



April 13, 2016

The Honorable Karen Weldin-Stewart, CIR-ML
Insurance Commissioner
Insurance Department
State of Delaware
841 Silver Lake Boulevard
Dover, DE 19904-2465

Attention: W. Harding (Hardy) Drane

**RE: DCRB Filing No. 1602 – Proposed Effective May 1, 2017
Revisions to the Delaware Basic Manual
Revisions to the Delaware Statistical Plan Manual
Elimination of Anniversary Rating Date (ARD)**

Dear Commissioner Weldin-Stewart:

Resulting from staff review of an NCCI national Item Filing and on behalf of the members of the Delaware Compensation Rating Bureau, Inc. (DCRB), we hereby submit the proposed filing for revisions to the DCRB Workers Compensation Manual of Rules, Classifications and Rating Values for Workers Compensation and for Employers Liability Insurance (the Basic Manual) and for the DCRB Statistical Plan Manual. These revisions are proposed to be effective 12:01 a.m. May 1, 2017 with respect to new and renewal policies.

The proposed revision is intended to eliminate and revise rules and endorsements that reference anniversary rating date (ARD) and to align Delaware with the practices, both proposed and approved, in other jurisdictions.

Background

The Anniversary Rating Date (ARD) is the effective month and day of the policy in effect, and each anniversary thereafter, unless a different date has been established. Classifications, rules, and carrier rates are applied on an ARD basis. No other lines of insurance, other than workers compensation, use an ARD rules system.

In 2014, less than 8% of Delaware policies were subject to ARD. In those situations where an ARD was applied, more than one set of rules, classifications, or carrier rates may apply during the single policy period. To illustrate an ARD-rated policy, assume a policy in effect on July 1 with an ARD of October 1. Although for many years Delaware has approved loss costs effective December 1, in this example the new policy effective July 1 would carry the ARD of October 1 and would not be eligible for the new December 1 loss costs, or any other rules or classifications which may have been included in the approved filing, until October 1 of the following year.

For many employers, insurance agents and other members of the insurance industry, the ARD rules have been, and continue to be, a source of confusion. While the concept is relatively simple, in practice, the determination and application of the ARD can be difficult and confusing to policyholders.

Over recent years, in at least seven states, application of an ARD has been eliminated with no reports of market disruption or evidence of carriers or employers cancelling policies midterm to take advantage of rate increases or decreases. Though states which have eliminated ARD are serviced by the National Council on Compensation Insurance (NCCI), they have not received a single employer complaint or carrier concern regarding the elimination of ARD.

The benefits of eliminating ARD and establishing a national approach of using the policy effective date to determine the application of rules, classifications and carrier rates is further outlined in the attached Item Filing B-1430 proposed by the NCCI. As of this writing, this national filing has been approved in 40 states.

In order to accomplish the proposed changes, the following pages from the Delaware Basic Manual and Statistical Plan Manual will require amendment. Two sets of these pages are provided where appropriate; one showing track changes and the other showing accepted modifications.

Delaware Basic Manual

Preface

Provides a definition of the new term – Rating Effective Date (RED).

Section 1 - Underwriting Rules

This filing proposes to eliminate the term “anniversary rating date” throughout the section substituting the term “policy effective date” where appropriate.

The proposed changes to Rule IX, H. Delaware Construction Classification Premium Adjustment Program (DCCPAP) eliminates the term “anniversary rating” and also proposes eliminating all wage tables that were based on anniversary rating dates. Ultimately we plan on maintaining only the most current and one prior wage table within the manual. Employer notification for the DCCPAP is currently seven months in advance of the employer’s next policy effective date. Employers are required to submit their application no later than 12 months from the termination date of the policy period to which the credit would apply. Reproducing wage tables for policy periods which an employer is unable to apply can be confusing to a policyholder.

To coincide with the new rule, which is proposed effective May 1, 2017, the most recently approved June 1, 2016 wage table will require an expiration date of April 30, 2017 to eliminate the reference to ARD. A May 1, 2017 wage table will continue for the remainder of the filed term of the original June 1, 2016 – 17 wage tables. The May 1, 2017 wage table shown in the proposed filing is only to illustrate the wage table effective date. The remainder of the changes within Section 1 removes references to ARD.

Section 3 - Endorsements

- Proposed withdrawal of WC 00 04 02, Anniversary Rating Date Endorsement to coincide with the elimination of anniversary rating date.
- Minor grammatical and formatting revisions related to WC 00 00 01 **A**, Information Page which was erroneously changed within the manual to version **B**. A new version of WC 00 00 01 **C** is proposed and attached for review coinciding with ARD elimination.

Section 5 – Experience Rating Plan

The proposed changes to the Experience Rating Plan eliminates the term “anniversary rating” and substitutes the term “rating effective date” or “RED”. The ARD currently determines the rules, classifications, carrier rates and, in addition, will sometimes determine the experience rating effective date. Unlike ARD, the RED will be used exclusively to determine the rating effective date when the RED differs from the policy effective date.

These proposed changes provide a definition of the Rating Effective Date (RED) utilizing the term “RED” throughout the section. Additions and elimination of language within the section serves to provide better explanation of how the RED will be determined.

Section 6 – Merit Rating Plan

The proposed changes to the Merit Rating Plan eliminates the term “anniversary rating” and substitutes the term “rating effective date” or “RED”. The ARD currently determines the rules, classifications, rates and, in addition, will sometimes determine the merit rating effective date. Unlike ARD, the RED will be used exclusively to determine the rating effective date when the RED differs from the policy effective date.

These proposed changes provide a definition of the Rating Effective Date (RED) utilizing the term “RED” throughout the section. Additions and elimination of language within the section serves to provide better explanation of how the RED will be determined.

The DCRB also proposes to eliminate the merit rating examples within Section 6. The examples are no longer an effective or useful tool for illustrating the merit rating process.

Delaware Statistical Plan Manual

Section II – Reporting Requirements

Proposed language changes to eliminate reference to anniversary rating date.

Section VI – Examples

Proposed elimination of six examples illustrating Anniversary Rating Date scenarios.

Transition from proposed ARD elimination

The DCRB has purposely submitted this filing substantially before the proposed effective date in order to assure that all necessary review and discussion of this proposal can be concluded in advance of implementation. As the DCRB's internal systems will require extensive technical modifications, your prompt review and early consideration of this proposal would greatly benefit the DCRB and is highly appreciated.

Sincerely,



William V. Taylor
President

Enclosures:

Proposed Basic Manual Revisions
Proposed Statistical Plan Manual Revisions
Endorsement WC 00 00 01 C (Revised)
NCCI Item – B-1430

DELAWARE WORKERS COMPENSATION MANUAL

Proposed Effective May 1, 2017

PREFACE

- A. This Manual of risk classes, underwriting rules, Bureau rating values and rating plans has been filed with the Delaware Insurance Department as required by Delaware Law. It is effective 12:01 A.M., ~~May 1, 2017~~ December 1, 2015, with respect to all policies, the effective date of which is ~~May 1, 2017~~ December 1, 2015 or thereafter, subject to the following express conditions, for the insurance companies, corporations and associations listed herein and for no other insurance company, corporation or association.

Items **B. and C.** remain unchanged.
Item Numbers **1 through 8** remain unchanged

9. Rating Effective Date (RED) is the earliest date that a specific experience rating or merit rating adjustment is applied to a policy.

SECTION 1

UNDERWRITING RULES

RULE 1 – GENERAL

Items **A. through E.** remain unchanged

F. EFFECTIVE DATE

1. Manual

This Manual applies only from the policy effective anniversary rating date which occurs on or after the effective date of this Manual.

2. Changes

The effective date of a change in any rule, classification or Bureau rating value is 12:01 a.m. on the date approved for use specified on the manual page. Any change will be highlighted and linked to the appropriate Bureau circular announcing the change. Unless specified otherwise, each change applies only from the policy effective anniversary rating date which occurs on or after the effective date of the change.

G. POLICY EFFECTIVE ANNIVERSARY RATING DATE

1. Definition

The policy effective anniversary rating date is the effective month, and day and year of the policy in effect, ~~and each annual anniversary thereafter unless a different date has been established by the Delaware Compensation Rating Bureau, Inc.~~

~~2. Rewritten Policies~~

~~If a policy is canceled and rewritten by the same or another carrier, all rules, classifications and carrier rating values of the rewriting carrier which were in effect as of the anniversary rating date shall apply to the rewritten policy until the next anniversary date established by the Delaware Compensation Rating Bureau, Inc.~~

~~Use the Anniversary Rating Date Endorsement~~

~~No policy may be canceled, rewritten or extended for any period to avoid or take advantage of any changes in the rules or Bureau rating values of the Manual.~~

2.3. Long Term Policies

For application of policy effective anniversary rating dates on policies issued for a term in excess of one year, refer to Rule III - C.

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RULE III – POLICY PREPARATION – INSURED, POLICY PERIOD AND STATE OF OPERATIONS

Item 1, 2 and 3-A of the Information Page

C. POLICY PERIOD – ITEM 2

Item Numbers 1 through 5 remain unchanged

6. Annual Rating Endorsements

An "Annual Rating Endorsement" shall be submitted annually for each continuing form policy or policy written for a period in excess of one year but not more than three years to be effective on the ~~annual policy effective~~~~anniversary~~ date set by such policy. It shall be submitted to the Bureau not later than thirty days subsequent to its inception.

~~Each annual rating endorsement shall be clearly identified by printing in large boldface type at the top of the endorsement the words "ANNUAL RATING ENDORSEMENT."~~

D. STATE LAWS DESIGNATED IN THE POLICY – Item 3-A

Item Numbers 1 and 2 remain unchanged

3. Additional States

A state may be added after effective date of the policy. For the additional state operations apply:

- a. Carrier rating values in effect on the ~~effective~~~~anniversary rating~~ date of the policy to which the state has been added.

Items b. and c. remain unchanged

RULE IV – CLASSIFICATIONS

Item 4 of the Information Page

A. GENERAL EXPLANATION

Items A. and B. remain unchanged

C. ASSIGNMENT OF CLASSIFICATIONS

Numbers 1 through 7 remain unchanged

8. Changing Classifications

Item a. remains unchanged

Items b. (1) and (2) remain unchanged

- (3) A correction of a misclassification which results in a premium increase shall be applied ~~to~~~~effective~~ the employer's first ~~normal~~ policy ~~renewal~~ ~~effective~~ at least six months subsequent to the date of the Bureau's written misclassification notice. ~~concurrent to the carrier of record and the employer.~~

DELAWARE WORKERS COMPENSATION MANUAL
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RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE

A. EXECUTIVE OFFICERS

1. Definition

Items **A. through G.** remain unchanged

H. DELAWARE CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

1. Program Description

The Delaware Construction Classification Premium Adjustment Program (DCCPAP) provides for a premium credit for up to one year for a policy which contains one or more construction classifications. ~~A credit may be applicable to those policies effective new and renewed with normal anniversary rating dates on or after July 1, 1990.~~

The basis for determining the credit is the total payroll (including overtime premium pay) and hours worked for each construction classification as reported to taxing authorities. The applicable report periods vary according to the policy effective ~~normal anniversary rating~~ date of each policy, as set forth below:

<u>Normal Policy Anniversary Effective Rating Dates</u>	<u>Reporting Period for Qualifying Wages</u>
June 1, 2011 — May 31, 2012	Third calendar quarter of 2010
June 1, 2012 — May 31, 2013	Third calendar quarter of 2011
June 1, 2013 — May 31, 2014	Third calendar quarter of 2012
June 1, 2014 — May 31, 2015	Third calendar quarter of 2013
June 1, 2015 — May 31, 2016	Third calendar quarter of 2014
June 1, 2016 — and later	Third calendar quarter of 2015
<u>May 1, 2017 and later</u>	<u>Third calendar quarter of 2015</u>

If the insured did not engage in operations for the complete quarter, then the last complete quarter prior to policy year inception shall be used or, if there was no complete quarter of operations prior to the policy inception, then the first complete quarter after policy inception shall be used. A credit may be determined for each construction classification by dividing the total payroll, including overtime premium pay, by the number of hours worked to arrive at the average hourly wage for the classification. In the absence of specific records for salaried employees, it will be assumed each such individual worked forty (40) hours per week. The credit for average hourly wage is listed below:

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Proposed Effective May 1, 2017

DCCPAP Wage Table
Effective June 1, 2012 through May 31, 2013

Average Hourly Wage	Credit From Manual Premium	Average Hourly Wage	Credit From Manual Premium
\$17.64 or less	0%	\$22.61—23.20	15%
\$17.65—18.05	5%	\$23.21—23.80	16%
\$18.06—18.50	6%	\$23.81—24.40	17%
\$18.51—18.95	7%	\$24.41—25.05	18%
\$18.96—19.45	8%	\$25.06—25.70	19%
\$19.46—19.95	9%	\$25.71—26.40	20%
\$19.96—20.45	10%	\$26.41—27.10	21%
\$20.46—20.95	11%	\$27.11—27.85	22%
\$20.96—21.50	12%	\$27.86—28.60	23%
\$21.51—22.05	13%	\$28.61—29.40	24%
\$22.06—22.60	14%	Over \$29.40	25%

DCCPAP Wage Table
Effective June 1, 2013 through May 31, 2014

Average Hourly Wage	Credit From Manual Premium	Average Hourly Wage	Credit From Manual Premium
\$18.84 or less	0%	\$23.96—24.55	15%
\$18.85—19.25	5%	\$24.56—25.20	16%
\$19.26—19.70	6%	\$25.21—25.85	17%
\$19.71—20.20	7%	\$25.86—26.50	18%
\$20.21—20.70	8%	\$26.51—27.20	19%
\$20.71—21.20	9%	\$27.21—27.90	20%
\$21.21—21.70	10%	\$27.91—28.60	21%
\$21.71—22.25	11%	\$28.61—29.35	22%
\$22.26—22.80	12%	\$29.36—30.15	23%
\$22.81—23.35	13%	\$30.16—30.95	24%
\$23.36—23.95	14%	Over \$30.96	25%

DCCPAP Wage Table
Effective June 1, 2014 through May 31, 2015

Average Hourly Wage	Credit From Manual Premium	Average Hourly Wage	Credit From Manual Premium
\$19.34 or less	0%	\$24.61—25.20	15%
\$19.35—19.75	5%	\$25.21—25.85	16%
\$19.76—20.25	6%	\$25.86—26.50	17%
\$20.26—20.75	7%	\$26.51—27.20	18%
\$20.76—21.25	8%	\$27.21—27.90	19%
\$21.26—21.75	9%	\$27.91—28.65	20%
\$21.76—22.30	10%	\$28.66—29.40	21%
\$22.31—22.85	11%	\$29.41—30.15	22%
\$22.86—23.40	12%	\$30.16—30.95	23%
\$23.41—24.00	13%	\$30.96—31.75	24%
\$24.01—24.60	14%	Over \$31.75	25%

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~~DCCPAP Wage Table
Effective June 1, 2015 through May 31, 2016~~

Average Hourly Wage	Credit From Manual Premium	Average Hourly Wage	Credit From Manual Premium
\$18.74 or less	0%	\$23.66—24.20	15%
\$18.75—19.15	5%	\$24.21—24.80	16%
\$19.16—19.60	6%	\$24.81—25.40	17%
\$19.61—20.05	7%	\$25.41—26.05	18%
\$20.06—20.50	8%	\$26.06—26.70	19%
\$20.51—21.00	9%	\$26.71—27.40	20%
\$21.01—21.50	10%	\$27.41—28.10	21%
\$21.51—22.00	11%	\$28.11—28.80	22%
\$22.01—22.55	12%	\$28.81—29.55	23%
\$22.56—23.10	13%	\$29.56—30.30	24%
\$23.11—23.65	14%	Over \$30.30	25%

~~DCCPAP Wage Table
Effective June 1, 2016 and later~~

Average Hourly Wage	Credit From Manual Premium	Average Hourly Wage	Credit From Manual Premium
\$19.14 or less	0%	\$24.01—24.60	15%
\$19.15—19.55	5%	\$24.61—25.20	16%
\$19.56—20.00	6%	\$25.21—25.80	17%
\$20.01—20.45	7%	\$25.81—26.40	18%
\$20.46—20.90	8%	\$26.41—27.05	19%
\$20.91—21.40	9%	\$27.06—27.70	20%
\$21.41—21.90	10%	\$27.71—28.40	21%
\$21.91—22.40	11%	\$28.41—29.10	22%
\$22.41—22.90	12%	\$29.11—29.85	23%
\$22.91—23.45	13%	\$29.86—30.60	24%
\$23.46—24.00	14%	Over \$30.60	25%

DCCPAP Wage Table
Effective May 1, 2017 and later

<u>Average Hourly Wage</u>	<u>Credit From Manual Premium</u>	<u>Average Hourly Wage</u>	<u>Credit From Manual Premium</u>
<u>\$19.14 or less</u>	<u>0%</u>	<u>\$24.01 24.60</u>	<u>15%</u>
<u>\$19.15 19.55</u>	<u>5%</u>	<u>\$24.61 25.20</u>	<u>16%</u>
<u>\$19.56 20.00</u>	<u>6%</u>	<u>\$25.21 25.80</u>	<u>17%</u>
<u>\$20.01 20.45</u>	<u>7%</u>	<u>\$25.81 26.40</u>	<u>18%</u>
<u>\$20.46 20.90</u>	<u>8%</u>	<u>\$26.41 27.05</u>	<u>19%</u>
<u>\$20.91 21.40</u>	<u>9%</u>	<u>\$27.06 27.70</u>	<u>20%</u>
<u>\$21.41 21.90</u>	<u>10%</u>	<u>\$27.71 28.40</u>	<u>21%</u>
<u>\$21.91 22.40</u>	<u>11%</u>	<u>\$28.41 29.10</u>	<u>22%</u>
<u>\$22.41 22.90</u>	<u>12%</u>	<u>\$29.11 29.85</u>	<u>23%</u>
<u>\$22.91 23.45</u>	<u>13%</u>	<u>\$29.86 30.60</u>	<u>24%</u>
<u>\$23.46 24.00</u>	<u>14%</u>	<u>Over \$30.60</u>	<u>25%</u>

The total construction classification credit amount, in dollars, must be calculated and then divided by the total policy premium at Bureau Rating Values - including construction and non-construction classifications. The result would be the percentage credit which is to be applied to the ~~July 1, 1990 or later~~ policy. When calculating the total policy credit the percentage shall be rounded to the nearest whole number with .5 being rounded upward (as an example, 4.4 rounded to 4% and 4.5 rounded to 5%).

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The insured shall submit the required payroll and hours worked information to the Delaware Compensation Rating Bureau, Inc. for calculation of any applicable credit. The carrier shall, upon audit, verify the information that was submitted by the insured and used in the calculation of the credit. If the carrier discovers an error in the original request for policy credit, the revised information must be submitted to the Delaware Compensation Rating Bureau, Inc. for recalculation. If the insured does not furnish records to verify the payrolls and hours worked originally submitted and used in the calculation of the credit, there shall be no credit applied to the policy.

The credit authorized by the Delaware Compensation Rating Bureau, Inc. shall appear on Item 4 of the policy. If the credit applicable to the policy is not available at the time of policy issuance, the carrier shall endorse the policy to provide the appropriate credit information once a qualifying application has been processed and the Bureau has notified the carrier of the credit determined on the basis of such application.

Report Delaware Construction Class Premium Credit on the information page and unit statistical report under **Code 9046**.

Carriers are required to use the approved form to notify all their insureds, who have one or more construction classifications on their policy, that they may be eligible for a premium adjustment credit.

2. **"Construction classifications"** are those classifications subject to the following code numbers:

601	609	645	652	658	666	676
602	611	646	653	659	667	677
603	615	647	654	661	668	
605	617	648	655	663	669	
607	625	649	656	664	674	
608	643	651	657	665	675	

3. **Third Calendar Quarter**

<u>a. Policy Anniversary Date</u>	<u>Quarter Used</u>
07/01/90 to 07/01/91	1989
07/01/91 to 07/01/92	1990
07/01/92 to 07/01/93	1991

34. The Bureau will inform the carrier and employer of the credit percentage. The Bureau will then record on the experience rating sheet (when applicable) the credit percentage to apply to the policy. Code 9046 is to be used in policy issuance and statistical reporting to record the construction premium credit, which is to be applied after the experience modification and after the deviation or schedule rating adjustments, but before calculating the premium discount and before adding the expense constant.

REVISED

—Example:

<u>Code</u>	<u>Classification</u>	<u>—Payroll</u>	<u>—Rate</u>	<u>Premium</u>	
652	Carpentry	\$300,000	\$13.83	\$41,490	
954	Salesman	41,600	.60	250	
953	Office	176,000	.39	686	
	Sub-Total			42,426	
9898	Experience Modification	1.180		7,637	Debit
				50,063	
9887	Schedule Credit 5%			2,503	Credit
	Sub-Total			47,560	
9880	Safety Program Credit 20%			9,512	
	Sub-Total			38,048	
9046	Construction Credit 20%			9,512	
	Sub-Total			28,536	
0277	Residual Market Surcharge	.18		5,135	Debit
0063	Premium Discount				Credit
	—(if applicable)				
	Sub-Total				
9999	Estimated Annual Premium			\$33,672	

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45. Appeals

The Bureau's determination of an individual risk's eligibility for and/or the percentage of credit under the Delaware Construction Classification Premium Adjustment Program may be appealed pursuant to Rule XVI, APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE, Section 1 of this Manual.

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SECTION 3

ENDORSEMENTS

**TABLE OF CONTENTS TO SECTION 3
ENDORSEMENTS**

The circumstances under which each endorsement must or may be used are described in the supplementary notes following each endorsement.

Anniversary Rating Date Endorsement	WC 00-04-02
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Workers Compensation and Employers Liability Policy Form

Policy Format

The policy consists of a General Section and six Parts.

Part One is statutory workers compensation coverage.

Part Two is employer's liability coverage.

Part Three provides Other States insurance. This was previously provided by the Other States Endorsement.

Part Four shows the insured's duties in event of loss.

Part Five consists of all premium provisions, including premium calculation on cancellation.

Part Six shows the five Conditions of the policy.

Standard Policy: See NCCI Forms Manual

WC 00 00 00 C

Information Page: See NCCI Forms Manual

WC 00 00 01A

Information Page Notes: [See NCCI Forms Manual WC 00 00 01 C](#)

The information page notes found in the NCCI Forms Manual apply in **Delaware**. Non-NCCI member can contact the DCRB for details.

~~**Workers Compensation and Employers Liability Insurance Policy**~~

WC 00-04-02

~~**ANNIVERSARY RATING DATE ENDORSEMENT**~~

~~The premium and rates for this policy, and the experience rating modification factor, if any, may change on your anniversary rating date shown in the Schedule.~~

~~Schedule~~

~~Anniversary Rating Date _____ (Month) _____ (Day)~~

~~**Note 1:** The anniversary rating date is explained in Rule 1 of the Basic Manual.~~

~~**Note 2:** Use this endorsement to show the insured's normal anniversary rating date if different from the policy effective date.~~

~~**Note 3:** The insurer may show the anniversary rating date in item 2 or item 4 of the Information Page.~~

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SECTION 5

EXPERIENCE RATING PLAN

GENERAL RULES
SECTION I – INSTRUCTIONS

Numbers **1 and 2** remain unchanged

3. This Plan and all amendments thereto, unless otherwise specifically provided, shall be applied as of the first ~~normal anniversary~~ rating effective date of the risk, as established by the Bureau, which is on or after the effective date of any change in the rules or rating values of this Plan, but shall not otherwise be available to outstanding ratings.
4. ~~A policy cannot be cancelled, rewritten or extended. It shall not be permissible by cancellation, or rewriting, or by the extension of the policy term, to alter an existing policy for the purposes of enabling a~~ the risk to qualify for, or avoid application of, this Plan.

SECTION II – DEFINITIONS

Numbers **1 through 4** remain unchanged

5. Rating Effective Date (RED). Is the earliest date that a specific experience modification is applied to a policy.

SECTION III – GENERAL PROVISIONS

1. **Eligibility Requirements.** A risk shall qualify for rating under this Plan if the premium developed by the audited payrolls or other exposures of the policy terminating two(2) years prior to the date for which the modification is established, extended at current **Residual Market Rates**, is **\$3,161** or more.
 - (a) Eligibility requirements will be determined without consideration of Maritime Liability, Liability under the Federal Employers' Liability Act, Excess Limits and Additional Medical Coverage, the nonrateable element for Explosives Manufacturing, and Atomic Energy Projects.
 - (b) Risks shall be disqualified by a lapse of insurance of two years or more until they again qualify for experience rating following the lapse.
 - (c) The RED may differ from a risk's policy effective date for reasons including, but not limited to:
 - Short-term policies
 - Cancellations
 - Gaps in Coverage
 - Changes in ownership or combinability status
 - Multiple policy effective dates
 - A policy that is longer than one year and 16 days
 - Late receipt of current policy information by the DCRB

To determine a risk's RED, the DCRB will review 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.

The application of Rules 2 and 3 of this section is subject to the provisions of Section V "Tabulation of

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Experience" of this Plan.

Item Numbers **2 through 7** remain unchanged

COMBINATIONS OR CHANGES OF STATUS

Item Number **8** remains unchanged

9. Ownership Changes.

Item **(a)** remains unchanged

- (b) Continuation of Experience. Unless excluded under paragraph (c), the experience for any entity undergoing a change in ownership shall be transferred to the experience of the acquiring, surviving or new entity. The date of revision will be the later of the following two dates: 1) the ~~effective date of policy anniversary rating date~~ in effect at the time the Bureau receives a completed ERM-14 form outlining the ownership change or 2) the date on which the change in ownership occurred.

Items **(c) through (e)** remain unchanged

SECTION IV APPLICATION OF EXPERIENCE MODIFICATION

1. **Experience Modification.** An experience modification for a qualified risk shall be determined annually (except as provided in Rules 3 and 4 of this Section) and shall be effective as of the ~~RED normal anniversary rating date~~ of the risk. No more than one experience modification shall apply to a risk at the same time. Subject to the exceptions noted below, the experience modification shall be applied to the premium developed by the use of carrier rates in force on the effective date of the ~~policy experience modification~~.

Item Number **2** remains unchanged

3. **Single Policy Risk.** If a risk is covered by a single policy, the following procedure shall apply:

- (a) The experience modification effective as of the ~~RED normal anniversary rating date~~ shall apply for the full term of the policy which becomes effective on such date and also for the full term of any policy which becomes effective within three months after such date.
- (b) If a policy is written for a period of one year, but is extended for a period of not more than 16 days, the ~~carrier rates and~~ experience modification in effect as of the ~~original normal~~ termination date shall remain in effect until the termination date of the extended policy. The ~~carrier rates and~~ experience modification which would have become effective as of the ~~RED normal anniversary rating date~~ shall apply for a period of one year from the effective date of the ~~new renewal~~ policy.
- ~~(c) If a policy is written for a period of one year, but is extended for a period of more than 16 days but not in excess of 60 days, the authorized rates and experience modification shall apply as of the normal anniversary rating date for the unexpired portion of the extended policy period, and shall also apply for a period of one year from the effective date of the renewal policy.~~
- ~~(cd)~~ If a policy becomes effective on a date more than three months after the ~~RED normal anniversary rating date~~:

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- i. the outstanding experience modification shall apply to the new policy for the period corresponding to the unexpired term of the rating.
- ii. a new experience modification then shall apply for the unexpired term of the outstanding policy.
- iii. thereafter, a new modification shall apply annually as of a new ~~RED~~normal anniversary rating date. The new ~~RED~~normal anniversary rating date shall be the date twelve months after the effective date of the ~~new~~outstanding policy.

4. Multiple Policy Risk. If a risk is covered by several policies (as provided in Rule 8 of Section III of this Plan) which differ as to inception dates, the following procedure shall apply:

A single experience modification shall be computed to be effective for a period of twelve months beginning on ~~the RED~~ a normal anniversary rating date to be established by the Bureau. The Bureau may, however, authorize the application of an existing experience modification for a period not to exceed fifteen months or a new experience modification for a period greater than three months and less than twelve months for the purpose of establishing a new ~~normal~~ ~~RED~~anniversary rating date. Any policy effective prior to the ~~new~~normal ~~RED~~anniversary rating date established by the Bureau shall be cancelled as of such date and rewritten for a period of twelve months. Any policy effective subsequent to the ~~new~~normal ~~RED~~anniversary rating date established by the Bureau shall be written to expire concurrently with the next ensuing ~~RED~~normal anniversary rating date or shall be cancelled as of that date.

Any policies subject to this rule which are extended beyond the ~~new~~normal period of twelve months shall be subject to the provisions of Rules 3(b) and 3(c) of this Section.

Sections **V** and **VI** remain unchanged

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SECTION 6

MERIT RATING PLAN

GENERAL RULES SECTION I – INSTRUCTIONS

Item Numbers **1 and 2** remain unchanged

3. This Plan and all amendments thereto, unless otherwise specifically provided, shall be applied as of the first ~~normal~~**RED anniversary rating date** of the risk, as established by the Bureau, which is on or after the effective date of any change in the rules or rating values of this Plan but shall not otherwise be available to outstanding ratings.
4. It shall not be permissible by cancellation or rewriting or by the extension of the policy term to alter an existing policy for the purpose of enabling the risk to qualify for or avoid application of this Plan.
5. **Appeals.** Any determination or decision of the Bureau for an individual risk under the Delaware Merit Rating Plan may be appealed pursuant to Rule XVI, APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE, Section 1 of this Manual.

SECTION II – DEFINITIONS

Item Numbers **1 through 5** remain unchanged

- 6. Rating Effective Date. (RED) Is the earliest date that a specific merit rating adjustment is applied to a policy.**
- ~~6-7.~~ **Merit Rating Plan Discount.** The term “Merit Rating Plan discount” for purposes of this Plan shall mean a reduction in the subject premium developed by the use of the carrier rates in force on the ~~RED~~**normal anniversary rating date** applicable to the policy to which the Merit Rating Plan is applied.
- ~~7-8.~~ **Merit Rating Plan Surcharge.** The term “Merit Rating Plan surcharge” for purposes of this Plan shall mean an increase in the subject premium developed by the use of the carrier rates in force on the ~~RED~~**normal anniversary rating date** applicable to the policy to which the Merit Rating Plan is applied.
- ~~8-9.~~ **Merit Rating Plan Adjustment.** The term “Merit Rating Plan adjustment” for purposes of this Plan shall mean either a Merit Rating Plan discount or a Merit Rating Plan surcharge.
- ~~9-10.~~ **Subject Premium.** The term “subject premium” for purposes of this Plan shall mean the premium developed by the use of carrier rates in force on the ~~RED~~**normal anniversary rating date** of the policy to which the Merit Rating Plan is applied, exclusive of exceptions listed in Section IV, Paragraph 1.

SECTION III – GENERAL PROVISIONS

Item Numbers **1 through 7** remain unchanged

8. Ownership Changes.

Item a) – no change

- b) *Continuation of Experience.* Unless excluded under paragraph (c), the experience for any entity undergoing a change in ownership shall be transferred to the experience of the acquiring, surviving or new entity. The date of revision will be the later of the following two dates: 1) the ~~effective date of the policy~~**anniversary rating date** in effect at the time the Bureau receives a completed ERM-14 ~~f~~Form outlining the ownership change or 2) the date on which the change in ownership occurred.

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SECTION IV APPLICATION OF MERIT RATING PLAN ADJUSTMENT

1. **Merit Rating Plan Adjustment.** A Merit Rating Plan adjustment for a qualified risk shall be determined annually (except as provided in Rules 3 and 4 of this section) and shall be effective as of the ~~RED normal anniversary rating date~~ of the risk. No more than one Merit Rating Plan adjustment shall apply to a risk at the same time. Subject to the exceptions noted below, the Merit Rating Plan adjustment shall be applied to the premium developed by the use of carrier rates in force on the effective date of the ~~policy Merit Rating Plan adjustment~~.

Item Number 2 – remains unchanged

3. **Single Policy Risk.** If a risk is covered by a single policy, the following procedure shall apply:
 - a) The Merit Rating Plan adjustment effective as of the ~~RED normal anniversary rating date~~ shall apply for the full term of the policy which becomes effective on such date and also for the full term of any policy which becomes effective within three months after such date.
 - b) If a policy is written for a period of one year but is extended for a period of not more than 16 days, the carrier rates and Merit Rating Plan adjustment in effect as of the ~~original normal~~ termination date shall remain in effect until the termination date of the extended policy. The carrier rates and Merit Rating Plan adjustment which would have become effective as of the ~~RED normal anniversary rating date~~ shall apply for a period of one year from the effective date of the ~~new renewal~~ policy.
 - c) ~~If a policy is written for a period of one year but is extended for a period of more than 16 days but not in excess of 60 days, the carrier rates and the Merit Rating Plan adjustment shall apply as of the normal anniversary rating date for the unexpired portion of the extended policy period and shall also apply for a period of one year from the effective date of the renewal policy.~~
 - ~~cd)~~ If a policy becomes effective on a date more than three months after the ~~RED normal anniversary rating date~~,
 - i) the outstanding Merit Rating Plan adjustment shall apply to the new policy for the period corresponding to the unexpired term of the rating.
 - ii) a new Merit Rating Plan adjustment then shall apply for the unexpired term of the outstanding policy.
 - iii) thereafter, a new Merit Rating Plan adjustment shall apply annually as of a new ~~RED normal anniversary rating date~~. The new ~~RED normal anniversary rating date~~ shall be the date 12 months after the effective date of the ~~new outstanding~~ policy

4. **Multiple Policy Risk.** If a risk is covered by several policies (as provided in Rule 8. of Section III of this Plan) which differ as to inception dates, the following procedure shall apply:

A single Merit Rating Plan adjustment shall be computed to be effective for a period of twelve months beginning on ~~the RED a normal anniversary rating date~~ to be established by the Bureau. The Bureau may, however, authorize the application of an existing Merit Rating Plan adjustment for a period not to exceed fifteen months or a new Merit Rating Plan adjustment for a period greater than three months and less than twelve months for the purpose of establishing a new ~~RED normal anniversary rating date~~. Any policy effective prior to the ~~new normal RED anniversary rating date~~ established by the Bureau shall be canceled as of such date and rewritten for a period of twelve months. Any policy effective subsequent to the ~~new RED normal anniversary rating date~~ established by the Bureau shall be written to expire concurrently with the next ensuing ~~RED normal anniversary rating date~~ or shall be canceled as of that date.

Any policies subject to this rule which are extended beyond the ~~new normal~~ period of twelve months shall be subject to the provisions of Rules 3(b) and 3(c) of this section.

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SECTION V TABULATION OF EXPERIENCE

1. **Experience Used for the Merit Rating Plan.** The experience used for purposes of the Merit Rating Plan shall be the individual risk experience valued at least three months prior to the ~~RED rating date~~ and reported in accordance with the provisions of the Delaware Workers' Compensation Statistical Plan. It shall include voluntary compensation insurance but shall exclude maritime employments and employments under the Federal Employees' Liability Act.

Item Numbers **2 through 6** remain unchanged

SECTION VI MERIT RATING PLAN PROCEDURE

1. **Merit Rating Plan Adjustments.** For each risk qualified under Section III of ~~the~~ Merit Rating Plan claims listed in the experience tabulation under Section V, Paragraph 4 of the Merit Rating Plan shall be counted. Merit Rating Plan adjustments shall apply based on the following criteria:
 - a) No compensable employee lost-time injuries — 5 percent (5.0%) discount.
 - b) One (1) compensable employee lost-time injury — No discount or surcharge. ~~Manual rates apply.~~
 - c) Two (2) or more compensable employee lost-time injuries — 5 percent (5.0%) surcharge.

The ~~DCRB Rating Bureau~~ will determine the appropriate Merit Rating Plan adjustment factors and notify the carrier.

EXAMPLES

EXAMPLE A

Merit Rating Plan Adjustment Effective Date 08/09/99		
(1) Experience Period <u>to be used for qualifying</u>	(2) Employer's Policy History	(3) Period used to determine Merit Rating Adjustment
08/09/97 to 08/09/98	08/09/98 to 08/09/99	
08/09/96 to 08/09/97	08/09/97 to 08/09/98	
08/09/95 to 08/09/96	08/09/96 to 08/09/97	08/09/97
	06/11/95 to 06/11/96	08/09/96

~~This employer's merit rating effective date has been established to be 8/09/99. This anniversary rating date requires the experience period begin as of 8/09/95 as shown in Column 1. The employer's policy history shows that the risk has experience data within only two years of the experience period as shown in Column 2. Though a portion of the 06/11/95 policy period falls within the 08/09/95 to 08/09/96 experience period, the 6/11/95 policy extends beyond the experience period and thus cannot be used in the determination of the merit rating plan adjustment, per Column 3. Thus this risk does not qualify for merit rating adjustment effective 08/09/99.~~

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EXAMPLE B

Merit Rating Plan Adjustment		
Effective Date		
12/09/99		
(1)	(2)	(3)
<u>Experience Period</u> to be used for qualifying	<u>Employer's Policy History</u>	<u>Period used to determine</u> <u>Merit Rating Adjustment</u>
	12/09/98 to 12/09/99	
12/09/97 to 12/09/98	12/09/97 to 12/09/98	12/09/97
12/09/96 to 12/09/97	12/09/96 to 12/09/97	12/09/96
12/09/95 to 12/09/96	01/03/95 to 01/03/96	

This employer's merit rating effective date has been established to be 12/09/99. This anniversary rating date requires the experience period begin as of 12/09/95 as shown in Column 1. The employer's policy history shows that the risk has experience data within only two years of the experience period as shown in Column 2. Thus this risk does not qualify for merit rating plan adjustment effective 12/09/99.

EXAMPLE C

Merit Rating Plan Adjustment		
Effective Date		
10/17/99		
(1)	(2)	(3)
<u>Experience Period</u> to be used for qualifying	<u>Employer's Policy History</u>	<u>Period used to determine</u> <u>Merit Rating Adjustment</u>
	10/17/98 to 10/17/99	
10/17/97 to 10/17/98	10/17/97 to 10/17/98	10/17/97 to 10/17/98
10/17/96 to 10/17/97	10/17/96 to 10/17/97	10/17/96 to 10/17/97
10/17/95 to 10/17/96	09/28/96 to 10/17/96	09/28/96 to 10/17/97
	09/28/95 to 09/28/96	

This employer's merit rating effective date has been established to be 10/17/99. This anniversary rating date requires that the experience period begin as of 10/17/95 as shown in Column 1. The employer's policy history shows that the risk has experience data within each year of the experience periods required for eligibility as shown in Column 2. Thus, merit rating plan adjustment will be based on the three policies which fall within the experience period per Column 3. The risk qualifies for merit rating adjustment effective 10/17/99.

EXAMPLE D

Merit Rating Plan Adjustment		
Effective Date		
11/01/99		
(1)	(2)	(3)
<u>Experience Period</u> to be used for qualifying	<u>Employer's Policy History</u>	<u>Period used to determine</u> <u>Merit Rating Adjustment</u>
	11/01/98 to 11/01/99	
11/01/97 to 11/01/98	11/01/97 to 11/01/98	11/01/97 to 11/01/98
11/01/96 to 11/01/97	11/01/96 to 11/01/97	11/01/96 to 11/01/97
11/01/95 to 11/01/96	11/01/95 to 11/01/96	11/01/95 to 11/01/96

This employer's merit rating effective date has been established to be 11/01/99. This anniversary rating date requires that the experience period begin as of 11/01/95 as shown in Column 1. The employer's policy history shows that the risk has separate policy periods which have experience data within each year of the experience period required for eligibility as shown in Column 2. Thus, merit rating plan adjustment will be based on 36 months of experience per Column 3. The risk qualifies for merit rating adjustment effective 11/01/99.

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WC-07-04-08

DELAWARE MERIT RATING PLAN ENDORSEMENT

This endorsement applies to the insurance provided by this policy because Delaware is shown in Item 3.A of the Information Page.

The premium for this insurance may be subject to merit rating plan adjustments because your premium may be less than the amount necessary to be eligible for the Uniform Experience rating Plan.

The following premium discount or surcharge will be applied to your manual premium based on your claims during the most recent three year period for which statistics are available.

1. A 5% credit (**discount**) will be applied if you had no compensable employee lost-time injuries — **Statistical Code 9885.**
2. No credit or debit will be applied if you had one (1) compensable employee lost-time injuries — **Statistical Code 9884.**
3. A 5% debit (**surcharge**) will be applied if you had two (2) or more compensable employee lost-time injuries — **Statistical Code 9886.**

NOTES:

1. This endorsement should be attached to a policy showing Delaware in Item 3.A of the Information Page.
2. Show any merit rating discount or surcharges in item 4 of the Information Page.

EXAMPLE — EMPLOYER NOT SUBJECT TO MERIT RATING PLAN

**DELAWARE COMPENSATION RATING BUREAU
MERIT RATING CALCULATION**

Carrier: _____ Any Insurance Co.
Insured: _____ ABC Associates
Bureau File No. 2299XXX
Policy No. _____ WCxx1200311
Effective Period _____ 09/08/99 — 09/08/00

CODE 9884 — Neutral

Based on the lost-time claims indicated below, the risk is not subject to a Merit Rating Plan adjustment.

Policy Number	Policy Effective Date	Claim Number	Date of Injury	Indemnity Amount
WC00199920001	090896	29991100	091596	1,870

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EXAMPLE — EMPLOYER SUBJECT TO MERIT RATING PLAN

**DELAWARE COMPENSATION RATING BUREAU
MERIT RATING CALCULATION**

Carrier: _____ Any Insurance Co.
Insured: _____ ABC Associates
Bureau File No. 2299XXX
Policy No. _____ WCxx1200311
Effective Period _____ 09/08/99 — 09/08/00

CODE 9885 — Credit

No lost-time claims. This risk qualifies for a Merit Rating Plan discount of 5%.

EXAMPLE — EMPLOYER SUBJECT TO MERIT RATING PLAN SURCHARGE

**DELAWARE COMPENSATION RATING BUREAU
MERIT RATING CALCULATION**

Carrier: _____ Any Insurance Co.
Insured: _____ ABC Associates
Bureau File No. 2299XXX
Policy No. _____ WCxx1200311
Effective Period _____ 09/08/99 — 09/08/00

CODE 9886 — Surcharge

Based on the lost-time claims indicated below, the risk is subject to a Merit Rating Plan surcharge of 5-percent.

Policy Number	Policy Effective Date	Claim Number	Date of Injury	Indemnity Amount
WC00199920001	090896	29991100	091596	1,870
WC00199920001	090896	29991101	121196	2,991
WC00199920002	090895	39991100	100195	15,019

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PREFACE

- A. This Manual of risk classes, underwriting rules, Bureau rating values and rating plans has been filed with the Delaware Insurance Department as required by Delaware Law. It is effective 12:01 A.M., May 1, 2017, with respect to all policies, the effective date of which is May 1, 2017 or thereafter, subject to the following express conditions, for the insurance companies, corporations and associations listed herein and for no other insurance company, corporation or association.

Items **B. and C.** remain unchanged.
Item Numbers **1 through 8** remain unchanged

9. Rating Effective Date (RED) is the earliest date that a specific experience rating or merit rating adjustment is applied to a policy.

SECTION 1

UNDERWRITING RULES

RULE 1 – GENERAL

Items **A. through E.** remain unchanged

F. EFFECTIVE DATE

1. Manual

This Manual applies only from the policy effective date which occurs on or after the effective date of this Manual.

2. Changes

The effective date of a change in any rule, classification or Bureau rating value is 12:01 a.m. on the date approved for use. Any change will be highlighted and linked to the appropriate Bureau circular announcing the change. Unless specified otherwise, each change applies only from the policy effective date which occurs on or after the effective date of the change.

G. POLICY EFFECTIVE DATE

1. Definition

The policy effective date is the effective month, day and year of the policy in effect.

2. Long Term Policies

For application of policy effective dates on policies issued for a term in excess of one year, refer to Rule III - C.

RULE III – POLICY PREPARATION – INSURED, POLICY PERIOD AND STATE OF OPERATIONS

Item 1, 2 and 3-A of the Information Page

C. POLICY PERIOD – ITEM 2

Item Numbers **1 through 5** remain unchanged

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6. Annual Rating Endorsements

An "Annual Rating Endorsement" shall be submitted annually for each continuing form policy or policy written for a period in excess of one year but not more than three years to be effective on the annual policy effective date set by such policy. It shall be submitted to the Bureau not later than thirty days subsequent to its inception.

D. STATE LAWS DESIGNATED IN THE POLICY – Item 3-A

Item Numbers **1 and 2** remain unchanged

3. Additional States

A state may be added after effective date of the policy. For the additional state operations apply:

- a. Carrier rating values in effect on the effective date of the policy to which the state has been added.

Items **b. and c.** remain unchanged

RULE IV – CLASSIFICATIONS

Item 4 of the Information Page

A. GENERAL EXPLANATION

Items **A. and B.** remain unchanged

C. ASSIGNMENT OF CLASSIFICATIONS

Numbers **1 through 7** remain unchanged

8. Changing Classifications

Item **a.** remains unchanged

Items **b. (1) and (2)** remain unchanged

- (3) A correction of a misclassification which results in a premium increase shall be applied to the employer's first policy effective at least six months subsequent to the date of the Bureau's written misclassification notice.

RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE

A. EXECUTIVE OFFICERS

1. Definition

Items **A. through G.** remain unchanged

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H. DELAWARE CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

1. Program Description

The Delaware Construction Classification Premium Adjustment Program (DCCPAP) provides for a premium credit for up to one year for a policy which contains one or more construction classifications.

The basis for determining the credit is the total payroll (including overtime premium pay) and hours worked for each construction classification as reported to taxing authorities. The applicable report periods vary according to the policy effective date of each policy, as set forth below:

**Policy
Effective
Dates**

**Reporting
Period for
Qualifying Wages**

May 1, 2017 and later

Third calendar quarter of 2015

If the insured did not engage in operations for the complete quarter, then the last complete quarter prior to policy year inception shall be used or, if there was no complete quarter of operations prior to the policy inception, then the first complete quarter after policy inception shall be used. A credit may be determined for each construction classification by dividing the total payroll, including overtime premium pay, by the number of hours worked to arrive at the average hourly wage for the classification. In the absence of specific records for salaried employees, it will be assumed each such individual worked forty (40) hours per week. The credit for average hourly wage is listed below:

**DCCPAP Wage Table
Effective May 1, 2017 and later**

Average Hourly Wage	Credit From Manual Premium	Average Hourly Wage	Credit From Manual Premium
\$19.14 or less	0%	\$24.01 24.60	15%
\$19.15 19.55	5%	\$24.61 25.20	16%
\$19.56 20.00	6%	\$25.21 25.80	17%
\$20.01 20.45	7%	\$25.81 26.40	18%
\$20.46 20.90	8%	\$26.41 27.05	19%
\$20.91 21.40	9%	\$27.06 27.70	20%
\$21.41 21.90	10%	\$27.71 28.40	21%
\$21.91 22.40	11%	\$28.41 29.10	22%
\$22.41 22.90	12%	\$29.11 29.85	23%
\$22.91 23.45	13%	\$29.86 30.60	24%
\$23.46 24.00	14%	Over \$30.60	25%

The total construction classification credit amount, in dollars, must be calculated and then divided by the total policy premium at Bureau Rating Values - including construction and non-construction classifications. The result would be the percentage credit which is to be applied to the policy. When calculating the total policy credit the percentage shall be rounded to the nearest whole number with .5 being rounded upward (as an example, 4.4 rounded to 4% and 4.5 rounded to 5%).

The insured shall submit the required payroll and hours worked information to the Delaware Compensation Rating Bureau, Inc. for calculation of any applicable credit. The carrier shall, upon audit, verify the information that was submitted by the insured and used in the calculation of the credit. If the carrier discovers an error in the original request for policy credit, the revised information must be submitted to the Delaware Compensation Rating Bureau, Inc. for recalculation. If the insured does not furnish records to verify the payrolls and hours worked originally submitted and used in the calculation of the credit, there shall be no credit applied to the policy.

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The credit authorized by the Delaware Compensation Rating Bureau, Inc. shall appear on Item 4 of the policy. If the credit applicable to the policy is not available at the time of policy issuance, the carrier shall endorse the policy to provide the appropriate credit information once a qualifying application has been processed and the Bureau has notified the carrier of the credit determined on the basis of such application.

Report Delaware Construction Class Premium Credit on the information page and unit statistical report under **Code 9046**.

Carriers are required to use the approved form to notify all their insureds, who have one or more construction classifications on their policy, that they may be eligible for a premium adjustment credit.

2. **"Construction classifications"** are those classifications subject to the following code numbers:

601	609	645	652	658	666	676
602	611	646	653	659	667	677
603	615	647	654	661	668	
605	617	648	655	663	669	
607	625	649	656	664	674	
608	643	651	657	665	675	

3. The Bureau will inform the carrier and employer of the credit percentage. The Bureau will then record on the experience rating sheet (when applicable) the credit percentage to apply to the policy. Code 9046 is to be used in policy issuance and statistical reporting to record the construction premium credit, which is to be applied after the experience modification and after the deviation or schedule rating adjustments, but before calculating the premium discount and before adding the expense constant.

4. Appeals

The Bureau's determination of an individual risk's eligibility for and/or the percentage of credit under the Delaware Construction Classification Premium Adjustment Program may be appealed pursuant to Rule XVI, APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE, Section 1 of this Manual.

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SECTION 3

ENDORSEMENTS

TABLE OF CONTENTS TO SECTION 3 ENDORSEMENTS

The circumstances under which each endorsement must or may be used are described in the supplementary notes following each endorsement.

Workers Compensation and Employers Liability Policy Form

Policy Format

The policy consists of a General Section and six Parts.

Part One is statutory workers compensation coverage.

Part Two is employer's liability coverage.

Part Three provides Other States insurance. This was previously provided by the Other States Endorsement.

Part Four shows the insured's duties in event of loss.

Part Five consists of all premium provisions, including premium calculation on cancellation.

Part Six shows the five Conditions of the policy.

Standard Policy: See NCCI Forms Manual

WC 00 00 00 C

Information Page: See NCCI Forms Manual

WC 00 00 01A

Information Page Notes: See NCCI Forms Manual **WC 00 00 01 C**

The information page notes found in the NCCI Forms Manual apply in **Delaware**. Non-NCCI member can contact the DCRB for details.

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SECTION 5

EXPERIENCE RATING PLAN

GENERAL RULES SECTION I – INSTRUCTIONS

Numbers **1 and 2** remain unchanged

3. This Plan and all amendments thereto, unless otherwise specifically provided, shall be applied as of the first rating effective date of the risk, as established by the Bureau, which is on or after the effective date of any change in the rules or rating values of this Plan, but shall not otherwise be available to outstanding ratings.
4. A policy cannot be cancelled, rewritten or extended for purposes of enabling a risk to qualify for, or avoid application of, this Plan.

SECTION II – DEFINITIONS

Numbers **1 through 4** remain unchanged

5. **Rating Effective Date (RED).** Is the earliest date that a specific experience modification is applied to a policy.

SECTION III – GENERAL PROVISIONS

1. **Eligibility Requirements.** A risk shall qualify for rating under this Plan if the premium developed by the audited payrolls or other exposures of the policy terminating two(2) years prior to the date for which the modification is established, extended at current **Residual Market Rates**, is **\$3,161** or more.
 - (a) Eligibility requirements will be determined without consideration of Maritime Liability, Liability under the Federal Employers' Liability Act, Excess Limits and Additional Medical Coverage, the nonrateable element for Explosives Manufacturing, and Atomic Energy Projects.
 - (b) Risks shall be disqualified by a lapse of insurance of two years or more until they again qualify for experience rating following the lapse.
 - (c) The RED may differ from a risk's policy effective date for reasons including, but not limited to:
 - Short-term policies
 - Cancellations
 - Gaps in Coverage
 - Changes in ownership or combinability status
 - Multiple policy effective dates
 - A policy that is longer than one year and 16 days
 - Late receipt of current policy information by the DCRB

To determine a risk's RED, the DCRB will review 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.

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The application of Rules 2 and 3 of this section is subject to the provisions of Section V "Tabulation of Experience" of this Plan.

Item Numbers **2 through 7** remain unchanged

COMBINATIONS OR CHANGES OF STATUS

Item Number **8** remains unchanged

9. Ownership Changes.

Item **(a)** remains unchanged

- (b) Continuation of Experience. Unless excluded under paragraph (c), the experience for any entity undergoing a change in ownership shall be transferred to the experience of the acquiring, surviving or new entity. The date of revision will be the later of the following two dates: 1) the effective date of policy in effect at the time the Bureau receives a completed ERM-14 form outlining the ownership change or 2) the date on which the change in ownership occurred.

Items **(c) through (e)** remain unchanged

SECTION IV APPLICATION OF EXPERIENCE MODIFICATION

1. **Experience Modification.** An experience modification for a qualified risk shall be determined annually (except as provided in Rules 3 and 4 of this Section) and shall be effective as of the RED of the risk. No more than one experience modification shall apply to a risk at the same time. Subject to the exceptions noted below, the experience modification shall be applied to the premium developed by the use of carrier rates in force on the effective date of the policy.

Item Number **2** remains unchanged

3. **Single Policy Risk.** If a risk is covered by a single policy, the following procedure shall apply:

- (a) The experience modification effective as of the RED shall apply for the full term of the policy which becomes effective on such date and also for the full term of any policy which becomes effective within three months after such date.
- (b) If a policy is written for a period of one year, but is extended for a period of not more than 16 days, the experience modification in effect as of the original termination date shall remain in effect until the termination date of the extended policy. The experience modification which would have become effective as of the RED shall apply for a period of one year from the effective date of the new policy.
- (c) If a policy becomes effective on a date more than three months after the RED:
- i. the outstanding experience modification shall apply to the new policy for the period corresponding to the unexpired term of the rating.
 - ii. a new experience modification then shall apply for the unexpired term of the outstanding policy.
 - iii. thereafter, a new modification shall apply annually as of a new RED. The new RED shall be the date twelve months after the effective date of the new policy.

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4. **Multiple Policy Risk.** If a risk is covered by several policies (as provided in Rule 8 of Section III of this Plan) which differ as to inception dates, the following procedure shall apply:

A single experience modification shall be computed to be effective for a period of twelve months beginning on the RED to be established by the Bureau. The Bureau may, however, authorize the application of an existing experience modification for a period not to exceed fifteen months or a new experience modification for a period greater than three months and less than twelve months for the purpose of establishing a new RED. Any policy effective prior to the new RED established by the Bureau shall be cancelled as of such date and rewritten for a period of twelve months. Any policy effective subsequent to the new RED established by the Bureau shall be written to expire concurrently with the next ensuing RED or shall be cancelled as of that date.

Any policies subject to this rule which are extended beyond the new period of twelve months shall be subject to the provisions of Rules 3(b) and 3(c) of this Section.

Sections **V and VI** remain unchanged

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Proposed Effective May 1, 2017

SECTION 6

MERIT RATING PLAN

GENERAL RULES SECTION I – INSTRUCTIONS

Item Numbers **1 and 2** remain unchanged

3. This Plan and all amendments thereto, unless otherwise specifically provided, shall be applied as of the first RED of the risk, as established by the Bureau, which is on or after the effective date of any change in the rules or rating values of this Plan but shall not otherwise be available to outstanding ratings.
4. It shall not be permissible by cancellation or rewriting or by the extension of the policy term to alter an existing policy for the purpose of enabling the risk to qualify for or avoid application of this Plan.
5. **Appeals.** Any determination or decision of the Bureau for an individual risk under the Delaware Merit Rating Plan may be appealed pursuant to Rule XVI, APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE, Section 1 of this Manual.

SECTION II – DEFINITIONS

Item Numbers **1 through 5** remain unchanged

6. **Rating Effective Date.** (RED) Is the earliest date that a specific merit rating adjustment is applied to a policy.
7. **Merit Rating Plan Discount.** The term “Merit Rating Plan discount” for purposes of this Plan shall mean a reduction in the subject premium developed by the use of the carrier rates in force on the RED applicable to the policy to which the Merit Rating Plan is applied.
8. **Merit Rating Plan Surcharge.** The term “Merit Rating Plan surcharge” for purposes of this Plan shall mean an increase in the subject premium developed by the use of the carrier rates in force on the RED applicable to the policy to which the Merit Rating Plan is applied.
9. **Merit Rating Plan Adjustment.** The term “Merit Rating Plan adjustment” for purposes of this Plan shall mean either a Merit Rating Plan discount or a Merit Rating Plan surcharge.
10. **Subject Premium.** The term “subject premium” for purposes of this Plan shall mean the premium developed by the use of carrier rates in force on the RED of the policy to which the Merit Rating Plan is applied, exclusive of exceptions listed in Section IV, Paragraph 1.

SECTION III – GENERAL PROVISIONS

Item Numbers **1 through 7** remain unchanged

8. Ownership Changes.

Item a) – no change

- b) *Continuation of Experience.* Unless excluded under paragraph (c), the experience for any entity undergoing a change in ownership shall be transferred to the experience of the acquiring, surviving or new entity. The date of revision will be the later of the following two dates: 1) the effective date of the policy in effect at the time the Bureau receives a completed ERM-14 form outlining the ownership change or 2) the date on which the change in ownership occurred.

DELAWARE WORKERS COMPENSATION MANUAL

Proposed Effective May 1, 2017

SECTION IV APPLICATION OF MERIT RATING PLAN ADJUSTMENT

1. **Merit Rating Plan Adjustment.** A Merit Rating Plan adjustment for a qualified risk shall be determined annually (except as provided in Rules 3 and 4 of this section) and shall be effective as of the RED of the risk. No more than one Merit Rating Plan adjustment shall apply to a risk at the same time. Subject to the exceptions noted below, the Merit Rating Plan adjustment shall be applied to the premium developed by the use of carrier rates in force on the effective date of the policy.

Item Number 2 – remains unchanged

3. **Single Policy Risk.** If a risk is covered by a single policy, the following procedure shall apply:
 - a) The Merit Rating Plan adjustment effective as of the RED shall apply for the full term of the policy which becomes effective on such date and also for the full term of any policy which becomes effective within three months after such date.
 - b) If a policy is written for a period of one year but is extended for a period of not more than 16 days, the carrier rates and Merit Rating Plan adjustment in effect as of the original termination date shall remain in effect until the termination date of the extended policy. The carrier rates and Merit Rating Plan adjustment which would have become effective as of the RED shall apply for a period of one year from the effective date of the new policy.
 - c) If a policy becomes effective on a date more than three months after the RED,
 - i) the outstanding Merit Rating Plan adjustment shall apply to the new policy for the period corresponding to the unexpired term of the rating.
 - ii) a new Merit Rating Plan adjustment then shall apply for the unexpired term of the outstanding policy.
 - iii) thereafter, a new Merit Rating Plan adjustment shall apply annually as of a new RED. The new RED shall be the date 12 months after the effective date of the new policy

4. **Multiple Policy Risk.** If a risk is covered by several policies (as provided in Rule 8. of Section III of this Plan) which differ as to inception dates, the following procedure shall apply:

A single Merit Rating Plan adjustment shall be computed to be effective for a period of twelve months beginning on the RED to be established by the Bureau. The Bureau may, however, authorize the application of an existing Merit Rating Plan adjustment for a period not to exceed fifteen months or a new Merit Rating Plan adjustment for a period greater than three months and less than twelve months for the purpose of establishing a new RED. Any policy effective prior to the new RED established by the Bureau shall be canceled as of such date and rewritten for a period of twelve months. Any policy effective subsequent to the new RED established by the Bureau shall be written to expire concurrently with the next ensuing RED or shall be canceled as of that date.

Any policies subject to this rule which are extended beyond the new period of twelve months shall be subject to the provisions of Rules 3(b) and 3(c) of this section.

SECTION V TABULATION OF EXPERIENCE

1. **Experience Used for the Merit Rating Plan.** The experience used for purposes of the Merit Rating Plan shall be the individual risk experience valued at least three months prior to the RED and reported in accordance with the provisions of the Delaware Workers' Compensation Statistical Plan. It shall include voluntary compensation insurance but shall exclude maritime employments and employments under the Federal Employees' Liability Act.

Item Numbers 2 through 6 remain unchanged

DELAWARE WORKERS COMPENSATION MANUAL

Proposed Effective May 1, 2017

SECTION VI MERIT RATING PLAN PROCEDURE

1. **Merit Rating Plan Adjustments.** For each risk qualified under Section III of the Merit Rating Plan claims listed in the experience tabulation under Section V, Paragraph 4 of the Merit Rating Plan shall be counted. Merit Rating Plan adjustments shall apply based on the following criteria:
 - a) No compensable employee lost-time injuries — 5 percent (5.0%) discount.
 - b) One (1) compensable employee lost-time injury — No discount or surcharge.
 - c) Two (2) or more compensable employee lost-time injuries — 5 percent (5.0%) surcharge.

The DCRB will determine the appropriate Merit Rating Plan adjustment factors and notify the carrier.

DELAWARE STATISTICAL PLAN MANUAL
Proposed Effective May 1, 2017

INTRODUCTION remains unchanged.

SECTION I remains unchanged.

SECTION II - REPORTING REQUIREMENTS

Item **A.** Rules Common to Premiums and Losses

Item Numbers **1 through 5** remain unchanged.

6. Policy Information

Items **a. through n.** remain unchanged.

- o. *Modification Effective Date.* ~~Report the~~ Modification Effective Date only is required for all exposures when different from the policy effective date. If the modification changes in accordance with Experience Rating Plan rules, report the eEffective dDate of the modification which that applies to the class code, rate, exposure, and premium reported exposure(s). ~~If the anniversary rating date is different from the policy effective date, then the modification effective date equals the anniversary rating date.~~
- p. *Rate Effective Date.* ~~Report the~~ Rate Effective Date is required for all exposures. Report the rate effective date that corresponds to the class code and its associated rate, exposure and premium. only when the Modification Effective Date is different from the policy effective date. If the rating value changes in accordance with manual rules, or due to the application of an anniversary rating date, during the policy period, report the rate effective date which that applies to the reported class code(s), rate, and Exposure(s), and premium. ~~The rate effective date should reflect the effective date of the rating value being applied.~~

Item Numbers **7 through 12** remain unchanged.

Items **B. through D.** remain unchanged.

SECTIONS III through V remain unchanged

SECTION VI – EXAMPLES

Examples 1, 2, 16, 17, 17a, and 21 are eliminated in their entirety since they illustrate Anniversary Rating Date scenarios that are no longer relevant after the elimination of Anniversary Rating Date.

Examples 3 through 15 and 18 through 20 remain unchanged but will be renumbered accordingly.

SECTIONS VII through X remain unchanged.

DELAWARE STATISTICAL PLAN MANUAL
Proposed Effective May 1, 2017

INTRODUCTION remains unchanged.

SECTION I remains unchanged.

SECTION II - REPORTING REQUIREMENTS

Item **A. Rules Common to Premiums and Losses**

Item Numbers **1 through 5** remain unchanged.

6. Policy Information

Items **a. through n.** remain unchanged.

- o. *Modification Effective Date.* The Modification Effective Date is required for all exposures. If the modification changes in accordance with Experience Rating Plan rules, report the effective date of the modification that applies to the class code, rate, exposure, and premium.
- p. *Rate Effective Date.* Rate Effective Date is required for all exposures. Report the rate effective date that corresponds to the class code and its associated rate, exposure and premium. If the rating value changes during the policy period, report the rate effective date that applies to the reported class code, rate, exposure, and premium.

Item Numbers **7 through 12** remain unchanged.

Items **B. through D.** remain unchanged.

SECTIONS III through V remain unchanged

SECTION VI – EXAMPLES

Examples 1, 2, 16, 17, 17a, and 21 are eliminated in their entirety since they illustrate Anniversary Rating Date scenarios that are no longer relevant after the elimination of Anniversary Rating Date.

Examples 3 through 15 and 18 through 20 remain unchanged but will be renumbered accordingly.

SECTIONS VII through X remain unchanged.

Workers Compensation and Employers Liability Insurance Policy

WC 00 00 01 **BC**

INFORMATION PAGE NOTES

1. The sequence of Items 1 through 4 of the Information Page may not be changed except for Item 3.D.(See Note 14.). The format of each item may be rearranged and these suggested headings may be used: 1. Insured; 2. Policy Period; 3. Coverage; and 4. Premium.
2. The name and the five-digit NCCI carrier code number of the insuring company ~~is to~~ **must** be shown prominently on the Information Page in the space above Item 1.

The address and type of insurer (stock, mutual, or other) are to be shown on the Information Page, the policy, or a policy jacket.

3. The policy number must be appropriately labeled and shown in **the** space reserved above Item 1 on the Information Page. This number **must shall** be unique to the company, ~~shall~~ **must** not exceed 18 alphanumeric digits, and ~~shall~~ **must** remain constant during the policy period. ~~It shall~~ **The policy number must** be shown on all endorsements as well as all other policy-related correspondence after the policy is issued.

If the policy number displayed on the Information Page contains a policy symbol consisting of alphanumeric digits that are not entered into the carrier's internal statistical records as part of the actual policy number, those symbols **shall must** be shown as a separate prefix and/or suffix to the policy number and appropriately labeled.

4. On **NCCI's copy or the independent bureau's** ~~the Bureau~~ copy of a renewal policy Information Page, use space reserved above Item 1 to show and appropriately label the prior policy number. This number ~~shall~~ **must** not exceed 18 alphanumeric digits. If the number displayed on the Information Page contains a policy symbol consisting of alphanumeric digits that are not entered into the carrier's internal statistical records as part of the actual policy number, those symbols ~~shall~~ **must** be shown as a separate prefix and/or suffix to the policy number and appropriately labeled.

New business may be designated "New." At its option, the company may show this on the insured's copy of the Information Page.

5. On **NCCI's copy or the independent bureau's** ~~the Bureau~~ copy of the Information Page, show the letters "AR" **or "WCIP"** next to the title "Information Page" if the ~~insured is an~~ **policy was secured through the** assigned risk **market**.
6. Show in Item 1 the exact name of the employer insured and indicate whether the employer is an individual, partnership, joint venture, corporation, association, or other legal entity. If separate legal entities are insured in a single policy, consistent with the manual of rules, separately show the complete name of each insured employer and indicate each employer's legal entity status.
7. The Interstate/Intrastate Risk Identification number must be shown and appropriately labeled on the Information Page.

INFORMATION PAGE NOTES WC 00 00 01 BC (CONT'D)

8. Reserve space in Item 1 of NCCI's copy or the independent bureau's ~~the Bureau~~ copy to show, if required, the insured's commonly required identification numbers such as: Arkansas Workers Compensation File Number; Hawaii Unemployment Number; New Mexico Unemployment Insurance Number; Oregon Contract Number; and State Employer Number.

The company may also show this on the Information Page at its option.

9. List in Item 1 or by schedule all usual workplaces of the insured that are to be covered by the policy. Also include the respective Federal Employer's Identification Number (FEIN), appropriately labeled, for each entity included on the policy.
10. The effective date and hour of the policy, and its expiration date and hour, must be shown in Item 2. The hour may be included as part of the printed form at the company's option.
11. List in Item 3.A. states where workers compensation insurance is provided. If none is provided, "none" or "not covered" may be shown. See, fFor an example, refer to the notes to the Federal Mine Safety and Health Act Coverage Endorsement.
12. Show limits of liability separately for bodily injury by accident and by disease in Item 3.B.
13. States may be shown in Item 3.C. by name or by designation, but do not name or designate a state listed in Item 3.A., a monopolistic state fund state, or a state where the insurer will not provide this coverage.

The following entry may also be included: "All states except North Dakota, Ohio, Washington, Wyoming, states designated in Item 3.A. of the Information Page and _____."

If the company learns that the insured is conducting operations in a 3.C. state, and if the company agrees to continue coverage, the company should add that state to Item 3.A. and remove it from Item 3.C. Normal company procedures apply when the state is added to Item 3.A.

14. Item 3.D. may be omitted so long as the list of the policy's schedules and endorsements appears somewhere on the Information Page. Endorsements for which the company has not filed specimen copies with the independent bureau(s) ~~rating bureau or bureaus~~ having jurisdiction must be attached to the Information Page filed with the independent bureau.
15. The content of Item 4 may be rearranged by the company. If the policy is issued for less than one year, the company may state whether the premium information is shown for the policy period or for an annual period.
16. In Item 4, the development of estimated annual premium shall must be displayed separately for each classification by state. This same display of premium development must be shown on any classification schedules attached to the policy. Total Estimated Standard Premium must be shown by state on the Information Page or on a schedule attached to the policy.

The experience rating modification factor shall must be shown in Item 4 for risks subject to the experience rating plan, unless this factor is not available when the policy is issued. The company then may make an appropriate entry in Item 4 to show that the factor is not available. See Refer to the Experience Rating Modification Factor Endorsement for more information.

INFORMATION PAGE NOTES WC 00 00 01 BC (CONT'D)

17. In those states where a schedule rating plan has been filed and approved, report the schedule rating information in Item 4, as required by the filed plan.
18. Premium discount may be shown in Item 4, the Premium Discount Endorsement may be attached, or both.
19. Taxes, assessments, deposit premium, interim adjustments of premium, the rating plan, past experience, cancellation of similar insurance, date and place of policy issuance, date and place of countersignature, and other related information may be shown in Item 4.
20. Three-year fixed- rate policies must be so designated on the Information Page as required by Rule 3-B-1b of NCCI's **Basic Manual**. In Item 4, the company ~~shall~~ **must** report the premium information either as Standard Premium or Total Standard Premium as defined in Rule 3-A-20 of NCCI's **Basic Manual**.
21. Other entries may be made on the Information Page as authorized by Notes to -Endorsements, including: ~~Anniversary Rating Date~~, Defense Base Act Coverage; Nonappropriated Fund Instrumentalities Act Coverage; Partners, Officers and Others Exclusion; Pending Rate Change; Sole Proprietors, Partners, Officers and Others Coverage; and Voluntary Compensation Maritime Coverage Endorsements.
22. The company may place the execution clause at the end of the Information Page, at the end of the standard policy, or on a policy jacket.

State Workers Compensation Rating Bureau Information Page Notes:

Refer to the *Pennsylvania Basic Manual* for Pennsylvania policy issuance instructions and specific requirements.

Refer to the sample Information Page in the Forms Section, Part Three, Section 2, of the *New Jersey Workers Compensation and Employers Liability Insurance Manual* for a description of New Jersey requirements.

Refer to the *New York Manual* (Part Four) for complete instructions on policy issuance, including Information Page Notes for preparing New York policies. You may find the updated Information Page Notes for the New York Manual on <http://www.nycrib.org/>.

Refer to the *Wisconsin Basic Manual* for Wisconsin policy issuance instructions and specific requirements.

Workers Compensation and Employers Liability Insurance Policy

WC 00 00 01 C

INFORMATION PAGE NOTES

1. The sequence of Items 1 through 4 of the Information Page may not be changed except for Item 3.D.(See Note 14). The format of each item may be rearranged and these suggested headings may be used: 1. Insured; 2. Policy Period; 3. Coverage; and 4. Premium.
2. The name and the five-digit NCCI carrier code number of the insuring company must be shown prominently on the Information Page in the space above Item 1.

The address and type of insurer (stock, mutual, or other) are to be shown on the Information Page, the policy, or a policy jacket.

3. The policy number must be appropriately labeled and shown in the space reserved above Item 1 on the Information Page. This number must be unique to the company, must not exceed 18 alphanumeric digits, and must remain constant during the policy period. The policy number must be shown on all endorsements as well as all other policy-related correspondence after the policy is issued.

If the policy number displayed on the Information Page contains a policy symbol consisting of alphanumeric digits that are not entered into the carrier's internal statistical records as part of the actual policy number, those symbols must be shown as a separate prefix and/or suffix to the policy number and appropriately labeled.

4. On NCCI's copy or the independent bureau's copy of a renewal policy Information Page, use space reserved above Item 1 to show and appropriately label the prior policy number. This number must not exceed 18 alphanumeric digits. If the number displayed on the Information Page contains a policy symbol consisting of alphanumeric digits that are not entered into the carrier's internal statistical records as part of the actual policy number, those symbols must be shown as a separate prefix and/or suffix to the policy number and appropriately labeled.

New business may be designated "New." At its option, the company may show this on the insured's copy of the Information Page.

5. On NCCI's copy or the independent bureau's copy of the Information Page, show the letters "AR" or "WCIP" next to the title "Information Page" if the policy was secured through the assigned risk market.
6. Show in Item 1 the exact name of the employer insured and indicate whether the employer is an individual, partnership, joint venture, corporation, association, or other legal entity. If separate legal entities are insured in a single policy, consistent with the manual of rules, separately show the complete name of each insured employer and indicate each employer's legal entity status.
7. The Interstate/Intrastate Risk Identification number must be shown and appropriately labeled on the Information Page.

Workers Compensation and Employers Liability Insurance Policy
WC 00 00 01 C

INFORMATION PAGE NOTES WC 00 00 01 C (CONT'D)

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The company may also show this on the Information Page at its option.

9. List in Item 1 or by schedule all usual workplaces of the insured that are to be covered by the policy. Also include the respective Federal Employer's Identification Number (FEIN), appropriately labeled, for each entity included on the policy.
10. The effective date and hour of the policy, and its expiration date and hour, must be shown in Item 2. The hour may be included as part of the printed form at the company's option.
11. List in Item 3.A. states where workers compensation insurance is provided. If none is provided, "none" or "not covered" may be shown. For an example, *refer to the notes to the Federal Mine Safety and Health Act Coverage Endorsement.*
12. Show limits of liability separately for bodily injury by accident and by disease in Item 3.B.
13. States may be shown in Item 3.C. by name or by designation, but do not name or designate a state listed in Item 3.A., a monopolistic state fund state, or a state where the insurer will not provide this coverage.

The following entry may also be included: "All states except North Dakota, Ohio, Washington, Wyoming, states designated in Item 3.A. of the Information Page and _____."

If the company learns that the insured is conducting operations in a 3.C. state, and if the company agrees to continue coverage, the company should add that state to Item 3.A. and remove it from Item 3.C. Normal company procedures apply when the state is added to Item 3.A.

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15. The content of Item 4 may be rearranged by the company. If the policy is issued for less than one year, the company may state whether the premium information is shown for the policy period or for an annual period.
16. In Item 4, the development of estimated annual premium must be displayed separately for each classification by state. This same display of premium development must be shown on any classification schedules attached to the policy. Total Estimated Standard Premium must be shown by state on the Information Page or on a schedule attached to the policy.

The experience rating modification factor must be shown in Item 4 for risks subject to the experience rating plan, unless this factor is not available when the policy is issued. The company then may make an appropriate entry in Item 4 to show that the factor is not available. *Refer to the Experience Rating Modification Factor Endorsement for more information.*

**Workers Compensation and Employers Liability Insurance Policy
WC 00 00 01 C**

INFORMATION PAGE NOTES WC 00 00 01 C (CONT'D)

17. In those states where a schedule rating plan has been filed and approved, report the schedule rating information in Item 4, as required by the filed plan.
18. Premium discount may be shown in Item 4, the Premium Discount Endorsement may be attached, or both.
19. Taxes, assessments, deposit premium, interim adjustments of premium, the rating plan, past experience, cancellation of similar insurance, date and place of policy issuance, date and place of countersignature, and other related information may be shown in Item 4.
20. Three-year fixed- rate policies must be so designated on the Information Page as required by Rule 3-B-1b of NCCI's **Basic Manual**. In Item 4, the company must report the premium information either as Standard Premium or Total Standard Premium as defined in Rule 3-A-20 of NCCI's **Basic Manual**.
21. Other entries may be made on the Information Page as authorized by Notes to Endorsements, including: Defense Base Act Coverage; Nonappropriated Fund Instrumentalities Act Coverage; Partners, Officers and Others Exclusion; Pending Rate Change; Sole Proprietors, Partners, Officers and Others Coverage; and Voluntary Compensation Maritime Coverage Endorsements.
22. The company may place the execution clause at the end of the Information Page, at the end of the standard policy, or on a policy jacket.

State Workers Compensation Rating Bureau Information Page Notes:

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Refer to the *New York Manual* (Part Four) for complete instructions on policy issuance, including Information Page Notes for preparing New York policies. You may find the updated Information Page Notes for the New York Manual on <http://www.nycrib.org/>.

Refer to the *Wisconsin Basic Manual* for Wisconsin policy issuance instructions and specific requirements.



**National Council on
Compensation
Insurance**

Amy Quinn
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July 7, 2015

Mr. Timothy Wisecarver, President
DE/PA Compensation Rating Bureau
United Plaza Building – Suite 1500
30 South 17th Street
Philadelphia, Pennsylvania 19103-4007

Re: Item B-1430—Elimination of Anniversary Rating Date (ARD)

Dear Mr. Wisecarver:

We are filing the above captioned item in a number of NCCI jurisdictions. The attached filing memorandum describes the proposed changes.

This filing memorandum is proprietary and copyrighted by NCCI. NCCI grants your organization permission to copy, use and modify the filing memorandum as necessary for filing in your jurisdiction on the condition that the materials are reprinted for distribution or sale only to members of your organization and only for use in your state. In addition, the modified pages must bear the following copyright legend:

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NCCI maintains a report for use by our common members that contains the approval status of national and state item filings (*Status of Item Filings Circular*). Please notify Michelle Smith by phone (561-893-3016) or e-mail (michelle_smith@ncci.com) if your organization files and receives approval of this item. This information will be reflected in the *Status of Item Filings Circular*, which is located on our web site and to which you have been given access.

Sincerely,

A handwritten signature in cursive script that reads "A Quinn".

Amy Quinn
State Relations Executive

AQ:ah

Attachment

FILING MEMORANDUM

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

PURPOSE

This item eliminates or revises rules and endorsements that reference anniversary rating date (ARD) in the following NCCI manuals:

- *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*
- *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Experience Rating Plan Manual)*
- *Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Plan)*
- *Forms Manual of Workers Compensation and Employers Liability Insurance (Forms Manual)*

BACKGROUND

ARD was established in 1923 during the original development of the workers compensation system. As defined in NCCI's *Basic Manual* Rule 3-A-2—Anniversary Rating Date, ARD is the effective month and day of the policy in effect, and each anniversary thereafter, unless a different date has been established by NCCI or another licensed rating organization. In the majority of states, rules, classifications, and rates are applied on an ARD basis. ARD applies only to workers compensation insurance; no other lines of insurance use an ARD rules system.

Typically, the ARD is the same as the policy effective date. In 2014, the ARD and policy effective date were the same for approximately 90% of policies. However, there are situations in which the ARD and policy effective date may differ. In those situations, more than one set of rules, classifications, or rates may apply to a policy during a single policy period. For example, assume the workers compensation rates change annually on January 1. If a policy has an effective date of January 1 but an ARD of July 1, the new rates would initially apply to that policy on July 1, regardless of the policy's effective date. In this situation, two sets of rates would apply to the same policy. The Anniversary Rating Date Endorsement (WC 00 04 02) would be used to show that the ARD is different from the policy effective date.

For many in the insurance industry, and particularly for employers, the ARD rules have been, and continue to be, a source of confusion. While the concept may be relatively simple, in practice, the determination of ARD can be difficult. This is apparent in cases where a policy has been cancelled and rewritten or when an employer has multiple policies with varying effective dates. For example, consider an employer with a single policy that has a January 1, 2015 ARD and policy effective date. The annual rate change date is also effective January 1. The policy is cancelled and rewritten with the same carrier effective July 1, 2015–July 1, 2016. The January 1 ARD applies to the rewritten policy until the following January 1. The revised January 1 rates are applied to the rewritten policy until the expiration date of the rewritten policy. A new ARD is established based on the effective date of the rewritten policy and becomes the ARD for future policies. The following table illustrates this example:

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FILING MEMORANDUM

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

Policy Period	ARD is...	Apply the Rules, Classifications, and Rates Effective On...	From...	Until...
1/1/2015 to 1/1/2016	1/1	1/1/2015	1/1/2015	1/1/2016
7/1/2015 to 7/1/2016	1/1	1/1/2015	7/1/2015	1/1/2016
	7/1	7/1/2016	7/1/2016	7/1/2016
7/1/2016 to 7/1/2017	7/1	7/1/2016	7/1/2016	7/1/2017

Consider another example for an employer that has multiple policies with varying effective dates. The ARD for all of the employer's policies is determined by the effective month and day of the policy with the largest standard premium. An employer's ARD could vary from year to year if there are changes in the employer's premium that results in a change in the policy having the largest standard premium.

The ARD rule isn't applicable in all states. If ARD applies to some, but not all, states on the policy, rules, classifications, and rates for that policy may have varying effective dates depending on the employer's policy history and states included on the policy. This adds more confusion to an already complex situation for employers and carriers to administer.

The states of Alabama, Illinois, Louisiana, and Maine eliminated ARD more than 13 years ago. In recent years, Georgia, New Mexico, and West Virginia have eliminated ARD. In these seven states and Texas, the rules, classifications, and rates apply based on the policy effective date. Therefore, if a policy with a January 1 effective date is cancelled midterm and rewritten effective July 1, the rules, classifications, and rates in effect on July 1 apply to the rewritten policy. In the states that have eliminated ARD, there have been no reports of market disruption or evidence of carriers or employers cancelling policies midterm to take advantage of rate increases or decreases. NCCI has not received a single employer complaint or carrier concern regarding the elimination of ARD in these states.

NCCI has determined that the use of ARD to apply rules, classifications, and rates to a policy is no longer necessary. Therefore, rules and endorsements referencing ARD in NCCI's manuals must be eliminated or revised.

The benefits of eliminating ARD and establishing a national approach of using the policy effective date to determine the application of rules, classifications, and rates include:

- **Consumer Responsiveness**—Policyholders and agents have complained about the complexity and confusion caused by the ARD rule. They do not deal with an ARD system when purchasing any other type of business or personal insurance. Eliminating ARD means the consumer purchasing experience for workers compensation insurance will conform to all other lines of insurance.
- **Uniformity**—All NCCI states would use the same approach for applying rules, classifications, and rates to a policy, which would be particularly beneficial for multistate policies.
- **Simplicity**—ARD is complicated to apply in circumstances such as short-term policies, gaps in coverage, and ownership changes. Use of policy effective date, instead of ARD, would mean that

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FILING MEMORANDUM

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rules, classifications, and rates applied to a policy would remain the same throughout the policy period regardless of such circumstances.

- **Ease of Understanding**—Use of the policy effective date would simplify policyholder understanding. It would also eliminate the need for complicated explanations regarding application of the ARD rule, which sometimes entail use of more than one set of rates for a given policy.

PROPOSAL

This item proposes to:

1. Eliminate or revise several national and state-specific ARD rules in the following NCCI manuals:
 - **Basic Manual**
 - **Experience Rating Plan Manual**
 - **Statistical Plan**
2. Eliminate or revise several national and state-specific endorsements in NCCI's **Forms Manual**.
3. Make minor grammatical and formatting revisions.

New Mexico Specific:

This item proposes that rules in NCCI's **New Mexico Workers' Compensation Assigned Risk Pool Manual (NMARM)** be revised.

Texas Specific:

This item proposes that Texas-specific rules in NCCI's **Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Retrospective Rating Plan Manual)** be revised.

IMPACT

Based on a review of policy data reported to NCCI in 2014, the ARD and policy effective date for most policies is the same date. Therefore, it is expected that the elimination of ARD will not impact a large number of employers. It is not possible to determine the impact for individual employers that have a policy where the ARD and policy effective date differ because ARDs and policy effective dates vary by employer. No statewide premium impact is expected as a result of the changes proposed in this item.

EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

In all states except Hawaii, this item is to become effective for new and renewal policies effective on and after 12:01 a.m. on May 1, 2017.

In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.

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Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
National Exhibits			
1-Rule	Details the revisions to Introduction—Application of Manual Rules.	<ul style="list-style-type: none"> • All states except MA • Also, refer to state exhibits for AL, GA, IL, LA, ME, NC, NM, TX, WV • In the states listed above where state rule exceptions are being eliminated, the proposed national rule as shown in Exhibit 1-Rule would become applicable 	Revises NCCI's <i>Basic Manual</i>
2-Rule	Details the elimination of Rule 3-A-2.	<ul style="list-style-type: none"> • All states except MA • Also, refer to state exhibits for AL, AZ, GA, IL, LA, ME, NM, OR, TX, VA, WV 	
3-Rule	Details the revisions to Rule 3-A-11-e.	<ul style="list-style-type: none"> • All states except HI, ID, MA, OR, TX • Also, refer to state exhibits for GA, HI, IL, NM, OR, WV • In the states listed above where state rule exceptions are being eliminated, the proposed national rule as shown in Exhibit 3-Rule would become applicable 	
4-Rule	Details the revisions to Rule 3-A-16-b(4).	<ul style="list-style-type: none"> • All states except MA, TX • Also, refer to state exhibits for GA, IL, NM, WV • In the states listed above where state rule exceptions are being eliminated, the proposed national rule as shown in Exhibit 4-Rule would become applicable 	

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Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
National Exhibits			
5-Rule	Details the revisions to Rule 3-A-19-a.	<ul style="list-style-type: none"> • All states except MA, TX • Assigned risk policies in CT, NH, TN • Also, refer to state exhibits for GA, IL, NM, WV • In the states listed above where state rule exceptions are being eliminated, the proposed national rule as shown in Exhibit 5-Rule would become applicable 	Revises NCCI's <i>Basic Manual</i>
6-Rule	Details the revisions to Rule 3-A-21.	<ul style="list-style-type: none"> • All states except MA • Also, refer to state exhibits for GA, IL, NM, TX, WV • In the states listed above where state rule exceptions are being eliminated, the proposed national rule as shown in Exhibit 6-Rule would become applicable 	
7-Rule	Details the revisions to Rule 4-B-4-b.	Assigned risk policies in AL, AR, DC, IA, ID, IN, KS, MS, NH, SC, SD, TN, VT, WV	
8-Rule	Details the revisions to Rule 4-B-4-n.	Assigned risk policies in AL, AR, DC, IA, ID, IN, KS, MS, NH, SC, SD, TN, VT, WV	
9-Rule	Details the revisions to Rule 4-C-5-b(3).	Assigned risk policies in AL, AZ, CT, DC, GA, ID, IL, IN, KS, MS, NC, NH, NV, OR, SC, SD, TN, VT, WV	

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Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
National Exhibits			
10-Rule	Details the revisions to Rule 4-C-6-a.	<ul style="list-style-type: none"> • Assigned risk policies in AL, AZ, CT, DC, GA, ID, IL, IN, KS, MS, NC, NH, NV, OR, SC, SD, TN, VT, WV • Also, refer to state exhibits for AL, GA, IL, WV • In the states listed above where state rule exceptions are being eliminated, the proposed national rule as shown in Exhibit 10-Rule would become applicable 	Revises NCCI's <i>Basic Manual</i>
11-Rule	Details the revisions to Rule 4-H-1-a(5).	Assigned risk policies in AK, AL, AR, AZ, CT, DC, GA, IA, ID, IL, IN, KS, MS, NC, NH, NV, OR, SC, SD, TN, VA, VT, WV	
12-Rule	Details the revisions to Rule 1-B(3) and Rule 1-B(4).	<ul style="list-style-type: none"> • All states • Also, refer to state exhibits for GA, IL, NM, TX, WV • In the states listed above where state rule exceptions are being eliminated, the proposed national rule as shown in Exhibit 12-Rule would become applicable 	Revises NCCI's <i>Experience Rating Plan Manual</i>
13-Rule	Details the revisions to Rule 2-B.	<ul style="list-style-type: none"> • All states • Also, refer to state exhibits for GA, IL, LA, NM, OR, TX, WV • In the states listed above where state rule exceptions are being eliminated, the proposed national rule as shown in Exhibit 13-Rule would become applicable 	

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Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
National Exhibits			
14-Rule	Details the revisions to Rule 3-C-2.	<ul style="list-style-type: none"> All states Also, refer to state exhibits for GA, IL, NM, TX, WV In the states listed above where state rule exceptions are being eliminated, the proposed national rule as shown in Exhibit 14-Rule would become applicable 	Revises NCCI's <i>Experience Rating Plan Manual</i>
15-Rule	Details the revisions to Rule 4-D.	<ul style="list-style-type: none"> All states except IL Also, refer to state exhibits for GA, IL, KS, NM, OR, TX, WV In the states listed above where state rule exceptions are being eliminated, the proposed national rule as shown in Exhibit 15-Rule would become applicable 	
16-Rule	Details the revisions to Rule 4-E.	<ul style="list-style-type: none"> All states except AK, FL, IL, KS, ME, MO, NE, OR, TN, TX Also, refer to state exhibits for AK, FL, GA, IL, KS, ME, MO, NE, NM, OR, TN, TX, WV In the states listed above where state rule exceptions are being eliminated, the proposed national rule as shown in Exhibit 16-Rule would become applicable 	
17-Rule	Details the removal of the reference to the <i>Basic Manual</i> rules for prior ARD applicability from Part 3-B.	All states except MA, NC, TX	Revises NCCI's <i>Statistical Plan</i>
18-Rule	Details the revisions to Part 3-G.	All states except MA, NC, TX	

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Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
National Exhibits			
19-Form	Details the revisions to the Information Page Notes (WC 00 00 01 B).	All states except IN, MA, NC	Revises NCCI's <i>Forms Manual</i>
20-Form	Details the withdrawal of the Anniversary Rating Date Endorsement (WC 00 04 02).	All states except AL, GA, IL, IN, LA, MA, ME, NC, NM, TX, WV	
21-Form	Details the revisions to the Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application (Form NC-5000 A).	<ul style="list-style-type: none"> • CT, HI, MT, NE, NM, OK, OR • Form NC-5001 is being withdrawn in NM; proposed Form NC-5000 B as shown in Exhibit 21-Form would become applicable NM 	
22-Form	Details the withdrawal of the Contracting Classification Premium Adjustment Program Application for Non-ARD States (Form NC-5001).	NM	
State Exhibits			
23-Rule	Details the elimination of Alabama State Rule Exception to Introduction—Application of Manual Rules.	AL	Revises NCCI's <i>Basic Manual</i>
24-Rule	Details the elimination of Alabama State Rule Exception 3-A-2.	AL	
25-Rule	Details the elimination of Alabama State Rule Exception 4-C-6-a.	Assigned risk policies in AL	Revises NCCI's <i>Basic Manual</i>
26-Form	Details the withdrawal of the Alabama Anniversary Rating Date Endorsement (WC 01 04 02).	AL	Revises NCCI's <i>Forms Manual</i>

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Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
State Exhibits			
23-Rule	Details the revisions to the Alaska Contracting Classification Premium Adjustment Program Miscellaneous Rule.	AK	Revises NCCI's <i>Basic Manual</i>
24-Rule	Details the revisions to Alaska State Rule Exception 4-E.	AK	Revises NCCI's <i>Experience Rating Plan Manual</i>
23-Rule	Details the elimination of Arizona State Rule Exception 3-A-2.	AZ	Revises NCCI's <i>Basic Manual</i>
24-Form	Details the revisions to the Arizona Employee Leasing Endorsement (WC 02 03 01).	AZ	Revises NCCI's <i>Forms Manual</i>
23-Rule	Details the revisions to Colorado Premium Credits for Certified Risk Management Programs or Service Miscellaneous Rule.	CO	Revises NCCI's <i>Basic Manual</i>
23-Rule	Details the revisions to Connecticut State Rule Exception 3-A-1.	CT	
24-Rule	Details the revisions to the Connecticut Contracting Classification Premium Adjustment Program Miscellaneous Rule.	CT	
23-Rule	Details the revisions to Florida State Rule Exception 3-D-6-a(2)(f).	FL	
24-Rule	Details the revisions to Florida State Rule Exception 3-D-6-h(2).	FL	

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Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
State Exhibits			
25-Rule	Details the revisions to Florida Contracting Classification Premium Adjustment Program Miscellaneous Rule.	FL	Revises NCCI's <i>Basic Manual</i>
26-Rule	Details the revisions to Florida State Rule Exception 4-E.	FL	Revises NCCI's <i>Experience Rating Plan Manual</i>
27-Rule	Details the revisions to Florida State Rule Exception 5-A-2-b(1).	FL	
28-Form	Details the revisions to the Florida Experience Rating Modification Factor Endorsement (WC 09 04 02).	FL	Revises NCCI's <i>Forms Manual</i>
23-Rule	Details the revisions to Georgia State Rule Exception to Introduction—Application of Manual Rules.	GA	Revises NCCI's <i>Basic Manual</i>
24-Rule	Details the elimination of Georgia State Rule Exception 3-A-2.	GA	
25-Rule	Details the elimination of Georgia State Rule Exception 3-A-11-e.	GA	
26-Rule	Details the elimination of Georgia State Rule Exception 3-A-16-b(4).	GA	
27-Rule	Details the elimination of Georgia State Rule Exception 3-A-19-a.	GA	

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Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
State Exhibits			
28-Rule	Details the elimination of Georgia State Rule Exception 3-A-21-a(1).	GA	Revises NCCI's <i>Basic Manual</i>
29-Rule	Details the elimination of Georgia State Rule Exception 4-C-6-a.	Assigned risk policies in GA	
30-Rule	Details the elimination of Georgia State Rule Exception 1-B-3.	GA	Revises NCCI's <i>Experience Rating Plan Manual</i>
31-Rule	Details the elimination of Georgia State Rule Exception 2-B.	GA	
32-Rule	Details the elimination of Georgia State Rule Exception 3-C-2-d.	GA	
33-Rule	Details the elimination of Georgia State Rule Exception 4-D.	GA	
34-Rule	Details the elimination of Georgia State Rule Exception 4-E.	GA	
23-Rule	Details the revisions to Hawaii State Rule Exceptions 3-A-11-a and 3-A-11-e.	HI	Revises NCCI's <i>Basic Manual</i>
24-Rule	Details the revisions to Hawaii Contracting Classification Premium Adjustment Program Miscellaneous Rule.	HI	
23-Rule	Details the elimination of Illinois State Rule Exception to Introduction—Application of Manual Rules.	IL	

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Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
State Exhibits			
24-Rule	Details the elimination of Illinois State Rule Exception 3-A-2.	IL	Revises NCCI's <i>Basic Manual</i>
25-Rule	Details the elimination of Illinois State Rule Exception 3-A-11-e.	IL	
26-Rule	Details the elimination of Illinois State Rule Exception 3-A-16-b(4).	IL	
27-Rule	Details the elimination of Illinois State Rule Exception 3-A-19-a.	IL	
28-Rule	Details the elimination of Illinois State Rule Exception 3-A-21-a(1).	IL	
29-Rule	Details the elimination of Illinois State Rule Exception 4-C-6-a.	Assigned risk policies in IL	
30-Rule	Details the elimination of Illinois State Rule Exception 1-B-3.	IL	Revises NCCI's <i>Experience Rating Plan Manual</i>
31-Rule	Details the elimination of Illinois State Rule Exception 2-B.	IL	
32-Rule	Details the elimination of Illinois State Rule Exception 3-C-2-d.	IL	
33-Rule	Details the revisions to Illinois State Rule Exception 4-D. Note: This revision does not affect the current Illinois state rule exceptions to <i>Experience Rating Plan Manual</i> Rule 4-D-1 and Rule 4-D-2.	IL	

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Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
State Exhibits			
34-Rule	Details the revisions to Illinois State Rule Exception 4-E.	IL	Revises NCCI's <i>Experience Rating Plan Manual</i>
23-Rule	Details the elimination of Kansas Assigned Risk Retrospective Rating Plan Rule 2-a.	Assigned risk policies in KS	Revises NCCI's <i>Basic Manual</i>
24-Rule	Details the revisions to Kansas State Rule Exception 4-D.	KS	Revises NCCI's <i>Experience Rating Plan Manual</i>
25-Rule	Details the revisions to Kansas State Rule Exception 4-E.	KS	
26-Form	Details the revisions to the Kansas Professional Employer Organization (PEO) Multiple Coordinated Policy Endorsement for Policy Covering the PEO (WC 15 03 03 A).	KS	Revises NCCI's <i>Forms Manual</i>
23-Form	Details the revisions to the Kentucky Employee Leasing Endorsement (WC 16 03 02 A).	KY	
23-Rule	Details the elimination of Louisiana State Rule Exception to Introduction—Application of Manual Rules.	LA	Revises NCCI's <i>Basic Manual</i>
24-Rule	Details the elimination of Louisiana State Rule Exception 3-A-2.	LA	
25-Rule	Details the elimination of Louisiana State Rule Exception 2-B-1.	LA	Revises NCCI's <i>Experience Rating Plan Manual</i>

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Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
State Exhibits			
26-Form	Details the withdrawal of the Louisiana Anniversary Rating Date Endorsement (WC 17 04 01).	LA	Revises NCCI's <i>Forms Manual</i>
27-Form	Details the revisions to the Louisiana Amendatory Endorsement (WC 17 06 01 E).	LA	
23-Rule	Details the elimination of Maine State Rule Exception to Introduction—Application of Manual Rules.	ME	Revises NCCI's <i>Basic Manual</i>
24-Rule	Details the elimination of Maine State Rule Exception 3-A-2.	ME	
25-Rule	Details the revisions to Maine State Rule Exception 4-E.	ME	Revises NCCI's <i>Experience Rating Plan Manual</i>
26-Form	Details the withdrawal of the Maine Anniversary Modification Rating Date Endorsement (WC 18 04 07).	ME	Revises NCCI's <i>Forms Manual</i>
23-Rule	Details the revisions to Maryland Construction Classification Premium Reduction Program Miscellaneous Rule.	MD	Revises NCCI's <i>Basic Manual</i>
24-Form	Details the revisions to the Maryland Construction Classification Premium Reduction Program (CCPRP) Workers Compensation Premium Credit Application (Form 19-1C).	MD	Revises NCCI's <i>Forms Manual</i>

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Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
State Exhibits			
23-Rule	Details the revisions to Missouri State Rule Exception 4-E.	MO	Revises NCCI's <i>Experience Rating Plan Manual</i>
23-Rule	Details the revisions to Montana Construction Premium Credit Program Miscellaneous Rule.	MT	Revises NCCI's <i>Basic Manual</i>
24-Form	Details the revisions to the Montana Employee Leasing/Professional Employer Endorsement (WC 25 03 01).	MT	Revises NCCI's <i>Forms Manual</i>
23-Rule	Details the revisions to Nebraska Contracting Classification Premium Credit Adjustment Program Miscellaneous Rule.	NE	Revises NCCI's <i>Basic Manual</i>
24-Rule	Details the revisions to Nebraska State Rule Exception 4-E.	NE	Revises NCCI's <i>Experience Rating Plan Manual</i>
25-Form	Details the revisions to the Nebraska Professional Employer Organization (PEO) Multiple Coordinated Policy Endorsement for Policy Covering the PEO (WC 26 03 01).	NE	Revises NCCI's <i>Forms Manual</i>

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Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
State Exhibits			
26-Form	Details the revisions to the Nebraska Professional Employer Organization (PEO) Multiple Coordinated Policy Endorsement for Policy Covering the Client (WC 26 03 02).	NE	Revises NCCI's <i>Forms Manual</i>
27-Form	Details the revisions to the Nebraska Experience Rating Modification Endorsement (WC 26 04 01).	NE	
23-Rule	Details the elimination of New Mexico State Rule Exception to Introduction—Application of Manual Rules.	NM	Revises NCCI's <i>Basic Manual</i>
24-Rule	Details the elimination of New Mexico State Rule Exception 3-A-2.	NM	
25-Rule	Details the elimination of New Mexico State Rule Exception 3-A-11-e.	NM	
26-Rule	Details the elimination of New Mexico State Rule Exception 3-A-16-b(4).	NM	
27-Rule	Details the elimination of New Mexico State Rule Exception 3-A-19-a.	NM	

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Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
State Exhibits			
28-Rule	Details the elimination of New Mexico State Rule Exception 3-A-21-a(1).	NM	Revises NCCI's <i>Basic Manual</i>
29-Rule	Details the elimination of New Mexico State Rule Exception 1-B-3.	NM	Revises NCCI's <i>Experience Rating Plan Manual</i>
30-Rule	Details the elimination of New Mexico State Rule Exception 2-B.	NM	
31-Rule	Details the elimination of New Mexico State Rule Exception 3-C-2-d.	NM	
32-Rule	Details the elimination of New Mexico State Rule Exception 4-D.	NM	
33-Rule	Details the elimination of New Mexico State Rule Exception 4-E.	NM	
34-Rule	Details the revisions to Rule 4-D-2.	Assigned risk policies in NM	Revises NCCI's <i>NMARM</i>
35-Rule	Details the revisions to Rule 8-A.	Assigned risk policies in NM	
23-Rule	Details the revisions to Nevada State Rule Exception 3-D-6-a(2)(g).	Assigned risk policies in NV	Revises NCCI's <i>Basic Manual</i>

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FILING MEMORANDUM

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
State Exhibits			
24-Rule	Details the revisions to Nevada State Exception 5-A-2-c.	NV	Revises NCCI's <i>Experience Rating Plan Manual</i>
25-Rule	Details the revisions to the Nevada State Exception to Part 3-F-1.	NV	Revises NCCI's <i>Statistical Plan</i>
26-Form	Details the revisions to the Nevada Employee Leasing Multiple Coordinated Policies Basis Endorsement (WC 27 03 01 A).	NV	Revises NCCI's <i>Forms Manual</i>
23-Rule	Details the revisions to North Carolina State Rule Exception to Introduction—Application of Manual Rules.	NC	Revises NCCI's <i>Basic Manual</i>
23-Rule	Details the revisions to Oklahoma State Rule Exception 3-A-1.	OK	
24-Rule	Details the revisions to Oklahoma Contracting Classification Premium Credit Adjustment Program Miscellaneous Rule.	OK	
23-Rule	Details the elimination of Oregon State Rule Exception 3-A-2.	OR	
24-Rule	Details the revisions to Oregon State Rule Exception 3-A-11-e.	OR	
25-Rule	Details the revisions to Oregon State Rule Exception 3-D.	OR	

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ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
State Exhibits			
26-Rule	Details the revisions to Oregon Contracting Classification Premium Adjustment Program Miscellaneous Rule.	OR	Revises NCCI's <i>Basic Manual</i>
27-Rule	Details the elimination of Oregon State Rule Exception 2-B.	OR	Revises NCCI's <i>Experience Rating Plan Manual</i>
28-Rule	Details the elimination of Oregon State Rule Exception 4-D-1.	OR	
29-Rule	Details the revisions to Oregon State Rule Exception 4-E.	OR	
30-Rule	Details the revisions to Oregon Group Supplemental Experience Rating Plan Miscellaneous Rule.	OR	
31-Rule	Details the revisions to Oregon Merit Rating Plan Miscellaneous Rule.	OR	
32-Rule	Details the revisions to the Oregon State Exception to Part 3-A.	OR	Revises NCCI's <i>Statistical Plan</i>
33-Form	Details the revisions to the Oregon Group Supplemental Experience Rating Plan Endorsement (WC 36 04 04).	OR	Revises NCCI's <i>Forms Manual</i>
23-Rule	Details the revisions to Tennessee State Rule Exception 4-E.	TN	Revises NCCI's <i>Experience Rating Plan Manual</i>

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ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
State Exhibits			
23-Rule	Details the elimination of Texas State Rule Exception to Introduction—Application of Manual Rules.	TX	Revises NCCI's <i>Basic Manual</i>
24-Rule	Details the elimination of Texas State Rule Exception 3-A-2.	TX	
25-Rule	Details the elimination of Texas State Rule Exception 3-A-21-a(1).	TX	
26-Rule	Details the elimination of Texas State Rule Exception 1-B-3.	TX	Revises NCCI's <i>Experience Rating Plan Manual</i>
27-Rule	Details the elimination of Texas State Rule Exception 2-B.	TX	
28-Rule	Details the elimination of Texas State Rule Exception 3-C-2-d.	TX	
29-Rule	Details the revisions to Texas State Rule Exception 4-D.	TX	
30-Rule	Details the revisions to Texas State Rule Exception 4-E.	TX	
31-Rule	Details the revisions to Texas State Rule Exception 2-D.	TX	Revises NCCI's <i>Retrospective Rating Plan Manual</i>
32-Rule	Details the revisions to Texas State Rule Exception 2-F.	TX	
33-Rule	Details the elimination of Texas State Exception to Part 3-B.	TX	Revises NCCI's <i>Statistical Plan</i>
34-Rule	Details the elimination of Texas State Exception to Part 3-G.	TX	
23-Form	Details the revisions to the Utah Employee Leasing Endorsement (WC 43 03 02).	UT	Revises NCCI's <i>Forms Manual</i>
23-Rule	Details the revisions to Vermont Merit Rating Plan Miscellaneous Rule.	Assigned risk policies in VT	Revises NCCI's <i>Basic Manual</i>

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ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
State Exhibits			
23-Rule	Details the elimination of Virginia State Rule Exception 3-A-2.	VA	Revises NCCI's <i>Basic Manual</i>
24-Rule	Details the revisions to Virginia Contracting Classification Premium Adjustment Program Miscellaneous Rule.	VA	
25-Rule	Details the revisions to Virginia Drug-Free Workplace Premium Credit Miscellaneous Rule.	Assigned risk policies in VA	
26-Rule	Details the revisions to Virginia State Rule Exception 5-A-2-b.	VA	Revises NCCI's <i>Experience Rating Plan Manual</i>
27-Form	Details the revisions to the Virginia Contracting Classification Premium Adjustment Program (CCPAP) Workers Compensation Premium Credit Application (Form 45-3B).	VA	Revises NCCI's <i>Forms Manual</i>
23-Rule	Details the elimination of West Virginia State Rule Exception to Introduction—Application of Manual Rules.	WV	Revises NCCI's <i>Basic Manual</i>
24-Rule	Details the elimination of West Virginia State Rule Exception 3-A-2.	WV	
25-Rule	Details the elimination of West Virginia State Rule Exception 3-A-11-e.	WV	
26-Rule	Details the elimination of West Virginia State Rule Exception 3-A-16-b(4).	WV	

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ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

Exhibit	Exhibit Comments	Applicable Proposal:	Implementation Summary
State Exhibits			
27-Rule	Details the elimination of West Virginia State Rule Exception 3-A-19-a.	WV	Revises NCCI's <i>Basic Manual</i>
28-Rule	Details the elimination of West Virginia State Rule Exception 3-A-21-a(1).	WV	
29-Rule	Details the elimination of West Virginia State Rule Exception 4-C-6-a.	Assigned risk policies in WV	
30-Rule	Details the elimination of West Virginia State Rule Exception 1-B-3.	WV	Revises NCCI's <i>Experience Rating Plan Manual</i>
31-Rule	Details the elimination of West Virginia State Rule Exception 2-B.	WV	
32-Rule	Details the elimination of West Virginia State Rule Exception 3-C-2-d.	WV	
33-Rule	Details the elimination of West Virginia State Rule Exception 4-D.	WV	
34-Rule	Details the elimination of West Virginia State Rule Exception 4-E.	WV	

Note: Some states require that rule and form filings be filed separately. For filing purposes in those states, this memorandum is being provided for both the rule and form exhibits. The rule exhibits are filed with the regulatory authority as Item B-1430-R. The form exhibits are filed with the regulatory authority as Item B-1430-F.

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ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 1-RULE
BASIC MANUAL—2001 EDITION
PART ONE—RULES

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

This manual contains rules that have been approved by state insurance regulators. These rules cover the following topics:

- Introduction—Application of Manual Rules
- Rule 1—Classification Assignment
- Rule 2—Premium Basis and Payroll Allocation
- Rule 3—Rating Definitions and Application of Premium Elements
- Rule 4—Workers Compensation Insurance Plan Rules

INTRODUCTION—APPLICATION OF MANUAL RULES

1. Rules apply separately to each policy, except as provided in the rules related to premium discount and executive officers.
2. This manual applies only from the policy effective anniversary rating date that occurs on or after the effective date of this manual.
3. The effective date of a change in any rule, classification, rate, or loss cost is 12:01 a.m. on the date approved for use.
4. Changes made during a policy period are effective as of the policy effective date on or after the next anniversary rating date on or after the date of the change, unless otherwise specified.
5. ~~The anniversary rating date is the effective month and day of the policy in effect and each anniversary thereafter unless a different date has been established by the National Council on Compensation Insurance, Inc. (NCCI) or other licensed rating organization. Refer to Rule 3-A-2 for more information.~~ The rules in this manual are based on policy periods not longer than one year.
 - a. A policy issued for a period not longer than one year and 16 days is treated as a one-year policy.
 - b. A policy issued for a period longer than one year and 16 days, that is not a three-year fixed-rate policy, is a long-term policy and treated as follows:
 - The policy period is divided into consecutive 12-month units.
 - The Policy Period Endorsement is used to designate either the first or last unit of less than 12 months as a short-term policy.
 - Rules, classifications, and rates are applied to individual units of 12 months each as if a separate policy had been issued for each unit.
6. The National Council on Compensation Insurance, Inc. (NCCI) has the right to conduct inspections of operations, assign classifications, and determine the propriety of classification assignments and applicability of all **Basic Manual** rules.
7. NCCI has authority to conduct test audits and to require corrections in accordance with the results of the test audit.
8. Appeals involving the application of the rules or classifications of this manual may be resolved through the applicable administrative appeals process. *Refer to the **User's Guide** for more information.*
9. Interpretation of state or federal laws pertaining to coverage issues is not within the jurisdiction of NCCI.
10. Some **Basic Manual** rules may have special assigned risk rules, notes, or exceptions. In states where assigned risk markets do not exist, these rules, notes, and exceptions do not apply.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 2-RULE
BASIC MANUAL—2001 EDITION
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS

A. EXPLANATION AND APPLICATION

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

2. **Anniversary Rating Date (ARD) (RESERVED FOR FUTURE USE)**

The anniversary rating date is the effective month and day of the policy in effect and each anniversary thereafter unless a different date has been established by the National Council on Compensation Insurance, Inc. or other licensed rating organization.

Rules, classifications, and rates are applied on an Anniversary Rating Date basis for all risks. When a material change in ownership occurs, the ARD of the previous entity is not used to determine the applicable rules, classifications, and rates of the new entity. For more information on ownership changes, refer to the *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance*.

To determine the proper application, refer to the tables below:

ARD Table 4

For a single policy risk whose . . .	The insurance carrier must apply . . .
<p>Policies have run consecutively; or,</p> <p>The risk is a new entity . . .</p>	<p>The rules, classifications, and rates effective on the normal ARD for the full term of:</p> <ul style="list-style-type: none"> • The policy beginning on that date; or • Any other policy beginning up to three months after that date <p>Refer to the <i>User's Guide</i> for an example.</p>
<p>Policy has been cancelled and rewritten, either by the same or another carrier . . .</p>	<p>To the rewritten policy, all rules, classifications, and rates of the rewriting carrier in effect as of the:</p> <ul style="list-style-type: none"> • Normal ARD to the new policy until the next normal ARD has been reached or until the next ARD is established by the rating organization; • Next normal ARD until the expiration date of the rewritten policy or until the next ARD is established by the rating organization. Upon the expiration date of the rewritten policy, a new ARD is established based on the effective date of the rewritten policy. The new ARD becomes the normal ARD for future policies. <p>Refer to the <i>User's Guide</i> for an example.</p>

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 2-RULE (CONT'D)
BASIC MANUAL—2001 EDITION
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION
 (Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV)

ARD Table 2

For a multiple policy risk with varying effective dates . . .	The insurance carrier must apply . . .
That is not a long-term policy or Three-Year Fixed-Rate Policy . . .	The rules, classifications, and rates in effect on the normal ARD until the next normal ARD: <ul style="list-style-type: none"> • These rules, classifications, and rates apply to the portion of each policy falling within the 12-month period, regardless of their effective and termination dates. • The renewal rules, classifications, and rates must be applied in the same manner. • The ARD is determined by the policy with the largest standard premium, unless otherwise established by the rating organization. Refer to the <i>User's Guide</i> for an example.
That has been cancelled and rewritten, either by the same or another carrier . . .	To the rewritten policy, all rules, classifications and rates of the rewriting carrier that were in effect as of the: <ul style="list-style-type: none"> • Normal ARD to the new policy until the next normal ARD has been reached or until the next ARD is established by the rating organization. • Next normal ARD until the expiration date of the rewritten policy or until the next ARD is established by the rating organization. Upon the expiration date of the rewritten policy, a new ARD is established based on the effective date of the rewritten policy. The new ARD becomes the normal ARD for future policies.

ARD Table 3

For other situations such as . . .	The insurance carrier must apply . . .
A long-term policy (issued for a period longer than one year and 16 days, other than a Three-Year Fixed-Rate Policy) . . .	All rules, classifications and rates to individual units as if a separate policy had been issued. <ul style="list-style-type: none"> • Divide the policy into consecutive units of 12 months each. • This division will designate either the first or last unit of less than 12 months as a short-term policy. Refer to the <i>User's Guide</i> for an example.
A Three-Year Fixed-Rate Policy . . .	The rates in force on the effective date of the policy without change until its termination.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 2-RULE (CONT'D)
BASIC MANUAL—2001 EDITION
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION
 (Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
 MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV)
ARD Table 3 (Cont'd)

For other situations such as . . .	The insurance carrier must apply . . .
	<p>Exceptions:</p> <p>A single rate revision resulting in an increase of 40% or more on outstanding policies must be applied to the remaining portion of the policy</p>

ARD Table 4

Applicable Endorsements
<ul style="list-style-type: none"> ▲ Use the Standard Anniversary Rating Date Endorsement (WG 00 04 02) when necessary. The endorsement is used to show the normal anniversary rating date if different from the policy effective date. ▲ Use the Standard Policy Period Endorsement (WG 00 04 05) if the policy period is not a multiple of 12 months. This endorsement is used to designate the first or last unit of less than 12 months as a short-term policy.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 3-RULE
BASIC MANUAL—2001 EDITION
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS

A. EXPLANATION AND APPLICATION

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

11. Expense Constant

Expense Constant is a premium charge that is applied to every policy regardless of premium size. The expense constant contributes to the recovery of expenses common to issuing, recording, and auditing a policy. The expense constant charged at the inception of the policy will not change when a state is added or deleted during the policy term.

In competitive rating jurisdictions, the expense constant is filed by or on behalf of the carrier. In administered pricing jurisdictions, the expense constant is shown on the state pages.

Note: The following rules, as they appear in this manual, do not apply unless approval for their use is obtained by or on behalf of the carrier from the appropriate insurance regulatory authority.

a. The expense constant is:

- Not subject to premium discount, experience rating modification, retrospective rating adjustment, or additional charges for the catastrophe provisions detailed in Rule 3-A-24.
- Included in the minimum premium for each classification and must not be added to the minimum premium if the minimum premium becomes the final premium for the policy
- Shown on the Information Page of the policy. For details, refer to *User's Guide D-2-g(6)*.

Refer to the *User's Guide* for an example.

b. When more than one state is insured on the same policy, the highest expense constant must be charged even if that state is on an "if any" basis. If two or more states have the same highest expense constant, the expense constant is determined by the state with the largest amount of standard premium.

c. The expense constant must be excluded from the determination of standard premium.

d. Full expense constants must be charged for short-term policies.

Exceptions:

Expense constants are prorated when short-term policies are issued:

- To replace a binder
- Solely to establish consistent effective dates with other insurance policies

e. If the policy is cancelled by the employer insured, except when retiring from business, the short-rate portion of the expense constant must not be less than \$15.

In addition to the exception to Rule 3-A-11-d above, the pro rata portion of expense constants are charged when the policy is cancelled:

- ~~The policy is cancelled:~~
 - By the insurance carrier according to Cancellation Provisions Table 1
 - When the employer insured is retiring from business according to Cancellation Provisions Table 2
 - When an assigned risk policy is cancelled because coverage was placed in the voluntary market according to Cancellation Provisions Table 3
- ~~The amount changes due to a change in the anniversary rating date~~

Refer to the *User's Guide* for an example.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 3-RULE (CONT'D)
BASIC MANUAL—2001 EDITION

RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS

A. EXPLANATION AND APPLICATION

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

- f. The pro rated portions of the expense constant in d. and e. above must not be less than \$15.
For expense constant determination on Three-Year Fixed-Rate policies, *refer to Rule 3-B.*

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 4-RULE
BASIC MANUAL—2001 EDITION
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION

16. Minimum Premium

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

b. Determination

- (1) The minimum premium at policy issuance is determined as follows:
 - For a policy with only one classification, apply the minimum premium for that classification.
 - For a policy with two or more classifications, apply the highest minimum premium for any classification on the policy.
 - For a multiple state policy, the applicable minimum premium for the policy would be that of the state with the single highest minimum premium, even if that state is on an "if any" basis. If two or more states have the same highest minimum premium, the minimum premium is determined by the state with the largest amount of standard premium.
- (2) The minimum premium is subject to final adjustment at final audit. It is determined on the basis of those classifications developing premium as follows:
 - If the final earned premium is less than the minimum premium determined on audit, then that minimum premium must be charged.
 - If no classification develops premium, the minimum premium for Code 8810 must be charged.
 - When more than one state is insured on the same policy, the minimum premium for the state with the single highest minimum premium must be charged even if that state is on an "if any" basis. If two or more states have the same highest minimum premium, the minimum premium is determined by the state with the largest amount of standard premium.
- (3) Full minimum premiums are charged for short-term policies, subject to 4. below.
- (4) The minimum premium is prorated when:
 - A short-term policy is issued to replace a binder
 - A short-term policy is issued to establish consistent effective dates with other insurance policies
 - A policy is cancelled by the insurance carrier according to Cancellation Provisions Table 1
 - A policy is cancelled when the insured is retiring from business according to Cancellation Provisions Table 2
 - An assigned risk policy is cancelled because coverage was placed in the voluntary market according to Cancellation Provisions Table 3
 - ~~The amount changes due to a change in the anniversary rating date~~

Refer to the *User's Guide* for an example.

- (5) In the event that a policy is cancelled midterm, the minimum premium for increased limits for employers liability and federal coverages must be treated the same as the classification minimum premium.
 - Cancellation may occur by the carrier or by the insured when retiring from business. When this happens, the total premium for the policy must not be less than the pro rata portion of the minimum premium.
 - If cancellation occurs by the insured, and the insured is not retiring from business, the total earned premium for the cancelled policy must not be less than the applicable annual minimum premium.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 4-RULE (CONT'D)
BASIC MANUAL—2001 EDITION
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION

16. Minimum Premium

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

(6) For a policy that provides only employers liability insurance with increased limits, the minimum premium must be increased by the factor that applies to the rates for that policy.

All references to employers liability insurance without workers compensation insurance in this rule or other rules in this manual do not apply to residual market policies in states where NCCI is the Plan Administrator.

For minimum premium information for Domestic Workers, refer to *Rule 3-C-5-c*.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 5-RULE
BASIC MANUAL—2001 EDITION
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION

19. Premium Discount

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

a. Determination of Premium Discount

A policy qualifies for premium discount when the standard premium exceeds the eligibility amount authorized by the insurance regulatory authority.

~~Premium Discount is applied in accordance with the anniversary rating date. Refer to Rule 3-A-2 for information on anniversary rating date.~~

Total standard premium is subject to premium discount as follows:

(1) Without Retrospective Rating

• **Single State Policy**

Premium discount is determined by applying the appropriate discount percentages to the total standard premium in excess of the authorized threshold amount.

• **Multiple State Policy**

Premium discount applies on an interstate basis. It is determined by applying the appropriate discount percentages to each state's portion of the total standard premium in excess of the authorized threshold amount.

Each state's portion of the threshold amount and varying gradations of premium discount are calculated by multiplying the total standard premium by the ratio of state standard premium to the total standard premium.

*Refer to the **User's Guide** for an example.*

(2) With Retrospective Rating

The portion of the standard premium subject to a Retrospective Rating Plan is not subject to premium discount.

Total the premium of all entities to determine the amount subject to the Retrospective Rating Plan. The remainder of that standard premium is subject to premium discount and is calculated as follows:

(a) Determine the discount (x) as if none of the premium is subject to retrospective rating

(b) Determine the discount (y) for the premium subject to retrospective rating only

(c) The premium discount is the difference between (x) and (y)

The total premium discount is distributed by state by allocating the state portion of standard premium to the premium discount.

*Refer to the **User's Guide** for an example.*

(3) Other Methods

Any other method of determining premium discount may be used as long as the result does not differ by more than 0.1% of the standard premium from the premium discount produced by the methods outlined in this rule.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 6-RULE
BASIC MANUAL—2001 EDITION
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION

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

21. States Added After Policy Effective Date

- a. A state may be added after the effective date of the policy. For the additional state operations, apply:
 - (1) Manual rates in effect on the effective anniversary rating date of the policy to which the state has been added
 - (2) Any rate change that applies to outstanding policies for the state being added, and
 - (3) Any applicable experience rating modification for the policy to which the state has been added.
*Refer to the **Experience Rating Plan Manual**.*
- b. Additional states may be added to ~~the~~ an assigned risk policy only in accordance with *Basic Manual* Rule 4-A or the applicable state workers compensation insurance plan ~~for residual market policies in states where NCCI is the Plan Administrator.~~

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

**EXHIBIT 7-RULE
BASIC MANUAL—2001 EDITION
RULE 4—WORKERS COMPENSATION INSURANCE PLAN RULES
B. PROFESSIONAL EMPLOYER ORGANIZATION (PEO) ARRANGEMENTS
4. Multiple Coordinated Policies (MCP)
(Applies Only to Assigned Risk Policies in: AL, AR, DC, IA, ID, IN, KS, MS, NH, SC, SD,
TN, VT, WV)**

b. Policy Issuance

- (1) Each client will have its own standard policy covering its leased workers pursuant to the workers compensation laws of the state and in accordance with the WCIP.
 - (a) The client's policy covering its leased workers will be issued in the name and FEIN of the client in accordance with this rule and all other rules governing the issuance of a standard policy for assigned risk business.
 - (b) Direct workers of a client will not be included on the client's policy for its leased workers, unless otherwise required by state law or regulation.
 - (c) If a client leases workers from more than one PEO, there must be a separate MCP policy for the leased workers of each PEO.
- (2) Each PEO must have its own standard policy covering the direct workers of the PEO.
 - (a) A policy issued to cover the direct workers of the PEO under a MCP basis will be issued in the name and FEIN of the PEO in accordance with this rule and all other rules governing the issuance of a standard policy for assigned risk business under the WCIP.
 - (b) If the PEO has no direct workers in the state where its clients' coverage is being obtained, the PEO's policy will be issued with premium based on the use of Code 8810—Clerical Office Employees NOC on an "if any" basis.
 - (c) All policies of any PEO related by common management or ownership must be assigned to one assigned carrier in the state, where practicable.
 - (d) All policies for clients of the same PEO will be assigned to one assigned carrier in the state, where practicable.
 - (e) The assigned carrier will arrange to have the same renewal/nonrenewal dates for all policies in a MCP arrangement, including any new client exposure added midterm to the PEO's MCP.
 - (f) ~~For information regarding the anniversary rating date, refer to NCCI's *Basic Manual*.~~
- (3) Appropriate endorsements will be used to restrict the coverage to named leased workers and to manage coverage between all clients and the PEO(s).

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 8-RULE
BASIC MANUAL—2001 EDITION
RULE 4—WORKERS COMPENSATION INSURANCE PLAN RULES
B. PROFESSIONAL EMPLOYER ORGANIZATION (PEO) ARRANGEMENTS
4. Multiple Coordinated Policies (MCP)
(Applies Only to Assigned Risk Policies in: AL, AR, DC, IA, ID, IN, KS, MS, NH, SC, SD,
TN, VT, WV)

n. Client Additions to the MCP

- (1) New clients may be added to the MCP at any time during the policy period if the client is in good faith eligible for workers compensation insurance in accordance with Rule 4-A-3. New clients must complete and submit the appropriate applications and Professional Employer Organization (PEO) Client Supplemental Application to the Plan Administrator.
- (2) Multiple clients that are added to the MCP midterm can be combined for deposit premium determination, if the request for coverage is submitted to the Plan Administrator at the same time.
- (3) A client policy, which is added to the MCP, will be required to have the same expiration date as the MCP. ~~For information regarding the anniversary rating date, refer to Rule 3-A-2.~~
- (4) For more information regarding deposit premium, *refer to Rule 4-1.*

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

**EXHIBIT 9-RULE
BASIC MANUAL—2001 EDITION
RULE 4—WORKERS COMPENSATION INSURANCE PLAN RULES
C. LOSS SENSITIVE RATING PLAN
5. LSRP Definitions**

b. Deposits

(Applies Only to Assigned Risk Policies in: AL, AZ, CT, DC, GA, ID, IL, IN, KS, MS, NC, NH, NV, OR, SC, SD, TN, VT, WV)

(3) Deposit/Initial Premium and LSRP Contingency Deposit Submission Requirements

Deposit/initial premium and LSRP contingency deposits are submitted for single and multiple policy employers in accordance with the table below.

Deposit/Initial Premium, LSRP Contingency Deposit, and Policy Issuance Table

Application and Conditions	Application Assignment and Policy Issuance	The employer must submit ...
One application—No other applications or existing policies are in effect that may be combined for LSRP eligibility determination and/or coverage	<ul style="list-style-type: none"> • Individual application assigned to carrier • Assigned carrier issues one policy 	<ol style="list-style-type: none"> 1. Individual WCIP deposit or initial premium for the WCIP policy, and 2. An additional 20% LSRP contingency deposit based on the LSRP standard premium
Multiple applications—To determine LSRP eligibility, review possible combination with any applications and/or policies in effect for an employer with common majority ownership as defined in NCCI's <i>Experience Rating Plan Manual</i>	<ul style="list-style-type: none"> • Multiple applications assigned to same carrier • Assigned carrier issues LSRP policies for those that meet the eligibility requirement • Policy inception effective dates may vary; however, all policies must have a common expiration date • <i>Refer to Rule 4-C-6-a for anniversary rating date application</i> 	<ol style="list-style-type: none"> 1. Individual WCIP deposit or initial premium for each WCIP policy (e.g., two WCIP policies require two WCIP initial or deposit premiums), and 2. An additional 20% LSRP contingency deposit based on the combined LSRP standard premium
Multiple applications—For the rare circumstance when applications and/or policies in effect for an employer with common majority ownership as defined in NCCI's <i>Experience Rating Plan Manual</i> cannot be assigned to an individual carrier	<ul style="list-style-type: none"> • Multiple applications assigned to multiple carriers, including affiliated insurers when possible • Assigned carriers issue LSRP policies for those that meet the eligibility requirement • Policy effective dates may vary • <i>Refer to Rule 4-C-6-a for anniversary rating date application</i> 	<ol style="list-style-type: none"> 1. Individual WCIP deposit or initial premium for each WCIP policy (e.g., two WCIP policies require two WCIP initial or deposit premiums), and 2. Additional 20% LSRP contingency deposits based on individual eligible LSRP standard premium(s)
Assigned carriers must issue a guaranteed cost policy(ies) for a state(s) where LSRP is not approved.		

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 10-RULE
BASIC MANUAL—2001 EDITION
RULE 4—WORKERS COMPENSATION INSURANCE PLAN RULES
C. LOSS SENSITIVE RATING PLAN

6. General Explanations

(Applies Only to Assigned Risk Policies in: AL, AZ, CT, DC, GA, ID, IL, IN, KS, MS, NC, NH, NV, OR, SC, SD, TN, VT, WV)

a. Policy Effective Date Basis~~Anniversary Rating Date~~

All LSRP rating values are applied on a policy effective date ~~an anniversary rating date (ARD)~~ basis for all single and multiple LSRP policy risks where Introduction—Application of Manual Rules, #4 Rule 3-A-2 applies.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 11-RULE
BASIC MANUAL—2001 EDITION
RULE 4—WORKERS COMPENSATION INSURANCE PLAN RULES
H. PRODUCER FEES

(Applies Only to Assigned Risk Policies in: AK, AL, AR, AZ, CT, DC, GA, IA, ID, IL, IN, KS, MS, NC, NH, NV, OR, SC, SD, TN, VA, VT, WV)

1. General Explanation and Requirements

- a. For purposes of this rule, producer means a licensed insurance agent, broker, or insurance representative, as defined in the state insurance law, regulation, and/or rule, whose privileges under this Workers Compensation Insurance Plan (Plan) have not been suspended or revoked, designated by the employer or applicant applying under this Plan to secure and maintain workers compensation and employers liability insurance on behalf of the employer applying for coverage under this plan and not as an agent of the Plan Administrator or of any assigned carrier for Plan business. Also, for purposes of this rule:
- (1) Producer fees may be referred to as producer fees, fees, or commissions.
 - (2) Proper producer licenses and producer licensing refer to resident or nonresident producer and/or agency licenses as applicable.
 - (3) Plan Administrator is defined in accordance with Rule 4-A-2-p or applicable state workers compensation insurance plan approved for use in a state.
 - (4) WCIP is defined in accordance with Rule 4-A-2-y or applicable state workers compensation insurance plan approved for use in a state.
 - (5) ~~Anniversary rating date does not apply-~~
- b. Rule 4-A-3-l, or applicable state workers compensation insurance plan approved for use in a state, provides the authority for the fees that must be paid by an assigned carrier to a licensed agency for all new and renewal assigned risk policies for which the agency is the agency of record.
- c. Assigned carriers must have and adhere to internally documented state producer and agency licensing requirements for payment of producer fees.
- d. To be paid a fee, a producer and/or agency must be properly licensed in the state(s) for which new and/or renewal policies are issued. It is the assigned carrier's responsibility to determine whether or not the producer and/or agency is properly licensed in the appropriate jurisdictions for payment of fees. Producer fee checks are made payable to the licensed agency of record rather than to the individual licensed producer, unless they are one and the same.
- e. Only one producer and agency can be recognized by the assigned carrier at any one time for a single policy. The producer of record and agency of record are the producer and agency designated on the application unless the producer and/or agency changes during the policy period in accordance with Rule 4-H-3-a.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 12-RULE
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
RULE 1—GENERAL EXPLANATIONS

(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)

B. MANDATORY PLAN

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. Refer to the state rules for exceptions to this Plan's national rules. 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 anniversary~~ rating effective anniversary date, which occurs on or after the effective date of the change. Refer to Rule 2-B for more information about ~~anniversary rating dates and rating effective dates~~.
4. The ~~Standard~~ 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 ~~inclusion~~ attachment of ~~mandatory and/or advisory~~ endorsements found in the *Forms Manual of Workers Compensation and Employers Liability Insurance*.
5. The rules of this Plan are based on policy periods not longer than one year.
 - a. A policy issued for a period not longer than one year and 16 days is treated as a one-year policy.
 - b. A policy issued for a period longer than one year and 16 days is treated as follows:
 - 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.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 13-RULE
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
RULE 2—EXPERIENCE RATING ELEMENTS AND FORMULA
(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)

B. RATING EFFECTIVE DATES (RED)

1. Anniversary Rating Date (ARD)

~~The anniversary rating date is the effective month and day of the policy in effect and each anniversary thereafter unless a different date has been established by the rating organization. Refer to the *Basic Manual* for more information on anniversary rating date.~~

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, refer to Rule 4-D.

The rating organization establishes the RED.

Note: Wrap-up policies are not used to determine the RED. Refer to Rule 5-D-1 for information on wrap-up policies.

2. Rating Effective Date (RED)

The RED may differ from a risk's policy effective date for reasons including, but not limited to:

- a. ~~The rating effective date 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, refer to Rule 4-D.~~

~~The rating organization establishes the rating effective date. In most cases, a risk's rating effective date is the same as its anniversary rating date.~~

~~**Note:** Wrap-up policies are not used to determine rating effective dates. Refer to Rule 5-D-1 for information on wrap-up policies.~~

- b. ~~The rating effective date may differ from a risk's anniversary rating date for reasons including, but not limited to:~~

- ~~• 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~~

To determine a risk's ~~rating effective date~~ 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.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 13-RULE (CONT'D)
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
RULE 2—EXPERIENCE RATING ELEMENTS AND FORMULA
 (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)

Rating Effective Date Determination Table

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.

*Refer to the **User's Guide** for examples.*

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 14-RULE
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
RULE 3—OWNERSHIP CHANGES AND COMBINATION OF ENTITIES
C. OWNERSHIP CHANGES

(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)

2. Impact of Ownership Changes

Ownership changes may result in a change in:

- a. Experience rating modification.
- b. Combinability status with other entities.
- c. Premium eligibility status—an entity may or may not qualify to be experience rated. *Refer to Rule 2-A for more information regarding premium eligibility.*
- d. ~~Anniversary rating date~~ Rating effective date.
- e. Rating effective date

*Refer to the **User's Guide** for examples.*

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 15-RULE
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
RULE 4—APPLICATION AND REVISION OF EXPERIENCE RATING MODIFICATIONS
 (Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, 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)

D. APPLICATION FOR SINGLE AND MULTIPLE POLICY RISKS

The rating effective date (RED) and the anniversary rating date (ARD) determines the application of an experience rating modification. The RED rating effective date is determined according to Rule 2-B-2 of this Plan. The ARD is determined according to the *Basic Manual*. An experience rating modification will apply for:

- 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

1. For Single Policy Risks

- a. The experience rating modification effective on the anniversary rating date applies for the full term of the policy if the policy begins on the RED or within three months after the RED:
 - (1) The policy beginning on that date, or
 - (2) Any other policy beginning up to three months after that date.
- b. If a policy beginning begins more than three months after the RED anniversary rating date, the following procedure applies:
 - (1) The current experience rating modification applies to the new policy until the date the modification expires.
 - (2) A renewal experience rating modification applies to the new policy until the date the policy expires.
 - (3) A new RED may be established. A renewal experience rating modification applies annually thereafter as of the new anniversary rating date. ~~Usually,~~ this will be the date 12 months after the effective date of the new policy.

2. For Multiple Policy Risks

If a risk is covered by two or more policies with varying effective dates, the following procedure applies:

- 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.
- b. A renewal experience rating modification applies to each policy as described in 2-a.
- 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.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 16-RULE
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
RULE 4—APPLICATION AND REVISION OF EXPERIENCE RATING MODIFICATIONS
(Applies in: AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IN, KY, LA, MA, MD, MS, MT, NC, NH, NM, NV, OK, RI, SC, SD, UT, VA, VT, WV)

E. CHANGES IN EXPERIENCE RATING MODIFICATIONS

Experience rating modifications may change for reasons detailed in this Plan. These changes can occur at various points in time. The following table provides the rules regarding the application of an experience rating modification when a change occurs.

Changes in Experience Rating Modifications Table

If the change results in . . .	And the change occurs . . .	Then the change is applied . . .
A decrease in the experience rating modification for any reason other than a correction in classification according to Rule 4-B-3	<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 	<ul style="list-style-type: none"> • Retroactively to the inception of the policy, or • As of the <u>anniversary rating effective date</u>, if different <u>later</u> than the policy effective date
An increase in the experience rating modification due to: <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 	<p>Within 90 days after the <u>policy effective date</u>:</p> <ul style="list-style-type: none"> • Policy effective date, or • Anniversary rating date if different than the policy effective date <p>More Than 90 days after the <u>policy effective date</u>:</p> <ul style="list-style-type: none"> • Policy effective date, or • Anniversary rating date if different than the policy effective date 	<ul style="list-style-type: none"> • Retroactively to the inception of the policy, or • As of the <u>anniversary rating effective date</u>, if different <u>later</u> than the policy effective date <p>Pro rata from the date the insurer <u>carrier</u> endorses the policy.</p>
<p>Exclusions: An increase in the experience rating modification due to:</p> <ul style="list-style-type: none"> • Changes in ownership or combinability status • Retroactive reclassification of a risk • The termination of a client's employee leasing arrangement under a master policy approach • Late issuance of an experience rating modification due to an employer who risk that <u>an employer risk</u> that has failed to cooperate with audits or other actions attributable to the employer risk <u>employer risk</u> or representatives of the employer risk <u>employer risk</u>, including but not limited to modification avoidance • Appeals Board or other appropriate administrative process or judicial decision 	<ul style="list-style-type: none"> • At any time during the policy period, or • After expiration of policy 	<ul style="list-style-type: none"> • Retroactively to the inception of the policy, or • As of the <u>anniversary rating effective date</u>, if different <u>later</u> than the policy effective date <p>Note: Increases in experience rating modifications due to a change in ownership or combinability status are applied retroactively to the date of change according to Rule 3-E-3.</p>

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 17-RULE
STATISTICAL PLAN—2008 EDITION
PART 3—EXPOSURE 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, UT, VA, VT, WV)

B. RATE EFFECTIVE DATE

The rate effective date is required for all exposures. Report the rate effective date that corresponds to the class code and its associated rate, exposure, and premium. If the rate changes during the policy period, in accordance with ~~Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)~~ **Basic Manual for Workers Compensation and Employers Liability Insurance** rules, report the rate effective date that applies to the reported class code, rate, exposure, and premium.

Refer to NCCI's *Unit Statistical Reporting Guidebook* for additional information.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 18-RULE
STATISTICAL PLAN—2008 EDITION
PART 3—EXPOSURE 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, UT, VA, VT, WV)

G. MANUAL RATE

Report the carrier's authorized rate for each classification code.

In the case of split rates due to a flat increase or decrease to the rate on an outstanding policy, the resulting premium adjustment must be reported. ÷

- ~~A flat increase or decrease to the rate on an outstanding policy, the additional premium resulting from a flat increase or decrease to the rate must be reported.~~
- ~~The anniversary rating date differing from the policy effective date, the exposures, authorized rate, and corresponding premium must be split. The period covered must be shown with the effective date of the rate change.~~

Refer to Item B—Rate Effective Date of this part for additional information.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 19-FORM
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
INFORMATION PAGE NOTES (WC 00 00 01 C)
 (Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MO, MS,
 MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV)

INFORMATION PAGE NOTES (WC 00 00 01 B C)

1. The sequence of Items 1 through 4 of the Information Page may not be changed except for Item 3.D. (See Note 14→). The format of each item may be rearranged and these suggested headings may be used: 1. Insured; 2. Policy Period; 3. Coverage; and 4. Premium.
2. The name and the five-digit NCCI carrier code number of the insuring company ~~is to~~ must be shown prominently on the Information Page in the space above Item 1.

The address and type of insurer (stock, mutual, or other) are to be shown on the Information Page, the policy, or a policy jacket.

3. The policy number must be appropriately labeled and shown in the space reserved above Item 1 on the Information Page. This number must ~~shall~~ be unique to the company, ~~shall~~ must not exceed 18 alphanumeric digits, and ~~shall~~ must remain constant during the policy period. ~~It shall~~ The policy number must be shown on all endorsements as well as all other policy-related correspondence after the policy is issued.

If the policy number displayed on the Information Page contains a policy symbol consisting of alphanumeric digits that are not entered into the carrier's internal statistical records as part of the actual policy number, those symbols shall ~~must~~ be shown as a separate prefix and/or suffix to the policy number and appropriately labeled.

4. On NCCI's copy or the independent bureau's the bureau copy of a renewal policy Information Page, use space reserved above Item 1 to show and appropriately label the prior policy number. This number ~~shall~~ must not exceed 18 alphanumeric digits. If the number displayed on the Information Page contains a policy symbol consisting of alphanumeric digits that are not entered into the carrier's internal statistical records as part of the actual policy number, those symbols ~~shall~~ must be shown as a separate prefix and/or suffix to the policy number and appropriately labeled.

New business may be designated "New." At its option, the company may show this on the insured's copy of the Information Page.

5. On NCCI's copy or the independent bureau's the bureau copy of the Information Page, show the letters "AR" or "WCIP" next to the title "Information Page" if the ~~insured is an~~ policy was secured through the assigned risk market.
6. Show in Item 1 the exact name of the employer insured and indicate whether the employer is an individual, partnership, joint venture, corporation, association, or other legal entity. If separate legal entities are insured in a single policy, consistent with the manual of rules, separately show the complete name of each insured employer and indicate each employer's legal entity status.
7. The Interstate/Intrastate Risk Identification number must be shown and appropriately labeled on the Information Page.
8. Reserve space in Item 1 of NCCI's copy or the independent bureau's the bureau copy to show, if required, the insured's commonly required identification numbers such as: Arkansas Workers Compensation File Number; Hawaii Unemployment Number; New Mexico Unemployment Insurance Number; Oregon Contract Number; and State Employer Number.

The company may also show this on the Information Page at its option.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 19-FORM (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
INFORMATION PAGE NOTES (WC 00 00 01 C)
(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV)

9. List in Item 1 or by schedule all usual workplaces of the insured that are to be covered by the policy. Also include the respective Federal Employer's Identification Number (FEIN), appropriately labeled, for each entity included on the policy.
10. The effective date and hour of the policy, and its expiration date and hour, must be shown in Item 2. The hour may be included as part of the printed form at the company's option.
11. List in Item 3.A. states where workers compensation insurance is provided. If none is provided, "none" or "not covered" may be shown. See, ~~f~~For an example, refer to the notes to the Federal Mine Safety and Health Act Coverage Endorsement.
12. Show limits of liability separately for bodily injury by accident and by disease in Item 3.B.
13. States may be shown in Item 3.C. by name or by designation, but do not name or designate a state listed in Item 3.A., a monopolistic state fund state, or a state where the insurer will not provide this coverage.

The following entry may also be included: "All states except North Dakota, Ohio, Washington, Wyoming, states designated in Item 3.A. of the Information Page and _____."

If the company learns that the insured is conducting operations in a 3.C. state, and if the company agrees to continue coverage, the company should add that state to Item 3.A. and remove it from Item 3.C. Normal company procedures apply when the state is added to Item 3.A.

14. Item 3.D. may be omitted so long as the list of the policy's schedules and endorsements appears somewhere on the Information Page. Endorsements for which the company has not filed specimen copies with the ~~independent bureau(s) rating bureau or bureaus~~ having jurisdiction must be attached to the Information Page filed with the independent bureau.
15. The content of Item 4 may be rearranged by the company. If the policy is issued for less than one year, the company may state whether the premium information is shown for the policy period or for an annual period.
16. In Item 4, the development of estimated annual premium ~~shall~~ must be displayed separately for each classification by state. This same display of premium development must be shown on any classification schedules attached to the policy. Total Estimated Standard Premium must be shown by state on the Information Page or on a schedule attached to the policy.

The experience rating modification factor ~~shall~~ must be shown in Item 4 for risks subject to the experience rating plan, unless this factor is not available when the policy is issued. The company then may make an appropriate entry in Item 4 to show that the factor is not available. See Refer to the Experience Rating Modification Factor Endorsement for more information.

17. In those states where a schedule rating plan has been filed and approved, report the schedule rating information in Item 4, as required by the filed plan.
18. Premium discount may be shown in Item 4, the Premium Discount Endorsement may be attached, or both.
19. Taxes, assessments, deposit premium, interim adjustments of premium, the rating plan, past experience, cancellation of similar insurance, date and place of policy issuance, date and place of countersignature, and other related information may be shown in Item 4.
20. Three-year fixed-rate policies must be so designated on the Information Page as required by Rule 3-B-1-b of NCCI's *Basic Manual*. In Item 4, the company ~~shall~~ must report the premium information either as Standard Premium or Total Standard Premium as defined in Rule 3-A-20 of NCCI's *Basic Manual*.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

**EXHIBIT 19-FORM (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
INFORMATION PAGE NOTES (WC 00 00 01 C)
(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MO, MS,
MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV)**

21. Other entries may be made on the Information Page as authorized by Notes to Endorsements, including: ~~Anniversary Rating Date~~, Defense Base Act Coverage; Nonappropriated Fund Instrumentalities Act Coverage; Partners, Officers and Others Exclusion; Pending Rate Change; Sole Proprietors, Partners, Officers and Others Coverage; and Voluntary Compensation Maritime Coverage Endorsements.
22. The company may place the execution clause at the end of the Information Page, at the end of the standard policy, or on a policy jacket.

State Workers Compensation Rating Bureau Information Page Notes:

Refer to the *Pennsylvania Basic Manual* for Pennsylvania policy issuance instructions and specific requirements.

Refer to the Information Page Notes in the Forms Section, Part Three, Section 2, of the *New Jersey Workers Compensation and Employers Liability Insurance Manual* for a description of New Jersey requirements.

Refer to the *New York Manual* (Part Four) for complete instructions on policy issuance, including Information Page Notes for preparing New York policies. You may find the updated Information Page Notes for the New York Manual on <http://www.nycirb.org/>.

Refer to the *Wisconsin Basic Manual* for Wisconsin policy issuance instructions and specific requirements.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 20-FORM
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
ANNIVERSARY RATING DATE ENDORSEMENT (WC 00 04 02)
(National Endorsement to Be Withdrawn in: AK, AR, AZ, CO, CT, DC, FL, HI, IA, ID, KS, KY,
MD, MO, MS, MT, NE, NH, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT)

~~ANNIVERSARY RATING DATE ENDORSEMENT (WC 00 04 02)~~

~~The premium and rates for this policy, and the experience rating modification factor, if any, may change on your anniversary rating date shown in the Schedule.~~

Schedule

Anniversary Rating Date _____ ~~(Month)~~ _____ ~~(Day)~~

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 21-FORM
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM WORKERS
COMPENSATION PREMIUM CREDIT APPLICATION (FORM NC-5000 B)
(Applies in: CT, HI, MT, NE, NM, OK, OR)

(Name of Insured)

(Address)

(City, State, Zip Code)

CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM WORKERS COMPENSATION
PREMIUM CREDIT APPLICATION (FORM NC-5000 A B)

The Contracting Classification Premium Adjustment Program is applicable to qualifying employers engaged in contracting operations.

A special premium calculation, which may result in a premium credit for you, will be based on average hourly pay rates for each classification of contracting operations. In order that your premium may be correctly established, please return the completed premium credit application, as set out on the reverse side of this letter, to ~~the~~:

For all applications except Hawaii:

~~National Council on Compensation Insurance, Inc.~~
NCCI
Customer Service Center
901 Peninsula Corporate Circle
Boca Raton, FL 33487-1362

For Hawaii applications only:

~~National Council on Compensation Insurance, Inc.~~
NCCI
Hawaii Service Center
American Savings Bank Building
1001 Bishop Street, Suite 1550
Honolulu, HI 96813

NCCI will advise us of any premium credit applicable.

If NCCI does not receive this application within 180 days after policy inception, your premium calculation will not reflect any possible premium credit.

For each applicable classification (both contracting and non-contracting) covering your company's operations in the state that this credit is being applied for (please note that each state that offers this credit requires a separate application), report the total payroll (excluding overtime premium pay, pay in excess of payroll amount charged to partners and sole proprietors as shown on the state rate pages, as well as the entire pay for any exempt sole proprietor, partner, or officer), and the corresponding total number of hours worked for the third calendar quarter (July, August, September) of the year preceding your policy effective anniversary rating date.

Note #1: If you did not engage in contracting operations during the third calendar quarter, the requested information to be provided should, then, be for the last complete calendar quarter prior to the policy effective anniversary rating date of your workers compensation policy.

Note #2: If you are a new business (no prior operations), submit the requested information for the first complete calendar quarter following the policy effective anniversary rating date of your workers compensation policy when available.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 21-FORM (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM WORKERS
COMPENSATION PREMIUM CREDIT APPLICATION (FORM NC-5000 B)
(Applies in: CT, HI, MT, NE, NM, OK, OR)

Note #3: In the absence of specific records for salaried employees, you should assume that each individual worked ~~forty~~ 40 hours per week.

Note #4: ~~In absence of specific anniversary rating date being supplied on application, it will be assumed that the policy effective date is the same as the anniversary rating date.~~

Please preserve your ~~anniversary rating date~~ and payroll records that formed the basis for this declaration, because we will be required to verify the reported information in order for any premium credit to be applied.

Thank you for your cooperation.

Sincerely,

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 21-FORM (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM WORKERS
COMPENSATION PREMIUM CREDIT APPLICATION (FORM NC-5000 B)
(Applies in: CT, HI, MT, NE, NM, OK, OR)

CLASSIFICATION	CODE	TOTAL WAGES PAID	TOTAL HOURS WORKED
Non-contracting Classifications:			

The foregoing is based on actual wages (excluding overtime premium pay, pay in excess of payroll amount charged to partners and sole proprietors as shown on the state rate pages, as well as the entire pay for any exempt sole proprietor, partner, or officer) and hours worked as reflected in our payroll records for the complete calendar quarter.

Complete Calendar Quarter (please circle one):

1st (1/1–3/31)	2nd (4/1–6/30)
3rd (7/1–9/30)	4th (10/1–12/31)

Calendar Year: _____

SIGNATURE: _____ POSITION: _____ DATE: _____

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 22-FORM
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM APPLICATION FOR
NON-ARD STATES (FORM NC-5001)
(National Form to Be Withdrawn in: NM)

~~(Name of Insured)~~

~~(Address)~~

~~(City, State, Zip Code)~~

CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM APPLICATION FOR NON-ARD STATES (FORM NC-5001)

The Contracting Classification Premium Adjustment Program is applicable to qualifying employers engaged in contracting operations.

A special premium calculation, which may result in a premium credit for you, will be based on average hourly pay rates for each classification of contracting operations. In order for your premium to be correctly established, please return the completed premium credit application, as set out on the reverse side of this letter, to the:

National Council on Compensation Insurance, Inc.
Customer Service Center
901 Peninsula Corporate Circle
Boca Raton, FL 33487-1362

NCI will advise us of any premium credit applicable.

If NCI does not receive this application within 180 days after policy inception, your premium calculation will not reflect any possible premium credit.

For each applicable classification (both contracting and noncontracting) covering your company's operations in the state that this credit is being applied for (please note that each state that offers this credit requires a separate application), report the total payroll (excluding overtime premium pay, pay in excess of payroll amount charged to partners and sole proprietors as shown on the state rate pages, as well as the entire pay for any exempt sole proprietor, partner, or officer) and the corresponding total number of hours worked for the third calendar quarter (July, August, September) of the year prior to the effective date of your workers compensation policy.

Note #1: If you did not engage in contracting operations during the third quarter, the requested information to be provided should, then, be for the last complete calendar quarter prior to the effective date of your workers compensation policy.

Note #2: If you are a new business (no prior operations), submit the requested information for the first complete calendar quarter following the effective date of your workers compensation policy when available.

Note #3: In the absence of specific records for salaried employees, you should assume that each individual worked forty (40) hours per week.

ITEM B-1430—ELIMINATION OF ANNIVERSARY RATING DATE (ARD)

EXHIBIT 22-FORM (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM APPLICATION FOR
NON-ARD STATES (FORM NC-5001)
(National Form to Be Withdrawn in: NM)

Please preserve your payroll records that formed the basis for this declaration, because we will be required to verify the reported information in order for any premium credit to be applied.

Thank you for your cooperation.

Sincerely,

CONTRACTING CLASSIFICATION—PREMIUM CREDIT APPLICATION

Insured: _____

STATE CREDIT
BEING APPLIED
FOR
(Note: One state
per application): _____

POLICY NUMBER: _____ POLICY EFFECTIVE
DATE: _____

CARRIER: _____

NOTE: Unless code(s), total wages paid, total hours worked, and calendar quarter reported are indicated and application is signed, it cannot be processed. Contact your agent or carrier if assistance is desired.

CLASSIFICATION	CODE	TOTAL WAGES PAID	TOTAL HOURS WORKED
Example: Electrical Wiring	5190	\$8,000	520

