



## WCPAYGO®

### FREQUENTLY ASKED QUESTIONS

#### 1. What is WCPAYGO?

WCPAYGO is a web-based pay-as-you-go premium payment option offered by the Specialty Workers' Compensation division of AIG. This net rate-based variable installment plan requires voluntary self-reporting of remuneration by the insured at the end of each payroll period.

#### 2. What is remuneration?

Remuneration includes payroll of the insured's employees and covered officers, as well as all other payments for their services, including overtime, per diems and bonuses. Remuneration further includes payments to anyone else engaged in work that could make the insurer liable for workers' compensation benefits. This includes contract workers, subcontractors, independent contractors, workers provided by temporary help agencies and leased employees provided by professional employer organizations. All remuneration as defined above must be reported. However, remuneration for work to which another workers' compensation policy applies on a primary basis will be excluded from the basis of the premium payable by the insured. Evidence of such other insurance (e.g., a Certificate of Insurance) must be shown to the insurer during the final audit.

#### 3. What about volunteers?

Unpaid volunteers are not generally entitled to workers' compensation benefits, and are therefore generally not subject to premium charges. However, if the policy has been amended to provide Voluntary Compensation coverage for such volunteers, remuneration also includes the agreed-on basis for a premium charge for them. Refer to the policy for that agreement.

#### 4. How is WCPAYGO selected as a payment plan?

The insured can select WCPAYGO before the inception of a new policy by indicating the choice to the broker. The broker notifies Specialty Workers' Compensation and provides the contact information of an officer, owner or partner who is authorized to sign the WCPAYGO forms required to register the account.

#### 5. How do you register a WCPAYGO account?

The insured must complete an online WCPAYGO agreement and an Electronic Fund Transfer (EFT) authorization, which must include the insured's Commercial or Business bank account information. The insured must log on to the WCPAYGO website at [www.aig.com/wcpaygo](http://www.aig.com/wcpaygo) within three days of receiving the WCPAYGO email notification to complete the required account set-up and sign the applicable agreements. Failure to do so will result in a default to a Direct Bill Installment Plan.

#### 6. How does WCPAYGO work?

The insured reports remuneration using the WCPAYGO website. Premium due is immediately calculated based on the net rates for each payroll cycle. An electronic invoice of premium due is delivered to the insured via email and the payment is electronically withdrawn from the insured's designated bank account within 1-3 business days.

#### 7. Who does the reporting?

Remuneration is reported by the insured directly into the WCPAYGO website at [www.aig.com/wcpaygo](http://www.aig.com/wcpaygo). The insured identifies a primary contact when selecting WCPAYGO at policy inception. The insured can also designate an unrestricted number of additional users. The primary contact and all other users will be able to report payroll, view history and receive email alerts from the system.



#### 8. How is WCPAYGO different from Direct Bill Installments?

Direct Bill Installments are fixed premium amounts based on an estimate of the insured's annual remuneration made in advance of the policy period. Each fixed payment is billed to the insured and requires payment by check. Through WCPAYGO, the insured reports actual remuneration at the close of the payroll cycle. The carrier calculates the premium earned for that period on the basis of that report and the net rates in effect as determined by the payroll estimates on the policy. The carrier e-mails the insured a statement with the period's earned premium and automatically withdraws the amount from the insured's bank account within 1-3 business days.

#### 9. What payroll reporting cycles are available in WCPAYGO?

Weekly, bi-weekly, semi-monthly, or monthly reporting cycles are available. WCPAYGO remuneration reports should follow the same cycle as the actual payroll periods.

#### 10. What happens if the insured fails to report remuneration?

The insurer will make an estimate of the unreported remuneration, and will ask for payment on that basis. The estimate will be the highest of three calculated amounts: the last reported remuneration, the highest reported remuneration and the seasonally-adjusted pro-rated share of the estimated annual remuneration.

#### 11. What information is required to report remuneration?

Remuneration can be reported as totals by class code and state or at the employee level.

#### 12. What is a net rate?

A net rate is a consolidation of all the factors that determine the remittance of premium per \$100 of remuneration applicable to a classification code and state. Such factors include the base rate, the charge for increased limits of Employers' Liability insurance, deductible discounts, other discounts and surcharges, the Experience Modification, the Schedule Modification, the Expense Constant, and any taxes and assessments.

#### 13. How are net rates used in WCPAYGO?

The insured and the broker will be shown the net rate for each applicable classification code and state listed in the policy for their internal use in estimating insurance costs and budgeting. These net rates are applied throughout the policy term to calculate the premiums that will be used for each payroll period. The net rate must be kept current through policy updates and not just through payroll reporting.

#### 14. How are net rates calculated for multi-state accounts?

The net rate will be calculated separately for each classification in every state shown in the premium calculations exhibits (Form 7754) in the policy. Each net rate will be determined by the following formula:

$$\frac{\text{Classification Base Rate X Estimated Total Due for the State}}{\text{Total Classification Premium for all Classifications in the State}}$$

#### 15. Are net rates ever adjusted?

Yes, the net rates will be modified if an endorsement to the policy is issued that will affect the final premium. Examples of changes that may affect the net rate include:

- Adding a class code to the policy
- Adding a state to the policy
- Change or correction in the Experience Modification Factor
- Change in rate
- Change in coverage, such as the application or removal of a Deductible or a Waiver of Our Right to Recover
- Change in total estimated premium that results in a change in the Premium Discount Factor
- Change in estimated payroll by class code

The new net rates will be shown in WCPAYGO after the change or endorsement is issued on the policy. Most changes to net rates apply to the entire premium for the policy, including any part of the premium that has already been paid. Prior remuneration reports and premium due amounts will be adjusted if net rates change after remuneration reports have been filed. An email will be sent when net rates change.



16. How are maximums/minimums handled for officers, partners and owners?

Remuneration of officers, partners and owners must be identified and reported. Exclusions and Maximum and Minimum Remuneration rules will be applied as appropriate.

17. Is a deposit required for WCPAYGO?

Yes, a deposit is required for the first year on WCPAYGO and is due within 15 days of policy issuance. The deposit is based on the annual estimated premium calculated at the policy's inception. The actual amount may vary by account, but is typically 10%. An individual deposit invoice is mailed to the insured and the payment is electronically withdrawn from the insured's designated bank account via WCPAYGO.

18. What happens to the deposit?

The deposit is held until the final audit is completed.

19. Are there any fees or interest associated with WCPAYGO?

No installment fees, late fees or interest applies to WCPAYGO policies.

20. Will there be a final audit if remuneration is reported throughout the year?

Yes, a final premium audit at the end of the policy period will be performed to validate payroll records and make any required adjustments. If the reporting was accurate, complete and timely throughout the policy term, the time needed to complete final audits and audit premium amounts could be minimized.

21. Are audit premiums paid via Electronic Fund Transfer or regular direct bill?

Audit invoices are mailed to the insured and must be paid by check. This allows for additional time to dispute audits and resolve any issues.

22. What are the system requirements for utilizing WCPAYGO?

WCPAYGO is a secure, web-based application accessible from the Specialty Workers' Compensation website or directly at [www.aig.com/wcpaygo](http://www.aig.com/wcpaygo). There is no software or downloads required. System requirements for accessing WCPAYGO are a PC with Windows 7, Windows 8 or Windows 10 and Internet Explorer 11.0 and above.

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For more information or with questions about WCPAYGO:

Specialty Workers' Compensation

CUSTOMER SERVICE

T 800 645 2259 (select option # 2)

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