



# MAVERICK COMMERCIAL INSURANCE SERVICES

## W.C. PAYGO

We are pleased to offer you a new payment plan for Workers' Compensation Insurance --- one that ties the amount and the due date of each premium payment directly to the insured's payroll cycle.

### **BENEFITS:**

1. Your client will pay their workers compensation premium at the pace of their business. This benefits their cash flow and reduces their financing costs. When income and payroll are down during a slow period, the Insured's premium payments will also be reduced during that period. When business is up, payments will be greater.
2. The final payroll audit we conduct will go much faster, and should yield a very minor additional or return premium provided the Insured has complied with the pay as you go premium plan.
3. By using our qualified payroll service company to process the payroll, your insured can delegate the entire process except for the final audit. You can be assured that premium installments won't inadvertently get overlooked, which can lead to policy cancellations and the risk of being an illegally uninsured employer.

4. Your insured is provided with “net rates” by classification and state that easily enable them to estimate the workers’ compensation insurance component of their costs, when preparing bids for prospective work.
5. Exclusive program West of the Mississippi
6. Our payroll company rates are 40% to 60% below most other payroll companies.
7. Deposit of 10% is applied to the premiums earned after the 305<sup>th</sup> day (The last two months)
8. Broker fees are not collected up front but are billed into the Insured’s Net Rate and collected at each pay period.
9. Exclusive safety group program with preferred rates (18% to 30% below State Fund)
10. Only an accord application required (No loss runs or w.c. questionnaire)
11. 10% commission to our agents..

**TARGET CLASSES:** Construction, janitorial, trucking, agricultural, new ventures, lapse in coverage, accounts coming out of self insured programs, PEO’S (Barrett), or companies that require that they do the payroll as part of writing the insurance e.g. (Applied Underwriters). Please note that Our program will also entertain most classes of insurance and is not limited to just the above classes.

## **HOW DOES IT WORK?**

Ask Maverick to apply for WCPAYGO on your next Workers Compensation insurance quote.

- a) The Insured will be asked to use our payroll company, Tom J. Hull and Company.
- b) We will quote the estimated annual premium and the WCPAYGO plan with a 10% deposit. On the 305<sup>th</sup> day of the Policy Period, the payroll company will apply the 10% down against the earned premium for the remaining policy term to exhaust the same.
- c) The WCPAYGO Plan can only be activated at the start of the policy period and must be requested (5 days prior to inception). A policy cannot be converted to the WCPAYGO Plan from a regular payment plan during the Policy Term... The Insured can accept our PAYGO Group or Non-Group Quotations, or our Standardized Group or Non-Group Quotations. We will provide the Insured with both PAYGO and Standardized Installment Quotation Options.

## **TO ACTIVATE PAYGO PLAN:**

1. Advise us 5 days before its proposed effective date that you accept our quote, including the WCPAYGO plan
2. Insured will contact Tom J Hull and Company and set up the PAYGO.

Tom J. Hull & Company  
21220 Devonshire Street  
Second Floor, Suite 209  
Chatsworth, CA 91311  
(818) 998-0919 or (800) 711-6244

3. The broker is responsible to collect the 10% security deposit along with any specified broker fees if any, which will be due and payable 5 days prior to inception date of the policy.
4. We will issue the Insurance policy.

## **How does it Operate:**

1. We will not bill you for premium installment payments...
2. We will provide the payroll service company with a “net rate” for each Classification in each State on your insured’s policy...
3. At the close of each pay period, our payroll service company will do the following:
  - (a) Determine the amount payable to us, based upon the Insured’s payroll and the payrolls of your uninsured contractors in the pay period just ended, and the net rates, by State and Classification; and
  - (b) Pay that amount, by wire transfer (ACH) through an impound account your insured will set up with our payroll company, and Submit payment to the carrier.

**“Special Procedures” below. Procedures that will apply in some special circumstances for this plan...**

## **Changes in the Policy:**

Changes in the risks insured against, or the operation of technical rules of premium calculation, may require us to make changes during the policy period to the estimated annual premium. Some examples are listed below.

Any changes made will change the net rates applied. We will provide the new net rates to the payroll service company. The payroll service will apply the new net rates to the calculation of the subsequent payments.

If a change applies on a backdated basis to the period before the new net rates are provided, our Invoice to you after the final audit of the policy, after its expiration or termination, will cover the unbilled premium increase or reduction earned in that period.

**Examples of Premium-Bearing Changes to Policies:**

- a. Covered work is started in additional states;
- b. Changes in the Insured's work, requiring additional Classifications to be added to your policy;
- c. Corrections or misclassifications;
- d. Change of premium calculation factors, such as the Experience Modification Factor;
- e. Operation of the Anniversary Rate Date rule;
- f. Rate changes on outstanding policies at the mandate of a state;
- g. Acquisitions and divestitures;
- h. Additional Named Insured Employer;
- i. Waivers of our right to recover claims payments from others.

**Termination of Payroll Service Company's services**

If the Insured or our payroll services company terminate the services offered in reporting the Insured's payrolls and paying the Insured's premiums during the policy period, the Insured may be required to:

- Pay us the entire remaining unpaid portion of the total estimated annual premium immediately; or
- Cancel the policy as of the termination date of the payroll service company's services, and ask us to issue a new policy to be effective as of the prior policy's termination date. If we agree to your request, we will calculate the final premium for the cancelled policy on a pro-rata, NOT a short-rate, basis.

**Cancellation of the Policy**

You will have the unlimited right to cancel the policy for any reason of your choosing, by giving us written notice of the future date that you choose to end it. We also have that right, though our rights may be limited by law.

We may cancel the Insured's policy by giving an advance written notice, for reasons arising out of the WCPAYGO Plan under the following circumstances:

- **Failure to Perform Duties:** If the Insured or the payroll service company on the Insured's behalf fail to perform all the duties under this WCPAYGO plan in full, in good faith and on time, we may require you to pay us the entire remaining unpaid portion of the total estimated annual premium immediately. If you fail to pay that full sum on time, we may cancel the policy.
- **Failure to Pay Deposit or any Subsequent Payment:** If the Insured or the payroll service company on the Insured's behalf, fail to pay the Security Deposit or any subsequent payment when due and in full, we may cancel the policy.

We may, at the request of the Insured, but at our sole option, rescind our notice of cancellation or reinstate a policy that has been cancelled. We may place conditions on our exercise of that option, such as requiring the prompt payment to us of the entire remaining unpaid portion of the estimated annual premium.

### **Renewal of the Policy:**

We will offer to renew the insurance Policy under the WCPAYGO Plan, unless notice of at least 45 days of intent to make any of the following changes are given as follows:

- i. Insured intends not to buy Insurance from us; or
- ii. We intend not to continue to insure the Policy holder; or
- iii. Insured becomes disqualified for the WCPAYGO Plan; or
- iv. The PAYGO PROGRAM is discontinued.

The Insured's renewal policy will require a 10% deposit.

We may require an agreement to pay a new Premium for the Renewal policy and as a condition of the offer The Deposit Premium may be reduced or waived by us... however, this is on the basis of the good faith, consistency, accuracy and promptness with which the Insured or the payroll company has performed the duties described above under the prior policy or policies.

### **True-Up the Final Premium: by Audit:**

- a. After the policy has terminated by expiration or cancellation, we will perform a final audit of your payroll records. This is performed to verify the amounts and distribution of payrolls earned by Insured's employees, covered officers, partners or owners, along the employees of uninsured contractors during the coverage period, by state and classification.
- b. On the basis of the audit, we will calculate the final earned premium for the policy.
- c. If the final earned premium is more than what has been paid us for the policy, the difference will be billed. If it is less, the difference will be paid to the Insured.

### **Deductible Insurance**

CURRENTLY NOT AVAILABLE. This PAYGO Plan does not apply to payments the Insured must make to reimburse us for a part of or any claims we pay. The Insured will be billed separately for such reimbursements. Payment of reimbursements is not payment of premium, and will not be applied as such. The Insured's payroll service company will not pay deductible reimbursements on the Insured's behalf.

### **Special Procedures:**

#### 1. Delay in Availability of "Net Rates":

We will do all we can to issue the Policy and provide the net rates before the end of the Insured's first pay period during the policy term. If there should be a delay after the net rates do become available or a delay past the first payday during the policy term in providing you or your payroll service with the net rates, (whether due to delayed policy issuance or for any other reason), the

Insured must apply their entire payroll earned from the inception date of the policy to the first calculation of earned premium after the net rates become available.

**Early Termination of Insurance:**

If the policy is terminated by the Insured or by us before its original expiration date, the Insured or the payroll service must perform the above duties as to payroll earned until the date and time of coverage the termination.

Late Payment of, or Failure to Pay, the Deposit in full: The Insured must pay the full Deposit 5 days PRIOR to starting date of the policy or 5 business days after receipt of the bill, whichever is later. If the Insured fails, the policy may be canceled for non-payment of premium.

No Payroll in a State during a Payroll Period Late Submission of, or Failure to Submit, Payment Voucher: If the Insured or the payroll service company fails to submit, on time, an installment payment voucher supporting a payment, we may require the Insured to pay the entire remaining unpaid portion of the estimated annual premium.

If there is no payroll to report in a state at the end of any pay period, the Insured must still report the \$0 payroll for each classification and in the state.

Payroll Reportable under a Classification or State for which No Net Rate is provided

Include the payroll reportable under the new classification or state under the classification and state with the highest net rate. Notify us at once, so we may issue a change to the policy and provide the Insured with the new net rates in time for the next report, including the net rate for that classification and state. Any premium adjustments needed on account of the Insured's reporting in the manner described above will be trued up on the final Audit statement.

Change in, or the Addition of a Different pay Payroll Period, please notify us at once. Submitted payment varies materially from expected:

If a payment as calculated by the Insured or the payroll service company varies materially from our reasonable expectation based on a pro-rata portion of the estimated annual premium, adjusted for seasonal or other factors as represented to us in advance by the Insured, we may require an explanation. If in our sole opinion, the explanation is not satisfactory, we may require payment of the entire remaining unpaid portion of the estimated annual premium. If this fails, we may cancel the policy for non-payment of premium.