



DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Division of Insurance

Frank H. Murkowski, Governor
William C. Noll, Commissioner
Linda S. Hall, Director

BULLETIN B 06-17

TO: ALL INSURERS WRITING AND ALL LICENSEES SELLING WORKERS' COMPENSATION INSURANCE IN ALASKA AND OTHER INTERESTED PARTIES

RE: VOLUNTARY COVERAGE ASSISTANCE PROGRAM

The Division of Insurance has approved the use of the National Council on Compensation Insurance, Inc. (NCCI) Voluntary Coverage Assistance Program (VCAP) Service for use in Alaska. The VCAP Service program went into effect on October 1, 2006.

The VCAP Service is a tool to assist employers that have only found workers' compensation coverage in the residual market to obtain coverage in the voluntary market. An insurer can elect to participate in the VCAP Service by defining underwriting criteria for the types of policies for which the insurer would consider making an offer of voluntary coverage. The pre-selected criteria will vary from participating insurer to participating insurer. All employers that submit an application for coverage in the residual market are processed through the VCAP Service to determine if they match the underwriting criteria specified by a participating voluntary coverage insurer. Because a participating insurer must determine its underwriting criteria and submit it to NCCI, an employer should not expect to be notified of a potential match immediately after the effective date of the program.

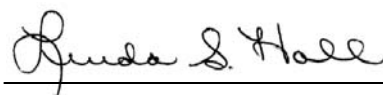
If an applicant matches a voluntary insurer's underwriting criteria, the VCAP Service will notify the insurer, which is given the option of offering voluntary coverage or declining to offer voluntary coverage. NCCI also notifies the producer that there may be a match. If an offer of voluntary coverage is extended to the employer, the employer is required to accept the offer of voluntary coverage if the total estimated annual premium is less than or equal to the assigned risk total estimated annual premium for comparable coverage. Once accepted, the effective date of the voluntary policy is the date the policy would have become effective in the assigned risk pool.

The producer is not required to have a contract with the voluntary insurer in order to participate in the VCAP Service, but the producer may use the first policy period to develop a business relationship with the insurer. The commission rate on a policy written in the voluntary market through the VCAP Service will be the same commission rate that the insurer has filed with the division for use on the insurer's regular voluntary business. The voluntary insurer may elect to renew or nonrenew a policy that was issued as a result of participating in the VCAP Service. If the policy is nonrenewed, the employer may again submit an application for coverage in the assigned risk pool.

If a residual market applicant is not offered coverage in the voluntary market, the application will continue through the normal residual market application process.

If you have questions regarding this bulletin, please contact the Division of Insurance, P.O. Box 110805, Juneau, AK 99811-0805; (907) 465-2515; or via electronic mail at insurance@commerce.state.ak.us.

Dated this 7th of November, 2006 at Anchorage, Alaska.

A handwritten signature in cursive script that reads "Linda S. Hall". The signature is written in black ink and is positioned above a horizontal line.

Linda S. Hall
Director