



October 12, 1999

Circular 99-29

To: All Members

REVISED SCHEDULE RATING PLAN

The ICRB filed a revision to the Schedule Rating Plan to be effective July 1, 1999. The purpose of the revision is to add a characteristic to the Indiana Schedule Rating Table to allow a credit or debit up to 5% for an employer with a Drug Free Workplace Program.

The Indiana Department of Insurance approved the filing on July 29, 1999.

The attached Filing Memorandum describes the purpose, background, and the revised table. Subscribers to the NCCI *Experience Rating Plan Manual* should receive updated pages A-11 and A-12 that describe Schedule Rating for the twenty states with plans.

Sincerely,

Ronald W. Cooper, CWCP
General Manager

FILING MEMORANDUM

ITEM ER-IN-01—Drug Free Workplace Program

(To be effective 12:01 a.m. on July 1, 1999, applicable to new and renewal business only.)

PURPOSE

The purpose of this filing is to add a characteristic to the Indiana Schedule Rating Table to allow a credit or debit up to 5% for an employer with a Drug Free Workplace Program.

BACKGROUND

At its meeting held April 15, 1999, the ICRB Steering Committee reviewed the issue of allowing drug free workplace program credits. Nine states have passed legislation on some type of workers compensation premium discount as an incentive for employers to adopt a drug free workplace program. The states are Alabama, Florida, Georgia, Mississippi, Ohio, South Carolina, Tennessee, Virginia, and Washington. Each state has its own unique features. Credits can range from 5-20% with limits on credits from 3 years to no limit.

The Steering Committee was aware of interest in drug free workplace program credits and potential legislation that might be introduced on the subject. The Committee consensus was that rather than having premium credits mandated by law, it would prefer that credits be promulgated through rules and used by members at their discretion.

Indiana is one of twenty states with a Schedule Rating Plan. The plan table is located in the *Experience Rating Plan Manual*, page A-11. It lists all states with a schedule rating plan. In Indiana, the plan has been in effect since September 1, 1989. The plan allows for credits or debits up to 50% maximum (even though the table shows up to 60% possible). The intent of the plan is to allow premium adjustments "to reflect such characteristics of the risk that are not reflected in its experience." The insurance company underwriter determines the adjustment on a per policy basis. The adjustment does not require ICRB or Department of Insurance approval. The carrier need only maintain evidence in its customer file which supports the adjustments. In Indiana, carriers may only use the plan filed by the ICRB (please see attached exhibit).

PROPOSAL

It is proposed to add an eighth characteristic to the Indiana Schedule Rating Table to allow a credit or debit up to 5% for an employer with a Drug Free Workplace Program. The Schedule Rating Table in the *Experience Rating Plan Manual* will be revised to reflect the new characteristic. Note that the Schedule Rating Plan is not available for assigned risk insureds.

CURRENT		PROPOSED	
Characteristic	Amount	Characteristic	Amount
Premises	10%	Premises	10%
Class Peculiarity	10%	Class Peculiarity	10%
Medical Facility	10%	Medical Facility	10%
Safety Devices	10%	Safety Devices	10%
Employee: selection, training, supervision	10%	Employee: selection, training, supervision	10%
Management: cooperation	5%	Management: cooperation	5%
Management: safety organization	5%	Management: safety organization	5%
		Drug Free Workplace Program	5%

IMPACT

This item could have an impact on premium up to 5% on an individual employer basis and only for an employer that installs a drug free workplace program and whose insurer elects to provide a premium adjustment. As the intent of the Schedule Rating Plan in general, and this proposed characteristic are to recognize differences of the employer not reflected in its experience, and any adjustments are at the discretion of the insurer, an overall impact cannot be determined.

EXHIBITS

Schedule Rating page of the *Experience Rating Plan Manual*, page A-11

IMPLEMENTATION

This filing is proposed to become effective on July 1, 1999, applicable to new and renewal business only.