



## YOUR WORKSAFE POLICY GUIDE South Carolina

We look forward to serving you and thank you for your business. If you have any questions about your WorkSafe workers' compensation policy – or any other matter related to Builders Mutual – please contact your Agent or our Company.

Enclosed is valuable information related to your policy. Please read carefully and retain with your policy.

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**Also enclosed in this policy jacket:**

- Your Policy
- Post Injury Drug/Alcohol Policy (post for employees)
- BMIC Drug Testing Acknowledgement
- Estimated Billing (invoice for any premium due)

## **PREMIUM ACCOUNTING – 800-809-4860**

### **Payment Plans**

Builders Mutual offers the following payment plans; policyholders may change plans at renewal only:

#### **Monthly Reporting**

Policyholders who are on the monthly self-reporting payment plan will receive a Monthly Self-Reporting Worksheet. This worksheet provides an opportunity for maximum control of cash flow, and projects a more realistic final audit as a result of **accurate** monthly reporting. All policyholders must submit the Monthly Self-Reporting Worksheet together with the appropriate premium regardless of account size. Instructions to calculate premium are also included on each Worksheet.

To complete the Worksheet(s), enter GROSS payroll by classification(s) for the period during the month coverage was in effect and compute monthly premium following the instructions on the report(s). The completed report(s) should be returned with the appropriate premium payment to Builders Mutual no later than the 20<sup>th</sup> of the month. Checks should be made payable to Builders Mutual.

For complete directions to aid in filling out your Monthly Self-Reporting Worksheet, visit [www.buildersmutual.com](http://www.buildersmutual.com) and click on Workers' Comp Worksheet Instructions under Hot Topics.

A 15% deposit or irrevocable letter of credit is required for this plan (see "Deposit" below).

#### **Monthly Bill 10-Pay**

Policyholders on the monthly bill plan will receive 10 bills during the policy year, beginning in the first month of the policy term. A 15% deposit or irrevocable letter of credit is required for this plan (see "Deposit" below).

#### **Deposit**

BMIC requires a 15% non-working deposit\* on Monthly Reporting and Monthly Bill 10-Pay plans. This deposit is adjusted annually at renewal and is retained only to apply toward premium in the event of termination. Upon termination of coverage, the insured's account will be audited with the appropriate monies being applied toward outstanding premium due and/or returned to the policyholder within 30 days from date of audit statement.

Policyholders who remain as customers for five years will no longer require a deposit. Any money currently posted to the account as *deposit* will be applied to *premium*, effective on the first month of the sixth policy year.

\*Irrevocable Letters of Credit must be in the amount of 25% of estimated annual premium.

#### **Annual**

Policies that are less than \$1,000 in annual premium are required to be on the annual pay plan. In addition, policyholders who wish to pay one annual premium may select this plan. No deposit is required.

#### **Quarterly**

Policyholders on the quarterly pay plan will be billed in 4 equal installments per policy year, on a quarterly basis. No deposit is required.

#### **Returned Checks**

All checks that are returned for insufficient funds or any other reasons will subject the policyholder to a \$25.00 charge per check.

### **Renewals**

The policy will renew on the renewal date listed on the declaration page. However, policies that incur losses are subject to review by BMIC's Underwriting department for continued acceptability.

### **Cancellation**

Cancellation of insurance coverage may result because of the following:

- Non-Payment of premium, including NSF returned check, failure to submit monthly self-audit worksheets, failure to submit to or pay year-end audit, failure to pay deposit balance
- Failure to meet Risk Management or Underwriting requirements and standards
- Determination that continuation would jeopardize solvency or place insurer in violation of insurance laws
- Violation of policy terms or conditions
- Material misrepresentation on the application
- Substantial change in the risk assumed if such change should not have been foreseen by the insurer or contemplated in the rate
- Substantial breach of contractual duties, warranties, or conditions
- If the insurer loses its reinsurance for the risk

Please note that, should a policyholder request the cancellation of its workers' compensation policy prior to its renewal date, there will be a short rate penalty assessed according to the National Council on Compensation Insurance (NCCI) table. Please contact your agent for more details.

### **Termination - Policyholder's Request**

Requests for termination of coverage must be received in writing by BMIC and must include:

- Signature of an Owner or Officer
- Reason for Termination

### **Termination - Duplicate Coverage**

In the event that a policyholder replaces coverage with a new carrier, the policyholder must send proof of coverage (letter of assumption or copy of new policy) in order to cancel the BMIC policy on the effective date of the new coverage.

## **PREMIUM AUDIT – 800-809-4860**

The premium shown on your policy is an estimate based on your business's classifications and premium basis at the time your policy is issued. An audit will be conducted at the conclusion of the policy period to determine the "final" audited premium using the actual premium basis and classifications that apply to your business covered by this policy. You may be contacted by a BMIC representative to conduct a physical onsite audit of your financial records or you may be requested to voluntarily submit information to BMIC to determine the "final" premium. WorkSafe policyholders with policies less than \$5,000 may qualify for voluntary audits. Premium Audit staff will determine accounts that qualify based on the previous year's audit and the current year's monthly reporting forms, and will mail forms to qualified policyholders. Your failure to cooperate with any audit request may result in BMIC estimating your final premium.

### **Variables affecting your audit**

#### *Classifications*

If at any time you have questions about properly classifying your operations, please contact Premium Audit at 800-809-4860.

#### *Subcontractors*

Subcontractors can represent an additional exposure to loss for you and the insurance company. Policyholders are required to pay premiums for all uninsured subcontractors, whether or not they have fewer than four employees. The following information outlines premium determination for subcontractors.

#### *Workers' Comp*

Policyholders will not be charged for the payroll of subcontractors if they provide Certificates of Insurance for all subcontractors to Builders Mutual. Without a Certificate of Insurance the amount paid to the subcontractors will be treated as remuneration and a premium charge will be made. This requirement includes subcontractors who do not have employees.

Subcontractor waivers are *not* accepted.

### **Your records**

As a business owner, you know the importance of keeping accurate records. After the expiration of each policy period, a Builders Mutual auditor will contact you for an appointment. Completing the audit helps to ensure you are paying the right price for your Builders Mutual insurance coverage. Remember, records that are properly maintained allow for a fair audit to be completed.

When it's time for your annual audit, the following records will be required by your auditor:

- Cash disbursement journal showing monthly totals for:
  - (1) materials
  - (2) subcontractors
  - (3) casual labor
- Payroll journal and summary showing:
  - (1) monthly and quarterly totals
  - (2) separate totals by type of work
  - (3) separate overtime records
  - (4) check register
  - (5) federal quarterly reports and NC employer's quarterly tax & wage report
  - (6) W2s and W3s, 1099s and 1096s
- Also necessary for payroll are individual earning records showing:
  - (1) type of work performed
  - (2) gross payroll by month and quarter
  - (3) overtime by month and quarter.

Basis of premium is the entire remuneration, cash or non-cash. This can include overtime, bonuses, vacation pay, commissions, and sick pay. Exceptions to remuneration include the premium portion of overtime, tips, severance pay, and payment to group insurance or pension plans.

## **RISK MANAGEMENT - 800-809-4858**

The Risk Management personnel at Builder Mutual are focused on safety and the prevention of injury and other business-related losses. Emphasis is placed on education so owners can develop their own approach to integrated safety and risk management.

### **Available classes**

#### ***Fall Protection (bilingual)***

According to the most current statistics from OSHA falls are the number one killer of construction workers. Also, fifty cents of each dollar paid in claims by Builders Mutual is paid due to fall-related claims. These statistics led Builders Mutual to create a class designed specifically around the prevention of falls. The two-hour fall protection class explains why fall protection is needed in residential construction and demonstrates how to properly use common fall protection. Training manuals and a Risk Management CD are provided to each attendee.

#### ***OSHA 4- and 10-hour Construction Industry Safety Courses***

OSHA recently began to crack down on safety guidelines and targeted metropolitan areas that have a high concentration in the construction industry. Many contractors were either unaware or uneducated on these guidelines and received large fines due to non-compliance. Builders Mutual Insurance Company provides these classes in order to educate contractors so they are aware of the OSHA guidelines and to provide guidelines on how to develop a safety program. Each attendee receives a class workbook, a Risk Management CD and a course completion card from Federal OSHA. Builders Mutual instructors are authorized by Federal OSHA as Outreach Instructors for this course.

### **Risk Management CD**

This interactive CD contains a sample fall protection plan, safety program and HazCom program, providing general guidelines you can follow when creating your own programs. The CD also contains approximately 52 toolbox safety talks and several other safety-related documents that can be loaded into Word and WordPerfect and modified to your individual needs. There is a link to the Builders Mutual Insurance Company web site and an area where you can email Builders Mutual for more safety information.

### **Fall Protection DVD (bilingual)**

This DVD was developed to make contractors and employees more aware of current residential construction fall protection methods and practices. It provides practical information on issues such as OSHA fall protection, harnesses and guardrails. For informational purposes only.

### **Scaffold Safety DVD (bilingual)**

This awareness DVD was developed to provide practical information on safe methods and practices of setup, use and takedown of scaffolds in residential construction applications. For informational purposes only.

### **STUFF**

Builders Mutual's online STUFF site allows you to purchase necessary safety equipment at discounted prices. Go to [buildersmutual.com](http://buildersmutual.com) and click on STUFF.

## CLAIMS - 800-809-4862

### Reporting Claims

To report a claim, contact your agent or call 800-809-4862.

### Drug testing

Individuals who have a drug or alcohol dependency may view the Workers' Compensation system as a means for sustaining an illegal or irresponsible lifestyle without accountability for returning to the workplace. The compensation rate of 66.7% of wages may tempt a deceptive employee to feign injury, particularly those which are difficult to prove such as costly back and muscle strains.

Drug or alcohol abuse poses a direct threat to the well being of the user, the workplace and to the public at large. As you know, the public expects that employees will not be diminished or impaired on the job as a result of drug or alcohol abuse. The public expects that all employees are coherent and have good motor-sensory coordination in any work environment or activity including but not limited to: the construction site, in a shop, operating machinery, carrying materials, driving vehicles, or working at dangerous heights.

Users of drugs and alcohol also present a threat to the security of person and property. Studies show that drug and alcohol use may be a precursor to criminal conduct. Assaults are the leading cause of death in the workplace.

Accordingly, BMIC has adopted a Policy requiring post-injury drug and alcohol testing arising out of any alleged work-related accident. In order to receive workers' compensation coverage, **BMIC expects each employer to notify its employees of this Policy in order that they may be potentially eligible to receive workers' compensation benefits.**

BMIC has enclosed a Notice of this Policy together with an Acknowledgment Form which should be made available to all employees. In the event of an alleged on-the-job injury arising out of an alleged work-related accident, the employee will be tested at the time medical treatment is first administered. Pursuant to our policy, BMIC shall pay the cost of this Drug and alcohol Test as a reasonable expense incurred at BMIC's request.

If the provider refuses to administer a drug and alcohol test, contact the Claims department while the injured is at the medical facility. This will enable the Claims department to contact the medical provider to make arrangements to have a drug and alcohol test administered.

## FORMS AND THEIR PURPOSE

Sole Proprietors/Partners – Sole proprietors/partners are excluded from a workers' comp policy but may elect to be covered by notification to BMIC via either written communication or on the ACORD 130 application.

The following information includes an outline of forms that are necessary to administer or change a policyholder's coverage.

**Compliance Poster (Form 2)** - The South Carolina Workers' Compensation Act requires this notice be posted in a conspicuous location where *all* employees can see it.

**Corporate Officer Notice to Reject (Form 5)** - Corporate officers are automatically included for coverage pursuant to the South Carolina Workers' Compensation Act unless exemption is made on this form. Withdrawal of a previous rejection must be submitted to BMIC in writing.

**Report of Injury (Form 12-A)** – The law requires you as the employer to report any injury within 10 business days of occurrence and knowledge. Failure to do so will result in fines of between \$10 and \$100. Prompt reporting will aid with prompt payment of compensable claims. A claims representative will complete this form if the injury is reported by telephone. Copies of the form will be mailed to the employer.

**Statement of Earnings of Injured Employee (Form 20)** – When reporting an accident that requires the injured employee to be out of work for more than seven days, this form must be completed. A copy of the completed form must be provided to the injured employee within 30 days of the date compensation begins. The employer shall report *gross* wages and shall include *gross* pay allowed for vacations, bonuses, overtime and allowances of any kind made to an employee in lieu of wages as specified in a wage contract. Failure to file and/or serve this form as set forth above may result in a \$100 fine and the possibility of an inflated compensation rate determined by a Commissioner.

### **Second Injury Fund**

The Second Injury Fund functions within the South Carolina Workers' Compensation System. It protects employers from having a higher cost for an employee's injury when that injury, combined with a prior injury or disability, produces medical costs or a disability that is substantially greater than the accident alone would have produced.

**South Carolina Post Offer-of-Employment Medical Inquiry** – Completion of this form by employees is requested to assist employers in meeting the knowledge requirement of the South Carolina Second Injury Fund.