



# Experience Rating Update

Fall 2015

## In This Update

Texas Is the Newest NCCI State (the 39th)	1
NCCI Plans to Update Premium Eligibility Threshold	1
Moving From ARD to RED	2
Riskworkstation™ Tool Allows “What If?” Scenarios	2
NCCI’s Online Manuals Library Streamlined for Better User Experience	3
Fresh. Intuitive. Tablet-Friendly.	4

NCCI is the nation’s most experienced provider of workers compensation insurance information. We gather data, analyze industry trends, and prepare objective insurance rate and loss cost recommendations. These activities, together with our research, analytical services and tools, and overall commitment to excellence help foster a healthy workers compensation system.

### 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.



## 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:

Manual	Description
<b>Basic Manual for Workers Compensation and Employers Liability Insurance</b>	A guide for writing policies that includes national rules and classifications and state-specific rates/loss costs and exceptions. Also includes the <b>Basic Manual User's Guide</b> companion manual and the <b>Assigned Risk Supplement</b> .
<b>Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance</b>	A comprehensive guide to the Experience Rating Plan. Contains the rules that govern the operation and administration of experience rating for workers compensation insurance, as well as state rating values. Also includes the <b>Experience Rating Plan Manual User's Guide</b> companion manual.
<b>Scopes® of Basic Manual Classifications</b>	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.

Learn more by viewing the [Manuals Library—Webinar](#) on Demand accessed from the **Education** section of [ncci.com](http://ncci.com).

## Fresh. Intuitive. Tablet-Friendly. Introducing the New ncci.com!

We're putting the finishing touches on a better website that will streamline the way you do workers compensation business at **ncci.com**.

Our new site—launching later this year—hosts a variety of exciting features.

## All of your tools and resources are in one place.

Whether you're a carrier or an agent/broker, you'll find everything you need on a page dedicated just to you.

## Quick access to all of your daily tasks.

Need to get a mod or access to our circulars? No problem. Just click a blue task tile on the top right of your screen.

## A New Learning Center.

We've got you covered with our expansive library of webinars. Learn the fundamentals, explore experience rating, and much more with our new webinar series ... and, view most in 20 minutes or less! Choose from several categories based on your specific needs.

## Resources to enhance your industry knowledge.

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.

## A new mobile-friendly format.

The new site fits nicely on your tablet, so you can take the office with you wherever you go.



Stay tuned to **ncci.com** for more details about the unveiling of the site in late 2015!