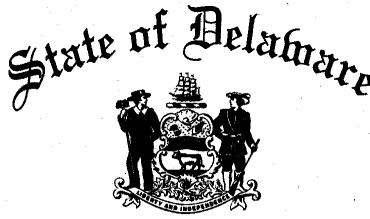


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FORMS AND RATES BULLETIN NO. 2

WORKERS' COMPENSATION INSURANCE (DELAWARE FORM C)

Original No. 83-9
Adopted October 19, 1983
Amended April 15, 1992

I. REFERENCE:

- A. 19 Del. C., Section 2308 which allows partners or sole proprietors to be covered by workers' compensation insurance if they choose to do so.
- B. 19 Del. C., Section 2305 and Delaware Regulation No. 40 which describes the requirement for offering workers' compensation policyholders a deductible.
- C. 19 Del. C., Section 2308 which allows officers to decline workers' compensation coverage.

II. PURPOSE:

The Delaware General Assembly has permitted multiple elections for employers in the area of workers' compensation. Reference 1.B (Deductible) must be offered to the employer by the insurer. Reference 1.A and 1.C are available to the employer at his or her request.

Since these elections will have a substantial effect on premiums and benefits, it is important that producers and insurers establish a systematic means of recording these choices.

The purpose of this bulletin is to provide a recommended format (Delaware Insurance Form C, Attached) to record choices; to establish procedures and to be followed in premium calculation; to establish procedures for endorsing the policy to reflect the policyholder's election.

III. ENDORSEMENTS:

- A. The employer may elect to change the coverage at any time with respect to the inclusion of partners or sole proprietors, or exclusion of corporate officers, but once the election is made, the coverage election can only be changed at the inception of a policy or its renewal, such elections will become effective only after the written request is received by the insurer or its agent.
- B. The deductible election may be changed only at the inception of a new policy or on the policy anniversary.
- C. To add coverage for partners/sole proprietors, attach Delaware Compensation Rating Bureau Form "Inclusion of Sole Proprietors Endorsement - Delaware." For exclusion use Delaware Compensation Rating Bureau Form "Exclusion of Executive Officers Endorsement." Note that the Corporation is required to obtain a written agreement with the excluded officers and that only stockholders may be excluded.

IV. PREMIUM:

- A. The payroll base will be expanded for partners/sole proprietors electing coverage by adding their salary "draw", or income to the payroll base, subject to the executive officer.
- B. Conversely, the payroll base will be reduced in those cases where corporate officers elect exclusion by removing their salary or draw from the payroll base.

C. Where changes are made in midyear, the payroll base may be adjusted (pro-rata) or on an actual earnings basis.

D. The workers' compensation deductible is a variable in units of \$500 up to \$5000. The workers' compensation premiums are reduced by four to ten percent depending on the deductible elected.

V. ELECTION FORM (DELAWARE FORM C):

It is recommended, but not required, that Delaware Form C be made a part of the insurance application on all effected workers' compensation policies. Copies of the forms should be forwarded to the insured, the company and retained by the producer.

Regulation No 40. requires that Delaware Form B be signed by the insured to records his choices with respect to workers' compensation deductible. Delaware Form C may be substituted for this requirement.

The insured's election, as recorded on Delaware Form C, will remain in effect for the duration of the policy, including subsequent renewals until change is requested by the policyholder in which case the revised Form C will be filed with the policy. As indicated in 3.B above, the deductible may be changed only at renewal.

VI. COORDINATION WITH HEALTH INSURANCE BENEFITS:

Producers or insurers are urged to caution their clients that the health insurance coverage should be reviewed in conjunction with any changes in workers' compensation insurance. Many group policies exclude coverage for work-related injuries.

WORKERS' COMPENSATION ELECTION
(DELAWARE FORM C)

1. CORPORATE EXCLUSION

The Undersigned officers of _____
(Firm Name)

stipulate that each named officer holds stock in the Corporation and that I/we elect to be excluded from coverage under the firm's workers' compensation policy.

Name	Title	Date
_____	_____	_____
_____	_____	_____
_____	_____	_____

APPROVED: _____
Date

Firm Name

By: _____
Signature

2. PARTNERS/SOLE PROPRIETORS ELECTION FORM

The undersigned partners/sole proprietors elect coverage under our firm's worker's compensation policy. I/we understand that this election will result in an increased workers' compensation premium.

Name	Title	Date
_____	_____	_____
_____	_____	_____
_____	_____	_____

APPROVED: _____
Date

Firm Name

By: _____
Signature

3. WORKERS' COMPENSATION DEDUCTIBLE ELECTION

_____ Yes, I want a deductible of \$_____ applied to death and medical benefits under the Delaware Workers' Compensation Law. I understand that the company shall pay the deductible amount and be reimbursed by the employers shown below.

_____ No, I do not want the deductible described in this Form.

I understand that in accordance with 19 Delaware Code, Section §2372, I have the option of modifying the above deductible program choice at the time of renewal of workers' compensation insurance policy with the insurance company named below.

Dated: _____

Employer

By: _____
Signature

Title

Dated: _____

Insurance Company

By: _____
Signature

Title