

POLICIES AND PROCEDURES

DISCOUNT SCHEDULE

Advance discounts are determined annually by the Trust. Discounts are based upon credit modification factors and may vary with the final audit adjustment of premium.

MONTHLY PAYROLL REPORTS

Each month you will receive a monthly payroll reporting form. The monthly payroll report provides you the maximum control of cash flow, and projects a more realistic final audit due to accurate monthly reporting. Monthly reporting is a condition of participation in the KBIWCF. Premium calculation instructions are included on each report.

Each member must furnish a listing of all employees for the period just ended.

PAYMENT PLANS

- A. ACCOUNTS OF \$1,000 OR LESS
Firms developing less than \$1,000 in estimated annual premium may have to pay 100% of the estimated premium in advance.
- B. ACCOUNTS OF \$1,000 OR MORE
Firms developing an estimated annual premium of \$1,000 or more require a deposit of 25% of estimated annual premium. This deposit is retained by the Trust and is not applied towards premium except in the event of non-payment. Each employer is provided a payroll reporting form the last day of each month. Monthly payroll reports and premiums are due on the 15th day of the following month.

DEPOSITS

It is the policy of the KBIWCF that members maintain a deposit equal to 25% of annual premiums. The deposit is adjusted annually, at renewal, and is only retained to apply towards premium in the event of non-payment. As monthly accounts pay premiums in arrears, this policy protects all participants, minimizes bad debt, and is simply a sound business practice for KBIWCF.

Companies seeking to utilize a Letter of Credit in lieu of the 25% cash deposit must use the Non-Revocable form approved by the Kansas Insurance Department. A 30 day advance notice must be given KBIWCF in the event this Letter of Credit is to be terminated.

MINIMUM PREMIUM POLICY

The Rating Bureau has established annual minimum premium amounts for each classification code. These minimum premiums are subject to change each time a rate change occurs. A minimum premium is used whenever the premium (arrived at by multiplying the payroll times the rate) is less than the established minimum premium. If you have multiple class codes the highest minimum premium will be used. If your Policy is in force for less than a year, the minimum premium will be prorated.

PAYROLL

With few exceptions, the premium basis for workers' compensation coverage is *payroll* and *remuneration*. Remuneration means money or substitutes for money and includes the following:

- Actual payroll
- Commissions
- Value of lodging/housing
- Bonuses
- Value of meals
- Pay for periods of sickness, holidays or vacations if records not maintained.
- *Extra pay for overtime

Remuneration **excludes** the following:

- Tips and other gratuities
- Employer's payments to group insurance or pension plans
- Severance Pay
- Pay for periods of sickness, holidays or vacation if records are maintained.
- Overtime wages present a special case in calculating premium. The extra pay for overtime over the regular rate is generally excluded from the gross payroll. This exclusion is allowed provided your books and records are maintained to show overtime pay SEPARATELY by employee and in SUMMARY BY CLASSIFICATION.

AUDITS

Audits are conducted annually and will be used to determine final premium charges. Participants contesting audited figures must send supporting documents in writing within 30 days of invoice. No changes will be made to an audit, at the request of a participant, beyond 12 months from the expiration date.

EXECUTIVE OFFICERS

Corporate officers or employees owning 10% or more of corporate stock of corporate Employer may elect not to accept coverage under the Kansas Workers' Compensation Act by signing a K-WC 50 form. For Corporate Officers, premium is based on their total payroll, subject to limitations established by state regulation.

PARTNERS, SOLE PROPRIETORS AND LLC

While normally not considered employees, partners and sole proprietors can be covered under the Policy by election. Once covered, they would have the same status as employees under the Policy. When covered partners and sole proprietors are considered employees, their payroll will be assigned to classifications and rates under the rules that apply to employees. Premium for each partner or sole proprietor treated as an employee shall be based on an annual payroll amount as determined by state regulations. An Election of Coverage form K-WC 113 can be secured from the KBIWCF office.

CERTIFICATES OF INSURANCE

For Certificates of Insurance, please contact your agent.

SUBCONTRACTORS

Based upon past experience and court rulings, it is the policy of the Trust that all members require any entity engaged to do work for them to have workers compensation insurance and provide a Certificate of Insurance at the time the work is started. Subcontractors must maintain continuous workers compensation coverage. If a Certificate of Insurance is not available to an auditor, the member will be charged premium.

for all payrolls of the entity in question. However, the member's coverage is subject to termination. This policy is to insure the financial integrity of the Fund and is a safeguard for its members. WAIVERS ARE NOT ACCEPTED.

OPERATIONS

The Kansas Building Industry Workers' Compensation Fund covers ONLY operations in the state of Kansas and Kansas employees. This coverage excludes out-of-state operations unless the work is temporary and incidental and work performed on barges, vessels, docks or exposures under the USL&H Act.

EXPERIENCE MODIFICATION FACTOR

The experience modification factor is a method of adjusting YOUR workers' compensation costs based upon YOUR own experience. This factor can increase or decrease your cost and is changed each year. The formula used to develop an employer's experience modification factor includes several weights and balances, however, it is impacted the greatest by the number of claims you have had (and reserves for claims) during three of the last four years. Attention to job site safety can reduce your modification factor and significantly reduce your Workers' Compensation cost.

EXPENSE CONSTANT

The expense constant is an additional premium cost established by state regulation. This charge is applied annually and is used to cover administrative costs of issuing the Policy.

NEW MEMBER INFORMATION KIT

When your application for coverage has been processed, you will receive our new member kit, which will contain more detailed information about your coverage.

ASSISTANCE

If you need assistance or desire information about your coverage, contact:

Kansas Building Industry Workers Compensation Fund
2101 SW 36th Street
Topeka, KS 66611
1.877.266.4540 or
785.266.4540

We hereby formally apply for continuing membership for workers' compensation self-insurance coverage in the KBIWCF and if accepted do hereby constitute and appoint Janet Stubbs to act as Administrator of the Fund as our agents-in-fact in all matters relating to the workers' Compensation Act.

We further agree as follows:

- (a) To accept and be bound by the provisions of the Workers' Compensation Act;
- (b) That, by this reference, the terms and provisions of the Indemnity Agreement and/or Amendments thereto are hereby adopted, approved, ratified and confirmed by us; and further, we agree to assume all of the obligations set forth therein, including but not limited to our joint and several liabilities for payment of any lawful awards against any member of the Fund, and in the event we fail to pay any premium or lawful assessment within thirty (30) days of the date the same shall become due, we will pay all late fees or reinstatement fees and all costs of the collection thereof, including reasonable attorney's fees;
- (c) To abide by the Policies and Procedures of the Trustees of the fund and to conform to the terms of the Agreements they may enter into with any authorized Service Company as long as we remain a member of the fund;
- (d) That, in the event of any changes in corporate structure, or in legal entity, or if any locations are to be added to or deleted from this coverage, we agree to notify KBIWCF immediately;
- (e) We agree that the undersigned officer(s) of the member corporation, or members of the member limited liability company, assume all of the obligations of KBIWCF membership, including but not limited to joint and several liabilities for payment of any lawful awards against any member of the Fund. We further agree to be personally liable for payment of any and all premium, lawful assessment, and fees incurred in collection of such amounts, including attorney fees, if we fail to pay any premium or lawful assessment within 30 days of the due date;
- (f) That should we desire to cancel our membership in the Fund, we will give written notice to the fund at least 30 days prior to cancellation, and agree to pay applicable penalty, if any;
- (g) That coverage under this membership is limited to "in state" operations only;
- (h) That I hereby certify that the information in this application is true, accurate and complete, and agree to abide by the Policies and Procedures of the Kansas Building Industry Workers' Compensation Fund.

_____ Date _____
(Owner, Partner or Corporate Officer)

(Agency Name and Number)

(Witness)

(Agent's Name)

The above application is hereby approved for membership in the Fund.

Signed this _____ day of _____,

By: _____
(Fund Administrator)