

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

The staff of the Texas Department of Insurance filed Petition No. W-0812-06-I on August 16, 2012. The petition requests that the commissioner amend Rule IV A. and Appendix B. of the Texas Basic Manual of Rules, Classifications and Experience Rating Plan for Workers' Compensation and Employers' Liability Insurance to better conform the manual's instructions to the statutory requirements for workers' compensation classification codes. Staff requests that the proposed amendments be effective 15 days after notice of adoption of the changes is published in the Texas Register.

Article 5.96 and sections 2053.051(a)(1) and 2053.053 of the Texas Insurance Code authorize TDI to file this petition and the commissioner to take the requested action. Article 5.96 authorizes TDI 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(a)(1) requires TDI to determine hazards by class, and section 2053.053 states that insurance companies writing workers' compensation policies may not use hazard classifications other than the classifications established by TDI. No statute requires TDI to make these classification code assignments.

The proposed amendments to Rule IV A. would clarify that a carrier may select classification codes to use when issuing a quote or when issuing a new or renewal workers' compensation policy; and a carrier may change, add, and delete classification codes on a workers' compensation policy. When selecting, changing, or adding classification codes for a workers' compensation policy, a carrier may only use classification codes contained in the manual.

The proposed amendments to Appendix B. 1. would delete the provision that requires current policies to show the classifications approved for the expiring policy with payrolls updated to reflect current conditions, as the other proposed amendments make this provision unnecessary.

The proposed amendments to Appendix B. 2. would clarify that a carrier may change, add, and delete classification codes on a workers' compensation policy, as long as the carrier uses classification codes contained in the manual.

The proposed amendments to Appendix B. 3. would delete the provision that classification codes assigned by an insurance company to a policy covering an employer who previously was a non-subscriber to the workers' compensation law may be subject to change by TDI, and clarify that a carrier may select classification codes to use when issuing a quote or when issuing a new or renewal workers' compensation policy, as long as the carrier uses classification codes contained in the manual.

The proposed amendments would delete Appendix B. 4. because TDI will no longer determine classification codes, and the proposed amendments would renumber Appendix B. 5. to accommodate the other amendments.

The amendments are necessary to better conform the manual's instructions to the statutory requirements for workers' compensation classification codes. These changes will make the process of changing classification codes more efficient for insurance companies, because they will be able to act without having to wait for TDI approval, and more efficient for TDI, because TDI will not have to use its resources to approve classification codes.

You may review copies of the staff petition and the proposed exhibits in the Office of the Chief Clerk of the Texas Department of Insurance, 333 Guadalupe Street, Austin,

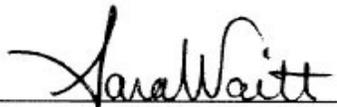
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Texas, 78714-9104. For further information or to request copies of the petition and proposed exhibits, please contact Sylvia Gutierrez at ChiefClerk@tdi.state.tx.us, 512-463-6327 (Reference No. W-0812-06-I).

The commissioner may approve these amendments without a hearing. If you wish to comment on the petition or request a hearing, please submit two copies of your comments within 15 days after the publication of this notice. Send one copy to the Office of the Chief Clerk, Texas Department of Insurance, Mail Code 113-2A, P.O. Box 149104, Austin, Texas, 78714-9104. Send the other copy to Nancy Moore, Director, Workers' Compensation Classification and Premium Calculation Office, Texas Department of Insurance, P.O. Box 149104, Mail Code 105-2A, Austin, Texas, 78714-9104.

TDI publishes this notification pursuant to Article 5.96 of the Texas Insurance Code, which exempts action taken under this article from the requirements of the Administrative Procedure Act (Government Code, Title 10, Chapter 2001).

Issued in Austin, Texas on August 16, 2012.


Sara Waitt, General Counsel
Texas Department of Insurance