



Texas Department of Insurance

333 Guadalupe Street P.O. Box 149104 Austin, Texas 78714-9104
512/463-6169

November 4, 2002

Commissioners' Bulletin No. B-0064-02
W.C. Circular Letter No. 707
Retrospective Rating Article No. 200

TO ALL INSURANCE COMPANIES, CORPORATIONS, EXCHANGES, MUTUALS, RECIPROCALs, ASSOCIATIONS, LLOYDS, OR OTHER INSURERS WRITING WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE IN THE STATE OF TEXAS, THEIR AGENTS AND REPRESENTATIVES, AND TO THE PUBLIC GENERALLY:

RE: REVISED WORKERS' COMPENSATION CLASSIFICATION RELATIVITIES AND A REVISED TABLE OF EXPECTED LOSS RATES AND DISCOUNT RATIOS UPDATING THE TEXAS BASIC MANUAL OF RULES, CLASSIFICATIONS AND EXPERIENCE RATING PLAN FOR WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE.

Notice is hereby given that the Commissioner of Insurance has issued Commissioner's Order No. 02-1122 dated October 28, 2002 which adopted revised Texas workers' compensation classification relativities and revised the table of expected loss rates and discount ratios in the Texas Basic Manual of Rules, Classifications and Experience Rating Plan for Workers' Compensation and Employers' Liability Insurance (the Basic Manual).

SUMMARY CHECKLISTS OF REQUIRED SUBMISSIONS BY COMPANIES

The following items are required to be submitted to the Texas Department of Insurance (TDI). Additional information regarding these items and the timing of the submissions are explained more thoroughly later in this Bulletin.

- **For companies with no change in their filed deviation:**
 - ✓ Notice of Carrier Intent and Certification
 - ✓ Schedule Rating Plan Information Sheet
 - ✓ Schedule Rating Plan if applicable
 - ✓ Cover memo with contact information
- **For companies with a change in their filed deviation:**
 - ✓ Notice of Carrier Intent and Certification
 - ✓ Schedule Rating Plan Information Sheet
 - ✓ Schedule Rating Plan if applicable
 - ✓ Filing forms and materials listed in "Filings Made Easy" published by TDI

Description of the changes and rate level impact

- Classification Relativities:

Because the overall average level of the classification relativities has not changed, the rate level impact is revenue neutral relative to the existing class relativities. That is, the revised classification relativities have been balanced back to the level of the January 1, 2002 classification relativities. The Commissioner limited the classification relativity change of any given classification to +/- 25%.

- Expected Loss Rates:

The expected loss rates have increased by an average of 1.9% overall from the January 1, 2002 level based on the latest statewide distribution of business by classification. The Commissioner limited changes in individual expected loss rates to +/- 25%. The maximum impact is for larger risks in classes where the expected loss rate decreased by 25%. In those cases, the experience modifier may have increased by as much as 33%.

- Discount Ratios:

The discount ratios have increased by an average of 3.2% overall from the January 1, 2002 level based on the latest statewide distribution of business by classification.

- Per Accident Limitation:

The per-accident limitation was increased from \$300,000 to \$350,000. The catastrophic loss limit was increased from \$600,000 to \$700,000.

Actions Required by Companies

All insurance companies must either use the revised classification relativities adopted by Commissioner's Order No. 02-1122 or file their own company-specific classification relativities for all workers' compensation policies written with an effective date on or after January 1, 2003. In other words, for policies with an effective date on or after January 1, 2003, insurance companies may no longer use the January 1, 2002 classification relativities as the basis of their rates. All rates must be based either on the January 1, 2003 classification relativities or on company-specific classification relativities that have been filed with TDI. Insurance companies that currently have company-specific classification relativities on file with TDI must use the revised January 1, 2003 classification relativities or make a new filing of company-specific classification relativities. Insurance companies may use the revised classification relativities prior to January 1, 2003, provided they notify TDI on or before their selected effective date.

Insurance companies currently writing workers' compensation insurance that plan to continue writing that coverage in 2003 must file their submissions with TDI by January 1, 2003. Insurance companies that are not currently writing workers' compensation insurance but plan to write their first policy with an effective date

on or after January 1, 2003, must file their submissions with TDI by the effective date of their first policy.

The actions by the companies are required pursuant to Article 5.55 and Section 38.001 of the Texas Insurance Code. Failure of a company to timely comply with the required actions may constitute a violation or violations of the Texas Insurance Code and may subject the company to penalties provided by law.

The companies must use the revised expected loss rates and discount ratios to calculate experience modifiers with an effective date on or after January 1, 2003. They may **not** be used to calculate an experience modifier with an effective date prior to January 1, 2003.

Copies of the tables of revised classification relativities, expected loss rates and discount ratios are available for downloading at TDI's website: www.tdi.state.tx.us. Look for Commissioner's Bulletin No. 0064-02 under "Bulletins" in the "Popular Links" section of TDI's website's home page. These are available in Excel/Word and PDF formats.

Required Submissions from Companies

Companies that do not elect to change their deviations must complete and submit (by no later than January 1, 2003) the attached Notice of Carrier Intent and Certification to confirm the date they will start using the revised classification relativities. The Notice of Carrier Intent should be filled out completely even if the company has no change in its deviation or if no deviation exists. Companies who do not have a deviation should note their average deviations as 0.0%. Such a submission is not considered a rate filing under §3(a) of Article 5.55 of the Texas Insurance Code.

Companies that do elect to change their deviations must fully complete and submit the attached Notice of Carrier Intent and Certification along with all other documents required for rate filings in "Filings Made Easy" published by TDI. These documents are required even if a company changes the deviation for only one class. The submission of these documents is considered a rate filing under §3(a) of Article 5.55 of the Texas Insurance Code.

Companies that are not currently writing workers' compensation insurance but plan to write their first policy with an effective date on or after January 1, 2003, must also comply with the instructions for rate filings in "Filings Made Easy" published by TDI. However, the Notice of Carrier Intent and Certification and the Schedule Rating Plan information Sheet and Certification are not required in this case.

Additional Submissions Required from Companies – Schedule Rating Plans

Companies are also required to submit a copy of their current schedule rating plan, if any. This should include a list of the criteria used in assessing debits and credits, the maximum debit or credit for each criterion, and the maximum overall debit or credit allowed under the plan. Companies **must** complete and submit the attached Schedule Rating Plan Information Sheet, regardless of whether they use schedule rating for

workers' compensation insurance. Such a submission is not considered a rate filing under §3(a) of Article 5.55 of the Texas Insurance Code.

All submissions should be sent to:

Texas Department of Insurance
Property and Casualty Intake Unit (MC 104-3B)
P. O. Box 149104
Austin, TX 78714-9104

Filing requirements are listed in the "Filings Made Easy" at <http://www.tdi.state.tx.us/company/rspceasy.html>. Unless a company is changing its deviation, no transmittal form or other exhibits listed in the "Filings Made Easy" is necessary. However, a cover memo with the name and number of a contact person should TDI Staff have any questions would be appreciated.

The following exhibits can be downloaded from TDI's website:

Notice of Carrier Intent and Certification
Schedule Rating Plan Information Sheet
Exhibit A: Revised Classification Relativities
Exhibit B: Revised Expected Loss Rates and Discount Ratios
Exhibit C: Determination of 1/1/2003 Expected Loss Rates for Certain Selected
'a' Rated Classes
Exhibit D: Expected Loss Rates and Discount Ratios for Classes that Were
Merged Effective January 1, 1999.

If you are unable to download the exhibits, hard copies can be requested. Contact the Property and Casualty Actuarial Division at (512) 475-3017 or by e-mail at PCACTUARIAL@TDI.STATE.TX.US.

For further information or questions in regard to this bulletin, contact J'ne Byckovski in the Property and Casualty Actuarial Division at (512) 305-7527 or by e-mail at j'ne.byckovski@tdi.state.tx.us.

Sincerely,

Philip O. Presley
Chief Actuary
Property and Casualty Division

Attachments:
Notice of Carrier Intent
Schedule Rating Plan Information Sheet



**Texas Department of Insurance
Workers' Compensation Insurance**

Notice of Carrier Intent

Group Name: _____

Group #: _____

TDI use only

Link #

TDI #

Company Name	NAIC #	1/1/2003 Relativities Adoption Date	Rate Change * (Y - Deviation Change) (N - No Change)	Current Average Deviation	Proposed Average Deviation
_____	_____	___/___/___	_____	_____	_____
_____	_____	___/___/___	_____	_____	_____
_____	_____	___/___/___	_____	_____	_____
_____	_____	___/___/___	_____	_____	_____
_____	_____	___/___/___	_____	_____	_____
_____	_____	___/___/___	_____	_____	_____
_____	_____	___/___/___	_____	_____	_____
_____	_____	___/___/___	_____	_____	_____
_____	_____	___/___/___	_____	_____	_____

** If "yes," a complete filing is necessary for each company changing its deviation. Instructions for rate changes are found in the "Filings Made Easy" published by TDI.*

Notice of Carrier Intent Certification

I, _____, am an officer of the _____ and in that capacity, I certify that all the information contained above is complete, correct, and true to the best of my knowledge and belief.

Officer's Signature

Officer's Title

EXHIBIT A

TEXAS WORKERS' COMPENSATION RELATIVITIES
 AVAILABLE FOR IMMEDIATE USE
 MANDATORY EFFECTIVE DATE 1/1/2003

Class	Relativity	Class	Relativity
0005	6.42	2288	7.26
0008	10.97	2361	1.10
0011	13.38	2380	3.93
0016	7.80	2501	12.12
0034	26.82	2503	0.95
0035	5.27	2532	3.00
0037	7.42	2534	6.99
0042	9.16	2560	9.92
0059	'a'	2576	9.27
0065	'a'	2578	13.11
0066	'a'	2581	10.13
0067	'a'	2583	4.14
0079	6.37	2587	4.42
0083	10.05	2670	9.28
0106	18.06	2683	9.06
0113	5.98	2688	7.94
0401	28.11	2702	16.18
0913	'a'	2705	22.45
0923	'a'	2710	10.14
1165	'a'	2719	17.54
1321	3.82	2731	5.41
1438	5.91	2790	2.32
1463	15.78	2802	10.36
1472	14.79	2835	6.87
1701	7.19	2881	7.25
1747	8.03	2923	2.99
1803	7.72	3004	8.16
1924	10.84	3022	9.58
2003	8.48	3027	1.68
2014	8.64	3028	8.28
2040	6.09	3040	11.20
2041	7.45	3041	12.82
2068	9.09	3042	4.53
2081	10.43	3064	10.04
2095	13.38	3066	7.49
2105	11.33	3081	16.45
2111	6.31	3082	9.88
2114	7.16	3085	5.90
2121	5.90	3110	9.87
2157	7.10	3111	7.92
2172	1.41	3113	5.95
2211	29.79	3114	5.18
2220	4.92	3126	5.26
2260	9.39	3131	8.84
2286	5.04	3132	5.62

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TEXAS WORKERS' COMPENSATION RELATIVITIES
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 MANDATORY EFFECTIVE DATE 1/1/2003

Class	Relativity	Class	Relativity
3146	8.29	4038	10.56
3179	7.43	4045	10.13
3220	7.15	4062	10.57
3223	8.23	4101	4.53
3224	9.73	4112	1.61
3227	11.53	4114	11.31
3255	6.77	4130	8.99
3257	8.21	4150	3.14
3300	14.26	4206	11.49
3316	9.94	4207	2.91
3331	25.67	4239	5.86
3365	22.99	4243	5.32
3372	7.68	4244	8.11
3383	2.26	4250	1.97
3507	7.59	4273	9.07
3548	4.12	4279	6.28
3574	2.14	4282	3.30
3620	7.40	4283	9.98
3629	4.54	4299	4.87
3632	7.24	4304	6.16
3639	5.98	4307	4.69
3642	9.79	4351	1.10
3643	7.35	4360	3.11
3647	3.74	4361	3.99
3648	8.66	4362	1.17
3681	3.31	4410	8.39
3685	2.46	4417	6.31
3719	5.84	4420	7.07
3724	6.84	4431	6.60
3726	8.27	4432	5.19
3805	5.03	4439	3.56
3807	11.54	4452	7.08
3808	7.32	4459	5.48
3821	7.16	4470	5.55
3822	7.85	4484	7.35
3823	5.53	4511	2.06
3824	8.73	4519	7.60
3830	7.23	4558	6.41
3865	13.12	4568	2.80
3881	18.19	4583	8.87
4000	8.01	4611	3.68
4021	8.41	4635	3.58
4024	4.74	4653	4.27
4034	10.38	4665	19.49
4036	5.39	4670	11.10

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 AVAILABLE FOR IMMEDIATE USE
 MANDATORY EFFECTIVE DATE 1/1/2003

Class	Relativity	Class	Relativity
4692	1.60	5183	8.06
4693	3.41	5190	7.36
4703	3.52	5191	1.85
4712	4.91	5192	8.53
4716	2.42	5200	8.85
4717	5.78	5203	16.54
4720	3.77	5213	12.10
4740	2.22	5220	7.59
4743	1.21	5348	7.29
4751	3.46	5403	13.25
4766	'a'	5437	11.33
4777	'a'	5443	9.53
4800	'a'	5462	11.61
4801	'a'	5474	9.89
4802	'a'	5479	15.68
4803	'a'	5491	6.30
4804	'a'	5506	11.62
4805	'a'	5536	7.93
4806	'a'	5538	14.58
4807	'a'	5551	22.80
4808	'a'	5606	3.33
4809	'a'	5701	17.86
4810	'a'	6003	13.95
4811	'a'	6045	8.19
4812	'a'	6202	21.23
4813	'a'	6203	5.23
4814	'a'	6204	24.07
4815	'a'	6205	'a'
4816	'a'	6206	5.47
4817	'a'	6213	10.71
4818	'a'	6216	11.27
4819	'a'	6219	10.49
4820	'a'	6229	9.68
4821	'a'	6233	11.30
4822	'a'	6237	5.75
4823	'a'	6238	21.01
4902	6.91	6306	13.50
4923	2.45	6319	8.66
5022	13.68	6400	17.70
5040	33.39	6504	9.07
5041	12.39	6823	9.34
5057	14.78	6824	12.64
5070	16.69	6843	7.17
5102	11.23	6872	19.60
5160	6.99	6874	15.21

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 AVAILABLE FOR IMMEDIATE USE
 MANDATORY EFFECTIVE DATE 1/1/2003

Class	Relativity	Class	Relativity
7016	22.60	8033	5.52
7024	7.45	8034	8.05
7046	10.25	8039	4.79
7047	31.64	8044	11.07
7098	12.28	8045	0.97
7099	13.22	8047	4.59
7133	10.12	8058	10.15
7134	18.37	8102	13.03
7135	16.77	8106	10.33
7219	15.94	8107	6.54
7230	13.23	8113	9.79
7309	58.17	8209	13.56
7313	7.74	8215	7.34
7317	13.02	8227	7.19
7327	8.97	8231	4.89
7350	13.54	8234	8.66
7360	8.51	8264	12.16
7380	9.62	8265	12.38
7382	12.69	8288	9.62
7390	8.34	8292	10.78
7405	2.38	8293	19.75
7418	4.60	8295	11.63
7421	3.34	8304	16.35
7422	7.05	8350	10.03
7423	6.13	8385	9.06
7502	3.78	8387	6.52
7515	2.95	8391	4.70
7520	8.92	8601	0.93
7538	20.86	8606	6.19
7539	3.10	8607	1.37
7580	6.82	8709	4.20
7590	12.79	8726	1.98
7600	4.66	8742	0.91
7602	11.22	8748	0.86
7610	0.89	8752	4.86
7704	4.13	8754	2.39
7720	5.25	8755	0.61
7855	14.21	8803	0.18
8002	6.87	8809	0.68
8006	8.06	8810	0.52
8008	3.13	8820	0.40
8013	1.62	8828	8.41
8017	4.06	8829	7.89
8018	11.54	8831	2.49
8032	4.95	8832	0.86

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 AVAILABLE FOR IMMEDIATE USE
 MANDATORY EFFECTIVE DATE 1/1/2003

Class	Relativity	Class	Relativity
8833	2.46		
8837	'a'		
8838	0.91		
8858	0.70		
8868	1.11		
8901	0.63		
9014	8.09		
9015	6.14		
9016	5.66		
9019	4.18		
9032	6.77		
9033	5.97		
9040	10.17		
9052	7.10		
9058	5.90		
9060	4.10		
9061	3.24		
9063	3.11		
9079	4.73		
9080	3.18		
9089	2.19		
9093	3.46		
9101	9.06		
9102	5.42		
9154	3.98		
9156	2.98		
9170	76.47		
9178	13.49		
9179	16.92		
9182	4.19		
9186	24.07		
9220	11.31		
9402	12.37		
9501	8.01		
9522	3.31		
9529	10.26		
9552	13.59		
9586	3.61		
9600	4.91		
9620	2.52		
9984	'a'		
9985	'a'		

EXHIBIT B

TEXAS WORKERS' COMPENSATION
 EXPECTED LOSS RATES AND D-RATIOS
 EFFECTIVE DATE 1/1/2003

Class	ELR	D-Ratio	Class	ELR	D-Ratio
0005	2.38	0.27	2288	2.69	0.27
0008	4.18	0.28	2361	0.41	0.26
0011	4.85	0.26	2380	1.49	0.28
0016	2.93	0.28	2501	4.65	0.29
0034	9.67	0.26	2503	0.35	0.27
0035	1.99	0.28	2532	1.14	0.28
0037	2.64	0.25	2534	2.70	0.29
0042	3.28	0.26	2560	3.68	0.26
0059	0.09	0.26	2576	3.45	0.27
0065	0.02	0.26	2578	4.96	0.28
0066	0.02	0.26	2581	3.75	0.27
0067	0.02	0.26	2583	1.57	0.28
0079	2.31	0.26	2587	1.66	0.28
0083	3.63	0.25	2670	3.50	0.28
0106	6.21	0.24	2683	3.45	0.28
0113	2.16	0.25	2688	2.92	0.27
0401	10.36	0.27	2702	5.95	0.27
0913	77.86	0.26	2705	6.99	0.20
0923	0.73	0.26	2710	3.41	0.23
1165	1.53	0.26	2719	6.41	0.26
1321	1.35	0.25	2731	2.03	0.28
1438	2.31	0.29	2790	0.87	0.27
1463	5.46	0.24	2802	3.93	0.28
1472	5.21	0.26	2835	2.59	0.27
1701	2.53	0.25	2881	2.74	0.28
1747	2.80	0.24	2923	1.13	0.27
1803	2.62	0.25	3004	2.89	0.25
1924	3.85	0.25	3022	3.62	0.28
2003	3.12	0.27	3027	0.58	0.24
2014	3.19	0.27	3028	3.12	0.27
2040	2.22	0.26	3040	4.12	0.27
2041	2.77	0.27	3041	4.81	0.28
2068	3.46	0.28	3042	1.70	0.27
2081	4.01	0.29	3064	3.73	0.27
2095	4.95	0.27	3066	2.84	0.28
2105	4.07	0.25	3081	5.49	0.23
2111	2.42	0.29	3082	3.56	0.26
2114	2.70	0.28	3085	2.11	0.26
2121	2.25	0.28	3110	3.31	0.21
2157	2.68	0.27	3111	2.95	0.27
2172	0.52	0.26	3113	2.25	0.28
2211	11.04	0.28	3114	1.95	0.28
2220	1.75	0.25	3126	1.95	0.27
2260	3.44	0.27	3131	3.22	0.26
2286	1.80	0.25	3132	2.04	0.27

EXHIBIT B

TEXAS WORKERS' COMPENSATION
 EXPECTED LOSS RATES AND D-RATIOS
 EFFECTIVE DATE 1/1/2003

Class	ELR	D-Ratio	Class	ELR	D-Ratio
3146	3.15	0.28	4038	3.99	0.27
3179	2.79	0.27	4045	3.71	0.27
3220	2.52	0.24	4062	3.91	0.27
3223	3.22	0.29	4101	1.62	0.26
3224	3.58	0.26	4112	0.60	0.27
3227	4.22	0.26	4114	4.11	0.26
3255	2.50	0.26	4130	3.32	0.26
3257	3.06	0.27	4150	1.19	0.28
3300	5.33	0.27	4206	4.07	0.24
3316	3.84	0.28	4207	1.03	0.25
3331	9.29	0.26	4239	2.08	0.25
3365	8.53	0.27	4243	2.03	0.28
3372	2.83	0.27	4244	3.03	0.27
3383	0.85	0.27	4250	0.72	0.26
3507	2.83	0.27	4273	3.48	0.28
3548	1.55	0.28	4279	2.37	0.28
3574	0.81	0.28	4282	1.28	0.29
3620	2.71	0.27	4283	3.52	0.24
3629	1.70	0.27	4299	1.85	0.28
3632	2.66	0.26	4304	2.27	0.27
3639	2.12	0.24	4307	1.74	0.26
3642	3.36	0.23	4351	0.43	0.29
3643	2.71	0.26	4360	1.22	0.29
3647	1.76	0.27	4361	1.49	0.27
3648	3.21	0.27	4362	0.38	0.22
3681	1.26	0.28	4410	3.15	0.28
3685	0.94	0.28	4417	2.42	0.29
3719	2.10	0.26	4420	2.27	0.21
3724	2.47	0.26	4431	2.52	0.28
3726	2.77	0.23	4432	1.84	0.23
3805	1.89	0.27	4439	1.25	0.25
3807	3.92	0.24	4452	2.61	0.27
3808	2.67	0.26	4459	2.09	0.28
3821	2.59	0.26	4470	2.04	0.27
3822	2.96	0.28	4484	2.76	0.28
3823	2.10	0.28	4511	0.76	0.26
3824	3.32	0.28	4519	2.82	0.27
3830	2.73	0.28	4558	2.38	0.27
3865	4.70	0.26	4568	0.97	0.24
3881	6.09	0.22	4583	2.82	0.20
4000	2.87	0.26	4611	1.42	0.29
4021	2.94	0.23	4635	1.26	0.26
4024	1.68	0.25	4653	1.60	0.27
4034	3.64	0.25	4665	6.63	0.23
4036	1.94	0.26	4670	4.05	0.27

EXHIBIT B

TEXAS WORKERS' COMPENSATION
 EXPECTED LOSS RATES AND D-RATIOS
 EFFECTIVE DATE 1/1/2003

Class	ELR	D-Ratio	Class	ELR	D-Ratio
4692	0.60	0.27	5183	2.99	0.27
4693	1.32	0.29	5190	2.69	0.27
4703	1.31	0.27	5191	0.69	0.27
4712	1.79	0.26	5192	3.23	0.28
4716	0.88	0.26	5200	3.28	0.27
4717	2.05	0.25	5203	5.69	0.24
4720	1.40	0.27	5213	4.29	0.25
4740	0.78	0.25	5220	2.82	0.27
4743	0.43	0.25	5348	2.69	0.27
4751	1.25	0.26	5403	4.89	0.27
4766	3.85	0.26	5437	4.27	0.28
4777	2.62	0.26	5443	3.37	0.24
4800	'a'	0.35	5462	4.33	0.28
4801	4.95	0.26	5474	3.71	0.28
4802	3.46	0.26	5479	5.65	0.26
4803	0.27	0.26	5491	2.29	0.26
4804	'a'	0.33	5506	4.14	0.25
4805	0.27	0.26	5536	2.98	0.28
4806	'a'	0.32	5538	5.34	0.27
4807	0.31	0.26	5551	8.19	0.26
4808	0.83	0.26	5606	1.21	0.26
4809	0.35	0.26	5701	5.53	0.19
4810	2.35	0.26	6003	4.94	0.25
4811	1.12	0.26	6045	2.80	0.23
4812	0.04	0.26	6202	7.60	0.25
4813	1.08	0.26	6203	1.86	0.25
4814	1.77	0.26	6204	8.84	0.27
4815	0.83	0.26	6205	0.77	0.26
4816	0.50	0.26	6206	1.99	0.27
4817	1.81	0.26	6213	3.66	0.24
4818	'a'	0.35	6216	4.05	0.26
4819	2.29	0.26	6219	3.79	0.26
4820	'a'	0.20	6229	3.58	0.27
4821	0.64	0.26	6233	3.88	0.23
4822	2.00	0.26	6237	2.04	0.25
4823	1.64	0.26	6238	7.49	0.26
4902	2.63	0.28	6306	4.63	0.23
4923	0.92	0.27	6319	3.09	0.26
5022	5.06	0.27	6400	6.47	0.26
5040	11.81	0.25	6504	3.40	0.27
5041	4.43	0.26	6823	3.48	0.28
5057	5.24	0.26	6824	3.14	0.27
5070	6.14	0.27	6843	1.56	0.22
5102	4.12	0.27	6872	4.28	0.22
5160	2.66	0.28	6874	5.72	0.23

EXHIBIT B

TEXAS WORKERS' COMPENSATION
 EXPECTED LOSS RATES AND D-RATIOS
 EFFECTIVE DATE 1/1/2003

Class	ELR	D-Ratio	Class	ELR	D-Ratio
7016	5.81	0.25	8033	2.07	0.28
7024	5.34	0.18	8034	3.07	0.28
7046	2.61	0.23	8039	1.78	0.27
7047	6.85	0.18	8044	4.01	0.26
7098	3.12	0.25	8045	0.59	0.26
7099	4.20	0.20	8047	1.72	0.27
7133	2.47	0.26	8058	3.61	0.25
7134	4.94	0.26	8102	4.78	0.26
7135	3.72	0.21	8106	3.72	0.26
7219	5.85	0.27	8107	2.38	0.27
7230	5.09	0.29	8113	3.54	0.26
7309	14.32	0.26	8209	5.09	0.28
7313	1.70	0.23	8215	2.69	0.27
7317	3.31	0.27	8227	2.60	0.26
7327	3.33	0.22	8231	1.73	0.25
7350	3.21	0.24	8234	3.20	0.27
7360	3.25	0.28	8264	4.27	0.24
7380	3.50	0.26	8265	4.46	0.26
7382	4.75	0.28	8288	3.59	0.27
7390	3.06	0.27	8292	4.05	0.28
7405	0.87	0.27	8293	7.40	0.27
7418	1.40	0.20	8295	4.29	0.27
7421	1.18	0.25	8304	5.69	0.25
7422	1.88	0.14	8350	3.34	0.22
7423	2.23	0.27	8385	3.39	0.28
7502	1.28	0.24	8387	2.39	0.27
7515	1.02	0.25	8391	1.77	0.28
7520	3.10	0.24	8601	0.33	0.25
7538	6.73	0.22	8606	2.13	0.23
7539	1.07	0.24	8607	0.43	0.20
7580	2.34	0.24	8709	1.10	0.28
7590	4.71	0.27	8726	0.48	0.24
7600	1.70	0.27	8742	0.33	0.27
7602	4.13	0.27	8748	0.32	0.28
7610	0.32	0.27	8752	1.77	0.26
7704	1.55	0.28	8754	0.88	0.26
7720	1.92	0.27	8755	0.23	0.27
7855	4.93	0.25	8803	0.06	0.26
8002	2.55	0.27	8809	0.25	0.26
8006	3.01	0.27	8810	0.20	0.27
8008	1.17	0.27	8820	0.15	0.28
8013	0.61	0.28	8828	3.12	0.27
8017	1.51	0.27	8829	3.01	0.28
8018	4.34	0.28	8831	0.94	0.28
8032	1.88	0.28	8832	0.32	0.27

EXHIBIT B

TEXAS WORKERS' COMPENSATION
 EXPECTED LOSS RATES AND D-RATIOS
 EFFECTIVE DATE 1/1/2003

Class	ELR	D-Ratio	Class	ELR	D-Ratio
8833	0.92	0.27			
8837	'a'	0.25			
8838	0.34	0.27			
8858	0.26	0.26			
8868	0.42	0.28			
8901	0.24	0.28			
9014	3.04	0.28			
9015	2.25	0.27			
9016	2.10	0.27			
9019	1.46	0.26			
9032	2.52	0.28			
9033	2.19	0.26			
9040	3.86	0.28			
9052	2.65	0.28			
9058	2.22	0.28			
9060	1.54	0.28			
9061	1.24	0.28			
9063	1.15	0.28			
9079	1.79	0.28			
9080	1.18	0.27			
9089	0.81	0.27			
9093	1.31	0.27			
9101	3.44	0.28			
9102	2.05	0.28			
9154	1.44	0.26			
9156	1.15	0.29			
9170	28.61	0.28			
9178	4.87	0.26			
9179	6.59	0.28			
9182	1.54	0.27			
9186	8.54	0.25			
9220	4.22	0.27			
9402	4.47	0.26			
9501	2.88	0.26			
9522	1.24	0.27			
9529	3.64	0.26			
9552	4.70	0.24			
9586	1.40	0.29			
9600	1.79	0.27			
9620	1.79	0.26			
9984	'a'	'a'			
9985	'a'	'a'			

Exhibit C

Determination of 1/1/2003 Expected Loss Rates for Certain 'a' Rated Classes

The Expected Loss Rate (ELR) for the classes 4800, 4804, 4806, 4818, 4820, and 8837 should be determined as follows:

ELR Determination:

1. Determine the 1/1/2003 relativity for the individual risk by dividing the actual rate charged per \$100 of payroll by the carrier's deviation from the 1/1/2003 relativities expressed as a factor (e.g. a -20% deviation would be expressed as a factor of 0.800). If the carrier does not have a single deviation for all class codes, an average deviation should be determined.
2. Determine the individual risk's ELR by multiplying the product determined in number 1 above, by a factor of 0.367.

Exhibit D

Expected Loss Rates for Classes that Were Merged Effective January 1, 1999

The following classes were merged effective January 1, 1999 but, for experience rating purposes, they are still used to calculate the experience modifiers. The expected loss rates and D-ratios that are to apply for these codes are those of the surviving codes.

Old Class	New Class	ELR	D-Ratio
9078	9079	1.79	0.28
8393	8391	1.77	0.28
8605	8601	0.33	0.25
3093	3028	3.12	0.27
3076	3066	2.84	0.28
4113	4101	1.62	0.26
9403	9402	4.47	0.26
2883	2881	2.74	0.28
2150	6504	3.40	0.27
7389	7380	3.50	0.26
8038	9079	1.79	0.28