

State: Missouri **Filing Company:** NCCI
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: B-1425 Revisions to Employers Liability and Admiralty or FELA Coverage Increased Limits Percentages and Factors
Project Name/Number: /

Filing at a Glance

Company: NCCI
Product Name: B-1425 Revisions to Employers Liability and Admiralty or FELA Coverage Increased Limits Percentages and Factors
State: Missouri
TOI: 16.0 Workers Compensation
Sub-TOI: 16.0004 Standard WC
Filing Type: Rule
Date Submitted: 09/29/2011
SERFF Tr Num: NCCI-127659527
SERFF Status: Closed-APPROVED
State Tr Num:
State Status: APPROVED
Co Tr Num: B-1425 (BD)
Effective Date: 01/01/2013
Requested (New):
Effective Date: 01/01/2013
Requested (Renewal):
Author(s): Lesley O'Brien, Alison Herwig, Frank Gnolfo, Roy Wood, Robert Dalton
Reviewer(s): Karen Rimel (primary), Jon Meyer (PC), David Cox, Joan Dutil
Disposition Date: 11/09/2011
Disposition Status: APPROVED
Effective Date (New): 01/01/2013
Effective Date (Renewal): 01/01/2013
State Filing Description:

State: Missouri **Filing Company:** NCCI
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: B-1425 Revisions to Employers Liability and Admiralty or FELA Coverage Increased Limits Percentages and Factors
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: 11/09/2011
 State Status Changed: 11/09/2011 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:

- Replaces the present percentages and factors for increased limits of employers liability insurance with two new sets of values
- Revises the structure of the tables containing these percentages and factors
- Adds rules for increased limits pertaining to assigned risk policies

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-127659527

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

B-1425 (BD)

State:

Missouri

Filing Company:

NCCI

TOI/Sub-TOI:

16.0 Workers Compensation/16.0004 Standard WC

Product Name:

B-1425 Revisions to Employers Liability and Admiralty or FELA Coverage Increased Limits Percentages and Factors

Project Name/Number:

/

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
APPROVED	Karen Rimel	11/09/2011	11/09/2011

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
PENDING INDUSTRY RESPONSE	Karen Rimel	10/04/2011	10/04/2011

Response Letters

Responded By	Created On	Date Submitted
Frank Gnolfo	10/27/2011	10/27/2011

SERFF Tracking #:

NCCI-127659527

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

B-1425 (BD)

State:

Missouri

Filing Company:

NCCI

TOI/Sub-TOI:

16.0 Workers Compensation/16.0004 Standard WC

Product Name:

B-1425 Revisions to Employers Liability and Admiralty or FELA Coverage Increased Limits Percentages and Factors

Project Name/Number:

/

Disposition

Disposition Date: 11/09/2011

Effective Date (New): 01/01/2013

Effective Date (Renewal): 01/01/2013

Status: APPROVED

Comment:

Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Filing Memorandum	REVIEWED	Yes
Supporting Document	Response to Objection	REVIEWED	Yes
Rate	Exhibit 1	APPROVED	Yes
Rate	Exhibit 2	APPROVED	Yes
Rate	Exhibit 3	APPROVED	Yes
Rate	Exhibit 4	APPROVED	Yes
Rate	Exhibit 5	APPROVED	Yes

State: Missouri **Filing Company:** NCCI
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: B-1425 Revisions to Employers Liability and Admiralty or FELA Coverage Increased Limits Percentages and Factors
Project Name/Number: /

Objection Letter

Objection Letter Status	PENDING INDUSTRY RESPONSE
Objection Letter Date	10/04/2011
Submitted Date	10/04/2011
Respond By Date	11/04/2011

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 5, Rule 3-A-14 (Rate)

Comments: What history do you have for this MO exception?

Why was there a MO exception?

Objection 2

Comments: What actuarial justification do you have for these changes?

Objection 3

Comments: What is the premium impact on Missouri insureds (minimum, maximum, and average)?

Objection 4

Comments: Why are the increased limits limited to 10,000,000 when the documentations indicated that there are some insureds who have requested the higher limits above 10,000,000?

What number of Missouri insureds have requested limits higher than 10,000,000?

How would an insured be rated for limits higher than 10,000,000?

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: B-1425 Revisions to Employers Liability and Admiralty or FELA Coverage Increased Limits Percentages and Factors
Project Name/Number: /

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	10/27/2011
Submitted Date	10/27/2011

Dear Karen Rimel,

Introduction:

Hello

Response 1

Comments:

Response is in supporting doc folder

Related Objection 1

Applies To:

- Exhibit 5, Rule 3-A-14 (Rate)

Comments: What history do you have for this MO exception?

Why was there a MO exception?

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments:

Response is in supporting doc folder

Related Objection 2

Comments: What actuarial justification do you have for these changes?

Changed Items:

No Supporting Documents changed.

State: Missouri **Filing Company:** NCCI
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: B-1425 Revisions to Employers Liability and Admiralty or FELA Coverage Increased Limits Percentages and Factors
Project Name/Number: /

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments:

Response is in supporting doc folder

Related Objection 3

Comments: What is the premium impact on Missouri insureds (minimum, maximum, and average)?

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 4

Comments:

Response is in supporting doc folder

Related Objection 4

Comments: Why are the increased limits limited to 10,000,000 when the documentations indicated that there are some insureds who have requested the higher limits above 10,000,000?

What number of Missouri insureds have requested limits higher than 10,000,000?

How would an insured be rated for limits higher than 10,000,000?

Changed Items:

SERFF Tracking #:

NCCI-127659527

State Tracking #:

Company Tracking #:

B-1425 (BD)

State:

Missouri

Filing Company:

NCCI

TOI/Sub-TOI:

16.0 Workers Compensation/16.0004 Standard WC

Product Name:

B-1425 Revisions to Employers Liability and Admiralty or FELA Coverage Increased Limits Percentages and Factors

Project Name/Number:

/

Supporting Document Schedule Item Changes

Satisfied - Item:

Response to Objection

Comments:

Attachment(s):

MO B-1425 10411 Interrog Response (final).pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,

Frank Gnolfo

SERFF Tracking #:

NCCI-127659527

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

B-1425 (BD)

State:

Missouri

Filing Company:

NCCI

TOI/Sub-TOI:

16.0 Workers Compensation/16.0004 Standard WC

Product Name:

B-1425 Revisions to Employers Liability and Admiralty or FELA Coverage Increased Limits Percentages and Factors

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 11/09/2011	Exhibit 1	Rule 3-A-14	Replacement	B-1414	B-1425 Exhibit 1.pdf
2	APPROVED 11/09/2011	Exhibit 2	Appendix C Table 1	Withdrawn	B-1337	B-1425 Exhibit 2.pdf
3	APPROVED 11/09/2011	Exhibit 3	Appendix C Table 1	New		B-1425 Exhibit 3.pdf
4	APPROVED 11/09/2011	Exhibit 4	Appendix C Table 2	Replacement	B-1366	B-1425 Exhibit 4.pdf
5	APPROVED 11/09/2011	Exhibit 5	Rule 3-A-14	Replacement	B-1369	B-1425 Exhibit 5 (MO).pdf

**ITEM B-1425—REVISIONS TO EMPLOYERS LIABILITY AND ADMIRALTY OR FELA
COVERAGE INCREASED LIMITS PERCENTAGES AND FACTORS**

**EXHIBIT 1
BASIC MANUAL—2001 EDITION
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

14. Limits of Liability

Refer to Rule 4-G for additional rules applicable to assigned risk policies.

a. Standard Limits of Liability

Standard limits of liability apply to Employers Liability Insurance:

- With or without Workers Compensation Insurance
- For employees subject to Voluntary Compensation Insurance
- For operations subject to USL&HW Act
- For damages under admiralty law or FELA

Note: All references to FELA in this rule or other rules in this manual do not apply to assigned risk policies because FELA is not an available coverage in the residual market. Refer to Rule 4-G regarding available coverages for assigned risk policies.

(1) Bodily Injury by Accident

Bodily Injury by Accident (each accident limit) applies to all bodily injury resulting from a single accident.

(2) Bodily Injury by Disease

Bodily Injury by Disease is represented by two limits:

- **Each Employee Limit**
Each Employee Limit is the maximum amount of damages that an insurer will pay for a single employee during the policy year. It applies as a separate limit to bodily injury by disease to any one employee.
- **Policy Limit**
Policy Limit is an aggregate limit that applies to all bodily injury occurring from disease during the term of the policy, regardless of the number of employees who are injured by disease. An aggregate limit is the maximum amount of damages that an insurer will pay during the policy year.

Table for Standard Limits

	Employers Liability, Voluntary Compensation, USL&HW Act and Extensions	Admiralty Law and FELA
Bodily Injury by Accident	\$100,000—each accident	\$100,000
Bodily Injury by Disease	\$100,000—each employee	Not applicable
Bodily Injury by Disease	\$500,000—policy limit	\$100,000

b. Increased Limits of Liability

Except for FELA and/or Admiralty coverage for assigned risk policies as described in Rule 3-A., 14.b.(4)(c), increased Limits of Liability are available under Part Two—Employers Liability. Accordingly, the standard limits may be increased.

**ITEM B-1425—REVISIONS TO EMPLOYERS LIABILITY AND ADMIRALTY OR FELA
COVERAGE INCREASED LIMITS PERCENTAGES AND FACTORS**

**EXHIBIT 1 (CONT'D)
BASIC MANUAL—2001 EDITION
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

Any additional premium for increased limits must be calculated before application of:

- Expense constant-~~s~~
- Experience rating modification
- Merit rating modification
- ARAP surcharge factor (refer to Rule 4-E)
- Schedule rating modification
- Premium discount
- Retrospective rating adjustment
- Deductible credit-~~s~~

(1) Standard Policy

Employers Liability (E/L) Increased Limits ~~Percentage Factor~~ is a percentage factor that is applied to the manual premium if the employer chooses to increase its standard limits under Part Two—Employers Liability.

If the limits of liability under Part Two are increased:

- (a) The limits of liability must be the same for all states specified in Item 3A of the Information Page of the policy.
- (b) The additional premium for increased limits must be determined by multiplying the total manual premium by the percentage in Table 1 in Appendix C ~~the Table for Increased Limits~~.
- (c) In competitive rating jurisdictions, the additional premium must not be less than the minimum premium, if any, filed by or on behalf of the carrier and approved for use by the appropriate insurance regulatory authority.
- (d) In administered pricing jurisdictions, the additional premium must not be less than the minimum premium shown in Table 1 in Appendix C ~~the Table for Increased Limits~~.
- (e) For assigned risk policies, the additional premium must not be less than the minimum premium shown in Table 1 in Appendix C ~~the Table for Increased Limits~~.
- (f) The minimum premium for increased limits is in addition to the policy minimum premium at standard limits of liability and applies although coverage for increased limits may have been added during the policy term. *Refer to Rule 3-A-16-b for additional minimum premium information.*

*Refer to the **User's Guide** for an example.*

- (g) When more than one state is insured on the same policy:
 - The applicable increased limits minimum premium for the policy is that of the state with the highest increased limits minimum premium, or
 - No increased limits minimum premium applies to any of the states when the premium calculated for all states equals or exceeds the increased limits minimum premium for the state with the highest increased limits minimum premium. The combined increased limits premium for all states would apply.

*Refer to the **User's Guide** for examples.*

**ITEM B-1425—REVISIONS TO EMPLOYERS LIABILITY AND ADMIRALTY OR FELA
COVERAGE INCREASED LIMITS PERCENTAGES AND FACTORS**

**EXHIBIT 1 (CONT'D)
BASIC MANUAL—2001 EDITION
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

Table for Increased Limits*

Limits of Liability (000 omitted)	Percentage	Minimum Premium for Increased Limits**
\$ 500/500/500	1.7 <u>0.8%</u>	\$ 100.00 <u>75</u>
1,000/1,000/1,000	2.8 <u>1.1</u>	150.00 <u>120</u>
2,000/2,000/2,000	4.3 <u>1.4</u>	175.00 <u>140</u>
3,000/3,000/3,000	5.3 <u>1.6</u>	200.00 <u>160</u>
4,000/4,000/4,000	6.1 <u>1.8</u>	225.00 <u>180</u>
5,000/5,000/5,000	6.8 <u>2.0</u>	250.00 <u>200</u>
6,000/6,000/6,000	7.4 <u>2.2</u>	260.00 <u>210</u>
7,000/7,000/7,000	7.9 <u>2.4</u>	270.00 <u>220</u>
8,000/8,000/8,000	8.3 <u>2.6</u>	280.00 <u>230</u>
9,000/9,000/9,000	8.7 <u>2.8</u>	290.00 <u>240</u>
10,000/10,000/ 10,000	9.0 <u>3.0</u>	300.00 <u>250</u>

*Refer to Appendix C for additional limits values.

**In Hawaii, refer to the carrier rate pages for minimum premium.

(2) Employers Liability Insurance—Without Workers Compensation Insurance

- (a) The standard limits of employers liability insurance may be increased. If higher limits of liability apply, the premium is determined on the basis of the rates multiplied by the factors filed by or on behalf of the carrier and approval for their use is obtained from the appropriate insurance regulatory authority.
- (b) All references to employers liability insurance without workers compensation insurance in this rule or other rules in this manual do not apply to ~~residual market assigned risk policies in states where NCCL is the Plan Administrator because employers liability insurance without workers compensation insurance is not available in the residual market.~~

(3) Voluntary Compensation Insurance

- (a) The standard limits under Part Two—Employers Liability Insurance for employees subject to Voluntary Compensation Insurance may be increased.
- (b) The premium for the increased limits must be determined by using Table 1 in Appendix C ~~the Table for Increased Limits provided in Rule 3 A-14 b(1) above.~~

(4) Admiralty Law ~~or~~ FELA

- (a) The total premium including the additional premium for increased limits must be determined by applying the factor in the Table for Increased Limits provided below, or Table 2 in Appendix C, to the total premium for Admiralty or FELA classifications.
- (b) The minimum premium for increased limits is in addition to the policy minimum premium at standard limits of liability, and applies although coverage for increased limits may have

**ITEM B-1425—REVISIONS TO EMPLOYERS LIABILITY AND ADMIRALTY OR FELA
COVERAGE INCREASED LIMITS PERCENTAGES AND FACTORS**

**EXHIBIT 1 (CONT'D)
BASIC MANUAL—2001 EDITION
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

been added during the policy term. *Refer to Rule 3-A-16-b for additional minimum premium information.*

(c) For assigned risk policies:

- 1) Increased limits of liability for Employers Liability insurance are not available for Admiralty coverage, although the standard limit of liability is available for such coverage.
- 2) Employers Liability insurance is not available for FELA coverage; therefore, increased limits of liability are also not available for FELA coverage.
- 3) Rule 3-A-14-b(4)—Table for Limits and Appendix C—Table 2 do not apply.

Refer to Rule 4-G regarding available coverages for assigned risk policies.

Table for ~~Increased~~ Limits*

Limit per Accident	Factor		Minimum Premium**	
	Program I	Program II	Program I	Program II
\$100,000	1.00	1.00	\$115 0	\$230 0
150,000	1.17	1.15	119	238
200,000	1.30 1.31	1.28 1.26	123 75	246 100
300,000	1.51 1.47	1.48 1.41	129 75	258 100
400,000	1.68 1.56	1.63 1.50	134 75	268 100
500,000	1.80 1.60	1.75 1.54	138 75	276 100
1,000,000	1.77	1.70	120	150
5,000,000	2.13	2.04	200	250
10,000,000	2.20	2.11	250	300

*Refer to Appendix C for additional limits values.

**In Hawaii, refer to the carrier rate pages for minimum premium.

(5) USL&HW Act and Extensions of the USL&HW Act

Rule 3-A-14-b(1) ~~above~~ applies to policies that include coverage for the USL&HW Act and/or its extensions.

**ITEM B-1425—REVISIONS TO EMPLOYERS LIABILITY AND ADMIRALTY OR FELA
COVERAGE INCREASED LIMITS PERCENTAGES AND FACTORS**

**EXHIBIT 2
BASIC MANUAL—2001 EDITION
APPENDIX C**

**TABLE 1—WORKERS COMPENSATION AND EMPLOYERS LIABILITY—INCREASED LIMITS—
PERCENTAGES**

Bodily Injury by Disease: Policy Limit (\$000 Omitted)

	500	1,000	2,000	3,000	4,000	5,000	6,000	7,000	8,000	9,000	10,000	15,000	20,000	25,000	30,000	35,000	40,000	45,000	50,000
100	0.0	0.6	1.3	1.8	2.20	2.5	2.7	2.8	2.9	3.0	3.1	3.4	3.6	3.7	3.8	3.9	4.0	4.1	4.2
200	0.5	1.10	1.8	2.3	2.70	3.0	3.2	3.3	3.4	3.5	3.6	3.9	4.1	4.2	4.3	4.4	4.5	4.6	4.7
300	0.9	1.50	2.2	2.7	3.10	3.4	3.6	3.7	3.8	3.9	4.0	4.3	4.5	4.6	4.7	4.8	4.9	5.0	5.1
400	1.3	1.90	2.6	3.1	3.50	3.8	4.0	4.1	4.2	4.3	4.4	4.7	4.9	5.0	5.1	5.2	5.3	5.4	5.5
500	1.7	2.30	3.0	3.5	3.90	4.2	4.4	4.5	4.6	4.7	4.8	5.1	5.3	5.4	5.5	5.6	5.7	5.8	5.9
1,000		2.80	3.5	4.0	4.40	4.7	4.9	5.0	5.1	5.2	5.3	5.6	5.8	5.9	6.0	6.1	6.2	6.3	6.4
2,000			4.3	4.8	5.20	5.5	5.7	5.8	5.9	6.0	6.1	6.4	6.6	6.7	6.8	6.9	7.0	7.1	7.2
3,000				5.3	5.70	6.0	6.2	6.3	6.4	6.5	6.6	6.9	7.1	7.2	7.3	7.4	7.5	7.6	7.7
4,000					6.10	6.4	6.6	6.7	6.8	6.9	7.0	7.3	7.5	7.6	7.7	7.8	7.9	8.0	8.1
5,000						6.8	7.0	7.1	7.2	7.3	7.4	7.7	7.9	8.0	8.1	8.2	8.3	8.4	8.5
6,000							7.4	7.5	7.6	7.7	7.8	8.1	8.3	8.4	8.5	8.6	8.7	8.8	8.9
7,000								7.9	8.0	8.1	8.2	8.5	8.7	8.8	8.9	9.0	9.1	9.2	9.3
8,000									8.3	8.4	8.5	8.8	9.0	9.1	9.2	9.3	9.4	9.5	9.6
9,000										8.7	8.8	9.1	9.3	9.4	9.5	9.6	9.7	9.8	9.9
10,000											9.0	9.3	9.5	9.6	9.7	9.8	9.9	10.0	10.10
15,000												10.3	10.5	10.60	10.70	10.80	10.90	11.0	11.10
20,000													11.3	11.40	11.50	11.60	11.70	11.80	11.90
25,000														12.10	12.20	12.30	12.40	12.50	12.60
30,000															12.80	12.90	13.0	13.10	13.20
35,000																13.40	13.50	13.60	13.70
40,000																	13.90	14.0	14.10
45,000																		14.30	14.40
50,000																			14.70

Refer to Table 1A for Minimum Premiums.

**ITEM B-1425—REVISIONS TO EMPLOYERS LIABILITY AND ADMIRALTY OR FELA
COVERAGE INCREASED LIMITS PERCENTAGES AND FACTORS**

**EXHIBIT 2 (CONT'D)
BASIC MANUAL—2001 EDITION
APPENDIX C**

~~TABLE 1A—MINIMUM PREMIUM FOR INCREASED LIMITS~~

~~Minimum Premium to be used when increasing the limits of employers liability under Part Two of a workers-
compensation and employers liability policy.~~

LIMITS OF LIABILITY:						
ARE GREATER THAN:			BUT NOT MORE THAN:			
Bodily Injury by Accident (Each Accident Limit)	Bodily Injury by Disease (Each Employee Limit)	Bodily Injury by Disease (Policy Limit)	Bodily Injury by Accident (Each Accident Limit)	Bodily Injury by Disease (Each Employee Limit)	Bodily Injury by Disease (Policy Limit)	Minimum Premium for Increased Limits
100,000	100,000	500,000	500,000	500,000	500,000	\$100
500,000	500,000	500,000	1,000,000	1,000,000	1,000,000	\$150
1,000,000	1,000,000	1,000,000	5,000,000	5,000,000	5,000,000	\$150 plus \$25 for each 1,000,000 or part thereof in excess of a Bodily Injury by Disease (Policy Limit) of 1,000,000.
5,000,000	5,000,000	5,000,000	—	—	—	\$250 plus \$10 for each 1,000,000 or part thereof in excess of a Bodily Injury by Disease (Policy Limit) of 5,000,000.

**ITEM B-1425—REVISIONS TO EMPLOYERS LIABILITY AND ADMIRALTY OR FELA
COVERAGE INCREASED LIMITS PERCENTAGES AND FACTORS**

EXHIBIT 3

BASIC MANUAL—2001 EDITION

APPENDIX C

(Applies in: AK, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IN, KS, KY, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, RI, SC, SD, UT, VA, VT)

**TABLE 1—WORKERS COMPENSATION AND EMPLOYERS LIABILITY—TABLE FOR MINIMUM
PREMIUM AND INCREASED LIMITS PERCENTAGES**

Bodily Injury by Disease: Policy Limit (\$000 Omitted)

	Loss Limit	Minimum Premium*	500	1,000	2,000	3,000	4,000	5,000	6,000	7,000	8,000	9,000	10,000
Bodily	100	—	0.0%	0.1%	0.2%	0.3%	0.4%	0.5%	0.6%	0.7%	0.8%	0.9%	1.0%
Injury by	200	\$75	0.2%	0.3%	0.4%	0.5%	0.6%	0.7%	0.8%	0.9%	1.0%	1.1%	1.2%
Accident	300	\$75	0.4%	0.5%	0.6%	0.7%	0.8%	0.9%	1.0%	1.1%	1.2%	1.3%	1.4%
Each	400	\$75	0.6%	0.7%	0.8%	0.9%	1.0%	1.1%	1.2%	1.3%	1.4%	1.5%	1.6%
Accident	500	\$75	0.8%	0.9%	1.0%	1.1%	1.2%	1.3%	1.4%	1.5%	1.6%	1.7%	1.8%
Limit	1,000	\$120		1.1%	1.2%	1.3%	1.4%	1.5%	1.6%	1.7%	1.8%	1.9%	2.0%
and	2,000	\$140			1.4%	1.5%	1.6%	1.7%	1.8%	1.9%	2.0%	2.1%	2.2%
Bodily	3,000	\$160				1.6%	1.7%	1.8%	1.9%	2.0%	2.1%	2.2%	2.3%
Injury by	4,000	\$180					1.8%	1.9%	2.0%	2.1%	2.2%	2.3%	2.4%
Disease	5,000	\$200						2.0%	2.1%	2.2%	2.3%	2.4%	2.5%
Each	6,000	\$210							2.2%	2.3%	2.4%	2.5%	2.6%
Employee	7,000	\$220								2.4%	2.5%	2.6%	2.7%
Limit	8,000	\$230									2.6%	2.7%	2.8%
(\$000	9,000	\$240										2.8%	2.9%
Omitted)	10,000	\$250											3.0%

* The same minimum premium applies for all the Bodily Injury by Disease policy limits within the same row. For increased limits not displayed in the table, apply the minimum premium shown for the next highest limit published in the table. In Hawaii, refer to the carrier rate pages for minimum premium.

**ITEM B-1425—REVISIONS TO EMPLOYERS LIABILITY AND ADMIRALTY OR FELA
COVERAGE INCREASED LIMITS PERCENTAGES AND FACTORS**

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
APPENDIX C
(Applicable in all states)**

**TABLE 2—EMPLOYERS LIABILITY INSURANCE FOR ADMIRALTY OR FELA—TABLE FOR
MINIMUM PREMIUM AND INCREASED LIMITS FACTORS**

Limit Per Accident	Factor		Minimum Premium*	
	Program I	Program II	Program I	Program II
\$ 100,000	1.00	1.00	\$115 0	\$230 0
150,000	1.17	1.15	119	238
200,000	1.30 1.31	1.28 1.26	123 75	246 100
250,000	1.42	1.39	126	252
300,000	1.51 1.47	1.48 1.41	129 75	258 100
400,000	1.68 1.56	1.63 1.50	134 75	268 100
500,000	1.80 1.60	1.75 1.54	138 75	276 100
600,000	1.91	1.85	141	282
700,000	2.00	1.94	143	286
800,000	2.08	2.01	145	290
900,000	2.15	2.07	146	292
1,000,000	2.21 1.77	2.16 1.70	148 120	296 150
1,500,000	2.43	2.33	153	306
2,000,000	2.57 1.96	2.46 1.88	157 140	314 175
2,500,000	2.67	2.56	160	320
3,000,000	2.74 2.05	2.63 1.97	163 160	326 200
3,500,000	2.79	2.67	166	332
4,000,000	2.83 2.10	2.71 2.02	169 180	338 225
4,500,000	2.87	2.75	172	344
5,000,000	2.90 2.13	2.77 2.04	175 200	350 250
6,000,000	2.94 2.15	2.81 2.06	181 210	362 260
7,000,000	2.97 2.17	2.84 2.08	187 220	374 270
8,000,000	2.99 2.18	2.86 2.09	193 230	386 280
9,000,000	3.01 2.19	2.87 2.10	199 240	398 290
10,000,000	3.02 2.20	2.88 2.11	205 250	410 300
15,000,000	3.06	2.92	230	460
20,000,000	3.07	2.93	255	510
25,000,000	3.08	2.94	280	560

* In Hawaii, refer to the carrier rate pages for minimum premium.

**ITEM B-1425—REVISIONS TO EMPLOYERS LIABILITY AND ADMIRALTY OR FELA
COVERAGE INCREASED LIMITS PERCENTAGES AND FACTORS**

**EXHIBIT 5
BASIC MANUAL—2001 EDITION
MISSOURI STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

14. ~~Limits of Liability~~

~~b. Increased Limits of Liability~~

1. ~~Standard Policy~~

~~Change Table of Increased Limits as follows:—~~

~~**Table for Increased Limits***~~

Limits of Liability (000 omitted)	Percentage	Minimum Premium For Increased Limits
\$ 500/500/500	0.7%	\$ 100
1,000/1,000/1,000	1.2	150
2,000/2,000/2,000	1.8	175
3,000/3,000/3,000	2.3	200
4,000/4,000/4,000	2.7	225
5,000/5,000/5,000	3.0	250
6,000/6,000/6,000	3.3	260
7,000/7,000/7,000	3.5	270
8,000/8,000/8,000	3.7	280
9,000/9,000/9,000	3.9	290
10,000/10,000/10,000	4.1	300

~~*Refer to Missouri Appendix C for additional limits values.—~~

ITEM B-1425—REVISIONS TO EMPLOYERS LIABILITY AND ADMIRALTY OR FELA
COVERAGE INCREASED LIMITS PERCENTAGES AND FACTORS

EXHIBIT 5
BASIC MANUAL—2001 EDITION
MISSOURI STATE MISCELLANEOUS RULES
APPENDIX C

APPENDIX C

~~Table 4~~
~~Workers Compensation and Employers Liability Increased Limits Percentages~~
~~(Refer to Table 1A for Minimum Premiums)~~
~~Bodily Injury by Disease: Policy Limit (\$000 Omitted)~~

		500	1,000	2,000	3,000	4,000	5,000	6,000	7,000	8,000	9,000	10,000	15,000	20,000	25,000	30,000	35,000	40,000	45,000	50,000
Bodily Injury by Accident	100	0.0	0.2	0.4	0.6	0.8	1.0	1.2	1.3	1.4	1.5	1.6	1.8	2.0	2.2	2.4	2.6	2.8	3.0	3.1
	200	0.2	0.4	0.6	0.8	1.0	1.2	1.4	1.5	1.6	1.7	1.8	2.0	2.2	2.4	2.6	2.8	3.0	3.2	3.3
Each Accident Limit and	300	0.4	0.6	0.8	1.0	1.2	1.4	1.6	1.7	1.8	1.9	2.0	2.2	2.4	2.6	2.8	3.0	3.2	3.4	3.5
	400	0.6	0.7	0.9	1.1	1.3	1.5	1.7	1.8	1.9	2.0	2.1	2.3	2.5	2.7	2.9	3.1	3.3	3.5	3.6
Bodily Injury by Disease	500	0.7	0.8	1.0	1.2	1.4	1.6	1.8	1.9	2.0	2.1	2.2	2.4	2.6	2.8	3.0	3.2	3.4	3.6	3.7
	1,000		1.2	1.4	1.6	1.8	2.0	2.2	2.3	2.4	2.5	2.6	2.8	3.0	3.2	3.4	3.5	3.8	4.0	4.1
Each Employee Limit (\$000 Omitted)	2,000			1.8	2.0	2.2	2.4	2.6	2.7	2.8	2.9	3.0	3.2	3.4	3.6	3.8	4.0	4.2	4.4	4.5
	3,000				2.3	2.5	2.7	2.9	3.0	3.1	3.2	3.3	3.5	3.7	3.9	4.1	4.3	4.5	4.7	4.8
Each Employee Limit (\$000 Omitted)	4,000					2.7	2.9	3.1	3.2	3.3	3.4	3.5	3.7	3.9	4.1	4.3	4.5	4.7	4.9	5.0
	5,000						3.0	3.2	3.3	3.4	3.5	3.6	3.8	4.0	4.2	4.4	4.6	4.8	5.0	5.1
Each Employee Limit (\$000 Omitted)	6,000							3.3	3.4	3.5	3.6	3.7	3.9	4.1	4.3	4.5	4.7	4.9	5.1	5.2
	7,000								3.5	3.6	3.7	3.8	4.0	4.2	4.4	4.6	4.8	5.0	5.2	5.3
Each Employee Limit (\$000 Omitted)	8,000									3.7	3.8	3.9	4.1	4.3	4.5	4.7	4.9	5.1	5.3	5.4
	9,000										3.9	4.0	4.2	4.4	4.6	4.8	5.0	5.2	5.4	5.5
Each Employee Limit (\$000 Omitted)	10,000											4.1	4.3	4.5	4.7	4.9	5.1	5.3	5.5	5.6
	15,000												4.8	5.0	5.2	5.4	5.6	5.8	6.0	6.1
Each Employee Limit (\$000 Omitted)	20,000													5.4	5.6	5.8	6.0	6.2	6.4	6.5
	25,000														5.9	6.1	6.3	6.5	6.7	6.8
Each Employee Limit (\$000 Omitted)	30,000															6.4	6.6	6.8	7.0	7.1
	35,000																6.7	6.9	7.1	7.2
Each Employee Limit (\$000 Omitted)	40,000																	7.1	7.3	7.4
	45,000																		7.4	7.5
Each Employee Limit (\$000 Omitted)	50,000																			7.6

**ITEM B-1425—REVISIONS TO EMPLOYERS LIABILITY AND ADMIRALTY OR FELA
COVERAGE INCREASED LIMITS PERCENTAGES AND FACTORS**

**EXHIBIT 5 (CONT'D)
BASIC MANUAL—2001 EDITION
MISSOURI STATE MISCELLANEOUS RULES
APPENDIX C**

~~Table 4A~~

~~Minimum Premiums to be used when increasing the limits of employers liability under Part Two of
a workers compensation and employers liability policy.~~

LIMITS OF LIABILITY:						
ARE GREATER THAN:			BUT NOT MORE THAN:			Minimum Premium For Increased Limits
Bodily Injury By Accident (Each Accident Limit)	Bodily Injury By Disease (Each Employee Limit)	Bodily Injury By Disease (Policy Limit)	Bodily Injury By Accident (Each Accident Limit)	Bodily Injury By Disease (Each Employee Limit)	Bodily Injury By Disease (Policy Limit)	
100,000	100,000	500,000	500,000	500,000	500,000	\$100
500,000	500,000	500,000	1,000,000	1,000,000	1,000,000	\$150
1,000,000	1,000,000	1,000,000	5,000,000	5,000,000	5,000,000	\$150 plus \$25 for each 1,000,000 or part thereof in excess of a Bodily Injury By Disease (Policy Limit) of 1,000,000
5,000,000	5,000,000	5,000,000	—	—	—	\$250 plus \$10 for each 1,000,000 or part thereof in excess of a Bodily Injury By Disease (Policy Limit) of 5,000,000.

SERFF Tracking #:

NCCI-127659527

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

B-1425 (BD)

State:

Missouri

Filing Company:

NCCI

TOI/Sub-TOI:

16.0 Workers Compensation/16.0004 Standard WC

Product Name:

B-1425 Revisions to Employers Liability and Admiralty or FELA Coverage Increased Limits Percentages and Factors

Project Name/Number:

/

Supporting Document Schedules

Satisfied - Item:	Filing Memorandum
Comments:	
Attachment(s):	B-1425 Filing Memorandum.pdf
Item Status:	REVIEWED
Status Date:	11/09/2011

Satisfied - Item:	Response to Objection
Comments:	
Attachment(s):	MO B-1425 10411 Interrog Response (final).pdf
Item Status:	REVIEWED
Status Date:	11/09/2011

FILING MEMORANDUM

ITEM B-1425—REVISIONS TO EMPLOYERS LIABILITY AND ADMIRALTY OR FELA COVERAGE INCREASED LIMITS PERCENTAGES AND FACTORS

(To be effective 12:01 a.m. on January 1, 2013, applicable to new and renewal voluntary and assigned risk policies.)

PURPOSE

This item:

- Replaces the present percentages and factors for increased limits of employers liability insurance with two new sets of values
- Revises the structure of the tables containing these percentages and factors
- Adds rules for increased limits pertaining to assigned risk policies

BACKGROUND

Increased limits percentages and factors are used to determine the premium when the limits of employers liability insurance are increased by endorsement. The increased limits percentages and factors for employers liability insurance were last adjusted in 1997 with the implementation of Item B-1337—Employers Liability and Admiralty/FELA Increased Limits. As part of Item B-1337, the standard or basic limit of employers liability insurance per occurrence was increased from \$50,000 to \$100,000.

In most states, the Admiralty or FELA table of increased limits factors was last adjusted in 2000 with the filing of Item B-1366—Revisions to Admiralty and Federal Employers Liability Act Classifications. The standard limit of \$100,000 for Admiralty or FELA was also introduced within Item B-1366.

The increased limits percentages and factors for employers liability insurance are located in Appendix C of NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*. Currently, the tables in Appendix C display percentages for increased limits of up to \$50 million for employer liability insurance and up to \$25 million for Admiralty/FELA coverage. A portion of the increased limits percentages and factors is also shown in Rule 3-A-14 of NCCI's *Basic Manual*.

PROPOSAL

It is proposed that:

1. Present increased limits percentages and factors for employers liability insurance, Admiralty, and FELA coverage be adjusted.
2. Increased limits tables for employers liability insurance, Admiralty, and FELA coverage be revised to show values for limits no greater than \$10 million because employers liability claims data reported to NCCI is very minimal beyond \$10 million, and there are few workers compensation policies sold with employers liability limits greater than \$10 million.
3. States are assigned to one of two sets of values for employers liability insurance increased limits based on actuarial analyses of their historical loss experience. The analyses suggest that there are discernible differences across states as measured by employers liability losses as a percentage of total workers compensation losses. Upon approval of this item, the current Table 1, in which the current increased limits percentages are published, will be replaced with a new Table 1.

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.

FILING MEMORANDUM

ITEM B-1425—REVISIONS TO EMPLOYERS LIABILITY AND ADMIRALTY OR FELA COVERAGE INCREASED LIMITS PERCENTAGES AND FACTORS

4. The format of the Increased Limits Percentages table of Appendix C of NCCI's *Basic Manual* be modified to include the minimum premium amounts within the same published table as the increased limits percentages.
5. New rules specific to residual market policies be added to address the fact that FELA coverage and increased limits for Admiralty Law are not available for assigned risk policies.

Alabama Specific Proposal:

NCCI proposes that Alabama adopt the following changes to NCCI's *Basic Manual*:

1. Adopt a state exception to the table in Rule 3-A-14-b(1) to reflect the values in the newly proposed state exception to Table 1 in Appendix C.
2. Adopt a state exception to Table 1 in Appendix C.

Alaska Specific Proposal:

NCCI proposes that Alaska discontinue its state exceptions to the tables in NCCI's *Basic Manual* Rule 3-A-14-b(1) and Rule 3-A-14-b(4), and adopt the nationally proposed tables in Rule 3-A-14 and Appendix C.

Arizona Specific Proposal:

NCCI proposes that Arizona discontinue its state exceptions to the tables in NCCI's *Basic Manual* Rule 3-A-14-b(1) and Rule 3-A-14-b(4), and adopt the nationally proposed tables in Rule 3-A-14 and Appendix C.

Arkansas Specific Proposal:

NCCI proposes that Arkansas retain its state exception to NCCI's *Basic Manual* Rule 3-A-14-b(2).

Florida Specific Proposal:

NCCI proposes that Florida adopt the following changes to NCCI's *Basic Manual*:

1. Discontinue its state exceptions to the tables in Rule 3-A-14-a(2) and Rule 3-A-14-b(4), and adopt the nationally proposed tables in Rule 3-A-14 and Appendix C.
2. Discontinue its state exception standard limit of coverage for Admiralty or FELA of \$25,000, and adopt the national standard limit of \$100,000.
3. Amend the data in the tables in Rule 3-A-14-b(1) and Rule 3-A-14-b(2) to reflect the values in the newly proposed state exception to Table 1 in Appendix C.
4. Discontinue its state exceptions to Tables 1 and 1A and the Increased Limits Factors tables in Appendix C, and adopt the newly proposed state exception to Table 1 and Increased Limits Factors.

Georgia Specific Proposal:

NCCI proposes that Georgia discontinue its state exceptions to the tables in NCCI's *Basic Manual* Rule 3-A-14-b(1) and Rule 3-A-14-b(4), and adopt the nationally proposed tables in Rule 3-A-14 and Appendix C.

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.

FILING MEMORANDUM

ITEM B-1425—REVISIONS TO EMPLOYERS LIABILITY AND ADMIRALTY OR FELA COVERAGE INCREASED LIMITS PERCENTAGES AND FACTORS

Hawaii Specific Proposal:

NCCI proposes that Hawaii adopt the following changes in NCCI's *Basic Manual*:

1. Discontinue its state exceptions to the tables in Rule 3-A-14-a(2), Rule 3-A-14-b(1), and Rule 3-A-14-b(4), and adopt the nationally proposed tables in Rule 3-A-14.
2. Discontinue its state exception standard limit of coverage for Admiralty or FELA of \$25,000, and adopt the national standard limit of \$100,000.
3. Discontinue its state exceptions to Tables 1A and 2 in Appendix C, and adopt the nationally proposed Tables 1 and 2.

Illinois Specific Proposal:

NCCI proposes that Illinois adopt the following changes in NCCI's *Basic Manual*:

1. Adopt a state exception to the table in Rule 3-A-14-b(1) to reflect the values in the newly proposed state exception to Table 1 in Appendix C.
2. Retain its state exception to Rule 3-A-14-b(3).
3. Adopt a state exception to Table 1 in Appendix C.

Louisiana Specific Proposal:

NCCI proposes that Louisiana adopt the following changes in NCCI's *Basic Manual*:

1. Adopt a state exception to the table in Rule 3-A-14-b(1) to reflect the values in the newly proposed state exception to Table 1 in Appendix C.
2. Discontinue its state exception to the table in Rule 3-A-14-b(4), and adopt the nationally proposed table in Rule 3-A-14-b(4).
3. Adopt a state exception to Table 1 in Appendix C.
4. Discontinue its state exception to Table 2 in Appendix C, and adopt the nationally proposed Table 2.

Missouri Specific Proposal:

NCCI proposes that Missouri adopt the following changes in NCCI's *Basic Manual*:

1. Discontinue its state exception to the table in Rule 3-A-14-b(1), and adopt the nationally proposed table in Rule 3-A-14.
2. Discontinue its state exception to Tables 1 and 1A in Appendix C, and adopt the nationally proposed Table 1.

Nebraska Specific Proposal:

NCCI proposes that Nebraska retain its state exception to NCCI's *Basic Manual* Rule 3-A-14-b(1).

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.

FILING MEMORANDUM

ITEM B-1425—REVISIONS TO EMPLOYERS LIABILITY AND ADMIRALTY OR FELA COVERAGE INCREASED LIMITS PERCENTAGES AND FACTORS

Oklahoma Specific Proposal:

NCCI proposes that Oklahoma adopt the following changes in NCCI's *Basic Manual*:

1. Adopt a state exception to the table in Rule 3-A-14-b(1) to reflect the values in the newly proposed state exception to Table 1 in Appendix C.
2. Adopt a state exception to Table 1 in Appendix C.

Oregon Specific Proposal:

NCCI proposes that Oregon adopt the following changes in NCCI's *Basic Manual*:

1. Retain its state exception to the table in Rule 3-A-14-a.
2. Amend the table in Rule 3-A-14-b(1) to reflect the values in the newly proposed state exception to Table 1 in Appendix C.
3. Discontinue its state exceptions to Tables 1 and 1A in Appendix C, and adopt the newly proposed state exception to Table 1.

Tennessee Specific Proposal:

NCCI proposes that Tennessee adopt the following changes in NCCI's *Basic Manual*:

1. Adopt a state exception to the table in Rule 3-A-14-b(1) to reflect the values in the newly proposed state exception to Table 1 in Appendix C.
2. Amend the data in the table in Rule 3-A-14-b(2).
3. Adopt a state exception to Table 1 in Appendix C.

Virginia Specific Proposal:

NCCI proposes that Virginia adopt the following changes in NCCI's *Basic Manual*:

1. Discontinue its state exceptions to the tables in Rule 3-A-14-a(2), Rule 3-A-14-b(1), and Rule 3-A-14-b(4), and adopt the nationally proposed tables in Rule 3-A-14.
2. Discontinue its state exception standard limit of coverage for Admiralty or FELA of \$25,000, and adopt the national standard limit of \$100,000.
3. Retain its state exception to Rule 3-A-14-b(2).
4. Update the descriptions for several classification codes that contain standard limits information. The codes are 6702, 6703, 6704, 7016, 7024, 7038, 7046, 7047, 7050, 7090, 7098, 7099, 7151, 7152, 7153, 7333, 7335, 7337, 7394, 7395, 7398, 8734, 8737, 8738, 8805, 8814, and 8815. These classifications also contain references to other states that will be eliminated.

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.

FILING MEMORANDUM

ITEM B-1425—REVISIONS TO EMPLOYERS LIABILITY AND ADMIRALTY OR FELA COVERAGE INCREASED LIMITS PERCENTAGES AND FACTORS

West Virginia Specific Proposal:

NCCI proposes that West Virginia adopt the following changes in NCCI's *Basic Manual*:

1. Adopt a state exception to the table in Rule 3-A-14-b(1) to reflect the values in the newly proposed state exception to Table 1 in Appendix C.
2. Adopt a state exception to Table 1 in Appendix C.

IMPACT

This proposal to adjust the employers liability and Admiralty or FELA coverage increased limits percentages and factors will reduce increased limits premium for an insured that chooses to purchase higher limits in a state which currently uses the countrywide increased limits tables.

Employers liability increased limits premium and losses flow directly into NCCI's financial data Calls used for aggregate ratemaking. To ensure that an appropriate level of statewide premium is collected through the loss costs/rate filings, an adjustment may be needed in future loss costs/rate filings to achieve premium neutrality by contemplating both the statutory workers compensation system and the amount of premium derived from employers liability increased limits policies.

The revised structure of the increased limits tables will make it easier for users to obtain the information they need.

The rules regarding increased limits and assigned risk policies will provide clarification for existing rules in NCCI's *Basic Manual*.

Florida Specific Impact:

This proposal to adjust the increased limits percentages and factors may raise or lower premium for increased limits for an insured that chooses to purchase higher limits of employers liability insurance, depending upon which limit they purchase.

The standard limit of coverage for Admiralty or FELA is being proposed to increase from \$25,000 to \$100,000. This proposal to adjust the Admiralty or FELA coverage increased limits factors will increase premium for an insured that chooses to purchase higher limits on policies having Admiralty or FELA coverage.

Any insured that purchases an employers liability insurance policy without workers compensation insurance will see a premium increase if it chooses to purchase higher limits of insurance. Any insured that purchases the standard limit of coverage under an employers liability insurance policy without workers compensation insurance will not be impacted.

Hawaii Specific Impact:

The standard limit of coverage for Admiralty or FELA is being proposed to increase from \$25,000 to \$100,000. This proposal to adjust the Admiralty or FELA coverage increased limits factors will decrease premium for an insured that chooses to purchase higher limits on policies having Admiralty or FELA coverage.

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.

FILING MEMORANDUM

ITEM B-1425—REVISIONS TO EMPLOYERS LIABILITY AND ADMIRALTY OR FELA COVERAGE INCREASED LIMITS PERCENTAGES AND FACTORS

Louisiana Specific Impact:

This proposal to adjust the Admiralty or FELA coverage increased limits factors will increase premium slightly for an insured that chooses to purchase higher limits on policies having Admiralty or FELA coverage. An exception is that the minimum premium for employers liability increased limits will decrease.

Virginia Specific Impact:

The standard limit of coverage for Admiralty or FELA is being proposed to increase from \$25,000 to \$100,000. This proposal to adjust the Admiralty or FELA coverage increased limits factors will increase premium for an insured that chooses to purchase higher limits on policies having Admiralty or FELA coverage. An exception is that the minimum premium for employers liability increased limits will decrease.

IMPLEMENTATION

The following exhibits detail the changes required in NCCI's *Basic Manual*:

1. **Exhibit 1** shows the changes to Rule 3-A-14—Limits of Liability
2. **Exhibit 2** shows the discontinuation of Appendix C—Table 1—Increased Limits Percentages, and Table 1A—Minimum Premium for Increased Limits
3. **Exhibit 3** shows the newly proposed Appendix C—Table 1, Minimum Premium and Increased Limits Percentages
4. **Exhibit 4** shows the changes to Appendix C—Table 2, Minimum Premium and Increased Limits Factors for Admiralty or FELA coverage
5. **Exhibit 5** shows the changes to state exceptions to rules and/or tables, if applicable

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.



Roy Wood
State Relations Executive
Regulatory Service Division

October 27, 2011

John M. Huff, Director
Missouri DIFP
P.O. Box 690
Jefferson City, Missouri 65102-0690

Attn: Karen Rimel

**RE: B-1425--Revisions to Employers Liability and Admiralty or FELA Coverage
Increased Limits Percentages and Factors
SERFF Tracking Number: NCCI-127659527**

Dear Ms. Rimel:

Thank you for your letter of October 4, 2011 regarding the above referenced item filing. After review and consideration, we offer the following responses.

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

1) Exhibit 5, Rule 3-A-14 (Rate) - What history do you have for this MO exception?

Response:

NCCI cannot locate any documentation for that Missouri exception.

2) What actuarial justification do you have for these changes?

Response: Background Information

At a given employers liability (EL) increased limit t, the formula to compute an EL increased limits percentage (IL_t %) is:

$$IL_t \% = EL\% \times (ILF_t - 1)$$

The two basic components needed are:

1. The EL percentage (i.e. EL%), which is the ratio of developed and trended EL losses at the Basic Limit (\$100K in **Missouri**) to developed and trended total WC and EL losses

$$EL\% = \frac{\text{Developed and Trended EL Losses Capped @ Basic Limit}}{\text{Developed and Trended Total WC and EL Losses}}$$

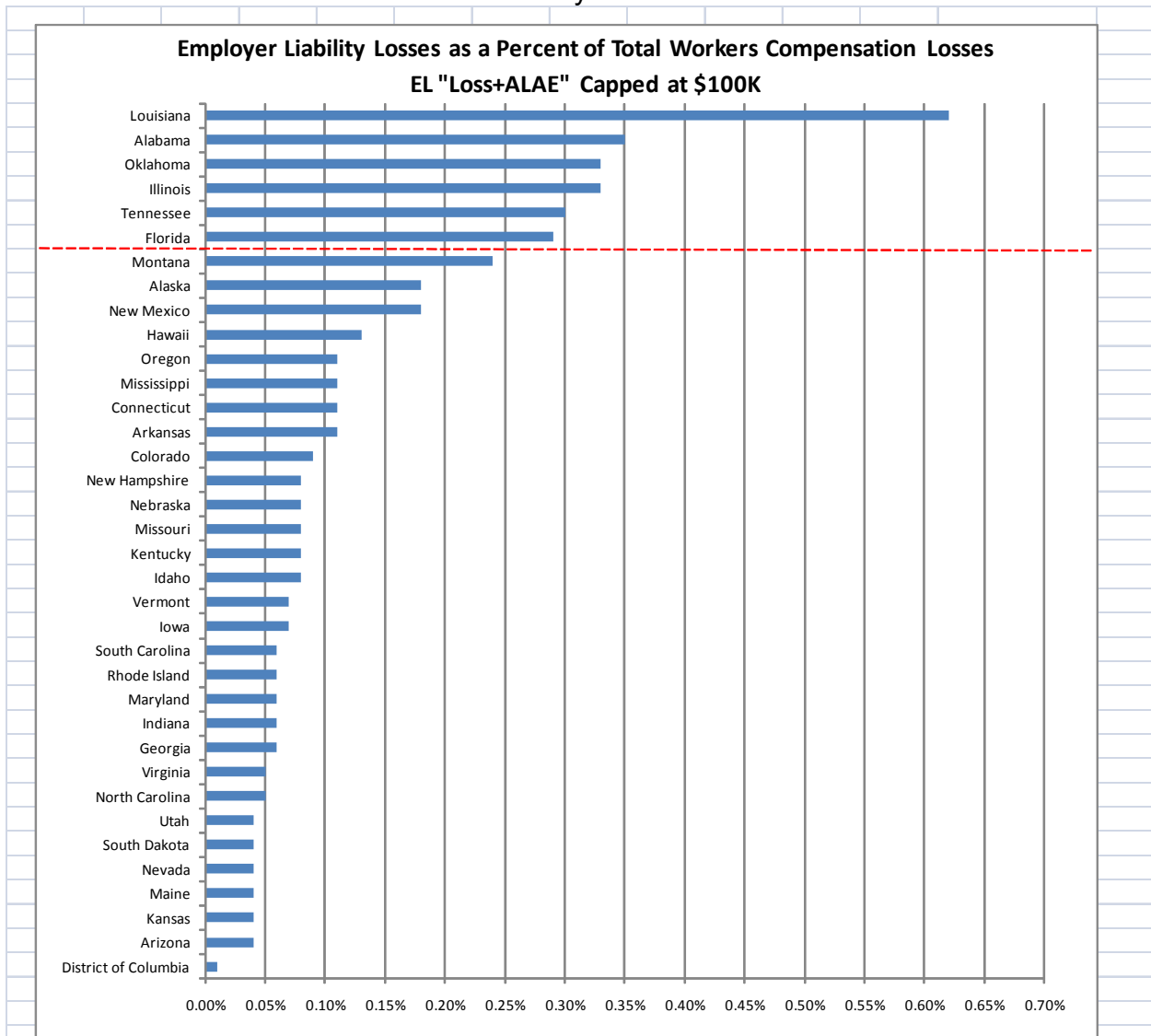
2. The increased limit factor (i.e. ILF) curve for EL Losses

Determination of EL%

NCCI calculated the EL% by state and grouped the states based on the following results. To calculate the EL% by state, the following steps were performed:

1. Bayesian modeling was applied to a countrywide compilation of EL claims to derive EL-specific loss development patterns and severity trends
2. State-specific EL loss amounts at the latest report level were developed to an ultimate value and trended to the midpoint of 2013
3. The total WC losses for each state were also developed and trended, using state-specific loss development and severity trend factors based upon each state's specific aggregate ratemaking data

The chart below shows the indicated EL% by state



Note:

1. Data include policy years 2000 - 2008, with 2008 at 1st report, 2007 at 2nd report, and so forth.
2. EL LDF and trend are from Bayesian modeling of EL claims. WC LDF and trend are based on state specific aggregate ratemaking data.

Note that the indicated EL percentages are computed by capping “Loss + ALAE” amounts at \$100K. (ALAE on employers liability claims is defined in the Unit Statistical Plan data as combined “loss + ALAE” amounts.) This understates the EL % calculation because, in reality, ALAE amounts are unlimited (i.e. it is not subject to the policy limit sold). Therefore, NCCI derived and applied a countrywide adjustment factor of 1.546 to convert the EL% from a limited “loss + ALAE” basis to a basis of “limited loss plus unlimited ALAE”. This factor was applied uniformly to the EL% for all states. NCCI then selected two groups of states based on the empirical EL%, as shown by the dashed red line on the previous chart. This produces a credible volume of data for each group. **Missouri** was included in the lower group.

ILF Curve Model

$$ILF_t = \frac{E[\text{Loss @Limit } t] + E[\text{ALAE}]}{E[\text{Loss @Basic Limit}] + E[\text{ALAE}]}$$

Because ALAE is not limited by the terms of the EL policy, just the indemnity loss is capped. This places a theoretical upper bound on the maximum ILF (as the Basic Limit → 0 and Limit → ∞). The upper bound becomes:

$$ILF \leq 1 + \frac{E[\text{Loss}]}{E[\text{ALAE}]}$$

For example, if unlimited ALAE is 20% of loss, then the highest possible ILF would be no more than 6.0.

Three inputs are needed to derive the ILF Curve:

- Shape Curve
 - Unlimited ALAE as % of Unlimited Loss
 - Unlimited Pure Loss Severity
1. Shape Curve – A countrywide ELF shape curve for lost time claims is used to model the ILF shape curve. This was selected because if EL claims were not limited, loss amounts would be similar in nature to lost-time (LT) WC claims. An unlimited pure EL loss severity input (#4 below) is also needed for computing the ILF curve.
 2. Unlimited ALAE as % of Unlimited Losses – 14% was derived based on the following considerations:
 - The current NCCI WC countrywide ALAE / Loss ratio is 12.5%
 - About 55% of WC ALAE is legal expense and 45% medical cost containment expense (MCCE)
 - Assuming EL, as a fault coverage, would have twice the legal expense as WC and no MCCE, suggests an ALAE / Loss ratio around 14%. [14% ≈ 12.5% x 0.55 x 2]
 3. The most common increased limit sold is at \$1M limits. The empirical EL data indicates that unlimited ALAE plus limited loss for policy limit \$1M is about 2.25 times as much as at the basic limit of \$100k

$$E[\text{Loss} \wedge 1,000,000] = 171,521 \quad E[\text{Loss} \wedge 100,000] = 57,136$$

$$E[\text{ALAE}] = 14\% \times 250,000 = 35,000 \quad \text{ILF} = \frac{171,521 + 35,000}{57,136 + 35,000} = 2.24$$

4. Unlimited pure loss severity – Based upon the inputs above, and using the ILF Curve Model formula, an ILF of 2.24 at \$1M limit corresponded to an unlimited pure EL loss severity of \$250,000. Hence, \$250K was used for this input.
5. The final ILF curve at various limits is listed below. These ILFs are a countrywide curve used for all NCCI states.

Limit	ILFs
100,000	1.00
200,000	1.33
300,000	1.56
400,000	1.73
500,000	1.86
1,000,000	2.24
2,000,000	2.56
3,000,000	2.70
4,000,000	2.78
5,000,000	2.83
6,000,000	2.87
7,000,000	2.89
8,000,000	2.91
9,000,000	2.93
10,000,000	2.94

Final Increased Limits % Table

Each of the two sets of values for the increased limits percentage (i.e. IL %) table was constructed in two steps:

1. Using the CW ILF curve above, the formula “ $\text{IL}_t \% = \text{EL}\% \times (\text{ILF}_t - 1)$ ” was applied for each of the two selected groups of states to derive two tables of initial values.
2. Each set of values was finalized by ensuring the entire table of values passed the consistency test at all limits. To conduct the consistency test, we calculated a marginal rate which is the ratio of a) the difference in increased limits % between a given limit and the next lower limit; and b) the difference in the limits.

For example, for limit \$1M, the next lower limit is \$500K, the marginal rate is equal to:

$$\text{Marginal rate} = \frac{(\text{IL \% @\$1M} - \text{IL \% @\$500K})}{(\$1\text{M} - \$500\text{K})}$$

To pass the consistency test, the marginal rate should decrease or remain the same as the limit increases. The test validates the fact that the probability of loss emerging within a layer decreases as the loss limit increases. See Miccolis in Proceedings of the Casualty Actuarial Society 1977: LXIV 27-59.

3) What is the premium impact on Missouri insureds (minimum, maximum, and average)?

Response: Based on NCCI's analysis, Missouri was placed in the lower state grouping of the two sets of values proposed in B-1425. Taking the difference of the current Missouri increased limits percentage table and the proposed lower group table in Item B-1425, the impact ranges from [-1.1%, +0.1%] across all of the limits. This means that the largest decrease an individual risk could theoretically see in their employers liability increased limits premium is -1.1% while the maximum increase is +0.1%.

The average premium impact across all employers in Missouri is 0.0% as a percentage of statewide premium. Therefore, on average, the new table of increased limit percentages should be revenue neutral in Missouri.

4) Why are the increased limits limited to 10,000,000 when the documentation indicated that there are some insured who have requested the higher limits above 10,000,000?

What number of Missouri insureds have requested limits higher than 10,000,000?

How would an insured be rated for limits higher than 10,000,000?

Response: NCCI's Unit Statistical Plan data has no historical EL claims beyond \$10,000,000. Therefore, computing increased limit factors and percentages at very high limits on such sparse claims data is not practical.

NCCI is not aware of any insured purchasing, or requesting to purchase, employers' liability coverage greater than \$10,000,000 in Missouri or any other state, although it is possible a risk can request such high limits.

Typically, employers purchase the minimum amount of employers' liability coverage with their workers compensation carrier in order to reach an attachment point for a commercial umbrella policy. Many commercial umbrella policies have a program for employers' liability coverage above a certain attachment point, which varies by company, but often attaches at \$1.0M or \$2.0M. Thus, an employer who wants to purchase limits above \$10M will probably turn to a commercial umbrella carrier. Those specialty carriers writing umbrella policies probably have the data necessary to rate such employers at limits beyond \$10M.

Thank you for consideration of this item.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Roy Wood". The signature is fluid and cursive, with a large initial "R" and "W".

Roy Wood
State Relations Executive

RW:bd