



July 15, 2002

Circular 2002-05

To: ICRB Members

PREMIUM FINANCE COMPANIES

To ease the concerns of insureds and agents over the ability to finance pool premiums, we have revised our procedure regarding the cancellation approval for assigned risk policies. We now advise the servicing carriers to accept a premium finance company's notice to cancel as the insured's request, provided a properly worded power of attorney clause is present in the finance agreement.

Therefore, when requesting cancellation of an assigned risk policy, the premium finance company can make that request directly to the servicing carrier, just as the insured would, with no additional notices or approvals being required.

However, all other cancellations still must comply with the statute and our internal procedures as explained below.

Cancellation Approval Process for Servicing Carriers

When a servicing carrier seeks to cancel an assigned risk policy, separate from a request from the employer or premium finance company, it must obtain approval first.

A premium or a noncompliance matter must be outstanding for at least thirty days. The servicing carrier must issue an original notice with at least two follow-up notices to the employer and agent during that time (that's three total notices).

The servicing carrier submits this documentation with a cover letter to the ICRB requesting cancellation. Upon ICRB and Workers Compensation Board of Indiana approval (usually within 3 weeks), the carrier can then issue its cancellation notice per normal procedure.

Sincerely,

A handwritten signature in black ink that reads "Ronald W. Cooper". The signature is written in a cursive, flowing style.

Ronald W. Cooper, CWCP
General Manager