

**TEXAS WORKERS' COMPENSATION  
REVIEW OF CLASSIFICATION RELATIVITIES  
Staff Recommendations – January 25, 2018  
Docket No. 2804**

Staff recommends reducing the overall level of the classification relativities by 15 percent from the July 1, 2017, level and that these relativities be mandatory for all policies with an effective date on or after July 1, 2018, unless the insurer files an alternative classification rate basis. Staff's recommended workers' compensation relativities are included in Exhibit A.

In developing the relativities, staff incorporated recent changes that eliminated, revised, and established classification codes. The changes resulted from Commissioner's Order No. 2017-5230, which approved the National Council on Compensation Insurance's (NCCI's) filing, *Item B-1435—Revisions to Basic Manual Classifications and Appendix E—Classifications by Hazard Group, including Trucking and Towing*, for new and renewal policies effective on and after July 1, 2018.

To produce the recommendation, staff used the most recent experience available to develop a revenue neutral set of relativities in relation to the current relativities, and limited the changes to any one class to +/-25 percent to minimize the rate impact. Staff then multiplied the revenue neutral set of relativities by a factor of 0.85 to incorporate the proposed overall 15 percent decrease.

The Texas workers' compensation market continues to be profitable, and the continued improvement in loss experience suggests the need for a decrease in the relativities.

NCCI's most recent loss cost filing proposes an overall average decrease of 13.7 percent from the current loss cost level, which would bring the overall decrease in loss costs since 2011 to nearly 39 percent as of July 1, 2018.

Reducing the overall level of the relativities by 15 percent from their current level would bring the relativities to an overall decrease of 35 percent since 2011, which would be close to the overall decrease in NCCI's loss costs for the same period.

<b>EXHIBIT A</b>				
<b>TDI STAFF'S RECOMMENDED TEXAS WORKERS' COMPENSATION RELATIVITIES EFFECTIVE 7/1/2018</b>				
<b>Class</b>	<b>Relativity</b>		<b>Class</b>	<b>Relativity</b>
0005	3.31		5022	7.66
0008	3.76		5040	10.93
0011	7.95		5041	8.35
0016	7.94		5057	3.90
0034	3.51		5070	9.14
0035	4.96		5102	5.75
0037	5.10		5160	2.86
0042	5.35		5183	3.55
0059	0.36		5190	3.95
0065	0.08		5191	1.10
0066	0.08		5192	3.68
0067	0.08		5200	4.60
0079	2.98		5203	10.31
0083	5.86		5213	5.04
0106	8.41		5220	5.60
0113	3.69		5348	2.83
0401	15.59		5403	6.67
0913	258.50		5437	5.31
0923	a		5443	2.18
1165	2.34		5462	5.92
1321	1.70		5474	4.04
1438	5.40		5479	5.36
1463	15.88		5491	1.86
1472	4.45		5506	6.92
1701	5.52		5536	4.10
1747	1.59		5538	9.13
1803	3.86		5551	13.01
1924	3.05		5606	0.93
2003	4.50		5701	5.06
2014	6.70		6003	4.44
2040	4.32		6045	3.48
2041	2.40		6202	8.90
2068	4.70		6203	1.78
2081	3.37		6204	7.77
2095	5.38		6205	0.89
2105	4.75		6206	3.52
2111	4.15		6213	2.41
2114	4.91		6216	5.79
2121	2.30		6219	5.42

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<b>TDI STAFF'S RECOMMENDED TEXAS WORKERS' COMPENSATION RELATIVITIES EFFECTIVE 7/1/2018</b>				
<b>Class</b>	<b>Relativity</b>		<b>Class</b>	<b>Relativity</b>
2157	4.14		6229	3.52
2172	1.47		6233	2.66
2211	16.38		6237	2.82
2220	2.14		6238	9.37
2260	2.60		6306	8.55
2286	2.20		6319	4.99
2288	7.91		6400	5.03
2361	0.88		6504	3.82
2380	1.84		6823	5.41
2501	3.75		6824	10.17
2503	0.65		6843	7.47
2532	1.33		6872	6.60
2534	2.16		6874	13.94
2578	4.66		7016	2.11
2581	5.83		7024	2.34
2583	3.03		7046	4.45
2587	3.07		7047	3.61
2670	11.00		7098	4.94
2683	4.88		7099	7.62
2688	5.65		7133	2.96
2702	18.09		7134	3.29
2710	8.72		7135	5.06
2719	7.71		7219	8.79
2731	4.61		7225	8.79
2790	3.92		7230	10.79
2802	5.56		7309	22.63
2835	3.11		7313	4.76
2881	4.23		7317	5.19
2923	1.37		7327	4.42
3004	3.03		7350	17.16
3022	4.22		7360	5.67
3027	1.51		7380	5.32
3028	4.26		7382	7.22
3040	5.52		7390	5.76
3041	3.89		7405	2.35
3042	1.76		7418	5.35
3064	4.61		7421	0.54
3066	3.91		7422	2.92
3081	4.44		7423	5.41

<b>EXHIBIT A</b>				
<b>TDI STAFF'S RECOMMENDED TEXAS WORKERS' COMPENSATION RELATIVITIES EFFECTIVE 7/1/2018</b>				
<b>Class</b>	<b>Relativity</b>		<b>Class</b>	<b>Relativity</b>
3082	6.20		7502	1.70
3085	2.98		7515	1.47
3110	4.96		7520	3.25
3111	3.37		7538	10.71
3113	2.87		7539	1.36
3114	2.90		7580	2.48
3126	2.29		7590	8.75
3131	2.41		7600	3.81
3132	3.05		7602	4.79
3146	2.76		7610	0.54
3179	2.36		7704	4.67
3220	2.39		7720	2.75
3224	5.05		7855	5.45
3227	6.36		8002	2.18
3255	3.51		8006	3.05
3257	5.76		8008	1.75
3300	6.27		8013	0.76
3316	1.18		8017	2.10
3331	4.86		8018	4.35
3365	4.54		8032	3.77
3372	4.49		8033	3.33
3383	1.31		8034	4.22
3507	3.13		8039	2.92
3548	1.73		8044	4.84
3574	0.61		8045	0.79
3620	3.86		8047	1.01
3629	1.93		8058	2.53
3632	3.16		8102	6.76
3642	3.06		8103	4.25
3643	2.95		8106	7.17
3647	2.06		8107	3.59
3648	2.41		8113	5.52
3681	1.01		8209	6.46
3685	1.33		8215	3.96
3719	1.72		8227	3.25
3724	3.33		8231	6.16
3726	3.87		8234	7.11
3805	1.22		8264	5.68
3807	4.07		8265	7.69

EXHIBIT A				
TDI STAFF'S RECOMMENDED TEXAS WORKERS' COMPENSATION RELATIVITIES EFFECTIVE 7/1/2018				
Class	Relativity		Class	Relativity
3808	5.14		8288	6.07
3821	5.95		8292	5.14
3822	3.18		8293	11.92
3823	4.39		8304	10.67
3824	4.50		8350	7.28
3830	2.32		8385	2.99
3865	4.20		8387	2.72
3881	4.55		8391	2.46
4000	5.18		8601	0.31
4021	6.84		8606	2.40
4024	1.74		8607	3.13
4034	7.05		8709	2.37
4036	1.81		8726	0.92
4038	3.92		8742	0.31
4045	4.05		8748	0.48
4062	2.90		8752	3.65
4101	4.08		8754	1.10
4112	0.48		8755	0.30
4114	2.87		8803	0.09
4130	5.49		8809	0.21
4150	1.10		8810	0.15
4206	4.78		8820	0.13
4207	0.97		8828	3.14
4239	1.85		8829	3.38
4243	3.90		8831	1.55
4244	2.86		8832	0.32
4250	2.06		8833	0.71
4273	1.90		8837	a
4279	3.17		8838	0.66
4283	2.14		8858	0.29
4299	2.24		8868	0.62
4304	4.79		8901	0.26
4307	2.30		9014	3.82
4351	0.91		9015	3.45
4360	3.98		9016	3.26
4361	2.53		9019	2.25
4362	0.79		9032	5.32
4410	4.83		9033	3.37
4417	3.74		9040	4.10

<b>EXHIBIT A</b>				
<b>TDI STAFF'S RECOMMENDED TEXAS WORKERS' COMPENSATION RELATIVITIES EFFECTIVE 7/1/2018</b>				
<b>Class</b>	<b>Relativity</b>		<b>Class</b>	<b>Relativity</b>
4420	4.93		9052	3.14
4431	3.37		9058	2.45
4432	2.14		9060	2.13
4439	1.78		9061	1.73
4452	2.87		9063	1.16
4459	2.33		9079	1.70
4470	3.34		9080	1.37
4484	3.14		9089	0.84
4511	0.99		9093	1.46
4519	4.22		9101	4.38
4558	2.10		9102	4.11
4568	6.19		9154	2.12
4583	5.84		9156	2.07
4611	1.19		9170	16.21
4635	1.98		9178	12.14
4653	3.67		9179	15.52
4665	10.80		9182	2.61
4670	5.77		9186	14.33
4683	5.52		9220	9.35
4692	0.66		9402	7.50
4693	1.77		9501	2.71
4703	5.46		9522	6.00
4712	2.59		9529	3.17
4717	3.06		9554	8.86
4720	2.58		9586	1.04
4740	0.89		9600	1.94
4751	1.23		9620	1.56
4766	4.85		9984	a
4777	10.05		9985	a
4828	0.55			
4829	0.55			
4902	2.77			
4923	1.37			