

State: Missouri **Filing Company:** NCCI
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: R-1404 2012 Update to Retrospective Rating Plan Parameters - Excess Loss Factors
Project Name/Number: /

Filing at a Glance

Company: NCCI
Product Name: R-1404 2012 Update to Retrospective Rating Plan Parameters - Excess Loss Factors
State: Missouri
TOI: 16.0 Workers Compensation
Sub-TOI: 16.0004 Standard WC
Filing Type: Rule
Date Submitted: 05/08/2012
SERFF Tr Num: NCCI-128276359
SERFF Status: Closed-APPROVED
State Tr Num:
State Status: APPROVED
Co Tr Num: R-1404

Effective Date: 01/01/2013
Requested (New):
Effective Date: 01/01/2013
Requested (Renewal):
Author(s): Lesley O'Brien, Alison Herwig, Frank Gnoflo, Roy Wood, Dennis Kokulak, Nancy Kritzman, Robert Dalton
Reviewer(s): Karen Rimel (primary)
Disposition Date: 06/21/2012
Disposition Status: APPROVED
Effective Date (New): 01/01/2013
Effective Date (Renewal): 01/01/2013

State Filing Description:

State: Missouri **Filing Company:** NCCI
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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: 06/21/2012
State Status Changed: 06/21/2012 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 proposes to update the Excess Loss Factors in NCCI's 2009 Edition of the Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance.

Company and Contact

Filing Contact Information

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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 #:

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R-1404

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
APPROVED	Karen Rimel	06/21/2012	06/21/2012

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Disposition

Disposition Date: 06/21/2012
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
Rate	Exhibit 1	APPROVED	Yes
Rate	Exhibit 2	APPROVED	Yes

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R-1404

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Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	APPROVED 06/21/2012	Exhibit 1	State Special Rating Values	Replacement	R-1402	R-1404 MO Exhibit 1.pdf
2	APPROVED 06/21/2012	Exhibit 2	State Special Rating Values	Replacement	R-1402	R-1404 MO Exhibit 2.pdf

ITEM R-1404—2012 UPDATE TO RETROSPECTIVE RATING PLAN PARAMETERS—EXCESS LOSS FACTORS

**EXHIBIT 1
RETROSPECTIVE RATING PLAN MANUAL
MISSOURI STATE SPECIAL RATING VALUES
EXCESS LOSS PURE PREMIUM FACTORS**

3. Excess Loss Pure Premium Factors							
Per Accident Limitation	Hazard Groups						
	A	B	C	D	E	F	G
\$10,000	0.547	0.593	0.617	0.641	0.665	0.700	0.727
\$15,000	0.483	0.535	0.562	0.590	0.619	0.660	0.694
\$20,000	0.432	0.487	0.516	0.546	0.579	0.625	0.665
\$25,000	0.389	0.446	0.477	0.509	0.544	0.594	0.639
\$30,000	0.354	0.411	0.443	0.476	0.513	0.566	0.615
\$35,000	0.323	0.380	0.413	0.446	0.485	0.540	0.593
\$40,000	0.297	0.354	0.387	0.420	0.460	0.517	0.572
\$50,000	0.256	0.309	0.343	0.376	0.418	0.476	0.536
\$75,000	0.189	0.234	0.266	0.298	0.339	0.398	0.466
\$100,000	0.151	0.189	0.219	0.247	0.287	0.345	0.416
\$125,000	0.127	0.159	0.187	0.213	0.251	0.305	0.377
\$150,000	0.111	0.138	0.165	0.189	0.224	0.277	0.349
\$175,000	0.098	0.122	0.148	0.170	0.204	0.253	0.325
\$200,000	0.088	0.110	0.135	0.156	0.187	0.234	0.306
\$225,000	0.081	0.101	0.125	0.143	0.173	0.219	0.289
\$250,000	0.075	0.094	0.117	0.134	0.163	0.206	0.276
\$275,000	0.070	0.087	0.109	0.126	0.153	0.195	0.264
\$300,000	0.066	0.081	0.103	0.119	0.145	0.185	0.253
\$325,000	0.062	0.077	0.098	0.113	0.138	0.177	0.244
\$350,000	0.059	0.072	0.093	0.107	0.131	0.169	0.236
\$375,000	0.056	0.069	0.089	0.102	0.126	0.162	0.228
\$400,000	0.053	0.065	0.085	0.098	0.121	0.156	0.221
\$425,000	0.051	0.063	0.082	0.094	0.116	0.151	0.215
\$450,000	0.049	0.060	0.079	0.091	0.112	0.146	0.209
\$475,000	0.047	0.058	0.076	0.088	0.109	0.141	0.204
\$500,000	0.046	0.056	0.074	0.085	0.105	0.137	0.199
\$600,000	0.040	0.049	0.066	0.075	0.094	0.123	0.183
\$700,000	0.037	0.044	0.060	0.069	0.085	0.113	0.170
\$800,000	0.035	0.041	0.056	0.064	0.080	0.105	0.160
\$900,000	0.032	0.038	0.053	0.060	0.074	0.099	0.152
\$1,000,000	0.030	0.036	0.050	0.056	0.070	0.093	0.145
\$2,000,000	0.020	0.024	0.034	0.038	0.047	0.064	0.104
\$3,000,000	0.017	0.020	0.028	0.031	0.038	0.052	0.086
\$4,000,000	0.015	0.017	0.024	0.027	0.033	0.044	0.075
\$5,000,000	0.013	0.016	0.022	0.024	0.029	0.040	0.067
\$6,000,000	0.012	0.014	0.019	0.021	0.026	0.035	0.060
\$7,000,000	0.011	0.013	0.018	0.020	0.024	0.032	0.056
\$8,000,000	0.010	0.012	0.017	0.018	0.022	0.030	0.052
\$9,000,000	0.009	0.011	0.016	0.017	0.021	0.028	0.048
\$10,000,000	0.009	0.011	0.015	0.016	0.020	0.027	0.046

ITEM R-1404—2012 UPDATE TO RETROSPECTIVE RATING PLAN PARAMETERS—EXCESS LOSS FACTORS

**EXHIBIT 2
RETROSPECTIVE RATING PLAN MANUAL
MISSOURI STATE SPECIAL RATING VALUES
EXCESS LOSS AND ALLOCATED EXPENSE PURE PREMIUM FACTORS**

3. Excess Loss and Allocated Expense Pure Premium Factors							
Per Accident Limitation	Hazard Groups						
	A	B	C	D	E	F	G
\$10,000	0.648	0.697	0.723	0.748	0.774	0.810	0.837
\$15,000	0.581	0.637	0.666	0.696	0.726	0.769	0.804
\$20,000	0.526	0.586	0.618	0.650	0.685	0.733	0.774
\$25,000	0.479	0.542	0.577	0.611	0.649	0.701	0.748
\$30,000	0.440	0.504	0.540	0.575	0.616	0.672	0.723
\$35,000	0.406	0.471	0.507	0.544	0.587	0.645	0.701
\$40,000	0.377	0.441	0.478	0.515	0.560	0.621	0.679
\$50,000	0.329	0.391	0.429	0.467	0.513	0.577	0.641
\$75,000	0.249	0.303	0.341	0.377	0.425	0.492	0.566
\$100,000	0.202	0.248	0.284	0.318	0.365	0.431	0.509
\$125,000	0.170	0.210	0.245	0.276	0.321	0.385	0.466
\$150,000	0.149	0.184	0.217	0.247	0.289	0.350	0.432
\$175,000	0.132	0.164	0.195	0.223	0.263	0.322	0.404
\$200,000	0.119	0.148	0.178	0.204	0.242	0.299	0.380
\$225,000	0.109	0.135	0.164	0.188	0.225	0.280	0.361
\$250,000	0.101	0.125	0.154	0.176	0.211	0.264	0.344
\$275,000	0.094	0.117	0.144	0.165	0.199	0.250	0.330
\$300,000	0.088	0.109	0.136	0.156	0.188	0.237	0.316
\$325,000	0.083	0.103	0.128	0.148	0.179	0.226	0.305
\$350,000	0.079	0.097	0.122	0.140	0.171	0.217	0.294
\$375,000	0.075	0.092	0.117	0.134	0.163	0.208	0.285
\$400,000	0.071	0.088	0.112	0.128	0.157	0.200	0.276
\$425,000	0.068	0.084	0.107	0.123	0.151	0.193	0.269
\$450,000	0.065	0.080	0.103	0.119	0.145	0.187	0.261
\$475,000	0.063	0.077	0.100	0.115	0.141	0.181	0.255
\$500,000	0.061	0.074	0.096	0.111	0.136	0.176	0.249
\$600,000	0.054	0.065	0.086	0.098	0.121	0.158	0.228
\$700,000	0.048	0.058	0.078	0.089	0.110	0.144	0.212
\$800,000	0.045	0.054	0.073	0.083	0.103	0.134	0.200
\$900,000	0.042	0.050	0.068	0.077	0.096	0.126	0.190
\$1,000,000	0.040	0.047	0.064	0.073	0.090	0.119	0.180
\$2,000,000	0.026	0.031	0.043	0.049	0.060	0.081	0.130
\$3,000,000	0.022	0.025	0.035	0.039	0.049	0.065	0.108
\$4,000,000	0.019	0.022	0.031	0.034	0.042	0.056	0.094
\$5,000,000	0.017	0.020	0.028	0.031	0.037	0.050	0.084
\$6,000,000	0.015	0.017	0.025	0.027	0.033	0.045	0.076
\$7,000,000	0.014	0.016	0.023	0.025	0.031	0.041	0.070
\$8,000,000	0.013	0.015	0.021	0.023	0.028	0.038	0.065
\$9,000,000	0.012	0.014	0.020	0.022	0.027	0.036	0.061
\$10,000,000	0.011	0.013	0.019	0.021	0.025	0.034	0.058

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R-1404

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Product Name: R-1404 2012 Update to Retrospective Rating Plan Parameters - Excess Loss Factors
Project Name/Number: /

Supporting Document Schedules

Satisfied - Item:	Filing Memorandum
Comments:	
Attachment(s):	R-1404 Filing Memorandum.pdf
Item Status:	REVIEWED
Status Date:	06/21/2012

FILING MEMORANDUM

ITEM R-1404—2012 UPDATE TO RETROSPECTIVE RATING PLAN PARAMETERS—EXCESS LOSS FACTORS

PURPOSE

This item proposes to update the Excess Loss Factors in NCCI's 2009 Edition of the *Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance*.

BACKGROUND

Retrospective rating is a plan for adjusting premium according to the loss experience during the effective period of a policy.

The Retrospective Rating Plan contains an optional provision—an individual loss limitation—which limits the amount of a loss arising out of any one accident that will be used in the calculation of retrospective premium adjustments. The charge for limiting losses is determined by application of an Excess Loss Factor (ELF).

The ELFs vary by loss limitation and hazard group. The variation in ELFs across hazard groups reflects the varying degrees of severity exposure to occupational hazards inherent to operations associated with each classification. ELFs must be updated periodically for two reasons:

1. ELFs are computed from excess ratios, which reflect the expected percentage of losses above a given loss limit. For any fixed limit, inflation will increase the percentage of losses above that limit. Therefore, excess ratios and ELFs are periodically updated to accurately reflect the effect of inflation on those losses.
2. Overall excess ratios are computed as a weighted average of injury-type excess ratios. Thus, excess ratios, and consequently ELFs, must be updated regularly for changes in the mix of injury types.

The proposed state ELFs are based on the data underlying the currently approved NCCI loss cost filing. This data was trended forward to the effective date of the next anticipated NCCI loss cost filing. The proposed ELFs were then computed in the same way as the currently approved ELFs.

PROPOSAL

In states for which loss costs are developed rather than final rates, this filing proposes to update the ELFs that are used with an optional loss limitation in the Retrospective Rating Plan. Exhibit 1 contains the proposed ELFs. For Arizona, Florida, Idaho, Iowa, and Virginia, updated ELFs will be included in each state's next rate/loss cost filing.

Note: Some states have Excess Loss Pure Premium Factors, but do not have Excess Loss and Allocated Expense Pure Premium Factors. This includes Georgia, Illinois, Kentucky, Louisiana, Maryland, Oregon, and South Dakota.

IMPACT

The proposed ELFs are necessary to maintain the aggregate expected balance between the retrospectively rated premium and the guaranteed cost premium. If the ELFs were not updated, there would be a natural slippage over time caused by inflation acting to increase the percentage of losses over any fixed loss limit.

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ITEM R-1404—2012 UPDATE TO RETROSPECTIVE RATING PLAN PARAMETERS—EXCESS LOSS FACTORS

The proposed ELF's also reflect the updated mix of injury types. These changes are not expected to have any impact on overall premium levels.

IMPLEMENTATION

In order to implement this item, the attached exhibits detail the changes required in NCCI's 2009 Edition of the *Retrospective Rating Plan Manual*.

This item is applicable to new and renewal voluntary policies and will become effective concurrently with each state's approved rate/loss cost filing. For example, this item will be effective January 1, 2013 for approved rate/loss cost filings that have a January 1, 2013 effective date. Similarly, this item will be effective July 1, 2013 for approved rate/loss cost filings that have a July 1, 2013 effective date. If there is no rate/loss cost filing for a state in a given year, this item will take effect on that state's "normal" rate effective date. (The "normal" rate effective date is the anniversary date of the previous year's effective date in that state.)

The following chart shows the anticipated effective dates for each state:

State	Anticipated Effective Date*
Alabama	March 1, 2013
Alaska	January 1, 2013
Arkansas	July 1, 2013
Colorado	January 1, 2013
Connecticut	January 1, 2013
District of Columbia	November 1, 2012
Georgia	March 1, 2013
Hawaii	This item will be implemented in Hawaii's loss cost filing proposed to be effective January 1, 2013. Effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.
Illinois	January 1, 2013
Indiana	January 1, 2013
Kansas	January 1, 2013
Kentucky	October 1, 2012
Louisiana	May 1, 2013
Maine	January 1, 2013

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FILING MEMORANDUM

ITEM R-1404—2012 UPDATE TO RETROSPECTIVE RATING PLAN PARAMETERS—EXCESS
 LOSS FACTORS

State	Anticipated Effective Date*
Maryland	January 1, 2013
Mississippi	March 1, 2013
Missouri	January 1, 2013
Montana	July 1, 2013
Nebraska	February 1, 2013
Nevada	March 1, 2013
New Hampshire	January 1, 2013
New Mexico	January 1, 2013
North Carolina	April 1, 2013
Oklahoma	January 1, 2013
Oregon	January 1, 2013
Rhode Island	June 1, 2013
South Carolina	July 1, 2013
South Dakota	July 1, 2013
Tennessee	March 1, 2013
Texas	June 1, 2013
Utah	December 1, 2012
Vermont	April 1, 2013
West Virginia	November 1, 2012

* Subject to change depending on the approved effective date of the loss cost filing if a loss cost filing has been submitted for a state.

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