

# Table of Contents

<b>Introduction</b> .....	<b>xv</b>
<b>Chapter 1: Policy Organization, General Section</b> .....	<b>1</b>
Policy Organization.....	1
General Section.....	2
<b>Chapter 2: Workers Compensation Insurance</b> .....	<b>5</b>
To “Pay Promptly When Due the Benefits Required by Law”.....	5
How This Insurance Applies.....	5
We Will Pay.....	6
We Will Defend.....	7
We Will Also Pay.....	8
Other Insurance.....	8
Payments You Must Make.....	8
Recovery from Others.....	9
Statutory Provisions.....	9
<b>Chapter 3: Employers Liability Insurance</b> .....	<b>11</b>
How This Insurance Applies.....	12
Arise Out of and in the Course of Employment.....	12
We Will Pay.....	14
Employers Liability Exclusions.....	15
We Will Defend.....	16
We Will Also Pay.....	17
Other Insurance.....	17
Limits of Liability.....	17
Recovery from Others.....	18
Actions against Us.....	18
<b>Chapter 4: Other States Insurance</b> .....	<b>19</b>
Notice Clauses.....	20
<b>Chapter 5: Duties after Injury Occurs/Conditions</b> .....	<b>21</b>
The Duties of the Insured.....	21
Conditions.....	23

<b>Chapter 6: Endorsements</b> .....	<b>27</b>
Alternate Employer Endorsement WC 00 03 01 A .....	27
Employers Liability Coverage Endorsement WC 00 03 03 B .....	27
Joint Venture as Insured Endorsement WC 00 03 05 .....	28
Medical Benefits Exclusion Endorsement WC 00 03 06 .....	28
Medical Benefits Reimbursement Endorsement WC 00 03 07 .....	28
Partners, Officers and Others Exclusion Endorsement WC 00 03 08 .....	29
Sole Proprietors, Partners, Officers and Others Coverage Endorsement WC 00 03 10 .....	29
Voluntary Compensation and Employers Liability Coverage Endorsement WC 00 03 11 .....	29
Voluntary Compensation and Employers Liability Coverage for Residence Employees Endorsement WC 00 03 12 A .....	30
Waiver of Our Right to Recover from Others Endorsement WC 00 03 13 .....	31
Workers Compensation and Employers Liability Coverage for Residence Employees Endorsement WC 00 03 14 A .....	31
Domestic and Agricultural Workers Exclusion Endorsement WC 00 03 15 .....	31
Employee Leasing Client Endorsement WC 00 03 19 .....	31
Labor Contractor Exclusion Endorsement WC 00 03 21 .....	32
Employee Leasing Client Exclusion Endorsement WC 00 03 22 .....	32
Anniversary Rating Date Endorsement WC 00 04 02 .....	32
Experience Rating Modification Factor Endorsement WC 00 04 03 .....	32
Premium Discount Endorsement WC 00 04 06 or WC 00 04 06 A .....	33
Retrospective Premium Endorsement One Year Plan WC 00 05 03 C .....	33
Retrospective Premium Endorsement Three Year Plan WC 00 05 04 C .....	33
Retrospective Premium Endorsement One Year Plan—Multiple Lines WC 00 05 12 C .....	33
Retrospective Premium Endorsement Three Year Plan—Multiple Lines WC 00 05 13 C .....	33
Benefits Deductible Endorsement WC 00 06 03 .....	34
 <b>Chapter 7: Nonprivate Insurance</b> .....	 <b>35</b>
Monopolistic State Funds .....	35
Residual Markets .....	40

<b>Chapter 8: Federal Workers Compensation Coverage</b> . . . . .	<b>43</b>
Introduction . . . . .	43
The Longshore and Harbor Workers Compensation Act . . . . .	44
Employer’s Liability . . . . .	47
Third Party Actions . . . . .	48
Compensation . . . . .	48
The L&HWCA and the Workers Compensation Policy . . . . .	49
State vs. Federal Coverage . . . . .	50
The Jones Act . . . . .	51
Definition of “Seaman” . . . . .	53
Jurisdiction of the Jones Act . . . . .	55
Federal Workers Compensation Endorsements. . . . .	57
Defense Base Act Coverage Endorsement WC 00 01 01 A . . . . .	57
Federal Coal Mine Safety and Health Act Coverage Endorsement WC 00 01 02 A . . . . .	57
Federal Employers Liability Act Coverage Endorsement WC 00 01 04 . . . . .	58
Longshore and Harbor Workers Compensation Act Coverage Endorsement WC 00 01 06 A . . . . .	58
Nonappropriated Fund Instrumentalities Act Coverage Endorsement WC 00 01 08 A . . . . .	59
Outer Continental Shelf Lands Act Coverage Endorsement WC 00 01 09 B . . . . .	59
Maritime Coverage Endorsement WC 00 02 01 A . . . . .	60
 <b>Chapter 9: Premium</b> . . . . .	 <b>61</b>
History . . . . .	61
Our Manuals . . . . .	62
Basic Manual for Workers Compensation and Employers Liability Insurance . . . . .	63
Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance . . . . .	65
Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance . . . . .	65
SCOPEs Manual . . . . .	66
Classifications . . . . .	67
Remuneration. . . . .	71
Premium Payments . . . . .	77
Final Premium . . . . .	78
Records . . . . .	79
Audit . . . . .	79
Practical Information—Workers Compensation Rating Bureaus . . . . .	81

Treatment of Executive Officers, Sole Proprietors, Partners and LLC Members . . . . .	83
Other Rating Factors . . . . .	83

**Chapter 10: Experience Rating . . . . . 89**

Introduction . . . . .	89
Who Oversees Experience Rating Programs? . . . . .	90
General Points . . . . .	91
Eligibility . . . . .	92
The Mod Factor . . . . .	94
Anniversary Rating Date . . . . .	95
Mod Worksheet Input Data . . . . .	97
Making the Mod Calculation . . . . .	99
The Mod Worksheet . . . . .	99
Applying the Mod . . . . .	106
Recalculation and Revisions . . . . .	107
One Risk or Two? . . . . .	108
Recent Development—Rating Split Point Change . . . . .	110
Schedule Rating . . . . .	113
Summary . . . . .	114

**Chapter 11: Financial Plans . . . . . 117**

Introduction . . . . .	117
Types of Financial Plans . . . . .	119
Guaranteed Cost Plans . . . . .	121
Dividend Plans . . . . .	122
Fixed Plans . . . . .	122
Sliding Scale Plans . . . . .	124
Retention Plans . . . . .	125
Retrospective Rating Plans . . . . .	126
Retrospective Rating Formula . . . . .	128
Excess Loss Premium . . . . .	129
How a Retro Works . . . . .	130
Optional Retro Premium Components . . . . .	132
Audit vs. Retro Calculation . . . . .	133
Retro Policy Cancellation . . . . .	133
Retrospective Rating Forms . . . . .	134
Incurred Loss vs. Paid Loss Plans . . . . .	134
Large Deductible Plans . . . . .	135
Deductible Program Design Considerations . . . . .	137
Deductible Program Documents . . . . .	137
Collateral Issues . . . . .	138

<b>Chapter 12: Cost Management Issues</b> .....	<b>143</b>
Introduction .....	143
Managing Overall Costs .....	144
Timely Notice of Accident .....	145
Claims Handling Instructions .....	146
Return to Work Programs .....	147
Managed Care Services .....	149
Bill Review .....	149
Medical Case Management .....	150
Cost of Managed Care Services .....	151
ADA and FMLA Implications .....	152
Safety Incentive Programs .....	154
Premium/Cost Allocation Systems .....	155
Summary .....	157
<b>Chapter 13: Issues in Workers Compensation</b> .....	<b>159</b>
Introduction .....	159
Exclusive Remedy .....	159
Dual Capacity .....	159
Intentional Tort .....	161
Third-Party-Over .....	163
Other Possibilities .....	165
Mental Stress Claims .....	168
Arising Out of and In the Course of Employment .....	171
Relationship to Employment .....	173
Workplace Violence .....	176
Employment of Minors .....	179
Principals and Contractors .....	181
Wrap-Up Insurance Programs .....	185
Leased Employees .....	187
Alternate Employer Coverage .....	191
Illegal Immigrant Workers .....	199
Stop Gap Coverage .....	200
Workers Compensation and Volunteers .....	201
Various Workers Compensation Doctrines .....	203
The Positional Risk Doctrine .....	203
Odd Lot Doctrine .....	205
Usual Exertion Doctrine .....	205
Last Injurious Exposure Rule .....	206
Peculiar Risk Doctrine .....	206
Personal Comfort Doctrine .....	207
Successive Injury Cases .....	208

<b>Chapter 14: Fraud</b> .....	<b>211</b>
Three Keys to a Successful Workers Compensation Fraud Investigation. ....	211
WC Fraud Case Law .....	217
<b>Chapter 15: Canadian Workers Compensation</b> .....	<b>225</b>
Similarities and Differences between the United States and Canadian Workers Compensation Systems .....	225
Convention .....	225
Funding .....	225
Cost Drivers .....	226
Workplace Safety and Insurance Board (WSIB) .....	226
Employer Schedules .....	226
Second Injury Fund .....	227
Experience Rating .....	227
Maximum Assessable/Insurable Earnings for 2015 .....	227
Assessments and Premiums .....	228
Roles and Responsibilities .....	228
Cost Drivers .....	229
Workers Compensation Fraud .....	230
Department Contacts .....	230
Federal Workers Compensation Service (FWCS) .....	230
Canadian Workers Compensation Summary .....	234
How it Works .....	234
What to do .....	235
Can Claims Be Disallowed? .....	235
<b>Appendix A</b> .....	<b>237</b>
<b>Appendix B</b> .....	<b>244</b>
<b>Appendix C</b> .....	<b>250</b>
<b>Appendix D</b> .....	<b>266</b>
<b>Appendix E</b> .....	<b>270</b>
<b>Appendix F</b> .....	<b>277</b>
<b>Appendix G</b> .....	<b>281</b>
<b>Appendix H</b> .....	<b>293</b>
<b>Index</b> .....	<b>296</b>