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TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: E-1411 NCCI's Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance
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This item filing introduces a new edition of NCCI's Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Experience Rating Plan Manual). Because this edition is a complete modernization of NCCI's Experience Rating Plan Manual, it is necessary to do a "complete manual" item filing to make regulatory review and approval, and subsequent customer use, easier in the future. We are:

- improving structure and format
- clarifying state exceptions, if applicable, and
- removing ambiguity, if needed.

This item filing does not make any substantive changes to any rules that would result in premium impact.

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- [Interline] State if this is an interline filing and list all lines of insurance the endorsement or rate/rules applies to.: N/A
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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	Transformed ERPM	Replacement	The previous filings were not made in Texas and generally the rules listed were adopted with the Manual adoption, which did not have a filing number	E-1411 Exhibit 1-TX Experience Rating Plan Manual.pdf
2		Exhibit 2	Basic Manual Disclaimer	Replacement	S692689	E-1411 Exhibit 2 TX BM Disclaimer.pdf
3		Exhibit 6	Statistical Plan Liability-Over Claims	New		E-1411 Exhibit 6 Part 4.pdf
4		Exhibit 7	Statistical Plan Type of Claim Code	Replacement	S636767	E-1411 Exhibit 7 Part 6.pdf
5		Exhibit 8	Statistical Plan, Preface Scope	Replacement	Approval of petition to adopt NCCI's Statistical Plan, effective 1/1/2015.	E-1411 Exhibit 8 TX.pdf



Experience Rating Plan Manual

FOR WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE

Texas

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Organization of the Experience Rating Plan Manual

Rule ID: ER-PREF-OA74A

Effective Date: July 1, 2025

NCCI's *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance* (*Experience Rating Plan Manual* or the Plan) contains the rules that govern the operation and administration of the Plan. Additionally, this manual provides the formula and the rating values underlying the experience rating modification calculation, including Expected Loss Rates (ELRs), discount ratios (D-Ratios), and weighting and ballast values.

Applicability of intrastate-rated and interstate-rated risks

This manual applies to intrastate-rated and interstate-rated risks unless a rule specifically indicates otherwise.

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Experience Rating Plan Manual applicability

Rule ID: ER-PREG-E0850

Effective Date: July 1, 2025

NCCI's *Experience Rating Plan Manual* applies to jurisdictions where NCCI is the rating organization. It also applies to some independent bureaus that issue their own intrastate experience rating modifications and participate in interstate experience rating.

Jurisdictions where this Plan applies

NCCI's *Experience Rating Plan Manual* applies to jurisdictions where NCCI is the rating organization. NCCI issues intrastate and interstate experience rating modifications. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "Yes".

Additionally, NCCI's *Experience Rating Plan Manual* applies to jurisdictions with independent bureaus that issue their own intrastate experience rating modifications and also participate in interstate experience rating. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "Yes 1".

Jurisdictions where this Plan does not apply

NCCI's *Experience Rating Plan Manual* does not apply to independent bureaus that have their own Experience Rating Plans. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "No".

Some independent bureaus where the Plan does not apply permit the combination with states listed in Jurisdictions where this Plan applies for interstate experience rating. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "No 1".

Jurisdictions where this Plan applies to employers liability only and on an advisory basis

NCCI's *Experience Rating Plan Manual* applies to monopolistic fund states on an advisory basis for employers liability insurance only. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "Monopolistic".

References

Refer to [Jurisdictions where the Experience Rating Plan Manual applies](#) for a complete list of states.

Jurisdictions where the Experience Rating Plan Manual applies

Rule ID: ER-PREP-JFA97

Effective Date: July 1, 2025

The Experience Rating Plan Manual applicability table shows the jurisdictions where NCCI's *Experience Rating Plan Manual* applies.

Experience Rating Plan Manual applicability table

Jurisdiction	Abbreviation	Jurisdiction Code	Applicability
Alabama	AL	01	Yes
Alaska	AK	54	Yes
Arizona	AZ	02	Yes

Jurisdiction	Abbreviation	Jurisdiction Code	Applicability
Arkansas	AR	03	Yes
California	CA	04	No
Colorado	CO	05	Yes
Connecticut	CT	06	Yes
Delaware	DE	07	No
District of Columbia	DC	08	Yes
Florida	FL	09	Yes
Georgia	GA	10	Yes
Hawaii	HI	52	Yes
Idaho	ID	11	Yes
Illinois	IL	12	Yes
Indiana	IN	13	Yes 1
Iowa	IA	14	Yes
Kansas	KS	15	Yes
Kentucky	KY	16	Yes
Louisiana	LA	17	Yes
Maine	ME	18	Yes
Maryland	MD	19	Yes
Massachusetts	MA	20	Yes 1
Michigan	MI	21	No
Minnesota	MN	22	No 1
Mississippi	MS	23	Yes
Missouri	MO	24	Yes
Montana	MT	25	Yes
Nebraska	NE	26	Yes
Nevada	NV	27	Yes
New Hampshire	NH	28	Yes
New Jersey	NJ	29	No
New Mexico	NM	30	Yes
New York	NY	31	No
North Carolina	NC	32	Yes 1
North Dakota	ND	33	Monopolistic
Ohio	OH	34	Monopolistic
Oklahoma	OK	35	Yes
Oregon	OR	36	Yes
Pennsylvania	PA	37	No
Rhode Island	RI	38	Yes
South Carolina	SC	39	Yes
South Dakota	SD	40	Yes
Tennessee	TN	41	Yes
Texas	TX	42	Yes
Utah	UT	43	Yes
Vermont	VT	44	Yes
Virginia	VA	45	Yes

Jurisdiction	Abbreviation	Jurisdiction Code	Applicability
Washington	WA	46	Monopolistic
West Virginia	WV	47	Yes
Wisconsin	WI	48	No 1
Wyoming	WY	49	Monopolistic

References

Refer to [Experience Rating Plan Manual applicability](#) for information on applicability designations.

Application of manual rules

Rule ID: ER-PREI-IA2CC

Effective Date: July 1, 2025

NCCI's *Experience Rating Plan Manual* (the Plan) applies on a mandatory basis for risks that meet the premium eligibility requirements.

Plan adherence

The Plan prohibits any action, in any form, to evade the application of an experience rating modification determined in accordance with this Plan. Insurance providers must not cancel, rewrite, or extend a policy to enable a risk to qualify for or avoid the application of this Plan.

Insurance provider references in the Plan

NCCI's *Experience Rating Plan Manual* uses the term "insurance provider." For purposes of this Plan only, the insurance provider may be the carrier, the self-insured group, a third-party data reporter, or a non-affiliate.

Self-insured group references in the Plan

NCCI's *Experience Rating Plan Manual* uses the term "self-insured group," which may also be referred to as

- self-insured employer group
- self-insurance pool
- self-insurance group
- self-insurance association
- group self-insurance
- group self-insurers
- group self-insurance association
- group self-insurance fund
- group self-insured pool
- group-funded self-insurance plan
- commercial self-insurance fund, or
- any other term used in state law that describes what could be considered a workers compensation self-insured group.

References

Refer to [Premium eligibility](#) for more information about premium eligibility requirements.

Impact of rules on the application of the Plan

Rule ID: ER-PREI-P8B35

Effective Date: July 1, 2025

The rating organization maintains the Plan and has specific rules that impact the treatment of policy periods, changes in rules and rating values, and the authority to examine and audit records.

Exception for policies issued with a liability transfer transaction (LTT)

This Plan does not apply to a risk's workers compensation policy issued in conjunction with an LTT, as defined in NCCI's *Basic Manual*, conducted pursuant to

- withdrawal of a certified self-insurer (CSI) from self-insurance under an adequate program as defined in Texas Labor Code Section §407.045(a-1), or
- termination of a self-insured group's (SIG) certificate of approval under Texas Labor Code Section §407A.101(b).

Treatment of policy periods

The rules of this Plan are based on policy periods not longer than one year. A policy issued for a period not longer than one year and 16 days is treated as a one-year policy.

For a policy issued for a period longer than one year and 16 days

- the policy period is divided into consecutive 12-month units
- the Policy Period Endorsement specifies either the first or last unit of less than 12 months as a short-term policy, and
- all manual rules and procedures apply to each unit as if the insurance provider issued a separate policy for each unit.

Changes in rules and rating values

The effective date of a change in any rule or rating value is 12:01 a.m. on the date approved for use. Unless otherwise specified, each change applies only from the rating effective date, which occurs on or after the effective date of the change.

Examination and audit of records

NCCI's Workers Compensation and Employers Liability Insurance policy (policy) provides the rating organization with the authority to examine and audit all records that relate to the policy. The attachment of endorsements found in NCCI's **Forms Manual** may affect the application of this Plan's rules.

References

Refer to

- [Rating effective date \(RED\) of an experience rating modification](#) for more information about rating effective dates, and
- NCCI's **Forms Manual** for more information
- [Non-affiliate carrier data and non-affiliate self-insured data](#) for more information about LTT losses, and
- NCCI's **Basic Manual** rule, Introduction - Application of manual rules, Item 13, for more information.

Administration of the Plan

Rule ID: ER-PRET-AD2E8

Effective Date: July 1, 2025

The rating organization determines the applicability of all Plan rules. The appropriate rating organization calculates, issues, and if necessary, revises the experience rating modification. Unless otherwise provided by this Plan, the rating organization limits experience rating modification issuance and revision to the current and two preceding experience rating modifications.

Access to the Experience Rating Worksheet

The rating organization notifies and instructs any qualifying risk on how to obtain a copy of its **Experience Rating Worksheet**. The rating organization also provides access to the **Experience Rating Worksheet** to

- the carrier of record
- the producer of record, and
- additional parties if the risk authorizes that access in writing.

Application of the experience rating modification

The insurance provider or insurance providers apply the calculated experience rating modification in accordance with this Plan, other applicable rules, statutes, and regulations.

Appeals regarding the Plan

The applicable administrative appeals process may resolve appeals related to the application of the rules of this Plan.

References

Refer to

- NCCI's **Basic Manual** for more information about NCCI's dispute resolution process, and
- [Experience Rating Plan Manual applicability](#) for more information about the appropriate rating organization.

Experience rating

Rule ID: ER-ERPS-EA14B

Effective Date: July 1, 2025

Experience rating recognizes the differences among individual risks with respect to safety and loss prevention by comparing the experience of individual risks with that of the average employer in the same classification. The experience rating modification reflects the difference between the individual risk and the average employer.

References

Refer to NCCI's *Experience Rating Plan Manual User's Guide* for more information.

Purpose of an experience rating modification

Rule ID: ER-ERPM-P9DDB

Effective Date: July 1, 2025

The purpose of an experience rating modification is to modify the risk's premium based on the risk's past experience. The rating organization calculates the experience rating modification using the risk's payroll and loss records. The insurance provider applies the experience rating modification that results in an increase, decrease, or no change to the risk's premium.

Elements of the Experience Rating Plan

Rule ID: ER-RPDS-EA209

Effective Date: July 1, 2025

Elements of the Experience Rating Plan provides terms and information applicable to experience rating modifications.

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Types of entities

Rule ID: ER-RPDE-EAA56

Effective Date: July 1, 2025

An entity can be (a) an individual, (b) a partnership, (c) a limited partnership, (d) a limited liability company, (e) a joint venture, (f) a corporation, (g) an association, or (h) a fiduciary such as a trustee, receiver, or executor.

Uses of the term "risk"

Rule ID: ER-RPDR-RCD6E

Effective Date: July 1, 2025

A risk is any entity eligible for combination under this Plan, regardless of whether the risk's insurance is provided by (a) one or more policies, or (b) one or more insurance providers.

Types of risk

A risk may be

- a single entity, or
- two or more entities that qualify for a combination of experience rating under this Plan.

References

Refer to [Combination of entities](#) for information about the two or more entities that qualify for combination.

Uses of total manual premium

Rule ID: ER-RPDY-U90C3

Effective Date: July 1, 2025

For experience rating purposes, the rating organization uses the total manual premium that an individual risk develops during its experience period to determine whether the risk is eligible for experience rating. The insurance provider reports the total manual premium to the rating organization in accordance with NCCI's *Statistical Plan*.

References

Refer to

- NCCI's **Statistical Plan** for information about reporting total manual premium, and
- [Premium eligibility](#) for information about risk eligibility.

Uses of subject premium

Rule ID: ER-RPDJ-SC9B4

Effective Date: July 1, 2025

For experience rating purposes, the insurance provider applies the experience rating modification to the subject premium that an individual risk develops during its experience period. Subject premium is composed of the premium subject to experience rating that the insurance provider reports to the rating organization in accordance with NCCI's **Statistical Plan**.

References

Refer to NCCI's **Statistical Plan** for information about reporting subject premium.

Rule for applying the experience rating modification to subject premium

Rule ID: ER-RPDJ-R221A

Effective Date: July 1, 2025

Multiply the subject premium by the experience rating modification. The subject premium is the premium developed for an individual risk during the policy period to which the experience rating modification applies.

Experience used in calculating experience rating modifications

Rule ID: ER-RPDX-EAD81

Effective Date: July 1, 2025

Experience used in calculating a risk's experience rating modification is composed of the payroll and losses that the insurance provider reports in accordance with NCCI's **Statistical Plan**. For the purposes of this Plan, payroll and losses may be referred to as data. The rating organization uses a risk's experience in the experience period to calculate an experience rating modification.

References

Refer to

- [Experience used in a rating](#) for information about experience used in an experience rating modification, and
- NCCI's **Statistical Plan** for information about reporting payroll and losses.

Payroll used in experience rating

Rule ID: ER-RPDP-PA966

Effective Date: July 1, 2025

Payroll used in experience rating is composed of payroll or other exposures for each classification in the experience period. The insurance provider reports the payroll or other exposures in accordance with NCCI's **Statistical Plan**.

References

Refer to NCCI's **Statistical Plan** for information about reporting payroll and other exposures.

Losses used in experience rating

Rule ID: ER-RPDL-LFC53

Effective Date: July 1, 2025

Losses used in experience rating are composed of the incurred medical losses and incurred indemnity losses for each classification in the experience period. The insurance provider reports the incurred medical losses and incurred indemnity losses in accordance with NCCI's **Statistical Plan**.

References

Refer to

- NCCI's **Statistical Plan** for information about reporting incurred medical and incurred indemnity losses
- [Losses excluded from experience rating](#) for losses excluded from experience rating modification calculations, and
- [Limitation of losses employed in experience rating](#) for information on loss amounts limited in the experience rating modification calculations.

Application of a unity (1.00) factor

Rule ID: ER-RPDU-UA238

Effective Date: July 1, 2025

A unity (1.00) factor may apply to a risk under certain circumstances. The application of a unity (1.00) factor does not yield an increase or decrease in a risk's premium.

Reasons for applying a unity (1.00) factor to a risk

Reasons for applying a unity (1.00) factor to a risk include but are not limited to

- the risk not qualifying for experience rating
- the risk not meeting the minimum data requirements
- the risk being a new business with no data available for the production of an experience rating modification
- the risk qualifying for experience rating with a calculation resulting in a 1.00 experience rating modification, or
- the insurance provider being unable to provide the data as a result of changes in ownership.

References

Refer to

- [Premium eligibility](#) for information about premium eligibility requirements
- [Contingent modifications](#) for information about the minimum data requirements, and
- [Treatment of experience](#) for information about the results of changes in ownership.

Statistical Plan references

Rule ID: ER-RPDT-SA093

Effective Date: July 1, 2025

NCCI's **Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Plan)** is the approved statistical plan that details the unit statistical data reporting rules and requirements for an individual risk's experience. In states where independent bureaus permit combination for interstate rating, the approved statistical plan in those states applies to those independent bureaus.

References

Refer to

- NCCI's **Statistical Plan** for data reporting rules and requirements
- [Experience Rating Plan Manual applicability](#) for more information, and
- [Jurisdictions where the Experience Rating Plan Manual applies](#) for more information.

Elements of the Experience Rating Worksheet

Rule ID: ER-RWDS-EA34F

Effective Date: July 1, 2025

Elements of the Experience Rating Worksheet describes the different factors used in the calculation of the experience rating modification.

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Application of an Expected Loss Rate (ELR)

Rule ID: ER-RWDI-AF321

Effective Date: July 1, 2025

The ELR is a factor that the rating organization applies to each \$100 of payroll for a classification. The ELR determines the amount of expected losses for a classification in a particular state.

References

Refer to the Rating Values, Table of Expected Loss Rates and Discount Ratios for the list of ELRs.

Calculation of expected losses

Rule ID: ER-RWDM-EA34B

Effective Date: July 1, 2025

Within the experience rating modification calculation, the expected losses represent the benchmark level of losses expected for all risks in a state within a particular classification. The experience rating calculation compares an individual risk's actual losses against the expected losses benchmark.

Formula for expected losses

Using this formula, the rating organization calculates the expected losses for each classification and rounds the result to the nearest whole number:

$(\text{Payroll} / 100) \times \text{ELR} = \text{Expected Losses}$

Application of a discount ratio (D-Ratio)

Rule ID: ER-RWDC-A90CD

Effective Date: July 1, 2025

The D-Ratio is a factor that the rating organization applies to the expected losses for each classification. The D-Ratio determines the portion of a risk's expected losses that the rating organization expects to be primary losses.

References

Refer to the Rating Values, Table of Expected Loss Rates and Discount Ratios for the list of D-Ratios.

Calculation of expected primary losses

Rule ID: ER-RWDB-EA509

Effective Date: July 1, 2025

Within the experience rating modification calculation, the expected primary losses represent the benchmark level of primary losses for all employers in a state within a particular classification. The experience rating calculation compares an individual risk's actual primary losses against the expected primary losses benchmark.

Formula for expected primary losses

Using this formula, the rating organization calculates the expected primary losses for each classification and rounds the result to the nearest whole number:

Discount Ratio × Expected Losses = Expected Primary Losses

Calculation of expected excess losses

Rule ID: ER-RWDL-EB7A3

Effective Date: July 1, 2025

Within the experience rating modification calculation, the expected excess losses represent the benchmark level of losses in total for the portion of all claims in excess of the applicable state primary/excess loss split point value. The experience rating calculation compares an individual risk's actual excess losses against the expected excess losses benchmark.

Formula for expected excess losses

Using this formula, the rating organization calculates the expected excess losses:

Total Expected Losses – Total Expected Primary Losses = Expected Excess Losses

References

Refer to

- the Rating Values, Table of Weighting Values footnotes for the applicable state primary/excess loss split point value
- [Calculation of expected losses](#) for more information, and
- [Calculation of expected primary losses](#) for more information.

Applicability of actual incurred losses

Rule ID: ER-RWDU-AA879

Effective Date: July 1, 2025

For purposes of experience rating, the insurance provider reports actual incurred losses in accordance with NCCI's *Statistical Plan*.

Actual incurred losses for medical-only claims

For each medical-only claim, the rating organization reduces the actual primary losses and actual excess losses by 70%.

References

Refer to NCCI's *Statistical Plan* for information about reporting actual incurred losses.

Application of a split point

Rule ID: ER-RWDN-OEAE6

Effective Date: July 1, 2025

The split point is the dollar level at which the rating organization divides each actual incurred loss into two portions.

Portions of claims

The two portions of each actual incurred loss are the primary portion and the excess portion.

- **Primary**—The portion of each actual incurred loss that is up to the split point in the experience rating modification calculation
- **Excess**—The portion of each actual incurred loss that is above the split point in the experience rating modification calculation

Calculation of actual primary losses

Rule ID: ER-RWDA-AA8AD

Effective Date: July 1, 2025

Within the experience rating modification calculation, the actual primary losses are the portion of the actual incurred losses at full value that the rating organization uses. The rating organization considers the amount up to the applicable state primary/excess loss split point value as the primary portion of each actual incurred loss.

Actual primary losses for medical-only claims

For each medical-only claim, the rating organization reduces the actual primary losses amount by 70%.

References

Refer to the Rating Values, Table of Weighting Values footnotes for the applicable state primary/excess loss split point value.

Calculation of actual excess losses

Rule ID: ER-RWDO-AD6AD

Effective Date: July 1, 2025

Within the experience rating modification calculation, the actual excess losses are the excess portion of a loss that reflects claim severity. The rating organization gives partial weight to the actual excess losses based on the size of the risk. In general, as the risk's size increases, so does the amount of the actual excess losses used in the experience rating modification calculation.

Formula for actual excess losses

Using this formula, the rating organization calculates the actual excess losses:

Total Actual Incurred Losses – Total Actual Primary Losses = Actual Excess Losses

Actual excess losses for medical-only claims

For each medical-only claim, the rating organization reduces the actual excess losses amount by 70%. In cases where a medical-only claim exceeds the applicable state primary/excess loss split point value, the claim is separated into the primary loss and excess loss portions and then those portions are reduced by 70%.

Application of a weighting value

Rule ID: ER-RWDZ-UE207

Effective Date: July 1, 2025

The weighting value is a factor that the rating organization applies to a risk's actual excess losses and the expected excess losses. The rating organization rounds the result to the nearest whole number. The rating organization uses each state's weighting value to determine how much of the actual excess losses and expected excess losses are used in the experience rating modification calculation.

State weighting values

The rating organization bases a state's weighting value on the risk's total expected losses rounded to the nearest whole number.

References

Refer to the Rating Values, Table of Weighting Values for more information.

Calculating the interstate-rated risk's average weighting value

Rule ID: ER-RWDZ-CAE0C

Effective Date: July 1, 2025

The rating organization calculates an average weighting value for an interstate-rated risk.

1. The rating organization
 - a) multiplies each state's weighting value by the state's expected losses (Step A)
 - b) adds the products for all states calculated in Step A (Step B)
 - c) divides the sum from Step B by the risk's total expected losses (Step C), and
 - d) rounds the result of Step C to two decimal places (Step D).

Application of a ballast value

Rule ID: ER-RWDQ-A4D34

Effective Date: July 1, 2025

The ballast value is a stabilizing element designed to limit the effect of actual losses on the experience rating modification.

Addition of ballast value to losses

The rating organization adds each state's ballast value to the actual primary losses and expected primary losses. Each state's ballast value is based on the total expected losses of the risk. The ballast value increases as expected losses increase.

References

Refer to the Rating Values, Table of Ballast Values for more information.

Calculating the interstate-rated risk's average ballast value

Rule ID: ER-RWDQ-C54C8

Effective Date: July 1, 2025

The rating organization calculates an average ballast value for an interstate-rated risk.

1. The rating organization
 - a) multiplies each state's ballast value by the state's expected losses (Step A)
 - b) adds the products for all states calculated in Step A (Step B)
 - c) divides the sum from Step B by the risk's total expected losses (Step C), and
 - d) rounds the result of Step C to the nearest whole number (Step D).

Calculation of a stabilizing value

Rule ID: ER-RWDD-SBF84

Effective Date: July 1, 2025

The stabilizing value limits the potential for significant variances in the experience rating modification from one year to the next. The rating organization includes the stabilizing value in the actual and expected portions of the experience rating modification formula.

Impact of stabilizing value

The most significant impact of a stabilizing value is on smaller risks, which have a greater likelihood of severe swings in experience rating modifications.

Formula for stabilizing values

Using this formula, the rating organization calculates the stabilizing value and rounds the result to the nearest whole number:

Expected Excess Losses \times (1 – Weighting Value) + Ballast Value = Stabilizing Value

Calculation of expected ratable excess losses

Rule ID: ER-RWDW-EA396

Effective Date: July 1, 2025

Within the experience rating modification calculation, the expected ratable excess losses represent the benchmark level of ratable excess losses for all similarly classified risks. The rating organization compares an individual risk's actual ratable excess losses against the expected ratable excess losses benchmark.

Formula for expected ratable excess losses

Using this formula, the rating organization calculates the expected ratable excess losses and rounds the result to the nearest whole number:

Weighting Value \times Expected Excess Losses = Expected Ratable Excess Losses

Calculation of actual ratable excess losses

Rule ID: ER-RWDT-AA37B

Effective Date: July 1, 2025

Within the experience rating modification calculation, the actual ratable excess losses are the total amount of the actual excess losses that the rating organization uses.

Actual incurred loss exceeding the applicable state primary/excess loss split point value

For each actual incurred loss exceeding the applicable state primary/excess loss split point value, the rating organization uses only a portion of the loss amount above the applicable state primary/excess loss split point value.

Formula for actual ratable excess losses

Using this formula, the rating organization calculates the actual ratable excess losses and rounds the result to the nearest whole number:

Weighting Value × Actual Excess Losses = Actual Ratable Excess Losses

References

Refer to the Rating Values, Table of Weighting Values footnotes for the applicable state primary/excess loss split point value.

Rating effective date (RED) of an experience rating modification

Rule ID: ER-REDS-RA102

Effective Date: July 1, 2025

The rating organization publishes the RED that appears on a risk's *Experience Rating Worksheet*. The RED is the earliest date that the insurance provider applies a specific experience rating modification to a policy.

References

Refer to [Time period that an experience rating modification applies](#) for information about the application of experience rating modifications.

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Determination of a risk's rating effective date (RED)

Rule ID: ER-REDD-DC00A

Effective Date: July 1, 2025

The rating organization establishes a risk's RED. The rating organization reviews the risk's most recent full-term policies and unit statistical data in conjunction with the RED determination table to determine the RED.

RED determination table

If the risk is a ...	Then the RED is the effective month and day of the most recent full-term policy in effect ...
<ul style="list-style-type: none"> single policy intrastate-rated or interstate-rated risk, or multiple policy intrastate-rated or interstate-rated risk with all policies having the same effective date 	and each policy thereafter unless there is a change to the policy effective date in accordance with the rule, Reasons why a risk's rating effective date (RED) and policy effective date may differ .
multiple policy intrastate-rated risk with policies having different effective dates	with the largest amount of estimated standard premium.
multiple policy interstate-rated risk with policies having different effective dates	for the state with the largest amount of estimated standard premium.

Note A full-term policy is written for 12 months and does not cancel before the policy expiration date.

References

Refer to

- NCCI's *Experience Rating Plan Manual User's Guide* for examples of how to determine a risk's RED, and
- [Reasons why a risk's rating effective date \(RED\) and policy effective date may differ](#) for more information.

Reasons why a risk's rating effective date (RED) and policy effective date may differ

Rule ID: ER-REDL-R20D1

Effective Date: July 1, 2025

The RED may differ from a risk's policy effective date for several reasons.

Reasons why the RED and risk's policy effective date may differ

The RED and the risk's policy effective date may differ due to but not limited to

- a policy that is longer than one year and 16 days
- cancellations
- changes in ownership or combinability status
- gaps in coverage
- interstate operations
- late receipt of current policy information by the rating organization
- multiple policy effective dates, or
- short-term policies.

Policies not used to determine the rating effective date (RED)

Rule ID: ER-REDU-P8F73

Effective Date: July 1, 2025

The rating organization does not use wrap-up policies to determine the RED.

References

Refer to [Construction and contracting risks](#) for information about wrap-up policies.

Experience used in a rating

Rule ID: ER-EXPS-RA398

Effective Date: July 1, 2025

Experience rating uses payroll and losses developed within the experience period.

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Experience period

Rule ID: ER-EXPP-EAC75

Effective Date: July 1, 2025

Experience rating uses past payroll and losses to predict future losses. The experience period represents the total amount of payroll and losses used in an experience rating modification calculation.

Data included in an experience rating modification calculation

The calculation of a risk's experience rating modification must include all eligible payroll and losses developed during the experience period.

References

Refer to NCCI's *Experience Rating Plan Manual User's Guide* for policy effective date ranges that are contained in a rating effective date.

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Experience period limited to 45 months of data	20
Unit reports included in an experience rating modification calculation	21

Determination of an experience period

Rule ID: ER-EXPP-D33D2

Effective Date: July 1, 2025

A risk's rating effective date (RED) determines its experience period. The rating organization includes payroll and losses developed within the experience period for each of a risk's policies if the risk's policy effective date is (a) not less than 21 months before the RED, and (b) not more than 57 months before the RED.

Experience period limited to 45 months of data

Rule ID: ER-EXPP-E4AE4

Effective Date: July 1, 2025

A risk's experience period cannot contain more than 45 months of data.

Determination of the 45-month experience period

The 45-month limitation is the maximum period between the

- expiration date of the most recent policy, and
- effective date of the oldest policy.

Experience period with 12 continuous months of data

While the experience period cannot exceed 45 months of data, the rating organization can produce an experience rating modification with 12 continuous months of data.

Exclusion of the oldest policy when inclusion would result in more than 45 months of experience

The rating organization does not use the risk's oldest policy if

- the most recent and oldest policies are within the risk's experience period, and
- the inclusion of both the most recent and oldest policies exceeds 45 months of data.

Factors that can affect the amount of data included in a risk's experience period

Factors can affect the amount of data included in a risk's experience period, including but not limited to

- cancellations
- changes in ownership or combinability status
- gaps in coverage
- interstate operations
- multiple policy effective dates
- policies longer than one year and 16 days
- rating effective date (RED) changes
- short-term policies, and
- wrap-up policies.

Unit reports included in an experience rating modification calculation

Rule ID: ER-EXPP-RB250

Effective Date: July 1, 2025

Based on the risk's rating effective date (RED), the rating organization uses the risk's most current data from its 1st, 2nd, and 3rd Unit Reports and corrections to those reports to calculate experience rating modifications.

Usage of unit reports in more than three experience rating modifications

Based on the risk's RED, the rating organization can use the data from the 1st, 2nd, and 3rd Unit Reports for an individual policy in more than three experience rating modifications. However, the individual policy must be eligible for inclusion according to the rules, (a) Determination of an experience period, and (b) Experience period limited to 45 months of data.

References

Refer to

- [Determination of an experience period](#)
- [Experience period limited to 45 months of data](#) for more information, and
- NCCI's **Statistical Plan** for information about valuation dates.

Discontinuation of operations

Rule ID: ER-EXPT-D16B3

Effective Date: July 1, 2025

An entity may discontinue part or all of its operations.

Discontinuation of part of an entity's operations

If an entity discontinues part of its operations, then the future experience rating modifications include the applicable experience that the entity developed

- before the discontinuation, and
- for the remaining operations.

Discontinuation of all of an entity's operations

If an entity discontinues all of its operations and reestablishes them later, then the future experience rating modifications include all the applicable experience that the entity developed before the discontinuation.

Premium eligibility

Rule ID: ER-ELIG-PC6F9

Effective Date: July 1, 2025

This rule provides information regarding the premium eligibility requirements for a risk to qualify for experience rating based on the risk's total manual premium.

References

Refer to

- [Uses of total manual premium](#) for the definition of total manual premium and for information about a risk's eligibility under the Plan based on the amount of total manual premium
- [Risk qualifications for experience rating](#) for more information, and
- [Total manual premium eligibility amounts](#) to determine premium eligibility for a specific risk.

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Total manual premium eligibility amounts	23
Calculation of average annual total manual premium	23
Premium elements not subject to experience rating	23
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Risk qualifications for experience rating

Rule ID: ER-ELIR-ECAA6

Effective Date: July 1, 2025

A risk qualifies for an experience rating modification when the risk's total manual premium, developed in the risk's experience period, meets or exceeds either (a) the qualification amount using total manual premium from the most recent 24 months of the experience period, or (b) the qualification amount using the average annual total manual premium if the risk has more than 24 months of experience.

Qualification amount when a risk uses the total manual premium from the most recent 24 months

A risk qualifies for an experience rating modification when the risk's total manual premium from the most recent 24 months of the experience period is at least the corresponding amount provided in the rule, Total manual premium eligibility amounts.

Qualification amount when a risk qualifies using the average annual total manual premium

A risk qualifies for an experience rating modification using its average annual total manual premium when the risk meets all of these conditions:

- It has not already qualified using its most recent 24 months of the experience period.
- It has more than 24 months of experience developed in the experience period.
- It has an average annual total manual premium that is at least the corresponding amount provided in the rule, Total manual premium eligibility amounts.

References

Refer to

- [Experience used in a rating](#) to determine a risk's experience period
- [Calculation of average annual total manual premium](#) to determine the average annual total manual premium, and
- [Total manual premium eligibility amounts](#) for the minimum total manual premium amounts.

Total manual premium eligibility amounts

Rule ID: ER-ELIT-SEE7E

Effective Date: July 1, 2025

A risk's rating effective date determines the applicable minimum total manual premium eligibility amount to qualify for experience rating based on (a) total manual premium from the most recent 24 months of the experience period, or (b) average annual total manual premium if more than 24 months of experience in the experience period.

- **Minimum total manual premium eligibility amount based on the total manual premium from the most recent 24 months of the experience period (\$)—10,000**
- **Minimum total manual premium eligibility amount based on average annual total manual premium (\$)—5,000**

References

Refer to

- [Experience used in a rating](#) to determine a risk's experience period, and
- [Calculation of average annual total manual premium](#) for information about calculating a risk's average annual total manual premium.

Calculation of average annual total manual premium

Rule ID: ER-ELIC-CD2D0

Effective Date: July 1, 2025

The risk's average annual total manual premium is compared to the "Minimum total manual premium eligibility amount based on the total manual premium from the most recent 24 months of the experience period (\$)" for premium eligibility requirements.

Formula for the average annual total manual premium

Using this formula, the rating organization calculates the risk's average annual total manual premium. The total months of experience include partial months in the calculation.

$$\frac{\text{Total Manual Premium}}{\text{Total Months of Experience in Experience Period (excluding gaps in coverage)}} \times 12 = \text{Average Annual Total Manual Premium}$$

References

Refer to [Total manual premium eligibility amounts](#) for the state's average annual total manual premium.

Premium elements not subject to experience rating

Rule ID: ER-ELIA-PA9D9

Effective Date: July 1, 2025

NCCI's **Statistical Plan** requires some premium elements to be reported as not subject to experience rating. Insurance providers can charge premium for these elements under the policy.

Impact of premium elements not subject to experience rating

Insurance providers cannot apply an experience rating modification to premium elements not subject to experience rating.

Usage of premium elements not subject to experience rating

Premium elements not subject to experience rating are not used to determine premium eligibility for experience rating, and these premium elements are not used in the calculation of an experience rating modification, unless the Plan or NCCI's **Basic Manual** states otherwise.

References

Refer to NCCI's **Statistical Plan** for reporting premium elements not subject to experience rating.

Intrastate experience rating

Rule ID: ER-ELIQ-I34B9

Effective Date: July 1, 2025

A risk qualifies for experience rating on an intrastate (single-state) basis when it meets the premium eligibility requirements for the state in which it operates.

Qualifications for total manual premium used for intrastate-rated risks

Qualifying total manual premium for an experience rating modification is based on payroll or other exposures in the experience period reported in accordance with NCCI's **Statistical Plan**.

Application of an intrastate experience rating modification to the risk's operations

If an intrastate-rated risk expands operations into one or more additional states, its experience rating modification applies to the additional state's or states' operations beginning on the date of expansion. The intrastate experience rating modification applies until the rating organization calculates an interstate experience rating modification for the risk. The calculation of future modifications includes experience for these operations.

References

Refer to

- [Total manual premium eligibility amounts](#) for the minimum total manual premium amounts
- NCCI's *Experience Rating Plan Manual User's Guide* for examples of various experience periods, and
- NCCI's *Statistical Plan* for reporting payroll or other exposures subject to experience rating modifications.

Interstate experience rating

Rule ID: ER-ELIS-IA9FD

Effective Date: July 1, 2025

A risk qualifies for experience rating on an interstate (multistate) basis when it (a) meets the premium eligibility requirement for intrastate experience rating in one state, and (b) develops experience during the experience period in one or more additional states where this Plan permits combination for interstate experience rating.

Experience in additional states

The experience developed in each additional state does not have to meet the premium eligibility requirement for intrastate experience rating.

Application of an interstate experience rating modification to the risk's operations

The interstate experience rating modification applies to all the risk's operations, even if the insurance provider or insurance providers write the coverage under separate policies. If a risk expands operations into one or more additional states, its experience rating modification applies to the additional state's or states' operations beginning on the date of expansion. The calculation of future experience rating modifications includes experience for these operations.

Intrastate-rated risks in a participating independent bureau

When a risk is intrastate-rated in an independent bureau that participates in interstate experience rating, all Plan rules for interstate experience rating apply.

References

Refer to

- [Organization of the Experience Rating Plan Manual](#) for more information about the applicability of interstate-rated risks, and
- NCCI's *Experience Rating Plan Manual User's Guide* for examples of interstate experience rating eligibility.

Experience rating modification formula

Rule ID: ER-FORM-EAB03

Effective Date: July 1, 2025

The rating organization uses the experience rating modification formula to determine the experience rating modification for all risks eligible for experience rating based on the premium eligibility requirements. It includes the data of all states eligible for combination in experience rating in a risk's experience period to calculate an experience rating modification.

Calculation of the experience rating modification

The rating organization calculates the experience rating modification using this formula and rounds the result to two decimal places.

Total A ÷ Total B = Experience Rating Modification

Primary Losses	Stabilizing Value		Ratable Excess	Totals
Actual Primary Losses	(1 minus Weighting Value) x Expected Excess Losses	+ Ballast Value	+ Weighting Value x Actual Excess Losses	= Total A
Expected Primary Losses	(1 minus Weighting Value) x Expected Excess Losses	+ Ballast Value	+ Weighting Value x Expected Excess Losses	= Total B

References

Refer to

- [Organization of the Experience Rating Plan Manual](#) for more information about the applicability of interstate-rated risks
- [Premium eligibility](#) for information about premium eligibility requirements, and
- [NCCI's Experience Rating Plan Manual User's Guide](#) for an example of the calculation of an experience rating modification.

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Values used in the experience rating modification formula

Rule ID: ER-FORX-EFC2C

Effective Date: July 1, 2025

The experience rating modification formula for calculating a risk's experience rating modification uses the (a) actual primary losses, (b) expected primary losses, (c) weighting value, (d) expected excess losses, (e) ballast value, and (f) actual excess losses.

References

Refer to [Elements of the Experience Rating Worksheet](#) for more information about the elements used in the experience rating modification formula.

Maximum debit modification

Rule ID: ER-FORD-MF36B

Effective Date: July 1, 2025

The experience rating modifications determined by the formula in this Plan are subject to a cap if the debit modification exceeds a specific amount.

Maximum debit modification variables

The maximum debit modification equation uses two variables.

- **E**—The risk's total expected losses
- **G**—The state's average cost per claim for losses used in the experience rating modification calculation, divided by 1,000

For interstate-rated risks, the rating organization uses the G for the state with the largest amount of expected losses in the maximum debit modification calculation.

Formula for the maximum debit modification

The rating organization calculates the risk-specific maximum debit modification using this formula:

$$1.10 + (0.0004 \times E \div G) = \text{Maximum Debit Modification}$$

References

Refer to

- [Experience rating modification formula](#) for more information about the calculation of the experience rating modification
- the Rating Values, Table of Weighting Values footnotes for the value of G, and
- NCCI's *Experience Rating Plan Manual User's Guide* for an example.

Special loss conditions

Rule ID: ER-SPEC-SAF0B

Effective Date: July 1, 2025

There are specific loss conditions that may be limited or not subject to experience rating.

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Limitation of losses employed in experience rating

Rule ID: ER-SPEL-LAA5B

Effective Date: July 1, 2025

The limitation of losses that affect the experience rating calculation is a way to prevent a single claim large loss or a multiple claim loss from having a disproportionate impact on a risk's experience rating modification. This is done by capping the amount of loss that is included in the calculation of the experience rating modification.

The rating organization limits loss amounts in the experience rating modification calculation on a single claim and multiple claim basis. The claim limitations are found in the Table of Weighting Values footnotes.

References

Refer to the Rating Values, Table of Weighting Values footnotes for the claim limitation amounts.

Loss limitations

Rule ID: ER-SPEL-CF68B

Effective Date: July 1, 2025

The rating organization limits losses depending on the (a) amount of the loss, (b) number of claims involved in an accident, and (c) type of loss. The conditions of those accidents can include (a) the number of people involved in the accident, (b) the amount of losses experienced, and (c) the amount of liability per claim.

Types of loss limitation

Each type of loss limitation has a different loss limitation amount. These types include

- medical-only loss
- individual loss limitation
- accidents involving multiple loss limitations
- employers liability-only loss
- United States Longshore and Harbor Workers' (USL&HW) Compensation Act loss limitation
- disease loss limitation, and
- liability-over claim loss.

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Individual loss limitation	28
Accidents involving multiple loss limitations	28
Employers liability-only loss limitation	28
United States Longshore and Harbor Workers' (USL&HW) Compensation Act loss limitation	29
Disease loss limitation	29
Liability-over claim loss limitation	30

Medical-only loss limitation

Rule ID: ER-SPEL-M4BD1

Effective Date: July 1, 2025

For a loss that is medical-only, the actual incurred loss, actual primary loss, and actual excess loss amounts are reduced by 70%. In cases where a medical-only claim exceeds the applicable state primary/excess loss split point value, the claim is separated into the primary loss and excess loss portions, and then those portions are reduced by 70%.

References

Refer to NCCI's *Statistical Plan* for information about reporting medical-only losses.

Individual loss limitation

Rule ID: ER-SPEL-SA1E9

Effective Date: July 1, 2025

For an accident involving only one person, the loss is subject to the state's per claim accident limitation. The actual primary loss is subject to the applicable state primary/excess loss split point value, even if the loss does not exceed the per claim accident limitation.

References

Refer to the Rating Values, Table of Weighting Values footnotes for the applicable

- state per claim accident limitation, and
- state primary/excess loss split point value.

Accidents involving multiple loss limitations

Rule ID: ER-SPEL-MAEEA

Effective Date: July 1, 2025

An accident involving two or more people is subject to the state's loss limitations. Additional limitations to total losses and primary losses may also apply. The rating organization (a) limits total losses resulting from a single accident involving two or more people to the multiple claim accident limitation, and (b) limits actual primary losses to two times the applicable state primary/excess loss split point value.

If none of the individual losses or the total of the individual losses exceeds established loss limitations, the rating organization (a) includes the individual losses at their full value, and (b) the actual primary losses are limited to two times the applicable state primary/excess loss split point value.

References

Refer to

- NCCI's *Statistical Plan* for more information about reporting multiple claim losses, and
- the Rating Values, Table of Weighting Values footnotes for the applicable
 - state per claim accident limitation
 - state multiple claim accident limitation, and
 - state primary/excess loss split point value.

Employers liability-only loss limitation

Rule ID: ER-SPEL-L00DF

Effective Date: July 1, 2025

For an employers liability-only loss, the loss is subject to the employers liability accident limitation. The actual primary loss is subject to the maximum primary value of the applicable state primary/excess loss split point value, even if the loss does not exceed the employers liability accident limitation.

References

Refer to

- NCCI's *Statistical Plan* for information about reporting employers liability-only losses, and
- the Rating Values, Table of Weighting Values footnotes for the applicable
 - employers liability accident limitation, and
 - state primary/excess loss split point value.

United States Longshore and Harbor Workers' (USL&HW) Compensation Act loss limitation

Rule ID: ER-SPEL-UDD19

Effective Date: July 1, 2025

For a USL&HW Act loss, the loss is subject to the USL&HW per claim accident limitation. The actual primary loss is subject to the maximum primary value of the applicable state primary/excess loss split point value, even if the loss does not exceed the USL&HW per claim accident limitation.

For an accident involving two or more people, the rating organization (a) limits total losses resulting from a single accident involving two or more people to the USL&HW multiple claim limitation, and (b) limits actual primary losses to two times the applicable state primary/excess loss split point value.

References

Refer to

- NCCI's *Statistical Plan* for reporting requirements, and
- the Rating Values, Table of Weighting Values footnotes for the applicable
 - USL&HW per claim accident limitation
 - USL&HW multiple claim accident limitation, and
 - primary/excess loss split point value.

Disease loss limitation

Rule ID: ER-SPEL-DBA84

Effective Date: July 1, 2025

Disease losses are subject to per claim and multiple claim limitations. A limitation on total disease losses may also apply to an individual policy. This is in addition to the claim limitations already applied to individual disease losses under this Plan.

References

Refer to

- [Individual loss limitation](#) for information about single claim limitations, and
- [Accidents involving multiple loss limitations](#) for information about multiple claim limitations.

Application of the disease loss policy limitation

Rule ID: ER-SPEL-A21A6

Effective Date: July 1, 2025

The rating organization limits a risk's individual policy total limited and nonlimited actual incurred disease losses for each policy year to triple the applicable state per claim accident limitation shown in the Table of Weighting Values footnotes, plus 120% of the risk's total expected losses for the experience period. The rating organization limits the actual primary loss for disease losses to twice the applicable state primary/excess loss split point value plus 40% of the risk's total expected primary losses for the experience period, rounded to the nearest whole number.

If a risk does not have an experience period of 36 months, which is the typical experience period, the disease loss limits apply based upon the experience contained within the experience period.

To determine ...	Combine the disease losses of all policies within the experience period having an effective date ...
the most recent policy year	within 24 months prior to the rating effective date.
the middle policy year	more than 24 months but not exceeding 36 months prior to the rating effective date.
the oldest policy year	more than 36 months prior to the rating effective date.

Application of disease primary loss limitation

A policy's total disease losses may not meet the risk's individual disease loss limitation amount but exceed the disease loss primary loss limitation. In such circumstances, the disease primary loss limitation applies.

References

Refer to

- the Rating Values, Table of Weighting Values footnotes for the applicable state primary/excess loss split point value
- [Individual loss limitation](#) for more information about limitations for single claims
- [Experience period](#) for more information, and
- NCCI's *Experience Rating Plan Manual User's Guide* for examples.

Liability-over claim loss limitation

Rule ID: ER-SPEL-EABEC

Effective Date: July 1, 2025

When a risk's incurred losses include liability-over claims, the inclusion of such losses in the experience rating modification calculation differs, in accordance with NCCI's *Statistical Plan*, based on whether (a) payment is made to a third party, or (b) no payment is made to a third party. The claim is limited to the employers liability loss limitation.

References

Refer to

- the Rating Values, Table of Weighting Values footnotes for the employers liability accident limitation, and
- NCCI's *Statistical Plan* for information about
 - reporting liability-over claim loss limitations
 - claim adjustment expenses, and
 - allocated claim adjustment expenses.

Losses excluded from experience rating

Rule ID: ER-SPEX-LCOEC

Effective Date: July 1, 2025

With the limited exceptions outlined in these rules, the rating organization does not exclude a loss from the experience of a risk regardless of whether the risk was responsible for the accident that caused such losses.

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Exclusion for noncompensable claims	30
Exclusion of fraudulent claims	31
Exclusion of coal mine disease (black lung) claims	31

Exclusion of Catastrophe Number 12 COVID-19 claims

Rule ID: ER-SPEX-E72CB

Effective Date: July 1, 2025

For experience rating modification calculations, the rating organization excludes claims reported with Catastrophe Number 12 in accordance with NCCI's *Statistical Plan*. Catastrophe Number 12 claims include claims attributable to the COVID-19 (coronavirus) pandemic with accident dates of December 1, 2019, through June 30, 2023.

References

Refer to NCCI's *Statistical Plan* for more information about reporting COVID-19 claims.

Exclusion for noncompensable claims

Rule ID: ER-SPEX-EB1A1

Effective Date: July 1, 2025

For experience rating modification calculations, the rating organization excludes claims reported as noncompensable in accordance with NCCI's *Statistical Plan*.

References

Refer to NCCI's *Statistical Plan* for more information about reporting noncompensable claims.

Exclusion of fraudulent claims

Rule ID: ER-SPEX-E7290

Effective Date: July 1, 2025

For experience rating modification calculations, the rating organization excludes claims reported as fraudulent in accordance with NCCI's *Statistical Plan*.

References

Refer to NCCI's *Statistical Plan* for more information about reporting fraudulent claims.

Exclusion of coal mine disease (black lung) claims

Rule ID: ER-SPEX-E0A1D

Effective Date: July 1, 2025

For experience rating modification calculations, the rating organization excludes claims reported as coal mine disease (black lung) in accordance with NCCI's *Statistical Plan*.

References

Refer to NCCI's *Statistical Plan* for more information about reporting coal mine disease (black lung) claims.

Application and types of experience rating modifications

Rule ID: ER-APPL-AAEE6

Effective Date: July 1, 2025

The rating organization determines whether risks are eligible for experience rating and calculates experience rating modifications for eligible risks on an annual basis. The three types of experience rating modifications are preliminary, final, and contingent modifications.

Application of experience rating modifications

Experience rating modifications are generally effective for 12 months. However, in accordance with this Plan, certain circumstances can result in a reduced or extended application of an experience rating modification.

Specifications for the application of experience rating modifications

Only one experience rating modification applies to a risk at any time. The experience rating modification applies to all operations of the risk, except for professional employer organizations. The insurance provider applies experience rating modifications to the premium that develops using its rates in force on the effective date of the experience rating modification.

References

Refer to

- [Special rating conditions](#) for rules regarding the application of experience rating modifications for professional employer organizations
- [Experience rating modification application for single policy risks](#) for more information, and
- [Experience rating modification application for multiple policy risks](#) for more information about circumstances that can result in a reduced or extended application of an experience rating modification.

Topic	See Page
Types of experience rating modifications	32
Time period that an experience rating modification applies	34

Types of experience rating modifications

Rule ID: ER-APPT-TA7C3

Effective Date: July 1, 2025

The three types of experience rating modifications are preliminary, final, and contingent modifications.

Topic	See Page
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Final modifications	32
Contingent modifications	33

Preliminary modifications

Rule ID: ER-APPT-PA598

Effective Date: July 1, 2025

A preliminary modification is a type of experience rating modification that uses existing rating values that are expected to change pending regulatory action on a rate filing. The insurance provider must apply the preliminary modification until the rating organization calculates the final modification.

Final modifications

Rule ID: ER-APPT-FA7C9

Effective Date: July 1, 2025

When the regulatory authority approves a rate filing in a state, (a) the rating organization recalculates the experience rating modification using the new rating values, and (b) the experience rating modification becomes final. The rating organization can also release an experience rating modification for the first time as a final modification when there are no pending rate filings at the time of release. For an interstate experience rating modification to be revised from a preliminary modification to a final modification, all states must have (a) new ratings at the time of release, and (b) no pending rate filings at the time of release.

Contingent modifications

Rule ID: ER-APPT-CD851

Effective Date: July 1, 2025

A contingent modification is a type of experience rating modification that is missing some data that is expected to be submitted by the insurance provider, but meets the minimum data requirement displayed in the Minimum data requirements table. Contingent modifications for interstate-rated risks must reach the minimum data requirements for each state meeting the intrastate premium eligibility levels.

Application of a contingent modification

A contingent modification applies until the rating organization issues another experience rating modification with the same rating effective date to replace the contingent modification.

Intrastate-rated and interstate-rated risks without the minimum amount of required data

If an intrastate-rated or interstate-rated risk does not reach the minimum amount of data required, the rating organization does not issue an experience rating modification. In these cases, the insurance provider applies a unity (1.00) factor.

References

Refer to

- [Application of decreases in the experience rating modification due to any reason other than a correction in classification](#) when the contingent modification is replaced with a lower experience rating modification
- [Application of increases in the experience rating modification due to the 60-day rule](#) when the contingent modification is replaced with a higher experience rating modification, and
- [Minimum data requirements within the experience period](#) for the Minimum data requirements table.

Topic	See Page
Minimum data requirements within the experience period	33
Experience rating modifications not issued as contingent modifications	34
Experience rating modification revisions upon receipt of missing data	34

Minimum data requirements within the experience period

Rule ID: ER-APPT-MAC68

Effective Date: July 1, 2025

The Minimum data requirements table provides the minimum number of months of required data from 1st Unit Reports for all experience periods possible under this Plan.

Minimum data requirements table

Experience period	Minimum number of months of data from 1st Unit Reports
12–24 months	12 months
25 months	13 months
26 months	14 months
27 months	15 months
28 months	16 months
29 months	17 months
30 months	18 months
31 months	19 months
32 months	20 months
33 months	21 months
34 months	22 months
35 months	23 months
36 months	24 months
37 months	25 months

Experience period	Minimum number of months of data from 1st Unit Reports
38 months	26 months
39 months	27 months
40 months	28 months
41 months	29 months
42 months	30 months
43 months	31 months
44 months	32 months
45 months	33 months

References

Refer to [Experience period](#) for more information on experience periods.

Experience rating modifications not issued as contingent modifications

Rule ID: ER-APPT-EA78F

Effective Date: July 1, 2025

The rating organization issues experience rating modifications and does not label them as contingent modifications when it determines that (a) the risk has had a lapse in coverage, (b) a non-affiliate carrier provided coverage for the risk, or (c) the insurance provider is insolvent and not expected to report unit statistical data.

Experience rating modification revisions upon receipt of missing data

Rule ID: ER-APPT-SADD2

Effective Date: July 1, 2025

When insurance providers submit missing data in accordance with NCCI's *Statistical Plan*, the rating organization revises the current experience rating modification and, if applicable, up to two preceding experience rating modifications.

Time period that an experience rating modification applies

Rule ID: ER-APPA-AB538

Effective Date: July 1, 2025

The rating effective date determines the application of an experience rating modification.

Time period that an experience rating modification applies

An experience rating modification applies for

- no less than three months, and
- no more than 15 months.

Exception to the time period that an experience rating modification applies

An experience rating modification applies for no less than three months, except for those impacted by changes in ownership and combinability status according to the rule, Changes in ownership.

References

Refer to

- [Changes in ownership](#) for more information
- [Special rating conditions](#) for rules regarding the application of experience rating modifications for professional employer organizations, and
- [Rating effective date \(RED\) of an experience rating modification](#) for RED determination information.

Topic	See Page
Experience rating modification application for single policy risks	35
Experience rating modification application for multiple policy risks	35

Experience rating modification application for single policy risks

Rule ID: ER-APPA-FA43E

Effective Date: July 1, 2025

An experience rating modification applies for the full term of the policy if the policy begins on the rating effective date (RED) or within three months after the RED.

Policies that begin more than three months after the RED

When policies begin more than three months after the RED, changes can apply to the experience rating modification and the RED:

- The current experience rating modification applies to the new policy until the date the experience rating modification expires.
- A renewal experience rating modification applies to the new policy until the date the policy expires.
- A new RED can be established, usually for the date 12 months after the effective date of the new policy.

References

Refer to [Rating effective date \(RED\) of an experience rating modification](#) for RED determination information.

Experience rating modification application for multiple policy risks

Rule ID: ER-APPA-FCF43

Effective Date: July 1, 2025

If a risk is covered by two or more policies with different effective dates, changes can apply to the experience rating modification.

For multiple policy risks with different effective dates, this procedure applies:

- The rating organization issues an experience rating modification to be effective for 12 months. The experience rating modification applies to the portion of each policy within that 12-month period, regardless of the policy's effective and expiration dates.
- A renewal experience rating modification applies to each policy within the 12-month period regardless of the policy's effective and expiration dates.
- The rating organization reviews the effective dates of the multiple policies and can authorize the application of an experience rating modification for a period of other than 12 months.

References

Refer to

- [Rating effective date \(RED\) of an experience rating modification](#) for RED determination information, and
- [Premium eligibility](#) for more information.

Revision of experience rating modifications

Rule ID: ER-REVI-RF26D

Effective Date: July 1, 2025

This rule provides information regarding the revision of experience rating modifications due to corrections in payroll or losses.

Topic	See Page
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Revision of losses	36
Corrections in classifications	37
Changes in experience rating modifications	37

Revision of payroll

Rule ID: ER-REVP-RDAD0

Effective Date: July 1, 2025

The insurance provider may discover during the audit period, within three years of the policy expiration date, that it must revise the previously reported payroll and submit correction reports. The rating organization revises the current and up to two preceding experience rating modifications when it receives correction reports in accordance with NCCI's **Statistical Plan**.

Revision of losses

Rule ID: ER-REVL-RA9D8

Effective Date: July 1, 2025

The insurance provider may submit correction reports to the 1st, 2nd, and 3rd Unit Reports in accordance with NCCI's **Statistical Plan**. With limited exceptions outlined in these rules, the rating organization may make revisions beyond the current and two preceding experience rating modifications. The rating organization uses the correction reports for the report levels that fit into the experience period of the experience rating modification.

Automatic recalculation of experience rating modifications

The rating organization automatically recalculates the current and up to two preceding experience rating modifications when it receives correction reports in accordance with NCCI's **Statistical Plan**.

References

Refer to

- [Experience period](#) for information on experience included in an experience rating modification
- [Special fund reimbursements](#) for additional information
- [Subrogation recoveries](#) for additional information
- [Losses excluded from experience rating](#) for more information on types of losses not used in experience rating modification calculations, and
- NCCI's **Statistical Plan** for information about the submission of correction reports.

Topic	See Page
Special fund reimbursements	36
Subrogation recoveries	37

Special fund reimbursements

Rule ID: ER-REVL-SADC3

Effective Date: July 1, 2025

If the insurance provider knows of an anticipated reimbursement or receives a paid reimbursement from a special fund, the current experience rating modification is the experience rating modification in effect on the date when the insurance provider determines the revised loss value.

Revisions beyond the current and two preceding experience rating modifications for special fund reimbursements

Revisions of experience rating modifications beyond the current and two preceding experience rating modifications are limited to the risk's fifth most recent rating effective date. The insurance provider must submit a request to the rating organization and provide the date of the revised loss value. The insurance provider must also submit correction reports in accordance with NCCI's *Statistical Plan*.

References

Refer to NCCI's *Statistical Plan* for information about special fund reimbursement reporting.

Subrogation recoveries

Rule ID: ER-REVL-SAEAA

Effective Date: July 1, 2025

If the insurance provider obtains a subrogation recovery in an action against a third party, the current experience rating modification is the experience rating modification in effect on the date when the insurance provider determines the revised loss value. If the insurance provider obtains a subrogation recovery in an action against a third party, the insurance provider must submit correction reports in accordance with NCCI's *Statistical Plan*.

Revisions beyond the current and two preceding experience rating modifications for subrogation recoveries

Revisions of experience rating modifications beyond the current and two preceding experience rating modifications are limited to the risk's fifth most recent rating effective date. The insurance provider must submit a request to the rating organization and provide the date of the revised loss value. The insurance provider must also submit correction reports in accordance with NCCI's *Statistical Plan*.

References

Refer to NCCI's *Statistical Plan* for information about subrogation recovery reporting.

Corrections in classifications

Rule ID: ER-REVC-CAED7

Effective Date: July 1, 2025

When an insurance provider corrects a risk's classification in accordance with NCCI's *Basic Manual*, the rating organization may recalculate the experience rating modification. The rating organization uses the rating values that correspond to the rates charged on a policy.

Recalculation of an experience rating modification

When a correction in classification requires the recalculation of an experience rating modification, the rating organization acts to ensure the proper calculation and application of the experience rating modification. This includes but is not limited to

- reassigning past payroll to the appropriate classification code and rating values
- requesting additional information, if necessary, due to the complexity of certain corrections
- reviewing the information submitted regarding each change and determining the impact, if any, on the experience rating modifications of the entities involved, and
- using correction reports submitted in accordance with NCCI's *Statistical Plan*.

Reasons not to recalculate an experience rating modification due to a change in classification

The rating organization does not revise an experience rating modification if the change in classification is a result of

- a change in risk operations, or
- a filed and approved change to the classification system.

References

Refer to

- NCCI's *Basic Manual* for more information regarding classification changes, corrections, or reallocation of payroll, and
- NCCI's *Statistical Plan* for reporting correction reports.

Changes in experience rating modifications

Rule ID: ER-REVM-CA3C0

Effective Date: July 1, 2025

Experience rating modifications may change for reasons detailed in this Plan. The insurance provider applies changes in experience rating modifications to subject premium developed for the applicable policy term or terms.

Topic	See Page
Decreases in the experience rating modification	38
Application of decreases in the experience rating modification due to any reason other than a correction in classification	38
Rule for decreases in the experience rating modification due to a change in ownership or combinability status	38
Increases in the experience rating modification	38
Application of increases in the experience rating modification due to the 60-day rule	39
Exceptions to application of increases in the experience rating modification due to the 60-day rule	39
Rule for increases in the experience rating modification due to a change in ownership or combinability status	39

Decreases in the experience rating modification

Rule ID: ER-REVX-D21AA

Effective Date: July 1, 2025

The insurance provider applies decreases in experience rating modifications depending on the reason for the decrease.

Application of decreases in the experience rating modification due to any reason other than a correction in classification

Rule ID: ER-REVX-ADE15

Effective Date: July 1, 2025

Decreases in the experience rating modification may occur for any reason other than a correction in classification.

When these decreases occur during the policy period, or after the policy expiration date but within the revision period, apply the decrease

- retroactively to the inception of the policy, or
- as of the rating effective date if the rating effective date is later than the policy effective date.

This rule does not apply to decreases due to a change in ownership or combinability status.

References

Refer to

- [Corrections in classifications](#) for all changes due to a correction in classification
- [Recalculation and application of experience rating modifications](#) for changes in ownership or combinability status, and
- [Rule for decreases in the experience rating modification due to a change in ownership or combinability status](#) for more information.

Rule for decreases in the experience rating modification due to a change in ownership or combinability status

Rule ID: ER-REVX-RB17B

Effective Date: July 1, 2025

Apply decreases in the experience rating modification due to a change in ownership or combinability status retroactively to the date of the change.

These changes may occur (a) during the policy period, or (b) after policy expiration but within the revision period.

References

Refer to [Recalculation and application of experience rating modifications](#) for changes in ownership or combinability status.

Increases in the experience rating modification

Rule ID: ER-REVX-I2442

Effective Date: July 1, 2025

The insurance provider applies increases in experience rating modifications depending on the reason for the increase.

Application of increases in the experience rating modification due to the 60-day rule

Rule ID: ER-REVV-A77CC

Effective Date: July 1, 2025

The insurance provider applies increases in the experience rating modification when they are due to (a) a revision of payroll or losses, (b) a change in status from preliminary modification to final modification, (c) a change in status of a contingent modification, or (d) any reason not listed in the rules, Exceptions to application of increases in the experience rating modification due to the 60-day rule and Rule for increases in the experience rating modification due to a change in ownership or combinability status. The insurance provider applies an increase in the experience rating modification based on the Increases in the experience rating modification due to the 60-day rule table.

Increases in the experience rating modification due to the 60-day rule table

For a change that occurs ...	Apply the change ...
within 60 days after the policy effective date	<ul style="list-style-type: none"> retroactively to the inception of the policy, or as of the rating effective date if the rating effective date is after the policy effective date.
more than 60 days after the policy effective date	pro rata from the date the insurance provider endorses the policy.

References

Refer to

- [Exceptions to application of increases in the experience rating modification due to the 60-day rule](#) for more information, and
- [Rule for increases in the experience rating modification due to a change in ownership or combinability status](#) for more information.

Exceptions to application of increases in the experience rating modification due to the 60-day rule

Rule ID: ER-REVV-EC0A6

Effective Date: July 1, 2025

Other reasons to apply increases in the experience rating modification are

- an Appeals Board or other appropriate administrative process or judicial decision
- late issuance of an experience rating modification due to a risk that has failed to cooperate with audits or other actions attributable to the risk or representatives of the risk, including but not limited to experience rating modification avoidance, and
- retroactive reclassification of a risk.

Application of the increase

When the increase occurs during the policy period or after the policy expiration date, the insurance provider applies the increase

- retroactively to the inception of the policy, or
- as of the rating effective date if the rating effective date is later than the policy effective date.

References

Refer to

- [Application of increases in the experience rating modification due to the 60-day rule](#) for more information, and
- [Rule for increases in the experience rating modification due to a change in ownership or combinability status](#) for more information.

Rule for increases in the experience rating modification due to a change in ownership or combinability status

Rule ID: ER-REVV-R8D53

Effective Date: July 1, 2025

Apply increases in the experience rating modification due to a change in ownership or combinability status retroactively to the date of the change. These changes may occur (a) during the policy period, or (b) after policy expiration but within the revision period.

References

Refer to [Recalculation and application of experience rating modifications](#) for changes in ownership or combinability status.

Changes in ownership and combination of entities

Rule ID: ER-OWNR-OAD3D

Effective Date: July 1, 2025

Changes in ownership and combination of entities describes (a) how the owners of the company alter the ownership structure, and (b) how the rating organization combines multiple entities for experience rating purposes.

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Ownership determination for risks that qualify for an experience rating modification	40
Researching and decisions for changes in ownership and combination of entities	41
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Notifications related to ownership changes

Rule ID: ER-OWNK-R6205

Effective Date: July 1, 2025

The insurance provider requires the employer to report changes in ownership or combinability status, or the combination of the two, within 90 days of the date of change as outlined in the 90-Day Reporting Requirement—Notification of Change in Ownership Endorsement. The employer must submit its request (a) using the Experience Rating Ownership Submission tool, (b) by completing a Request for Ownership Information—ERM-14 Form, or (c) by providing the information in narrative form signed by an officer using the employer's letterhead.

Applicability of the requirement for the employer

The requirement for an employer to report changes in ownership or combinability status applies regardless of whether an experience rating modification is currently applicable.

Failure to report changes in ownership

The failure to report changes in ownership according to the 90-Day Reporting Requirement—Notification of Change in Ownership Endorsement may be considered experience rating modification evasion.

References

Refer to

- the Experience Rating Ownership Submission tool to submit a request for ownership information electronically
- the [Request for Ownership Information—ERM-14 Form](#) for more information, and
- [Evasion of experience rating modification](#) for information about experience rating modification evasion.

Ownership determination for risks that qualify for an experience rating modification

Rule ID: ER-OWNQ-O4D50

Effective Date: July 1, 2025

The rating organization issues an ownership determination for risks that qualify for an experience rating modification. For risks that do not qualify for an experience rating modification, the rating organization retains submitted information for future reference should a risk qualify for an experience rating modification at a later date.

Researching and decisions for changes in ownership and combination of entities

Rule ID: ER-OWNY-RA8A9

Effective Date: July 1, 2025

The rating organization interacts with the employer, insurance providers, or agents of the employer to determine the impact, if any, of a change in ownership, or a change in combinability, or both.

1. The employer, insurance providers, or agents of the employer submit the ownership or combinability status information to the rating organization.
2. The rating organization
 - a) reviews the information from the employer, insurance providers, or agents of the employer regarding each change
 - b) decides whether there is an impact to one or more experience rating modifications of the entities involved, and
 - c) for complex situations or to detect possible experience rating modification evasion, may request additional information from the employer, or verify the information provided by researching public or other available records.

References

Refer to [Evasion of experience rating modification](#) for information about experience rating modification evasion.

Changes in ownership

Rule ID: ER-OWNO-OAFE8

Effective Date: July 1, 2025

Changes in ownership interest can affect the use of an entity's experience in future experience rating modifications. Based on the rules of this Plan, when a change occurs, the rating organization determines whether to exclude or retain an entity's experience.

Improperly affected experience rating modification

If the rating organization determines that the ownership transaction improperly affected the experience rating modification, the rating organization takes the necessary action to ensure the proper calculation and application of all current and preceding experience rating modifications.

References

Refer to

- NCCI's *Experience Rating Plan Manual User's Guide*
- [Notifications related to ownership changes](#) for information about changes in ownership and combination of entities requirements, and
- [Evasion of experience rating modification](#) for information about responses to ownership transactions that improperly affect the experience rating modification.

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Texas Department of Insurance requirement for the rating organization

Rule ID: ER-OWNO-T94A8

Effective Date: July 1, 2025

The rating organization takes necessary action if the Texas Department of Insurance requires the revision of an experience rating modification on proof (a) of a change in management, or (b) change in operations are clearly probable to reduce the loss experience of the risk.

Types of changes in ownership

Rule ID: ER-OWNO-TAFF0

Effective Date: July 1, 2025

Changes in ownership may include any transactions that involve (a) a sale, (b) a transfer, (c) a merger of entities, (d) the formation of a new entity, or (e) the establishment of an irrevocable trust or receiver.

Transactions that are considered a change in ownership

A change in ownership can include

- a merger or consolidation of two or more entities
- an irrevocable trust or receiver, established either voluntarily or by court mandate
- the sale, transfer, or conveyance of
 - all or a portion of an entity's ownership interest, or
 - an entity's physical assets to another entity that takes over its operations
- the formation of a new entity that acts as, or in effect is, a successor to another entity that
 - has dissolved
 - is nonoperative, or
 - may continue to operate in a limited capacity.

Transactions that are not considered a change in ownership

A change in ownership does not include

- entities entering or leaving professional employer services agreements
- the creation or dissolution of joint ventures
- wrap-up projects
- the establishment of or change in a revocable trust
- the establishment of "debtor in possession" status
- probate proceedings until a disposition of the estate is complete, or
- entities entering or leaving affiliation, franchise, or management agreements.

References

Refer to

- [Professional employer services agreements \(Agreements\)](#) for more information
- [Projects as a joint venture](#) for experience rating modification qualifications, and
- [Experience rating modifications for wrap-up construction projects](#) for more information.

Impact of changes in ownership

Rule ID: ER-OWNO-IA5AA

Effective Date: July 1, 2025

Changes in ownership may impact a risk's experience rating modification.

Examples of the impact of changes in ownership

Changes in ownership may impact the

- experience rating modification or modifications
- combinability status with other entities
- rating effective date, and
- premium eligibility status, where an entity may or may not qualify to be experience rated.

References

Refer to

- [Premium eligibility](#) for information about premium eligibility status, and
- NCCI's *Experience Rating Plan Manual User's Guide* for examples of how changes in ownership affect the combinability of entities.

Combination of entities

Rule ID: ER-OWNC-CD038

Effective Date: July 1, 2025

When entities share common majority ownership, the rating organization combines them to calculate a single experience rating modification.

References

Refer to NCCI's *Experience Rating Plan Manual User's Guide* for examples.

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Combination of two or more entities

Rule ID: ER-OWNC-C607D

Effective Date: July 1, 2025

The combination of two or more entities requires common majority ownership.

Requirement for the combination of entities for common majority ownership

The rating organization combines two or more entities when

- the same person, group of persons, or corporation owns more than 50% of each entity, or
- an entity owns a majority interest in another entity, which in turn owns a majority interest in another entity.

All entities are combinable for experience rating modification purposes regardless of the number of entities involved.

References

Refer to NCCI's *Experience Rating Plan Manual User's Guide* for examples of the combination of two or more entities.

Determination of majority ownership interest

Rule ID: ER-OWNC-D7BC1

Effective Date: July 1, 2025

There are several criteria applicable to determine majority ownership interest.

Criteria for the majority ownership interest

The rating organization uses these criteria to determine majority ownership interest:

1. The majority of issued voting stock
2. The majority of the owners, partners, or members if no voting stock is issued
3. The majority of the board of directors or comparable governing body if no voting stock is issued or no majority of owners, partners, or members exist
4. The participation of each general partner in the profits of a partnership. The rating organization does not consider limited partners in determining the majority of interest
5. The ownership interest is held by an entity as a fiduciary, where the entity's total ownership interest also includes any ownership held in a nonfiduciary capacity
6. The participation of each partner, other than a limited partner, in the profits of a partnership
7. The ownership is held in the name of a spouse of an eligible and existing marriage

Exclusions for a fiduciary

A fiduciary does not include

- a debtor in possession
- a trustee under a revocable trust, or
- a franchisor.

Ownership of a community property

Ownership held in the name of a spouse of an existing marriage without designation that such ownership or part thereof is separate property will be presumed to be community property of both spouses.

The rating organization treats the ownership of a community property as though each spouse holds an equal interest shown on the books and records of the insurable entities, even though such books and records show the name of only one spouse.

References

Refer to NCCI's *Experience Rating Plan Manual User's Guide* for examples of majority of ownership interest.

Determination of multiple combinations of entities

Rule ID: ER-OWNC-DC7A7

Effective Date: July 1, 2025

More than one combination of entities may be possible within a group of entities. The rating organization bases the selection of combinations on the one that involves the most entities.

Combination of entities based on estimated standard premium

If more than one combination of entities does not result in a single group with a majority of entities, the rating organization bases the combination on the group with the largest amount of estimated standard premium.

Estimated standard premium

Estimated standard premium is based on the policies in effect at the time of the combination.

Experience of an entity

The rating organization may use the experience of any entity in only one combination.

References

Refer to NCCI's *Experience Rating Plan Manual User's Guide* for examples of multiple combinations.

Treatment of experience

Rule ID: ER-OWNI-T5055

Effective Date: July 1, 2025

Changes in ownership or changes in combinability status, or both may result in revisions of experience rating modifications.

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Transfer of experience when an entity disposes of part of its operations and the insurance provider provides the data	45
Transfer of experience when an entity disposes of part of its operations and the insurance provider cannot provide the data	46

Transfer of experience due to changes in ownership

Rule ID: ER-OWNI-TB903

Effective Date: July 1, 2025

Changes in ownership or combinability status may result in revisions of experience rating modifications. The rating organization may issue, retract, or revise the current and up to two preceding experience rating modifications due to changes in ownership or combinability status. For purposes of this rule, the current experience rating modification is the experience rating modification in effect on the date that the rating organization receives notification of the change.

Request for separate data

The rating organization requests separate data from the insurance provider when appropriate. In certain cases, the rating organization may require documentation to validate the accuracy of the submitted data.

References

Refer to NCCI's *Experience Rating (ER) Split Data Reporting Guide* for the data reporting requirements.

Experience retention or transfer

Rule ID: ER-OWNI-EDA5B

Effective Date: July 1, 2025

Any entity which has undergone a change in ownership retains or transfers the entity's experience to the experience rating modification or modifications of the acquiring, surviving, or new entity unless specifically excluded by this Plan.

Transfer of experience when an entity disposes of all of its operations

Rule ID: ER-OWNI-E9D53

Effective Date: July 1, 2025

A single or multiple entity risk's experience, also known as the seller's experience, transfers to a buyer when the seller disposes of all of its operations to the buyer.

Transfer of experience when an entity disposes of all of its operations table

For a seller that disposes of all of its operations, where the buyer ...	the seller's experience ...
does not have any prior or current policies or experience	transfers to the buyer for its future experience rating modification, subject to premium eligibility qualifications.
<ul style="list-style-type: none"> has prior experience for which an experience rating modification has already been issued, or has prior experience but did not qualify for experience rating 	<ul style="list-style-type: none"> transfers to the buyer for its future experience rating modification, and is combined with the buyer's existing experience, subject to premium eligibility qualifications.

References

Refer to [Premium eligibility](#) for more information.

Transfer of experience when an entity disposes of part of its operations and the insurance provider provides the data

Rule ID: ER-OWNI-SD9E6

Effective Date: July 1, 2025

A single or multiple entity risk's experience, also known as the seller's experience, transfers to a buyer when (a) the buyer purchases partial business operations, (b) the seller continues to operate its business and its statistical data is combined on a single policy, and (c) the insurance provider can provide the rating organization with the appropriate experience for the data transfer to the buyer.

Transfer of experience when an entity disposes of part of its operations and the insurance provider provides the data table

For a seller that disposes of part of its business operations, where the buyer ...	the seller's experience ...
does not have any prior experience	transfers to the buyer and is excluded from any future experience rating modifications of the seller. A unity (1.00) factor applies to any risk that does not qualify for an experience rating modification, until the risk develops the necessary experience to qualify. The unity (1.00) factor applies when the separation of the experience causes the seller, the buyer, or both not to qualify for an experience rating modification.
<ul style="list-style-type: none"> has experience but does not qualify for experience rating, or is experience rated 	transfers to the buyer, is combined with the other experience of the buyer, and is excluded from any future experience rating modifications of the seller. A unity (1.00) factor applies to any risk that does not qualify for an experience rating modification, until the risk develops the necessary experience to qualify. The unity (1.00) factor applies when the separation of the experience causes the seller, the buyer, or both not to qualify for an experience rating modification.

References

Refer to [Premium eligibility](#) for more information.

Transfer of experience when an entity disposes of part of its operations and the insurance provider cannot provide the data

Rule ID: ER-OWNI-EE7D4

Effective Date: July 1, 2025

A single or multiple entity risk's experience, also known as the seller's experience, is retained by the seller when (a) the buyer purchases partial business operations, (b) the seller continues to operate its business and its statistical data is combined on a single policy, and (c) the insurance provider cannot provide the rating organization with the appropriate experience for the data transfer to the buyer.

Transfer of experience when an entity disposes of part of its operations and the insurance provider cannot provide the data table

For a seller that disposes of part of its business operations, where the buyer ...	the seller's experience ...
<ul style="list-style-type: none"> does not have any prior experience, or has experience but does not qualify for experience rating modification 	remains in future experience rating modifications of the seller and does not transfer to the buyer. A unity (1.00) factor applies to the buyer that does not qualify for an experience rating modification, until the buyer develops experience that allows the buyer to qualify, subject to premium eligibility qualifications.
is experience rated	remains with the seller in the seller's future experience rating modifications and the buyer's experience rating modification continues to apply to the buyer. Any experience developed after the sale is included in the buyer's future experience rating modifications.

References

Refer to

- [Evasion of experience rating modification](#) for information about experience rating modification evasion, and
- [Premium eligibility](#) for more information.

Exclusion of experience due to changes in ownership

Rule ID: ER-OWNX-EA7DE

Effective Date: July 1, 2025

Under rare circumstances, the rating organization can exclude experience from future experience rating modifications for any entity undergoing a change in ownership. The rating organization does not exclude experience for professional employer services organizations and temporary employment agencies except for action the rating organization takes under the rule, Evasion of experience rating modification.

References

Refer to

- [Professional employer services agreements \(Agreements\)](#) for more information on professional employer services organizations, and
- [Evasion of experience rating modification](#) for more information about experience rating modification evasion.

Criteria for exclusion of experience in future experience rating modifications

Rule ID: ER-OWNG-C30A5

Effective Date: July 1, 2025

The rating organization excludes the experience of an entity that has undergone a material change in ownership, as defined in this rule, only after confirming all of the exclusion criteria.

Material changes in ownership

A material change in ownership must include a (a) change in ownership interest, (b) change in operations, and (c) change in process and hazard of the operations.

Change in ownership interest

The change in ownership interest must be a material change such that

- the entire ownership interest after the material change had no ownership interest before the material change, or
- the collective ownership of all that have interest in an entity results in less than
 - one-third ownership before the material change, or
 - one-half ownership after the material change.

Change in operations

The material change in ownership must also include a sufficient change in operations, which occurs when the change is large enough to result in the reclassification of the governing classification.

Change in the process and hazard of the operations

The material change in ownership must also include a change in the process and hazard of the operations that the rating organization determines.

References

Refer to NCCI's *Experience Rating Plan Manual User's Guide* for examples.

Recalculation of experience rating modifications

Rule ID: ER-OWNA-RE143

Effective Date: July 1, 2025

The rating organization may recalculate the experience rating modifications when a change in ownership or combinability status occurs. Changes in ownership or combinability status can also result in a change in the rating effective date, as determined by the rating organization.

References

Refer to [Rating effective date \(RED\) of an experience rating modification](#) for information about RED.

Recalculation and application of experience rating modifications

Rule ID: ER-OWNA-R15AA

Effective Date: July 1, 2025

The rating organization recalculates the experience rating modification due to a change in ownership or combinability status. When recalculating experience rating modifications, the current experience rating modification is the experience rating modification in effect on the date when the rating organization receives the notification of the change in ownership or combinability status.

Recalculation or revision of the experience rating modification

If the rating organization determines that a change in ownership or combinability status requires recalculation of experience rating modifications, then it revises the current and up to two preceding experience rating modifications.

If the rating organization revises the current and up to two preceding experience rating modifications because of a change in ownership or combinability status, then the insurance provider applies the revised experience rating modifications retroactively to the date of the change in ownership or combinability status.

References

Refer to

- NCCI's *Experience Rating Plan Manual User's Guide* for examples of recalculation and revision of experience rating modifications
- [Changes in experience rating modifications](#) for more information, and
- [Evasion of experience rating modification](#) for more information.

Evasion of experience rating modification

Rule ID: ER-OWNE-EA18D

Effective Date: July 1, 2025

Evasion of experience rating modification refers to any action that employers take to avoid the proper application of an experience rating modification.

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Actions of the employers

Rule ID: ER-OWNE-AECE8

Effective Date: July 1, 2025

Employers may take actions that intentionally or unintentionally evade an experience rating modification. Employers may take these actions for legitimate business reasons, but these actions may still result in the improper application of an experience rating modification.

Actions considered to be experience rating modification evasion

Regardless of the intent, any action that results in the miscalculation or misapplication of an experience rating modification determined under this Plan is prohibited. These actions include but are not limited to

- failure to report changes in ownership according to the 90-Day Reporting Requirement—Notification of Change in Ownership Endorsement
- a change in ownership
- a change in combinability status
- formation of a new entity
- transfer of operations from one entity to another entity that is not combinable according to the rule, Combination of entities, and
- misrepresentation on audits or failure to cooperate with an audit.

References

Refer to

- [Rating organization response](#) for more information about the actions the rating organization may take in response to experience rating modification evasion
- NCCI's *Forms Manual*, 90-Day Reporting Requirement—Notification of Change in Ownership Endorsement, and
- [Combination of entities](#) for more information.

Rating organization response

Rule ID: ER-OWNE-RBCCE

Effective Date: July 1, 2025

The rating organization may obtain any information that indicates evasion or improper calculation or application of experience rating modifications due to actions included but not limited to those listed in this Plan.

Response to the improper calculation or application of experience rating modifications

The rating organization acts to ensure the proper calculation and application of all current and preceding experience rating modifications impacted by improper actions. This includes, but is not limited to the

- combination of experience that would otherwise not be combinable according to the rules, Combination of entities and Transfer of experience due to changes in ownership
- separation of experience that would otherwise be combinable according to the rules, Combination of entities and Transfer of experience due to changes in ownership
- exclusion of experience that would otherwise be included according to the rule, Transfer of experience due to changes in ownership
- continuation of experience that would otherwise be excluded according to the rules, Transfer of experience due to changes in ownership and Exclusion of experience due to changes in ownership
- issuance of experience rating modifications that were not originally issued, and
- revision or retraction of experience rating modifications.

References

Refer to

- [Actions of the employers](#) for more information about actions that the rating organization considers to be an evasion of experience rating modification
- [Combination of entities](#) for more information
- [Transfer of experience due to changes in ownership](#) for more information, and
- [Exclusion of experience due to changes in ownership](#) for more information.

Professional employer services agreements (Agreements)

Rule ID: ER-PEOA-EA916

Effective Date: July 1, 2025

NCCI's **Basic Manual** provides the rules and definitions for writing policies involving Agreements. These rules address the calculation and application of experience rating modifications for such Agreements. In other states, a professional employer organization or PEO may also be referred to as an employee leasing company or a labor contractor.

References

Refer to NCCI's **Basic Manual** for more information about the rules and policies involving Agreements.

Experience rating modifications for a professional employer services agreement (Agreement)

Rule ID: ER-PEOL-EA1E9

Effective Date: July 1, 2025

Specific rules apply to the calculation and application of experience rating modifications during and after an Agreement.

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Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client's covered employees under a PEO policy basis

Rule ID: ER-PEOL-AFA57

Effective Date: July 1, 2025

The PEO maintains coverage for the client's covered employees under a PEO policy basis.

1. The insurance provider
 - a) applies the client's most recent experience rating modification issued to them before entering the professional employer services agreement (Agreement) for two years from the PEO's rating effective date following the date of the Agreement
 - b) applies a unity (1.00) factor for two years from the PEO's rating effective date following the date of the Agreement when the client does not have an experience rating modification when entering into the Agreement, and
 - c) calculates the premium for covered employees at the end of the two-year period using the experience rating modification of the PEO.

Applying experience rating rules for a professional employer services agreement (Agreement) terminated under a PEO policy basis

Rule ID: ER-PEOL-AA9C6

Effective Date: July 1, 2025

The insurance provider applies experience rating rules when an Agreement under a PEO policy basis is terminated.

When a client or PEO terminates an Agreement ...	Then the insurance provider ...
of more than two years, as described in the rule, Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client's covered employees under a PEO policy basis, and upon that termination immediately enters an Agreement with a successor PEO	calculates the premium for covered employees using the lower of <ul style="list-style-type: none"> • the client's experience rating modification before entering into the former Agreement, or • the former PEO's experience rating modification at the time the Agreement is terminated.

When a client or PEO terminates an Agreement ...	Then the insurance provider ...
of fewer than two years, as described in the rule, Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client's covered employees under a PEO policy basis, and upon that termination immediately enters an Agreement with a successor PEO	calculates the premium for covered employees using the higher of <ul style="list-style-type: none"> the client's current experience rating modification, if any, or the client's last known experience rating modification before entering into the Agreement.

Application of this rule

The experience rating modification of this rule applies for one year. After one year, the client's current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.

When an Agreement is terminated and the client is no longer affiliated with any PEO, refer to this rule (PEO policy basis) to determine the appropriate experience rating modification to apply.

Applying experience rating rules for clients that maintain coverage under a client policy basis

Rule ID: ER-PEOL-AD10B

Effective Date: July 1, 2025

The client's insurance provider applies experience rating rules for a client that maintains coverage under a client policy basis.

- The client's insurance provider uses the client's experience rating modification, if any, to calculate premium for the client's covered employees and direct employees under the client's new or existing policy.

When an existing professional employer services agreement changes to require the client to maintain coverage for its covered employees, the insurance provider calculates the premium for the covered employees.

When the client has covered employees with the same PEO for ...	Then the insurance provider ...
more than two years, as described in the rule, Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client's covered employees under a PEO policy basis	applies the lower of <ul style="list-style-type: none"> the client's experience rating modification before entering into the existing professional employer services agreement, or the existing PEO's experience rating modification at the time of the change. <p>The lower experience rating modification applies for one year. After one year, the client's current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p>
fewer than two years, as described in the rule, Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client's covered employees under a PEO policy basis	applies the higher of <ul style="list-style-type: none"> the client's current experience rating modification, if any, or the client's last known experience rating modification before entering into the existing professional employer services agreement. <p>The higher experience rating modification applies for one year. After one year, the client's current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p>

Applying experience rating rules for clients terminating a professional services employer agreement (Agreement) under a client policy basis

Rule ID: ER-PEOL-AE99D

Effective Date: July 1, 2025

The insurance provider applies experience rating rules for a client that terminates an Agreement under a client policy basis.

When a client ...	Then the insurance provider ...
<p>leaves an Agreement of more than two years, as described in the rule, Applying experience rating rules for clients that maintain coverage under a client policy basis, and immediately enters an Agreement with a successor PEO that requires the client to maintain coverage for its covered employees</p>	<p>applies the lower of</p> <ul style="list-style-type: none"> • the client's experience rating modification before entering into the former Agreement, or • the former PEO's experience rating modification at the time the Agreement is terminated. <p>The lower experience rating modification applies for one year. After one year, the client's current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p>
<p>leaves an Agreement of fewer than two years, as described in the rule, Applying experience rating rules for clients that maintain coverage under a client policy basis, and immediately enters an Agreement with a successor PEO that requires the client to maintain coverage for its covered employees</p>	<p>applies the higher of</p> <ul style="list-style-type: none"> • the client's current experience rating modification, if any, or • the client's last known experience rating modification before entering into the former Agreement. <p>The higher experience rating modification applies for one year. After one year, the client's current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p>
<p>changes an existing Agreement to require the PEO to maintain coverage for the client's covered employees</p>	<p>calculates the premium according to the rule, Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client's covered employees under a PEO policy basis.</p>
<p>or PEO terminates an existing Agreement and the client is no longer affiliated with any PEO, and the client has covered employees with the same PEO for more than two years, as described in the rule, Applying experience rating rules for clients that maintain coverage under a client policy basis</p>	<p>applies the lower of</p> <ul style="list-style-type: none"> • the client's experience rating modification before entering into the existing Agreement, or • the existing PEO's experience rating modification at the time the Agreement is terminated. <p>The lower experience rating modification applies for one year. After one year, the client's current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p>
<p>or PEO terminates an existing Agreement and the client is no longer affiliated with any PEO, and the client has covered employees with the same PEO for fewer than two years, as described in the rule, Applying experience rating rules for clients that maintain coverage under a client policy basis</p>	<p>applies the higher of</p> <ul style="list-style-type: none"> • the client's current experience rating modification, if any, or • the client's last known experience rating modification before entering into the existing Agreement. <p>The higher experience rating modification applies for one year. After one year, the client's current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p>

Non-affiliate carrier data and non-affiliate self-insured data

Rule ID: ER-NAFC-NA740

Effective Date: July 1, 2025

The rating organization may include experience of certified self-insurers, self-insured groups, political subdivisions that have been self-insured in pools or funds, and risks covered by non-affiliate carriers in experience rating modifications. The rating organization may use this experience in calculating an experience rating modification only when the operations that produced the experience are subsequently insured under a standard workers compensation and employers liability insurance policy.

Liability transfer transaction (LTT) losses

The rating organization cannot include in experience ratings all losses of certified self-insurers or self-insured groups that transferred their prior workers compensation obligations to a policy issued in conjunction with an LTT. "All losses" means any Texas LTT loss and any Texas non-LTT loss that would have been reported on the ERM-6 Form.

References

Refer to

- [Impact of rules on the application of the Plan](#) for more information, and
- NCCI's **Basic Manual** rule, Introduction - Application of manual rules, Item 13 for more information.

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Carrier of record request to include non-affiliate data

Rule ID: ER-NAFI-AF1B2

Effective Date: July 1, 2025

A carrier of record may request to submit and include in experience rating modifications data from certified self-insurers, self-insured groups, political subdivisions that have been self-insured in pools or funds, and risks covered by non-affiliate carriers. The operations that produced such experience must be subsequently insured under a standard workers compensation and employers liability insurance policy. The request must come from the carrier of record during the time the experience rating modification that includes the data applies to the risk. Certain entities with experience must not be required to report data in accordance with NCCI's **Statistical Plan**. Those entities are (a) certified self-insurers, (b) self-insured groups, (c) political subdivisions that have been self-insured in pools or funds, and (d) risks covered by non-affiliate carriers.

Agreement to use non-affiliate data for risks covered by multiple carriers of record

When multiple carriers of record cover the risk during the time the experience rating modification applies to the risk, only one of the risk's carriers of record must agree to use the non-affiliate data.

Ineligible request for liability transfer transaction (LTT) losses

A carrier of record cannot request to include in experience rating modifications data from all losses of certified self-insurers or self-insured groups that transferred their prior workers compensation obligations to a policy issued in conjunction with an LTT. "All losses" means any Texas LTT loss and any Texas non-LTT loss that would have been reported on the ERM-6 Form.

References

Refer to NCCI's **Statistical Plan** for data reporting rules.

Carrier of record submission and verification of non-affiliate data

Rule ID: ER-NAFV-AAB9A

Effective Date: July 1, 2025

The carrier of record submits the data of certified self-insurers, self-insured groups, political subdivisions that have been self-insured in pools or funds, or risks covered by non-affiliate carriers to the rating organization on the ERM-6 Form. The carrier of record may designate another party to submit the data on their behalf. The non-affiliate data is subject to verification by the carrier of record that submits the data for inclusion in an experience rating modification.

References

Refer to

- the [ERM-6 Form—Workers Compensation Experience Rating for Non-Statistical Data](#) for more information, and
- NCCI's *Statistical Plan* for data reporting rules.

Usage of non-affiliate data in experience rating modifications

Rule ID: ER-NAFU-UA394

Effective Date: July 1, 2025

The rating organization uses the data of certified self-insurers, self-insured groups, political subdivisions that have been self-insured in pools or funds, and risks covered by non-affiliate carriers in the calculation of the affiliate experience ratings. The rating organization does not use this data to determine premium eligibility.

Non-affiliate self-insured group or individual self-insured employer requests for experience rating modifications

Rule ID: ER-NAFS-NCCF4

Effective Date: July 1, 2025

Non-affiliate self-insured groups or individual self-insured employers may request experience rating modifications.

Non-affiliate self-insured group requests for experience rating modifications using their data

Non-affiliate self-insured groups may request experience rating modifications by submitting their data to the rating organization using the ERM-6 Form. For this request, the non-affiliate data must not be required to be reported in accordance with NCCI's *Statistical Plan*.

Exception to non-affiliate self-insured group requests for experience rating modifications using their data

Non-affiliate self-insured groups that submit unit statistical data in accordance with NCCI's *Statistical Plan* do not need to request an experience rating modification. The rating organization automatically calculates the experience rating modification after receiving the unit statistical data.

Requests for experience rating modifications using individual self-insured employer data

A non-affiliate self-insured group or an individual self-insured employer may request experience rating modifications using individual self-insured employer data. The non-affiliate self-insured group or individual self-insured employer must submit the data to the rating organization on the ERM-6 Form.

Usage of non-affiliate data in experience rating modifications

When the non-affiliate self-insured group or individual self-insured employer submits data on the ERM-6 Form, the rating organization uses the data to calculate an experience rating modification for use by only the requesting non-affiliate.

References

Refer to

- the [ERM-6 Form—Workers Compensation Experience Rating for Non-Statistical Data](#) for more information, and
- NCCI's *Statistical Plan* for data reporting rules.

Exclusion of losses from certified self-insurer or self-insured groups when transferring to a limited transfer transaction (LTT)

Rule ID: ER-NAFL-EAA0F

Effective Date: July 1, 2025

All losses from certified self-insurers or self-insured groups that transferred their prior workers compensation obligations to a policy issued in conjunction with an LTT are excluded from any experience rating modifications. Such certified self-insurers or self-insured groups must not use the ERM-6 Form to submit these losses.

Usage of "All losses"

"All losses" refers to any Texas LTT loss and any Texas non-LTT loss that certified self-insurers or self-insured groups would otherwise report using the ERM-6 Form.

References

Refer to NCCI's **Basic Manual** rule, Introduction - Application of manual rules, Item 13 for more information.

Insolvent carrier or insolvent self-insured group data

Rule ID: ER-INSL-ID55B

Effective Date: July 1, 2025

The rating organization may include insolvent carrier or insolvent self-insured group data in experience rating modifications.

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Insolvent carrier or insolvent self-insured group submission of their data

Rule ID: ER-INSC-IAEDA

Effective Date: July 1, 2025

When insolvent carriers or insolvent self-insured groups submit data to the rating organization in accordance with NCCI's **Statistical Plan**, the rating organization includes the data in the calculation of experience rating modifications.

Discontinuation of insolvent carrier or insolvent self-insured group submission of their data

There are specific circumstances when an insolvent carrier or insolvent self-insured group is not required to report data and discontinues submitting data, and the rating organization must continue to produce an experience rating modification. If an insolvent carrier or insolvent self-insured group discontinues submitting data, the rating organization continues to include the data previously reported by the insolvent carrier or insolvent self-insured group in the calculation of experience rating modifications. The rating organization includes the data, even if not updated, for a period of coverage until the data is no longer in the experience period.

Carrier of record request to include insolvent data

Rule ID: ER-INSR-AAC18

Effective Date: July 1, 2025

An insolvent carrier or insolvent self-insured group may not be required to report data and discontinues submitting data to the rating organization. In this circumstance, a carrier of record may request to include an insolvent carrier's or insolvent self-insured group's data in their risk's experience rating modification. The request must come from the carrier of record during the time the experience rating modification that includes the insolvent data applies to the risk. Also, the insolvent carrier or insolvent self-insured group must not be required to report data in accordance with NCCI's **Statistical Plan**.

Agreement for risks covered by multiple carriers of record

When multiple carriers of record cover the risk during the time the experience rating modification applies to the risk, only one of the risk's carriers of record must agree to use the non-affiliate data.

References

Refer to NCCI's **Statistical Plan** for more information on reporting unit statistical data.

Carrier of record submission of insolvent carrier or insolvent self-insured group data

Rule ID: ER-INSS-AE7F2

Effective Date: July 1, 2025

The carrier of record submits the insolvent carrier's or insolvent self-insured group's data on the ERM-6 Form. The data must only include (a) updated data, and (b) data developed during the experience period not submitted by the insolvent carrier or insolvent self-insured group. The carrier of record may verify the data.

References

Refer to the [ERM-6 Form—Workers Compensation Experience Rating for Non-Statistical Data](#) for more information.

Carrier of record submission of updated insolvent carrier or self-insured group data

Rule ID: ER-INSG-AAE6C

Effective Date: July 1, 2025

For subsequent experience rating modification calculations, the carrier of record must submit updated insolvent carrier or insolvent self-insured group data on the ERM-6 Form. If the carrier of record does not submit the updated data, the rating organization continues to include the unit statistical data previously reported by the insolvent carrier or insolvent self-insured group in the calculation of experience rating modifications. The rating organization includes the data, even if not updated, for a period of coverage until the data is no longer in the experience period.

Subsequent experience ratings

For subsequent experience rating modification calculations, the rating organization does not carry forward insolvent carrier or insolvent self-insured group data submitted by the carrier of record.

References

Refer to the [ERM-6 Form—Workers Compensation Experience Rating for Non-Statistical Data](#) for more information.

Special rating conditions

Rule ID: ER-COND-SA37F

Effective Date: July 1, 2025

These rules provide special rating conditions or programs that may affect experience rating.

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Separate state experience rating modification

Rule ID: ER-CONB-SE840

Effective Date: July 1, 2025

The rating organization may calculate a separate state experience rating modification for a single state in an interstate-rated risk. The calculation uses a weighted average to produce the single state experience rating modification, using the risk's total expected losses in all states included in the experience rating modification and its expected losses in the separate state.

Topic	See Page
Rules for separate state experience rating modifications	57
Rules for the request of a separate state experience rating modification	58
Rules for the application of separate state experience rating modifications	58
Calculating the separate state experience rating modification	58

Rules for separate state experience rating modifications

Rule ID: ER-CONB-DA59E

Effective Date: July 1, 2025

Fulfill all requirements to receive a separate state experience rating modification.

Risk requirements

The risk must

- be interstate-rated, and
- qualify for an intrastate rating in
 - the state the insurance provider is requesting the separate state experience rating modification for, and
 - at least one other state.

Calculation of separate state experience rating modifications

The rating organization uses the experience rating modification formula and the cap on experience rating modifications to calculate the experience rating modifications used to determine a separate state experience rating modification.

References

Refer to [Calculating the separate state experience rating modification](#) for the steps to calculate the separate state experience rating modification.

Rules for the request of a separate state experience rating modification

Rule ID: ER-CONB-R3904

Effective Date: July 1, 2025

Submit the request for a separate state experience rating modification in accordance with this rule's requirements.

- The request must be from an insurance provider only licensed to write workers compensation insurance in the state for which the separate state experience rating modification is requested.
- The request must be in writing and subject to the agreement of the risk.
- The request must be received by the rating organization before the rating effective date.

Rules for the application of separate state experience rating modifications

Rule ID: ER-CONB-R6229

Effective Date: July 1, 2025

Apply a separate state experience rating modification based on this rule's requirements.

- Apply the separate state experience rating modification for the full rating period, regardless of whether the requesting insurance provider or another insurance provider provides the insurance. The separate state experience rating modification applies to all of a risk's operations in that state.
- Apply the remaining interstate experience rating modification to all other states.
- A risk may qualify for a separate state experience rating modification in more than one state. Apply the state's separate state experience rating modification for each qualifying state.

Calculating the separate state experience rating modification

Rule ID: ER-CONB-C3701

Effective Date: July 1, 2025

The rating organization calculates the separate state experience rating modification.

1. The rating organization
 - a) calculates an interstate experience rating modification for the entire risk (Step A)
 - b) calculates an intrastate experience rating modification for the state for which a separate state experience rating modification is requested (Step B)
 - c) calculates an interstate experience rating modification for all states excluding the state that the insurance provider requested a separate state experience rating modification in (Step C)
 - d) uses the formula in the rule, Formula for the separate state adjustment factor to calculate the separate state adjustment factor used to determine a separate state experience rating modification (Step D)
 - e) calculates the completed separate state experience rating modification by multiplying the intrastate experience rating modification for the state for which a separate state experience rating modification is requested by the separate state adjustment factor calculated using the formula (Step B x Step D), and
 - f) calculates the completed experience rating modification for all other states by multiplying the interstate experience rating modification for all states excluding the state that the insurance provider requested a separate state experience rating modification in by the separate state adjustment factor calculated using the formula (Step C x Step D).

References

Refer to

- [Formula for the separate state adjustment factor](#) for more information, and
- NCCI's *Experience Rating Plan Manual User's Guide* for an example.

Formula for the separate state adjustment factor

Rule ID: ER-CONB-C78BF

Effective Date: July 1, 2025

The rating organization uses this formula to calculate the separate state adjustment factor used to determine a separate state experience rating modification.

Calculation of the separate state adjustment factor

$$\frac{\text{Step A} \times \text{Total Expected Losses in All States}}{(\text{Step B} \times \text{Expected Losses in Separate State}) + (\text{Step C} \times \text{Expected Losses in All Other States})}$$

References

Refer to [Calculating the separate state experience rating modification](#) for more information.

Construction and contracting risks

Rule ID: ER-CONR-CA61C

Effective Date: July 1, 2025

This rule provides information regarding experience rating for certain construction and contracting risks.

Topic	See Page
Experience rating modifications for wrap-up construction projects	59
Projects as a joint venture	59
Cost-plus contracts for the principal and contractor	60
Inclusion of uninsured contractors' experience	60

Experience rating modifications for wrap-up construction projects

Rule ID: ER-CONR-WEBE2

Effective Date: July 1, 2025

The policy that the insurance provider issues for an entity participating in a wrap-up construction project is subject to its own experience rating modification. The insurance provider reports to the rating organization payroll and loss experience for the wrap-up policies. The rating organization uses the experience developed from the wrap-up policies in the future experience rating modifications of the participating entities. There is no experience rating modification for the wrap-up construction project as a unit.

References

Refer to NCCI's *Basic Manual* for more information on wrap-up construction projects.

Projects as a joint venture

Rule ID: ER-CONR-JA1D8

Effective Date: July 1, 2025

Two or more contractors not combinable for experience rating under the rules of this Plan may associate for undertaking one or more projects as a joint venture.

Qualifications of a joint venture for its own experience rating modification

For a joint venture to qualify for its own experience rating modification, all participating entities of the joint venture must

- be awarded a contract or contracts in the name of the joint venture
- share control, direction, and supervision of all work undertaken in the project, and
- maintain a common bank account, payroll, and business records.

Determination of an experience rating modification for joint ventures

Rule ID: ER-CONR-EA3CE

Effective Date: July 1, 2025

The rating organization excludes the experience of the joint venture participants from their individual experience rating modifications and qualifies the joint venture for its own experience rating modification based on years of operation.

Determination of an experience rating modification for a joint venture table

Joint venture qualification	Calculation of the experience rating modification
The joint venture does not qualify for its own experience rating modification within the first two years of operations.	The insurance provider calculates and uses <ul style="list-style-type: none"> • an arithmetic average of the experience rating modifications of the participating entities, and • a unity (1.00) factor for a participating entity that does not have its own experience rating modification.
The joint venture may qualify for its own experience rating modification in the third and subsequent years of operations.	The rating organization calculates and uses the experience developed from the joint venture.

Cost-plus contracts for the principal and contractor

Rule ID: ER-CONR-CC6DC

Effective Date: July 1, 2025

Under a cost-plus contract, the principal agrees to compensate the contractor based on the cost of the work that the principal and contractor perform plus a fixed fee.

Experience rating modification applicable to cost-plus contracts

For a policy that covers the contractor and the principal, the insurance provider applies the experience rating modification of the contractor to the policy.

The rating organization includes the experience from the policy covering the contractor and the principal in the contractor's future experience rating modifications.

Inclusion of uninsured contractors' experience

Rule ID: ER-CONR-UF8B0

Effective Date: July 1, 2025

The rating organization includes the experience of an uninsured contractor in the experience rating modification of the principal contractor or the principal owner.

United States Longshore and Harbor Workers' (USL&HW) Compensation Act coverage

Rule ID: ER-CONU-U553C

Effective Date: July 1, 2025

The rating organization calculates experience rating modifications containing classifications where the rates include coverage under the USL&HW Act using the experience rating modification formula described in this Plan.

Non-F-classifications where the rates include coverage for USL&HW Act

Non-F-classifications are (a) classifications subject to the USL&HW Act, and (b) not followed by the letter "F" in the Table of Expected Loss Rates and Discount Ratios. The rating organization determines the expected losses for non-F-classifications subject to the USL&HW Act and applies the USL&HW Act expected loss factor to the Expected Loss Rate (ELR) for a non-F-classification.

References

Refer to

- [Experience rating modification formula](#) for more information about how the rating organization calculates the experience rating modification
- NCCI's **Statistical Plan** for more information about reporting classifications subject to the USL&HW Act, and
- the Rating Values, Table of Weighting Values footnotes for the applicable
 - ULS&HW per claim accident limitation
 - ULS&HW multiple claim accident limitation, and
 - ULS&HW Act expected loss factor for non-F-classifications.

Oil, gas, or other mineral operations subject to United States Longshore and Harbor Workers' (USL&HW) Compensation Act coverage

Rule ID: ER-CONU-O1023

Effective Date: July 1, 2025

For classifications for oil, gas, or other mineral operations on or over water, the rating organization determines the expected losses by applying the USL&HW Act expected loss factor to the Expected Loss Rate (ELR). This determination applies only for such classifications subject to the USL&HW Act.

References

Refer to NCCI's ***Statistical Plan*** for more information about reporting classifications subject to the USL&HW Act.

Item E-1411—NCCI's Experience Rating Plan Manual for Workers Compensation and Employers
Liability Insurance

Exhibit 2
Basic Manual—Texas

Basic Manual

FOR WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE

Texas

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ITEM E-1411—NCCI'S EXPERIENCE RATING PLAN MANUAL FOR WORKERS
COMPENSATION AND EMPLOYERS LIABILITY INSURANCE

EXHIBIT 6
STATISTICAL PLAN—2008 EDITION
PART 4—LOSS AND EXPENSE INFORMATION
A. GENERAL INCURRED LOSS INFORMATION

1. Incurred Losses

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VT, WV)

e. Liability-Over Claims

A liability-over claim is a particular Employers Liability coverage situation where a third party, who is being sued by an employee, in turn sues the employer on the grounds of negligence, or like theory. Liability-over claims are reported with Type of Claim Code 04.

When settled, liability-over claims result in:

1. No payment to a third party—Any Employers Liability Allocated Loss Adjustment Expense incurred in defending such claims must be reported as part of the incurred indemnity loss and paid indemnity loss as appropriate.
2. Payment to a third party—No change must be made in the loss valuation used in the calculation of the current experience rating modification. At the next valuation date, the settlement amount plus any Employers Liability Allocated Loss Adjustment Expense incurred in defending such claims must be reported as part of the incurred indemnity loss and paid indemnity loss as appropriate.

Refer to Part 6, Item D-9—Type of Claim Code for additional information.

Refer to NCCI's *Experience Rating Plan Manual* for experience rating modification calculation requirements when a risk's incurred losses include liability-over claims.

**ITEM E-1411—NCCI'S EXPERIENCE RATING PLAN MANUAL FOR WORKERS
COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

**EXHIBIT 7
STATISTICAL PLAN—2008 EDITION
PART 6—CODING VALUES**

D. LOSS INFORMATION

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV)

9. Type of Claim Code

Type of Claim Code identifies how the claim applies to the provisions of the workers compensation policy.

Refer to Part 4, Item F—Additional Claim Reporting Rules for additional information.

Code	Type of Claim	Description	Additional Rules and/or Exceptions (If Applicable)
01	Workers Compensation Only	The entire loss is incurred under the provisions of Part One of the Workers Compensation and Employers Liability Insurance policy.	
02	Employers Liability Only	The entire loss is incurred under the provisions of Part Two of the Workers Compensation and Employers Liability Insurance policy.	
03	Workers Compensation Including Employers Liability	The loss is incurred under the provisions of Parts One and Two of the Workers Compensation and Employers Liability Insurance policy.	
04	Liability–Over	A particular Employers Liability coverage situation where a third party, who is being sued by an employee, in turn sues the employer on the grounds of negligence, or like theory.	Refer to Part 4, Item <u>A-1-e—Liability-Over Claims, for additional information.</u> For Virginia, refer to the <u>Virginia exception in Part 4, Item A-1-f—Liability-Over Claims, for additional information.</u>
05	Excess Benefits	The loss is incurred under the provisions of excess coverage.	Applicable in Maryland and Virginia only.
		This code must be used in connection with Deliberate Intent (Mandolidis) Coverage, when endorsed on a workers compensation/employers liability policy or when provided as an excess policy.	Applicable in West Virginia only.
06	Excess Special Compensation	The loss is incurred under the provisions of excess coverage.	Not applicable in Texas.

ITEM E-1411—NCCI'S EXPERIENCE RATING PLAN MANUAL FOR WORKERS
COMPENSATION AND EMPLOYERS LIABILITY INSURANCE

EXHIBIT 8
STATISTICAL PLAN—2008 EDITION
TEXAS STATE EXCEPTIONS
PREFACE
A. SCOPE
(Applies in: TX)

2. ~~Affiliate~~Self-Insurers' Applicability

Change A-2 of the Preface as follows:

The ~~**Statistical Plan**~~ is required for affiliate self-insurers.

The **Statistical Plan** is applicable to affiliate self-insured groups and provides the requirements for reporting Unit Statistical plan data in NCCI states.

The **Statistical Plan** is optional to non-affiliate self-insured groups for reporting Unit Statistical plan data in NCCI states.

For the purpose of requesting experience rating modifications only, non-affiliate self-insured groups and individual self-insured employers have the option to submit data using the ERM-6 Form—Workers Compensation Experience Rating for Non-Statistical Data. Refer to NCCI's **Experience Rating Plan Manual** for more information.

The **Statistical Plan** is applicable to the reporting of statistical data for all policies effective January 1, 2015, and subsequent. This **Statistical Plan** is optional for the reporting of statistical data for policies prior to January 1, 2015.

SERFF Tracking #:

NCCI-134188223

State Tracking #:

S723365

Company Tracking #:

E-1411

State: Texas
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: E-1411 NCCI's Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance
Project Name/Number: /

Filing Company: National Council on Compensation Insurance, Inc.

Supporting Document Schedules

Bypassed - Item:	Does this filing contain confidential information?
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Exhibit A
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Exhibit C
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Filing Memorandum (Rates/Rules)
Comments:	
Attachment(s):	E-1411 Filing Memo.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Third-party data information (Rate/Rule)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Third-party model information (Rate/Rule)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

SERFF Tracking #:

NCCI-134188223

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Texas

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Project Name/Number:

/

Satisfied - Item:	Side by Side
Comments:	
Attachment(s):	E-1411 TX Side by side.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Informational Exhibits
Comments:	
Attachment(s):	E-1411 Info Ex1-TX Experience Rating Plan Manual Content Reference ID Map.pdf E-1411 Info Ex2-TX State Content Changes.pdf E-1411 Info Ex3-TX Experience Rating Plan Manual Alpha Index.pdf
Item Status:	
Status Date:	

Item E-1411—NCCI's Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance

Filing Memorandum

Purpose

This item filing introduces a new edition of NCCI's *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Experience Rating Plan Manual)*. Because this edition is a complete modernization of NCCI's *Experience Rating Plan Manual*, it is necessary to do a "complete manual" item filing to make regulatory review and approval, and subsequent customer use, easier in the future. We are:

- improving structure and format
- clarifying state exceptions, if applicable, and
- removing ambiguity, if needed.

This item filing does not make any substantive changes to any rules that would result in premium impact.

Background

Modernized Structure and Format for Quickly Finding Information

Several years ago, NCCI embarked on a multiyear initiative to modernize and transform the way we deliver our key information, starting with our manuals such as NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*. This initiative, referred to as *NCCI Atlas*, creates a new and easier way of navigating nearly 100 years of workers compensation content by transforming how we write, manage, and distribute information for our customers.

Similar to NCCI's *Basic Manual*, this new edition of NCCI's *Experience Rating Plan Manual* has been modernized with an emphasis on structuring and formatting the content for online consumption—so that customers can quickly find the information they need in an increasingly electronic environment. Previously, NCCI has focused on substantive changes to the content in our manuals while making only minor improvements in overall structure and format. Through this modernization effort, NCCI is focused on the overall structure and format, ensuring consistency across our manuals, while maintaining the context and intent of the rules.

Customers have reported that information presented in a topic-based format is easier to find, read, and understand. *NCCI Atlas* is modernizing the delivery of our content to provide topic-based information and answers to online questions quickly, by applying the same structured authoring techniques to all of our manuals.

Structured authoring transforms NCCI's content by breaking it down into topics. These topics are then rewritten to make them more usable, discoverable, and valuable for our customers. By organizing the content into small topic blocks, each with its own pertinent title, *NCCI Atlas* has created a way for customers to quickly zero in on the specific information they are looking for.

NCCI has completed the transformation of more than eight manuals in this new structured authoring format. Continuing to modernize each manual throughout our content library in this consistent manner will help eliminate duplicative or confusing information.

Goals of Restructure

NCCI recognized that these modernization efforts were necessary to maximize customer usage and understanding of our manuals. The result was an opportunity to do a complete review on every block of content in NCCI's *Experience Rating Plan Manual* to ensure consistency and compliance in and across the states, which will help improve the overall manual. While rewriting and restructuring the rules, we kept this goal in mind—do not change the context or intent of the rules.

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Item E-1411—NCCI's Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance

Filing Memorandum

Consequently, multiple subject matter and legal reviews occurred to ensure that the context and intent of the rules remain intact.

Focus Areas

While transforming NCCI's *Experience Rating Plan Manual*, we identified three focus areas to modernize the content for online consumption—Structure, Content, and State Content Changes.

Structure—Our goal is to give our customers the answers they need without having to search through various NCCI manuals. This necessitated multiple changes to accommodate how customers could retrieve answers to their questions.

The structure of NCCI's *Experience Rating Plan Manual* had to be modernized including the following changes:

1. **State-Based Rules**—We have eliminated state exception pages and instead created a complete *Experience Rating Plan Manual* for each state. Each state's manual will display the rules applicable in that state. Because some state rules apply on an intrastate and interstate basis, we decided to keep one table—the Experience Rating Plan Manual applicability table—in its current format displaying multiple state information. This decision was made to make it easier for those customers who need the multistate information.
2. **Topic-Based Format**—Our customers indicated that they look for information by topic and need to know what the answer is to a question about "Topic A" or "Topic B." Because the customer knows the topic, not the rule number, they need to be able to search by topic. The new edition of NCCI's *Experience Rating Plan Manual* has, therefore, been reorganized by topic.
3. **Numbering Sequence**—By structuring our content by topic level and creating smaller blocks of content, customers will see a reduction in the levels of hierarchy in our manuals. This allows us to introduce the same type of new unique identification (ID) number, like the *Basic Manual* for each piece of content and permanently assign that content to that ID number. The benefit of this new ID number is that it allows NCCI more flexibility to
 - insert new content into a topic
 - move existing content to other parts of the manual, or
 - reuse that same content in another manual to improve consistency and quality.

The new numbering sequence is based on where the content was originally created; for example, ER-RuleID-Algo-0001 is translated to Experience Rating Plan Manual-Rule-Algorithm-Randomly Generated Number.

4. **Structured Authoring Methods**—NCCI's *Experience Rating Plan Manual* content is varied, and so were the authoring methods in which it was written. Consistently across the manual, our authors have been applying the appropriate method based on which information type is being conveyed for the topic: concept, reference, principle, process, or task. Each of the methods may have minor differences in format by design.

These include the use of

- active vs. passive voice
- specified title formatting, and
- paragraphs, lists, inline lists, or bullets.

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Item E-1411—NCCI's Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance

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Note: NCCI may make minor formatting adjustments (e.g., spacing or bullets) in the future when aligning similar or the same content across NCCI manuals to ensure understanding for our customers or when content is migrated into **NCCI Atlas** for single, multiple, or all states access. However, no changes will be made to the overall content.

5. **Table of Contents (TOC)**—Each manual will retain a Table of Contents. Since we are creating high-level topics for easier and quicker reference and reducing the number of levels that content can be broken down into, the TOCs may be longer. In addition to the TOC for the entire manual, there are mini TOCs within topics that have more than one subtopic to help customers navigate directly to that content.
6. **Navigation**—The Table of Contents and mini TOCs throughout the manual are links that allow you to move around the PDF with ease. Clicking on the topic in both the TOC and the mini TOC will take you to the page where that topic is located. NCCI's **Experience Rating Plan Manual** will also include an Alphabetical Index, which can be continuously updated to help customers locate information. The Alphabetical Index is included in Informational Exhibit 3.
7. **PDF vs. Online**—This item filing is a PDF document and, therefore, does not fully recreate the appearance, functionality, and features that will be available to the customer of the online version of NCCI's **Experience Rating Plan Manual** in **NCCI Atlas**. However, it will contain the same regulatory approved rules and information as the online version.
8. **NCCI Atlas**—**NCCI Atlas** will offer different ways to view information online that will include the ability to search by manual, topic, rule ID, or bookmarks. Customers will be able to create their own bookmarks or preferences for frequently searched information.

In addition, once an item filing has been approved with a future effective date, we will identify that content with a Future Update icon in **NCCI Atlas**; this future updated content can be viewed via a comparison tool. This functionality is also available for previous versions of content in NCCI's **Experience Rating Plan Manual** under the Revision History icon.

Content—During the modernization effort, we identified some needed improvements based on regulator and carrier feedback. As a result, we made these specific changes to improve the overall use of the content and potentially reduce the size of future item filings.

The changes occur in these specific categories:

1. **Approved Item Filings**—Upon submission of this item filing, NCCI has included all filed content from any experience rating item filing or those item filings impacting the **Experience Rating Plan Manual** approved as of June 15, 2024. This content has been rewritten in the new structured writing format and included in the appropriate topic.

Note: In most states, premium eligibility amounts are updated by regulatory approval of state loss cost and rate filings. The eligibility amounts provided in the rule, Subject premium eligibility amounts, are current as of June 15, 2024. As state loss cost and rate filings are approved during the 2025 rate season, the amounts provided in the rule, Subject premium eligibility amounts, will be updated to be consistent with the amount approved in the state loss cost and rate filings.
2. **Pending Item Filings**—Item filings that have been submitted for approval but are still pending have not been included in this item filing. Content that is approved subsequent to this item filing will need to be rewritten in the structured authoring format and placed in NCCI's **Experience Rating Plan Manual** (effective July 1, 2025) with the prior approval of the regulatory authority, or it will need to be refiled to address the new format changes.

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Item E-1411—NCCI's Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance**Filing Memorandum**

3. **New Item Filings**—Due to the July 1, 2025, effective date of this item filing, there may be regulator requests, legislation, and statutory changes that require NCCI to submit a subsequent item filing for rule changes in NCCI's **Experience Rating Plan Manual** (2003 edition) with an effective date prior to July 1, 2025. NCCI may need to also file an update to Item E-1411 to reflect the format revisions to such rules for the new edition of NCCI's **Experience Rating Plan Manual**.
4. **Clarifications**—One of the main clarifications we made was to identify who the rules are written for. Is it the employer, agent, regulatory authority, or carrier? Since carriers issue the policies and apply the rules, the new edition of NCCI's **Experience Rating Plan Manual** is written explicitly to carriers. In addition, we clarified where to look for further information.

State Content Changes—As indicated, a goal of modernizing NCCI's **Experience Rating Plan Manual** was to maintain the context and intent of the rules. Throughout the process, we had multiple subject matter and legal reviews to ensure consistency and compliance. In some states, we incorporated necessary updates that are addressed in this item filing in an attempt to minimize the need for future item filings. For states that required changes and clarifications, we updated the rule within the topic. These specific rules are provided in the State Content Changes exhibit (Informational Exhibit 2).

The updates fall into one of the following categories:

1. **Statutory or Compliance**—After legal review of the content, updates to statute or regulation references were needed because they had not been updated. In these instances, the rule was changed to comply with a statute or regulation.
2. **Consistency for Ease of Application**—The rules have been written over many years by different authors, which has led to inconsistencies in the same content for different states. There may have been minor structural issues that were not apparent when looking at state content independently. But when we viewed all of the states' content together, we saw the minor differences, and it made sense to adjust the content for consistency, without impacting context.
3. **Removal of State Exceptions**—In some instances, state exceptions had been created only because different terminology was used to describe the same thing in different states. We have eliminated unnecessary state exceptions by using consistent terminology across the states. For example, we eliminated several state exceptions that existed due to using different phrases for the term "self-insured group." The new edition of NCCI's **Experience Rating Plan Manual** includes a listing of alternative references for self-insured group.
4. **Updates Due to Process Improvements**
 - **Intrastate-Rated and Interstate-Rated Risks**—We added a rule that specifies that NCCI's **Experience Rating Plan Manual** applies to intrastate-rated and interstate-rated risks unless a rule specifically indicates otherwise. In some instances, both the intrastate rule and interstate rule are provided. The intrastate rule applies for application of an intrastate experience rating modification and the interstate rule applies for application of an interstate experience rating modification.
 - **Loss Limitations**—We added a rule in NCCI's **Experience Rating Plan Manual** related to the loss limitations for the United States Longshore and Harbor Workers' (USL&HW) Compensation Act. The amounts for the per claim and multiple per claim loss limitations are included in the footnotes of each state's Rating Values, Table of Weighting Values, but there was no corresponding rule explaining these loss limitations.
 - **Insolvent Carrier and Insolvent Self-Insured Group Data**—We added rules in NCCI's **Experience Rating Plan Manual** related to insolvent carrier and insolvent self-insured group data. Because this data is submitted to NCCI, it is important to provide information related to how this data impacts experience rating modifications.

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Item E-1411—NCCI's Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance

Filing Memorandum

- Self-Insurers' Applicability—NCCI's **Statistical Plan** has been updated to remove the option for affiliate self-insured groups to report data under the **Pre-URE Workers Compensation Statistical Plan**. By removing this option, affiliate self-insured groups will be required to report data under the current **Statistical Plan**. Data providers other than self-insured groups have been required to report data under the current **Statistical Plan** since January 1, 2001.
- Non-Affiliate Self-Insured Group Data—NCCI's **Statistical Plan** has been updated to clarify the reporting of data from non-affiliate self-insured groups. Non-affiliate self-insured groups will continue to have the option to report data under the **Statistical Plan** or by using the ERM-6 Form for the calculation of experience rating modifications.
- Liability-Over Claims—NCCI's **Experience Rating Plan Manual** has been updated to remove specific data reporting rules for liability-over claims. Rules related to reporting liability-over claims have been added appropriately to NCCI's **Statistical Plan**.
- ERM-14 Form and ERM-6 Form—Various topics within NCCI's **Experience Rating Plan Manual** include reference links to the Request for Ownership Information—ERM-14 Form and the Workers Compensation Experience Rating for Non-Statistical Data—ERM-6 Form. By having reference links within the applicable topics of NCCI's **Experience Rating Plan Manual**, the ERM-14 Form and ERM-6 Form are easy to access. These forms will
 - also be available on **ncci.com** under the Popular Forms section within the Underwriting tab, and
 - no longer be filed for approval and appear in NCCI's **Experience Rating Plan Manual**.

Proposal

Similar to NCCI's **Basic Manual**, this is a complete modernization of NCCI's **Experience Rating Plan Manual**. It is necessary to do a "complete manual" item filing to make regulatory review and approval, and subsequent customer use, easier in the future.

This item filing proposes to

1. establish NCCI's **Experience Rating Plan Manual**
2. revise the copyright disclaimer in NCCI's **Basic Manual** and NCCI's **Residual Market Manual for Workers Compensation and Employers Liability Insurance (Residual Market Manual)**
3. revise the rule, Schedule rating table, in NCCI's **Basic Manual**
4. revise Preface A-2. Affiliate Self-Insurers' Applicability in NCCI's **Statistical Plan**
5. establish Part 4-A-1-e. Liability-Over Claims in NCCI's **Statistical Plan**, and
6. revise Part 6-D-9. Type of Claim Code in NCCI's **Statistical Plan**.

Impact

There will be no premium impact as a result of NCCI's new edition of the **Experience Rating Plan Manual** (effective July 1, 2025). This item filing does not make any substantive changes to any rule that would result in premium impact.

The enclosed materials are copyrighted materials of the National Council on Compensation Insurance, Inc. ("NCCI"). The use of these materials may be governed by a separate contractual agreement between NCCI and its licensees such as an affiliation agreement between you and NCCI. Unless permitted by NCCI, you may not copy, create derivative works (by way of example, create or supplement your own works, databases, software, publications, manuals, or other materials), display, perform, or use the materials, in whole or in part, in any media. Such actions taken by you, or by your direction, may be in violation of federal copyright and other commercial laws. NCCI does not permit or acquiesce such use of its materials. In the event such use is contemplated or desired, please contact NCCI's Legal Department for permission.

Item E-1411—NCCI's Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance

Filing Memorandum

Exhibit Comments and Implementation Summary

Exhibit	Exhibit Comments	Implementation Summary
1	<p>Displays the establishment of NCCI's new state Experience Rating Plan Manual rules in the new format.</p> <p>Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV</p>	<ul style="list-style-type: none"> In all states except Hawaii, this exhibit is to become effective for experience rating modifications with rating effective dates on and after July 1, 2025. In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.
2	<p>Displays the revisions to the copyright disclaimer in NCCI's Basic Manual.</p> <p>Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV</p>	<ul style="list-style-type: none"> In all states except Hawaii, this exhibit is to become effective for new and renewal policies with effective dates on and after July 1, 2025. In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.
3	<p>Displays the revisions to the rule, Schedule rating table (Rule ID: BM-SCHR-S34BE), in NCCI's Basic Manual.</p> <p>Applies in: AL, AZ, CO, DC, IA, KS, KY, MD, MS, MT, NM, NV, OK, RI, SC, SD, TN, UT, VT, WV</p>	<p>This exhibit is to become effective for new and renewal policies with effective dates on and after July 1, 2025.</p>
4	<p>Displays the revisions to the copyright disclaimer in NCCI's Residual Market Manual.</p> <p>Applies in: AK, AL, AR, AZ, CT, DC, GA, IA, ID, IL, IN, KS, MS, NH, NV, OK, OR, SC, SD, TN, VA, VT, WV</p>	<p>This exhibit is to become effective for new and renewal policies with effective dates on and after July 1, 2025.</p>
5	<p>Displays the revisions to Preface A-2. Affiliate Self-Insurers' Applicability in NCCI's Statistical Plan.</p> <ul style="list-style-type: none"> Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV Refer to state exhibits for FL, TX, and VA 	<ul style="list-style-type: none"> In all states except Hawaii, this exhibit is to become effective for Unit Statistical Data with valuation dates on and after July 1, 2025. In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.
6	<p>Displays the establishment of Part 4-A-1-e. Liability-Over</p>	<ul style="list-style-type: none"> In all states except Hawaii, this exhibit

The enclosed materials are copyrighted materials of the National Council on Compensation Insurance, Inc. ("NCCI"). The use of these materials may be governed by a separate contractual agreement between NCCI and its licensees such as an affiliation agreement between you and NCCI. Unless permitted by NCCI, you may not copy, create derivative works (by way of example, create or supplement your own works, databases, software, publications, manuals, or other materials), display, perform, or use the materials, in whole or in part, in any media. Such actions taken by you, or by your direction, may be in violation of federal copyright and other commercial laws. NCCI does not permit or acquiesce such use of its materials. In the event such use is contemplated or desired, please contact NCCI's Legal Department for permission.

Item E-1411—NCCI's Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance

Filing Memorandum

Exhibit	Exhibit Comments	Implementation Summary
	<p>Claims in NCCI's Statistical Plan.</p> <ul style="list-style-type: none"> Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VT, WV Refer to state exhibit for VA 	<p>is to become effective for new and renewal policies with effective dates on and after July 1, 2025.</p> <ul style="list-style-type: none"> In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.
7	<p>Displays the revisions to Part 6-D-9. Type of Claim Code in NCCI's Statistical Plan.</p> <p>Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV</p>	<ul style="list-style-type: none"> In all states except Hawaii, this exhibit is to become effective for new and renewal policies with effective dates on and after July 1, 2025. In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.
State Exhibits		
8	<p>Displays the elimination of Florida's exceptions to Preface A-1. Statistical Plan Applicability and A-2. Affiliate Self-Insurers' Applicability in NCCI's Statistical Plan. National Preface A-2 is proposed to be applicable in Florida.</p>	<p>This exhibit is to become effective for Unit Statistical Data with valuation dates on and after July 1, 2025.</p>
8	<p>Displays the revisions to the rule, Rules for charging premium for covered employees with PEO as policyholder (Rule ID: BM-ELKY-RA619), in NCCI's Basic Manual for Kentucky.</p>	<p>This exhibit is to become effective for new and renewal policies with effective dates on and after July 1, 2025.</p>
8	<p>Displays the revisions to the following rules in NCCI's Basic Manual for Montana:</p> <ul style="list-style-type: none"> Coverage options (Rule ID: BM-ELMT-CF9BA) Option B (Rule ID: BM-ELMT-O77C5) 	<p>This exhibit is to become effective for new and renewal policies with effective dates on and after July 1, 2025.</p>
8	<p>Displays the revisions to the rule, Board meeting phases, parties to the dispute, and interested parties to the dispute (Rule ID: BM-DISB-BFAB4), in NCCI's Basic Manual for Rhode Island.</p>	<p>This exhibit is to become effective for new and renewal policies with effective dates on and after July 1, 2025.</p>
8	<p>Displays the revisions to Texas's exception to Preface A-2. Affiliate Self-Insurers' Applicability in NCCI's Statistical Plan.</p>	<p>This exhibit is to become effective for Unit Statistical Data with valuation dates on and after July 1, 2025.</p>

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Item E-1411—NCCI's Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance

Filing Memorandum

Exhibit	Exhibit Comments	Implementation Summary
8	Displays the revisions to the rule, Schedule Rating Plan eligibility (Rule ID: BM-SCHR-S6B7B), in NCCI's Basic Manual for Virginia.	This exhibit is to become effective for new and renewal policies with effective dates on and after July 1, 2025.
9	Displays the elimination of Virginia's exception to Preface A-2. Affiliate Self-Insurers' Applicability in NCCI's Statistical Plan . National Preface A-2 is proposed to be applicable in Virginia.	This exhibit is to become effective for Unit Statistical Data with valuation dates on and after July 1, 2025.
10	Displays the establishment of Virginia's exception to Part 4-A-1-f. Liability-Over Claims in NCCI's Statistical Plan .	This exhibit is to become effective for new and renewal policies with effective dates on and after July 1, 2025.
8	Displays the revisions to the following rules in NCCI's Basic Manual for West Virginia: <ul style="list-style-type: none"> • Experience rating on a master policy basis (Rule ID: BM-ELWV-EEF0A) • Experience rating on an MCP basis (Rule ID: BM-ELWV-E85F0) 	This exhibit is to become effective for new and renewal policies with effective dates on and after July 1, 2025.
Informational Exhibits		
Informational Exhibit 1	Manual Content Reference ID Map —Displays the relationship between the current manual rule numbers and the new manual Rule ID numbers.	
Informational Exhibit 2	State Content Changes —Displays any state-specific content changes to NCCI's Experience Rating Plan Manual (effective July 1, 2025) identified during the review process. If no specific changes for the state were identified, we have included an informational page only.	
Informational Exhibit 3	Index —NCCI's Experience Rating Plan Manual (effective July 1, 2025) content will contain an Alphabetical Index so that customers can search by familiar terms. NCCI will add terms to the Alphabetical Index as customers use the manuals and provide feedback.	

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed																																													
<p>Experience Rating Plan Manual—2003 Edition Preface to the Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance</p>	<p>Organization of the Experience Rating Plan Manual Rule ID: ER-PREF-OA74A</p> <p>NCCI's <i>Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Experience Rating Plan Manual</i> or the Plan) contains the rules that govern the operation and administration of the Plan. Additionally, this manual provides the formula and the rating values underlying the experience rating modification calculation, including Expected Loss Rates (ELRs), discount ratios (D-Ratios), and weighting and ballast values.</p> <p>Applicability of intrastate-rated and interstate-rated risks</p> <p>This manual applies to intrastate-rated and interstate-rated risks unless a rule specifically indicates otherwise.</p>																																													
<p>A. Jurisdiction Where This Plan Applies</p> <table border="0"> <tr> <td>01 AL Alabama</td> <td>16 KY Kentucky</td> <td>38 RI Rhode Island</td> </tr> <tr> <td>54 AK Alaska</td> <td>17 LA Louisiana</td> <td>39 SC South Carolina</td> </tr> <tr> <td>02 AZ Arizona</td> <td>18 ME Maine</td> <td>40 SD South Dakota</td> </tr> <tr> <td>03 AR Arkansas</td> <td>19 MD Maryland</td> <td>41 TN Tennessee</td> </tr> <tr> <td>05 CO Colorado</td> <td>20 MA Massachusetts ^{[1],[9]}</td> <td>42 TX Texas^[11]</td> </tr> <tr> <td>06 CT Connecticut</td> <td>23 MS Mississippi</td> <td>43 UT Utah</td> </tr> <tr> <td>08 DC District of Columbia</td> <td>24 MO Missouri ^[5]</td> <td>44 VT Vermont</td> </tr> <tr> <td>09 FL Florida ^[8]</td> <td>25 MT Montana</td> <td>45 VA Virginia ^[4]</td> </tr> <tr> <td>10 GA Georgia ^[6]</td> <td>26 NE Nebraska</td> <td>47 WV West Virginia^[10]</td> </tr> <tr> <td>52 HI Hawaii</td> <td>27 NV Nevada</td> <td></td> </tr> <tr> <td>11 ID Idaho</td> <td>28 NH New Hampshire</td> <td></td> </tr> <tr> <td>12 IL Illinois</td> <td>30 NM New Mexico</td> <td></td> </tr> <tr> <td>13 IN Indiana^[4]</td> <td>32 NC North Carolina ^{[1],[2]}</td> <td></td> </tr> <tr> <td>14 IA Iowa</td> <td>35 OK Oklahoma</td> <td></td> </tr> <tr> <td>15 KS Kansas</td> <td>36 OR Oregon</td> <td></td> </tr> </table> <p>The National Council on Compensation Insurance, Inc. (NCCI, Inc.) issues intrastate and interstate experience rating modifications except where otherwise noted.</p> <p>^[1] States with Independent Rating Organizations that issue their own intrastate experience rating modifications. These states also participate in interstate experience rating.</p> <p>^[9] Effective July 1, 2006.</p> <p>^[11] Effective July 1, 2015.</p> <p>^[5] Effective January 1, 2004.</p> <p>^[8] Effective January 1, 2006.</p> <p>^[4] Effective April 1, 2004.</p> <p>^[6] Effective April 7, 2004.</p> <p>^[10] Effective July 1, 2007.</p> <p>^[2] Effective July 1, 2004.</p>	01 AL Alabama	16 KY Kentucky	38 RI Rhode Island	54 AK Alaska	17 LA Louisiana	39 SC South Carolina	02 AZ Arizona	18 ME Maine	40 SD South Dakota	03 AR Arkansas	19 MD Maryland	41 TN Tennessee	05 CO Colorado	20 MA Massachusetts ^{[1],[9]}	42 TX Texas ^[11]	06 CT Connecticut	23 MS Mississippi	43 UT Utah	08 DC District of Columbia	24 MO Missouri ^[5]	44 VT Vermont	09 FL Florida ^[8]	25 MT Montana	45 VA Virginia ^[4]	10 GA Georgia ^[6]	26 NE Nebraska	47 WV West Virginia ^[10]	52 HI Hawaii	27 NV Nevada		11 ID Idaho	28 NH New Hampshire		12 IL Illinois	30 NM New Mexico		13 IN Indiana ^[4]	32 NC North Carolina ^{[1],[2]}		14 IA Iowa	35 OK Oklahoma		15 KS Kansas	36 OR Oregon		<p>Experience Rating Plan Manual applicability Rule ID: ER-PREG-E0850</p> <p>NCCI's <i>Experience Rating Plan Manual</i> applies to jurisdictions where NCCI is the rating organization. It also applies to some independent bureaus that issue their own intrastate experience rating modifications and participate in interstate experience rating.</p> <p>Jurisdictions where this Plan applies</p> <p>NCCI's <i>Experience Rating Plan Manual</i> applies to jurisdictions where NCCI is the rating organization. NCCI issues intrastate and interstate experience rating modifications. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "Yes".</p> <p>Additionally, NCCI's <i>Experience Rating Plan Manual</i> applies to jurisdictions with independent bureaus that issue their own intrastate experience rating modifications and also participate in interstate experience rating. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "Yes 1".</p> <p>Jurisdictions where this Plan does not apply</p> <p>NCCI's <i>Experience Rating Plan Manual</i> does not apply to independent bureaus that have their own Experience Rating Plans. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "No".</p> <p>Some independent bureaus where the Plan does not apply permit the combination with states listed in Jurisdictions where this Plan applies for interstate experience rating. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "No 1".</p> <p>Jurisdictions where this Plan applies to employers liability only and on an advisory basis</p>
01 AL Alabama	16 KY Kentucky	38 RI Rhode Island																																												
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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed																
	<p>NCCI's <i>Experience Rating Plan Manual</i> applies to monopolistic fund states on an advisory basis for employers liability insurance only. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "Monopolistic".</p> <p>References</p> <p>Refer to Jurisdictions where the Experience Rating Plan Manual applies for a complete list of states.</p> <p>Jurisdictions where the Experience Rating Plan Manual applies Rule ID: ER-PREP-JFA97</p> <p>The Experience Rating Plan Manual applicability table shows the jurisdictions where NCCI's <i>Experience Rating Plan Manual</i> applies.</p> <p><i>Experience Rating Plan Manual applicability table</i></p> <table border="1" data-bbox="1079 662 1997 756"> <thead> <tr> <th>Jurisdiction</th> <th>Abbreviation</th> <th>Jurisdiction Code</th> <th>Applicability</th> </tr> </thead> <tbody> <tr> <td>Alabama</td> <td>AL</td> <td>01</td> <td>Yes</td> </tr> <tr> <td>Alaska</td> <td>AK</td> <td>54</td> <td>Yes</td> </tr> <tr> <td>Arizona</td> <td>AZ</td> <td>02</td> <td>Yes</td> </tr> </tbody> </table>	Jurisdiction	Abbreviation	Jurisdiction Code	Applicability	Alabama	AL	01	Yes	Alaska	AK	54	Yes	Arizona	AZ	02	Yes
Jurisdiction	Abbreviation	Jurisdiction Code	Applicability														
Alabama	AL	01	Yes														
Alaska	AK	54	Yes														
Arizona	AZ	02	Yes														

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

	Jurisdiction	Abbreviation	Jurisdiction Code	Applicability
	Arkansas	AR	03	Yes
	California	CA	04	No
	Colorado	CO	05	Yes
	Connecticut	CT	06	Yes
	Delaware	DE	07	No
	District of Columbia	DC	08	Yes
	Florida	FL	09	Yes
	Georgia	GA	10	Yes
	Hawaii	HI	52	Yes
	Idaho	ID	11	Yes
	Illinois	IL	12	Yes
	Indiana	IN	13	Yes 1
	Iowa	IA	14	Yes
	Kansas	KS	15	Yes
	Kentucky	KY	16	Yes
	Louisiana	LA	17	Yes
	Maine	ME	18	Yes
	Maryland	MD	19	Yes
	Massachusetts	MA	20	Yes 1
	Michigan	MI	21	No
	Minnesota	MN	22	No 1
	Mississippi	MS	23	Yes
	Missouri	MO	24	Yes
	Montana	MT	25	Yes
	Nebraska	NE	26	Yes
	Nevada	NV	27	Yes
	New Hampshire	NH	28	Yes
	New Jersey	NJ	29	No
	New Mexico	NM	30	Yes
	New York	NY	31	No
	North Carolina	NC	32	Yes 1
	North Dakota	ND	33	Monopolistic
	Ohio	OH	34	Monopolistic
	Oklahoma	OK	35	Yes
	Oregon	OR	36	Yes
	Pennsylvania	PA	37	No
	Rhode Island	RI	38	Yes
	South Carolina	SC	39	Yes
	South Dakota	SD	40	Yes
	Tennessee	TN	41	Yes
	Texas	TX	42	Yes
	Utah	UT	43	Yes
	Vermont	VT	44	Yes
	Virginia	VA	45	Yes
B. JURISDICTIONS WHERE THIS PLAN DOES NOT APPLY	Experience Rating Plan Manual applicability			

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
<p>04 CA California 22 MN Minnesota ^[1] 37 PA Pennsylvania 07 DE Delaware 29 NJ New Jersey 48 WI Wisconsin ^[1] 21 MI Michigan 31 NY New York ^[2]</p> <p>¹ Experience Rating Plans used by Independent Rating Organizations permit combination with states listed in Preface A for interstate experience rating.</p> <p>² The New York Experience Rating Plan no longer permits New York experience to be used in NCCI’s interstate experience rating plan for rating effective dates on or after October 1, 2022.</p>	<p>Rule ID: ER-PREG-E0850</p> <p>NCCI’s <i>Experience Rating Plan Manual</i> applies to jurisdictions where NCCI is the rating organization. It also applies to some independent bureaus that issue their own intrastate experience rating modifications and participate in interstate experience rating.</p> <p>Jurisdictions where this Plan applies</p> <p>NCCI’s <i>Experience Rating Plan Manual</i> applies to jurisdictions where NCCI is the rating organization. NCCI issues intrastate and interstate experience rating modifications. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "Yes".</p> <p>Additionally, NCCI’s <i>Experience Rating Plan Manual</i> applies to jurisdictions with independent bureaus that issue their own intrastate experience rating modifications and also participate in interstate experience rating. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "Yes 1".</p> <p>Jurisdictions where this Plan does not apply</p> <p>NCCI’s <i>Experience Rating Plan Manual</i> does not apply to independent bureaus that have their own Experience Rating Plans. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "No".</p> <p>Some independent bureaus where the Plan does not apply permit the combination with states listed in Jurisdictions where this Plan applies for interstate experience rating. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "No 1".</p> <p>Jurisdictions where this Plan applies to employers liability only and on an advisory basis</p> <p>NCCI’s <i>Experience Rating Plan Manual</i> applies to monopolistic fund states on an advisory basis for employers liability insurance only. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "Monopolistic".</p> <p>References</p> <p>Refer to Jurisdictions where the Experience Rating Plan Manual applies for a complete list of states.</p> <p>Jurisdictions where the Experience Rating Plan Manual applies</p> <p>Rule ID: ER-PREP-JFA97</p> <p>The Experience Rating Plan Manual applicability table shows the jurisdictions where NCCI’s <i>Experience Rating Plan Manual</i> applies.</p>

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed			
	<i>Experience Rating Plan Manual applicability table</i>			
	Jurisdiction	Abbreviation	Jurisdiction Code	Applicability
	Alabama	AL	01	Yes
	Alaska	AK	54	Yes
	Arizona	AZ	02	Yes

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Jurisdiction	Abbreviation	Jurisdiction Code	Applicability
Arkansas	AR	03	Yes
California	CA	04	No
Colorado	CO	05	Yes
Connecticut	CT	06	Yes
Delaware	DE	07	No
District of Columbia	DC	08	Yes
Florida	FL	09	Yes
Georgia	GA	10	Yes
Hawaii	HI	52	Yes
Idaho	ID	11	Yes
Illinois	IL	12	Yes
Indiana	IN	13	Yes 1
Iowa	IA	14	Yes
Kansas	KS	15	Yes
Kentucky	KY	16	Yes
Louisiana	LA	17	Yes
Maine	ME	18	Yes
Maryland	MD	19	Yes
Massachusetts	MA	20	Yes 1
Michigan	MI	21	No
Minnesota	MN	22	No 1
Mississippi	MS	23	Yes
Missouri	MO	24	Yes
Montana	MT	25	Yes
Nebraska	NE	26	Yes
Nevada	NV	27	Yes
New Hampshire	NH	28	Yes
New Jersey	NJ	29	No
New Mexico	NM	30	Yes
New York	NY	31	No
North Carolina	NC	32	Yes 1
North Dakota	ND	33	Monopolistic
Ohio	OH	34	Monopolistic
Oklahoma	OK	35	Yes
Oregon	OR	36	Yes
Pennsylvania	PA	37	No
Rhode Island	RI	38	Yes
South Carolina	SC	39	Yes
South Dakota	SD	40	Yes
Tennessee	TN	41	Yes
Texas	TX	42	Yes
Utah	UT	43	Yes
Vermont	VT	44	Yes
Virginia	VA	45	Yes

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
<p>C. Jurisdictions Where This Plan Applies to Employers Liability Only and on an Advisory Basis (Monopolistic Fund States)</p> <p>33 ND North Dakota 34 OH Ohio 49 WY Wyoming 46 WA Washington</p>	<p>Experience Rating Plan Manual applicability Rule ID: ER-PREG-E0850</p> <p>NCCI's <i>Experience Rating Plan Manual</i> applies to jurisdictions where NCCI is the rating organization. It also applies to some independent bureaus that issue their own intrastate experience rating modifications and participate in interstate experience rating.</p> <p>Jurisdictions where this Plan applies</p> <p>NCCI's <i>Experience Rating Plan Manual</i> applies to jurisdictions where NCCI is the rating organization. NCCI issues intrastate and interstate experience rating modifications. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "Yes".</p> <p>Additionally, NCCI's <i>Experience Rating Plan Manual</i> applies to jurisdictions with independent bureaus that issue their own intrastate experience rating modifications and also participate in interstate experience rating. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "Yes 1".</p> <p>Jurisdictions where this Plan does not apply</p> <p>NCCI's <i>Experience Rating Plan Manual</i> does not apply to independent bureaus that have their own Experience Rating Plans. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "No".</p> <p>Some independent bureaus where the Plan does not apply permit the combination with states listed in Jurisdictions where this Plan applies for interstate experience rating. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "No 1".</p> <p>Jurisdictions where this Plan applies to employers liability only and on an advisory basis</p> <p>NCCI's <i>Experience Rating Plan Manual</i> applies to monopolistic fund states on an advisory basis for employers liability insurance only. The Experience Rating Plan Manual applicability table identifies these jurisdictions with "Monopolistic".</p> <p>References</p> <p>Refer to Jurisdictions where the Experience Rating Plan Manual applies for a complete list of states.</p> <p>Jurisdictions where the Experience Rating Plan Manual applies Rule ID: ER-PREP-JFA97</p> <p>The Experience Rating Plan Manual applicability table shows the jurisdictions where NCCI's <i>Experience Rating Plan Manual</i> applies.</p>

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Current	Proposed			
	<i>Experience Rating Plan Manual applicability table</i>			
	Jurisdiction	Abbreviation	Jurisdiction Code	Applicability
	Alabama	AL	01	Yes
	Alaska	AK	54	Yes
	Arizona	AZ	02	Yes

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	Jurisdiction	Abbreviation	Jurisdiction Code	Applicability
	Arkansas	AR	03	Yes
	California	CA	04	No
	Colorado	CO	05	Yes
	Connecticut	CT	06	Yes
	Delaware	DE	07	No
	District of Columbia	DC	08	Yes
	Florida	FL	09	Yes
	Georgia	GA	10	Yes
	Hawaii	HI	52	Yes
	Idaho	ID	11	Yes
	Illinois	IL	12	Yes
	Indiana	IN	13	Yes 1
	Iowa	IA	14	Yes
	Kansas	KS	15	Yes
	Kentucky	KY	16	Yes
	Louisiana	LA	17	Yes
	Maine	ME	18	Yes
	Maryland	MD	19	Yes
	Massachusetts	MA	20	Yes 1
	Michigan	MI	21	No
	Minnesota	MN	22	No 1
	Mississippi	MS	23	Yes
	Missouri	MO	24	Yes
	Montana	MT	25	Yes
	Nebraska	NE	26	Yes
	Nevada	NV	27	Yes
	New Hampshire	NH	28	Yes
	New Jersey	NJ	29	No
	New Mexico	NM	30	Yes
	New York	NY	31	No
	North Carolina	NC	32	Yes 1
	North Dakota	ND	33	Monopolistic
	Ohio	OH	34	Monopolistic
	Oklahoma	OK	35	Yes
	Oregon	OR	36	Yes
	Pennsylvania	PA	37	No
	Rhode Island	RI	38	Yes
	South Carolina	SC	39	Yes
	South Dakota	SD	40	Yes
	Tennessee	TN	41	Yes
	Texas	TX	42	Yes
	Utah	UT	43	Yes
	Vermont	VT	44	Yes
	Virginia	VA	45	Yes
Experience Rating Plan Manual—2003 Edition	Experience Rating Plan Manual			

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<p>Rules Rule 1—General Explanations</p>	
<p>A. Experience Rating Experience rating recognizes the differences among individual insureds with respect to safety and loss prevention. It does this by comparing the experience of individual insureds with the average insured in the same classification. The differences are reflected by an experience rating modification, based on individual payroll and loss records, which may result in an increase, decrease, or no change in premium. <i>Refer to the User's Guide for Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance for more information.</i></p>	<p>Experience rating Rule ID: ER-ERPS-EA14B Experience rating recognizes the differences among individual risks with respect to safety and loss prevention by comparing the experience of individual risks with that of the average employer in the same classification. The experience rating modification reflects the difference between the individual risk and the average employer. References Refer to NCCI's <i>Experience Rating Plan Manual User's Guide</i> for more information. Purpose of an experience rating modification Rule ID: ER-ERPM-P9DDB The purpose of an experience rating modification is to modify the risk's premium based on the risk's past experience. The rating organization calculates the experience rating modification using the risk's payroll and loss records. The insurance provider applies the experience rating modification that results in an increase, decrease, or no change to the risk's premium.</p>
<p>B. Mandatory Plan 1. The <i>Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance</i> (the Plan) applies on a mandatory basis for risks that meet the premium eligibility requirements in Rule 2-A. <i>Refer to the state rules for exceptions to this Plan's national rules.</i> A policy cannot be cancelled, rewritten or extended for purposes of enabling a risk to qualify for, or avoid application of, this Plan. 2. Any action taken in any form to evade the application of an experience rating modification determined in accordance with this Plan is prohibited. 3. The effective date of a change in any rule or rating value is 12:01 a.m. on the date approved for use. Unless otherwise specified, each change applies only from the rating effective date, which occurs on or after the effective date of the change. <i>Refer to Rule 2-B for more information about rating effective dates.</i> 4. The Workers Compensation and Employers Liability Insurance Policy provides the rating organization with the authority to examine and audit all records that relate to the policy. The application of this Plan's rules may be affected by the attachment of endorsements found in the <i>Forms Manual of Workers Compensation and Employers Liability Insurance</i>.</p>	<p>Application of manual rules Rule ID: ER-PREI-IA2CC NCCI's <i>Experience Rating Plan Manual</i> (the Plan) applies on a mandatory basis for risks that meet the premium eligibility requirements. Plan adherence The Plan prohibits any action, in any form, to evade the application of an experience rating modification determined in accordance with this Plan. Insurance providers must not cancel, rewrite, or extend a policy to enable a risk to qualify for or avoid the application of this Plan. Insurance provider references in the Plan NCCI's <i>Experience Rating Plan Manual</i> uses the term "insurance provider." For purposes of this Plan only, the insurance provider may be the carrier, the self-insured group, a third-party data reporter, or a non-affiliate. Self-insured group references in the Plan NCCI's <i>Experience Rating Plan Manual</i> uses the term "self-insured group," which may also be referred to as</p>

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<p>5. The rules of this Plan are based on policy periods not longer than one year.</p> <p>a. A policy issued for a period not longer than one year and 16 days is treated as a one-year policy.</p> <p>b. A policy issued for a period longer than one year and 16 days is treated as follows:</p> <ul style="list-style-type: none"> • The policy period is divided into consecutive 12-month units. • The Policy Period Endorsement specifies the first or last unit of less than 12 months as a short-term policy. • All manual rules and procedures apply to each such unit as if a separate policy had been issued for each unit. 	<ul style="list-style-type: none"> • self-insured employer group • self-insurance pool • self-insurance group • self-insurance association • group self-insurance • group self-insurers <ul style="list-style-type: none"> • group self-insurance association • group self-insurance fund • group self-insured pool • group-funded self-insurance plan • commercial self-insurance fund, or • any other term used in state law that describes what could be considered a workers compensation self-insured group. <p>References</p> <p>Refer to Premium eligibility for more information about premium eligibility requirements.</p>
<p>C. Definitions</p> <p>1. Experience</p> <p>The experience used to calculate a risk’s modification is comprised of the payroll and losses that are reported according to the Statistical Plan. For purposes of this Plan, payroll and losses may also be referred to as data. The experience used in a modification is determined by Rule 2-E.</p> <p>2. Payroll</p> <p>The audited payroll or other exposures for each classification in the experience period are those reported according to the Statistical Plan.</p> <p>3. Losses</p> <p>Incurred losses for each classification in the experience period are those reported according to the Statistical Plan.</p> <p>a. No loss is excluded from the experience of a risk even if the employer was not responsible for the accident that caused such loss.</p> <p>Exception: Claims that are reported with Catastrophe Number 12 as attributable to the COVID-19 (coronavirus) pandemic according to the Statistical Plan with Accident Dates of December 1, 2019 through June 30, 2023 are excluded from experience rating calculations.</p> <p>Exception: Claims that are reported as noncompensable according to the Statistical Plan are excluded from experience rating calculations.</p> <p>Exception: Claims that are reported as fraudulent according to the Statistical Plan are excluded from experience rating calculations.</p>	<p>Elements of the Experience Rating Plan</p> <p>Rule ID: ER-RPDS-EA209</p> <p>Elements of the Experience Rating Plan provides terms and information applicable to experience rating modifications.</p> <p>Experience used in calculating experience rating modifications</p> <p>Rule ID: ER-RPDX-EAD81</p> <p>Experience used in calculating a risk’s experience rating modification is composed of the payroll and losses that the insurance provider reports in accordance with NCCI’s Statistical Plan. For the purposes of this Plan, payroll and losses may be referred to as data. The rating organization uses a risk’s experience in the experience period to calculate an experience rating modification.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Experience used in a rating for information about experience used in an experience rating modification, and • NCCI’s Statistical Plan for information about reporting payroll and losses. <p>Payroll used in experience rating</p> <p>Rule ID: ER-RPDP-PA966</p> <p>Payroll used in experience rating is composed of payroll or other exposures for each classification in the experience period. The insurance provider reports the payroll or other exposures in accordance with NCCI’s Statistical Plan.</p> <p>References</p> <p>Refer to NCCI’s Statistical Plan for information about reporting payroll and other exposures.</p>

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<p>Exception: Claims that are reported as coal mine disease (Black Lung) according to the <i>Statistical Plan</i> are excluded from experience rating calculations.</p> <p>b. Loss amounts may be limited in the experience rating calculation. For application of a loss limitation, refer to Rule 2-C-13.</p> <p>5. Risk A risk is all entities eligible for combination under this Plan, regardless of whether insurance is provided by one or more policies or insurance carriers. A risk may be:</p> <p>a. A single entity, or</p> <p>b. Two or more entities that qualify for combination according to Rule 3-D.</p> <p>6. Statistical Plan The <i>Statistical Plan</i> references mean all unit statistical plans approved for use in states where this <i>Experience Rating Plan</i> applies or in states where independent rating organizations permit combination for interstate rating with states listed in Preface Section A. Statistical plans detail data reporting requirements for individual risk experience. Only 1st, 2nd, and 3rd reports as well as corrections to such reports are used in the experience rating calculation. Based on a risk's experience period, an individual unit report may be used in more than one experience rating.</p> <p>7. Subject Premium Subject premium is reported according to the <i>Statistical Plan</i>. For experience rating purposes, subject premium developed for an individual risk during:</p> <p>a. Its experience period is used to determine a risk's eligibility according to Rule 2-A.</p> <p>b. The policy period to which the experience rating modification applies, is multiplied by the experience rating modification factor.</p> <p>8. Unity (1.00) Factor A unity (1.00) factor may apply to a risk for reasons including, but not limited to:</p> <ul style="list-style-type: none"> • It does not qualify for experience rating. <i>Refer to Rule 2-A for premium eligibility requirements.</i> • It does not meet the minimum data requirements. <i>Refer to Rule 4-C-3 for an explanation.</i> • It is a new business with no data available for production of an experience rating modification. • It qualifies for experience rating, with the calculation resulting in a 1.00 modification. 	<p>Losses used in experience rating Rule ID: ER-RPDL-LFC53 Losses used in experience rating are composed of the incurred medical losses and incurred indemnity losses for each classification in the experience period. The insurance provider reports the incurred medical losses and incurred indemnity losses in accordance with NCCI's <i>Statistical Plan</i>.</p> <p>References Refer to</p> <ul style="list-style-type: none"> • NCCI's <i>Statistical Plan</i> for information about reporting incurred medical and incurred indemnity losses • Losses excluded from experience rating for losses excluded from experience rating modification calculations, and • Limitation of losses employed in experience rating for information on loss amounts limited in the experience rating modification calculations. <p>Losses excluded from experience rating Rule ID: ER-SPEX-LC0EC With the limited exceptions outlined in these rules, the rating organization does not exclude a loss from the experience of a risk regardless of whether the risk was responsible for the accident that caused such losses.</p> <p>Exclusion of Catastrophe Number 12 COVID-19 claims Rule ID: ER-SPEX-E72CB For experience rating modification calculations, the rating organization excludes claims reported with Catastrophe Number 12 in accordance with NCCI's <i>Statistical Plan</i>. Catastrophe Number 12 claims include claims attributable to the COVID-19 (coronavirus) pandemic with accident dates of December 1, 2019, through June 30, 2023.</p> <p>References Refer to NCCI's <i>Statistical Plan</i> for more information about reporting COVID-19 claims.</p> <p>Exclusion for noncompensable claims Rule ID: ER-SPEX-EB1A1 For experience rating modification calculations, the rating organization excludes claims reported as noncompensable in accordance with NCCI's <i>Statistical Plan</i>.</p> <p>References</p>

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<p>• Data could not be provided as a result of an ownership change. <i>Refer to Rule 3-E for an explanation.</i></p>	<p>Refer to NCCI's Statistical Plan for more information about reporting noncompensable claims.</p> <p>Exclusion of fraudulent claims Rule ID: ER-SPEX-E7290</p> <p>For experience rating modification calculations, the rating organization excludes claims reported as fraudulent in accordance with NCCI's Statistical Plan.</p> <p>References</p> <p>Refer to NCCI's Statistical Plan for more information about reporting fraudulent claims.</p> <p>Exclusion of coal mine disease (black lung) claims Rule ID: ER-SPEX-E0A1D</p> <p>For experience rating modification calculations, the rating organization excludes claims reported as coal mine disease (black lung) in accordance with NCCI's Statistical Plan.</p> <p>References</p> <p>Refer to NCCI's Statistical Plan for more information about reporting coal mine disease (black lung) claims.</p> <p>Uses of the term "risk" Rule ID: ER-RPDR-RCD6E</p> <p>A risk is any entity eligible for combination under this Plan, regardless of whether the risk's insurance is provided by (a) one or more policies, or (b) one or more insurance providers.</p> <p>Types of risk</p> <p>A risk may be</p> <ul style="list-style-type: none"> • a single entity, or • two or more entities that qualify for a combination of experience rating under this Plan. <p>References</p> <p>Refer to Combination of entities for information about the two or more entities that qualify for combination.</p> <p>Statistical Plan references Rule ID: ER-RPDT-SA093</p> <p>NCCI's Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Plan) is the approved statistical plan that details the unit statistical data reporting rules and requirements for an individual risk's experience. In states where independent bureaus permit combination for interstate rating, the approved statistical plan in those states applies to those independent bureaus.</p>

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Current	Proposed
	<p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • NCCI's <i>Statistical Plan</i> for data reporting rules and requirements • Experience Rating Plan Manual applicability for more information, and • Jurisdictions where the Experience Rating Plan Manual applies for more information. <p>Uses of subject premium Rule ID: ER-RPDJ-SC9B4</p> <p>For experience rating purposes, the rating organization uses the subject premium that an individual risk develops during its experience period to determine whether the risk is eligible for experience rating. The insurance provider reports subject premium to the rating organization in accordance with NCCI's <i>Statistical Plan</i>.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • NCCI's <i>Statistical Plan</i> for information about reporting subject premium, and • Premium eligibility for information about risk eligibility. <p>Rule for applying the experience rating modification to subject premium Rule ID: ER-RPDJ-R221A</p> <p>Multiply the subject premium by the experience rating modification. The subject premium is the premium developed for an individual risk during the policy period to which the experience rating modification applies.</p> <p>Application of a unity (1.00) factor Rule ID: ER-RPDU-UA238</p> <p>A unity (1.00) factor may apply to a risk under certain circumstances. The application of a unity (1.00) factor does not yield an increase or decrease in a risk's premium.</p> <p>Reasons for applying a unity (1.00) factor to a risk</p> <p>Reasons for applying a unity (1.00) factor to a risk include but are not limited to</p> <ul style="list-style-type: none"> • the risk not qualifying for experience rating • the risk not meeting the minimum data requirements • the risk being a new business with no data available for the production of an experience rating modification

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Current	Proposed
	<ul style="list-style-type: none"> the risk qualifying for experience rating with a calculation resulting in a 1.00 experience rating modification, or the insurance provider being unable to provide the data as a result of changes in ownership. <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> Premium eligibility for information about premium eligibility requirements Contingent modifications for information about the minimum data requirements, and Treatment of experience for information about the results of changes in ownership.
<p>D. Administration</p> <ol style="list-style-type: none"> The rating organization determines the applicability of all Plan rules. The experience rating modification is calculated, issued and, if necessary, revised by the appropriate rating organization listed in the Preface. Unless otherwise provided by this Plan, experience rating modification issuance and revision is limited to the current and two preceding experience rating modifications. Any risk qualifying for an experience rating modification factor will be notified by the designated rating organization and instructed on how to obtain their experience rating modification worksheet. The carrier of record and producer of record are provided access to the experience rating worksheet. Additional parties may be allowed access to the experience rating worksheet if authorized in writing by the risk. The calculated experience rating modification factor is applied by the carrier(s) in accordance with this Plan, other applicable rules, statutes, and regulations. Appeals involving the application of the rules of this manual may be resolved through the applicable administrative appeals process. <i>Refer to the User's Guide for more information.</i> 	<p>Administration of the Plan Rule ID: ER-PRET-AD2E8</p> <p>The rating organization determines the applicability of all Plan rules. The appropriate rating organization calculates, issues, and if necessary, revises the experience rating modification. Unless otherwise provided by this Plan, the rating organization limits experience rating modification issuance and revision to the current and two preceding experience rating modifications.</p> <p>Access to the Experience Rating Worksheet</p> <p>The rating organization notifies and instructs any qualifying risk on how to obtain a copy of its Experience Rating Worksheet. The rating organization also provides access to the Experience Rating Worksheet to</p> <ul style="list-style-type: none"> the carrier of record the producer of record, and additional parties if the risk authorizes that access in writing. <p>Application of the experience rating modification</p> <p>The insurance provider or insurance providers apply the calculated experience rating modification in accordance with this Plan, other applicable rules, statutes, and regulations.</p> <p>Appeals regarding the Plan</p> <p>The applicable administrative appeals process may resolve appeals related to the application of the rules of this Plan.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> NCCI's Basic Manual for more information about NCCI's dispute resolution process, and

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	<ul style="list-style-type: none"> • Experience Rating Plan Manual applicability for more information about the appropriate rating organization.
<p>Experience Rating Plan Manual—2003 Edition Rules Rule 2— Experience Rating Elements and Formula</p>	<p>Experience Rating Plan Manual</p>
<p>A. Premium Eligibility</p> <p>1. Premium</p> <p>a. Subject Premium</p> <p>A risk's eligibility for this Plan is based on the amount of subject premium as defined in Rule 1-C-7. Refer to Rule 2-A-2 and the State Table of Subject Premium Eligibility Amounts to determine premium eligibility for a specific risk.</p> <p>b. Not Subject to Experience Rating</p> <p>According to the <i>Statistical Plan</i>, some premium elements are not subject to experience rating. Premium may be charged for these elements under the standard policy. This premium is not:</p> <ul style="list-style-type: none"> • Subject to increase or decrease by an experience rating modification factor • Used to determine premium eligibility for experience rating as detailed in Rule 2-A-2 • Used in the calculation of an experience rating modification, unless otherwise stated in this Plan or the <i>Basic Manual</i> <p>3. Average Annual Subject Premium</p> <p>Determine a risk's average subject premium on an annual basis for experience rating eligibility purposes as follows:</p> $\frac{\text{Total Subject Premium}}{\text{Total Months of Experience in Experience Period (excluding gaps in coverage)}} \times 12 = \text{Average Annual Subject Premium}$ <p>When the average annual subject premium is determined, refer to Column B in Rule 2-A-2 for premium eligibility requirements. The reference to total months of experience in this calculation includes partial months.</p> <p>Refer to the <i>User's Guide</i> for examples.</p> <p>4. Intrastate Experience Rating</p>	<p>Premium eligibility Rule ID: ER-ELIG-PC6F9</p> <p>This rule provides information regarding the premium eligibility requirements for a risk to qualify for experience rating based on the risk's amount of subject premium.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Uses of subject premium for the definition of subject premium and for information about a risk's eligibility under the Plan based on the amount of subject premium • Risk qualifications for experience rating for more information, and • Subject premium eligibility amounts to determine premium eligibility for a specific risk. <p>Premium elements not subject to experience rating Rule ID: ER-ELIA-PA9D9</p> <p>NCCI's <i>Statistical Plan</i> requires some premium elements to be reported as not subject to experience rating. Insurance providers can charge premium for these elements under the policy.</p> <p>Impact of premium elements not subject to experience rating</p> <p>Insurance providers cannot apply an experience rating modification to premium elements not subject to experience rating.</p> <p>Usage of premium elements not subject to experience rating</p> <p>Premium elements not subject to experience rating are not used to determine premium eligibility for experience rating, and these premium elements are not used in the calculation of an experience rating modification, unless the Plan or NCCI's <i>Basic Manual</i> states otherwise.</p> <p>References</p> <p>Refer to NCCI's <i>Statistical Plan</i> for reporting premium elements not subject to experience rating.</p> <p>Calculation of average annual total manual premium</p>

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
<p>A risk qualifies for experience rating on an intrastate (single-state) basis when it meets the premium eligibility requirements for the state in which it operates. <i>Refer to the State Table of Subject Premium Eligibility Amounts for the minimum subject premium requirements.</i> Qualifying subject premium is based on payroll or other exposures reported in accordance with the <i>Statistical Plan</i>.</p> <p><i>Refer to the User's Guide for examples.</i></p> <p>5. Interstate Experience Rating</p> <p>a. A risk qualifies for experience rating on an interstate (multi-state) basis when it:</p> <ol style="list-style-type: none"> (1) Meets the premium requirement for intrastate rating in any one state, and (2) Develops experience during the experience period in one or more additional states where this Plan applies or where the independent rating organization Plan permits combination for interstate rating. <p>b. The experience developed in each additional state does not have to meet the premium requirement for intrastate rating.</p> <p>c. The interstate modification applies to all of the risk's operations even if coverage is written under separate policies.</p> <p>d. If a risk expands operations into one or more additional states, its experience rating modification applies to the additional state(s) operations as of the date of expansion. Experience for such operations will be included in the calculation of future modifications.</p> <p>e. If a risk is intrastate rated in an independent bureau state that participates in the interstate experience rating plan, Rule 2-A-5-a through d applies.</p> <p><i>Refer to the User's Guide for examples.</i></p>	<p>Rule ID: ER-ELIC-CD2D0</p> <p>The risk's average annual total manual premium is compared to the "Minimum total manual premium eligibility amount based on the total manual premium from the most recent 24 months of the experience period (\$)" for premium eligibility requirements.</p> <p>Formula for the average annual total manual premium</p> <p>Using this formula, the rating organization calculates the risk's average annual total manual premium. The total months of experience include partial months in the calculation.</p> $\frac{\text{Total Manual Premium}}{\text{Total Months of Experience in Experience Period (excluding gaps in coverage)}} \times 12 = \text{Average Annual Total Manual Premium}$ <p>References</p> <p>Refer to Total manual premium eligibility amounts for the state's average annual total manual premium.</p> <p>Intrastate experience rating</p> <p>Rule ID: ER-ELIQ-I34B9</p> <p>A risk qualifies for experience rating on an intrastate (single-state) basis when it meets the premium eligibility requirements for the state in which it operates.</p> <p>Qualifications for subject premium used for intrastate-rated risks</p> <p>Qualifying subject premium for an experience rating modification is based on payroll or other exposures in the experience period reported in accordance with NCCI's <i>Statistical Plan</i>.</p> <p>Application of an intrastate experience rating modification to the risk's operations</p> <p>If an intrastate-rated risk expands operations into one or more additional states, its experience rating modification applies to the additional state or state's operations beginning on the date of expansion. The intrastate experience rating modification applies until the rating organization calculates an interstate experience rating modification for the risk. The calculation of future modifications includes experience for these operations.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Subject premium eligibility amounts for the minimum subject premium eligibility amount requirements • NCCI's <i>Experience Rating Plan Manual User's Guide</i> for examples of various experience periods, and

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
	<ul style="list-style-type: none"> • NCCI’s <i>Statistical Plan</i> for reporting payroll or other exposures subject to experience rating modifications. <p>Interstate experience rating Rule ID: ER-ELIS-IA9FD</p> <p>A risk qualifies for experience rating on an interstate (multistate) basis when it (a) meets the premium eligibility requirement for intrastate experience rating in one state, and (b) develops experience during the experience period in one or more additional states where this Plan permits combination for interstate experience rating.</p> <p>Experience in additional states</p> <p>The experience developed in each additional state does not have to meet the premium eligibility requirement for intrastate experience rating.</p> <p>Application of an interstate experience rating modification to the risk’s operations</p> <p>The interstate experience rating modification applies to all the risk’s operations, even if the insurance provider or insurance providers write the coverage under separate policies. If a risk expands operations into one or more additional states, its experience rating modification applies to the additional state’s or states’ operations beginning on the date of expansion. The calculation of future experience rating modifications includes experience for these operations.</p> <p>Intrastate-rated risks in a participating independent bureau</p> <p>When a risk is intrastate-rated in an independent bureau that participates in interstate experience rating, all Plan rules for interstate experience rating apply.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Organization of the Experience Rating Plan Manual for more information about the applicability of interstate-rated risks, and • NCCI’s <i>Experience Rating Plan Manual User’s Guide</i> for examples of interstate experience rating eligibility.
<p>B. Rating Effective Date (RED)</p> <p>The RED appears on a risk’s experience rating worksheet. It is the earliest date that a specific modification is applied to a policy. To determine experience rating modification application, <i>refer to Rule 4-D.</i></p> <p>The rating organization establishes the RED.</p>	<p>Rating effective date (RED) of an experience rating modification Rule ID: ER-REDS-RA102</p> <p>The rating organization publishes the RED that appears on a risk’s <i>Experience Rating Worksheet</i>. The RED is the earliest date that the insurance provider applies a specific experience rating modification to a policy.</p> <p>References</p>

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Current	Proposed																
<p>Note: Wrap-up policies are not used to determine the RED. <i>Refer to Rule 5-D-1 for information on wrap-up policies.</i></p> <p>The RED may differ from a risk’s policy effective date for reasons including, but not limited to:</p> <ul style="list-style-type: none"> • Short-term policies • Cancellations • Gaps in coverage • Changes in ownership or combinability status • Multiple policy effective dates • Interstate operations • A policy that is longer than one year and 16 days • Late receipt of current policy information by the rating organization <p>To determine a risk’s RED, the rating organization will apply the Rating Effective Date Determination Table in conjunction with a review of the most recent full-term policies and unit statistical data. For purposes of this rule, a full-term policy is written for 12 months and is not cancelled prior to its expiration date.</p> <p style="text-align: center;">Rating Effective Date Determination Table</p> <table border="1"> <thead> <tr> <th style="text-align: left;">If the risk is . . .</th> <th style="text-align: left;">Then the rating effective date is . . .</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> • A single policy intrastate or interstate risk, or • A multiple policy intrastate or interstate risk with all policies having the same effective date </td> <td>The effective month and day of the most recent full-term policy in effect and each policy thereafter unless the date is changed due to a reason listed above.</td> </tr> <tr> <td>A multiple policy intrastate risk with policies having different effective dates</td> <td>The effective month and day of the most recent full-term policy in effect with the largest amount of estimated standard premium.</td> </tr> <tr> <td>A multiple policy interstate risk with policies having different effective dates</td> <td>The effective month and day of the most recent full-term policy in effect for the state with the largest amount of estimated standard premium.</td> </tr> </tbody> </table> <p><i>Refer to the User’s Guide for examples.</i></p>	If the risk is . . .	Then the rating effective date is . . .	<ul style="list-style-type: none"> • A single policy intrastate or interstate risk, or • A multiple policy intrastate or interstate risk with all policies having the same effective date 	The effective month and day of the most recent full-term policy in effect and each policy thereafter unless the date is changed due to a reason listed above.	A multiple policy intrastate risk with policies having different effective dates	The effective month and day of the most recent full-term policy in effect with the largest amount of estimated standard premium.	A multiple policy interstate risk with policies having different effective dates	The effective month and day of the most recent full-term policy in effect for the state with the largest amount of estimated standard premium.	<p>Refer to Time period that an experience rating modification applies for information about the application of experience rating modifications.</p> <p>Determination of a risk’s rating effective date (RED) Rule ID: ER-REDD-DC00A</p> <p>The rating organization establishes a risk’s RED. The rating organization reviews the risk’s most recent full-term policies and unit statistical data in conjunction with the RED determination table to determine the RED.</p> <p><i>RED determination table</i></p> <table border="1"> <thead> <tr> <th style="text-align: left;">If the risk is a ...</th> <th style="text-align: left;">Then the RED is the effective month and day of the most recent full-term policy in effect ...</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> • single policy intrastate-rated or interstate-rated risk, or • multiple policy intrastate-rated or interstate-rated risk with all policies having the same effective date </td> <td>and each policy thereafter unless there is a change to the policy effective date in accordance with the rule, Reasons why a risk’s rating effective date (RED) and policy effective date may differ.</td> </tr> <tr> <td>multiple policy intrastate-rated risk with policies having different effective dates</td> <td>with the largest amount of estimated standard premium.</td> </tr> <tr> <td>multiple policy interstate-rated risk with policies having different effective dates</td> <td>for the state with the largest amount of estimated standard premium.</td> </tr> </tbody> </table> <p>Note A full-term policy is written for 12 months and does not cancel before the policy expiration date.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • NCCI’s <i>Experience Rating Plan Manual User’s Guide</i> for examples of how to determine a risk’s RED, and • Reasons why a risk’s rating effective date (RED) and policy effective date may differ for more information. <p>Reasons why a risk’s rating effective date (RED) and policy effective date may differ Rule ID: ER-REDL-R20D1</p> <p>The RED may differ from a risk’s policy effective date for several reasons.</p> <p>Reasons why the RED and risk’s policy effective date may differ</p> <p>The RED and the risk’s policy effective date may differ due to but not limited to</p> <ul style="list-style-type: none"> • a policy that is longer than one year and 16 days • cancellations • changes in ownership or combinability status • gaps in coverage 	If the risk is a ...	Then the RED is the effective month and day of the most recent full-term policy in effect ...	<ul style="list-style-type: none"> • single policy intrastate-rated or interstate-rated risk, or • multiple policy intrastate-rated or interstate-rated risk with all policies having the same effective date 	and each policy thereafter unless there is a change to the policy effective date in accordance with the rule, Reasons why a risk’s rating effective date (RED) and policy effective date may differ.	multiple policy intrastate-rated risk with policies having different effective dates	with the largest amount of estimated standard premium.	multiple policy interstate-rated risk with policies having different effective dates	for the state with the largest amount of estimated standard premium.
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Current	Proposed
	<ul style="list-style-type: none"> • interstate operations • late receipt of current policy information by the rating organization • multiple policy effective dates, or • short-term policies. <p>Policies not used to determine the rating effective date (RED) Rule ID: ER-REDU-P8F73</p> <p>The rating organization does not use wrap-up policies to determine the RED.</p> <p>References</p> <p>Refer to Construction and contracting risks for information about wrap-up policies.</p>
<p>C. Elements of Experience Rating Formula and Worksheet</p> <p>1. Expected Loss Rate (ELR)</p> <p>The Expected Loss Rate (ELR) is a factor applied to each \$100 of payroll for a classification. It determines the amount of expected losses for a classification in a particular state. ELRs are listed in the Tables of Expected Loss Rates and Discount Ratios in the state pages of this Plan.</p> <p>2. Expected Losses</p> <p>The expected losses for each classification are determined by multiplying the payroll divided by \$100 times the ELR. The result is rounded to the nearest whole number. Within the experience rating calculation, the expected losses represent the benchmark level of losses expected for all employers in a state within a particular classification. It is against this benchmark that individual employers are compared, based on their actual losses.</p> <p>3. Discount Ratio (D-Ratio)</p> <p>The Discount Ratio (D-Ratio) is a factor applied to the expected losses for each classification. It determines the portion of a risk’s expected losses that are expected to be primary losses. Discount Ratios are listed in the Tables of Expected Loss Rates and Discount Ratios in the state pages of this Plan.</p> <p>4. Expected Primary Losses</p> <p>Expected Primary Losses for each classification are determined by multiplying the Discount Ratio times the expected losses. The result is rounded to the nearest whole number. Within the experience rating calculation, the expected primary losses represent the benchmark level</p>	<p>Elements of the Experience Rating Worksheet Rule ID: ER-RWDS-EA34F</p> <p>Elements of the Experience Rating Worksheet describes the different factors used in the calculation of the experience rating modification.</p> <p>Application of an Expected Loss Rate (ELR) Rule ID: ER-RWDI-AF321</p> <p>The ELR is a factor that the rating organization applies to each \$100 of payroll for a classification. The ELR determines the amount of expected losses for a classification in a particular state.</p> <p>References</p> <p>Refer to the Rating Values, Table of Expected Loss Rates and Discount Ratios for the list of ELRs.</p> <p>Calculation of expected losses Rule ID: ER-RWDM-EA34B</p> <p>Within the experience rating modification calculation, the expected losses represent the benchmark level of losses expected for all risks in a state within a particular classification. The experience rating calculation compares an individual risk’s actual losses against the expected losses benchmark.</p> <p>Formula for expected losses</p> <p>Using this formula, the rating organization calculates the expected losses for each classification and rounds the result to the nearest whole number:</p> $(\text{Payroll} / 100) \times \text{ELR} = \text{Expected Losses}$

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<p>of primary losses for all employers in a state within a particular classification. It is against this benchmark that individual employers are compared, based on their actual primary losses.</p> <p>5. Actual Incurred Losses</p> <p>For purposes of experience rating, Actual Incurred Losses are those reported according to the <i>Statistical Plan</i>.</p> <p>For each medical-only claim, the amount is reduced by 70%.</p> <p>6. Actual Primary Losses</p> <p>Actual Primary Losses are the portion of the actual incurred losses that are used at full value in the experience rating calculation. For each actual incurred loss, the amount up to the applicable state primary/excess split point value is considered primary.</p> <p><i>Refer to the Experience Rating Values state pages of this Plan for the applicable state primary/excess split point value.</i></p> <p>For each medical-only claim, the primary amount is reduced by 70%.</p> <p>7. Expected Excess Losses</p> <p>Expected Excess Losses are determined by subtracting the total expected primary losses from the total expected losses. Within the experience rating modification calculation, the expected excess losses represent the benchmark level of losses in total, for the portion of all claims in excess of the applicable state primary/excess split point value. It is against this benchmark that individual employers are compared, based on their actual excess losses.</p> <p><i>Refer to the Experience Rating Values state pages of this Plan for the applicable state primary/excess split point value.</i></p> <p>8. Actual Excess Losses</p> <p>Actual Excess Losses are determined by subtracting the total actual primary losses from the total actual incurred losses. Within the experience rating calculation, the excess portion of a loss reflects its severity and is given partial weight based on the size of the risk. As risk size increases, so does the amount of the actual excess losses used in the calculation.</p> <p>For each medical-only claim, the excess amount, using full value incurred and primary losses, is reduced by 70%.</p> <p>9. Weighting Value</p> <p>The Weighting Value is a factor that is applied to a risk's actual excess losses and the expected excess losses. The result is rounded to the nearest whole number. The weighting value</p>	<p>Application of a discount ratio (D-Ratio) Rule ID: ER-RWDC-A90CD</p> <p>The D-Ratio is a factor that the rating organization applies to the expected losses for each classification. The D-Ratio determines the portion of a risk's expected losses that the rating organization expects to be primary losses.</p> <p>References</p> <p>Refer to the Rating Values, Table of Expected Loss Rates and Discount Ratios for the list of D-Ratios.</p> <p>Calculation of expected primary losses Rule ID: ER-RWDB-EA509</p> <p>Within the experience rating modification calculation, the expected primary losses represent the benchmark level of primary losses for all employers in a state within a particular classification. The experience rating calculation compares an individual risk's actual primary losses against the expected primary losses benchmark.</p> <p>Formula for expected primary losses</p> <p>Using this formula, the rating organization calculates the expected primary losses for each classification and rounds the result to the nearest whole number:</p> <p>Discount Ratio × Expected Losses = Expected Primary Losses</p> <p>Applicability of actual incurred losses Rule ID: ER-RWDU-AA879</p> <p>For purposes of experience rating, the insurance provider reports actual incurred losses in accordance with NCCI's <i>Statistical Plan</i>.</p> <p>Actual incurred losses for medical-only claims</p> <p>For each medical-only claim, the rating organization reduces the actual primary losses and actual excess losses by 70%.</p> <p>References</p> <p>Refer to NCCI's <i>Statistical Plan</i> for information about reporting actual incurred losses.</p> <p>Calculation of actual primary losses Rule ID: ER-RWDA-AA8AD</p> <p>Within the experience rating modification calculation, the actual primary losses are the portion of the actual incurred losses at full value that the rating organization uses. The rating</p>

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<p>determines how much of the actual excess losses and expected excess losses are used in an experience rating. The weighting value increases as expected losses increase.</p> <p>The Tables of Weighting Values are contained in the state pages of this Plan. Each state's weighting value is based on the total expected losses of the risk.</p> <p>An interstate risk's weighting value is an average, determined as follows:</p> <ol style="list-style-type: none"> Multiply each state's weighting value by the state's expected losses. Total the results from all states in a. Divide the total in b. by the risk's total expected losses. Round the result of c. to two decimal places. <p>10. Ballast Value</p> <p>The Ballast Value is a stabilizing element designed to limit the effect of any single loss on the experience rating modification. It is added to both the actual primary losses and expected primary losses. The ballast value increases as expected losses increase.</p> <p>These values may be obtained from the Tables of Ballast Values in this Plan. Each state's ballast value is based on the total expected losses of the risk.</p> <p>An interstate risk's ballast value is an average, determined as follows:</p> <ol style="list-style-type: none"> Multiply each state's ballast value by the state's expected losses. Add the product for all states in a. Divide the total in b. by the risk's total expected losses. Round the result of c. to the nearest whole number. <p>11. Stabilizing Value</p> <p>The Stabilizing Value is determined as follows: Expected Excess Losses x (1 – Weighting Value) + Ballast Value</p> <p>The result is rounded to the nearest whole number. The stabilizing value is included in both the actual and expected portions of the experience rating calculation formula. It limits the potential for significant variances in the experience rating modification factor from one year to the next. Its most significant impact is on smaller risks, which have a greater likelihood for severe swings in experience rating modification factors.</p> <p>12. Ratable Excess</p> <p>a. Expected Ratable Excess Losses</p>	<p>organization considers the amount up to the applicable state primary/excess loss split point value as the primary portion of each actual incurred loss.</p> <p>Actual primary losses for medical-only claims</p> <p>For each medical-only claim, the rating organization reduces the actual primary losses amount by 70%.</p> <p>References</p> <p>Refer to the Rating Values, Table of Weighting Values footnotes for the applicable state primary/excess loss split point value.</p> <p>Calculation of expected excess losses Rule ID: ER-RWDL-EB7A3</p> <p>Within the experience rating modification calculation, the expected excess losses represent the benchmark level of losses in total for the portion of all claims in excess of the applicable state primary/excess loss split point value. The experience rating calculation compares an individual risk's actual excess losses against the expected excess losses benchmark.</p> <p>Formula for expected excess losses</p> <p>Using this formula, the rating organization calculates the expected excess losses: Total Expected Losses – Total Expected Primary Losses = Expected Excess Losses</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> the Rating Values, Table of Weighting Values footnotes for the applicable state primary/excess loss split point value Calculation of expected losses for more information, and Calculation of expected primary losses for more information. <p>Calculation of actual excess losses Rule ID: ER-RWDO-AD6AD</p> <p>Within the experience rating modification calculation, the actual excess losses are the excess portion of a loss that reflects claim severity. The rating organization gives partial weight to the actual excess losses based on the size of the risk. In general, as the risk's size increases, so does the amount of the actual excess losses used in the experience rating modification calculation.</p> <p>Formula for actual excess losses</p> <p>Using this formula, the rating organization calculates the actual excess losses:</p>

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<p>Expected Ratable Excess Losses are determined by multiplying the weighting value times the expected excess losses. The result is rounded to the nearest whole number. Within the experience rating calculation, the expected ratable excess losses represent, in total, the benchmark level of excess losses for all similarly classified employers. It is against this benchmark that individual employers are compared, based on their actual ratable excess losses.</p> <p>b. Actual Ratable Excess Losses</p> <p>Actual Ratable Excess Losses are determined by multiplying the weighting value times the actual excess losses. The result is rounded to the nearest whole number. For each actual incurred loss exceeding the applicable state primary/excess split point value, only a portion of the loss amount above the applicable state primary/excess split point value is used. Within the experience rating calculation, the actual ratable excess losses represent, in total, the amount of actual excess losses to be used.</p> <p><i>Refer to the Experience Rating Values state pages of this Plan for the applicable state primary/excess split point value.</i></p> <p>13. Limitation of Losses Employed in a Rating</p> <p>Losses are limited to the per claim or multiple claim limitations found in each state's Table of Weighting Values.</p> <p>a. Single and Multiple Claim Limitation</p> <p style="text-align: center;">Basic Loss Limitation Table</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">If . . .</th> <th style="text-align: left;">Then . . .</th> </tr> </thead> <tbody> <tr> <td>A medical-only loss (injury type 6) exists</td> <td>The actual incurred loss, actual primary loss, and actual excess loss amounts are reduced by 70%</td> </tr> <tr> <td>An accident involves only one person</td> <td> <ul style="list-style-type: none"> • The loss is subject to the per claim accident limitation • The actual primary loss is subject to the maximum primary value of the applicable state primary/excess split point value, even if the loss does not exceed the per claim accident limitation </td> </tr> <tr> <td>An employers liability-only loss exists</td> <td> <ul style="list-style-type: none"> • The loss is subject to the employers liability per claim accident limitation • The actual primary loss is subject to the maximum primary value of the applicable state primary/excess split point value, even if the loss does not exceed the employers liability per claim accident limitation </td> </tr> </tbody> </table>	If . . .	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In cases where a medical-only claim exceeds the applicable state primary/excess loss split point value, the claim is separated into the primary loss and excess loss portions and then those portions are reduced by 70%.</p> <p>Application of a weighting value Rule ID: ER-RWDZ-UE207</p> <p>The weighting value is a factor that the rating organization applies to a risk's actual excess losses and the expected excess losses. The rating organization rounds the result to the nearest whole number. The rating organization uses each state's weighting value to determine how much of the actual excess losses and expected excess losses are used in the experience rating modification calculation.</p> <p>State weighting values</p> <p>The rating organization bases a state's weighting value on the risk's total expected losses rounded to the nearest whole number.</p> <p>References</p> <p>Refer to the Rating Values, Table of Weighting Values for more information.</p> <p>Calculating the interstate-rated risk's average weighting value Rule ID: ER-RWDZ-CAE0C</p> <p>The rating organization calculates an average weighting value for an interstate-rated risk.</p> <p>1. The rating organization</p> <ol style="list-style-type: none"> a) multiplies each state's weighting value by the state's expected losses (Step A) b) adds the products for all states calculated in Step A (Step B) c) divides the sum from Step B by the risk's total expected losses (Step C), and d) rounds the result of Step C to two decimal places (Step D). <p>Application of a ballast value Rule ID: ER-RWDQ-A4D34</p> <p>The ballast value is a stabilizing element designed to limit the effect of actual losses on the experience rating modification.</p> <p>Addition of ballast value to losses</p>
If . . .	Then . . .								
A medical-only loss (injury type 6) exists	The actual incurred loss, actual primary loss, and actual excess loss amounts are reduced by 70%								
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<p>Loss Limitations for Accidents Involving Two or More Persons Table 1</p> <table border="1"> <thead> <tr> <th style="text-align: left;">If an accident involves two or more persons, and . . .</th> <th style="text-align: left;">Then . . .</th> </tr> </thead> <tbody> <tr> <td>The total of the losses exceeds the multiple claim accident limitation</td> <td> <ul style="list-style-type: none"> The total losses are subject to the multiple claim accident limitation The actual primary loss for these accidents is limited to two times the applicable state primary/excess split point value, even if the losses do not exceed the multiple claim accident limitation </td> </tr> <tr> <td>The total of the losses does not exceed the multiple claim accident limitation, and none of the individual losses within the total exceeds the state per claim accident limitation</td> <td> <ul style="list-style-type: none"> The individual losses are used at full value The total actual primary losses for the accident are limited to two times the applicable state primary/excess split point value </td> </tr> </tbody> </table> <p style="text-align: center;">Loss Limitations for Accidents Involving Two or More Persons Table 2</p> <table border="1"> <thead> <tr> <th style="text-align: left;">If an accident involves two or more persons, and the total of the losses does not exceed the multiple claim accident limitation, but an individual loss within the total exceeds the state per claim accident limitation, and . . .</th> <th style="text-align: left;">Then the individual loss is limited to the state per claim accident limitation and . . .</th> </tr> </thead> <tbody> <tr> <td>The total of the remaining losses exceeds the applicable state primary/excess split point value</td> <td> <ul style="list-style-type: none"> The remainder of the losses are used at full value The total actual primary losses for the accident are limited to two times the applicable state primary/excess split point value </td> </tr> <tr> <td>The total of the remaining losses does not exceed the applicable state primary/excess split point value</td> <td> <ul style="list-style-type: none"> The remainder of the losses are used at full value The actual primary loss is limited to the applicable state primary/excess split point value for the individually limited loss No actual primary loss limitation applies for the remainder of the losses </td> </tr> </tbody> </table> <p><i>Refer to the User's Guide for examples.</i></p> <p>b. Disease Loss Limitation</p> <p>Disease losses are subject to per claim and multiple claim limitations. A limitation on total disease losses may also apply to an individual policy. This is in addition to the claim limitations already applied to individual disease losses under Rule 2-C-13-a.</p> <p>(1) To apply the disease loss policy limitation:</p> <p>(a) Determine if a risk’s individual policy total limited and nonlimited actual incurred disease losses exceed the policy disease limit of triple the per claim accident limitation shown in the Tables of Weighting Values, plus 120% of the risk’s total expected losses for the experience period. If the risk-specific threshold is exceeded, the disease losses are limited to such threshold, and</p> <p>(b) The actual primary losses are limited to two times the applicable state primary/excess split point value, plus 40% of the risk’s total expected primary losses for the experience period.</p> <p>(c) Round the result of (b) to the nearest whole number.</p>	If an accident involves two or more persons, and . . .	Then . . .	The total of the losses exceeds the multiple claim accident limitation	<ul style="list-style-type: none"> The total losses are subject to the multiple claim accident limitation The actual primary loss for these accidents is limited to two times the applicable state primary/excess split point value, even if the losses do not exceed the multiple claim accident limitation 	The total of the losses does not exceed the multiple claim accident limitation, and none of the individual losses within the total exceeds the state per claim accident limitation	<ul style="list-style-type: none"> The individual losses are used at full value The total actual primary losses for the accident are limited to two times the applicable state primary/excess split point value 	If an accident involves two or more persons, and the total of the losses does not exceed the multiple claim accident limitation, but an individual loss within the total exceeds the state per claim accident limitation, and . . .	Then the individual loss is limited to the state per claim accident limitation and . . .	The total of the remaining losses exceeds the applicable state primary/excess split point value	<ul style="list-style-type: none"> The remainder of the losses are used at full value The total actual primary losses for the accident are limited to two times the applicable state primary/excess split point value 	The total of the remaining losses does not exceed the applicable state primary/excess split point value	<ul style="list-style-type: none"> The remainder of the losses are used at full value The actual primary loss is limited to the applicable state primary/excess split point value for the individually limited loss No actual primary loss limitation applies for the remainder of the losses 	<p>The rating organization adds each state's ballast value to the actual primary losses and expected primary losses. Each state's ballast value is based on the total expected losses of the risk. The ballast value increases as expected losses increase.</p> <p>References</p> <p>Refer to the Rating Values, Table of Ballast Values for more information.</p> <p>Calculating the interstate-rated risk's average ballast value Rule ID: ER-RWDQ-C54C8</p> <p>The rating organization calculates an average ballast value for an interstate-rated risk.</p> <ol style="list-style-type: none"> The rating organization <ol style="list-style-type: none"> multiplies each state's ballast value by the state's expected losses (Step A) adds the products for all states calculated in Step A (Step B) divides the sum from Step B by the risk's total expected losses (Step C), and rounds the result of Step C to the nearest whole number (Step D). <p>Calculation of a stabilizing value Rule ID: ER-RWDD-SBF84</p> <p>The stabilizing value limits the potential for significant variances in the experience rating modification from one year to the next. The rating organization includes the stabilizing value in the actual and expected portions of the experience rating modification formula.</p> <p>Impact of stabilizing value</p> <p>The most significant impact of a stabilizing value is on smaller risks, which have a greater likelihood of severe swings in experience rating modifications.</p> <p>Formula for stabilizing values</p> <p>Using this formula, the rating organization calculates the stabilizing value and rounds the result to the nearest whole number:</p> $\text{Expected Excess Losses} \times (1 - \text{Weighting Value}) + \text{Ballast Value} = \text{Stabilizing Value}$ <p>Calculation of expected ratable excess losses Rule ID: ER-RWDW-EA396</p> <p>Within the experience rating modification calculation, the expected ratable excess losses represent the benchmark level of ratable excess losses for all similarly classified risks. The rating organization compares an individual risk's actual ratable excess losses against the expected ratable excess losses benchmark.</p>
If an accident involves two or more persons, and . . .	Then . . .												
The total of the losses exceeds the multiple claim accident limitation	<ul style="list-style-type: none"> The total losses are subject to the multiple claim accident limitation The actual primary loss for these accidents is limited to two times the applicable state primary/excess split point value, even if the losses do not exceed the multiple claim accident limitation 												
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Current	Proposed								
<p>(2) A policy’s total disease losses may not meet the risk-specific policy limitation amount as determined in (1)(a) above, but exceed the limitation shown in (1)(b). In such circumstances, Rule 2-C-13-a applies.</p> <p><i>Refer to the User’s Guide for examples.</i></p> <p>(3) For risks that do not have an experience period of 36 months, determine policy disease losses as follows:</p> <table border="1" data-bbox="130 516 1039 630"> <thead> <tr> <th>To determine the . . .</th> <th>Combine the disease losses of all policies within the experience period having an effective date . . .</th> </tr> </thead> <tbody> <tr> <td>Most recent policy year</td> <td>Within 24 months prior to the rating effective date</td> </tr> <tr> <td>Middle policy year</td> <td>More than 24 months but not exceeding 36 months prior to the rating effective date</td> </tr> <tr> <td>Oldest policy year</td> <td>More than 36 months prior to the rating effective date</td> </tr> </tbody> </table>	To determine the . . .	Combine the disease losses of all policies within the experience period having an effective date . . .	Most recent policy year	Within 24 months prior to the rating effective date	Middle policy year	More than 24 months but not exceeding 36 months prior to the rating effective date	Oldest policy year	More than 36 months prior to the rating effective date	<p>Formula for expected ratable excess losses</p> <p>Using this formula, the rating organization calculates the expected ratable excess losses and rounds the result to the nearest whole number:</p> <p>Weighting Value × Expected Excess Losses = Expected Ratable Excess Losses</p> <p>Calculation of actual ratable excess losses Rule ID: ER-RWDT-AA37B</p> <p>Within the experience rating modification calculation, the actual ratable excess losses are the total amount of the actual excess losses that the rating organization uses.</p> <p>Actual incurred loss exceeding the applicable state primary/excess loss split point value</p> <p>For each actual incurred loss exceeding the applicable state primary/excess loss split point value, the rating organization uses only a portion of the loss amount above the applicable state primary/excess loss split point value.</p> <p>Formula for actual ratable excess losses</p> <p>Using this formula, the rating organization calculates the actual ratable excess losses and rounds the result to the nearest whole number:</p> <p>Weighting Value × Actual Excess Losses = Actual Ratable Excess Losses</p> <p>References</p> <p>Refer to the Rating Values, Table of Weighting Values footnotes for the applicable state primary/excess loss split point value.</p> <p>Special loss conditions Rule ID: ER-SPEC-SAF0B</p> <p>There are specific loss conditions that may be limited or not subject to experience rating.</p> <p>Limitation of losses employed in experience rating Rule ID: ER-SPEL-LA5B</p> <p>The limitation of losses that affect the experience rating calculation is a way to prevent a single claim large loss or a multiple claim loss from having a disproportionate impact on a risk’s experience rating modification. This is done by capping the amount of loss that is included in the calculation of the experience rating modification.</p> <p>The rating organization limits loss amounts in the experience rating modification calculation on a single claim or multiple claim basis. The claim limitations are found in the Table of Weighting Values footnotes.</p> <p>References</p>
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Current	Proposed
	<p>Refer to the Rating Values, Table of Weighting Values footnotes for the claim limitation amounts.</p> <p>Loss limitations Rule ID: ER-SPEL-CF68B</p> <p>The rating organization limits losses depending on the (a) amount of the loss, (b) number of claims involved in an accident, and (c) type of loss. The conditions of those accidents can include (a) the number of people involved in the accident, (b) the amount of losses experienced, and (c) the amount of liability per claim.</p> <p>Types of loss limitation</p> <p>Each type of loss limitation has a different loss limitation amount. These types include</p> <ul style="list-style-type: none"> • medical-only loss • individual loss limitation • accidents involving multiple loss limitations • employers liability-only loss • United States Longshore and Harbor Workers' (USL&HW) Compensation Act loss limitation • disease loss limitation, and • liability-over claim loss. <p>Medical-only loss limitation Rule ID: ER-SPEL-M4BD1</p> <p>For a loss that is medical-only, the actual incurred loss, actual primary loss, and actual excess loss amounts are reduced by 70%. In cases where a medical-only claim exceeds the applicable state primary/excess loss split point value, the claim is separated into the primary loss and excess loss portions, and then those portions are reduced by 70%.</p> <p>References</p> <p>Refer to NCCI's <i>Statistical Plan</i> for information about reporting medical-only losses.</p> <p>Individual loss limitation Rule ID: ER-SPEL-SA1E9</p> <p>For an accident involving only one person, the loss is subject to the state's per claim accident limitation. The actual primary loss is subject to the applicable state primary/excess loss split point value, even if the loss does not exceed the per claim accident limitation.</p> <p>References</p>

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	<p>Refer to the Rating Values, Table of Weighting Values footnotes for the applicable</p> <ul style="list-style-type: none"> • state per claim accident limitation, and • state primary/excess loss split point value. <p>Accidents involving multiple loss limitations Rule ID: ER-SPEL-MAEEA</p> <p>An accident involving two or more people is subject to the state's loss limitations. Additional limitations to total losses and primary losses may also apply. The rating organization (a) limits total losses resulting from a single accident involving two or more people to the multiple claim accident limitation, and (b) limits actual primary losses to two times the applicable state primary/excess loss split point value.</p> <p>If none of the individual losses or the total of the individual losses exceeds established loss limitations, the rating organization (a) includes the individual losses at their full value, and (b) the actual primary losses are limited to two times the applicable state primary/excess loss split point value.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • NCCI's <i>Statistical Plan</i> for more information about reporting multiple claim losses, and • the Rating Values, Table of Weighting Values footnotes for the applicable <ul style="list-style-type: none"> – state per claim accident limitation – state multiple claim accident limitation, and – state primary/excess loss split point value. <p>Employers liability-only loss limitation Rule ID: ER-SPEL-L00DF</p> <p>For an employers liability-only loss, the loss is subject to the employers liability accident limitation. The actual primary loss is subject to the maximum primary value of the applicable state primary/excess loss split point value, even if the loss does not exceed the employers liability accident limitation.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • NCCI's <i>Statistical Plan</i> for information about reporting employers liability-only losses, and • the Rating Values, Table of Weighting Values footnotes for the applicable

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	<p>– employers liability accident limitation, and – state primary/excess loss split point value.</p> <p>Liability-over claim loss limitation Rule ID: ER-SPEL-EABEC</p> <p>When a risk's incurred losses include liability-over claims, the inclusion of such losses in the experience rating modification calculation is different for (a) payment to a third party, and (b) no payment to a third party based on reporting the claim in accordance with NCCI's <i>Statistical Plan</i>. The claim is limited to the employers liability loss limitation.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • the Rating Values, Table of Weighting Values footnotes for the employers liability accident limitation, and • NCCI's <i>Statistical Plan</i> for information about <ul style="list-style-type: none"> – reporting liability-over claim loss limitations – claim adjustment expenses, and – allocated claim adjustment expenses. <p>Disease loss limitation Rule ID: ER-SPEL-DBA84</p> <p>Disease losses are subject to per claim and multiple claim limitations. A limitation on total disease losses may also apply to an individual policy. This is in addition to the claim limitations already applied to individual disease losses under this Plan.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Individual loss limitation for information about single claim limitations, and • Accidents involving multiple loss limitations for information about multiple claim limitations. <p>Application of the disease loss policy limitation Rule ID: ER-SPEL-A21A6</p> <p>The rating organization limits a risk’s individual policy total limited and nonlimited actual incurred disease losses for each policy year to triple the applicable state per claim accident limitation shown in the Table of Weighting Values footnotes, plus 120% of the risk's total expected losses for the experience period. The rating organization limits the actual primary loss for disease losses to twice the applicable state primary/excess loss split point value plus</p>

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	<p>40% of the risk's total expected primary losses for the experience period, rounded to the nearest whole number.</p> <p>If a risk does not have an experience period of 36 months, which is the typical experience period, the disease loss limits apply based upon the experience contained within the experience period.</p> <table border="1" data-bbox="1079 509 1999 644"> <thead> <tr> <th data-bbox="1079 509 1537 550">To determine ...</th> <th data-bbox="1537 509 1999 550">Combine the disease losses of all policies within the experience period having an effective date ...</th> </tr> </thead> <tbody> <tr> <td data-bbox="1079 550 1537 574">the most recent policy year</td> <td data-bbox="1537 550 1999 574">within 24 months prior to the rating effective date.</td> </tr> <tr> <td data-bbox="1079 574 1537 615">the middle policy year</td> <td data-bbox="1537 574 1999 615">more than 24 months but not exceeding 36 months prior to the rating effective date.</td> </tr> <tr> <td data-bbox="1079 615 1537 644">the oldest policy year</td> <td data-bbox="1537 615 1999 644">more than 36 months prior to the rating effective date.</td> </tr> </tbody> </table> <p>Application of disease primary loss limitation</p> <p>A policy's total disease losses may not meet the risk's individual disease loss limitation amount but exceed the disease loss primary loss limitation. In such circumstances, the disease primary loss limitation applies.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • the Rating Values, Table of Weighting Values footnotes for the applicable state primary/excess loss split point value • Individual loss limitation for more information about limitations for single claims • Experience period for more information, and • NCCI's <i>Experience Rating Plan Manual User's Guide</i> for examples. 	To determine ...	Combine the disease losses of all policies within the experience period having an effective date ...	the most recent policy year	within 24 months prior to the rating effective date.	the middle policy year	more than 24 months but not exceeding 36 months prior to the rating effective date.	the oldest policy year	more than 36 months prior to the rating effective date.
To determine ...	Combine the disease losses of all policies within the experience period having an effective date ...								
the most recent policy year	within 24 months prior to the rating effective date.								
the middle policy year	more than 24 months but not exceeding 36 months prior to the rating effective date.								
the oldest policy year	more than 36 months prior to the rating effective date.								
<p>D. Experience Rating Formula</p> <p>1. Experience Rating Modification Formula</p> <p>The experience rating modification formula:</p> <ul style="list-style-type: none"> • Is used to determine the experience rating modification for all risks eligible for experience rating. • Includes the data of all states in a risk's experience period to produce an experience rating modification. 	<p>Experience rating modification formula</p> <p>Rule ID: ER-FORM-EAB03</p> <p>The rating organization uses the experience rating modification formula to determine the experience rating modification for all risks eligible for experience rating based on the premium eligibility requirements. It includes the data of all states eligible for combination in experience rating in a risk's experience period to calculate an experience rating modification.</p> <p>Calculation of the experience rating modification</p> <p>The rating organization calculates the experience rating modification using this formula and rounds the result to two decimal places.</p> <p>Total A ÷ Total B = Experience Rating Modification</p>								

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Current					Proposed				
Primary Losses	Stabilizing Value			Ratable Excess	Totals				
Actual Primary Losses	(1 minus Weighting Value) x	Expected Excess Losses	+ Ballast Value	+ Weighting Value x	Actual Excess Losses	= Total A			
Expected Primary Losses	(1 minus Weighting Value) x	Expected Excess Losses	+ Ballast Value	+ Weighting Value x	Expected Excess Losses	= Total B			
<p>For the experience rating modification, divide Total A by Total B, then round to two decimal places.</p> <p>Refer to the <i>User's Guide</i> for an example.</p> <p>2. Maximum Debit Modification</p> <p>Experience rating modification factors determined by the formula in Rule 2-D-1 are subject to a cap if the debit modification exceeds a specific amount. The risk-specific maximum debit modification is determined as follows:</p> <p>Maximum Debit Modification = 1.10 + (0.0004 x E/G)</p> <p>The maximum debit modification for an interstate risk is limited to the cap for the state with the largest amount of expected losses.</p> <p>“E” is the risk’s total expected losses.</p> <p>“G” is a value equal to a state’s average cost per claim for losses used in experience rating, divided by 1000. “G” is located in the Experience Rating Values state pages of this Plan.</p> <p>Refer to the <i>User's Guide</i> for an example.</p> <p>3. United States Longshore and Harbor Workers' Compensation (USL&HW) Act Coverage</p> <p>Experience ratings containing classifications where the rates include coverage under the USL&HW Act are calculated using the formula described in Rule 2-D-1.</p> <p>Classifications subject to the USL&HW Act, but not followed by the letter “F” in the Table of Expected Loss Rates and Discount Ratios, have their expected losses determined by applying the USL&HW Act Expected Loss Factor to the expected loss rate (ELR) for such classifications.</p>									
<p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Organization of the Experience Rating Plan Manual for more information about the applicability of interstate-rated risks • Premium eligibility for information about premium eligibility requirements, and • NCCI's <i>Experience Rating Plan Manual User's Guide</i> for an example of the calculation of an experience rating modification. <p>Values used in the experience rating modification formula</p> <p>Rule ID: ER-FORX-EFC2C</p> <p>The experience rating modification formula for calculating a risk's experience rating modification uses the (a) actual primary losses, (b) expected primary losses, (c) weighting value, (d) expected excess losses, (e) ballast value, and (f) actual excess losses.</p> <p>References</p> <p>Refer to Elements of the Experience Rating Worksheet for more information about the elements used in the experience rating modification formula.</p> <p>Maximum debit modification</p> <p>Rule ID: ER-FORD-MF36B</p> <p>The experience rating modifications determined by the formula in this Plan are subject to a cap if the debit modification exceeds a specific amount.</p> <p>Maximum debit modification variables</p> <p>The maximum debit modification equation uses two variables.</p> <ul style="list-style-type: none"> • E—The risk's total expected losses • G—The state's average cost per claim for losses used in the experience rating modification calculation, divided by 1,000 									

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	<p>For interstate-rated risks, the rating organization uses the G for the state with the largest amount of expected losses in the maximum debit modification calculation.</p> <p>Formula for the maximum debit modification</p> <p>The rating organization calculates the risk-specific maximum debit modification using this formula:</p> $1.10 + (0.0004 \times E \div G) = \text{Maximum Debit Modification}$ <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Experience rating modification formula for more information about the calculation of the experience rating modification • the Rating Values, Table of Weighting Values footnotes for the value of G, and • NCCI's <i>Experience Rating Plan Manual User's Guide</i> for an example. <p>United States Longshore and Harbor Workers' (USL&HW) Compensation Act coverage Rule ID: ER-CONU-U553C</p> <p>The rating organization calculates experience rating modifications containing classifications where the rates include coverage under the USL&HW Act using the experience rating modification formula described in this Plan.</p> <p>Non-F-classifications where the rates include coverage for USL&HW Act</p> <p>Non-F-classifications are (a) classifications subject to the USL&HW Act, and (b) not followed by the letter "F" in the Table of Expected Loss Rates and Discount Ratios. The rating organization determines the expected losses for non-F-classifications subject to the USL&HW Act and applies the USL&HW Act expected loss factor to the Expected Loss Rate (ELR) for a non-F-classification.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Experience rating modification formula for more information about how the rating organization calculates the experience rating modification • NCCI's <i>Statistical Plan</i> for more information about reporting classifications subject to the USL&HW Act, and • the Rating Values, Table of Weighting Values footnotes for the applicable <ul style="list-style-type: none"> – ULS&HW per claim accident limitation

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Current	Proposed
	<ul style="list-style-type: none"> – USL&HW multiple claim accident limitation, and – USL&HW Act expected loss factor for non-F-classifications.
<p>E. Experience to Be Used in a Rating</p> <p>1. Experience Period</p> <p>Experience rating uses past payroll and losses to predict future losses. The experience period represents the total amount of this data used in an experience rating. The calculation of a risk's experience rating modification must include all eligible experience developed during the experience period.</p> <p>a. A risk's rating effective date determines its experience period. Experience for each of a risk's policies is included if the policy effective date is:</p> <ul style="list-style-type: none"> (1) Not less than 21 months before the rating effective date, and (2) Not more than 57 months before the rating effective date <p>b. A risk's experience period cannot contain more than 45 months of data. The 45-month limitation is a maximum period of time between the expiration date of the most recent policy and the effective date of the oldest policy. While the experience period may not exceed 45 months, an experience rating modification may be produced with less than 12 months of data. The amount of data included in a risk's experience period may be impacted for reasons including, but not limited to:</p> <ul style="list-style-type: none"> • Short-term policies • Cancellations • Gaps in coverage • Changes in ownership or combinability status • Rating effective date changes • Multiple policy effective dates • Policies longer than one year and 16 days • Wrap-up policies • Interstate operations <p>c. If both the most recent and oldest policies fit within this experience period, and the inclusion of both policies would exceed 45 months, the oldest policy is not used.</p> <p>d. Based on a risk's rating effective date:</p>	<p>Experience used in a rating Rule ID: ER-EXPS-RA398</p> <p>Experience rating uses payroll and losses developed within the experience period.</p> <p>Experience period Rule ID: ER-EXPP-EAC75</p> <p>Experience rating uses past payroll and losses to predict future losses. The experience period represents the total amount of payroll and losses used in an experience rating modification calculation.</p> <p>Data included in an experience rating modification calculation</p> <p>The calculation of a risk's experience rating modification must include all eligible payroll and losses developed during the experience period.</p> <p>References</p> <p>Refer to NCCI's <i>Experience Rating Plan Manual User's Guide</i> for policy effective date ranges that are contained in a rating effective date.</p> <p>Determination of an experience period Rule ID: ER-EXPP-D33D2</p> <p>A risk's rating effective date (RED) determines its experience period. The rating organization includes payroll and losses developed within the experience period for each of a risk's policies if the risk's policy effective date is (a) not less than 21 months before the RED, and (b) not more than 57 months before the RED.</p> <p>Experience period limited to 45 months of data Rule ID: ER-EXPP-E4AE4</p> <p>A risk's experience period cannot contain more than 45 months of data.</p> <p>Determination of the 45-month experience period</p> <p>The 45-month limitation is the maximum period between the</p> <ul style="list-style-type: none"> • expiration date of the most recent policy, and • effective date of the oldest policy. <p>Experience period with less than 12 months of data</p>

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed								
<p>(1) A risk's most current data, excluding 4th and 5th reports, is used to calculate experience rating modifications. <i>Refer to the Statistical Plan for valuation date information.</i></p> <p>(2) An individual policy's 1st, 2nd, and 3rd report data may be used in more than three experience rating modifications. However, the policy must be eligible for inclusion according to Rule 2-E-1-a, b, and c.</p> <p>For effective date ranges, <i>refer to the Experience Period Reference Table located in the User's Guide.</i></p> <p><i>Refer to the User's Guide for examples.</i></p> <p>2. Non-Affiliate Self-Insurer and Non-Affiliate Carrier Data</p> <p>b. The data must be submitted to the rating organization in an approved format (see the ERM-6 Form in Appendix). The data is subject to verification by the affiliate self-insurer or affiliate carrier submitting the data for inclusion in an experience rating.</p> <p>c. The affiliate self-insurer or affiliate carrier requesting the data inclusion must be the risk's insurer during the time for which the modification including non-affiliate data would apply.</p> <p>d. For multiple insurer risks, agreement from only one of the risk's insurers, during the time for which the modification would apply, is required.</p> <p>e. The non-affiliate self-insurer or non-affiliate carrier data will not be used to determine premium eligibility.</p> <p>3. Discontinued Operations</p> <p>An entity may elect to discontinue all or part of its operations.</p>	<p>While the experience period cannot exceed 45 months of data, the rating organization can produce an experience rating modification with less than 12 months of data.</p> <p>Exclusion of the oldest policy when inclusion would result in more than 45 months of experience</p> <p>The rating organization does not use the risk's oldest policy if</p> <ul style="list-style-type: none"> • the most recent and oldest policies are within the risk's experience period, and • the inclusion of both the most recent and oldest policies exceeds 45 months of data. <p>Factors that can affect the amount of data included in a risk's experience period</p> <p>Factors can affect the amount of data included in a risk's experience period, including but not limited to</p> <ul style="list-style-type: none"> • cancellations • changes in ownership or combinability status • gaps in coverage • interstate operations • multiple policy effective dates • policies longer than one year and 16 days • rating effective date (RED) changes • short-term policies, and • wrap-up policies. 								
<table border="1" data-bbox="130 987 1039 1112"> <tr> <td data-bbox="130 987 529 1011">If an entity discontinues . . .</td> <td data-bbox="529 987 1039 1011">Then the future experience ratings will include . . .</td> </tr> <tr> <td data-bbox="130 1011 529 1036">All of its operations and reestablishes them at a later date</td> <td data-bbox="529 1011 1039 1036">The applicable data developed prior to the discontinuation.</td> </tr> <tr> <td data-bbox="130 1036 529 1060">Part of its operations</td> <td data-bbox="529 1036 1039 1060">The applicable data developed both:</td> </tr> <tr> <td data-bbox="130 1060 529 1112"></td> <td data-bbox="529 1060 1039 1112"> <ul style="list-style-type: none"> • Prior to the discontinuation, and • For the remaining operations </td> </tr> </table>	If an entity discontinues . . .	Then the future experience ratings will include . . .	All of its operations and reestablishes them at a later date	The applicable data developed prior to the discontinuation.	Part of its operations	The applicable data developed both:		<ul style="list-style-type: none"> • Prior to the discontinuation, and • For the remaining operations 	<p>Unit reports included in an experience rating modification calculation</p> <p>Rule ID: ER-EXPP-RB250</p> <p>Based on the risk's rating effective date (RED), the rating organization uses the risk's most current data from its 1st, 2nd, and 3rd Unit Reports and corrections to those reports to calculate experience rating modifications.</p> <p>Usage of unit reports in more than three experience rating modifications</p> <p>Based on the risk's RED, the rating organization can use the data from the 1st, 2nd, and 3rd Unit Reports for an individual policy in more than three experience rating modifications. However, the individual policy must be eligible for inclusion according to the rules, (a) Determination of an experience period, and (b) Experience period limited to 45 months of data.</p> <p>References</p>
If an entity discontinues . . .	Then the future experience ratings will include . . .								
All of its operations and reestablishes them at a later date	The applicable data developed prior to the discontinuation.								
Part of its operations	The applicable data developed both:								
	<ul style="list-style-type: none"> • Prior to the discontinuation, and • For the remaining operations 								

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	<p>Refer to</p> <ul style="list-style-type: none"> • Determination of an experience period • Experience period limited to 45 months of data for more information, and • NCCI's <i>Statistical Plan</i> for information about valuation dates. <p>Carrier of record submission and verification of non-affiliate data Rule ID: ER-NAFV-AAB9A</p> <p>The affiliate carrier or affiliate self-insured group submits the non-affiliate carrier data, non-affiliate self-insured group data, or individual self-insured employer data to the rating organization on the ERM-6 Form. The carrier of record may designate another party to submit the data on their behalf. The non-affiliate data is subject to verification by the carrier of record that submits the data for inclusion in an experience rating modification.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • the ERM-6 Form—Workers Compensation Experience Rating for Non-Statistical Data for more information, and • NCCI's <i>Statistical Plan</i> for data reporting rules. <p>Usage of non-affiliate data in experience rating modifications Rule ID: ER-NAFU-UA394</p> <p>The rating organization uses the non-affiliate carrier data, non-affiliate self-insured group data, or individual self-insured employer data in the calculation of experience rating modifications. The rating organization does not use the non-affiliate data to determine premium eligibility.</p> <p>Non-affiliate self-insured group or individual self-insured employer requests for experience rating modifications Rule ID: ER-NAFS-NCCF4</p> <p>Non-affiliate self-insured groups or individual self-insured employers may request experience rating modifications.</p> <p>Non-affiliate self-insured group requests for experience rating modifications using their data</p> <p>Non-affiliate self-insured groups may request experience rating modifications by submitting their data to the rating organization using the ERM-6 Form. For this request, the non-affiliate data must not be required to be reported in accordance with NCCI's <i>Statistical Plan</i>.</p> <p>Exception to non-affiliate self-insured group requests for experience rating modifications using their data</p>

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	<p>Non-affiliate self-insured groups that submit unit statistical data in accordance with NCCI’s Statistical Plan do not need to request an experience rating modification. The rating organization automatically calculates the experience rating modification after receiving the unit statistical data.</p> <p>Requests for experience rating modifications using individual self-insured employer data</p> <p>A non-affiliate self-insured group or an individual self-insured employer may request experience rating modifications using individual self-insured employer data. The non-affiliate self-insured group or individual self-insured employer must submit the data to the rating organization on the ERM-6 Form.</p> <p>Usage of non-affiliate data in experience rating modifications</p> <p>When the non-affiliate self-insured group or individual self-insured employer submits data on the ERM-6 Form, the rating organization uses the data to calculate an experience rating modification for use by only the requesting non-affiliate.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • the ERM-6 Form—Workers Compensation Experience Rating for Non-Statistical Data for more information, and • NCCI’s Statistical Plan for data reporting rules. <p>Discontinuation of operations Rule ID: ER-EXPT-D16B3</p> <p>An entity may discontinue part or all of its operations.</p> <p>Discontinuation of part of an entity’s operations</p> <p>If an entity discontinues part of its operations, then the future experience rating modifications include the applicable experience that the entity developed</p> <ul style="list-style-type: none"> • before the discontinuation, and • for the remaining operations. <p>Discontinuation of all of an entity’s operations</p> <p>If an entity discontinues all of its operations and reestablishes them later, then the future experience rating modifications include all the applicable experience that the entity developed before the discontinuation.</p>
<p>Experience Rating Plan Manual—2003 Edition Rules</p>	<p>Experience Rating Plan Manual</p>

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<p>Rule 3—Ownership Changes and Combination of Entities</p>	
<p>A. Reporting Requirement</p> <p>The 90-Day Reporting Requirement—Notification of Change in Ownership Endorsement provides that changes in ownership and/or combinability status must be reported by the employer to its carrier(s) within 90 days of the date of the change. This may be accomplished by submitting:</p> <ul style="list-style-type: none"> • A completed Request for Ownership Information—ERM-14 Form (located in the Appendix and on ncci.com), or • The information in narrative form on the letterhead of the employer, signed by an officer <p>Failure to report changes in ownership to the carrier according to the 90-Day Reporting Requirement—Notification of Change in Ownership Endorsement may be considered experience rating modification evasion. <i>Refer to Rule 3-F.</i></p> <p>This reporting requirement applies regardless of whether an experience rating modification is currently applicable.</p>	<p>Changes in ownership and combination of entities Rule ID: ER-OWNR-OAD3D</p> <p>Changes in ownership and combination of entities describes (a) how the owners of the company alter the ownership structure, and (b) how the rating organization combines multiple entities for experience rating purposes.</p> <p>Notifications related to ownership changes Rule ID: ER-OWNK-R6205</p> <p>The insurance provider requires the employer to report changes in ownership or combinability status, or the combination of the two, within 90 days of the date of change as outlined in the 90-Day Reporting Requirement—Notification of Change in Ownership Endorsement. The employer must submit its request (a) using the Experience Rating Ownership Submission tool, (b) by completing a Request for Ownership Information—ERM-14 Form, or (c) by providing the information in narrative form signed by an officer using the employer’s letterhead.</p> <p>Applicability of the requirement for the employer</p> <p>The requirement for an employer to report changes in ownership or combinability status applies regardless of whether an experience rating modification is currently applicable.</p> <p>Failure to report changes in ownership</p> <p>The failure to report changes in ownership according to the 90-Day Reporting Requirement—Notification of Change in Ownership Endorsement may be considered experience rating modification evasion.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • the Experience Rating Ownership Submission tool to submit a request for ownership information electronically • the Request for Ownership Information—ERM-14 Form for more information, and • Evasion of experience rating modification for information about experience rating modification evasion.
<p>B. Research and Decision</p> <p>The employer, carrier(s), or agent(s) of the employer may submit the ownership and/or combinability status information to the rating organization. The rating organization reviews the</p>	<p>Ownership determination for risks that qualify for an experience rating modification Rule ID: ER-OWNQ-O4D50</p> <p>The rating organization issues an ownership determination for risks that qualify for an experience rating modification. For risks that do not qualify for an experience rating</p>

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<p>information submitted regarding each change and determines the impact, if any, on the experience rating modification(s) of the entities involved.</p> <p>The complexity of certain transactions may require the rating organization to request additional information. The rating organization may also research public and/or other available records to verify provided information. This information is used to assist in clarifying complex situations or possible modification evasion. <i>Refer to Rule 3-F.</i></p> <p>Note: The rating organization only issues rulings for those risks that qualify for experience rating. However, the submitted information will be retained for future reference should a risk qualify for experience rating at a later date.</p>	<p>modification, the rating organization retains submitted information for future reference should a risk qualify for an experience rating modification at a later date.</p> <p>Researching and decisions for changes in ownership and combination of entities Rule ID: ER-OWNY-RA8A9 <i>Effective Date: July 1, 2025</i></p> <p>The rating organization interacts with the employer, insurance providers, or agents of the employer to determine the impact, if any, of a change in ownership, or a change in combinability, or both.</p> <ol style="list-style-type: none"> 1. The employer, insurance providers, or agents of the employer submit the ownership or combinability status information to the rating organization. 2. The rating organization <ol style="list-style-type: none"> a) reviews the information from the employer, insurance providers, or agents of the employer regarding each change b) decides whether there is an impact to one or more experience rating modifications of the entities involved, and c) for complex situations or to detect possible experience rating modification evasion, may request additional information from the employer, or verify the information provided by researching public or other available records. <p>References Refer to Evasion of experience rating modification for information about experience rating modification evasion.</p>
<p>C. Ownership Changes</p> <p>Changes in ownership interest may affect the use of an entity's experience in future experience ratings. Based on the rules of this Plan, when a change occurs, the rating organization will determine whether to exclude or retain an entity's experience. <i>Refer to Rule 3-A for reporting requirements.</i></p> <p>In addition, if the rating organization determines that the ownership transaction improperly affected the experience rating modification, it will take necessary action according to Rule 3-F.</p> <p>1. Types of Ownership Changes</p> <ol style="list-style-type: none"> a. For purposes of this Plan, a change in ownership includes any of the following: <ol style="list-style-type: none"> (1) Sale, transfer, or conveyance of all or a portion of an entity's ownership interest (2) Sale, transfer, or conveyance of an entity's physical assets to another entity that takes over its operations (3) Merger or consolidation of two or more entities 	<p>Changes in ownership Rule ID: ER-OWNO-OAFEB</p> <p>Changes in ownership interest can affect the use of an entity's experience in future experience rating modifications. Based on the rules of this Plan, when a change occurs, the rating organization determines whether to exclude or retain an entity's experience.</p> <p>Improperly affected experience rating modification</p> <p>If the rating organization determines that the ownership transaction improperly affected the experience rating modification, the rating organization takes the necessary action to ensure the proper calculation and application of all current and preceding experience rating modifications.</p> <p>References Refer to</p> <ul style="list-style-type: none"> • <i>NCCI's Experience Rating Plan Manual User's Guide</i>

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<p>(4) Formation of a new entity that acts as, or in effect is, a successor to another entity that:</p> <p>(a) Has dissolved</p> <p>(b) Is non-operative</p> <p>(c) May continue to operate in a limited capacity</p> <p>(5) An irrevocable trust or receiver, established either voluntarily or by court mandate</p> <p>b. For purposes of this Plan, a change in ownership does not include the following:</p> <p>(1) Entities entering or leaving employee leasing arrangements</p> <p>(2) Creation or dissolution of joint ventures</p> <p>(3) Wrap-up projects</p> <p>(4) Establishment of or change in a revocable trust</p> <p>(5) Establishment of “debtor in possession” status</p> <p>(6) Entities entering or leaving affiliation, franchise and/or management agreements</p> <p>(7) Probate proceedings (until a disposition of the estate is complete)</p> <p>Note: For more information on experience rating of employee leasing arrangements, joint ventures, and wrap-up projects, <i>refer to Rule 5.</i></p> <p>2. Impact of Ownership Changes</p> <p>Ownership changes may result in a change in:</p> <p>a. Experience rating modification.</p> <p>b. Combinability status with other entities.</p> <p>c. Premium eligibility status—an entity may or may not qualify to be experience rated. <i>Refer to Rule 2-A for more information regarding premium eligibility.</i></p> <p>d. Rating effective date.</p> <p><i>Refer to the User’s Guide for examples.</i></p>	<ul style="list-style-type: none"> • Notifications related to ownership changes for information about changes in ownership and combination of entities requirements, and • Evasion of experience rating modification for information about responses to ownership transactions that improperly affect the experience rating modification. <p>Types of changes in ownership Rule ID: ER-OWNO-TAFFO</p> <p>Changes in ownership may include any transactions that involve (a) a sale, (b) a transfer, (c) a merger of entities, (d) the formation of a new entity, or (e) the establishment of an irrevocable trust or receiver.</p> <p>Transactions that are considered a change in ownership</p> <p>A change in ownership can include</p> <ul style="list-style-type: none"> • a merger or consolidation of two or more entities • an irrevocable trust or receiver, established either voluntarily or by court mandate • the sale, transfer, or conveyance of <ul style="list-style-type: none"> – all or a portion of an entity’s ownership interest, or – an entity’s physical assets to another entity that takes over its operations • the formation of a new entity that acts as, or in effect is, a successor to another entity that <ul style="list-style-type: none"> – has dissolved – is nonoperative, or – may continue to operate in a limited capacity. <p>Transactions that are not considered a change in ownership</p> <p>A change in ownership does not include</p> <ul style="list-style-type: none"> • entities entering or leaving employee leasing arrangements • the creation or dissolution of joint ventures • wrap-up projects • the establishment of or change in a revocable trust • the establishment of “debtor in possession” status • probate proceedings until a disposition of the estate is complete, or • entities entering or leaving affiliation, franchise, or management agreements. <p>References</p>

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	<p>Refer to</p> <ul style="list-style-type: none"> • Employee leasing arrangements for more information • Projects as a joint venture for experience rating modification qualifications, and • Experience rating modifications for wrap-up construction projects for more information. <p>Impact of changes in ownership Rule ID: ER-OWNO-IA5AA</p> <p>Changes in ownership may impact a risk's experience rating modification.</p> <p>Examples of the impact of changes in ownership</p> <p>Changes in ownership may impact the</p> <ul style="list-style-type: none"> • experience rating modification or modifications • combinability status with other entities • rating effective date, and • premium eligibility status, where an entity may or may not qualify to be experience rated. <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Premium eligibility for information about premium eligibility status, and • NCCI's <i>Experience Rating Plan Manual User's Guide</i> for examples of how changes in ownership affect the combinability of entities.
<p>D. Combination of Entities</p> <p>1. The combination of two or more entities requires common majority ownership. Combination requires that:</p> <ol style="list-style-type: none"> The same person, group of persons or corporation owns more than 50% of each entity, or An entity owns a majority interest in another entity, which in turn owns a majority interest in another entity. All entities are combinable for experience rating purposes regardless of the number of entities involved. <p><i>Refer to the User's Guide for examples.</i></p> <p>2. Determination of majority ownership interest is based on the following:</p> <ol style="list-style-type: none"> Majority of issued voting stock. Majority of the owners, partners or members if no voting stock is issued. Majority of the board of directors or comparable governing body if a. or b. is not applicable. 	<p>Combination of entities Rule ID: ER-OWNC-CD038</p> <p>When entities share common majority ownership, the rating organization combines them to calculate a single experience rating modification.</p> <p>References</p> <p>Refer to NCCI's <i>Experience Rating Plan Manual User's Guide</i> for examples.</p> <p>Combination of two or more entities Rule ID: ER-OWNC-C607D</p> <p>The combination of two or more entities requires common majority ownership.</p> <p>Requirement for the combination of entities for common majority ownership</p> <p>The rating organization combines two or more entities when</p>

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<p>d. Participation of each general partner in the profits of a partnership. Limited partners are not considered in determining majority interest.</p> <p>e. Ownership interest held by an entity as a fiduciary. Such an entity's total ownership interest will also include any ownership held in a nonfiduciary capacity.</p> <p>For purposes of this rule, fiduciary does not include a debtor in possession, a trustee under a revocable trust, or a franchisor.</p> <p><i>Refer to the User's Guide for examples.</i></p> <p>3. Multiple Combinations</p> <p>a. More than one combination of entities may be possible within a group of entities. The selection of combinations is based on the combination that involves the most entities.</p> <p>b. If Rule 3-D-3-a does not result in a single group with a majority of entities, the combination will be based on the group that has the largest amount of estimated standard premium. The estimated standard premium is based on the policies in effect at the time of the combination.</p> <p>c. The experience of any entity may be used in only one combination.</p> <p><i>Refer to the User's Guide for examples.</i></p>	<ul style="list-style-type: none"> • the same person, group of persons, or corporation owns more than 50% of each entity, or • an entity owns a majority interest in another entity, which in turn owns a majority interest in another entity. <p>All entities are combinable for experience rating modification purposes regardless of the number of entities involved.</p> <p>References</p> <p>Refer to NCCI's <i>Experience Rating Plan Manual User's Guide</i> for examples of the combination of two or more entities.</p> <p>Determination of majority ownership interest Rule ID: ER-OWNC-D7BC1</p> <p>There are several criteria applicable to determine majority ownership interest.</p> <p>Criteria for majority ownership interest</p> <p>The rating organization uses these criteria to determine majority ownership interest:</p> <ol style="list-style-type: none"> 1. The majority of issued voting stock 2. The majority of the owners, partners, or members if no voting stock is issued 3. The majority of the board of directors or comparable governing body if no voting stock is issued or no majority of owners, partners, or members exist 4. The participation of each general partner in the profits of a partnership. The rating organization does not consider limited partners in determining the majority interest 5. The ownership interest is held by an entity as a fiduciary, where the entity's total ownership interest also includes any ownership held in a nonfiduciary capacity <p>Exclusions for a fiduciary</p> <p>A fiduciary does not include</p> <ul style="list-style-type: none"> • a debtor in possession • a trustee under a revocable trust, or • a franchisor. <p>References</p> <p>Refer to NCCI's <i>Experience Rating Plan Manual User's Guide</i> for examples of majority ownership interest.</p> <p>Determination of multiple combinations of entities Rule ID: ER-OWNC-DC7A7</p>

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Current	Proposed
	<p>More than one combination of entities may be possible within a group of entities. The rating organization bases the selection of combinations on the one that involves the most entities.</p> <p>Combination of entities based on estimated standard premium</p> <p>If more than one combination of entities does not result in a single group with a majority of entities, the rating organization bases the combination on the group with the largest amount of estimated standard premium.</p> <p>Estimated standard premium</p> <p>Estimated standard premium is based on the policies in effect at the time of the combination.</p> <p>Experience of an entity</p> <p>The rating organization may use the experience of any entity in only one combination.</p> <p>References</p> <p>Refer to NCCI's <i>Experience Rating Plan Manual User's Guide</i> for examples of multiple combinations.</p>
<p>E. Treatment of Experience</p> <p>1. Transfer of Experience</p> <p>Changes in ownership and/or combinability status may or may not result in revisions of experience rating modifications. The rating organization may issue, retract, and/or revise the current and up to two preceding experience rating modifications due to ownership and/or combinability status changes. For purposes of this rule, the current experience rating modification is the experience rating modification in effect on the date that the notification of the change is received by the rating organization.</p> <p>The rating organization will request separate data from the carrier when appropriate. In certain cases, documentation may be needed to validate the accuracy of the submitted data. Refer to NCCI’s Experience Rating (ER) Split Data Reporting Guide for the data reporting requirements.</p> <p>The experience for any entity undergoing a change in ownership will be retained or transferred to the experience rating modification(s) of the acquiring, surviving, or new entity unless specifically excluded by this Plan.</p>	<p>Treatment of experience</p> <p>Rule ID: ER-OWNI-T5055</p> <p>Changes in ownership or changes in combinability status, or both may result in revisions of experience rating modifications.</p> <p>Transfer of experience due to changes in ownership</p> <p>Rule ID: ER-OWNI-TB903</p> <p>Changes in ownership or combinability status may result in revisions of experience rating modifications. The rating organization may issue, retract, or revise the current and up to two preceding experience rating modifications due to changes in ownership or combinability status. For purposes of this rule, the current experience rating modification is the experience rating modification in effect on the date that the rating organization receives notification of the change.</p> <p>Request for separate data</p> <p>The rating organization requests separate data from the insurance provider when appropriate. In certain cases, the rating organization may require documentation to validate the accuracy of the submitted data.</p> <p>References</p> <p>Refer to NCCI's <i>Experience Rating (ER) Split Data Reporting Guide</i> for the data reporting requirements.</p>

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current			Proposed														
Transfer of Experience Table 1			<p>Experience retention or transfer Rule ID: ER-OWNI-EDA5B</p> <p>Any entity which has undergone a change in ownership retains or transfers the entity’s experience to the experience rating modification or modifications of the acquiring, surviving, or new entity unless specifically excluded by this Plan.</p> <p>Transfer of experience when an entity disposes of all of its operations Rule ID: ER-OWNI-E9D53</p> <p>A single or multiple entity risk’s experience, also known as the seller’s experience, transfers to a buyer when the seller disposes of all of its operations to the buyer.</p> <p><i>Transfer of experience when an entity disposes of all of its operations table</i></p> <table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%;">For a seller that disposes of all of its operations, where the buyer ...</th> <th style="width: 50%;">the seller’s experience ...</th> </tr> </thead> <tbody> <tr> <td>does not have any prior or current policies or experience</td> <td>transfers to the buyer for its future experience rating modification, subject to premium eligibility qualifications.</td> </tr> <tr> <td> <ul style="list-style-type: none"> has prior experience for which an experience rating modification has already been issued, or has prior experience but did not qualify for experience rating </td> <td> <ul style="list-style-type: none"> transfers to the buyer for its future experience rating modification, and is combined with the buyer’s existing experience, subject to premium eligibility qualifications. </td> </tr> </tbody> </table>		For a seller that disposes of all of its operations, where the buyer ...	the seller’s experience ...	does not have any prior or current policies or experience	transfers to the buyer for its future experience rating modification, subject to premium eligibility qualifications.	<ul style="list-style-type: none"> has prior experience for which an experience rating modification has already been issued, or has prior experience but did not qualify for experience rating 	<ul style="list-style-type: none"> transfers to the buyer for its future experience rating modification, and is combined with the buyer’s existing experience, subject to premium eligibility qualifications. 							
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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed																		
<p>2. Exclusion of Experience</p> <p>Rare circumstances may require that experience for any entity undergoing a change in ownership be excluded from future experience ratings. The experience will be excluded only if the rating organization confirms all of the following:</p> <p>a. The change must be a material change such that:</p> <p>(1) The entire ownership interest after the change had no ownership interest before the change, or</p> <p>(2) The collective ownership of all those having interest in an entity results in either less than:</p> <ul style="list-style-type: none"> • 1/3 ownership before the change, or • 1/2 ownership after the change; and <p>b. The material change in ownership is accompanied by a change in operations sufficient to result in reclassification of the governing classification; and</p> <p>c. The material change in ownership is accompanied by a change in the process and hazard of the operations. Change in process and hazard is determined by the rating organization.</p> <p><i>Refer to the User’s Guide for examples.</i></p> <p>Except for action that may be taken under Rule 3-F, experience is not otherwise excluded for employee leasing companies and temporary employment agencies. For more information on employee leasing companies, <i>refer to Rule 5-A.</i></p> <p>3. Recalculation and Application of Experience Rating Modifications</p> <p>a. If a change in ownership and/or combinability status occurs, recalculation of experience rating modifications may be required, as described in the table below. Changes in ownership and/or combinability status may also result in a change in rating effective date, as determined by the rating organization. <i>Refer to Rule 2-B for information on rating effective date.</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">If the rating organization . . .</th> <th style="text-align: left;">Then . . .</th> </tr> </thead> <tbody> <tr> <td>Determines that a change in ownership and/or combinability status requires recalculation of experience rating modification(s)</td> <td>The rating organization will revise the current and up to two preceding experience rating modification(s). 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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
	<ul style="list-style-type: none"> • Premium eligibility for more information. <p>Exclusion of experience due to changes in ownership Rule ID: ER-OWNX-EA7DE</p> <p>Under rare circumstances, the rating organization can exclude experience from future experience rating modifications for any entity undergoing a change in ownership. The rating organization does not exclude experience for professional employer services organizations and temporary employment agencies except for action the rating organization takes under the rule, Evasion of experience rating modification.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Professional employer services agreements (Agreements) for more information on professional employer services organizations, and • Evasion of experience rating modification for more information about experience rating modification evasion. <p>Criteria for exclusion of experience in future experience rating modifications Rule ID: ER-OWNG-C30A5</p> <p>The rating organization excludes the experience of an entity that has undergone a material change in ownership, as defined in this rule, only after confirming all of the exclusion criteria.</p> <p>Material changes in ownership</p> <p>A material change in ownership must include a (a) change in ownership interest, (b) change in operations, and (c) change in process and hazard of the operations.</p> <p>Change in ownership interest</p> <p>The change in ownership interest must be a material change such that</p> <ul style="list-style-type: none"> • the entire ownership interest after the material change had no ownership interest before the material change, or • the collective ownership of all that have interest in an entity results in less than <ul style="list-style-type: none"> – one-third ownership before the material change, or – one-half ownership after the material change. <p>Change in operations</p> <p>The material change must also include a sufficient change in operations, which occurs when the change is large enough to result in the reclassification of the governing classification.</p>

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
	<p>Change in the process and hazard of the operations</p> <p>The material change in ownership must also include a change in the process and hazard of the operations that the rating organization determines.</p> <p>References</p> <p>Refer to NCCI's <i>Experience Rating Plan Manual User's Guide</i> for examples.</p> <p>Recalculation of experience rating modifications Rule ID: ER-OWNA-RE143</p> <p>The rating organization may recalculate the experience rating modifications when a change in ownership or combinability status occurs. Changes in ownership or combinability status can also result in a change in the rating effective date, as determined by the rating organization.</p> <p>References</p> <p>Refer to Rating effective date (RED) of an experience rating modification for information about RED.</p> <p>Recalculation and application of experience rating modifications Rule ID: ER-OWNA-R15AA</p> <p>The rating organization recalculates the experience rating modification due to a change in ownership or combinability status. When recalculating experience rating modifications, the current experience rating modification is the experience rating modification in effect on the date when the rating organization receives the notification of the change in ownership or combinability status.</p> <p>Recalculation or revision of the experience rating modification</p> <p>If the rating organization determines that a change in ownership or combinability status requires recalculation of experience rating modifications, then it revises the current and up to two preceding experience rating modifications.</p> <p>If the rating organization revises the current and up to two preceding experience rating modifications because of a change in ownership or combinability status, then the insurance provider applies the revised experience rating modifications retroactively to the date of the change in ownership or combinability status.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • NCCI's <i>Experience Rating Plan Manual User's Guide</i> for examples of recalculation and revision of experience rating modifications

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
	<ul style="list-style-type: none"> • Changes in experience rating modifications for more information, and • Evasion of experience rating modification for more information.
<p>F. Evasion of Experience Rating Modification</p> <p>1. Actions</p> <p>Some employers may take actions for the purpose of avoiding an experience rating modification. Other employers may take actions for otherwise legitimate business reasons that nonetheless result in the improper application of an experience rating modification. Regardless of intent, any action that results in the miscalculation or misapplication of an experience rating modification determined in accordance with this Plan is prohibited. These actions include, but are not limited to:</p> <ul style="list-style-type: none"> • Failure to report changes in ownership according to Endorsement WC 00 04 14 • A change in ownership • A change in combinability status • Creation of a new entity • Transfer of operations from one entity to another entity that is not combinable according to Rule 3-D • Misrepresentation on audits or failure to cooperate with an audit <p>2. Rating Organization Response</p> <p>In such circumstances, the rating organization may obtain any information that indicates evasion or improper calculation or application of experience rating modifications due to actions included, but not limited to, those listed in Rule 3-F-1.</p> <p>The rating organization will act to ensure the proper calculation and application of all current and preceding experience rating modifications impacted by these actions. This includes, but is not limited to the:</p> <ul style="list-style-type: none"> • Combination of experience that would otherwise not be combinable according to Rules 3-D and 3-E-1 • Separation of experience that would otherwise be combinable according to Rules 3-D and 3-E-1 • Exclusion of experience that would otherwise be included according to Rule 3-E-1 • Continuation of experience that would otherwise be excluded according to Rules 3-E-1 and 3-E-2 	<p>Evasion of experience rating modification Rule ID: ER-OWNE-EA18D</p> <p>Evasion of experience rating modification refers to any action that employers take to avoid the proper application of an experience rating modification.</p> <p>Actions of the employers Rule ID: ER-OWNE-AECE8</p> <p>Employers may take actions that intentionally or unintentionally evade an experience rating modification. Employers may take these actions for legitimate business reasons, but these actions may still result in the improper application of an experience rating modification.</p> <p>Actions considered to be experience rating modification evasion</p> <p>Regardless of the intent, any action that results in the miscalculation or misapplication of an experience rating modification determined under this Plan is prohibited. These actions include but are not limited to</p> <ul style="list-style-type: none"> • failure to report changes in ownership according to the 90-Day Reporting Requirement—Notification of Change in Ownership Endorsement • a change in ownership • a change in combinability status • formation of a new entity • transfer of operations from one entity to another entity that is not combinable according to the rule, Combination of entities, and • misrepresentation on audits or failure to cooperate with an audit. <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Rating organization response for more information about the actions the rating organization may take in response to experience rating modification evasion • NCCI’s <i>Forms Manual</i>, 90-Day Reporting Requirement—Notification of Change in Ownership Endorsement, and • Combination of entities for more information. <p>Rating organization response</p>

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
<ul style="list-style-type: none"> • Issuance of experience rating modifications that were not originally issued • Revision and/or retraction of experience rating modifications 	<p>Rule ID: ER-OWNE-RBCCE</p> <p>The rating organization may obtain any information that indicates evasion or improper calculation or application of experience rating modifications due to actions included but not limited to those listed in this Plan.</p> <p>Response to the improper calculation or application of experience rating modifications</p> <p>The rating organization acts to ensure the proper calculation and application of all current and preceding experience rating modifications impacted by improper actions. This includes, but is not limited to the</p> <ul style="list-style-type: none"> • combination of experience that would otherwise not be combinable according to the rules, Combination of entities and Transfer of experience due to changes in ownership • separation of experience that would otherwise be combinable according to the rules, Combination of entities and Transfer of experience due to changes in ownership • exclusion of experience that would otherwise be included according to the rule, Transfer of experience due to changes in ownership • continuation of experience that would otherwise be excluded according to the rules, Transfer of experience due to changes in ownership and Exclusion of experience due to changes in ownership • issuance of experience rating modifications that were not originally issued, and • revision or retraction of experience rating modifications. <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Actions of the employers for more information about actions that the rating organization considers to be an evasion of experience rating modification • Combination of entities for more information • Transfer of experience due to changes in ownership for more information, and • Exclusion of experience due to changes in ownership for more information.
<p>Experience Rating Plan Manual—2003 Edition Rules Rule 4—Application and Revision of Experience Rating Modifications</p>	<p>Experience Rating Plan Manual</p>
<p>A. General Explanation</p>	<p>Application and types of experience rating modifications Rule ID: ER-APPL-AAEE6</p>

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Current	Proposed
<p>1. Experience rating modifications for eligible risks generally are determined on an annual basis and are effective for a period of 12 months. However, as provided in this Plan, certain circumstances may result in a reduced or extended application of an experience rating modification. <i>Refer to Rule 4-D.</i></p> <p>3. Experience rating modifications are applied to the premium developed by the use of the carrier's rates in force on the effective date of the experience rating modification.</p>	<p>The rating organization determines whether risks are eligible for experience rating and calculates experience rating modifications for eligible risks on an annual basis. The three types of experience rating modifications are preliminary, final, and contingent modifications.</p> <p>Application of experience rating modifications</p> <p>Experience rating modifications are generally effective for 12 months. However, in accordance with this Plan, certain circumstances can result in a reduced or extended application of an experience rating modification.</p> <p>Specifications for the application of experience rating modifications</p> <p>Only one experience rating modification applies to a risk at any time. The experience rating modification applies to all operations of the risk. The insurance provider applies experience rating modifications to the premium that develops using its rates in force on the effective date of the experience rating modification.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Experience rating modification application for single policy risks for more information, and • Experience rating modification application for multiple policy risks for more information about circumstances that can result in a reduced or extended application of an experience rating modification.
<p>B. Inclusion of Payroll and Losses</p> <p>1. Revision of Payroll</p> <p>An insurance provider may discover within the audit period (within three years of policy expiration) that previously reported payroll must be revised. When the rating organization receives correction reports according to the <i>Statistical Plan</i>, it will revise the current and up to two preceding experience rating modifications.</p> <p>2. Revision of Losses</p> <p>Revised unit reports (correction reports) to 1st, 2nd, and 3rd reports according to the Statistical Plan may be submitted. With limited exception as indicated below, the rating organization will use all correction reports in the production of the appropriate experience rating modifications.</p> <p>a. Submission of revised unit reports according to the <i>Statistical Plan</i> will result in the automatic recalculation of the current and up to two preceding experience rating modifications.</p>	<p>Revision of experience rating modifications</p> <p>Rule ID: ER-REVI-RF26D</p> <p>This rule provides information regarding the revision of experience rating modifications due to corrections in payroll or losses.</p> <p>Revision of payroll</p> <p>Rule ID: ER-REVP-RDAD0</p> <p>The insurance provider may discover during the audit period, within three years of the policy expiration date, that it must revise the previously reported payroll and submit correction reports. The rating organization revises the current and up to two preceding experience rating modifications when it receives correction reports in accordance with NCCI's <i>Statistical Plan</i>.</p> <p>Revision of losses</p> <p>Rule ID: ER-REVL-RA9D8</p> <p>The insurance provider may submit correction reports to the 1st, 2nd, and 3rd Unit Reports in accordance with NCCI's <i>Statistical Plan</i>. With limited exceptions outlined in these rules, the rating organization may make revisions beyond the current and two preceding experience</p>

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
<p>b. If a paid or anticipated recovery from a special fund becomes known by the carrier, the current experience rating modification is that which is in effect when the insurance provider determines the revised loss value. The time frame for the three (current and two preceding) modifications is limited to the risk's fifth most recent rating effective date.</p> <p>c. If a subrogation recovery is obtained in an action against a third party, the current experience rating modification is that in effect when the insurance provider determines the revised loss value. The time frame for the three (current and two preceding) modifications is limited to the risk's fifth most recent rating effective date.</p> <p>3. Corrections in Classifications</p> <p>a. A risk's classification(s) may be corrected in accordance with the <i>Basic Manual</i>. When a classification assigned to a risk is revised other than as a result of a change in risk operations, the experience rating modification may be recalculated by the rating organization. The purpose of such recalculation is to produce an experience rating modification factor using rating values that correspond to the rates charged on a policy.</p> <p>b. In such circumstances, the rating organization will act to ensure the proper calculation and application of experience rating modifications. This includes, but is not limited to:</p> <ul style="list-style-type: none"> • Reassigning past payroll to the appropriate classification code and rating values • Using correction reports submitted in accordance with the <i>Statistical Plan</i> • Reviewing the information submitted regarding each change and determining the impact, if any, on the experience rating modification(s) of the entities involved • Requesting additional information, if necessary, due to the complexity of certain corrections <p>c. The rating organization will not revise a modification if the change in classification is a result of:</p> <ul style="list-style-type: none"> • A change in risk operations • A filed and approved change to the classification system <p>4. Third Party Cases</p> <p>Losses for which a third party claim has been made are included in the calculation of an experience rating modification under the following conditions:</p> <p>a. Unsettled Claims</p> <p>Use the loss as reported at full value.</p> <p>b. Settled Claims</p> <p>Use the following procedure to adjust the loss amount:</p>	<p>rating modifications. The rating organization uses the correction reports for the report levels that fit into the experience period of the experience rating modification.</p> <p>Automatic recalculation of experience rating modifications</p> <p>The rating organization automatically recalculates the current and up to two preceding experience rating modifications when it receives correction reports in accordance with NCCI's <i>Statistical Plan</i>.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Experience period for information on experience included in an experience rating modification • Special fund reimbursements for additional information • Subrogation recoveries for additional information • Losses excluded from experience rating for more information on types of losses not used in experience rating modification calculations, and • NCCI's <i>Statistical Plan</i> for information about the submission of correction reports. <p>Special fund reimbursements Rule ID: ER-REVL-SADC3</p> <p>If the insurance provider knows of an anticipated reimbursement or receives a paid reimbursement from a special fund, the current experience rating modification is the experience rating modification in effect on the date when the insurance provider determines the revised loss value.</p> <p>Revisions beyond the current and two preceding experience rating modifications for special fund reimbursements</p> <p>Revisions of experience rating modifications beyond the current and two preceding experience rating modifications are limited to the risk's fifth most recent rating effective date. The insurance provider must submit a request to the rating organization and provide the date of the revised loss value. The insurance provider must also submit correction reports in accordance with NCCI's <i>Statistical Plan</i>.</p> <p>References</p> <p>Refer to NCCI's <i>Statistical Plan</i> for information about special fund reimbursement reporting.</p> <p>Subrogation recoveries Rule ID: ER-REVL-SAEAA</p>

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
<p>(1) Determine loss amount prior to settlement</p> <p>(2) Subtract the amount recovered</p> <p>(3) Add the expenses incurred in obtaining the recovery</p> <p>(4) If the expense amount in (3) exceeds the recovery amount in (2), use the loss amount (1) prior to settlement</p> <p>5. Liability-Over Cases</p> <p>When a risk's incurred losses include liability-over claims, the inclusion of such losses in the experience rating calculation is as follows. When settled liability-over claims result in:</p> <p>a. No payment to a third party—The experience rating calculation will include any allocated claim adjustment expense incurred in defending such claims. This expense is subject to the Employers Liability Accident Limitation in the Tables of Weighting Values.</p> <p>b. Payment to a third party—No change is made in the loss valuation used in the calculation of the current experience modification. At the next valuation date, the calculation will include the settlement amount plus any allocated claim adjustment expense incurred in defending such claims. This expense and settlement is subject to the Employers Liability Accident Limitation in the Tables of Weighting Values.</p>	<p>If the insurance provider obtains a subrogation recovery in an action against a third party, the current experience rating modification is the experience rating modification in effect on the date when the insurance provider determines the revised loss value. If the insurance provider obtains a subrogation recovery in an action against a third party, the insurance provider must submit correction reports in accordance with NCCI's <i>Statistical Plan</i>.</p> <p>Revisions beyond the current and two preceding experience rating modifications for subrogation recoveries</p> <p>Revisions of experience rating modifications beyond the current and two preceding experience rating modifications are limited to the risk's fifth most recent rating effective date. The insurance provider must submit a request to the rating organization and provide the date of the revised loss value. The insurance provider must also submit correction reports in accordance with NCCI's <i>Statistical Plan</i>.</p> <p>References</p> <p>Refer to NCCI's <i>Statistical Plan</i> for information about subrogation recovery reporting.</p> <p>Corrections in classifications Rule ID: ER-REVC-CAED7</p> <p>When an insurance provider corrects a risk's classification in accordance with NCCI's <i>Basic Manual</i>, the rating organization may recalculate the experience rating modification. The rating organization uses the rating values that correspond to the rates charged on a policy.</p> <p>Recalculation of an experience rating modification</p> <p>When a correction in classification requires the recalculation of an experience rating modification, the rating organization acts to ensure the proper calculation and application of the experience rating modification. This includes but is not limited to</p> <ul style="list-style-type: none"> • reassigning past payroll to the appropriate classification code and rating values • requesting additional information, if necessary, due to the complexity of certain corrections • reviewing the information submitted regarding each change and determining the impact, if any, on the experience rating modifications of the entities involved, and • using correction reports submitted in accordance with NCCI's <i>Statistical Plan</i>. <p>Reasons not to recalculate an experience rating modification due to a change in classification</p> <p>The rating organization does not revise an experience rating modification if the change in classification is a result of</p> <ul style="list-style-type: none"> • a change in risk operations, or

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Current	Proposed
	<ul style="list-style-type: none"> • a filed and approved change to the classification system. <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • NCCI's <i>Basic Manual</i> for more information regarding classification changes, corrections, or reallocation of payroll, and • NCCI's <i>Statistical Plan</i> for reporting correction reports. <p>Liability-over claim loss limitation Rule ID: ER-SPEL-EABEC</p> <p>When a risk's incurred losses include liability-over claims, the inclusion of such losses in the experience rating modification calculation differs, in accordance with NCCI's <i>Statistical Plan</i>, based on whether (a) payment is made to a third party, or (b) no payment is made to a third party. The claim is limited to the employers liability loss limitation.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • the Rating Values, Table of Weighting Values footnotes for the employers liability accident limitation, and • NCCI's <i>Statistical Plan</i> for information about <ul style="list-style-type: none"> – reporting liability-over claim loss limitations – claim adjustment expenses, and – allocated claim adjustment expenses.
<p>C. Types of Experience Rating Modifications</p> <p>1. Preliminary Modifications</p> <p>A preliminary modification uses existing rating values that are expected to change pending regulatory action on a rate filing. The preliminary modification must be applied until the final experience rating modification is determined.</p> <p>2. Final Modifications</p> <p>When a rate filing is approved in a state, the experience rating modification will be recalculated using the new rating values, and will become final. An experience rating modification may also be released originally as a final modification if there were no pending rate filings at the time the modification was released.</p> <p>3. Contingent Modifications</p>	<p>Types of experience rating modifications Rule ID: ER-APPT-TA7C3</p> <p>The three types of experience rating modifications are preliminary, final, and contingent modifications.</p> <p>Preliminary modifications Rule ID: ER-APPT-PA598</p> <p>A preliminary modification is a type of experience rating modification that uses existing rating values that are expected to change pending regulatory action on a rate filing. The insurance provider must apply the preliminary modification until the rating organization calculates the final modification.</p> <p>Final modifications</p>

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
<p>a. Explanation</p> <p>(1) A contingent modification is one that is missing some data, but still meets the minimum data requirement displayed in the Minimum Data Requirements Table.</p> <p>(2) Contingent modifications for interstate risks must attain the minimum data requirements for each state meeting the intrastate premium eligibility levels.</p> <p>(3) If an intrastate or interstate risk does not attain the minimum amount of data required, a modification will not be issued. In such cases, a unity (1.00) factor applies.</p> <p>c. Exceptions to Minimum Data Requirements</p> <p>Experience rating modifications will be issued and will not be labeled contingent when the rating organization determines that the:</p> <p>(1) Risk has had a lapse in coverage.</p> <p>(2) Non-affiliate insurer had covered the risk.</p> <p>(3) Insurance provider is insolvent and not expected to report unit statistical data.</p> <p>d. Submission of Missing Data</p> <p>When the missing data is submitted according to the <i>Statistical Plan</i>, the rating organization will revise the current modification, and if applicable, up to two preceding modifications.</p> <p>e. Application</p> <p>A contingent modification applies until another experience rating modification is issued by the rating organization with the same effective date, subject to Rule 4-E.</p>	<p>Rule ID: ER-APPT-FA7C9</p> <p>When the regulatory authority approves a rate filing in a state, (a) the rating organization recalculates the experience rating modification using the new rating values, and (b) the experience rating modification becomes final. The rating organization can also release an experience rating modification for the first time as a final modification when there are no pending rate filings at the time of release. For an interstate experience rating modification to be revised from a preliminary modification to a final modification, all states must have (a) new ratings at the time of release, and (b) no pending rate filings at the time of release.</p> <p>Contingent modifications</p> <p>Rule ID: ER-APPT-CD851</p> <p>A contingent modification is a type of experience rating modification that is missing some data that is expected to be submitted by the insurance provider, but meets the minimum data requirement displayed in the Minimum data requirements table. Contingent modifications for interstate-rated risks must reach the minimum data requirements for each state meeting the intrastate premium eligibility levels.</p> <p>Application of a contingent modification</p> <p>A contingent modification applies until the rating organization issues another experience rating modification with the same rating effective date to replace the contingent modification.</p> <p>Intrastate-rated and interstate-rated risks without the minimum amount of required data</p> <p>If an intrastate-rated or interstate-rated risk does not reach the minimum amount of data required, the rating organization does not issue an experience rating modification. In these cases, the insurance provider applies a unity (1.00) factor.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Application of decreases in the experience rating modification due to any reason other than a correction in classification when the contingent modification is replaced with a lower experience rating modification • Application of increases in the experience rating modification due to the 90-day rule when the contingent modification is replaced with a higher experience rating modification, and • Minimum data requirements within the experience period for the Minimum data requirements table.

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Current	Proposed
	<p>Experience rating modifications not issued as contingent modifications Rule ID: ER-APPT-EA78F</p> <p>The rating organization issues experience rating modifications and does not label them as contingent modifications when it determines that (a) the risk has had a lapse in coverage, (b) a non-affiliate carrier provided coverage for the risk, or (c) the insurance provider is insolvent and not expected to report unit statistical data.</p> <p>Experience rating modification revisions upon receipt of missing data Rule ID: ER-APPT-SADD2</p> <p>When insurance providers submit missing data in accordance with NCCI's <i>Statistical Plan</i>, the rating organization revises the current experience rating modification and, if applicable, up to two preceding experience rating modifications.</p> <p>Contingent modifications Rule ID: ER-APPT-CD851</p> <p>A contingent modification is a type of experience rating modification that is missing some data that is expected to be submitted by the insurance provider, but meets the minimum data requirement displayed in the Minimum data requirements table. Contingent modifications for interstate risks must reach the minimum data requirements for each state meeting the intrastate premium eligibility levels.</p> <p>Application of a contingent modification</p> <p>A contingent modification applies until the rating organization issues another experience rating modification with the same rating effective date to replace the contingent modification.</p> <p>Intrastate-rated and interstate-rated risks without the minimum amount of required data</p> <p>If an intrastate-rated or interstate-rated risk does not reach the minimum amount of data required, the rating organization does not issue an experience rating modification. In these cases, the insurance provider applies a unity (1.00) factor.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Application of decreases in the experience rating modification when the contingent modification is replaced with a lower experience rating modification • Application of increases in the experience rating modification when the contingent modification is replaced with a higher experience rating modification, and • Minimum data requirements within the experience period for the Minimum data requirements table.

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Current	Proposed
<p>D. Application for Single and Multiple Policy Risks</p> <p>The rating effective date (RED) determines the application of an experience rating modification. The RED is determined according to Rule 2-B of this Plan. An experience rating modification will apply for:</p> <ul style="list-style-type: none"> • No less than three months, except for those impacted by changes in ownership and combinability status according to Rule 3 • No more than 15 months <p>1. For Single Policy Risks</p> <p>a. The experience rating modification applies for the full term of the policy if the policy begins on the RED or within three months after the RED.</p> <p>b. If a policy begins more than three months after the RED, the following procedure applies:</p> <p>(1) The current experience rating modification applies to the new policy until the date the modification expires.</p> <p>(2) A renewal experience rating modification applies to the new policy until the date the policy expires.</p> <p>(3) A new RED may be established. Usually, this will be the date 12 months after the effective date of the new policy.</p> <p>2. For Multiple Policy Risks</p> <p>If a risk is covered by two or more policies with varying effective dates, the following procedure applies:</p> <p>a. An experience rating modification is issued to be effective for 12 months. This modification applies to the portion of each policy falling within that 12-month period, regardless of the policy's effective and expiration dates.</p> <p>b. A renewal experience rating modification applies to each policy as described in 2-a.</p> <p>c. The rating organization will review the effective dates of the multiple policies and may authorize the application of an experience rating modification for a period of other than 12 months.</p>	<p>Time period that an experience rating modification applies Rule ID: ER-APPA-AB538</p> <p>The rating effective date determines the application of an experience rating modification.</p> <p>Time period that an experience rating modification applies</p> <p>An experience rating modification applies for</p> <ul style="list-style-type: none"> • no less than three months, and • no more than 15 months. <p>Exception to the time period that an experience rating modification applies</p> <p>An experience rating modification applies for no less than three months, except for those impacted by changes in ownership and combinability status according to the rule, Changes in ownership.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Changes in ownership for more information, and • Rating effective date (RED) of an experience rating modification for RED determination information. <p>Experience rating modification application for single policy risks Rule ID: ER-APPA-FA43E</p> <p>An experience rating modification applies for the full term of the policy if the policy begins on the rating effective date (RED) or within three months after the RED.</p> <p>Policies that begin more than three months after the RED</p> <p>When policies begin more than three months after the RED, changes can apply to the experience rating modification and the RED:</p> <ul style="list-style-type: none"> • The current experience rating modification applies to the new policy until the date the experience rating modification expires. • A renewal experience rating modification applies to the new policy until the date the policy expires. • A new RED can be established, usually for the date 12 months after the effective date of the new policy. <p>References</p>

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Current	Proposed
	<p>Refer to Rating effective date (RED) of an experience rating modification for RED determination information.</p> <p>Experience rating modification application for multiple policy risks Rule ID: ER-APPA-FCF43</p> <p>If a risk is covered by two or more policies with different effective dates, changes can apply to the experience rating modification.</p> <p>For multiple policy risks with different effective dates, this procedure applies:</p> <ul style="list-style-type: none"> • The rating organization issues an experience rating modification to be effective for 12 months. The experience rating modification applies to the portion of each policy within that 12-month period, regardless of the policy's effective and expiration dates. • A renewal experience rating modification applies to each policy within the 12-month period regardless of the policy's effective and expiration dates. • The rating organization reviews the effective dates of the multiple policies and can authorize the application of an experience rating modification for a period of other than 12 months. <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Rating effective date (RED) of an experience rating modification for RED determination information, and • Premium eligibility for more information.
<p>Experience Rating Plan Manual—2003 Edition Rules Rule 5—Special Rating Conditions</p>	<p>Experience Rating Plan Manual</p>
<p>Under this Plan the following rules represent specialized rating treatment for employee leasing arrangements, joint ventures, interstate rating considerations and wrap-up construction projects.</p>	<p>Special rating conditions Rule ID: ER-COND-SA37F <i>Effective Date: July 1, 2025</i></p> <p>These rules provide special rating conditions or programs that may affect experience rating.</p>
<p>C. Separate State Experience Rating Modification 1. Explanation</p> <p>A separate experience rating modification for a single state in an interstate rated risk may be calculated. The single state experience rating modification is calculated using a weighted</p>	<p>Separate state experience rating modification Rule ID: ER-CONB-SE840</p> <p>The rating organization may calculate a separate state experience rating modification for a single state in an interstate-rated risk. The calculation uses a weighted average to produce the</p>

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
<p>average, which is based on the risk's total expected losses in all states included in the experience rating modification and its expected losses in the separate state.</p> <p>2. Permitted as Follows</p> <p>a. The risk must be interstate rated.</p> <p>b. The risk must qualify for an intrastate rating in the state where the separate state experience rating modification is requested.</p> <p>c. The risk must qualify for an intrastate rating in at least one other state.</p> <p>d. The request for a separate state experience rating modification must be:</p> <ul style="list-style-type: none"> • From a carrier only licensed to write workers compensation insurance in the state for which the separate state modification is requested. • In writing and subject to the agreement of the insured. • Received by the rating organization prior to the rating effective date. <p>e. The experience rating modifications determined by Steps A–C of Rule 5-C-4 are calculated using the experience rating modification formula and the cap on modifications.</p> <p>3. Application</p> <p>a. Any experience rating modification calculated under this rule applies for the full rating period, regardless of whether the insurance is provided by the requesting carrier or another carrier.</p> <p>b. The separate state experience rating modification applies to all of a risk's operations in that state. The remaining interstate mod is applied to all other states.</p> <p>c. A risk may qualify for a separate state experience rating modification in more than one state. Under this circumstance, the completed modification for each qualifying state is that state's separate state experience rating modification.</p> <p>4. Determination of the Separate State Experience Rating Modification</p> <p>Follow the step-by-step procedure to calculate the separate state experience rating modification.</p> <p>Step A—Calculate, on an interstate basis, a modification for the entire risk.</p> <p>Step B—Calculate, on an intrastate basis, a modification for the state for which a separate modification has been requested.</p> <p>Step C—Calculate, on an interstate basis, a modification for all states excluding the state for which a separate modification has been requested.</p>	<p>single state experience rating modification, using the risk's total expected losses in all states included in the experience rating modification and its expected losses in the separate state.</p> <p>Rules for separate state experience rating modifications Rule ID: ER-CONB-DA59E</p> <p>Fulfill all requirements to receive a separate state experience rating modification.</p> <p>Risk requirements</p> <p>The risk must</p> <ul style="list-style-type: none"> • be interstate-rated, and • qualify for an intrastate rating in <ul style="list-style-type: none"> – the state the insurance provider is requesting the separate state experience rating modification for, and – at least one other state. <p>Calculation of separate state experience rating modifications</p> <p>The rating organization uses the experience rating modification formula and the cap on experience rating modifications to calculate the experience rating modifications used to determine a separate state experience rating modification.</p> <p>References</p> <p>Refer to Calculating the separate state experience rating modification for the steps to calculate the separate state experience rating modification.</p> <p>Rules for the request of a separate state experience rating modification Rule ID: ER-CONB-R3904</p> <p>Submit the request for a separate state experience rating modification in accordance with this rule's requirements.</p> <ul style="list-style-type: none"> • The request must be from an insurance provider only licensed to write workers compensation insurance in the state for which the separate state experience rating modification is requested. • The request must be in writing and subject to the agreement of the risk. • The request must be received by the rating organization before the rating effective date. <p>Rules for the application of separate state experience rating modifications Rule ID: ER-CONB-R6229</p> <p>Apply a separate state experience rating modification based on this rule's requirements.</p>

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Current	Proposed
<p>Step D—Calculate the following (using the results in Steps A, B, and C):</p> $\frac{\text{Result of Step A} \times \text{Total Expected Losses in All States}}{(\text{Result of Step B} \times \text{Expected Losses in Separate State}) + (\text{Result of Step C} \times \text{Expected Losses in All Other States})}$ <p>Step E—Calculate the completed separate state experience rating modification by multiplying the result in Step B by the result in Step D.</p> <p>Step F—Calculate the completed experience rating modification for all other states by multiplying the result in Step C by the result in Step D.</p> <p><i>Refer to the User's Guide for an example.</i></p>	<ul style="list-style-type: none"> • Apply the separate state experience rating modification for the full rating period, regardless of whether the requesting insurance provider or another insurance provider provides the insurance. The separate state experience rating modification applies to all of a risk's operations in that state. • Apply the remaining interstate experience rating modification to all other states. • A risk may qualify for a separate state experience rating modification in more than one state. Apply the state's separate state experience rating modification for each qualifying state. <p>Calculating the separate state experience rating modification Rule ID: ER-CONB-C3701</p> <p>The rating organization calculates the separate state experience rating modification.</p> <ol style="list-style-type: none"> 1. The rating organization <ol style="list-style-type: none"> a) calculates an interstate experience rating modification for the entire risk (Step A) b) calculates an intrastate experience rating modification for the state for which a separate state experience rating modification is requested (Step B) c) calculates an interstate experience rating modification for all states excluding the state that the insurance provider requested a separate state experience rating modification in (Step C) d) uses the formula in the rule, Formula for the separate state adjustment factor to calculate the separate state adjustment factor used to determine a separate state experience rating modification (Step D) e) calculates the completed separate state experience rating modification by multiplying the intrastate experience rating modification for the state for which a separate state experience rating modification is requested by the separate state adjustment factor calculated using the formula (Step B x Step D), and f) calculates the completed experience rating modification for all other states by multiplying the interstate experience rating modification for all states excluding the state that the insurance provider requested a separate state experience rating modification in by the separate state adjustment factor calculated using the formula (Step C x Step D). <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Formula for the separate state adjustment factor for more information, and • NCCI's <i>Experience Rating Plan Manual User's Guide</i> for an example. <p>Formula for the separate state adjustment factor</p>

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Current	Proposed
	<p>Rule ID: ER-CONB-C78BF</p> <p>The rating organization uses this formula to calculate the separate state adjustment factor used to determine a separate state experience rating modification.</p> <p>Calculation of the separate state adjustment factor</p> $\frac{\text{Step A} \times \text{Total Expected Losses in All States}}{(\text{Step B} \times \text{Expected Losses in Separate State}) + (\text{Step C} \times \text{Expected Losses in All Other State})}$ <p>References</p> <p>Refer to Calculating the separate state experience rating modification for more information.</p>
<p>D. Construction/Contracting Risks</p> <p>1. Wrap-Up Construction Project</p> <p>A policy issued for an entity participating in a wrap-up construction project is subject to its own experience rating modification. Payroll and loss experience developed for all such policies is used in future experience rating modifications of the participating entities. There is no experience rating modification for the wrap-up construction project as a unit. <i>Refer to the Basic Manual for more information on wrap-up construction projects.</i></p> <p>2. Joint Ventures</p> <p>Two or more contractors, not combinable for experience rating under the rules of this Plan, may associate for the purpose of undertaking one or more projects as a joint venture.</p> <p>A joint venture may qualify for its own experience rating provided all of the following conditions are met:</p> <ul style="list-style-type: none"> • The contract(s) for the participating entities is awarded in the name of the joint venture; and • The participating entities share the control, direction, and supervision of all work undertaken; and • The participating entities maintain a common bank account, payroll, and business records <p>The experience of the joint venture participants is excluded from their individual experience rating modifications.</p>	<p>Construction and contracting risks</p> <p>Rule ID: ER-CONR-CA61C</p> <p>This rule provides information regarding experience rating for certain construction and contracting risks.</p> <p>Experience rating modifications for wrap-up construction projects</p> <p>Rule ID: ER-CONR-WEBE2</p> <p>The policy that the insurance provider issues for an entity participating in a wrap-up construction project is subject to its own experience rating modification. The insurance provider reports to the rating organization payroll and loss experience for the wrap-up policies. The rating organization uses the experience developed from the wrap-up policies in the future experience rating modifications of the participating entities. There is no experience rating modification for the wrap-up construction project as a unit.</p> <p>References</p> <p>Refer to NCCI's <i>Basic Manual</i> for more information on wrap-up construction projects.</p> <p>Projects as a joint venture</p> <p>Rule ID: ER-CONR-JA1D8</p> <p>Two or more contractors not combinable for experience rating under the rules of this Plan may associate for undertaking one or more projects as a joint venture.</p> <p>Qualifications of a joint venture for its own experience rating modification</p> <p>For a joint venture to qualify for its own experience rating modification, all participating entities of the joint venture must</p> <ul style="list-style-type: none"> • be awarded a contract or contracts in the name of the joint venture • share control, direction, and supervision of all work undertaken in the project, and

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed												
<p>Experience Rating Modification Determination</p> <table border="1"> <thead> <tr> <th style="text-align: center;">A joint venture</th> <th style="text-align: center;">The experience rating modification is calculated</th> </tr> </thead> <tbody> <tr> <td>Will not qualify for its own modification in the first year or two year(s) of operation(s)</td> <td>By the carrier using: <ul style="list-style-type: none"> An arithmetic average of the experience rating modifications of the participating entities A unity (1.00) factor for a participating entity that does not have its own modification </td> </tr> <tr> <td>May qualify for its own modification in the third and subsequent year(s) of operation(s)</td> <td>By the rating organization using the experience developed by the joint venture.</td> </tr> </tbody> </table> <p>3. Cost-Plus Contracts</p> <p>Under a cost-plus contract, the principal agrees to compensate the contractor based on the cost of the work performed plus a fixed fee. A policy covering both the contractor and the principal is:</p> <ul style="list-style-type: none"> Assigned the experience rating modification of the contractor Included in the experience of the contractor <p>4. Uninsured Contractors</p> <p>The experience of an uninsured contractor is included in the experience of the principal contractor or the principal owner.</p>	A joint venture	The experience rating modification is calculated	Will not qualify for its own modification in the first year or two year(s) of operation(s)	By the carrier using: <ul style="list-style-type: none"> An arithmetic average of the experience rating modifications of the participating entities A unity (1.00) factor for a participating entity that does not have its own modification 	May qualify for its own modification in the third and subsequent year(s) of operation(s)	By the rating organization using the experience developed by the joint venture.	<ul style="list-style-type: none"> maintain a common bank account, payroll, and business records. <p>Determination of an experience rating modification for joint ventures Rule ID: ER-CONR-EA3CE</p> <p>The rating organization excludes the experience of the joint venture participants from their individual experience rating modifications and qualifies the joint venture for its own experience rating modification based on years of operation.</p> <p><i>Determination of an experience rating modification for a joint venture table</i></p> <table border="1"> <thead> <tr> <th style="text-align: center;">Joint venture qualification</th> <th style="text-align: center;">Calculation of the experience rating modification</th> </tr> </thead> <tbody> <tr> <td>The joint venture does not qualify for its own experience rating modification within the first two years of operations.</td> <td>The insurance provider calculates and uses <ul style="list-style-type: none"> an arithmetic average of the experience rating modifications of the participating entities, and a unity (1.00) factor for a participating entity that does not have its own experience rating modification. </td> </tr> <tr> <td>The joint venture may qualify for its own experience rating modification in the third and subsequent years of operations.</td> <td>The rating organization calculates and uses the experience developed from the joint venture.</td> </tr> </tbody> </table> <p>Cost-plus contracts for the principal and contractor Rule ID: ER-CONR-CC6DC</p> <p>Under a cost-plus contract, the principal agrees to compensate the contractor based on the cost of the work that the principal and contractor perform plus a fixed fee.</p> <p>Experience rating modification applicable to cost-plus contracts</p> <p>For a policy that covers the contractor and the principal, the insurance provider applies the experience rating modification of the contractor to the policy.</p> <p>The rating organization includes the experience from the policy covering the contractor and the principal in the contractor's future experience rating modifications.</p> <p>Inclusion of uninsured contractors' experience Rule ID: ER-CONR-UF8B0</p> <p>The rating organization includes the experience of an uninsured contractor in the experience rating modification of the principal contractor or the principal owner.</p> <p>United States Longshore and Harbor Workers' (USL&HW) Compensation Act loss limitation Rule ID: ER-SPEL-UDD19</p> <p>For a USL&HW Act loss, the loss is subject to the USL&HW per claim accident limitation. The actual primary loss is subject to the maximum primary value of the applicable state primary/excess loss split point value, even if the loss does not exceed the USL&HW per claim accident limitation.</p> <p>References</p>	Joint venture qualification	Calculation of the experience rating modification	The joint venture does not qualify for its own experience rating modification within the first two years of operations.	The insurance provider calculates and uses <ul style="list-style-type: none"> an arithmetic average of the experience rating modifications of the participating entities, and a unity (1.00) factor for a participating entity that does not have its own experience rating modification. 	The joint venture may qualify for its own experience rating modification in the third and subsequent years of operations.	The rating organization calculates and uses the experience developed from the joint venture.
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	<p>Refer to</p> <ul style="list-style-type: none"> • NCCI's <i>Statistical Plan</i> for reporting requirements, and • the Rating Values, Table of Weighting Values footnotes for the applicable <ul style="list-style-type: none"> – USL&HW per claim accident limitation – USL&HW multiple claim accident limitation, and – primary/excess loss split point value. <p>Insolvent carrier or insolvent self-insured group data Rule ID: ER-INSL-ID55B</p> <p>The rating organization may include insolvent carrier or insolvent self-insured group data in experience rating modifications.</p> <p>Insolvent carrier or insolvent self-insured group submission of their data Rule ID: ER-INSC-IAEDA</p> <p>When insolvent carriers or insolvent self-insured groups submit data to the rating organization in accordance with NCCI's <i>Statistical Plan</i>, the rating organization includes the data in the calculation of experience rating modifications.</p> <p>Discontinuation of insolvent carrier or insolvent self-insured group submission of their data</p> <p>There are specific circumstances when an insolvent carrier or insolvent self-insured group is not required to report data and discontinues submitting data, and the rating organization must continue to produce an experience rating modification. If an insolvent carrier or insolvent self-insured group discontinues submitting data, the rating organization continues to include the data previously reported by the insolvent carrier or insolvent self-insured group in the calculation of experience rating modifications. The rating organization includes the data, even if not updated, for a period of coverage until the data no longer fits in the experience period.</p> <p>Carrier of record request to include insolvent data Rule ID: ER-INSR-AAC18</p> <p>An insolvent carrier or insolvent self-insured group may not be required to report data and discontinues submitting data to the rating organization. In this circumstance, a carrier of record may request to include an insolvent carrier's or insolvent self-insured group's data in their risk's experience rating modification. The request must come from the carrier of record during the time the experience rating modification that includes the insolvent applies to the risk. Also, the insolvent carrier or insolvent self-insured group must not be required to report data in accordance with NCCI's <i>Statistical Plan</i>.</p> <p>Agreement for risks covered by multiple carriers of record</p>

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	<p>When multiple carriers of record cover a risk during the time the experience rating modification applies to the risk, only one of the risk's carriers of record must agree to use the non-affiliate data.</p> <p>References</p> <p>Refer to NCCI's <i>Statistical Plan</i> for more information on reporting unit statistical data.</p> <p>Carrier of record submission of insolvent carrier or insolvent self-insured group data Rule ID: ER-INSS-AE7F2</p> <p>The carrier of record submits the insolvent carrier's or insolvent self-insured group's data on the ERM-6 Form. The data must only include (a) updated data, and (b) data developed during the experience period not submitted by the insolvent carrier or insolvent self-insured group. The carrier of record may verify the data.</p> <p>References</p> <p>Refer to the ERM-6 Form—Workers Compensation Experience Rating for Non-Statistical Data for more information.</p> <p>Carrier of record submission of updated insolvent carrier or self-insured group data Rule ID: ER-INSG-AAE6C</p> <p>For subsequent experience rating modification calculations, the carrier of record must submit updated insolvent carrier or insolvent self-insured group data on the ERM-6 Form. If the carrier of record does not submit the updated data, the rating organization continues to include the unit statistical data previously reported by the insolvent carrier or insolvent self-insured group in the calculation of experience rating modifications. The rating organization includes the data, even if not updated, for a period of coverage until the data is no longer in the experience period.</p> <p>Subsequent experience ratings</p> <p>For subsequent experience rating modification calculations, the rating organization does not carry forward insolvent carrier or insolvent self-insured group data submitted by the carrier of record.</p> <p>References</p> <p>Refer to the ERM-6 Form—Workers Compensation Experience Rating for Non-Statistical Data for more information.</p>
N/A	<p>United States Longshore and Harbor Workers' (USL&HW) Compensation Act loss limitation Rule ID: ER-SPEL-UDD19</p>

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	<p><i>Effective Date: July 1, 2025</i></p> <p>For a USL&HW Act loss, the loss is subject to the USL&HW per claim accident limitation. The actual primary loss is subject to the maximum primary value of the applicable state primary/excess loss split point value, even if the loss does not exceed the USL&HW per claim accident limitation.</p> <p>For an accident involving two or more people, the rating organization (a) limits total losses resulting from a single accident involving two or more people to the USL&HW multiple claim limitation, and (b) limits actual primary losses to two times the applicable state primary/excess loss split point value.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • NCCI's <i>Statistical Plan</i> for reporting requirements, and • the Rating Values, Table of Weighting Values footnotes for the applicable <ul style="list-style-type: none"> – USL&HW per claim accident limitation – USL&HW multiple claim accident limitation, and – primary/excess loss split point value.
<p>Experience Rating Plan Manual—2003 Edition Appendix</p>	
<p>Request for Ownership Information—ERM-14 Form</p>	

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<p>The purpose of this confidential form is to obtain ownership information to assist in calculating premium for your workers compensation insurance policy. Your policy requires that you report ownership changes, and other changes as detailed below, to your insurance carrier in writing within 90 days of the change. If you have questions, contact your agent, insurance company, or the appropriate rating organization. Incomplete information or a missing signature may result in a delay in processing.</p> <p>The ownership information required on this ERM-14 Form can also be submitted in narrative form on the letterhead of the employer, signed by an owner, partner, member, or executive officer.</p> <p>Section A—Contact Information</p> <p>Name of person completing this form _____ Your Employer _____</p> <p>Phone # _____ Email Address _____</p> <p>Relationship to business entity reporting ownership information _____</p> <p>Section B—Transaction Information</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%; padding: 2px;">Type of Transaction (check all that apply)</th> <th style="width: 20%; padding: 2px;">Transaction Effective Date</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;"><input type="checkbox"/> Name and/or legal entity change The name and/or legal status of the entity has changed. DBA name changes do not need to be reported.</td> <td style="padding: 2px;"></td> </tr> <tr> <td style="padding: 2px;"><input type="checkbox"/> Sale, transfer, or conveyance of all or a portion of an entity's ownership interest Complete or partial sale of the business entity's ownership interest.</td> <td style="padding: 2px;"></td> </tr> <tr> <td style="padding: 2px;"><input type="checkbox"/> Sale, transfer, or conveyance of an entity's physical assets to another entity that takes over its operations An entity's assets have been sold or transferred. The acquiring entity has taken over the operations, and the selling entity retained its legal business name.</td> <td style="padding: 2px;"></td> </tr> <tr> <td style="padding: 2px;"><input type="checkbox"/> Merger or consolidation Two or more entities have merged or combined to form a single entity.</td> <td style="padding: 2px;"></td> </tr> <tr> <td style="padding: 2px;"><input type="checkbox"/> Formation of a new entity that acts as, or in effect is, a successor to another entity that: (Select one) <input type="checkbox"/> Has dissolved <input type="checkbox"/> Is nonoperative <input type="checkbox"/> May continue to operate in a limited capacity</td> <td style="padding: 2px;"></td> </tr> <tr> <td style="padding: 2px;"><input type="checkbox"/> Formation of a new entity A new entity has formed that is not a successor to another entity. Report this change only to determine combinability with another entity.</td> <td style="padding: 2px;"></td> </tr> <tr> <td style="padding: 2px;"><input type="checkbox"/> An irrevocable trust or receiver, established either voluntarily or by court mandate A change has occurred to the business, either voluntarily or by court mandate, requiring the entity to be put in a trust or receivership.</td> <td style="padding: 2px;"></td> </tr> <tr> <td style="padding: 2px;"><input type="checkbox"/> Determination of combinability of separate entities Two or more entities may need to be combined or separated based on their ownership interest.</td> <td style="padding: 2px;"></td> </tr> </tbody> </table>	Type of Transaction (check all that apply)	Transaction Effective Date	<input type="checkbox"/> Name and/or legal entity change The name and/or legal status of the entity has changed. 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<p>Section C—Description of Transaction(s) Include a brief description of the transaction(s) selected above. Attach additional information on the employer’s letterhead, if needed.</p> <ul style="list-style-type: none"> – If this is a partial sale, transfer, or conveyance of an existing business (e.g., sale of one or more plants or locations), explain what portion or location of the entire operation was sold, transferred, or conveyed. – If any of the entities that underwent a change in ownership were related through common ownership to any other entity before the transaction described above, list the entities and their current owners’ names and percentages of ownership below. <div style="border: 1px solid black; height: 80px; margin-top: 10px;"></div> <p style="font-size: small; margin-top: 10px;">ERM-14 (Rev. 2/20) © Copyright 2018 National Council on Compensation Insurance, Inc. All Rights Reserved. Page 1 of 2</p>	

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Section D—Business Entity Information Copies of this page may be submitted for transactions with more than three entities.				
Entity Information	Entity 1 Entity before the change or to determine combinability with another entity	Entity 2 Entity after the change or to determine combinability with another entity	Entity 3 Entity after a merger or consolidation or to determine combinability with another entity	
1. Name of Business Provide the legal name of the business entity.				
2. Primary Address (Street, City, State, Zip)				
3. Legal Status (See examples in item 4 below)				
4. Ownership List names of individual owners, partners, etc. and percentages of ownership (if applicable). Ownership should total 100%. – Sole Proprietorship: Owner – Corporation: Owner(s) and percentages of ownership – General Partnership: Partners and percentages of ownership – Limited Partnership: General partners and percentages of ownership – Limited Liability Company: Members and percentages of ownership – Revocable Trust: Grantor(s) – Irrevocable Trust: Trustee(s) – Other: If no voting stock, list members of board of directors or comparable governing body				
5. FEIN				
6. Risk ID Number				
7. Policy Number				
8. Policy Effective Date				
9. Contact Name				
10. Contact Phone/Email				

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
<p>Section E—Certification This is to certify that the information contained on this form is complete and correct.</p> <p>Signature of Owner, Partner, Member, or Executive Officer _____ Title _____ Business Name _____</p> <p>Print name of above signature _____ Date _____</p> <p>ERM-14 (Rev. 2/20) © Copyright 2018 National Council on Compensation Insurance, Inc. All Rights Reserved. Page 2 of 2</p>	
<p>ERM-6 Form—Workers Compensation Experience Rating for Non-Affiliate Data</p> <p style="text-align: right;">NON-AFFILIATE FORMAT</p> <p style="text-align: center;">ERM-6 FORM WORKERS COMPENSATION EXPERIENCE RATING FOR NON-AFFILIATE DATA <i>Effective 01 Dec 2003</i></p> <p>NAME OF RISK _____</p> <p>ADDRESS OF RISK _____ CITY _____ STATE _____</p> <p>ZIP _____ RISK IDENTIFICATION NO. _____ EFFECTIVE DATE OF RATING _____</p> <p>FEDERAL IDENTIFICATION NUMBER _____ STATE OF COVERAGE _____</p>	

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current								Proposed
Coverage Period								
(1) Effective Month/Day/ Year	(2) Expiration Month/Day/ Year	(3) Class Code	(4) Payroll	(5) Claim Identification Number Assigned	(6) Injury Type Code	(7) Open/Closed -Final (O/F)	(8) Incurred Losses (Paid plus Reserves)	

PLEASE FOLLOW THE INSTRUCTIONS ON THE BACK PAGE FOR COMPLETING THIS WORKSHEET, AND RETURN IT TO NCCI PRIOR TO THE RATING EFFECTIVE DATE.

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
<p style="text-align: center;">NON-AFFILIATE FORMAT</p> <p style="text-align: center;">INSTRUCTIONS FOR SUBMITTING EXPERIENCE RATING DATA</p> <p>PAYROLL AND LOSSES MUST BE ROUNDED TO THE NEAREST WHOLE DOLLAR.</p> <p>COLUMN 1 Fill in the effective month, day and year of the period for which information will be provided. A total of three years of experience can be included in the rating, not including the year immediately prior to the effective date of this rating. Each year’s payroll and losses should be listed separately.</p> <p>COLUMN 2 Fill in the expiration month, day and year of the period for which information will be provided.</p> <p>COLUMN 3 Fill in the NCCI classification codes(s) that best describes your type of business. If you have any questions regarding these classifications, please contact Customer Service at 800-NCCI-123.</p> <p>COLUMN 4 Fill in the payroll amounts associated with the classification code(s) for each year being reported.</p> <p>COLUMN 5 Provide the claim number used for internal record keeping should you desire this information on the modification worksheet. If claim numbers are not used for internal record keeping, leave column blank.</p> <p>COLUMN 6 Fill in the appropriate injury type code (see following list). Only one injury type code is applicable per claim. Medical only claims should be listed as a “6,” but claims that include both medical and disability or death benefits should be listed under the applicable disability or death code, such as “5” (Temporary Total or Temporary Partial Disability). Injury types must be noted for each entry.</p> <p style="margin-left: 20px;">1 = Death 2 = Permanent Total Disability 5 = Temporary Total or Temporary Partial Disability</p> <p style="margin-left: 20px;">6 = Medical Only 7 = Contract Medical or Hospital Allowance 9 = Permanent Partial Disability</p> <p>COLUMN 7 Indicate whether the claim is open or closed/final by placing an O or F in the column.</p> <p>COLUMN 8 In Column 8, fill in the sum of incurred (paid plus reserved) losses per row. If no claims occurred, place a 0 in that space. Claims must be reported individually regardless of claim amount.</p> <p>The experience rating will be completed in accordance with the NCCI <i>Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance</i>. However, because we do not verify the accuracy of the data submitted by non-affiliates, the modification factor will be issued with a disclaimer.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Name of the self-insured entity requesting the rating _____</p> <p>Name of the entity submitting the data (if different) _____</p> <p>Address _____ City _____</p> <p>State _____ Zip _____ Phone _____ Fax _____ E-mail _____</p> </div>	

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
<p style="text-align: center;">AGREEMENT</p> <p>We hereby certify that the information given in this report is correct to the best of our knowledge and belief. BY SUBMISSION OF THIS INFORMATION, WE REQUEST THAT NCCI PRODUCE EXPERIENCE MODIFICATION FACTORS ON EACH OF THE RISKS LISTED AND AGREE TO PAY THE FEES FOR THIS SERVICE. In consideration of NCCI’s agreement to produce the requested experience modifications, we release and discharge NCCI, its officers, directors, employees and agents from all liability (except for gross negligence) in connection with the production or application of the same.</p> <p>The person signing this agreement certifies that he/she has the authority to execute this agreement on behalf of the self-insured entity requesting the rating. Authorized signers include the risk, the group self-insured and the TPA ONLY.</p> <p>Signed _____ Date _____</p> <p>Printed Name of Signer _____ Title _____</p> <p style="text-align: right;"><small>ERM-6 (Rev. 12/03)</small></p> <p style="text-align: center;">Page 2 of 2</p> <p><small>© 2002 National Council on Compensation Insurance, Inc. Oct 2003 (1)</small></p>	

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
<p>Experience Rating Plan Manual—2003 Edition—Texas State Rule Exceptions Rule 1—General Explanations</p>	<p>Experience Rating Plan Manual—Texas</p>
<p>B. Mandatory Plan Change Rule 1-B-1 as follows:</p> <p>1. The Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance (the Plan) applies on a mandatory basis for risks that meet the premium eligibility requirements in Rule 2-A. However, this Plan does not apply to a risk’s workers compensation policy issued in conjunction with a liability transfer transaction (LTT), as defined in NCCI’s Basic Manual Texas Introduction Item 13, conducted pursuant to:</p> <p>a. Withdrawal of a certified self-insurer from self-insurance under an adequate program as defined in Texas Labor Code Section 407.045(a-1)</p> <p>b. Termination of a self-insured group’s certificate of approval under Texas Labor Code Section 407A.101(b)</p> <p>A policy cannot be cancelled, rewritten, or extended for purposes of enabling a risk to qualify for, or avoid application of, this Plan.</p> <p>For more information about the treatment of LTT losses, refer to Texas’s Rule 2-E-2-a. For more information about LTTs, refer to NCCI’s Basic Manual Texas Introduction Item 13.</p>	<p>Application of manual rules Rule ID: ER-PREI-IA2CC</p> <p>NCCI’s Experience Rating Plan Manual (the Plan) applies on a mandatory basis for risks that meet the premium eligibility requirements.</p> <p>Plan adherence</p> <p>The Plan prohibits any action, in any form, to evade the application of an experience rating modification determined in accordance with this Plan.</p> <p>Insurance providers must not cancel, rewrite, or extend a policy to enable a risk to qualify for or avoid the application of this Plan.</p> <p>Insurance provider references in the Plan</p> <p>NCCI’s Experience Rating Plan Manual uses the term "insurance provider." For purposes of this Plan only, the insurance provider may be the carrier, the self-insured group, a third-party data reporter, or a non-affiliate.</p> <p>Self-insured group references in the Plan</p> <p>NCCI’s Experience Rating Plan Manual uses the term "self-insured group," which may also be referred to as</p> <ul style="list-style-type: none"> • self-insured employer group • self-insurance pool • self-insurance group • self-insurance association • group self-insurance • group self-insurers • group self-insurance association • group self-insurance fund • group self-insured pool • group-funded self-insurance plan • commercial self-insurance fund, or • any other term used in state law that describes what could be considered a workers compensation self-insured group. <p>References</p> <p>Refer to Premium eligibility for more information about premium eligibility requirements.</p> <p>Impact of rules on the application of the Plan Rule ID: ER-PREI-P8B35</p> <p>The rating organization maintains the Plan and has specific rules that impact the treatment of policy periods, changes in rules and rating values, and the authority to examine and audit records.</p>

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
	<p>Exception for policies issued with a liability transfer transaction (LTT)</p> <p>This Plan does not apply to a risk's workers compensation policy issued in conjunction with an LTT, as defined in NCCI's <i>Basic Manual</i>, conducted pursuant to</p> <ul style="list-style-type: none"> • withdrawal of a certified self-insurer (CSI) from self-insurance under an adequate program as defined in Texas Labor Code Section §407.045(a-1), or • termination of a self-insured group's (SIG) certificate of approval under Texas Labor Code Section §407A.101(b). <p>Treatment of policy periods</p> <p>The rules of this Plan are based on policy periods not longer than one year. A policy issued for a period not longer than one year and 16 days is treated as a one-year policy.</p> <p>For a policy issued for a period longer than one year and 16 days</p> <ul style="list-style-type: none"> • the policy period is divided into consecutive 12-month units • the Policy Period Endorsement specifies either the first or last unit of less than 12 months as a short-term policy, and • all manual rules and procedures apply to each unit as if the insurance provider issued a separate policy for each unit. <p>Changes in rules and rating values</p> <p>The effective date of a change in any rule or rating value is 12:01 a.m. on the date approved for use. Unless otherwise specified, each change applies only from the rating effective date, which occurs on or after the effective date of the change.</p> <p>Examination and audit of records</p> <p>NCCI's Workers Compensation and Employers Liability Insurance policy (policy) provides the rating organization with the authority to examine and audit all records that relate to the policy. The attachment of endorsements found in NCCI's <i>Forms Manual</i> may affect the application of this Plan's rules.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Rating effective date (RED) of an experience rating modification for more information about rating effective dates, and • NCCI's <i>Forms Manual</i> for more information

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed						
	<ul style="list-style-type: none"> • Non-affiliate carrier data and non-affiliate self-insured data for more information about LTT losses, and • NCCI’s <i>Basic Manual</i> rule, Introduction - Application of manual rules, Item 13, for more information. 						
<p>C. Definitions</p> <p>4. Entity</p> <p>Change Rule 1-C-4 as follows:</p> <p>An entity is an individual, partnership, limited partnership, limited liability company, joint venture, corporation, association, or a fiduciary, such as a trustee, receiver, or executor.</p>	<p>Types of entities</p> <p>Rule ID: ER-RPDE-EAA56</p> <p>An entity can be (a) an individual, (b) a partnership, (c) a limited partnership, (d) a limited liability company, (e) a joint venture, (f) a corporation, (g) an association, or (h) a fiduciary such as a trustee, receiver, or executor.</p>						
<p>Experience Rating Plan Manual—2003 Edition—Texas</p> <p>State Rule Exceptions</p> <p>Rule 2—Experience Rating Elements and Formula</p>	<p>Experience Rating Plan Manual—Texas</p>						
<p>A. Premium Eligibility</p> <p>1. Premium</p> <p>a. Subject Premium</p> <p>Add the following to Rule 2-A-1-a:</p> <p>For premium eligibility purposes, all references in this manual to subject premium mean total manual premium in Texas.</p> <p>2. State Subject Premium Eligibility Amounts</p> <p>Change Rule 2-A-2 as follows:</p> <p>A risk qualifies for experience rating when its subject premium, developed in its experience period, meets or exceeds the minimum eligibility amount. <i>Refer to Rule 2-E-1 to determine a risk’s experience period.</i></p> <p>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.</p> <p>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. <i>Refer to Rule 2-A-3 to determine average annual subject premium.</i></p> <p style="text-align: center;">State Table of Subject Premium Eligibility Amounts</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;"></th> <th style="width: 40%; text-align: center;">Column A</th> <th style="width: 40%; text-align: center;">Column B</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"></td> <td></td> <td></td> </tr> </tbody> </table>		Column A	Column B				<p>Risk qualifications for experience rating</p> <p>Rule ID: ER-ELIR-ECAA6</p> <p>A risk qualifies for an experience rating modification when the risk’s total manual premium, developed in the risk’s experience period, meets or exceeds either (a) the qualification amount using total manual premium from the most recent 24 months of the experience period, or (b) the qualification amount using the average annual total manual premium if the risk has more than 24 months of experience.</p> <p>Qualification amount when a risk uses the total manual premium from the most recent 24 months</p> <p>A risk qualifies for an experience rating modification when the risk’s total manual premium from the most recent 24 months of the experience period is at least the corresponding amount provided in the rule, Total manual premium eligibility amounts.</p> <p>Qualification amount when a risk qualifies using the average annual total manual premium</p> <p>A risk qualifies for an experience rating modification using its average annual total manual premium when the risk meets all of these conditions:</p> <ul style="list-style-type: none"> • It has not already qualified using its most recent 24 months of the experience period. • It has more than 24 months of experience developed in the experience period.
	Column A	Column B					

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current			Proposed
TX	10,000	5,000	<ul style="list-style-type: none"> • It has an average annual total manual premium that is at least the corresponding amount provided in the rule, Total manual premium eligibility amounts. <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Experience used in a rating to determine a risk's experience period • Calculation of average annual total manual premium to determine the average annual total manual premium, and • Total manual premium eligibility amounts for the minimum total manual premium amounts. <p>Uses of total manual premium Rule ID: ER-RPDY-U90C3</p> <p>For experience rating purposes, the rating organization uses the total manual premium that an individual risk develops during its experience period to determine whether the risk is eligible for experience rating. The insurance provider reports the total manual premium to the rating organization in accordance with NCCI's <i>Statistical Plan</i>.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • NCCI's <i>Statistical Plan</i> for information about reporting total manual premium, and • Premium eligibility for information about risk eligibility. <p>Total manual premium eligibility amounts Rule ID: ER-ELIT-SEE7E</p> <p>A risk's rating effective date determines the applicable minimum total manual premium eligibility amount to qualify for experience rating based on (a) total manual premium from the most recent 24 months of the experience period, or (b) average annual total manual premium if more than 24 months of experience in the experience period.</p> <ul style="list-style-type: none"> • Minimum total manual premium eligibility amount based on the total manual premium from the most recent 24 months of the experience period (\$)—10,000 • Minimum total manual premium eligibility amount based on average annual total manual premium (\$)—5,000 <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Experience used in a rating to determine a risk's experience period, and

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
	<p>• Calculation of average annual total manual premium for information about calculating a risk's average annual total manual premium.</p> <p>Calculation of average annual total manual premium Rule ID: ER-ELIC-CD2D0</p> <p>The risk's average annual total manual premium is compared to the "Minimum total manual premium eligibility amount based on the total manual premium from the most recent 24 months of the experience period (\$)" for premium eligibility requirements.</p> <p>Formula for the average annual total manual premium</p> <p>Using this formula, the rating organization calculates the risk's average annual total manual premium. The total months of experience include partial months in the calculation.</p> $\frac{\text{Total Manual Premium}}{\text{Total Months of Experience in Experience Period (excluding gaps in coverage)}} \times 12 = \text{Average Annual Total Manual Premium}$ <p>References</p> <p>Refer to Total manual premium eligibility amounts for the state's average annual total manual premium.</p>
<p>D. Experience Rating Formula</p> <p>3. United States Longshore and Harbor Workers' Compensation (USL&HW) Act Coverage</p> <p>Add the following to Rule 2-D-3 as follows:</p> <p>Classifications for Oil, Gas or Other Mineral Operations On or Over Water subject to the USL&HW Act have their expected losses determined by applying the USL&HW Act Expected Loss Factor to the expected loss rate (ELR) for such classifications.</p>	<p>Oil, gas, or other mineral operations subject to United States Longshore and Harbor Workers' (USL&HW) Compensation Act coverage Rule ID: ER-CONU-O1023</p> <p>For classifications for oil, gas, or other mineral operations on or over water, the rating organization determines the expected losses by applying the USL&HW Act expected loss factor to the Expected Loss Rate (ELR). This determination applies only for such classifications subject to the USL&HW Act.</p> <p>References</p> <p>Refer to NCCI's <i>Statistical Plan</i> for more information about reporting classifications subject to the USL&HW Act.</p>
<p>E. Experience to be Used in a Rating</p> <p>1. Experience Period</p> <p>Change Rule 2-E-1-b as follows:</p> <p>b. A risk's experience period cannot contain more than 45 months of data. The 45-month limitation is a maximum period of time between the expiration date of the most recent policy and the effective date of the oldest policy. While the experience period may not exceed 45</p>	<p>Experience period limited to 45 months of data Rule ID: ER-EXPP-E4AE4</p> <p>A risk's experience period cannot contain more than 45 months of data.</p> <p>Determination of the 45-month experience period</p> <p>The 45-month limitation is the maximum period between the</p>

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
<p>months, an experience rating modification may be produced with 12 continuous months of data. The amount of data included in a risk's experience period may be impacted for reasons including, but not limited to:</p> <ul style="list-style-type: none"> • Short-term policies • Cancellations • Gaps in coverage • Changes in ownership or combinability status • Rating effective date changes • Multiple policy effective dates • Policies longer than one year and 16 days • Wrap-up policies • Interstate operations <p>2. Non-Affiliate Self-Insurer and Non-Affiliate Carrier Data</p> <p>Change Rule 2-E-2-a as follows:</p> <p>a. Experience of certified self-insurers, self-insured groups, political subdivisions that have been self-insured in pools or funds, and risks provided coverage by non-affiliate carriers may be used in calculating an experience rating modification only when the operations that produced such experience are subsequently insured under a standard workers compensation and employers liability insurance policy.</p> <p>Exception: All losses of certified self-insurers or self-insured groups that transferred their prior workers compensation obligations to a policy issued in conjunction with a liability transfer transaction (LTT) are not permitted to be used in any experience rating modifications. “All losses” means any Texas LTT loss as well as any Texas non-LTT loss that would otherwise be reported via NCCI’s ERM-6 Form—Workers Compensation Experience Rating for Non-Affiliate Data. Therefore, the ERM-6 Form is not to be used for such former certified self-insurers or self-insured groups. For more information, refer to Texas’s Rule 1-B-1 and to NCCI’s <i>Basic Manual Texas Introduction Item 13</i>.</p>	<ul style="list-style-type: none"> • expiration date of the most recent policy, and • effective date of the oldest policy. <p>Experience period with 12 continuous months of data</p> <p>While the experience period cannot exceed 45 months of data, the rating organization can produce an experience rating modification with 12 continuous months of data.</p> <p>Exclusion of the oldest policy when inclusion would result in more than 45 months of experience</p> <p>The rating organization does not use the risk's oldest policy if</p> <ul style="list-style-type: none"> • the most recent and oldest policies are within the risk's experience period, and • the inclusion of both the most recent and oldest policies exceeds 45 months of data. <p>Factors that can affect the amount of data included in a risk's experience period</p> <p>Factors can affect the amount of data included in a risk's experience period, including but not limited to</p> <ul style="list-style-type: none"> • cancellations • changes in ownership or combinability status • gaps in coverage • interstate operations • multiple policy effective dates • policies longer than one year and 16 days • rating effective date (RED) changes • short-term policies, and • wrap-up policies. <p>Non-affiliate carrier data and non-affiliate self-insured data Rule ID: ER-NAFC-NA740</p> <p>The rating organization may include experience of certified self-insurers, self-insured groups, political subdivisions that have been self-insured in pools or funds, and risks covered by non-affiliate carriers in experience rating modifications. The rating organization may use this experience in calculating an experience rating modification only when the operations that produced the experience are subsequently insured under a standard workers compensation and employers liability insurance policy.</p>

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
	<p>Liability transfer transaction (LTT) losses</p> <p>The rating organization cannot include in experience ratings all losses of certified self-insurers or self-insured groups that transferred their prior workers compensation obligations to a policy issued in conjunction with an LTT. "All losses" means any Texas LTT loss and any Texas non-LTT loss that would have been reported on the ERM-6 Form.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Impact of rules on the application of the Plan for more information, and • NCCI's <i>Basic Manual</i> rule, Introduction - Application of manual rules, Item 13 for more information. <p>Carrier of record request to include non-affiliate data Rule ID: ER-NAFI-AF1B2</p> <p>A carrier of record may request to submit and include in experience rating modifications data from certified self-insurers, self-insured groups, political subdivisions that have been self-insured in pools or funds, and risks covered by non-affiliate carriers. The operations that produced such experience must be subsequently insured under a standard workers compensation and employers liability insurance policy. The request must come from the carrier of record during the time the experience rating modification that includes the data applies to the risk. Certain entities with experience must not be required to report data in accordance with NCCI's <i>Statistical Plan</i>. Those entities are (a) certified self-insurers, (b) self-insured groups, (c) political subdivisions that have been self-insured in pools or funds, and (d) risks covered by non-affiliate carriers.</p> <p>Agreement to use non-affiliate data for risks covered by multiple carriers of record</p> <p>When multiple carriers of record cover the risk during the time the experience rating modification applies to the risk, only one of the risk's carriers of record must agree to use the non-affiliate data.</p> <p>Ineligible request for liability transfer transaction (LTT) losses</p> <p>A carrier of record cannot request to include in experience rating modifications data from all losses of certified self-insurers or self-insured groups that transferred their prior workers compensation obligations to a policy issued in conjunction with an LTT. "All losses" means any Texas LTT loss and any Texas non-LTT loss that would have been reported on the ERM-6 Form.</p> <p>References</p>

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
	<p>Refer to NCCI's <i>Statistical Plan</i> for data reporting rules.</p> <p>Exclusion of losses from certified self-insurer or self-insured groups when transferring to a limited transfer transaction (LTT) Rule ID: ER-NAFL-EAA0F</p> <p>All losses from certified self-insurers or self-insured groups that transferred their prior workers compensation obligations to a policy issued in conjunction with an LTT are excluded from any experience rating modifications. Such certified self-insurers or self-insured groups must not use the ERM-6 Form to submit these losses.</p> <p>Usage of "All losses"</p> <p>"All losses" refers to any Texas LTT loss and any Texas non-LTT loss that certified self-insurers or self-insured groups would otherwise report using the ERM-6 Form.</p> <p>References</p> <p>Refer to NCCI's <i>Basic Manual</i> rule, Introduction - Application of manual rules, Item 13 for more information.</p>
<p>Experience Rating Plan Manual—2003 Edition—Texas State Rule Exceptions Rule 3—Ownership Changes and Combination of Entities</p>	<p>Experience Rating Plan Manual—Texas</p>
<p>C. Ownership Changes Add the following to Rule 3-C: If the Texas Department of Insurance requires that the experience rating modification be revised on proof that a change in management or operations is clearly probable to reduce the loss experience of the insured, the rating organization will take necessary action.</p>	<p>Texas Department of Insurance requirement for the rating organization Rule ID: ER-OWNO-T94A8</p> <p>The rating organization takes necessary action if the Texas Department of Insurance requires the revision of an experience rating modification on proof (a) of a change in management, or (b) change in operations are clearly probable to reduce the loss experience of the risk.</p>
<p>D. Combination of Entities 2. Determination of majority ownership interest is based on the following: Add the following to 3-D-2: f. Participation of each partner, other than a limited partner, in the profits of a partnership. g. Ownership held in the name of a spouse of an existing marriage without designation that such ownership or part thereof is separate property will be presumed to be community property of both spouses. Where ownership is community property it will be dealt with as though each spouse holds an equal interest shown on the books and records of the insurable entities even though such books and records actually only show the name of one spouse.</p>	<p>Determination of majority ownership interest Rule ID: ER-OWNC-D7BC1</p> <p>There are several criteria applicable to determine majority ownership interest.</p> <p>Criteria for majority ownership interest</p> <p>The rating organization uses these criteria to determine majority ownership interest:</p> <ol style="list-style-type: none"> 1. The majority of issued voting stock 2. The majority of the owners, partners, or members if no voting stock is issued 3. The majority of the board of directors or comparable governing body if no voting stock is issued or no majority of owners, partners, or members exist

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
	<p>4. The participation of each general partner in the profits of a partnership. The rating organization does not consider limited partners in determining the majority interest</p> <p>5. The ownership interest is held by an entity as a fiduciary, where the entity's total ownership interest also includes any ownership held in a nonfiduciary capacity</p> <p>6. The participation of each partner, other than a limited partner, in the profits of a partnership</p> <p>7. The ownership is held in the name of a spouse of an eligible and existing marriage</p> <p>Exclusions for a fiduciary</p> <p>A fiduciary does not include</p> <ul style="list-style-type: none"> • a debtor in possession • a trustee under a revocable trust, or • a franchisor. <p>Ownership of a community property</p> <p>Ownership held in the name of a spouse of an existing marriage without designation that such ownership or part thereof is separate property will be presumed to be community property of both spouses.</p> <p>The rating organization treats the ownership of a community property as though each spouse holds an equal interest shown on the books and records of the insurable entities, even though such books and records show the name of only one spouse.</p> <p>References</p> <p>Refer to NCCI's <i>Experience Rating Plan Manual User's Guide</i> for examples of majority ownership interest.</p>
<p>Experience Rating Plan Manual—2003 Edition—Texas State Rule Exceptions Rule 4—Application and Revision of Experience Rating Modifications</p>	<p>Experience Rating Plan Manual—Texas</p>
<p>A. General Explanation</p> <p>Change Rule 4-A-2 as follows:</p> <p>2. Only one experience rating modification applies to a risk at any time and it applies to all operations of the risk, except for professional employer organizations. <i>Refer to Rule 5-A for rules regarding the application of experience rating modifications for professional employer organizations.</i></p>	<p>Application and types of experience rating modifications Rule ID: ER-APPL-AAEE6</p> <p>The rating organization determines whether risks are eligible for experience rating and calculates experience rating modifications for eligible risks on an annual basis. The three types of experience rating modifications are preliminary, final, and contingent modifications.</p> <p>Application of experience rating modifications</p>

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	<p>Experience rating modifications are generally effective for 12 months. However, in accordance with this Plan, certain circumstances can result in a reduced or extended application of an experience rating modification.</p> <p>Specifications for the application of experience rating modifications</p> <p>Only one experience rating modification applies to a risk at any time. The experience rating modification applies to all operations of the risk. The insurance provider applies experience rating modifications to the premium that develops using its rates in force on the effective date of the experience rating modification.</p> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Special rating conditions for rules regarding the application of experience rating modifications for professional employer organizations • Experience rating modification application for single policy risks for more information, and • Experience rating modification application for multiple policy risks for more information about circumstances that can result in a reduced or extended application of an experience rating modification. 																																																
<p>C. Types of Experience Rating Modifications</p> <p>3. Contingent Modifications</p> <p>b. Minimum Data Requirements</p> <p>Change the Minimum Data Requirements Table of Rule 4-C-3-b as follows:</p> <p style="text-align: center;">Minimum Data Requirements Table</p> <table border="1"> <thead> <tr> <th>Experience Period</th> <th>Number of Months of 1st Report Unit Statistical Data</th> <th>Experience Period</th> <th>Number of Months of 1st Report Unit Statistical Data</th> </tr> </thead> <tbody> <tr><td>12-24</td><td>12</td><td>36</td><td>24</td></tr> <tr><td>25</td><td>13</td><td>37</td><td>25</td></tr> <tr><td>26</td><td>14</td><td>38</td><td>26</td></tr> <tr><td>27</td><td>15</td><td>39</td><td>27</td></tr> <tr><td>28</td><td>16</td><td>40</td><td>28</td></tr> <tr><td>29</td><td>17</td><td>41</td><td>29</td></tr> <tr><td>30</td><td>18</td><td>42</td><td>30</td></tr> <tr><td>31</td><td>19</td><td>43</td><td>31</td></tr> <tr><td>32</td><td>20</td><td>44</td><td>32</td></tr> <tr><td>33</td><td>21</td><td>45</td><td>33</td></tr> <tr><td>34</td><td>22</td><td></td><td></td></tr> </tbody> </table>	Experience Period	Number of Months of 1st Report Unit Statistical Data	Experience Period	Number of Months of 1st Report Unit Statistical Data	12-24	12	36	24	25	13	37	25	26	14	38	26	27	15	39	27	28	16	40	28	29	17	41	29	30	18	42	30	31	19	43	31	32	20	44	32	33	21	45	33	34	22			<p>Minimum data requirements within the experience period</p> <p>Rule ID: ER-APPT-MAC68</p> <p>The Minimum data requirements table provides the minimum number of months of required data from 1st Unit Reports for all experience periods possible under this Plan.</p>
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<p>D. Application for Single and Multiple Policy Risks</p> <p>Add the following to Rule 4-D:</p> <p>Exception: For rules regarding the application of experience rating modifications for professional employer organizations, <i>refer to Rule 5-A.</i></p>	<p>Application and types of experience rating modifications</p> <p>Rule ID: ER-APPL-AAEE6</p> <p>The rating organization determines whether risks are eligible for experience rating and calculates experience rating modifications for eligible risks on an annual basis. The three types of experience rating modifications are preliminary, final, and contingent modifications.</p> <p>Application of experience rating modifications</p> <p>Experience rating modifications are generally effective for 12 months. However, in accordance with this Plan, certain circumstances can result in a reduced or extended application of an experience rating modification.</p> <p>Specifications for the application of experience rating modifications</p>																																																		

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<p>E. Changes in Experience Rating Modifications</p> <p>Change the Changes in Experience Rating Modifications Table of Rule 4-E as follows:</p> <table border="1" data-bbox="128 797 1054 1081"> <thead> <tr> <th data-bbox="128 818 436 829">If the change results in . . .</th> <th data-bbox="436 818 741 829">And the change occurs . . .</th> <th data-bbox="741 818 1054 829">Then the change is applied . . .</th> </tr> </thead> <tbody> <tr> <td data-bbox="128 829 436 886"> <p>A decrease in the experience rating modification for any reason other than a correction in classification according to Rule 4-B-3</p> </td> <td data-bbox="436 829 741 886"> <ul style="list-style-type: none"> • At any time during the policy period, or • After expiration of the policy but within revision period according to Rule 4-B </td> <td data-bbox="741 829 1054 886"> <ul style="list-style-type: none"> • Retroactively to the inception of the policy, or • As of the rating effective date, if later than the policy effective date <p>Note: Decreases in experience rating modifications due to a change in ownership and/or combinability status are applied retroactively to the date of the change, according to Rule 3-E-3.</p> </td> </tr> <tr> <td data-bbox="128 886 436 959"> <p>An increase in the experience rating modification due to:</p> <ul style="list-style-type: none"> • Revision of payroll • Revision of losses • Change in status from preliminary to final modification • Change in status of contingent modification • Any additional reasons other than exclusions listed below </td> <td data-bbox="436 886 741 959"> <p>Within 60 days after the policy effective date</p> <p>More Than 60 days after the policy effective date</p> </td> <td data-bbox="741 886 1054 959"> <ul style="list-style-type: none"> • Retroactively to the inception of the policy, or • As of the rating effective date, if later than the policy effective date <p>Pro rata from the date the carrier endorses the policy.</p> </td> </tr> <tr> <td data-bbox="128 959 436 1081"> <p>Exclusions:</p> <p>An increase in the experience rating modification due to:</p> <ul style="list-style-type: none"> • Changes in ownership and/or combinability status • Retroactive reclassification of a risk • Late issuance of an experience rating modification due to a risk who has failed to cooperate with audits or other actions attributable to the risk or representatives of the risk, including but not limited to modification avoidance • Appeals Board or other appropriate administrative process or judicial decision </td> <td data-bbox="436 959 741 1081"> <ul style="list-style-type: none"> • At any time during the policy period, or • After expiration of policy </td> <td data-bbox="741 959 1054 1081"> <ul style="list-style-type: none"> • Retroactively to the inception of the policy, or • As of the rating effective date, if later than the policy effective date <p>Note: Increases in experience rating modifications due to a change in ownership and/or combinability status are applied retroactively to the date of the change, according to Rule 3-E-3.</p> </td> </tr> </tbody> </table>	If the change results in . . .	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The insurance provider applies changes in experience rating modifications to subject premium developed for the applicable policy term or terms.</p> <p>Decreases in the experience rating modification Rule ID: ER-REXX-D21AA</p> <p>The insurance provider applies decreases in experience rating modifications depending on the reason for the decrease.</p> <p>Application of decreases in the experience rating modification due to any reason other than a correction in classification Rule ID: ER-REXX-ADE15</p> <p>Decreases in the experience rating modification may occur for any reason other than a correction in classification.</p> <p>When these decreases occur during the policy period, or after the policy expiration date but within the revision period, apply the decrease</p> <ul style="list-style-type: none"> • retroactively to the inception of the policy, or • as of the rating effective date if the rating effective date is later than the policy effective date. <p>This rule does not apply to decreases due to a change in ownership or combinability status.</p>
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	<p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> • Corrections in classifications for all changes due to a correction in classification • Recalculation and application of experience rating modifications for changes in ownership or combinability status, and • Rule for decreases in the experience rating modification due to a change in ownership or combinability status for more information. <p>Rule for decreases in the experience rating modification due to a change in ownership or combinability status Rule ID: ER-REXX-RB17B</p> <p>Apply decreases in the experience rating modification due to a change in ownership or combinability status retroactively to the date of the change. These changes may occur (a) during the policy period, or (b) after policy expiration but within the revision period.</p> <p>References</p> <p>Refer to Recalculation and application of experience rating modifications for changes in ownership or combinability status.</p> <p>Increases in the experience rating modification Rule ID: ER-REXX-I2442</p> <p>The insurance provider applies increases in experience rating modifications depending on the reason for the increase.</p> <p>Application of increases in the experience rating modification due to the 60-day rule Rule ID: ER-REXX-A77CC</p> <p>The insurance provider applies increases in the experience rating modification when they are due to (a) a revision of payroll or losses, (b) a change in status from preliminary modification to final modification, (c) a change in status of a contingent modification, or (d) any reason not listed in the rules, Exceptions to application of increases in the experience rating modification due to the 60-day rule and Rule for increases in the experience rating modification due to a change in ownership or combinability status. The insurance provider applies an increase in the experience rating modification based on the Increases in the experience rating modification due to the 60-day rule table.</p>

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	<p><i>Increases in the experience rating modification due to the 60-day rule table</i></p> <table border="1"> <thead> <tr> <th data-bbox="1081 334 1539 358">For a change that occurs ...</th> <th data-bbox="1539 334 2001 358">Apply the change ...</th> </tr> </thead> <tbody> <tr> <td data-bbox="1081 358 1539 423">within 60 days after the policy effective date</td> <td data-bbox="1539 358 2001 423"> <ul style="list-style-type: none"> retroactively to the inception of the policy, or as of the rating effective date if the rating effective date is after the policy effective date. </td> </tr> <tr> <td data-bbox="1081 423 1539 448">more than 60 days after the policy effective date</td> <td data-bbox="1539 423 2001 448">pro rata from the date the insurance provider endorses the policy.</td> </tr> </tbody> </table> <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> Exceptions to application of increases in the experience rating modification due to the 60-day rule for more information, and Rule for increases in the experience rating modification due to a change in ownership or combinability status for more information. <p>Exceptions to application of increases in the experience rating modification due to the 60-day rule</p> <p>Rule ID: ER-REXX-EC0A6</p> <p>Other reasons to apply increases in the experience rating modification are</p> <ul style="list-style-type: none"> an Appeals Board or other appropriate administrative process or judicial decision late issuance of an experience rating modification due to a risk that has failed to cooperate with audits or other actions attributable to the risk or representatives of the risk, including but not limited to experience rating modification avoidance, and retroactive reclassification of a risk. <p>Application of the increase</p> <p>When the increase occurs during the policy period or after the policy expiration date, the insurance provider applies the increase</p> <ul style="list-style-type: none"> retroactively to the inception of the policy, or as of the rating effective date if the rating effective date is later than the policy effective date. <p>References</p> <p>Refer to</p> <ul style="list-style-type: none"> Application of increases in the experience rating modification due to the 60-day rule for more information, and Rule for increases in the experience rating modification due to a change in ownership or combinability status for more information. 	For a change that occurs ...	Apply the change ...	within 60 days after the policy effective date	<ul style="list-style-type: none"> retroactively to the inception of the policy, or as of the rating effective date if the rating effective date is after the policy effective date. 	more than 60 days after the policy effective date	pro rata from the date the insurance provider endorses the policy.
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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed
	<p>Rule for increases in the experience rating modification due to a change in ownership or combinability status Rule ID: ER-REXX-R8D53</p> <p>Apply increases in the experience rating modification due to a change in ownership or combinability status retroactively to the date of the change. These changes may occur (a) during the policy period, or (b) after policy expiration but within the revision period.</p> <p>References</p> <p>Refer to Recalculation and application of experience rating modifications for changes in ownership or combinability status.</p>
<p>Experience Rating Plan Manual—2003 Edition—Texas State Rule Exceptions Rule 5—Special Rating Conditions</p>	<p>Experience Rating Plan Manual—Texas</p>
<p>A. Professional Employer Organizations Change Rule 5-A as follows: In other states, a professional employer organization or PEO may also be referred to as an employee leasing company, or a labor contractor.</p> <p>1. Professional Employer Services Agreements The <i>Basic Manual</i> provides the rules and definitions under which policies involving professional employer services agreements (Agreements) are written. These rules address the calculation and application of experience rating modifications for such agreements.</p> <p>2. Calculation and Application of Experience Rating Modification</p> <p>a. When a Professional Employer Organization Maintains Coverage for the Client’s Covered Employees (PEO Policy Basis):</p> <p>(1) The experience rating modification most recently issued to the client before entering into the Agreement applies from the date of the Agreement for two years from the date of the PEO’s rating effective date following the date of the Agreement.</p> <p>(2) If a client does not have an experience rating modification when entering into an Agreement, then a unity (1.00) factor applies for the two-year period as described in Rule 5-A-2-a(1).</p> <p>(3) At the end of that two-year period, premium for covered employees is calculated using the experience rating modification of the PEO.</p> <p>b. Upon Termination of an Agreement (PEO Policy Basis)</p>	<p>Professional employer services agreements (Agreements) Rule ID: ER-PEOA-EA916</p> <p>NCCI’s <i>Basic Manual</i> provides the rules and definitions for writing policies involving Agreements. These rules address the calculation and application of experience rating modifications for such Agreements. In other states, a professional employer organization or PEO may also be referred to as an employee leasing company or a labor contractor.</p> <p>References</p> <p>Refer to NCCI’s <i>Basic Manual</i> for more information about the rules and policies involving Agreements.</p> <p>Experience rating modifications for a professional employer services agreement (Agreement) Rule ID: ER-PEOL-EA1E9</p> <p>Specific rules apply to the calculation and application of experience rating modifications during and after an Agreement.</p> <p>Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client’s covered employees under a PEO policy basis Rule ID: ER-PEOL-AFA57</p> <p>The PEO maintains coverage for the client’s covered employees under a PEO policy basis.</p> <p>1. The insurance provider</p>

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed								
<p>(1) When an Agreement of more than two years, as described in Rule 5-A-2-a(1), is terminated and upon that termination, the client immediately enters an Agreement with a successor PEO, premium for covered employees is calculated using the lower of:</p> <p>(a) The client’s experience rating modification before entering into the former Agreement, or</p> <p>(b) The former PEO’s experience rating modification at the time the Agreement is terminated.</p> <p>(2) When an Agreement of fewer than two years, as described in Rule 5-A-2-a(1), is terminated and upon that termination, the client immediately enters an Agreement with a successor PEO, premium for covered employees is calculated using the higher of:</p> <p>(a) The client’s current experience rating modification, if any, or</p> <p>(b) The client’s last known experience rating modification before entering into the Agreement.</p> <p>The experience rating modification of Rule 5-A-2-b(1) or (2) applies for one year. After one year, the client’s current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p> <p>(3) When an Agreement is terminated and the client is no longer affiliated with any PEO, refer to Rule 5-A-2-b(1) and (2) (PEO Policy Basis) above to determine the appropriate experience rating modification to apply.</p> <p>c. When the Client Maintains the Coverage (Client Policy Basis):</p> <p>(1) The client’s experience rating modification, if any, is used to calculate premium for the client’s covered employees and direct employees under the client’s new or existing policy.</p> <p>(2) When an existing Agreement changes to require the client to maintain coverage for its covered employees, premium for the covered employees is calculated as follows:</p> <p>(a) If the client has covered employees with the same PEO for more than two years, as described in Rule 5-A-2-a(1), apply the lower of:</p> <p>1) The client’s experience rating modification before entering into the existing Agreement, or</p> <p>2) The existing PEO’s experience rating modification at the time of the change.</p> <p>The experience rating modification of (a)-1) or (a)-2) above applies for one year. After one year, the client’s current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p> <p>(b) If the client has covered employees with the same PEO for fewer than two years, as described in Rule 5-A-2-a(1), apply the higher of:</p> <p>1) The client’s current experience rating modification, if any, or</p>	<p>a) applies the client’s most recent experience rating modification issued to them before entering the professional employer services agreement (Agreement) for two years from the PEO’s rating effective date following the date of the Agreement</p> <p>b) applies a unity (1.00) factor for two years from the PEO’s rating effective date following the date of the Agreement when the client does not have an experience rating modification when entering into the Agreement, and</p> <p>c) calculates the premium for covered employees at the end of the two-year period using the experience rating modification of the PEO.</p> <p>Applying experience rating rules for a professional employer services agreement (Agreement) terminated under a PEO policy basis Rule ID: ER-PEOL-AA9C6</p> <p>The insurance provider applies experience rating rules when an Agreement under a PEO policy basis is terminated.</p> <table border="1" data-bbox="1081 732 1997 865"> <thead> <tr> <th data-bbox="1081 732 1539 753">When a client or PEO terminates an Agreement ...</th> <th data-bbox="1539 732 1997 753">Then the insurance provider ...</th> </tr> </thead> <tbody> <tr> <td data-bbox="1081 753 1539 865">of more than two years, as described in the rule, Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client’s covered employees under a PEO policy basis, and upon that termination immediately enters an Agreement with a successor PEO</td> <td data-bbox="1539 753 1997 865">calculates the premium for covered employees using the lower of <ul style="list-style-type: none"> the client’s experience rating modification before entering into the former Agreement, or the former PEO’s experience rating modification at the time the Agreement is terminated. </td> </tr> </tbody> </table> <table border="1" data-bbox="1081 883 1997 1003"> <thead> <tr> <th data-bbox="1081 883 1539 904">When a client or PEO terminates an Agreement ...</th> <th data-bbox="1539 883 1997 904">Then the insurance provider ...</th> </tr> </thead> <tbody> <tr> <td data-bbox="1081 904 1539 1003">of fewer than two years, as described in the rule, Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client’s covered employees under a PEO policy basis, and upon that termination immediately enters an Agreement with a successor PEO</td> <td data-bbox="1539 904 1997 1003">calculates the premium for covered employees using the higher of <ul style="list-style-type: none"> the client’s current experience rating modification, if any, or the client’s last known experience rating modification before entering into the Agreement. </td> </tr> </tbody> </table> <p>Application of this rule</p> <p>The experience rating modification of this rule applies for one year. After one year, the client’s current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p> <p>When an Agreement is terminated and the client is no longer affiliated with any PEO, refer to this rule (PEO policy basis) to determine the appropriate experience rating modification to apply.</p> <p>Applying experience rating rules for clients that maintain coverage under a client policy basis Rule ID: ER-PEOL-AD10B</p> <p>The client’s insurance provider applies experience rating rules for a client that maintains coverage under a client policy basis.</p>	When a client or PEO terminates an Agreement ...	Then the insurance provider ...	of more than two years, as described in the rule, Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client’s covered employees under a PEO policy basis, and upon that termination immediately enters an Agreement with a successor PEO	calculates the premium for covered employees using the lower of <ul style="list-style-type: none"> the client’s experience rating modification before entering into the former Agreement, or the former PEO’s experience rating modification at the time the Agreement is terminated. 	When a client or PEO terminates an Agreement ...	Then the insurance provider ...	of fewer than two years, as described in the rule, Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client’s covered employees under a PEO policy basis, and upon that termination immediately enters an Agreement with a successor PEO	calculates the premium for covered employees using the higher of <ul style="list-style-type: none"> the client’s current experience rating modification, if any, or the client’s last known experience rating modification before entering into the Agreement.
When a client or PEO terminates an Agreement ...	Then the insurance provider ...								
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When a client or PEO terminates an Agreement ...	Then the insurance provider ...								
of fewer than two years, as described in the rule, Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client’s covered employees under a PEO policy basis, and upon that termination immediately enters an Agreement with a successor PEO	calculates the premium for covered employees using the higher of <ul style="list-style-type: none"> the client’s current experience rating modification, if any, or the client’s last known experience rating modification before entering into the Agreement. 								

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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

Current	Proposed						
<p>2) The client’s last known experience rating modification before entering into the existing Agreement.</p> <p>The experience rating modification of (b)-1) or (b)-2) above applies for one year. After one year, the client’s current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p> <p>d. Upon Termination of an Agreement (Client Policy Basis):</p> <p>(1) When a client leaves an Agreement of more than two years, as described in Rule 5-A-2-a(1), and immediately enters an Agreement with a successor PEO that requires the client to maintain coverage for its covered employees, apply the lower of:</p> <p>(a) The client’s experience rating modification before entering into the former Agreement, or</p> <p>(b) The former PEO’s experience rating modification at the time the Agreement is terminated.</p> <p>The experience rating modification of (1)(a) or (1)(b) above applies for one year. After one year, the client’s current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p> <p>(2) When a client leaves an Agreement of fewer than two years, as described in Rule 5-A-2-a(1), and immediately enters an Agreement with a successor PEO that requires the client to maintain coverage for its covered employees, apply the higher of:</p> <p>(a) The client’s current experience rating modification, if any, or</p> <p>(b) The client’s last known experience rating modification before entering into the former Agreement.</p> <p>The experience rating modification of (2)(a) or (2)(b) above applies for one year. After one year, the client’s current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p> <p>(3) When an existing Agreement changes to require the PEO to maintain coverage for the client’s covered employees, premium is calculated in accordance with Rule 5-A-2-a.</p> <p>(4) When an existing Agreement terminates and the client is no longer affiliated with any PEO, premium is calculated as follows:</p> <p>(a) If the client has covered employees with the same PEO for more than two years, as described in Rule 5-A-2-a(1), apply the lower of:</p> <p>1) The client’s experience rating modification before entering into the existing Agreement, or</p> <p>2) The existing PEO’s experience rating modification at the time the Agreement is terminated.</p>	<p>1. The client's insurance provider uses the client's experience rating modification, if any, to calculate premium for the client's covered employees and direct employees under the client's new or existing policy.</p> <p>When an existing professional employer services agreement changes to require the client to maintain coverage for its covered employees, the insurance provider calculates the premium for the covered employees.</p> <table border="1" data-bbox="1081 505 1997 919"> <thead> <tr> <th data-bbox="1081 505 1535 529">When the client has covered employees with the same PEO for ...</th> <th data-bbox="1535 505 1997 529">Then the insurance provider ...</th> </tr> </thead> <tbody> <tr> <td data-bbox="1081 529 1535 724">more than two years, as described in the rule, Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client’s covered employees under a PEO policy basis</td> <td data-bbox="1535 529 1997 724"> applies the lower of <ul style="list-style-type: none"> the client's experience rating modification before entering into the existing professional employer services agreement, or the existing PEO's experience rating modification at the time of the change. The lower experience rating modification applies for one year. After one year, the client's current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies. </td> </tr> <tr> <td data-bbox="1081 724 1535 919">fewer than two years, as described in the rule, Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client’s covered employees under a PEO policy basis</td> <td data-bbox="1535 724 1997 919"> applies the higher of <ul style="list-style-type: none"> the client's current experience rating modification, if any, or the client's last known experience rating modification before entering into the existing professional employer services agreement. The higher experience rating modification applies for one year. After one year, the client's current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies. </td> </tr> </tbody> </table> <p>Applying experience rating rules for clients terminating a professional services employer agreement (Agreement) under a client policy basis Rule ID: ER-PEOL-AE99D</p> <p>The insurance provider applies experience rating rules for a client that terminates an Agreement under a client policy basis.</p>	When the client has covered employees with the same PEO for ...	Then the insurance provider ...	more than two years, as described in the rule, Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client’s covered employees under a PEO policy basis	applies the lower of <ul style="list-style-type: none"> the client's experience rating modification before entering into the existing professional employer services agreement, or the existing PEO's experience rating modification at the time of the change. The lower experience rating modification applies for one year. After one year, the client's current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.	fewer than two years, as described in the rule, Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client’s covered employees under a PEO policy basis	applies the higher of <ul style="list-style-type: none"> the client's current experience rating modification, if any, or the client's last known experience rating modification before entering into the existing professional employer services agreement. The higher experience rating modification applies for one year. After one year, the client's current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.
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<p>The experience rating modification of (a)-1) or (a)-2) above applies for one year. After one year, the client’s current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p> <p>(b) If the client has covered employees with the same PEO for fewer than two years, as described in Rule 5-A-2-a(1), apply the higher of:</p> <ol style="list-style-type: none"> 1) The client’s current experience rating modification, if any, or 2) The client’s last known experience rating modification before entering into the existing Agreement. <p>The experience rating modification of (b)-1) or (b)-2) above applies for one year. After one year, the client’s current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p>	<p>When a client ...</p> <p>leaves an Agreement of more than two years, as described in the rule, Applying experience rating rules for clients that maintain coverage under a client policy basis, and immediately enters an Agreement with a successor PEO that requires the client to maintain coverage for its covered employees</p> <p>leaves an Agreement of fewer than two years, as described in the rule, Applying experience rating rules for clients that maintain coverage under a client policy basis, and immediately enters an Agreement with a successor PEO that requires the client to maintain coverage for its covered employees</p> <p>changes an existing Agreement to require the PEO to maintain coverage for the client’s covered employees</p> <p>or PEO terminates an existing Agreement and the client is no longer affiliated with any PEO, and the client has covered employees with the same PEO for more than two years, as described in the rule, Applying experience rating rules for clients that maintain coverage under a client policy basis</p> <p>or PEO terminates an existing Agreement and the client is no longer affiliated with any PEO, and the client has covered employees with the same PEO for fewer than two years, as described in the rule, Applying experience rating rules for clients that maintain coverage under a client policy basis</p>	<p>Then the insurance provider ...</p> <p>applies the lower of</p> <ul style="list-style-type: none"> • the client’s experience rating modification before entering into the former Agreement, or • the former PEO’s experience rating modification at the time the Agreement is terminated. <p>The lower experience rating modification applies for one year. After one year, the client’s current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p> <p>applies the higher of</p> <ul style="list-style-type: none"> • the client’s current experience rating modification, if any, or • the client’s last known experience rating modification before entering into the former Agreement. <p>The higher experience rating modification applies for one year. After one year, the client’s current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p> <p>calculates the premium according to the rule, Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client’s covered employees under a PEO policy basis.</p> <p>applies the lower of</p> <ul style="list-style-type: none"> • the client’s experience rating modification before entering into the existing Agreement, or • the existing PEO’s experience rating modification at the time the Agreement is terminated. <p>The lower experience rating modification applies for one year. After one year, the client’s current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p> <p>applies the higher of</p> <ul style="list-style-type: none"> • the client’s current experience rating modification, if any, or • the client’s last known experience rating modification before entering into the existing Agreement. <p>The higher experience rating modification applies for one year. After one year, the client’s current experience rating modification, if any, applies. If the client does not have an experience rating modification after one year, then a unity (1.00) factor applies.</p>
<p>Basic Manual for Texas—Effective 2021</p>	<p>Basic Manual for Texas—Effective 2021</p>	
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COMPARISON OF EXPERIENCE RATING PLAN MANUAL RULES AND ITEM E-1411*

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<p>PREFACE</p> <p>A. SCOPE</p> <p>2. Affiliate Self-Insurers’ Applicability</p> <p>Change A-2 of the Preface as follows: The Statistical Plan is required for affiliate self-insurers.</p>	<p>PREFACE</p> <p>A. SCOPE</p> <p>2. Affiliate Self-Insurers’ Applicability</p> <p>The Statistical Plan is applicable to affiliate self-insured groups and provides the requirements for reporting Unit Statistical plan data in NCCI states.</p> <p>The Statistical Plan is optional to non-affiliate self-insured groups for reporting Unit Statistical plan data in NCCI states.</p> <p>For the purpose of requesting experience rating modifications only, non-affiliate self-insured groups and individual self-insured employers have the option to submit data using the ERM-6 Form—Workers Compensation Experience Rating for Non-Affiliate Data. Refer to NCCI’s Experience Rating Plan Manual for more information.</p> <p>The Statistical Plan is applicable to the reporting of statistical data for all policies effective January 1, 2015, and subsequent. This Statistical Plan is optional for the reporting of statistical data for policies prior to January 1, 2015.</p>																												

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Informational Exhibit 1 - Experience Rating Plan Manual Content Reference ID Map

<p>Item Filing Information</p>	<p>Item E-1411—NCCI’s Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance</p>
<p>Description</p>	<p>Informational Exhibit 1 - Manual Content Reference ID Map—Displays the relationship between the current manual rule numbers to new manual reference "Rule ID" numbers.</p>

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Rule #	Current Experience Rating Plan Manual Title	New Experience Rating Plan Manual Topic	Unique ID
Preface	Preface to the Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance	Organization of the Experience Rating Plan Manual	Rule ID: ER-PREF-OA74A
A	Jurisdiction Where This Plan Applies	Experience Rating Plan Manual applicability Jurisdictions where the Experience Rating Plan Manual applies	Rule ID: ER-PREG-E0850 Rule ID: ER-PREP-JFA97
B	JURISDICTIONS WHERE THIS PLAN DOES NOT APPLY	Experience Rating Plan Manual applicability Jurisdictions where the Experience Rating Plan Manual applies	Rule ID: ER-PREG-E0850 Rule ID: ER-PREP-JFA97
C	Jurisdictions Where This Plan Applies to Employers Liability Only and on an Advisory Basis (Monopolistic Fund States)	Experience Rating Plan Manual applicability Jurisdictions where the Experience Rating Plan Manual applies	Rule ID: ER-PREG-E0850 Rule ID: ER-PREP-JFA97
Rule 1—General Explanations			
1.A	Experience Rating	Experience rating Purpose of an experience rating modification factor	Rule ID: ER-ERPS-EA14B Rule ID: ER-ERPM-P9DDB
1.C	Definitions	Elements of the Experience Rating Plan	Rule ID: ER-RPDS-EA209
1.C.1	Experience	Experience used in calculating experience rating modifications	Rule ID: ER-RPDX-EAD81
1.C.2	Payroll	Payroll used in experience rating	Rule ID: ER-RPDP-PA966
1.C.3	Losses	Losses used in experience rating Losses excluded from experience rating Exclusion of Catastrophe Number 12 COVID-19 claims Exclusion for noncompensable claims Exclusion of fraudulent claims Exclusion of coal mine disease (black lung) claims	Rule ID: ER-RPDL-LFC53 Rule ID: ER-SPEX-LC0EC Rule ID: ER-SPEX-E72CB Rule ID: ER-SPEX-EB1A1 Rule ID: ER-SPEX-E7290 Rule ID: ER-SPEX-E0A1D
1.C.5	Risk	Uses of the term "risk"	Rule ID: ER-RPDR-RCD6E
1.C.6	Statistical Plan	Statistical Plan references	Rule ID: ER-RPDT-SA093
1.C.7	Subject Premium	Uses of subject premium Rule for applying the experience rating modification to subject premium	Rule ID: ER-RPDJ-SC9B4 Rule ID: ER-RPDJ-R221A
1.C.8	Unity (1.00) Factor	Application of a unity (1.00) factor	Rule ID: ER-RPDU-UA238
1.D	Administration	Administration of the Plan	Rule ID: ER-PRET-AD2E8
Rule 2—Experience Rating Elements and Formulas			
2.A	Premium Eligibility	Premium eligibility	Rule ID: ER-ELIG-PC6F9
2.A.1	Premium	N/A	N/A
2.A.1.b	Not Subject to Experience Rating	Premium elements not subject to experience rating	Rule ID: ER-ELIA-PA9D9
2.A.4	Intrastate Experience Rating	Intrastate experience rating	Rule ID: ER-ELIQ-I34B9
2.A.5	Interstate Experience Rating	Interstate experience rating	Rule ID: ER-ELIS-IA9FD
2.B	Rating Effective Date (RED)	Rating effective date (RED) of an experience rating modification Determination of a risk's rating effective date (RED) Reasons why a risk's rating effective date (RED) and policy effective date may differ Policies not used to determine the rating effective date (RED)	Rule ID: ER-REDS-RA102 Rule ID: ER-REDD-DC00A Rule ID: ER-REDL-R20D1 Rule ID: ER-REDU-P8F73
2.C	Elements of Experience Rating Formula and Worksheet	Elements of the Experience Rating Worksheet	Rule ID: ER-RWDS-EA34F
2.C.1	Expected Loss Rate (ELR)	Application of an Expected Loss Rate (ELR)	Rule ID: ER-RWDI-AF321
2.C.2	Expected Losses	Calculation of expected losses	Rule ID: ER-RWDM-EA34B
2.C.3	Discount Ratio (D-Ratio)	Application of a discount ratio (D-Ratio)	Rule ID: ER-RWDC-A90CD
2.C.4	Expected Primary Losses	Calculation of expected primary losses	Rule ID: ER-RWDB-EA509
2.C.5	Actual Incurred Losses	Applicability of actual incurred losses	Rule ID: ER-RWDU-AA879
N/A	N/A	Application of a split point	Rule ID: ER-RWDN-OEAE6
2.C.6	Actual Primary Losses	Calculation of actual primary losses	Rule ID: ER-RWDA-AA8AD
2.C.7	Expected Excess Losses	Calculation of expected excess losses	Rule ID: ER-RWDL-EB7A3

Rule #	Current Experience Rating Plan Manual Title	New Experience Rating Plan Manual Topic	Unique ID
2.C.8	Actual Excess Losses	Calculation of actual excess losses	Rule ID: ER-RWDO-AD6AD
2.C.9	Weighting Value	Application of a weighting value Calculating the interstate-rated risk's average weighting value	Rule ID: ER-RWDZ-UE207 Rule ID: ER-RWDZ-CAE0C
2.C.10	Ballast Value	Application of a ballast value Calculating the interstate-rated risk's average ballast value	Rule ID: ER-RWDQ-A4D34 Rule ID: ER-RWDQ-C54C8
2.C.11	Stabilizing Value	Calculation of a stabilizing value	Rule ID: ER-RWDD-SBF84
2.C.12	Ratable Excess	N/A	N/A
2.C.12.a	Expected Ratable Excess Losses	Calculation of expected ratable excess losses	Rule ID: ER-RWDW-EA396
2.C.12.b	Actual Ratable Excess Losses	Calculation of actual ratable excess losses	Rule ID: ER-RWDT-AA37B
2.C.13	Limitation of Losses Employed in a Rating	Special loss conditions Limitation of losses employed in experience rating	Rule ID: ER-SPEC-SAF0B Rule ID: ER-SPEL-LAA5B
2.C.13.a	Single and Multiple Claim Limitation	Loss limitations Medical-only loss limitation Individual loss limitation Accidents involving multiple loss limitations Employers liability-only loss limitation Liability-over claim loss limitation	Rule ID: ER-SPEL-CF68B Rule ID: ER-SPEL-M4BD1 Rule ID: ER-SPEL-SA1E9 Rule ID: ER-SPEL-MAEEA Rule ID: ER-SPEL-L00DF Rule ID: ER-SPEL-EABEC
2.C.13.b	Disease Loss Limitation	Disease loss limitation Application of the disease loss policy limitation	Rule ID: ER-SPEL-DBA84 Rule ID: ER-SPEL-A21A6
2.D	Experience Rating Formula	Experience rating modification formula	Rule ID: ER-FORM-EAB03
2.D.1	Experience Rating Modification Formula	Experience rating modification formula Values used in the experience rating modification formula	Rule ID: ER-FORM-EAB03 Rule ID: ER-FORX-EFC2C
2.D.2	Maximum Debit Modification	Maximum debit modification	Rule ID: ER-FORD-MF36B
2.D.3	United States Longshore and Harbor Workers' Compensation (USL&HW) Act Coverage	United States Longshore and Harbor Workers' (USL&HW) Compensation Act Coverage	Rule ID: ER-CONU-U553C
2.E	Experience to Be Used in a Rating	Experience used in a rating	Rule ID: ER-EXPS-RA398
2.E.3	Discontinued Operations	Discontinuation of operations	Rule ID: ER-EXPT-D16B3
Rule 3—Ownership Changes and Combination of Entities			
3.A	Reporting Requirement	Changes in ownership and combination of entities Notifications related to ownership changes	Rule ID: ER-OWNR-OAD3D Rule ID: ER-OWNK-R6205
3.B	Research and Decision	Ownership determination for risks that qualify for an experience rating modification Researching and decisions for changes in ownership and combination of entities	Rule ID: ER-OWNQ-O4D50 Rule ID: ER-OWNY-RA8A9
3.C	Ownership Changes	Changes in ownership	Rule ID: ER-OWNO-OAFE8
3.C.1	Types of Ownership Changes	Types of changes in ownership	Rule ID: ER-OWNO-TAFF0
3.C.2	Impact of Ownership Changes	Impact of changes in ownership	Rule ID: ER-OWNO-IA5AA
3.D	Combination of Entities	Combination of entities Combination of two or more entities Determination of majority ownership interest Determination of multiple combinations of entities	Rule ID: ER-OWNC-CD038 Rule ID: ER-OWNC-C607D Rule ID: ER-OWNC-D7BC1 Rule ID: ER-OWNC-DC7A7
3.E	Treatment of Experience	Treatment of experience	Rule ID: ER-OWNI-T5055

Rule #	Current Experience Rating Plan Manual Title	New Experience Rating Plan Manual Topic	Unique ID
3.E.1	Transfer of Experience	Transfer of experience due to changes in ownership Experience retention or transfer Transfer of experience when an entity disposes of all of its operations Transfer of experience when an entity disposes of part of its operations and the insurance provider provides the data Transfer of experience when an entity disposes of part of its operations and the insurance provider cannot provide the data	Rule ID: ER-OWNI-TB903 Rule ID: ER-OWNI-EDA5B Rule ID: ER-OWNI-E9D53 Rule ID: ER-OWNI-SD9E6 Rule ID: ER-OWNI-EE7D4
3.E.2	Exclusion of Experience	Exclusion of experience due to changes in ownership Criteria for exclusion of experience in future experience rating modifications	Rule ID: ER-OWNX-EA7DE Rule ID: ER-OWNG-C30A5
3.E.3	Recalculation and Application of Experience Rating Modifications	Recalculation of experience rating modifications Recalculation and application of experience rating modifications	Rule ID: ER-OWNA-RE143 Rule ID: ER-OWNA-R15AA
3.F	Evasion of Experience Rating Modification	Evasion of experience rating modification	Rule ID: ER-OWNE-EA18D
3.F.1	Actions	Actions of the employers	Rule ID: ER-OWNE-AECE8
3.F.2	Rating Organization Response	Rating organization response	Rule ID: ER-OWNE-RBCCE
Rule 4—Application and Revision of Experience Rating Modifications			
4.B	Inclusion of Payroll and Losses	N/A	N/A
4.B.1	Revision of Payroll	Revision of experience rating modifications Revision of payroll	Rule ID: ER-REVI-RF26D Rule ID: ER-REVP-RDAD0
4.B.2	Revision of Losses	Revision of losses Special fund reimbursements Subrogation recoveries	Rule ID: ER-REVL-RA9D8 Rule ID: ER-REVL-SADC3 Rule ID: ER-REVL-SAEAA
4.B.3	Corrections in Classifications	Corrections in classifications	Rule ID: ER-REVC-CAED7
4.B.4	Third Party Cases	Removed from manual.	N/A
4.B.4.a	Unsettled Claims	Removed from manual.	N/A
4.B.4.b	Settled Claims	Removed from manual.	N/A
4.B.5	Liability-Over Cases	Liability-over claim loss limitation	Rule ID: ER-SPEL-EABEC
4.C	Types of Experience Rating Modifications	Types of experience rating modifications	Rule ID: ER-APPT-TA7C3
4.C.1	Preliminary Modifications	Preliminary modifications	Rule ID: ER-APPT-PA598
4.C.2	Final Modifications	Final modifications	Rule ID: ER-APPT-FA7C9
4.C.3	Contingent Modifications	N/A	N/A
4.C.3.a	Explanation	Contingent modifications	Rule ID: ER-APPT-CD851
4.C.3.c	Exceptions to Minimum Data Requirements	Experience rating modifications not issued as contingent modifications	Rule ID: ER-APPT-EA78F
4.C.3.d	Submission of Missing Data	Experience rating modification revisions upon receipt of missing data	Rule ID: ER-APPT-SADD2
4.C.3.e	Application	Contingent modifications	Rule ID: ER-APPT-CD851
4.D	Application for Single and Multiple Policy Risks	Time period that an experience rating modification applies	Rule ID: ER-APPA-AB538
4.D.1	For Single Policy Risks	Experience rating modification application for single policy risks	Rule ID: ER-APPA-FA43E
4.D.2	For Multiple Policy Risks	Experience rating modification application for multiple policy risks	Rule ID: ER-APPA-FCF43
4.E	Changes in Experience Rating Modifications	Changes in experience rating modifications	Rule ID: ER-REVX-CA3C0
Rule 5—Special Rating Conditions			
5.A	Employee Leasing/Professional Employer Organizations	N/A	N/A
5.A.2	Calculation and Application of Experience Rating Modification	N/A	N/A
5.A.2.b(1)	Master Policy	Termination of employee leasing arrangements written under a master policy Experience rating modifications for clients terminating employee leasing arrangements written under a master policy Experience rating modifications for PEOs when a client terminates an employee leasing arrangement written under a master policy	Rule ID: ER-PEOM-TA6F0 Rule ID: ER-PEOM-EB952 Rule ID: ER-PEOM-EA240

Rule #	Current Experience Rating Plan Manual Title	New Experience Rating Plan Manual Topic	Unique ID
5.A.2.b(2)	Multiple Coordinated Policy (MCP)	Termination of employee leasing arrangements written under a multiple coordinated policy (MCP)	Rule ID: ER-PEOC-TAFE6
5.C	Separate State Experience Rating Modification	N/A	N/A
5.C.1	Explanation	Separate state experience rating modification	Rule ID: ER-CONB-SE840
5.C.2	Permitted as Follows	Rules for separate state experience rating modifications Rules for the request of a separate state experience rating modification	Rule ID: ER-CONB-DA59E Rule ID: ER-CONB-R3904
5.C.3	Application	Rules for the application of separate state experience rating modifications	Rule ID: ER-CONB-R6229
5.C.4	Determination of the Separate State Experience Rating Modification	Calculating the separate state experience rating modification Formula for the separate state adjustment factor	Rule ID: ER-CONB-C3701 Rule ID: ER-CONB-C78BF
5.D	Construction/Contracting Risks	Construction and contracting risks	Rule ID: ER-CONR-CA61C
5.D.1	Wrap-Up Construction Project	Experience rating modifications for wrap-up construction projects	Rule ID: ER-CONR-WEBE2
5.D.2	Joint Ventures	Projects as a joint venture Determination of an experience rating modification for joint ventures	Rule ID: ER-CONR-JA1D8 Rule ID: ER-CONR-EA3CE
5.D.3	Cost-Plus Contracts	Cost-plus contracts for the principal and contractor	Rule ID: ER-CONR-CC6DC
5.D.4	Uninsured Contractors	Inclusion of uninsured contractors' experience	Rule ID: ER-CONR-UF8B0
N/A	N/A	United States Longshore and Harbor Workers' (USL&HW) Compensation Act loss limitation	Rule ID: ER-SPEL-UDD19
N/A	N/A	Insolvent carrier or insolvent self-insured group data	Rule ID: ER-INSL-ID55B
N/A	N/A	Insolvent carrier or insolvent self-insured group submission of their data	Rule ID: ER-INSC-IAEDA
N/A	N/A	Carrier of record request to include insolvent data	Rule ID: ER-INSR-AAC18
N/A	N/A	Carrier of record submission of insolvent carrier or insolvent self-insured group data	Rule ID: ER-INSS-AE7F2
N/A	N/A	Carrier of record resubmission of insolvent carrier or self-insured group data	Rule ID: ER-INSG-AAE6C
Appendix			
Appendix	Request for Ownership Information—ERM-14 Form	Moved to ncci.com	N/A
Appendix	ERM-6 Form—Workers Compensation Experience Rating for Non-Affiliate Data	Moved to ncci.com	N/A
State Exceptions & State Specials			
1.B	Mandatory Plan	Application of manual rules Impact of rules on the application of the Plan	Rule ID: ER-PREI-IA2CC Rule ID: ER-PREI-P8B35
1.C.4	Entity	Types of entities	Rule ID: ER-RPDE-EAA56
2.A.1.a	Subject Premium	Risk qualifications for experience rating Uses of total manual premium	Rule ID: ER-ELIR-ECAA6 Rule ID: ER-RPDY-U90C3
2.A.2	State Subject Premium Eligibility Amounts	Total manual premium eligibility amounts	Rule ID: ER-ELIT-SEE7E
2.A.3	Average Annual Subject Premium	Calculation of average annual total manual premium	Rule ID: ER-ELIC-CD2D0
2.D.3	United States Longshore and Harbor Workers' Compensation (USL&HW) Act Coverage	Oil, gas, or other mineral operations subject to USL&HW Act coverage	Rule ID: ER-CONU-O1023
2.E.1	Experience Period	Experience period limited to 45 months of data	Rule ID: ER-EXPP-E4AE4
2.E.2	Non-Affiliate Self-Insurer and Non-Affiliate Carrier Data	Non-affiliate carrier data and non-affiliate self-insured data Carrier of record request to include non-affiliate data Exclusion of losses from certified self-insurer or self-insured groups when transferring to an LTT	Rule ID: ER-NAFC-NA740 Rule ID: ER-NAFI-AF1B2 Rule ID: ER-NAFL-EAA0F
3.C	Ownership Changes	Texas Department of Insurance requirement for the rating organization	Rule ID: ER-OWNO-T94A8
3.D	Combination of Entities	Determination of majority ownership interest	Rule ID: ER-OWNC-D7BC1
4.A	General Explanation	Application and types of experience rating modifications	Rule ID: ER-APPL-AAEE6
4.C.3.b	Minimum Data Requirements Table	Minimum data requirements within the experience period	Rule ID: ER-APPT-MAC68
4.D	Application for Single and Multiple Policy Risks	Application and types of experience rating modifications	Rule ID: ER-APPL-AAEE6

Rule #	Current Experience Rating Plan Manual Title	New Experience Rating Plan Manual Topic	Unique ID
4.E	Changes in Experience Rating Modifications Table	Changes in experience rating modifications Decreases in the experience rating modification Application of decreases in the experience rating modification due to any reason other than a correction in classification Rule for decreases in the experience rating modification due to a change in ownership or combinability status Increases in the experience rating modification Application of increases in the experience rating modification due to the 60-day rule Exceptions to application of increases in the experience rating modification due to the 60-day rule Rule for increases in the experience rating modification due to a change in ownership or combinability status	Rule ID: ER-REVS-CA3C0 Rule ID: ER-REVS-D21AA Rule ID: ER-REVS-ADE15 Rule ID: ER-REVS-RB17B Rule ID: ER-REVS-I2442 Rule ID: ER-REVS-A77CC Rule ID: ER-REVS-ECO06 Rule ID: ER-REVS-R8D53
5.A.1	Employee Leasing/Professional Employer Organization (PEO) Arrangements	Professional employer services agreements (Agreements) Experience rating modifications for a professional employer services agreement (Agreement)	Rule ID: ER-PEOA-EA916 Rule ID: ER-PEOL-EA1E9
5.A.2.a	When a Professional Employer Organization Maintains Coverage for the Client's Covered Employees (PEO Policy Basis)	Applying experience rating rules for professional employer organizations (PEOs) that maintain coverage for the client's covered employees under a PEO policy basis	Rule ID: ER-PEOL-AFA57
5.A.2.b	Upon Termination of an Agreement (PEO Policy Basis)	Applying experience rating rules for a professional employer services agreement (Agreement) terminated under a PEO policy basis	Rule ID: ER-PEOL-AA9C6
5.A.2.c	When the Client Maintains the Coverage (Client Policy Basis)	Applying experience rating rules for clients that maintain coverage under a client policy basis	Rule ID: ER-PEOL-AD10B
5.A.2.d	When the Client Maintains the Coverage (Client Policy Basis)	Applying experience rating rules for clients terminating a professional services employer agreement (Agreement) under a client policy basis	Rule ID: ER-PEOL-AE99D

Informational Exhibit 2 – State Content Changes - Texas

Jurisdiction	Current Rule	New topic	Reason for change	Change
Multistate	N/A	Organization of the Experience Rating Plan Manual Rule ID: ER-PREF-OA74A	New rule	Added a subblock, Applicability of intrastate-rated and interstate-rated risks, to specifically indicate how the rules apply.
Multistate	N/A	Application of manual rules Rule ID: ER-PREI-IA2CC	New rule	Added a subblock, Insurance provider references in the Plan, to define the use of "insurance provider" throughout the <i>Experience Rating Plan Manual</i> . Specifically, insurance provider may be the carrier, the self-insured group, a third-party data reporter, or a non-affiliate.
Multistate	N/A	Application of manual rules Rule ID: ER-PREI-IA2CC	New rule	Added a subblock, Self-insured group references in the Plan, to reflect the various terms used for self-insured groups.
Multistate	N/A	United States Longshore and Harbor Workers' (USL&HW) Compensation Act loss limitation Rule ID: ER-SPEL-UDD19	New rule	Added a new rule for USL&HW loss limitations. This new rule supports the USL&HW loss limitations provided as footnotes in the Rating Values, Table of Weighing Values.
Multistate	2-A-2 - State Subject Premium Eligibility Amounts	Subject premium eligibility amounts Rule ID: ER-ELIT-SEE7E	Clarification	Each state manual has it's state's eligibility amounts. A multistate table may be provided in NCCI's <i>Experience Rating Plan Manual User's Guide</i> for the convenience of carriers writing multistate policies.
Multistate	2-C-13 - Limitation of Losses Employed in a Rating	Medical-only loss limitation Rule ID: ER-SPEL-M4BD1 Individual loss limitation Rule ID: ER-SPEL-SA1E9 Accidents involving multiple loss limitations Rule ID: ER-SPEL-MAEEA Employers liability-only loss limitation Rule ID: ER-SPEL-L00DF	Clarification	Transformed three tables into separate topics.
Multistate	2-E-2 - Non-Affiliate Self-Insurer and Non-Affiliate Carrier Data	Non-affiliate carrier data and non-affiliate self-insured data Rule ID: ER-NAFC-NA740	Update	Updated the content to make it more comprehensive.
Multistate	2-E-4 - Insolvent Insurance Provider Data	Insolvent carrier or insolvent self-insured group data Rule ID: ER-INSL-ID55B	New rule	This rule originally appeared as an Oregon state-special rule. Expanded this state-special rule to apply on a multistate basis.
Multistate	3-A - Reporting Requirements	Notifications related to ownership changes Rule ID: ER-OWNK-R6205	Update	Added additional ownership change submission method - Experience Rating Ownership Submission Tool (EROWN).
Multistate	4-B-4 - Third Party Cases	N/A	Eliminate rule	Eliminated the data-reporting portion of the rules related to third party cases, unsettled claims, and settled claims from the <i>Experience Rating Plan Manual</i> .
Multistate	4-B-5 - Liability-Over Cases	Liability-over claim loss limitation Rule ID: ER-SPEL-EABEC	Eliminate rule	Eliminated the data-reporting portion of the rules from the <i>Experience Rating Plan Manual</i> and moved the content to the <i>Statistical Plan</i> . Refer to Exhibit 6.
Multistate	Appendix - ERM-14 Form—Request for Ownership Information	N/A	Remove form	Removed the ERM-14 Form from the <i>Experience Rating Plan Manual</i> . Reference links to the ERM-14 Form are provided within the applicable topics of the <i>Experience Rating Plan Manual</i> . Additionally, this form is available on ncci.com under the Popular Forms section within the Underwriting tab. The ERM-14 Form will no longer be filed for approval.

Informational Exhibit 2 – State Content Changes - Texas

Multistate	Appendix - ERM-6 Form—Workers Compensation Experience Rating for Non-Affiliate Data	N/A	Remove form	Removed the ERM-6 Form from the <i>Experience Rating Plan Manual</i> . Reference links to the ERM-6 Form are provided within the applicable topics of the <i>Experience Rating Plan Manual</i> . Additionally, this form is available on ncci.com under the Popular Forms section within the Underwriting tab. The ERM-6 Form will no longer be filed for approval.
Multistate	Appendix - ERM-6 Form—Workers Compensation Experience Rating for Non-Affiliate Data	N/A	Update	Changed the title of the ERM-6 Form to Workers Compensation Experience Rating for Non-Statistical Data.
Texas	2-A-1-a - Subject Premium	Uses of total manual premium Rule ID: ER-RPDY-U90C3 Total manual premium eligibility amounts Rule ID: ER-ELIT-SEE7E Calculation of average annual total manual premium Rule ID: ER-ELIC-CD2D0	Clarification	Created rules to state that total manual premium is used for premium eligibility purposes in Texas.

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