

THE STATE OF SOUTH CAROLINA
In the Court of Appeals
APPEAL FROM DARLINGTON COUNTY
Paul M. Burch, Circuit Court Judge

RECEIVED
MAR 31 2016
SC Court of Appeals

Appellate Case No. 2015-000806

Ard Trucking Company Respondent,

v.

Travelers Property Casualty Company
of America d/b/a The Travelers Indemnity
Company of Illinois. Appellant.

RECORD ON APPEAL

VOLUME III OF III

Barnwell Whaley Patterson & Helms, LLC
M. Dawes Cooke, Jr., Esquire
Phillip S. Ferderigos, Esquire
P.O. Drawer H
Charleston, SC 29401
843-577-7700
Attorney for Appellant

Driggers & Moyd
Martin S. Driggers, Sr., Esquire
P.O. Box 1439
Hartsville, SC 29551
843-332-5151
Attorney for Respondent

INDEX

1. Summary Judgment Order in Favor of Plaintiff dated February 5, 2015	001
2. Order Denying Motion for Reconsideration dated March 20, 2015, filed March 24, 2015	0015
3. Draft Proposed Order Granting Travelers' Motion for Summary Judgment and Judgment of \$160,908.20 in favor of Travelers	0016
4. Transcript of Record dated December 18, 2014	0029
5. Motion for Summary Judgment for Travelers filed September 16, 2014	0061
6. Travelers' Motion for Reconsideration pursuant to SCRCF Rules 52 and 59 of SCRCF dated March 2, 2015, filed March 5, 2015	0013
7. Travelers' Memorandum in Support of its Motion for Summary Judgment and accompanying exhibits/documents	00136
8. Affidavit of Roshani B. Ghayal	00152
9. Frederick J. Moylen	00264
10. Steve V. Evangelista, APA	00269
11. Affidavit of C. Allen Ard, with attachments of his Affidavit	00503
12. Affidavit of Harry Brown	00545
13. S.C. Department of Insurance Approved LSRP Plan, SCDOI 001-0040	00548
14. SCDOI's Basic Manual page SCDOI 00029, with D. Notice to Assigned Risk Policyholders	00587
15. Workers' Compensation Insurance Plan (WCIP) Rule 4 and Section 1 "Duties and Responsibilities Under the Plan: The Producer's and Agency's Duties and Responsibilities."	00588
16. The Travelers Workers' Compensation Insurance policy issued December 1, 2003 to Ard Trucking Company, Inc.	00594
17. The Travelers Workers' Compensation Insurance policy issued March 1, 2004 to Ard Trucking Company, Inc.	00616
18. Appellant's policy Change Document WC 99 99 98 (00) issued 07-27-04	00647
19. Certificate of Appellant	00648

- Provided inspection of all incoming vehicles from transport to ensure quality.
- Arranged for storage, transportation and security of new automobiles.
- Maintained inventory records on all vehicles for four dealerships.

EDUCATION

- May 1986 graduated Weymouth North High School, Weymouth, MA

STATE OF SOUTH CAROLINA)

COUNTY OF DARLINGTON)

Ard Trucking Company,)

Plaintiff,)

vs.)

Travelers Property Casualty Company)
Of America d/b/a The Travelers Indemnity)
Company of Illinois,)

Defendant.)

IN THE COURT OF COMMON PLEAS
FOURTH JUDICIAL CIRCUIT
C/A NO. 2010-CP-16-435

AFFIDAVIT OF STEVEN V.
EVANGELISTA, APA

2014 DEC 17 PM 2:28
SCOTT B. SUGGS
CLERK OF COURT/ROD.
DARLINGTON COUNTY, S.C.

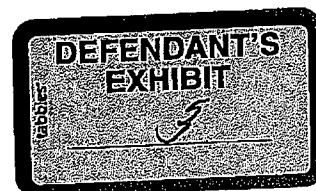
FILED

The undersigned, Steven V. Evangelista, APA, having been duly sworn, hereby deposes and says that:

1. I am the Travelers representative/auditor who is an expert in the areas of South Carolina Assigned Risk Policy auditing and the Workers' Compensation Insurance Plan (WCIP) auditing process and all aspects related thereto.
2. Attached as Exhibit 1 is my résumé setting forth my training and qualifications.
3. I am over the age of eighteen, I am not a party in this action, and I am competent to testify concerning the matters contained in this Affidavit, and I submit this Affidavit with information based on my personal knowledge, and, if called as a witness, could or would testify to the truth of the facts stated here. Further, my expert opinions set forth herein are to a reasonable degree of certainty, more likely than not, within the field of my expertise set forth above.
4. I have reviewed Travelers' documentation kept in the ordinary course and scope of its business, as well as the South Carolina Department of Insurance documentation [SCDOI 0001-0040], evidencing that South Carolina Workers' Compensation Insurance Plan (SCWCIP) mandates that the Loss Sensitive Rating Plan (LSRP) is applicable to South Carolina Assigned Risk policies on or after November 1, 2003.
5. Based on a thorough review of the preliminary audit survey, physical audit and accompanying audit documents of the Plaintiff, Travelers' audit determinations were based on the correct and appropriate auditing determinations in accordance with the WCIP.

FURTHER AFFIANT SAYETH NOT.

[Signatures on following page]



[Signature]
Witness

[Signature]
Steven V. Evangelista, APA

[Signature]
Witness

Sworn to and Subscribed before me
this 15th day of December, 2014.

[Signature]
Notary Public for the State of: South Carolina
My Commission expires: 3/30/21

STATE OF SOUTH CAROLINA
COUNTY OF DARLINGTON

IN THE COURT OF COMMON PLEAS
FOR THE
FOURTH JUDICIAL CIRCUIT

ARD TRUCKING COMPANY, INC.

C/A 2010-CP-16-0435

PLAINTIFF,

VERSUS

AFFIDAVIT OF ALLEN ARD
IN SUPPORT OF PLAINTIFF'S
MOTION FOR
SUMMARY JUDGMENT

TRAVELERS PROPERTY CASUALTY
COMPANY OF AMERICA, D/B/A THE
TRAVELERS INDEMNITY COMPANY OF
ILLINOIS.

DEFENDANT.

Personally appeared before me, C. Allen Ard, who being duly sworn, states as follows:

1. My name is Allen Ard and I am currently 63 years old. I was born and raised in Darlington and graduated from St. John's High School in 1969. I became employed with Ard Trucking Company (ATC) in 1969 at the age of 17 as a truck driver and I have been continuously employed with ATC ever since. I have been President of ATC since 1980.

2. ATC began in 1945 by my father J. W. Ard as a one truck operation and the company has continuously operated to the present time. Over the years, ATC has grown into one the county's largest employers. The current fleet of trucks at ATC consists of 90 tractors and 360 trailers operated nationally by 70 truck driver-employees, with the assistance 40 employees serving on the business and support staff. ATC is located north of Darlington Highway 52 on a 17 acre secure campus.

3. ATC is required to carry workers compensation insurance on all employees. Due to the nature of the trucking business, both liability and workers compensation is categorized as "assigned risk" for the trucking industry and is very costly. ATC's total premiums for liability insurance for the last year was \$426,364.94 and the total premiums for workers compensation insurance for the last year was \$253,532.18.

CAA
4. It is my understanding that workers compensation insurance premiums are determined by the number of insured employees, their income, and the type of work activities performed. Since the trucking industry is a high risk occupation, workers compensation premiums for trucking companies are rated higher by insurers to compensate for increased risks. Additionally, trucking companies are categorized as "assigned risk" insurance customers and that many insurers prefer not to insure them.

5. During a 12 month insurance year, the number of employees at ATC varies significantly. Due to such variations, workers compensation insurers periodically audit the number of employees, their income, and their activities to determine whether additional premiums are necessary during the insurance coverage time period. These may audits occur at any time. Also, a final audit is conducted after the end of the insurance coverage year and any additional premiums due are then paid.

6. Each year, ATC attempts to obtain the most economical value available for liability and workers compensation insurance coverage for the coming insurance year. ATC's 12 month workers compensation insurance year begins in early November. In the fall of 2003, ATC was contacted by Michael P. Hair & Associates (Hair Agency) in Charlotte, NC with an offer to secure ATC's workers compensation insurance for the upcoming insurance year. The agent at the Hair Agency with whom we dealt was Gary T. Usher.

7. Mr. Usher secured a quote from St. Paul-Travelers Insurance Company (Travelers) for workers compensation coverage beginning on November 7, 2003 for an estimated premium of \$157,333. The offer was accepted by ATC and Mr. Usher sent me an application which I signed and returned to Mr. Usher on November 6, 2003. (Exhibit A.) The "Applicant's Statement" on the Travelers' application, in the last paragraph, stated:

The following statement is only applicable in jurisdictions where the NCCI, Inc. Loss Sensitive Rating Plan has been approved for use:

By signing below I acknowledge that the NCCI, Inc. Loss Sensitive Rating Plan has been explained to me or that an explanatory notice or brochure has been provided to me and I agree that I shall be bound by the terms of such plan if my estimated annual premium or preliminary physical audit meets or exceeds the premium eligibility requirement.

8. On November 6, 2003, I had no knowledge of what a Loss Sensitive Rating Plan (LSRP) was and no one told me that LSRP provisions would apply to the Travelers insurance I applied for. No one, including Mr. Usher or anyone from Travelers, informed ATC what LSRP meant and no one informed ATC that the Travelers policy contained LSRP requirements which could or would result in extraordinary additional premiums for ATC to pay. I have since learned that LSRP is a program permitted in some states which require the insured party to pay extraordinary premiums based on losses and claims. However, no one informed, notified or disclosed to anyone at ATC that the Travelers workers compensation insurance policy being applied for contained LSRP provisions that applied to ATC.

CAA
9. These facts (that no one attempted to explain how the LSRP provisions operated and no one informed or notified ATC LSRP provisions were applicable to the Travelers policy to be issued to ATC) are fully corroborated by the testimony of Mr. Usher in his September 26, 2003 deposition. Mr. Usher testified he was never informed by anyone at Travelers that the policy applied for included LSRP provisions requiring ATC to pay extraordinary premiums. Mr. Usher testified that he never discussed LSRP provisions with Travelers and never discussed LSRP provisions with anyone at ATC. Moreover, Mr. Usher testified that he could not possibly have discussed the LSRP provisions with anyone in November of 2003 since he had knew nothing about LSRP.

10. After a careful review of the application that I signed on November 6, 2003, the only mention of LSRP in the application is contained under the above paragraph which stated that the LSRP provisions were "only applicable in jurisdictions where the NCCI, Inc. Loss Sensitive Rating Plan has been approved for use." No one informed me that the LSRP was ever been approved for use in South Carolina.

11. Travelers issued ATC the policy on December 1, 2003 (effective for the year beginning November 7, 2003) and delivered it to the Hair Agency, which delivered it to ATC. (Exhibit B.) The Travelers policy stated that the estimated premium for the coverage year (November 7, 2003 - November 6, 2004) was \$167,988. Under **PART FIVE - PREMIUM**, the policy explained how the "final premium" would be determined:

E. Final Premium

The premium shown on the Information Page, schedules and endorsements is an estimate. The final premium will be determined after this policy ends by using the actual, not the estimated premium basis and the proper classification and rates that lawfully apply to the business and work covered by this policy. If the final premium is more than the premium you paid to us, you must pay us the balance. (Balance of provision omitted.)

The policy also states:

G. Audit

You will let us examine and audit all your records that relate to this policy. These records include ledgers, journals, registers, vouchers, contacts, tax reports, payroll and disbursement records, and programs for storing and retrieving data. . . . Information developed by audit will be used to determine final premium. (Balance of provision omitted.)

12. Included within the Travelers policy issued on December 1, 2003 were several endorsements. One endorsement (numbered ENDORSEMENT WC 00 04 15 (00) and entitled ASSIGNED RISK ADJUSTMENT PROGRAM ENDORSEMENT), states that the Travelers policy issued to ATC was an "assigned risk" policy and explained that a surcharge could be added to the premium under the "Assigned Risk Adjustment Program" approved for use in South Carolina. There is no mention in this endorsement of LSRP.

CAA
13. Another endorsement within the Travelers policy issued on December 1, 2003 (numbered ENDORSEMENT WC 00 06 17 (00) and entitled ASSIGNED RISK LOSS SENSITIVE RATING PLAN NOTIFICATION ENDORSEMENT) addresses whether the Loss Sensitive Rating Plan (LSRP) applies to the policy issued to ATC. The last sentence in the endorsement specifically states:

This endorsement applies in the states listed in the schedule below:

SCHEDULE	
STATE	PREMIUM ELIGIBILITY
Alabama	\$200,000
Alaska	\$200,000
Connecticut	\$200,000
District of Columbia	\$200,000
Georgia	\$200,000
Idaho	\$200,000

Illinois	\$200,000
Indiana	\$100,000
Kansas	\$200,000
Nevada	\$200,000
New Hampshire	\$175,000
North Carolina	\$200,000
South Dakota	\$200,000

The endorsement excludes and omits South Carolina from the list of states where LSRP applies. Therefore, LSRP did not apply to the policy issued to ATC which is, and always has been, located in South Carolina.

14. Based on the term of the policy issued to ATC, the only method by which premiums could be adjusted was the results of the specified audits to determine the premiums estimates and the final premium.

15. After the Travelers policy was issued, Travelers asserted that it sent ATC a brochure purporting to explain how LSRP was intended to operate. (Exhibit C.) However, the LSRP endorsement excluded South Carolina insured. As a result, the brochure was not applicable to the Travelers policy issued to ATC. Additionally, page 3 of the LSRP brochure prominently displays the following language:

Implementation

We have proposed that in your state, the LSRP be implemented six months from the effective date of regulatory approval. This six months' advance notice is intended to give you time to seek coverage in the voluntary market. (*Note: The implementation date may vary by state.*) Upon approval, all LSRP-eligible accounts currently in the residual market, their producers or brokers and current assigned carriers will be advised of the approval and implementation dates, as well as the LSRP parameters.

CAA
No one at Travelers or Hair Agency ever advised ATC that the "proposed implementation" of LSRP in South Carolina had been approved. Moreover, no one "advised (ATC) of the approval and implementation dates (for LSRP in South Carolina), as well as the LSRP parameters." As stated, the Travelers policy issued to ATP omitted the LSRP provisions from the ATC's South Carolina policy and Travelers never amended the LSRP endorsement negating application of LSRP under the policy issued to ATC.

16. In early 2004, Travelers Insurance Company went through a reorganization. Thereafter, a new policy was issued to ATC by Travelers dated March 1, 2004. The reissued policy contained the identical LSRP endorsement as the original policy: the March 1, 2004 LSRP endorsement on the reissued policy listed all states wherein the LSRP applied and South Carolina was not listed. (Exhibit D.)

17. In early 2004, Travelers requested ATC to provide additional data from ATC regarding ATC's work force. After ATC submitted all the requested data, Travelers required ATC to issue Travelers a "Letter of Credit" for \$52,116 to cover additional premiums Travelers might determine were due at the end of the policy year. ATC complied and the LOC was issued by Carolina Bank on May 17, 2004. Thereafter, Travelers issued a "Change Document" dated July 27, 2003 regarding the \$52,116 as a "Return Premium." (Exhibit E.) It was my understanding that the LOC would be rescinded by Travelers as soon as final audit was complete and the Final Premium paid by ATC.

18. After the Travelers policy year ended on November 7, 2003, Travelers sent its CPA James Burnett to ATC in December of 2004 to conduct an on-site audit at ATC to determine what "Final Premium" was due to Travelers. On February 9, 2005, Travelers sent ATC a Final Premium Bill for \$29,245, which ATC paid on February 22, 2005. (Exhibit F.)

19. On July 21, 2005, Travelers informed ATC for the first time that the LSRP provisions under the Travelers policy issued to ATC required the payment of an additional LSRP premium totaling \$175,064. (Exhibit G.) Our attorney investigated the background and wrote Travelers on September 9, 2005 protesting the claim for LSRP premiums and demanding Travelers to release the \$52,116 LOC. Our attorney's letter specifically stated:

I have been retained by Ard Trucking Company regarding your company's request for an additional premium for workers' compensation insurance for the above period. On my review of my client's workers compensation documents, it appears that my client was informed in February of 2005 that it owed a "final audit" premium balance of \$29,245 for the stated policy period; and, my client promptly paid that sum on February 22, 2005. My client was not made aware that any additional premium charges would be due.

In sum, the insurer, following the "final audit" it completed on January 6, 2005 after the policy period had ended, specifically informed the insured that the final premium was \$29,245. The insured timely paid the "final audit" premium of \$29,245 on February 22, 2005. At no time was the insured informed that an additional premium would thereafter be due. Moreover, personnel from the insurer stated that there would be no reason for the insurer to hold the May 17, 2004 "Irrevocable Standby Letter of Credit" (LOC) any longer than the end of June of 2005.

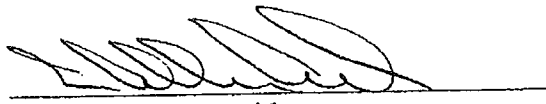
Under the foregoing circumstances, the insurance company is estopped to seek any additional premium following the insurer's January 6, 2005 final audit. By this letter, I am specifically requesting that St Paul Travelers immediately release the LOC as being no longer necessary. Your failure to promptly release the LOC will cause damage to Ard Trucking Company, Inc. and force my client to seek a judicial remedy.

Thereafter, Travelers called on Carolina Bank to pay Travelers the LOC. Carolina Bank then paid Travelers the LOC under protest from ATC. Thereafter, this lawsuit was filed by ATC to recover the LOC funds from Travelers.

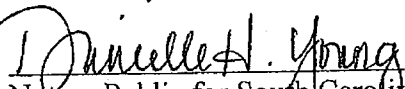
20. I am not an attorney and only have a high school education. However, I have dealt with written contracts on behalf of ATC for many decades. I always understood that it is not possible for one contracting party to impose any contract terms upon the other party that were not contained in the contract they entered. ATC was never informed by Travelers that the workers compensation insurance contract it sold and issued to ATC included LSRP provisions or requirements. In fact, LSRP provisions Travelers relies on for extraordinary premiums from ATC never applied to ATC because the specific list of states where LSRP was applicable are listed in Travelers own LSRP endorsement which fails to list South Carolina. Travelers should not be allowed to assert LSRP premium charges against ATC when the contract provisions relied on by Travelers specifically omit South Carolina as being a state where LSRP applies.

21. I believe that ATC has paid all that is due to Travelers under the policy issued to ATC when ATC paid Travelers the Final Premium of \$29,245 on February 22, 2005 following the Final Audit by Travelers' CPA. I believe that ATC is entitled to receive payment from Travelers of the \$52,116 LOC funds it obtained from Carolina Bank in October of 2005, plus interest at the legal rate.

22. I have read the foregoing affidavit, as well as the documents attached. Upon information and belief, all information stated herein is true and correct to the best of my knowledge, information and belief.


C. Allen Ard, President
Ards Trucking Company

SWORN TO and subscribed before me
this 12th day of December, 2014.

 (L.S.)
Notary Public for South Carolina
My Commission Expires: 11-01-2021



PREMIUM PAYMENT (Refer to WCIP Instruction sheet for state requirements)

PAYMENT METHOD - SELECT ONE:

IS THE PREMIUM FINANCED? ☒ YES ☐ NO☐ 1. VERBAL CHECK

BANK/ABA #

ACCOUNT #

CHECK #

PREMIUM PAYMENT AMOUNT

\$.00

☐ 2. ELECTRONIC FUNDS TRANSFER

BANK/ABA #

ACCOUNT #

PREMIUM PAYMENT AMOUNT

\$.00

☒ 3. MAIL-IN CHECK

CHECK #

PREMIUM PAYMENT AMOUNT

18506

\$ 157333.00

For submission methods 1 and 2:

1. Does the payor require a physical record of this transaction? ☐ YES ☒ NO
2. To ensure accuracy, a voided check or deposit slip (of the payor) should be faxed to NCCI, Inc. upon return of the signed ACORD applications.
3. The undersigned Producer or Applicant certifies that by signing this application he/she authorizes NCCI, Inc. to deduct or has obtained financial information and authorization from the payor to direct NCCI, Inc. to deduct the Premium Payment Amount, and any other monies required to bind coverage, from the bank and the account number as indicated above for purposes of securing workers compensation insurance pursuant to this application.

APPLICANT'S STATEMENT

The undersigned applicant hereby certifies that he/she has read and understands the statements in this application. As further consideration of policy issuance, the applicant also certifies that the responses provided in this application are true and furthermore agrees:

To maintain a complete record of all payroll transactions in such form as the insurance company may reasonably require and that such record will be available to the company at the designated address.

To comply substantially with all laws, orders, rules, and regulations in force and effect made by the public authorities relating to the welfare, health, and safety of employees.

To comply with all reasonable recommendations made by the insurance company relating to the welfare, health, and safety of employees.

To take no action in any form to evade the application of experience modification determined in accordance with the experience rating rules, as determined by the Plan Administrator.

The undersigned applicant also certifies he/she has had no difficulties with any producer or company in regard to: (a) payroll records; (b) the amount of premium charged; (c) the payment of premium; (d) the carrying out of any recommendation made for the purpose of safeguarding employees; (e) the handling of any claim or accident report except the following:

Violation of any of these agreements may result in cancellation of a policy of insurance issued under a Workers Compensation Insurance Plan.

The undersigned applicant understands also that coverage is NOT bound until the signed application is received with appropriate premium and eligibility is determined by the administrator. Provided that applicant is determined to be eligible and in good faith entitled to WCIP insurance, based upon the information provided herein or otherwise available, coverage will be bound in accordance with plan rules. See individual state plans for applicable binding rules.

The undersigned applicant understands further that since he/she has been unable to secure workers compensation coverage through any other insurance provider, this coverage is being afforded through a Workers Compensation Insurance Plan, and that the rates charged may be higher than those in the voluntary market.

The following statement is only applicable in jurisdictions where the NCCI, Inc. Loss Sensitive Rating Plan has been approved for use:

By signing below I acknowledge that the NCCI, Inc. Loss Sensitive Rating Plan has been explained to me or that an explanatory notice or brochure has been provided to me and I agree that I shall be bound by the terms of such plan if my estimated annual premium or preliminary physical audit premium meets or exceeds the premium eligibility requirement.

APPLICANT'S NAME AND TITLE (PRINT OR TYPE)

DATE

SIGNATURE (MUST BE AN OWNER OR AN OFFICER)

C. ALLEN ARD PRESIDENT

REMINDER: BOTH THE ACORD 130 AND 133 APPLICATIONS MUST BE SIGNED BY THE APPLICANT AND DESIGNATED PRODUCER.

PRODUCER'S CERTIFICATION

THE PRODUCER ALSO CERTIFIES THAT HE/SHE HAS BEEN AUTHORIZED TO SUBMIT THE APPLICATION ON BEHALF OF THE APPLICANT AND THAT ALL INFORMATION PROVIDED ON THE ACORD 130 AND ACORD 133 IS TRUE AND ACCURATE TO THE BEST OF HIS/HER KNOWLEDGE AND BELIEF.

AGENCY FEIN

56-1611539

AGENCY PHONE NUMBER (A/C, No, Ext)

AGENCY FAX NUMBER (A/C, No)

RESIDENT LICENSE NUMBER

184245

EXPIRATION DATE

NON-RESIDENT LICENSE NUMBER

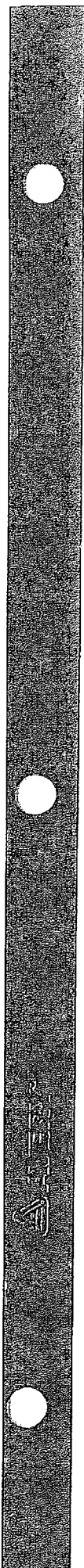
EXPIRATION DATE

PRODUCER NAME (PRINT OR TYPE)

Frank McCravy

DATE

PRODUCER SIGNATURE



SAFETY SERVICES

Notice to policy recipient: If you are not the person directly responsible for the accident prevention activities for your company, please direct this Safety Services notice to the person that is directly responsible for them.

SAFETY IS OUR CONCERN

Thank you for purchasing your Workers' Compensation insurance. Along with your agent, we appreciate your business and welcome the opportunity to be of service.

An important part of that service concerns accident prevention and safety engineering. Our Loss Prevention & Engineering Division has the experience, resources and capabilities to provide a range of safety services including site surveys, phone consultations or the provision of selected safety material. The following are some examples of our available services:

Accident Prevention - Our staff can help you identify present and potential safety hazards in your operations, premises and equipment, recommending measures for reducing or eliminating these hazards.

Analysis of Accident Causes - Although you investigate and keep records of accidents, we're available to help if needed.

Safety Consultations - Our field staff, supported by Home Office and field specialists, can help you with special problems such as ergonomics.

Industrial Hygiene/Health Services - We have the facilities and resources to answer your questions concerning job related industrial hygiene/health issues and to measure exposure to industrial hygiene hazards.

Safety Videos and Literature - We can provide you with basic videos and literature to assist you in your loss control efforts. Also, we can put you in contact with several companies able to provide additional safety materials including brochures, pamphlets and videos.

Safety Training - We can help you improve your safety training programs.

Internet Website - Visit the Loss Prevention & Engineering website page for helpful safety information. (<http://www.travelerspc.com/safety>). This website also has hot links to other safety-related Internet sites. For all requests for loss control assistance ONLY, please directly contact your local office listed on the following pages

The Travelers will provide these services upon request. Telephone consultation is also available if the nature of the operations and hazards warrant such service. See the rest of this document for the Loss Prevention & Engineering office nearest to you.

SAFETY IS YOUR CONCERN

U. S. employers spend billions of dollars each year on the direct and indirect costs of work-related accidents. Dollar figures can't begin to reflect the pain and suffering of an injured worker and his or her family. But they do give some indication of the multiple consequences of a job-related accident... loss of time, interrupted production, damaged materials and equipment, the expense of retraining or replacing an injured worker, possible legal action from government regulatory agencies, and increased insurance costs.

It makes good sense for both employers and their employees to actively participate in a sound accident prevention program. The success of such a program depends to a large extent on your commitment to safety procedures and accident prevention techniques. Safety is a management concern. Maybe we can help.

You may want to consider the following "Safety Checkpoints" as you evaluate your organization's safety activities:

SELF-INSPECTION PROGRAM:

- * Do you conduct periodic surveys of premises?... equipment?... operations?
- * Do you analyze each job to find inherent hazards?
- * If you discover hazards, do you follow up with immediate corrective action?
- * Do you monitor such action to make sure it is implemented and effective?

ACCIDENT INVESTIGATION:

- * Do you investigate each accident?...determine the cause?
- * Do you take immediate steps to prevent a recurrence?
- * Do you keep records of accident investigations and follow-up measures?
- * Do you complete accident statistics and analyze trends?

EDUCATION AND TRAINING

- * Do you take the time to train each of your employees to perform tasks safely?
- * Do more-experienced employees receive training to correct bad habits that have developed over time?
- * Do all employees understand that safety is an important part of their jobs?



FIELD OFFICE INFORMATION FOR SAFETY SERVICES ONLY (Cont'd)

MINNESOTA

Minneapolis
6465 Wayzata Blvd., 5th Floor
P.O. Box 35
Minneapolis, MN 55440-0035
(952) 541-4265

MISSISSIPPI

New Orleans
3900 N. Causeway, Suite 950
Metairie, LA 70002
P.O. Box 61479
New Orleans, LA 70161-1479
(504) 832-7560

MISSOURI

St. Louis
One City Place Drive
Creve Coeur, MO 63141
P.O. Box 68852
St. Louis, MO 63166-6852
(314) 994-2374

Kansas City
7600 College Blvd.
Overland Park, KS 66210
(913) 661-3679

**Missouri Workers'
Compensation Plan (MWCP)**

951 Hornet Drive
P.O. Box 42021
Hazelwood, MO 63042-2309
(314) 551-3208

MONTANA

Portland, OR
4000 SW Kruse Place, Suite 100
Lake Oswego, OR 97035
(503) 534-4276

NEBRASKA

Omaha
11422 Miracle Hills Drive, Suite 110
Omaha, NE 68154
(913) 661-3679

NEVADA

Las Vegas
1850 E Flamingo, Suite 202
Las Vegas, NV 89119
(702) 669-4718

NEW HAMPSHIRE

Portland, ME
207 Larrabee Road, Suite 3
Westbrook, ME 04092
(207) 857-2021

NEW JERSEY

Morris Plains
1100 American Road, 2nd Floor
Morris Plains, NJ 07950
(973) 606-5245

Pennsauken
4350 Haddonfield Road
Pennsauken, NJ 08109
(856) 488-5942

NEW MEXICO

Dallas
1301 E Collins Blvd., Suite 300
Richardson, TX 75081
(214) 570-6194

NEW YORK

Albany
900 Watervliet-Shaker Road
Albany, NY 12205
(315) 424-7231

Buffalo
60 Lakefront Blvd.
P.O. Box 242
Buffalo, NY 14240-0242
(315) 424-7231

East Meadow
90 Merrick Ave., 4th Floor
East Meadow, NY 11554-1593
(973) 606-5245

New York
One Whitehall Street
New York, NY 10004-2108
(973) 606-5245

Rochester
75 Town Centre Drive
P.O. Box 23235
Rochester, NY 14692-3235
(315) 424-7231

Syracuse
440 South Warren Street
P.O. Box 4963
Syracuse, NY 13221-4963
(315) 424-7231

NORTH CAROLINA

Charlotte
11440 Carmel Commons Blvd.
P.O. Box 473500
Charlotte, NC 28247-3500
(704) 540-3216

Raleigh
3733 National Drive, Suite 200
Raleigh, NC 27612
(919) 420-1873

NORTH DAKOTA

Minneapolis
6465 Wayzata Blvd., 5th Floor
P.O. Box 35
Minneapolis, MN 55440-0035
(952) 541-4265

OHIO

Cincinnati
895 Central Avenue, Suite 800
Cincinnati, OH 45202
(216) 348-7512

Cleveland
Skylight Office Tower
1660 W. 2nd St., Suite 500
Cleveland, OH 44113-1454
(216) 348-7512

OKLAHOMA

Tulsa
9820 East 41st Street, Suite 401
P.O. Box 3510
Tulsa, OK 74101
(913) 661-3679

OREGON

Portland, OR
4000 SW Kruse Place, Suite 100
Lake Oswego, OR 97035
(503) 534-4276

PENNSYLVANIA

Harrisburg
5001 Louise Drive
Mechanicsburg, PA 17055
(717) 691-5101

Philadelphia
1500 Market Street
29th Floor W Tower
Philadelphia, PA 19102
(267) 675-3056

Pittsburgh
800 Two Chatham Center
Pittsburgh, PA 15219-2502
(412) 338-3082

Reading
1105 Berkshire Blvd.
P.O. Box 13426
Wyomissing, PA 19612-3426
(610) 371-3809

RHODE ISLAND

Quincy
300 Crown Colony Drive
Quincy, MA 02169
P.O. Box 943
Boston, MA 02103-0943
(617) 984-12843

SOUTH CAROLINA

Charlotte
11440 Carmel Commons Blvd.
P.O. Box 473500
Charlotte, NC 28247-3500
(704) 540-3216

SOUTH DAKOTA

Omaha
11422 Miracle Hills Drive, Suite 110
Omaha, NE 68154
(913) 661-3679



**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY**

A Custom Insurance Policy Prepared for:

ARD TRUCKING COMPANY INC
PO BOX 504
DARLINGTON SC 29540





WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY

TYPE AR INFORMATION PAGE WC 00 00 01 (A)

POLICY NUMBER: (6JUB-0188B92-3-03)

NEW-03

INSURER: THE TRAVELERS INDEMNITY COMPANY OF ILLINOIS

NCCI CO CODE: 13579

1.

INSURED:

ARD TRUCKING COMPANY INC
PO BOX 504
DARLINGTON SC 29540

PRODUCER:

MICHAEL P HAIR & ASSOC
7422 CARMEL EXECUTIVE PK #204
PO BOX 472224
CHARLOTTE NC 28247

Insured is A CORPORATION

Other work places and identification numbers are shown in the schedule(s) attached.

2. The policy period is from 11-07-03 to 11-07-04 12:01 A.M. at the Insured's mailing address.

3. A. **WORKERS COMPENSATION INSURANCE:** Part One of the policy applies to the Workers Compensation Law of the state(s) listed here:

SC

B. **EMPLOYERS LIABILITY INSURANCE:** Part Two of the policy applies to work in each state listed in item 3.A. The limits of our liability under Part Two are:

Bodily Injury by Accident:	\$	500000	Each Accident
Bodily Injury by Disease:	\$	500000	Policy Limit
Bodily Injury by Disease:	\$	500000	Each Employee

C. **OTHER STATES INSURANCE:** Part Three of the policy applies to the states, if any, listed here:

REFER TO RESIDUAL MARKET LIMITED OTHER STATES INSURANCE
ENDORSEMENT WC 00 03 26

D. This policy includes these endorsements and schedules:

SEE LISTING OF ENDORSEMENTS - EXTENSION OF INFO PAGE

4. The premium for this policy will be determined by our Manuals of Rules, Classifications, Rates and Rating Plans. All required information is subject to verification and change by audit to be made ANNUALLY.

DATE OF ISSUE: 12-01-03 TW

ST ASSIGN: SC

OFFICE: ORLANDO

870

PRODUCER: MICHAEL P HAIR & ASSOC

APPELLANT ROA 00516



WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY

TYPE AR INFORMATION PAGE WC 00 00 01 (A)

POLICY NUMBER: (6JUB-0188B92-3-03)

CLASSIFICATION SCHEDULE:

CLASSIFICATIONS	CODE NO	PREMIUM BASIS ESTIMATED TOTAL ANNUAL REMUNERATION	RATES PER \$100 OF REMUNERATION	ESTIMATED ANNUAL PREMIUM
-----------------	---------	--	---------------------------------------	--------------------------------

SEE EXTENSION OF INFORMATION PAGE - SCHEDULE(S)

SIC-CODE: 4789

	STANDARD
TOTAL ESTIMATED ANNUAL STANDARD PREMIUM \$	166946
PREMIUM DISCOUNT	NONE
0900-39 EXPENSE CONSTANT	230
TERRORISM RISK INS ACT 2002	812
TOTAL ESTIMATED PREMIUM	167988
DEPOSIT AMOUNT DUE	167988

A/R (WCIP) #

Minimum Premium: \$ 750

EMPLOYERS LIABILITY MINIMUM: \$ 100

DATE OF ISSUE: 12-01-03 TW

ST ASSIGN: SC

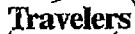
OFFICE: ORLANDO

870

PRODUCER: MICHAEL P HAIR & ASSOC

26XSD

APPELLANT ROA 00517



WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY

EXTENSION OF INFO PAGE-SCHEDULE WC 00 00 01 (A)

POLICY NUMBER: (6JUB-0188B92-3-03)

INSURER: THE TRAVELERS INDEMNITY COMPANY OF ILLINOIS

13579-SC

INSURED'S NAME: ARD TRUCKING COMPANY INC
ANNIVERSARY RATING DATE: 11-01-04
EXP. MOD. EFFECTIVE DATE: 11-01-03

RATE BUREAU ID: 390236328

CLASSIFICATION	CODE	PREMIUM BASIS ESTIMATED TOTAL ANNUAL REMUNERATION	RATES PER \$100 OF REMUNERATION	ESTIMATED ANNUAL PREMIUM
LOCATION 001 01				
FEIN 570604441 ENTITY CD 001				
ARD TRUCKING COMPANY INC				
1702 N GOVERNOR WILLIAMS DARLINGTON, SC 29540				
TRUCKING: LONG DISTANCE HAULING-ALL EMPLOYEES & DRIVERS	7229	2100000	10.47	219870
SALESPERSONS, COLLECTORS OR MESSENGERS-OUTSIDE	8742	16000	.83	133
CLERICAL OFFICE EMPLOYEES NOC	8810	590000	.31	1829

1.70% EMPL. LIAB. INCREASED LIMITS(9807)	\$	3771
TOTAL PREMIUM SUBJECT TO EXPERIENCE MODIFICATION		225603
CONTINGENT EXP MOD: .74 MODIFIED PREMIUM		166946
TOTAL ESTIMATED ANNUAL STANDARD PREMIUM		166946
0.00% ARAP MODIFICATION PROGRAM		NONE
EXPENSE CONSTANT(0900)		230
TERRORISM RISK INS ACT 2002 (9740)		812
TOTAL ESTIMATED PREMIUM		167988
DEPOSIT AMOUNT DUE		167988



WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 00 01 (A)

POLICY NUMBER: (6JUB-0188B92-3-03)

LISTING OF ENDORSEMENTS
EXTENSION OF INFO PAGE

We agree that the following listed endorsements form a part of this policy on its effective date.

WC 00 00 01 A - 001	INFORMATION PAGE
WC 00 00 01 A - 001	INFORMATION PAGE 2
WC 00 00 01 A - 001	EXTENSION OF INFORMATION PAGE - SCHEDULE
WC 00 00 01 A - 001	ENDORSEMENT LISTING
WC 00 03 26 A - 001	LIMITED OTHER STATES INSURANCE END
WC 00 04 02 00 - 001	ANNIVERSARY RATING DATE ENDORSEMENT
WC 00 04 12 00 - 001	CONTINGENT EXPERIENCE RATING MOD FACTOR
WC 00 04 14 00 - 001	NOTIFICATION OF CHANGE IN OWNERSHIP ENDT
WC 00 04 15 00 - 001	ASSIGNED RISK ADJUSTMENT PROGRAM ENDT.
WC 00 04 17 00 - 001	A/R LSRP NOTIFICATION ENDORSEMENT
WC 00 04 20 00 - 001	TERRORISM RISK INS ACT ENDT



The Travelers Insurance Companies

(Each a Stock Insurance Company)

Hartford, Connecticut

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

In return for the payment of the premium and subject to all terms of this policy, we agree with you as follows:

GENERAL SECTION

A. The Policy

This policy includes at its effective date the Information Page and all endorsements and schedules listed there. It is a contract of insurance between you (the employer named in Item 1 of the Information Page) and us (the insurer named on the Information Page). The only agreements relating to this insurance are stated in this policy. The terms of this policy may not be changed or waived except by endorsement issued by us to be part of this policy.

B. Who Is Insured

You are insured if you are an employer named in Item 1 of the Information Page. If that employer is a partnership, and if you are one of its partners, you are insured, but only in your capacity as an employer of the partnership's employees.

C. Workers Compensation Law

Workers Compensation Law means the workers or workmen's compensation law and occupational dis-

ease law of each state or territory named in Item 3.A. of the Information Page. It includes any amendments to that law which are in effect during the policy period. It does not include any federal workers or workmen's compensation law, any federal occupational disease law or the provisions of any law that provide nonoccupational disability benefits.

D. State

State means any state of the United States of America, and the District of Columbia.

E. Locations

This policy covers all of your workplaces listed in Items 1 or 4 of the Information Page; and it covers all other workplaces in Item 3.A. states unless you have other insurance or are self-insured for such workplaces.

PART ONE - WORKERS COMPENSATION INSURANCE

A. How This Insurance Applies

This workers compensation insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. Bodily injury by accident must occur during the policy period.
2. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.

B. We Will Pay

We will pay promptly when due the benefits required of you by the workers compensation law.

C. We Will Defend

We have the right and duty to defend at our expense any claim, proceeding or suit against you for benefits payable by this insurance. We have the right to investigate and settle these claims, proceedings or suits.

We have no duty to defend a claim, proceeding or suit that is not covered by this insurance.

D. We Will Also Pay

We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding or suit we defend:

1. reasonable expenses incurred at our request, but not loss of earnings;

2. premiums for bonds to release attachments and for appeal bonds in bond amounts up to the amount payable under this insurance;
3. litigation costs taxed against you;
4. interest on a judgment as required by law until we offer the amount due under this insurance; and
5. expenses we incur.

E. Other Insurance

We will not pay more than our share of benefits and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that may apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance will be equal until the loss is paid.

F. Payments You Must Make

You are responsible for any payments in excess of the benefits regularly provided by the workers compensation law including those required because:

1. of your serious and willful misconduct;
2. you knowingly employ an employee in violation of law;
3. you fail to comply with a health or safety law or regulation; or
4. you discharge, coerce or otherwise discriminate against any employee in violation of the workers compensation law.

If we make any payments in excess of the benefits regularly provided by the workers compensation law on your behalf, you will reimburse us promptly.

G. Recovery From Others

We have your rights, and the rights of persons entitled to the benefits of this insurance, to recover our payments from anyone liable for the injury. You will do everything necessary to protect those rights for us and to help us enforce them.

H. Statutory Provisions

These statements apply where they are required by law.

1. As between an injured worker and us, we have notice of the injury when you have notice.
2. Your default or the bankruptcy or insolvency of you or your estate will not relieve us of our duties under this insurance after an injury occurs.
3. We are directly and primarily liable to any person entitled to the benefits payable by this insurance. Those persons may enforce our duties; so may an agency authorized by law.

Enforcement may be against us or against you and us.

4. Jurisdiction over you is jurisdiction over us for purposes of the workers compensation law. We are bound by decisions against you under that law, subject to the provisions of this policy that are not in conflict with that law.
5. This insurance conforms to the parts of the workers compensation law that apply to:
 - a. benefits payable by this insurance;
 - b. special taxes, payments into security or other special funds, and assessments payable by us under that law.
6. Terms of this insurance that conflict with the workers compensation law are changed by this statement to conform to that law.

Nothing in these paragraphs relieves you of your duties under this policy.

PART TWO – EMPLOYERS LIABILITY INSURANCE

A. How This Insurance Applies

This employers liability insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. The bodily injury must arise out of and in the course of the injured employee's employment by you.
2. The employment must be necessary or incidental to your work in a state or territory listed in Item 3.A. of the Information Page.
3. Bodily injury by accident must occur during the policy period.
4. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.
5. If you are sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America, its territories or possessions, or Canada.

B. We Will Pay

We will pay all sums you legally must pay as damages because of bodily injury to your employees, provided the bodily injury is covered by this Employers Liability Insurance.

The damages we will pay, where recovery is permitted by law, include damages:

1. for which you are liable to a third party by reason of a claim or suit against you by that third party to recover the damages claimed against such third party as a result of injury to your employee;
2. for care and loss of services; and
3. for consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee;

provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by you; and

4. because of bodily injury to your employee that arises out of and in the course of employment,

claimed against you in a capacity other than as employer.

C. Exclusions

This insurance does not cover:

1. liability assumed under a contract. This exclusion does not apply to a warranty that your work will be done in a workmanlike manner;
2. punitive or exemplary damages because of bodily injury to an employee employed in violation of law;
3. bodily injury to an employee while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers;
4. any obligation imposed by a workers compensation, occupational disease, unemployment compensation, or disability benefits law, or any similar law;
5. bodily injury intentionally caused or aggravated by you;
6. bodily injury occurring outside the United States of America, its territories or possessions, and Canada. This exclusion does not apply to bodily injury to a citizen or resident of the United States of America or Canada who is temporarily outside these countries;
7. damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any employee, or any personnel practices, policies, acts or omissions.
8. bodily injury to any person in work subject to the Longshore and Harbor Workers' Compensation Act (33 USC Sections 901-950), the Nonappropriated Fund Instrumentalities Act (5 USC Sections 8171-8173), the Outer Continental Shelf Lands Act (43 USC Sections 1331-1356), the Defense Base Act (42 USC Sections 1651-1654), the Federal Coal Mine Health and Safety Act of 1969 (30 USC Sections 901-942), any other federal workers or workmen's compensation law or other federal occupational disease law, or any amendments to these laws.

9. bodily injury to any person in work subject to the Federal Employers' Liability Act (45 USC Sections 51-60), any other federal laws obligating an employer to pay damages to an employee due to bodily injury arising out of or in the course of employment, or any amendments to those laws.
10. bodily injury to a master or member of the crew of any vessel.
11. fines or penalties imposed for violation of federal or state law.
12. damages payable under the Migrant and Seasonal Agricultural Worker Protection Act (29 USC Sections 1801-1872) and under any other federal law awarding damages for violation of those laws or regulations issued thereunder, and any amendments to those laws.

D. We Will Defend

We have the right and duty to defend, at our expense, any claim, proceeding or suit against you for damages payable by this insurance. We have the right to investigate and settle these claims, proceedings and suits.

We have no duty to defend a claim, proceeding or suit that is not covered by this insurance. We have no duty to defend or continue defending after we have paid our applicable limit of liability under this insurance.

E. We Will Also Pay

We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding or suit we defend:

1. reasonable expenses incurred at our request, but not loss of earnings;
2. premiums for bonds to release attachments and for appeal bonds in bond amounts up to the limit of our liability under this insurance;
3. litigation costs taxed against you;
4. interest on a judgement as required by law until we offer the amount due under this insurance; and
5. expenses we incur.

F. Other Insurance

We will not pay more than our share of damages and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is ex-

hausted, the shares of all remaining insurance and self-insurance will be equal until the loss is paid.

G. Limits of Liability

Our liability to pay for damages is limited. Our limits of liability are shown in Item 3.B. of the Information Page. They apply as explained below:

1. **Bodily Injury by Accident.** The limit shown for "bodily injury by accident — each accident" is the most we will pay for all damages covered by this insurance because of bodily injury to one or more employees in any one accident.

A disease is not bodily injury by accident unless it results directly from bodily injury by accident.

2. **Bodily Injury by Disease.** The limit shown for "bodily injury by disease — policy limit" is the most we will pay for all damages covered by this insurance and arising out of bodily injury by disease, regardless of the number of employees who sustain bodily injury by disease. The limit shown for "bodily injury by disease — each employee" is the most we will pay for all damages because of bodily injury by disease to any one employee.

Bodily injury by disease does not include disease that results directly from a bodily injury by accident.

3. We will not pay any claims for damages after we have paid the applicable limit of our liability under this insurance.

H. Recovery From Others

We have your rights to recover our payment from anyone liable for an injury covered by this insurance. You will do everything necessary to protect those rights for us and to help us enforce them.

I. Actions Against Us

There will be no right of action against us under this insurance unless:

1. You have complied with all the terms of this policy; and
2. The amount you owe has been determined with our consent or by actual trial and final judgement.

This insurance does not give anyone the right to add us as a defendant in an action against you to determine your liability. The bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this Part.

PART THREE — OTHER STATES INSURANCE

A. How This Insurance Applies

1. This other states insurance applies only if one or more states are shown in Item 3.C. of the Information Page.
2. If you begin work in any one of those states after the effective date of this policy and are not insured or are not self-insured for such work, all provisions of the policy will apply as though that state were listed in Item 3.A. of the Information Page.
3. We will reimburse you for the benefits required by the workers compensation law of that state if

we are not permitted to pay the benefits directly to persons entitled to them.

4. If you have work on the effective date of this policy in any state not listed in Item 3.A. of the Information Page, coverage will not be afforded for that state unless we are notified within thirty days.

B. Notice

Tell us at once if you begin work in any state listed in Item 3.C. of the Information Page.

PART FOUR – YOUR DUTIES IF INJURY OCCURS

Tell us at once if injury occurs that may be covered by this policy. Your other duties are listed here.

1. Provide for immediate medical and other services required by the workers compensation law.
2. Give us or our agent the names and addresses of the injured persons and of witnesses, and other information we may need.
3. Promptly give us all notices, demands and legal papers related to the injury, claim, proceeding or suit.
4. Cooperate with us and assist us, as we may request, in the investigation, settlement or defense of any claim, proceeding or suit.
5. Do nothing after an injury occurs that would interfere with our right to recover from others.
6. Do not voluntarily make payments, assume obligations or incur expenses, except at your own cost.

PART FIVE – PREMIUM

A. Our Manuals

All premium for this policy will be determined by our manuals of rules, rates, rating plans and classifications. We may change our manuals and apply the changes to this policy if authorized by law or a governmental agency regulating this insurance.

B. Classifications

Item 4 of the Information Page shows the rate and premium basis for certain business or work classifications. These classifications were assigned based on an estimate of the exposures you would have during the policy period. If your actual exposures are not properly described by those classifications, we will assign proper classifications, rates and premium basis by endorsement to this policy.

C. Remuneration

Premium for each work classification is determined by multiplying a rate times a premium basis. Remuneration is the most common premium basis. This premium basis includes payroll and all other remuneration paid or payable during the policy period for the services of:

1. All your officers and employees engaged in work covered by this policy; and
2. All other persons engaged in work that could make us liable under Part One (Workers Compensation Insurance) of this policy. If you do not have payroll records for these persons, the contract price for their services and materials may be used as the premium basis. This paragraph 2 will not apply if you give us proof that the employers of these persons lawfully secured their workers compensation obligations.

D. Premium Payments

You will pay all premium when due. You will pay the premium even if part or all of a workers compensation law is not valid.

E. Final Premium

The premium shown on the Information Page, schedules, and endorsements is an estimate. The final premium will be determined after this policy

ends by using the actual, not the estimated, premium basis and the proper classifications and rates that lawfully apply to the business and work covered by this policy. If the final premium is more than the premium you paid to us, you must pay us the balance. If it is less, we will refund the balance to you. The final premium will not be less than the highest minimum premium for the classifications covered by this policy.

If this policy is canceled, final premium will be determined in the following way unless our manuals provide otherwise:

1. If we cancel, final premium will be calculated pro rata based on the time this policy was in force. Final premium will not be less than the pro rata share of the minimum premium.
2. If you cancel, final premium will be more than pro rata; it will be based on the time this policy was in force, and increased by our short-rate cancellation table and procedure. Final premium will not be less than the minimum premium.

F. Records

You will keep records of information needed to compute premium. You will provide us with copies of those records when we ask for them.

G. Audit

You will let us examine and audit all your records that relate to this policy. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data. We may conduct the audits during regular business hours during the policy period and within three years after the policy period ends. Information developed by audit will be used to determine final premium. Insurance rate service organizations have the same rights we have under this provision.

PART SIX – CONDITIONS

A. Inspection

We have the right, but are not obliged to inspect your workplaces at any time. Our inspections are not safety inspections. They relate only to the insurability of the workplaces and the premiums to be charged. We may give you reports on the conditions we find. We may also recommend changes. While

they may help reduce losses, we do not undertake to perform the duty of any person to provide for the health or safety of your employees or the public. We do not warrant that your workplaces are safe or healthful or that they comply with laws, regulations, codes or standards. Insurance rate service organizations have the same rights we have under this provision.



WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 15 (00)

POLICY NUMBER: (6JUB-01 88B92-3-03)

ASSIGNED RISK ADJUSTMENT PROGRAM ENDORSEMENT

This endorsement is added to Part Five (Premium) because one or more of the states shown in the Item 3.A of the Information Page have approved the Assigned Risk Adjustment Program. The program adds a surcharge to the premium of insureds who are eligible for an experience rating modification, are assigned risks, and meet the other requirements of the Program.

A. Eligibility

1. You are eligible for the Assigned Risk Adjustment Program if you are eligible for an experience rating modification. The application of this program is mandatory for all eligible insureds and shall apply to all assigned risk policies written for such insureds.
2. The adjustment program period is the one year period beginning with the effective date of the policy. If during the adjustment program period your experience rated modification changes, the Assigned Risk Adjustment Program surcharge factor may also change.

B. Surcharge Application

You must pay a surcharge if your actual losses exceed your modified expected losses, as determined using values from the experience rating modification calculation. The surcharge factor will be applied to your manual premium multiplied by the experience rating modification.

C. Interstate Risks

Experience rated risks with multi-state operations shall be subject to the Assigned Risk Adjustment Program in states that have approved it. See the Schedule below.

D. Cancellation

1. If you cancel, the standard premium for the adjustment plan period will be based on our short rate table and procedure. This short rate premium will be used to determine the Assigned Risk Adjustment Program surcharge.
2. Section D. 1. will not apply if you cancel because:
 - a. all work covered by the insurance is completed;
 - b. all interest in the business covered by the insurance is sold;
 - c. you retire from all business covered by the insurance; or
 - d. coverage is obtained through the voluntary market.

SCHEDULE

STATE

Alabama, Connecticut, Iowa, Kansas, Missouri, North Carolina, Oregon, South Carolina, Vermont, Virginia



WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 17 (00)

POLICY NUMBER: (6JUB-0188B92-3-03)

**ASSIGNED RISK LOSS SENSITIVE RATING PLAN
NOTIFICATION ENDORSEMENT**

This endorsement is issued because you may qualify to have the cost of your insurance subject to the assigned risk mandatory Loss Sensitive Rating Plan (LSRP).

Eligibility:

1. Your insurance is written under Workers Compensation Insurance Plan (WCIP) in a state which has adopted the Loss Sensitive Rating Plan (LSRP).
2. The LSRP shall apply to an individual assigned risk policy if the total annual estimated Standard Premium or preliminary physical audit premium equals or exceeds the amount noted in the schedule.
3. A decrease in premium during the first 120 days of coverage which results in the premium falling below the LSRP premium eligibility threshold, shall result in the conversion of the policy to a guaranteed cost policy, retroactive to policy inception.
4. An increase in premium during the first 120 days of coverage which qualifies an employer for the LSRP shall result in the retroactive application of the LSRP to policy inception.
5. After the first 120 days of the coverage term, if it is determined that an employer qualifies for LSRP, the policy shall not be changed until renewal.
6. Notwithstanding, anything above to the contrary, any attempt to avoid the application of the LSRP arising from a misrepresentation or omission by you, your agent, employees, officers or directors shall result in the pro rata application of LSRP from the date upon which it would have applied had such misrepresentation or omission not been made.
7. The LSRP will apply on an interstate basis when the estimated aggregate (total of all states having approved LSRP) annual standard premium meets the premium eligibility requirement for the LSRP state generating the largest premium.

This plan will adjust your premium for this insurance based upon the losses incurred during the period covered by this insurance.

This endorsement applies in the states listed in the schedule below.

SCHEDULE

STATE	PREMIUM ELIGIBILITY
Alabama	\$200,000
Alaska	\$200,000
Connecticut	\$200,000
District of Columbia	\$200,000
Georgia	\$200,000
Idaho	\$200,000
Illinois	\$200,000
Indiana	\$100,000
Kansas	\$200,000
Nevada	\$200,000
New Hampshire	\$175,000
North Carolina	\$200,000
South Dakota	\$200,000

DATE OF ISSUE: 12-01-03

ST ASSIGN: SC

(Rev. 03-03)

APPELLANT ROA 00525



WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 20 (OO)

POLICY NUMBER: (6JUB-01 88B92-3-03)

TERRORISM RISK INSURANCE ACT ENDORSEMENT

This endorsement addresses requirements of the Terrorism Risk Insurance Act of 2002.

Definitions

The definitions provided in this endorsement are based on the definitions in the Act and are intended to have the same meaning. If words or phrases not defined in this endorsement are defined in the Act the definitions in the Act will apply.

"Act" means the Terrorism Risk Insurance Act of 2002, which took effect on November 26, 2002 and any amendments.

"Act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States as meeting all of the following requirements:

- a. The act is an act of terrorism.
- b. The act is violent or dangerous to human life, property or infrastructure.
- c. The act resulted in damage within the United States, or outside of the United States in the case of United States missions or certain air carriers or vessels.
- d. The act has been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"Insured terrorism or war loss" means any loss resulting from an act of terrorism (including an act of war, in the case of workers compensation that is covered by primary or excess property and casualty insurance issued by an insurer if the loss occurs in the United States or at United States missions or to certain air carriers or vessels.

"Insurer deductible" means:

- a. For the period beginning on November 26, 2002 and ending on December 31, 2002, an amount equal to 1% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding November 26, 2002.
- b. For the period beginning on January 1, 2003 and ending on December 31, 2003, an amount equal to 7% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2003.
- c. For the period beginning on January 1, 2004 and ending on December 31, 2004, an amount equal to 10% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2004.
- d. For the period beginning on January 1, 2005 and ending on December 31, 2005, an amount equal to 15% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2005.

Limitation of Liability

The Act may limit our liability to you under this policy. If annual aggregate insured terrorism or war losses of all insurers exceed \$100,000,000,000 during the applicable period provided in the Act, and if we have met our insurer deductible, the amount we will pay for insured terrorism or war losses under this policy will be limited by the Act, as determined by the Secretary of the Treasury.

Policyholder Disclosure Notice

1. Insured terrorism or war losses would be partially reimbursed by the United States Government under a formula established by the Act. Under this formula, the United States would pay 90% of our insured terrorism or war losses exceeding our insurer deductible.



**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 20 (OO)**

POLICY NUMBER: (6JUB-0188B92-3-03)

2. The additional premium charged for the coverage this policy provides for insured terrorism or war losses is shown in Item 4 of the Information Page or the Schedule below.

Schedule			
State	Rate per \$100 of Remuneration	State	Rate per \$100 of Remuneration
SOUTH CAROLINA	0.030		

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective

Policy No.

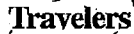
Endorsement No.

Insured

Premium \$

Insurance Company

Countersigned by _____



**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 12 (00)**

POLICY NUMBER: (6JUB-01 88B92-3-03)

**CONTINGENT EXPERIENCE
RATING MODIFICATION FACTOR ENDORSEMENT**

The premium for this policy will be adjusted by an experience rating modification factor. The factor shown in the schedule is a Contingent Experience Rating Modification factor based on the appropriate experience data available and supersedes any prior experience modification factor. We will issue an endorsement to show a revised factor if appropriate additional experience data becomes available. The Contingent factor will apply unless a revised factor is subsequently issued.

SCHEDULE

STATE	MODIFICATION
SC	0.7400



DATE OF ISSUE: 12-01-03

ST ASSIGN/APPELLANT ROA 00528



**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 14 (00)**

POLICY NUMBER: (6JUB-0188B92-3-03)

NOTIFICATION OF CHANGE IN OWNERSHIP ENDORSEMENT

Experience rating is mandatory for all eligible insureds. The experience rating modification factor, if any, applicable to this policy, may change if there is a change in your ownership or in that of one or more of the entities eligible to be combined with you for experience rating purposes. Change in ownership includes sales, purchases, other transfers, mergers, consolidations, dissolutions, formations of a new entity and other changes provided for in the applicable experience rating plan manual.

You must report any change in ownership to us in writing within 90 days of such change. Failure to report such changes within this period may result in revision of the experience rating modification factor used to determine your premium.

B. Long Term Policy

If the policy period is longer than one year and sixteen days, all provisions of this policy will apply as though a new policy were issued on each annual anniversary that this policy is in force.

C. Transfer of Your Rights and Duties

Your rights or duties under this policy may not be transferred without our written consent.

If you die and we receive notice within thirty days after your death, we will cover your legal representative as insured.

D. Cancellation

1. You may cancel this policy. You must mail or deliver advance written notice to us stating when the cancellation is to take effect.

2. We may cancel this policy. We must mail or deliver to you not less than ten days advance written notice stating when the cancellation is to take effect. Mailing that notice to you at your mailing address shown in Item 1 of the Information Page will be sufficient to prove notice.

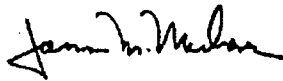
3. The policy period will end on the day and hour stated in the cancellation notice.

4. Any of these provisions that conflict with a law that controls the cancellation of the insurance in this policy is changed by this statement to comply with the law.

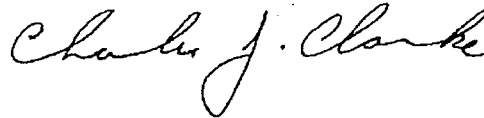
E. Sole Representative

The insured first named in Item 1 of the Information Page will act on behalf of all insureds to change this policy, receive return premium, and give or receive notice of cancellation.

In witness whereof, the company has caused this policy to be signed by its President and Secretary at Hartford, Connecticut and countersigned on the Information page by a duly authorized agent of the company.



Secretary



President





**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 03 26 (A)**

POLICY NUMBER: (6JUB-01 88B92-3-03)

**RESIDUAL MARKET
LIMITED OTHER STATES INSURANCE ENDORSEMENT**

"Part Three—Other States Insurance" of the policy is replaced by the following:

PART THREE OTHER STATES INSURANCE

A. How This Insurance Applies

1. We will pay promptly when due the benefits required of you by the workers compensation law of any state not listed in Item 3.A. of the Information Page if all of the following conditions are met:
 - a. The employee claiming benefits was either hired under a contract of employment made in a state listed in Item 3.A. of the Information Page or was, at the time of injury, principally employed in a state listed in Item 3.A. of the Information Page; and
 - b. The employee claiming benefits is not claiming benefits in a state where, at the time of injury, (i) you have other workers compensation insurance coverage, or (ii) you were, by virtue of the nature of your operations in that state, required by that state's law to have obtained separate workers compensation insurance coverage, or (iii) you are an authorized self-insurer or participant in a self-insured group plan; and
 - c. The duration of the work being performed by the employee claiming benefits in the state for which that employee is claiming benefits is temporary.
2. If we are not permitted to pay the benefits directly to persons entitled to them and all of the above conditions are met, we will reimburse you for the benefits required to be paid.
3. This insurance does not apply to fines or penalties arising out of your failure to comply with the requirements of the workers compensation law.

IMPORTANT NOTICE!

If you hire any employees outside those states listed in Item 3.A. on the Information Page or begin operations in any such state, you should do whatever may be required under that state's law, as this endorsement does not satisfy the requirements of that state's workers compensation law.



WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 02 (00)

POLICY NUMBER: (6JUB-01 88B92-3-03)

ANNIVERSARY RATING DATE ENDORSEMENT

The premium and rates for this policy, and the experience rating modification factor, if any, may change on your anniversary rating date shown in the Schedule(s).

SCHEDULE

ANNIVERSARY RATING DATE	(MONTH)	(DAY)	(YEAR)
REFER TO INFORMATION PAGE SCHEDULE(S)			



National
Council on
Compensation
Insurance, Inc.

The Loss Sensitive Rating Plan (LSRP)

An employer's guide to
the mandatory assigned risk
retrospective rating program

Retrospective rating is a method of pricing insurance which determines your final workers compensation premium after the policy period has ended, based on your actual losses during the policy period.

Pictorial, Inc.

This pamphlet has been created to help you understand the concept and details of the Loss Sensitive Rating Plan (LSRP). You are encouraged to read this material and discuss it with your producer, broker, assigned insurer or an NCCL, Inc. customer service representative. ■

Purpose

The purpose of the assigned risk mandatory Loss Sensitive Rating Plan (LSRP) is to provide a retrospective rating plan for those employers who have an assigned risk workers compensation insurance premium of \$200,000 or more. (Note: The premium threshold amount may vary by state.) The LSRP is designed to:

- **Promote Safety and Loss Control** by requiring you to accept greater financial responsibility for the losses that you incur.
- **Depopulate the Residual Market** by encouraging you to obtain coverage in the voluntary market.
- **Provide Fairness** by rewarding those of you with good loss experience with lower premiums while penalizing those employers with poor loss experience with higher premiums. ■

Background

The residual market is intended to serve as the market of last resort. This market ensures the availability of workers compensation and employers liability insurance to all eligible employers required by law to secure this coverage but who are unable to obtain it through other means. (Note: This would include such options as self-insurance.) The residual market is not intended to compete with the voluntary market by allowing employers to avoid various loss sensitive rating plan offers in exchange for guaranteed cost policies.

Among the rating alternatives for the large employer, loss-sensitive rating is the most equitable because it gives you the opportunity to have your insurance costs more directly related to your losses during the policy period. ■

Implementation

We have proposed that in your state, the LSRP be implemented six months from the effective date of regulatory approval. This six months' advance notice is intended to give you time to seek coverage in the voluntary market. (Note: The implementation date may vary by state.) Upon approval, all LSRP-eligible accounts currently in the residual market, their producers or brokers and current assigned carriers will be advised of the approval and implementation dates, as well as the LSRP parameters. ■

Definition of Terms Used in the LSRP Program

Note: Any of the following definitions may vary by state.

Allocated Loss Adjustment Expense

ALAE includes costs associated with specific claims such as defense costs.

Basic Premium

A percentage of the Standard Premium, determined by multiplying the Standard Premium by a Basic Premium Factor. The Basic Premium includes insurance carrier expenses such as acquisition, loss control services, premium audit, producer fees and other general administrative costs. The Basic Premium does not cover premium taxes or claim adjustment expenses. These costs are usually provided for in the Tax Multiplier and Loss Conversion Factor.

Converted Losses

The results of applying the Loss Conversion Factor (LCF) to your Incurred Losses.

Deposit Premium

The deposit you must pay at the time of application or policy renewal. It is comprised of the WCIP Deposit Premium and the LSRP Contingency Deposit Premium.

Incurred Losses

Your losses occurring during the policy period including:

- Losses which have been paid and reserves for losses which are outstanding. Reserves are established to anticipate the insurance company's obligation on claims that have been incurred but have not yet been settled. These reserves must be added to paid claims to establish total Incurred Losses.

Individual Loss Limitation (Loss Cap)

The maximum portion of any loss subject to retrospective rating. There are no Individual Loss Limitations available in the LSRP program.

Loss Conversion Factor (LCF)

A loading to incurred losses to cover Unallocated Loss Adjustment Expenses. In this plan, it is a fixed factor of 1.125.

LSRP Contingency Deposit Premium

It is calculated as 20 percent of your Standard Premium and collected *in addition* to the WCIP Deposit Premium. The LSRP Contingency Deposit Premium must be paid at time of application, or policy renewal, to collateralize any additional premium that may be due the assigned carrier as a result of LSRP valuation activities.

As an alternative to a cash contingency deposit, you may substitute an acceptable, clean, unconditional Irrevocable Letter of Credit (ILOC) containing an automatic renewal clause, drawn on a Federal Reserve bank. The ILOC must be for an amount at least equal to the LSRP 20 percent Contingency Deposit Premium. The cash deposit or ILOC shall be held as collateral until at least the first adjustment. (The retention period may vary by state.)

LSRP Development Premium Factors (RDFs)

This premium element is an additional loading that recognizes the probable increase in value over time of your losses and helps stabilize your premium adjustments. The LSRP Development Premium Factors anticipate a pattern of increasing valuation of your losses after the policy has expired. The factor is included only in the first three annual adjustments and is not included in the fourth and final calculation. The RDFs vary from state to state.

Maximum Premium (Max)

The most premium you will pay under the LSRP program, irrespective of your losses. The Maximum Premium has the effect of placing a limit on the impact of incurred losses on the LSRP premium.

- *Maximum Premium Factor.* A factor that is multiplied by your Standard Premium to determine your Maximum Premium. The Maximum Premium Factor is a fixed factor of 1.75 of Standard Premium.

Minimum Premium (Min)

The least amount of premium you will pay even if you have no losses.

- **Minimum Premium Factor.** A factor that is multiplied by your Standard Premium to determine your Minimum Premium. The Minimum Premium Factor is a fixed factor of 0.75 of Standard Premium.

Standard Premium (SP)

For the purposes of this Plan, Standard Premium means your premium determined on the basis of authorized rates, any experience rating modification, ARAP, assigned risk surcharge programs where appropriate, loss constants where applicable, and Minimum Premiums. Determination of Standard Premium shall exclude:

Premium discount, expense constant (unless it is part of Minimum Premium), premium resulting from the non-ratable element codes in the *Experience Rating Plan Manual*, premium developed under Class Code 7421 (aircraft-related operations), and premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Health and Safety Act.

Tax Multiplier (TM)

This covers licenses, fees, assessments, and taxes that the insurance carrier must pay on the premium they collect. The TM varies from state to state.

Unallocated Loss Adjustment Expenses (ULAE)

General claim adjustment expenses which include the cost of the insurance carrier claim services such as investigation of claims and filing claim reports.

WCIP Deposit (or Initial) Premium

WCIP Deposit Premium is calculated by multiplying your Estimated Annual Premium by the required Deposit Premium percentage. The HLOC option is not available for the WCIP Deposit Premium. ■

Summary of LSRP

>Objective

The principal objective is to create a plan that is appropriate for an employer of your size and will encourage you to seek coverage outside of the residual market and to control your losses.

>Parameters (Factors)

The LSRP is a simple loss sensitive rating plan constructed to be uniformly applied to all eligible employers. The plan parameters which form the basis of the LSRP are not negotiable for two reasons: individually "tailored" plans are available in the voluntary market; and, as the residual market assignment mechanism is random, the "luck of the draw" could determine the type of plan provided by the carrier, thus reducing the chance of fairness.

>Factors

The LSRP factors are:

• Basic Premium Factor (Basic)	0.30
• Loss Conversion Factor (LCF)	1.125
• Tax Multiplier (TM)	Varies by state*
• Retro Development Factors (RDFs)	Varies by state*
• Minimum Factor (Min)	0.75
• Maximum Factor (Max)	1.75

* The tax multiplier (TM) represents the currently approved tax multiplier in your state exclusive of any assigned risk subsidy. Current retrospective development factors (RDFs) are also used. These factors will change with subsequent changes in state rates and rating values. Your insurance advisor, producer, or insurance carrier can provide you with the current information for your state.

Some additional comments on the factors:

- Your policy premium will be adjusted, based on your losses, at intervals beginning six (6) months after the policy expires and at twelve (12) month intervals thereafter to a total of four (4) adjustments.

- The LSRP Development Factors (RDFs) will be used with the first three (3) valuations to reflect the actuarial probability that losses will develop (increase in value) over time. These factors have a proven track record for accuracy and should reduce the likelihood of first valuation return premiums followed by subsequent valuations calling for additional premiums as the losses mature. As is customary in retrospective rating, the RDFs will be applied to premium, thus relieving any additional pressure on loss reserving. The RDFs will not be applied to the fourth and last adjustment.
- Four (4) valuations were selected to allow losses to mature. Removing the RDFs at the fourth adjustment provides a fair and reasonable means of closing out the LSRP for a given policy year.
- The decision not to offer loss caps was based on the desire to avoid any plan negotiations that will, by nature, differ from carrier to carrier. In addition, the 1.75 maximum is relatively low and tends to serve as a loss cap.

>Premium Payments

The following unique payment provisions apply:

LSRP Contingency Deposit Premium (Additional 20 percent)

- The carrier will be required to retain the 20 percent Contingency Deposit Premium and any final audit return premium without interest until the first valuation has been completed and billed. (The time held may vary by state.)

Irrevocable Letter of Credit

- In lieu of the additional 20 percent Contingency Deposit Premium in cash, an acceptable, clean, unconditional Irrevocable Letter of Credit containing an automatic renewal clause, drawn on a Federal Reserve bank can be provided at time of application or policy renewal.

Rating Plan Premium

- Your rating plan premium will be determined after the rating plan period ends (six months after policy expiration). Three additional annual premium adjustment calculations will be made.

Cancellation Provision

- The carrier will have the right to cancel the current assigned risk policy if any additional premiums on either current or prior assigned risk policies are not paid as required. The dispute resolution procedure in your state's Workers Compensation Insurance Plan (WCIP) applies to legitimate premium disputes. *Your insurance advisor, producer, or insurance carrier can provide you with the current information for your state.*

>Premium Variation

To accommodate premium increases while avoiding costly cancellations and rewrites within the policy period, a time frame of 120 days was established to retroactively convert a guaranteed cost policy to the LSRP and visa versa.

If after the first 120 days of the coverage term it is determined that you qualify for the LSRP, the current policy shall not be affected, but the LSRP will apply at renewal.

If your premium falls below the premium threshold during the policy period, the same 120-day determination period applies. In this instance, when the premium falls below the threshold, a retroactive conversion to guaranteed cost would result.

Since depopulation is a major goal of the LSRP, a release clause also applies. If you obtain coverage in the voluntary market within 120 days of policy inception, your premium would be calculated based on guaranteed cost.

120 DAYS FROM EFF DATE

>Multistate

The LSRP will apply to an employer with multistate operations when the total premium of all requested states that have approved LSRP meets the eligibility requirement for the LSRP state generating the largest premium. (This provision may vary by state.) ■

Impact on Your Workers Compensation Costs

The ultimate impact of the LSRP will depend on your losses over time. However, with good loss experience an individual employer's final premium is typically less than standard; it is more than standard with poor loss experience. ■

LSRP Calculation: Example

Illustrative Values

Standard Premium (SP)	=	\$339,000
Incurred Loss 1st Valuation	=	254,250
Incurred Loss 2nd Valuation	=	271,200
Incurred Loss 3rd Valuation	=	305,100
Incurred Loss 4th Valuation	=	339,000

LSRP Factors

Basic	=	0.30
Minimum	=	0.75 or \$254,250 (\$339,000 × 0.75 = \$254,250 minimum premium)
Maximum	=	1.75 or \$593,250 (\$339,000 × 1.75 = \$593,250 maximum premium)

Loss Conversion

Factor (LCF)	=	1.125
Tax (Tax Multiplier)	=	1.126*

Retrospective

Development		
Factors (RDFs)	=	1st Adjustment 0.31*
	=	2nd Adjustment 0.21*
	=	3rd Adjustment 0.15*
	=	4th Adjustment 0.00

* Values shown here are for illustration only and are not necessarily the values in your state.

Formula

LSRP Premium (LSRP) =

$$\text{Tax} [(\text{Basic} \times \text{SP}) + (\text{RDF} \times \text{LCF} \times \text{SP}) + (\text{LCF} \times \text{Incurred Losses})]$$

LSRP PREMIUM CALCULATIONS:

1st Adjustment

$$\text{LSRP} = 1.126 [(.30 \times 339,000) + (.31 \times 1.125 \times 339,000) + (1.125 \times 254,250)]$$

$$\text{LSRP} = 1.126 [101,700 + 118,226 + 286,031]$$

$$\text{LSRP} = 1.126 [505,957]$$

$$\text{LSRP} = 569,708$$

$$\text{Additional Premium (AP)} = \$162,908 [569,708 - 339,000 - 20\% \text{ LSRP Contingency Deposit Premium}]$$

2nd Adjustment

$$\text{LSRP} = 1.126 [(.30 \times 339,000) + (.21 \times 1.125 \times 339,000) + (1.125 \times 271,200)]$$

$$\text{LSRP} = 1.126 [101,700 + 80,089 + 305,100]$$

$$\text{LSRP} = 1.126 [486,889]$$

$$\text{LSRP} = 548,237$$

$$\text{Return Premium (RP)} = \$21,471 [569,708 - 548,237]$$

3rd Adjustment

$$\text{LSRP} = 1.126 [(.30 \times 339,000) + (.21 \times 1.125 \times 339,000) + (1.125 \times 305,100)]$$

$$\text{LSRP} = 1.126 [101,700 + 57,206 + 343,238]$$

$$\text{LSRP} = 1.126 [502,144]$$

$$\text{LSRP} = 565,414$$

$$\text{Additional Premium (AP)} = \$17,177 [565,414 - 548,237]$$

4th Adjustment

$$\text{LSRP} = 1.126 [(.30 \times 339,000) + (.0 \times 1.125 \times 339,000) + (1.125 \times 339,000)]$$

$$\text{LSRP} = 1.126 [101,700 + 0 + 381,375]$$

$$\text{LSRP} = 1.126 [483,075]$$

$$\text{LSRP} = 534,942$$

$$\text{Return Premium (RP)} = \$30,472 [565,414 - 534,942]$$

Questions & Answers

Q How will I know that I am eligible for the LSRP?

A If you are a new applicant to the assigned risk plan, the application will have the following language in the "Employer Signature Section":

By signing below I acknowledge that the Loss Sensitive Rating Plan has been explained to me or that an explanatory notice or brochure has been provided to me and I agree that I shall be bound by the terms of such plan if my estimated annual premium or preliminary physical audit premium meets or exceeds the premium eligibility requirement.

When the binder is issued, the following language will be noted advising you that this is a mandatory program and it will be applicable to your policy:

Coverage is being bound subject to your signed statement acknowledging and agreeing to the terms of the Loss Sensitive Rating Plan in the event that your estimated annual premium or preliminary physical audit premium meets or exceeds the premium eligibility requirement.

If you are already insured in an assigned risk plan, similar language will be on renewal quotes with estimated annual premium of \$150,000 or greater, advising you that the program may be applicable.

In addition, the assigned carrier will perform a preliminary audit within 120 days of inception for all renewal policies and new applications whose estimated annual premium exceeds \$150,000.

Q If I have operations in more than one state, will LSRP apply?

A The LSRP has been designed to accommodate the large assigned risk employer who has operations in several states. The plan provides for a multistate policy when the estimated aggregate (total of all states having approved LSRP) annual standard premium meets the premium eligibility requirement for the LSRP state generating the largest premium.

Q What loss control services will carriers be required to offer under the LSRP?

A Although it may vary by state, under the current performance standards, servicing carriers are required to notify the policyholder and producer, in writing, within 90 calendar days of receipt of assignment, of available loss control services and safety information, including instructions on how to obtain these services and information.

Servicing carriers are required to provide a minimum of one consulting survey annually for each single location to any policyholder with an estimated annual premium greater than \$25,000.

Direct assignment carriers must adhere to any and all requirements as set forth by the state in which they are writing assigned risk business.

Contact your carrier or insurance advisor for more information or to arrange for loss control services.

Q If I am determined to be eligible for the LSRP during the first 120 days of the policy term, how much time am I given to provide the additional deposit/LOC?

A The carrier will usually give an insured 30 days to obtain any additional premium or appropriate LOC needed to continue the policy in force. This will also be true for any additional premium resulting from any of the four annual adjustments.

Q Do premium discounts apply when determining eligibility?

A By definition, Standard Premium does not include the premium discount; therefore, no discounts would be used in determining LSRP eligibility.

Q Is the 20 percent Contingency Deposit Premium for LSRP calculated from the total Standard Premium only in those states that approved the LSRP, or from the entire policy premium, regardless of the LSRP approvals? Will this require more than one policy?

A The 20 percent LSRP Contingency Deposit premium is calculated from the Standard Premium from those states that have approved LSRP. If the assigned risk employer requests coverage in a state where the LSRP has been approved and requires coverage in one or more states where LSRP has not been approved, the assigned carrier shall combine the LSRP states on one policy and then issue a guaranteed cost policy for those states where LSRP has not been approved, in accordance with all WCIP rules and regulations. It may not always be possible for a single carrier to provide coverages for all requested states; additional applications will then be necessary. ■

Travelers

WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 17 (00)

POLICY NUMBER: (R6EJUB-9560A28-5-03)

ASSIGNED RISK LOSS SENSITIVE RATING PLAN
NOTIFICATION ENDORSEMENT

This endorsement is issued because you may qualify to have the cost of your insurance subject to the assigned risk mandatory Loss Sensitive Rating Plan (LSRP).

Eligibility:

1. Your insurance is written under Workers Compensation Insurance Plan (WCIP) in a state which has adopted the Loss Sensitive Rating Plan (LSRP).
2. The LSRP shall apply to an individual assigned risk policy if the total annual estimated Standard Premium or preliminary physical audit premium equals or exceeds the amount noted in the schedule.
3. A decrease in premium during the first 120 days of coverage which results in the premium falling below the LSRP premium eligibility threshold, shall result in the conversion of the policy to a guaranteed cost policy, retroactive to policy inception.
4. An increase in premium during the first 120 days of coverage which qualifies an employer for the LSRP shall result in the retroactive application of the LSRP to policy inception.
5. After the first 120 days of the coverage term, if it is determined that an employer qualifies for LSRP, the policy shall not be changed until renewal.
6. Notwithstanding, anything above to the contrary, any attempt to avoid the application of the LSRP arising from a misrepresentation or omission by you, your agent, employees, officers or directors shall result in the pro rata application of LSRP from the date upon which it would have applied had such misrepresentation or omission not been made.
7. The LSRP will apply on an interstate basis when the estimated aggregate (total of all states having approved LSRP) annual standard premium meets the premium eligibility requirement for the LSRP state generating the largest premium.

This plan will adjust your premium for this insurance based upon the losses incurred during the period covered by this insurance.

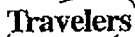
This endorsement applies in the states listed in the schedule below.

SCHEDULE

STATE	PREMIUM ELIGIBILITY
Alabama	\$200,000
Alaska	\$200,000
Connecticut	\$200,000
District of Columbia	\$200,000
Georgia	\$200,000
Idaho	\$200,000
Illinois	\$200,000
Indiana	\$100,000
Kansas	\$200,000
Nevada	\$200,000
New Hampshire	\$175,000
North Carolina	\$200,000
South Dakota	\$200,000

DATE OF ISSUE: 03-01-04 ST ASSIGN: SC APPELLANT ROA 00541

(Rev. 03-03)



WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY

CHANGE DOCUMENT WC 99 99 98 (00)

POLICY NUMBER: (R6EJUB-9560A28-5-03)

CHANGE EFFECTIVE DATE: 11-07-03

NCCI CO CODE: 13579

INSURER: THE TRAVELERS INDEMNITY COMPANY OF ILLINOIS

INSURED'S NAME: ARD TRUCKING COMPANY INC

This change is issued by that member of The Travelers Insurance Companies which issued the policy and forms a part of the policy. It is agreed that the policy is amended as follows:

An absence of an entry in the premium spaces below means that the premium adjustment, if any, will be made at time of audit.

ADDITIONAL PREMIUM \$ NIL
ADDITIONAL NON-PREMIUM \$ NIL

RETURN PREMIUM \$ 52116
RETURN NON-PREMIUM \$ NIL

THE POLICY CHANGE DESCRIPTION IS AS FOLLOWS:
APPROVED LETTER OF CREDIT RECEIVED

THE FOLLOWING ENDORSEMENT(S) IS ADDED:
WC89061400-01 POLICY INFORMATION PAGE ENDORSEMENT
WC99999800-01 CHANGE DOCUMENT

THE INFO PAGE SCHEDULE(S) ATTACHED REPLACE THOSE ON THE POLICY.

DATE OF ISSUE: 07-27-04
POL. EFF. DATE: 11-07-03
OFFICE: ORLANDO
PRODUCER: MICHAEL P HAIR & ASSOC

GS CHANGE NO: 002
POL. EXP. DATE: 11-07-04
870

PAGE 001 OF LAST
26XSD

APPELLANT ROA 00542

COUNTERSIGNED AGENT

ST PAUL
TRAVELERS
THE TRAVELERS
P.O. BOX 96359
CHICAGO IL 60693-6359

00444

FINAL PREMIUM BILL

ASSIGNED RISK-WORKERS' COMPENSATION INSURANCE

Date of Bill: 02/09/05

Policy Number: 9560A285

DIRECT INQUIRIES TO:

THE TRAVELERS
P.O. BOX 3556
ORLANDO FL 32802-3556

1-800-443-4404
1-800-247-7218 (FL)

ARD TRUCKING COMPANY INC
PO BOX 504
DARLINGTON SC 29540

pl
2-22-05
55995

Amount Due	\$29,245.00
Date Due	02/24/05

THE TRAVELERS INDEMNITY COMPANY OF ILLINOIS

PRODUCER: MICHAEL P HAIR & ASSOC

PAGE 1 OF 1

PREMIUM

DESCRIPTION			
POLICY PERIOD	EFFECTIVE DATE 11/07/03	EXPIRATION DATE 11/07/04	
FINAL AUDIT	VOUCHER DATE 01/06/05		\$29,245.00
	TOTAL AMOUNT DUE		\$29,245.00

** PLEASE PAY BY THE "DATE DUE" OR THIS ACCOUNT MAY BE REFERRED TO COLLECTIONS. **

SEE REVERSE SIDE FOR MORE INFORMATION
TO ENSURE YOUR PAYMENT IS PROPERLY APPLIED, detach the return payment stub and mail to the return address below.

APPELLANT ROA 00543



Baldwin Park
2420 Lakemont Ave
Orlando, Florida 32814

Peggy Sterling
Residual Markets Division
(800) 443-4404 Ext. 83006
(877) 634-3710

July 21, 2005

Ard's Trucking Company Inc.
Allen Ard
P O Box 504
Darlington, SC 29540

**WORKERS COMPENSATION
LOSS SENSITIVE RATING PLAN CALCULATION**

Policy Number: R6EJUB 9560A285
Policy Period: 11/07/2003 - 11/07/2004

Valuation Adjustment #: 1

Dear Mr. Ard:

Per our conversation I am forwarding you a second request bill for the amount owed of \$175,064 which was due on August 17, 2005. I have documented your dispute as to the additional LSRP premium being billed. The billing process will continue until we receive notification from the state of South Carolina to discontinue or revise our billing or LSRP process..

Please remit \$175,064 on or before August 31, 2005 to:

St. Paul Travelers
P O Box 3556
Orlando, FL 32802

In addition, when coverage was bound, a Letter of Credit was established in the amount of \$52,116. If you choose not to make this payment, we will draw the entire amount of the Letter of Credit which would result in a reduction in the amount owed to \$122,948.

If you have questions regarding these calculations, please contact me or your producer.

Sincerely,

Peggy Sterling
Financial Specialist III

cc: Michael P Hair & Associates
7422 Carmel Executive Park # 204
Charlotte, NC 28247

STATE OF SOUTH CAROLINA
COUNTY OF DARLINGTON

IN THE COURT OF COMMON PLEAS
FOR THE
FOURTH JUDICIAL CIRCUIT

ARD TRUCKING COMPANY, INC.

C/A 2010-CP-16-0435

PLAINTIFF,

VERSUS

TRAVELERS PROPERTY CASUALTY
COMPANY OF AMERICA, D/B/A THE
TRAVELERS INDEMNITY COMPANY OF
ILLINOIS.

DEFENDANT.

AFFIDAVIT OF HARRY BROWN
IN SUPPORT OF PLAINTIFF'S
MOTION FOR
SUMMARY JUDGMENT

Personally appeared before me, Harry Brown, who after first being duly sworn and states as follows:

1. My name is Harry Brown and I am currently 66 years old. I became employed with Ard Trucking Company (ATC) in 1994 and I retired from there earlier this year. While employed at ATC, I held various positions including Safety Director, General Manager and Vice President. I am currently employed at Florence/Darlington Technical College as Truck Driver Trainer instructor.

2. In 2003, I was ATC's Safety Director. One responsibility of this position was to coordinate liability and workers compensation insurance compliance. ATC's President Allen Ard and I worked closely together to secure required corporate insurance coverage. Securing required insurance is very important task due to the high cost of insurance in the trucking industry, which is considered a high risk and involves the "assigned risk" insurance market. As a result, insurance rates are significantly higher up for the trucking industry.

3. I recall many discussions with Allen Ard, during the fall of 2003 and at other times, concerning ATC's effort to secure the best and most economical insurance for ATC for upcoming year.

4. In late 2003, ATC was contacted by Michael Hair & Associates (Hair Agency) located in Charlotte about ATC's workers compensation coverage for the upcoming coverage year beginning November 7, 2003. The Hair Agency agent we talked to was Gary Usher. At that time, I had never heard of Loss Sensitive Rating Plan (LSRP) provisions in workers compensation insurance, and LSRP was not discussed at any time with Mr. Usher to my recollection. In fact, I only recently became aware of what LSRP is about.

5. Mr. Usher was able to secure workers compensation insurance for ATC beginning November 7, 2003 through Travelers Insurance Company (Travelers). The original Travelers policy dated December 1, 2003 was delivered to our Safety Department. I always reviewed ATC's insurance policies to assure that the coverage included was what ATC required and I filed all policies in the Safety Department office. Travelers reorganized in early 2004 and issued a replacement policy dated March 1, 2004, which I also reviewed and filed.

6. I have carefully reviewed the original Travelers policy issued on December 1, 2003, as well as the Travelers replacement policy issued on March 1, 2004. Neither of these policies includes LSRP provisions which would have applied to ATC. In fact, the LSRP coverage endorsement under both of these policies specifically omits South Carolina from the list of states where LSRP provisions were applicable.

7. During my deposition on April 26, 2014, I was informed that after Travelers insured ATC in November of 2003, Travelers mailed ATC a brochure entitled "Loss Sensitive Rating Plan." I cannot recall receiving and reviewing this document, however, I have no reason to doubt that Travelers sent it ATC. This document would have been forwarded to me, ATC's Safety Director to review. In looking over the brochure during my deposition, the brochure appears to have been intended to explain how the LSRP provisions operate whenever a policy includes LSRP requirements. However, since the original and replacement Travelers insurance policies on file in the ATC's Safety Department excluded South Carolina from compliance with LSRP. As a result, the brochure regarding LSRP was not applicable to ATC and I would have discarded it as being inapplicable to ATC and, therefore, unnecessary to review or maintain.

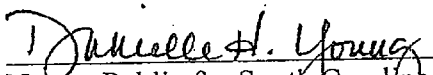
8. I do not recall anyone ever informing ATC that the "proposed implementation" of LSRP in South Carolina, which is indicated in the LSRP brochure, was ever approved. Also, no one ever "advised" ATC of any "approval and implementation dates (for LSRP in South Carolina), as well as the LSRP parameters."

9. During the entire time Travelers workers compensation coverage was in force (November 7, 2003 - November 7, 2004), I do not recall being informed by anyone from the Hair Agency or from Travelers that LSRP applied to the Travelers insurance policy or that the policy issued to ATC had been amended to include LSRP provisions. To the contrary, the original and replacement Travelers policy clearly state that LSRP did not apply to South Carolina insureds such as ATC.

10. I have read the foregoing affidavit, as well as the documents attached. Upon information and belief, all information stated herein is true and correct to the best of my knowledge, information and belief.


Harry Brown

SWORN TO and subscribed before me
this 12 day of December, 2014.

 (L.S.)
Notary Public for South Carolina
My Commission Expires: 11-07-2021



**South Carolina
Department of Insurance**

Capitol Center
1201 Main Street, Suite 1000
Columbia, South Carolina 29201

NICKI R. HALEY
Governor

RAYMOND G. FARMER
Director

Mailing Address:
P.O. Box 100105, Columbia, S.C. 29202-3105
Telephone: (803) 737-6160

June 24, 2014

Phillip Ferderigos
Barnwell Whaley Patterson & Helms, LLC
288 Meeting Street, Suite 200
Charleston, SC 29401

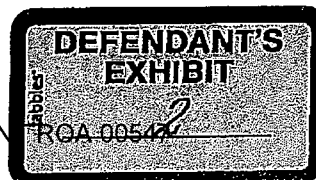
To Whom It May Concern:

This letter is provided in response to your inquiry as to the history of the Loss Sensitive Rating Program (LSRP). Initially the LSRP was implemented as part of the WC Insurance Plan and was administered by the National Council on Compensation Insurance (NCCI) from March 1, 1994 until May 1, 2000 for policies effective September 1, 1994 and later. Between May 1, 2000 and May 1, 2003, NCCI did not administer the assigned risk mechanism and it is unclear if the LSRP was mandated during that period. The NCCI again administered the WC Insurance Plan and the LSRP in South Carolina as of May 1, 2003 for policies effective on November 1, 2003 and after. The Loss Sensitive Rating Program is set forth in the attached NCCI brochure and the attached approved item filing (including plan documents) provided by the NCCI.

Willie L. Davis, Jr., FCAS; MAAA

P&C Actuary

APPELLANT



SCDOI 0001



The Loss Sensitive Rating Plan (LSRP)

An employer's guide to
the mandatory assigned risk
retrospective rating program

Retrospective rating is a method of pricing insurance which determines your final workers compensation premium after the policy period has ended, based on your actual losses during the policy period.

Pictorial, Inc.

This pamphlet has been created to help you understand the concept and details of the Loss Sensitive Rating Plan (LSRP). You are encouraged to read this material and discuss it with your producer, broker, assigned insurer or an NCCL, Inc. customer service representative. ■

Purpose

The purpose of the assigned risk mandatory Loss Sensitive Rating Plan (LSRP) is to provide a retrospective rating plan for those employers who have an assigned risk workers compensation insurance premium of \$200,000 or more. (Note: The premium threshold amount may vary by state.) The LSRP is designed to:

- Promote Safety and Loss Control by requiring you to accept greater financial responsibility for the losses that you incur.
- Depopulate the Residual Market by encouraging you to obtain coverage in the voluntary market.
- Provide Fairness by rewarding those of you with good loss experience with lower premiums while penalizing those employers with poor loss experience with higher premiums. ■

Background

The residual market is intended to serve as the market of last resort. This market ensures the availability of workers compensation and employers liability insurance to all eligible employers required by law to secure this coverage but who are unable to obtain it through other means. (Note: This would include such options as self-insurance.) The residual market is not intended to compete with the voluntary market by allowing employers to avoid various loss sensitive rating plan offers in exchange for guaranteed cost policies.

Among the rating alternatives for the large employer, loss-sensitive rating is the most equitable because it gives you the opportunity to have your insurance costs more directly related to your losses during the policy period. ■

Implementation

We have proposed that in your state, the LSRP be implemented six months from the effective date of regulatory approval. This six months' advance notice is intended to give you time to seek coverage in the voluntary market. (Note: The implementation date may vary by state.) Upon approval, all LSRP-eligible accounts currently in the residual market, their producers or brokers and current assigned carriers will be advised of the approval and implementation dates, as well as the LSRP parameters. ■

Definition of Terms Used in the LSRP Program

Note: Any of the following definitions may vary by state.

Allocated Loss Adjustment Expense

ALAE includes costs associated with specific claims such as defense costs.

Basic Premium

A percentage of the Standard Premium, determined by multiplying the Standard Premium by a Basic Premium Factor. The Basic Premium includes insurance carrier expenses such as acquisition, loss control services, premium audit, producer fees and other general administrative costs. The Basic Premium does not cover premium taxes or claim adjustment expenses. These costs are usually provided for in the Tax Multiplier and Loss Conversion Factor.

Converted Losses

The results of applying the Loss Conversion Factor (LCF) to your Incurred Losses.

Deposit Premium

The deposit you must pay at the time of application or policy renewal. It is comprised of the WCIP Deposit Premium and the LSRP Contingency Deposit Premium.

Incurred Losses

Your losses occurring during the policy period including:

- Losses which have been paid and reserves for losses which are outstanding. Reserves are established to anticipate the insurance company's obligation on claims that have been incurred but have not yet been settled. These reserves must be added to paid claims to establish total Incurred Losses.

Individual Loss Limitation (Loss Cap)

The maximum portion of any loss subject to retrospective rating. There are no Individual Loss Limitations available in the LSRP program.

Loss Conversion Factor (LCF)

A loading to incurred losses to cover Unallocated Loss Adjustment Expenses. In this plan, it is a fixed factor of 1.125.

LSRP Contingency Deposit Premium

It is calculated as 20 percent of your Standard Premium and collected *in addition to* the WCIP Deposit Premium. The LSRP Contingency Deposit Premium must be paid at time of application, or policy renewal, to collateralize any additional premium that may be due the assigned carrier as a result of LSRP valuation activities.

As an alternative to a cash contingency deposit, you may substitute an acceptable, clean, unconditional Irrevocable Letter of Credit (ILOC) containing an automatic renewal clause, drawn on a Federal Reserve bank. The ILOC must be for an amount at least equal to the LSRP 20 percent Contingency Deposit Premium. The cash deposit or ILOC shall be held as collateral until at least the first adjustment. (The retention period may vary by state.)

LSRP Development Premium Factors (RDFs)

This premium element is an additional loading that recognizes the probable increase in value over time of your losses and helps stabilize your premium adjustments. The LSRP Development Premium Factors anticipate a pattern of increasing valuation of your losses after the policy has expired. The factor is included only in the first three annual adjustments and is not included in the fourth and final calculation. The RDFs vary from state to state.

Maximum Premium (Max)

The most premium you will pay under the LSRP program, irrespective of your losses. The Maximum Premium has the effect of placing a limit on the impact of incurred losses on the LSRP premium.

- *Maximum Premium Factor.* A factor that is multiplied by your Standard Premium to determine your Maximum Premium. The Maximum Premium Factor is a fixed factor of 1.75 of Standard Premium.

Minimum Premium (Min)

The least amount of premium you will pay even if you have no losses.

- **Minimum Premium Factor.** A factor that is multiplied by your Standard Premium to determine your Minimum Premium. The Minimum Premium Factor is a fixed factor of 0.75 of Standard Premium.

Standard Premium (SP)

For the purposes of this Plan, Standard Premium means your premium determined on the basis of authorized rates, any experience rating modification, ARAP, assigned risk surcharge programs where appropriate, loss constants where applicable, and Minimum Premiums. Determination of Standard Premium shall exclude:

Premium discount, expense constant (unless it is part of Minimum Premium), premium resulting from the non-ratable element codes in the *Experience Rating Plan Manual*, premium developed under Class Code 7421 (aircraft-related operations), and premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Health and Safety Act.

Tax Multiplier (TM)

This covers licenses, fees, assessments, and taxes that the insurance carrier must pay on the premium they collect. The TM varies from state to state.

Unallocated Loss Adjustment Expenses (ULAE)

General claim adjustment expenses which include the cost of the insurance carrier claim services such as investigation of claims and filing claim reports.

WCIP Deposit (or Initial) Premium

WCIP Deposit Premium is calculated by multiplying your Estimated Annual Premium by the required Deposit Premium percentage. The ILOC option is not available for the WCIP Deposit Premium. ■

Summary of LSRP

>Objective

The principal objective is to create a plan that is appropriate for an employer of your size and will encourage you to seek coverage outside of the residual market and to control your losses.

>Parameters (Factors)

The LSRP is a simple loss sensitive rating plan constructed to be uniformly applied to all eligible employers. The plan parameters which form the basis of the LSRP are not negotiable for two reasons: individually "tailored" plans are available in the voluntary market; and, as the residual market assignment mechanism is random, the "luck of the draw" could determine the type of plan provided by the carrier, thus reducing the chance of fairness.

>Factors

The LSRP factors are:

• Basic Premium Factor (Basic)	0.30
• Loss Conversion Factor (LCF)	1.125
• Tax Multiplier (TM)	Varies by state*
• Retro Development Factors (RDFs)	Varies by state*
• Minimum Factor (Min)	0.75
• Maximum Factor (Max)	1.75

* The tax multiplier (TM) represents the currently approved tax multiplier in your state exclusive of any assigned risk subsidy. Current retrospective development factors (RDFs) are also used. These factors will change with subsequent changes in state rates and rating values. Your insurance advisor, producer, or insurance carrier can provide you with the current information for your state.

Some additional comments on the factors:

- Your policy premium will be adjusted, based on your losses, at intervals beginning six (6) months after the policy expires and at twelve (12) month intervals thereafter to a total of four (4) adjustments.

- The LSRP Development Factors (RDFs) will be used with the first three (3) valuations to reflect the actuarial probability that losses will develop (increase in value) over time. These factors have a proven track record for accuracy and should reduce the likelihood of first valuation return premiums followed by subsequent valuations calling for additional premiums as the losses mature. As is customary in retrospective rating, the RDFs will be applied to premium, thus relieving any additional pressure on loss reserving. The RDFs will not be applied to the fourth and last adjustment.
- Four (4) valuations were selected to allow losses to mature. Removing the RDFs at the fourth adjustment provides a fair and reasonable means of closing out the LSRP for a given policy year.
- The decision not to offer loss caps was based on the desire to avoid any plan negotiations that will, by nature, differ from carrier to carrier. In addition, the 1.75 maximum is relatively low and tends to serve as a loss cap.

>Premium Payments

The following unique payment provisions apply:

LSRP Contingency Deposit Premium (Additional 20 percent)

- The carrier will be required to retain the 20 percent Contingency Deposit Premium and any final audit return premium without interest until the first valuation has been completed and billed. (The time held may vary by state.)

Irrevocable Letter of Credit

- In lieu of the additional 20 percent Contingency Deposit Premium in cash, an acceptable, clean, unconditional Irrevocable Letter of Credit containing an automatic renewal clause, drawn on a Federal Reserve bank can be provided at time of application or policy renewal.

Rating Plan Premium

- Your rating plan premium will be determined after the rating plan period ends (six months after policy expiration). Three additional annual premium adjustment calculations will be made.

Cancellation Provision

- The carrier will have the right to cancel the current assigned risk policy if any additional premiums on either current or prior assigned risk policies are not paid as required. The dispute resolution procedure in your state's Workers Compensation Insurance Plan (WCIP) applies to legitimate premium disputes. *Your insurance advisor, producer, or insurance carrier can provide you with the current information for your state.*

>Premium Variation

To accommodate premium increases while avoiding costly cancellations and rewrites within the policy period, a time frame of 120 days was established to retroactively convert a guaranteed cost policy to the LSRP and visa versa.

If after the first 120 days of the coverage term it is determined that you qualify for the LSRP, the current policy shall not be affected, but the LSRP will apply at renewal.

If your premium falls below the premium threshold during the policy period, the same 120-day determination period applies. In this instance, when the premium falls below the threshold, a retroactive conversion to guaranteed cost would result.

Since depopulation is a major goal of the LSRP, a release clause also applies. If you obtain coverage in the voluntary market within 120 days of policy inception, your premium would be calculated based on guaranteed cost.

120 DAYS FROM EFF DATE

>Multistate

The LSRP will apply to an employer with multistate operations when the total premium of all requested states that have approved LSRP meets the eligibility requirement for the LSRP state generating the largest premium. (This provision may vary by state.) ■

Impact on Your Workers Compensation Costs

The ultimate impact of the LSRP will depend on your losses over time. However, with good loss experience an individual employer's final premium is typically less than standard; it is more than standard with poor loss experience. ■

LSRP Calculation: Example

Illustrative Values

Standard Premium (SP)	=	\$339,000
Incurred Loss 1st Valuation	=	254,250
Incurred Loss 2nd Valuation	=	271,200
Incurred Loss 3rd Valuation	=	305,100
Incurred Loss 4th Valuation	=	339,000

LSRP Factors

Basic	=	0.30
Minimum	=	0.75 or \$254,250 (\$339,000 × 0.75 = \$254,250 minimum premium)
Maximum	=	1.75 or \$593,250 (\$339,000 × 1.75 = \$593,250 maximum premium)

Loss Conversion

Factor (LCF)	=	1.125
Tax (Tax Multiplier)	=	1.126*

Retrospective

Development		
Factors (RDFs)	=	1st Adjustment 0.31*
	=	2nd Adjustment 0.21*
	=	3rd Adjustment 0.15*
	=	4th Adjustment 0.00

* Values shown here are for illustration only and are not necessarily the values in your state.

Formula

LSRP Premium (LSRP) =

Tax [(Basic × SP) + (RDF × LCF × SP) + (LCF × Incurred Losses)]

LSRP PREMIUM CALCULATIONS:

1st Adjustment

$$\text{LSRP} = 1.126 [(0.30 \times 339,000) + (0.31 \times 1.125 \times 339,000) + (1.125 \times 254,250)]$$

$$\text{LSRP} = 1.126 [101,700 + 118,226 + 286,031]$$

$$\text{LSRP} = 1.126 [505,957]$$

$$\text{LSRP} = 569,708$$

$$\text{Additional Premium (AP)} = \$162,908 [569,708 - 339,000 - 20\% \text{ LSRP Contingency Deposit Premium}]$$

2nd Adjustment

$$\text{LSRP} = 1.126 [(0.30 \times 339,000) + (0.21 \times 1.125 \times 339,000) + (1.125 \times 271,200)]$$

$$\text{LSRP} = 1.126 [101,700 + 80,089 + 305,100]$$

$$\text{LSRP} = 1.126 [486,889]$$

$$\text{LSRP} = 548,237$$

$$\text{Return Premium (RP)} = \$21,471 [569,708 - 548,237]$$

3rd Adjustment

$$\text{LSRP} = 1.126 [(0.30 \times 339,000) + (0.15 \times 1.125 \times 339,000) + (1.125 \times 305,100)]$$

$$\text{LSRP} = 1.126 [101,700 + 57,206 + 343,238]$$

$$\text{LSRP} = 1.126 [502,144]$$

$$\text{LSRP} = 565,414$$

$$\text{Additional Premium (AP)} = \$17,177 [565,414 - 548,237]$$

4th Adjustment

$$\text{LSRP} = 1.126 [(0.30 \times 339,000) + (0.00 \times 1.125 \times 339,000) + (1.125 \times 339,000)]$$

$$\text{LSRP} = 1.126 [101,700 + 0 + 381,375]$$

$$\text{LSRP} = 1.126 [483,075]$$

$$\text{LSRP} = 534,942$$

$$\text{Return Premium (RP)} = \$30,472 [565,414 - 534,942]$$

Questions & Answers

Q How will I know that I am eligible for the LSRP?

A If you are a new applicant to the assigned risk plan, the application will have the following language in the "Employer Signature Section":

By signing below I acknowledge that the Loss Sensitive Rating Plan has been explained to me or that an explanatory notice or brochure has been provided to me and I agree that I shall be bound by the terms of such plan if my estimated annual premium or preliminary physical audit premium meets or exceeds the premium eligibility requirement.

When the binder is issued, the following language will be noted advising you that this is a mandatory program and it will be applicable to your policy:

Coverage is being bound subject to your signed statement acknowledging and agreeing to the terms of the Loss Sensitive Rating Plan in the event that your estimated annual premium or preliminary physical audit premium meets or exceeds the premium eligibility requirement.

If you are already insured in an assigned risk plan, similar language will be on renewal quotes with estimated annual premium of \$150,000 or greater, advising you that the program may be applicable.

In addition, the assigned carrier will perform a preliminary audit within 120 days of inception for all renewal policies and new applications whose estimated annual premium exceeds \$150,000.

Q If I have operations in more than one state, will LSRP apply?

A The LSRP has been designed to accommodate the large assigned risk employer who has operations in several states. The plan provides for a multistate policy when the estimated aggregate (total of all states having approved LSRP) annual standard premium meets the premium eligibility requirement for the LSRP state generating the largest premium.

Q What loss control services will carriers be required to offer under the LSRP?

A Although it may vary by state, under the current performance standards, servicing carriers are required to notify the policyholder and producer, in writing, within 90 calendar days of receipt of assignment, of available loss control services and safety information, including instructions on how to obtain these services and information.

Servicing carriers are required to provide a minimum of one consulting survey annually for each single location to any policyholder with an estimated annual premium greater than \$25,000.

Direct assignment carriers must adhere to any and all requirements as set forth by the state in which they are writing assigned risk business.

Contact your carrier or insurance advisor for more information or to arrange for loss control services.

Q If I am determined to be eligible for the LSRP during the first 120 days of the policy term, how much time am I given to provide the additional deposit/LOC?

A The carrier will usually give an insured 30 days to obtain any additional premium or appropriate LOC needed to continue the policy in force. This will also be true for any additional premium resulting from any of the four annual adjustments.

Q Do premium discounts apply when determining eligibility?

A By definition, Standard Premium does not include the premium discount; therefore, no discounts would be used in determining LSRP eligibility.

Q Is the 20 percent Contingency Deposit Premium for LSRP calculated from the total Standard Premium only in those states that approved the LSRP, or from the entire policy premium, regardless of the LSRP approvals? Will this require more than one policy?

A The 20 percent LSRP Contingency Deposit premium is calculated from the Standard Premium from those states that have approved LSRP. If the assigned risk employer requests coverage in a state where the LSRP has been approved and requires coverage in one or more states where LSRP has not been approved, the assigned carrier shall combine the LSRP states on one policy and then issue a guaranteed cost policy for those states where LSRP has not been approved, in accordance with all WCIP rules and regulations. It may not always be possible for a single carrier to provide coverages for all requested states; additional applications will then be necessary. ■



National
Council on
Compensation
Insurance, Inc.

Residual Markets

Industry Relations and Services

May 6, 1994

SC-84-01

FLAN-SC-84-1

Page 1 of 1

Contact: James P. Nau, Director 407-897-4553

Technical Contact: Paula Shieks, Residual Market Underwriting 407-897-4331

SOUTH CAROLINA ITEM FILING

~~ITEM 84-01~~ ASSIGNED RISK MANDATORY LOSS SENSITIVE RATING PLAN (LSRP)

The South Carolina Department of Insurance has approved the above-captioned item filing which became effective March 1, 1994, with implementation September 1, 1994, applicable to new and renewal assigned risk business. The assigned risk Loss Sensitive Rating Plan (LSRP) will be mandatory for all assigned risk insureds with standard premium equal to or exceeding \$200,000. The purpose of this plan is to depopulate the residual market, to promote safety and loss control and to provide fairness.

A copy of the filing memorandum and exhibits are attached for your reference.

The following are the factors to be used in the calculation of the LSRP:

Minimum Premium Factor	0.75
Maximum Premium Factor	1.75
Loss Conversion Factor	1.125
Tax Multiplier	1.123
LSRP Development Factors*	
1st Adjustment	.00
2nd Adjustment	.00
3rd Adjustment	.00
4th Adjustment	.00

* Retrospective Development Factors are not applicable in South Carolina.

The assigned carrier will be required to enclose a pamphlet with the new and renewal assigned risk policies of the employers whose premium exceeds \$150,000. The pamphlet provides a technical overview of the program, how it is applicable to the policy and how it affects premium.

The pamphlet, *The Loss Sensitive Rating Plan (LSRP), An Employer's Guide to the Mandatory Assigned Risk Retrospective Rating Program*, can be purchased by contacting NCCI's Order Processing Department at 800-NCCI 1-2-3. Please mention Product Code 2818.



National
Council on
Compensation
Insurance

P.S. # 33 South Carolina
Item Filing

Government, Consumer and
Industry Affairs

File -
M. M. P. R.
R
Roy O. Wood
Director

February 25, 1994

Honorable John G. Richards V
Chief Insurance Commissioner
State of South Carolina
Department of Insurance
1612 Marion Street
Columbia, South Carolina 29201

RECEIVED
P & C

MAR 7 1994

STATE OF SOUTH CAROLINA
DEPARTMENT OF INSURANCE

98471003

APPROVED
PROPERTY
APPROPRIATE

Re. Item 01-SC-94 - Assigned Risk Mandatory Loss Sensitive Rating Plan (LSRP)

Dear Commissioner Richards:

STATE OF SOUTH CAROLINA
DEPARTMENT OF INSURANCE

In accordance with the applicable statutes and regulations of South Carolina, I am filing for your consideration and approval the above-captioned item filing. This item filing is proposed to become effective on March 1, 1994, applicable to new and renewal business in the Workers Compensation Insurance Plan. Once the filing is approved the program will apply, to eligible accounts, with effective dates on or after September 1, 1994.

The purpose of this filing is to create a mandatory assigned risk retrospective rating program for employers having residual market premium equal to or exceeding \$200,000. This rating program, the Loss Sensitive Rating Plan (LSRP), is designed to provide large employers with added financial incentive to promote safety and reduce losses by requiring them to accept greater financial responsibility for the losses they incur. To the extent an assigned risk employer controls losses, there will be a reward through lower premiums.

The LSRP has the added advantage of encouraging the large employer to obtain coverage in the voluntary market by removing the potential financial advantage that guaranteed cost residual market coverage may currently provide.

Included as part of the filing package is a listing of employers from current records identified as potentially being eligible for the LSRP. Any existing WCIP employers identified as being eligible will receive a six month notice of the implementation of LSRP in order to be provided the opportunity to place coverage in the voluntary market. New eligible risks coming into the WCIP on or after the implementation date will be provided a 120 day window of opportunity, after effective date of coverage, to place coverage voluntarily thereby avoiding application of LSRP to the period for which coverage was in effect.

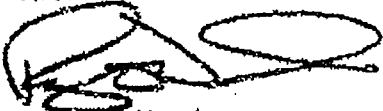
Page 2

Pursuant to the authority of the Plan, NCCI in its capacity as Plan Administrator, is making this filing on behalf of the participating insurers in the Workers' Compensation Insurance Plan in your jurisdiction.

Please contact me if you need additional information.

Respectfully submitted,

NATIONAL COUNCIL ON COMPENSATION INSURANCE



Roy O. Wood
Director
Government, Consumer and Industry Affairs

cc: Executive Director, Workers' Compensation Commission

APR 15 1994
STATE OF SOUTH CAROLINA
DEPARTMENT OF INSURANCE



National
Council on
Compensation
Insurance, Inc.

Residual Markets

Industry Relations and Services

May 6, 1994

SC-94-01

PLAN-SC-94-1

Page 1 of 1

Contact: James H. Nau, Director 407-997-4563

Technical Contact: Paula Shields, Residual Market Underwriting 407-997-4331

SOUTH CAROLINA ITEM FILING

ITEM 01-SC-94--ASSIGNED RISK MANDATORY LOSS SENSITIVE RATING PLAN (LSRP)

The South Carolina Department of Insurance has approved the above-captioned item filing which became effective March 1, 1994, with implementation September 1, 1994, applicable to new and renewal assigned risk business. The assigned risk Loss Sensitive Rating Plan (LSRP) will be mandatory for all assigned risk insureds with standard premium equal to or exceeding \$200,000. The purpose of this plan is to depopulate the residual market, to promote safety and loss control and to provide fairness.

A copy of the filing memorandum and exhibits are attached for your reference.

The following are the factors to be used in the calculation of the LSRP:

Minimum Premium Factor	0.75
Maximum Premium Factor	1.75
Loss Conversion Factor	1.125
Tax Multiplier	1.123
LSRP Development Factors*	
1st Adjustment	.00
2nd Adjustment	.00
3rd Adjustment	.00
4th Adjustment	.00

* Retrospective Development Factors are not applicable in South Carolina.

The assigned carrier will be required to enclose a pamphlet with the new and renewal assigned risk policies of the employers whose premium exceeds \$150,000. The pamphlet provides a technical overview of the program, how it is applicable to the policy and how it affects premium.

The pamphlet, *The Loss Sensitive Rating Plan (LSRP), An Employer's Guide to the Mandatory Assigned Risk Retrospective Rating Program*, can be purchased by contacting NCCI's Order Processing Department at 800-NCCI 1-2-3. Please mention Product Code 2818.

Charlotte should read

Retros plan e. 1201, no

NATIONAL COUNCIL ON COMPENSATION INSURANCE

ITEM 01-SC-94

FILING MEMORANDUM

Item 01-SC-94 Assigned Risk Mandatory Loss Sensitive Rating Plan (LSRP)
To be effective 12:01 A.M., March 1, 1994, applicable to New and Renewal Business

Purpose:

The purpose of this filing is to create a mandatory assigned risk retrospective rating program for employers having residual market premium equal to or exceeding \$200,000. This rating program, the Loss Sensitive Rating Plan (LSRP), is designed to depopulate the residual market, to promote safety and loss-control, and to provide fairness.

Large employers would be encouraged to obtain coverage in the voluntary market since the potential financial advantage that guaranteed cost residual market coverage may currently provide for these employers would be removed. Therefore, the LSRP has the potential for depopulating the residual market and thus reducing the assigned risk burden.

The LSRP would also provide large employers with an added financial incentive to promote safety and reduce losses by requiring them to accept greater financial responsibility for the losses they incur. To the extent an assigned risk employer controls losses, there will be a reward through lower premiums.

The LSRP promotes fairness by rewarding those risks with good loss experience with lower premiums and penalizing those risks with poor loss experience with higher premiums.

Background:

The residual market is intended to serve as the market of last resort. This market ensures the availability of workers compensation and employers liability insurance to all eligible employers required by law to secure this coverage but who are unable to obtain it through the voluntary market. The residual market was not intended to compete with the voluntary market by allowing risks to avoid various loss sensitive rating offers for guaranteed cost policies.

In considering alternatives for the large employer, a loss-sensitive plan is the preferred rating method. Loss-sensitive rating is more equitable because those employers incurring the losses help pay them, and employers affected by the LSRP are large enough that they should have the means to effectively reduce losses.

Proposal:

It is proposed that the attached LSRP be implemented six months from the date of regulatory approval of this program. Upon approval, all LSRP-eligible accounts, the producers and current servicing carriers will be advised of the approval and implementation dates, as well as the LSRP parameters. These large employers will be encouraged to obtain coverage in the voluntary market and the six month advance notice gives them sufficient time to do so.

Summary of the Plan:

To reduce losses, a plan should provide a positive, long-term financial incentive by rewarding excellent performance with reduced cost. However, as this is the residual market, such a plan had to provide this incentive without being competitive with voluntary market loss-sensitive pricing programs. Therefore, the LSRP must be mandatory and contain parameters that are less favorable than typical plans available in the voluntary market.

The following is a summary of LSRP which demonstrates that a mandatory loss sensitive rating plan is appropriate for this size risk and will be effective in reducing employer losses and depopulating the residual market.

Eligibility is established at \$200,000 in standard premium primarily because risks of this size are expected to have a sufficient number of claims to allow loss control programs to be effective. Loss-sensitive plans are also customarily available in the voluntary market for risks of this size.

The LSRP is a simple loss sensitive plan constructed to be uniformly applied to all eligible risks. The "one-set-of-parameters-fits-all" approach was designed to engender a basic premium factor whose impact increases with size of risk. This is appropriate since the larger the risk, the greater the opportunity for finding coverage in the voluntary market. These plan parameters are not negotiable for two reasons: "tailored" or designed plans are available in the voluntary market; and as the residual market assignment mechanism is random, the "luck of the draw" would determine the type of plan provided, thus reducing the chance of fairness.

A principal objective is to create a plan which is not competitive with balanced, voluntary market plans. With the selected 0.75 minimum (low enough to produce a reasonable return), the 1.75 maximum (appropriate for this size risk), and the 1.125 loss conversion factor (LCF), a basic factor for a balanced plan can be calculated. However, unlike traditional retrospective rating plans, LSRP is not intended to be balanced. Therefore, the basic factor was selected to be a fixed 0.30. This is consistent with the goal of the plan to encourage such insureds to find voluntary coverage.

The fixed 0.30 basic factor means the LSRP basic premium factor is higher than it would have been under a balanced plan, with the impact increasing with the size of risk. This occurs for two reasons. First, the expense portion of the basic doesn't take into account the effect of the premium discounts, and second, the fixed basic is in contrast to the fact that the insurance charge should decrease as the risk size increases.

The proposed state tax multiplier for South Carolina will be 1.123. It represents the currently approved tax multiplier exclusive of any assigned risk subsidy. Currently approved retrospective development factors (RDFs) will be used. These factors will change with subsequent changes in rates and rating values. These factors will be published in the state exception pages of the basic manual.

As mentioned above, the factors were selected because they "work" in combination. Some additional comments on the factors however, are appropriate:

- * The RDFs will be used with the first three (3) valuations to reflect loss development. These factors have a proven track record for accuracy and should reduce the likelihood of first valuation return premiums followed by subsequent valuations calling for additional premiums as the losses mature. As is customary in retrospective rating, the RDFs will be applied to premium, thus relieving any additional pressure on loss reserving. The RDFs will not be applied to the fourth and final adjustment.
- * The decision not to offer loss caps was based on the desire to avoid any carrier/insured plan negotiations that will, by nature, differ from carrier to carrier. In addition, the 1.75 maximum is relatively low for this book of business and it tends to serve as a loss cap.
- * Four (4) valuations were selected to allow losses to mature. Removing the RDFs at the fourth adjustment provides a fair and reasonable means of closing out the LSRP for a given policy year.

The LSRP's success will ultimately be determined by the extent to which insureds obtain coverage in the voluntary market and the impact on the employer's losses. The essential elements are present for significant safety improvements and loss reduction to occur-employer motivation to lessen the bottom-line insurance costs and the availability of loss control programs.

Collection problems are to be anticipated, however, several steps have been taken to minimize uncollectibles:

- * An additional 20% LSRP deposit premium is required which will be held without interest until the first adjustment. This is a deviation from the traditional voluntary retro plan, which normally requires collateral to be based upon the difference between incurred losses and ultimate projection of those losses and for the collateral to be held until the retro plan is closed. This is generally a larger amount and held for an indefinite period.
- * The carrier will be required to retain the 20% additional LSRP deposit and any final audit return premium until the first valuation has been completed and billed.
- * Even though the LSRP deposit is preferred, to provide options to an employer, an acceptable, clean, unconditional, Irrevocable Letter of Credit (ILOC) containing an automatic renewal clause, drawn on a bank that is a member of the Federal Reserve and obtained at binding, is satisfactory.
- * The carrier will have the right to cancel the current assigned risk policy if the adjustments are not paid as required. It should be noted that the dispute resolution procedure in the WCIP applies to legitimate premium disputes.

Carriers must be consistent with both the voluntary customers and the LSRP customers in handling claims and collections as applied to cancellations and bankruptcies. In the event of cancellation or bankruptcy, the maximum premium generated under the original LSRP calculation will remain in effect. This will ensure that the reinsurance mechanism is protected for the maximum exposure should subsequent adjustments generate additional premiums.

It is recognized that many factors contribute to premium changes after policy inception, especially audit. To accommodate premium increases, while avoiding costly cancellations and rewrites within the policy period, a time frame of 120 days is considered reasonable to retroactively convert a guaranteed cost policy to the LSRP. If after the 120 days of the coverage term, it is determined that the employer qualifies for the LSRP, the current policy shall not be affected, but LSRP will apply at renewal. A provision has been included to convert the policy pro rata from inception to the LSRP, if at any time it is determined that misrepresentation or omission of pertinent information occurred by the insured, its agent, employees, officers or directors that caused the policy to be improperly written as guaranteed cost.

If the employer's premium falls below the \$200,000 threshold during the policy period, the same 120-day determination period applies. In this instance, when the premium falls below \$200,000, a retroactive conversion to guaranteed cost would result. Since depopulation is a major goal of LSRP, a "release" clause will be available. If voluntary coverage is obtained within 120 days of policy inception, premium would be calculated based on guaranteed cost.

The LSRP has been designed to accommodate the large assigned risk employer when that employer has operations in several states. The plan provides for a multi-state policy when the following conditions exist: 1) when the estimated aggregate (total of all states having approved LSRP) annual standard premium meets the premium eligibility requirement for the LSRP state generating the largest premium; and 2) the assigned carrier is capable of providing service in all requested states. If multi-state coverage is applicable and includes states that have not approved the LSRP, then separate policies will be issued.

Example I:

State A has a premium eligibility threshold of \$250,000.
State B has a premium eligibility threshold of \$200,000.

The application requests coverage in State A and State B. The premium for State A is \$40,000 and the premium for State B is \$160,000. LSRP will apply to this account since the total policy premium meets the eligibility threshold for State B and State B has the largest premium.

Example II:

State A has a premium eligibility threshold of \$250,000.
State B has a premium eligibility threshold of \$200,000.

The application requests coverage in State A and State B. The premium for State A is \$160,000 and the premium for State B is \$40,000. LSRP will not apply to this account since the eligibility threshold for State A is \$250,000 and State A has the largest premium, which does not meet the eligibility requirements.

In order for LSRP to be successful, every employer in the residual market must understand the potential impact of the LSRP on its premium. The following notification methods were selected:

- * Every policy issued in the residual market will carry an endorsement advising that any policy exceeding the eligibility threshold will be eligible for the LSRP.
- * Assigned risk application instructions will be modified to include a statement containing potential applicability of the LSRP and details of the Plan.
- * The WCIP binder additional notice will include a statement regarding the applicability of the LSRP for employers meeting the premium eligibility requirement. Also, assigned carriers' renewal quotes will carry a similar statement.

NATIONAL COUNCIL ON COMPENSATION INSURANCE

ITEM 01-SO-94

- * In addition, a brochure explaining the LSRP will be provided to carriers and producers, and will be made available to employers.

Producer fees are payable in accordance with the South Carolina Producer Fee Schedule subject to the following exceptions:

- * No additional producer fee is payable or return commission chargeable as a result of LSRP valuation activity.
- * Producer fees will not be paid on the LSRP Contingency Deposit Premium.

Impact:

Currently in South Carolina, there are approximately 36 risks with premium of \$200,000 or more. These risks comprise about 0.02% of the policies in the residual market, but make up about 8% of the total premium written.

In South Carolina, the total impact of LSRP on residual market premium is expected to be negligible. The ultimate impact of LSRP, however, will depend on the individual employer's losses over time, the extent to which employers obtain coverage in the voluntary market, and the adequacy of rates at the time LSRP goes into effect. With good loss experience, the employer's final premium is typically less than standard; it is more than standard with poor loss experience.

Implementation:

The attached exhibits illustrate the Basic Manual changes which will be required in order to implement LSRP, the endorsements which will be utilized and the financial reporting procedures required to track the program. Additionally, either the NCCI application or ACORD 133 application, whichever is appropriate, shall be modified to contain a statement of applicant acknowledgement of the LSRP. Approval of this program constitutes approval of any necessary application or instruction changes.

Conclusion:

The LSRP is expected to provide large employers with the incentive to seek coverage in the voluntary market, to improve safety, and reduce losses.

The attached example illustrates the method of determining the retrospective premium for each of four adjustments for an average-size risk with losses determined by an average expected loss ratio.

LSRP CALCULATION EXAMPLE

$$\text{Retro Premium(RP)} = \text{Tax}[(\text{Basic} \times \text{SP}) + (\text{RDF} \times \text{LCF} \times \text{SP}) + \text{LCF} \times \text{Insured Loss}]$$

Standard Premium (SP)	=	339,000
Expected Losses (SP x LR)	=	339,000
Incurred Loss 1st Valuation	=	254,250
Incurred Loss 2nd Valuation	=	271,200
Incurred Loss 3rd Valuation	=	305,100
Incurred Loss 4th Valuation	=	339,000

Retrospective Development Factors (RDF)	1st Adjustment	0.31
	2nd Adjustment	0.21
	3rd Adjustment	0.15
	4th Adjustment	0.00

Basic	=	0.30		
Minimum	=	0.75	or	\$254,250 (minimum premium)
Maximum	=	1.75	or	\$593,250 (maximum premium)
Loss Conversion Factor (LCF)	=	1.125		
Tax (Tax Multiplier)	=	1.125		

1st Adjustment

$$\begin{aligned} \text{RP} &= 1.126[(.30 \times 339,000) + (.31 \times 1.125 \times 339,000) + (1.125 \times 254,250)] \\ \text{RP} &= 1.126[101,700 + 118,226 + 286,031] \\ \text{RP} &= 1.126[505,957] \\ \text{RP} &= 567,708 \end{aligned}$$

2nd Adjustment

$$\begin{aligned} \text{RP} &= 1.126[(.30 \times 339,000) + (.21 \times 1.125 \times 339,000) + (1.125 \times 271,200)] \\ \text{RP} &= 1.126[101,700 + 80,089 + 306,100] \\ \text{RP} &= 1.126[486,889] \\ \text{RP} &= 548,237 \end{aligned}$$

3rd Adjustment

$$\begin{aligned} \text{RP} &= 1.126[(.30 \times 339,000) + (.15 \times 1.125 \times 339,000) + (1.125 \times 305,100)] \\ \text{RP} &= 1.126[101,700 + 57,206 + 343,238] \\ \text{RP} &= 1.126[502,144] \\ \text{RP} &= 565,414 \end{aligned}$$

4th Adjustment

$$\begin{aligned} \text{RP} &= 1.126[(.30 \times 339,000) + (.0 \times 1.125 \times 339,000) + (1.125 \times 339,000)] \\ \text{RP} &= 1.126[101,700 + 0 + 381,375] \\ \text{RP} &= 1.126[483,075] \\ \text{RP} &= 534,942 \end{aligned}$$

STATE SPECIAL RATING PLANS AND PROGRAMS
ASSIGNED RISK MANDATORY LOSS SENSITIVE RATING PLAN (LSRP)

SOUTH CAROLINA
BASIC MANUAL INSERT

PART ONE

DESCRIPTION OF THE PLAN

I. INTRODUCTION

The rules under this Plan are mandatory and apply only to Workers Compensation & Employers Liability Insurance that is written under a Workers Compensation Insurance Plan (WCIP) in those states that have adopted the Loss Sensitive Rating Plan (LSRP). The LSRP shall apply to all assigned risk employers qualifying for the Plan. The elements in the LSRP are fixed and premium is determined and defined below.

A. GENERAL EXPLANATIONS

1. Plan is Mandatory

The Assigned Risk LSRP is a mandatory Plan and shall apply to all assigned risk policies with total estimated annual Standard Premium or total audited Standard Premium which equals or exceeds \$200,000.

2. Object of the Plan

This Plan adjusts the premium for the insurance to which it applies on the basis of losses incurred during the period covered by that insurance. The intent is to charge a premium which reflects those losses. This Plan uses the losses incurred during the term of the policy to establish the cost of insurance and includes provisions for all expenses and taxes on premium.

3. Loss Control Incentive in Use of the Plan

The LSRP provides an incentive to the employer to control and reduce losses because the LSRP premium will be the result of losses during the policy period. To the extent the employer controls losses, there is a reward through lower premiums. To the extent the insured does not control losses, there is a penalty through higher premiums.

4. Experience Rating Plan Manual

Separate policies in the WCIP under common majority ownership as provided by the rules of the Experience Rating Plan which are assigned to the same assigned risk carrier shall be combined for computation of the LSRP premium.

5. Risks Operating in More Than One State

LSRP may be applied on an intrastate or interstate basis. Refer to Part Three for Multi-state procedures.

6. Premium Discount

In states where premium discount is allowed under a WCIP, the standard premium under this Plan is not subject to the premium discount as defined in Rule VII of the Basic Manual for Workers Compensation and Employers Liability Insurance.

7. Increased Limits for Employers Liability

If the policy provides increased limits for employers liability, such premium and incurred losses shall be subject to LSRP.

8. LSRP Expenses

The Plan does not include tables of expense ratios for use by stock and non-stock companies. The expenses are fixed and are included in the Basic Premium.

9. Aircraft Classifications

If the insurance subject to the Plan includes any of the aircraft classifications, the premium and losses for such classifications shall be included in the LSRP.

10. Exclusion of Statutory Medical Benefits - Ex-Medical Coverage

Policies written on an ex-medical basis are subject to this Plan in states where permitted.

11. Large Construction Projects

Large Construction Projects are subject to this Plan in states where permitted.

II. DEFINITIONS

A. Employer

Means any business organization or enterprise that is required by statute to maintain workers compensation insurance in a state or any state(s) under the WCIP. The term shall include any business organizations or enterprises that are affiliated as a result of common ownership.

B. Insured

Insured means the assigned risk employer designated in the Information Page of the policy or policies to which this Plan is applied by the assigned carrier that issues such insurance. An Insured may be two or more legal entities if the same person, or group of persons, owns the majority interest in such entities. The Experience Rating Plan defines majority interest. It usually means:

1. Majority of voting stock, or
2. Majority of members or directors if there is no voting stock, or
3. Majority participation of general partners in profits of a partnership.

C. Risk

Risk means the Insured to which this Plan is applied.

D. Rates

1. Authorized rate means those rates approved for use under a WCIP.
2. Manual rate means the rate shown after the classification code number on the state rate pages in Part Three of the Basic Manual for Workers Compensation and Employers Liability Insurance.

E. Standard Premium

For the purpose of this Plan, Standard Premium means the premium for the risk determined on the basis of authorized rates, any experience rating modification, ARAP, assigned risk surcharge programs other than LSRP, loss constants where applicable, and minimum premiums. Determination of Standard Premium shall exclude:

1. Premium Discount,
2. The Expense Constant,

3. Premium resulting from the Non-Ratable Element Codes listed in the Experience Rating Plan Manual, for Workers Compensations and Employers Liability Insurance,
4. Premium developed by the passenger seat surcharge under Code 7421—Aircraft Operation—flying crew, and
5. Premium developed by the occupational disease rates for risks subject to the Federal Coal Mine Health and Safety Act.

F. Deposit Premium

The deposit premium shall depend upon the schedule in effect in the state generating the most payroll at the time of application. Refer to the state WCIP or ACORD application for the applicable premium payment schedule.

In addition to the applicable state WCIP premium payment plan or deposit premium an additional LSRP deposit premium of 20%, or an acceptable, clean, unconditional, Irrevocable Letter of Credit (ILOC), containing an automatic renewal clause, drawn on a bank that is a member of the Federal Reserve, shall be required on all LSRP policies. Refer to Part Two of this Plan to calculate the appropriate deposits.

G. Incurred Losses

Incurred losses used in the rating formula for determining premium under this Plan are those reported under the rules of the Workers Compensation Unit Statistical Plan adopted by the rating organization. Generally, incurred losses are the actual losses paid and outstanding, interest on judgments, expenses incurred in obtaining third-party recoveries, and allocated loss adjustment expenses for employers liability losses.

Incurred losses resulting from an accident involving two or more persons under any classification code containing a non-ratable catastrophe element shall be limited to the total of the two most costly claims, subject to any further loss limitation applicable.

The rating formula shall not include losses involving passenger employees resulting from the crash of an aircraft under Classification Code 7421.

For detailed instructions regarding incurred losses, refer to the Workers Compensation Statistical Plan.

H. Rating Organization

Rating organization means the National Council on Compensation Insurance or any other licensed rating organization.

I. Anniversary Rating Date

1. Single Policy Risk

The anniversary rating date for application of this Plan shall be the effective month and day of the current policy in effect.

2. Multiple Policy Risk

If the risk subject to the Plan includes more than one policy with different effective dates, the anniversary rating date shall be determined by the rating organization.

PART TWO

OPERATION OF THE PLAN

I. HOW PREMIUM IS DETERMINED UNDER THE PLAN

LSRP premium is computed on the basis of the formula in Part A.1 of this section.

A. THE LOSS SENSITIVE RATING PLAN FORMULA (LSRP)

The premium for a risk subject to this program is determined by the following formula:

1. Loss Sensitive Rating Plan Premium =
 - a. Basic Premium (= standard premium x basic premium factor)
plus
 - b. Converted Losses (= incurred losses x loss conversion factor)
plus
 - c. LSRP Development Premium (= standard premium x LSRP
Development factor x loss
conversion factor)
 - d. Multiply the sum of (a + b + c) by the Tax Multiplier.

This formula produces a premium which shall not be less than the LSRP Minimum Premium or more than the LSRP Maximum Premium.

If the risk to which the Plan is applied includes more than one legal entity, a single LSRP premium is calculated on the basis of the premium and losses of the combined entities, not individually for each legal entity.

B. DEFINITION OF TERMS USED FOR THE FORMULA

1. Standard Premium

Standard Premium is defined in Part One, II.E of this Plan.

2. Basic Premium

The Basic Premium is a percentage of the Standard Premium. It is determined by multiplying the Standard Premium by a Basic Premium Factor.

The Basic Premium includes: insurance carrier expenses such as those for a servicing the Insured's account, loss control services, premium audit and general administration of the insurance.

The Basic Premium does not cover premium taxes or claim adjustment expenses. These elements are usually provided for in the Tax Multiplier and the Loss Conversion Factor.

The Basic Premium Factor is .30.

3. Converted Losses

Converted Losses are based on the incurred losses of the risk during the policy or policies to which this Plan applies. A Loss Conversion Factor is applied to such losses to produce the Converted Losses.

4. Loss Conversion Factor

The Loss Conversion Factor (LCF) is a fixed factor at 1.125. It covers claim adjustment expenses and the cost of the insurance carrier's claim services such as investigation of claims and filing claim reports.

5. Tax Multiplier

The Tax Multiplier varies by state and covers licenses, fees, assessments, and taxes that the insurance carrier must pay on the premium which it collects.

Refer to the state exception pages for the appropriate tax multiplier.

6. Minimum Premium

The Minimum Premium for this Plan is the least amount of premium to be paid by a risk subject to LSRP.

The Minimum Premium Factor is .75.

7. Maximum Premium

The Maximum Premium for this Plan is the greatest amount of premium to be paid by a risk subject to this Plan. It has the effect of placing a limit on the impact of incurred losses on the LSRP premium.

The Maximum Premium Factor is 1.75.

8. Individual Loss Limitations

There are no individual loss limitations under the mandatory LSRP.

9. LSRP Development Premium

The purpose of this premium element is to stabilize premium adjustments for risks subject to this program. The LSRP Development Premium anticipates a pattern of increasing valuation of losses after the policy is expired. The LSRP Development Premium is included in only the first three adjustments of the LSRP premium and is not included in the fourth and final calculation.

Refer to the state exception pages for the LSRP development factors.

10. Deposit Premium

Is the premium required to be paid at the time of application or policy renewal and, under the Plan, is comprised of the WCIP deposit premium and the LSRP contingency deposit premium.

a. WCIP Deposit Premium

The WCIP deposit premium is the deposit premium as referenced on the WCIP or ACORD application in the state generating the most payroll. The WCIP deposit premium is calculated by multiplying the Estimated Annual Premium by the required premium percentage.

b. LSRP Contingency Deposit Premium

The LSRP Contingency Deposit Premium is calculated as an additional 20% of Standard Premium and is added to the WCIP deposit premium. The LSRP Contingency Deposit Premium is to be paid at the time of application, or policy renewal, to collateralize premium which may be due the assigned carrier at the first adjustment.

If an acceptable, clean, unconditional, Irrevocable Letter of Credit (ILOC), containing an automatic renewal clause, drawn on a bank that is a member of the Federal Reserve is obtained in an amount at least sufficient to secure the dollar amount equal to the LSRP 20% Contingency deposit premium, an LSRP Contingency deposit premium will not be required and the deposit premium on such policy shall be equal to the WCIP deposit premium. The LOC shall be held as collateral until first adjustment.

PART THREE

ADMINISTRATION OF THE PLAN

I. ADMINISTRATIVE RULES

A. Eligibility

1. The Loss Sensitive Rating Plan (LSRP) shall apply to an individual assigned risk policy if the total annual estimated Standard Premium or total audited Standard Premium equals or exceeds \$200,000.
2. A decrease in premium during the first 120 days of coverage which results in the employer falling below the LSRP premium eligibility threshold, shall result in the conversion of the policy to a guaranteed cost policy, retroactive to policy inception.
3. An increase in premium during the first 120 days of coverage which qualifies an employer for the LSRP shall result in the retroactive application of the LSRP to policy inception.
4. After the first 120 days of the coverage term, if it is determined that an employer qualifies for LSRP, the policy shall not be effected until renewal.
5. Notwithstanding, anything above to the contrary, any attempt to avoid the application of the LSRP arising from a misrepresentation or omission by insured, its agent, employees, officers or directors shall result in the pro-rata application of LSRP from the date upon which it would have applied had such misrepresentation or omission not been made.

B. Multi-State Procedures

The LSRP will apply on an interstate basis when the estimated aggregate (total of all states having approved LSRP) annual standard premium meets the premium eligibility requirement for the LSRP state generating the largest premium.

If the assigned risk employer requests coverage in a state where LSRP has been approved and requires coverage in one or more states where LSRP has not been approved, the assigned carrier shall combine the LSRP states on one or more policies and issue a guaranteed cost policy for those states where LSRP has not been approved, in accordance with all WCIP rules and regulations. It may not always be possible for a single carrier to provide all requested states; additional applications may be necessary.

C. 120 Day Grace Period

The LSRP will not apply to an assigned risk policy subject to the Plan if the employer obtains workers compensation coverage outside the assigned risk market within 120 days of the effective date.

D. Notice to Assigned Risk Policyholders

All assigned risk policies shall be endorsed with policy endorsement WC 00 04 17 - Assigned Risk Loss Sensitive Rating Plan (LSRP) Notification in order to ensure that all possible qualifying risks are notified of the intent and details of the Plan. All assigned carriers shall be required to attach this endorsement to all assigned risk policies.

Assigned risk policies meeting the eligibility threshold to qualify for LSRP, shall be endorsed with policy endorsement WC 00 04 18.

Assigned risk carriers shall be required to indicate on all renewal quotations to risks with premium of \$150,000 or more that payment of the renewal deposit constitutes knowledge and acceptance of the possible applicability of the LSRP to the policy. The assigned risk carrier shall provide the employer with the full details of the LSRP.

The ACORD application for the assigned risk market will include the following language immediately above the signature of the employer:

By signing below I acknowledge that the Loss Sensitive Rating Plan has been explained to me or that an explanatory notice or brochure has been provided to me and I agree that I shall be bound by the terms of such plan if my estimated annual premium or preliminary physical audit premium meets or exceeds the premium eligibility requirement.

When the policy is bound a notice shall be included which reads:

Coverage is being bound subject to your signed statement acknowledging and agreeing to the terms of the Loss Sensitive Rating Plan in the event that your estimated annual premium or preliminary physical audit premium meets or exceeds the premium eligibility requirement.

E. Bankruptcy/Insolvencies

The Insurer may make a special adjustment as of the date that an insured is declared bankrupt or insolvent; makes an assignment for the benefit of creditors; is involved in any reorganization, receivership, or liquidation; or disposes of all or substantially all of its assets. The insured shall be liable for any additional premium or credit due at the time of the special adjustment.

F. Administration

It is the responsibility of the assigned carrier to administer the program, provide proper notification and application of the LSRP impact to premium, make the required LSRP calculations following the normal valuations, and collect the premium.

II. CANCELATION OF POLICY

A. Explanation

While the Cancellation condition of the Standard Policy permits cancellation by the insured or insurance carrier, the premium determination for a canceled policy is controlled by Rule X - Cancellation in the Basic Manual for Workers Compensation and Employers Liability Insurance.

B. Coverage Obtained on the Voluntary Market

The LSRP will not apply to any policy canceled by the insured, within the first 120 days of coverage, because coverage was placed in the voluntary market. Said policy will be treated as a guaranteed cost policy with final audited premium calculated according to the appropriate rating rules.

C. LSRP Premium Determination Upon Cancellation

1. Cancellation By the Insurance Carrier, except for non-payment of premium.
2. Cancellation By the Insured When Retiring From Business provided:
 - a. all work covered by the insurance is completed;
 - b. all interest in the business covered by the insurance is sold;
 - c. the employer retires from all business covered by the insurance;

Note: For the purpose of this rule, a change in ownership of a corporation which results in elimination of experience under the rules of the Experience Rating Plan Manual does not constitute retiring from the business insured by the policy.

3. If the reason for the cancellation is No.1 or 2 above, LSRP premium for the canceled policy shall be computed as follows:
 - a. Standard Premium: Determine the premium for the canceled policy on a pro rata basis in accordance with Basic Manual Rule X-B. The resulting premium shall be the Standard Premium.

- b. LSRP Premium: The LSRP premium for the canceled policy shall be determined by using the LSRP formula in Part Two of the Plan. Use the Standard Premium in a. above to establish the Basic Premium, and if applicable, Retrospective Development Premium for this formula.

EXCEPTION FOR NON-PAYMENT OF PREMIUM:

If the cancellation by the insurance carrier is because of non-payment of premium by the Insured, the Maximum LSRP premium shall be based on a Standard Premium which shall be the premium for the canceled policy (under Basic Manual Rule X-B) extended pro rata to an annual basis.

Failure by an Insured to pay all LSRP premiums, including premiums due as the result of adjustment, will result in cancellation of current coverage and disqualification from future assignments through the WCIP Plan.

The maximum premium payable on a canceled policy shall be based on the annual Standard Premium unless the employer has secured coverage outside the WCIP within 120 days of policy inception.

4. Cancellation By the Insured, Except When Retiring From Business For the Reasons Stated in II-B-2 above,

Determine the LSRP premium as follows:

- a. The premium for the canceled policy is to be calculated on a short rate basis under Basic Manual Rule X-D.
- b. Use the LSRP formula in this Part Two of the Plan to establish the LSRP premium as shown below:
- i. Basic Premium and if applicable, Retrospective Development Premium shall be computed by using the short rate premium in 4a above as the Standard Premium.
 - ii. Minimum LSRP premium shall be the short rate premium in 4a above.
 - iii. Maximum LSRP premium shall be based on a Standard Premium which shall be calculated by using the actual payroll for the period of the policy in effect extending that payroll pro rata to an annual basis and then multiplying such extended payroll by the authorized rates and experience rating modification,

ARAP, and any applicable assigned risk surcharge program. The Maximum Premium Factor shall be applied to this Standard Premium.

EXAMPLE: CALCULATION OF MAXIMUM RETROSPECTIVE PREMIUM UNDER RULE 4b: ASSUME:

Policy In effect	185 days
Authorized Rate (per \$100 payroll)	5.00
Actual payroll for 185 days	\$555,000
* Experience Rating modification	1.00
Maximum Premium Factor	1.75

(a) Payroll extended to an annual basis:

$$\$555,000 \times \frac{365 \text{ days}}{185 \text{ days}} = \$1,095,000$$

(b) Annual Standard Premium =

$$\begin{aligned} & \$1,095,000 \times 5.00 \text{ (per \$100)} \times 1.00 \\ & = \$54,750 \end{aligned}$$

(c) Maximum Retrospective Premium:

$$\$54,750 \times 1.75 = \$95,813$$

***Note:** In those states where ARAP or an assigned risk surcharge have been approved, these programs are to be included in the calculation of LSRP standard premium.

III.

REPORTS OF PREMIUM AND POLICY COUNTS UNDER THE LSRP

In addition to following the statistical reporting requirement in accordance with the Workers Compensation Statistical Plan, all residual market carriers will make quarterly reports to the Plan Administrator, with such reports to be filed within 45 calendar days of the dates of March 31, June 30, September 30, and December 31, for activity relating to calendar quarters ending on these dates. Reports to the Plan Administrator will include, but not necessarily be limited to, the following:

A. Premium

These reports will separately identify WCIP and Contingency deposit premiums, as well as LSRP premium adjustments resulting from incurred loss valuations. If a Letter of Credit is secured in lieu of the LSRP Contingency deposit premium, identification of such security must be included in the quarterly report.

The Standard Premium used for determining the LSRP premium is that reported in accordance with the Workers Compensation Statistical Plan.

B. Policy Counts

Reports must include a listing and count of LSRP policies issued, renewed, non-renewed and canceled during the calendar period. An in-force policy count must also be provided.

C. Verification of Data

All reports will include the required information on an individual policy level, in the format and manner prescribed by the Plan Administrator.

Data reported under the Workers Compensation Statistical Plan shall be accepted as verified data for computation of the LSRP premium.

IV.

COMPUTATION OF THE LSRP PREMIUM

- A. There will be four (4) adjustments computed to determine LSRP premium. The first, second and third calculations will be based on losses valued at the 18th, 30th, and 42nd month, respectively, after policy effective date and will include use of the LSRP Development Factors. A final adjustment, without an RDF, shall be calculated at the end of the 54th month.

Losses shall be valued in month 18, 30, 42, 54 and adjustments will be released as soon as practicable (i.e., month 21, 33, 45, and 57). The valuations and calculation of premiums are to be calculated by the assigned carrier, using premium and loss data which has been reported according to the Workers Compensation Statistical Plan.

1. First Computation of LSRP Premium

Under the Workers Compensation Statistical Plan, the reports of losses and premiums are submitted to the rating organization. As soon as practicable after data has been prepared in accordance with the Statistical Plan Manual, the first adjustment shall be made by the assigned carrier.

The assigned carrier shall notify the employer and return premium if the Plan premium is less than premium previously paid.

The insured shall promptly pay (within 30 days) any premium due. Failure to pay all premium, whether the premium is payable directly to the insurer or indirectly under a premium finance plan or extension of credit, shall constitute nonpayment of premium and be grounds for termination of any existing WCIP policy and resulting in disqualification from eligibility under the WCIP.

When a returned premium is generated by final audit, the assigned carrier shall hold any return premium until the first valuation. If returned premium is due the insured, the assigned carrier shall remit payment within 10 days after recording the LSRP adjustment.

Note: In certain cases, the assigned carrier may make an early calculation of LSRP premium. Such cases include bankruptcy, liquidation, reorganization, receivership, assignment for benefit of creditors, or other similar situations.

2. LSRP Adjustment After First Computation

- a. Subsequent calculations and adjustments of premium subject to this Plan shall be made by the assigned carrier annually after the first valuation. The procedure for such subsequent calculations shall be the same as in Rule 1 above except that such premium calculations shall be based upon the latest Unit Statistical Reports required. The assigned carrier shall continue to make such additional adjustments at the end of each 12 months period until the

54th month.

- b. If a subsequent valuation results in no change from the previous calculation, the assigned carrier shall notify the employer that there is no change in the premium payment and that subsequent calculations of premium will be made in accordance with Rule 3.a. below.

3. Final Computation of LSRP Premium

- a. The fourth and final valuation, without LSRP Development Factors will be calculated at the 54th month.

Original Printing

Effective March 1, 1994

ASSIGNED RISK LOSS SENSITIVE RATING PLAN NOTIFICATION ENDORSEMENT

This endorsement is issued because you may qualify to have the cost of your insurance subject to the assigned risk mandatory Loss Sensitive Rating Plan (LSRP).

Eligibility:

1. Your insurance is written under a Workers Compensation Insurance Plan (WCIP) in a state which has adopted the Loss Sensitive Rating Plan (LSRP).
2. The LSRP shall apply to an individual assigned risk policy if the total annual estimated Standard Premium or preliminary physical audit premium equals or exceeds the amount noted in the schedule.
2. A decrease in premium during the first 120 days of coverage which results in the premium falling below the LSRP premium eligibility threshold, shall result in the conversion of the policy to a guaranteed cost policy, retroactive to policy inception.
3. An increase in premium during the first 120 days of coverage which qualifies an employer for the LSRP shall result in the retroactive application of the LSRP to policy inception.
4. After the first 120 days of the coverage term, if it is determined that an employer qualifies for LSRP, the policy shall not be changed until renewal.
5. Notwithstanding, anything above to the contrary, any attempt to avoid the application of the LSRP arising from a misrepresentation or omission by you, your agent, employees, officers or directors shall result in the pro rata application of LSRP from the date upon which it would have applied had such misrepresentation or omission not been made.
6. The LSRP will apply on an interstate basis when the estimated aggregate (total of all states having approved LSRP) annual standard premium meets the premium eligibility requirement for the LSRP state generating the largest premium.

This plan will adjust your premium for this insurance based upon the losses incurred during the period covered by this insurance.

This endorsement applies in the states listed in the schedule below.

SCHEDULE**STATE****PREMIUM ELIGIBILITY**

MANDATORY ASSIGNED RISK LOSS SENSITIVE RATING PLAN ENDORSEMENT

This endorsement is added to Part Five (Premium) to explain the rating plan and how the Assigned Risk Loss Sensitive Rating Plan premium will be determined.

This endorsement applies where the LSRP has been approved. It determines the Assigned Risk Loss Sensitive Rating Plan premium for the insurance provided during the rating plan period of this policy. The rating plan period is the one-year period beginning with the effective date of the policy.

A. Assigned Risk Loss Sensitive Rating Plan Premium Elements

The amount of Assigned Risk Loss Sensitive Rating Plan premium depends on the six standard elements which are explained below:

1. Standard premium is the premium we would charge during the rating plan period if the insurance was not subject to this endorsement. We determine your standard premium based upon authorized rates, any experience rating modification and minimum premiums, including the effect of any other residual market rating plan or program.

Standard premium does not include the expense constant charge, the premium discount credit, premium developed by the passenger seat surcharge under Code 7421 - Aircraft Operation - Flying Crew, or premium developed by the occupational disease rates for risks subject to the Federal Coal Mine Health and Safety Act.

2. Basic premium is calculated by multiplying the standard premium by a basic premium factor. The basic premium factor is shown in the Schedule.
3. Incurred losses are all amounts we will pay or estimate we will pay for losses, interest on judgments, expenses to recover against third parties and employers liability loss adjustment expenses.
4. A converted loss is an incurred loss multiplied by a percentage called the loss conversion factor. The Assigned Risk Loss Sensitive Rating Plan loss conversion factor is shown in the Schedule.
5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of expense and development premium and converted losses. The percentage is called the tax multiplier. The tax multiplier covers assessments, fees, licenses, and taxes which we must pay on the premium we collect. It varies by Federal and non-Federal classifications. The tax multiplier(s) for each state are shown in the Schedule.
6. Development premium is calculated by multiplying the standard premium by the product of the appropriate premium development factor, the loss conversion factor and the tax multiplier. The premium development factors are shown in the Schedule.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

WC 00 04 18

Original Printing

Effective March 1, 1994

B. Assigned Risk Loss Sensitive Rating Plan Formula

1. Assigned Risk Loss Sensitive Rating Plan premium is the sum of the basic premium, development premium and converted losses, multiplied by the tax multiplier. The payment, if any, attributable to the four items excluded from standard premium in A.1. above, is a separate obligation of yours in addition to the Assigned Risk Loss Sensitive Rating Plan premium.
2. The Assigned Risk Loss Sensitive Rating Plan premium is subject to a minimum premium and a maximum premium. The minimum premium is determined by multiplying the total audited standard premium by the minimum premium factor. The maximum premium is determined by multiplying the total audited standard premium for the qualifying states by the applicable maximum premium factor. The minimum premium factor and maximum premium factor for each state are shown in the Schedule.

C. Premium Calculation and Payments

1. You will pay a premium which amounts to 120% of the estimated annual premium. If you obtain an acceptable clean, unconditional, irrevocable letter of credit (LOC), containing an automatic renewal clause, to secure the 20% additional deposit premium, the premium will be 100% of the estimated annual premium.
2. Your rating plan premium will be determined after the rating plan period ends. We will issue an endorsement to show any change in the premium for your insurance if your annual audited standard premium equals or exceeds the premium eligibility level in one or more states where this plan has been approved.
3. The first calculation of Assigned Risk Loss Sensitive Rating Plan premium shall be determined using all loss information valued as of 18 months after the month in which the rating plan period became effective. Three additional annual premium adjustment calculations shall be made based on loss information valued as of 30, 42, and 54 months after the month in which the rating plan period became effective.

We may make a special valuation of the Assigned Risk Loss Sensitive Rating Plan premium as of any date that you become bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due us if the Assigned Risk Loss Sensitive Rating Plan premium is more than the total standard premium as of the special valuation date.

4. After each valuation, you shall promptly pay to us the amount due, or we will refund the amount due you. If you fail to pay any premium due under this plan, your current policy will be canceled and you will be disqualified from future assignments through the assigned risk plan.

D. Cancellation

1. If the policy is canceled by you or by us, a determination shall be made as to whether this program shall apply. The Assigned Risk Loss Sensitive Rating Plan shall apply only to those policies where the payroll extended to an annual basis and multiplied by the manual rates and experience modification, equals or exceeds the premium eligibility level in any of the states where this program has been approved.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY . WC 00 04 18

Original Printing

Effective March 1, 1994

2. The Assigned Risk Loss Sensitive Rating Plan will not apply if you obtain coverage outside the residual market within 120 days after the effective date of the policy.
3. If you cancel, the standard premium for the rating plan period will be based on our short rate table and procedure. This short rate premium will be used to determine the Assigned Risk Loss Sensitive Rating Plan premium.
4. Section D.3 will not apply if you cancel because:
 - a. all work covered by the insurance is completed;
 - b. all interest in the business covered by the insurance is sold;
 - c. you retire from all business covered by the insurance; or
 - d. you obtain coverage in the voluntary market.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

WG 00 04 18

Original Printing

Effective March 1, 1994

- SCHEDULE

1. Basic Premium Factor _____
2. Loss Conversion Factor _____
3. Tax Multiplier _____
4. Minimum Premium Factor _____
5. Maximum Premium Factor _____
6. LSRP Development Factors:
 - 1st Adjustment _____
 - 2nd Adjustment _____
 - 3rd Adjustment _____
 - Subsequent Adjustments 0.00

C. 120 Day Grace Period

The LSRP will not apply to an assigned risk policy subject to the Plan if the employer obtains workers compensation coverage outside the assigned risk market within 120 days of the effective date.

D. Notice to Assigned Risk Policyholders

All assigned risk policies shall be endorsed with policy endorsement WC 00 04 17 - Assigned Risk Loss Sensitive Rating Plan (LSRP) Notification in order to ensure that all possible qualifying risks are notified of the intent and details of the Plan. All assigned carriers shall be required to attach this endorsement to all assigned risk policies.

Assigned risk policies meeting the eligibility threshold to qualify for LSRP, shall be endorsed with policy endorsement WC 00 04 18.

Assigned risk carriers shall be required to indicate on all renewal quotations to risks with premium of \$150,000 or more that payment of the renewal deposit constitutes knowledge and acceptance of the possible applicability of the LSRP to the policy. The assigned risk carrier shall provide the employer with the full details of the LSRP.

The ACORD application for the assigned risk market will include the following language immediately above the signature of the employer:

By signing below I acknowledge that the Loss Sensitive Rating Plan has been explained to me or that an explanatory notice or brochure has been provided to me and I agree that I shall be bound by the terms of such plan if my estimated annual premium or preliminary physical audit premium meets or exceeds the premium eligibility requirement.

When the policy is bound a notice shall be included which reads:

Coverage is being bound subject to your signed statement acknowledging and agreeing to the terms of the Loss Sensitive Rating Plan in the event that your estimated annual premium or preliminary physical audit premium meets or exceeds the premium eligibility requirement.

E. Bankruptcy/Insolvencies

The Insurer may make a special adjustment as of the date that an insured is declared bankrupt or insolvent; makes an assignment for the benefit of creditors; is involved in any reorganization, receivership, or liquidation; or disposes of all or substantially all of its assets. The insured shall be liable for any additional premium or credit due at the time of the special adjustment.

Basic Manual—2001 Edition

Part One—Rules

Rule 4—Workers Compensation Insurance Plan Rules

Applicable To Assigned Risk Policies Only

Effective 01 Jan 2013 12:00:01

A. Workers Compensation Insurance Plan (WCIP)

10. Dispute Resolution Procedure

a. Procedure

The dispute resolution procedure can be categorized as either Assigned Risk Employer/Producer related disputes or WCIP related disputes.

b. Assigned Risk Employer/Producer Disputes

Any assigned risk policyholders and their producers affected by the actions of their assigned carrier or NCCI are provided with a process in which grievances can be reviewed, resolved, or heard by the mechanism that has been established and approved in the state for such grievances.

(1) Employer Disputes

The conditions outlined in Rule 4-A-2-g must be met in order for the employer to have a bona fide premium dispute. The Plan Administrator's intervention in disputes is generally limited to matters involving:

- Experience rating modification factors
- Application of rules contained in NCCI manuals
- Eligibility and assignment under the Workers Compensation Insurance Plan (WCIP)
- Classification assignment
- Assigned risk pricing programs

The Plan Administrator may intervene in disputes involving other matters arising under this Plan as determined by the Plan Administrator in its discretion.

The Plan Administrator (upon receipt of all necessary information regarding the dispute), will review the matter and provide a written response within thirty (30) days.

(a) Interstate Appeals

When an employer dispute concerns any of the above matters, (other than the application

of NCCI's ***Experience Rating Plan Manual*** rules), in more than one state, the Plan Administrator will determine the appropriate jurisdiction in which the dispute will be heard, based upon the following factors:

- Governing state (state generating the greatest payroll)
- The state covered by the assigned carrier with the greatest exposure
- The state where the operations are best represented

Interstate Employer-Related Dispute Jurisdiction Table

If . . .	Then . . .
As determined by the Plan Administrator, the governing state is an NCCI Plan administered state that best represents the operations of the business	The governing state's dispute resolution process will apply
The governing state is an NCCI Plan administered state, but the Plan Administrator determines that the governing state does not best represent the operations of the business	The Plan Administrator will review the dispute and determine the appropriate jurisdiction in which the dispute will be heard
The dispute involves NCCI Plan administered states and non-NCCI Plan administered states	The jurisdiction selected and resulting decision will apply only to the NCCI Plan administered states
The governing state is not an NCCI Plan administered state	The employer must follow the appropriate dispute resolution process for the governing state

When a dispute concerns the application of NCCI's ***Experience Rating Plan Manual*** rules for interstate rated risks, the Plan Administrator will determine the appropriate jurisdiction for the dispute to be heard.

Unless state-specific rules apply, the ruling of the state appeals mechanism (as determined by the Plan Administrator to have jurisdiction over the dispute) will apply to all assigned risk policies whether written by one or more assigned carriers.

For a general overview of the employer dispute resolution process, *refer to NCCI's Assigned Risk Supplement.*

(2) Producer Disputes

For disputes relating to the calculation and/or payment of producer fees and producer of record changes, the Plan Administrator (upon receipt of all necessary information regarding the dispute), will review the matter and provide a written decision within thirty (30) days.

c. WCIP Disputes

Any Plan participants (Association members and/or assigned carriers) who have a dispute with respect to any aspect of the Plan or Reinsurance Agreement(s) (including any dispute arising out of the Association Bylaws) must first seek a review of the matter under this section by providing the following to Plan Administrator:

- Written documentation detailing specific areas of the dispute
- Specific request for a review of all documentation
- Appropriate actions of areas to resolve the dispute

The Plan Administrator may request additional information, as it deems necessary to make a decision. All disputes submitted to the Plan Administrator will be governed as follows:

(1) Plan-Related Disputes

For disputes relating to the general operation of the Plan, including but not limited to, standards for assigned carrier performance, compensation and incentives and application assignment determination, the Plan Administrator (upon receipt of all necessary information regarding the dispute), will review the matter and provide a detailed written decision within thirty (30) days.

Any party affected by the decision of the Plan Administrator may seek binding arbitration for such purpose; or in the alternative, the party may seek a *de novo* review by the regulatory authority, by requesting such binding arbitration or *de novo* review in writing and at its own expense, within thirty (30) days after the date of such decision.

For disputes relating to the servicing carrier selection process, refer to the Bid Protest Procedures contained in the applicable Servicing Carrier Request for Proposal (RFP).

(2) Reinsurance Agreement-Related Disputes

If the dispute arises under the Association Bylaws or Reinsurance Agreement(s), the Administrator designated under the Association Bylaws will after receipt of all necessary information regarding the dispute, review the matter and provide a detailed written decision within thirty (30) days. Any party affected by the decision may seek a review by the Board of Directors established under the Association Bylaws by requesting such review, in writing, within thirty (30) days of the date of the decision by the Administrator under the Association Bylaws. The Board of Directors may (a) consider the matter and render its written decision pursuant to the procedures set forth in the Association Bylaws, or (b) waive its decision and offer the aggrieved party the option of appealing directly to the regulatory authority or submitting the dispute to arbitration in accordance with the terms and conditions established by the Board of Directors. Any party affected by a decision of the Board of Directors may seek a *de novo* review by an impartial arbitrator selected by mutual consent of the parties by requesting such a review, in writing, within thirty (30) days of the date of the Board of Directors' decision.

Employer's
Compensation
Insurance

North Carolina

Workers
Compensation
Insurance
Plan

DEFENDANT'S
EXHIBIT

DEFENDANT'S
EXHIBIT
16

DEFENDANT'S
EXHIBIT
20th
9-26-13

SECTION I INTRODUCTORY INFORMATION

THE PLAN—PURPOSE AND OVERVIEW OF RULES AND PROCEDURES

Purpose of Plan

The Plan has been approved by the South Carolina Department of Insurance to provide workers compensation insurance to an employer who is unable to obtain such coverage in the "voluntary" market, that is, one who has no outstanding offer of any rating plan approved in South Carolina. The Department exercises general regulatory authority over the Plan, but has designated the National Council on Compensation Insurance—Atlantic Division to administer the actual operation of the Plan.

Several private insurance companies in South Carolina have been designated as servicing carriers. As such, these companies write policies in their own names and provide claims, loss control, auditing and other services, just as they would for their voluntarily written policyholders.

Operation of Plan—Overview

The procedures you are to follow are given in detail in Section II of this handbook. Refer to the index if you have a question or problem. The following will give you, however, a "bird's-eye view" of the Plan. In going over this, you should also get a good idea of the role of the producer.

The Plan operates this way: when an employer is unable to secure coverage in a regular manner, he may apply for coverage under the Plan. The offer of any rating plan approved for use in South Carolina constitutes an offer of insurance in a regular manner, and such offer renders an applicant ineligible for coverage under the Plan. Working with or without a producer, this employer completes an application form and computes a deposit premium. The producer or applicant forwards the application and deposit to NCCI—Atlantic Division. If the applicant appears eligible, the divisional office binds coverage, selects a servicing carrier and forwards the application and deposit to this servicing carrier. This servicing carrier, to whom the employer is "assigned," issues a policy in its own name and provides the same type of service which it would for a policyholder written on a voluntary basis. The employer remains assigned to this servicing carrier until the coverage is canceled or not renewed.

Each year, prior to the policy expiration date, the servicing carrier computes a new deposit premium and notifies the employer and producer that it will renew the policy upon receipt of the deposit. If this deposit premium is paid prior to expiration, the policy is renewed without interruption of coverage.

The producer or insured should immediately notify the servicing carrier of changes to the policy during the year, and the producer should otherwise assist the employer

in matters relating to his insurance.

The employer may be removed from the Plan at any time, without penalty, by an insurance company willing to provide the coverage on a voluntary basis.

The policy may be canceled by the servicing carrier for non-payment of premium and for certain other specified reasons. See Page P-8.

There is a procedure which permits the employer to request a different servicing carrier and another procedure which allows the servicing carrier to request reassignment of the employer to another company. There is no selection of assignment by the producer, insured or servicing carrier. See Page P-8.

The employer is subject to the same classifications, rates, experience modifications and rules set forth in the Basic Manual with a few exceptions. If a producer is assisting, for services provided, that producer shall receive a producer fee based on the amount of state standard premium. That is, a graduated producer fee scale exists whereby the amount of fee received by the producer depends on the amount of the premium. See Page P-10 for a full explanation of the producer fee procedure including a breakdown of the percentages of producer fee.

Coverages available under the Plan are identical to those available outside the Plan, with a few restrictions.

The Plan has responsibility for workers compensation in the State of South Carolina only. Each state has arrangements, however, for providing workers compensation insurance through a plan, pool or fund of some type. Your questions about the Plan and its operations should be addressed to the Atlantic Division.

DUTIES AND RESPONSIBILITIES UNDER THE PLAN

The Producer's and Agency's Duties and Responsibilities

1. To assist the employer in meeting his obligations under the South Carolina Workers' Compensation Law, preferably by securing coverage in the voluntary market. Failing to obtain such coverage, the producer then has the responsibility to assist the employer in obtaining coverage under the Plan in a prompt and efficient manner. Even if coverage must be placed under the Plan, the producer has the continuing responsibility to try to place the coverage in the voluntary market. The producer must explain to the employer the necessity for securing coverage under the Plan.
2. To assist the employer needing coverage under the Plan in completing thoroughly and accurately an application and any other documents that may be required, and in forwarding these promptly to the Atlantic Division.

SOUTH CAROLINA—Section 1 Introductory Information
Effective July 1990

report immediately to the servicing carrier all changes in the employer's name, operations, exposures, locations, financial condition or other changes which may affect the policy or the services being provided. To keep the policy up to date by promptly requesting endorsements as required.

4. To see that adequate deposit and advance premiums are maintained and encourage the employer to realistically estimate payrolls.
5. To determine what coverages the employer needs for both South Carolina and out-of-state operations. To secure such coverages, as available, from the servicing carrier or other pools or funds, if necessary.
6. To forward promptly all premium payments received from the employer to the servicing carrier to avoid credit cancellations and lapses in coverage. To encourage the employer to meet all premium payments, and, if any, finance company obligations in a timely manner.
7. To advise the employer in all matters relating to his workers compensation insurance. To request information on his behalf, as needed, from the servicing carrier or the Atlantic Division.
8. To refund promptly any excess producer fees paid you by the servicing carrier when requested to do so.

Important note to the producer: Remember, although you have a very important role under the Plan, you are not a contract agent or agency of the servicing carrier. You have no authority from the servicing carrier to bind or cancel coverage nor to otherwise act within such an agency relationship. Unless a legal finance agreement exists which assigns cancellation or premium refund collection rights to a third party, all premium transactions are strictly between the servicing carrier and the employer as a policyholder and you are not a party to that contract. A servicing carrier may give you certain authority, such as permission to issue certificates of insurance, but such rights are not to be routinely assumed by a producer. Read this handbook carefully, and if you still have a question about your authority, then contact the Atlantic Division or the servicing carrier.

The Employer's Duties and Responsibilities

1. Before applying for coverage under the Plan, the employer must be eligible, and in good faith, be entitled to workers compensation insurance. In general, an eligible applicant has no outstanding voluntary offers (as evidenced by the required declinations) and must have no outstanding premium obligations. See Page X-12, the Plan, for information on good faith.
2. To comply with all provisions of the Plan, including accurately and fully completing the application form and any supporting documents which may be required.
3. To keep the producer, if one is assisting, fully ad-

vised of changes in name or ownership, operations, locations or exposures which may affect coverage, classifications, rates, premium estimates or other aspects of the coverage being provided under the Plan; to keep the carrier advised of these things, if no producer is assisting.

4. To cooperate fully with the servicing carrier in implementing all reasonable safety recommendations. (Failure to do so may be a valid reason for cancellation under the Plan.)
5. To report all claims promptly and cooperate with the servicing carrier in the investigation and settlement of claims.
6. To comply strictly with all terms and conditions of the policy.

The Servicing Carrier's Duties and Responsibilities

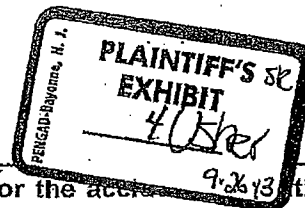
1. To provide coverage to all employers who are assigned to the company and who, upon investigation, are eligible and entitled "in good faith" to coverage under the Plan.
2. To issue the necessary policy and provide underwriting, claims, loss control, auditing and other services in a prompt and efficient manner. To meet the performance standards which have been established for servicing carriers in the state of South Carolina.
3. To work with and assist the producer, employer and Atlantic Division on problems relating to coverage and service under the Plan.
4. To maintain adequate deposits and advance premiums on policies. Refund promptly any excess premiums as determined by final audits. To pay producer fees promptly when due.
5. To make filings with the Workers' Compensation Commission and other governmental agencies, as necessary, to provide them with a current and accurate record of coverage.
6. To comply strictly with all terms and conditions of the policy contract.

The Atlantic Division's Duties and Responsibilities

1. To review immediately all applications as received. To issue binders promptly to all employers who appear to be qualified for coverage under the Plan.
2. To make assignments to servicing carriers on an equitable basis, keeping in mind the employer's coverage and servicing requirements and determining which servicing carriers can best meet these requirements.
3. To maintain the necessary files and records on each employer so that proper experience modifications and rates are used. To review policy contracts to determine adherence to rules, rates and modifications by the servicing carrier.
4. To respond promptly to complaints, questions and problems from producers, servicing carriers and employers.

Travelers

SAFETY SERVICES



Notice to policy recipient: If you are not the person directly responsible for the activities for your company, please direct this Safety Services notice to the person that is directly responsible for them.

SAFETY IS OUR CONCERN

Thank you for purchasing your Workers' Compensation insurance. Along with your agent, we appreciate your business and welcome the opportunity to be of service.

An important part of that service concerns accident prevention and safety engineering. Our Loss Prevention & Engineering Division has the experience, resources and capabilities to provide a range of safety services including site surveys, phone consultations or the provision of selected safety material. The following are some examples of our available services:

Accident Prevention - Our staff can help you identify present and potential safety hazards in your operations, premises and equipment, recommending measures for reducing or eliminating these hazards.

Analysis of Accident Causes - Although you investigate and keep records of accidents, we're available to help if needed.

Safety Consultations - Our field staff, supported by Home Office and field specialists, can help you with special problems such as ergonomics.

Industrial Hygiene/Health Services - We have the facilities and resources to answer your questions concerning job related industrial hygiene/health issues and to measure exposure to industrial hygiene hazards.

Safety Videos and Literature - We can provide you with basic videos and literature to assist you in your loss control efforts. Also, we can put you in contact with several companies able to provide additional safety materials including brochures, pamphlets and videos.

Safety Training - We can help you improve your safety training programs.

Internet Website - Visit the Loss Prevention & Engineering website page for helpful safety information. (<http://www.travelerspc.com/safety>). This website also has hot links to other safety-related Internet sites. For all requests for loss control assistance ONLY, please directly contact your local office listed on the following pages

The Travelers will provide these services upon request. Telephone consultation is also available if the nature of the operations and hazards warrant such service. See the rest of this document for the Loss Prevention & Engineering office nearest to you.

SAFETY IS YOUR CONCERN

U. S. employers spend billions of dollars each year on the direct and indirect costs of work-related accidents. Dollar figures can't begin to reflect the pain and suffering of an injured worker and his or her family. But they do give some indication of the multiple consequences of a job-related accident... loss of time, interrupted production, damaged materials and equipment, the expense of retraining or replacing an injured worker, possible legal action from government regulatory agencies, and increased insurance costs.

It makes good sense for both employers and their employees to actively participate in a sound accident prevention program. The success of such a program depends to a large extent on your commitment to safety procedures and accident prevention techniques. Safety is a management concern. Maybe we can help.

You may want to consider the following "Safety Checkpoints" as you evaluate your organization's safety activities:

SELF-INSPECTION PROGRAM:

- * Do you conduct periodic surveys of premises?... equipment?... operations?
- * Do you analyze each job to find inherent hazards?
- * If you discover hazards, do you follow up with immediate corrective action?
- * Do you monitor such action to make sure it is implemented and effective?

ACCIDENT INVESTIGATION:

- * Do you investigate each accident?...determine the cause?
- * Do you take immediate steps to prevent a recurrence?
- * Do you keep records of accident investigations and follow-up measures?
- * Do you complete accident statistics and analyze trends?

EDUCATION AND TRAINING

- * Do you take the time to train each of your employees to perform tasks safely?
- * Do more-experienced employees receive training to correct bad habits that have developed over time?
- * Do all employees understand that safety is an important part of their jobs?



FIELD OFFICE INFORMATION FOR SAFETY SERVICES ONLY

ALABAMA

Birmingham
3000 Riverchase Galleria,
Suite 600
Birmingham, AL 35244
(205) 982-4583

ALASKA

Portland, OR
4000 SW Kruse Place, Suite 100
Lake Oswego, OR 97035
(503) 534-4276

ARIZONA

Phoenix
2401 W Peoria Ave., Suite 130
Phoenix, AZ 85029
(602) 861-8649

ARKANSAS

Dallas
1301 E Collins Blvd., Suite 300
Richardson, TX 75081
(214) 570-6194

CALIFORNIA

Diamond Bar
21688 Gateway Center Drive
P.O. Box 6512
Diamond Bar, CA 91765-8512
(909) 612-3500

Glendale
700 N. Central Avenue, 8th Floor
P.O. Box 1840
Glendale, CA 91209
(818) 409-4220

Los Angeles
880 South Figueroa St., Suite 500
Los Angeles, CA 90017
(213) 533-3682

Sacramento
11090 White Rock Road
Rancho Cordova, CA 95670
(916) 638-6404

San Diego
9325 Sky Park Court, Suite 220
San Diego, CA 92123
(858) 616-6285

Walnut Creek
225 Lennon Lane, Suite 200
P.O. Box 8090
Walnut Creek, CA 94596-8090
(925) 945-4171

COLORADO

Denver
7600 E. Orchard Rd., Suite 380
Englewood, CO 80111
P.O. Box 173713
Greenwood Village, CO 80111
(303) 740-1691

CONNECTICUT

Hartford
300 Windsor Street
Hartford, CT 06120
(860) 277-5980

DELAWARE

Baltimore
8013 Corporate Drive
White Marsh, MD 21236-4975
(410) 931-5159

DISTRICT OF COLUMBIA

Washington, DC
14048 Park East Circle
Chantilly, VA 20151
(703) 818-6765

FLORIDA

Orlando
Stwy Ctr-1609 Legion Place,
10th Floor
P.O. Box 3555
Orlando, FL 32802-3555
(407) 649-2596

GEORGIA

Atlanta
4400 North Point Parkway
2nd Floor
Alpharetta, GA 30022
(770) 521-3020

HAWAII

Diamond Bar
21688 Gateway Center Drive
P.O. Box 6512
Diamond Bar, CA 91765-8512
(909) 612-3500

IDAHO

Portland, OR
4000 SW Kruse Place, Suite 100
Lake Oswego, OR 97035
(503) 534-4276

ILLINOIS

Chicago
190 S. LaSalle Street Suite 960
Chicago, IL 60603
(312) 609-2936

Naperville
215 Shuman Boulevard
P.O. Box 3208
Naperville, IL 60566
(630) 961-8074

INDIANA

Indianapolis
6081 E. 82nd St.,
P.O. Box 50485
Indianapolis, IN 46250-0485
(317) 841-2966

IOWA

Kansas City
7600 College Blvd.
Overland Park, KS 66210
(913) 661-3679

KANSAS

Kansas City
7600 College Blvd.
Overland Park, KS 66210
(913) 661-3679

KENTUCKY

Louisville
305 North Hurstbourne Pkwy,
Suite 125
Louisville, KY 40222
(502) 423-5447

LOUISIANA

New Orleans
3900 N. Causeway, Suite 950
Metairie, LA 70002
P.O. Box 61479
New Orleans, LA 70161-1479
(504) 832-7560

MAINE

Portland, ME
207 Larrabee Road, Suite 3
Westbrook, ME 04092
(207) 857-2021

MARYLAND

Baltimore
8013 Corporate Drive
White Marsh, MD 21236-4975
(410) 931-5159

MASSACHUSETTS

Boston
100 Summer Street, Suite 201A
Boston, MA 02110
(617) 984-1284

Hudson
1 Cabot Road, Suite 200
Hudson, MA 01749
(617) 984-1284

Quincy
300 Crown Colony Drive
Quincy, MA 02169
P.O. Box 943
Boston, MA 02103-0943
(617) 984-1284

MICHIGAN

Grand Rapids
3777 Sparks Ave., SE, Suite 200
P.O. Box 3040
Grand Rapids, MI 49501-0323
(616) 942-4344

Southfield
26555 Evergreen Rd., Suite 1240
Southfield, MI 48076-4385
(248) 423-2299



FIELD OFFICE INFORMATION FOR SAFETY SERVICES ONLY (Cont'd)

MINNESOTA

Minneapolis
6465 Wayzata Blvd., 5th Floor
P.O. Box 35
Minneapolis, MN 55440-0035
(952) 541-4265

MISSISSIPPI

New Orleans
3900 N. Causeway, Suite 950
Metairie, LA 70002
P.O. Box 61479
New Orleans, LA 70161-1479
(504) 832-7560

MISSOURI

St. Louis
One City Place Drive
Creve Coeur, MO 63141
P.O. Box 66852
St. Louis, MO 63166-6852
(314) 994-2374

Kansas City
7600 College Blvd.
Overland Park, KS 66210
(913) 661-3679

**Missouri Workers'
Compensation Plan (MWCP)**

951 Hornet Drive
P.O. Box 42021
Hazelwood, MO 63042-2309
(314) 551-3208

MONTANA

Portland, OR
4000 SW Kruse Place, Suite 100
Lake Oswego, OR 97035
(503) 534-4276

NEBRASKA

Omaha
11422 Miracle Hills Drive, Suite 110
Omaha, NE 68154
(913) 661-3679

NEVADA

Las Vegas
1850 E Flamingo, Suite 202
Las Vegas, NV 89119
(702) 669-4718

NEW HAMPSHIRE

Portland, ME
207 Larrabee Road, Suite 3
Westbrook, ME 04092
(207) 857-2021

NEW JERSEY

Morris Plains
1100 American Road, 2nd Floor
Morris Plains, NJ 07950
(973) 606-5245

Pennsauken
4350 Haddonfield Road
Pennsauken, NJ 08109
(856) 488-5942

NEW MEXICO

Dallas
1301 E Collins Blvd., Suite 300
Richardson, TX 75081
(214) 570-6194

NEW YORK

Albany
900 Watervliet-Shaker Road
Albany, NY 12205
(315) 424-7231

Buffalo
60 Lakefront Blvd.
P.O. Box 242
Buffalo, NY 14240-0242
(315) 424-7231

East Meadow
90 Merrick Ave., 4th Floor
East Meadow, NY 11554-1593
(973) 606-5245

New York
One Whitehall Street
New York, NY 10004-2108
(973) 606-5245

Rochester
75 Town Centre Drive
P.O. Box 23235
Rochester, NY 14692-3235
(315) 424-7231

Syracuse
440 South Warren Street
P.O. Box 4963
Syracuse, NY 13221-4963
(315) 424-7231

NORTH CAROLINA

Charlotte
11440 Carmel Commons Blvd.
P.O. Box 473500
Charlotte, NC 28247-3500
(704) 540-3216

Raleigh
3733 National Drive, Suite 200
Raleigh, NC 27612
(919) 420-1873

NORTH DAKOTA

Minneapolis
6465 Wayzata Blvd., 5th Floor
P.O. Box 35
Minneapolis, MN 55440-0035
(952) 541-4265

OHIO

Cincinnati
895 Central Avenue, Suite 800
Cincinnati, OH 45202
(216) 348-7512

Cleveland
Skylight Office Tower
1660 W. 2nd St., Suite 500
Cleveland, OH 44113-1454
(216) 348-7512

OKLAHOMA

Tulsa
9820 East 41st Street, Suite 401
P.O. Box 3510
Tulsa, OK 74101
(913) 661-3679

OREGON

Portland, OR
4000 SW Kruse Place, Suite 100
Lake Oswego, OR 97035
(503) 534-4276

PENNSYLVANIA

Harrisburg
5001 Louise Drive
Mechanicsburg, PA 17055
(717) 691-5101

Philadelphia
1500 Market Street
29th Floor W Tower
Philadelphia, PA 19102
(267) 675-3056

Pittsburgh
800 Two Chatham Center
Pittsburgh, PA 15219-2502
(412) 338-3082

Reading
1105 Berkshire Blvd.
P.O. Box 13426
Wyomissing, PA 19612-3426
(610) 371-3809

RHODE ISLAND

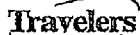
Quincy
300 Crown Colony Drive
Quincy, MA 02169
P.O. Box 943
Boston, MA 02103-0943
(617) 984-12843

SOUTH CAROLINA

Charlotte
11440 Carmel Commons Blvd.
P.O. Box 473500
Charlotte, NC 28247-3500
(704) 540-3216

SOUTH DAKOTA

Omaha
11422 Miracle Hills Drive, Suite 110
Omaha, NE 68154
(913) 661-3679



FIELD OFFICE INFORMATION FOR SAFETY SERVICES ONLY (Cont'd)

TENNESSEE

Memphis
6750 Poplar Ave., Suite 408
P.O. Box 171225
Memphis, TN 38187
(901) 756-3011

Nashville
9020 Overlook Blvd., Suite 150
Brentwood, TN 37027
(615) 372-7747

TEXAS

Dallas
1301 E Collins Blvd., Suite 300
Richardson, TX 75081
(214) 570-6194

Houston
10800 Richmond Ave., Suite 120
P.O. Box 42928
Houston, TX 77242-2928
(713) 787-4031

UTAH

Denver
7600 E. Orchard Rd., Suite 380
Greenwood Village, CO 80111
P.O. Box 173713
Denver, CO 80217
(303) 740-1691

VERMONT

Portland, ME
207 Larrabee Road, Suite 3
Westbrook, ME 04092
(207) 857-2021

VIRGINIA

Richmond
300 Arboretum Place
P.O. Box 26426
Richmond, VA 23260-6426
(804) 330-6060

Washington, DC
14048 Park East Circle
Chantilly, VA 20151
(703) 818-6765

WASHINGTON

Seattle
1501 4th Avenue, Suite 400
Seattle, WA 98101
(206) 464-3471

WEST VIRGINIA

Pittsburgh
800 Two Chatham Center
Pittsburgh, PA 15219-2502
(412) 338-3082

WISCONSIN

Milwaukee
445 S. Moorland Ave., 2nd Floor
Brookfield, WI 53005
P.O. Box 3032
Milwaukee, WI 53201-3032
(262) 797-3113

WYOMING

Denver
7600 E. Orchard Rd., Suite 380
Greenwood Village, CO 80111
P.O. Box 173713
Denver, CO 80217
(303) 740-1691



**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY**

A Custom Insurance Policy Prepared for:

ARD TRUCKING COMPANY INC
PO BOX 504
DARLINGTON SC 29540



Travelers

**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY**

TYPE AR INFORMATION PAGE WC 00 00 01 (A)

POLICY NUMBER: (6JUB-0188B92-3-03)

NEW-03

INSURER: THE TRAVELERS INDEMNITY COMPANY OF ILLINOIS

NCCI CO CODE: 13579

1.

INSURED:

ARD TRUCKING COMPANY INC
PO BOX 504
DARLINGTON SC 29540

PRODUCER:

MICHAEL P HAIR & ASSOC
7422 CARMEL EXECUTIVE PK #204
PO BOX 472224
CHARLOTTE NC 28247

Insured is A CORPORATION

Other work places and identification numbers are shown in the schedule(s) attached.

2. The policy period is from 11-07-03 to 11-07-04 12:01 A.M. at the Insured's mailing address.

3. A. **WORKERS COMPENSATION INSURANCE:** Part One of the policy applies to the Workers Compensation Law of the state(s) listed here:

SC

B. **EMPLOYERS LIABILITY INSURANCE:** Part Two of the policy applies to work in each state listed in item 3.A. The limits of our liability under Part Two are:

Bodily Injury by Accident:	\$	500000	Each Accident
Bodily Injury by Disease:	\$	500000	Policy Limit
Bodily Injury by Disease:	\$	500000	Each Employee

C. **OTHER STATES INSURANCE:** Part Three of the policy applies to the states, if any, listed here:

REFER TO RESIDUAL MARKET LIMITED OTHER STATES INSURANCE
ENDORSEMENT WC 00 03 26

D. This policy includes these endorsements and schedules:

SEE LISTING OF ENDORSEMENTS - EXTENSION OF INFO. PAGE

4. The premium for this policy will be determined by our Manuals of Rules, Classifications, Rates and Rating Plans. All required information is subject to verification and change by audit to be made ANNUALLY.

DATE OF ISSUE: 12-01-03 TW

OFFICE: ORLANDO

870

PRODUCER: MICHAEL P HAIR & ASSOC

ST. ASSIGN: SC

26XSD

APPELLANT ROA 00599



WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY

TYPE AR INFORMATION PAGE WC 00 00 01 (A)

POLICY NUMBER: (6JUB-0188B92-3-03)

CLASSIFICATION SCHEDULE:

CLASSIFICATIONS	CODE NO	PREMIUM BASIS ESTIMATED TOTAL ANNUAL REMUNERATION	RATES PER \$100 OF REMUNERATION	ESTIMATED ANNUAL PREMIUM
-----------------	---------	--	---------------------------------------	--------------------------------

SEE EXTENSION OF INFORMATION PAGE - SCHEDULE(S)

SIC-CODE: 4789

	STANDARD
TOTAL ESTIMATED ANNUAL STANDARD PREMIUM \$	166946
PREMIUM DISCOUNT	NONE
0900-39 EXPENSE CONSTANT	280
TERRORISM RISK INS ACT 2002	812
TOTAL ESTIMATED PREMIUM	167988
DEPOSIT AMOUNT DUE	167988

A/R (WCIP) #

Minimum Premium: \$ 750

EMPLOYERS LIABILITY MINIMUM: \$ 100

DATE OF ISSUE: 12-01-03 TW

ST ASSIGN: SC

OFFICE: ORLANDO

870

PRODUCER: MICHAEL P HAIR & ASSOC 26XSD

APPELLANT ROA 00600



WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY

EXTENSION OF INFO PAGE-SCHEDULE WC 00 00 01 (A)

POLICY NUMBER: (6JUB-0188B92-3-03)

INSURER: THE TRAVELERS INDEMNITY COMPANY OF ILLINOIS

13579-SC

INSURED'S NAME: ARD TRUCKING COMPANY INC
ANNIVERSARY RATING DATE: 11-01-04
EXP. MOD. EFFECTIVE DATE: 11-01-03

RATE BUREAU ID: 390236328

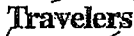
CLASSIFICATION	CODE	PREMIUM BASIS ESTIMATED TOTAL ANNUAL REMUNERATION	RATES PER \$100 OF REMUNERATION	ESTIMATED ANNUAL PREMIUM
LOCATION 001 01				
FEIN 570604441 ENTITY CD 001				
ARD TRUCKING COMPANY INC				
1702 N GOVERNOR WILLIAMS DARLINGTON, SC 29540				
TRUCKING: LONG DISTANCE HAULING-ALL EMPLOYEES & DRIVERS	7229	2100000	10.47	219870
SALESPERSONS, COLLECTORS OR MESSENGERS-OUTSIDE	8742	16000	.83	133
CLERICAL OFFICE EMPLOYEES NOC	8810	590000	.31	1829

1.70% EMPL. LIAB. INCREASED LIMITS(9807)	\$	3771
TOTAL PREMIUM SUBJECT TO EXPERIENCE MODIFICATION		225603
CONTINGENT EXP MOD: .74 MODIFIED PREMIUM		166946
TOTAL ESTIMATED ANNUAL STANDARD PREMIUM		166946
0.00% ARAP MODIFICATION PROGRAM		NONE
EXPENSE CONSTANT(0900)		230
TERRORISM RISK INS ACT 2002 (9740)		812
TOTAL ESTIMATED PREMIUM		167988
DEPOSIT AMOUNT DUE		167988

DATE OF ISSUE: 12-01-03 TW

ST ASSIGN: SC

SCHEDULE NO: 1 OF LAST
APPELLANT ROA 00601



WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 00 01 (A)

POLICY NUMBER: (6JUB-0188B92-3-03)

LISTING OF ENDORSEMENTS
EXTENSION OF INFO-PAGE

We agree that the following listed endorsements form a part of this policy on its effective date.

WC 00 00 01 A - 001	INFORMATION PAGE
WC 00 00 01 A - 001	INFORMATION PAGE 2
WC 00 00 01 A - 001	EXTENSION OF INFORMATION PAGE - SCHEDULE
WC 00 00 01 A - 001	ENDORSEMENT LISTING
WC 00 03 26 A - 001	LIMITED OTHER STATES INSURANCE END
WC 00 04 02 00 - 001	ANNIVERSARY RATING DATE ENDORSEMENT
WC 00 04 12 00 - 001	CONTINGENT EXPERIENCE RATING MOD FACTOR
WC 00 04 14 00 - 001	NOTIFICATION OF CHANGE IN OWNERSHIP ENDT
WC 00 04 15 00 - 001	ASSIGNED RISK ADJUSTMENT PROGRAM ENDT.
WC 00 04 17 00 - 001	A/R LSRP NOTIFICATION ENDORSEMENT
WC 00 04 20 00 - 001	TERRORISM RISK INS ACT ENDT

The Travelers Insurance Companies

(Each a Stock Insurance Company)

Hartford, Connecticut

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

In return for the payment of the premium and subject to all terms of this policy, we agree with you as follows:

GENERAL SECTION

A. The Policy

This policy includes at its effective date the Information Page and all endorsements and schedules listed there. It is a contract of insurance between you (the employer named in Item 1 of the Information Page) and us (the insurer named on the Information Page). The only agreements relating to this insurance are stated in this policy. The terms of this policy may not be changed or waived except by endorsement issued by us to be part of this policy.

B. Who Is Insured

You are insured if you are an employer named in Item 1 of the Information Page. If that employer is a partnership, and if you are one of its partners, you are insured, but only in your capacity as an employer of the partnership's employees.

C. Workers Compensation Law

Workers Compensation Law means the workers or workmen's compensation law and occupational dis-

ease law of each state or territory named in Item 3.A. of the Information Page. It includes any amendments to that law which are in effect during the policy period. It does not include any federal workers or workmen's compensation law, any federal occupational disease law or the provisions of any law that provide nonoccupational disability benefits.

D. State

State means any state of the United States of America, and the District of Columbia.

E. Locations

This policy covers all of your workplaces listed in Items 1 or 4 of the Information Page; and it covers all other workplaces in Item 3.A. states unless you have other insurance or are self-insured for such workplaces.

PART ONE - WORKERS COMPENSATION INSURANCE

A. How This Insurance Applies

This workers compensation insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. Bodily injury by accident must occur during the policy period.
2. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.

B. We Will Pay

We will pay promptly when due the benefits required of you by the workers compensation law.

C. We Will Defend

We have the right and duty to defend at our expense any claim, proceeding or suit against you for benefits payable by this insurance. We have the right to investigate and settle these claims, proceedings or suits.

We have no duty to defend a claim, proceeding or suit that is not covered by this insurance.

D. We Will Also Pay

We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding or suit we defend:

1. reasonable expenses incurred at our request, but not loss of earnings;

2. premiums for bonds to release attachments and for appeal bonds in bond amounts up to the amount payable under this insurance;
3. litigation costs taxed against you;
4. interest on a judgment as required by law until we offer the amount due under this insurance; and
5. expenses we incur.

E. Other Insurance

We will not pay more than our share of benefits and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that may apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance will be equal until the loss is paid.

F. Payments You Must Make

You are responsible for any payments in excess of the benefits regularly provided by the workers compensation law including those required because:

1. of your serious and willful misconduct;
2. you knowingly employ an employee in violation of law;
3. you fail to comply with a health or safety law or regulation; or
4. you discharge, coerce or otherwise discriminate against any employee in violation of the workers compensation law.

If we make any payments in excess of the benefits regularly provided by the workers compensation law on your behalf, you will reimburse us promptly.

G. Recovery From Others

We have your rights, and the rights of persons entitled to the benefits of this insurance, to recover our payments from anyone liable for the injury. You will do everything necessary to protect those rights for us and to help us enforce them.

H. Statutory Provisions

These statements apply where they are required by law.

1. As between an injured worker and us, we have notice of the injury when you have notice.
2. Your default or the bankruptcy or insolvency of you or your estate will not relieve us of our duties under this insurance after an injury occurs.
3. We are directly and primarily liable to any person entitled to the benefits payable by this insurance. Those persons may enforce our duties; so may an agency authorized by law.

Enforcement may be against us or against you and us.

4. Jurisdiction over you is jurisdiction over us for purposes of the workers compensation law. We are bound by decisions against you under that law, subject to the provisions of this policy that are not in conflict with that law.
5. This insurance conforms to the parts of the workers compensation law that apply to:
 - a. benefits payable by this insurance;
 - b. special taxes, payments into security or other special funds, and assessments payable by us under that law.
6. Terms of this insurance that conflict with the workers compensation law are changed by this statement to conform to that law.

Nothing in these paragraphs relieves you of your duties under this policy.

PART TWO — EMPLOYERS LIABILITY INSURANCE

A. How This Insurance Applies

This employers liability insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. The bodily injury must arise out of and in the course of the injured employee's employment by you.
2. The employment must be necessary or incidental to your work in a state or territory listed in Item 3.A. of the Information Page.
3. Bodily injury by accident must occur during the policy period.
4. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.
5. If you are sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America, its territories or possessions, or Canada.

B. We Will Pay

We will pay all sums you legally must pay as damages because of bodily injury to your employees, provided the bodily injury is covered by this Employers Liability Insurance.

The damages we will pay, where recovery is permitted by law, include damages:

1. for which you are liable to a third party by reason of a claim or suit against you by that third party to recover the damages claimed against such third party as a result of injury to your employee;
2. for care and loss of services; and
3. for consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee;

provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by you; and

4. because of bodily injury to your employee that arises out of and in the course of employment,

claimed against you in a capacity other than as employer.

C. Exclusions

This insurance does not cover:

1. liability assumed under a contract. This exclusion does not apply to a warranty that your work will be done in a workmanlike manner;
2. punitive or exemplary damages because of bodily injury to an employee employed in violation of law;
3. bodily injury to an employee while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers;
4. any obligation imposed by a workers compensation, occupational disease, unemployment compensation, or disability benefits law, or any similar law;
5. bodily injury intentionally caused or aggravated by you;
6. bodily injury occurring outside the United States of America, its territories or possessions, and Canada. This exclusion does not apply to bodily injury to a citizen or resident of the United States of America or Canada who is temporarily outside these countries;
7. damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any employee, or any personnel practices, policies, acts or omissions.
8. bodily injury to any person in work subject to the Longshore and Harbor Workers' Compensation Act (33 USC Sections 901-950), the Nonappropriated Fund Instrumentalities Act (5 USC Sections 8171-8173), the Outer Continental Shelf Lands Act (43 USC Sections 1331-1356), the Defense Base Act (42 USC Sections 1651-1654), the Federal Coal Mine Health and Safety Act of 1969 (30 USC Sections 901-942), any other federal workers or workmen's compensation law or other federal occupational disease law, or any amendments to these laws.

9. bodily injury to any person in work subject to the Federal Employers' Liability Act (45 USC Sections 51-60); any other federal laws obligating an employer to pay damages to an employee due to bodily injury arising out of or in the course of employment, or any amendments to those laws;
10. bodily injury to a master or member of the crew of any vessel.
11. fines or penalties imposed for violation of federal or state law.
12. damages payable under the Migrant and Seasonal Agricultural Worker Protection Act (29 USC Sections 1801-1872) and under any other federal law awarding damages for violation of those laws or regulations issued thereunder, and any amendments to those laws.

D. We Will Defend

We have the right and duty to defend, at our expense, any claim, proceeding or suit against you for damages payable by this insurance. We have the right to investigate and settle these claims, proceedings and suits.

We have no duty to defend a claim, proceeding or suit that is not covered by this insurance. We have no duty to defend or continue defending after we have paid our applicable limit of liability under this insurance.

E. We Will Also Pay

We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding or suit we defend:

1. reasonable expenses incurred at our request, but not loss of earnings;
2. premiums for bonds to release attachments and for appeal bonds in bond amounts up to the limit of our liability under this insurance;
3. litigation costs taxed against you;
4. interest on a judgement as required by law until we offer the amount due under this insurance; and
5. expenses we incur.

F. Other Insurance

We will not pay more than our share of damages and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is ex-

hausted, the shares of all remaining insurance and self-insurance will be equal until the loss is paid.

G. Limits of Liability

Our liability to pay for damages is limited. Our limits of liability are shown in Item 3.B. of the Information Page. They apply as explained below:

1. Bodily Injury by Accident. The limit shown for "bodily injury by accident — each accident" is the most we will pay for all damages covered by this insurance because of bodily injury to one or more employees in any one accident.

A disease is not bodily injury by accident unless it results directly from bodily injury by accident.

2. Bodily Injury by Disease. The limit shown for "bodily injury by disease — policy limit" is the most we will pay for all damages covered by this insurance and arising out of bodily injury by disease, regardless of the number of employees who sustain bodily injury by disease. The limit shown for "bodily injury by disease — each employee" is the most we will pay for all damages because of bodily injury by disease to any one employee.

Bodily injury by disease does not include disease that results directly from a bodily injury by accident.

3. We will not pay any claims for damages after we have paid the applicable limit of our liability under this insurance.

H. Recovery From Others

We have your rights to recover our payment from anyone liable for an injury covered by this insurance. You will do everything necessary to protect those rights for us and to help us enforce them.

I. Actions Against Us

There will be no right of action against us under this insurance unless:

1. You have complied with all the terms of this policy; and
2. The amount you owe has been determined with our consent or by actual trial and final judgement.

This insurance does not give anyone the right to add us as a defendant in an action against you to determine your liability. The bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this Part.

PART THREE — OTHER STATES INSURANCE

A. How This Insurance Applies

1. This other states insurance applies only if one or more states are shown in Item 3.C. of the Information Page.
2. If you begin work in any one of those states after the effective date of this policy and are not insured or are not self-insured for such work, all provisions of the policy will apply as though that state were listed in Item 3.A. of the Information Page.
3. We will reimburse you for the benefits required by the workers-compensation law of that state if

we are not permitted to pay the benefits directly to persons entitled to them.

4. If you have work on the effective date of this policy in any state not listed in Item 3.A. of the Information Page, coverage will not be afforded for that state unless we are notified within thirty days.

B. Notice

Tell us at once if you begin work in any state listed in Item 3.C. of the Information Page.

PART FOUR—YOUR DUTIES IF INJURY OCCURS

Tell us at once if injury occurs that may be covered by this policy. Your other duties are listed here.

1. Provide for immediate medical and other services required by the workers compensation law.
2. Give us or our agent the names and addresses of the injured persons and of witnesses; and other information we may need.
3. Promptly give us all notices, demands and legal papers related to the injury, claim, proceeding or suit.

4. Cooperate with us and assist us, as we may request, in the investigation, settlement or defense of any claim, proceeding or suit.
5. Do nothing after an injury occurs that would interfere with our right to recover from others.
6. Do not voluntarily make payments, assume obligations or incur expenses, except at your own cost.

PART FIVE—PREMIUM

A. Our Manuals

All premium for this policy will be determined by our manuals of rules, rates, rating plans and classifications. We may change our manuals and apply the changes to this policy if authorized by law or a governmental agency regulating this insurance.

B. Classifications

Item 4 of the Information Page shows the rate and premium basis for certain business or work classifications. These classifications were assigned based on an estimate of the exposures you would have during the policy period. If your actual exposures are not properly described by those classifications, we will assign proper classifications, rates and premium basis by endorsement to this policy.

C. Remuneration

Premium for each work classification is determined by multiplying a rate times a premium basis. Remuneration is the most common premium basis. This premium basis includes payroll and all other remuneration paid or payable during the policy period for the services of:

1. All your officers and employees engaged in work covered by this policy; and
2. All other persons engaged in work that could make us liable under Part One (Workers Compensation Insurance) of this policy. If you do not have payroll records for these persons, the contract price for their services and materials may be used as the premium basis. This paragraph 2 will not apply if you give us proof that the employers of these persons lawfully secured their workers compensation obligations.

D. Premium Payments

You will pay all premium when due. You will pay the premium even if part or all of a workers compensation law is not valid.

E. Final Premium

The premium shown on the Information Page, schedules, and endorsements is an estimate. The final premium will be determined after this policy

ends by using the actual, not the estimated, premium basis and the proper classifications and rates that lawfully apply to the business and work covered by this policy. If the final premium is more than the premium you paid to us, you must pay us the balance. If it is less, we will refund the balance to you. The final premium will not be less than the highest minimum premium for the classifications covered by this policy.

If this policy is canceled, final premium will be determined in the following way unless our manuals provide otherwise:

1. If we cancel, final premium will be calculated pro rata based on the time this policy was in force. Final premium will not be less than the pro rata share of the minimum premium.
2. If you cancel, final premium will be more than pro rata; it will be based on the time this policy was in force, and increased by our short-rate cancellation table and procedure. Final premium will not be less than the minimum premium.

F. Records

You will keep records of information needed to compute premium. You will provide us with copies of those records when we ask for them.

G. Audit

You will let us examine and audit all your records that relate to this policy. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data. We may conduct the audits during regular business hours during the policy period and within three years after the policy period ends. Information developed by audit will be used to determine final premium. Insurance rate service organizations have the same rights we have under this provision.

PART SIX—CONDITIONS

A. Inspection

We have the right, but are not obliged to inspect your workplaces at any time. Our inspections are not safety inspections. They relate only to the insurability of the workplaces and the premiums to be charged. We may give you reports on the conditions we find. We may also recommend changes. While

they may help reduce losses, we do not undertake to perform the duty of any person to provide for the health or safety of your employees or the public. We do not warrant that your workplaces are safe or healthful or that they comply with laws, regulations, codes or standards. Insurance rate service organizations have the same rights we have under this provision.

Travelers

**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 15 (00)**

POLICY NUMBER: (6JUB-0188B92-3-03)

ASSIGNED RISK ADJUSTMENT PROGRAM ENDORSEMENT

This endorsement is added to Part Five (Premium) because one or more of the states shown in the Item 3.A of the Information Page have approved the Assigned Risk Adjustment Program. The program adds a surcharge to the premium of insureds who are eligible for an experience rating modification, are assigned risks, and meet the other requirements of the Program.

A. Eligibility

1. You are eligible for the Assigned Risk Adjustment Program if you are eligible for an experience rating modification. The application of this program is mandatory for all eligible insureds and shall apply to all assigned risk policies written for such insureds.
2. The adjustment program period is the one year period beginning with the effective date of the policy. If during the adjustment program period your experience rated modification changes, the Assigned Risk Adjustment Program surcharge factor may also change.

B. Surcharge Application

You must pay a surcharge if your actual losses exceed your modified expected losses, as determined using values from the experience rating modification calculation. The surcharge factor will be applied to your manual premium multiplied by the experience rating modification.

C. Interstate Risks

Experience rated risks with multi-state operations shall be subject to the Assigned Risk Adjustment Program in states that have approved it. See the Schedule below.

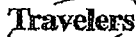
D. Cancellation

1. If you cancel, the standard premium for the adjustment plan period will be based on our short rate table and procedure. This short rate premium will be used to determine the Assigned Risk Adjustment Program surcharge.
2. Section D. 1. will not apply if you cancel because:
 - a. all work covered by the insurance is completed;
 - b. all interest in the business covered by the insurance is sold;
 - c. you retire from all business covered by the insurance; or
 - d. coverage is obtained through the voluntary market.

SCHEDULE

STATE

Alabama, Connecticut, Iowa, Kansas, Missouri, North Carolina, Oregon, South Carolina, Vermont, Virginia



**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 17 (00)**

POLICY NUMBER: (6JUB-0188B92-3-03)

**ASSIGNED RISK LOSS SENSITIVE RATING PLAN
NOTIFICATION ENDORSEMENT**

This endorsement is issued because you may qualify to have the cost of your insurance subject to the assigned risk mandatory Loss Sensitive Rating Plan (LSRP).

Eligibility:

1. Your insurance is written under Workers Compensation Insurance Plan (WCIP) in a state which has adopted the Loss Sensitive Rating Plan (LSRP).
2. The LSRP shall apply to an individual assigned risk policy if the total annual estimated Standard Premium or preliminary physical audit premium equals or exceeds the amount noted in the schedule.
3. A decrease in premium during the first 120 days of coverage which results in the premium falling below the LSRP premium eligibility threshold, shall result in the conversion of the policy to a guaranteed cost policy, retroactive to policy inception.
4. An increase in premium during the first 120 days of coverage which qualifies an employer for the LSRP shall result in the retroactive application of the LSRP to policy inception.
5. After the first 120 days of the coverage term, if it is determined that an employer qualifies for LSRP, the policy shall not be changed until renewal.
6. Notwithstanding, anything above to the contrary, any attempt to avoid the application of the LSRP arising from a misrepresentation or omission by you, your agent, employees, officers or directors shall result in the pro rata application of LSRP from the date upon which it would have applied had such misrepresentation or omission not been made.
7. The LSRP will apply on an interstate basis when the estimated aggregate (total of all states having approved LSRP) annual standard premium meets the premium eligibility requirement for the LSRP state generating the largest premium.

This plan will adjust your premium for this insurance based upon the losses incurred during the period covered by this insurance.

This endorsement applies in the states listed in the schedule below:

SCHEDULE

STATE	PREMIUM ELIGIBILITY
Alabama	\$200,000
Alaska	\$200,000
Connecticut	\$200,000
District of Columbia	\$200,000
Georgia	\$200,000
Idaho	\$200,000
Illinois	\$200,000
Indiana	\$100,000
Kansas	\$200,000
Nevada	\$200,000
New Hampshire	\$175,000
North Carolina	\$200,000
South Dakota	\$200,000

DATE OF ISSUE: 12-01-03 ST ASSIGN: SC

(Rev. 03-03)

APPELLANT ROA 00608

POLICY NUMBER: (6JUB-0188B92-3-03)

TERRORISM RISK INSURANCE ACT ENDORSEMENT

This endorsement addresses requirements of the Terrorism Risk Insurance Act of 2002.

Definitions:

The definitions provided in this endorsement are based on the definitions in the Act and are intended to have the same meaning. If words or phrases not defined in this endorsement are defined in the Act the definitions in the Act will apply.

"Act" means the Terrorism Risk Insurance Act of 2002, which took effect on November 26, 2002 and any amendments.

"Act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States as meeting all of the following requirements:

- a. The act is an act of terrorism.
- b. The act is violent or dangerous to human life, property or infrastructure.
- c. The act resulted in damage within the United States, or outside of the United States in the case of United States missions or certain air carriers or vessels.
- d. The act has been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"Insured terrorism or war loss" means any loss resulting from an act of terrorism (including an act of war, in the case of workers compensation that is covered by primary or excess property and casualty insurance issued by an insurer if the loss occurs in the United States or at United States missions or to certain air carriers or vessels.

"Insurer deductible" means:

- a. For the period beginning on November 26, 2002 and ending on December 31, 2002, an amount equal to 1% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding November 26, 2002.
- b. For the period beginning on January 1, 2003 and ending on December 31, 2003, an amount equal to 7% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2003.
- c. For the period beginning on January 1, 2004 and ending on December 31, 2004, an amount equal to 10% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2004.
- d. For the period beginning on January 1, 2005 and ending on December 31, 2005, an amount equal to 15% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2005.

Limitation of Liability

The Act may limit our liability to you under this policy. If annual aggregate insured terrorism or war losses of all insurers exceed \$100,000,000,000 during the applicable period provided in the Act, and if we have met our insurer deductible, the amount we will pay for insured terrorism or war losses under this policy will be limited by the Act, as determined by the Secretary of the Treasury.

Policyholder Disclosure Notice

1. Insured terrorism or war losses would be partially reimbursed by the United States Government under a formula established by the Act. Under this formula, the United States would pay 90% of our insured terrorism or war losses exceeding our insurer deductible.

Travelers

**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 20 (00)**

POLICY NUMBER: (6JUB-0188B92-3-03)

2. The additional premium charged for the coverage this policy provides for insured terrorism or war losses is shown in Item 4 of the Information Page or the Schedule below.

Schedule			
State	Rate per \$100 of Remuneration	State	Rate per \$100 of Remuneration
SOUTH CAROLINA	0.030		

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective	Policy No.	Endorsement No.
Insured		Premium \$
Insurance Company	Countersigned by _____	

Travelers

**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY**

ENDORSEMENT WC 00 04 12 (00)

POLICY NUMBER: (GJUB-01 88B92-3-03)

**CONTINGENT EXPERIENCE
RATING MODIFICATION FACTOR ENDORSEMENT**

The premium for this policy will be adjusted by an experience rating modification factor. The factor shown in the schedule is a Contingent Experience Rating Modification factor based on the appropriate experience data available and supersedes any prior experience modification factor. We will issue an endorsement to show a revised factor if appropriate additional experience data becomes available. The Contingent factor will apply unless a revised factor is subsequently issued.

SCHEDULE

STATE	MODIFICATION
SC	0.7400

DATE OF ISSUE: 12-01-03

ST ASSIGN: SC

APPELLANT ROA 00611

Travelers

**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 14 (00)**

POLICY NUMBER: (6JUB-0188B92-3-03)

NOTIFICATION OF CHANGE IN OWNERSHIP ENDORSEMENT

Experience rating is mandatory for all eligible insureds. The experience rating modification factor, if any, applicable to this policy, may change if there is a change in your ownership or in that of one or more of the entities eligible to be combined with you for experience rating purposes. Change in ownership includes sales, purchases, other transfers, mergers, consolidations, dissolutions, formations of a new entity and other changes provided for in the applicable experience rating plan manual.

You must report any change in ownership to us in writing within 90 days of such change. Failure to report such changes within this period may result in revision of the experience rating modification factor used to determine your premium.

B. Long Term Policy

If the policy period is longer than one year and sixteen days, all provisions of this policy will apply as though a new policy were issued on each annual anniversary that this policy is in force.

C. Transfer of Your Rights and Duties

Your rights or duties under this policy may not be transferred without our written consent.

If you die and we receive notice within thirty days after your death, we will cover your legal representative as insured.

D. Cancellation

1. You may cancel this policy. You must mail or deliver advance written notice to us stating when the cancellation is to take effect.

2. We may cancel this policy. We must mail or deliver to you not less than ten days advance written notice stating when the cancellation is to take effect. Mailing that notice to you at your mailing address shown in Item 1 of the Information Page will be sufficient to prove notice.

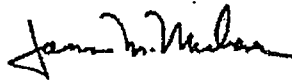
3. The policy period will end on the day and hour stated in the cancellation notice.

4. Any of these provisions that conflict with a law that controls the cancellation of the insurance in this policy is changed by this statement to comply with the law.

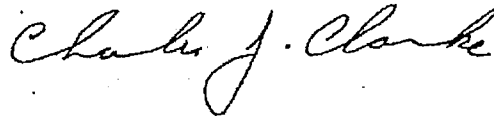
E. Sole Representative

The insured first named in Item 1 of the Information Page will act on behalf of all insureds to change this policy, receive return premium, and give or receive notice of cancellation.

In witness whereof, the company has caused this policy to be signed by its President and Secretary at Hartford, Connecticut and countersigned on the Information page by a duly authorized agent of the company.



Secretary



President

Travelers

**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 03 26 (A)**

POLICY NUMBER: (6JUB-01 88B92-3-03)

**RESIDUAL MARKET
LIMITED OTHER STATES INSURANCE ENDORSEMENT**

"Part Three—Other States Insurance" of the policy is replaced by the following:

PART THREE OTHER STATES INSURANCE

A. How This Insurance Applies

1. We will pay promptly when due the benefits required of you by the workers compensation law of any state not listed in Item 3.A. of the Information Page if all of the following conditions are met:
 - a. The employee claiming benefits was either hired under a contract of employment made in a state listed in Item 3.A. of the Information Page or was, at the time of injury, principally employed in a state listed in Item 3.A. of the Information Page; and
 - b. The employee claiming benefits is not claiming benefits in a state where, at the time of injury, (i) you have other workers compensation insurance coverage, or (ii) you were, by virtue of the nature of your operations in that state, required by that state's law to have obtained separate workers compensation insurance coverage, or (iii) you are an authorized self-insurer or participant in a self-insured group plan; and
 - c. The duration of the work being performed by the employee claiming benefits in the state for which that employee is claiming benefits is temporary.
2. If we are not permitted to pay the benefits directly to persons entitled to them and all of the above conditions are met, we will reimburse you for the benefits required to be paid.
3. This insurance does not apply to fines or penalties arising out of your failure to comply with the requirements of the workers compensation law.

IMPORTANT NOTICE!

If you hire any employees outside those states listed in Item 3.A. on the Information Page or begin operations in any such state, you should do whatever may be required under that state's law, as this endorsement does not satisfy the requirements of that state's workers compensation law.

Travelers

**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY**

ENDORSEMENT WC 00 04 02 (00)

POLICY NUMBER: (6JUB-01 88B92-3-03)

ANNIVERSARY RATING DATE ENDORSEMENT

The premium and rates for this policy, and the experience rating modification factor, if any, may change on your anniversary rating date shown in the Schedule(s).

SCHEDULE

ANNIVERSARY RATING DATE	(MONTH)	(DAY)	(YEAR)
REFER TO INFORMATION PAGE SCHEDULE(S)			

DATE OF ISSUE: 12-01-03.

ST ASSIGN: SC

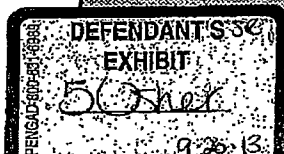
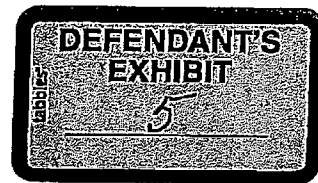
APPELLANT ROA 00615



WORKERS COMPENSATION AND EMPLOYERS LIABILITY POLICY

A Custom Insurance Policy Prepared for:

ARD TRUCKING COMPANY INC
PO BOX 504
DARLINGTON SC 29540



BWPH Ard Trucking 00065

APPELLANT ROA 00616

Travelers

**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY**

TYPE AR INFORMATION PAGE WC 00 00 01 (A)

POLICY NUMBER: (R6EJUB-9560A28-5-03)

INSURER: THE TRAVELERS INDEMNITY COMPANY OF ILLINOIS

NCCI CO CODE: 13579

1.

INSURED:

ARD TRUCKING COMPANY INC
PO BOX 504
DARLINGTON SC 29540

PRODUCER:

MICHAEL P HAIR & ASSOC
7422 CARMEL EXECUTIVE PK #204
PO BOX 472224
CHARLOTTE NC 28247

Insured is A CORPORATION

Other work places and identification numbers are shown in the schedule(s) attached.

2. The policy period is from 11-07-03 to 11-07-04 12:01 A.M. at the insured's mailing address.

3. A. **WORKERS COMPENSATION INSURANCE:** Part One of the policy applies to the Workers Compensation Law of the state(s) listed here:

SC

B. **EMPLOYERS LIABILITY INSURANCE:** Part Two of the policy applies to work in each state listed in Item 3.A. The limits of our liability under Part Two are:

Bodily Injury by Accident:	\$	500000 Each Accident
Bodily Injury by Disease:	\$	500000 Policy Limit
Bodily Injury by Disease:	\$	500000 Each Employee

C. **OTHER STATES INSURANCE:** Part Three of the policy applies to the states, if any, listed here:

REFER TO RESIDUAL MARKET LIMITED OTHER STATES INSURANCE
ENDORSEMENT WC 00 03 26

D. This policy includes these endorsements and schedules:

SEE LISTING OF ENDORSEMENTS - EXTENSION OF INFO PAGE

4. The premium for this policy will be determined by our Manuals of Rules, Classifications, Rates and Rating Plans. All required information is subject to verification and change by audit to be made ANNUALLY.

DATE OF ISSUE: 03-01-04 TW

OFFICE: ORLANDO

870

PRODUCER: MICHAEL P HAIR & ASSOC

26XSD

ST ASSIGN: SC

BWPH Ard Trucking 00066

APPELLANT ROA 00617

Travelers

WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY

TYPE AR INFORMATION PAGE WC 00 00 01 (A)

POLICY NUMBER: (R6EJUB-9560A28-5-03)

CLASSIFICATION SCHEDULE:

CLASSIFICATIONS	CODE NO	PREMIUM BASIS ESTIMATED TOTAL ANNUAL REMUNERATION	RATES PER \$100 OF REMUNERATION	ESTIMATED ANNUAL PREMIUM
-----------------	---------	--	---------------------------------------	--------------------------------

SEE EXTENSION OF INFORMATION PAGE -- SCHEDULE(S)

SIC-CODE: 4789

	STANDARD	EXCESS
TOTAL ESTIMATED ANNUAL STANDARD PREMIUM \$	260581 \$	NONE
PREMIUM DISCOUNT	TO BE DETERMINED	
OTHER CHARGES & CREDITS	NONE	52116
0900-39 EXPENSE CONSTANT		230
TERRORISM RISK INS ACT 2002	1289	NONE
TOTAL ESTIMATED PREMIUM	261870	52346
DEPOSIT AMOUNT D	261870	52346

A/R (WCIP) #

Minimum Premium: \$ 750

EMPLOYERS LIABILITY MINIMUM: \$ 100

DATE OF ISSUE: 03-01-04 TW

OFFICE: ORLANDO 870

PRODUCER: MICHAEL P HAIR & ASSOC 26XSD

ST ASSIGN: SC

BWPH Ard Trucking 00067

APPELLANT ROA 00618

Travelers

**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY**

EXTENSION OF INFO PAGE-SCHEDULE WC 00 00 01 (A)

POLICY NUMBER: (R6EJUB-9560A28-5-03)

INSURER: THE TRAVELERS INDEMNITY COMPANY OF ILLINOIS

13579-SC

INSURED'S NAME: ARD TRUCKING COMPANY INC
RATING MODE: RMD LOSS SENSITIVE RATING PLANS
ANNIVERSARY RATING DATE: 11-01-04
EXP. MOD. EFFECTIVE DATE: 11-01-03

RATE BUREAU ID: 390236328

CLASSIFICATION	CODE	PREMIUM BASIS ESTIMATED TOTAL ANNUAL REMUNERATION	RATES PER \$100 OF REMUNERATION	ESTIMATED ANNUAL PREMIUM
LOCATION 001 01				
FEIN 570604441 ENTITY CD 001				
ARD TRUCKING COMPANY INC				
1702 N GOVERNOR WILLIAMS DARLINGTON, SC 29540				
TRUCKING: LONG DISTANCE HAULING-ALL EMPLOYEES & DRIVERS	7229	3456061	10.47	361850
SALESPERSONS, COLLECTORS OR MESSENGERS-OUTSIDE	8742	14976	.83	124

DATE OF ISSUE: 03-01-04 TW

ST ASSIGN: SC

SCHEDULE NO: 1 OF MORE

BWPH Ard Trucking 00068

APPELLANT ROA 00619

Travelers

WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY

EXTENSION OF INFO PAGE-SCHEDULE WC 00 00 01 (A)

POLICY NUMBER: (R6EJUB-9560A28-5-03)

CLASSIFICATION	CODE	PREMIUM BASIS ESTIMATED TOTAL ANNUAL REMUNERATION	RATES PER \$100 OF REMUNERATION	ESTIMATED ANNUAL PREMIUM
LOCATION 001 01 (CONT'D)				
CLERICAL OFFICE EMPLOYEES NOC	8810	824523	.31	2556

	STANDARD	EXCESS
1.70% EMPL. LIAB. INCREASED LIMITS(9807)	\$ 6197	\$ NONE
5.10% DEDUCTIBLE CREDIT(9941)	18591	NONE
TOTAL PREMIUM SUBJECT TO EXPERIENCE MODIFICATION	352136	NONE
CONTINGENT EXP MOD: .74 MODIFIED PREMIUM	260581	NONE
TOTAL ESTIMATED ANNUAL STANDARD PREMIUM	260581	NONE
0.00% ARAP MODIFICATION PROGRAM	NONE	NONE
LSRP CONTINGENT DEPOSIT (9700)	NONE	52116
EXPENSE CONSTANT(0900)	NONE	230
TERRORISM RISK INS ACT 2002 (9740)	1289	NONE
TOTAL ESTIMATED PREMIUM	261870	52346
DEPOSIT AMOUNT DUE	261870	52346

DATE OF ISSUE: 03-01-04 TW

ST ASSIGN: SC

SCHEDULE NO: 2 OF LAST

BWPH Ard Trucking 00069

APPELLANT ROA 00620

Travelers

**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY**

ENDORSEMENT WC 00 00 01 (A)

POLICY NUMBER: (R6EJUB-9560A28-5-03)

**LISTING OF ENDORSEMENTS
EXTENSION OF INFO PAGE**

We agree that the following listed endorsements form a part of this policy on its effective date.

WC 00 00 01 A - 001	INFORMATION PAGE
WC 00 00 01 A - 001	INFORMATION PAGE 2
WC 00 00 01 A - 001	EXTENSION OF INFORMATION PAGE - SCHEDULE
WC 00 00 01 A - 001	ENDORSEMENT LISTING
WC 00 06 03 00 - 001	BENEFITS DEDUCTIBLE ENDORSEMENT
WC 00 03 26 A - 001	LIMITED OTHER STATES INSURANCE END
WC 00 04 02 00 - 001	ANNIVERSARY RATING DATE ENDORSEMENT
WC 00 04 12 00 - 001	CONTINGENT EXPERIENCE RATING MOD FACTOR
WC 00 04 14 00 - 001	NOTIFICATION OF CHANGE IN OWNERSHIP ENDT
WC 00 04 15 00 - 001	ASSIGNED RISK ADJUSTMENT PROGRAM ENDT.
WC 00 04 17 00 - 001	A/R LSRP NOTIFICATION ENDORSEMENT
WC 00 04 18 00 - 001	MANDATORY A/R LSRP ENDORSEMENT
WC 00 04 20 00 - 001	TERRORISM RISK INS ACT ENDT

DATE OF ISSUE: 03-01-04

ST ASSIGN: SC

Page 1 of LAST

BWPH Ard Trucking 00070

APPELLANT ROA 00621



WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 06 03 (00)

POLICY NUMBER: (R6EJUB-9560A28-5-03)

BENEFITS DEDUCTIBLE ENDORSEMENT

This endorsement applies only to the insurance provided by Part One (Workers Compensation Insurance) because the states listed in the Schedule below are shown in item 3.A. of the Information Page.

1. Part One (Workers Compensation Insurance) applies only to benefits in excess of the deductible amount shown in the Schedule below.
2. This deductible applies separately to each claim for bodily injury by accident or disease.
3. If the law requires payment on a per accident or per disease basis, this provision applies in place of paragraph 2 above. This deductible applies separately to each accident or disease, regardless of the number of people who sustain injury by such accident or disease.
4. We will pay the deductible amount for you, but you must reimburse us within 30 days after we send you notice that payment is due. If you fail to fully reimburse us, we may cancel the policy as provided in Part Six (Conditions), Section D. Cancellation, of the policy. We may keep the amount of unearned premium that will reimburse us for the payments we made. These rights are in addition to other rights we have to be reimbursed.
5. If the statute requires or allows you to pay the deductible amount, this provision applies in place of paragraph 4 above. You will pay the deductible amounts directly to the persons entitled to them. We will be your guarantor for those payments. If we pay the deductible amount as guarantor, you must reimburse us within 30 days after we send you notice that payment is due. If you fail to reimburse us, we may cancel the policy as provided in Part Six (Conditions), Section D. Cancellation, of the policy. We may keep the amount of unearned premium that will reimburse us for the payments we made. These rights are in addition to other rights we have to be reimbursed.

SCHEDULE

State	Indemnity and Medical Deductible Amount	Medical Deductible Amount	Indemnity Deductible Amount
SC	\$1000		

DATE OF ISSUE: 03-01-04

ST ASSIGN: SC

PAGE 1 OF LAST

BWPH Ard Trucking 00071

APPELLANT ROA 00622



WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 03 26 (A)

POLICY NUMBER: (R6EJUB-9560A28-5-03)

**RESIDUAL MARKET
LIMITED OTHER STATES INSURANCE ENDORSEMENT**

"Part Three—Other States Insurance" of the policy is replaced by the following:

PART THREE OTHER STATES INSURANCE

A. How This Insurance Applies

1. We will pay promptly when due the benefits required of you by the workers compensation law of any state not listed in Item 3.A. of the Information Page if all of the following conditions are met:
 - a. The employee claiming benefits was either hired under a contract of employment made in a state listed in Item 3.A. of the Information Page or was, at the time of injury, principally employed in a state listed in Item 3.A. of the Information Page; and
 - b. The employee claiming benefits is not claiming benefits in a state where, at the time of injury, (i) you have other workers compensation insurance coverage, or (ii) you were, by virtue of the nature of your operations in that state, required by that state's law to have obtained separate workers compensation insurance coverage, or (iii) you are an authorized self-insurer or participant in a self-insured group plan; and
 - c. The duration of the work being performed by the employee claiming benefits in the state for which that employee is claiming benefits is temporary.
2. If we are not permitted to pay the benefits directly to persons entitled to them and all of the above conditions are met, we will reimburse you for the benefits required to be paid.
3. This insurance does not apply to fines or penalties arising out of your failure to comply with the requirements of the workers compensation law.

IMPORTANT NOTICE!

If you hire any employees outside those states listed in Item 3.A. on the Information Page or begin operations in any such state, you should do whatever may be required under that state's law, as this endorsement does not satisfy the requirements of that state's workers compensation law.

DATE OF ISSUE: 03-01-04

ST ASSIGN: SC

BWPH Ard Trucking 00072

APPELLANT ROA 00623



WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 02 (00)

POLICY NUMBER: (R6BJUB-9560A28-5-03)

ANNIVERSARY RATING DATE ENDORSEMENT

The premium and rates for this policy, and the experience rating modification factor, if any, may change on your anniversary rating date shown in the Schedule(s).

SCHEDULE

ANNIVERSARY RATING DATE

(MONTH)

(DAY)

(YEAR)

REFER TO INFORMATION PAGE SCHEDULE(S)

DATE OF ISSUE: 03-01-04

ST ASSIGN: SC

BWPH Ard Trucking 00073

APPELLANT ROA 00624



WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 12 (00)

POLICY NUMBER: (R6EJUB-9560A28-5-03)

**CONTINGENT EXPERIENCE
RATING MODIFICATION FACTOR ENDORSEMENT**

The premium for this policy will be adjusted by an experience rating modification factor. The factor shown in the schedule is a Contingent Experience Rating Modification factor based on the appropriate experience data available and supersedes any prior experience modification factor. We will issue an endorsement to show a revised factor if appropriate additional experience data becomes available. The Contingent factor will apply unless a revised factor is subsequently issued.

STATE	SCHEDULE MODIFICATION
SC	0.7400

DATE OF ISSUE: 03-01-04

ST ASSIGN: SC

BWPH Ard Trucking 00074

APPELLANT ROA 00625

Travelers

**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 14 (00)**

POLICY NUMBER: (R6EJUB-9560A28-5-03)

NOTIFICATION OF CHANGE IN OWNERSHIP ENDORSEMENT

Experience rating is mandatory for all eligible insureds. The experience rating modification factor, if any, applicable to this policy, may change if there is a change in your ownership or in that of one or more of the entities eligible to be combined with you for experience rating purposes. Change in ownership includes sales, purchases, other transfers, mergers, consolidations, dissolutions, formations of a new entity and other changes provided for in the applicable experience rating plan manual.

You must report any change in ownership to us in writing within 90 days of such change. Failure to report such changes within this period may result in revision of the experience rating modification factor used to determine your premium.

DATE OF ISSUE: 03-01-04

ST ASSIGN: SC

BWPH Ard Trucking 00075

APPELLANT ROA 00626

Travelers

**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04.15 (00)**

POLICY NUMBER: (R6EJUB-9560A28-5-03)

ASSIGNED RISK ADJUSTMENT PROGRAM ENDORSEMENT

This endorsement is added to Part Five (Premium) because one or more of the states shown in the Item 3.A of the Information Page have approved the Assigned Risk Adjustment Program. The program adds a surcharge to the premium of insureds who are eligible for an experience rating modification, are assigned risks, and meet the other requirements of the Program.

A. Eligibility

1. You are eligible for the Assigned Risk Adjustment Program if you are eligible for an experience rating modification. The application of this program is mandatory for all eligible insureds and shall apply to all assigned risk policies written for such insureds.
2. The adjustment program period is the one year period beginning with the effective date of the policy. If during the adjustment program period your experience rated modification changes, the Assigned Risk Adjustment Program surcharge factor may also change.

B. Surcharge Application

You must pay a surcharge if your actual losses exceed your modified expected losses, as determined using values from the experience rating modification calculation. The surcharge factor will be applied to your manual premium multiplied by the experience rating modification.

C. Interstate Risks

Experience rated risks with multi-state operations shall be subject to the Assigned Risk Adjustment Program in states that have approved it. See the Schedule below.

D. Cancellation

1. If you cancel, the standard premium for the adjustment plan period will be based on our short rate table and procedure. This short rate premium will be used to determine the Assigned Risk Adjustment Program surcharge.
2. Section D. 1. will not apply if you cancel because:
 - a. all work covered by the insurance is completed;
 - b. all interest in the business covered by the insurance is sold;
 - c. you retire from all business covered by the insurance; or
 - d. coverage is obtained through the voluntary market.

SCHEDULE

STATE

Alabama, Connecticut, Iowa, Kansas, Missouri, North Carolina, Oregon, South Carolina, Vermont, Virginia

DATE OF ISSUE: 03-01-04

ST ASSIGN: SC

Page 1 of 1

BWPH Ard Trucking 00076

APPELLANT ROA 00627



WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 17 (00)

POLICY NUMBER: (R6EJUB-9560A28-5-03)

**ASSIGNED RISK LOSS SENSITIVE RATING PLAN
NOTIFICATION ENDORSEMENT**

This endorsement is issued because you may qualify to have the cost of your insurance subject to the assigned risk mandatory Loss Sensitive Rating Plan (LSRP).

Eligibility:

1. Your insurance is written under Workers Compensation Insurance Plan (WCIP) in a state which has adopted the Loss Sensitive Rating Plan (LSRP).
2. The LSRP shall apply to an individual assigned risk policy if the total annual estimated Standard Premium or preliminary physical audit premium equals or exceeds the amount noted in the schedule.
3. A decrease in premium during the first 120 days of coverage which results in the premium falling below the LSRP premium eligibility threshold, shall result in the conversion of the policy to a guaranteed cost policy, retroactive to policy inception.
4. An increase in premium during the first 120 days of coverage which qualifies an employer for the LSRP shall result in the retroactive application of the LSRP to policy inception.
5. After the first 120 days of the coverage term, if it is determined that an employer qualifies for LSRP, the policy shall not be changed until renewal.
6. Notwithstanding, anything above to the contrary, any attempt to avoid the application of the LSRP arising from a misrepresentation or omission by you, your agent, employees, officers or directors shall result in the pro rata application of LSRP from the date upon which it would have applied had such misrepresentation or omission not been made.
7. The LSRP will apply on an interstate basis when the estimated aggregate (total of all states having approved LSRP) annual standard premium meets the premium eligibility requirement for the LSRP state generating the largest premium.

This plan will adjust your premium for this insurance based upon the losses incurred during the period covered by this insurance.

This endorsement applies in the states listed in the schedule below.

SCHEDULE

STATE	PREMIUM ELIGIBILITY
Alabama	\$200,000
Alaska	\$200,000
Connecticut	\$200,000
District of Columbia	\$200,000
Georgia	\$200,000
Idaho	\$200,000
Illinois	\$200,000
Indiana	\$100,000
Kansas	\$200,000
Nevada	\$200,000
New Hampshire	\$175,000
North Carolina	\$200,000
South Dakota	\$200,000

DATE OF ISSUE: 03-01-04 ST ASSIGN: SC

(Rev. 03-03)

BWPH Ard Trucking 00077

APPELLANT ROA 00628

POLICY NUMBER: (R6EJUB-9560A28-5-03)

**MANDATORY ASSIGNED RISK LOSS SENSITIVE RATING PLAN
ENDORSEMENT**

This endorsement is added to Part Five (Premium) to explain the rating plan and how the Assigned Risk Loss Sensitive Rating Plan premium will be determined.

This endorsement applies where the LSRP has been approved. It determines the Assigned Risk Loss Sensitive Rating Plan premium for the insurance provided during the rating plan period of this policy. The rating plan period is the one-year period beginning with the effective date of the policy.

A. Assigned Risk Loss Sensitive Rating Plan Premium Elements

The amount of Assigned Risk Loss Sensitive Rating Plan premium depends on the six standard elements which are explained below:

1. Standard premium is the premium we would charge during the rating plan period if the insurance was not subject to this endorsement. We determine your standard premium based upon authorized rates, any experience rating modification and minimum premiums, including the effect of any other residual market rating plan or program. Standard premium does not include the expense constant charge, the premium discount credit, premium developed by the passenger seat surcharge under Code 7421 - Aircraft Operation - Flying Crew, or premium developed by the occupational disease rates for risks subject to the Federal Coal Mine Health and Safety Act.
2. Basic premium is calculated by multiplying the standard premium by a basic premium factor. The basic premium factor is shown in the Schedule.
3. Incurred losses are all amounts we will pay or estimate we will pay for losses, interest on judgments, expenses to recover against third parties and employers liability loss adjustment expenses.
4. A converted loss is an incurred loss multiplied by a percentage called the loss conversion factor. The Assigned Risk Loss Sensitive Rating Plan loss conversion factor is shown in the Schedule.
5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of expense and development premium and converted losses. The percentage is called the tax multiplier. The tax multiplier covers assessments, fees, licenses, and taxes which we must pay on the premium we collect. It varies by Federal and non-Federal classifications. The tax multiplier(s) for each state are shown in the Schedule.
6. Development premium is calculated by multiplying the standard premium by the product of the appropriate premium development factor, the loss conversion factor and the tax multiplier. The premium development factors are shown in the Schedule.

B. Assigned Risk Loss Sensitive Rating Plan Formula

1. Assigned Risk Loss Sensitive Plan premium is the sum of the basic premium, development premium and converted losses, multiplied by the tax multiplier. The payment, if any, attributable to the four items excluded from standard premium in A.1. above, is a separate obligation of yours in addition to the Assigned Risk Loss Sensitive Rating Plan premium.
2. The Assigned Risk Loss Sensitive Rating Plan premium is subject to a minimum premium and a maximum premium. The minimum premium is determined by multiplying the total audited standard premium by the minimum premium factor. The maximum premium is determined by multiplying the total audited standard premium for the qualifying states by the applicable maximum premium factor. The minimum premium factor and maximum premium factor for each state are shown in the Schedule.

WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 18 (00)

POLICY NUMBER: (R6EJUB-9560A28-5-03)

C. Premium Calculation and Payments

1. You will pay a premium which amounts to 120% of the estimated annual premium. If you obtain an acceptable clean, unconditional, irrevocable letter of credit (LOC), containing an automatic renewal clause, to secure the 20% additional deposit premium, the premium will be 100% of the estimated annual premium.
2. Your rating plan premium will be determined after the rating plan period ends. We will issue an endorsement to show any change in the premium for your insurance if your annual audited standard premium equals or exceeds the premium eligibility level in one or more states where this plan has been approved.
3. The first calculation of Assigned Risk Loss Sensitive Rating Plan premium shall be determined using all loss information valued as of 18 months after the month in which the rating plan period became effective. Three additional annual premium adjustment calculations shall be made based on loss information valued as of 30, 42, and 54 months after the month in which the rating plan period became effective.
We may make a special valuation of the Assigned Risk Loss Sensitive Rating Plan premium as of any date that you become bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due us if the Assigned Risk Loss Sensitive Rating Plan premium is more than the total standard premium as of the special valuation date.
4. After each valuation, you shall promptly pay to us the amount due, or we will refund the amount due you. If you fail to pay any premium due under this plan, your current policy will be canceled and you will be disqualified from future assignments through the assigned risk plan.

D. Cancellation

1. If the policy is canceled by you or by us, a determination shall be made as to whether this program shall apply. The Assigned Risk Loss Sensitive Rating Plan shall apply only to those policies where the payroll extended to an annual basis and multiplied by the manual rates and experience modification, equals or exceeds the premium eligibility level in any of the states where this program has been approved.
2. The Assigned Risk Loss Sensitive Rating Plan will not apply if you obtain coverage outside the residual market within 120 days after the effective date of the policy.
3. If you cancel, the standard premium for the rating plan period will be based on our short rate table and procedure. This short rate premium will be used to determine the Assigned Risk Loss Sensitive Rating Plan premium.
4. Section D.3. will not apply if you cancel because:
 - a. all work covered by the insurance is completed;
 - b. all interest in the business covered by the insurance is sold;
 - c. you retire from all business covered by the insurance; or
 - d. you obtain coverage in the voluntary market.

Travelers

**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 18 (00)**

POLICY NUMBER: (R6EJUB-9560A28-5-03)

SCHEDULE

1. Basic Premium Factor .30
2. Loss Conversion Factor 1.19
3. Tax Multiplier 1.143
4. Minimum Premium Factor .75
5. Maximum Premium Factor 1.75
6. LSRP Development Factors:
 - 1st Adjustment 0.00
 - 2nd Adjustment 0.00
 - 3rd Adjustment 0.00
 - Subsequent Adjustments 0.00

DATE OF ISSUE: 03-01-04

ST ASSIGN: SC

Page 3 of 3

BWPH Ard Trucking 00080

APPELLANT ROA 00631

POLICY NUMBER: (R6EJUB-9560A28-5-03)

TERRORISM RISK INSURANCE ACT ENDORSEMENT

This endorsement addresses requirements of the Terrorism Risk Insurance Act of 2002.

Definitions

The definitions provided in this endorsement are based on the definitions in the Act and are intended to have the same meaning. If words or phrases not defined in this endorsement are defined in the Act the definitions in the Act will apply.

"Act" means the Terrorism Risk Insurance Act of 2002, which took effect on November 26, 2002 and any amendments.

"Act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States as meeting all of the following requirements:

- a. The act is an act of terrorism.
- b. The act is violent or dangerous to human life, property or infrastructure.
- c. The act resulted in damage within the United States, or outside of the United States in the case of United States missions or certain air carriers or vessels.
- d. The act has been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"Insured terrorism or war loss" means any loss resulting from an act of terrorism (including an act of war, in the case of workers compensation that is covered by primary or excess property and casualty insurance issued by an insurer if the loss occurs in the United States or at United States missions or to certain air carriers or vessels.

"Insurer deductible" means:

- a. For the period beginning on November 26, 2002 and ending on December 31, 2002, an amount equal to 1% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding November 26, 2002.
- b. For the period beginning on January 1, 2003 and ending on December 31, 2003, an amount equal to 7% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2003.
- c. For the period beginning on January 1, 2004 and ending on December 31, 2004, an amount equal to 10% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2004.
- d. For the period beginning on January 1, 2005 and ending on December 31, 2005, an amount equal to 15% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2005.

Limitation of Liability

The Act may limit our liability to you under this policy. If annual aggregate insured terrorism or war losses of all insurers exceed \$100,000,000,000 during the applicable period provided in the Act, and if we have met our insurer deductible, the amount we will pay for insured terrorism or war losses under this policy will be limited by the Act, as determined by the Secretary of the Treasury.

Policyholder Disclosure Notice

1. Insured terrorism or war losses would be partially reimbursed by the United States Government under a formula established by the Act. Under this formula, the United States would pay 90% of our insured terrorism or war losses exceeding our insurer deductible.

Travelers

**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY
ENDORSEMENT WC 00 04 20 (00)**

POLICY NUMBER: (R6EJUB-9560A28-5-03)

2. The additional premium charged for the coverage this policy provides for insured terrorism or war losses is shown in Item 4 of the Information Page or the Schedule below.

Schedule			
State	Rate per \$100 of Remuneration	State	Rate per \$100 of Remuneration
SOUTH CAROLINA	0.030		

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective

Policy No.

Endorsement No.

Premium \$

Insured

Insurance Company

Countersigned by _____

DATE OF ISSUE: 03-01-04

ST ASSIGN: SC

Page 2 of 2

BWPH Ard Trucking 00082

APPELLANT ROA 00633

WORKSHEET FOR WORKERS' COMPENSATION TELEPHONE REPORTING

THINGS TO REMEMBER WHEN COMPLETING THE INFORMATION BELOW:

Call the Telephone Reporting Center to quickly and easily report all Workers' Compensation injuries. We will be asking you the following questions, so please have the information handy. We will produce and submit the necessary state forms.

DO NOT DELAY IN CALLING IF YOU DO NOT HAVE ANSWERS TO ALL OF THE QUESTIONS

ACCOUNT INFORMATION

CALLER'S PHONE NUMBER/EXTENSION ()	CALLER'S NAME (FIRST, MI., LAST)	CALLER'S TITLE	BENEFIT STATE
EMPLOYER'S NAME	EMPLOYER'S ADDRESS (STREET, CITY, STATE & ZIP)	EMPLOYER'S MAILING ADDRESS (STREET, CITY, STATE & ZIP) ☐ SAME	
PARENT COMPANY/INSURED'S NAME	LOCATION CODE	NATURE OF BUSINESS	POLICY FORM (R6BJUB-9560A28-5-03)
			POLICY NUMBER

EMPLOYEE INFORMATION

EMPLOYEE'S NAME (FIRST, MI., LAST)	GENDER ☐ MALE ☐ FEMALE	SOCIAL SECURITY NUMBER
EMPLOYEE'S MAILING ADDRESS (STREET, CITY, STATE & ZIP)	IS EMPLOYEE'S HOME ADDRESS THE SAME? IF NO, STREET, CITY, STATE & ZIP ☐ YES ☐ NO	
MARITAL STATUS	EMPLOYMENT STATUS CODE ☐ FULL-TIME ☐ PART-TIME	NO. OF DEPENDENTS
	CLASS CODE	DATE OF BIRTH
	WAGE PERIOD	HOME PHONE NUMBER ()

ACCIDENT INFORMATION

DATE OF INJURY	TIME OF INJURY A.M. P.M.	DATE CLAIM REPORTED TO EMPLOYER	WAS THE ACCIDENT ON THE EMPLOYER'S PREMISES? ☐ YES ☐ NO
LOCATION OF ACCIDENT ADDRESS (STREET, CITY, STATE & ZIP)			COUNTY
DID EMPLOYEE LOSE ANY TIME FROM WORK? ☐ YES ☐ NO	IS THE EMPLOYEE BACK AT WORK? IF YES, DATE RETURNED ☐ YES ☐ NO	DATE EMPLOYEE LAST WORKED	WAS EMPLOYEE PAID FOR DATE OF INJURY? ☐ YES ☐ NO
DATE DISABILITY BEGAN	DATE DISABILITY ENDED	IS/ WAS EMPLOYEE'S SALARY CONTINUED? ☐ YES ☐ NO	DATE EMPLOYEE LAST PAID
		WAS EMPLOYEE'S INJURY RELATED TO A COMPANY-SPONSORED EVENT? ☐ YES ☐ NO	WAS ACCIDENT FATAL? IF YES, DATE OF DEATH ☐ YES ☐ NO
FULL DESCRIPTION OF ACCIDENT			

CAUSE OF ACCIDENT (E.G., SLIP/FALL, LIFTING, CHEMICAL)	IF MOTOR VEHICLE ACCIDENT, DRIVER'S LICENSE NUMBER	STATE WHERE ISSUED
CONTRIBUTING FACTORS	EQUIPMENT, MATERIAL OR SUBSTANCE INVOLVED	

IF OTHER PARTIES WERE INVOLVED NAME (FIRST, MI., LAST)	ADDRESS	PHONE NUMBER
---	---------	--------------

WERE SAFEGUARDS PROVIDED? ☐ YES ☐ NO	DESCRIPTION OF SAFEGUARDS	WERE SAFEGUARDS USED? ☐ YES ☐ NO
WITNESS INFORMATION NAME (FIRST, MI., LAST)	ADDRESS	PHONE NUMBER

INJURY INFORMATION

PART OF BODY INJURED (E.G., HEAD, NECK, ARM, LEG)	NATURE OF INJURY (E.G., FRACTURE, SPRAIN, LACERATION)	PREVIOUS RELATED CONDITION? ☐ YES ☐ NO	PRE-EXISTING MEDICAL CONDITION(S)
CUMULATIVE INJURY? IF YES, LENGTH OF EXPOSURE ☐ YES ☐ NO	NATURE OF DUTIES	LENGTH OF TIME DOING ACTIVITY	
TREATMENT (*X* ALL THAT APPLY) ☐ FIRST AID -	NAME (FIRST, MI., LAST)	WHAT TYPE OF FIRST AID WAS ADMINISTERED? .	1ST DAY OF TREATMENT
	NAME AND ADDRESS (STREET, CITY, STATE & ZIP)	TREATMENT	LENGTH OF STAY
☐ HOSPITAL/ ☐ CLINIC -	NAME AND ADDRESS (STREET, CITY, STATE & ZIP)	PHONE NUMBER	1ST DAY OF TREATMENT
☐ PHYSICIAN -	()	TREATMENT	SPECIALTY
			1ST DAY OF TREATMENT

EMPLOYEE JOB INFORMATION

EMPLOYEE'S OCCUPATION WHEN INJURED:

IS THIS EMPLOYEE'S REGULAR OCCUPATION?

OCCUPATION IS: ☐ SEDENTARY ☐ LIGHT ☐ MEDIUM ☐ HEAVY

EMPLOYEE'S REGULAR WORK HOURS: HOURS/DAY DAYS/WEEK

EMPLOYEE'S PAY: \$ /HOUR; OR \$ /WEEK

DOES EMPLOYEE RECEIVE ADD'L BENEFITS (e.g. Overtime, Uniforms, Meals, etc.)?

EMPLOYEE'S DATE OF HIRE:

EMPLOYEE'S SUPERVISOR:

SUPERVISOR'S PHONE NUMBER: ()

SUPERVISOR'S REGULAR WORK HOURS:

STATE SPECIFIC INFORMATION

SEE WORKERS' COMPENSATION - FIRST REPORT OF INJURY - STATE SPECIFIC QUESTION:
FOR YOUR INDIVIDUAL STATE.

CUSTOMER SPECIFIC INFORMATION

ADDITIONAL COMMENTS & INFORMATION

APPLICATION FOR DRUG AND ALCOHOL FREE WORKPLACE PREMIUM CREDIT PROGRAM

ARD TRUCKING COMPANY INC

Name of Employer: _____

Date Program Implemented: _____

This form must be completed by you and returned to your carrier with a copy of applicable documentation as proof of compliance before the premium credit of five percent (5%) can be established and processed. A program must be certified during each year the employer receives credit. Failure to do so will remove you from eligibility for this credit.

The following are the four (4) minimum requirements necessary for a qualified employer workplace program. Please check the items below that apply.

☐ 1) Substance Abuse Policy Statement:

Any policy must be designed to help employees who need substance abuse assistance while, at the same time, sending a clear message that the abuse of drugs and alcohol is not compatible with employment in that employer's workplace. The policy statement must evidence both the employer's respect for its employees and the employer's need to maintain a safe, productive, substance-abuse-free environment.

☐ 2) Employee Notification:

In order to protect the individual rights of each employee and to begin the employee education process necessary for a well-defined, well-managed workplace drug and alcohol abuse prevention program, each existing employee and each new employee hired after program implementation must be given a clear, concise, readable notice of the program, the program's requirements, the policy statement, and the employer's expectations under the program. Notification should be and should remain, posted in employee common areas. In addition, each existing employee and each new employee must be given, by mail or by in-person delivery, a copy of the notice. Delivery may be accomplished by inclusion of the notice within the employee's paycheck package or any similarly important-to-the employee correspondence or benefits delivery.

☐ 3) Testing Program:

The testing procedure must include a provision for random sampling of all persons who receive wages and compensation in any form from the employer and must provide for a second test to be administered within thirty minutes of the administration of the first test. Positive test results must be provided in writing to the employee within twenty-four hours of the time the employer receives the test results. Each employer must keep records of each test for up to one year.

☐ 4) Test Results Confidentiality Protocols:

Test results information, interviews, reports, statements, and memorandums received by the employer must be considered confidential and may not be used, received, or discovered in civil, criminal, or administrative proceedings. The burden to protect against unauthorized release is placed not only upon the employer and any laboratory, medical review officer, or rehabilitation program or their agents, but also upon the underwriting insurer. Employers, laboratories, medical review officers, insurers, drug or alcohol rehabilitation programs, and employer drug prevention programs, and their agents who receive or have access to information concerning test results shall keep all information confidential. Release of such information under any other circumstance shall be solely pursuant to a written consent form signed voluntarily by the employee tested or his designee unless the release is completed through disclosure by an agency of the State in a civil or administrative proceeding, order of a court of competent jurisdiction, or determination of a professional or occupational licensing board in a related disciplinary proceeding. The consent form must contain at a minimum:

- (1) the name of the person who is authorized to obtain the information;
- (2) the purpose of the disclosure;
- (3) the precise information to be disclosed;
- (4) the duration of the consent; and
- (5) the signature of a person authorizing release of the information.

Information on test results shall not be released for or used or admissible in any criminal proceeding against the employee.

I certify that the above information is accurate and that I may be subject to an additional premium charge if it is determined that there is any misrepresentation of the established drug and alcohol free workplace program criteria. This is a true and factual depiction of my current program.

Employer Name_____
Date_____
Officer/Owner Signature*

*Application must be signed by an officer or owner

Title_____
Notary Public's Signature_____
Date_____
Exp. of Commission

POLICY NUMBER: (R6BJUB-9560A28-5-03)

EFFECTIVE DATE: 11-07-03

ARD TRUCKING COMPANY INC

GUNTHER OPERATOR:

**MANUALLY INSERT 1 COPIES OF CP-5952
SOUTH CAROLINA OVERSIZED POSTING NOTICES**

ATTACH STICKERS THAT MATCH DATA BELOW:

EMPLOYER—Name: ARD TRUCKING COMPANY INC

CARRIER—Name: THE TRAVELERS INSURANCE COMPANIES
Address: STE 201 220 EXECUTIVE CTR DR PO BOX 8779
COLUMBIA, SC 29202-8779

Telephone No. (800) 238-6225

POLICY NUMBER: 9560A285

W39P1H95

BWPH Ard Trucking 00086

APPELLANT ROA 00637

MANUALLY INSERT REQUIRED

**M
A
N
U
A
L

I
N
S
E
R
T

R
E
Q
U
I
R
E
D**

See instructions on other side.

BWPH Ard Trucking 00087

APPELLANT ROA 00638

**STICKER LABELS AND/OR POSTING NOTICES
FOR MANUAL INSERT**

FOR POLICY PRINTED IN JOB #: G664063

Named Insured: ARD TRUCKING COMPANY INC

Policy Number: (R6BJUB-9560A28-5-03)

Effective Date: 11-07-03

M
A
N
U
A
L

I
N
S
E
R
T

I
N
F
O
R
M
A
T
I
O
N

BWPH Ard Trucking 00088

APPELLANT ROA 00639

MANUAL
INSERT
INFORMATION

BWPH Ard Trucking 00089

APPELLANT ROA 00640

EMPLOYER - Name: ARD TRUCKING COMPANY INC

CARRIER - Name: THE TRAVELERS INSURANCE COMPANIES
Address: STE 201 220 EXECUTIVE CTR DR PO BOX 8779
COLUMBIA, SC 29202-8779

Telephone No. (800) 238-6225

POLICY NUMBER: 95602285

EMPLOYER - Name:

CARRIER - Name:
Address:

Telephone No.

POLICY NUMBER:

EMPLOYER - Name:

CARRIER - Name:
Address:

Telephone No.

POLICY NUMBER:

EMPLOYER - Name:

CARRIER - Name:
Address:

Telephone No.

POLICY NUMBER:

EMPLOYER - Name:

CARRIER - Name:
Address:

Telephone No.

POLICY NUMBER:

EMPLOYER - Name:

CARRIER - Name:
Address:

Telephone No.

POLICY NUMBER:

EMPLOYER - Name:

CARRIER - Name:
Address:

Telephone No.

POLICY NUMBER:

EMPLOYER - Name:

CARRIER - Name:
Address:

Telephone No.

POLICY NUMBER:

APPELLANT ROA 00641

BWPH Ard Trucking 00090

Travelers

WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY

POLICY NUMBER: (R6EJUB-9560A28-5-03)

FOR PRODUCER ONLY, BILLING SCHEDULE BY COMMISSION RATE

INSTALLMENT DUE DATE	AMOUNT	COMMISSION RATE
11-07-03	\$ 53635	.0000
11-07-03	\$ 260581	.0243

THE AMOUNTS ABOVE WILL BE BILLED SEPARATELY.

DATE OF ISSUE: 03-01-04

ST ASSIGN: SC

BWPH Ard Trucking 00091

APPELLANT ROA 00642



ORLANDO FL

32802

IMPORTANT NOTICE TO POLICYHOLDERS

NO COVERAGE IS PROVIDED BY THIS SUMMARY NOR CAN IT BE CONSTRUED TO REPLACE ANY PROVISIONS IN YOUR POLICY. YOU SHOULD READ YOUR POLICY CAREFULLY TO DETERMINE YOUR RIGHTS, DUTIES AND WHAT IS AND IS NOT COVERED. IF THERE IS ANY CONFLICT BETWEEN THE POLICY AND THIS SUMMARY, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

PLEASE READ THIS NOTICE CAREFULLY.

Terrorism Risk Insurance Act of 2002 Disclosure

On November 26, 2002, the President of the United States signed into law the Federal Terrorism Risk Insurance Act of 2002 (the "Act"). The Act establishes a short-term program under which the Federal Government will share in the payment of "Insured Losses" caused by certain "Acts of Terrorism" (each as defined in the Act).

In the event of an Insured Loss, your insurance carrier is responsible for a deductible of one percent (1%) of the carrier's "Direct Earned Premiums" (as used in the Act) for the calendar year 2001 for Insured Losses occurring from November 26, 2002, through December 31, 2002; seven percent (7%) of the carrier's Direct Earned Premiums for the calendar year 2002 for Insured Losses occurring during calendar year 2003; ten percent (10%) of the carrier's Direct Earned Premiums for the calendar year 2003 for Insured Losses occurring during calendar year 2004; or fifteen percent (15%) of the carrier's Direct Earned Premiums for the calendar year 2004 for Insured Losses occurring during calendar year 2005. The Federal Government's share of compensation for Insured Losses in each year is 90% of the amount of Insured Losses in excess of the carrier's deductible for that year. The carrier is responsible for the payment of the remaining 10% of Insured Losses. In no event, however, will the Federal Government or any "Insurer" (as defined in the Act) be required to pay any portion of the amount of aggregate Insured Losses occurring in any one year that exceeds \$100,000,000,000, provided that such Insurer has met its deductible.

As a requirement of the Act, Insurers must make available "Property and Casualty Insurance" (as defined in the Act) coverage for Insured Losses that does not differ materially from the terms, amounts and other coverage limitations that apply to losses arising from events other than Acts of Terrorism. In other words, a loss will not be excluded just because it was caused by an Act of Terrorism; conversely, a loss will not be covered just because it was caused by an Act of Terrorism. The Act also requires insurers to disclose to policyholders premium charge for providing such terrorism coverage.

Please note that your policy being quoted does not contain an exclusion that specifically excludes coverage for Insured Losses. Your Workers' Compensation benefit obligations stemming from Acts of Terrorism as dictated by state law, will be covered.

Please note that your policy does not contain an exclusion that specifically excludes coverage for Insured Losses caused by Acts of Terrorism. Your Workers' Compensation benefit obligations stemming from Acts of Terrorism as dictated by state law, will be covered.

The rates used to develop your Residual Market premium were administered by the state. The passage of the Act results in a change in premium in accordance with the information listed below. The portion of your annual premium being quoted that is attributable to coverage for Acts of Terrorism is specifically identified on your quote schedule.

State
SOUTH CAROLINA

Rate per \$100 of Remuneration
0.030

NOTE - THE FOREGOING RATES ARE SUBJECT TO CHANGE AT ANY TIME BASED ON STATE REGULATORY ACTION.

Please contact your agent or broker if you have any questions on this notice, the Act or the impact of the Act on your policy.

WIAQ5E04

Page 2 of 2

BWPH Ard Trucking 00093
APPELLANT ROA 00644

APPLICATION FOR DRUG AND ALCOHOL FREE WORKPLACE PREMIUM CREDIT PROGRAM

ARD TRUCKING COMPANY INC

Name of Employer: _____

Date Program Implemented: _____

This form must be completed by you and returned to your carrier with a copy of applicable documentation as proof of compliance before the premium credit of five percent (5%) can be established and processed. A program must be certified during each year the employer receives credit. Failure to do so will remove you from eligibility for this credit.

The following are the four (4) minimum requirements necessary for a qualified employer workplace program. Please check the items below that apply.

- ☐ 1) **Substance Abuse Policy Statement:**
Any policy must be designed to help employees who need substance abuse assistance while, at the same time, sending a clear message that the abuse of drugs and alcohol is not compatible with employment in that employer's workplace. The policy statement must evidence both the employer's respect for its employees and the employer's need to maintain a safe, productive, substance-abuse-free environment.
- ☐ 2) **Employee Notification:**
In order to protect the individual rights of each employee and to begin the employee education process necessary for a well-defined, well-managed workplace drug and alcohol abuse prevention program, each existing employee and each new employee hired after program implementation must be given a clear, concise, readable notice of the program, the program's requirements, the policy statement, and the employer's expectations under the program. Notification should be and should remain, posted in employee common areas. In addition, each existing employee and each new employee must be given, by mail or by in-person delivery, a copy of the notice. Delivery may be accomplished by inclusion of the notice within the employee's paycheck package or any similarly important-to-the employee correspondence or benefits delivery.
- ☐ 3) **Testing Program:**
The testing procedure must include a provision for random sampling of all persons who receive wages and compensation in any form from the employer and must provide for a second test to be administered within thirty minutes of the administration of the first test. Positive test results must be provided in writing to the employee within twenty-four hours of the time the employer receives the test results. Each employer must keep records of each test for up to one year.
- ☐ 4) **Test Results Confidentiality Protocols:**
Test results information, interviews, reports, statements, and memorandums received by the employer must be considered confidential and may not be used, received, or discovered in civil, criminal, or administrative proceedings. The burden to protect against unauthorized release is placed not only upon the employer and any laboratory, medical review officer, or rehabilitation program or their agents, but also upon the underwriting insurer. Employers, laboratories, medical review officers, insurers, drug or alcohol rehabilitation programs, and employer drug prevention programs, and their agents who receive or have access to information concerning test results shall keep all information confidential. Release of such information under any other circumstance shall be solely pursuant to a written consent form signed voluntarily by the employee tested or his designee unless the release is completed through disclosure by an agency of the State in a civil or administrative proceeding, order of a court of competent jurisdiction, or determination of a professional or occupational licensing board in a related disciplinary proceeding. The consent form must contain at a minimum:
- (1) the name of the person who is authorized to obtain the information;
 - (2) the purpose of the disclosure;
 - (3) the precise information to be disclosed;
 - (4) the duration of the consent; and
 - (5) the signature of a person authorizing release of the information.

Information on test results shall not be released for or used or admissible in any criminal proceeding against the employee.

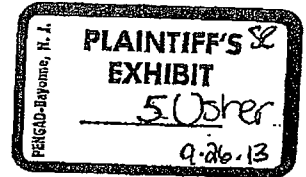
I certify that the above information is accurate and that I may be subject to an additional premium charge if it is determined that there is any misrepresentation of the established drug and alcohol free workplace program criteria. This is a true and factual depiction of my current program.

_____ Employer Name	_____ Date	_____ Officer/Owner Signature*
		_____ Title
*Application must be signed by an officer or owner		
_____ Notary Public's Signature	_____ Date	_____ Exp. of Commission



One Tower Square, Pol. Adm. 6CR
Hartford, CT 06183

02147 G1



JANUARY 26, 2004

ARD TRUCKING COMPANY INC
PO BOX 504
DARLINGTON

SC 29540-0504

Policy Number: UB 0188B923

Policy Effective Date: 11/07/03

Dear Policyholder:

Effective January 1, 2004, we are changing the name of two of our insurance companies. They are:

- 1) The Travelers Indemnity Company of Illinois to Travelers Property Casualty Company of America
- 2) Travelers Casualty and Surety Company of Illinois to Travelers Casualty Insurance Company of America

This change in company name does not affect your premium or coverage. These two companies continue to have the same A.M. Best claims paying and financial strength rating of A++ (superior) which is the highest rating that A.M. Best provides.

We are in the process of updating our systems and you may notice the old name on some policies, bills and other documents. Until this process is completed, please note the former names and new names of these companies.

Below the cut line is an endorsement to amend your policy. Please attach this endorsement to your policy. If you have any questions, please contact your agent or insurance representative.

This endorsement only changes the company name on your policy.

Insurer Amendment Endorsement

The name of your insurer is changed from the former name to the new name shown below:

<u>Former Name</u>	<u>New Name</u>
The Travelers Indemnity Company of Illinois	Travelers Property Casualty Company of America
Travelers Casualty and Surety Company of Illinois	Travelers Casualty Insurance Company of America

New Company Address: One Tower Square
Hartford, Connecticut 06183

This name change endorsement does not alter the coverage provided by this policy and has no effect on the premium for this policy. This endorsement changes only the name of insuring company.

IL T3 77 01 04

Effective January 1, 2004

APPELLANT ROA 00646

Travelers

**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY**

CHANGE DOCUMENT WC 99 99 98 (00)

POLICY NUMBER: (R6EJUB-9560A28-5-03)

CHANGE EFFECTIVE DATE: 11-07-03

NCCI CO CODE: 13579

INSURER: THE TRAVELERS INDEMNITY COMPANY OF ILLINOIS

INSURED'S NAME: ARD TRUCKING COMPANY INC

This change is issued by that member of The Travelers Insurance Companies which issued the policy and forms a part of the policy. It is agreed that the policy is amended as follows:

An absence of an entry in the premium spaces below means that the premium adjustment, if any, will be made at time of audit.

ADDITIONAL PREMIUM \$ NIL
ADDITIONAL NON-PREMIUM \$ NIL

RETURN PREMIUM \$ 52116
RETURN NON-PREMIUM \$ NIL

THE POLICY CHANGE DESCRIPTION IS AS FOLLOWS:
APPROVED LETTER OF CREDIT RECEIVED

THE FOLLOWING ENDORSEMENT(S) IS ADDED:
WC89061400-01 POLICY INFORMATION PAGE ENDORSEMENT
WC99999800-01 CHANGE DOCUMENT

THE INFO PAGE SCHEDULE(S) ATTACHED REPLACE THOSE ON THE POLICY.

DATE OF ISSUE: 07-27-04
POL. EFF. DATE: 11-07-03
OFFICE: ORLANDO
PRODUCER: MICHAEL P HAIR & ASSOC

GS CHANGE NO: 002
POL. EXP. DATE: 11-07-04
870

PAGE 001 OF LAST
26XSD

RECEIVED

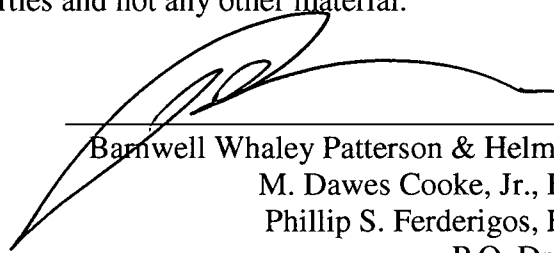
MAR 31 2016

CERTIFICATE OF COUNSEL

SC Court of Appeals
SC Court of Appeals

The undersigned hereby certifies that the Record on Appeal contains all material proposed to be included by any of the parties and not any other material.

Date: March 25, 2016



Barnwell Whaley Patterson & Helms, LLC

M. Dawes Cooke, Jr., Esquire

Phillip S. Ferderigos, Esquire

P.O. Drawer H

Charleston, SC 29401

843-577-7700

Attorney for Appellant