

# *Underwriting*

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## GUIDELINES



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## Minimum Requirements for Acceptability

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Applications must reflect the applicant's annual payroll. New ventures and/or no prior coverage must have at least five years experience in their field of endeavor.

All applicants must complete an agreement titled “Agreement to Pay Premiums and Reasonable Attorneys Fees and Costs in the event collection becomes necessary/Personal Guaranty”. All officers/partners/members having any percentage of ownership must sign the form. If there is a change in ownership during the policy term, an updated completed form may be required.

***New policyholders must attend a mandatory Safety and Risk Control/Claims Management Orientation Seminar within 18 months of their inception date. These seminars are intended to help the policyholder control the costs of their workers' compensation premiums. Seminars are held throughout the state annually and are free of charge. The policyholder will be advised of the time and place of upcoming meetings via a flyer included with their monthly payroll reporting form. The upcoming seminars can be located on our website at [www.schbsif.com](http://www.schbsif.com) under the topics Safety and Risk Control or Calendar of Events.***

In addition, if a policyholder is placed on probation based on losses or other reasons, they will be required to attend the NEXT seminar in their area which will be specified in a letter mailed to them (with a copy to the agency) about the probationary status.

In addition, policyholders with **significant** payroll in class code 5645 or 5403 will be required to attend a fall protection seminar with their employees during the 2026 policy term. Significant 5645 or 5403 exposure is deemed to be any policyholder in 2023 with **reported** 5645 or 5403 payroll >25% of total payroll, or a combination of \$50,000 in payroll in these two codes. The Risk Control / Safety Manager has the sole discretion to excuse policyholders from training. These Fall Protection seminars will be scheduled at the conclusion of the Risk Control and Claims Management seminars. We will notify policyholders whose employees are required to attend. A 5% premium credit will be applied to your policy at renewal. Any policyholder that does not attend the required training or has a fall claim during the policy term will have the 5% credit removed at audit.

We reserve the right to reject any application for membership when in the judgement of management, to accept such application may obligate the SCHBSIF to accept risk contrary to the best interest of its members.

## Deposits

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The South Carolina Workers' Compensation Commission requires the SCHBSIF to maintain a deposit in the amount equal to 10% of the estimated annual premium on all monthly reporting or 9 pay policies. The deposit is adjusted annually based on the policyholder's most recent audited or reported payrolls in order to maintain 10% of the estimated annual premium. This is retained to apply towards audited premium in the event of nonpayment after cancellation. This requirement promotes the financial integrity of the SCHBSIF by controlling exposure to bad debt.

## Underwriting Appetite Guidelines

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Our Quick Reference Rate Card includes those class codes that are the most commonly written by the SCHBSIF.

The South Carolina Workers' Compensation Commission requires at least one employee or principal be covered in order to be eligible for the SCHBSIF. The minimum annual premium required for the program is \$1,500.00 plus the expense constant (subject to pro-rating).

All policies expire on December 31st. For those accounts with an inception date other than January 1, the expense constant is pro-rated based on a December 31st expiration date.

All expiring policies are subject to a final audit of the exposures and classifications.

## Special Acceptances

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Accounts with any of the following characteristics may need to be submitted to and reviewed by our reinsurer. This process will require additional time and may require preinspection.

- Experience Modification equal to or greater than 1.30.
- Premiums in excess of \$100,000.
- Prior Coverage with SCHBSIF that has been cancelled for any reason.
- Construction over two stories in height. Three stories may be acceptable on an incidental basis.
- A single claim equal to or greater than \$100,000 in the last two years or year-to-date.
- A loss ratio greater than 70% for two years and year-to-date combined, or greater than 100% in any one year.
- Cancelled or nonrenewed by prior carrier.
- Over 100 employees at any one location.
- Accounts with significant payroll in class code 5645 or 5403 will require a pre-inspection.
- Accounts with 5645 or 5403 only on-site payroll require \$10,000 minimum premium.
- Accounts with 5645 or 5403 along with other on-site payroll require a \$5,000 minimum premium.

### **Unacceptable Exposures:**

**A**gricultural operations

**A**ircraft operation (may be acceptable but requires approval by reinsurer)

**A**sbestos contractor or asbestos goods mfg./cement or shingle mfg.

**B**lasting or excavation operations over 25 feet in depth

**B**oiler installation, inspection, cleaning or repair

**C**aisson, cofferdam work, dam, levee, dike, reservoir water revetment

**C**hemical/petrochemical manufacturers of highly toxic materials

**C**ommercial airlines

**C**onstruction in connection with bridges, tunnels, elevated streets or highways

**C**onstruction, jetty or breakwater construction

**C**ontract haulers or truckers that haul for others

**C**onvenience stores or liquor stores

**C**rane service

**C**rop or tree dusting/spraying

**D**etective or patrol agencies

**D**redging contractors

Drilling operations-i.e. in connection with oil or gas pipelines, power lines, construction, field construction, reconstruction or repair

**E**lectroplating

Elevator or escalator inspecting, installations, servicing or repair

Employee leasing/temporary agencies/preferred employer organizations (PEO's)

**F**arm operations

Fireproofing structures

Foundry-ferrous NOC

Foundry-steel castings

Foundry-non ferrous

**G**as or oil wells, drilling or installation

Grading of highways, landfills or retention ponds-grading of land in connection with residential or commercial construction is acceptable

**H**azardous waste cleanup or hazardous materials contractors

Heat treating contractors

Heater and radiator manufacturing

Heavy construction-large plants, refineries

High-rise building construction

Irrigation and drainage system construction other than residential sprinkler system installation, service or repair

Iron or steel erection over two stories in height

**L**ead abatement

Lithographing stone manufacturing-no quarrying and drivers

Logging or lumbering operations

Longshoremen's and Harbor Workers' Act Maritime or Jones Act exposures

**M**etal erection-steel lock gates, gas holders, water towers, smokestacks, tanks, silos or windmills

Mica grinding and drivers

Mining operations-above or below ground

Nuclear regulatory commission projects and operations conducted under license from the Nuclear Regulatory Commission

**N**ursing or convalescent homes

Nursing-home health

**O**il or gas wells-cleaning, drilling, installation, recovery of casing or servicing

Oil still erection or repair

Operations involving large chemical exposures

**P**ainting-exterior of buildings over two stories in height on more than an incidental basis

Pile driving

Professional sports teams

**Q**uarry NOC and drivers

**R**ailroad construction

Refractory products mfg.

Rigging

**S**andblasting

Scaffolding contractors

Sewerage disposal contractors

Shaft sinking-all operations

Ship repair or conversion

Sign or billboard erection, installation or repair

Sign painting or lettering on building or structures

Sludge disposal contractors

Stevedoring

Stone crushing and drivers-no quarrying  
Street or road construction-rock excavation and drivers  
Subway construction or tunneling  
**T**ank construction, installation, erection or repair  
Tile manufacturing-boiler or stoker  
Tree trimming, tree surgeons or tree pruning  
Trucking exposures or truckers who haul for others  
Tunneling-not pneumatic-all operations  
**U**nderground, offshore, or submarine operations including underground mining  
Utilities-contractors doing work of utility companies or utility company  
**W**indow cleaning-commercial buildings  
Work on navigation of any commercial vessel  
Wrecking or demolition of buildings/structures in excess of two stories

## Special Underwriting Requirements for Certain High Hazard Class Codes

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In addition to the above criteria, certain high hazard class codes may require preinspection, but at a minimum will be inspected within 30 days of binding. We require that these minimum safety standards be met:

**Work on Roofs:** Any workers on a roof after the sheathing is completed must be protected by safety harnesses and lanyards. This includes papering unless the paper is installed at the same time as the roof sheathing. Included in this requirement is work by any trade. Only incidental roofing payroll is allowed. If roofing payroll including payroll of uninsured subcontractors exceeds 10% of total annual payroll, coverage is subject to cancellation.

**Truss and rafter erection, floor joist installation:** If the fall hazard exceeds six feet, work must be done from below using interior scaffolding or ladders. Workers may work from interior top plates only after the first two trusses or rafters are in place and braced. These workers must remain within the braced trusses or rafters. No workers are allowed on exterior top plates.

**Roof sheathing:** Slide guards (a 2x4 with a 2x6 turned up in front) or roof jacks must be used along the roof eave and then again every eight feet on roofs with a pitch of less than 8:12 and every four feet on roofs with pitch greater than or equal to 8:12.

**Sub flooring installation:** If the fall hazard exceeds six feet, the first sheets must be installed from below using scaffolding or ladders. Once a work platform is secured, workers may complete the work from the deck using harnesses and lanyards. After the deck is complete, the floor will be marked with a painted warning line six feet from any open side until the walls are erected. Any workers outside the warning line must be in a safety harness.

**Wall construction and erection:** If the fall hazard exceeds six feet, all workers within six feet of the edge must use safety harnesses. After the wall is erected, window and door openings must be guarded immediately.

**Scaffolding:** All scaffolding must be properly erected and braced to support four times its maximum intended load. All braces and pins must be in place. The working surfaces must be completely decked with scaffold grade lumber or manufactured walk boards. Guardrails and toe boards are required if the fall hazard exceeds six feet. Ladders must be used for scaffold access. If job built scaffolds are used safety harnesses and lanyards must be used if the fall hazard exceeds six feet.

**Ladders:** All ladders must be inspected before use. Only heavy-duty ladders are allowed. Ladders used for access to another level must extend at least three feet above the landing. All ladders must be properly set up and secured according to the type of ladder used. At least one hand must be in contact with the ladder at all times when climbing.

**Open-sided floors, wall openings:** If the fall hazard exceeds six feet, guardrails must be installed.

**Floor openings:** If the fall hazard exceeds six feet, floor openings must be protected by guardrails or covers. Covers must be marked, secured, and able to support twice their intended load.

**Stairs:** Treads must be secured in place before use. All open sides and landings must be protected by guardrails.

**Guardrails:** The top rail must be 42 inches (+/- 3 inches) above the deck. The mid rail must be half way between the top rail and the deck. Guardrails must support 200 pounds of side or top pressure.

**Excavations:** All excavations 5 feet or more in depth must have a protective system unless entirely in stable rock. Protective systems include shoring, sloping, or trench boxes. A Competent Person must supervise all work in excavations regardless of depth. If sloping or shoring is used, the protective system must be designed to meet OSHA standards. All excavations deeper than 4 feet must have a ladder or other means of exit within 25 feet of all workers. No workers are allowed under loads or equipment. A registered professional engineer must design protective systems for excavations deeper than 20 feet. All excavations must be inspected by the Competent Person daily before work begins.

A Competent Person knows the hazards of the work involved, knows OSHA standards relative to that work, and has the authority to make the necessary changes to ensure employee safety.

**Safety Consultants will request that policyholders correct any fall hazards while they are present. If the policyholder does not, cancellation proceedings will begin. Policyholders may request a survey during the cancellation period to demonstrate that they are providing fall protection. If this is done, member will be reinstated. Follow up surveys will be conducted on all fall hazard recommendations. Any unprotected fall hazards noted during surveys will require employee fall protection training as a part of the corrective action. If fall hazards apply only to an insured subcontractor, we will request a copy of the COI. If this is received and is valid no action will be taken by us. Fall hazards that apply to uninsured subs will be treated as if they were employees of the policyholder. The same will apply if a COI is not received or is not valid for an insured subcontractor.**

## **New Venture/No Prior Coverage**

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We are willing to consider these firms on an individual basis. In addition to the standard information needed for all submissions, we will also need the following:

- A. Resume: A brief overview of the principals/owners experience as well as current and prior work history. **A minimum of five years experience in their field of endeavor is required.**
- B. Loss information or Statement of No Losses as applicable. If losses, describe and give estimate of amount paid.

## New Business Submissions/Requests for Quotation

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### The following information is needed in order for us to provide a quote:

- 1) ACORD 130-Please be sure to complete this application in its entirety. We do need all questions answered and prior year premiums and losses provided for year-to-date and the two prior policy terms.
- 2) If losses please provide loss runs for year-to-date and prior two policy terms valued within 30 days. If no losses please notate on ACORD 130 application.
- 3) New ventures/No prior coverage/Coverage lapsed more than 30 days  
Although prior coverage is not required, we do need the following information to determine experience and acceptability:
  - (a) Number of years experience in this particular field of operation
  - (b) No-loss statement or a statement explaining any losses whether insured or not.
- 4) Some submissions will require a pre-inspection. This will be determined by the description of operations, loss ratio, or other factors.
- 5) All submissions with significant payroll in 5645 or 5403 will require a pre-inspection. A minimum premium will also apply to accounts with this class code.

### Once a submission has been approved, we must have the following information to bind coverage:

- 1) ACORD 130-signed by the insured and the agent.
- 2) SCHBSIF Contractors Supplemental Application-signed by the insured.
- 3) Loss runs or a 3 year no loss statement as described above valued within **thirty days** of the requested effective date.
- 4) SCC Form 6A-South Carolina Workers Compensation Commission Application for Membership in a Self Insured Fund.
- 5) Financial statement or balance sheet indicating at least \$25,000 in net worth.
- 6) Check made payable to SCHBSIF for the initial deposit and \$25.00 SCWCC application fee.
- 7) For new ventures/no prior coverage we need a resume outlining their experience.
- 8) Agreement to Pay Premium and Reasonable Attorney's Fees and Costs in the Event Collection Becomes Necessary. This form is to be completed and signed by all officers/partners/members with any % of ownership.
- 9) If applicable, a fully completed Notice to Reject or Notice of Election.
- 10) Experience Modification Worksheet if applicable

**Please note that coverage may not be bound without the permission of our underwriter. The effective date is determined by the date that it is accepted and approved by the South Carolina Workers' Compensation Commission.**

Approved quotes will be considered active, **but not bound**, for a period of thirty days. After thirty days, the account will be closed as "not written". Should the missing information be received after this date, updated loss runs will be required.

**All of the required forms are available on our website at [www.schbsif.com](http://www.schbsif.com) under Agent Resources.**

## Renewals

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The staff of the SCHBSIF annually reviews the program's overall safety record to determine which policyholders may be required to attend a Safety and Risk Control/Claims Management Seminar. The decision is based on the cost of claims that a policyholder's employees incur and the nature of the injury. The policyholder will be notified with their renewal policy if attendance is required. **Attendance will be required irrespective of whether the policyholder has attended a seminar in any previous year.** Failure to attend within twelve months will result in cancellation of coverage.

In addition, policyholders with **significant** payroll in class code 5645 or 5403 will be required to attend a fall protection seminar with their employees during the 2026 policy term. Significant 5645 or 5403 exposure is deemed to be any policyholder in 2023 with **reported** 5645 or 5403 payroll >25% of total payroll, or a combination of \$50,000 in payroll in these two codes. The Risk Control / Safety Manager has the sole discretion to excuse policyholders from training. These Fall Protection seminars will be scheduled at the conclusion of the Risk Control and Claims Management seminars. We will notify policyholders whose employees are required to attend. A 5% premium credit will be applied to your policy at renewal. Any policyholder that does not attend the required training or has a fall claim during the policy term will have the 5% credit removed at audit.

## Experience Modification Factor Procedures

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New policyholders will retain the experience modification factor assigned by the appropriate rating bureau upon their entry into the SCHBSIF. Depending on the anniversary date of their NCCI Experience Mod, we will make the appropriate adjustment at their first renewal. The agent will be required to provide an updated Experience Modification Worksheet. After that date, a new experience modification factor will be promulgated by the SCHBSIF provided we receive the proper information needed to calculate the experience modification factor.

The SCHBSIF substantially follows NCCI procedures in promulgating experience modification factors.

## Commissions To Agents

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Commissions are payable to agents on the following:

- Annual premium for annual pay policies
- Monthly premium for monthly reporting policies
- Installment premium with 9-Pay Plan

Commission is not paid on the following items:

- Expense constant
- Deposit premiums
- Premiums which become delinquent and require the SCHBSIF to engage the services of a collection agency or attorney to recover.

## Payment of Monthly Premiums

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Monthly payroll reports or invoices are mailed to each policyholder on or around the 24th of the month. They are to be completed and returned along with premium owed by the 10th of the following month. **If no payroll is generated for the month, the report must be sent indicating no payroll.** Premiums and/or Monthly Payroll Reports received after the 10th day of the month are considered delinquent. If the Premiums and/or Monthly Payroll Reports are not credited to your account by the close of business on the 20th day of the month, a Late Notice will be mailed to the member and a Late Fee of \$25.00 will apply. Premiums and/or Monthly Payroll Reports credited

to the policyholders account after the close of business on the last day of the month will result in cancellation. **There is a minimum premium of \$125.00 per month until the annual minimum premium has been met.**

We also offer on-line payroll reporting and payment by debit/credit card or ACH through our web portal.

## Cash Payments

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The practice of making undocumented cash payments to employees, subcontractors or casual labor is unacceptable to the SCHBSIF. Any policyholder found to be making such undocumented cash payments will be subject to immediate cancellation.

## Reinstatement Charges

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The Board of Trustees has adopted a reinstatement fee policy for policyholders that have received cancellation notices. If a reinstatement is allowed, the policy is as follows:

- 1st cancellation and reinstatement - \$30.00
- 2nd cancellation and reinstatement- \$30.00
- 3rd cancellation and reinstatement- \$30.00
- 4th cancellation-No reinstatement is allowed. Member may not reapply for 12 months.

Only three (3) cancellations and reinstatements are allowed per policyholder in any fund year. Policyholders whose policies are cancelled for nonpayment of premium (monthly premium, renewal premium, expense constant, renewal deposit, or audit premium due) and/or failure to submit Monthly Payroll Reports for a fourth time during that fund year (January-December) will be prohibited from re-applying for coverage for a period of 12 months from the final date of cancellation.

Please note that no commission is paid on these fees.

## Cancellation - Policyholder's Request

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Requests for cancellation of coverage must be in writing from the policyholder. This can be in the form of a completed and signed Lost Policy Release or a written and signed request on the policyholder's letterhead. The reason for cancellation of coverage must be included on the request.

We are required by the South Carolina Workers' Compensation Commission to give 30 days notice of cancellation. **If we do not receive the request at least 30 days in advance, the cancellation date will be 30 days after we receive the request in our office.**

In the event that coverage is replaced with a new carrier, we must receive proof of coverage (binder or copy of new policy) in order to cancel on the effective date of the new coverage.

Please be advised that if coverage is cancelled midterm, there will be a short rate penalty calculated in accordance with NCCI rules.

If the policyholder is out of business, minimum earned premium charges will apply through the cancellation date unless a cancellation audit is able to verify the date operations ceased.

## Expense Constant

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All policyholders are charged annually for an Expense Constant which is an administrative fee. This fee is fully earned and nonrefundable in the event of cancellation of the coverage.

## Certificates of Insurance/Waiver of Subrogation

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Certificates of Insurance for SCHBSIF policyholders must include the following information:

- Policy number
- Effective and expiration dates of policy
- Employer liability limits
- Whether principals (Proprietors/Partners/Officers/Members) are included or excluded from coverage
- Signature by authorized representative

*A copy of the COI **MUST** be mailed or faxed to the SCHBSIF.*

If a specific or blanket waiver of subrogation is required, please call your CSR or Underwriter for prior approval. The following additional information will be needed and **MUST** be shown on the Certificate of Insurance once approved by the SCHBSIF:

- Location of job
- Type of work to be performed
- Length of job
- Contract # if available

Waivers of Subrogation are allowed at no additional charge. Blanket waivers are \$250/year. Additional insured status is not permitted.

## Two or More Entities

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If a majority ownership is common in two or more entities and both entities qualify for coverage, these entities will be combined provided they are operating under the same Federal Employer ID Number (FEIN). Common ownership means the same person or group of persons control more than 50% of the ownership in the entities involved.

If there are separate FEIN's the entities cannot be combined. Each entity will have its own policy provided it qualifies for the SCHBSIF program.

Please contact the Policy Services Department if you have any questions concerning separate entities.

## Agent of Record Procedures

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In order for a policyholder to request a change of agent, a written request must appear on the policyholder's company letterhead, or ACORD Agent of Record form. When received at the SCHBSIF, the existing agent of record will be notified and given 10 business days to obtain a rescinding letter.

If the agent of record letter is not contested, the change of agent request will be made. Commissions for the new agent will commence on the first day of the month following the expiration of the ten day rescinding period.

## Safety and Risk Control

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The Safety and Risk Control Department has safety materials customized for South Carolina's residential and commercial construction industry. We can assist you and your clients with improving their safety record, and in time, improving their experience modification factor if applicable. We offer the following:

1. On-site safety consulting
2. Free seminars conducted throughout the state that focus on the cause of loss and its prevention
3. Individual safety training upon request

## Ongoing Review of All Accounts

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The SCHBSIF takes a proactive approach to account management. Individual accounts are subject to review for the following reasons:

- Loss severity
- Loss frequency
- Failure to comply with Safety and Risk Control recommendations
- Unsafe work practices
- Delinquency in monthly payroll reporting, premium payments, and claims reporting
- Failure to cooperate with Claims Department in investigation and/or defense of a claim
- Undocumented cash payments
- Percentage of out of state work
- Cooperation with year-end audit

Actions can include additional Safety and Risk Control visits, the account being placed on probationary status or midterm cancellation.

*If an account is placed on probationary status, the policyholder and agent will be notified of the reason for probation and the policyholder will be required to attend the next Risk Control and Claims Management Seminar in their area which will be specified in the letter. Failure to attend this seminar will result in cancellation of coverage.*

## Agency Self Service Portal

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SCHBSIF requires all agencies to use the self-service portal to obtain necessary documents for submissions and modifications as well as policy and endorsement documents for the policyholders. SCHBSIF does not physically mail policy or endorsement documents to the agent. These are available online through our website at [www.schbsif.com](http://www.schbsif.com) by clicking the agent portal icon at the top of the screen.

Access to the self-service portal is managed by the IT Department and is specifically tailored to the structure and individual needs of the agency. Agents should contract the Marketing Manager or IT Director to obtain access credentials to the system.

In addition to being able to manage the book of business and submit electronic applications through the self-service portal, SCHBSIF offers direct deposit commissions to its agency partners. Agencies interested in participating in the direct deposit commissions program should submit an authorization form. This and all other forms are located on the website through the Agency Resources link found on the self-service portal.



[www.schbsif.com](http://www.schbsif.com)

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