

SERFF Tracking Number: NCCI-125695412 State: Arkansas  
Filing Company: NCCI State Tracking Number: EFT \$100  
Company Tracking Number: R-1397-AR  
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC  
Product Name: R-1397- 2008 Update to Retrospective Rating Plan Parameters-Excess Loss Factors  
Project Name/Number: /

## Filing at a Glance

Company: NCCI

Product Name: R-1397- 2008 Update to Retrospective Rating Plan Parameters-Excess Loss Factors  
SERFF Tr Num: NCCI-125695412 State: Arkansas

TOI: 16.0 Workers Compensation  
Sub-TOI: 16.0004 Standard WC

SERFF Status: Closed  
Co Tr Num: R-1397-AR

State Tr Num: EFT \$100  
State Status: Fees verified and received

Filing Type: Rule

Co Status:

Reviewer(s): Betty Montesi, Carol Stiffler

Authors: Lesley O'Brien, Alison Herwig, Frank Gnolfo, Terri Robinson

Disposition Date: 06/30/2008

Effective Date Requested (New): 07/01/2009  
Effective Date Requested (Renewal): 07/01/2009

Date Submitted: 06/30/2008

Disposition Status: Approved  
Effective Date (New): 07/01/2009  
Effective Date (Renewal):

State Filing Description:

## 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: 06/30/2008

State Status Changed: 06/30/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

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

SERFF Tracking Number: NCCI-125695412 State: Arkansas  
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 TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC  
 Product Name: R-1397- 2008 Update to Retrospective Rating Plan Parameters-Excess Loss Factors  
 Project Name/Number: /

## Company and Contact

### Filing Contact Information

Terri Robinson, State Relations Executive terri\_robinson@ncci.com  
 46714 Highway 10 (501) 753-5180 [Phone]  
 Perryville, AR 72126 (561) 893-5655[FAX]

### 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  
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## Filing Fees

Fee Required? Yes  
 Fee Amount: \$100.00  
 Retaliatory? No  
 Fee Explanation: 1 Rule filing  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
NCCI	\$100.00	06/30/2008	21137227

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Carol Stiffler	06/30/2008	06/30/2008

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## Disposition

Disposition Date: 06/30/2008

Effective Date (New): 07/01/2009

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: NCCI-125695412 State: Arkansas  
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<b>Item Type</b>	<b>Item Name</b>	<b>Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Uniform Transmittal Document-Property & Casualty	Approved	Yes
<b>Supporting Document</b>	NAIC Loss Cost Filing Document for Workers' Compensation	Approved	Yes
<b>Supporting Document</b>	NAIC loss cost data entry document	Approved	Yes
<b>Supporting Document</b>	Explanatory Memorandum	Approved	Yes
<b>Rate</b>	Exhibits 1 &2	Approved	Yes

SERFF Tracking Number: NCCI-125695412 State: Arkansas  
Filing Company: NCCI State Tracking Number: EFT \$100  
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## Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: NCCI-125695412 State: Arkansas  
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 Project Name/Number: /

## Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Approved	Exhibits 1 &2	Excess Loss Pure Premium Factors	Replacement	R-1396 R1397 AR Exhibit 1.pdf R1397 AR Exhibit 2.pdf

ITEM R-1397—2008 UPDATE TO RETROSPECTIVE RATING PLAN EXCESS LOSS FACTORS

**EXHIBIT 1**  
**RETROSPECTIVE RATING PLAN MANUAL**  
**APPLIES IN ARKANSAS**  
**ARKANSAS EXCESS LOSS PURE PREMIUM FACTORS**

Excess Loss Pure Premium Factors							
Per Accident Limitation	Hazard Groups						
	A	B	C	D	E	F	G
\$10,000 †	0.531	0.580	0.610	0.636	0.664	0.704	0.737
\$15,000 †	0.474	0.528	0.561	0.590	0.622	0.668	0.709
\$20,000 †	0.432	0.487	0.522	0.553	0.589	0.639	0.686
\$25,000	0.397	0.453	0.490	0.522	0.560	0.613	0.665
\$30,000	0.368	0.424	0.462	0.495	0.535	0.591	0.646
\$35,000	0.344	0.399	0.438	0.471	0.512	0.570	0.629
\$40,000	0.323	0.377	0.417	0.450	0.492	0.552	0.614
\$50,000	0.289	0.341	0.381	0.414	0.458	0.519	0.586
\$75,000	0.233	0.278	0.318	0.350	0.394	0.457	0.532
\$100,000	0.197	0.238	0.276	0.306	0.349	0.412	0.491
\$125,000	0.173	0.209	0.246	0.274	0.316	0.378	0.459
\$150,000	0.156	0.188	0.224	0.251	0.291	0.351	0.433
\$175,000	0.142	0.171	0.206	0.231	0.270	0.329	0.411
\$200,000	0.131	0.158	0.192	0.215	0.252	0.310	0.392
\$225,000	0.122	0.147	0.180	0.202	0.237	0.293	0.375
\$250,000	0.115	0.139	0.171	0.191	0.225	0.280	0.362
\$275,000	0.108	0.131	0.162	0.181	0.214	0.267	0.349
\$300,000	0.102	0.124	0.154	0.173	0.205	0.256	0.337
\$325,000	0.098	0.118	0.148	0.165	0.196	0.246	0.326
\$350,000	0.093	0.113	0.142	0.159	0.188	0.237	0.317
\$375,000	0.089	0.108	0.136	0.153	0.182	0.229	0.308
\$400,000	0.086	0.104	0.132	0.147	0.175	0.222	0.300
\$425,000	0.083	0.100	0.127	0.143	0.170	0.215	0.293
\$450,000	0.080	0.097	0.123	0.138	0.165	0.209	0.286
\$475,000	0.077	0.094	0.120	0.134	0.160	0.203	0.279
\$500,000	0.075	0.091	0.116	0.130	0.155	0.198	0.273
\$600,000	0.067	0.082	0.105	0.118	0.140	0.180	0.253
\$700,000	0.062	0.074	0.097	0.108	0.129	0.166	0.236
\$800,000	0.058	0.070	0.091	0.101	0.121	0.155	0.223
\$900,000	0.054	0.065	0.085	0.095	0.113	0.146	0.211
\$1,000,000	0.051	0.061	0.080	0.089	0.107	0.138	0.200
\$2,000,000	0.031	0.039	0.052	0.059	0.071	0.093	0.140
\$3,000,000	0.022	0.029	0.039	0.044	0.054	0.072	0.110
\$4,000,000	0.017	0.022	0.031	0.035	0.043	0.059	0.091
\$5,000,000	0.014	0.018	0.025	0.029	0.036	0.049	0.078
\$6,000,000	0.011	0.015	0.021	0.024	0.030	0.042	0.067
\$7,000,000	0.009	0.013	0.018	0.021	0.026	0.036	0.059
\$8,000,000	0.008	0.011	0.016	0.018	0.023	0.032	0.053
\$9,000,000	0.008	0.010	0.014	0.016	0.020	0.028	0.047
\$10,000,000	0.007	0.009	0.013	0.015	0.018	0.026	0.043

† This loss limit is not applicable for retrospective rating in this state.

ITEM R-1397—2008 UPDATE TO RETROSPECTIVE RATING PLAN EXCESS LOSS FACTORS

**EXHIBIT 1**  
**RETROSPECTIVE RATING PLAN MANUAL**  
**APPLIES IN ARKANSAS**  
**ARKANSAS EXCESS LOSS PURE PREMIUM FACTORS**

<b>Excess Loss and Allocated Expense Pure Premium Factors</b>							
<b>Per Accident Limitation</b>	<b>Hazard Groups</b>						
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
\$10,000 †	0.618	0.671	0.703	0.730	0.759	0.801	0.829
\$15,000 †	0.559	0.616	0.652	0.683	0.717	0.765	0.801
\$20,000 †	0.513	0.573	0.612	0.645	0.682	0.734	0.778
\$25,000	0.476	0.537	0.578	0.612	0.652	0.708	0.758
\$30,000	0.444	0.506	0.548	0.584	0.626	0.685	0.739
\$35,000	0.418	0.479	0.522	0.558	0.602	0.664	0.722
\$40,000	0.394	0.455	0.499	0.536	0.581	0.644	0.707
\$50,000	0.356	0.415	0.460	0.497	0.544	0.610	0.679
\$75,000	0.291	0.344	0.389	0.425	0.474	0.543	0.622
\$100,000	0.249	0.297	0.341	0.375	0.424	0.494	0.578
\$125,000	0.219	0.262	0.306	0.338	0.386	0.455	0.543
\$150,000	0.198	0.237	0.279	0.310	0.356	0.425	0.514
\$175,000	0.180	0.217	0.257	0.287	0.331	0.399	0.489
\$200,000	0.166	0.200	0.240	0.267	0.310	0.376	0.468
\$225,000	0.155	0.186	0.225	0.251	0.292	0.357	0.448
\$250,000	0.146	0.176	0.213	0.238	0.278	0.341	0.432
\$275,000	0.138	0.166	0.202	0.226	0.265	0.326	0.417
\$300,000	0.131	0.157	0.193	0.215	0.253	0.313	0.404
\$325,000	0.124	0.150	0.185	0.206	0.242	0.301	0.391
\$350,000	0.119	0.143	0.177	0.198	0.233	0.290	0.380
\$375,000	0.114	0.137	0.171	0.191	0.225	0.281	0.370
\$400,000	0.109	0.132	0.165	0.184	0.217	0.272	0.360
\$425,000	0.105	0.127	0.159	0.178	0.210	0.264	0.352
\$450,000	0.102	0.123	0.154	0.172	0.204	0.256	0.344
\$475,000	0.099	0.119	0.150	0.167	0.198	0.249	0.336
\$500,000	0.096	0.115	0.146	0.162	0.193	0.243	0.329
\$600,000	0.086	0.103	0.132	0.147	0.174	0.221	0.305
\$700,000	0.078	0.094	0.121	0.135	0.160	0.204	0.285
\$800,000	0.073	0.088	0.113	0.126	0.150	0.191	0.269
\$900,000	0.068	0.082	0.106	0.118	0.140	0.180	0.255
\$1,000,000	0.064	0.077	0.100	0.111	0.132	0.170	0.243
\$2,000,000	0.040	0.050	0.066	0.074	0.088	0.115	0.171
\$3,000,000	0.029	0.037	0.050	0.056	0.068	0.090	0.136
\$4,000,000	0.022	0.029	0.040	0.045	0.055	0.074	0.114
\$5,000,000	0.018	0.024	0.033	0.038	0.046	0.063	0.098
\$6,000,000	0.014	0.019	0.027	0.031	0.039	0.053	0.085
\$7,000,000	0.012	0.017	0.024	0.027	0.034	0.047	0.075
\$8,000,000	0.011	0.015	0.021	0.024	0.030	0.041	0.067
\$9,000,000	0.010	0.013	0.019	0.021	0.026	0.037	0.061
\$10,000,000	0.009	0.012	0.017	0.019	0.024	0.033	0.056

† This loss limit is not applicable for retrospective rating in this state.

ITEM R-1397—2008 UPDATE TO RETROSPECTIVE RATING PLAN EXCESS LOSS FACTORS

**EXHIBIT 2  
RETROSPECTIVE RATING PLAN MANUAL  
APPLIES IN ARKANSAS  
ARKANSAS EXCESS LOSS PURE PREMIUM FACTORS**

<b>Excess Loss Pure Premium Factors</b>				
<b>Per Accident Limitation</b>	<b>4 Hazard Group Option</b>			
	<b>Hazard Groups</b>			
	<b>1*</b>	<b>2*</b>	<b>3*</b>	<b>4*</b>
\$10,000 †	0.570	0.619	0.685	0.737
\$15,000 †	0.517	0.571	0.646	0.709
\$20,000 †	0.475	0.532	0.615	0.686
\$25,000	0.441	0.500	0.588	0.665
\$30,000	0.412	0.473	0.564	0.646
\$35,000	0.387	0.449	0.542	0.629
\$40,000	0.366	0.428	0.523	0.614
\$50,000	0.330	0.392	0.490	0.586
\$75,000	0.268	0.328	0.426	0.532
\$100,000	0.229	0.286	0.381	0.491
\$125,000	0.201	0.255	0.348	0.459
\$150,000	0.181	0.233	0.322	0.433
\$175,000	0.165	0.214	0.300	0.411
\$200,000	0.152	0.199	0.281	0.392
\$225,000	0.142	0.187	0.265	0.375
\$250,000	0.134	0.177	0.253	0.362
\$275,000	0.126	0.168	0.241	0.349
\$300,000	0.119	0.160	0.231	0.337
\$325,000	0.114	0.153	0.221	0.326
\$350,000	0.109	0.147	0.213	0.317
\$375,000	0.104	0.142	0.206	0.308
\$400,000	0.100	0.137	0.199	0.300
\$425,000	0.096	0.132	0.193	0.293
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\$1,000,000	0.059	0.083	0.123	0.200
\$2,000,000	0.037	0.054	0.082	0.140
\$3,000,000	0.027	0.041	0.063	0.110
\$4,000,000	0.021	0.032	0.051	0.091
\$5,000,000	0.017	0.027	0.043	0.078
\$6,000,000	0.014	0.022	0.036	0.067
\$7,000,000	0.012	0.019	0.031	0.059
\$8,000,000	0.010	0.017	0.027	0.053
\$9,000,000	0.009	0.015	0.024	0.047
\$10,000,000	0.009	0.013	0.022	0.043

\* The values shown for Hazard Groups 1 through 4 are for the reference of those carriers that have filed for the use of these hazard groups in accordance with Item B-1403.

† This loss limit is not applicable for retrospective rating in this state.

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	<b>Hazard Groups</b>			
	<b>1*</b>	<b>2*</b>	<b>3*</b>	<b>4*</b>
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\$15,000 †	0.605	0.662	0.742	0.801
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\$25,000	0.525	0.589	0.681	0.758
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\$40,000	0.443	0.511	0.614	0.707
\$50,000	0.403	0.472	0.578	0.679
\$75,000	0.333	0.400	0.510	0.622
\$100,000	0.287	0.352	0.460	0.578
\$125,000	0.253	0.316	0.421	0.543
\$150,000	0.229	0.289	0.391	0.514
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\$500,000	0.111	0.151	0.218	0.329
\$600,000	0.099	0.136	0.198	0.305
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\$2,000,000	0.048	0.069	0.102	0.171
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\$4,000,000	0.028	0.042	0.065	0.114
\$5,000,000	0.023	0.035	0.055	0.098
\$6,000,000	0.018	0.029	0.046	0.085
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## Supporting Document Schedules

**Satisfied -Name:** Uniform Transmittal Document-  
Property & Casualty **Review Status:** Approved 06/30/2008

**Comments:**

**Attachment:**

P&C Transmittal- R-1397 AR.pdf

**Bypassed -Name:** NAIC Loss Cost Filing Document  
for Workers' Compensation **Review Status:** Approved 06/30/2008

**Bypass Reason:** NA

**Comments:**

**Bypassed -Name:** NAIC loss cost data entry document **Review Status:** Approved 06/30/2008

**Bypass Reason:** NA

**Comments:**

**Satisfied -Name:** Explanatory Memorandum **Review Status:** Approved 06/30/2008

**Comments:**

**Attachment:**

R-1397- Filing Memorandum.pdf

## Property & Casualty Transmittal Document

<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b> a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table style="width: 100%; border: none;"> <tr> <td style="width: 60%; border: none;">New Business</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

<b>3. Group Name</b>	<b>Group NAIC #</b>

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #

<b>5. Company Tracking Number</b>	
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**Contact Info of Filer(s) or Corporate Officer(s)** [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail

7. Signature of authorized filer	
8. Please print name of authorized filer	

**Filing information** (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	
10. Sub-Type of Insurance (Sub-TOI)	
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: <input style="width: 100px;" type="text"/> Renewal: <input style="width: 100px;" type="text"/>
15. Reference Filing?	<input type="checkbox"/> Yes <input type="checkbox"/> No
16. Reference Organization (if applicable)	
17. Reference Organization # & Title	
18. Company's Date of Filing	
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

## Property & Casualty Transmittal Document—

<b>20.</b>	<b>This filing transmittal is part of Company Tracking #</b>	
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<b>21.</b>	<b>Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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<b>22.</b>	<b>Filing Fees</b> (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
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**Check #:**  
**Amount:**

**Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.**

**\*\*\*Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

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## FORM FILING SCHEDULE

(This form must be provided **ONLY** when making a filing that includes forms)  
 (Do **not** refer to the body of the filing for the forms listing, unless allowed by state.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	
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<b>2.</b>	<b>This filing corresponds to rate/rule filing number</b> (Company tracking number of rate/rule filing, if applicable)	
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<b>3.</b>	<b>Form Name /Description/Synopsis</b>	<b>Form # Include edition date</b>	<b>Replacement Or withdrawn?</b>	<b>If replacement, give form # it replaces</b>	<b>Previous state filing number, if required by state</b>
01			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

PC FFS-1

## RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

**(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)**

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	
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<b>2.</b>	<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	
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Rate Increase     
  Rate Decrease     
  Rate Neutral (0%)

<b>3.</b>	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	
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<b>4a.</b>	<b>Rate Change by Company (As Proposed)</b>
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

<b>4b.</b>	<b>Rate Change by Company (As Accepted) For State Use Only</b>
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

<b>5.</b>	<b>Overall Rate Information (Complete for Multiple Company Filings only)</b>
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		COMPANY USE	STATE USE
<b>5a</b>	<b>Overall percentage rate indication (when applicable)</b>		
<b>5b</b>	<b>Overall percentage rate impact for this filing</b>		
<b>5c</b>	<b>Effect of Rate Filing – Written premium change for this program</b>		
<b>5d</b>	<b>Effect of Rate Filing – Number of policyholders affected</b>		

<b>6.</b>	<b>Overall percentage of last rate revision</b>	
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<b>7.</b>	<b>Effective Date of last rate revision</b>	
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<b>8.</b>	<b>Filing Method of Last filing (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	
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9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

## FILING MEMORANDUM

### ITEM R-1397—2008 UPDATE TO RETROSPECTIVE RATING PLAN PARAMETERS-EXCESS LOSS FACTORS

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#### PURPOSE

This item proposes to update the Excess Loss Factors in NCCI's *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 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 need to be updated periodically for two reasons:

1. ELFs are computed from excess ratios, giving the percentage of losses expected to be above a given 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, need to 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. The proposed ELFs for loss cost states are found in Exhibit 1 and Exhibit 2. For states where final rates are developed, updated ELFs will be included in the state's next rate filing.

#### 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 caused by inflation acting over time to increase the percentage of losses over any fixed loss limit. The proposed ELFs also reflect the updated mix of injury types. These changes are not expected to have any impact on overall premium levels.

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FILING MEMORANDUM

**ITEM R-1397—2008 UPDATE TO RETROSPECTIVE RATING PLAN PARAMETERS-EXCESS  
 LOSS FACTORS**

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**IMPLEMENTATION**

In order to implement this item, the attached Exhibits detail the changes required in NCCI's *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 the 2009 filing cycle. For example, this item will be effective January 1, 2009 for approved rate/loss cost filings that have a January 1, 2009 effective date. Similarly, this item will be effective July 1, 2009 for approved rate/loss filings that have a July 1, 2009 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 state's previous year's rate effective date.

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

State	Anticipated Effective Date
Alabama	01-Mar-2009
Alaska	01-Jan-2009
Arkansas	01-Jul-2009
Colorado	01-Jan-2009
Connecticut	01-Jan-2009
District of Columbia	01-Nov-2008
Georgia	01-May-2009
Hawaii	Effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.
Illinois	01-Jan-2009
Indiana	01-Jan-2009
Kansas	01-Jan-2009
Kentucky	01-Oct-2008
Louisiana	01-May-2009
Maine	01-Jan-2009
Maryland	01-Jan-2009
Mississippi	01-Mar-2009
Missouri	01-Jan-2009
Montana	01-Jul-2009

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FILING MEMORANDUM

ITEM R-1397—2008 UPDATE TO RETROSPECTIVE RATING PLAN PARAMETERS-EXCESS  
 LOSS FACTORS

Nebraska	01-Feb-2009
Nevada	01-Mar-2009
New Hampshire	01-Jan-2009
New Mexico	01-Jan-2009
North Carolina	01-Apr-2009
Oklahoma	01-Jan-2009
Oregon	01-Jan-2009
Rhode Island	01-Jun-2009
South Carolina	01-Jul-2009
South Dakota	01-Jul-2009
Tennessee	01-Mar-2009
Utah	01-Dec-2008
Vermont	01-Apr-2009
Virginia	In Virginia, these changes will become effective for policies effective on or after 12:01 a.m. on April 1, 2009.

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