

Self Insured Lumber Businesses Association, Inc.
Underwriting Guidelines

Prospective Member Information Requirements

The following information is generally required:

- ◆ Completed and signed ACORD WC Application.
- ◆ Copy of most recent two experience modification worksheets issued by the Workers Compensation Rating and Inspection Bureau of Massachusetts.
- ◆ Recently valued loss runs for the current and 4 prior policy terms.
- ◆ Complete copy of prospective member's most recent CPA prepared financial statement.
- ◆ Employee Concentration Form (required only if prospective member has more than 75 employees at any one location).

Prospective Member Eligibility Criteria

- ◆ Prospective member must be engaged in the lumber/building materials business or a closely related business. Prospects whose principal operations involve either contracting or wood treatment are ineligible for membership in SILBA.
- ◆ Minimum premium – \$5,000 Annual Manual Premium
- ◆ Membership in the Northeastern Retail Lumber Association (Massachusetts Retail Lumber Dealers Association) is required.
- ◆ If previously a member of SILBA, new coverage may be effective no earlier than one year from the effective date of the previous withdrawal.
- ◆ A satisfactory physical prospect loss control survey is required. Employer commitment to employee safety and WC claim cost containment must be apparent.
- ◆ Based upon information presented in the most current CPA prepared financial statement the ratio of net worth to standard premium must be at least 4 to 1 and the overall financial condition must be favorable.
- ◆ Experience modification generally must be 1.05 or less. Exceptions will be considered based upon an analysis of the factor(s) causing the higher modification and the degree to which those factors still exist.
- ◆ Overall loss experience and loss trend must be favorable during the most recent 5 years. Unfavorable experience in any given year will be analyzed to determine causes and likelihood of recurrence.
- ◆ SILBA affords coverage for Massachusetts employees in accordance with the Massachusetts Workers' Compensation Law. The Massachusetts Limited Other States Insurance Endorsement (WC 20 03 06 A) is also attached to the policy. Prospects with regular operations at or from a physical location outside Massachusetts and/or with operations which would obligate them to provide benefits for work related injuries under any Federal law must confirm that appropriate coverage for those non-Massachusetts exposures has been arranged elsewhere.
- ◆ Approval of SILBA's excess insurance carrier may be required prior to binding a prospect. The underwriting referral to the excess carrier will generally require a complete underwriting file, including a loss control survey.
- ◆ Membership is subject to approval by the SILBA Underwriting Committee and Board of Trustees.

Other Requirements Prior To Binding Coverage

- ◆ Receipt of Deposit Premium.
- ◆ Completed and signed Application and Indemnity Agreement
- ◆ Completed and signed Application for Membership in a Workers' Compensation Self-Insurance Group (SIG Form 3).
- ◆ Confirmation of membership in Northeastern Retail Lumber Association.

Annual Information Requirements – Existing Members

- ◆ Renewal Questionnaire.
- ◆ Complete copy of the most recent CPA prepared financial statement including all notes. If reviewed, then the most recent Federal Income Tax Return is also required.

Underwriting Process – Existing Members

- ◆ SIG members may be terminated in accordance with group by-laws. The termination process can happen at any time that a member is deemed to be in default as defined in the by-laws. For this reason, policy renewal does not hold the special significance for a SIG that it does for an insurance carrier as a uniquely important opportunity for taking underwriting action against a non-conforming insured. Consequently, underwriting of existing SIG members is a continuous process intended to confirm that they continue to demonstrate:
 - a. willingness and ability to control WC claim costs
 - b. sound financial condition
 - c. operations and exposures to loss consistent with those of the SIG as a whole.
- ◆ The SILBA Board of Trustees will be notified of any member who fails to demonstrate these characteristics. Such notice will include as much detail as is reasonably obtainable along with a recommendation of appropriate underwriting action up to and including termination.