



Plan—Announcement of Item RM-W-8046—Revision to Basic Manual Rule 4-G-5—Alternate Employer Endorsement

ACTION NEEDED

Please review the changes outlined in the attachment to this circular for impact on your company’s systems and procedures. Also, review the weekly *Status of Item Filings* circular for state approval of this item.

Caution: At the time of distribution of this circular, this filing has been filed with the regulator but is **not yet approved**. This information is provided for your convenience and analysis. Please do not use this information until the regulator has approved the filing.

BACKGROUND

NCCI has submitted Item RM-W-8046—Revision to Basic Manual Rule 4-G-5—Alternate Employer Endorsement to the appropriate state regulatory authority.

This item is applicable to new and renewal policies, and is proposed to become effective on and after July 1, 2019, in all states indicated in the filing.

This item proposes to revise Rule 4-G-5—Alternate Employer Endorsement in NCCI’s *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)* for the use of the endorsement on temporary arrangement policies. *Basic Manual* Rule 4-G includes the additional coverages available upon request of the employer for assigned risk policies only.

Refer to the attachment for details on this item, including all state-specific treatments.

IMPACT

No statewide premium impact will result from the change proposed in this item.

NCCI ACTION

NCCI will take the following actions for Item RM-W-8046:

- Issue a circular notifying you when the item is approved as filed, approved with changes, disapproved, or withdrawn
- Update the weekly *Status of Item Filings* circular on ncci.com with the latest state status
- Publish updated pages for NCCI’s *Basic Manual* and *New Mexico Workers’ Compensation Assigned Risk Pool Manual* prior to the effective date, if approved

If you would like to subscribe to any of our manuals, please call our Customer Service Center at 800-NCCI-123 (800-622-4123).

PERSON TO CONTACT

If you have any questions, please contact:

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FILING MEMORANDUM

ITEM RM-W-8046—REVISION TO BASIC MANUAL RULE 4-G-5—ALTERNATE EMPLOYER ENDORSEMENT

PURPOSE

This item revises Rule 4-G-5—Alternate Employer Endorsement in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)* for the use of the endorsement on temporary arrangement policies. *Basic Manual* Rule 4-G includes the additional coverages available upon request of the employer for assigned risk policies only.

BACKGROUND

An alternate employer arrangement occurs when the employees of a policyholder are working on a special or temporary basis for another employer, or "alternate employer." The Alternate Employer Endorsement (WC 00 03 01 A) may be used to provide coverage for an alternate employer if required of the policyholder by contract and only when the state of operations of the alternate employer is listed in Item 3.A. of the policy.

As a result of Item RM-W-8038—Establishment of Basic Manual Rule 4-G—Available Coverages, effective January 1, 2012, *Basic Manual* Rule 4-G-5 was established for alternate employer coverage. Currently, the rule states that the Alternate Employer Endorsement is not available for Professional Employer Organization (PEO) and/or temporary arrangement policies. NCCI has determined that the rule must be revised to allow for the use of the endorsement on temporary arrangement policies. This is consistent with the endorsement's language regarding special or temporary employment by an alternate employer. The endorsement will continue to be unavailable for PEO arrangement policies.

PROPOSAL

This item proposes to revise NCCI's *Basic Manual* Rule 4-G-5 to allow for the use of the Alternate Employer Endorsement on temporary arrangement policies.

IMPACT

No statewide premium impact will result from the change proposed in this item.

STATE-SPECIFIC PROPOSAL AND IMPACT

New Mexico Proposal:

This item proposes to revise Rule 3-E—Alternate Employer Endorsement in NCCI's *New Mexico Workers' Compensation Assigned Risk Pool Manual (NMARM)* to allow for the use of the Alternate Employer Endorsement on temporary arrangement policies.

New Mexico Impact:

The impact detailed above applies in New Mexico.

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FILING MEMORANDUM

ITEM RM-W-8046—REVISION TO BASIC MANUAL RULE 4-G-5—ALTERNATE EMPLOYER
ENDORSEMENT

EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

Exhibit	Exhibit Comments	Implementation Summary
1	Details the revision to Rule 4-G-5—Alternate Employer Endorsement in NCCI's Basic Manual .	To become effective for new and renewal assigned risk policies only, effective on and after 12:01 a.m. on July 1, 2019.
2	Details the revision to Rule 3-E—Alternate Employer Endorsement in NCCI's NMARM .	

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ITEM RM-W-8046—REVISION TO BASIC MANUAL RULE 4-G-5—ALTERNATE EMPLOYER
ENDORSEMENT

EXHIBIT 1

BASIC MANUAL—2001 EDITION

PART ONE—RULES

RULE 4—WORKERS COMPENSATION INSURANCE PLAN RULES

G. AVAILABLE COVERAGES

(Applies in: AL, AR, AZ, CT, DC, GA, IA, ID, IL, IN, KS, MS, NH, NV, OR, SC, SD, TN, VA, VT, WV)

5. Alternate Employer Endorsement

- a. The Alternate Employer Endorsement is available if required of the employer by contract and only when the state of operations of the alternate employer is listed in Item 3.A. of the policy.
- b. The Alternate Employer Endorsement is **not** available for Professional Employer Organization (PEO) ~~and/or temporary~~ arrangement policies.

ITEM RM-W-8046—REVISION TO BASIC MANUAL RULE 4-G-5—ALTERNATE EMPLOYER
ENDORSEMENT

EXHIBIT 2
NEW MEXICO WORKERS' COMPENSATION ASSIGNED RISK POOL MANUAL
RULE 3—AVAILABLE COVERAGES
(Applies in: NM)

E. ALTERNATE EMPLOYER ENDORSEMENT

1. The Alternate Employer Endorsement is available if required of the employer by contract and only when the state of operations of the alternate employer is listed in Item 3.A. of the policy.
2. The Alternate Employer Endorsement is **not** available for Professional Employer Organization (PEO) ~~and/or temporary~~ arrangement policies.