

State: Missouri **Filing Company:** NCCI
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: 03-MO-2010 Revision to Basic Manual Rule 2 - Premium Basis and Payroll Allocation
Project Name/Number: /

Filing at a Glance

Company: NCCI
Product Name: 03-MO-2010 Revision to Basic Manual Rule 2 - Premium Basis and Payroll Allocation
State: Missouri
TOI: 16.0 Workers Compensation
Sub-TOI: 16.0004 Standard WC
Filing Type: Rule
Date Submitted: 12/16/2010
SERFF Tr Num: NCCI-126950866
SERFF Status: Closed-APPROVED
State Tr Num:
State Status: APPROVED
Co Tr Num: 03-MO-2010 (LB)

Effective Date: 03/01/2011
Requested (New):
Effective Date: 03/01/2011
Requested (Renewal):
Author(s): Lesley O'Brien, Alison Herwig, Frank Gnoflo, Roy Wood, Robert Dalton
Reviewer(s): Karen Rimel (primary)
Disposition Date: 12/21/2010
Disposition Status: APPROVED
Effective Date (New): 03/01/2011
Effective Date (Renewal): 03/01/2011

State Filing Description:

State: Missouri **Filing Company:** NCCI
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: 03-MO-2010 Revision to Basic Manual Rule 2 - Premium Basis and Payroll Allocation
Project Name/Number: /

General Information

Project Name: Status of Filing in Domicile:
 Project Number: Domicile Status Comments:
 Reference Organization: Reference Number:
 Reference Title: Advisory Org. Circular:
 Filing Status Changed: 12/21/2010
 State Status Changed: 12/21/2010 Deemer Date:
 Created By: Frank Gnolfo Submitted By: Frank Gnolfo
 Corresponding Filing Tracking Number:
 State TOI: 16.0 Workers Compensation State Sub-TOI: 16.0004 Standard WC

Filing Description:

This item revises NCCI's Basic Manual for Workers Compensation and Employers Liability Insurance Missouri state exception Rules 2-E-1-a, 2-E-2-a, 2-E-3, and 2-G to clarify payroll allocation for sole proprietors, partners, members of limited liability companies, and executive officers.

Company and Contact

Filing Contact Information

Roy Wood, State Relations Executive roy_wood@ncci.com
 11430 Gravois Road 314-843-4001 [Phone]
 Suite 310 314-842-3188 [FAX]
 St. Louis, MO 63126

Filing Company Information

NCCI	CoCode:	State of Domicile: Florida
901 Peninsula Corporate Circle	Group Code:	Company Type:
Boca Raton, FL 33487	Group Name:	State ID Number:
(561) 893-3186 ext. [Phone]	FEIN Number: 65-0439698	

Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

State Specific

NAIC Number: RO99985

Have you reviewed the General Instructions document? (yes/no)(General Instructions updated 9/14/07): Yes

If this is a rate filing, was rate data added on the rate/rule schedule? (yes/no): No

SERFF Tracking #:

NCCI-126950866

State Tracking #:

Company Tracking #:

03-MO-2010 (LB)

State: Missouri **Filing Company:** NCCI
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: 03-MO-2010 Revision to Basic Manual Rule 2 - Premium Basis and Payroll Allocation
Project Name/Number: /

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
APPROVED	Karen Rimel	12/21/2010	12/21/2010

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
PENDING INDUSTRY RESPONSE	Karen Rimel	12/20/2010	12/20/2010

Response Letters

Responded By	Created On	Date Submitted
Frank Gnolfo	12/21/2010	12/21/2010

SERFF Tracking #:

NCCI-126950866

State Tracking #:**Company Tracking #:**

03-MO-2010 (LB)

State: Missouri **Filing Company:** NCCI
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: 03-MO-2010 Revision to Basic Manual Rule 2 - Premium Basis and Payroll Allocation
Project Name/Number: /

Disposition

Disposition Date: 12/21/2010
Effective Date (New): 03/01/2011
Effective Date (Renewal): 03/01/2011
Status: APPROVED

Comment:

Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Filing Memorandum	APPROVED	Yes
Supporting Document	Response to Objection	APPROVED	Yes
Rate	Exhibit 1	APPROVED	Yes
Rate	Exhibit 2	APPROVED	Yes
Rate	Exhibit 3	APPROVED	Yes
Rate	Exhibit 4	APPROVED	Yes

State: Missouri **Filing Company:** NCCI
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: 03-MO-2010 Revision to Basic Manual Rule 2 - Premium Basis and Payroll Allocation
Project Name/Number: /

Objection Letter

Objection Letter Status	PENDING INDUSTRY RESPONSE
Objection Letter Date	12/20/2010
Submitted Date	12/20/2010
Respond By Date	01/20/2011

Dear Roy Wood,

Introduction:

Thank you for the filing recently submitted to this Department. Upon preliminary review, the following issues raised concerns and need clarification:

Objection 1

- Exhibit 1, Rule 2E1a (Rate)
- Exhibit 2, Rule 2E2a (Rate)
- Exhibit 3, Rule 2E3 (Rate)
- Exhibit 4, Rule 2G (Rate)

Comments: Please provide a final copy of the rule for clarification.

Objection 2

- Exhibit 1, Rule 2E1a (Rate)
- Exhibit 2, Rule 2E2a (Rate)
- Exhibit 3, Rule 2E3 (Rate)
- Exhibit 4, Rule 2G (Rate)

Comments: Please move these exhibits to the Supporting Documentation tab.

Conclusion:

Please respond to this letter by the above date. This submission will be held in suspense pending your response. Feel free to contact me should you have any questions or concerns.

Sincerely,

Karen Rimel

State: Missouri **Filing Company:** NCCI
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: 03-MO-2010 Revision to Basic Manual Rule 2 - Premium Basis and Payroll Allocation
Project Name/Number: /

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	12/21/2010
Submitted Date	12/21/2010

Dear Karen Rimel,

Introduction:

Hello

Response 1

Comments:

Please see response in supporting doc folder

Related Objection 1

Applies To:

- Exhibit 1, Rule 2E1a (Rate)
- Exhibit 2, Rule 2E2a (Rate)
- Exhibit 3, Rule 2E3 (Rate)
- Exhibit 4, Rule 2G (Rate)

Comments: Please provide a final copy of the rule for clarification.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments:

Please see response in supporting doc folder

Related Objection 2

Applies To:

- Exhibit 1, Rule 2E1a (Rate)
- Exhibit 2, Rule 2E2a (Rate)

SERFF Tracking #:

NCCI-126950866

State Tracking #:

Company Tracking #:

03-MO-2010 (LB)

State: Missouri **Filing Company:** NCCI
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: 03-MO-2010 Revision to Basic Manual Rule 2 - Premium Basis and Payroll Allocation
Project Name/Number: /

- Exhibit 3, Rule 2E3 (Rate)

- Exhibit 4, Rule 2G (Rate)

Comments: Please move these exhibits to the Supporting Documentation tab.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied - Item:	Response to Objection
Comments:	Per our telephone conversation of today please note that clean copy of forms are submitted with new filings..we reviewed prior approved filings for rules that contained no clean copy and were located in the rate/rule tab. Thank you for your help.
Attachment(s):	

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Thank you

Sincerely,

Frank Gnolfo

State: Missouri
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: 03-MO-2010 Revision to Basic Manual Rule 2 - Premium Basis and Payroll Allocation
Project Name/Number: /

Filing Company: NCCI

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	APPROVED 12/21/2010	Exhibit 1	Rule 2E1a	Replacement	01-MO-2009	Exh 1 03-MO-2010.pdf
2	APPROVED 12/21/2010	Exhibit 2	Rule 2E2a	Replacement	01-MO-2009	Exh 2 03-MO-2010.pdf
3	APPROVED 12/21/2010	Exhibit 3	Rule 2E3	Replacement	01-MO-2009	Exh 3 03-MO-2010.pdf
4	APPROVED 12/21/2010	Exhibit 4	Rule 2G	Replacement	01-MO-2009	Exh 4 03-MO-2010.pdf

ITEM 03-MO-2010—REVISION TO BASIC MANUAL RULE 2—PREMIUM BASIS AND PAYROLL ALLOCATION

EXHIBIT 1
BASIC MANUAL—2001 EDITION
MISSOURI STATE RULE EXCEPTIONS
RULE 2—PREMIUM BASIS AND PAYROLL ALLOCATION
E. EXECUTIVE OFFICERS, MEMBERS OF LIMITED LIABILITY COMPANIES, PARTNERS,
AND SOLE PROPRIETORS
1. EXECUTIVE OFFICERS

a. **Classification Assignment**

Add the following to Rule 2-E-1-a:

Executive officers must allocate a flat 10% of their payroll to Code 8810—~~Clerical Office Employees NOC~~ or Code 8742—~~Salespersons or Collectors—Outside~~ regardless of their governing classification.

Exceptions to Rule 2-E-1-a above:

- ~~Note:~~ Allocation of payroll is ~~not allowed~~ required for executive officers who are already classified to either Code 8810 or Code 8742.
- When the payroll of an executive officer is assigned to a classification that is rated lower than Code 8810, then the 10% allocation is not allowed.

ITEM 03-MO-2010—REVISION TO BASIC MANUAL RULE 2—PREMIUM BASIS AND PAYROLL ALLOCATION

EXHIBIT 2
BASIC MANUAL—2001 EDITION
MISSOURI STATE RULE EXCEPTIONS
RULE 2—PREMIUM BASIS AND PAYROLL ALLOCATION
E. EXECUTIVE OFFICERS, MEMBERS OF LIMITED LIABILITY COMPANIES, PARTNERS,
AND SOLE PROPRIETORS
2. MEMBERS OF LIMITED LIABILITY COMPANIES

a. Treatment

Add the following to Rule 2-E-2-a:

Members of limited liability companies must allocate a flat 10% of their payroll to Code 8810—~~Clerical—Office Employees~~ NOG or Code 8742—~~Salespersons or Collectors—Outside~~ regardless of their governing classification.

Exceptions to Rule 2-E-2-a above:

- ~~Note:~~ Allocation of payroll is not ~~allowed~~ required for members of limited liability companies who are already classified to either Code 8810 or Code 8742.
- When the payroll for a member of a limited liability company is assigned to a classification that is rated lower than Code 8810, then the 10% allocation is not allowed.

ITEM 03-MO-2010—REVISION TO BASIC MANUAL RULE 2—PREMIUM BASIS AND PAYROLL ALLOCATION

EXHIBIT 3
BASIC MANUAL—2001 EDITION
MISSOURI STATE RULE EXCEPTIONS
RULE 2—PREMIUM BASIS AND PAYROLL ALLOCATION
E. EXECUTIVE OFFICERS, MEMBERS OF LIMITED LIABILITY COMPANIES, PARTNERS,
AND SOLE PROPRIETORS

3. Partners or Sole Proprietors

Add the following to Rule 2-E-3:

Partners and sole proprietors must allocate a flat 10% of their payroll to Code 8810—~~Clerical Office Employees NOC~~ or Code 8742—~~Salespersons or Collectors—Outside~~ regardless of their governing classification.

Exceptions to Rule 2-E-3 above:

- ~~Note:~~ Allocation of payroll is ~~not allowed~~ not allowed required for partners and/or sole proprietors who are already classified to either Code 8810 or Code 8742.
- When the payroll for a partner or sole proprietor is assigned to a classification that is rated lower than Code 8810, then the 10% allocation is not allowed.

ITEM 03-MO-2010—REVISION TO BASIC MANUAL RULE 2—PREMIUM BASIS AND PAYROLL ALLOCATION

EXHIBIT 4
BASIC MANUAL—2001 EDITION
MISSOURI STATE RULE EXCEPTIONS
RULE 2—PREMIUM BASIS AND PAYROLL ALLOCATION

G. INTERCHANGE OF LABOR

Add the following to Rule 2-G:

Sole proprietors, partners, members of limited liability companies, and executive officers must allocate a flat 10% of their payroll to Code 8810—~~Clerical Office Employees—NOC~~ or Code 8742 regardless of their governing classification or Code 8742—~~Salespersons or Collectors—Outside~~. Unless Code 8810 or Code 8742 is the governing classification for the sole proprietor, partner, member of limited liability company, or executive officer, neither Code 8810 nor Code 8742 can be used for the allocation of losses.

Exceptions to Rule 2-G above:

- ~~Note~~—Allocation of payroll is not ~~allowed~~ required for sole proprietors, partners, members of limited liability companies, or executive officers who are already classified to either Code 8810 or Code 8742.
- When the payroll for a sole proprietor, partner, member of a limited liability company, or executive officer is assigned to a classification that is rated lower than Code 8810, then the 10% allocation is not allowed.

SERFF Tracking #:

NCCI-126950866

State Tracking #:**Company Tracking #:**

03-MO-2010 (LB)

State: Missouri **Filing Company:** NCCI
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: 03-MO-2010 Revision to Basic Manual Rule 2 - Premium Basis and Payroll Allocation
Project Name/Number: /

Supporting Document Schedules

Satisfied - Item:	Filing Memorandum
Comments:	
Attachment(s):	Memorandum 03-MO-2010.pdf
Item Status:	APPROVED
Status Date:	12/21/2010

Satisfied - Item:	Response to Objection
Comments:	Per our telephone conversation of today please note that clean copy of forms are submitted with new filings..we reviewed prior approved filings for rules that contained no clean copy and were located in the rate/rule tab. Thank you for your help.
Attachment(s):	
Item Status:	APPROVED
Status Date:	12/21/2010

FILING MEMORANDUM

ITEM 03-MO-2010—REVISION TO BASIC MANUAL RULE 2—PREMIUM BASIS AND PAYROLL ALLOCATION

(To be effective 12:01 a.m. on March 1, 2011, applicable to new and renewal policies.)

PURPOSE

This item revises NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance* Missouri state exception Rules 2-E-1-a, 2-E-2-a, 2-E-3, and 2-G to clarify payroll allocation for sole proprietors, partners, members of limited liability companies, and executive officers.

BACKGROUND

Item 04-MO-2006—Amendment to Item 05-MO-2005—Payroll Treatment of Sole Proprietor and Executive Officer Payroll created Missouri state exception Rules 2-E-1-a, 2-E-2-a, 2-E-3, and 2-G. Item 01-MO-2009—Revision to Basic Manual Rule 2—Premium Basis and Payroll Allocation revised these same Missouri state rule exceptions. These rules state that a flat 10% of the payroll of sole proprietors, partners, members of limited liability companies, and executive officers must be allocated to either Code 8810—Clerical Office Employees NOC or Code 8742—Salespersons or Collectors—Outside unless they are already assigned to either Code 8810 or Code 8742.

At the recommendation of the Missouri Department of Insurance, *Basic Manual* Rules 2-E-1-a, 2-E-2-a, 2-E-3, and 2-G are being revised to clarify that no payroll allocation is allowed for sole proprietors, partners, members of limited liability companies, and executive officers when the classification rate of their current classification(s) has a lower rate than Code 8810.

PROPOSAL

This item proposes to revise NCCI's *Basic Manual* Missouri state exception Rules 2-E-1-a, 2-E-2-a, 2-E-3, and 2-G to clarify that when the payroll of a sole proprietor, partner, member of a limited liability company, or executive officer is assigned to a classification that is rated lower than Code 8810, then the 10% allocation to Code 8810 or Code 8742 is not allowed.

IMPACT

It is anticipated that any overall statewide premium impact as a result of this filing would be negligible.

IMPLEMENTATION

The attached exhibits detail the changes required to NCCI's *Basic Manual*.

The enclosed materials are copyrighted materials of the National Council on Compensation Insurance, Inc. ("NCCI"). The use of these materials may be governed by a separate contractual agreement between NCCI and its licensees such as an affiliation agreement between you and NCCI. Unless permitted by NCCI, you may not copy, create derivative works (by way of example, create or supplement your own works, databases, software, publications, manuals, or other materials), display, perform, or use the materials, in whole or in part, in any media. Such actions taken by you, or by your direction, may be in violation of federal copyright and other commercial laws. NCCI does not permit or acquiesce such use of its materials. In the event such use is contemplated or desired, please contact NCCI's Legal Department for permission.