

11-0126

TEXAS DEPARTMENT OF INSURANCE
EXEMPT FILING NOTIFICATION PURSUANT TO TEXAS INSURANCE CODE
CHAPTER 5, SUBCHAPTER L, ARTICLE 5.96

**ADOPTION OF AMENDMENTS TO THE TEXAS BASIC MANUAL OF RULES,
CLASSIFICATIONS AND EXPERIENCE RATING PLAN FOR WORKERS'
COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE AND TEXAS
RETROSPECTIVE RATING PLAN MANUAL FOR WORKERS' COMPENSATION
AND EMPLOYERS' LIABILITY INSURANCE CONCERNING HAZARD GROUPS**

The Commissioner of Insurance (Commissioner) adopts the amendments proposed by the staff of the Texas Department of Insurance (Department) in a petition (Reference No. W-1010-11-I) to amend Rule XIX – Deductible Programs of the Texas Basic Manual of Rules, Classifications and Experience Rating Plan for Workers' Compensation and Employers' Liability Insurance (Basic Manual) and Part Four – E of the Texas Retrospective Rating Plan Manual for Workers' Compensation and Employers' Liability Insurance (Retro Manual) concerning hazard groups, filed on October 11, 2010. Notice of the proposal was published in the October 22, 2010 issue of the *Texas Register* (35 TexReg 9513). The hearing took place on November 10, 2010, under Docket No 2721. No comments were received on the proposal. The Table of Classifications by Hazard Group for both the Basic Manual and the Retro Manual have been changed to include twelve class codes and their hazard group that were inadvertently omitted in the proposed exhibits. With the exception of the aforementioned exhibits, the amendments are adopted without changes to the proposed text.

The following amendments are adopted:

Basic Manual Rule XIX is amended to add Section J, which is an expanded Table of Classifications by Hazard Group that expands the number of hazard groups from four to seven and updates the hazard group assignments to Texas classification codes in the Basic Manual. Basic Manual Rule XIX is also amended to update Section E. Premium Determination of the Basic Manual, to specify that the Table of Classifications by Hazard Group is located in Basic Manual Rule XIX, Section J. Retro Manual Part Four – E is amended to adopt the revised Table of Classifications by Hazard Group, which expands the number of hazard groups from four to seven and updates the hazard group assignments to Texas classification codes in the Retro Manual. The proposed revised Table of Classifications by Hazard Group will replace the current Table of Classifications by Hazard Group in Part Four – E of the Retro Manual.

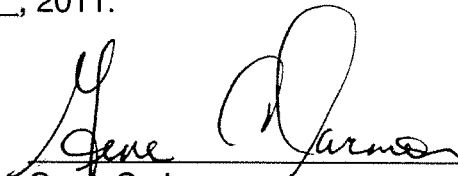
The Commissioner has determined that the amendments to Basic Manual Rule XIX and Retro Manual Part Four – E are necessary to provide the following: a more precise classification of risks into more homogeneous groups, an improved ability to differentiate between classes, optimal pricing accuracy, and a more accurate distinction between risks with high large-loss potential and risks with low large-loss potential. Moreover, including the revised Table of Classifications by Hazard Group in both the Basic and the Retro Manuals will facilitate the ease of use of the Manuals.

A copy of the full text of the staff petition and related exhibits has been on file with the Office of the Chief Clerk of the Department since October 11, 2010, and are incorporated by reference into this Commissioner's Order.

This adoption is made pursuant to Articles 5.77 and 5.96 and §2053.051 of the Texas Insurance Code. Article 5.77 authorizes the Department to make or approve and promulgate premium rating plans that may be approved on an optional basis to apply prospectively or retrospectively and may include premium discount plans, retrospective rating plans or other systems, plans or formulas. Article 5.96 exempts action taken under this article from the requirements of the Administrative Procedure Act (Government Code, Title 10, Chapter 2001), authorizing the Department to prescribe, promulgate, adopt, approve, amend, or repeal standard and uniform manual rules, rating plans, classification plans, statistical plans, and policy and endorsement forms for various lines of insurance, including workers' compensation insurance. Section 2053.051 requires the Department to determine hazards by class.

The Department hereby certifies that the amendments to the Basic Manual and the Retro Manual have been reviewed by legal counsel and found to be a valid exercise of the Department's authority.

Issued in Austin, Texas on February ^{AM} 1, 2011.


Gene C. Jarmon
General Counsel and Chief Clerk
Texas Department of Insurance

11-0126

ADOPTION OF AMENDMENTS TO BASIC MANUAL RULE XIX
HAZARD GROUPS
PAGE 4 OF 4

IT IS THEREFORE THE ORDER of the Commissioner of Insurance that the amendments to the Basic Manual and the Retro Manual proposed by the staff petition (Reference No. W-1010-11-I), with the substitution of the Table of Classifications by Hazard Group revised to correct the inadvertent omission of twelve class codes and their hazard group, as described herein and set forth in the exhibit attached to this Order and incorporated into this Order by reference, be effective for all workers' compensation policies with an effective date on or after June 1, 2011.

AND IT IS SO ORDERED.



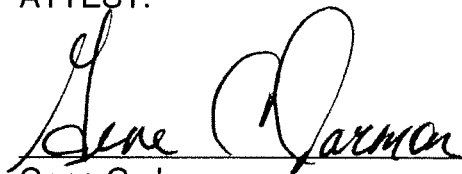
Mike Geeslin
Commissioner of Insurance

Recommended by:



Nancy Moore
Deputy Commissioner, WC Classification and Premium Calculation Division
Texas Department of Insurance

ATTEST:



Gene C. Jarmon
General Counsel and Chief Clerk
Texas Department of Insurance

Commissioner's Order No. _____

11-0126

FEB 09 2011

* J. TABLE OF CLASSIFICATIONS BY HAZARD GROUP

Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group
0005	C	2172	D	3041	C	3643	C	4250	C	4716	C
0008	D	2211	E	3042	D	3647	D	4273	C	4717	A
0011	D	2220	C	3064	C	3648	B	4279	C	4720	C
0016	E	2260	E	3066	C	3681	B	4282	B	4740	E
0034	C	2286	B	3081	E	3685	B	4283	C	4743	E
0035	C	2288	B	3082	E	3719	G	4299	B	4751	E
0037	C	2361	C	3085	E	3724	F	4304	D	4766	G
0042	D	2380	C	3110	C	3726	G	4307	A	4777	G
0079	E	2501	C	3111	C	3805	C	4351	B	4800	F
0083	E	2503	B	3113	C	3807	B	4360	B	4801	F
0106	F	2532	A	3114	B	3808	D	4361	B	4802	F
0113	C	2534	B	3126	C	3821	D	4362	C	4803	F
0401	F	2560	A	3131	C	3822	D	4410	C	4804	F
0913	C	2576	C	3132	D	3823	D	4417	C	4805	F
0923	C	2578	C	3146	C	3824	D	4420	E	4806	F
1165	G	2581	B	3179	B	3830	D	4431	A	4807	F
1321	F	2583	C	3220	C	3865	A	4432	B	4808	F
1438	F	2587	B	3223	A	3881	C	4439	E	4809	F
1463	F	2670	A	3224	B	4000	F	4452	C	4810	F
1472	E	2683	B	3227	B	4021	E	4459	D	4811	F
1701	E	2688	B	3255	A	4024	E	4470	C	4812	E
1747	E	2702	G	3257	C	4034	E	4484	C	4813	E
1803	F	2705	E	3300	C	4036	E	4511	E	4814	E
1924	B	2710	F	3316	B	4038	A	4519	C	4815	E
2003	C	2719	E	3331	E	4045	E	4558	B	4816	E
2014	E	2731	E	3365	E	4062	C	4568	E	4817	E
2040	B	2790	B	3372	D	4101	C	4583	F	4818	E
2041	B	2802	D	3383	B	4112	C	4611	E	4819	E
2068	C	2835	A	3507	C	4114	C	4635	G	4820	E
2081	C	2881	B	3548	C	4130	C	4653	B	4821	E
2095	C	2923	B	3574	B	4150	A	4665	E	4822	E
2105	B	3004	E	3620	E	4206	E	4670	E	4823	E
2111	B	3022	B	3629	B	4207	E	4692	B	4902	B
2114	B	3027	E	3632	D	4239	E	4693	C	4923	C
2121	C	3028	C	3639	B	4243	C	4703	C	5022	F
2157	C	3040	E	3642	C	4244	C	4712	C	5040	G

* J. TABLE OF CLASSIFICATIONS BY HAZARD GROUP

Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group
5041	G	6203	G	7230	E	8008	B	8387	D	9032	C
5057	G	6204	F	7309	G	8013	C	8391	D	9033	C
5070	G	6205	E	7313	G	8017	B	8601	D	9040	C
5102	F	6206	G	7317	G	8018	B	8606	G	9052	B
5160	F	6213	G	7327	G	8032	B	8607	D	9058	A
5183	E	6216	G	7350	F	8033	C	8709	G	9060	B
5190	F	6219	F	7360	E	8034	B	8726	G	9061	A
5191	D	6229	F	7380	D	8039	B	8742	E	9063	B
5192	C	6233	F	7382	C	8044	D	8748	D	9079	B
5200	E	6237	F	7390	C	8045	B	8752	B	9080	C
5203	F	6238	F	7405	G	8047	B	8754	D	9089	B
5213	F	6306	G	7418	G	8058	C	8755	E	9093	C
5220	E	6319	F	7421	G	8102	B	8803	E	9101	B
5348	E	6400	E	7422	G	8106	E	8809	E	9102	C
5403	F	6504	B	7423	E	8107	E	8810	C	9154	D
5437	E	6823	F	7502	F	8113	E	8820	D	9156	D
5443	C	6824	F	7515	G	8209	C	8828	C	9170	G
5462	E	6843	G	7520	C	8215	E	8829	C	9178	A
5474	F	6872	G	7538	G	8227	G	8831	C	9179	B
5479	E	6874	G	7539	F	8231	F	8832	C	9182	C
5491	E	7016	G	7580	E	8234	E	8833	C	9186	F
5506	G	7024	G	7590	D	8264	E	8837	C	9220	D
5536	E	7046	G	7600	E	8265	E	8838	C	9402	F
5538	E	7047	G	7602	E	8288	E	8858	B	9501	D
5551	G	7098	G	7610	D	8292	D	8868	B	9522	D
5606	F	7099	G	7704	G	8293	E	8901	E	9529	F
5701	E	7133	G	7720	E	8295	D	9014	C	9552	F
6003	E	7134	G	7855	E	8304	E	9015	C	9586	A
6045	E	7135	G	8002	C	8350	F	9016	C	9600	B
6202	G	7219	E	8006	C	8385	E	9019	E	9620	D

Current Phraseology

New Phraseology

RULE XIX - DEDUCTIBLE PROGRAMS

E. PREMIUM DETERMINATION

The election of a deductible option by a policyholder results in a premium credit being applied against the policy premium.

The premium credit for all three promulgated deductible options will be determined by using the tables found in this rule according to the type of deductible option and hazard group. The hazard group assignments are based on the Table of Classifications by Hazard Group in the Texas Retrospective Rating Plan Manual and the classifications subject to deductible coverage that produce the greatest amount of estimated annual workers' compensation premium for Texas exposures.

The amount of deductible credit for the negotiated deductible shall be the amount agreed upon by the insurer and the insured.

The premium reduction for deductible coverage is determined by applying the appropriate premium credit to the estimated annual premium in the order indicated in Rule III E.

RULE XIX - DEDUCTIBLE PROGRAMS

E. PREMIUM DETERMINATION

The election of a deductible option by a policyholder results in a premium credit being applied against the policy premium.

The premium credit for all three promulgated deductible options will be determined by using the tables found in this rule according to the type of deductible option and hazard group. The hazard group assignments are based on the Table of Classifications by Hazard Group shown in Section J. of this rule and the classifications subject to deductible coverage that produce the greatest amount of estimated annual workers' compensation premium for Texas exposures. The amount of deductible credit for the negotiated deductible shall be the amount agreed upon by the insurer and the insured.

The premium reduction for deductible coverage is determined by applying the appropriate premium credit to the estimated annual premium in the order indicated in Rule III E.

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

This Table is to be used in the determination of the excess loss premium factor. This factor is determined based on the selected loss limitation, and the hazard group assignment shown below for the classification producing the largest amount of estimated Workers Compensation standard premium for each state included in the plan. Refer to Part Four—Table F

Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group
0005	C	2172	D	3041	C	3643	C	4250	C	4716	C
0008	D	2211	E	3042	D	3647	D	4273	C	4717	A
0011	D	2220	C	3064	C	3648	B	4279	C	4720	C
0016	E	2260	E	3066	C	3681	B	4282	B	4740	E
0034	C	2286	B	3081	E	3685	B	4283	C	4743	E
0035	C	2288	B	3082	E	3719	G	4299	B	4751	E
0037	C	2361	C	3085	E	3724	F	4304	D	4766	G
0042	D	2380	C	3110	C	3726	G	4307	A	4777	G
0079	E	2501	C	3111	C	3805	C	4351	B	4800	F
0083	E	2503	B	3113	C	3807	B	4360	B	4801	F
0106	F	2532	A	3114	B	3808	D	4361	B	4802	F
0113	C	2534	B	3126	C	3821	D	4362	C	4803	F
0401	F	2560	A	3131	C	3822	D	4410	C	4804	F
0913	C	2576	C	3132	D	3823	D	4417	C	4805	F
0923	C	2578	C	3146	C	3824	D	4420	E	4806	F
1165	G	2581	B	3179	B	3830	D	4431	A	4807	F
1321	F	2583	C	3220	C	3865	A	4432	B	4808	F
1438	F	2587	B	3223	A	3881	C	4439	E	4809	F
1463	F	2670	A	3224	B	4000	F	4452	C	4810	F
1472	E	2683	B	3227	B	4021	E	4459	D	4811	F
1701	E	2688	B	3255	A	4024	E	4470	C	4812	E
1747	E	2702	G	3257	C	4034	E	4484	C	4813	E
1803	F	2705	E	3300	C	4036	E	4511	E	4814	E
1924	B	2710	F	3316	B	4038	A	4519	C	4815	E
2003	C	2719	E	3331	E	4045	E	4558	B	4816	E
2014	E	2731	E	3365	E	4062	C	4568	E	4817	E
2040	B	2790	B	3372	D	4101	C	4583	F	4818	E
2041	B	2802	D	3383	B	4112	C	4611	E	4819	E
2068	C	2835	A	3507	C	4114	C	4635	G	4820	E
2081	C	2881	B	3548	C	4130	C	4653	B	4821	E
2095	C	2923	B	3574	B	4150	A	4665	E	4822	E
2105	B	3004	E	3620	E	4206	E	4670	E	4823	E
2111	B	3022	B	3629	B	4207	E	4692	B	4902	B
2114	B	3027	E	3632	D	4239	E	4693	C	4923	C
2121	C	3028	C	3639	B	4243	C	4703	C	5022	F
2157	C	3040	E	3642	C	4244	C	4712	C	5040	G

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group
5041	G	6203	G	7230	E	8008	B	8387	D	9032	C
5057	G	6204	F	7309	G	8013	C	8391	D	9033	C
5070	G	6205	E	7313	G	8017	B	8601	D	9040	C
5102	F	6206	G	7317	G	8018	B	8606	G	9052	B
5160	F	6213	G	7327	G	8032	B	8607	D	9058	A
5183	E	6216	G	7350	F	8033	C	8709	G	9060	B
5190	F	6219	F	7360	E	8034	B	8726	G	9061	A
5191	D	6229	F	7380	D	8039	B	8742	E	9063	B
5192	C	6233	F	7382	C	8044	D	8748	D	9079	B
5200	E	6237	F	7390	C	8045	B	8752	B	9080	C
5203	F	6238	F	7405	G	8047	B	8754	D	9089	B
5213	F	6306	G	7418	G	8058	C	8755	E	9093	C
5220	E	6319	F	7421	G	8102	B	8803	E	9101	B
5348	E	6400	E	7422	G	8106	E	8809	E	9102	C
5403	F	6504	B	7423	E	8107	E	8810	C	9154	D
5437	E	6823	F	7502	F	8113	E	8820	D	9156	D
5443	C	6824	F	7515	G	8209	C	8828	C	9170	G
5462	E	6843	G	7520	C	8215	E	8829	C	9178	A
5474	F	6872	G	7538	G	8227	G	8831	C	9179	B
5479	E	6874	G	7539	F	8231	F	8832	C	9182	C
5491	E	7016	G	7580	E	8234	E	8833	C	9186	F
5506	G	7024	G	7590	D	8264	E	8837	C	9220	D
5536	E	7046	G	7600	E	8265	E	8838	C	9402	F
5538	E	7047	G	7602	E	8288	E	8858	B	9501	D
5551	G	7098	G	7610	D	8292	D	8868	B	9522	D
5606	F	7099	G	7704	G	8293	E	8901	E	9529	F
5701	E	7133	G	7720	E	8295	D	9014	C	9552	F
6003	E	7134	G	7855	E	8304	E	9015	C	9586	A
6045	E	7135	G	8002	C	8350	F	9016	C	9600	B
6202	G	7219	E	8006	C	8385	E	9019	E	9620	D