

Order 91-30B

Written application of the independent insurance agents of Arkansas request to modify the workers compensation premium rate calculation for logging and lumbering classification (code 2702)

November 25, 1991

Now on this 25th day of November, 1991, comes before the Commissioner of Insurance, the written application of the Independent Insurance Agents of Arkansas dated November 25, 1991, by and through its President, Mr. Ron Lensing, pursuant to Ark. Code Ann. s 23-67-119(1)(F) requesting that the Commissioner modify those certain Orders Number 91-30 and 91-30A heretofore entered by him on August 2, 1991 and August 20, 1991 respectively, whereby said Orders:

- (i) eliminated the use of "Upset Payroll" factors in connection with Code 2702 -- Logging and Lumbering;
- (ii) reduced the manual rate for that Code from \$64.24 per \$100.00 of payroll to \$29.25 per \$100.00 of payroll; and
- (iii) implemented a two year transition program before the full implementation of the new \$29.25 manual rate for all employers in Class 2702 whose premiums previously had been paid based upon "Upset Payroll" factors.

Based upon the matters set forth in said written application, the written notification by the National Council on Compensation Insurance that it does not object to the matters requested, and after further consideration thereof, the Commissioner has determined to order and to amend and modify the referenced Orders in the manner hereinafter set forth:

ACCORDINGLY THE COMMISSIONER FINDS AS FOLLOWS:

1. The Commissioner retains jurisdiction over the parties to this cause, over the filing made by the National Council on Compensation Insurance, and over the subject matter of Orders Number 91-30 and 91-30A, the same having been entered on August 2, 1991 and August 20, 1991 respectively.
2. That pursuant to the written application dated November 25, 1991, from Mr. Ron Lensing, President of the Independent Insurance Agents of Arkansas ("IIAA"), setting forth a due, good faith grievance, the Commissioner has determined that the retroactive effective date of the elimination of premium calculations based upon "Upset Payroll" factors has severely handicapped those employers who obtained new or renewal policies from March 1, 1991 through August 2, 1991. This is because at the time of procurement of those policies the employers had anticipated and based their premiums on the "Upset Payroll" factors and had priced their products or services accordingly in order to

anticipate sufficient revenue to cover the premiums which had been quoted at the time of the original issuance of the policies. The Commissioner has also determined that such employers should be afforded sufficient advance notice of the premium calculation change in order to make the necessary adjustments required by such change, and, therefore, the effect of those portions of the Orders must be changed.

3. That the National Council on Compensation Insurance, by letter from its council Nick Thompson to the Commissioner dated November 25, 1991, states that it does not object to the relief requested by the IIAA and waives any hearing that might otherwise be required pursuant to the IIAA written application to the Commissioner.

IT IS, THEREFORE, ORDERED ADJUDGED AND DECREED AS FOLLOWS:

A. That those policies issued or renewed to employers classified in Code 2702 on or after March 1, 1991 and through August 2, 1991 with quoted premiums based upon "Upset Factors" at the payroll rate of \$64.24 per \$100.00 of payroll (\$3.40 per cord for shortwood or \$6.00 per MBF for longwood) shall continue in effect based upon the rate quoted at the time of the issuance or renewal of the policy through December 31, 1991. For those policies issued or renewed on or after August 3, 1991 through December 31, 1991 the insured shall have the option to have the premium based upon the \$21.94 transitional payroll rate approved by the Commissioner in Order 91-30A or upon the "Upset Factors" at the payroll rate of \$64.24 per \$100.00 of payroll (\$3.40 per cord for shortwood or \$6.00 per MBF for longwood) for the period commencing August 3, 1991 through December 31, 1991. On and after January 1, 1992 the rate to be charged for all policies issued with effective dates on or after March 1, 1991 to employers classified in Code 2702 whether new, renewal or outstanding, shall be the rates as approved by the Commissioner pursuant to Order Number 91-30 as amended by Order 91-30A.

B. That insofar as herein above set forth and expressly modified each and every aspect of Orders 91-30 and 91-30A be and are hereby ratified and confirmed in all respects.

Lee Douglass
Insurance Commissioner
