

TEXAS DEPARTMENT OF INSURANCE
NOTIFICATION OF WORKERS' COMPENSATION FILING BY
THE NATIONAL COUNCIL ON COMPENSATION INSURANCE
ITEM 06-TX-2014

The National Council on Compensation Insurance (NCCI) filed *ITEM 06-TX-2014—REVISIONS TO EXPERIENCE RATING PLAN MANUAL FOR PROFESSIONAL EMPLOYER ORGANIZATIONS* (TDI ECase No. 7643) with the Texas Department of Insurance on December 16, 2014, under the workers' compensation manual rule filing procedure adopted in Commissioner's Order No. 3142, dated March 21, 2014. As proposed, *Item 06-TX-2014* would apply to policies with effective dates on or after 12:01 a.m., July 1, 2015.

This filing affects NCCI's *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance (NCCI ER Plan Manual)*.

Senate Bill 1286, 83rd Legislature, Regular Session (2013) revised Chapter 91 of the Texas Labor Code (Professional Employer Organizations). SB 1286 established new definitions, required a professional employer services agreement between a PEO and a client, and allowed the client to choose to maintain workers' compensation coverage for its covered employees or to cover them under the PEO's policy. The proposed rules in *Item 06-TX-2014* clarify the application of an experience rating modification in both of those situations: when the covered employees of a client are covered under a policy written in the name of the client, and when the covered employees of a client are covered under a policy written in the name of the PEO.

NCCI filed *Item 05-TX-2014—REVISIONS TO BASIC MANUAL RULES, FORMS, AND ENDORSEMENTS FOR PROFESSIONAL EMPLOYER ORGANIZATIONS* on December 10, 2014. The proposed rules in that filing state the requirements when the covered employees of a client are covered under a policy written in the name of the PEO, and the requirements when the covered employees of a client are covered under a policy written in the name of the client.

In *Item 06-TX-2014*, the proposed changes to the *NCCI ER Plan Manual* Rule 5-A state which experience rating modification applies

- when a PEO maintains coverage for the covered employees (PEO policy basis)
- upon termination of an agreement between the PEO and a client (PEO policy basis)

- when the client maintains the coverage for its covered employees and direct employees (client policy basis), and
- upon termination of an agreement between the PEO and a client (client policy basis).

TDI has prepared this description of the proposed amendments. You may review a copy of NCCI's filing in the Office of the Chief Clerk of the Texas Department of Insurance, 333 Guadalupe Street, Austin, Texas 78701.

The commissioner has scheduled a hearing under Docket No. 2772 at 1:30 p.m., Central time, on February 20, 2015, to consider adoption of *Item 05-TX-2014—REVISIONS TO BASIC MANUAL RULES, FORMS, AND ENDORSEMENTS FOR PROFESSIONAL EMPLOYER ORGANIZATIONS* (the notice of that filing is on the TDI website) and *Item 06-TX-2014—REVISIONS TO EXPERIENCE RATING PLAN MANUAL RULES FOR PROFESSIONAL EMPLOYER ORGANIZATIONS*. To comment on the filings, please submit two copies of your comments by 5 p.m., Central time, on March 4, 2015. Refer to TDI ECase No. 7643. Send one copy by mail to the Office of the Chief Clerk, Texas Department of Insurance, Mail Code 113-2A, P.O. Box 149104, Austin, Texas 78714-9104; or by email to chiefclerk@tdi.texas.gov. Send the other copy by mail to Nancy Moore, Team Lead, Workers' Compensation Classification and Premium Calculation, Mail Code 105-2A, P.O. Box 149104, Austin, Texas 78714-9104; or by email to nancy.moore@tdi.texas.gov. You may also present comments at the hearing.

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