

No. **2020-6293**

**Official Order
of the
Texas Commissioner of Insurance**

Date: 3/25/2020

Subject Considered:

**National Council on Compensation Insurance Filing
*Item E-1406***

The subject of this order is the adoption of amendments to the National Council on Compensation Insurance (NCCI) *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Experience Rating Plan)*, as proposed in *Item E-1406-- Revisions to the ERM-14 Form and Rule 3-A in the Experience Rating Plan Manual* (TDI ECase No. 22090; SERFF Tracking No. NCCI-132044671).

Background

NCCI filed *Item E-1406* to amend the NCCI Experience Rating Plan.

The amendments revise the Confidential Request for Ownership Information form (ERM-14) by changing the title and reformatting, shortening, and clarifying the wording so it is easier to understand. The reference to the form in Rule 3-A is also being updated.

A change in ownership of an individual employer may affect the loss experience used in calculating the experience rating modification. NCCI may issue, retract, or revise the current modification, and up to two preceding modifications, due to ownership changes. Generally, the experience of the business will be transferred to the new owner. These changes may also result in a change to the rating effective date.

When a change in ownership occurs, the employer must notify the insurer in writing within 90 days of the date of the change. This can be done by submitting an ERM-14 form to the insurer.

After considering the filing, TDI adopts the following findings of fact and conclusions of law.

Findings of Fact

1. NCCI filed *Item E-1406* with TDI on August 22, 2019, under the workers' compensation manual rule filing procedure adopted in Commissioner's Order No. 3142, dated March 21, 2014.
2. *Item E-1406* amends the Experience Rating Plan to revise the Confidential Request for Ownership Information form (ERM-14) by changing the title, reformatting, shortening, and clarifying the wording so it is easier to understand. The reference to the form in Rule 3-A is also being updated.
3. The ERM-14 form was last updated in 2003. In 2017, NCCI automated the ERM-14 form submission process. Based on feedback from stakeholders, NCCI determined it was also necessary to improve the accuracy and completeness of the form. This filing accomplishes this by reducing the form's length and clarifying the wording so it is easier to understand.
4. NCCI proposed that the changes in *Item E-1406* apply to new and renewal workers' compensation policies that are effective on or after 12:01 a.m. on February 1, 2020.
5. *Item E-1406* has been available for public inspection in SERFF and at TDI since the filing date.
6. The filing, including exhibits, is incorporated by reference into this order.
7. On December 16, 2019, TDI published notice of the filing on the TDI website at www.tdi.texas.gov/rules/2019/nccimanual.html and distributed notice of the filing to electronic news subscribers.
8. TDI did not receive written comments or hearing requests on the filing by the January 21, 2020, deadline.
9. Because the proposed effective date of *Item E-1406* has passed, TDI has changed the date to apply to new and renewal workers' compensation policies that are effective on or after 12:01 a.m. on June 1, 2020.

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Conclusions of Law

1. TDI has jurisdiction over this matter under Insurance Code Article 5.96 and §§ 2051.002, 2051.201, 2052.002, 2053.002, 2053.011, 2053.051, 2053.052, 2053.053, and 36.001.
2. TDI gave notice in compliance with Commissioner's Order No. 3142.
3. The amendments to the NCCI Experience Rating Plan are consistent with Insurance Code Article 5.96 and Chapters 2051, 2052, and 2053.
4. Because the proposed effective date of *Item E-1406* has passed, a later effective date is necessary.
5. Applying the changes in *Item E-1406* to new and renewal workers' compensation policies that are effective on or after 12:01 a.m. on June 1, 2020, is reasonable.

Order

It is ordered that NCCI's filing, *Item E-1406*, is approved. The changes in *Item E-1406* apply to new and renewal workers' compensation policies that are effective on or after 12:01 a.m. on June 1, 2020.

Kent C. Sullivan
Commissioner of Insurance

By: 
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Doug Slape
Chief Deputy Commissioner
Commissioner's Order No. 2018-5528

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Recommended by:

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Mark Worman

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Mark Worman, Deputy Commissioner

Reviewed by:

DocuSigned by:

Sandra Foreman

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Sandra Foreman, Staff Attorney

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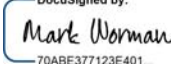
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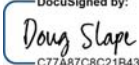
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