

~Access State Fund Update~  
Important Information as of  
August 19, 2013



### Update on Complete Submissions

In order for RIC and State Fund to improve our turnaround time on quotes, please make sure you submit a complete submission. Please see the attached requirements for all Workers' Comp submissions for State Fund.

Below are a few pieces of information that are critical on a submission and will create a rejection of your submission if not submitted:

- Payroll Exposure - current and previous two years (total for 2011 and total for 2012).
- Four years of loss runs dated within 90 days of submission on carrier letterhead.
- Current license information for businesses required to hold a license by the DMV, CSLB, and/or PUC.
- Complete ownership information accounting for 100 percent ownership and titled officers, if applicable.

### No Payroll Changes

Due to the high volume of submissions, State Fund continues to request that we not request payroll changes once a new business or renewal quote has been released.

State Fund is trying to quote all submissions and revised quotes take time from their objective.

State Fund has also requested that we not resubmit accounts to change the payroll.

Please make sure the payroll figures on the ACORD 130 are current and accurate.

Your assistance is greatly appreciated!

We would like to thank you for your continued support of RIC Insurance Agency, Inc. There have been a lot of changes this year and we appreciate your patronage as we move forward together in our journey. Here's an update with State Fund changes. Knowledge is power!

### Here are the items we are going to cover in this update:

- State Fund's Tiered Rating Plan and Territory Modifier
- Update on complete submissions
- Introducing State Fund's PriceNow
- Time frames for Large Accounts (over \$250K), PEO, and Temp Agencies have changed
- No payroll changes
- State Fund will now offer Blanket Waiver of Subrogation endorsements!
- Change in State Fund's Cancellation Notices

### State Fund's Tiered Rating Plan and Territory Modifier

State Fund's new tiered rating and territory modifier has been in full swing since 3/1/13. Tiered rating is an important milestone for State Fund's ability to provide fair prices to all California employers. State Fund's Tiering Engine will evaluate the special risk characteristics of your risk and will assign to one of the three tiers: A, B, or C. Each tier has a rating factor that is applied to the Standard Premium.

Tiered Rating takes into account the number of claims, amounts, types of losses, payroll, # of employees, and other factors. The X-mod is figured into the quote, but it is NOT part of the Tiering placement. Please note that State Fund's PriceNow applies the Tier for your Insured. Neither the underwriter or anyone at RIC has the ability to change the Tier once the system assigns it.

In addition to Tiering, State Fund is now applying a Territory Modifier. WCIRB statistical data proves that the cost of claims varies by territory. For specific information on State Fund's Tiered & Territory Modifiers, please refer to State Fund's rate filing with the Department of Insurance.

### Introducing State Fund's PriceNow

PriceNow is a pricing indicator that can help you determine if State Fund's prices are viable for your client. RIC will email you with the pricing indication range produced by State Fund's PriceNow. We will give you 5 business days to notify us if you would like to proceed with a quote. It will be up to you to let RIC know if a quote is wanted. Please know the indication is not a bindable quote, nor does it block the market. PriceNow will help RIC and State Fund provide only quotes you intend to present and bind with State Fund. Please note we request that you only request quotes you intend to bind. With PriceNow, it should help reduce the number of unproductive submissions and improve on both RIC and State Fund's turnaround time frames.

## Change in State Fund's Cancellation Notices

State Fund is making changes to their cancellation notices. As of August 1, 2013, Notices of Cancellation will no longer list the specific outstanding items. Instead, cancellation notices will simply notify your client that the policy will be cancelled due to failure to pay premium or submit payroll reports when due.

Your client may then go to State Fund Online to view information on which items are outstanding on the policy.

Please be advised that all overdue items will need to be received prior to the cancellation effective date in order to withdraw the cancellation.

The new cancellation notices will also provide details for payroll reporting and payment options. To bring the account up to date, your client should visit [statefundca.com](http://statefundca.com), click on the "Make a Payment/Report Payroll" link, and follow the instructions.

This Workers' Compensation PDF includes:

State Comp Submission Requirements.

Blanket Waiver FAQ's.

Printable Access State Fund Contact List.

RIC License #0482919

## Time frames for Large Accounts (over \$250K), PEO, and Temp Agencies have changed!

Effective 8/1/13, the following types of new business accounts must be submitted at least 45 calendar days prior to inception:

- Accounts with base premium of \$250K and greater
- Temporary staffing agencies and PEO, regardless of size

This minimum lead time of 45 days is necessary for an appropriate State Fund underwriting evaluation of these risks so that the most appropriate price can be presented to your client. State Fund will not be able to quote new business submissions for either of these risk categories that are received less than 45 calendar days before the inception date. Please note State Fund continues to request all other submissions 30 days in advance of inception.

Thank you in advance for your cooperation in supporting State Fund's purpose to provide fair prices to California employers.

Please remember to send us the submission prior to 45 days so that it gives us time to input into State Fund Online.

## State Fund will now offer Blanket Waiver of Subrogation Endorsements!

State Fund is now offering a new Blanket Waiver of Subrogation endorsement option. This option can reduce time for you and your clients by eliminating the need to contact RIC's Customer Service Department each time your client enters into a contract with a third party requiring a waiver.

The blanket waiver is available on new and renewing policies with inception dates September 1, 2013, and later. The additional charge for a Blanket Waiver of Subrogation endorsement is two percent (2%) of the total annual policy premium. Please note that blanket waivers of subrogation cannot be added mid-term. Please request the waiver prior to renewal.

Specific waivers are still available for those situations that require them. The charge for each Specific Waiver of Subrogation endorsement is three percent (3%) of the payroll generated during the work for each named third party.

Instructions on how to request the blanket endorsement are contained in these FAQs.

This concludes our State Fund update.

Your business is very important to us and we appreciate your continued patience.

For more information please call our Access State Fund Department at 1-855-851-7827.

If you have questions on other products or services RIC offers, please call 1-888-693-7892 or visit our web-site at [www.ric-ins.com](http://www.ric-ins.com).

# ACORD

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- Mailing address and physical locations address(es)

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  - # of years business

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  - Entity

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  - FEIN / SSN – must be 9-digits

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  - Contact Name / Phone number

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  - Officer's titles, included or excluded, stock %, (**MUST** add up to 100%)
    - If included: payroll and applicable class codes for the officers is also required.Officers are subject to the min / max, which were set for 2013 at \$41,600 and \$106,600 per officer

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  - Payroll and number of employees by location / class

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  - # of employees – both FT & PT

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  - Complete description of insured's operations

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  - Any applicable licenses (CSLB, MCP, PUC, Farm)**

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  - General Info questions (1-24) completed
    - Yes answers require an explanation
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## If Prior Coverage

(in addition to above)

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- 4 years currently valued loss runs (valuation date must be within 90 days)

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  - Premium associated with the 4 years of loss runs

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  - Total payroll for 2011 & 2012 (Please use Remarks section on Acord)

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  - WCIRB experience modification worksheet, if available

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  - If policy is non-renewed by the prior carrier, a copy of the non-renewal notice is required



## **Blanket Waiver of Subrogation Endorsement FAQs for Brokers**

### **Q: When did the Blanket Waiver of Subrogation endorsement become available?**

**A:** The Blanket Waiver of Subrogation endorsement (also referred to as Blanket Waiver endorsement or Endorsement 2572) is available for new and renewing policies with inception dates on or after September 1, 2013. (Exception: Quotes *issued in June 2013* for new policies with inception dates of September 1, 2013, or later will not include the Blanket Waiver endorsement option and therefore will not include the two percent premium charge. You will need to contact your underwriter to add the Blanket Waiver endorsement once coverage is in effect as of September 1, 2013, or later. This may result in an additional deposit bill for your client, and cause a recalculation of your client's State Fund bills.)

Beginning in July, quotes issued for policies incepting on September 1, 2013, or later will include the Blanket Waiver endorsement and the related premium charge if you request the endorsement with your submission.

### **Q: How do I have the Blanket Waiver endorsement added to a policy?**

**A:** The Blanket Waiver of Subrogation endorsement must be added to the policy at inception.

*Renewing policies:* Answer "Yes" to the question asking if you want the Blanket Waiver endorsement on the policy on the Renewal Information Form.

*New policies:* Online submissions must include your request for the Blanket Waiver endorsement in the Comments section. When you submit into our new PriceNow Submission portal, indicate you want the Blanket Waiver endorsement in the Additional Info > Additional Comments section.

In both cases, the two percent charge for the blanket waiver will be included in the quote (except on quotes issued in June 2013—see the first question above).

*If the Blanket Waiver endorsement is not requested prior to the inception of a new or renewing policy, it will not be added until the next renewal.*

### **Q: Which clients should consider a blanket waiver?**

**A:** A blanket waiver is a good option for policyholders who enter multiple written contracts that require a waiver of subrogation and cover much of their business activity in a year. Also, it's a good option for those policyholders who want the ease associated with one decision at the time the policy is requested and eliminates the need to provide segregated payroll to the premium auditor.

**Q: How can I figure out which option best suits my client?**

**A:** The best way to assess whether a blanket waiver or specific waiver is best for your client is to evaluate the cost of the surcharges. Estimate what two percent of the annual premium would be, then figure out the premium associated with third parties that require a waiver. If it is less than two-thirds of two percent of the annual premium, then the specific waiver may carry less of a surcharge. You may also want to factor in the cost of requesting the specific waivers each time one is needed versus requesting the blanket option upfront—doing so may make the blanket waiver a better option.

**Q: Can my clients change options after the policies are issued?**

**A:** *Once a policy is issued with either a blanket or specific waiver your client can not choose another option until renewal.* For that reason, it is best for your client to make the decision prior to binding coverage with us for either a new or renewal policy.

**Q: When can I note on the ACORD 25 certificate that the blanket waiver exists on a policy?**

**A:** Once the blanket waiver is endorsed onto the policy and appears in the Endorsement List in State Fund Online, it can be noted on the ACORD 25. Also, if you need to attach a copy of the Blanket Waiver endorsement to a certificate, a copy will be available in the Documents section of State Fund Online.

***Important:** You should add the Blanket Waiver endorsement and/or attach a copy of the endorsement to the ACORD 25 certificate ONLY when the third party requires a waiver in their written contract with your client.*

**Q: Should I request that the specific waivers on a policy be deleted when the Blanket Waiver endorsement is added?**

**A:** Yes, you will need to determine if any existing specific waivers should remain on your client's policy. Some third parties, such as Los Angeles World Airport (LAX), do not accept the blanket version of a waiver of subrogation endorsement and require a specific waiver instead. After reviewing your client's needs, you may request that any unneeded specific waiver endorsements be deleted from the policy by contacting your State Fund underwriter.

**Q: If my client no longer needs a Blanket Waiver endorsement, can I have it removed from the policy?**

**A:** Once endorsed on a policy, the Blanket Waiver endorsement will automatically renew with the policy. You can request the endorsement be removed from the policy prior to policy renewal for the upcoming year—it can only be removed as of the policy renewal date.

If you have any questions, please contact RIC at 1-855-851-7827.



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