

# **PRIM/IIAM – MONTANA STATE FUND WORKER’S COMPENSATION INSURANCE PROGRAM**

## **COMPLYING WITH MONTANA LAW AND COMPANY APPOINTMENTS**

Montana insurance law, 33-17-236, MCA is as follows: **Appointments of insurance producers by insurers.** (1) An insurance producer may not claim to be a representative of or an authorized or appointed insurance producer of or use another term implying a contractual relationship with a particular insurer unless the insurance producer is an appointed insurance producer of that insurer pursuant to this section.

However, Montana insurance law allows sharing of commission under 33-17-1103, MCA, **Accepting and paying commissions, fees, or consideration – restrictions.**

**At no time should a producer hold themselves out as a representative of a company for which they are not licensed.** The following conditions must apply for a producer to be in compliance with Montana insurance law:

1. Have an appointment with the carrier that is issuing the policy.
2. Have the business placed with a licensed producer, (this could also include a wholesaler that producers know as a general agent), that is appointed with the carrier and clearly inform the consumer that you are not a contractual representative of the carrier writing the policy or policies. You may share commissions as outlined in insurance law reprinted here. We also recommend that the file be clearly documented that you have informed the insured that you are not a contractual representative of the insurer.
3. An agent not appointed should not sign any application or policy of a carrier that they are not appointed with. Care should be taken that the appointed producer of record signs the necessary document.

## **SUBMISSION RULES FOR PRIM / MONTANA STATE FUND**

### **ACCEPTABLE BUSINESS:**

This program is designed specifically for workers' compensation in Montana and can include states related to the employer's operation.

### **PROGRAM AVAILABILITY:**

This program is available to all IIAM members in good standing and all MSF appointed agents.

### **RULES FOR SUBMISSION:**

#### **ACORD 130 (Workers' Compensation Application)**

New business applications will be accepted into PRIM **90 days** prior to the inception of the policy being quoted.

#### **All information on the ACORD needed:**

- **Federal Employer Identification Number (FEIN).**
- **Desired EL limits**
- **Owner/Officer Information:**
  - This is basic information needed for the policy itself. Also this section is used to cross reference with other policies with the same owner/officer information, and which may be combined. The advantage is the possibility of a lower experience modification factor. However, the reverse holds true. It is better to know if a higher experience mod will be assigned up front rather than later. This will allow you to make an informed decision.
  - Officer election for coverage is in this section.
  - Covered Owner / Partner / LLC member / Managers.
- **Prior Carrier Information / Loss History:**
  - This section is invaluable in determining schedule rating factors and providing completed quotes in a timely manner, and getting a competitive price.
  - Above the "Amount Paid" section is a box to indicate if loss runs are attached. The loss runs provide such information as the average loss size, loss severity, loss frequency, loss trending, and common reoccurring losses. For experience rated policies, a copy of the most recent experience modifier worksheet or a signed letter to the National Council of Compensation Insurance (NCCI) (*see attached example*) authorizing the MSF to obtain the current experience modifier from NCCI, is required. If neither is received, a preliminary modification factor will be used, resulting in an uncompetitive quote.
- **Nature of Business/Description of Operations:**
  - Filling the class section on the front of the ACORD with a class code and the NCCI's description provides needed information about the business. This section should be filled in with the general duties the business engages in. The object is to classify business correctly, and sometimes more than one class code may be used, especially in construction.
- **The Servicing Producers name is needed on ACORD.**
- **The form MUST be signed by the "Customer". PRIM will sign it as the "Producer".**

**PREMIUM TARGET:**

PRIM’s target premium range is the small to medium employer, generally developing a premium of \$10,000 and under prior to application of experience rating factors or scheduled credits/debits. PRIM has the right to accept or reject business submitted based on loss history and/or other factors.

**PRICING:**

All submissions will be thoroughly reviewed by PRIM before submitting to MSF for underwriting according to their guidelines. Minimum premium requirements will be applicable.

**AGENT OF RECORD LETTERS:**

A letter must accompany any agent of record letters submitted from the prospective applicant on their company letterhead.

**INITIAL PREMIUM PAYMENT:**

Use the following table when calculating the amount of premium that needs to accompany the application:

**ACCOUNT PREMIUM /SIZE / INITIAL PREMIUM PAYMENT:**

<u>PAYROLL</u>	<u>MINIMUM PREMIUM</u>
\$0 to \$2,000	Min. \$210.00 or 33%, whichever is greater
\$2,001 to \$5,000	25%, plus policy charge

Also added in is regulatory assessment fee (varies) and expense constant (\$140.00). Minimum premium is \$352.20

On accounts of \$2,000 or less in EAP, the 33% initial premium payment and the policy charge are due to incept coverage.

Accounts between \$2,000 and \$5,000 are required to have the 25% payment up front to incept coverage.

**Accounts above \$5,000 will be permitted to incept coverage without monies up front, provided there is an effective MSF quote and the customer will be billed the 25% initial premium payment within approximately 7 days** of the policy inception date. All installments other than quarterly, semi-annual, and annual will be billed on a monthly cycle.

**Involuntary business, \$2,000 EAP and greater**, bound by producers will be subject to the same initial payment plans as above; however, you are required to **forward a 20% security deposit in addition to the required initial payment**. Granted, a majority of the time this decision may occur after the policy has been initially bound; however, the account will still be required to meet the additional deposit requirement to maintain a policy with MSF. Deposit can be cash, certificate of deposit, or surety bond. Consult your underwriter regarding letter of credit.

DATE: XX-XX-XXXX

NCCI – Customer Service Center  
PO Box 3098  
Boca Raton, FL 33431-0998

**RE: AUTHORIZATION FOR NCCI TO RELEASE EXPERIENCE RATING WORKSHEET**

Dear Customer Service:

This is to authorize the release of our most recently produced Experience Rating Worksheet to the Montana State Fund.

Sincerely,

**Owner/Officer Name**

**FEIN:**

**Risk ID No:**

**(Must accompany all applications)**