



Countrywide—Approval of Item E-1406—Revisions to the ERM-14 Form and Rule 3-A in the Experience Rating Plan Manual in 18 States

ACTION NEEDED

This circular announces the approval of Item E-1406—Revisions to the ERM-14 Form and Rule 3-A in the Experience Rating Plan Manual in 18 states.

Note: Arkansas law does not permit NCCI to file rules and rates on its members' behalf. Therefore, insurance carriers must make an independent filing with the Arkansas Insurance Department electing to adopt, or not adopt, an item filing filed by NCCI and subsequently approved by the Department. When such a filing is made with the Department, make sure that the NCCI item filing number (not the NCCI circular number) is referenced.

A participating company may respond to an NCCI filing as follows:

Arizona Company Response

A participating company must decide whether to adhere to the filings made on its behalf by NCCI, or make a deviation filing.

Company Action Table

If	Then
Company decides to use NCCI's rules and other supplementary information	Company does not file anything
Company decides not to use rules and other supplementary information	Company must notify the Department specifying the basis for not adopting

Arkansas Company Response

Rates, rules, and supplementary rating information must be filed and approved or deemed approved before use.

NCCI's filings are advisory only. Upon approval of a filing, a participating company must decide whether to use NCCI's advisory loss costs, rules, and supplementary information or file independently. It may satisfy its obligation by filing, via SERFF, a reference to NCCI's approved filing. **See Arkansas Bulletin 9-2010.**

A company satisfying its filing obligation by referencing NCCI's filing must submit an additional filing, via SERFF, when NCCI submits a subsequent filing, indicating whether the company intends to use the advisory prospective loss costs, rules, and supplementary rating information contained in the subsequent NCCI filing or to continue to use the information previously filed by NCCI. If the company intends to continue using NCCI's previous filing, the company must also submit justifying information.

A company may also file deviations from an NCCI filing.

Contact the department's Product Compliance Division if further clarification is needed.

Connecticut Company Response

Every company **must** adhere to the approved uniform classification plan, uniform experience plan, and manual rules in writing and reporting its business. Refer to Bulletin PC-72.

Note:

- All supporting rate information to be used in support of, or in conjunction with, a rate must be filed at the same time as the filing of the rates
- If an insurer wishes to adopt loss costs filed by a rating or advisory organization, with or without any modifications, it should **not** file supplementary or supporting information already included in the loss cost reference document filed by the rating or advisory organization

Idaho Company Response

Company must adhere to NCCI’s manuals of classifications, rules, rating plans, and any modifications of any of the foregoing, except to the extent that deviations are permitted in accordance with Title 41, Chapter 16, Section 20—§41-1620(3).

Illinois Company Response

When a company that has given NCCI filing authorization receives a circular announcing the filing, and the company is not required to adhere to the filing, the company may respond in any of the following ways.

Company Action Table

If	Then
Company decides to use NCCI’s manuals and rating plans	The company shall notify the Department if they are adopting the filing (50 Ill. Adm. Code 2902.40).
Company decides to use the revision with modification(s)	Company must file the modification(s) with the Department specifying the basis for the modification(s) and justification for the company's deviation.
Company decides not to use NCCI’s manuals and rating plans	Company must notify the Department within 30 days after the first of the year that it does not intend to adopt NCCI’s filing and file independently effective concurrent with NCCI changes (50 Ill. Adm. Code 2902.40).

Iowa Company Response

When a company that has given NCCI filing authorization receives an approval circular of a filing containing new or revised rules and other supplementary information, the company must adhere to the filings made on its behalf by NCCI except that the company may make a deviation filing.

Company Action Table

If	Then
Company decides to use NCCI’s revised rules and other supplementary information	Company does not file anything.
Company decides not to use NCCI’s revised rules or other supplementary information	Company must file for a deviation approved by the Commissioner. A rate deviation must not exceed 15% nor must it cause the rate charged a policyholder to exceed the approved assigned risk rates.

Kansas Company Response

When a company that has given NCCI filing authorization receives an approval circular of a filing containing new or revised rules, and other supplementary information, the company

must decide whether to adhere to the filings made on its behalf by NCCI or to make a rate deviation filing.

Company Action Table

If	Then
Company decides to use NCCI's rates, rules, and other supplementary information	Company does not file anything; the company's rates, rules, and other supplementary information are those submitted by NCCI
Company decides not to use NCCI's rates	Company must file with the Commissioner for a deviation and send a copy of the filing simultaneously to NCCI

Kentucky Company Response

When an insurer chooses to adopt only a specific NCCI filing, it shall do so in accordance with usual filing procedures and shall clearly identify the NCCI reference document number.

When an insurer chooses to adopt all NCCI current and future loss costs, rating plans, rating rules, rating schedules, other supplementary rating information, underwriting rules or guidelines, or statistical plans, the insurer must file written notice of 'blanket reference adoption' with the Commissioner that it is adopting by referencing all the NCCI current and future loss costs, rating plans, rating rules, rating schedules, other supplementary rating information, underwriting rules or guidelines, or statistical plans as filed.

When a participating company receives a circular announcing approval of a reference filing containing supporting information including loss cost data, the company must decide whether to use the NCCI supporting information to revise its rates, rules, and supplementary information and to act in accordance with any prior blanket reference adoption.

Maryland Company Response

When NCCI's filing is approved, companies must adhere to the approved rules in writing and reporting its business.

Mississippi Company Response

Upon approval of the filing, a participating company must decide whether to use NCCI's rules and supplementary information or to file independently.

Company Action Table

If	Then
Company decides to use the revisions and effective date as filed	Company does not file anything with the Insurance Department
Company decides to use the revisions as filed but with a different effective date	Company must notify the Insurance Department of its effective date before NCCI's approved effective date
Company decides not to use the revision	Company must notify the Insurance Department before NCCI's effective date
Company decides to use the revision with modification(s)	Company must file the modification with the Insurance Department for approval, specifying the basis for the modification and company's proposed effective date if different than the effective date filed by NCCI

Montana Company Response

Company must adhere to the rules, classification system, uniform experience rating plan, and statistical plan that has been filed by NCCI and approved by the Commissioner.

Nebraska Company Response

When a company that has given NCCI filing authorization receives an approval circular of a filing containing new or revised rules and other supplementary information, the company must decide whether to revise its rules and other supplementary information and when to make any revision effective.

Company Action Table

If	Then
Company decides to use NCCI's rules and other supplementary information	Company does not file anything with the Department of Insurance
Company decides to use a modification(s) of NCCI's rules and other supplementary information	Company must notify the Department of Insurance of its modification(s) before the effective date of the rules or other supplementary information

Nevada Company Response

Every insurer shall adhere to the Uniform System of Classifications of Risks and Uniform Plan for Rating Experience filed with the Commissioner by NCCI.

New Hampshire Company Response

When a company that has given NCCI filing authorization receives an approval circular of a filing containing new or revised rules and other supplementary information, the company must decide whether to revise its rules and other supplementary information and when to make any revision effective.

Company Action Table

If	Then
Company decides to use the revisions and effective date as filed	Company does not file anything with the Insurance Department
Company decides to use the revisions as filed but with a different effective date	Company must notify the Insurance Department of its effective date before NCCI's approved effective date
Company decides not to use the revision	Company must notify the Insurance Department before NCCI's effective date, specifying its basis for nonadoption
Company decides to use the revision with modification(s)	Company must file the modification with the Insurance Department for approval, specifying the basis for the modification and company's proposed effective date if different than the effective date filed by NCCI

Oklahoma Company Response

When a company that has given NCCI filing authorization receives an approval circular of a filing containing new or revised rules or supplementary information, the company must decide to adhere to the filing or deviate from the filing upon approval with the Commissioner. Company may decide to adopt the rule or supplementary information or deviate.

Company Action Table

If	Then
Company decides to adhere to the filing made by the advisory organization	Company will not need to file anything further with the Commissioner
Company decides to deviate from the filing made by the advisory organization	Company must file the deviation to be applied and the information necessary to justify the deviation with the advisory organization and with the Commissioner

Note: When rate deviations other than direct deviations are proposed, the filing memorandum must indicate the applicable NCCI filing and state, by manual name and page number, the percentage of deviation and subject matter to which the deviation applies

South Carolina Company Response

When a company that has given NCCI filing authorization receives an approval circular of a filing containing new or revised rules and other supplementary information, the company must adhere to the filings made on its behalf.

Tennessee Company Response

Companies must adhere to the approved rules filed by NCCI, pursuant to §56-5-320(b). Additionally, companies will adhere to a uniform classification system, experience rating plan, and retrospective rating plan that have been filed by NCCI and approved by the Commissioner.

West Virginia Company Response

When a company that has given NCCI filing authorization receives an approval circular of a filing containing new or revised rules and other supplementary information, the company must decide whether to revise its rules and other supplementary information and when to make any revision effective.

Company Action Table

If	Then
Company accepts the filing, including the effective date	Company does not file with the OIC
Company decides to make a change to the filing or effective date	Company files the change, specifying the basis for the modification

The material contained herein is based on NCCI's latest research but is subject to periodic change. This information is provided as a guide to voluntary market carriers and is not intended as an interpretation of state law. Refer to state law for current and detailed information because there may be additional laws that may impact your response to an NCCI item filing. While all due effort is made to keep the material up to date, NCCI assumes no responsibility for the use of this material.

BACKGROUND

As of September 3, 2019, the following states have approved this item as filed, effective on and after February 1, 2020.

Arizona	Mississippi
Arkansas	Montana
Connecticut	Nebraska
Idaho	Nevada
Illinois	New Hampshire
Iowa	Oklahoma

Kansas	South Carolina
Kentucky	Tennessee
Maryland	West Virginia

Refer to the announcement circular for complete details on this item.

IMPACT

No statewide premium impact will result from the changes proposed in this item.

NCCI ACTION

NCCI will take the following actions for Item E-1406:

- Update the weekly *Status of Item Filings* circular on **ncci.com** with the approval
- Publish updated pages for NCCI's *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance* prior to the effective date

If you would like to subscribe to any of our manuals, please call our Customer Service Center at 800-NCCI-123 (800-622-4123).

PERSON TO CONTACT

If you have any questions, please contact:

Customer Service Center
NCCI
901 Peninsula Corporate Circle
Boca Raton, FL 33487-1362
800-NCCI-123 (800-622-4123)

Technical Contact:

Linda Bello
Regulatory Filing Consultant
NCCI
901 Peninsula Corporate Circle
Boca Raton, FL 33487-1362
561-893-3813
linda_bello@ncci.com
