



NCCI'S 2016 DATA EDUCATIONAL PROGRAM

YOUR BLUEPRINT
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Unit Statistical Data— Premium Rating Programs and Exposures

January 26–29, 2016

Palm Beach County Convention Center
West Palm Beach, FL



Unit Statistical Data—Premium Rating Programs and Exposures

Presented by:
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Objective

Become familiar with Unit Statistical
premium rating programs and exposures
topics.

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Agenda



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Exposure Basis

Payroll

Nonpayroll

**Salaries,
Wages,
Bonuses,
etc.**

**Per Capita—
Round to
the Nearest
Tenth**

**Non-
Ratable
Exposure**

**Supplemental
Disease
Exposure**

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Per Capita—Domestic Workers

Domestic Workers— Residences—Full-Time	Domestic Workers— Residences—Part-Time
Class Code 0913	Class Code 0908
Workers—More than 20 hours per week	Workers—20 hours or less per week
Number of workers	Duration of coverage

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Reporting Per-Capita Codes (Part-Time Workers)

Duration of Coverage	Charged Exposure Amount
1 day to 1 month and 23 days	1
1 month and 24 days to less than 3 months	2
3 months to 4 months and 5 days	3
4 months and 6 days to 5 months and 11 days	4
5 months and 12 days to 6 months and 17 days	5
6 months and 18 days to 7 months and 23 days	6
7 months and 24 days to less than 9 months	7
9 months to 10 months and 5 days	8
10 months and 6 days to 11 months and 11 days	9
11 months and 12 days to 1 year and 17 days	10
1 year and 18 days to 1 year, 1 month, and 23 days	11

Unit Statistical Reporting Guidebook: Part 4-H-3

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Per-Capita Codes—Example

What is the correct reported exposure for Molly?

- A. 1
- B. 15
- C. 10



Molly works
40 hours per week all
year round

Classification Code
0913

Duration of Coverage—1 Year =
Exposure 10

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Per-Capita Codes—Example

What is the correct reported exposure for both workers?

- A. 1.2
- B. 20
- C. 8

Theresa works
for 4 months



Martha works
for 6 months

Classification Code
0908

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CT Volunteer Ambulance Service

- Report exposure as number of service responses
- Example: If volunteer drivers respond to 200 calls, the exposure would be reported as 2000



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Aircraft Operation—Passenger Seat Exposure

- 1/1/2015 and Subsequent
 - Aircraft Operations—Passenger Seat Exposure no longer applies
 - Report all exposure and losses for members of the flying crew to Classification Code 7421
 - For all other employees, all exposure and losses are reported to the classification code to which the injured worker's payroll is assigned
- Prior to 1/1/2015
 - Statistical Codes 9108 and 0088
 - Report the number of seats as 1.0 per seat

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Ratable/Non-Ratable Groups

Basic Manual Rule 3-A-17 (Non-ratable Element):

- Non-ratable element is a supplementary loading in the manual rate for a classification
- Adjusts for the classification's potential for occupational disease/catastrophic losses
- Class codes designated with an "N" have corresponding statistical codes (non-ratable element)
- Premium for a non-ratable element is not subject to experience rating or retrospective rating

Non-Ratable Elements

Statistical Codes for Non-Ratable Portion of Class Code Rate

- Report Exposure, Rate, and Premium
- Non-Ratable Exposure = Ratable Exposure

Supplemental Disease Exposures

Basic Manual Rule 3-A-7 (Disease Loading):

- Supplemental disease loading may be added
- Incidental Foundry, Asbestos, Abrasive, Sandblasting, Atomic Energy Radiation, and Silicosis
- Not subject to experience rating or retrospective rating

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Supplemental Disease Exposures

- Statistical Codes for Supplemental Disease
- Report Exposure, Rate, Premium **and** Loss
 - Code 0059—Abrasive or Sandblasting
 - Code 0065—Incidental Foundries—Steel
 - Code 0066—Incidental Foundries—Non-Ferrous Metals
 - Code 0067—Incidental Foundries—Iron
 - Code 0133—Supplemental Disease Experience—in Connection With Asbestos Exposure
 - Code 0179—Disease Experience—Supplemental
 - Code 9985—Atomic Energy—Radiation Exposure NOC

Statistical Plan—Part 3-F-2-c

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Supplemental Disease Exposure Example

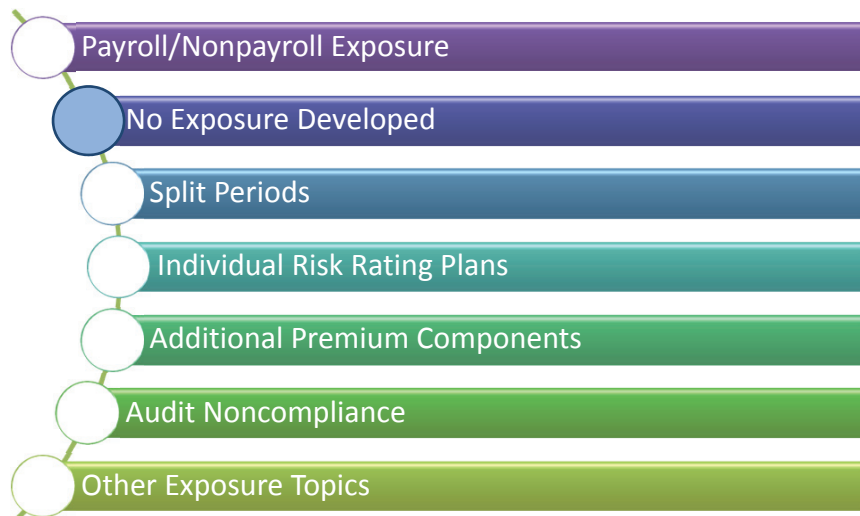
- Insured's classification is Painting Operations and it is determined that the employees were exposed to sandblasting operations.

Exposure Act	Class	Exposure	Manual Rate	Premium	Mod	Mod Effective Date	Rate Effective Date
01	5474	\$50,000	1.53	\$765	1.000	1/1/14	1/1/14
01	0059				0.000	1/1/14	1/1/14

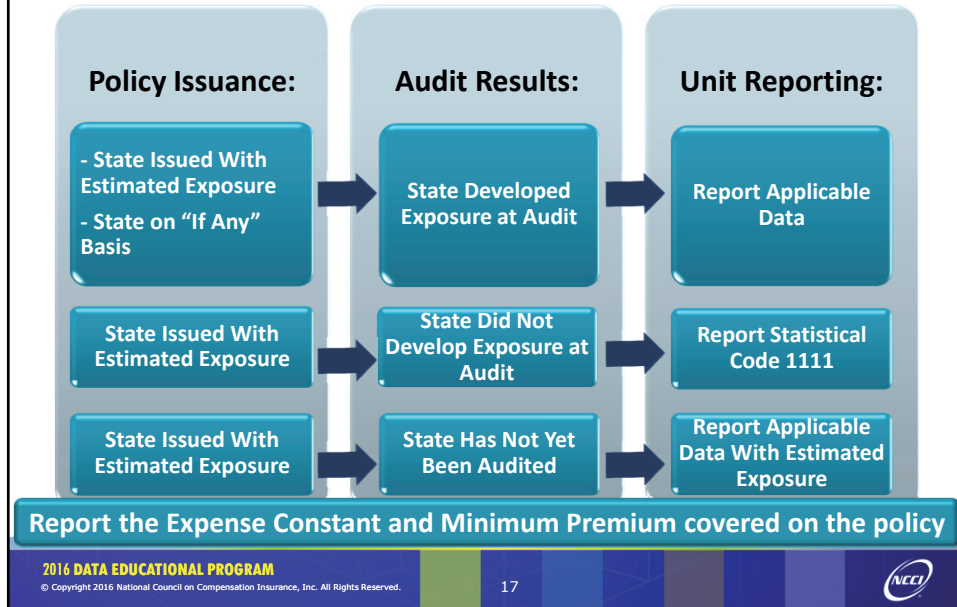
What is the exposure for Supplemental Disease Code 0059?

- a. \$50,000
- b. \$0
- c. \$40,000

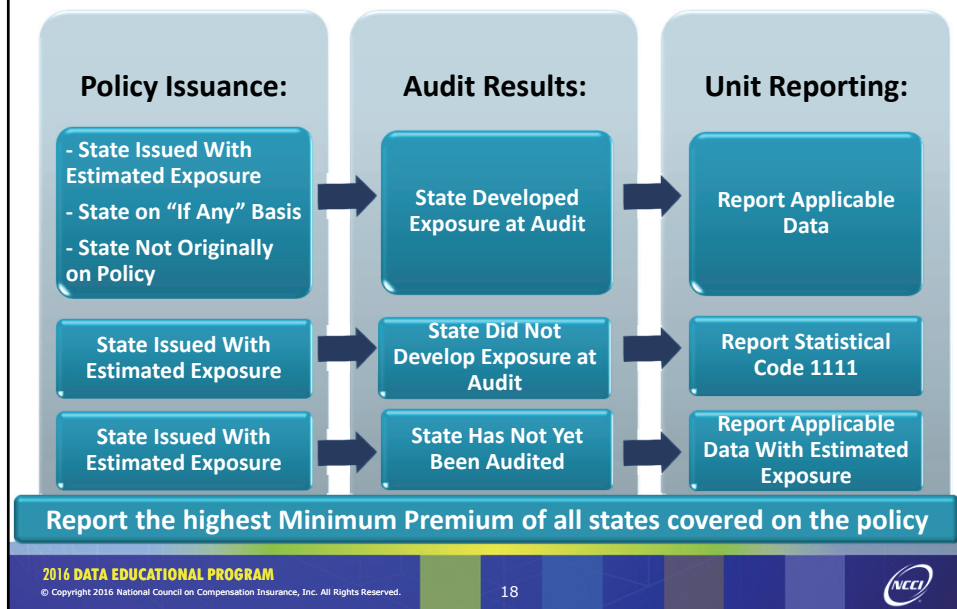
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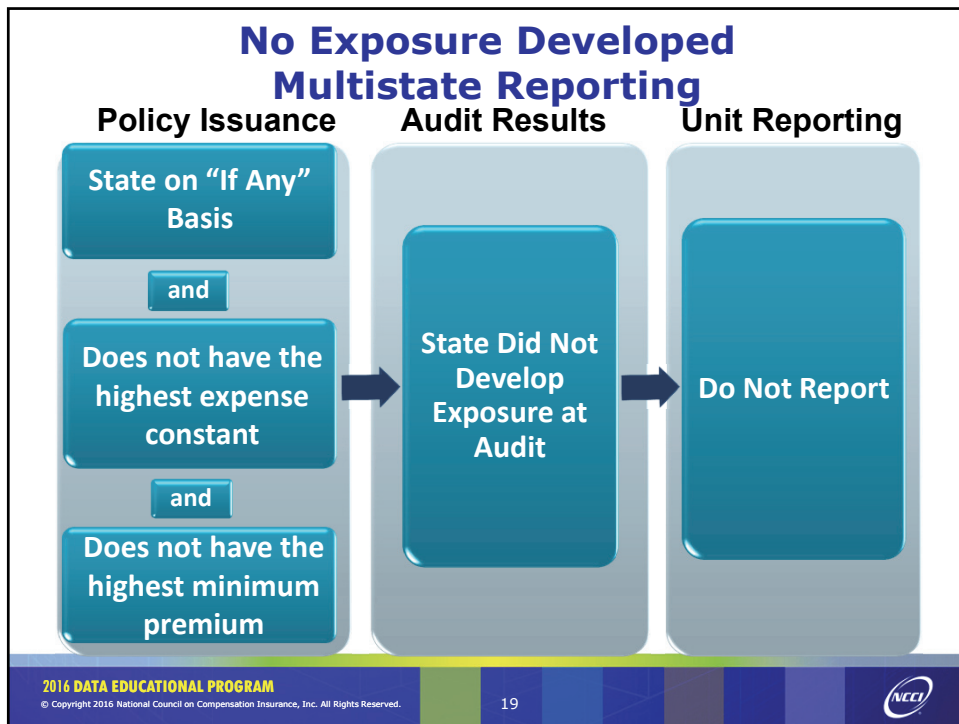


No Exposure Developed Single-State Reporting



No Exposure Developed Multistate Reporting

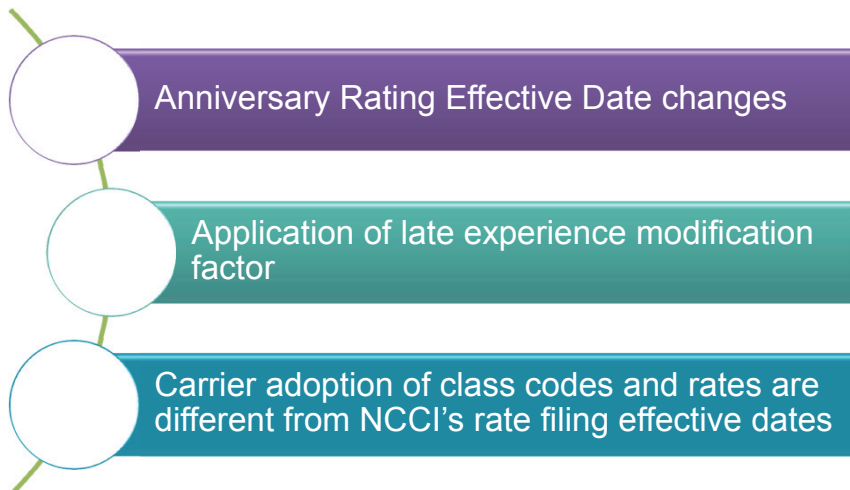




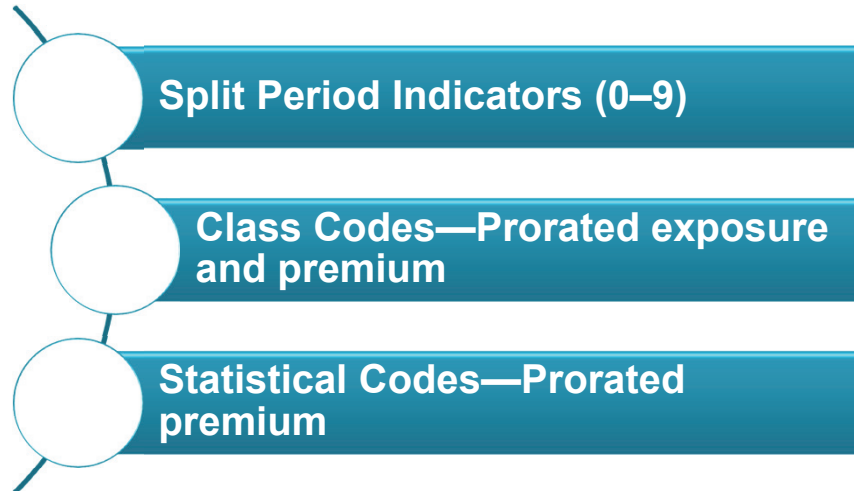
What Is a Split Period?

A split period occurs when multiple rates or experience modification factors are applicable to a policy period.

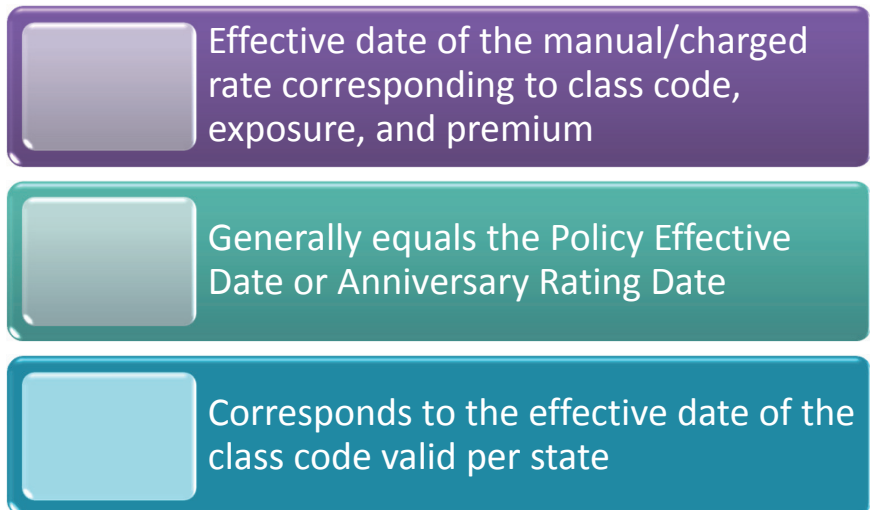
Reasons for Reporting Split Periods



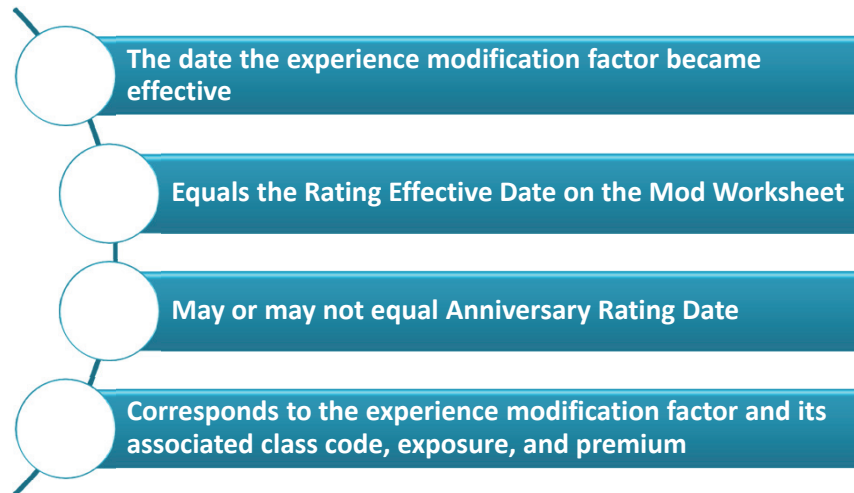
Reporting Split Periods



Rate Effective Date



Experience Modification Effective Date



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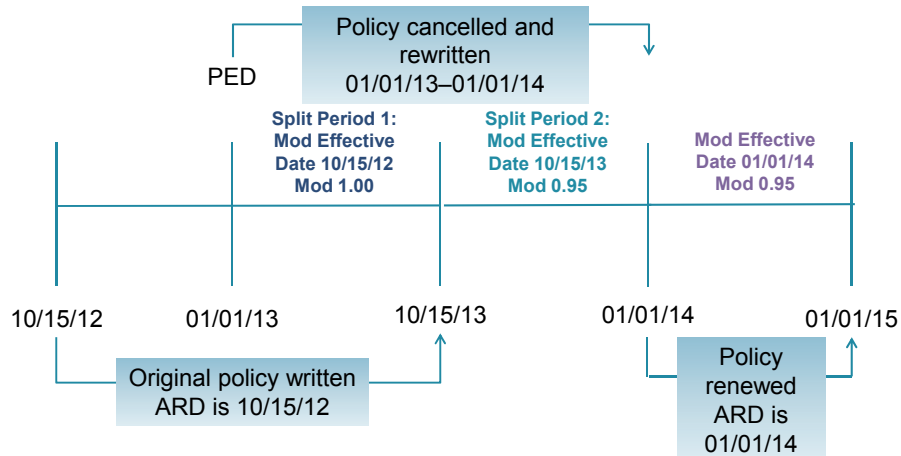
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Split Periods—Example 1

Anniversary Rating Date (ARD) is different from Mod Effective Date



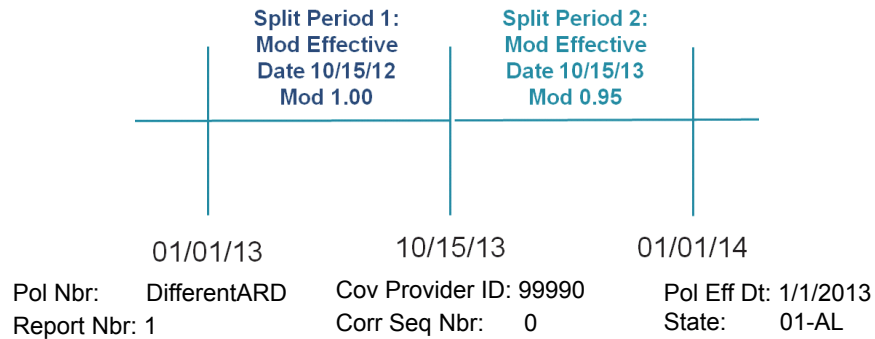
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Example 1 (cont'd)



Class Code	Exposure	Rate	Premium	Exp Mod	Mod Eff. Date	Rate Eff. Date	Split Ind.
8810	10,000	0.25	25	1.000	10/15/12	10/15/12	0
8810	20,000	0.25	70	0.950	10/15/13	10/15/13	1

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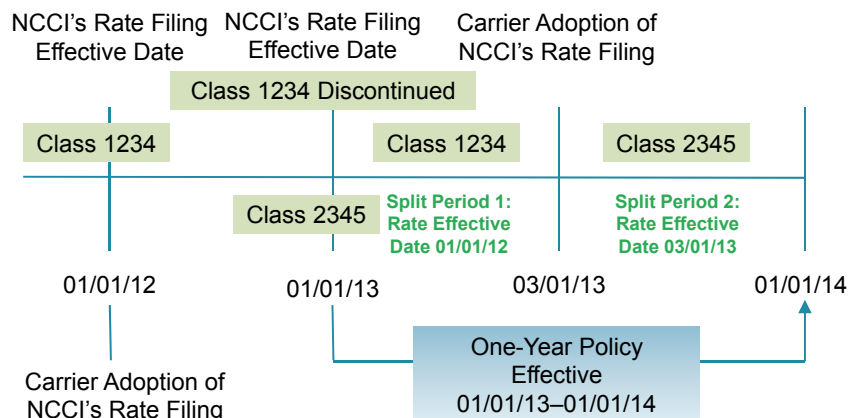
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Split Periods—Example 2

Carrier Adopted Rate Filing After NCCI's Effective Date



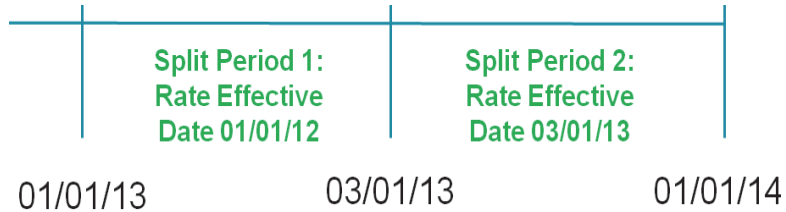
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Example 2 (cont'd)



Pol Nbr: CarrAdoptsrates Cov Provider ID: 99990 Pol Eff Dt: 1/1/2013
 Report Nbr: 1 Corr Seq Nbr: 0 State: 54-AK

Class Code	Exposure	Rate	Premium	Exp Mod	Mod Eff. Date	Rate Eff. Date	Split Ind.
1234	10,000	0.25	25	0.000	01/01/13	01/01/12	0
2345	20,000	0.35	70	0.000	01/01/13	03/01/13	1

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Elimination of Anniversary Rating Date

- Item Filing B-1430 becomes effective May 1, 2017
- Removes the Anniversary Rating Date rule
- Eliminates the need for a split unit report when the Anniversary Rating Date is different than the Policy Effective Date

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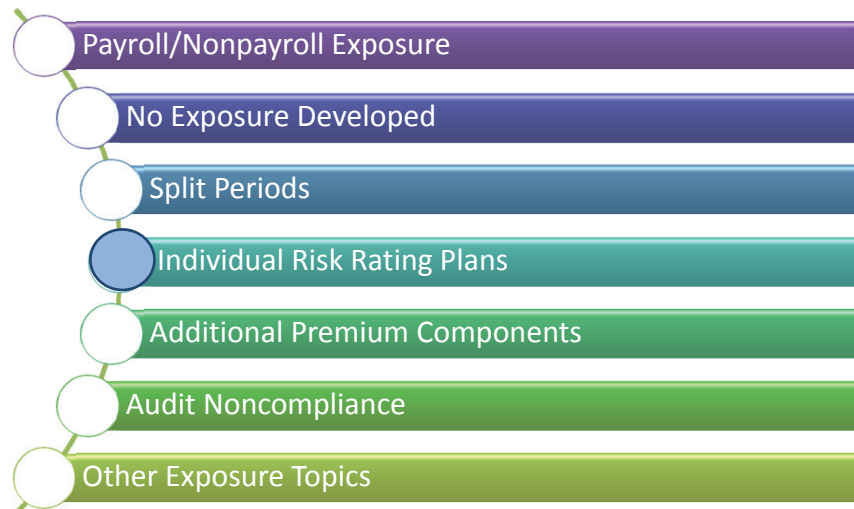
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Review Time

Questions	Possible Answers
Statistical Code for No Exposure Developed	Late Adoption of Rate Filing
What Includes Salary, Wages, and Bonuses?	Nonpayroll Exposure
A Reason for Split Periods ...	1111
Per Capita Domestic Worker Exposure Basis	Single State Policy
Effective Date of Rate Charged for Class Code	Payroll Exposure
Exposure Reported When Policy Is Not Audited	1112
What Identifies Individual Split Periods?	Split Period Indicators
	Audited
	Rate Effective Date
	Duration of Coverage
	Estimated Exposure
	Per Capita

Agenda



Individual Risk Rating Plans

- Individual risk rating plans allow for adjustments (– and +) to premium
- Statistical codes are established for reporting on unit statistical 1st reports
- Premium adjustments may apply:
 - Subject to experience rating
 - Not subject to experience rating
 - Not part of standard premium

NCCI-Filed Premium Programs

Statistical Code	Premium Program	Adjustment	Placement
9841	Drug-Free Workplace	Premium Credit	Subject to Experience Rating
9843	Managed Care	Premium Credit	Subject to Experience Rating
9880	Workplace Safety	Premium Credit	Not Subject to Experience Rating
9851	Small New Employer Credit	Premium Credit	Not Subject to Experience Rating

Carrier Independent Programs Other Than Deductible and Schedule Rating

Statistical Code	Premium Program	Adjustment	Placement
9721	Independent Carrier Filing	Premium Credit	Subject to Experience Rating
9722	Independent Carrier Filing	Premium Credit	Not Subject to Experience Rating
9723	Independent Carrier Filing	Premium Debit	Subject to Experience Rating
9724	Independent Carrier Filing	Premium Debit	Not Subject to Experience Rating
9655	Independent Carrier Filing	Premium Credit	Not Part of Standard Premium
9656	Independent Carrier Filing	Premium Debit	Not Part of Standard Premium

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Deductible and Schedule Rating

Stat Code	Premium Program	Premium Adjustment	Placement	NCCI Program	Carrier Program
9663	Deductible	Credit	Not Subject to Experience Rating	Yes	Yes
9664	Deductible	Credit	Subject to Experience Rating	Yes	Yes
9657	Deductible	Credit	Not Part of Standard Premium	No	Yes
9887	Schedule Rating	Credit	Not Subject to Experience Rating	Yes	Yes
9889	Schedule Rating	Debit	Not Subject to Experience Rating	Yes	Yes
9750 WV Only	Schedule Rating	Credit	Not Part of Standard Premium	No	Yes
9751 WV only	Schedule Rating	Debit	Not Part of Standard Premium	No	Yes

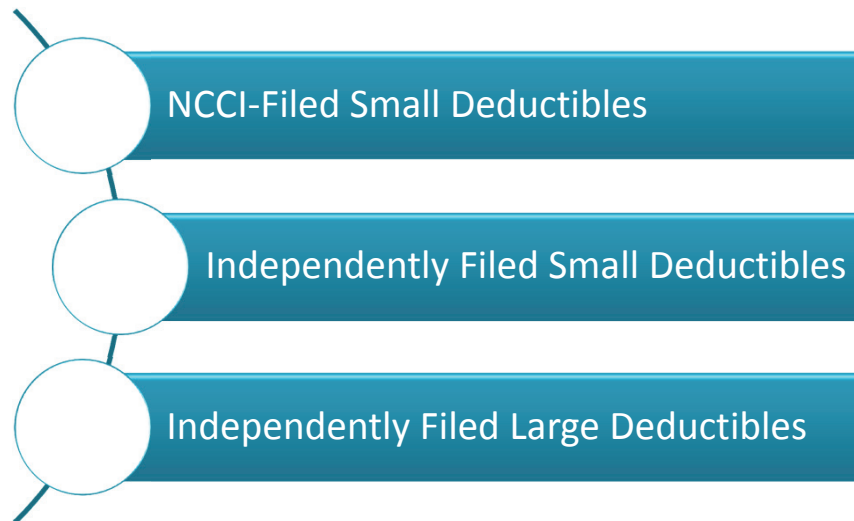
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Deductibles



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Deductible Statistical Codes

Stat Code	Premium Program	Premium Adjustment	Placement	NCCI Program	Carrier Program
9663	Deductible	Credit	Not Subject to Experience Rating	Yes	Yes
9664	Deductible	Credit	Subject to Experience Rating	Yes	Yes
9657	Deductible	Credit	Not Part of Standard Premium	No	Yes

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Deductible Resources

- **Statistical Plan**—Provides rules for reporting deductible programs and Deductible Reimbursement
- **USRG**—Part 8 is dedicated to reporting deductible programs

Small Deductible State Guide (USRG—Part 8-F)							
State	Effective Date	Deductible Type	Type of Plan	Deductible Amount	Stat Code	Net or Gross	Deductible Reimbursement
FL	7/1/95	Medical and Indemnity	Per Claim	\$ 5,000, 10,000, 15,000, 20,000, 25,000, 50,000, 75,000	9664	Gross	Report "0"

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Small Deductible Programs

- Include NCCI-filed and carrier independently filed programs
- NCCI files small deductible programs with state insurance departments
- NCCI small deductible programs may provide:



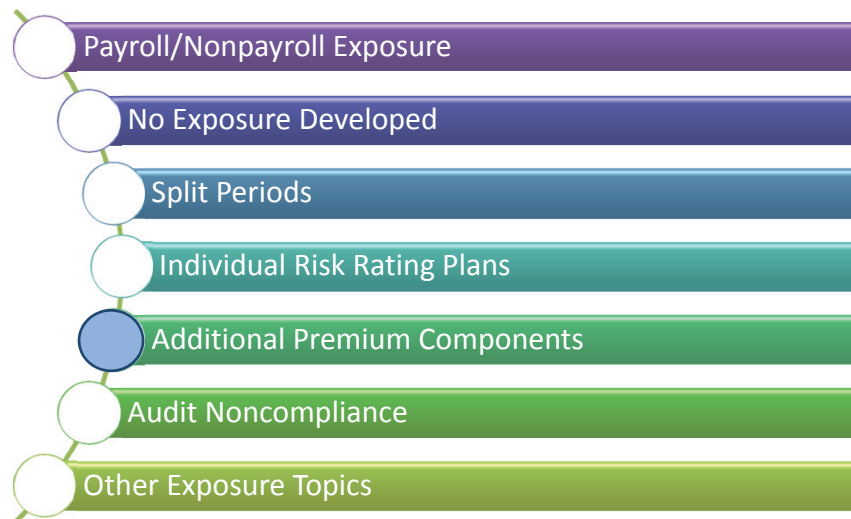
Carrier Independently Filed Large Deductibles

- NCCI does not file large deductible programs
- Generally include deductibles of \$100,000 and greater, but vary by state
- State exceptions for small and large deductible programs can be found in Part 8G in the ***Unit Statistical Reporting Guidebook***

Premium Algorithm

Before Subject Premium
Independent Carrier Filings—9721 (–) and 9723 (+)
Drug-Free Workplace—9841(–)
Workplace Safety—9965 (–)
Increased Limits (100/100/1,000)—9803 (+)
Total Subject Premium
Experience Modification Factor
Total Modified Premium
Independent Carrier Filings—9722 (–) and 9724 (+)
Loss Constant—0032 (+)
Merit Rating—9886 (+)
Total Standard Premium
Independent Carrier Filings—9655 (–) and 9656 (+)
Expense Constant—0900 (+)
Catastrophic Provisions for Terrorism—9740 (+)

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Increased Limits of Liability

- Limits of liability apply to Employers Liability Insurance
 - With or without Workers Compensation Insurance
 - Voluntary Workers Compensation Insurance
 - USL&HW Act
 - Admiralty Law or FELA
- Limits of Liability Components
 - Bodily Injury by Accident (each accident)
 - Bodily Injury by Disease (each employee)
 - Bodily Injury by Disease (policy limit)
- Statistical codes used to report the additional premium for increased limits of liability

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Increased Limits—Example 1

- Increased Limits for W/C and E/L
\$500,000/\$500,000/\$500,000
- **Statistical Plan** Rules
 - Report any additional premium for increased limits of liability to the appropriate statistical code

Increased Limit Statistical Codes—W/C & EL	
Statistical Codes	Increased Limits
9805	\$100,000/\$100,000/\$5,000,000
9806	\$100,000/\$100,000/\$10,000,000
9807	\$500,000/\$500,000/\$500,000
9808	\$500,000/\$500,000/\$1,000,000
9809	\$500,000/\$500,000/\$2,500,000

Increased Limits of Liability

What if an employer chooses Increased Limits that don't match one of the Statistical Codes in the *Statistical Plan*?

- Workers Compensation and Employers Liability
 - Claim limits or policy limit are less than \$1,000,000/1,000,000/10,000,000 and none are greater than these limits
 - Stat Code 9837—All Other Limits of Liability
 - Claim limits or policy limit are greater than \$1,000,000/1,000,000/10,000,000
 - Stat Code 9816—With workers compensation coverage over \$1,000,000/1,000,000/10,000,000

Increased Limits of Liability

- Employers Liability Only
 - Claim limits or policy limit are less than \$1,000,000/\$1,000,000/10,000,000 and none are greater than these limits
 - Statistical Code 9837—All Other Limits of Liability
 - Claim limits or policy limit are greater than \$1,000,000/\$1,000,000/10,000,000
 - Statistical Code 9836—Without Workers Compensation Coverage Over \$1,000,000/\$1,000,000/10,000,000
- Admiralty or FELA
 - When the accident limit is over \$500,000
 - Statistical Code 9840—Admiralty or FELA Risks Over \$500,000

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Increased Limits—Example 2

- Increased Limits for W/C and E/L
\$1,000,000/\$1,000,000/\$7,500,000
- **Statistical Plan** Rules
 - Claim or policy limit are less than \$1,000,000/\$1,000,000/10,000,000 and none are greater than these limits (9837)
 - Claim or policy limit are greater than \$1,000,000/\$1,000,000/10,000,000 (9816)

Increased Limit Statistical Codes—W/C & EL	
Statistical Codes	Increased Limits
9814	\$1,000,000/\$1,000,000/\$5,000,000
9815	\$1,000,000/\$1,000,000/\$10,000,000
9816	Over \$1,000,000/\$1,000,000/\$10,000,000
9837	All Other Limits of Liability

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Increased Limits—Example 3

- Increased Limits for W/C and E/L
\$2,000,000/\$2,000,000/\$10,000,000
- **Statistical Plan** Rules
 - Claim or policy limit are less than
\$1,000,000/\$1,000,000/\$10,000,000 and none
are greater than these limits (9837)
 - Claim or policy limit are greater than
\$1,000,000/\$1,000,000/\$10,000,000 (9816)

Increased Limit Statistical Codes—W/C & EL	
Statistical Codes	Increased Limits
9814	\$1,000,000/\$1,000,000/\$5,000,000
9815	\$1,000,000/\$1,000,000/\$10,000,000
9816	Over \$1,000,000/\$1,000,000/\$10,000,000
9837	All Other Limits of Liability

TRIPPRA

- In 2002, the Terrorism Risk Insurance Act of 2002 (“TRIA” or the “Act”) was implemented
- In 2015, Congress enacted TRIPRA of 2015, which extends through December 31, 2020
- TRIPRA premium is reported under Statistical Code 9740—Catastrophe Provisions for Terrorism Rating
- Code 9740 premium *may* include exposure and rate
- Code 9740 experience is *excluded* from the ratemaking Financial Calls (included in Calls 1, 1A-D, 8, and 14)

Carrier Rate Deviations

Carrier filing 10% debit (+) to FL Class Code 5551 rate (20.01)			
Class/Stat Codes	Exposure	Rate	Premium
Method #1			
5551	360000	22.01	79,236
Method #2			
5551	360000	20.01	72,032
9039	Rate Deviation Premium (+) Subject to Experience Rating		7,204

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- Payroll/Nonpayroll Exposure
- No Exposure Developed
- Split Periods
- Individual Risk Rating Plans
- Additional Premium Components
- Audit Noncompliance
- Other Exposure Topics

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Audit Noncompliance Rule Prior to 01/01/2017

- State-specific rules established consequences for those employers that do not allow the carrier to examine and audit their records
- Audit Noncompliance Charge
 - Charge is based on state-specific rule
 - Statistical Code 9757 (Not Part of Standard Premium)
 - Estimated Audit Code—Yes (Y)
- Correction Report required when audit is completed
 - Update Exposure Amount and Associated Premium
 - Remove Statistical Code 9757
 - Update Estimated Audit Code—No (N)

Audit Noncompliance Rule Prior to 01/01/2017

State	Statistical Code	Basic Manual
CO	9757	Audit Noncompliance Charge—Amount not specified (carrier must file with DOI for approval)
MT	9757	Audit Noncompliance Charge—Amount not specified (carrier must file with DOI for approval)
FL	9757* *FLJUA Only	Audit Noncompliance Charge—Not to exceed three times most recent estimated annual premium
MO	9757	Audit Noncompliance Charge—Equal to estimated annual premium
SC	9656	May increase payroll up to a maximum of three times the estimated payroll for purposes of determining the final premium
GA	9656	May utilize a payroll amount of three times the estimated payroll for purposes of determining final premium

Audit Noncompliance Example Prior to 01/01/2017 1st Report Estimated Exposure

Pol Nbr: WC99999 Cov Provider ID: 99990 Pol Eff Dt: 1/1/2015
Report Nbr: 1 Corr Seq Nbr: 0 State: 05-CO Est. Exp.: Y

Update	Class/Stat Code	Exposure	Rate	Premium
A	8810	10,000	0.20	20
A	8742	20,000	0.40	80
A	9757			200

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Audit Noncompliance Example Prior to 01/01/2017 Correction Report Final Audited Completed

Pol Nbr: WC99999 Cov Provider ID: 99990 Pol Eff Dt: 1/1/2015
Report Nbr: 1 Corr Seq Nbr: 1 State: 05-CO Est. Exp.: N

Update	Class/Stat Code	Exposure	Rate	Premium
C	8810	12,258	0.20	25
C	8742	26,852	0.40	107
D	9757			200

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Audit Noncompliance Rule Effective 01/01/2017

- National rule to establish consequences for those employers that do not allow the carrier to examine and audit their records
- Item Filing B-1429, effective January 1, 2017
- Audit Noncompliance Charge
 - Up to two times of the most recent Estimated Annual Premium
 - Statistical Code 9757 (Not Part of Standard Premium)
 - Estimated Audit Code—No (N)
- Correction Report required when audit is completed
 - Update Exposure Amount and Associated Premium
 - Remove Statistical Code 9757
 - Estimated Audit Code remains—No (N)

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Audit Noncompliance Example Effective 01/01/2017 1st Report Estimated Exposure

Pol Nbr: WC99999 Cov Provider ID: 99990 Pol Eff Dt: 1/1/2017
Report Nbr: 1 Corr Seq Nbr: 0 State: 05-CO Est. Exp.: N

Update	Class/Stat Code	Exposure	Rate	Premium
A	8810	10,000	0.20	20
A	8742	20,000	0.40	80
A	9757			200

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Audit Noncompliance Example Effective 1/1/17 Correction Report Final Audited Completed

Pol Nbr: WC99999 Cov Provider ID: 99990 Pol Eff Dt: 1/1/2017
Report Nbr: 1 **Corr Seq Nbr: 1** State: 05-CO Est. Exp.: N

Update	Class/Stat Code	Exposure	Rate	Premium
C	8810	12,258	0.20	25
C	8742	26,852	0.40	107
D	9757			200

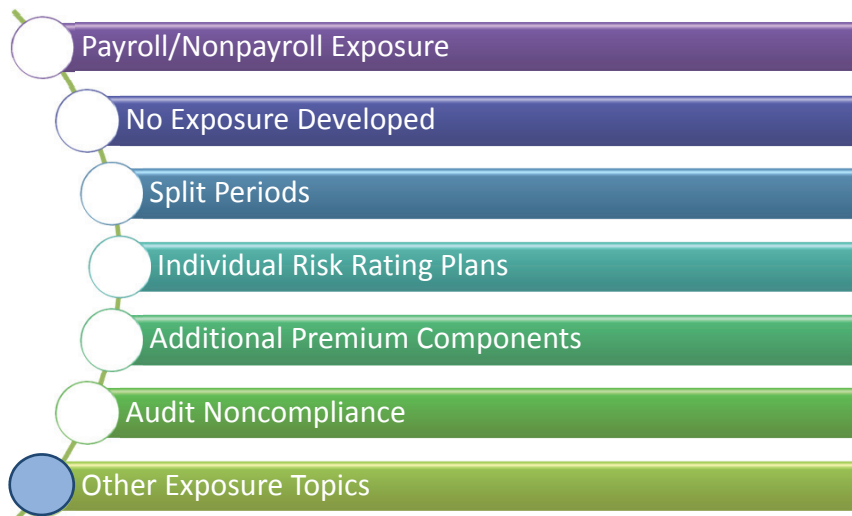
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Taxes and Assessments—Not Premium

Florida Taxes and Assessments
Premium Tax
Workers Compensation Administration Trust Fund
Special Disability (Second Injury) Fund
Insurance Guarantee Association Act—Workers Compensation Account
Georgia Taxes and Assessments
Premium Tax
Workers Compensation State Board Tax
County and Municipal Premium Tax
Insurers Insolvency Pool—Workers Compensation Account
Special Fraud Fund Assessment

Refer to NCCI's *Tax and Assessment Directory*

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Taxes and Assessments Example

Illinois WC Commission Operations Fund Surcharge
Purpose
Funds the Illinois WC Commission Operations Fund
Base
Direct Written Premium—Previous Calendar Year
Rate
1.01%
Carrier Payment
Annually—July 1
Type
Premium Surcharge—Not Reflected in Loss Costs or Rates

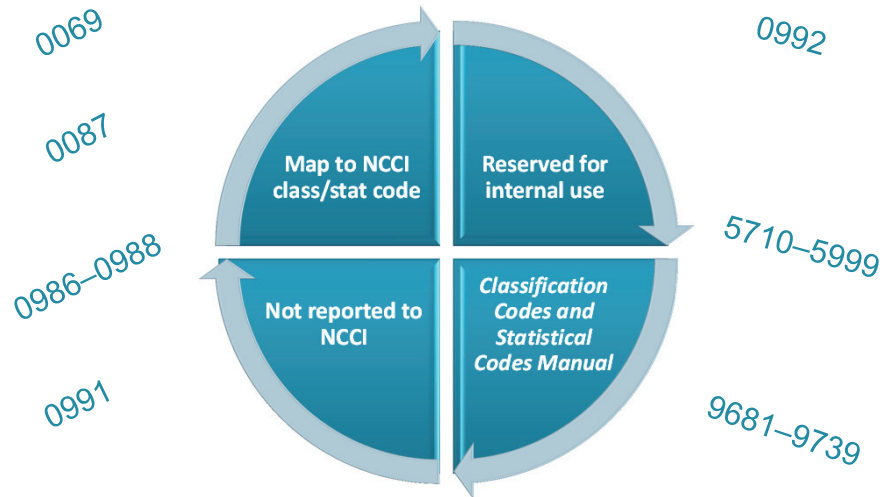
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Company Use Only Statistical Codes



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Subclassification Mapping

Example

Company Use Class Code	Subclassification Descriptions
9730	Demolition and Wrecking Building 1-3 Floors Only (Rate \$16.00)
9731	Demolition and Wrecking Buildings 4 Floors and Over (Rate \$18.00)
NCCI Classification	NCCI Class Code Description
5213	Demolition and Wrecking

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Combining Subclassifications

Company Use Class Code	Rate	Estimated Exposure	Audited Exposure	Final Premium
9730	\$16.00	200,000	323,805	\$51,809
9731	\$18.00	1,000,000	1,291,982	\$232,557

Weighted Average Calculation		
$[(323,805 \times 16.00) + (1,291,982 \times 18.00)]$	28,436,556	= \$17.60
$(323,805 + 1,291,982)$	1,615,787	

Unit Statistical Reporting Guidebook: Part 4-K

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Exposure Reporting Review

Questions	Possible Answers
	9757
Calculation to Combine Subclasses	Reportable
All Other Limits of Liability Stat Code	Weighted Average
Audit Non-compliance Statistical Code	Absolutely No
Company Use Only Statistical Codes	9837
Same Statistical Codes Used for NCCI and Carrier Programs	1111
Do You Combine Subclasses?	FL Workplace Safety Credit
	Audited
	Deductibles/Schedule Rating
	Not Reportable to NCCI
	Of Course, Yes
	Per Capita

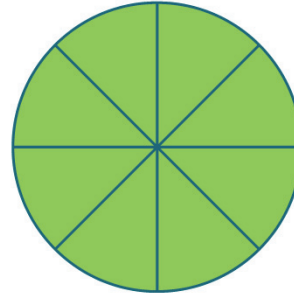
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WOBBLY WHEEL GAME



WE SPIN—YOU WIN!

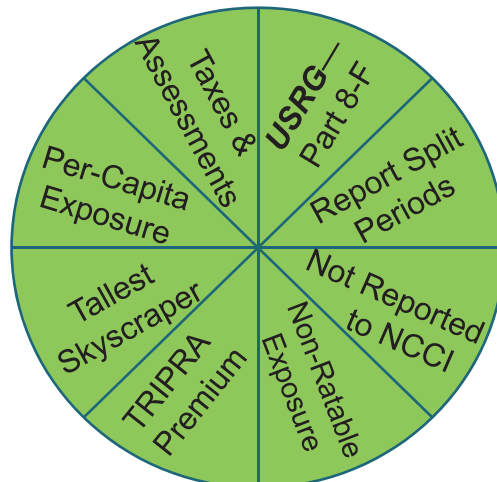
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Wobbly Wheel Game



Pass Through—Not Premium

Small Deductible State Guide

Company Use Stat Codes

Duration of Coverage

Equals Ratable Exposure

Statistical Code 9740

Burj Khalifa

Split Period Indicators (0–9)

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Thank You for Attending

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for data reporting success

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Supplemental Information

Presenter Biographies

Richard Saltzman has more than 30 years of experience in the insurance industry, including 20 years of insurance company experience. Richard works in Data Services, and his responsibilities include data reporting compliance projects, industry communications, and NCCI's data reporting manuals.

Bruce Hallman, AIDM, has worked in NCCI's Data Services Department for 19 years. He is a product support manager, subject matter expert, and the data liaison between NCCI and the independent bureaus. Bruce participates in many projects, including enhancements to Unit and Policy edits. He is actively involved in various industry groups, including the Workers Compensation Insurance Organization, Policy Advisory Task Group, and Advisory Statistical Work Group Committees.

Bruce earned the Associate Insurance Data Manager designation from the Insurance Data Management Association (IDMA). Before joining NCCI, he worked for the Pennsylvania Compensation Rating Bureau.