

Arkansas Insurance Department

Mike Beebe
Governor



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Commissioner

BULLETIN NO.: 9-2008

TO: LOSS CONTROL DEPARTMENTS OF INSURERS WRITING WORKERS' COMPENSATION INSURANCE IN ARKANSAS

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: PROVIDING REQUIRED ACCIDENT PREVENTION SERVICES AND REPORTING OF WRITTEN MANUAL PREMIUM

DATE: September 11, 2008

PROVIDING ACCIDENT PREVENTION SERVICES. Arkansas Code Annotated § 11-9-409 requires licensed insurers writing workers' compensation insurance in this state to provide accident prevention services to its policyholders. The services must be suitable for the nature of the policyholder's operations and shall include surveys, recommendations, training programs, consultations, analyses of accident causes, and industrial hygiene and industrial health services necessary to implement the program. If the insurance company does not provide the accident prevention services required by Ark. Code Ann. § 11-9-409, or if it does not make available the services in a manner consistent with the goal of preventing injury to employees of its policyholders, the insurance company may be subjected to the same civil penalties as are assessable and enforceable against employers with regard to workplace safety required by the Arkansas Workers' Compensation Commission. The insurance company may further be subject to suspension or revocation of its license to do business in this state by the Insurance Commissioner.

The Arkansas Workers' Compensation Commission (AWCC) has adopted Rules 099.31 and 099.32 which provide details for compliance with Ark. Code Ann. § 11-9-409. Rule 099.31 outlines the responsibilities of insurance companies to provide accident prevention services to Arkansas policyholders and establishes how employers are to be notified of the availability of services. Rule 099.32 outlines the criteria for identifying Hazardous Employers and sets forth the additional responsibilities of workers' compensation insurance companies to those Arkansas policyholders identified as Hazardous Employers.

This Department reminds insurers that pursuant to Ark. Code Ann. § 11-9-409 and AWCC Rules 099.31 and 099.32, each insurer writing workers' compensation shall:

1. Provide statutorily mandated services and shall not write a "coverage only" policy which attempts to "unbundle" or otherwise subject the insured employer to additional fees for services, including accident prevention services, which are mandated by law. A company's filed rates must be adequate to provide all such required services, including those required in AWCC Rules 099.31 and 099.32. The company cannot "unbundle" loss prevention services any more than it can "unbundle" the payment of claims. It is the company's responsibility to comply with all rules and statutory requirements.
2. Offer accident prevention services to all its policyholders covered by AWCC Rule 099.31 in the manner specified in the Rule.

3. Upon request of an insured employer, provide loss control services to an employer identified as a Hazardous Employer as specified in AWCC Rule 099.32.

Copies of the Arkansas Workers' Compensation Commission Rules 099.31 and 099.32 may be obtained from the Health and Safety Division of the Commission at 501-682-3930 or through its Web site at <http://www.awcc.state.ar.us/>.

Copies of Ark. Code Ann. § 11-9-409 may be obtained from the Arkansas General Assembly's Web site at <http://www.arkleg.state.ar.us/>.

REPORTING OF WRITTEN MANUAL PREMIUM. It appears there is some confusion as to how workers' compensation premiums are to be reported on Arkansas Workers' Compensation Commission form "HS-31-C Accident Prevention Services Annual Report."

Item 7a of HS-31-C asks for **Written Manual Premium.** Written manual premium means premium produced in a calendar year by the company's manual **rates** in effect during the experience period and excludes the premium produced by the expense constant.

Written manual premium for the purpose of this calculation means premium calculated by multiplying payroll by applicable rates for the class codes on the policy, before the application of any allowable deviations or discounts, any experience rating modification, any premium discount, any scheduled credit, any reinsurance or deductible arrangement as common with fronting carrier, or any dividend consideration or other trade discount.

The calculation for written manual premium shall be based on the company's filed **rates**. The rate is produced by multiplying the loss cost by the company's filed loss cost multiplier. Written Manual Premium is calculated as: Payroll divided by 100 multiplied by the Rate.

Item 7b of HS-31-C asks for Direct Written Premium. This figure can be found on the State Page Exhibit for Arkansas (Exhibit of Premiums and Losses) in the company's Annual Financial Statement filed with the National Association of Insurance Commissioners. The information can be found on Line 16 - Workers' Compensation under the column **Direct Premiums Written.**

Any questions regarding this Bulletin should be directed to Carol Stiffler of the Property and Casualty Division at (501) 371-2807 or by E-mail: carol.stiffler@arkansas.gov.

(signed by Julie Benafield Bowman)

(September 11, 2008)

JULIE BENAFIELD BOWMAN
ARKANSAS INSURANCE COMMISSIONER

DATE