

State: Missouri
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: 03-MO-2013 Revisions to Missouri Contracting Classification Premium Adjustment Program
Project Name/Number: /

Filing at a Glance

Company: NCCI
Product Name: 03-MO-2013 Revisions to Missouri Contracting Classification Premium Adjustment Program
State: Missouri
TOI: 16.0 Workers Compensation
Sub-TOI: 16.0004 Standard WC
Filing Type: Form/Rule
Date Submitted: 08/22/2013
SERFF Tr Num: NCCI-129173187
SERFF Status: Closed-APPROVED
State Tr Num:
State Status:
Co Tr Num: 03-MO-2013
Effective Date: 01/01/2014
Requested (New):
Effective Date: 01/01/2014
Requested (Renewal):
Author(s): Lesley O'Brien, Alison Herwig, Frank Gnoflo, Robert Dalton, Lewis Lancaster, Michelle Baker
Reviewer(s): Jon Meyer (PC) (primary), Patrick Lennon
Disposition Date: 08/29/2013
Disposition Status: APPROVED
Effective Date (New): 01/01/2014
Effective Date (Renewal): 01/01/2014

State Filing Description:

State: Missouri **Filing Company:** NCCI
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: 03-MO-2013 Revisions to Missouri Contracting Classification Premium Adjustment Program
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: 08/29/2013
 State Status Changed: 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:

The purpose of this item is to:

- Revise the Missouri Contracting Classification Premium Adjustment Program (CCPAP) in NCCI's Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)
- Establish Form 24-1-A Missouri Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application in NCCI's Forms Manual
- Withdraw from use in Missouri the national Form NC-5000 A Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application in NCCI's Forms Manual

Company and Contact

Filing Contact Information

Maggie Karpuk, State Relations Executive maggie_karpuk@ncci.com
 30501 Agoura Road, Suite 201 818-707-8374 [Phone]
 Agoura Hills, CA 91301 818-707-8387 [FAX]

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-129173187

State Tracking #:

Company Tracking #:

03-MO-2013

State: Missouri **Filing Company:** NCCI
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: 03-MO-2013 Revisions to Missouri Contracting Classification Premium Adjustment Program
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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
APPROVED	Jon Meyer (PC)	08/29/2013	08/29/2013

State: Missouri
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
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Disposition

Disposition Date: 08/29/2013

Effective Date (New): 01/01/2014

Effective Date (Renewal): 01/01/2014

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	Exhibit 2	APPROVED	Yes
Form	Missouri Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application	APPROVED	Yes
Form	Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application	APPROVED	Yes
Rate	Exhibit 1	APPROVED	Yes

State: Missouri
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
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Form Schedule

Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data		Readability Score	Attachments
							Previous Filing Number:	Replaced Form Number:		
1	APPROVED 08/29/2013	Missouri Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application	24-1-A	01/2014	END	Replaced	02-MO-2010	NC-5000 A		Form 24-1 A (clean copy).pdf
2	APPROVED 08/29/2013	Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application	NC-5000 A	2010	END	Withdrawn	02-MO-2010	24-1		03-MO-2013 Exhibit 3.pdf

Form Type Legend:

ABE	Application/Binder/Enrollment	ADV	Advertising
BND	Bond	CER	Certificate
CNR	Canc/NonRen Notice	DEC	Declarations/Schedule
DSC	Disclosure/Notice	END	Endorsement/Amendment/Conditions
ERS	Election/Rejection/Supplemental Applications	OTH	Other

Effective January 1, 2014

(Name of Insured)

(Address)

(City, State, Zip Code)

**MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM WORKERS COMPENSATION
PREMIUM CREDIT APPLICATION**

The Contracting Classification Premium Adjustment Program is applicable to qualifying employers engaged in contracting operations.

A premium calculation, which may result in a premium credit for you, will be based on average hourly pay rates for each classification of contracting operations. To determine a possible credit, please return the completed premium credit application, as set out on the reverse side of this letter, to:

NCCI
Customer Service Center
901 Peninsula Corporate Circle
Boca Raton, FL 33487-1362

NCCI will advise us of any premium credit applicable.

If NCCI does not receive this application within 180 days after policy effective date, your premium calculation will not reflect any possible premium credit.

For each applicable classification (both contracting and noncontracting) covering your company's operations in the state of Missouri, report the total payroll (excluding overtime pay), and the corresponding total number of hours worked for the third calendar quarter (July, August, September) of the year preceding the policy effective date as reported to taxing authorities.

- Note #1: If you did not engage in contracting operations for the complete quarter, then the last complete calendar quarter prior to the effective date of your workers compensation policy should be used.
- Note #2: If you are a new business (no prior operations) or there was no complete quarter of operations prior to the policy effective date, submit the requested information for the first complete calendar quarter following the effective date of your workers compensation policy when available.
- Note #3: In the absence of specific records for salaried employees, you should assume that each individual worked forty (40) hours per week.

Please preserve your payroll records that formed the basis for this declaration, because we will be required to verify the reported information in order for any premium credit to be applied.

Thank you for your cooperation.

Sincerely,

Effective January 1, 2014

CONTRACTING CLASSIFICATION—PREMIUM CREDIT APPLICATION

Insured: _____

POLICY NUMBER: _____ POLICY EFFECTIVE DATE: _____
 CARRIER: _____

NOTE: Unless code(s), total wages paid, total hours worked, and calendar quarter reported are indicated and application is signed, it cannot be processed. Contact your agent or carrier for assistance.

CLASSIFICATION	CODE	TOTAL WAGES PAID	TOTAL HOURS WORKED
<i>Example: Electrical Wiring</i>	<i>5190</i>	<i>\$8,000</i>	<i>520</i>
Noncontracting Classifications:			

The foregoing is based on actual wages (excluding overtime pay) and hours worked as reflected in our payroll records for the complete calendar quarter.

Complete Calendar Quarter (please circle one):

1st (1/1–3/31)	2nd (4/1–6/30)
3rd (7/1–9/30)	4th (10/1–12/31)

Calendar Year: _____

SIGNATURE: _____ POSITION: _____ DATE: _____

ITEM 03-MO-2013—REVISIONS TO MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

**EXHIBIT 3
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM WORKERS
COMPENSATION PREMIUM CREDIT APPLICATION FORM NC-5000 A
(National Form to Be Withdrawn in Missouri)**

~~(Name of Insured)~~

~~(Address)~~

~~(City, State, Zip Code)~~

~~**CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM WORKERS COMPENSATION PREMIUM CREDIT APPLICATION**~~

~~The Contracting Classification Premium Adjustment Program is applicable to qualifying employers engaged in contracting operations.~~

~~A special premium calculation, which may result in a premium credit for you, will be based on average hourly pay rates for each classification of contracting operations. In order that your premium may be correctly established, please return the completed premium credit application, as set out on the reverse side of this letter, to the:~~

~~**For all applications except Hawaii:**~~

~~National Council on Compensation Insurance, Inc.
Customer Service Center
901 Peninsula Corporate Circle
Boca Raton, FL 33487-1362~~

~~**For Hawaii applications only:**~~

~~National Council on Compensation Insurance, Inc.
Hawaii Service Center
1001 Bishop Street, Suite 1550
Honolulu, HI 96813~~

~~NCI will advise us of any premium credit applicable.~~

~~**If NCI does not receive this application within 180 days after policy inception, your premium calculation will not reflect any possible premium credit.**~~

~~For each applicable classification (both contracting and non-contracting) covering your company's operations in the state that this credit is being applied for (please note that each state that offers this credit requires a separate application), report the total payroll (excluding overtime premium pay, pay in excess of payroll amount charged to partners and sole proprietors as shown on the state rate pages, as well as the entire pay for any exempt sole proprietor, partner, or officer), and the corresponding total number of hours worked for the third calendar quarter (July, August, September) of the year preceding your anniversary rating date.~~

~~Note #1: If you did not engage in contracting operations during the third quarter, the requested information to be provided should, then, be for the last complete calendar quarter prior to the anniversary rating date of your workers compensation policy.~~

~~Note #2: If you are a new business (no prior operations), submit the requested information for the first complete calendar quarter following the anniversary rating date of your workers compensation policy when available.~~

ITEM 03-MO-2013—REVISIONS TO MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

**EXHIBIT 3 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM WORKERS
COMPENSATION PREMIUM CREDIT APPLICATION FORM NC-5000 A
(National Form to Be Withdrawn in Missouri)**

~~Note #3: In the absence of specific records for salaried employees, you should assume that each individual worked forty (40) hours per week.~~

~~Note #4: In absence of specific anniversary rating date being supplied on application, it will be assumed that the policy effective date is the same as the anniversary rating date.~~

~~Please preserve your anniversary rating date and payroll records that formed the basis for this declaration, because we will be required to verify the reported information in order for any premium credit to be applied.~~

~~Thank you for your cooperation.~~

~~Sincerely,~~

~~CONTRACTING CLASSIFICATION—PREMIUM CREDIT APPLICATION~~

~~Insured:~~ _____

~~STATE CREDIT BEING APPLIED FOR~~

~~(NOTE: one state per application):~~ _____

		ANNIVERSARY RATING DATE (as defined in NCCI's Basic Manual)
POLICY NUMBER:	POLICY EFFECTIVE DATE:	_____

~~CARRIER:~~ _____

~~**NOTE:** Unless code(s), total wages paid, total hours worked, and calendar quarter reported are indicated and application is signed, it cannot be processed. Contact your agent or carrier if assistance is desired.~~

ITEM 03-MO-2013—REVISIONS TO MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

EXHIBIT 3 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM WORKERS
COMPENSATION PREMIUM CREDIT APPLICATION FORM NC-5000 A
(National Form to Be Withdrawn in Missouri)

Table with columns: CLASSIFICATION, CODE, TOTAL WAGES PAID, TOTAL HOURS WORKED. Includes example row for Electrical Wiring and a section for Noncontracting Classifications.

The foregoing is based on actual wages (excluding overtime premium pay in excess of payroll amount charged to partners and sole proprietors as shown on the state rate pages, as well as the entire pay for any exempt sole proprietor, partner, or officer) and hours worked as reflected in our payroll records for the complete calendar quarter.

Complete Calendar Quarter (please circle one):

Table with 2 columns and 2 rows for selecting a calendar quarter: 1st (1/1-3/31), 2nd (4/1-6/30), 3rd (7/1-9/30), 4th (10/1-12/31).

Calendar Year: _____

SIGNATURE: _____ POSITION: _____ DATE: _____

SERFF Tracking #:

NCCI-129173187

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

03-MO-2013

State: Missouri **Filing Company:** NCCI
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: 03-MO-2013 Revisions to Missouri Contracting Classification Premium Adjustment Program
Project Name/Number: /

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	APPROVED 08/29/2013	Exhibit 1	Missouri Misc Rules	Replacement	02-MO-2010	03-MO-2013 Exhibit 1.pdf

ITEM 03-MO-2013—REVISIONS TO MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

EXHIBIT 1 BASIC MANUAL—2001 EDITION MISSOURI MISCELLANEOUS RULES

CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

The Missouri Contracting Classification Premium Adjustment Program provides for a premium credit for each year a policy qualifies for the program. To qualify, a policy must contain one or more contracting classifications.

As explained in the instructions that follow, the basis for determining the credit is the employer's total payroll (excluding overtime premium pay, pay for executive officers, and the pay for partners and sole proprietors) for each contracting and noncontracting classification and total hours worked (including overtime hours) for each contracting classification during the third calendar quarter of the year preceding the policy anniversary rating effective date as reported to taxing authorities. If the insured did not engage in operations for the complete quarter, then the last complete quarter prior to the policy inception effective date will be used, or, if there was no complete quarter of operations prior to the policy inception effective date, then the first complete quarter after the policy inception effective date will be used.

The credit is determined as follows:

- a. Determine the Contracting Average Wage (CAW) for each contracting classification by dividing the total payroll *excluding pay for executive officers, pay for partners and sole proprietors, and overtime pay* (for example, if an employee makes \$16/hour and is paid time and one-half for overtime, only report the payroll based on the \$16/hour rate) for each contracting classification by the total number of hours worked (*including overtime hours*). In the absence of specific records for salaried employees, it will be assumed that each individual worked forty (40) hours a week.
- b. Determine the State Average Hourly Wage (SAHW) by dividing the State Average Weekly Wage (SAWW) by 40 (hours). On January 1 of each year, NCCI will revise updates the SAWW as determined provided by the Missouri Division of Employment Security Workers Compensation on January 1.
- c. Determine the ~~prior formula~~ premium credit (in dollars) for each separate contracting class by applying the following formula:
~~Prior Formula Premium Credit = [1 – (SAHW / CAW)] x .70 x contracting class code premium (using the applicable rate/ loss cost for the corresponding anniversary rating policy effective date)~~
- d. If the quantity in subsection c. above is negative, the credit for that classification in question is zero (0). Where the quantity is positive, determine the percentage (%) credit that is to be applied to the qualifying current policy premium (contracting *and* noncontracting) by summing the premium credits (in dollars) for each contracting class (from the prior third quarter) ~~to determine the prior formula premium credit (in dollars). The prior formula credit is then divided and dividing this sum by the total contracting and noncontracting premium on the policy (from the prior third quarter prior to the anniversary rating date) to determine the prior formula total policy credit percentage. When calculating the prior formula total policy credit percentage, the percentage is rounded to the nearest tenth.~~
- e. ~~Determine the current formula premium credit (in dollars) for each separate contracting classification by applying the following formula: The policy credit factor to be applied to the qualifying current policy premium equals one minus the policy percentage credit (from subsection d. above). This factor is to be applied in a multiplicative manner directly after the application of any experience rating modification and prior to any premium discounts.~~
~~Current Formula Credit = [1 – (SAHW / CAW)] x .50 x contracting class code premium (using the applicable rate/loss cost for the corresponding anniversary rating date).~~
- f. ~~If the quantity in subsection e. above is negative, the credit for that classification in question is zero (0). Where the quantity is positive, determine the percentage (%) credit that is to be applied to the qualifying current policy premium (contracting *and* noncontracting) by summing the premium credits (in dollars) for each contracting class (from the 3rd quarter prior to the anniversary rating date) to determine the current formula premium credit (in dollars). The current formula premium credit is then divided by the~~

ITEM 03-MO-2013—REVISIONS TO MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

**EXHIBIT 1 (CONT'D)
BASIC MANUAL—2001 EDITION
MISSOURI MISCELLANEOUS RULES**

~~total contracting and noncontracting premium on the policy (from the 3rd quarter prior to the anniversary rating date) to determine the current formula total policy credit percentage. When calculating the current formula total policy credit percentage, the percentage is rounded to the nearest whole number.~~

- g. ~~For experience rated risks, a further adjustment to the current formula premium credit (subsection e.) is required to be calculated in the following manner. This adjustment eliminates the redundancy between the contractor's credit and its experience rating modification.~~

~~The expected excess losses multiplied by the quantity one (1) minus the weighting value, then added to the ballast value is divided by the experience rating modification multiplied by the sum of the total expected losses and the ballast value. The adjustment can be shown as:~~

~~{Insured's Expected Excess Losses x (1 — Weighting Value) + Ballast Value}~~

~~{Experience Rating Modification x (Sum of Total Expected Losses + Ballast Value)}~~

~~This redundant credit offset factor is then multiplied by the current formula premium credit (subsection e.) as previously determined, resulting in an adjusted formula premium credit (in dollars).~~

h. Transition Program

~~For a period of four (4) years beginning January 1, 2012 and ending December 31, 2015, the prior formula credit will be used in the determination of a Missouri CCPAP credit. The prior formula credit will expire on December 31, 2015.~~

~~The formula credit calculation, as defined in subsection e. above, will be phased in over five years in the following manner:~~

~~**Year 1 Credit Formula — Effective January 1, 2012**~~

~~Adjusted Formula Premium Credit x 0.2 + 0.8 x Prior Formula Premium Credit~~

~~**Year 2 Credit Formula — Effective January 1, 2013**~~

~~Adjusted Formula Premium Credit x 0.4 + 0.6 x Prior Formula Premium Credit~~

~~**Year 3 Credit Formula — Effective January 1, 2014**~~

~~Adjusted Formula Premium Credit x 0.6 + 0.4 x Prior Formula Premium Credit~~

~~**Year 4 Credit Formula — Effective January 1, 2015**~~

~~Adjusted Formula Premium Credit x 0.8 + 0.2 x Prior Formula Premium Credit~~

~~**Year 5 Credit Formula — Effective January 1, 2016**~~

~~The "Adjusted Formula Premium Credit" is the total policy credit.~~

~~During the transition program above, the final formula credit percentage is determined by dividing the transition premium credit (in dollars) as determined above by the total contracting and noncontracting premium on the policy (from the 3rd quarter prior to the anniversary rating date), rounded to the nearest whole number.~~

- i. ~~The policy credit "factor" to be applied to the qualifying current policy premium equals one minus the policy percentage credit (from subsection h. above). This factor is to be applied in the current premium determination process in a multiplicative manner directly after the application of any experience rating modification and prior to any premium discounts. When calculating the total policy credit, round the percentage to the nearest whole number with .5 being rounded up (as an example, 4.4 is rounded down to 4% and 5.5 is rounded up to 6%).~~

~~The employer must complete the required information and mail it to the National Council on Compensation Insurance, Inc., Customer Service Center NCCI, 901 Peninsula Corporate Circle, Boca Raton, Florida, 33487-1362 not later than 180 days after the policy's effective date for calculation of any possible credit. If NCCI does not receive this application within 180 days after policy inception effective date, the premium calculation will not reflect any possible premium credit, absent any extraordinary circumstances (as determined by the Missouri Department of Insurance or NCCI). At audit, the carrier must verify the information~~

ITEM 03-MO-2013—REVISIONS TO MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

**EXHIBIT 1 (CONT'D)
BASIC MANUAL—2001 EDITION
MISSOURI MISCELLANEOUS RULES**

that was submitted by the insured and used in the calculation of the credit. If the carrier discovers an error in the original request for policy credit, the revised information must be submitted to ~~the National Council on Compensation Insurance, Inc., Customer Service Center~~ NCCI for recalculation. If the insured does not furnish records to verify the payrolls and hours worked originally submitted and used in the calculation of the credit, there will be no credit applied to the policy.

The credit ~~authorized~~ determined by ~~the National Council on Compensation Insurance, Inc., Customer Service Center~~ NCCI will appear on Item 4. of the policy. If the credit is not available at the time of policy issuance, the carrier will endorse the policy to provide this credit information.

Carriers are required to use the approved form to notify all of their insureds that have one or more contracting classifications on their policy that they may be eligible for a premium adjustment credit.

“Contracting classifications” are those classifications subject to the following code numbers:

0042	5040	5213	5462	5535	6204	6251	8227
0050	5057	5215	5472	5537	6206	6252	9534
1322	5059	5221	5473	5551	6213	6260	9554
2799	5067	5222	5474	5606	6214	6306	
3365	5069	5223	5478	5610	6216	6319	
3719	5102	5348	5479	5645	6217	6325	
3724	5146	5402	5480	5703	6229	6400	
3726	5160	5403	5491	5705	6233	7380*	
5020	5183	5437	5505	6003	6235	7538	
5022	5188	5443	5506	6005	6236	7605	
5037	5190	5445	5515	6045	6237	7855	

* **Note:** Code 7380 may be used only on policies where more than 50% of the total premium is produced by one or more of the contracting classifications listed.

SERFF Tracking #:

NCCI-129173187

State Tracking #:

Company Tracking #:

03-MO-2013

State: Missouri **Filing Company:** NCCI
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: 03-MO-2013 Revisions to Missouri Contracting Classification Premium Adjustment Program
Project Name/Number: /

Supporting Document Schedules

Satisfied - Item:	Filing Memorandum
Comments:	
Attachment(s):	03-MO-2013 Filing Memorandum.pdf
Item Status:	APPROVED
Status Date:	08/29/2013
Satisfied - Item:	Exhibit 2
Comments:	
Attachment(s):	03-MO-2013 Exhibit 2.pdf
Item Status:	APPROVED
Status Date:	08/29/2013

FILING MEMORANDUM

ITEM 03-MO-2013—REVISIONS TO MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

PURPOSE

The purpose of this item is to:

- Revise the Missouri Contracting Classification Premium Adjustment Program (CCPAP) in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*
- Establish Form 24-1 A—Missouri Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application in NCCI's *Forms Manual of Workers Compensation and Employer Liability Insurance (Forms Manual)*
- Withdraw from use in Missouri the national Form NC-5000 A—Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application in NCCI's *Forms Manual*

BACKGROUND

The Missouri CCPAP provides for a premium credit for each year a policy qualifies for the program. To qualify, a policy must contain one or more contracting classifications.

Currently, the basis for determining the premium credit in Missouri is:

1. Total payroll (excluding overtime pay, pay for executive officers, and the pay for partners and sole proprietors) for each contracting and noncontracting classification, and
2. Total hours worked (including overtime hours) for each contracting classification during the third calendar quarter of the year preceding the policy anniversary rating date.

House Bill 404 (HB 404) of the Missouri General Assembly (2013 Session) amends RSMo 287.975, which contains information relating to the Missouri CCPAP. HB 404 provides that the formula to calculate the Missouri CCPAP premium credit will be changed back to the formula that was in effect on January 1, 1999. There are some important factors that should be recognized with this change:

1. The basis for determining the premium credit is changing to the employer's total payroll, excluding only overtime pay. Currently, the entire payroll for any executive officer, partner or sole proprietor is also excluded from the premium credit calculation.
2. The tempering factor will be changed to 0.7 from the current 0.5 factor.
3. The experience rating modification credit offset factor will no longer be applied to the contracting classification credit.
4. The transition program that was weighting the old formula credit with the new formula credit will be eliminated.
5. References to "overtime premium pay" will be removed and replaced with "overtime pay." The rule is intended to apply to overtime pay.

Note: NCCI is not the Plan Administrator for the state of Missouri; however, NCCI is the approved advisory organization in Missouri. Accordingly, the Missouri Department of Insurance has directed NCCI to submit

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FILING MEMORANDUM

ITEM 03-MO-2013—REVISIONS TO MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

this item on behalf of the Missouri Workers' Compensation Assigned Risk Pool (also known as the Missouri Workers' Compensation Insurance Plan).

PROPOSAL

This item proposes to:

1. Revise the Missouri Contracting Classification Premium Adjustment Program (CCPAP) in NCCI's **Basic Manual** to address the changes to RSMo 287.975 as a result of HB 404.
2. Establish Form 24-1 A—Missouri Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application in NCCI's **Forms Manual** to contain specific information for the Missouri CCPAP.
3. Withdraw in Missouri the national Form NC-5000 A—Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application in NCCI's **Forms Manual**.

IMPACT

It is expected that there will be no statewide premium impact as a result of the proposed changes to the Missouri CCPAP since the contracting classification loss costs are offset by the average amount of the credit in order to maintain premium neutrality. The premium impact to individual risks will vary depending on the portion of that risk's premium that is subject to this program. The amount of premium collected from contracting policies that are either not eligible for the program or have small credits may generally see a slight increase in order to offset the reduced premium collected from policies receiving larger credits under this legislative change.

EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

Exhibit	Exhibit Comments	Implementation Summary
1	Details the revisions to the Missouri Contracting Classification Premium Adjustment Program (CCPAP) in NCCI's Basic Manual	To become effective for new and renewal voluntary and assigned risk policies effective on and after 12:01 a.m. on January 1, 2014.
2	Details the establishment of Form 24-1 A—Missouri Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application in NCCI's Forms Manual	
3	Details the withdrawal in Missouri of the national Form NC-5000 A—Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application in NCCI's Forms Manual	

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ITEM 03-MO-2013—REVISIONS TO MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

**EXHIBIT 2
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM
WORKERS COMPENSATION PREMIUM CREDIT APPLICATION FORM 24-1 A**

(Name of Insured)

(Address)

(City, State, Zip Code)

**MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM WORKERS
COMPENSATION PREMIUM CREDIT APPLICATION**

The Contracting Classification Premium Adjustment Program is applicable to qualifying employers engaged in contracting operations.

A premium calculation, which may result in a premium credit for you, will be based on average hourly pay rates for each classification of contracting operations. To determine a possible credit, please return the completed premium credit application, as set out on the reverse side of this letter, to:

NCCI
Customer Service Center
901 Peninsula Corporate Circle
Boca Raton, FL 33487-1362

NCCI will advise us of any premium credit applicable.

If NCCI does not receive this application within 180 days after policy effective date, your premium calculation will not reflect any possible premium credit.

For each applicable classification (both contracting and noncontracting) covering your company's operations in the state of Missouri, report the total payroll (excluding overtime pay), and the corresponding total number of hours worked for the third calendar quarter (July, August, September) of the year preceding the policy effective date as reported to taxing authorities.

Note #1: If you did not engage in contracting operations for the complete quarter, then the last complete calendar quarter prior to the effective date of your workers compensation policy should be used.

Note #2: If you are a new business (no prior operations) or there was no complete quarter of operations prior to the policy effective date, submit the requested information for the first complete calendar quarter following the effective date of your workers compensation policy when available.

Note #3: In the absence of specific records for salaried employees, you should assume that each individual worked forty (40) hours per week.

Please preserve your payroll records that formed the basis for this declaration, because we will be required to verify the reported information in order for any premium credit to be applied.

Thank you for your cooperation.

Sincerely,

ITEM 03-MO-2013—REVISIONS TO MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

EXHIBIT 2 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM
WORKERS COMPENSATION PREMIUM CREDIT APPLICATION FORM 24-1 A

Complete Calendar Quarter (please circle one):

1st (1/1–3/31)	2nd (4/1–6/30)
3rd (7/1–9/30)	4th (10/1–12/31)

Calendar Year: _____

SIGNATURE: _____ POSITION: _____ DATE: _____