

SERFF Tracking Number: INCR-128091047 State: Indiana
Filing Company: Indiana Compensation Rating Bureau State Tracking Number:
Company Tracking Number: 01-IN-2012
TOI: 16.0 Workers Compensation Sub-TOI: 16.0002 Employers Liability WC
Product Name: 01-IN-2012
Project Name/Number: Revisions to Basic Manual Rule 3-A & Withdrawal of the Policy Period Endorsement/01-IN-2012

Filing at a Glance

Company: Indiana Compensation Rating Bureau

Product Name: 01-IN-2012	SERFF Tr Num: INCR-128091047	State: Indiana
TOI: 16.0 Workers Compensation	SERFF Status: Closed-Filed	State Tr Num:
Sub-TOI: 16.0002 Employers Liability WC	Co Tr Num: 01-IN-2012	State Status:
Filing Type: Rule	Co Status:	Reviewer(s): Bob Reeder
	Author: Robin Eleson	Disposition Date: 02/15/2012
	Date Submitted: 02/14/2012	Disposition Status: Filed
Effective Date Requested (New): 03/01/2012		Effective Date (New):
Effective Date Requested (Renewal): 03/01/2012		Effective Date (Renewal):

General Information

Project Name: Revisions to Basic Manual Rule 3-A & Withdrawal of the Policy Period Endorsement	Status of Filing in Domicile: Pending
Project Number: 01-IN-2012	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular: IN-2012-01
Filing Status Changed: 02/15/2012	Company Status Changed:
State Status Changed:	Deemer Date:
Created By: Robin Eleson	Submitted By: Robin Eleson
Corresponding Filing Tracking Number:	
Filing Description:	
Revisions to Basic Manual Rule 3-A & Withdrawal of the Policy Period Endorsement	

Company and Contact

Filing Contact Information

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Filing Company Information

Indiana Compensation Rating Bureau	CoCode:	State of Domicile: Indiana
5920 Castleway W Dr	Group Code:	Company Type: Rating Organization

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Indianapolis, IN 46250 Group Name: ICRB State ID Number:
(317) 842-2800 ext. 301[Phone] FEIN Number: 35-0837318

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:
Per Company: Yes

SERFF Tracking Number: *INCR-128091047* *State:* *Indiana*
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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Bob Reeder	02/15/2012	02/15/2012

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Disposition

Disposition Date: 02/15/2012

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Rate data does NOT apply to filing.

<i>SERFF Tracking Number:</i>	<i>INCR-128091047</i>	<i>State:</i>	<i>Indiana</i>
<i>Filing Company:</i>	<i>Indiana Compensation Rating Bureau</i>	<i>State Tracking Number:</i>	
<i>Company Tracking Number:</i>	<i>01-IN-2012</i>		
<i>TOI:</i>	<i>16.0 Workers Compensation</i>	<i>Sub-TOI:</i>	<i>16.0002 Employers Liability WC</i>
<i>Product Name:</i>	<i>01-IN-2012</i>		
<i>Project Name/Number:</i>	<i>Revisions to Basic Manual Rule 3-A & Withdrawal of the Policy Period Endorsement/01-IN-2012</i>		

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	80 Filing Description/Cover Letter/NAIC Transmittal		Yes
Supporting Document	Filing Fee		Yes
Supporting Document	Third Party Filers		Yes
Supporting Document	01-IN-2012 Filing Memorandum		Yes

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Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: 80 Filing Description/Cover Letter/NAIC Transmittal		

Comments:

01-IN-2012 - Revisions to Basic Manual Rule 3-A & Withdrawal of the Policy Period Endorsement

	Item Status:	Status Date:
Satisfied - Item: Filing Fee		

Comments:

The quarterly billing system is currently applicable & mandatory for SERFF filings. The IDOI will bill for the filing.

	Item Status:	Status Date:
Satisfied - Item: Third Party Filers		

Comments:

Per IC 27-7-2-3 through IC 27-7-2-4, the Bureau has statutory authority to file rates, rules, plans & forms on behalf of all workers compensation insurance companies in Indiana.

	Item Status:	Status Date:
Satisfied - Item: 01-IN-2012 Filing Memorandum		

Comments:

Attachment:

01-IN-2012 Revisions to Basic Manual Rule 3-A & Withdrawal of the Policy Period Endorsement.pdf

FILING MEMORANDUM

ITEM 01-IN-2012—REVISIONS TO BASIC MANUAL RULE 3-A AND WITHDRAWAL OF THE POLICY PERIOD ENDORSEMENT

(To be effective 12:01 a.m. on **March 1, 2012**, applicable to new and renewal voluntary and assigned risk policies.)

PURPOSE

This item:

- Creates new state exceptions in Indiana's State Rule Exceptions section of NCCI's **Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)**
- Withdraws national **Basic Manual** Rules 3-A-2 (ARD Tables 3 and 4), 3-A-11-d, 3-A-11-e, 3-A-16-b(3), and 3-A-16-b(4)
- Withdraws WC 00 04 05—Policy Period Endorsement from being applicable in Indiana as provided in NCCI's **Forms Manual of Workers Compensation and Employers Liability Insurance (Forms Manual)**

BACKGROUND

The Indiana Workers Compensation Act (IC § 22-3-5-5(c)(6)) deems to include in every policy of any company or association the following provisions:

(6) This policy shall automatically expire one (1) year from the effective date of the policy unless:

(A) the policy covers a period of three (3) years, in which event, it shall automatically expire three (3) years from the effective date of the policy; or

(B) the policy is issued as a continuous policy, in which event it shall not expire until terminated by the insured or the insurer in accord with applicable state law and applicable policy provisions.

The termination of a policy, as provided in this subdivision, shall be effective as to the employees of the insured covered by the policy.

At a result, any short-term or long-term policy time frames that are inconsistent with the Act are not permissible.

At the direction of the Indiana Compensation Rating Bureau, NCCI has prepared this item to remove rule references and an endorsement pertaining to short-term or long-term policies.

PROPOSAL

This item proposes to create Indiana state exceptions to the following NCCI **Basic Manual** rules that are inconsistent with IC § 22-3-5-5(c)(6):

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FILING MEMORANDUM

ITEM 01-IN-2012—REVISIONS TO BASIC MANUAL RULE 3-A AND WITHDRAWAL OF THE POLICY PERIOD ENDORSEMENT

- Rule 3-A-2 (ARD Tables 3 and 4)
- Rules 3-A-11-d and 3-A-11-e
- Rules 3-A-16-b(3) and 3-A-16-b(4)

This item also proposes to withdraw the corresponding national rules where Indiana state exceptions are being proposed.

In addition, national endorsement WC 00 04 05—Policy Period Endorsement is proposed to be withdrawn in Indiana. The Policy Period Endorsement is used for policies with policy periods that are longer than one year to indicate which part of the policy will be handled as a short-term policy. Since short-term policies are not allowed in Indiana, this endorsement will be withdrawn for use in Indiana.

IMPACT

The statewide premium impact is undeterminable; however, it is not expected to have a significant premium impact.

IMPLEMENTATION

The following exhibits detail the changes required to implement this item:

- **Exhibits 1–3** detail the proposed creation of Indiana state exceptions in NCCI's *Basic Manual*
- **Exhibits 4–7** detail the proposed *Basic Manual* rules to be withdrawn in Indiana as a result of the creation of Indiana state exceptions
- **Exhibit 8** details the proposed Indiana withdrawal of WC 00 04 05—Policy Period Endorsement in NCCI's *Forms Manual*

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**ITEM 01-IN-2012—REVISIONS TO BASIC MANUAL RULE 3-A AND WITHDRAWAL OF THE
POLICY PERIOD ENDORSEMENT**

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

2. Anniversary Rating Date (ARD)

Change ARD Table 3 in Rule 3-A-2 as follows:

ARD Table 3

<u>For other situations such as . . .</u>	<u>The insurance carrier must apply . . .</u>
<u>A Three-Year Fixed-Rate Policy . . .</u>	<u>The rates in force on the effective date of the policy without change until its termination.</u> <u>Exceptions:</u> <u>A single rate revision resulting in an increase of 10% or more on outstanding policies must be applied to the remaining portion of the policy.</u>

Change ARD Table 4 in Rule 3-A-2 as follows:

ARD Table 4

<u>Applicable Endorsements</u>
<u>Use the Standard Anniversary Rating Date Endorsement (WC 00 04 02) when necessary. The endorsement is used to show the normal anniversary rating date if different from the policy effective date.</u>

ITEM 01-IN-2012—REVISIONS TO BASIC MANUAL RULE 3-A AND WITHDRAWAL OF THE
POLICY PERIOD ENDORSEMENT

EXHIBIT 2
BASIC MANUAL—2001 EDITION
INDIANA STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION

11. Expense Constant

Change Rule 3-A-11-d as follows:

Rule 3-A-11-d does not apply in Indiana.

Change Rule 3-A-11-e as follows:

- e. If the policy is cancelled by the insured, except when retiring from business, the short-rate portion of the expense constant must not be less than \$15.

The pro rata portion of expense constants are charged when:

- The policy is cancelled:
 - By the insurance carrier according to Cancellation Provisions Table 1
 - When the insured is retiring from business according to Cancellation Provisions Table 2
 - When an assigned risk policy is cancelled because coverage was placed in the voluntary market according to Cancellation Provisions Table 3
- The amount changes due to a change in the anniversary rating date
Refer to the **User's Guide** for an example.

ITEM 01-IN-2012—REVISIONS TO BASIC MANUAL RULE 3-A AND WITHDRAWAL OF THE
POLICY PERIOD ENDORSEMENT

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

16. Minimum Premium

b. Determination

Change Rule 3-A-16-b(3) as follows:

Rule 3-A-16-b(3) does not apply in Indiana.

Change Rule 3-A-16-b(4) as follows:

(4) The minimum premium is prorated when:

- A policy is cancelled by the insurance carrier according to Cancellation Provisions Table 1
- A policy is cancelled when the insured is retiring from business according to Cancellation Provisions Table 2
- An assigned risk policy is cancelled because coverage was placed in the voluntary market according to Cancellation Provisions Table 3
- The amount changes due to a change in the anniversary rating date

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

ITEM 01-IN-2012—REVISIONS TO BASIC MANUAL RULE 3-A AND WITHDRAWAL OF THE
POLICY PERIOD ENDORSEMENT

EXHIBIT 4
BASIC MANUAL—2001 EDITION
(NATIONAL RULE TO BE WITHDRAWN IN **INDIANA**)
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION

2. Anniversary Rating Date (ARD)

ARD Table 3

For other situations such as	The insurance carrier must apply
A long term policy (issued for a period longer than one year and 16 days, other than a Three Year Fixed Rate Policy)	All rules, classifications and rates to individual units as if a separate policy had been issued. <ul style="list-style-type: none"> • Divide the policy into consecutive units of 12 months each. • This division will designate either the first or last unit of less than 12 months as a short term policy. Refer to the <i>User's Guide</i> for an example.
A Three Year Fixed Rate Policy	The rates in force on the effective date of the policy without change until its termination. <p>Exceptions:</p> A single rate revision resulting in an increase of 10% or more on outstanding policies must be applied to the remaining portion of the policy.

ARD Table 4

Applicable Endorsements
• Use the Standard Anniversary Rating Date Endorsement (WC 00 04 02) when necessary. The endorsement is used to show the normal anniversary rating date if different from the policy effective date. <ul style="list-style-type: none"> • Use the Standard Policy Period Endorsement (WC 00 04 05) if the policy period is not a multiple of 12 months. This endorsement is used to designate the first or last unit of less than 12 months as a short term policy.

ITEM 01-IN-2012—REVISIONS TO BASIC MANUAL RULE 3-A AND WITHDRAWAL OF THE
POLICY PERIOD ENDORSEMENT

EXHIBIT 5
BASIC MANUAL—2001 EDITION
(NATIONAL RULE TO BE WITHDRAWN IN INDIANA)
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION

11. Expense Constant

~~d. Full expense constants must be charged for short term policies.~~

~~**Exceptions:**~~

~~Expense constants are prorated when short term policies are issued:~~

- ~~• To replace a binder~~
- ~~• Solely to establish consistent effective dates with other insurance policies~~

ITEM 01-IN-2012—REVISIONS TO BASIC MANUAL RULE 3-A AND WITHDRAWAL OF THE
POLICY PERIOD ENDORSEMENT

EXHIBIT 6
BASIC MANUAL—2001 EDITION
(NATIONAL RULE TO BE WITHDRAWN IN INDIANA)
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION

11. Expense Constant

- ~~e. If the policy is cancelled by the insured, except when retiring from business, the short rate portion of the expense constant must not be less than \$15.~~
- ~~In addition to the exception to Rule 3 A 11 d above, the pro rata portion of expense constants are charged when:~~
- ~~• The policy is cancelled:~~
 - ~~• By the insurance carrier according to Cancellation Provisions Table 1~~
 - ~~• When the insured is retiring from business according to Cancellation Provisions Table 2~~
 - ~~• When an assigned risk policy is cancelled because coverage was placed in the voluntary market according to Cancellation Provisions Table 3~~
 - ~~• The amount changes due to a change in the anniversary rating date~~
- ~~Refer to the **User's Guide** for an example.~~

ITEM 01-IN-2012—REVISIONS TO BASIC MANUAL RULE 3-A AND WITHDRAWAL OF THE
POLICY PERIOD ENDORSEMENT

EXHIBIT 7
BASIC MANUAL—2001 EDITION
(NATIONAL RULE TO BE WITHDRAWN IN INDIANA)
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION

16. Minimum Premium

b. Determination

~~(3) Full minimum premiums are charged for short term policies, subject to 4. below.~~

~~(4) The minimum premium is prorated when:~~

- ~~• A short term policy is issued to replace a binder~~
- ~~• A short term policy is issued to establish consistent effective dates with other insurance policies~~
- ~~• A policy is cancelled by the insurance carrier according to Cancellation Provisions Table 1~~
- ~~• A policy is cancelled when the insured is retiring from business according to Cancellation Provisions Table 2~~
- ~~• An assigned risk policy is cancelled because coverage was placed in the voluntary market according to Cancellation Provisions Table 3~~
- ~~• The amount changes due to a change in the anniversary rating date~~
~~Refer to the **User's Guide** for an example.~~

**ITEM 01-IN-2012—REVISIONS TO BASIC MANUAL RULE 3-A AND WITHDRAWAL OF THE
POLICY PERIOD ENDORSEMENT**

**EXHIBIT 8
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
(NATIONAL ENDORSEMENT TO BE WITHDRAWN IN INDIANA)**

~~POLICY PERIOD ENDORSEMENT WC 00 04 05~~

~~The policy period shown in Item 2 of the Information Page consists of the consecutive periods shown in the
Schedule. Our Manuals and all provisions of the policy apply separately to each period.~~

~~Schedule~~

From	to	12:01 a.m.
From	to	12:01 a.m.
From	to	12:01 a.m.