

State: Texas **Filing Company:** National Council on Compensation Insurance, Inc.
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: E-1404 Establishment of a Methodology to Calculate Experience Rating Premium Eligibility Amounts
Project Name/Number: /

Filing at a Glance

Company: National Council on Compensation Insurance, Inc.
Product Name: E-1404 Establishment of a Methodology to Calculate Experience Rating Premium Eligibility Amounts
State: Texas
TOI: 16.0 Workers Compensation
Sub-TOI: 16.0004 Standard WC
Filing Type: Rate
Date Submitted: 12/01/2015
SERFF Tr Num: NCCI-130337313
SERFF Status: Pending State Action
State Tr Num: S617183
State Status: AS-Assigned To Technician
Co Tr Num: E-1404
Effective Date: 01/01/2017
Requested (New):
Effective Date: 01/01/2017
Requested (Renewal):
Author(s): Lesley O'Brien, Alison Herwig, Frank Gnolfo, Robert Dalton, Michelle Baker, Miguel Joubert
Reviewer(s): Linda Bryant (primary), Gary Carr
Disposition Date:
Disposition Status:
Effective Date (New):
Effective Date (Renewal):
State Filing Description:
WC 1

Intake: Filing to revise NCCI's Experience Rating Plan Manual Rule 2-A-2.

Sent objection letter requesting rate data

State: Texas **Filing Company:** National Council on Compensation Insurance, Inc.
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General Information

Project Name: Status of Filing in Domicile:
 Project Number: Domicile Status Comments:
 Reference Organization: Reference Number:
 Reference Title: Advisory Org. Circular:
 Filing Status Changed: 12/03/2015
 State Status Changed: 12/02/2015 Deemer Date:
 Created By: Frank Gnolfo Submitted By: Frank Gnolfo
 Corresponding Filing Tracking Number:
 State TOI: Workers Compensation State Sub-TOI: Workers Compensation

Filing Description:

This item:

1. Establishes an indexing methodology for the calculation of experience rating state premium eligibility amounts and a process for continued annual updates
2. Revises NCCI's Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Experience Rating Plan Manual) Rule 2-A-2—State Table of Subject Premium Eligibility Amounts, to reflect the current and up to three years of a state's premium eligibility amounts, as applicable

Company and Contact

Filing Contact Information

Terri Robinson, State Relations Executive terri_robinson@ncci.com
 46714 Highway 10 501-753-5180 [Phone]
 Perryville, AR 72126 561-893-5655 [FAX]

Filing Company Information

National Council on Compensation Insurance, Inc. CoCode: State of Domicile: Florida
 901 Peninsula Corporate Circle Group Code: Company Type:
 Boca Raton, FL 33487 Group Name: State ID Number:
 (561) 893-3186 ext. [Phone] FEIN Number: 65-0439698

Filing Fees

Fee Required? No
 Retaliatory? No

Fee Explanation:

State Specific

1. If an associated rate, rule, or form filing has been filed, provide the TDI Link Number, TDI Number, State Tracking Number, and/or SERFF Tracking Number where it was filed. Include associated filings for all file types.: None
2. Deemer waived under 28 TAC 5.9321? (Policy form, endorsement/amendments) Yes or No; All other file types N/A: NA
3. Limits on requests for information waived under 28 TAC 5.9336? (Rates) Yes or No; All other file types N/A: NA
4. Revision/Replacement: Indicate whether the filing revises/replaces previously approved forms/endorsements, rates, or rules. If so, enter TDI Link Number, TDI Number, State Tracking Number, and/or SERFF Tracking Number of previously approved forms/endorsements, rates, or rules that are being revised/replaced, otherwise N/A.: NA

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5. Reference Filing. List the filing type that applies (Policy Forms/Endorsements, Manual Rules, Rates) and enter the following data for each: Name of Company or Advisory Organization and all approved/accepted TDI Link Number, TDI Number, State Tracking Number, and/or SERFF Tracking Number , otherwise N/A.: NA
6. Interline Filing. Indicate if filing is being submitted as an Interline Filing and list all lines of insurance the endorsement applies to, otherwise N/A. Please do not show the program name, annual statement line, or product coding matrix.: NA
7. Dual Filing. Indicate if filing will be used with both monoline and multi peril programs, otherwise N/A. Filing company must provide TDI Link Number, TDI Number, State Tracking Number, and/or SERFF Tracking Number where both the applicable monoline and multi-peril programs were approved. Dual Filing is only marked when you are filing as monoline and multi-peril. Please do not mark this area when submitting a multi-peril filing. A dual filing would be appropriate only if all forms, endorsements, rules, and rates comply with all Texas laws and regulations.: NA
8. If a similar filing has previously been made for your company/group, provide company name and TDI Link Number, TDI Number, State Tracking Number, and/or SERFF Tracking Number.: NA
9. Will this filing be used for a Risk Purchasing Group? Yes, No, N/A. If Yes, please provide the name.: No

SERFF Tracking #:

NCCI-130337313

State Tracking #:

S617183

Company Tracking #:

E-1404

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Filing Company: National Council on Compensation Insurance, Inc.

Correspondence Summary

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Information Requested	Gary Carr	12/02/2015	12/02/2015

Response Letters

Responded By	Created On	Date Submitted
Frank Gnolfo	12/03/2015	12/03/2015

State: Texas **Filing Company:** National Council on Compensation Insurance, Inc.
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Objection Letter

Objection Letter Status	Information Requested
Objection Letter Date	12/02/2015
Submitted Date	12/02/2015
Respond By Date	12/09/2015

Dear Terri Robinson,

Introduction:

Objection 1

- Filing Memorandum (Rates) (Supporting Document)

Comments: Rate data information was not provided in the Rate Data section on the Rate/Rule Schedule tab. TDI requires these fields to be completed for all rate filings. Please complete the Rate Data Information area by Post Submission Update. Based on your filing description it would be acceptable to enter zeroes in the rate data section fields. If you have any questions, you may contact Property and Casualty Actuarial by email at PCActuarial@tdi.texas.gov.

Conclusion:

Sincerely,
Gary Carr

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Response Letter

Response Letter Status	Submitted to State
Response Letter Date	12/03/2015
Submitted Date	12/03/2015

Dear Linda Bryant,

Introduction:

Hello

Response 1

Comments:

Rate data has been updated with neutral.

Related Objection 1

Applies To:

- Filing Memorandum (Rates) (Supporting Document)

Comments: Rate data information was not provided in the Rate Data section on the Rate/Rule Schedule tab. TDI requires these fields to be completed for all rate filings. Please complete the Rate Data Information area by Post Submission Update. Based on your filing description it would be acceptable to enter zeroes in the rate data section fields. If you have any questions, you may contact Property and Casualty Actuarial by email at PCActuarial@tdi.texas.gov.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Thank you

Sincerely,

Frank Gnolfo

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Project Name/Number: /

Post Submission Update Request Submitted On 12/03/2015

Status: Submitted
Created By: Frank Gnolfo

Rate Information:

Field Name	Requested Change	Prior Value
Filing Method	SERFF	
Overall Pct. of Last Revision	0.000%	
Filing Method of Last Filing	NA	

Company Rate Information:

Company Name: National Council on Compensation Insurance, Inc.

Field Name	Requested Change	Prior Value
Overall % Indicated Change	0.000%	
Overall % Rate Impact	0.000%	
Written Premium Change for this Program	\$0	
Number of Policy Holders Affected for this Program	0	
Written Premium for this Program	\$0	
Maximum %Change (where required)	0.000%	
Minimum %Change (where required)	0.000%	

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Product Name: E-1404 Establishment of a Methodology to Calculate Experience Rating Premium Eligibility Amounts
Project Name/Number: /

Filing Company: National Council on Compensation Insurance, Inc.

Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type:

Neutral

Overall Percentage of Last Rate Revision:

%

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
National Council on Compensation Insurance, Inc.	%	%				%	%

SERFF Tracking #:

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State Tracking #:

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Company Tracking #:

E-1404

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Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Exhibit 1	Rule 2A	Replacement	E-1379	E-1404 National Exhibit 1.pdf

ITEM E-1404—ESTABLISHMENT OF A METHODOLOGY TO CALCULATE EXPERIENCE RATING PREMIUM ELIGIBILITY AMOUNTS

**EXHIBIT 1
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
RULE 2—EXPERIENCE RATING ELEMENTS AND FORMULA
A. PREMIUM ELIGIBILITY**

2. State Subject Premium Eligibility Amounts

A risk qualifies for experience rating when its subject premium, developed in its experience period, meets or exceeds the minimum eligibility amount shown in the State Table of Subject Premium Eligibility Amounts in Rule 2-A-2-c. *Refer to Rule 2-E-1 to determine a risk's experience period.*

- a. A risk qualifies for experience rating if its data within the most recent 24 months of the experience period develops a subject premium of at least the amount shown in Column A.
- b. A risk may not qualify according to Rule 2-A-2-a. If it has more than the amount of experience referenced in Rule 2-A-2-a, then to qualify for experience rating the risk must develop an average annual subject premium of at least the amount shown in Column B. *Refer to Rule 2-A-3 to determine average annual subject premium.*
- c. A risk's rating effective date determines the applicable Column A and Column B subject premium eligibility amounts required to qualify for experience rating. *Refer to Rule 2-B for rating effective date determination.*

State Table of Subject Premium Eligibility Amounts

	Column A	Column B		Column A	Column B
AL	\$10,000	\$5,000	MS	9,000	4,500
AK	5,000	2,500	MO	7,000	3,500
AZ	6,000	3,000	MT	5,000	2,500
AR	8,000	4,000	NE	6,000	3,000
CO	8,000	4,000	NV	6,000	3,000
CT	11,000	5,500	NH	11,000	5,500
DC	7,000	3,500	NM	9,000	4,500
FL	10,000	5,000	NC	8,000	4,000
GA	10,000	5,000	OK	10,000	5,000
HI	5,000	2,500	OR	5,000	2,500
ID	6,000	3,000	RI	10,000	5,000
IL	10,000	5,000	SC	9,000	4,500
IN	5,000	2,500	SD	7,500	3,750
IA	7,500	3,750	TN	9,000	4,500
KS	6,000	3,000	TX*	10,000	5,000
KY	10,000	5,000	UT	7,000	3,500
LA	10,000	5,000	VT	8,000	4,000
MA	11,000	5,500	VA	7,000	3,500
ME	9,000	4,500	WV**	7,000	3,500
MD	10,000	5,000			

* Effective July 1, 2015

** Effective July 1, 2008: Column A = \$9,000; Column B = \$4,500.

ITEM E-1404—ESTABLISHMENT OF A METHODOLOGY TO CALCULATE EXPERIENCE RATING PREMIUM ELIGIBILITY AMOUNTS

**EXHIBIT 1 (CONT'D)
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
RULE 2—EXPERIENCE RATING ELEMENTS AND FORMULA
A. PREMIUM ELIGIBILITY**

State	Rating Effective Date	Column A (\$)	Column B (\$)
AK	<u>7/1/17 and after</u>	<u>5,000</u>	<u>2,500</u>
	<u>6/30/17 and before</u>	<u>5,000</u>	<u>2,500</u>
AL	<u>9/1/17 and after</u>	<u>10,000</u>	<u>5,000</u>
	<u>8/31/17 and before</u>	<u>10,000</u>	<u>5,000</u>
AR	<u>1/1/18 and after</u>	<u>8,000</u>	<u>4,000</u>
	<u>12/31/17 and before</u>	<u>8,000</u>	<u>4,000</u>
AZ	<u>7/1/17 and after</u>	<u>6,000</u>	<u>3,000</u>
	<u>6/30/17 and before</u>	<u>6,000</u>	<u>3,000</u>
CO	<u>7/1/17 and after</u>	<u>8,500</u>	<u>4,250</u>
	<u>6/30/17 and before</u>	<u>8,000</u>	<u>4,000</u>
CT	<u>7/1/17 and after</u>	<u>11,500</u>	<u>5,750</u>
	<u>6/30/17 and before</u>	<u>11,000</u>	<u>5,500</u>
DC	<u>5/1/18 and after</u>	<u>7,000</u>	<u>3,500</u>
	<u>4/30/18 and before</u>	<u>7,000</u>	<u>3,500</u>
FL	<u>7/1/17 and after</u>	<u>10,500</u>	<u>5,250</u>
	<u>6/30/17 and before</u>	<u>10,000</u>	<u>5,000</u>
GA	<u>9/1/17 and after</u>	<u>10,500</u>	<u>5,250</u>
	<u>8/31/17 and before</u>	<u>10,000</u>	<u>5,000</u>
HI	<u>7/1/17 and after</u>	<u>5,000</u>	<u>2,500</u>
	<u>6/30/17 and before</u>	<u>5,000</u>	<u>2,500</u>
IA	<u>7/1/17 and after</u>	<u>8,000</u>	<u>4,000</u>
	<u>6/30/17 and before</u>	<u>7,500</u>	<u>3,750</u>
ID	<u>7/1/17 and after</u>	<u>6,000</u>	<u>3,000</u>
	<u>6/30/17 and before</u>	<u>6,000</u>	<u>3,000</u>
IL	<u>7/1/17 and after</u>	<u>10,500</u>	<u>5,250</u>
	<u>6/30/17 and before</u>	<u>10,000</u>	<u>5,000</u>
IN	<u>7/1/17 and after</u>	<u>5,000</u>	<u>2,500</u>
	<u>6/30/17 and before</u>	<u>5,000</u>	<u>2,500</u>
KS	<u>7/1/17 and after</u>	<u>6,000</u>	<u>3,000</u>
	<u>1/1/16 to 6/30/17</u>	<u>6,000</u>	<u>3,000</u>
	<u>12/31/15 and before</u>	<u>4,500</u>	<u>2,250</u>
KY	<u>4/1/18 and after</u>	<u>10,500</u>	<u>5,250</u>
	<u>3/31/18 and before</u>	<u>10,000</u>	<u>5,000</u>

ITEM E-1404—ESTABLISHMENT OF A METHODOLOGY TO CALCULATE EXPERIENCE RATING PREMIUM ELIGIBILITY AMOUNTS

**EXHIBIT 1 (CONT'D)
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
RULE 2—EXPERIENCE RATING ELEMENTS AND FORMULA
A. PREMIUM ELIGIBILITY
(Cont'd)**

State	Rating Effective Date	Column A (\$)	Column B (\$)
LA	<u>11/1/17 and after</u>	<u>10,500</u>	<u>5,250</u>
	<u>10/31/17 and before</u>	<u>10,000</u>	<u>5,000</u>
MA	<u>12/1/2003 and after</u>	<u>11,000</u>	<u>5,500</u>
MD	<u>7/1/17 and after</u>	<u>10,000</u>	<u>5,000</u>
	<u>6/30/17 and before</u>	<u>10,000</u>	<u>5,000</u>
ME	<u>10/1/17 and after</u>	<u>9,500</u>	<u>4,750</u>
	<u>9/30/17 and before</u>	<u>9,000</u>	<u>4,500</u>
MO	<u>7/1/17 and after</u>	<u>7,000</u>	<u>3,500</u>
	<u>6/30/17 and before</u>	<u>7,000</u>	<u>3,500</u>
MS	<u>9/1/17 and after</u>	<u>9,000</u>	<u>4,500</u>
	<u>8/31/17 and before</u>	<u>9,000</u>	<u>4,500</u>
MT	<u>1/1/18 and after</u>	<u>10,500</u>	<u>5,250</u>
	<u>7/1/16 to 12/31/17</u>	<u>10,000</u>	<u>5,000</u>
	<u>6/30/16 and before</u>	<u>5,000</u>	<u>2,500</u>
NC	<u>10/1/17 and after</u>	<u>10,500</u>	<u>5,250</u>
	<u>4/1/16 to 9/30/17</u>	<u>10,000</u>	<u>5,000</u>
	<u>3/31/16 and before</u>	<u>8,000</u>	<u>4,000</u>
NE	<u>8/1/17 and after</u>	<u>6,000</u>	<u>3,000</u>
	<u>7/31/17 and before</u>	<u>6,000</u>	<u>3,000</u>
NH	<u>7/1/17 and after</u>	<u>11,500</u>	<u>5,750</u>
	<u>6/30/17 and before</u>	<u>11,000</u>	<u>5,500</u>
NM	<u>7/1/17 and after</u>	<u>9,000</u>	<u>4,500</u>
	<u>6/30/17 and before</u>	<u>9,000</u>	<u>4,500</u>
NV	<u>9/1/17 and after</u>	<u>6,000</u>	<u>3,000</u>
	<u>8/31/17 and before</u>	<u>6,000</u>	<u>3,000</u>
OK	<u>7/1/17 and after</u>	<u>10,500</u>	<u>5,250</u>
	<u>6/30/17 and before</u>	<u>10,000</u>	<u>5,000</u>
OR	<u>7/1/17 and after</u>	<u>5,000</u>	<u>2,500</u>
	<u>6/30/17 and before</u>	<u>5,000</u>	<u>2,500</u>
RI	<u>2/1/18 and after</u>	<u>10,500</u>	<u>5,250</u>
	<u>1/31/18 and before</u>	<u>10,000</u>	<u>5,000</u>
SC	<u>3/1/18 and after</u>	<u>9,000</u>	<u>4,500</u>
	<u>2/28/18 and before</u>	<u>9,000</u>	<u>4,500</u>

ITEM E-1404—ESTABLISHMENT OF A METHODOLOGY TO CALCULATE EXPERIENCE RATING PREMIUM ELIGIBILITY AMOUNTS

**EXHIBIT 1 (CONT'D)
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
RULE 2—EXPERIENCE RATING ELEMENTS AND FORMULA
A. PREMIUM ELIGIBILITY
(Cont'd)**

State	Rating Effective Date	Column A (\$)	Column B (\$)
<u>SD</u>	<u>1/1/18 and after</u>	<u>8,000</u>	<u>4,000</u>
	<u>12/31/17 and before</u>	<u>7,500</u>	<u>3,750</u>
<u>TN</u>	<u>9/1/17 and after</u>	<u>9,000</u>	<u>4,500</u>
	<u>8/31/17 and before</u>	<u>9,000</u>	<u>4,500</u>
<u>TX</u>¹	<u>1/1/18 and after</u>	<u>10,500</u>	<u>5,250</u>
	<u>12/31/17 and before</u>	<u>10,000</u>	<u>5,000</u>
<u>UT</u>	<u>6/1/18 and after</u>	<u>7,000</u>	<u>3,500</u>
	<u>5/31/18 and before</u>	<u>7,000</u>	<u>3,500</u>
<u>VA</u>	<u>10/1/17 and after</u>	<u>7,000</u>	<u>3,500</u>
	<u>9/30/17 and before</u>	<u>7,000</u>	<u>3,500</u>
<u>VT</u>	<u>10/1/17 and after</u>	<u>8,000</u>	<u>4,000</u>
	<u>9/30/17 and before</u>	<u>8,000</u>	<u>4,000</u>
<u>WV</u>	<u>5/1/18 and after</u>	<u>9,000</u>	<u>4,500</u>
	<u>7/1/08 to 4/30/18</u>	<u>9,000</u>	<u>4,500</u>

¹ Column A and B amounts are Total Manual Premium.

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Supporting Document Schedules

Bypassed - Item:	Exhibit A
Bypass Reason:	NA
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	Filing Memorandum (Rates)
Comments:	
Attachment(s):	TX Exhibit 2 InformationalExhibit 34.pdf
Item Status:	
Status Date:	

ITEM E-1404—ESTABLISHMENT OF A METHODOLOGY TO CALCULATE EXPERIENCE RATING PREMIUM ELIGIBILITY AMOUNTS

**EXHIBIT 2
CALCULATION OF TEXAS EXPERIENCE RATING ELIGIBILITY
TOTAL MANUAL PREMIUM AMOUNT**

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Year of Actual AWW per QCEW	Actual AWW Amount	Year-to-Year Change in Actual AWW Amount	Cumulative Indexed Amount*	Average Annual Total Manual Premium (Column B) After Indexing and Rounding	24-Month Total Manual Premium (Column A) After Indexing and Rounding	Effective Date of Total Manual Premium Eligibility Amounts For RED's on and After
2013	1,003		5,000	5,000	10,000	current
2014	1,043	1.0399	5,199	5,250	10,500	1/1/2018

Notes:

*Assumes starting point is average annual total manual premium of \$5,000 (for ratings currently in effect) as shown in NCCI's *Experience Rating Plan Manual*, Rule 2-A-2 State Table of Subject Premium Eligibility Amounts, Column B. The average annual total manual premium amount is not allowed to decrease. The 2014 AWW is the latest available as of the filing date of Item E-1404.

Calculations:

Column (3) = Column (2) Amount for 2014 Year/ Column (2) Amount for 2013 Year
 Column (4) = Column (4) Amount for 2013 Year * Column (3)
 Column (5) = Max{Column (4) for 2014 Year Rounded to Nearest \$250, Column (4) for 2013 Year}
 Column (6) = 2 x Column (5)