

**Texas Department of Insurance**  
**Notice of Workers' Compensation Filing**  
**National Council on Compensation Insurance *Item R-1414***

**Description:**

- The National Council on Compensation Insurance (NCCI) filed *Item R-1414 - Revisions to Retrospective Rating Plan Manual Appendix B and All Related Rules and Endorsements*. This item:
  - Introduces a new methodology that improves the accuracy of the insurance charge component of the basic premium factor when there is an individual loss limitation as well as an aggregate loss limitation (i.e., a maximum and/or minimum limitation).
  - Replaces Appendix A - Table of Expected Loss Ranges in NCCI's *Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Retrospective Rating Plan Manual)* with new lookup tables.
  - Replaces Appendix B - Table of Insurance Charges in NCCI's *Retrospective Rating Plan Manual* with new values, an updated layout, and changes to calculations and lookups.
  - Updates several national and state-specific endorsements in NCCI's *Forms Manual of Workers Compensation and Employers Liability Insurance (Forms Manual)* to replace the term "insurance charge" with "net aggregate loss factor."
- The filing proposes that the changes in *Item R-1414* apply to new and renewal voluntary policies, effective on and after January 1, 2019.

**Request for Clarifications:**

- On July 25, 2017, TDI asked NCCI for clarification regarding "*ALFs on Demand*." In response, NCCI recommended that Texas, as well as other states that do not have the prerequisite information needed for *ALFs on Demand*, adopt only the proposed Table of Aggregate Loss Factors and associated lookup tables, contained in Appendices A and B. In states that already have the prerequisite information for *ALFs on Demand*, NCCI is proposing that states adopt both the Table of Aggregate Loss Factors and *ALFs on Demand*.

**Affected NCCI Manuals:**

- *Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance*

**Review and Comment:**

- 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; or on the TDI website at [www.tdi.texas.gov/rules/2017/nccimanual](http://www.tdi.texas.gov/rules/2017/nccimanual) during the comment period.
- To comment on the filing or to request a hearing, submit two copies of your comments or hearing request by 5 p.m., Central time, on September 22, 2017. Refer to TDI ECase No. 13865.
  - Send one copy to [ChiefClerk@tdi.texas.gov](mailto:ChiefClerk@tdi.texas.gov), or to the Office of the Chief Clerk, Mail Code 113-2A, Texas Department of Insurance, P.O. Box 149104, Austin, Texas 78714-9104.
  - Send the other copy to [CommercialPC@tdi.texas.gov](mailto:CommercialPC@tdi.texas.gov), or to Marianne Baker, Director, Property and Casualty Lines Office, Mail Code 104-PC, Texas Department of Insurance, P.O. Box 149104, Austin, Texas 78714-9104.

**Procedure:**

- NCCI filed *Item R-1414* (TDI ECase No. 13865; SERFF Tracking Nos. NCCI-131092614 and NCCI-131092672) with TDI on June 27, 2017, under the workers' compensation manual rule filing procedure adopted in Commissioner's Order No. 3142, dated March 21, 2014.

Issued in Austin, Texas on August 22, 2017.

  
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Norma Garcia, General Counsel  
Texas Department of Insurance