

TEXAS DEPARTMENT OF INSURANCE
EXEMPT FILING NOTIFICATION UNDER TEXAS INSURANCE CODE
CHAPTER 5, SUBCHAPTER L, ARTICLE 5.96
AND NOTICE OF HEARING

The staff of the Texas Department of Insurance filed Petition No. W-0514-03-I on May 30, 2014. The petition requests that the commissioner adopt the *National Council on Compensation Insurance Statistical Plan for Workers Compensation and Employers Liability Insurance (NCCI Stat Plan)* and the Texas exceptions. Adopting the *NCCI Stat Plan* with Texas exceptions will continue the process of Texas becoming an NCCI state for workers' compensation purposes; help align workers' compensation statistical data reporting requirements between Texas and other NCCI states; and replace the outdated *Texas Workers' Compensation Statistical Plan (Texas Stat Plan)* with a plan that provides more detailed information, particularly with regard to workers' compensation losses.

The *NCCI Stat Plan* requires reporting, changes to reporting, or more detailed reporting of certain information than the *Texas Stat Plan*. The differences in reporting requirements pertain to fraudulent claims, noncompensable claims, accidents with one claimant and reportable losses under both workers' compensation and employers' liability, deductible options and deductible credits, the number of subsequent reports that include a loss, Extraordinary Loss Events, updated tables to use in setting case reserves of incurred indemnity amounts for certain workers' compensation claims, an expanded list of fees and expenses included as part of the Allocated Loss Adjustment Expense and the Unallocated Loss Adjustment Expense, and identification of whether a claim was administered by a workers' compensation certified health care network.

Many carriers are already complying with the expanded reporting requirements, rather than submitting only the minimum information that the *Texas Stat Plan* requires. The carriers reporting in the expanded format in the *NCCI Stat Plan* would continue to report in that format after the commissioner adopts the *NCCI Stat Plan* with the Texas exceptions. The expanded list of fees and expenses in the Texas exceptions, and the requirement to identify whether a claim was administered by a workers' compensation certified health care network may require carriers to report additional data.

The 10 Texas carriers that are not currently using the expanded reporting format filed 28,245 unit reports in 2013, which is only about 12 percent of the total 241,441 Texas units filed in 2013. NCCI has already contacted those carriers to inform them of the proposed change. One of the 10 Texas carriers not currently using the expanded reporting format filed about 22,000

unit reports in 2013. That carrier already has the capability to report in the expanded format. Another of the 10 Texas carriers not currently using the expanded reporting format filed about 4,900 units in 2013. NCCI is currently assisting that carrier to report using the expanded format. The remaining eight carriers not currently reporting in the expanded format reported a combined total of about 1,600 units. Carriers have the option of entering the unit reports using NCCI's online system, which is available at no cost to the carrier. Carriers who choose to use this method avoid system changes and the associated costs.

NCCI is a licensed advisory organization in Texas, the largest provider of workers' compensation and employee injury data and workers' compensation statistics in the nation, and the statistical agent and administrator for certain workers' compensation functions in Texas. Carriers will benefit from having more uniform statistical data reporting requirements among states, including Texas. Carriers and policyholders will also benefit from NCCI's technical expertise, infrastructure, and support. All NCCI manuals are currently available electronically on the NCCI website to subscribers and affiliates of NCCI. The Texas exceptions to the *NCCI Stat Plan* will also be available through the same system. NCCI has the staffing and technical resources to create, maintain, and support links between the information in the NCCI manuals and the Texas exceptions, which makes NCCI's electronic manuals very easy to use.

Staff proposes that the commissioner adopt the *NCCI Stat Plan* with Texas exceptions for reporting statistical data for Texas workers' compensation policies with an effective date on or after 12:01 a.m. on January 1, 2015, and that any future revisions to the *NCCI Stat Plan* with Texas exceptions follow either the procedure under Insurance Code Article 5.96 or the procedure in Commissioner's Order No. 3142. Staff also requests that the *Texas Stat Plan* remain in effect for reporting statistical data for Texas workers' compensation policies with an effective date before 12:01 a.m. on January 1, 2015.

Insurance Code Article 5.96 and §§2053.101, 1805.054, 1805.055, and 36.001 authorize staff to file this petition and the commissioner to take the requested action.

You may review a copy of the petition on the TDI website at www.tdi.texas.gov/rules/2014/exrules.html, or you may review a copy of the petition and exhibits in the Office of the Chief Clerk of the Texas Department of Insurance, 333 Guadalupe Street, Austin, Texas 78701. For further information, please contact the Office of the Chief Clerk by email at ChiefClerk@tdi.texas.gov or by phone at 512-463-6327.

The commissioner has scheduled a hearing under Docket No. 2766 at 9 a.m., Central time, June 25, 2014, in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe Street, Austin, Texas, to take action on the staff's petition. To comment on the petition and exhibits, please submit two copies of your comments to TDI by July 14, 2014. 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, Team Lead, Workers' Compensation Classification and Premium Calculation, Texas Department of Insurance, Mail Code 105-2A, P.O. Box 149104, Austin, Texas 78714-9104. You may also present comments at the hearing.

TDI publishes this notification under 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 June 3, 2014.



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Texas Department of Insurance