



A

Accident Year (AY)—A loss accounting definition where experience is summarized by the calendar year in which an accident occurred.

Admiralty Law (aka Maritime Law)—A combination of US and international law that covers all contracts, torts, injuries, or offenses that take place on navigable waters.

Audited Exposure—The actual exposure based on a final audit of the employer's payroll records used to charge the final premium amount.

B

Business Classification—The systematic arranging of properties, persons, or business operations into groups or categories according to certain criteria. This arrangement is done to create a basis for establishing statistical experience and determining rates, and to avoid unfair discrimination. The essential concept of fair discrimination is that each risk should bear its fair share of the overall cost of expenses and losses in relationship to its own relevant expenses and hazards.

C

Calendar-Accident Year—The period that includes all accidents that have occurred within a given calendar year. Usually used in connection with the compilation of accident year losses and calendar year premium.

Calendar Year—(1) The 12-month period beginning January 1 and ending December 31. (2) The method of accounting for all financial transactions occurring during a specific year.

Claimant Legal Amount Paid—The transactional amount paid by the employer or insurer for the fee of the claimant's attorney or authorized representative as specified in an award or paid without an award.

Claim Count—The number of claims defined by reporting rules found in NCCI's *Financial Call Reporting Guidebook*.

Continuous Coverage States—States that do not recognize the Policy Expiration Date and consider the policy as in-force unless a transaction to nonrenew, cancel, or delete a jurisdiction is received.



D

Death Benefits—The transactional amount of indemnity benefits paid for the death of the claimant resulting from a work-related accident or occupational injury or disease.

Disfigurement Benefits—The transactional amount of indemnity benefits paid for any scarring or cosmetic defect as defined by statute in the applicable jurisdiction.

E

Edits—Quality checks performed to verify the validity of data.

Endorsement—A written document, standardized or manuscript, attached to a policy that modifies the policy by changing the coverage afforded under the policy. An endorsement can add or delete coverage for acts or things that are or are not covered as a part of the original policy. An endorsement can be added at the inception of the policy or later during the term of the policy.

Estimated Exposure—An approximation of an insured's exposure prior to verification by final audit.

Experience Rating—A mandatory program of individual risk rating that compares an employer's past actual experience to the expected or average experience. This rating is applied to risks of a size large enough for the past experience to be an indicator of how much benefit costs will be paid to the insured in the future. If an employer's past experience is better or worse than average, the premium is adjusted downward or upward, respectively.

Experience Rating Worksheet—A worksheet that provides the history that is used to calculate an employer's experience rating.

Exposure—Payroll or remuneration (money or substitutes for money) used as a basis for calculating premium.

F

FEIN (Federal Employer Identification Number)—A code assigned to the employer by the federal government for federal tax purposes.

First Report—A summary of an insured's workers compensation experience as of the first report. First report losses are valued in the 18th month after the policy effective month and year.



J

Jones Act—A 1920 law that limits how cargo is transported by sea. It requires any cargo shipped between US ports to be carried by US ships with American crews.

L

Loss Cost—The portion of workers compensation rates that is allocated for the payment of losses, and not for coverage of carrier expenses. Some states include loss adjustment expense and loss assessments in the definition of advisory loss costs, which are the benchmark provisions filed by the rating organization. Carriers can use these loss costs as the basis for their rates, typically adjusting them for expenses with a loss cost multiplier.

M

Medical Fee Schedule—A complete listing of fees to pay doctors, providers, or suppliers.

N

National Pool—The reinsurance pooling mechanism provided for by the quota share reinsurance agreements among National Workers Compensation Reinsurance Association NFP (NWCRA or Association) members.

Nonrenewal—The policy status when the insured or the insurance company elects not to renew coverage. Cancellation effective date equals the policy expiration date. This type of cancellation is required to discontinue coverage for a continuous coverage state.

P

Policy Year—The year of the policy effective date.

Pool—Any joint underwriting operation of insurance or reinsurance in which the participants assume a predetermined and fixed interest in all business written. Pools are often independently managed by professionals with expertise in the classes of business undertaken, and the members share equally in the premiums, losses, expenses, and profits.

Proof of Coverage (POC)—Policy-level information used by state industrial accident boards and commissions to verify that employers have valid workers compensation coverage in their state.



R

Residual Market—State insurance plans that provide companies unable to secure coverage in the voluntary market with a means for insuring their operations through a designated insurance carrier. Also known as “involuntary market,” “assigned risk market,” or “market of last resort.”

S

Scheduled Permanent Partial Disability Benefits—The transactional amount of indemnity permanent partial disability benefits paid as established by a statutory list (schedule) of weeks for specific parts of body.

Subrogation—Recovery of loss dollars from a third-party having liability for the event that caused the claim.

Subsequent Report—An updated report of claim information from data providers at specified intervals. The subsequent report differs from the first report and is required for open claims and closed claims with changes up to the specified time period or report level.

T

Temporary Partial Disability Benefits—The transactional amount of indemnity benefits paid for the period that the claimant is temporarily but partially disabled as defined by statute in the applicable jurisdiction.

Temporary Total Disability Benefits—The transactional amount of indemnity benefits paid for the period that the claimant is temporarily but totally disabled as defined by statute in the applicable jurisdiction.

Third Party Administrator (TPA)—A company that administers insurance policies for the carrier, which may include reporting insurance data on behalf of the carrier to NCCI.

U

Unit Statistical Data—Statistical documentation that data providers submit to NCCI at the policy level to report premium, payroll, loss, and claim count information. It includes premium, payroll, and losses by state at a classification code level.

Unscheduled Permanent Partial Disability Benefits—The transactional amount of indemnity permanent partial disability benefits paid for injuries to parts of the body not specifically listed in a statutory schedule.



USL&HW (United States Longshore and Harbor Workers' Compensation Act)—A federal law that provides for the payment of compensation, medical care, and vocational rehabilitation services to employees disabled from on-the-job injuries that occur on the navigable waters of the United States.

V

Vocational Rehabilitation—Education Benefit Costs—The transactional amount paid for education/training costs, including tuition, books, and tools.

Vocational Rehabilitation—Evaluation Benefit Costs—The transactional amount paid for testing and evaluating the claimant's ability, aptitude, and/or attitude in determining suitability for vocational rehabilitation or placement.

Vocational Rehabilitation—Maintenance Benefit Costs—The transactional amount paid for any expense, such as transportation, lodging, and meal costs, that enables the claimant to receive or participate in vocational rehabilitation services.

Vocational Rehabilitation—Payment NOC—The transactional amount paid for vocational rehabilitation services that is not classified as either evaluation, educational, or maintenance costs.