

2015
data
educational
program

Financial Data—Designated Statistical Reporting (DSR) Level Premium

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Objective

To identify and derive data required to be included in Designated Statistical Reporting (DSR) Level Premium.

Agenda

- Purpose of DSR Level Premium
- General Information
- Active Deviation History
- Deriving DSR Level Premium
 - Extending Exposures
 - Calculating the Average Deviation
- DSR Level Premium Validation

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What Is DSR Level Premium?

The DSR Level Premium is:

What states?

- The standard earned premium that would result if business were written at NCCI-approved loss costs or rates instead of your company rates
- Common benchmark level at which carriers report premium on the Financial Calls

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History of DSR Level Premium

- Prior to the 1980s, all states approved rates
- Eventual migration from rates to loss costs
- Carriers develop their own expenses and deviations
- How to manage and report premium?

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History of DSR Level Premium

- NCCI files advisory loss costs, which exclude most expenses
- Carriers then report DSR Level Premium, which is what would be earned if only loss costs were charged
- Premium is “apples to apples”
- DSR used to determine adequacy of current loss cost level

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Comparison of Premium Types

- Three types of earned premium are reported on the Policy and Calendar-Accident Year Calls
 - DSR Level Premium—Column 1
 - Company Standard Premium—Column 2
 - Net Premium—Column 3
- Both Company Standard and Net Premium reflect the use of **company rates**, whereas DSR Level Premium reflects the **NCCI-approved loss costs or rates**

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Premium Levels

DSR—Column 1

Standard Earned Premium at NCCI-Designated Statistical Reporting (DSR) Level

- Used by NCCI for ratemaking
- Premium that would develop if business were written at NCCI-filed and approved level



Premium Levels

Company Standard—Column 2

Standard Earned Premium at Company Level

- Premium calculated at the company's full rates
- Includes the impact of a loss cost multiplier (LCM) or other approved deviation



Example of DSR vs. Standard Premium— Loss Cost State

To calculate DSR Level Premium, exposure is multiplied by the approved **NCCI loss cost**.

Class Code	Payroll	NCCI Loss Cost	NCCI DSR Level Premium
1234	4,000,000	3.00	$(4,000,000 / 100) \times 3.00 = 120,000$

To calculate Company Standard Premium,* exposure is multiplied by the **company rate**.

Class Code	Payroll	Company Rate	Company Standard Premium
1234	4,000,000	4.00	$(4,000,000 / 100) \times 4.00 = 160,000$

What is LCM in this example?

*Example simplified to ignore stat codes



Premium Levels

Net—Column 3

Accumulated Net Premium:

Should reconcile to premium reported to the NAIC (Statutory Page 14)



Company Standard/Net Premium

The difference between the two columns is due primarily to policy-specific adjustments such as:

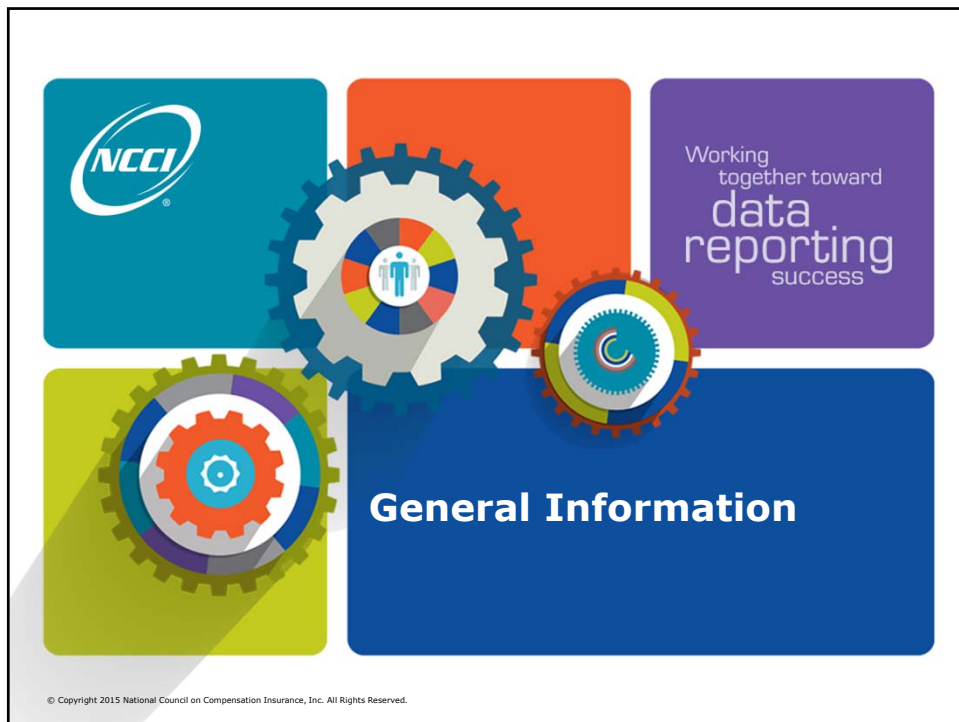
- Premium Discounts
- Schedule Rating Adjustments
- Retrospective Rating Adjustments
- Deductible Credits



Company Standard/Net Premium

- Net Premium reflects the application of these adjustments
- Company Standard Premium is calculated prior to the application of these adjustments





Resources

- ***Financial Call Reporting Guidebook***
 - Only include adjustments/components as required in the Financial Calls (Parts 5 and 6)
 - Identify dates of NCCI-approved DSR Level loss costs or rates (Part 7, Section E)
- ***Basic Manual***—2001 Edition
 - Review to identify the different state premium algorithms
- **Self-Audit Form**

Premium Components Summary

Part 5—Financial Call Reporting Guidebook Excerpt

Premium Components Summary Chart

Component	Net	When DSR Level Is Rates		When DSR Level Is Loss Costs	
		Company Standard	DSR	Company Standard	DSR
1. Rates/Loss Costs:					
NCCI-Published Rates or Loss Costs	X	X	X	X	X
Deviation From NCCI Rates	X	X			
Deviations From NCCI Loss Costs	X			X	
12. Balance to Minimum Premium Adjustment [†]	X	X	X	X	
13. Company Loss Constant	X	X		X	
14. Consent to Rate	X	X		X	
15. Deductible Coverage—Premium Credits	X				
16. Expense Constants:					
NCCI-Published ^{††}	X	X	X		
Company-Selected	X	X		X	



Sample Premium Algorithm—Alabama

PREMIUM ELEMENTS	EXPLANATORY NOTES
MANUAL PREMIUM	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+ Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+ USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
TOTAL MANUAL PREMIUM	
+ Waiver of Subrogation factor ^[1]	[% applied to the portion of Total Manual Premium where waiver is applicable, subject to minimum charge]
+ Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+ Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+ Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applied]
+ Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
- Small Deductible credit	[% applied to Total Manual Premium]
SUBJECT PREMIUM	
x Drug-Free Workplace Premium Credit factor (1 — DFW Credit %)	
TOTAL SUBJECT PREMIUM	
x Experience Modification (Exp Mod)	
TOTAL MODIFIED PREMIUM	
x Merit Rating factor (1 — MR credit %) or (1 + MR debit %)	[Non-rated risks]
x Schedule Rating factor (1 — SR credit %) or (1 + SR debit %)	
+ Supplemental Disease Exposure (Asbestos, ^[NCCI]) ^[†]	
+ Atomic Energy Radiation Exposure ^[NCCI] ^[†]	

Excerpt from the **Basic Manual** 2001 Edition



Self-Audit Form—Excerpt

#	Item	Options
8	Experience Modification Factors are included in DSR Level, Company Standard, and Net premium	
9	Increased Limits Premium for Employers Liability is included in DSR Level, Company Standard, and Net premium	
35	When DSR Level is rates, deviations from NCCI rates are included in Company Standard and Net premium but excluded from DSR Level premium	
36	When DSR Level is loss costs, Expense Constants are included in Company Standard and Net premium but excluded from DSR Level premium	

Self-Audit Form is not a complete list of all reporting requirements



Questions to Consider

Responses to these questions will affect how you derive the DSR Level Premium.

- What DSR Levels were in effect throughout the year?
- What loss cost multipliers were in effect throughout the year by the carrier?
- What NCCI loss costs did you use throughout the year?
- New and renewal—Did some law or judicial decisions also affect outstanding policies?



State DSR Levels

Approved Loss Costs

- Voluntary experience in loss cost states (majority of states)
- Assigned risk experience for Missouri and Nebraska



State DSR Levels

Approved Rates

- Assigned risk experience in all states except Missouri and Nebraska
- Rate states (Arizona, Florida, Iowa, and Idaho)
- States with approved loss costs and rates (Illinois and Indiana) use rates as DSR Level



State DSR Levels

Texas

- Texas Department of Insurance Rate Relativities
- NCCI Loss Costs



State DSR Levels

Designated Statistical Reporting Levels—Effective Dates (District of Columbia–Indiana) - Excerpt

Policy Year	District of Columbia	Georgia	Hawaii	Illinois	Indiana
2014	11/1/14 lc	3/1/14 lc	1/1/14 lc	1/1/14 rates[1]	1/1/14 rates[2]
2013	11/1/13 lc	7/1/13 lc 3/1/13 lc	1/1/13 lc	1/1/13 rates	1/1/13 rates
2012	11/1/12 lc	3/1/12 lc	1/1/12 lc	1/1/12 rates	1/1/12 rates
2011	11/1/11 lc	3/1/11 lc	1/1/11 lc	1/1/11 rates 9/1/11 rates[3]	1/1/11 rates
2010	11/1/10 lc	7/1/09 lc	1/1/10 lc	1/1/10 rates	1/1/10 rates

rates = advisory rates; lc = loss costs

Resources:

- **Financial Call Reporting Guidebook** (Part 7)
- DSR Level Data (**Financial Data Collection** tool)



State DSR Levels

- Illinois and Indiana Deviation Conversion
- Converts to Rate DSR Level if loss costs were used
 - $\text{IL Deviation} = \text{IL LCM} \times \text{Permissible Loss Ratio}$
 - $\text{IN Deviation} = \text{IN LCM} \times \text{Target Cost Ratio}$
- Ratios found in NCCI Filing Circulars: Technical Supplements, Exhibit II
- Also in Part 7 of ***Financial Call Reporting Guidebook***



Exercise

Illinois and Indiana Deviation Conversions

- What is the IL PLR for 2014?
- What is the IN TCR for 2014?
- If IL LCM is 1.65, what is deviation from rates?
- If IN LCM is 1.10, what is deviation from rates?



Deviations and Loss Costs in Effect During the Year

Effective Date of Deviation

NCCI DSR Level Effective Date

Deviation Amount

Rolling Multiplier


Search Active Deviation Results

Edit	State	Active Flag	Carrier Code	Effective Date of Deviation	NCCI DSR Level Effective Date	Deviation Amount	Comments	Rolling Multiplier	Filed or Calculated
	KANSAS	<input checked="" type="checkbox"/>	45856	04/01/2010	01/01/2010	0.200	Add deviation.	N	F
	KANSAS	<input checked="" type="checkbox"/>	45856	01/01/2013	01/01/2013	1.500	Add deviation.	Y	C

AA Deviation Report Request

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Texas DSR Level

For policies effective before 6/1/2011, DSR Level is Texas Department of Insurance (TDI) relativities.

For policies effective 6/1/2011 and later, carriers can base their rates on either TDI relativities or NCCI-filed and state-approved loss costs.

For policies effective 6/1/2011 and later, the DSR Level is what the carrier used as its rate basis.

Be sure to accurately indicate the Basis of Rates in the Active Deviation screen.

Texas Deviations and Loss Costs in Effect During the Year

- TDI Relativities
- NCCI Advisory Loss Costs



										Add Deviation	Report Request
Edit	State	Active Flag	Carrier Code	Effective Date of Deviation	NCCI DSR Level Effective Date	Deviation Amount	Comments	Rolling Multiplier	Filed or Calculated	Basis of Rates	
	TEXAS	<input checked="" type="checkbox"/>	45856	01/01/2010	05/01/2009	0.000	Add deviation.	N	F	TDI Relativities	
	TEXAS	<input checked="" type="checkbox"/>	45856	06/01/2011	06/01/2011	0.100	Add deviation.	N	F	NCCI Advisory Loss Costs	
	TEXAS	<input checked="" type="checkbox"/>	45856	06/01/2013	06/01/2013	0.120		N	F	NCCI Advisory Loss Costs	

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Application of Filing



Circular

National Council on Compensation Insurance

State Relations -
Regulatory Services

DECEMBER 16, 2013

LOSS COSTS OR RATE
FILING APPROVAL

HI-2013-03

**Hawaii--Voluntary Market--Advisory Loss Costs and Rating Values
Effective January 1, 2014--Filing Number HI-LC-14**

ACTION NEEDED

Please review this circular, which contains information regarding the approved advisory loss costs and rating values for Hawaii. The loss costs and rating values will become effective January 1, 2014, for new and renewal policies.

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Application of Filing



Circular

National Council on Compensation Insurance

State Relations -
Regulatory Services

OCTOBER 3, 2013

LOSS COSTS OR RATE
FILING APPROVAL

OK-2013-03

**Oklahoma--Approved Advisory Loss Costs and Rating Values
Effective January 1, 2014--File Number NCCI-129178561**

ACTION NEEDED

Please review this circular, which contains information regarding the approved advisory loss costs and rating values for Oklahoma. These will become effective January 1, 2014, for new, renewal, and outstanding policies.

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Application of Filing

Oklahoma

Adjustment to Outstanding Policies In-Force on February 1, 2014¹

Impact of Oklahoma Senate Bill 1062
(Effective February 1, 2014) = -12.9%

For Policies Effective In	Unexpired Policy Portion as of February 1, 2014	Adjustment to Loss Cost Premium ²	
February, 2013	up to 1 month	0.0%	-1.1%
March, 2013	up to 2 months	-1.1%	-2.2%
April, 2013	up to 3 months	-2.2%	-3.2%
May, 2013	up to 4 months	-3.2%	-4.3%
June, 2013	up to 5 months	-4.3%	-5.4%
July, 2013	up to 6 months	-5.4%	-6.5%
August, 2013	up to 7 months	-6.5%	-7.5%
September, 2013	up to 8 months	-7.5%	-8.6%
October, 2013	up to 9 months	-8.6%	-9.7%
November, 2013	up to 10 months	-9.7%	-10.8%
December, 2013	up to 11 months	-10.8%	-11.8%
January, 2014 ³	up to 12 months	0.0%	0.0%

¹ Claims falling under State Act coverage are estimated to represent a relatively small proportion of the Oklahoma voluntary loss costs for Federal and some Maritime/FELA classifications. As a result, the adjustment to outstanding policies in-force does not apply to "F" Classes and the following Maritime/FELA codes: 6703, 7047, 7050, 7099, 7152, 7337, 7398, 8738, and 8815.

² Adjustment will vary based on the day of the month in which the policy became effective.

³ The impact of Senate Bill 1062 on policies written in January 2014 is already reflected in the loss cost level change effective January 1, 2014 for new and renewal policies.

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Exercise

Determine DSR Levels for TN for PYs 2011–2013

Designated Statistical Reporting Levels—Effective Dates (Oregon–Tennessee)

Policy Year	Oregon	Rhode Island	South Carolina	South Dakota	Tennessee
2014	1/1/14 lc	8/1/14 lc	9/1/14 lc	7/1/14 lc	7/1/14 lc ^[a] 3/1/14 lc
2013	1/1/13 lc	8/1/13 lc	9/1/13 lc	7/1/13 lc	3/1/13 lc
2012	1/1/12 lc	7/1/12 lc	9/1/12 lc	7/1/12 lc	8/9/12 lc 3/1/12 lc
2011	1/1/11 lc	6/1/11 lc	7/1/11 lc	7/1/11 lc	11/1/11 lc 3/1/11 lc
2010	1/1/10 lc	6/1/10 lc	7/1/10 lc	7/1/10 lc	3/1/10 lc



Exercise Answers

Determine DSR Levels for TN for PYs 2011–2013

PY 2011

Policy Effective Dates	DSR Level Effective Dates
• 1/1/2011–2/28/2011	3/1/2010 Loss Costs
• 3/1/2011–10/31/2011	3/1/2011 Loss Costs
• 11/1/2011–12/31/2011	11/1/2011 Loss Costs



Exercise Answers

Determine DSR Levels for TN for PYs 2011–2013

PY 2012

Policy Effective Dates

DSR Level Effective Dates

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Exercise Answers

Determine DSR Levels for TN for PYs 2011–2013

PY 2013

Policy Effective Dates

DSR Level Effective Dates

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Texas DSR Levels

Determine DSR Levels for TX for PYs 2011–2013

Designated Statistical Reporting Levels—Effective Dates (Texas–West Virginia)

Policy Year	Texas	Utah	Vermont	Virginia
2014	6/1/14 lc 6/1/13 TDI rel ^[1]	12/1/14 lc	4/1/14 lc	4/1/14 lc
2013	6/1/13 lc ^[1] 6/1/13 TDI rel ^[1]	12/1/13 lc	4/1/13 lc	4/1/13 lc
2012	6/1/12 lc ^[1] 6/1/11 TDI rel ^[1]	12/1/12 lc	4/1/12 lc	4/1/12 lc
2011	6/1/11 lc/TDI rel ^[1]	12/1/11 lc	4/1/11 lc	4/1/11 lc
2010	5/1/09 TDI rel ^[1]	12/1/10 lc	4/1/10 lc	4/1/10 lc

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Active Deviation History

History of Company Loss Cost
Multipliers and Deviations

Essential in Validation of Designated
Statistical Reporting (DSR) Level
Premium

Located in the **Financial Data
Collection** tool



Active Deviation—Updates

- Carriers should enter any updates for the current reporting year
- Changes to prior years require the assistance of an NCCI financial data validator



Active Deviation—Updates

Filed or Calculated
F
C

Search Active Deviation Results

Add Deviation Report Request

Edit	State	Active Flag	Carrier Code	Effective Date of Deviation	NCCI DSR Level Effective Date	Deviation Amount	Comments	Rolling Multiplier	Filed or Calculated
	KANSAS	<input checked="" type="checkbox"/>	45856	04/01/2010	01/01/2010	0.200	Add deviation.	N	F
	KANSAS	<input checked="" type="checkbox"/>	45856	01/01/2013	01/01/2013	1.500	Add deviation.	Y	C

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Active Deviation—Updates

Effective Date of Deviation

04/01/2010
01/01/2013

NCCI DSR Level Effective Date

01/01/2010
01/01/2013

Deviation Amount

0.200
1.500

Rolling Multiplier

N
Y

Filed or Calculated

F
C

Search Active Deviation Results

Add Deviation Report Request

Edit	State	Active Flag	Carrier Code	Effective Date of Deviation	NCCI DSR Level Effective Date	Deviation Amount	Comments	Rolling Multiplier	Filed or Calculated
	KANSAS	<input checked="" type="checkbox"/>	45856	04/01/2010	01/01/2010	0.200	Add deviation.	N	F
	KANSAS	<input checked="" type="checkbox"/>	45856	01/01/2013	01/01/2013	1.500	Add deviation.	Y	C

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Active Deviation—Add or Edit

Close

Add Active Deviation

State: Kansas **Active Flag:** Yes
Carrier Code: 45856 - NCCI TRAINING COMPANY
Deviation Effective Date: 01/01/2013
NCCI DSR Level Effective Date: 01/01/2013
Rolling Multiplier: Yes
Filed/Calculated: Calculated
Deviation Amount: 1.500
Comments: Optional information

Add Weighted Deviation

Active Deviation Calculation screen provides the capability of entering more than one Deviation for a given State and Carrier. In addition, the ability for entering the corresponding percentage of Business Written for each Deviation is provided. Add rows for additional entries as needed. The weighted average of the Deviations will be calculated when complete.

Deviation Amount	% of Business Written	Add Row
1.700	50	
1.300	50	
Total: 3.000	% 100	

Save Cancel

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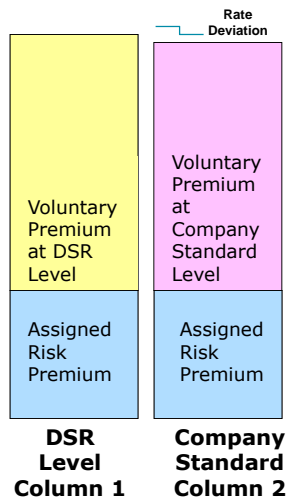
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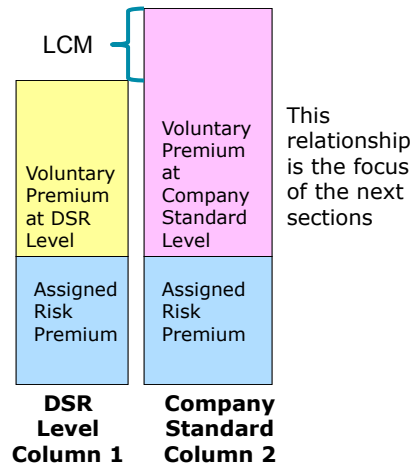
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Reporting Levels and Premium

Rate States



Loss Cost States



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Calculating DSR Level Premium

Two general approaches:

- Derive DSR Level Premium directly
 - Essentially, this involves rerating the policies on the Calls using NCCI-approved loss costs or rates (i.e., extending exposures)
- Derive DSR Level Premium using Company Standard Premium as a starting point
 - This approach involves calculating an average deviation
 - That average deviation is then applied to Company Standard Premium

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Exercise

Premium Components

Which of the following class and stat codes belong in DSR, CS, and Net Premium when DSR Level is *loss costs*?

Class or Stat Code	Description	DSR	Company Standard	Net
0063	PREMIUM DISCOUNT - TYPE A - STOCK CO.			
0900	EXPENSE CONSTANT			
5221	CONCRETE OR CEMENT WORK- FLOORS, DRIVEWAYS, YARDS OR SIDEWALKS & DRIVERS			
8010	STORE: HARDWARE			
8810	CLERICAL OFFICE EMPLOYEES NOC			
9664	PREMIUM CREDIT FOR THE REPORTING OF DEDUCTIBLES - SUBJECT TO EXP RATINGS			
9740	CATASTROPHE PROVISIONS FOR TERRORISM - NOT PART OF STANDARD PREMIUM			
9848	ADDITIONAL PREMIUM REQUIRED TO BALANCE TO THE MINIMUM PREMIUM FOR EMPLOYERS LIABILITY INCREASED LIMITS			

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Exercise

Premium Components

Which of the following class and stat codes belong in DSR, CS, and Net Premium when DSR Level is *rates*?

Class or Stat Code	Description	DSR	Company Standard	Net
0063	PREMIUM DISCOUNT - TYPE A - STOCK CO.			
0900	EXPENSE CONSTANT			
5221	CONCRETE OR CEMENT WORK- FLOORS, DRIVEWAYS, YARDS OR SIDEWALKS & DRIVERS			
8010	STORE: HARDWARE			
8810	CLERICAL OFFICE EMPLOYEES NOC			
9664	PREMIUM CREDIT FOR THE REPORTING OF DEDUCTIBLES - SUBJECT TO EXP RATINGS			
9740	CATASTROPHE PROVISIONS FOR TERRORISM - NOT PART OF STANDARD PREMIUM			
9848	ADDITIONAL PREMIUM REQUIRED TO BALANCE TO THE MINIMUM PREMIUM FOR EMPLOYERS LIABILITY INCREASED LIMITS			

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When to Extend Exposures?

Extending Exposures is acceptable when:

- The average deviation calculation is challenging
 - Delayed adoption of NCCI filings
 - Multiple loss cost multipliers in effect
- Class code and statistical code level detail is available to accurately report the Financial Call data

Methods of Extending Exposures

- Policy Level
 - Each policy is rerated using the DSR Level loss costs or rates
- Class Code Level
 - Data should be grouped (across policies) to capture all *carrier* rate changes and NCCI loss cost changes
 - Need to calculate an average experience modification factor



Sample Premium Algorithm—AL

	PREMIUM ELEMENTS	EXPLANATORY NOTES
→	MANUAL PREMIUM	$[(\text{PAYROLL} / 100) * \text{RATE}]$
	+ Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
	+ USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	TOTAL MANUAL PREMIUM	
	+ Waiver of Subrogation factor ^[1]	[% applied to the portion of Total Manual Premium where waiver is applicable, subject to minimum charge]
	+ Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
	+ Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
	+ Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applied]
	+ Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
	- Small Deductible credit	[% applied to Total Manual Premium]
	SUBJECT PREMIUM	
	x Drug-Free Workplace Premium Credit factor (1 — DFW Credit %)	
	TOTAL SUBJECT PREMIUM	
→	x Experience Modification (Exp Mod)	
	TOTAL MODIFIED PREMIUM	
	x Merit Rating factor (1 — MR credit %) or (1 + MR debit %)	[Non-rated risks]
	x Schedule Rating factor (1 — SR credit %) or (1 + SR debit %)	
	+ Supplemental Disease Exposure (Asbestos, ^[NOC]) ^[1]	
	+ Atomic Energy Radiation Exposure ^[NOC] ^[1]	

Excerpt from the **Basic Manual** 2001 Edition



Premium Calculations

Policies may contain both included and excluded class codes.

Example:

- Excluded Class Codes
 - FELA and Maritime



Premium Calculations

Statistical code premium amounts should reflect only amounts associated with the included experience.

Examples:

- Expense Constants
 - Exclude or include 100% depending on applicable DSR Level
- Multiplicative Factors
 - Employers Liability Increased Limits



Extending Exposures

Policy Level

- Each policy is rerated using the DSR Level loss costs or rates

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Extending Exposures

Example 1

Suppose there are two class codes and no other adjustments that apply to the policy except for the experience modification.

Class Code	Payroll*	Company Rate	Experience Mod	Company Standard Premium
2065	1,000,000	3.75	1.20	$(1,000,000 / 100) \times 3.75 \times 1.20 = 45,000$
8810	40,000,000	0.25	1.20	$(40,000,000 / 100) \times 0.25 \times 1.20 = 120,000$

* Payroll to the nearest dollar represents the earned portion of the policy as of the Financial Call valuation date.

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Extending Exposures

Example 1

To calculate DSR Level Premium, the company rate for each class code is replaced with the approved NCCI loss cost or rate.

Class Code	Payroll*	NCCI Loss Cost	Experience Mod	NCCI DSR Level Premium
2065	1,000,000	3.00	1.20	$(1,000,000 / 100) \times 3.00 \times 1.20 = 36,000$
8810	40,000,000	0.20	1.20	$(40,000,000 / 100) \times 0.20 \times 1.20 = 96,000$

* Payroll to the nearest dollar represents the earned portion of the policy as of the Financial Call valuation date.

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Extending Exposures

Example 2

Policy Number WC123456
 Exposure State Alabama
 Policy Effective Date 3/1/2011
 Policy Expiration Date 2/29/2012
 Experience Modification Factor 1.20
 Employers Liability Increased Limits 2.5%
 Drug-Free Workplace Credit -5.0%
 Expense Constant \$200

Class Code	Payroll	Company Rate	NCCI Loss Cost
2065	1,000,000	3.75 (3.00 x 1.25)	3.00
8810	40,000,000	0.25 (0.20 x 1.25)	0.20

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Premium Calculations

Example 2 (cont'd)

Premium	Company Standard	DSR Level
Manual	137,500 $\left[\frac{(1,000,000 / 100) \times 3.75}{+ [(40,000,000 / 100) \times 0.25]} \right]$	110,000 $\left[\frac{(1,000,000 / 100) \times 3.00}{+ [(40,000,000 / 100) \times 0.20]} \right]$
Increased Limits	3,438 (137,500 x 0.025)	2,750 (110,000 x 0.025)
Drug-Free Credit	-7,047 (137,500 + 3,438) x -0.05	-5,638 (110,000 + 2,750) x -0.05
Subtotal	133,891 (137,500 + 3,438 - 7,047)	107,112 (110,000 + 2,750 - 5,638)
Subtotal with Exp. Mod	160,669 (133,891 x 1.20)	128,534 (107,062 x 1.20)
Expense Constant	200	0
Total	\$160,869 (160,669 + 200)	\$128,534

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Extending Exposures

Example 3—New Loss Costs Not Adopted

Policy Number WC123456
 Exposure State Alabama
 Policy Effective Date 3/1/2012
 Policy Expiration Date 2/28/2013
 Employers Liability Increased Limits 2.5%
 Drug-Free Workplace Credit -5.0%
 Experience Modification Factor 1.20
 Expense Constant \$200

Class Code	Payroll	Company Rate	NCCI Loss Cost
2065	1,000,000	3.75	2.70
8810	40,000,000	0.25	0.18

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Premium Calculations

Example 3—(cont'd)

Premium	Company Standard	DSR Level
Manual	137,500 $[(1,000,000 / 100) \times 3.75]$ $+ [(40,000,000 / 100) \times 0.25]$	99,000 $[(1,000,000 / 100) \times 2.70]$ $+ [(40,000,000 / 100) \times 0.18]$
Increased Limits	3,438 $(137,500 \times 0.025)$	2,475 $(99,000 \times 0.025)$
Drug-Free Credit	-7,047 $(137,500 + 3,438) \times -0.05$	-5,074 $(99,000 + 2,475) \times -0.05$
Subtotal	133,891 $(137,500 + 3,438 - 7,047)$	96,401 $(99,000 + 2,475 - 5,074)$
Subtotal with Exp. Mod	160,669 $(133,891 \times 1.20)$	115,681 $(96,401 \times 1.20)$
Expense Constant	200	0
Total	\$160,869 $(160,669 + 200)$	\$115,681

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Exercise

Extend Exposures—Policy Method

Information for a Hypothetical Policy

Class or Stat Code	Description	Exposure	Amount	Amount
0900	EXPENSE CONSTANT	0	\$140.00 per policy	
5645	CARPENTRY CONSTRUCTION OF RESIDENTIAL DWELLINGS NOT EXCEEDING THREE STORIES IN HEIGHT	\$463,952	\$19.97 manual rate	\$15.36 loss cost
8742	SALESPERSONS, COLLECTORS OR MESSENGERS-OUTSIDE	\$78,173	\$0.85 manual rate	\$0.65 loss cost
9741	CATASTROPHE PROVISIONS FOR CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM)	0	\$14.00 for this policy	
9812	ADDITIONAL PREMIUM FOR EMPLOYERS LIABILITY INCREASED LIMITS (WITH WORKERS COMPENSATION) \$1000000/\$1000000/\$1000000	0	2.6%	
	EXPERIENCE MODIFICATION FACTOR	0	.90	

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Exercise

Extend Exposures—Policy Method

Premium Component	Company Standard	DSR Level
Manual (Class Codes 5645 & 8742)		
Additional premium employers liability increased limits (Stat Code 9812)		
Subtotal		
Subtotal including experience mod		
Expense Constant		
Total		

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Exercise Answers

Extend Exposures—Policy Method

Premium Component	Company Standard	DSR Level
Manual (Class Codes 5645 & 8742)		
Additional premium employers liability increased limits (Stat Code 9812)		
Subtotal		
Subtotal including experience mod		
Expense Constant		
Total		

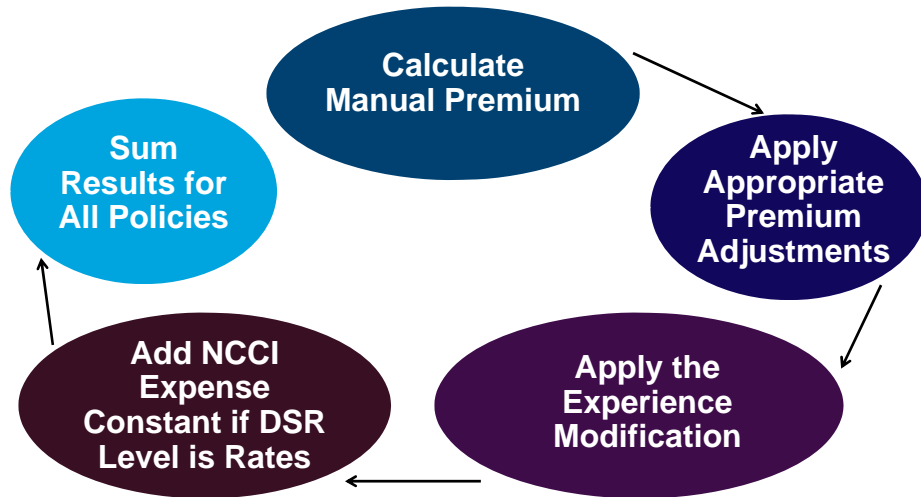
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Recap Extending Exposures— Policy Level



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Extending Exposures

Class Code
Level

- Data must be grouped (across policies) to capture all carrier rate changes and NCCI loss cost changes
- Need to calculate an average experience modification factor

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Example

Extend Exposures Class Code Method

Handouts

- Data for the policy year
- Blank worksheets



Extending Exposures Class Code Example

Policy Year
2013 as of
12/31/2014

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Class Code	First PED	Last PED	Earned Payroll	Carrier Rate	NCCI Loss Cost	Avg. Exp Mod	Company Standard Premium [(4) / 100] x (5) x (7)	DSR Level Premium [(4) / 100] x (6) x (7)
						Totals		

PED = Policy Effective Date



Extending Exposures

Class Code Example

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Class Code	First PED	Last PED	Earned Payroll	Carrier Rate	NCCI Loss Cost	Avg. Exp Mod	Company Standard Premium [(4) / 100] x (5) x (7)	DSR Level Premium [(4) / 100] x (6) x (7)
1642	1/1/13			8.55	6.58	1.1		
2065	1/1/13			3.12	2.40	1.1		
7856	1/1/13			5.50	4.18	1.1		
1642	6/1/13			8.55	7.02	1.1		
2065	6/1/13			3.12	2.45	1.1		
7856	6/1/13			5.50	5.00	1.1		
1642	9/1/13			8.75	7.02	1.1		
2065	9/1/13			3.30	2.45	1.1		
7856	9/1/13			6.00	5.00	1.1		
						Totals		

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Extending Exposures

Class Code Example

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Class Code	First PED	Last PED	Earned Payroll	Carrier Rate	NCCI Loss Cost	Avg. Exp Mod	Company Standard Premium [(4) / 100] x (5) x (7)	DSR Level Premium [(4) / 100] x (6) x (7)
1642	1/1/13	5/31/13	5,000,000	8.55	6.58	1.1	470,250	361,900
2065	1/1/13	5/31/13	3,000,000	3.12	2.40	1.1	102,960	79,200
7856	1/1/13	5/31/13	0	5.50	4.18	1.1		
1642	6/1/13	8/31/13	8,000,000	8.55	7.02	1.1	752,400	617,760
2065	6/1/13	8/31/13	0	3.12	2.45	1.1		
7856	6/1/13	8/31/13	0	5.50	5.00	1.1		
1642	9/1/13	12/31/13	0	8.75	7.02	1.1		
2065	9/1/13	12/31/13	0	3.30	2.45	1.1		
7856	9/1/13	12/31/13	10,000,000	6.00	5.00	1.1	660,000	550,000
						Totals	1,985,610	1,608,860

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Extending Exposures Class Code Example

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Class Code	First PED	Last PED	Earned Payroll	Carrier Rate	NCCI Loss Cost	Avg. Exp. Mod	Company Standard Premium [(4) / 100] x (5) x (7)	DSR Level Premium [(4) / 100] x (6) x (7)
1642	1/1/13	5/31/13	5,000,000	8.55	6.58	1.1	470,250	361,900
2065	1/1/13	5/31/13	3,000,000	3.12	2.40	1.1	102,960	79,200
1642	6/1/13	8/31/13	8,000,000	8.55	7.02	1.1	752,400	617,760
7856	9/1/13	12/31/13	10,000,000	6.00	5.00	1.1	660,000	550,000
						Totals	1,985,610	1,608,860

Average Deviation = 1,985,610 / 1,608,860 = 1.234



Exercise

Extend Exposures—Class Code Method

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Stat Code	Description	Amount Reported in Statistical Code	Average Experience Mod	Company Standard Premium (3) x (4)	Average Deviation	DSR Level Premium (5) / (6)
0900	Expense Constant	6,000	—	6,000	—	—
9812	Increased Limits	75,000	1.1	82,500	1.234	66,856
			Totals	88,500		66,856

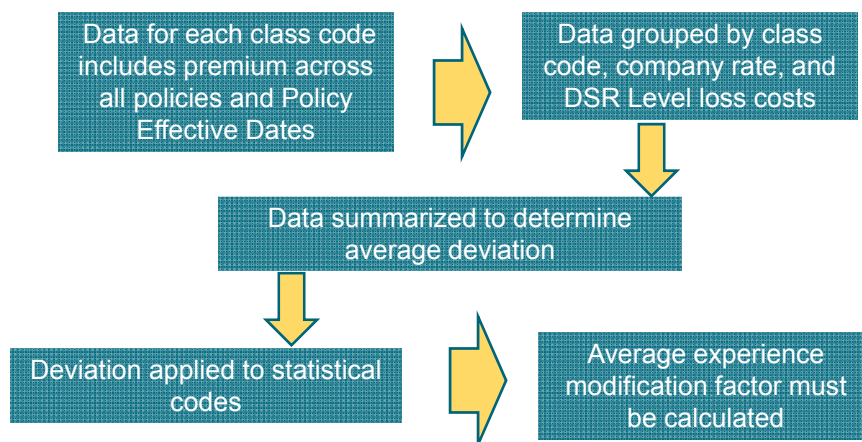


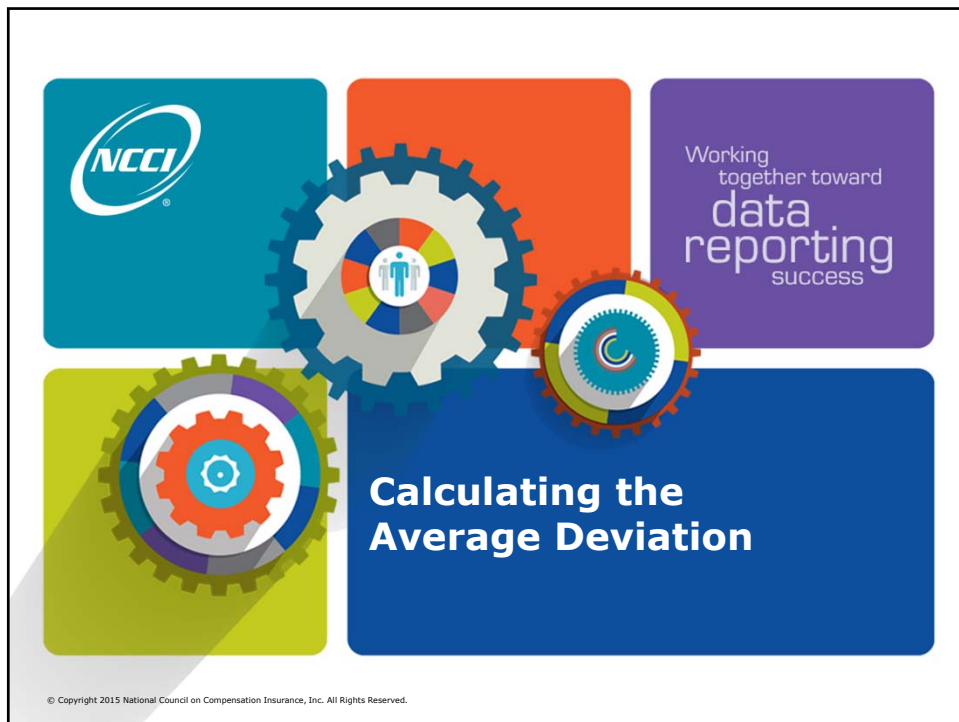
Exercise

Extend Exposures—Class Code Method

	Company Standard Premium	DSR Level Premium
Class Codes	1,985,610	1,608,860
Statistical Codes	88,500	66,856
Totals	2,074,110	1,675,716

Recap—Extending Exposures— Class Code Level





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Average Deviation Calculation Example 1

The parameters:

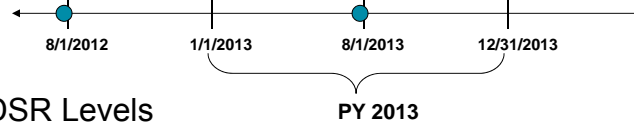
- NCCI loss costs became effective on:
 - 8/1/2012
 - 8/1/2013
- Carrier adopted each new approved loss cost on the day it became effective
 - Loss cost multiplier of 1.33 for the 8/1/2012 loss costs
 - Loss cost multiplier of 1.33 for the 8/1/2013 loss costs
- Average deviation for PY 2013 = 1.33

Timeline Example 1 (cont'd)

Carrier Activity

Adopted 8/1/2012 Loss
Costs with an LCM of
1.33

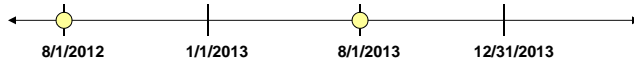
Adopted 8/1/2013 Loss
Costs with an LCM of
1.33



NCCI DSR Levels

8/1/2012 Loss Costs

8/1/2013 Loss Costs



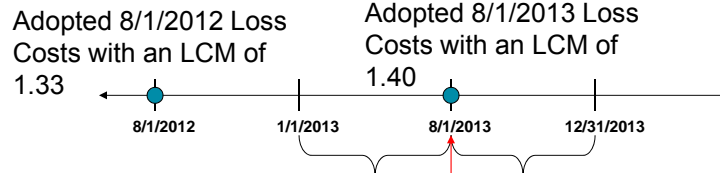
Average Deviation Calculation Example 2—Change in LCM

The parameters:

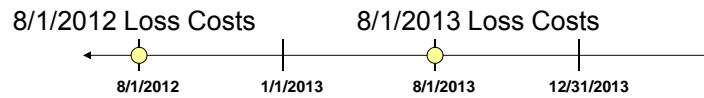
- NCCI loss costs became effective on:
 - 8/1/2012
 - 8/1/2013
- Carrier adopted each new approved loss cost on the day it became effective
 - Loss cost multiplier of 1.33 for the 8/1/2012 loss costs
 - Loss cost multiplier of 1.40 for the 8/1/2013 loss costs

Timeline Example 2 (cont'd)

Carrier Activity



NCCI DSR Levels



Average Deviation Calculation Example 2 (cont'd)

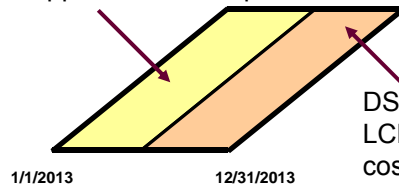
- Now that there are two different loss cost multipliers in effect for the year, a weighted average must be calculated for Policy Year 2013
- It is necessary to determine the percentage of earned premium on policies with effective dates in each time period
- Suppose that the percentages for each time period are:
 - January through July: 65%
 - August through December: 35%

Average Deviation Calculation

Example 2 (cont'd)

The average deviation calculation for Policy Year 2013 is
 $1.33 \times (0.65) + 1.40 \times (0.35) = 1.355$

DSR Level 8/1/2012
LCM of 1.33 off of 8/1/2011 loss
costs applies to 65% of premium



DSR Level 8/1/2013
LCM of 1.40 off of 8/1/2013 loss
costs applies to 35% of premium

Average Deviation Calculation

Example 3—Delayed Adoption

The parameters:

- NCCI loss costs became effective on:
 - 8/1/2012
 - 8/1/2013
- But carrier adopted the loss costs as follows:
 - 8/1/2012 loss costs on the day they became effective, with a loss cost multiplier of 1.33
 - 8/1/2013 loss costs on 10/1/2013, with a loss cost multiplier of 1.40

This means there are now **three** different time periods to consider.

Average Deviation Calculation

Example 3 (cont'd)

Time Periods Affecting the Calculation:

- January through July—Carrier is using the 8/1/2012 loss costs, which are the same as the DSR Level
- ★ August through September—Carrier is using the 8/1/2012 loss costs, which are **not** the same as the DSR Level; the DSR Level is 8/1/2013
- October through December—Carrier is using the 8/1/2013 loss costs, which are the same as the DSR Level

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Timeline

Example 3 (cont'd)

Carrier Activity

Adopted 8/1/2012 Loss Costs with an LCM of 1.33

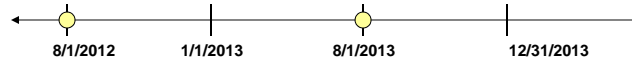
Adopted 8/1/2013 Loss Costs with an LCM of 1.40



NCCI DSR Levels

8/1/2012 Loss Costs

8/1/2013 Loss Costs



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Average Deviation Calculation

Example 3 (cont'd)

For August through September, we must determine what deviation factor—applied to the loss costs effective 8/1/2013—would yield the same effect as using the 1.33 loss cost multiplier applied to loss costs effective 8/1/2012.

- If the 8/1/2013 loss costs increased by 6% on average, then the loss cost multiplier in effect would need to be adjusted by the factor $1 + 0.06 = 1.06$
- Therefore, the deviation factor is $1.33 / 1.06 = 1.255$



Average Deviation Calculation

Example 3 (cont'd)

- This deviation factor is sometimes referred to as a *passive* deviation or implied loss cost multiplier
- This is the result of a carrier not taking action the same day as NCCI's approval



Average Deviation Calculation

Example 3 (cont'd)

Company Standard Premium* Using Loss Costs Effective 8/1/2012	Loss Cost Multiplier	NCCI DSR Level 8/1/2012
\$4,000,000	1.33	\$3,000,000

8/1/2013 change
is +6%

Company Standard Premium* Using Loss Costs Effective 8/1/2012	Implied Loss Cost Multiplier	NCCI DSR Level 8/1/2013
\$4,000,000	???	\$3,180,000

* Excludes factors such as
expense constant and
balance to minimum premium
amounts

What is the correct factor?

$\$4,000,000 / \$3,180,000 =$
 1.255 , which yields the same
amount as $1.33 / 1.06 = 1.255$

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Average Deviation Calculation

Example 3 (cont'd)

To calculate an implied loss cost multiplier, divide the carrier loss cost multiplier by the value that represents the change in loss costs for your book of business.

For some carriers, the appropriate value **may** be the same as the overall change filed by NCCI (e.g., 1.06).

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Example

Average Deviation Method

- Company Standard Earned Premium January–April is \$2,300,000
- Company Standard Earned Premium May–December is \$5,000,000
- NCCI makes filing effective May 1
- Our loss cost level change factor is same as statewide factor of 0.960
- Last active loss cost multiplier effective before May 1 was 1.60
- No expense constant or balance to minimum
- What is DSR Level Premium?

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Example

Average Deviation Method

- January–April
 - $\$2,300,000 / 1.60 = \$1,437,500$
- May–December
 - Passive deviation = $1.60 / .960 = 1.667$
 - $\$5,000,000 / 1.667 = \$2,999,400$
- Total for Policy Year
 - $\$1,437,500 + 2,999,400 = \$4,436,900$

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Average Deviation Calculation

Example 4

- January through July
 - 8/1/2012 loss costs with LCM of 1.33
 - Determined that this applies to 65% of premium
- August through September
 - Did not adopt the 8/1/2013 loss costs that reflected a statewide increase of 6%
 - Determined that the effect of these new loss costs on the carrier's book of business was only a 2% increase
 - Therefore, the implied LCM is $1.33 / 1.02 = 1.30$
 - Determined that this applies to 10% of premium
- October through December
 - 8/1/2013 loss costs on 10/1/2013 with LCM of 1.40
 - Determined that this applies to 25% of premium



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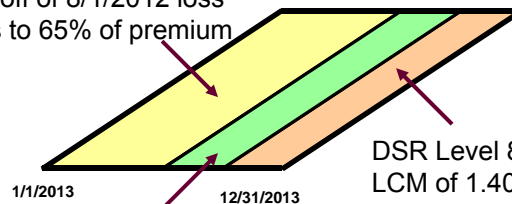
Average Deviation Calculation

Example 4 (cont'd)

The average deviation for Policy Year 2013 is
 $1.33 \times (0.65) + 1.30 \times (0.10) + 1.40 \times (0.25) = 1.345$

DSR Level 8/1/2012

LCM of 1.33 off of 8/1/2012 loss costs applies to 65% of premium



DSR Level 8/1/2013
 LCM of 1.40 off of 8/1/2013 loss costs applies to 25% of premium

DSR Level 8/1/2013
 LCM of 1.33 off of 7/1/2012 loss costs
 Implied loss cost multiplier of 1.30 ($1.33 / 1.02$)
 in effect applies to 10% of premium

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Applying the Average Deviation

Two Steps:

1. Subtract the amounts of expense constant and balance to minimum premium adjustments from reported Company Standard Premium
2. Then divide the average deviation from the Company Standard Premium to get the DSR Level Premium

Note: This is for when DSR Level is loss costs.



Recap

Q. What does delayed adoption mean?

A. **Company did not adopt the most current NCCI loss costs the day they took effect (passive deviation results)**

Action: LCM/NCCI Loss Cost or Rate Change*

*The state average loss cost change may not best reflect your company's book of business. If this is true, you will want to use the value that best reflects the change in loss costs for your book of business.



Recap—Both Methods

Questions to answer when calculating
DSR Level Premium:

What DSR Levels were in effect during the year?

What loss cost multipliers were in effect during the year?

What NCCI loss costs were used by the carrier during the year?

What policies were affected by loss cost filings?

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DSR Level Premium Edits

- Edits Effective With Valuation 12/31/2011
 - 767 and 768 (replace 765 and 766, respectively)
 - 397–400 (replace 366–369, respectively)
 - 471 (updated Edit Description)
- Replaced Edits Appear on Older Valuations

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DSR Level Premium Check

Ratio of Company to NCCI Premium Not as Expected—Edit Number 767

Departure from NCCI premium level not equal to expected.

Company Voluntary Premium: 515,000

NCCI Voluntary Premium: 495,309

Ratio: 1.040

$$\frac{\$515,000 \text{ (Company Standard)}}{\$495,309 \text{ (DSR Level)}} = 1.040 \text{ (Ratio)}$$

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DSR Level Premium Check

Ratio of Company to NCCI Premium Not as Expected—Edit Number 767

Verify:

- Active Deviation History
- Reported Call Data
- NCCI DSR Level Adopted
- Monthly Weights Distribution
- Premium Distribution Among Companies (Group Carrier)

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DSR Level Premium Check

Ratio Outside of State's Expected Range— Edit Number 399

Departure from NCCI premium level is higher than expected.

NCCI Statewide Premium: 10,000,000

Company Statewide Premium: 100,260,000

NCCI Voluntary Premium: 10,000,000

Company Voluntary Premium: 100,260,000

Voluntary Ratio: 10.026

In a state where the Voluntary Business Designated Statistical Reporting (DSR) Level is NCCI advisory loss costs, we would not expect such a large upward deviation. Please correct the data or provide an explanation.

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DSR Level Premium Check

Ratio Outside of State's Expected Range— Edit Number 399

Compares Voluntary Ratio with statewide expected range

- DSR Reporting Level (loss costs or rates) and
- State

$$100,260,000 / 10,000,000 = 10.026$$

10.026 is WAY outside of the expected range for this state.



DSR Level Premium Check

Unexpected Development in Ratios— Edit Number 471

Company Standard to NCCI DSR Premium Ratio development is outside of the expected range.

Current Company Standard Premium: 21,795,412
Current NCCI DSR Premium: 15,638,038

Previous Company Standard Premium: 31,795,412
Previous NCCI DSR Premium: 25,638,038

Current Ratio: 1.394 (21,795,412 / 15,638,038)
Previous Ratio: 1.240 (31,795,412 / 25,638,038)

Development Factor: 1.124



DSR Level Premium Check

Unexpected Development in Ratios— Edit Number 471

Change from premium ratio of 1.240 to 1.394 is unusual.

Ratios on older observations should have little development.



Premium Distribution

- Premium weights (if applicable)—could impact calculations
- Premium weights are calculated using earned DSR Level Premium or a reasonable proxy
 - Monthly premium distribution
 - Carrier distribution within a group



Monthly Weight Example

How Voluntary Weights Affect Validation

MONTH	STATEWIDE MONTHLY WEIGHT FACTOR	LOSS COST MULTIPLIER	DSR FACTOR	CARRIER'S ACTUAL MONTHLY WEIGHTS	DSR FACTOR
1	0.320	1.166	0.37312	0.1000	0.1166
2	0.047	1.166	0.054802	0.0000	0
3	0.060	1.166	0.06996	0.0000	0
4	0.090	1.166	0.10494	0.0000	0
5	0.061	1.166	0.071126	0.2000	0.2332
6	0.061	1.166	0.071126	0.0000	0
7	0.093	1.375	0.127875	0.0000	0
8	0.049	1.375	0.067375	0.7000	0.9625
9	0.049	1.375	0.067375	0.0000	0
10	0.068	1.375	0.0935	0.0000	0
11	0.043	1.375	0.059125	0.0000	0
12	0.059	1.375	0.081125	0.0000	0
Average Deviation			1.241		1.312

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Carrier Weight Example

How Voluntary Weights Affect Validation

Carrier Code	State Name	NAIC Annual Statement Premium Written	Weights Based on NAIC Annual Statement Premium Written	Premium Written Excluding LD	Weights Excluding LD Premium Written
10000	ALABAMA	500,000	0.041	500,000	0.081
10001	ALABAMA	2,000,000	0.164	2,000,000	0.323
10002	ALABAMA	1,700,000	0.139	1,700,000	0.274
10003	ALABAMA	8,000,000	0.656	2,000,000	0.323
	Total	12,200,000	1.000	6,200,000	1.000

LD = Large Deductible

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Additional Causes of DSR Edits

Expense Constants

Balance to Minimum Premium

Carrier-Specific Loss Cost Level Changes

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Expense Constant Effect— DSR Level Is Loss Costs

- LCM for Policy Year is 1.400
- Observed Ratio $\$2,000,000 / \$1,071,429 = 1.867$

How does this result happen?

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Expense Constant Effect— DSR Level Is Loss Costs

- Company Standard including Expense Constant is \$2,000,000
- Expense Constant amount is \$500,000
- DSR Level Premium calculation
 - $\$2,000,000 - 500,000 = \$1,500,000$
 - $\$1,500,000 / 1.400 = \$1,071,429$
- Observed Ratio $\$2,000,000 / \$1,071,429 = 1.867$

Why might Expense Constant \$\$ be so significant?

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Expense Constant Effect— DSR Level Is Rates

- Deviate -7% from NCCI Rates
- Company Standard Premium is \$2,000,000
- DSR Level Premium is \$1,977,957
- Observed Ratio $\$2,000,000 / \$1,977,957 = 1.011$

How does this result happen?

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Expense Constant Effect— DSR Level Is Rates

- Company Expense Constant is \$300
- NCCI Expense Constant is \$150
- 1,000 Policies With Expense Constant

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Expense Constant Effect— DSR Level Is Rates

- DSR Level Premium Calculation
 - $\$2,000,000 - (1,000 \times \$300) = \$1,700,000$
 - $\$1,700,000 / 0.930^* = \$1,827,957$
 - $\$1,827,957 + (1,000 \times \$150) = \$1,977,957$
- Observed Ratio $\$2,000,000 / \$1,977,957 = 1.011$

*($1.000 - 0.070 = 0.930$ Rate Deviation)

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Carrier-Specific Loss Cost Level Change Effect

- Last active LCM is 1.240
- Statewide change is +5.2%
- Class codes that you wrote in changed +8.1%

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Hawaii Policy Year 2013

Class Code	Policy Year 2013 Earned Exposure	1/1/2012 Loss Costs	Policy Year 2013 DSR Premium Using 1/1/2012 Loss Costs	1/1/2013 Loss Costs	Policy Year 2013 DSR Premium Using 1/1/2013 Loss Costs	Statewide Average Change
Approx. 500	Approx. 100 Carriers					+5.2%

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Carrier-Specific Hawaii Policy Year 2013

Class Code	1/1/2012 Loss Costs Adopted by Carrier	1/1/2013 Loss Costs Adopted by Carrier on 5/1/2013		Change
1005	\$4.91	\$5.32		+8.4%
1164	\$5.00	\$5.22		+4.4%
1165	\$3.61	\$4.08		+13.0%
Carrier's Change			Between	+4.4% and +13.0%

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Carrier-Specific Hawaii Policy Year 2013

Class Code	Policy Year Earned Exposure 1/1/2013-4/30/2013	1/1/2012 Loss Cost Adopted by Carrier	1/1/2013-4/30/2013 DSR Premium Using 1/1/2012 Loss Costs	1/1/2013 Loss Cost Not Adopted by Carrier until 5/1/2013	1/1/2013-4/30/2013 DSR Premium Using 1/1/2013 Loss Costs	Change
1005	\$10,000	\$4.91	\$491	\$5.32	\$532	+8.4%
1164	\$5,000	\$5.00	\$250	\$5.22	\$261	+4.4%
1165	\$5,000	\$3.61	\$181	\$4.08	\$204	+12.7%
Carrier's Change		Total	\$922		\$997	+8.1%

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Carrier-Specific Hawaii Policy Year 2013

Class Code	Policy Year Earned Exposure 1/1/2013-4/30/2013	1/1/2012 Loss Cost Adopted by Carrier	1/1/2013-4/30/2013 DSR Premium Using 1/1/2012 Loss Costs	1/1/2013 Loss Cost Not Adopted by Carrier until 5/1/2013	1/1/2013-4/30/2013 DSR Premium Using 1/1/2013 Loss Costs	Change
1005	\$10,000	\$4.91	\$491	\$5.32	\$532	+8.4%
1164	\$5,000	\$5.00	\$250	\$5.22	\$261	+4.4%
1165	\$5,000	\$3.61	\$181	\$4.08	\$204	+12.7%
Carrier's Change		Total	\$922		\$997	+8.1%
Statewide Change	From Filing					+5.2%

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Carrier-Specific Loss Cost Level Change Effect

- Statewide Change Factor
 - $1.000 + 0.052 = 1.052$
- Passive LCM Using Statewide Change
 - $1.240 / 1.052 = 1.179$
- Your Change Factor
 - $1.000 + 0.081 = 1.081$
- Your Passive LCM
 - $1.240 / 1.081 = 1.147$

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Additional Resources

- NCCI Financial Data—Assigned Validator
- ***Data Educational Program*** Materials
- Webinars on Demand
- ***Financial Data Collection*** tool
- ***Financial Call Reporting Guidebook***
- Reporting Season Web Article
- Circulars/***FYI Plus***



I'm getting
it ...



Any Questions?



Supplemental Information

Presenter Biographies

Jim Mallon has worked at NCCI for 35 years in the Actuarial and Regulatory Services Divisions, and currently in the Data Quality and Compliance Department. He is responsible for developing, implementing, and monitoring the various quality assurance programs for the collection and validation of customer data. Jim has a bachelor of science degree in mathematics from New York University—Polytechnic Institute. He is retiring in April.

Harry Snyder has worked at NCCI for 13 years in the Data Quality and Compliance Services Department. His primary responsibilities include validating aggregate financial data, mentoring financial data validators, and providing customer support.

Harry holds a bachelor's degree in economics from the University of Wisconsin and a master of business administration degree in management from Golden Gate University in California.