MISSISSIPPI DEPARTMENT OF INSURANCE
REGULATION NO. 2007-2

MISSISSIPPI WORKERS' COMPENSATION ASSIGNED RISK PLAN AND MISSISSIPPI WORKERS COMPENSATION RISK POOL

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SECTION I: GENERAL PROVISIONS

Section I-1. Purpose

The purpose of this Regulation is to promulgate and adopt clear and comprehensive rules governing the establishment and operation of the Mississippi Workers' Compensation Assigned Risk Plan ("Plan") and the Mississippi Workers' Compensation Assigned Risk Pool ("Pool").

Section I-2. Authority

This Regulation is adopted pursuant to the authority granted by Section 71-3-111, Mississippi

Code Annotated (Supp. 2006), as well as the provisions of Mississippi Department of Insurance Regulation No. 88-101, said Regulation being the Rules of Practice and Procedure before the Mississippi Department of Insurance.

Section I-3. Scope

This Regulation shall apply to all insurance companies licensed to write workers' compensation insurance in Mississippi.

Section I-4. Definitions

For purposes of this Regulation, the terms hereinafter set forth are defined as follows:

A. "Advisory Board" or "Board" shall mean the Advisory Board of the Pool.

B. "Plan" shall mean the Mississippi Workers' Compensation Assigned Risk Plan as provided for under Section 71-3-111, Mississippi Code Annotated (Supp. 2006).

C. "Pool" shall mean the Mississippi Workers' Compensation Assigned Risk Pool as provided for under Section 71-3-111, Mississippi Code Annotated (Supp. 2006).

D. "Plan Administrator" shall mean such organization as is designated by the Commissioner of Insurance for the State of Mississippi to administer the affairs of the Plan.

E. "Pool Administrator" shall mean such organization as is designated by the Commissioner of Insurance for the State of Mississippi to administer the affairs of the Pool.

F. "Commissioner" and/or "Regulator" shall mean the Commissioner of Insurance for the State of Mississippi, or his designee.

G. "Servicing Carrier" shall mean those insurance companies licensed and writing workers' compensation insurance within Mississippi, which have been appointed by the Commissioner to provide coverage to employers who have applied for workers' compensation insurance pursuant to the Plan.

F. "Residual Market" and "Residual Market Mechanism" shall mean the Plan and the Pool, collectively.

I. "Member" shall mean an insurance company licensed to write workers' compensation insurance under Chapter 3 of Title 71 of the Mississippi Code of 1972, as amended, each of which is required to be a member of and participant in the Pool.

Section I-5. Other Applicable Laws and Rules

The operation of the Residual Market shall be subject to the following provisions in addition to the statute referred herein and the rules contained herein:

A. Chapter 3 of Title 71 of the Code of Mississippi (1972), as amended, codified as Section 71-3-1, et. seq.;

B. Rules of the Mississippi Workers' Compensation Commission;

C. The requirements and standards provided for in the Workers' Compensation and Employers' Liability Manuals as approved for use in Mississippi by the Commissioner, or as approved for use by members of a licensed data service organization, which manuals may include, but are not limited to, the following:

1. The Basic Manual for Workers' Compensation and Employers' Liability Insurance;

2. The Workers' Compensation Statistical Plan Manual;

3. The Experience Rating Plan Manual for Workers' Compensation and Employers' Liability Insurance;

4. The classification codes for workers' compensation and employers' liability insurance;

5. The approved workers' compensation and employers' liability insurance policy and endorsement forms; and,

6. Such other manual(s) as designated for use by the Commissioner.

Section I-6. Coverage

The following coverages shall be available through the Residual Market:

A. Statutory workers' compensation and occupational disease including liability under the Longshore and Harbor Workers' Compensation Act, as amended, and the Federal Coal Mine Health and Safety Act of 1969, as amended;

B. Employers liability insurance written in connection with a workers' compensation policy; and,

C. Such other coverages as are determined by the Plan Administrator and approved by

the Commissioner.

SECTION II - PURPOSES

Section II-1 Purpose of Plan

The purpose of the Plan is to provide for the assignment of risks which in good faith are entitled to insurance under Chapter 3 of Title 71 of the Code of Mississippi (1972), as amended, but which, because of unusual conditions and circumstances, are unable to obtain such insurance.

Section II-2. Purpose of the Pool

The Pool is a non-profit, unincorporated association of Member companies, the purpose of which is to provide reinsurance for all workers' compensation Residual Market policies and to accomplish the equitable distribution of all underwriting profit or loss of the Residual Market policies to the Members.

SECTION III - ADMINISTRATION AND OPERATION OF THE PLAN

Section III-1. Director

The Commissioner shall serve as the Director of the Plan.

Section III-2. Administration

The Commissioner shall be responsible for the administration of the Plan, but he may designate an administrator for the Plan at his discretion.

Section III-3. Operation

The Plan shall be operated in accordance with the Mississippi Workers' Compensation Assigned Risk Plan rules then in effect as approved by the Commissioner and published in the Basic Manual for Workers' Compensation and Employers Liability Insurance as RULE 4 - WORKERS COMPENSATION INSURANCE PLAN RULES, including Mississippi Exceptions ("WCIP Rules"), as may be revised or amended. The WCIP Rules effective with the Regulation are annexed hereto as Appendix "A".

SECTION IV - ADMINISTRATION AND OPERATION OF THE POOL

Section IV-1. Director

The Commissioner shall serve as the Director of the Pool.

Section IV-2. Members and Participants

All insurance companies licensed to write workers' compensation insurance under Chapter 3 of Title 71 of the Mississippi Code of 1972, as amended, shall be members of and participants in the Pool.

Section IV-3. Administration

The Commissioner shall be responsible for the administration of the Pool, but may designate an administrator of the Pool at his discretion.

Section IV-4. Operation

The Poll shall be operated in accordance with the Governing Articles of the Mississippi Workers' Compensation Assigned Risk Pool then in affect as approved by the Commissioner ("Governing Articles"), the same may be revised or amended. The Governing Articles effective with the Regulation are annexed hereto as Appendix "B".

SECTION V - OTHER PROVISIONS AND EFFECTIVE DATE

Section V-1. Severability

If any section, or portion of a section, or attachment of this Regulation or the application thereof is held by a court to be invalid, such invalidity shall not affect any other provision of that section or application of the Regulation which can be given effect without the invalid provision or application, and to this end the provisions of the Regulation and attachments are declared to be severable.

Section V-2. Repeal of Regulation 96-101 and Regulation 96-102

Upon adoption of Regulation 2007-2 , Regulation 96-101, as amended, and Regulation 96-102 shall be repealed.

Section V-3. Effective Date

The Effective Date of this Regulation shall be thirty (30) days after filing with the Secretary of State.

EXHIBIT 1
BASIC MANUAL—2001 EDITION
STATE RULE EXCEPTIONS
Rule 4--WORKERS COMPENSATION INSURANCE PLAN RULES

A. MISSISSIPPI WORKERS' COMPENSATION ASSIGNED RISK PLAN

1. Preface to the Mississippi Workers' Compensation Assigned Risk Plan

The Mississippi Workers' Compensation Assigned Risk Plan ("Plan") is established and the rules for its administration are adopted pursuant to the authority granted by Section 71-3-111, Mississippi Code of 1972, As Amended. The Plan provides for the equitable apportionment of employers who are in good faith entitled to workers compensation insurance as defined herein, but who are unable to procure such insurance in a regular manner.

2. Plan Definitions

a. Affiliated Insurer

An insurer that directly, or indirectly through one (1) or more intermediaries, controls, or is controlled by, or is under common control with, another insurer specified. The term "control" means possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an insurer, whether through the ownership of voting securities, by contract, or otherwise. Control will be deemed to exist if any person or business enterprise, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies, representing ten (10) percent or more of the voting securities of any other insurer.

b. Application

Form(s) approved for use in the residual market by the Plan Administrator for the purpose of securing workers compensation insurance under the Plan, which contains the required information as described in NCCI's ***Assigned Risk Supplement to the Basic Manual for Workers Compensation and Employers Liability Insurance.*** The forms currently used in the residual market are the ACORD® 130 and 133 applications.

c. Application Submission Methods

The methods approved by the Plan Administrator, in which good faith eligible employers may submit completed ACORD® 130 and 133 applications for coverage through the WCIP are as follows:

- Online—Through **ncci.com** and NCCI's ***RMAPS® Online Application Service***
- Mail—The U.S. Postal Service or private overnight delivery service
- Telephone—By contacting the Plan Administrator

d. Assigned Carrier

An insurer assigned to provide coverage to an employer who has applied for and is in good faith eligible for workers compensation insurance under the Plan. An assigned carrier must be a Servicing Carrier as defined in this Plan.

e. Assigned Carrier Performance Standards

The minimum level of performance for assigned carriers writing coverage on behalf of the Plan. The purpose of these standards is to provide residual market policyholders with uniform service while reducing the overall loss ratio for the Pool. The Carrier Performance Standards are located in NCCI's ***Assigned Risk Supplement to the Basic Manual for Workers Compensation and Employers Liability Insurance*** (including accompanying state exception pages).

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EXHIBIT 1 (CONT'D)
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f. Bona Fide Premium Dispute

A bona fide premium dispute for a workers compensation insurance premium obligation exists when the employer or its representative has provided:

(1) Written notice to the Plan Administrator that includes:
- All documentation relevant to the dispute, including written notice to the insurer or the assigned carrier detailing the specific areas of dispute
- Description of the attempts to reconcile the differences with the insurer
- A specific request for a review of all documentation, appropriate action to resolve the areas of dispute, and if necessary, a hearing before the appropriate administrative or regulatory body having jurisdiction over assigned risk related appeals

(2) An estimate of the premium the employer believes to be correct, with an explanation of the premium calculation

(3) Verification of payment of the undisputed portion of the premium provided to the assigned carrier or insurer, and the Plan Administrator.

If the premium in dispute is in litigation, documentation must be provided to the Plan Administrator.

The Plan Administrator will notify the assigned carrier when a bona fide premium dispute is confirmed. Upon notification, the assigned carrier will act according to the Plan Administrator's direction pending the resolution of the dispute, which may include:
- Suspend collection activity
- Suspend cancellation if a dispute exists prior to the effective date of cancellation
- For policies already cancelled, refer to ***Basic Manual*** Rule 4-A-4-a(4)

g. Commissioner

The Commissioner of Insurance for the State of Mississippi.

h. Common Managing (or Management) Interest

Where referred to a policyholder or applicant within the Plan, "common managing (or management) interest" exists when one or more individuals are or were owners or officers of, or perform management functions for, two or more entities, or for a succession of entities.

i. Employer

Any business organization or enterprise that is required or permitted under Chapter 3 of Title 71 of the Mississippi Code of 1972, As Amended, to maintain workers compensation insurance in the State of Mississippi, including any business organizations or enterprises that are or were affiliated at any time as a result of common management or common ownership.

j. Governing State

The state that generates the largest amount of payroll.

k. Insured

The assigned risk employer designated in the Information Page of the policy or policies issued by an assigned carrier pursuant to this Plan.

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l. Mississippi Workers' Compensation Assigned Risk Pool or Pool

Established pursuant to Section 71-3-111, Mississippi Code of 1972, As Amended, to be the reinsurance mechanism for workers compensation insurance policies issued by Servicing Carriers under this Plan.

m. National Council on Compensation Insurance, Inc. or NCCI

The rating/advisory organization and/or statistical agent licensed in this state to make and file rates, loss costs, rating values, classifications, and rating plans for workers compensation insurance.

n. Net Premiums Written

The gross direct premiums charged less all premiums (except dividends and savings refunded under participating policies) returned to insureds for all workers compensation and occupational disease insurance, exclusive of premiums for:

(1) Employers subject to this Plan

(2) Employers written under the National Defense Projects Rating Plan, and

(3) Under excess policies

o. Payment Methods—Initial or Deposit Premium

The payment methods currently approved by the Plan Administrator for the total required initial or deposit premium on application submissions are:

- Electronic Funds Transfer (EFT)
- Credit Card
- Check

The initial or deposit premium can be submitted by either the employer or their representative.

If an application is submitted via overnight delivery service or U.S. mail, the estimated annual or initial deposit premium must accompany the application.

p. Plan Administrator

The organization designated to administer the affairs of this Plan as approved by the regulatory authority in this state.

q. Producer

A licensed insurance agent, broker, producer, or insurance representative, as defined in Section 73-17-1 et. seq., Mississippi Code of 1972, As Amended, whose privileges under this Plan have not been suspended or revoked, designated by the employer or applicant applying under this Plan to secure and maintain workers compensation and employers liability insurance on behalf of the employer. For purposes of this Plan, the producer is considered to be acting on behalf of the insured or employer applying for coverage under this Plan and not as an agent of the Plan Administrator or of any assigned carrier for this Plan.

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r. Reasonable Offer of Voluntary Coverage

Any offer for voluntary coverage where the total estimated annual premium is less than or equal to the assigned risk total estimated annual premium including any applicable assigned risk surcharges and/or pricing programs for all comparable coverages.

Subject to the Plan Administrator's discretion and without limitation, the following are not considered a reasonable offer of voluntary coverage:

- Offer does not provide all of the required coverage (i.e., carrier cannot provide federal coverage or limits of liability)
- A deductible or deposit that is a financial burden to the employer as determined by the producer and/or employer
- Carrier's A.M. Best financial rating status is below that required by the producer and/or employer

s. Reasonable Rating Plan

Any rating program approved by the Commissioner for use in Mississippi.

t. Regulatory Authority

The Commissioner or his duly appointed designee.

u. Residual Market

State insurance plans that provide employers unable to secure coverage in the voluntary market with a means for insuring their operations through a designated insurance carrier. The residual market is also known as the "involuntary market," "assigned risk market," or "market of last resort."

v. Servicing Carrier

An insurer appointed by the Commissioner to receive assignments and provide coverage to eligible employers pursuant to this Plan. A servicing carrier may also be referred to as an assigned carrier.

w. State

Any state of the United States of America, and the District of Columbia.

x. Undisputed Premium

A workers compensation insurance premium obligation that is not a bona fide premium dispute as defined in Rule 4-A-2-f.

y. Workers Compensation Insurance

(1) Insurance for liability under statutory workers compensation and occupational disease liability insurance including insurance for liability under the Longshore and Harbor Workers' Compensation Act, as amended, and the Federal Coal Mine Health and Safety Act of 1969, as amended

(2) Employers liability insurance written in connection with a workers compensation insurance policy

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(3) Such other coverages as determined by the Plan Administrator and approved by the Regulatory authority

z. Workers Compensation Insurance Plan (WCIP or Plan)

For purposes of this Plan Workers Compensation Insurance Plan (WCIP) or Plan means the Mississippi Workers' Compensation Assigned Risk Plan (Plan).

3. Eligibility and Assignment

a. Purpose

The following rules will govern the insuring of employers who are *in good faith entitled to workers compensation insurance* as defined herein, but who are unable to procure such insurance in a regular manner.

For purposes of this Plan, the offer of any reasonable rating plan approved by the regulatory authority is deemed an offer of insurance in a regular manner. Any dispute arising from the application or interpretation of this Plan is subject to the dispute resolution procedure provided in Rule 4-A-10.

b. Good Faith Rules of Eligibility

Good faith will be presumed in the absence of clear and convincing evidence to the contrary. An employer is not in good faith entitled to insurance if any of the following circumstances exist at the time of application or thereafter, or other evidence exists that such employer is not in good faith entitled to insurance:

(1) A self-insured employer knows or is aware of pending bankruptcy proceedings, insolvency, cessation of operations, or conditions that would probably result in occupational disease or cumulative injury claims from exposure incurred while the employer was self-insured.

(2) The employer:

- Knowingly refuses to meet reasonable health, safety, premium audit, or loss prevention requirements
- Does not allow any insurer or assigned carrier reasonable access to its records for audit or inspection under the policy
- Does not comply with any other policy obligations

(3) The employer has any unpaid workers compensation insurance premium obligation or other monetary policy obligation, (e.g., deductible program) on any previous or other workers compensation insurance, that is not subject to a bona fide premium dispute as defined in Rule 4-A-2-f.

(4) The employer, its representative, or the producer knowingly fails to comply with Plan procedures, or knowingly makes a material misrepresentation on the application by express statement, omission or otherwise, including, but not limited to, the following:

- Estimated payroll
- Offers of workers compensation insurance
- Nature of business
- Name of business

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- Management or ownership of business
- Previous insurance history
- Avoidance of an experience rating modification
- An outstanding workers compensation insurance premium obligation or other monetary policy obligation of the employer
- Noncompliance with any applicable state licensing or registration requirements

(5) The employer, its representative, or the producer does not accept any reasonable offer of voluntary coverage through NCCI's ***VCAP® Service.***

c. Declinations

Within sixty (60) days preceding the date of application, the employer must apply for workers compensation insurance and have received declinations from at least two (2) nonaffiliated insurers that are licensed to write and are actively writing workers compensation insurance within the state.

Specifically, one of the declinations must be from the insurer providing workers compensation insurance to the employer at the time of application, if any. Proof of cancellation or nonrenewal from such insurer will be considered as one of the required declinations.

The employer or its representative must maintain a record of all carrier declinations for the policy period that is in force. This information must be provided upon request to the Plan Administrator or assigned carrier and must include:

- Carrier name
- Person contacted at carrier
- Mailing address and phone number of carrier contact
- Date of declination

d. Securing a Requested Effective Date

The employer or its representative may request an effective date no later than sixty (60) days from the date of application; however, such requested effective date must be the later of the following:

(1) The established effective date as outlined in the following tables

(2) The date of expiration of existing coverage

(3) A date the employer requested

To secure a requested effective date, the employer or its representative must:

(1) Submit to the Plan Administrator a signed and completed ACORD® 130 and 133 applications, using one of the submission methods as defined in Rule 4-A-2-c.

(2) For applications submitted by U.S. Postal service or private overnight delivery service, at a minimum, include in the application submission the required critical threshold elements as defined in NCCI's ***Assigned Risk Supplement to the Basic Manual.***

(3) If submitting an application via mail or an overnight delivery service, send the application to the appropriate lockbox and include the appropriate initial or deposit premium.

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Receipt of the application at the appropriate lockbox will be considered receipt by the Plan Administrator.

Depending on the application submission method, the earliest effective date for coverage will be established in the following manner:

Application Submission Table 1

If the application is submitted by regular mail and the envelope containing the application has . . .	**Then the earliest eligible effective date will be 12:01 a.m. on the day after . . .**
A legible U.S. postmark	Postmark
An illegible U.S. postmark	Receipt of the application by the Plan Administrator
A meter mark only	Receipt of the application by the Plan Administrator
Internet postage with a legible cancellation stamp	The date on the cancellation stamp
Internet postage without a cancellation stamp or an illegible cancellation stamp	Receipt of the application by the Plan Administrator

Application Submission Table 2

If the application is submitted by overnight mail and . . .	**Then the earliest eligible effective date will be 12:01 a.m. on the day after . . .**
The package containing the application has proof of mailing that can be verified	The application was sent to the Plan Administrator
The package containing the application does not have proof of mailing or proof of mailing cannot be verified	Receipt of the application by the Plan Administrator
Proof of mailing (i.e., certified mail receipt) can be obtained	Postmark
Proof of mailing cannot be obtained	Receipt of the application by the Plan Administrator

Application Submission Table 3

If all required information and deposit premium is received within the established time frame and the application is submitted by . . .	**Then the earliest eligible effective date will be 12:01 a.m. on the day after receipt of the . . .**
RMAPS® Online Application Service	Completed online submission
Telephone	Telephone submission

e. Application Review

Upon receipt of the application, the Plan Administrator will review it for eligibility and completeness. The Plan Administrator may request additional information at its discretion to establish eligibility, assign appropriate classification codes, calculate applicable premium, and otherwise appropriately process the application. Such information may include, but is not limited to:

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- Tax documentation
- Ownership information, which may include a request to complete and sign an ERM-14 Form
- Contracts (i.e., PEO Arrangement, temporary employment agency contracts, or franchise agreements)
- Supplemental PEO Arrangement applications
- Additional information regarding short-term policies requests (i.e., verification of annualized payroll)
- Proof of declinations of voluntary coverage
- Proof of bankruptcy and/or settlements
- Any other information that is demonstrated by the Plan Administrator to be necessary to process the application

The employer and/or its representative must provide this information/documentation or provide an acceptable explanation for failure to provide the requested items within the time frame established by the Plan Administrator.

An incomplete application received by the Plan Administrator may, at the discretion of the Plan Administrator, be returned to the employer or its representative for completion or, with notice to the employer or its representative, may be retained by the Plan Administrator pending receipt of further information. Failure to comply in a time frame as established by the Plan Administrator may result in the rejection of the application and loss of the previously established effective date.

A complete application may be resubmitted to the Plan Administrator for an application review and establishment of a new effective date in accordance with Rule 4-A-3-d.

f. Additional States Coverage

Any current assigned risk employer desiring insurance for operations in states other than Mississippi may request its assigned carrier to furnish insurance in the additional states in accordance with Rule 4-A-8 of this Plan.

Assignments under this Plan shall be made on an intrastate basis only.

g. Premium Obligations

Assignments under this Plan will not knowingly be made unless all undisputed workers compensation premium obligations on any previous workers compensation insurance have been met by the employer whether the obligation is to any or all of the following, but not limited to:

- An assigned carrier
- A voluntary insurer
- The Plan Administrator

If, after policy issuance, the employer does not meet all undisputed workers compensation insurance premium obligations under the current policy or previous assigned risk or voluntary market policies, the employer's present assigned carrier retains the right to cancel a policy currently in force under this Plan within the statutory cancellation requirements.

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h. Initial or Deposit Premium

The employer or its representative must submit the total appropriate initial or deposit premium to the Plan Administrator, using one of the payment methods defined in Rule 4-A-2-p.

The individual State Rule Exception pages of NCCI's ***Basic Manual for Workers Compensation and Employers Liability Insurance*** or the ACORD® State Instruction Pages available on **ncci.com** contain applicable initial or deposit premium rules.

Applicants requesting short-term policies with a duration of six months or less must submit 100% of the total estimated annual premium, unless otherwise approved by the Plan Administrator. Premium calculation and subsequent deposit or initial premiums are based on total estimated annual premium calculations.

i. Binding of Coverage

(1) The Plan Administrator is authorized under this Plan to issue binders to eligible employers in accordance with the provisions of this Plan. Coverage under any binder issued by the Plan Administrator shall be provided by the assigned carrier, subject to the provisions of this Plan, any applicable policy terms or conditions, and/or any applicable laws, rules, or regulations. The Plan Administrator will issue a binder to the employer, its representative, if any, the assigned carrier to which the Plan Administrator assigned the employer, and the appropriate state agency if required by law, subject to Plan rules, only when **all** of the following occur:

- The Plan Administrator is in receipt of complete and signed ACORD® 130 and 133 applications along with any additional information within the established time frame. The signature must be that of an officer, owner, or other designee with power of attorney.
- The applicant is deemed eligible by the Plan Administrator.
- The total initial or deposit premium has been received by the Plan Administrator within the established time frame.

(2) The Plan Administrator uses a random, equitable assignment system to select the assigned carrier in accordance with Rule 4-A-9. Once coverage is bound, the assigned carrier will receive:

- A copy of the binder
- The initial or deposit premium
- The ACORD® 130 and 133 application
- Copies of any provided election or rejection forms
- Other forms submitted during the application review process
- Any information to assist the assigned carrier in providing the proper coverage and correct rates (e.g., experience rating modification worksheet data, NCCI's Inspection and Classification Report, and change of ownership information (ERM-14), if applicable).

Upon receipt of the assignment package, the assigned carrier will review the documents to ensure that all documentation needed to properly issue the policy is attached. Based on their separate review, the assigned carrier may request additional information and/or premium from the employer. All such requested information and/or premium must be received by the assigned carrier prior to issuing a policy.

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The assigned carrier must issue the policy in accordance with Plan rules, state law, and the assigned carrier performance standards. Where these standards conflict with state law or regulation, the more stringent rule will apply.

j. Binder Information

The binder/verification page must be sent to the appropriate parties as required and must remain in effect until cancelled or until a policy has been issued in accordance with the carrier performance standards or state law. Coverage will not exist if a binder was not issued by the Plan Administrator.

k. Reassignment

An employer may submit to the Plan Administrator a written request for reassignment to a different assigned carrier, if available. The request for reassignment must be made in writing no less than thirty (30) days or more than sixty (60) days prior to the expiration of the current policy unless otherwise approved by the Plan Administrator or at the request of the regulatory authority.

The employer must provide the Plan Administrator with an acceptable reason(s) for the request along with the appropriate documentation.

Acceptable reasons for reassignment requests from an employer are:

- Documented items pertaining to assigned carrier service—timely issuance of statements, policies, and endorsements, or services not provided under the policy
- Documented refusal of or inability of an assigned carrier to supply a required type of coverage (i.e., longshore, coal mine, maritime, additional state exposures, etc.)
- Documented items pertaining to an assigned carrier's return of premium due to the insured, where there is no valid bona fide premium dispute
- Based on the assigned carrier's A.M. Best Rating or financial size category, if appropriate documentation is provided to and approved by the Plan Administrator
- Other substantial documented reasons are subject to approval in the discretion of the Plan Administrator

Any request for reassignment is subject to approval by the Plan Administrator. If the Plan Administrator approves the reassignment request, the employer must submit a new application along with the appropriate initial or deposit premium to the Plan Administrator and otherwise be eligible for continued coverage through the Plan in accordance with the Rule 4-A-3. All reassignments will be made on a random and equitable basis.

l. Producer Information:

(1) Producer Fee

The assigned carrier must pay a fee to the licensed agency on all new and renewal policies after the policy is issued. The carrier will pay the producer as written premium is collected. The carrier is required to process and mail fee payments within thirty (30) days from the date the policy is issued or thirty (30) days from the receipt of premium. The carrier may withhold payments until an accumulative total of $25 per agency is reached. However, agencies will be paid their fees upon request regardless of the amount or if the withholding time period

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exceeds six (6) months. The fee payment may also be applied to return fees that the agency may owe to the carrier from other assigned risk policies for that agency. No producer fee will be paid on premium not actually collected.

The producer fee paid by the assigned carrier will be in accordance with the Producer Fee Percentage Scales located in NCCI's ***Assigned Risk Supplement to the Basic Manual,*** and will be paid at the rate filed by the Plan Administrator with the state regulatory authority. It is the carrier's responsibility to determine whether or not the producer is properly licensed in the appropriate jurisdictions for payment of producer fees. If the producer listed on the application is not properly licensed, or if the employer designates a representative other than a licensed producer, the carrier will accept the assignment and the producer fee will not be paid. However, for all other purposes, the producer will be treated as the producer of record.

(2) Producer Changes

The employer may request a change to the licensed agency. Written notice must be provided to the assigned carrier, generally in the form of a "producer of record" letter. Such requests must be made prior to the date of renewal, or with the consent of the assigned carrier at another agreed upon time.

m. Additional Coverages

Additional coverages may be available to the employer through the assigned carrier. Refer to each state's ***Workers Compensation Insurance Plan Supplement—Additional Coverages Under the WCIP*** for those coverages available in each state.

n. Policy Term

The policy must be issued for a term of at least one (1) year, unless insurance for a shorter term has been requested. A short-term policy may be obtained only once within a twelve (12) month period unless agreed to by the assigned carrier.

4. Assigned Carrier

a. Responsibilities

The assigned carrier is held accountable to the appropriate assigned carrier performance standards, state laws, regulations, and/or rules, market conduct requirements, or rating/advisory and/or statistical organization reporting requirements (where appropriate) for the following issues including, but not limited to:

(1) Policy Information Page

The Policy Information Page and all endorsements must be properly identified as a WCIP (Plan) or AR (Assigned Risk) policy (i.e., policy information submitted on hard copy must show the WCIP (Plan) or AR indicator and the binder number, where approved, by the policy number on the Information Page). This information must be submitted to the Plan Administrator or its designee within the time frame and the format established by the Plan Administrator.

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(2) Forms and Rates

All policies issued to employers to which this Plan applies must be written utilizing the classifications, forms (e.g., policy endorsements, ERM-14 forms, supplemental PEO arrangement forms, etc.), rates, and rating plans (including retrospective rating plans) approved by the regulatory authority and authorized for use in the residual market by the Plan Administrator.

(3) Cancellation of the Policy

If, after the issuance of a policy, the assigned carrier determines that an employer:

- Is not in good faith entitled to workers compensation insurance
- Has failed to comply with reasonable health, safety, audit, and/or loss prevention requirements
- Has violated any of the terms and conditions under which the insurance was issued
- Refuses to allow the assigned carrier or NCCI reasonable access to its facilities or its files and records for audit or inspection
- Refuses to disclose to the assigned carrier the full nature and scope of the employer's exposure

The assigned carrier will initiate cancellation (after providing an opportunity for cure) and inform the Plan Administrator and appropriate state organization of the reason for such cancellation. The policy should be cancelled in accordance with the cancellation provision of NCCI's ***Basic Manual*** Rule 3-A-3 and the Assigned Carrier Performance Standards located in NCCI's ***Assigned Risk Supplement to the Basic Manual for Workers Compensation and Employers Liability Insurance.***

The assigned carrier must keep the Plan Administrator fully informed of any cancellation and of any reestablishment of eligibility or of compliance by the employer in accordance with Rule 4-A-4-a (7). Any employer whose coverage is cancelled must reestablish eligibility or must demonstrate entitlement to coverage under this Plan to the Plan Administrator before any further assignment can be made under this Plan.

(4) Effective Date of Policy

Policies must be issued, renewed, or reinstated without a lapse in coverage when premium, including an interim premium audit or installment payment, is received or contains a legible U.S. postmark **prior** to the policy effective date or cancellation date.

Refer to the following table for information regarding reinstatement provisions for cancelled and renewal policies:

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If...	Then...
An item correcting a deficiency that resulted in cancellation is **received** on or within 60 days after the effective date of cancellation	The carrier will reinstate insurance with a lapse in coverage, issue a short-term policy, or take other underwriting action consistent with NCCI ***Basic Manual*** Rules, one time only during the original policy period. The lapse of coverage must clearly be stated on the reinstatement notice. A copy of the reinstatement notice must be sent to the Plan Administrator. In those instances where a proof of mailing cannot be clearly determined, timely receipt of the deficiency by the assigned carrier will be presumed if received within (5) five days of the expiration date of the policy. Receipt at the assigned carrier's designated lockbox is considered receipt by the assigned carrier. No lapse occurs if such item(s) are U.S. postmarked prior to the effective date of cancellation.
An item correcting a deficiency that resulted in cancellation is received more than sixty (60) days from the effective date of cancellation	If coverage is still required under the Plan, the employer must submit a new application to the Plan Administrator.
An item correcting a deficiency that resulted in cancellation is received on, within, or after sixty (60) days after the effective date of cancellation and the insured had received a previous policy reinstatement during the policy term	If coverage is still required under the Plan, the employer must submit a new application to the Plan Administrator.
Payment for a renewal policy is received on or within sixty (60) days after the renewal effective date	The policy will be issued with a revised new or different effective date (a "gap") in coverage. The determination of the revised effective date will be in accordance with Rule 4-A-3-d—Application Submission Table 1 and 2.
A finance company requests cancellation for non-payment of premium, and subsequently a request for reinstatement is received within sixty (60) days of the date of cancellation	A one-time reinstatement is allowed. However, the assigned carrier is not obligated to reinstate.

The carrier may impose additional requirements, if necessary, to effect the reinstatement.

Effective/reinstatement dates for lapses in coverage will be determined in the same manner as described in Rule 4-A-3-d.

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(5) Renewal and Nonrenewal of Coverage

Any assigned carrier must send a renewal or nonrenewal notice of impending expiration of coverage to the insured, its representative, and the Plan Administrator at least:

(a) Sixty (60) days in advance of expiration of insurance, or

(b) The number of days required by state law, regulation, and/or rule if more stringent

Upon receipt of the required premium, the policy must be issued in accordance with the assigned carrier performance standards and a copy of such policy and all endorsements, properly identified as a WCIP (Plan) or AR (Assigned Risk) policy, must be reported to the Plan Administrator or its designee within the time frame and the format established by the Plan Administrator.

If the assigned carrier is unwilling to renew a policy, they must provide the employer with a reason(s) that is acceptable to the Plan Administrator. Acceptable reasons for nonrenewal are:

- Refusal of or inability of an assigned carrier to supply a required type of coverage (e.g., longshore, coal mine, maritime, additional state exposures, etc.)
- Other substantial and documented reasons subject to approval in the discretion of the Plan Administrator

(6) Cancellation for Voluntary Coverage

Notwithstanding Rule 4-A-4-a (9), any insurer that wishes to insure an employer as voluntary business may do so at any time. If such insurer is not the assigned carrier, the assigned carrier must cancel its policy pro rata and the assignment must automatically terminate as of the effective date of the voluntary insurer's policy.

(7) Notification of Undisputed Outstanding Premium and Other Noncompliance Issues

Outstanding premium or other monetary policy obligation information identified by the assigned carrier or its representative must be updated and reported to the Plan Administrator or its designee in accordance with the appropriate assigned carrier performance standards. Assigned carriers should immediately report all instances of noncompliance and subsequent compliance information to the Plan Administrator.

(8) Policyholder Services

Policyholders and their designated representative must be provided:

- Access to audit, loss prevention, and safety services
- Prompt, professional handling of claims, including investigation, resolution, and communication
- Fair and prompt responses to complaints and disputes
- Access to appropriate information regarding the classification of the business and the policy premium.

Assigned carriers are required to comply with the minimum level of performance standards as defined in the assigned carrier performance standards.

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(9) Confidentiality of Information

The assigned carrier must keep in confidence and must not, except as directed by the insured or the producer of record, or as otherwise may be required by law or regulatory authority, disclose to any third party, or use for the benefit of itself or any third party, such detailed information as it may obtain by virtue of its position as the assigned carrier. Such information will be used solely for the evaluation, underwriting, and insuring of coverage under this Plan and not for any other purpose. The assigned carrier must not use any information it obtains in its capacity as the assigned carrier to request, encourage, or solicit employers it insures under this Plan to utilize the services of any specific insurance agent, agency, broker, insurer or group of insurers, including without limitation, direct writers affiliated with the assigned insurer, for purposes of providing voluntary workers compensation insurance or other lines of insurance to such employer.

5. Participation

All insurance companies licensed to write workers compensation and employers liability insurance under Chapter 3 of Title 71 of the Mississippi Code of 1972, as amended, are required to participate in this Plan through membership and participation in the Mississippi Workers' Compensation Assigned Risk Pool.

6. Plan Administrator

a. Designation

The Commissioner shall be responsible for the administration of this Plan but will contract with an organization to serve as Plan Administrator.

b. Duties and Responsibilities

The Plan Administrator will have the following duties and responsibilities in addition to any others set forth in this Plan:

(1) Administering, managing, and enforcing the Plan subject to the provisions contained herein.

(2) Determining the methodology and formula for making assignments to assigned carriers pursuant to Rule 4-A-9 and securing the necessary information in order to make the assignments

(3) Developing and implementing assigned risk procedures and forms to the extent necessary to carry out the purpose of this Plan

(4) Processing assigned risk applications pursuant to Rule 4-A-3

(5) Administering the dispute resolution procedure as provided in Rule 4-A-10

(6) Monitoring the performance and operation of the Plan and initiating amendments thereto as appropriate

7. Servicing Carriers

a. Eligibility to Act as a Servicing Carrier

The Commissioner will establish the requirements that insurers must meet in order to be eligible to act as a servicing carrier.

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b. Selection of Servicing Carrier(s)

The Commissioner will select and appoint, and enter into a contract with, each servicing carrier that will receive assignments and provide coverage for eligible employers pursuant to this Plan.

c. Standards for Servicing Carrier Performance, Compensation, and Incentives

The Commissioner will establish procedures for measuring servicing carrier performance. The Commissioner will also establish the compensation for servicing carriers, which may take into consideration, among other things, provisions for:

(1) Rewarding servicing carriers for positive action targeted at reducing losses and costs

(2) Disincentives for inefficiencies and service below the minimum assigned carrier performance standards

(3) Servicing carrier capacity

d. Monitoring and Enforcement

The Commissioner will monitor and review servicing carrier performance to maintain desired performance levels and will take appropriate remedial action where necessary. The Commissioner or his designee will have the right at all reasonable times during regular business hours, to audit and inspect the books and records of any servicing carrier with respect to any policies, claims, or related documents coming within the purview of this Plan or the Mississippi Workers' Compensation Assigned Risk Pool.

e. Disputes

The Commissioner will establish procedures and handle any disputes arising regarding a-d above.

8. Interstate Assignments

All assignments under this Plan shall be made on an intrastate basis. An employer desiring insurance for operations in states other than Mississippi must request coverage for such operations from the administrator of that state's Plan.

9. Assignment Formula Determination

a. Procedures

Assignments will be made in accordance with a mechanism established by the Plan Administrator that provides for the random and equitable distribution of employers under this Plan to assigned carriers. The Plan Administrator may override the random assignment process to ensure the availability of the requested Plan coverages for the employer.

b. Assignment Distribution

(1) The percentage of Plan premium assigned to a servicing carrier is determined by the Commissioner.

(2) When assigning an employer to an insurer, the assignment mechanism considers the employer's prior Plan coverage, special requirements (i.e., additional states or federal coverage) and premium size.

(3) Any carrier authorized by the U.S. Department of Labor to provide coverage under the U.S. Longshore and Harbor Workers Compensation (USL&HW) Act and extension acts is

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eligible to receive assignments requesting the same coverages in the assigned risk market. Carriers with USL&HW authorization will also be eligible for assignments requesting Maritime (Admiralty), Program I or II. Assignments requesting USL&HW, Maritime, and/or extension acts coverage will be made as determined by the Plan Administrator in accordance with the assignment methodology established by the Plan Administrator.

(4) An assigned carrier that, in any state, has previously reported voluntary or assigned risk premium writing that is subject to the Federal Coal Mine Health and Safety Act or has previously accepted assignments in any state for operations that are subject to the Federal Coal Mine Health and Safety Act, will receive assignments requesting such coverage in accordance with the assignment methodology as established by the Plan Administrator.

c. Reassignment

An employer which has had prior assigned risk coverage will be reassigned to the original assigned carrier as long as the carrier can provide authorized coverages requested by the employer. Circumstances occasionally require the suspension of this criterion by the Plan Administrator.

d. Carrier Eligibility

The assignment system identifies those assigned carriers eligible to receive an assignment based on the requirements of the employer and the capabilities of carriers.

10. Dispute Resolution Procedure

a. Procedure

The dispute resolution procedure can be categorized as either Assigned Risk Employer/Producer-related disputes, Plan-related disputes, or Pool-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-f 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.

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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.

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. Plan Disputes

Except as provided in b. or d. of this section 10., any person affected by the operation of the Plan who has a dispute with respect to any aspect of the Plan may seek a review of the matter by the Plan Administrator by setting forth in writing with particularity the nature of the dispute, the parties to the dispute, the relief sought and the basis thereof. The Plan Administrator may secure such additional information as it deems necessary to make a decision. The Plan Administrator will review the matter and provide a written decision within thirty (30) days after receipt of all information necessary to make the decision.

Any party affected by a decision of the Plan Administrator may seek to resolve the matter through binding arbitration, or in the alternative, may seek a review by the Commissioner by requesting such review in writing within thirty (30) days after the date of such decision.

In reviewing any such matter, the Commissioner shall follow the procedures set forth in Mississippi Regulation 88-101.XV Hearings. The Commissioner's decision shall be final, subject to appeal to the Chancery Court of the First Judicial District of Hinds County, Mississippi.

d. Pool Disputes

Any dispute arising with respect to the Governing Articles of the Mississippi Workers' Compensation Assigned Risk Pool, refer to Disputes and Appeals and the dispute resolution mechanism set forth under the Governing Articles of the Mississippi Workers' Compensation Assigned Risk Pool.

11. Self-Funded Plan

Insofar as practicable, rates for insurance provided through the Plan shall be established and maintained at a level that will permit the Plan to operate as a self-funded mechanism. In order to permit the actuarial determination of rates and rating plans appropriate for the business insured through the Plan, all assigned carriers are required to report their experience on business written under the Plan to NCCI in a format prescribed by NCCI. It is the responsibility of NCCI to monitor both rate adequacy and Plan results. NCCI will notify the Commissioner if excessive losses are indicated to enable the Commissioner to take corrective action.

12. Approval

I have reviewed the foregoing Plan and all matters incorporated therein and have determined that it is reasonable, complies with the laws and regulations of this state, and provides for the equitable apportionment of employers who are in good faith entitled to workers compensation insurance

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and are unable to procure such insurance in a regular manner. I hereby approve this Plan for use in this state as indicated by the signature below or any other acceptance method authorized for use by the regulatory authority.

Date _____

_____
Regulatory Authority

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MISSISSIPPI WORKERS' COMPENSATION ASSIGNED RISK POOL

GOVERNING ARTICLES

ARTICLE I

1.1 Establishment of the Pool

The Mississippi Workers' Compensation Assigned Risk Pool was established effective January 1, 1993, by the Mississippi Commissioner of Insurance pursuant to the authority granted by Section 71-3-111, Mississippi Code of 1972, as amended, as a non-profit unincorporated association of Member companies.

1.2 Purpose of the Pool

The purpose of the Pool is to be a reinsurance mechanism for the Mississippi Workers' Compensation Assigned Risk Plan and to accomplish the equitable distribution of all underwriting profit or loss of the Plan to the Members.

1.3 Definitions

(a) Advisory Board and Board mean the Advisory Board of the Mississippi Workers' Compensation Assigned Risk Pool.

(b) Articles mean these Governing Articles of the Mississippi Workers' Compensation Assigned Risk Pool.

(c) Commissioner means the Commissioner of Insurance of the State of Mississippi.

(d) Member means an insurance company whose license to write workers compensation insurance under Chapter 3 of Title 71 of the Mississippi Code of 1972, as amended, has not been revoked.

(e) Plan means the Mississippi Workers' Compensation Assigned Risk Plan as provided for under Section 71-3-111, Mississippi Code of 1972, as amended, and any regulations promulgated pursuant thereto.

(f) Plan Administrator means the organization appointed by the Commissioner to administer the affairs of the Plan.

(g) Pool means the Mississippi Workers' Compensation Assigned Risk Pool as provided for under Section 71-3-111, Mississippi Code of 1972, as amended, and any regulations promulgated pursuant thereto.

ATTACHMENT
"B"

(h) Pool Administrator means the organization appointed by the Commissioner to administer the affairs of the Pool.

(i) Servicing Carrier means a Member of the Pool that has been appointed by the Commissioner to receive assignments and provide coverage to eligible employers pursuant to the Plan on behalf of all other Pool Members.

(j) Reinsurance Agreements mean those reinsurance agreements entered into by and between the Servicing Carriers and the Pool pursuant to these Governing Articles.

(k) Net Premiums Written means the gross direct premiums charged less all premiums (except dividends and savings refunded under participating policies) returned to insureds for all Workers Compensation and Occupational Disease Insurance, exclusive of premiums for employers subject to the Plan, and for employers written under the National Defense Projects Rating Plan and under excess policies.

ARTICLE II

2.1 Membership

Each insurance company authorized to write workers compensation and employers liability insurance in Mississippi shall be a Member of and a participant in the Pool, shall participate in the Plan, and shall be bound by these Articles as a condition of its authority to transact workers compensation and employers liability insurance in Mississippi.

2.2 Termination of Membership

A Member's membership in the Pool shall be terminated upon the occurrence of one or more of the following events:

(a) withdrawal or non-renewal of the Member's license to write workers compensation insurance in Mississippi;

(b) revocation of the Member's license to write workers compensation insurance in Mississippi by the Commissioner; or

(c) adjudication of insolvency of the Member.

Any provision herein to the contrary notwithstanding, a Member shall be deemed to be a Member of the Pool for any policy year corresponding to a calendar year during which such Member has positive net workers compensation premiums written in Mississippi as reported in its Annual Statement to the Mississippi Department of Insurance.

2.3 Members' Obligations

Each Member shall:

(a) designate and provide to the Pool Administrator the name and address of an official of the Member's organization with authority to represent the Member in its dealings with the Pool and to whom all correspondence from the Pool shall be sent;

(b) report to the Pool Administrator, in the form and manner prescribed by the Pool Administrator, the workers compensation premiums written by such Member during each calendar year;

(c) provide to the Pool Administrator such other information as the Pool Administrator may require to administer the affairs of the Pool and to determine the Member's share of the Pool's surplus or deficit or the Member's ability to meet its obligations to the Pool;

(d) promptly pay, when ordered by the Pool Administrator and approved by the Commissioner, all assessments; and

(e) comply with such operational or administrative procedures as the Commissioner, or the Pool Administrator with the approval of the Commissioner, may prescribe.

If the Pool Administrator determines that a Member has not cooperated to the extent necessary to make the determinations required hereunder, the Pool Administrator shall have the authority to ensure the Member's ability to meet its obligations to the Pool by, without limitation:

(a) ordering that any distribution or refund due the Member be paid into escrow or trust with the Pool Administrator to secure the Member's obligations;

(b) ordering that any distribution or refund due the Member be paid in trust with a third party to secure the Member's obligations; or

(c) ordering that the Member obtain a letter of credit or such other form of security and in such amount approved by the Pool Administrator to secure the Member's obligations.

Compliance with any such order within the time specified therein shall be an obligation of the Member to which the order is directed and shall be enforced by the Commissioner.

2.4 Obligations After Termination

Any Member whose membership in the Pool is terminated shall nevertheless continue to be governed by all Pool and Plan rules for all policy years for which the Member was a participant in the Pool. The Pool Administrator shall, as soon as reasonably practical following a Member's termination, estimate the balance of the Member's account in the Pool based on information then available. At the discretion of the Pool Administrator, the Member's account shall be settled either by payment in full of the estimated amount due to or from the Member or by periodic distributions and/or assessments at the time and in the manner applicable to other Pool Members for the policy years for which the Member was a participant.

No payment to or from the terminated Member of the estimated balance of such Member's account shall in any way effect the Pool Administrator's right to make additional assessments against the terminated Member and/or demand reimbursement of amounts previously distributed to the terminated Member based on subsequent developments for the policy years for which the Member was a participant in the Pool.

2.5 Insolvency

(a) A Member's participation in the Pool shall be deemed terminated in the event a Member becomes insolvent. As used herein, "insolvent" means being the subject of receivership, conservatorship, rehabilitation, liquidation, or similar proceedings, whether voluntary or involuntary, in any jurisdiction.

(b) If, at the time of a Member's insolvency, the insolvent Member's account in the Pool reflects a net balance due to the Pool and the liquidator or receiver of the insolvent Member does not have sufficient funds available to make a final adjustment of the account, the insolvent Member's share of undistributed surpluses and/or uncollected deficits for each policy year for which the insolvent Member was a participant in the Pool shall be reallocated to the remaining Members as if the insolvent Member had not been a participant in the Pool for such policy years.

(c) In the event a Servicing Carrier becomes insolvent, the Pool Administrator shall have the option to:

(i) pay to the receiver, conservator, rehabilitator, liquidator or other appropriate representative of the insolvent Servicing Carrier the losses and expenses for which the Pool is liable under the Reinsurance Agreement(s); or

(ii) subject to the approval of the receiver, conservator, rehabilitator, liquidator or other representative, and subject to the approval of any court having jurisdiction over the proceedings, assume the policy obligations of the insolvent Servicing Carrier for policies written pursuant to the Plan and reinsured by the Pool.

If the latter option is exercised, the Pool Administrator shall make arrangements to have all policies that have been assigned to and are being serviced by the insolvent Servicing Carrier reassigned to another Servicing Carrier for servicing. The successor Servicing Carrier shall assume all the duties and obligations of the insolvent Servicing Carrier and shall be entitled to the reinsurance provided by the Pool. Payment made on account of such policies, including expenses for the servicing thereof, shall be reimbursed by the Pool and apportioned to the policy years for which such policies were originally issued.

(d) All amounts due to an insolvent Servicing Carrier from the Pool as a result of the reinsurance provided to such Servicing Carrier and all amounts due from an insolvent Servicing Carrier as a Member shall be merged into one account and deemed mutual debits and credits which the Pool may offset.

(e) The Pool shall have all the rights allowed by law against the estate or funds of an insolvent Member for recovery of amounts which have been absorbed by the other Members of the Pool as herein provided. The Pool Administrator may assert and enforce such rights on behalf of the Pool.

(f) Anything in this Article to the contrary notwithstanding, the Commissioner may, in the event such action is in his judgment feasible and desirable, and in a manner equitable to all Members, elect not to terminate the participation of an insolvent Member, and permit such Member to continue its participation in the Pool upon such conditions as he may prescribe and subject in all respects to these Articles and the rules and procedures applicable to the Pool and the Plan.

ARTICLE III

3.1 Annual Meetings of Pool Members

The Members of the Pool shall meet annually during the month of March at such place as the Board may determine, subject to approval of the Commissioner. If the annual meeting for any year shall not be duly held, the Board shall cause a special meeting of the Members to be held as soon thereafter as possible, in lieu of and for the purpose of conducting an annual meeting, and all proceedings of such special meeting shall have the same force as if taken at the regular annual meeting.

3.2 Special Meetings of the Pool Members

Special meetings of the Members may be called at any time by the Chairman of the Board or by the Commissioner or by the Pool Administrator and special meetings shall be called by the Chairman of the Board upon the written request of five (5) Members of the Pool or the Commissioner or the Pool Administrator.

3.3 Notice of Pool Member Meetings

Except as otherwise provided in this Article, notice of each annual and special meeting shall be given or caused to be given by the Chairman of the Board, in writing, mailed or hand delivered or telefaxed to each Member at the last address appearing on the records of the Pool. Each Member shall be provided not less than thirty (30) days notice of the annual meeting of the Pool. If notice of a meeting of Members other than the annual meeting is given by mail to a Member such notice shall be placed in the mail not less than eight (8) days prior to the meeting. If notice of a meeting of the Members, other than the annual meeting, is given by hand delivery or by telefax, it shall be so given not less than give (5) days prior to the meeting.

3.4 Quorum

Five (5) or more Members present or represented at any meeting of the Members shall constitute a quorum.

3.5 Purpose of Meetings

The Advisory Board of the Pool shall be nominated at the annual meeting of the Members. The purpose of any special meeting shall be stated in the notice thereof. At all such meetings, including the annual meeting, Members may consider and act upon matters brought before the membership.

3.6 Voting Rights

Each Member shall be entitled to one vote at all meetings of the Pool. Actions of the Pool shall require the affirmative vote of a majority of the Members present at such meeting, either by representative or proxy, and the affirmative vote of those Members writing more than fifty percent (50%) of the total Mississippi workers compensation net written premium for the latest calendar year for which data is available.

3.7 Proxies

Members may be represented at any meeting of the Pool by proxy. Members may record their votes by mail on written propositions and such votes shall have the same standing as if cast by such Members in person or by proxy.

3.8 Minutes of Meetings

Minutes of all meetings of the Members of the Pool, and of the Board, shall be sent to the Advisory Board members and the Commissioner, and shall be available to Members upon request to the Pool Administrator.

3.9 Advisory Board

The Pool shall have an Advisory Board composed of representatives of the Members of the Pool. The Advisory Board shall be appointed by the Commissioner from nominations made by the Members. The Members shall nominate not less than twice as many nominees as available positions for consideration by the Commissioner.

3.10 Numbers and Term of Office

The Advisory Board shall be comprised of seven (7) of the Members of the Pool. No more than three (3) Servicing Carriers shall serve on the Advisory Board at any time. The Commissioner and Pool Administrator shall serve as ex officio, nonvoting Members of the Advisory Board. Board appointments shall be made as follows:

(a) the three (3) Board members initially appointed to serve a term of three (3) years shall serve until April 1, 1997; and

(b) the four (4) Board members initially appointed to serve a term of two (2) years shall serve until April 1, 1996.

At April 1, 1996, two (2) Board members shall be appointed to serve a term of two (2) years (through April 1, 1998) and two (2) Board members shall be appointed to serve a term of three (3) years (through April 1, 1999). Succeeding appointments to the Board shall be for terms of three (3) years.

Board members shall serve for calendar years beginning on April 1 of the calendar year in which the Board member is appointed. No Member of the Pool serving on the Board for a full term shall succeed itself, except where a sufficient number of non-succeeding Members of the Pool shall not accept appointment to the Board. Each Member of the Pool elected to the Board shall designate a knowledgeable representative of suitable senior standing and shall select two alternates of similar standing to attend Board meetings and vote on matters brought before the Board.

3.11 Vacancies

If a vacancy occurs on the Advisory Board, the Commissioner shall appoint a replacement to fill the unexpired term.

3.12 Board Meetings

The Advisory Board shall meet during the month of March of each calendar year for the purpose of electing officers to serve for the next ensuing year and for the transaction of all other business upon which the Board is authorized to act. Other regular meetings of the Advisory Board shall be held on such dates as the Board may from time to time determine. Special meetings of the Board may be called at any time by the Chair, and shall be called by the Chair upon written request of three (3) non-affiliated members of the Board. Notice of regular or special meetings of the Board shall be given as may be determined by the Board or, in the event the period of notice shall not have been prescribed, as the Chair shall deem reasonable.

3.13 Place of Board Meetings

All meetings of the Board shall be held at a place designated by the Chairman of the Board, subject to approval of the Commissioner.

3.14 Quorum and Voting Rights of Board

A majority of the Advisory Board shall constitute a quorum. Each Advisory Board member shall be entitled to one (1) vote. An Advisory Board member's vote may be cast only by its representative, or in his or her absence, by its alternate. Proxy voting shall not be permitted. Any action of the Board requires the affirmative vote of a majority of the Board present at the meeting in which such action is considered. Provided, however, that a vote may not be taken on any question at a meeting of the Board unless the number of Board members present at the meeting who are not Servicing Carriers equals or exceeds the number of members of the Board who are Servicing Carriers present at the meeting. If such votes are not cast, the matter fails adoption except as provided for elsewhere in these Articles. In the absence of a quorum, the Board shall have no power except that a majority of the Board in attendance may adjourn the meeting from time to time until a quorum shall attend. Action may also be taken without meeting by mail, telephone, or telefax upon the affirmative vote of a majority of the Board provided all Board members are polled and no member of the Board demands a meeting.

3.15 Organization and Procedure

The members of the Advisory Board shall elect a Chair and an Executive Vice-Chair. The Chair may also appoint one (1) or more Vice-Chairs and assign such responsibility to them as the Chair may determine within the authority granted to the Chair. The Chair, or in his or her absence, the Executive Vice-Chair, or in the absence of both, a Chair Pro tem elected by the Advisory Board present shall act as Chair of each meeting of the Board. The Pool Administrator shall act as Secretary of each meeting of the Board and shall keep a record of the Board's proceedings. The order of business at all meetings of the Board shall be determined by the Chair.

3.16 Disputes and Appeals

The Advisory Board shall constitute a committee to hear, consider and render decisions upon all disputes arising with respect to these Articles including, without limitation, questions relating to the application, scope and effect of these Articles. Appeals from decisions of the Pool Administrator shall be reviewed and a decision shall be issued by the Board, which decision may then be appealed to the Commissioner in accordance with the dispute resolution procedures hereinafter set forth in Article IV.

3.17 Duties of Board Chair

The Chair shall be the Chief Executive Officer of the Advisory Board, and shall have overall control of and responsibility for all activities subject to these Articles and other powers which are incidental thereto.

3.18 Duties of Board Executive Vice-Chair

The Executive Vice-Chair shall have immediate charge, subject to the direction and control of the Chair, of such matters as may be assigned to him or her by the Chair. In the Chair's absence or inability for any reason to act as the Chair, his or her duties and powers under these Articles may, with like effect, be performed and exercised by the Executive Vice-Chair.

3.19 Board Committees

The Chair may from time to time appoint committees assigned to perform such duties as the Chair may deem desirable.

3.20 Authority of Advisory Board

The Advisory Board shall have the powers and authorities specifically herein set forth and such other powers and authorities as may from time to time be granted to the Advisory Board by the Commissioner.

3.21 Compensation of Advisory Board

The Advisory Board shall serve without compensation.

3.22 Meetings of the Servicing Carriers

The Servicing Carriers shall meet annually immediately following the annual meeting of the Members of the Pool. Special meetings of the Servicing Carriers may be called at any time by the Commissioner or the Pool Administrator and shall be called by the Pool Administrator upon the written request of three (3) Servicing Carriers. The Pool Administrator shall give reasonable notice of special meetings.

ARTICLE IV

4.1 Administration of the Pool

Under the direction and supervision of the Commissioner, and subject to advice and counsel of the Advisory Board, the Pool Administrator shall manage and control the operation, business and affairs of the Pool and all other matters arising under these Articles.

The Pool Administrator shall cause to be kept a record of all meetings of the Pool Members, the Advisory Board, and such other committees as the Advisory Board or Commissioner may designate. The Pool Administrator shall act as Treasurer of the Pool and collect all fees, charges and assessments, and other monies payable to the Pool and shall keep proper accounts of all such funds. The Pool Administrator shall be the agent through which all communications and remittances relating to the Reinsurance Agreements shall be transmitted.

Subject to the approval of the Commissioner, the Pool Administrator is authorized to:

(a) enter into agreements on behalf of the Pool to carry out the purposes of these Articles, including, but not limited to, the Reinsurance Agreements;

(b) hire specialists or other professionals to provide additional services necessary to the administration of the Pool, the Reinsurance Agreement and these Articles including, without limitation, the services of actuaries, attorneys and auditors;

(c) act as attorney-in-fact for the Pool to prosecute, defend, submit to arbitration, settle, and propose or accept a compromise with respect to any claim existing in favor of or against, the Pool based on or involving any matter relating to these Articles or the Reinsurance Agreements or to intervene in any action or proceeding related thereto.

The fees for services of specialists including actuaries, attorneys and auditors as well as others deemed necessary by the Commissioner shall be a proper charge against and an obligation of the Pool.

The Pool Administrator or an officer, manager or other duly authorized representative thereof is authorized to certify these Articles, acts taken by the Board, and tenure of, signatures, identity and acts of officers or other officials, and other official acts; and such certificates may be relied upon by any person to whom the same shall be given, until receipt of notice to the contrary.

4.2 Disputes and Appeals

Any person affected by the operation of these Articles who may have a dispute with respect to any aspect of the application of the Articles, may seek a review of the matter by the Pool Administrator by setting forth in writing with particularity the nature of the dispute, the parties to the dispute, the relief sought and the basis thereof. The Pool Administrator may secure such additional information as it deems necessary and shall render a written decision with an explanation of the reasons for the decision within thirty (30) days after receipt of all the information necessary to make the decision.

Any party affected by the decision of the Pool Administrator may seek a review by the Advisory Board by submitting a written request for such review to the Chairman of the Advisory Board within thirty (30) days of the date of the decision by the Pool Administrator. The Advisory Board shall, within sixty (60) days of the receipt of such written request and all information considered by the Pool Administrator, review the decision of the Pool Administrator and render its written decision to the party seeking review and the Pool Administrator.

Any party (including the Pool Administrator) affected by a decision of the Advisory Board may seek a de novo review by the Commissioner by requesting such a review in writing within thirty (30) days of the date of the Board's decision. In reviewing any such matter, the Commissioner shall follow those procedures applicable to administrative hearings in the State. The Commissioner shall decide the dispute in accordance with State law, regulation, and policy and in the interests of the reasonable and proper administration of these Articles. The Commissioner's decision shall be final subject only to such court review as may be available under applicable law and rules.

4.3 Administrative Procedures

The Commissioner or the Pool Administrator, with the approval of the Commissioner, shall have the authority to promulgate and adopt procedures for the purposes of implementing the terms of these Articles.

ARTICLE V

5.1 Fiscal Year

The fiscal year of the Pool shall be the calendar year unless otherwise established by the Commissioner.

5.2 Funds of the Pool

Funds held by the Pool, including funds remitted by Servicing Carriers in accordance with the Reinsurance Agreements, and funds withheld pursuant to Article II, shall be kept on deposit in such banks, trust companies, or other depositories as may from time to time be designated and prescribed by the Commissioner. The Pool Administrator shall invest Pool funds only in investments of a type and quality as will qualify as fully admitted assets under the rules of the National Association of Insurance Commissioners. Disbursements from Pool funds shall be made by the Pool Administrator only as authorized by the Commissioner. The Pool Administrator shall keep accurate records to identify all deposits, withdrawals, and investment of Pool funds, which records shall be available for review by the Commissioner and Chairman of the Advisory Board at any time.

5.3 Investment Income

Except for earnings on funds held pursuant to Article II, income earned on funds of the Pool shall be held by the Pool Administrator in the same manner as premiums remitted by Servicing Carriers under the Reinsurance Agreements and shall be included in the determination of the Pool's operating results in accordance with the terms provided herein. Income earned on funds held pursuant to Article II shall accrue to the Member providing the security required.

5.4 Expenses of Administration

Expenses incurred by the Commissioner, or by the Pool Administrator at the direction of the Commissioner, in the administration of the affairs of the Pool shall be a proper charge against the Pool. A record shall be kept of all such expenses, and the amount thereof shall be included in financial statements to Members along with other transactions of the Pool. Such expenses may be paid out of funds held by the Pool or may be assessed against the Members.

5.5 Examinations and Reserves

The Commissioner shall review loss payments and reserves for outstanding claims as reported to the Pool Administrator by the Servicing Carriers for the purpose of determining the underwriting results from policies issued pursuant to the Plan. The Commissioner may establish, in his sole discretion, additional reserves as he may deem necessary to adequately reflect such underwriting results. There shall be an annual independent actuarial evaluation of the Pool's reserves for unpaid losses.

5.6 Transactions, Accounts, and Financial Statements

Separate accounts shall be maintained by the Pool Administrator covering transactions for each policy year based on the information provided by Servicing Carriers pursuant to the Reinsurance Agreements. The operating deficit or surplus of a policy year shall be the net of premiums earned and losses and expenses incurred with respect to

policies issued during the calendar year corresponding to the policy year, reduced by administrative and other expenses paid and accrued during the calendar year corresponding to the policy year and increased by investment income attributed to the policy year. Investment income on funds of the Pool, except funds held pursuant to Article II, shall be apportioned among policy years based on the relationship which a given policy year's funds available for investment bears to all policy years' funds available for investment.

The Pool Administrator shall prepare and deliver to each Member an annual report of each policy year's transactions during the preceding calendar year and the Member's proportion of each policy year's deficit or surplus from operations.

5.7 Allocation of Operating Results

The operating deficit or surplus for each policy year shall be allocated to Members in proportion to their net workers compensation premium writings in Mississippi during the calendar year corresponding to the policy as reported by Members in their Annual Statements to the Mississippi Department of Insurance for such calendar year.

Members which voluntarily write workers compensation insurance policies which would otherwise have been renewed through the Plan shall be allowed a deduction from the amount of net workers compensation premiums written in Mississippi as reported in their Annual Statement, subject to rules prescribed by the Pool Administrator and approved by the Commissioner. In no event shall the amount of the deduction allowed hereunder during any calendar year exceed the amount of net workers compensation premiums written in Mississippi during the same calendar year.

To the extent that an allocation required hereunder must be made prior to the availability of the report of actual net workers compensation premiums for the calendar year to which such allocation applies, the net workers compensation premiums for the preceding calendar year shall serve as the temporary basis for such allocation. Allocations so made shall be adjusted to reflect actual net workers compensation premiums written when actual amounts are available. If for any reason the foregoing basis should prove inappropriate in a given case, the Pool Administrator shall make an equitable adjustment in the basis for allocation.

5.8 Distributions, Assessments and Refunds

The Pool Administrator shall establish and maintain a separate account for each Member in which the Member's share of each policy year's operating deficit or surplus shall be recorded. At the end of each calendar year, the Pool Administrator shall examine the operating results of each policy year and the condition of each account to determine if a distribution or assessment is appropriate. The determination of the Pool Administrator shall be reviewed by the Advisory Board which shall concur or make its own determination. The Commissioner shall review the determination of the Pool Administrator and the

Advisory Board, if different, and make the final determination of the amount and timing of any distribution or assessment.

The Pool shall always maintain funds adequate to meet its cash flow obligations. Projections of anticipated cash requirements shall be made to assure the adequacy of funds held by the Pool. Interim assessments may be levied by the Commissioner at any time that he, in his sole discretion, deems an assessment necessary to meet the obligations of the Pool.

Any assets remaining on hand in the Pool on the date of final termination, as specified by the Commissioner, after payment or appropriate reserves of any and all outstanding expenses and claims, shall be remitted to the general fund of the State of Mississippi.

5.9 Borrowing Authority

The Pool may borrow money to effect the purposes of these Articles. No loans shall be contracted on behalf of the Pool and no evidences of indebtedness shall be issued in its name unless authorized by the Commissioner.

5.10 Reports to the Commissioner

On or before June 30th of each calendar year, the Pool Administrator shall file with the Commissioner a report of the Pool's financial condition at the end of the immediately preceding calendar year and the results of Pool operations for such immediately preceding calendar year. The report shall include information regarding the condition of Members' accounts, the make-up and character of the Pool's investment portfolio, and accident year development of the Pool's losses. The Commissioner may require such other information as he deems necessary to the proper administration of the Pool.

The accounts of the Pool and the Pool Administrator's reports to the Commissioner shall be annually audited on a statutory accounting basis by an independent certified public accounting firm.

ARTICLE VI

6.1 Indemnification

Any person or insurer against whom any claim, demand, action, suit or proceeding is made, commenced, asserted or threatened by reason of or relating to the fact that such person or insurer is or was: (a) a Member of the Pool; (b) a member of the Advisory Board; (c) a Servicing Carrier; (d) the Plan Administrator; (e) the Pool Administrator; or (f) an officer, partner, employee or agent of any of the foregoing shall be indemnified against all judgments, fines, amounts paid in settlement, reasonable costs and expenses including attorney's fees, and any other liabilities that may be incurred as a result of such claim, demand, action, suit or proceeding made, commenced, asserted or threatened except with

respect to matters: (a) as to which he, she or it shall be adjudged to be liable by reason of willful misconduct in the performance of his, her or its duties or obligations to the Pool or the Members thereof; and (b) any criminal actions or proceedings, where such person or insurer had reasonable cause to believe that his, her or its conduct was unlawful. Such indemnification shall be provided whether or not such person or insurer is one of the persons hereinabove described at the time such claim, demand, action, suit or proceeding is made, commenced, asserted or threatened. Such indemnification shall be limited to only those claims, demands, actions, suits and proceedings relating to or arising from the Pool or the Plan as herein defined, including, without limitation, the establishment, administration and operation of the Pool and Plan. Such indemnification shall not be exclusive of other rights such person or insurer may have, and shall pass to the successors, heirs, executors or administrators of such person or insurer. The termination of any such civil or criminal action, suit or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such person or insurer was liable by reason of willful misconduct, or that he, she or it had reasonable cause to believe that his, her or its conduct was unlawful. If any such claim, demand, action, suit or proceeding is compromised, it must be with the approval of the Commissioner provided, however, the Commissioner may delegate to the Pool Administrator the authority to approve any such compromise of financial liability.

6.2 Entitlement to Indemnification

In each instance in which a question of indemnification arises, entitlement thereto, pursuant to the conditions set forth in section 6.1 of this Article, shall be determined by the Commissioner who shall also determine the time and manner of payment of such indemnification; provided, however, that a person or insurer who or which has been wholly successful, on the merits or otherwise, in the defense of a civil or criminal action, suit or proceeding of the character described in section 6.1 of this Article shall be entitled to indemnification as authorized in such Article. The Commissioner may delegate to the Pool Administrator the authority to determine, in a manner consistent with this Article, entitlement to indemnification, and the time and manner of payment of such indemnification, for any indemnification requiring payment which is less than an amount as may be fixed from time to time by the Commissioner. The rights hereunder provided shall not be exclusive of the rights to which any person or insurer may be entitled as a matter of law.

6.3 Indemnification Expense

All indemnity paid or expense incurred by the Pool by reason of the indemnification provided above shall be an operating expense of the Pool incurred in the calendar year in which such indemnity is paid or expense is incurred and shall be assessed and collected as an operating expense of the Pool under the provisions of these Articles.

ARTICLE VII

7.1 Amendments

The provisions of these Articles, and any amendments hereto, shall be subject to amendment, alteration, repeal or re-enactment at the discretion of the Commissioner. Any such amendments to these Articles shall become effective on the date specified by the Commissioner in the amendment

7.2 Termination

The authority to terminate this Pool is vested in the Commissioner. In the event of termination of this Pool by the Commissioner, the termination shall be effective as of the date set forth by the Commissioner and the procedure for winding up affairs for this Pool shall be accomplished pursuant to the direction of the Commissioner.

ARTICLE VIII

8.1 Effective Date

These Articles shall be effective April 15, 2007.

Pursuant to the authority granted in Section 71-3-111, Mississippi Code of 1972, as amended, and Regulations promulgated thereunder, I George Dale, in my capacity as Commissioner of Insurance of the State of Mississippi do hereby adopt these Governing Articles of the Mississippi Workers' Compensation Assigned Risk Pool.

_____
Commissioner of Insurance
State of Mississippi

Date _____