

Notice of Workers Compensation Experience Rating Change

The National Council on Compensation Insurance (NCCI) has filed a “split point” change in their workers compensation experience rating plan with state insurance departments that could have a significant impact on your business. This rating change could increase or decrease your experience rating mod as it is implemented over the next three years.

Note: Take a look at NCCI’s “The ABC’s of Experience Rating” which explains in not too technical terms the premise for the “split point”: http://www.ncci.com/media/pdf/abc_Exp_Rating.pdf

According to NCCI’s estimates, over 47,000 employers countrywide could find their experience mod increased by 0.10 points or more. Again, tens of thousands of employers should also find their mod *decreased* by varying amounts. To understand why this change is being made, NCCI provides these webcasts:

- <http://tinyurl.com/NCCIwebcast1>
- <http://tinyurl.com/NCCIwebcast2>

Because the experience mod is just one factor used in determining your final workers compensation premium, a change in your experience mod from, for example, 1.00 to 1.10 does not necessarily mean that your premium will increase by 10%. You can access your experience rating worksheets at least two months prior to your rating effective date at www.ncci.com/worksheets by entering your Risk ID and a PIN number supplied by NCCI. We will work with you to obtain this information and attempt to project how this change might impact your experience mod and your workers compensation premium.

Then, if an increase is indicated, we will work with you and your workers compensation insurance company to minimize its impact on your business operations. For example, aside from any (or no) premium effect, this change could impact your working relationship with other organizations. To illustrate, some entities will not allow a contractor to bid on a project if its workers compensation experience mod exceeds a certain threshold. If you are faced with that situation, we can help you explain why this is an invalid and inappropriate application of your experience mod.

Again, as a Trusted Choice® insurance agency, we will do our very best to work diligently with you to minimize any adverse impact of this change on your operations. If you have any questions, please feel free to contact us.