Filing at a Glance

Company:	National Council on Compensation Insurance, Inc.
Product Name:	B-1453 Revisions to NCCI’s Basic Manual and NCCI's Residual Market Manual Regarding the Premium Algorithms
State:	Texas
TOI:	16.0 Workers Compensation
Sub-TOI:	16.0004 Standard WC
Filing Type:	Rate/Rule
Date Submitted:	08/31/2026
SERFF Tr Num:	NCCI-135070534
SERFF Status:	Assigned
State Tr Num:	S740310
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Effective Date Requested (New):	07/01/2027
Effective Date Requested (Renewal):	07/01/2027
Author(s):	Nancy Mattei, Tyler Santos, Mario Morales, Delisa Fairley, Donna Riggi, Danielle Jones-Forrest
Reviewer(s):	David Boon (primary), David Trautman, Connie Adams, Sendy Lee Blackburn
Disposition Date:	
Disposition Status:	
Effective Date (New):	
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State Filing Description:
WC 1
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Intake: Replacement - S692689 (RT/RU)

State: *Texas* ***Filing Company:*** *National Council on Compensation Insurance, Inc.*
TOI/Sub-TOI: *16.0 Workers Compensation/16.0004 Standard WC*
Product Name: *B-1453 Revisions to NCCIs Basic Manual and NCCI's Residual Market Manual Regarding the Premium Algorithms*
Project Name/Number: */*

General Information

Project Name:
Project Number:
Reference Organization:
Reference Title:
Filing Status Changed: 09/01/2026
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Created By: Donna Riggi
Corresponding Filing Tracking Number:
State TOI: Workers Compensation

Status of Filing in Domicile:
Domicile Status Comments:
Reference Number:
Advisory Org. Circular:
Deemer Date:
Submitted By: Danielle Jones-Forrest
State Sub-TOI: Workers Compensation

Filing Description:

This item revises the premium algorithms in NCCI's Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual) and Residual Market Manual for Workers Compensation and Employers Liability Insurance (Residual Market Manual).

Company and Contact

Filing Contact Information

Terri Robinson, Senior State Relations Executive
901 Peninsula Corporate Circle
Boca Raton, FL 33487

terri_robinson@ncci.com
501-333-2835 [Phone]
561-893-5655 [FAX]

Filing Company Information

National Council on Compensation Insurance, Inc.
901 Peninsula Corporate Circle
Boca Raton, FL 33487
(561) 893-3186 ext. [Phone]

CoCode:
Group Code:
Group Name:
FEIN Number: 65-0439698

State of Domicile: Florida
Company Type:
State ID Number:

State: Texas **Filing Company:** National Council on Compensation Insurance, Inc.
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: B-1453 Revisions to NCCIs Basic Manual and NCCI's Residual Market Manual Regarding the Premium Algorithms
Project Name/Number: /

Filing Fees

State Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

State Specific

1.[PII] Does this filing contain any personally identifiable information (PII)? (See SERFF General Instructions for the definition and examples of PII.) Answer either YES or NO:: No
2.[Associated filing] Provide the TDI file number or SERFF tracking number for all associated filings:: N/A
3.[Deemer date] Do you waive the deemer for form, endorsement, and certificate of insurance filings under 28 TAC 5.9325? Answer either YES or NO:: Yes
4.Do you waive the limits on requests for information for rate/rule filings under 28 TAC 5.9336? Answer either YES or NO:: Yes
5.[Replacement number] Provide the TDI file number or SERFF tracking number of the previously approved forms and endorsements or accepted rates, rules, or rate/rules that you are replacing:: S692689
6.[Reference/adopt] Provide the TDI file number or SERFF tracking number that contains approved forms and endorsements or accepted rates, rules, or rate/rules that you are referencing/adopting.: N/A
7.[Interline] State if this is an interline filing and list all lines of insurance the endorsement or rate/rules applies to.: N/A
8.[Policy form] What policy form do these endorsements and forms go with? List the TDI file number or SERFF tracking number where the policy form was approved or referenced:: N/A
9.[RPG] Will this filing be used for a Risk Purchasing Group? Answer either YES or NO. If yes, provide the name:: No

State: Texas **Filing Company:** National Council on Compensation Insurance, Inc.
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: B-1453 Revisions to NCCIs Basic Manual and NCCI's Residual Market Manual Regarding the Premium Algorithms
Project Name/Number: /

Rate Information

Rate data applies to filing.

Filing Method:
Rate Change Type: Neutral
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision:
Filing Method of Last Filing:
SERFF Tracking Number of Last Filing:

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
National Council on Compensation Insurance, Inc.	0.000%	0.000%	$0	0	$0	0.000%	0.000%

SERFF Tracking #:	*NCCI-135070534*	***State Tracking #:***	*S740310*	***Company Tracking #:***	*B-1453*

State:	*Texas*	***Filing Company:***	*National Council on Compensation Insurance, Inc.*
TOI/Sub-TOI:	*16.0 Workers Compensation/16.0004 Standard WC*		
Product Name:	*B-1453 Revisions to NCCIs Basic Manual and NCCI's Residual Market Manual Regarding the Premium Algorithms*		
Project Name/Number:	*/*		

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Exhibit 1	Workers Compensation Premium Algorithm	Replacement	S692689	B-1453_TX_Exhibit_1.pdf
2		Exhibit 2	Workers Compensation Premium Algorithm	New		B-1453_TX_Exhibit_2.pdf

Item B-1453—Revisions to NCCI's Basic Manual and NCCI's Residual Market Manual Regarding the Premium Algorithms

Exhibit 1

Basic Manual—Texas
Workers Compensation Premium Algorithm

~~Texas~~ Workers Compensation Premium Algorithm

Rule ID: BM-BMPP-W0064

Effective Date: ~~July 1, 2022~~July 1, 2027

~~This algorithm provides the framework for premium charges and credits. Where not specified, the premium base is the result from the prior line.~~
This rule provides information regarding the workers compensation premium algorithm.

~~Texas Workers Compensation Premium Algorithm~~

	~~PREMIUM ELEMENTS~~	~~EXPLANATORY NOTES~~

Note: Rule ID: BM-BMPP-W0064 will no longer be associated with each state's workers compensation premium algorithm and will instead provide an introductory statement. Although Exhibit 1 reflects all current content as fully stricken, Exhibit 2 displays the content with revision markings. This approach allows changes to the workers compensation premium algorithm to be clearly identified.

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Item B-1453—Revisions to NCCI's Basic Manual and NCCI's Residual Market Manual Regarding the Premium Algorithms

Exhibit 2

Basic Manual—Texas
Workers Compensation Premium Algorithm

Texas Workers Compensation Premium Algorithm

Rule ID: BM-TXPP-TX9VR

Effective Date: July 1, 2027

This algorithm provides the framework for premium charges ~~and,~~ credits, and debits. ~~Where not specified, the premium base is the result from the prior line.~~Refer to NCCI's manual rules for more information about premium elements listed in the algorithm, where applicable.

Texas Workers Compensation Premium Algorithm

Row	Operation	~~PREMIUM ELEMENTS~~Premium Element	~~EXPLANATORY NOTES~~Explanatory Note
1		~~MANUAL PREMIUM~~Manual Premium	[(~~PAYROLL /~~Payroll ÷ 100) ~~*~~x ~~RATE~~rate]
~~2~~	~~+~~	~~Supplementary Disease (foundry, abrasive, sandblasting)~~	~~[(SUBJECT PAYROLL / 100) * DISEASE RATE]~~
~~3~~2	+	USL&HW Exposure for non-F-classification codes	[(~~SUBJECT PAYROLL /~~Subject payroll ÷ 100) ~~*~~x (~~RATE~~rate ~~*~~x USL&HW Compensation Coverage Percentage ~~FACTOR~~factor)]
~~4~~3	+	Over Water (OW) Exposure for non-OW classification codes	[(~~SUBJECT PAYROLL /~~Subject payroll ÷ 100) ~~*~~x (rate ~~*~~x OW ~~FACTOR~~factor)]
~~5~~4		~~TOTAL MANUAL PREMIUM~~Total Manual Premium	~~Total of all class code premium~~ [Rows 1 + 2 + 3 ~~+ 4~~]
~~6~~5	+	Waiver of Subrogation ~~Factor~~premium (Blanket, Specific (Named))	[~~%~~Percentage applied to the portion of Total Manual Premium based on the type of waiver selected, if applicable, subject to minimum charge.]
~~7~~6	+	Employers Liability ~~(E/L)~~ increased limits ~~factor~~percentage (excludes Admiralty law and FELA classifications)	[~~%~~Percentage applied to Total Manual Premium.]
~~8~~7	+	Balance to minimum premium for Employers Liability increased limits ~~charge~~(excludes Admiralty law and FELA classifications)	[~~Balance to E/L increased limits minimum premium~~The minimum premium for increased limits is in addition to the policy minimum premium at standard limits of liability.]
~~9~~8	+	Employers Liability increased limits factor (Admiralty law~~,~~ or FELA classifications)	[Percentage (~~F~~factor – 1) applied to the portion of Total Manual Premium where only Admiralty law~~/~~ or FELA coverage is applicable.]
~~10~~9	+	Balance to minimum premium for Employers Liability increased limits ~~charge~~ (Admiralty law~~,~~ or FELA classifications)	[~~Balance to Admiralty law, FELA E/L increased limits minimum premium~~ The minimum premium for increased limits is in addition to the policy minimum premium at standard limits of liability.]
~~11~~10	+	~~Employers Liability/~~Voluntary Compensation ~~flat~~Insurance and Employers Liability Coverage charge	[Coverage in ~~M~~monopolistic ~~S~~state ~~F~~funds. Carrier-filed premium charge.]
~~12~~11		~~SUBJECT PREMIUM~~Total Subject Premium	[Rows 4 + 5 + 6 + 7 + 8 + 9 + 10 ~~+ 11~~]
~~13~~12	x	Experience Rating Modification ~~(Exp Mod)~~factor	[Use the employer's experience rating modification factor here, if applicable.]
~~14~~13		~~TOTAL MODIFIED PREMIUM~~Total Modified Premium	[Rows ~~12~~11 x ~~13~~12]
~~15~~14	~~x+~~ or –	Texas Premium Incentive for Small Employers ~~(1 – PISE credit %) or (1 +~~ PISE ~~debit %)~~ credit or debit modification	~~[nonexperience rated risks]~~ [Row ~~12~~13 x (1 – PISE credit percentage) or (1 + PISE debit percentage)~~factor~~]
~~16~~15	x	Texas Modeled Rating Factor (MRF)	[~~(~~Rows (13 + or – 14 ~~+ 15~~) x (1 – ~~Modeled Rating Factor~~MRF credit percentage) or (1 + MRF debit percentage)]
~~17~~16	x	Schedule Rating ~~factor (1 – SR credit %) or (1 + SR debit %)~~(SR) credit or debit modification	[~~(~~Row ~~14 +~~ 15 ~~+ 16)~~ x (1 – ~~Schedule Rating factor~~SR credit percentage) or (1 + SR debit percentage)]

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Item B-1453—Revisions to NCCI's Basic Manual and NCCI's Residual Market Manual Regarding the Premium Algorithms

Exhibit 2

Basic Manual—Texas
Workers Compensation Premium Algorithm

Row	Operation	~~PREMIUM ELEMENTS~~Premium Element	~~EXPLANATORY NOTES~~Explanatory Note
~~18~~17	x	Texas Certified Workers Compensation Healthcare Network (CWCHN) ~~C~~credit ~~factor (1 – credit %)~~	[~~(~~Row ~~14 + 15 +~~ 16 ~~+ 17)~~ x (1 – CWCHN credit percentage)~~Healthcare Network Credit Factor~~]
~~19~~18	–	Texas Deductible Insurance credit	[(Row ~~14 + 15 + 16 +~~ 17 ~~+ 18~~) x ~~Deductible Credit %~~credit percentage) Row 18 applies only to NCCI's approved Texas Deductible Insurance program.]
~~20~~19	+	Supplemental Disease Exposure ~~(Asbestos NOC)~~[1,2]	[Carrier-filed premium charge.]
~~21~~20	+	Supplemental Disease Exposure for Atomic Energy Radiation Exposure NOC[1,2]	[Carrier-filed premium charge.]
~~22~~21	+	Balance to Minimum Premium (~~State Act~~excludes Admiralty law, FELA, and USL&HW classifications)	[Balance to minimum premium at ~~S~~standard ~~L~~limits of liability (~~State Act~~excludes Admiralty law, FELA, and USL&HW classifications).]
~~23~~22	+	Balance to Minimum Premium (Admiralty law, FELA, or USL&HW classifications)	[Balance to minimum premium at ~~S~~standard ~~L~~limits of liability (Admiralty law, FELA, or USL&HW classifications).]
~~24~~23		~~TOTAL STANDARD PREMIUM~~**Total Standard Premium**	[Rows 17 – 18 + 19 + 20 + 21 + 22]
~~25~~24	–	Premium Discount[3,2]	[~~% applied to Total Standard Premium~~Row 23 x premium discount percentage]
~~26~~25	x	Texas Acquisition Expense Discount (~~1 – credit %~~AED)	[Rows ~~25~~(23 – ~~26~~24) x (1 – ~~Acquisition Expense Discount factor~~AED credit percentage)]
~~27~~26	+	Coal Mine Disease Charge	[~~Underground, surface, surface auger~~(Subject payroll ÷ 100) x coal mine disease rate]
~~28~~27	+	Expense Constant	[The expense constant is a premium charge that is applied to every policy regardless of premium size.]
~~29~~28	+	Terrorism	[(~~PAYROLL /~~Payroll ÷ 100) ~~*~~x ~~TERRORISM RATE~~Terrorism Rate]
~~30~~29	+	Catastrophe (other than Certified Acts of Terrorism)	[(~~PAYROLL /~~Payroll ÷ 100) ~~*~~x ~~CATASTROPHE~~Catastrophe (~~OTHER THAN CERTIFIED ACTS OF TERRORISM~~other than Certified Acts of Terrorism) ~~RATE~~Rate]
~~31~~30		~~ESTIMATED ANNUAL PREMIUM~~**Estimated Annual Premium**	[Rows 25 + 26 + 27 + 28 + 29]

~~1 Not Otherwise Classified.~~

[3,1] Nonratable ~~E~~element ~~P~~premiums generated by the nonratable portion of the manual rate are subject to all applicable premium elements applied to the policy~~.~~; however, they are not subject to experience rating or retrospective rating.

[3,2] For policies subject to premium adjustments under a retrospective rating plan, the premium discount does not apply.

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State: Texas **Filing Company:** National Council on Compensation Insurance, Inc.
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: B-1453 Revisions to NCCIs Basic Manual and NCCI's Residual Market Manual Regarding the Premium Algorithms
Project Name/Number: /

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):	B-1453_Filing_Memorandum.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-135070534*	***State Tracking #:***	*S740310*	***Company Tracking #:***	*B-1453*

State:	*Texas*	***Filing Company:***	*National Council on Compensation Insurance, Inc.*
TOI/Sub-TOI:	*16.0 Workers Compensation/16.0004 Standard WC*		
Product Name:	*B-1453 Revisions to NCCIs Basic Manual and NCCI's Residual Market Manual Regarding the Premium Algorithms*		
Project Name/Number:	*/*		

Satisfied - Item:	Side by side
Comments:	
Attachment(s):	B-1453_TX_Side_by_side.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Informational exhibit
Comments:	To assist users in reviewing and understanding the proposed revisions, this filing includes informational exhibits that display the premium algorithms without revision markings. These informational exhibits are provided solely to enhance readability, promote understanding of the proposed revisions, and support the accurate interpretation and application of the new or revised mathematical operations and calculations reflected in the proposed premium algorithms.
Attachment(s):	B-1453_TX_Informational_Exhibit_2.pdf
Item Status:	
Status Date:	

Item B-1453—Revisions to NCCI's Basic Manual and NCCI's Residual Market Manual Regarding the Premium Algorithms

Filing Memorandum

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, RI, SC, SD, TN, TX, UT, VA, VT, WV

Purpose

This item revises the premium algorithms in NCCI's ***Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*** and ***Residual Market Manual for Workers Compensation and Employers Liability Insurance (Residual Market Manual)***.

Background

Premium algorithms

Premium algorithms are used to determine policy premium in accordance with approved rules, rates, and loss costs. The algorithms document the order and mathematical application of approved premium elements and are designed to support consistent, transparent, and auditable premium calculations.

Through a structured process, the algorithms combine multiple premium elements—such as payroll, classifications, and modifiers—to produce a single premium amount. In doing so, they apply rules in the order prescribed in NCCI's manuals, including approved rating plans such as experience rating, schedule rating, and merit rating.

The algorithms also incorporate state-specific exception rules, minimum and maximum premium provisions, and special rating plans or endorsements, as applicable. Incorporating these elements into the algorithms ensures consistency between the algorithms and the approved manual rules and forms, rate and loss cost filings.

As part of NCCI's ongoing modernization initiatives, the current premium algorithms are being revised to align terminology with current manual language, and more clearly articulate the order of operations used in premium determination. These revisions are intended to enhance transparency, support consistent application of existing rules, and facilitate accurate and uniform system implementation.

One of the most visible enhancements is the introduction of row numbers, which provide additional transparency and clearer guidance regarding the calculation of each premium element.

The addition of row numbers and new formulas in the Explanatory Note column is intended to provide clarification of the current premium elements; there are no changes to current premium calculations. Additionally, any revisions to the Operation column are intended to provide clarification of the current calculations.

In addition to these revisions, NCCI is proposing to establish unique rule identifiers for each state's premium algorithms in both the ***Basic Manual*** and ***Residual Market Manual***.

Supplemental disease exposure

NCCI completed a comprehensive review of occupational disease experience, excluding coal workers' pneumoconiosis. The analysis showed that the overwhelming majority of occupational disease-related losses are reported within 10 years of policy expiration. Because these losses are already captured through Unit Statistical Data and, therefore, included in NCCI's annual ratemaking process, NCCI determined that separate ratemaking treatment for most occupational diseases was no longer necessary.

As a result, beginning in 2023, and corresponding with each state's rating effective date, NCCI removed all disease provisions for classifications not associated with coal mining. This included the elimination of supplementary disease loss costs and supplementary disease rates, where applicable.

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Item B-1453—Revisions to NCCI's Basic Manual and NCCI's Residual Market Manual Regarding the Premium Algorithms

Filing Memorandum

Due to the changes to the occupational disease provisions, NCCI is proposing to eliminate the supplementary disease premium element row from the premium algorithms.

NCCI's ***Basic Manual*** rule, Supplemental disease exposure, states that carriers may elect to apply a supplemental occupational disease provision based on their own underwriting judgment following an evaluation of the employer's operations.

Coverages available in the residual market

For states where NCCI is the Plan Administrator and has filed an Assigned Risk Workers Compensation Premium Algorithm, NCCI proposes to remove the premium element row, Employers Liability factor (Admiralty law), from each state's assigned risk workers compensation premium algorithm. This revision is intended to ensure that the algorithms remain aligned with the coverages available in the residual market and to improve consistency and clarity in the application of assigned risk premium elements. Employers liability coverage at increased limits under Admiralty law is not available in the residual market; therefore, the associated premium element line item is no longer necessary.

Illinois Employee Leasing Rating Adjustment

NCCI is eliminating the Employee Leasing Rating Adjustment premium element row from the Illinois Assigned Risk Premium Algorithm. This rating adjustment applies only to master policies, which are not permitted in the residual market.

Maine Merit Rating Plan

NCCI is proposing to reposition the merit rating premium element row, placing it below Total Modified Premium to align with statistical reporting requirements. The repositioning of the merit rating row to its new position within the algorithm will not affect premium calculations and, as a result, will not have a premium impact for Maine insureds.

Oklahoma Merit Rating Plan

NCCI has consulted with the Oklahoma Insurance Department regarding the elimination of the current Oklahoma rule that permits merit rating adjustments to reduce a policy's premium below the applicable minimum premium. This rule revision will occur in a subsequent filing with the same proposed effective date as this filing. In connection with this rule revision, NCCI proposes to reposition the merit rating premium element row above the balance to minimum premium element row in both Oklahoma algorithms.

Interpretation of Revision Markings and Informational Exhibits

The premium algorithms included in this filing contain standard revision markings to identify additions and deletions. These markings are provided solely to illustrate the proposed revisions and are not intended to modify or represent mathematical operations. Mathematical symbols should be interpreted independently of any accompanying revision markings. For example, an underlined minus sign does not represent an equals sign, and an underlined plus sign does not represent a plus-or-minus sign.

To assist users in reviewing and understanding the proposed revisions, this filing includes informational exhibits that display the premium algorithms without revision markings. These informational exhibits are provided solely to enhance readability, promote understanding of the proposed revisions, and support the accurate interpretation and application of the new or revised mathematical operations and calculations reflected in the proposed premium algorithms.

If there is an inconsistency between the filed Exhibits and the Informational Exhibits, refer to the filed Exhibits and disregard the inconsistency in the Information Exhibits.

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Item B-1453—Revisions to NCCI's Basic Manual and NCCI's Residual Market Manual Regarding the Premium Algorithms

Filing Memorandum

Proposal

This item proposes to revise each state's premium algorithm in NCCI's ***Basic Manual*** and NCCI's ***Residual Market Manual***, if applicable.

Impact

No statewide premium impact is expected from revisions to the premium algorithms in NCCI's ***Basic Manual*** and NCCI's ***Residual Market Manual*** as a result of this item filing.

Exhibit comments and implementation summary

Exhibit	Exhibit comments	Implementation summary
1	Displays the establishment of the rule, Workers Compensation Premium Algorithm (Rule ID: BM-BMPP-W0064), in NCCI's ***Basic Manual***. 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, RI, SC, SD, TN, TX, UT, VA, VT, WV	• In all states where applicable, except Hawaii, this item is to become effective for new and renewal voluntary policies only, with effective dates on and after 12:01 a.m. on July 1, 2027. • In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.
2	Displays the revisions to and the establishment of unique rule identifiers for each state's workers compensation premium algorithm in NCCI's ***Basic Manual***. Applies in: • Alaska (Rule ID: BM-AKPP-AR9TX) • Alabama (Rule ID: BM-ALPP-AQ7MZ) • Arkansas (Rule ID: BM-ARPP-AT6KD) • Arizona (Rule ID: BM-AZPP-AH4QP) • Colorado (Rule ID: BM-COPP-CV9ML) • Connecticut (Rule ID: BM-CTPP-CF3QX) • District of Columbia (Rule ID: BM-DCPP-D7QXM) • Florida (Rule ID: BM-FLPP-FN5KT) • Georgia (Rule ID: BM-GAPP-GR4HM) • Hawaii (Rule ID: BM-HIPP-HL7QW) • Iowa (Rule ID: BM-IAPP-IT6BZ) • Idaho (Rule ID: BM-IDPP-IM2XK) • Illinois (Rule ID: BM-ILPP-IS8RD) • Indiana (Rule ID: BM-INPP-IP1QV)	

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Item B-1453—Revisions to NCCI's Basic Manual and NCCI's Residual Market Manual Regarding the Premium Algorithms

Filing Memorandum

Exhibit	Exhibit comments	Implementation summary
	• Kansas (Rule ID: BM-KSPP-KA9RM) • Kentucky (Rule ID: BM-KYPP-KH3QN) • Louisiana (Rule ID: BM-LAPP-LT5VW) • Maryland (Rule ID: BM-MDPP-MF4TX) • Maine (Rule ID: BM-MEPP-MA7KQ) • Mississippi (Rule ID: BM-MSPP-MS8QF) • Missouri (Rule ID: BM-MOPP-MO5TX) • Montana (Rule ID: BM-MTPP-MC4VZ) • Nebraska (Rule ID: BM-NEPP-NS7JD) • New Hampshire (Rule ID: BM-NHPP-NH6ZW) • New Mexico (Rule ID: BM-NMPP-NT8HR) • Nevada (Rule ID: BM-NVPP-NM9KH) • Oklahoma (Rule ID: BM-OKPP-OK9TZ) • Rhode Island (Rule ID: BM-RIPP-RI2HD) • South Carolina (Rule ID: BM-SCPP-SC6PW) • South Dakota (Rule ID: BM-SDPP-SD7KQ) • Tennessee (Rule ID: BM-TNPP-TN1XZ) • Texas (Rule ID: BM-TXPP-TX9VR) • Utah (Rule ID: BM-UTPP-UT5MS) • Virginia (Rule ID: BM-VAPP-VA2RW) • Vermont (Rule ID: BM-VTPP-VT8KF) • West Virginia (Rule ID: BM-WVPP-WV4MQ)	
3	Displays the revisions to the New Mexico Assigned Risk Workers Compensation Premium Algorithm (Rule ID: BM-NMPP-NFED1) in NCCI's ***Basic Manual*** for New Mexico.	To become effective for new and renewal residual market policies only, with effective dates on and after 12:01 a.m. on July 1, 2027.
4	Displays the establishment of the rule, Assigned Risk Workers Compensation Premium Algorithm (Rule ID: RM-RMPP-A1519F), in NCCI's ***Residual Market Manual***. Applies in: AK, AL, AR, AZ, CT, DC, GA, IA, ID, IL, IN, KS, MS, NH, NV, OK, SC, SD, TN, VA, VT, WV	

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Item B-1453—Revisions to NCCI's Basic Manual and NCCI's Residual Market Manual Regarding the Premium Algorithms

Filing Memorandum

Exhibit	Exhibit comments	Implementation summary
5	Displays the revisions to and the establishment of unique rule identifiers for each state's assigned risk workers compensation premium algorithm in NCCI's ***Residual Market Manual*** . Applies in: • Alaska (Rule ID: RM-AKPP-AR5TZ) • Alabama (Rule ID: RM-ALPP-AK7QM) • Arkansas (Rule ID: RM-ARPP-AT3QX) • Arizona (Rule ID: RM-AZPP-AH9WL) • Connecticut (Rule ID: RM-CTPP-CF2JK) • District of Columbia (Rule ID: RM-DCPP-DF4KZ) • Georgia (Rule ID: RM-GAPP-GR1KV) • Iowa (Rule ID: RM-IAPP-IT6QJ) • Idaho (Rule ID: RM-IDPP-IM3SZ) • Illinois (Rule ID: RM-ILPP-IS5RD) • Indiana (Rule ID: RM: INPP-IP9BW) • Kansas (Rule ID: RM-KSPP-KA4TX) • Mississippi (Rule ID: RM-MSPP-MS1KV) • New Hampshire (Rule ID: RM-NHPP-NH8QK) • Nevada (Rule ID: RM-NVPP-NM2RX) • Oklahoma (Rule ID: RM-OKPP-OK3RW) • South Carolina (Rule ID: RM-SCPP-SC4QH) • South Dakota (Rule ID: RM-SDPP-SD9MK) • Tennessee (Rule ID: RM-TNPP-TN1RX) • Virginia (Rule ID: RM-VAPP-VA2KR) • Vermont (Rule ID: RM-VTPP-VT6QJ) • West Virginia (Rule ID: RM-WVPP-WV3QH)	
Informational Exhibits Displays the premium algorithms for each state, incorporating all proposed changes without revision markings.		

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Comparison for Texas B-1453—Revisions to NCCI's Basic Manual and Residual Market Manual Regarding the Premium Algorithms*

<table>
<tr><th>Current</th><th>Proposed</th><th>Comments</th></tr>
<tr><td>Exhibit 1 for Basic Manual</td><td>Exhibit 1 for Basic Manual</td><td></td></tr>
<tr><td>

Texas Workers Compensation Premium Algorithm

Rule ID: BM-BMPP-W0064
Effective Date: July 1, 2022

This algorithm provides the framework for premium charges and credits. Where not specified, the premium base is the result from the prior line.

Texas Workers Compensation Premium Algorithm

		PREMIUM ELEMENTS	EXPLANATORY NOTES
1		**MANUAL PREMIUM**	[(PAYROLL / 100) * RATE]
2	+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
3	+	USL&HW Exposure for non-F-classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&HW FACTOR)]
4	+	OW Exposure for non-OW classification codes	[(SUBJECT PAYROLL / 100) * (RATE * OW FACTOR)]
5		**TOTAL MANUAL PREMIUM**	Total of all class code premium [Row 1 + 2 + 3 + 4]
6	+	Waiver of Subrogation Factor (Blanket, Specific (Named))	[% applied to the portion of Total Manual Premium based on the type of waiver selected, if applicable, subject to minimum charge]
7	+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
8	+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
9	+	Employers Liability increased limits factor (Admiralty law, FELA)	[Factor applied to the portion of Manual Premium where Admiralty law/FELA coverage is applicable]
10	+	Employers Liability increased limits charge (Admiralty law, FELA)	[Balance to Admiralty law, FELA E/L increased limits minimum premium]
11	+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
12		**SUBJECT PREMIUM**	[Row 5 + 6 + 7 + 8 + 9 + 10 + 11]
13	x	Experience Rating Modification (Exp Mod)	
14		**TOTAL MODIFIED PREMIUM**	[Row 12 x 13]
15	x	Premium Incentive for Small Employers (1 – PISE credit %) or (1 + PISE debit %)	[nonexperience rated risks] [Row 12 x PISE factor]
16	x	Modeled Rating Factor	[(Row 14 + 15) x Modeled Rating Factor]
17	x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	[(Row 14 + 15 + 16) x Schedule Rating factor]
18	x	Certified Workers Compensation Healthcare Network Credit factor (1 – credit %)	[(Row 14 + 15 + 16 + 17) x Healthcare Network Credit Factor]
19	–	Deductible credit	[(Row 14 + 15 + 16 + 17 + 18) x Deductible Credit %]
20	+	Supplemental Disease Exposure (Asbestos NOC)[1, 2]	
21	+	Atomic Energy Radiation Exposure NOC[1, 2]	
22	+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits (State Act)]
23	+	Balance to Minimum Premium (Admiralty law, FELA, USL&HW)	[Balance to minimum premium at Standard Limits (Admiralty law, FELA, USL&HW)]
24		**TOTAL STANDARD PREMIUM**	
25	–	Premium Discount[3]	[% applied to Total Standard Premium]
26	x	Acquisition Expense Discount (1 – credit %)	[Row 25 – 26 x Acquisition Expense Discount factor]
27	+	Coal Mine Disease Charge	[Underground, surface, surface auger]
28	+	Expense Constant	
29	+	Terrorism	[(PAYROLL / 100) * TERRORISM RATE]
30	+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) RATE]
31		**ESTIMATED ANNUAL PREMIUM**	

[1] Not Otherwise Classified.
[2] Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.
[3] For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

</td><td>

Workers Compensation Premium Algorithm

Rule ID: BM-BMPP-W0064
Effective Date: July 1, 2027

This rule provides information regarding the workers compensation premium algorithm.

</td><td>BM-BMPP-W0064 will no longer be associated with each state's workers compensation premium algorithm and will instead provide an introductory statement.</td></tr>
<tr><td>Exhibit 2 for Basic Manual</td><td>Exhibit 2 for Basic Manual</td><td></td></tr>
<tr><td>-</td><td>

Texas Workers Compensation Premium Algorithm

Rule ID: BM-TXPP-TX9VR
Effective Date: July 1, 2027

This algorithm provides the framework for premium charges, credits, and debits. Refer to NCCI's manual rules for more information about premium elements listed in the algorithm, where applicable.

</td><td>Workers Compensation Premium Algorithm with revisions and new Rule ID.</td></tr>
</table>

*This Comparison is provided as a reference only in order to show the differences between the existing rule(s) or form(s), and the changes being proposed in the item filing. In the unlikely event that there is a conflict between the item filing Exhibits and this Comparison, the item filing Exhibits will control.

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Comparison for Texas B-1453—Revisions to NCCI's Basic Manual and Residual Market Manual Regarding the Premium Algorithms*

Current	Proposed	Comments

Texas Workers Compensation Premium Algorithm

Row	Operation	Premium Element	Explanatory Note
1		**Manual Premium**	[(Payroll ÷ 100) x rate]
2	+	USL&HW Exposure for non-F-classification codes	[(Subject payroll ÷ 100) x (rate x USL&HW Compensation Coverage Percentage factor)]
3	+	Over Water (OW) Exposure for non-OW classification codes	[(Subject payroll ÷ 100) x (rate x OW factor)]
4		**Total Manual Premium**	[Rows 1 + 2 + 3]
5	+	Waiver of Subrogation premium (Blanket, Specific (Named))	[Percentage applied to the portion of Total Manual Premium based on the type of waiver selected, if applicable, subject to minimum charge.]
6	+	Employers Liability increased limits percentage (excludes Admiralty law and FELA classifications)	[Percentage applied to Total Manual Premium.]
7	+	Balance to minimum premium for Employers Liability increased limits (excludes Admiralty law and FELA classifications)	[The minimum premium for increased limits is in addition to the policy minimum premium at standard limits of liability.]
8	+	Employers Liability increased limits factor (Admiralty law or FELA classifications)	[Percentage (factor – 1) applied to the portion of Total Manual Premium where only Admiralty law or FELA coverage is applicable.]
9	+	Balance to minimum premium for Employers Liability increased limits (Admiralty law or FELA classifications)	[The minimum premium for increased limits is in addition to the policy minimum premium at standard limits of liability.]
10	+	Voluntary Compensation Insurance and Employers Liability Coverage charge	[Coverage in monopolistic state funds. Carrier-filed premium charge.]
11		**Total Subject Premium**	[Rows 4 + 5 + 6 + 7 + 8 + 9 + 10]
12	x	Experience Rating Modification factor	[Use the employer's experience rating modification factor here, if applicable.]
13		**Total Modified Premium**	[Rows 11 x 12]
14	+or–	Texas Premium Incentive for Small Employers (PISE) credit or debit modification	[Row 13 x (1 – PISE credit percentage) or (1 + PISE debit percentage)]
15	x	Texas Modeled Rating Factor (MRF)	[Rows (13 + or – 14) x (1 – MRF credit percentage) or (1 + MRF debit percentage)]
16	x	Schedule Rating (SR) credit or debit modification	[Row 15 x (1 – SR credit percentage) or (1 + SR debit percentage)]
17	x	Texas Certified Workers Compensation Healthcare Network (CWCHN) credit	[Row 16 x (1 – CWCHN credit percentage)]
18	–	Texas Deductible Insurance credit	[(Row 17 x credit percentage) Row 18 applies only to NCCI's approved Texas Deductible Insurance program.]
19	+	Supplemental Disease Exposure[1]	[Carrier-filed premium charge.]
20	+	Supplemental Disease Exposure for Atomic Energy Radiation Exposure NOC[1]	[Carrier-filed premium charge.]
21	+	Balance to Minimum Premium (excludes Admiralty law, FELA , and USL&HW classifications)	[Balance to minimum premium at standard limits of liability (excludes Admiralty law, FELA, and USL&HW classifications).]
22	+	Balance to Minimum Premium (Admiralty law, FELA, or USL&HW classifications)	[Balance to minimum premium at standard limits of liability (Admiralty law, FELA, or USL&HW classifications).]
23		**Total Standard Premium**	[Rows 17 – 18 + 19 + 20 + 21 + 22]
24	–	Premium Discount[2]	[Row 23 x premium discount percentage]
25	x	Texas Acquisition Expense Discount (AED)	[Rows (23 – 24) x (1 – AED credit percentage)]
26	+	Coal Mine Disease Charge	[(Subject payroll ÷ 100) x coal mine disease rate]
27	+	Expense Constant	[The expense constant is a premium charge that is applied to every policy regardless of premium size.]
28	+	Terrorism	[(Payroll ÷ 100) x Terrorism Rate]
29	+	Catastrophe (other than Certified Acts of Terrorism)	[(Payroll ÷ 100) x Catastrophe (other than Certified Acts of Terrorism) Rate]
30		**Estimated Annual Premium**	[Rows 25 + 26 + 27 + 28 + 29]

[1] Nonratable element premiums generated by the nonratable portion of the manual rate are subject to all applicable premium elements applied to the policy; however, they are not subject to experience rating or retrospective rating.

[2] For policies subject to premium adjustments under a retrospective rating plan, the premium discount does not apply.

*This Comparison is provided as a reference only in order to show the differences between the existing rule(s) or form(s), and the changes being proposed in the item filing. In the unlikely event that there is a conflict between the item filing Exhibits and this Comparison, the item filing Exhibits will control.

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Item B-1453—Revisions to NCCI's Basic Manual and NCCI's Residual Market Manual Regarding the Premium Algorithms

Exhibit 2—Informational Exhibit

Basic Manual—Texas
Workers Compensation Premium Algorithm

Texas Workers Compensation Premium Algorithm

Rule ID: BM-TXPP-TX9VR

Effective Date: July 1, 2027

This algorithm provides the framework for premium charges, credits, and debits. Refer to NCCI's manual rules for more information about premium elements listed in the algorithm, where applicable.

Texas Workers Compensation Premium Algorithm

Row	Operation	Premium Element	Explanatory Note
1		**Manual Premium**	[(Payroll ÷ 100) x rate]
2	+	USL&HW Exposure for non-F-classification codes	[(Subject payroll ÷ 100) x (rate x USL&HW Compensation Coverage Percentage factor)]
3	+	Over Water (OW) Exposure for non-OW classification codes	[(Subject payroll ÷ 100) x (rate x OW factor)]
4		**Total Manual Premium**	[Rows 1 + 2 + 3]
5	+	Waiver of Subrogation premium (Blanket, Specific (Named))	[Percentage applied to the portion of Total Manual Premium based on the type of waiver selected, if applicable, subject to minimum charge.]
6	+	Employers Liability increased limits percentage (excludes Admiralty law and FELA classifications)	[Percentage applied to Total Manual Premium.]
7	+	Balance to minimum premium for Employers Liability increased limits (excludes Admiralty law and FELA classifications)	[The minimum premium for increased limits is in addition to the policy minimum premium at standard limits of liability.]
8	+	Employers Liability increased limits factor (Admiralty law or FELA classifications)	[Percentage (factor – 1) applied to the portion of Total Manual Premium where only Admiralty law or FELA coverage is applicable.]
9	+	Balance to minimum premium for Employers Liability increased limits (Admiralty law or FELA classifications)	[The minimum premium for increased limits is in addition to the policy minimum premium at standard limits of liability.]
10	+	Voluntary Compensation Insurance and Employers Liability Coverage charge	[Coverage in monopolistic state funds. Carrier-filed premium charge.]
11		**Total Subject Premium**	[Rows 4 + 5 + 6 + 7 + 8 + 9 + 10]
12	x	Experience Rating Modification factor	[Use the employer's experience rating modification factor here, if applicable.]
13		**Total Modified Premium**	[Rows 11 x 12]
14	+ or –	Texas Premium Incentive for Small Employers (PISE) credit or debit modification	[Row 13 x (1 – PISE credit percentage) or (1 + PISE debit percentage)]
15	x	Texas Modeled Rating Factor (MRF)	[Rows (13 + or – 14) x (1 – MRF credit percentage) or (1 + MRF debit percentage)]
16	x	Schedule Rating (SR) credit or debit modification	[Row 15 x (1 – SR credit percentage) or (1 + SR debit percentage)]
17	x	Texas Certified Workers Compensation Healthcare Network (CWCHN) credit	[Row 16 x (1 – CWCHN credit percentage)]
18	–	Texas Deductible Insurance credit	[(Row 17 x credit percentage) Row 18 applies only to NCCI's approved Texas Deductible Insurance program.]
19	+	Supplemental Disease Exposure[1]	[Carrier-filed premium charge.]
20	+	Supplemental Disease Exposure for Atomic Energy Radiation Exposure NOC[1]	[Carrier-filed premium charge.]

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Item B-1453—Revisions to NCCI's Basic Manual and NCCI's Residual Market Manual Regarding the Premium Algorithms

Exhibit 2—Informational Exhibit

Basic Manual—Texas
Workers Compensation Premium Algorithm

Row	Operation	Premium Element	Explanatory Note
21	+	Balance to Minimum Premium (excludes Admiralty law, FELA , and USL&HW classifications)	[Balance to minimum premium at standard limits of liability (excludes Admiralty law, FELA, and USL&HW classifications).]
22	+	Balance to Minimum Premium (Admiralty law, FELA, or USL&HW classifications)	[Balance to minimum premium at standard limits of liability (Admiralty law, FELA, or USL&HW classifications).]
23		**Total Standard Premium**	[Rows 17 – 18 + 19 + 20 + 21 + 22]
24	–	Premium Discount[2]	[Row 23 x premium discount percentage]
25	x	Texas Acquisition Expense Discount (AED)	[Rows (23 – 24) x (1 – AED credit percentage)]
26	+	Coal Mine Disease Charge	[(Subject payroll ÷ 100) x coal mine disease rate]
27	+	Expense Constant	[The expense constant is a premium charge that is applied to every policy regardless of premium size.]
28	+	Terrorism	[(Payroll ÷ 100) x Terrorism Rate]
29	+	Catastrophe (other than Certified Acts of Terrorism)	[(Payroll ÷ 100) x Catastrophe (other than Certified Acts of Terrorism) Rate]
30		**Estimated Annual Premium**	[Rows 25 + 26 + 27 + 28 + 29]

[1] Nonratable element premiums generated by the nonratable portion of the manual rate are subject to all applicable premium elements applied to the policy; however, they are not subject to experience rating or retrospective rating.

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