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## UNDERWRITING GUIDELINES

The Board of Trustees hereby delegates to the Group Administrator the responsibility to process applications of any proposed Group Member to join the Group. Membership is subject to approvals as noted below.

Our goal is to attract accounts that demonstrate an active concern for workplace safety and an average to above average ability to control losses and loss exposures. While the reality of the market involves risks with a wide range of operations, exposures, loss experience, safety controls, employee caliber, metropolitan to rural settings and litigious to reasonable claims jurisdictions, the ideal risk for NPU-WCG will satisfy the following guidelines:

### **Administrative Guidelines:**

- Be organized and operate exclusively for one or more of the purposes set forth in the IRC Section 501(c)(3)
- Be private sector employers in the state of California having a primary three (3) digit North American Industry Classification Code of 624. This industry is defined in terms of their activities, as providing social assistance services to their clients and providing special needs transportation to the infirm, elderly or handicapped.
- Have been in business for more than five (5) years

### **Financial Guidelines:**

- Have a combined five (5) year loss ratio under 35%; the loss ratio shall consist of the five (5) year periods preceding the proposed effective date not including the most current year.
- Proposed Group members shall have a minimum annual contribution of twenty-five thousand dollars (\$25,000).
- Be financially stable with a positive net worth for each of the three (3) year periods preceding the proposed effective date in the Group.

### **Safety and Loss Control Guidelines**

- Be experience rated at a modifier under 125%
- Have an Injury and Illness Prevention Program (IIPP) that has been reviewed and updated within the past two years preceding the requested effective date of coverage.
- Provide employees with a well maintained and safe work environment
- Have a return to work policy
- Be safety conscious and provide some form of a safety program
- Properly screen employees through applications, reference checks, drug/alcohol tests
- Agree to a safety inspection under the direction, supervision and control of the Group Administrator within six (6) months of receiving approval from the manager of the DIR-OSIP

### **Regulatory and Board Review**

- The approval by the Board of Trustees of the application of any proposed Group Member to join the Group is subject to subsequent application and approval of the Group Member by the Manager of the DIR-OSIP by granting an Affiliate Certificate of Consent to Self-insure as a member of the Group.
- Proposed Group Members shall meet the approval of the Group's excess insurance carrier if requested by the carrier as a condition to risk acceptance.
- At periodic meetings of the Board of Trustees, the Group Administrator shall submit to the Board of Trustees a current listing of all Group Members that have been approved by the Board of Trustees and by the Manager of the DIR-OSIP
- Proposed Group members may be rejected by the Board of Trustees based on unusual exposures outside of the usual workers' compensation insurance risk classification codes normally associated with social services and special needs transportation.



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**Clerical & Salespersons (8810, 8742)** – Risks with incidental (standard exception) clerical or sales exposures are eligible. Risks with a governing class (exposure) from clerical or sales operations are ineligible. Governing exposure is defined as the class containing the majority of payroll on the policy.

**Lapsed Insurance** – An applicant is defined as a lapsed insurance risk if the operation has been uninsured for one or more years during the three (3) year period prior to the proposed policy inception date and the applicant was required by law to carry Workers Compensation insurance. Lapsed insurance applicants are ineligible. However any short term lapse (up to 30 days) will be considered for entry into the system by NPU-WCG.

**Broker of Record** – NPU-WCG contains a clearance process which will prevent more than one broker from quoting the same risk. Should a broker encounter denial of entry into the NPU-WCG quote process, the second broker may petition the denial by following the Broker of Record procedures detailed here:

For a BOR letter to be eligible for consideration by NPU-WCG, it must be received by NPU-WCG management no less than 5 business days before the normal policy expiration date and contain the following elements:

1. It must be on the applicant's business or personal letterhead, currently dated and signed by an officer of the applicant.
2. The full name and address of the broker to be appointed.
3. It should specify that this broker has been selected to procure workers' compensation insurance.
4. The effective date for which the applicant desires appointment of the broker.

Should the original broker that entered the applicant wish to counter the second broker's BOR, the original broker will have 5 business days to do so. We will not entertain a countermanding BOR less than 2 days before the effective date. Failure to provide a countermanding BOR at least 2 days before the effective date will cause the applicant to default to the broker providing the BOR.

These Underwriting Guidelines adopted by the Board of Trustees, and any subsequent changes thereto, are subject to the approval of the Manager of the DIR-OSIP.