

May 11, 1998

**BULLETIN NO. 11-98**

**TO:** ALL LICENSED CASUALTY INSURERS AND AGENTS

**FROM:** ARKANSAS INSURANCE DEPARTMENT

**SUBJECT:** WORKERS' COMPENSATION ASSIGNED RISK PLAN; CLASS CODE 2719 – LOGGING OR LUMBERING-MECHANIZED HARVESTING

In April 1994 the average premium volume for Arkansas's Workers Compensation Assigned Risk Plan was in excess of \$120,000,000. In April 1998 that figure was slightly more than \$19,000,000. However, there are still a number of good insurance risks in the Plan which are there only because they are new businesses or because of the small premium they generate.

Arkansas Insurance Department Rule and Regulation 54 requires, as a condition for eligibility in the Assigned Risk Plan, that an insured make application for and be rejected by at least two (2) insurers within sixty (60) days preceding their application to the Plan. Given the competitive nature of the workers' compensation market in Arkansas at the present time, there is little reason for most of these risks to find their way into the Assigned Risk Plan initially, or to remain in the Plan once there. Some insurers have expressed an interest in depopulating the Plan even further. In fact, one major insurer has expressed a willingness to insure possibly as much as 98% of the risks in the Plan. The Department is hopeful other insurers will respond accordingly, and that strong competition in the marketplace will continue to further depopulate the Plan. Therefore, it is essential that all relevant parties comply with the law, obtain the two (2) required declinations and make every effort to secure coverage in the voluntary market before placing a risk in the Assigned Risk Plan.

The Department has recently been made aware of the fact that some carriers are incorrectly utilizing Class Code 2719 (Logging or Lumbering-Mechanized Harvesting Exclusively). Class Code 2719 is intended to apply only to loggers using highly mechanized equipment meeting OSHA guidelines for roll-over protection standards (ROPS) and falling object protection standards (FOPS). **It can only be used if the logger has a current certification issued by the Arkansas Timber Producers Association. This requirement is the same regardless of whether the risk is being placed in the Assigned Risk Plan or written in the voluntary market.**

Just as a reminder, any person or entity who willfully and knowingly makes any material false statement or representation for the purpose of avoiding payment of the proper workers' compensation premium or who aids or abets for this purpose can be found guilty of a Class D felony.

The Department requests that all insurers provide a copy of this Bulletin to any and all agents appointed with them.

---

Mike Pickens  
Insurance Commissioner