

First Benefits Insurance Mutual, Inc.

Underwriting Procedures

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About Us

With approximately 200 independent agents servicing over 2,000 insureds, First Benefits Insurance Mutual, Inc. (FBIM) is a NC Retail Merchants Association's (NCRMA) most active member service. FBIM is an out-growth of the North Carolina Retail Self-Insured Fund, dba CompCarolina that was created in 1992 by NCRMA as a resource for small business workers' compensation needs.

FBIM is a North Carolina-based mutual insurance company that specializes in providing workers' compensation insurance. With over 20 years experience, FBIM prides itself on personal service, sound underwriting, and aggressive claims management.

First Benefits Insurance Mutual offers a wide range of class codes; monthly, quarterly and annual payment plans; Employers Liability (EL) limits up to \$5,000,000; and online quoting for agents.



Created by North Carolina employers for North Carolina employers, we are large enough to provide quality service and small enough to respond to each agent individually. Our agents enjoy working with a financially strong, local insurance company that values each of the clients you represent.

Mission Statement

First Benefits Insurance Mutual's mission is to provide a stable marketplace for North Carolina small businesses to obtain workers' compensation by providing competitive rates, excellent customer service, and prudent management of claims and assets.

Vision Statement

We will be a progressive, profitable company that continuously works to improve its product and is:

Recognized by our agents for disciplined underwriting and aggressive claims management,
Appreciated by our insureds for providing quality product and service, and
Respected by the industry for our integrity.

Underwriting

Submissions

Submissions are EASY; you need:

- Completed ACORD 130 & ACORD 125
- 3 years of Loss Runs executed within the last 60 days

FBIM's Hit List

Every quarter, FBIM reviews its book of business to produce a preferred class of business or Hit List. Below is an example:

- Alarm System Contractor
- Auto Repair
- Car Dealerships
- Church
- Food Processing
- Golf Courses
- HVAC Contractor
- Hotels
- Metal Works Manufacturing
- Plumbing Contractor
- Property Management
- Restaurants
- Warehouse
- Caisson or Cofferdam Work
- Carnival Workers
- Chemical manufacturing
- Commercial Airlines Personnel
- Dams, Dikes, Locks or Revetment
- Demolition Work
- Employee Leasing
- Explosives
- Federal Acts
- Flint or Spar Grinding & Drivers
- Foundry(s)
- Fuse Manufacturing
- Manufacturing, Production, Refining of Petroleum Products
- Manufacturing, storage or transportation of fireworks, ammunition, nitroglycerin or other explosive devices
- MGA/MGU business
- Mining
- Nuclear fission, fusion or radioactive materials
- Offshore Drilling
- PEO's and Temporary Staffing Services
- Pharmaceutical / Chemicals Manufacturing
- Professional Sports Teams
- Radiator or Heater Manufacturing
- Railroad operations & construction
- Refractory Products Mfg. & Drivers
- Roofing
- Stone Crushing, Cutting or Polishing & Drivers
- Trucking
- Tunneling Operations
- Underwater Work
- U.S. Longshore and Harbor Workers' Exposures
- Wrecking or demolition of buildings, structures or vessels

Rate Guide

FBIM's Preferred Classes Rate Guide is available on our website. To obtain the rate for a specific class code not listed, please contact us at (888) 393-2667.

Ineligible Operations/Exposures

- Airport, Airport Authorities & Air-Traffic Control Authorities
- Amusement Parks
- Any asbestos related work
- Arms and Munitions Manufacturing
- Aviation risks

Quote Process

Agency Portal

Visit FBIM's website www.firstbenefits.org for access to the Agency Portal for online quoting, insured billing information and loss runs.

Incomplete or Inaccurate Paperwork

To ensure prompt coverage for your clients, complete paperwork and payment is required. If FBIM does not receive complete paperwork and required payment within 7 days of policy effective date, FBIM will issue the new business policy and process cancellation according to standard notification requirements.

Expense Constant

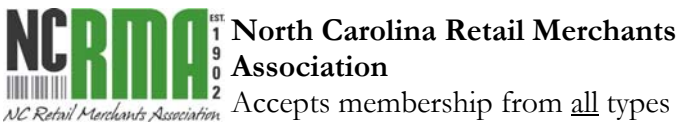
The FBIM Expense Constant is \$210.

Binding Coverage

Coverage cannot be bound via phone or voicemail; written notification by fax or email is accepted.

Membership Requirements for Insured

First Benefits Insurance is an association-based workers' compensation program. Policyholders are required to maintain an active membership in one of the following endorsing organizations:



North Carolina Retail Merchants Association

Accepts membership from all types of businesses. For insureds who

choose NCRMA, the balance of the current year's dues are waived then only \$200 per year.



Carolinas Food Industry Council

Accepts membership from grocery retailers. The membership is only \$30 per store.



North Carolina Tire Dealers Association
Membership is only \$150 per year.



Turfgrass Council of North Carolina

Membership is only \$125 per year.



North Carolina Mutual Drug

Call (800) 800-8551 for the up-to-date investment opportunities.



North Carolina Christmas Tree Association

Call (800) 562-8789 regarding membership inquiries.

Participating NC Chambers of Commerce

A complete list of participating chambers is found on our website. Online you will find a link to each participating chamber and each association's website, so that a membership application may be downloaded for the insured. www.firstbenefits.org.

Membership Requirements for Agents

Each FBIM appointed agency is required to maintain membership in an endorsing Chamber of Commerce or in the North Carolina Retail Merchants Association (NCRMA). NCRMA dues are calculated on a sliding scale tied to the number of active accounts or written premium:

- 0-2 accounts \$200
- 3-5 accounts \$135
- 6-7 accounts \$100
- >8 accounts \$ 0

OR

\$10,000 or more in premium \$ 0

Premium Payment Plans

Annual Payment

Annualized premiums of \$1,000 or less require annual premium (up-front) payment.

Monthly Payment Plan (25/10)

- Available for premiums over \$1,000
- 25% down with 10 equal payments
- Expense Constant of \$210 required in down payment
- No installment fee
- Late fee of \$25 for payments received after the installment due date
- Annual Audit

Quarterly Payment Plan

- Available for premiums over \$1,000
- 25% down with three equal payments
- Expense Constant of \$210 required in down payment
- No installment fee
- Late fee of \$25 for payments received after the installment due date
- Annual Audit

Twelve Equal Payment Plan*

- Available for premiums over \$25,000, subject to underwriting approval
- Expense Constant of \$210 required in down payment
- No installment fee
- Late fee of \$25 for payments received after the installment due date
- Annual Audit

*Offered at company discretion

Monthly Self-Reporting Option (MSR)

- Available for premiums over \$2,500
- 25% deposit required (adjusted annually against prior year's audit and current payrolls) and held in escrow against termination
- Policyholder receives a monthly self-audit worksheet due by the 15th
- Payroll adjusted, premium calculated and payment submitted
- No installment fee
- Annual Audit
- Late fee: Completed worksheets (including those reporting zero payroll) and premium payments are due by the 15th of each month. Worksheets and checks received on the 16th (or later) will be charged a \$25 late fee assessed immediately

ACH (Automated Clearing House) aka Bank Draft

One-time or recurring

Only three items are needed (contact Policy Services for further information):

- Completed Authorization Form,
- Copy of voided check, and
- Monthly worksheet faxed to (704) 752-4854

Credit Card

- Call (855) 228-4931 to make payment
- FBIM accepts Visa, MasterCard, American Express, and Discover



Renewal Process & Loss Control

Annual Renewal Worksheets

Ninety-days prior to expiration, policyholders will receive an Annual Renewal Worksheet allowing them to update policy information before their Estimated Premium Invoice is generated for the upcoming policy year. The insured must verify the information on the renewal worksheet to ensure complete accuracy:

Name of Business	Type of Business
Contact	Type of Entity
Mailing Address	Tax ID#
Physical Address	Last Audited Payroll
Phone	Inclusions/Exclusions
Fax	Estimated Payroll

Estimated Premium Invoice

In the month prior to expiration, policyholders will receive an Estimated Premium Invoice for the upcoming policy term which will reflect changes taken from the renewal worksheet. For those on the monthly payment plan who realized a premium increase, the Estimated Premium Invoice will include an increase to the 25% deposit as well.

Payroll Audits

Annual payroll audits are performed by an outside auditing company. Because policies are issued based on estimated payroll, any temporary labor and amounts paid to subcontractors without Certificates of Insurance may result in adjustments to final premium. Some insureds will receive a mail/voluntary audit, while others will experience a physical audit. We require Employer's Quarterly Tax and Wage Reports, IRS Form 941 and Form NCUI 101.

If subcontractors have been utilized, Certificates of Insurance must be included or the policyholder will be responsible for the subcontractor portion of workers' compensation premium. Final audit invoices will reflect any discrepancies.



Audit Advice

- Tips and gratuities are EXCLUDED from the workers' compensation premium calculation. Make sure when your client is reporting payroll, that tips and gratuities are identified but not included in the calculations.
- Encourage the policyholder to identify overtime pay per employee and to maintain accurate records. Premium is due only on the "straight time" portion of overtime (meaning if an employee is paid "time and a half," the half portion of the payroll is not applicable to workers' compensation premium calculation).
- North Carolina law requires that an employer's calculation of worker's compensation premium include: commissions, bonuses, holiday, vacation, sick pay, and cafeteria plans.

Loss Control

First Benefits Insurance encourages its agents to promote the importance and value of a safe work place environment to employers at every opportunity.

Please impress upon your insureds that "the best way to avoid a claim is to prevent it" and "the best way to manage claims is prompt reporting."

Examples of low cost safety measures include: eliminating slippery floors, ensuring that basic equipment is maintained for safe operation, and requiring protective gear when operating hazardous equipment and machinery.

Additionally, FBIM provides a selection of safety signs that are made available in English and Spanish. Displaying the signs, serves as a reminder for employees to put safety first. Employers are encouraged to print their choice(s) of signs from our website at www.firstbenefits.org/policyholders.

Claims Reporting

FBIM's staff has over 80 years of experience in North Carolina Claims Management. Our licensed professionals are always courteous and exhibit genuine concern for both the claimant and the employer. Our Board-Certified Adjusters and Registered Nurses respond promptly to employers, employees, and physicians.

Our goal is to provide the smallest possible disruption to the employer's workplace. We do this by focusing on aggressive claims management, achieving optimum medical care, and vigorously investigating fraudulent claims. Because of our outstanding claims closure rate, few claims are carried over from prior years.

Claims Reporting is EASY!

Employers should complete a Form 19 within 24 hours of injury (forms and instruction found on our website at www.firstbenefits.org) and submit via fax to (704) 752-4854.

Direct questions to (800) 360-7867 or send e-mail to claims@firstbenefits.org.

Claims Management Contact:

Mark Weaver, Claims Manager

claims@firstbenefits.org

Phone: (800) 360-7867 Fax: (704) 752-4854

Contact the Claims Manager for:

- Reporting a claim (Form 19)
- Medical & Indemnity Payments
- Mediation

Emergency After-hours Contact

(800) 524-0604

NOTE: Under North Carolina law, employers must report an employee injury within five days of notification but we strongly encourage employers to report an employee injury within 24 hours. Prompt reporting of claims aids in quality management of medical recovery and minimizes claim losses, benefiting all of our insureds.

Designated Medical Provider

Policyholders of First Benefits, have access to two major PPO networks:

- First Health
- Coventry Workers' Comp Services

These lists are extensive and your clients should be able to easily find the right person located near their place of business. If a client calls you after an accident, direct them to use the website listed below or to call our claims office at (800) 360-7867.

Remember to remind your clients:

- The Emergency Room (ER) is for emergencies or off-hour treatment.
- Urgent Care facilities and Occupational Medical Clinics are usually much more cost effective and typically take less time than a trip to the ER.
- If an employee must visit the ER always re-direct them to your client's Designated Medical Provider the next business day, and be sure to inform First Benefits Insurance if a specialist referral was made by the ER.
- Do not allow employees to re-visit the ER or make appointments for their claim with their own family physician.



www.firsthealth.com



www.coventrywcs.com

Cancellation Process & Endorsements

Notice of Cancellation

15-day Notice of Cancellation:

Non-payment of premium

30-Day Notice of Cancellation:

- Change of Exposure
- Failure to furnish year-end audit information
- Failure to submit monthly payroll reports
- Non-renewal of association membership

45-Day Notice of Cancellation:

Non-compliance with loss control recommendations

Reinstatements

Reinstatement requests will be determined by the FBIM Underwriting Department.

Insured Request

Agents must provide a completed Cancellation Request/Policy Release Form, ACORD 35, or submit on the insured's letterhead a cancellation request that includes:

- the signature of owner
- reason for termination
- effective date of cancellation

Mid-policy cancellations will result in a short-rate penalty calculated on the NCCI table.

ENDORSEMENTS

Changes Requiring an Endorsement:

- Name Change/Address Change
- Changes in Legal Entity
- Change in Federal Employer ID Number
- Additional Locations

- Ownership Change (*may require new application*)
- Exposure Changes

Agent of Record Change Procedures

Submit an ACORD 36 or have the insured request this change in writing on company letterhead (include effective date and signature of corporate officer or owner) within fourteen days of the effective date at a minimum. A new ACORD 130 application will be required from the newly appointed agent.

Corporate Officers

Executive Officers of a corporation are defined as the "President, Vice President, Secretary, Treasurer" or any other officer appointed in accordance with the by-laws of the corporation. Under North Carolina law, officers are automatically included in workers' compensation coverage unless an Exemption Form has been filed.

Certificate of Exemption From Coverage

In North Carolina, Executive Officers may elect not to be subject to coverage by signing a Certificate of Exemption From Coverage Form. This form must be processed and filed with First Benefits Insurance. Once an Exemption Form has been filed, it remains in effect until a Revocation of Exemption is filed. Please make sure that an appropriate Exemption Form is completed and returned according to your coverage request.

Partners, Sole Proprietors & Owners

Partners, sole proprietors, and owners are automatically EXCLUDED from workers' compensation coverage unless an Inclusion Form has been filed. Once covered, they will have the same status as employees under the policy. When covered partners, sole proprietors, or owners are considered employees, their payroll will be assigned to classifications and rates under the rules which apply to employees.

Premium for each partner, sole proprietor, or owner treated as an employee shall be based on an annual payroll amount. Changes in status of coverage for partners, sole proprietors and owners requires the signing of a Notice of Election of Coverage Form. Once the election form is filed it remains in effect until a Withdrawal of Election Form is filed.

FBIM Key Staff Contacts

Agency Services	(888) 393-2667 (919) 832-0811
Audits	(855) 228-4931
Claims	(800) 360-7867 Fax (704) 752-4854
Memberships	(888) 393-2667 (919) 832-0811
Policy Services (All billing issues)	(855) 228-4931
Underwriting	(888) 393-2667 (919) 832-0811



First Benefits Insurance Mutual, Inc.

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