of the Schedule in the endorsement to show basic premium factors for 50%, 100%, and 150% of estimated standard premium. Additional columns may be added to show the basic premium factor for other percentages of estimated standard premium.

The Table of States may be printed at the beginning or end of the Schedule in the endorsement or printed separately. The company may rearrange the display of information on the Table of States.

WC 00 05 05 A—RETROSPECTIVE PREMIUM ENDORSEMENT LONG-TERM CONSTRUCTION PROJECT

This endorsement is to be used for a rating plan period equal to the duration of the long-term construction project described on the Information Page.

Identify by policy number any other policy to be combined with the policy for retrospective rating. Other policies should be endorsed with Retrospective Premium Endorsement (Short Form) to show that they are subject to this endorsement.

Show the amount of the loss limitation, if applicable, in Item 2 of the Schedule in the endorsement. If a loss limitation was not elected, enter "none," "does not apply," or other appropriate text. If the limitation applies in some but not all states, name the states where it applies.

Use Item 3 of the Schedule in the endorsement to show the loss conversion factor, minimum retrospective premium factor, and the maximum retrospective premium factor.

Use Item 4 of the Schedule in the endorsement to show basic premium factors for 50%, 100%, and 150% of estimated standard premium. Additional columns may be added to show the basic premium factor for other percentages of estimated standard premium.
The Table of States may be printed at the beginning or end of the Schedule in the endorsement or printed separately. The company may rearrange the display of information on the Table of States.

**WC 00 05 08—RETROSPECTIVE PREMIUM ENDORSEMENT AVIATION EXCLUSION**

Use this endorsement if aviation exposures are not subject to retrospective rating.

List the applicable classifications in the Schedule in the endorsement.

**WC 00 05 09 A—RETROSPECTIVE PREMIUM ENDORSEMENT CHANGES**

Use Item 1 of the Schedule in the endorsement to show a change in the excess loss premium factor on an outstanding basis.

Item 2 of the Schedule in the endorsement is used to show that retrospective development factors do not apply in a particular state.

Item 3 of the Schedule in the endorsement can be used to show retrospective development factors approved after the effective date of the policy.

Item 4 of the Schedule in the endorsement is available to show a change in the tax multiplier on an outstanding basis.

**WC 00 05 10—RETROSPECTIVE PREMIUM ENDORSEMENT NON-RATABLE CATASTROPHE ELEMENT OR SURCHARGE**

Use this endorsement if the policy is retrospectively rated and covers operations or classification that involve a non-ratable catastrophe element or surcharge.

Use the Schedule in the endorsement to list the classifications that affect this endorsement.

**WC 00 05 11—RETROSPECTIVE PREMIUM ENDORSEMENT SHORT FORM**

If the insured has more than one policy subject to the same retrospective rating Option, use this endorsement to identify the policy that carries the Retrospective Premium Endorsement, show that policy number in the space provided in this endorsement. Any other information necessary to identify that policy may be shown on this endorsement at the carrier’s option.

If one-year policies are issued with a rating plan period longer than one year, this Short Form Endorsement should identify the first policy issued during the rating plan period because that policy is the only one to be endorsed with the three-year or long-term retrospective premium endorsement.
WC 00 05 12 A—RETROSPECTIVE PREMIUM ENDORSEMENT ONE YEAR PLAN—MULTIPLE LINES

This endorsement is designed for a one-year rating plan period. For workers compensation and employers liability insurance, this endorsement is to be used for the Retrospective Rating Plan.

If two or more policies are included under the retrospective rating, one policy shall carry this endorsement and the other or others shall be endorsed with Retrospective Premium Endorsement (Short Form).

Show the amount of the loss limitation, if applicable, in Items 5, 6, and 7 of the Schedule in the endorsement. If a loss limitation was not elected, enter "none," "does not apply" or other appropriate text. If the limitation applies in some states but not all states, name the states where it applies.

Use Item 10 of the Schedule in the endorsement to show basic premium factors for 50%, 100% and 150% of estimated standard premium. Additional columns may be added to show the basic premium factor for other percentages of estimated standard premium.

The Table of States may be printed at the beginning or end of the Schedule in the endorsement or printed separately. The display of information on the Table of States may be rearranged by the company.

WC 00 05 13 A—RETROSPECTIVE PREMIUM ENDORSEMENT THREE YEAR PLAN—MULTIPLE LINES

This endorsement is designed for a three-year rating plan period. For workers compensation and employers liability insurance, this endorsement is to be used for the Retrospective Rating Plan.

If two or more policies are included under the retrospective rating, one policy shall carry this endorsement and the other or others shall be endorsed with Retrospective Premium Endorsement (Short Form).

Show the amount of the loss limitation, if applicable, in Items 5, 6, and 7 of the Schedule in the endorsement. If a loss limitation was not elected, enter "none," "does not apply" or other appropriate text. If the limitation applies in some states but not all states, name the states where it applies.

Use Item 10 of the Schedule in the endorsement to show basic premium factors for 50%, 100% and 150% of estimated standard premium. Additional columns may be added to show the basic premium factor for other percentages of estimated standard premium.

The Table of States may be printed at the beginning or end of the Schedule in the endorsement or printed separately. The company may rearrange the display of information on the Table of States.
WC 00 05 14 A—RETROSPECTIVE PREMIUM ENDORSEMENT LONG-TERM CONSTRUCTION PROJECT-MULTIPLE LINES

This endorsement is designed for a rating plan period equal to the duration of the long-term construction project described in the Declarations or Information Page. For workers compensation and employers liability insurance, this endorsement is to be used for the Retrospective Rating Plan.

If two or more policies are included under the retrospective rating, one policy shall carry this endorsement and the other or others shall be endorsed with Retrospective Premium Endorsement (Short Form).

Show the amount of the loss limitation, if applicable, in Items 5, 6, and 7 of the Schedule in the endorsement. If a loss limitation was not elected, enter "none," "does not apply" or other appropriate text. If the limitation applies in some states but not all states, name the states where it applies.

Use Item 10 of the Schedule in the endorsement to show basic premium factors for 50%, 100% and 150% of estimated standard premium. Additional columns may be added to show the basic premium factor for other percentages of estimated standard premium.

The Table of States may be printed at the beginning or end of the Schedule in the endorsement or printed separately. The company may rearrange the display of information on the Table of States.

WC 00 05 15—RETROSPECTIVE PREMIUM ENDORSEMENT FLEXIBILITY OPTIONS

This endorsement is used to indicate the states in which incurred losses are changed to include allocated loss adjustment expenses.

In addition, each jurisdiction may have specific endorsements to broaden, restrict, or clarify coverage being provided. Please check for applicability.

WC 00 06 03—BENEFITS DEDUCTIBLE ENDORSEMENT

In those cases where an insured employer wishes to control the cost of the workers compensation insurance coverage by the use of a workers compensation deductible, this endorsement is used. Deductibles apply only to Part One—Workers Compensation Insurance. The deductible must be scheduled by state.

The actual deductible amount must be shown and whether the deductible will apply to medical, indemnity, or both. The deductible will apply separately to each claim.

In some states the insurer will pay the deductible amount to the medical provider or injured employee. In those cases, the insured employer has 30 days to reimburse the insurer.
WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY ELIGIBILITY

The laws of most states require the Workers Compensation and Employers Liability Insurance Policy and Endorsement Forms to be filed with an insurance department or other authority for approval. The National Council on Compensation Insurance (NCCI) is authorized to file standard forms on behalf of its members and subscribers in the below listed jurisdictions.

There are two types of jurisdictions using the NCCI manuals, rates, and forms. The first type is competitive rating jurisdictions where each insurer or carrier must file the manuals and rates, (if not in whole, then at least in part,) on their own behalf. The second type is administered pricing jurisdictions where NCCI does the filing for the insurers on the insurer’s behalf. The first group shown below are those states where the NCCI rules and manuals apply. The type of jurisdiction is also mentioned as well as those states that are independent bureau states.

- Alabama (competitive rating jurisdiction)
- Alaska (administered pricing jurisdiction)
- Arizona (administered pricing jurisdiction)
- Arkansas (competitive rating jurisdiction)
- Colorado (competitive rating jurisdiction)
- Connecticut (competitive rating jurisdiction)
- District of Columbia (competitive rating jurisdiction)
- Florida (administered pricing jurisdiction)
- Georgia (competitive rating jurisdiction)
- Hawaii (competitive rating jurisdiction)
- Idaho (administered pricing jurisdiction)
- Illinois (competitive rating jurisdiction)
- Indiana (competitive rating jurisdiction) (independent bureau state)
- Iowa (administered pricing jurisdiction)
- Kansas (competitive rating jurisdiction)
- Kentucky (competitive rating jurisdiction)
- Louisiana (competitive rating jurisdiction)
- Maine (competitive rating jurisdiction)
- Maryland (competitive rating jurisdiction)
- Minnesota (competitive rating jurisdiction) (independent bureau state)
- Mississippi (competitive rating jurisdiction)
- Missouri (competitive rating jurisdiction)
- Montana (competitive rating jurisdiction)
- Nebraska (competitive rating jurisdiction)
- New Hampshire (competitive rating jurisdiction)
- New Mexico (competitive rating jurisdiction)
- North Carolina (competitive rating jurisdiction) (independent bureau state)
- Oklahoma (competitive rating jurisdiction)
- Oregon (competitive rating jurisdiction)
- Rhode Island (competitive rating jurisdiction)
- South Carolina (competitive rating jurisdiction)
- South Dakota (competitive rating jurisdiction)
- Tennessee (competitive rating jurisdiction)
• Utah (competitive rating jurisdiction)
• Vermont (competitive rating jurisdiction)
• Virginia (competitive rating jurisdiction)
• Wisconsin (administered pricing jurisdiction) (Independent Bureau State)

The NCCI rules, rates, and forms manual does not apply in the states listed below:

• California
• Delaware
• Massachusetts
• Michigan
• New Jersey
• New York
• Nevada*
• North Dakota*
• Ohio*
• Pennsylvania
• Texas
• Washington*
• West Virginia*
• Wyoming*

*Designates monopolistic state funds.

EMPLOYEE-TYPE ELIGIBILITY

Since workers compensation laws are set by state, there is a great deal of difference in eligibility. Some of the biggest differences in eligibility apply to domestic, farm, and casual workers; and how partners, sole proprietors and members/managers of limited liability companies are treated.

Almost any employee, other than those mentioned, must be protected in some way under that state’s workers compensation law. The laws of each state must be reviewed to determine what coverage options are available to an insurer.

DOMESTIC, FARM, AND CASUAL EMPLOYEES

One of the biggest areas of differences between state workers compensation laws is the handling of domestic, farm, and casual employees. In some states, coverage for such employees is mandatory (subject to certain minimums or criteria on length of service or dollar amount of payroll), while in other states, coverage is voluntary.

Where allowed, coverage may be included in the workers compensation insurance policy by adding the appropriate classifications with payroll and premium charge. Other coverage options include endorsement to the homeowners, farm owners, ranch owners, or personal liability policies.

If coverage is not or cannot be added to the workers compensation insurance policy or one of the above policies, that does not relieve the employer of their responsibilities in those states where WC is mandated by law.
LEASED AND TEMPORARY EMPLOYEES

Another major area of difference regarding employee classification and benefit applicability is leased and temporary employees. The actual definitions of both of these types of employees varies by state, as do the requirements for protection and who is responsible for benefits.

PARTNERS, SOLE PROPRIETORS, AND MEMBERS/MANAGERS OF LIMITED LIABILITY COMPANIES

As a general rule, partners, sole proprietors and members or managers of limited liability companies are not considered employees and thus, not protected by the workers compensation policy. Some states will allow one or more of the above categories to elect to fall under the state workers compensation law. To do so, the partner, sole proprietor, or member/manager must sign a statement to that effect, which is endorsed to and becomes a part of the policy.

In a very few states, partners and sole proprietors are automatically covered unless they elect not to be. In order to exclude, similar to states where they may be included, the partner or sole proprietor must sign a statement to that effect, which is endorsed to and becomes a part of the policy.

Normally, each state has a set or flat amount of payroll that is charged for each partner, sole proprietor, or member/manager. The classification used should be the same as for an employee.

States where Partners may elect to be INCLUDED:

Alabama, Alaska, Arizona, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Mexico, North Carolina, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, Wisconsin

States where Partners are included but may elect to be EXCLUDED:

Arkansas, Connecticut, Louisiana

States where Members/Managers of Limited Liability Companies may elect to be INCLUDED:

Indiana

States where Sole Proprietors may elect to be INCLUDED:

Alabama, Alaska, Arizona, Colorado, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Mexico, North Carolina, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, Wisconsin
States where Sole Proprietors are included but may elect to be EXCLUDED:

Arkansas, Louisiana

**DEDUCTIBLES**

Another area of difference between states is in the availability of, amounts of, and types of deductible programs allowed. While some states do not allow deductibles, other offer a few, lower dollar-amount options such as $50 or $100. Still others offer a wide-range from $40 to several thousand.

States also vary as to how the deductible is applied. In some jurisdictions the insured employer pays directly, while in others, the insurer pays the entire amount and is then reimbursed by the insured employer.
MONOPOLISTIC STATE FUNDS

BACKGROUND

Monopolistic states are those states that do not allow open competition within the workers compensation insurance arena with private insurers. Usually, only a single state fund is available and all insurance must be placed with that state’s particular state fund. Only rarely are private insurers allowed to provide workers compensation coverage and, when this is done, it is on a limited basis.

Procedures

One area of workers compensation insurance that is sometimes a source of confusion concerns the procedures employers having interstate operations must follow when coverage is necessary in states that have monopolistic state funds. There are five such states in this category: North Dakota, Ohio, Washington, West Virginia and Wyoming. Nevada dropped its monopolistic status effective July 1, 1999.

North Dakota

North Dakota has its own workers compensation bureau to handle and administer this insurance.

The workers compensation bureau administers the insurance under the act in North Dakota. The address of the bureau is: North Dakota Workers Compensation Bureau; 500 E. Front Avenue; Bismarck, ND 58504; (701) 328-3800; Fax: (701) 328-3750.

All public employees and most employees (one or more) within the categories of private or hazardous employments are classified as compulsory under the workers compensation act of this state.

Employers who employ workers in hazardous operations have a mandatory obligation to purchase protection, as do all public employers. However, when it comes to private employers, employers retaining one or more worker(s) are obligated, but there are exceptions. Private employers whose work is not considered hazardous do not necessarily have to purchase workers compensation insurance. Coverage is voluntary—which means the employer chooses whether or not to purchase the policy.

Other employees that are exempted from coverage include domestic and farm/agricultural workers as well as most types of casual labor.

Employers exempt from the act are those who employ farm labor, domestic servants, and casual workers. Nonhazardous employments and employers, including officers of a business corporation, excepted from the compulsory provisions of the act are eligible however, for coverage on a voluntary basis. If an employer in this situation does not wish to purchase insurance, it retains its common law defenses.
North Dakota has reciprocal agreements with a number of states which have the effect of exempting nonresident employees, who are covered by workers compensation insurance in their home state, from the provisions of the North Dakota act while temporarily within this state. This extraterritorial provision, however, does not apply to resident employees of North Dakota.

Those states that have reciprocal agreements with North Dakota are: Colorado, Idaho, Montana, Nevada, Oregon, South Dakota, Utah, Washington, and Wyoming. Employees from all other states must be covered by workers compensation insurance from the North Dakota fund.

When a firm desires workers compensation insurance in the state of North Dakota for out of state employees, it can either write or call the bureau giving an estimate of its expected payroll in that state and describing the type of work to be performed. The bureau will then inform the employer about the cost of insurance per classification and about the total advance premium necessary to deposit prior to the commencement of work in North Dakota.

When such a request involves a subcontractor, a certificate of insurance is issued for the prime contractor. The bureau also submits a copy of this certificate to the secretary of state indicating that the subcontractor is in good standing with the workers compensation bureau. The subcontractor is then in a position to request a contractor’s license from the secretary of state thereby enabling him to commence work in North Dakota.

**Ohio**

Ohio has two levels of bureaucracy to handle and administer workers compensation insurance. One is the Bureau of Workers Compensation which handles the day to day operations—other than legal issues—such as billing, issuing policies, record keeping, and the like.

The other organization that resolves legal issues such as contested or disputed claims, as well as rate and classification promulgation, is the Industrial Commission.

In Ohio, the bureau of workers compensation and the industrial commission administer the state insurance fund. Both agencies are governed by chapters 4121 and 4123 of the Ohio revised code. The address for the bureau is: Ohio Bureau of Workers Compensation; 30 W. Spring Street; Columbus, Ohio 43215; (614) 466-2950; Fax: (614) 466-1959.

The bureau of workers compensation is the administrative branch of the Ohio system of workers compensation. Its responsibility is to process all claims, keep account records, conduct audits, and to collect premiums from employers, among other duties.

The industrial commission is the adjudicative branch of the Ohio system. It hears and decides all contested claims, determines total and permanent disability, approves premium rates calculated and recommended by the bureau of workers compensation, and determines manual classifications.

Employers who must provide protection may select one of two options. The first being to purchase workers compensation insurance from the state fund or the second is to self-insure.

Any employer, including any public employer, who has at least one employee must comply. Included are employers of domestic employees who earn above a stated threshold income.
All employers of one or more full or part time employees must either purchase insurance from the fund or qualify as self-insurers. Also subject to the law, on a compulsory basis, are employers of domestic workers who earn $160 or more in cash from a single household in any calendar quarter.

The act is also compulsory for state, county, city, township, and incorporated village officials, as well as school districts.

If an employer is a partnership or a sole proprietor, the employer may elect to include, as employees, any members of such partnership or the owner of the sole proprietorship. However, that the employer must provide written notice naming the persons to be covered. No partner or proprietor is considered an employee until such notice is made and acknowledged.

Nonresident employees who are covered by workers compensation insurance in their own state, are exempt from the provisions of the Ohio act for a maximum period of 90 days. After that period, the employer must purchase insurance for its employees from the Ohio fund. However, any nonresident employer who hires employees from within the state of Ohio for work in that state must purchase coverage from the Ohio fund.

When an employer desires workers compensation insurance in the state of Ohio, it must request an application (form U-3) from the underwriting section of the bureau or from any one of its 16 district offices.  

To insure proper handling of its account, an employer must be sure its application adequately describes the operation for proper classification. The employer must also report its payroll according to the correct classification. The coverage is effective on the business day that the Employers check is received by the bureau.

When coverage begins, the employer must make an estimate of payroll for eight months. The bureau will then apply the rate to the estimate and bill the employer for that amount. This advance deposit insures coverage during the six-month period plus the two months grace period for reporting actual premiums. The state insurance fund manual, which contains a description of each classification, rates for each classification, and rules governing risks, is published annually by the bureau and is available to employers upon request.

The bureau operates on a fiscal year of July 1 to June 30 for premium purposes. In June and December of each year, the bureau sends out payroll reports to be completed by employers. Payroll reports are due on January 31 and July 31. Coverage lapses if premiums are not paid by March 1 and September 1.

**Washington**

Workers compensation in Washington is handled by the Department of Labor and Industries. Mandatory coverage must be provided for all employees except domestics (exception to the exception—coverage must be provided where two or more domestics are employed full-time), casual workers, sole proprietors, corporate offices, and partners. A long list of other exclusions apply to types of workers that an employer may elect to voluntarily participate—including but not limited to workers such as musicians, entertainers, insurance brokers, and law enforcement or fire fighters subject to previously existing acts.
The state agency that administers the workers compensation insurance program in Washington is the department of labor and industries. The address for the agency is: Department of Labor and Industries, Industrial Insurance Division; P.O. Box 4400; Olympia, Washington 98504-4000; (360) 902-5800; Fax: (360) 902-5798.

Almost all employees must be covered by workers compensation insurance. Those exempt from the act are: sole proprietors and partners; corporate officers; casual employees not connected with a trade, profession or business; domestic servants -- unless two or more are regularly employed 40 or more hours a week; any person employed to do maintenance, repair, remodeling or similar work in or about the private home of the employer, provided the work does not exceed 10 consecutive work days.

Also exempt are: persons performing services in return for aid or sustenance from any religious or charitable organization; an employee subject to either the Longshore and Harbor Workers Act or the Jones Act; law enforcement officers and fire fighters hired prior to October 1, 1977 since they are subject to LEOFF act, plan I; minor children under 18 years of age on a family farm; musicians and entertainers; insurance brokers or salesmen; and several other categories.

Although coverage is not mandatory for the previously described positions, some of them may be brought under coverage voluntarily, if the employer elects to do so, subject to the approval of the department.

Although Washington does allow self-insurance to some degree, fairly strict criteria is applied and a significant financial commitment is required.

Self-insurance is permitted if an employer can meet certain qualifications. Self-insuring employers must show their financial ability by providing a surety bond or a deposit of $305,000 or more. Such employers must also establish their own safety organizations to provide service similar to that provided by the safety division of the department. Furthermore, these firms must have been in business for three years and have a net minimum worth of $2 million.

Employers that have employees, who are not residents of Washington, may be exempt from the workers compensation law of Washington, if work is of a temporary nature and this state has a reciprocal agreement with the home state of such employee. In these cases, employers are required to submit a certificate to the department of labor and industries stating to the effect that employees will be working in the state of Washington for a period of time and that they are covered under the workers compensation act of their home state.

Those states that have reciprocal agreements with Washington are: Idaho, Montana, Nevada, North Dakota, South Dakota, Oregon, and Wyoming. Employees of all other states must be covered under the workers compensation act of Washington, assuming the type of work being performed is not exempt from the law.

In order to apply for workers compensation insurance in the state of Washington, an employer must request an application from the department or any one of its 15 district offices. This "master business application" will open accounts with five agencies in Washington, thus avoiding multiple applications. Classification is made according to the business that the firm is engaged in and not by individual employments.
Two premiums are charged for coverage and there is one assessment: (1) the industrial insurance premium; (2) the medical aid premium; and (3) the supplemental pension fund assessment.

The industrial insurance premium is paid entirely by the employer. This rate is assessed according to the number of workers hours and premiums are paid quarterly. The medical aid premium is shared equally by the employer and employee. Both premiums are experience rated after three years. Also shared equally is the assessment for the pension fund. This assessment is set, in 1992, at $.0352 cents per worker hour.

After coverage is written by the department, the employer must complete quarterly reports of payroll. These become due thirty days following the end of the quarter that is being reported.

**West Virginia**

In West Virginia, a Workers Compensation Commission has been established to handle and administer the insurance program.

In West Virginia, the workers compensation fund is administered by the workers compensation commissioner. The address is: Workers Compensation Division; 4700 Maccorkle Avenue, SE; Charleston, West Virginia 25304-1964; (304) 926-5151; Fax: (304) 926-5417.

Workers compensation in West Virginia is compulsory for all firms, associations, and corporations which regularly employ any person for purposes of carrying on any form of industry, service, or business in that state, except the following: employers of domestic workers, employers of five or fewer full time employees in agriculture, employers of employees that are employed outside of the state except in cases of temporary employment, employers of three or fewer temporary or intermittent workers whose period of employment does not exceed ten calendar days in a quarter, employers that are churches, employers engaged in organized professional sports activities, and employers of those who are officers of and stockholders in a corporation qualifying for special tax treatment under subchapter S. However, any of the excepted categories may elect coverage, as may members of partnerships and self-employed persons.

Workers compensation is mandatory for most businesses. Most of those employers for whom the coverage is not required, may elect to voluntarily provide such protection.

Although workers compensation insurance is compulsory in this state, there are no restrictions or prerequisites for an out of state employer who may hire nonresidents to work in West Virginia. Whenever there is a possibility of conflict of workers compensation laws as to any employer in good standing with the West Virginia workers compensation fund because contracted for work may be performed in another state, the parties may agree in writing to be bound by the law of either state if the agreement is filed within ten days with the commissioner.

If the parties to coverage agree to be bound by the law of West Virginia, an injured employee will be entitled to the benefits of that state regardless of where injury might occur, i.e., inside or outside the state of West Virginia. However, if the parties agree to be bound by the workers compensation law of some other state and the employer is in compliance with the law of that state at the time of injury, the law of that state detailing the benefits and rights of the employee
and his dependents shall represent the exclusive remedy against the employer, regardless of where the injury ultimately occurs.

If an out of state employer elects to come within the act, it must first furnish the commissioner with a certified copy of a certificate from the secretary of state of West Virginia, authorizing such employer to conduct business in this state. The proper form and information can be obtained from the office of the Secretary of State, Capitol Building, Charleston, West Virginia 25305.

Next, an employer must, in becoming a subscriber to the compensation fund, execute an election agreement and make a deposit equal to the first quarter’s estimated premium payment. The minimum quarterly premium is ten dollars. After these are received, the employer relations division assigns the classes and rates corresponding to the Employers operation in West Virginia.

A partial list of the most common type of workers who are excepted from the mandatory requirements are: domestics, farm/agricultural—if five or less full-time, many professional athletes, most religious or church organizations, and most employers who exclusively use temporary or casual labor.

**Wyoming**

Wyoming has a Workers Compensation Division to handle and administer the state insurance program. State provided coverage is mandatory only for hazardous and other specific types of operations. Non-hazardous operations—not requiring mandatory state protection—have the option to purchase insurance at all, and if purchased, a private insurer may be used.

In the state of Wyoming, workers compensation coverage is compulsory only for specifically required industries or occupations. The workers compensation division administers the state fund. The address is: Department of Employment, Division of Workers Compensation; Herschler Building; 122 West 25th Street; Cheyenne, Wyoming 82002-0700; (307) 777-7441; Fax: (307) 777-6552. The program provides for benefits to eligible employees who suffer a work related injury or illness.

Employers who employ workers in required (or extra-hazardous) industries or occupations as described within the state’s workers compensation act must provide coverage for their employees through the state fund. This coverage for such employees is compulsory and may not be provided through a private carrier. Coverage for all other industries and occupations is optional at the choice of the employer and is not compulsory, either through the state fund or through a private carrier. Effective July 1, 1992, specific industries are excluded from coverage through the state fund unless coverage is elected for all employees. The elective coverage is in effect for a minimum three-year period. Coverage may be withdrawn by the employer after the three year period, if the employer is current on all contributions and payments required by the act.

Even though private insurance is available for some employers, the state sets rates for each industry or business classification.

Employer premiums are set through an industry based rating system with experience modification assigned after an employer has been registered in the state fund for two fiscal years.
Any nonresident employee and his nonresident employer who are temporarily engaged in work within the state of Wyoming are exempt from the provisions of Wyoming’s workers compensation act. Wyoming residents employed by a nonresident employer in a required industry or occupation must be provided coverage through the Wyoming workers compensation act. Wyoming employers and employees covered under the state’s workers compensation act but temporarily working out of state are still covered by the Wyoming law. Employers who hire workers in another state to perform work in the other state must provide coverage for those employees under the laws of the other state.

Nonresident employers who hire Wyoming resident employees in a required industry or occupation must complete and file an application for coverage with the Wyoming workers compensation division. A nonresident employer is defined as one who has not been domiciled in Wyoming for at least one year prior to commencing operations in the state.

The workers compensation act requires a minimum $10,000 surety bond for all nonresident employers required to register and provide coverage with the state fund. Employers performing work in Wyoming under contract are subject only to the $10,000 bond requirement if the contract amount does not exceed $100,000. For each additional $100,000 or fraction thereof of contract, an additional $1,000 is required, up to a maximum bond required of $50,000.
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