Texas Is the Newest NCCI State (the 39th)
In June 2014, the Texas Department of Insurance (TDI) filed a petition to adopt NCCI’s Statistical Plan for Workers Compensation and Employers Liability Insurance beginning with policies effective on and after January 1, 2015.

TDI also filed to adopt NCCI’s Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Plan) beginning with rating effective dates on and after July 1, 2015. Prior to these dates, Texas intrastate ratings applied rules from TDI’s manual. With these updates, Texas became a full NCCI state for intrastate ratings.

Beginning with rating effective dates of July 1, 2015, Texas began to apply national rules for its experience rating modifications. This makes Texas the 39th state to adopt NCCI’s national experience rating rules.

Before Texas, the newest NCCI state was West Virginia, which transitioned to an NCCI state in 2007. Prior to West Virginia, Nevada became an NCCI state in 1998.

NCCI Plans to Update Premium Eligibility Threshold
NCCI’s Experience Rating Plan (Plan) is a component of the workers compensation individual risk rating system.

The purpose of the Plan is to tailor the loss costs/rates for individual employers in a given classification code by distinguishing those with better-than-average experience from those with less-favorable experience. Application of the Plan is mandatory for all risks with premium greater than a specified threshold, which varies by state.

In 2014, NCCI completed an evaluation of the Premium Eligibility Thresholds (PET), the point at which a risk becomes eligible to be experience rated. The results of this review show that the current approved PETs are much lower than indicated in most states. NCCI is proposing that the PET be indexed over time.

Observations resulting from NCCI’s research are:
- Currently, approximately one-third (600,000 of 1.8M) of all risks in NCCI jurisdictions qualify for experience rating. It is important to note that in NCCI states, the percentage of premium that is subject to experience rating ranges between 92% and 97%. Essentially, the nonqualifying risks, although considerable in number, compose a very small percentage of the overall premium.
- The increase in the PET will only change the population of experience rated risks. It will not affect the calculation of the experience rating modification. As a result, increasing the PET will have no impact for the vast majority of employers.
- The PET will be updated annually based on the change in the state average weekly wage as published in the Quarterly Census of Employment and Wages (QCEW).
- The indexed PET will be rounded to the nearest $250 based upon the QCEW.
The proposal will establish a change in the PET six months after a state’s loss cost/rate filing effective date. For example, July 1 for states with a January 1 loss cost effective date.

The extra lead time between the loss cost/rate filing effective date and the PET effective date allows for the smooth production of experience rating modifications.

An item filing proposing this change will be made in December 2015. If approved, the updated PET will take effect six months after a state’s loss cost/rate filing effective on or after January 1, 2017. Please visit ncci.com for continuing updates on the status of the proposed PET changes.

Moving From ARD to RED

NCCI recently proposed to eliminate Anniversary Rating Date (ARD) terminology and replace it with Rating Effective Date (RED) where applicable in the following NCCI manuals:

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

For NCCI’s Experience Rating Department, the update will only impact the Contracting Classification Premium Adjustment Program (CCPAP) process. The CCPAP is a premium discount program for qualifying contractors based upon the employer’s average wage level. The offset to experience rating reflects the debit against the experience rating modification of a qualifying insured under the CCPAP. Currently, several states use ARD when calculating CCPAP factors.

The phrase ARD has already been replaced with RED for purposes of calculating experience rating modifications. Upon approval of this proposal, ARD will be eliminated in 2017.

Riskworkstation™ Tool Allows “What if?” Scenarios

Riskworkstation™ offers the ability to create hypothetical “What if?” scenarios using real-time calculations to estimate the impact of changes on a mod. Using the Test Mod option, you can make modifications to an existing worksheet, or create your own Test Mod from scratch.

Here are some features of the Test Mod option in Riskworkstation™:

- Access an existing worksheet and add, edit, or delete items on the worksheet to calculate a test mod
- Create a worksheet from scratch by entering specific criteria to calculate a test mod
- Merge worksheet data from different businesses into a single worksheet
- Upload data directly from a spreadsheet into your test worksheet
- Use the loss reduction option to reduce individual claim amounts by an amount you select
- Additional real-time calculations include:
  - Loss-free calculation with each test mod to review what the mod would look like with zero losses
  - Loss Analysis Report that provides mod changes with incremental increases and decreases in losses
- Access previously saved test mods (within 14 days) to make additional changes

Learn more by viewing the Test Mod—Webinar on Demand and the Riskworkstation™—Webinar on Demand accessed from the Education section of ncci.com.
NCCI’s Online Manuals Library Streamlined for Better User Experience

Using an intuitive format and a streamlined user experience, the Manuals Library offers you instant access to the latest updates without the cost and upkeep of hard copy manuals. The Manuals Library even has a mobile-friendly format that allows you to access the tool from anywhere!

Here are some additional features that make using online manuals so beneficial:
- All manuals are on one screen—you can locate the information you are looking for quickly and easily
- A fixed Table of Contents (TOC) on the left side of the screen allows you to navigate among manuals with one click
- The state filter lets you customize your view to include only the states you choose
- A sortable grid format in the following manuals allows you to quickly find the classification code or form you need even if you don’t know the specific code or form number:
  - Basic Manual for Workers Compensation and Employers Liability Insurance
  - Scopes® of Basic Manual Classifications
  - Forms Manual of Workers Compensation and Employers Liability Insurance
- A manual-specific search function lets you isolate your search to the manual you’re currently viewing
- View earlier versions of manual content with “Previous Updates”

Below are a few of the manuals available in the library:

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<tr>
<th>Manual</th>
<th>Description</th>
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<tbody>
<tr>
<td>Scopes® of Basic Manual Classifications</td>
<td>An aid to understanding and assigning workers compensation insurance classifications. Gives you instant access to NCCI’s vast experience in defining descriptions of classification codes, cross-references, and state special classifications.</td>
</tr>
</tbody>
</table>

Learn more by viewing the Manuals Library—Webinar on Demand accessed from the Education section of ncci.com.
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Explore our detailed studies and analyses of the workers comp industry. Keep current on regulatory and legislative activities. Link to key workers comp industry resources.

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