



Data Now Program (DNP) Exposure/Premium Topics

Key Takeaways

- “If any” policies and split periods
- Audit Noncompliance Charge and increased limits premium
- Rate and premium adjustments

Resources

- *Statistical Plan*
- *Unit Statistical Reporting Guidebook*

Chapter 1: Single-State and Multistate Policies

Single-State Policy

- If the state developed exposure at audit, 1st unit reporting includes:
 - Audited exposure and any losses
 - Applicable classification and statistical codes
 - N (No) for the Estimated Audit Code
- If audit has not been completed by the 1st report, the unit report includes:
 - Estimated exposure amounts and any losses
 - Y (Yes) for the Estimated Audit Code
- Once audit is completed, a correction report to the 1st must be submitted with:
 - Updated exposure and corresponding premium
 - N (No) for the Estimated Audit Code
- If state does not develop exposure at audit, 1st unit report includes:
 - Statistical Code 1111 for no exposure developed
 - N (No) for the Estimated Audit Code

Note: Report the Expense Constant 0900 and Balance to Minimum Premium 0990, if applicable.



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Example of single-state reporting

- Florida Policy Issued With:
 - Code 6834—estimated exposure \$30,000 and premium \$999
 - Rate \$3.33, minimum premium \$493, expense constant \$160
- No Exposure Developed at Audit

Exposure Act	Class	Exposure	Manual Rate	Premium	Mod	Mod Effective Date	Rate Effective Date
00	1111	0	0	0	0.000	1/1/19	1/1/19
00	0900	0	0	160	0.000	1/1/19	1/1/19
00	0990	0	0	333	0.000	1/1/19	1/1/19

Multistate Policy

When Multistate is issued on an “if any” basis:

- If a state developed exposure at audit:
 - 1st report for the state is submitted with audited exposure
 - N (No) is reported for Estimated Audit Code
- If a state did not develop exposure at audit and the expense constant and/or balance of minimum premium applied to that state:
 - Report either or both corresponding codes
 - **Notes:**
 - Expense constant is reported to the state that has the highest expense constant
 - Balance to minimum premium is reported to the state that has the highest minimum premium
- If a state did not develop exposure at audit and the expense constant and/or balance of minimum premium does not apply that state:
 - Do not report the unit
 - Deactivate the Unit Report Control record

Chapter 2: Split Periods

What is a split period?

- Split periods happen when multiple rates or experience modification factors are applicable to an insured during a single policy period
- Classification and statistical code exposure and premium are split between:
 - Multiple Rate Effective Dates
 - Multiple Experience Modification Effective Dates



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Reasons for split periods

- Examples when multiple Rate Effective Dates may happen when:
 - Approved off-cycle “law-only” filings due to a significant law change, causing mid-term adjusted rates
 - Carrier’s adoption of class codes and rates are different from NCCI’s approved rate filing effective dates
- Examples when Multiple Experience Modification Effective Dates may happen when:
 - Applying a late experience modification factor on a date different than the policy effective date

Split Periods—Reporting

- For each split period:
 - Increment the split indicator by 1 (starting with 0). Split Period Indicators range from 0 to 9
 - Prorate the exposure and premium for each class code based on duration of the split period
 - Prorate premium for each statistical code if calculated premium is different for each period

Split Period Example of Experience Mod Effective Date Different from the Policy Effective Date

Pol Nbr: WC1234		Cov Provider ID: 99990		Pol Eff Dt: 1/1/19			
Report Nbr: 1		Corr Seq Nbr: 0		State: 01-AL			
Class Code	Exposure	Rate	Premium	Exp Mod	Exp Mod Eff. Date	Rate Eff. Date	Split Ind.
8810	30,000	0.25	75	1.000	10/1/18	1/1/19	0
8810	10,000	0.25	25	0.950	10/1/19	1/1/19	1

Knowledge Check:

Which Statistical Code is used to show that No Exposure was Developed at audit?

- 0900
- 0990
- 1111

Chapter 3: Audit Noncompliance Charge

- An Audit Noncompliance Charge (ANC) may apply subject to the conditions in the **Basic Manual**
- Charge is determined by applying the ANC multiplier to the ANC basis



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Example of Audit Noncompliance Charge Reporting

Audit Noncompliance Charge Applies

1st report includes:

- Original Estimated Exposure and Premium
- Statistical Code 9757 With ANC Charge
- Estimated Audit Code = N

Update Type Code	Class/Statistical Code	Exposure	Rate	Premium
A	8017	5,000,000	2.00	100,000
A	9757			200,000

Note: The classification code would be reported with the original estimated exposure and premium. The additional calculated ANC charge is reported separately under Statistical Code 9757.

Reminder: If the Estimated Audit Code was reported as a “Y” along with Stat Code 9757, the unit would receive an edit, and would need to be corrected. After the audit is complete, a correction report would be required to remove Code 9757. The Estimated Audit Code remains as “N”.

Chapter 4: Increased Limits of Liability

Increased Limits of Liability

- A carrier can increase the limits of liability and charge an additional premium by applying a factor
- See **Basic Manual** for factors
- Each factor has a corresponding minimum premium
- Applies with or without workers compensation

Statistical Codes are used to report the additional premium.

Increased Limits of Liability—Statistical Codes

- Found in Part 6 of the **Statistical Plan**
- Separate codes are used when there is or is not workers compensation coverage
- Each code corresponds to specific limits of liability
- If the increased limits do not specifically match the limits corresponding to the stat codes, then use:
 - Code 9837 —> For limits that are LESS than 1 Million, 1 Million, 10 Million
 - Code 9816 —> For limits that are GREATER than 1 Million, 1 Million, 10 Million for coverage with workers comp
 - Code 9836 —> For limits that are GREATER than 1 Million, 1 Million, 10 Million for coverage without workers comp
- Charges for Increased Limits of Liability have minimum premiums associated with the program



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- When the minimum premium for the charge is not met, assign the difference to Statistical Code 9848—Balance to Minimum Premium

Chapter 5: Per Capita—Domestic Workers

- Full time workers:
 - Work more than 20 hours per week
 - Classified to code 0913
 - Exposure is based on number of workers during the policy period
- Part-time workers:
 - Work 20 hours or less per week
 - Classified to Code 0908
 - Exposure is based on duration of coverage
- Rules for premium determination are in the *Basic Manual*

Reporting Example

If you had two full-time domestic workers and one part-time domestic worker employed during the full policy period, report the exposure record as follows:

Class/Statistical Code	Exposure*
0913	0000000020
0908	0000000010

* Exposure field includes an assumed decimal place before the last position. The decimal point must not be reported.

Knowledge Check:

True or False

The charge for Increased Limits of Liability has a separate minimum premium for the additional coverage. **True** _____ **False** _____

Chapter 6: Ratable/Nonratable Groups

- Groupings of classification codes with their corresponding statistical codes.
- Each classification code and statistical code has associated loss costs and rates
- The statistical code accounts for the nonratable element to adjust for the classification code's potential for occupational disease/catastrophic losses
- Codes for ratable/nonratable groups are designated with an "N" in loss cost/rate pages
- Report the exposure, rate, and premium within the exposure records for these groups codes separately
- Report all losses to the ratable class code



Chapter 7: Supplemental Disease

Supplemental Disease

- Based on a carrier's evaluation of an insured's operation, carriers are able to charge an additional premium for supplemental disease:
 - Abrasive or sandblasting
 - Incidental foundry operations
 - Supplemental asbestos exposures
 - Atomic Energy or Radiation exposures
 - Supplemental disease not otherwise classified

Supplemental Disease—Statistical Codes

Statistical Codes for Supplemental Disease

- 0059—Abrasive or Sandblasting
- 0065—Incidental Foundries—Steel
- 0066—Incidental Foundries—Non-Ferrous Metals
- 0067—Incidental Foundries—Iron
- 0133—Supplemental Disease Experience—in Connection With Asbestos Exposure
- 9985—Atomic Energy—Radiation Exposure NOC
- 0179—Disease Experience—Supplemental

Note: Refer to Part 6 of the *Statistical Plan*.

Supplemental Disease—Exposure and Losses

- For supplemental disease reporting—report payroll, premium and losses to the designated statistical code
- Report the disease experience from the classification code experience separately

Chapter 8: Statistical Codes

Statistical Codes

- Located within Part 6-E of *Statistical Plan*
- Codes are separated into three tables (based on premium algorithm):
 - Subject to Experience Rating
 - Not Subject Experience Rating
 - Not Part of Standard Premium



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Statistical Codes—Independent Carrier Filing

- Carriers may independently file their own premium program with a state and use one of these statistical codes to report the premium

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

- Code usage depends on whether the premium is a Credit or Debit and its placement in the premium algorithm

Statistical Codes—Deductible Premium Credits

- Use the same statistical codes for both NCCI-filed and independent carrier-filed programs when reporting Deductible premium credits

Statistical Code	Placement
9663	Not Subject to Experience Rating
9664	Subject to Experience Rating
9657	Not Part of Standard Premium

Statistical Codes—Schedule Rating Credits/Debits

- Statistical codes designated for schedule rating credits/debits are applicable to both NCCI-filed and independent carrier-filed programs

NCCI-filed and insurer-filed programs		
Statistical Code	Premium Adjustment	Placement
9887	Credit	Not Subject to Experience Rating
9889	Debit	Not Subject to Experience Rating
Insurer-filed programs only—West Virginia only		
Statistical Code	Premium Adjustment	Placement
9750	Credit	Not Part of Standard Premium
9751	Debit	Not Part of Standard Premium



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Statistical Codes—Company Use Only

- NCCI sets aside several codes that can be used in the carrier’s system for their own use

These are just a subset of the available codes.

0045	5726	5766	5817	5841	5869	5893	5922	5948	5979	9684	9708
0069	5727	5767	5818	5842	5870	5894	5923	5949	5980	9685	9709
0087	5728	5768	5819	5843	5871	5895	5924	5957	5981	9686	9710
0986	5729	5769	5820	5844	5872	5896	5925	5958	5982	9687	9711
0987	5730	5770	5821	5845	5873	5897	5926	5959	5983	9688	9712
0988	5731	5771	5822	5846	5874	5898	5927	5960	5984	9689	9713
0991	5732	5772	5823	5847	5875	5899	5928	5961	5985	9690	9714
0992	5733	5773	5824	5848	5876	5904	5929	5962	5986	9691	9715

- Company Use Only Codes cannot be reported to NCCI
- Located in the *Unit Statistical Reporting Guidebook*

Statistical Codes—Taxes and Assessments

- The collection of monies for taxes and assessments from the insured are also known as “pass throughs.” Refer to NCCI’s *Tax and Assessment Directory* for more details.
- These monies are:
 - Not considered as premium
 - Not reportable unless a designated statistical code exists in the *Statistical Plan*

Knowledge Check:

True or False

Credits for independent carrier filed Schedule Rating programs are the same as NCCI-filed Schedule Rating programs. **True** _____ **False** _____

Chapter 9: Catastrophe Provisions

Catastrophe Provisions

- NCCI files separate Catastrophe provisions for terrorism and Catastrophe provisions for catastrophes other than certified acts of terrorism
- Premium charges for catastrophe provisions are applied after the standard premium

Catastrophe Provisions—Premium

- NCCI publishes catastrophe and terrorism advisory loss costs in the Miscellaneous Values pages of the *Basic Manual* by state



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Catastrophe Provisions—Premium Reporting

- When reporting catastrophe provision premium, use:
 - Statistical Code 9740 for Catastrophe provisions for terrorism
 - Rate field can accommodate two or three decimal places
 - Statistical Code 9741 for Catastrophe provisions other than certified acts of terrorism
- Premium charges must be reported separately under their designated statistical codes
- Premium charges must not be combined with the classification code premiums or other statistical code premiums
- If the charge is based on an exposure and rate:
 - Exposure, rate, and premium fields are reported with their appropriate amounts
 - Exposure Amount = Payroll (Exposure) Amount
 - Manual/Charged Rate
 - Catastrophe Provision Value for Terrorism
 - Catastrophe Provision Value for Catastrophe (other than Certified Acts of Terrorism)
 - Premium = Catastrophe Provision Premium
- If the charge is based on a flat premium:
 - Exposure Amount (zero-fill)
 - Manual/Charged Rate (zero-fill)
 - Premium = Catastrophe Provision Premium

Catastrophe Provisions—Terrorism Data Reporting

- Part of NCCI’s reporting service to the Federal Insurance Office and to the NAIC
- NCCI provides terrorism data to these industry organizations based on the data reported

Chapter 10: Rate and Premium Adjustments

Company Rate Deviation

- There are two options for reporting rate deviations:
 - Authorized (deviated) rates directly for each classification code
 - Flat percentage of the total premium with appropriate Statistical Code depending on:
 - Placement of the premium in the algorithm
 - Premium is a debit or credit

Statistical Code	Premium Adjustment	Placement
9037	Credit	Subject to Experience Rating
9034	Credit	Not Subject to Experience Rating
9039	Debit	Subject to Experience Rating
9036	Debit	Not Subject to Experience Rating



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Flat Decrease/Increase to Rates

- NCCI's **Statistical Plan** states: 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
- For flat increases or decreases, premium adjustments are reported with:
 - Statistical Codes:
 - 0994—Premium Credit Due to Flat Decrease to Rate
 - 0998—Premium Debit Due to Flat Increase to Rate

Retrospective Rating Adjustments

- Retrospective rated policies are not guaranteed cost policies
- Premium is based on the employer's loss experience during policy year
 - Subject to a minimum and maximum premium
- Adjustments are performed periodically, after the policy is expired
 - First calculation is at 18 months; subsequent calculations are done every 12 months until all losses are closed out

Retrospective Rating Adjustments—Reporting

- Report the Header Record with a "Y" for the Retrospective Rated Policy Indicator
- Report Exposure Record with Audited payroll/premium on the 1st report
- Do not report:
 - Retrospective Premium adjustments
 - Correction reports to increase or decrease the audited premium due to retrospective adjustments

Recap

- Report Code 1111 when no exposure developed for a single state policy
- Split periods are caused when the modification or rate effective dates are different than the policy effective date
- Premium for the Audit Noncompliance charge is reported separately from the classification code and its original estimated premium