

SERFF Tracking Number: WESA-125817959 State: Arkansas
Filing Company: Dallas National Insurance Company State Tracking Number: #? \$100
Company Tracking Number: DNIC-08-008
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
Product Name: Workers' Compensation Large Deductible Program
Project Name/Number: Large Deductible Rule Exception/DNIC-08-008

Filing at a Glance

Company: Dallas National Insurance Company

Product Name: Workers' Compensation Large Deductible Program SERFF Tr Num: WESA-125817959 State: Arkansas

Deductible Program

TOI: 16.0 Workers Compensation

SERFF Status: Closed

State Tr Num: #? \$100

Sub-TOI: 16.0004 Standard WC

Co Tr Num: DNIC-08-008

State Status: Fees verified

Filing Type: Rule

Co Status:

Reviewer(s): Betty Montesi, Carol Stiffler

Author: Westmont Associates

Disposition Date: 09/17/2008

Date Submitted: 09/17/2008

Disposition Status: Approved

Effective Date Requested (New): On Approval

Effective Date (New): 09/17/2008

Effective Date Requested (Renewal): On Approval

Effective Date (Renewal):

State Filing Description:

General Information

Project Name: Large Deductible Rule Exception

Status of Filing in Domicile: Not Filed

Project Number: DNIC-08-008

Domicile Status Comments: Not filed in Texas

Reference Organization: None

Reference Number: None

Reference Title: None

Advisory Org. Circular: None

Filing Status Changed: 09/17/2008

State Status Changed: 09/17/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

Enclosed please find the Company's Workers Compensation Large Deductible Rule Addenda filing submission. A letter permitting Westmont Associates, Inc. to file on behalf of the Company is enclosed for your review.

The Company is filing to revise its currently approved Workers' Compensation Large Deductible product. The currently approved rules indicate that an insured may choose between two deductible options: a \$1,000,000 deductible option and a \$2,000,000 deductible option. The Company is now filing the attached rule exception so that it can offer deductibles starting at \$100,000, then at increments of \$100,000 up to the largest option of \$2,000,000.

SERFF Tracking Number: WESA-125817959 State: Arkansas
 Filing Company: Dallas National Insurance Company State Tracking Number: #? \$100
 Company Tracking Number: DNIC-08-008
 TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
 Product Name: Workers' Compensation Large Deductible Program
 Project Name/Number: Large Deductible Rule Exception/DNIC-08-008

If you have any questions or concerns regarding this filing, please do not hesitate to contact me at (856) 216-0220.
 Thank you in advance for your attention to this matter.

Company and Contact

Filing Contact Information

(This filing was made by a third party - westmontassociatesinc)

Wesley Pohler, AVP wes@westmontlaw.com
 25 Chestnut Street (856) 216-0220 [Phone]
 Haddonfield, NJ 08033 (856) 216-0303[FAX]

Filing Company Information

Dallas National Insurance Company CoCode: 32271 State of Domicile: Texas
 14160 Dallas Parkway Group Code: Company Type:
 Suite 500
 Dallas, TX 75254 Group Name: State ID Number:
 (800) 533-0457 ext. [Phone] FEIN Number: 95-4139154

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? No
 Fee Explanation: Arkansas check - rate/rule
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Dallas National Insurance Company	\$0.00	09/17/2008	

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
30748	\$100.00	09/16/2008

SERFF Tracking Number: WESA-125817959 State: Arkansas
 Filing Company: Dallas National Insurance Company State Tracking Number: #? \$100
 Company Tracking Number: DNIC-08-008
 TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
 Product Name: Workers' Compensation Large Deductible Program
 Project Name/Number: Large Deductible Rule Exception/DNIC-08-008

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Carol Stiffler	09/17/2008	09/17/2008

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Carol Stiffler	09/17/2008	09/17/2008	Westmont Associates	09/17/2008	09/17/2008

SERFF Tracking Number: WESA-125817959 *State:* Arkansas
Filing Company: Dallas National Insurance Company *State Tracking Number:* #? \$100
Company Tracking Number: DNIC-08-008
TOI: 16.0 Workers Compensation *Sub-TOI:* 16.0004 Standard WC
Product Name: Workers' Compensation Large Deductible Program
Project Name/Number: Large Deductible Rule Exception/DNIC-08-008

Disposition

Disposition Date: 09/17/2008

Effective Date (New): 09/17/2008

Effective Date (Renewal):

Status: Approved

Comment: This filing is approved contingent on receiving the filing fee shown.

Rate data does NOT apply to filing.

SERFF Tracking Number: WESA-125817959 State: Arkansas
 Filing Company: Dallas National Insurance Company State Tracking Number: #? \$100
 Company Tracking Number: DNIC-08-008
 TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
 Product Name: Workers' Compensation Large Deductible Program
 Project Name/Number: Large Deductible Rule Exception/DNIC-08-008

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	NAIC Loss Cost Filing Document for Workers' Compensation	Approved	Yes
Supporting Document	NAIC loss cost data entry document	Approved	Yes
Supporting Document	Cover Letter	Approved	Yes
Supporting Document	Letter of Authorization	Approved	Yes
Supporting Document	Approved Filing	Approved	Yes
Rate	Large Deductible Rule Exception	Approved	Yes

SERFF Tracking Number: WESA-125817959 State: Arkansas
Filing Company: Dallas National Insurance Company State Tracking Number: #? \$100
Company Tracking Number: DNIC-08-008
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
Product Name: Workers' Compensation Large Deductible Program
Project Name/Number: Large Deductible Rule Exception/DNIC-08-008

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 09/17/2008

Submitted Date 09/17/2008

Respond By Date

Dear Wesley Pohler,

This will acknowledge receipt of the captioned filing.

Objection 1

- Large Deductible Rule Exception (Rate)

Comment: Bulletin 17-99 (attached) gives the requirements that a large deductible program must include. The rule page filed doesn't meet those requirements. However, it is possible that previous filings did include all of those requirements and this filing only changes the deductible amounts. Please confirm that the previous filing(s) did comply with Bulletin 17-99.

Please feel free to contact me if you have questions.

Sincerely,

Carol Stiffler



**ARKANSAS INSURANCE DEPARTMENT
LEGAL DIVISION**

1200 West Third Street
Little Rock, AR 72201-1904
501-371-2820
FAX 501-371-2629

BULLETIN 17-99

December 13, 1999

**TO: ACCOUNTING AND UNDERWRITING DEPTS. OF WORKERS' COMPENSATION
INSURERS**

FROM: ARKANSAS INSURANCE DEPARTMENT

**GUIDELINES FOR IMPLEMENTATION OF "LARGE DEDUCTIBLE" WORKERS COMPENSATION
PROGRAMS**

Under the provisions of Ark. Code Ann. §23-67-219, this Department has the authority to approve or disapprove "rating plans" of carriers as they relate to workers compensation and employers liability insurance. This authority over rating plans includes the right to approve or to disapprove large deductible workers' compensation programs.

Following are the criteria or "guidelines" that the Property and Casualty Division will apply in reviewing such filings by rate service organizations or by individual workers' compensation carriers, viz:

1. Deductibles may be offered in such amounts and ranges as the carrier may desire and for which it obtains approval from the Department. All available deductibles must be displayed in the rules manual.
2. Carriers must make a reasonable financial examination of the employer desiring a large deductible program by requiring a financial statement acceptable to the insurer of the employer's most recently completed fiscal year in order to determine whether the employer is fiscally sound and responsible enough to bear the economic burdens of such a program. A follow-up financial examination must be performed before any such program may be renewed beyond the initial term. No term may exceed one year. The filing must contain a description of the financial assurance the carrier intends to require.
3. Carriers must receive irrevocable financial guarantees of indubitable value and unquestionable right of recourse. Such guarantees must be provided by the employer and placed under the sole control of the carrier in a sum equal to no less than *three* months of the carrier's *bona fide*, reasonable anticipated claim exposure posed by the particular risk. The financial guarantee must consist of:
 - (i) cash;
 - (ii) securities designated by the securities Valuation office of the National Association of Insurance Commissioners as Class 1 or Class 2;
 - (iii) an irrevocable letter of credit from a State or Federally-chartered banking institution that is insured by the Federal Deposit Insurance Corporation, which said banking institution may not have any affiliation or common ownership with the employer risk; or
 - (iv) certificates of deposit issued by banking institutions as delimited above, which said certificates must either be issued in the name of the carrier or be properly endorsed and assigned to the carrier.
4. The minimum premium requirement for program eligibility shall be shown in the submission .
5. If the ratings procedure to be used by the carrier is to be translated into tabular values to assist underwriters, that table must be submitted to the Department as well.
6. The program shall set forth precisely how the premium shall be calculated.

7. The deductible amount shall be prominently set forth on the policy declaration page.
8. The program, and each policy issued thereunder must clearly state that all claims, beginning with the first dollar, will be paid by the carrier and that the employer shall reimburse the carrier for all amounts within the deductible no later than thirty (30) days from the billing therefor.

Since failure to reimburse deductible amounts has the same effect as not paying premium, the carrier shall issue a ten (10) day notice of cancellation *of the policy* as required by Ark. Code Ann. §11-9-408(b)(2) if any employer does not re-pay any sums within the deductible within the required period. The carrier may *not* apply any part of the deposit discussed in paragraph 3 above to the payment of premium or the reimbursement of deductible.

9. The program and policies must clearly state that the carrier shall handle and administer all claims even within the deductible amount and that the carrier will be responsible to and have the right to defend all claims, even within the deductible amount.
10. The program and policies issued thereunder must specifically state that *all claims* must be reported and paid by the carrier regardless of the amount thereof.
11. All traditional premium and claim statistical reporting will be made to the National Council on Compensation Insurance on these policies just as it is on all other workers compensation policies.
12. It has come to our attention that there has been some confusion on how workers' compensation premiums are to be reported on "Schedule WC --Computation Of Annual Workers' Compensation Commission Taxes" included in your Annual Statement packet. The definition of Written Manual Premium given on this form was written in 1983 before many of the changes common to workers' compensation programs were implemented. We want to clarify this definition for today's users.

The definition on Schedule WC is: "Written manual premium shall mean premium produced in given year by the manual rates in effect during the experience period and shall exclude the premium produced by the expense constant. Further, written manual premium for the purpose of this law means premium before any allowable deviated discounts, any experience rating modification, any premium discount, any reinsurance or deductible arrangement as common with fronting carrier, any dividend consideration or other trade discount."

Written manual premium is the premium calculated by using the [**payroll divided by 100**] **multiplied by the company's filed rates** (not loss costs). It does **not** include expense constants, or any other modification (experience modifiers, credits, debits, deductibles, etc).

<u>EXAMPLE</u>	
Payroll	= \$90,000
Rate	= 1.50
<u>\$90,000</u>	x 1.50 = \$1,350
100	

Any questions regarding this Bulletin or the implementation of a large deductible program shall be directed to either Carol Stiffler at 501-371-2807 or by E-mail at carol.stiffler@mail.state.ar.us.

MIKE PICKENS
INSURANCE COMMISSIONER
STATE OF ARKANSAS

SERFF Tracking Number: WESA-125817959 State: Arkansas
Filing Company: Dallas National Insurance Company State Tracking Number: #? \$100
Company Tracking Number: DNIC-08-008
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
Product Name: Workers' Compensation Large Deductible Program
Project Name/Number: Large Deductible Rule Exception/DNIC-08-008

Response Letter

Response Letter Status Submitted to State
Response Letter Date 09/17/2008
Submitted Date 09/17/2008

Dear Carol Stiffler,

Comments:

Response 1

Comments: Thanks Carol - attached is an informational copy of the approved Arkansas Workers' Compensation Large Deductible submission.

Best regards,

Wes

Related Objection 1

Applies To:

- Large Deductible Rule Exception (Rate)

Comment:

Bulletin 17-99 (attached) gives the requirements that a large deductible program must include. The rule page filed doesn't meet those requirements. However, it is possible that previous filings did include all of those requirements and this filing only changes the deductible amounts. Please confirm that the previous filing(s) did comply with Bulletin 17-99.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Approved Filing

Comment: See attached.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

SERFF Tracking Number: WESA-125817959 *State:* Arkansas
Filing Company: Dallas National Insurance Company *State Tracking Number:* #? \$100
Company Tracking Number: DNIC-08-008
TOI: 16.0 Workers Compensation *Sub-TOI:* 16.0004 Standard WC
Product Name: Workers' Compensation Large Deductible Program
Project Name/Number: Large Deductible Rule Exception/DNIC-08-008

Sincerely,
Westmont Associates

SERFF Tracking Number: WESA-125817959 *State:* Arkansas
Filing Company: Dallas National Insurance Company *State Tracking Number:* #? \$100
Company Tracking Number: DNIC-08-008
TOI: 16.0 Workers Compensation *Sub-TOI:* 16.0004 Standard WC
Product Name: Workers' Compensation Large Deductible Program
Project Name/Number: Large Deductible Rule Exception/DNIC-08-008

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: WESA-125817959 State: Arkansas
 Filing Company: Dallas National Insurance Company State Tracking Number: #? \$100
 Company Tracking Number: DNIC-08-008
 TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
 Product Name: Workers' Compensation Large Deductible Program
 Project Name/Number: Large Deductible Rule Exception/DNIC-08-008

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Approved	Large Deductible Rule Exception	Page 1	New	Rule - LD.pdf

**DALLAS NATIONAL INSURANCE COMPANY
WORKERS' COMPENSATION LARGE DEDUCTIBLE RULES
RULE EXCEPTION**

Rule	Deductible Program
-------------	---------------------------

Per Accident Deductible

Per accident deductible shall be available for combined medical and indemnity benefits at \$100,000 dollar intervals beginning with \$100,000 up to a maximum of \$2,000,000. An employer may elect to incorporate allocated loss adjustment expenses as a reimbursed amount in conjunction with any one of the deductible intervals.

SERFF Tracking Number: WESA-125817959 State: Arkansas
 Filing Company: Dallas National Insurance Company State Tracking Number: #? \$100
 Company Tracking Number: DNIC-08-008
 TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
 Product Name: Workers' Compensation Large Deductible Program
 Project Name/Number: Large Deductible Rule Exception/DNIC-08-008

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty
Review Status: Approved 09/17/2008

Comments:

Attachment:

NAIC 01-06.pdf

Bypassed -Name: NAIC Loss Cost Filing Document for Workers' Compensation
Review Status: Approved 09/17/2008

Bypass Reason: Not applicable - rule filing.

Comments:

Bypassed -Name: NAIC loss cost data entry document
Review Status: Approved 09/17/2008

Bypass Reason: Not applicable - rule filing.

Comments:

Satisfied -Name: Cover Letter
Review Status: Approved 09/17/2008

Comments:

Attached is the cover letter.

Attachment:

2008 WC Letter DRAFT.pdf

Satisfied -Name: Letter of Authorization
Review Status: Approved 09/17/2008

Comments:

Attached is the letter of auth.

Attachment:

Letter of Auth 2008.pdf

SERFF Tracking Number: WESA-125817959 State: Arkansas
Filing Company: Dallas National Insurance Company State Tracking Number: #? \$100
Company Tracking Number: DNIC-08-008
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
Product Name: Workers' Compensation Large Deductible Program
Project Name/Number: Large Deductible Rule Exception/DNIC-08-008

Review Status:

Satisfied -Name: Approved Filing

Approved

09/17/2008

Comments:

See attached.

Attachment:

AR Rate Filing.pdf

Property & Casualty Transmittal Document (Revised 1/1/06)

AR _____

1. Reserved for Insurance Dept. Use Only

--

2. Insurance Department Use Only

a. Date the filing is received:	
b. Analyst:	
c. Disposition:	
d. Date of disposition of the filing:	
e. Effective date of filing:	
New Business	
Renewal Business	
f. State Filing #:	
g. SERFF Filing #:	
h. Subject Codes	

3. Group Name	Group NAIC #
n/a	1631

4. Company Name(s)	Domicile	NAIC #	FEIN #
Dallas National Insurance Company	TX	32271	95-4139154

5. Company Tracking Number	DNIC-08-008
-----------------------------------	-------------

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
Wesley Pohler	AVP	(856) 216-0220	(856) 216-0303	wes@westmontlaw.com
25 Chestnut Street, Suite 105 Haddonfield, NJ 08033				

7. Signature of authorized filer ***Wesley Pohler***

8. Please print name of authorized filer Wesley Pohler

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

9. Type of Insurance (TOI),	Please select from the drop down list. 16.0 Workers Compensation		
10. Sub-Type of Insurance (Sub-TOI)	16.0001 Standard Workers Compensation		
11. State Specific Product code(s) (if applicable) [See State Specific Requirements]	n/a		
12. Company Program Title (marketing title)	Workers Compensation		
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input checked="" 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: _____		
14. Effective Date(s) Requested	New	Upon Earliest Approval	Renewal: Upon Earliest Approval
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
16. Reference Organization (if applicable)	None		
17. Reference Organization # & Title	n/a		
18. Company's Date of Filing	9/16/2008		
19. Status of filing in domicile	<input checked="" type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved		

Property & Casualty Transmittal Document ---

20.	This filing transmittal is part of Company Tracking #	DNIC-08-008
-----	--	-------------

21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
-----	--

Submission of the Company's Workers Compensation Large Deductible Rule Addenda filing

22.	Filing Fees (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]
-----	---

Check #: 30748

Amount: \$100.00

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.)**

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.)

1.	This filing transmittal is part of Company Tracking #	DNIC-08-008
-----------	--	-------------

2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	n/a
-----------	---	-----

Rate Increase
 Rate Decrease
 Rate Neutral (0%)

3.	Filing Method Prior Approval, File & Use, Flex Band, etc.	File and Use
-----------	---	--------------

4a.	Rate Change by Company (As Proposed)
------------	---

Company Name	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)
Dallas National Insurance Company	N/A	N/A	N/A	N/A		

4b.	Rate Change by Company (As Accepted) For State Use Only
------------	--

Company Name	Overall % Rate Impact	Written premium change for this program	S of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

Overall Rate Information (Complete for Multiple Company Filings only)			
--	--	--	--

		COMPANY USE	STATE USE
5a.	Overall percentage rate impact for this filing	N/A	
5b.	Effect of Rate Filing - Written premium change for this program	N/A	
5c.	Effect of Rate Filing - Number of policyholders affected	N/A	

6.	Overall percentage of last rate revision	N/A
-----------	---	-----

7.	Effective Date of last rate revision	N/A
-----------	---	-----

8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	N/A
-----------	--	-----

9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	Large Deductible Rule Exception	<input checked="" 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	



**WESTMONT
ASSOCIATES, INC.**

September 15, 2008

Department of Insurance
Property and Casualty Division
Workers' Compensation Review Section

**RE: Dallas National Insurance Company
NAIC #: 32271/ FEIN #: 95-4139154
Workers Compensation
Large Deductible Rule Addenda Submission
Company Filing #: DNIC-08-008
Effective Date: Upon Earliest Possible Approval**

To Whom It May Concern:

Enclosed please find the Company's Workers Compensation Large Deductible Rule Addenda filing submission. A letter permitting Westmont Associates, Inc. to file on behalf of the Company is enclosed for your review.

The Company is filing to revise its currently approved Workers' Compensation Large Deductible product. The currently approved rules indicate that an insured may choose between two deductible options: a \$1,000,000 deductible option and a \$2,000,000 deductible option. The Company is now filing the attached rule exception so that it can offer deductibles starting at \$100,000, then at increments of \$100,000 up to the largest option of \$2,000,000.

If you have any questions or concerns regarding this filing, please do not hesitate to contact me at (856) 216-0220. Thank you in advance for your attention to this matter.

Respectfully Submitted,

Wesley Pohler

Wesley Pohler
Assistant Vice-President
wes@westmontlaw.com

Enc.

Cc: L. McGregor - DNIC



January 18, 2008

RE: Dallas National Insurance Company
NAIC # 32271
FEIN: 95-4139154
Letter of Authorization for Filing of Forms, Rates and Rules

In accordance with the applicable statutes and regulations of your state, Nancy Stepanski, Wesley Pohler and Jennifer Waldron of **Westmont Associates, Inc.**, are hereby authorized to file form, rate and rule filings on behalf of Dallas National Insurance Company.

Sincerely,

A handwritten signature in black ink, appearing to read "Gail A. Lane".

Gail A. Lane, Esq.
Corporate Secretary and Director of Compliance



**WESTMONT
ASSOCIATES, INC.**

December 8, 2006

The Honorable Julie Benafield Brown
Commissioner of Insurance
Arkansas Department of Insurance
1200 West Third Street
Little Rock, AR 72201

Attn: Workers' Compensation Review Section

**RE: Dallas National Insurance Company
NAIC #: 32271/ FEIN #: 95-4139154
Workers' Compensation
Large Deductible Rate and Rule Filing
Company Filing #: DNIC-06-002-R
Effective Date: January 15, 2007 or Upon Earliest Possible Approval**

Dear Commissioner Benafield Brown:

Enclosed please find the Company's initial Workers' Compensation Large Deductible rate and rule filing. The filing herein constitutes a new filing for the Company and does not replace any previously filed submission. A letter permitting Westmont Associates, Inc. to file on behalf of the Company is enclosed for your review.

The Company is filing its Workers' Compensation Large Deductible rate and rule materials for your review. Please find attached the following documents which constitute its program:

- Workers' Compensation Large Deductible Rules
- Workers' Compensation Large Deductible Rating Procedure
- Workers' Compensation Large Deductible Premium Calculation

The forms associated with this rate and rule filing have been submitted under a separate cover letter under Company filing number DNIC-06-002-F.

Your early approval of this submission is respectfully requested. Enclosed please find a self-addressed stamped envelope for your convenience in returning the duplicate copy of this filing, evidencing your approval.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Wesley Pohler'.

Wesley Pohler
Assistant Vice President
wes@westmontlaw.com

Enc.

Cc: L. McGregor - DNIC



August 14, 2006

RE: Dallas National Insurance Company
NAIC#: 32271
FEIN#: 95-4139154
Letter of Authorization for Filing of Forms, Rates and Rules

In accordance with the applicable statutes and regulations of your state, Nancy Stepanski, Wesley Pohler and Jennifer Waldron of **Westmont Associates, Inc.** are hereby authorized to file form, rate and rule filings on behalf of Dallas National Insurance Company.

Sincerely,

A handwritten signature in black ink, appearing to read "Cecil J. Autry", is written over a horizontal line.

Cecil J. Autry, Esq., CPCU
Corporate Secretary and Director of Compliance

Property & Casualty Transmittal Document (Revised 1/1/06)

AR _____

1. Reserved for Insurance Dept. Use Only

--

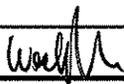
2. Insurance Department Use Only	
a. Date the filing is received:	
b. Analyst:	
c. Disposition:	
d. Date of disposition of the filing:	
e. Effective date of filing:	
New Business	
Renewal Business	
f. State Filing #:	
g. SERFF Filing #:	
h. Subject Codes	

3. Group Name	Group NAIC #

4. Company Name(s)	Domicile	NAIC #	FEIN #
Dallas National Insurance Company	TX	32271	95-4139154

5. Company Tracking Number	DNIC-06-002-R
-----------------------------------	---------------

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Wesley Pohler Westmont Associates, Inc.	Assistant Vice President	(856) 216-0220	(856) 216-0303	wes@westmontlaw.com
	25 Chestnut Street, Suite 105 Haddonfield, NJ 08033	Westmont Associates, Inc.			
7.	Signature of authorized filer				
8.	Please print name of authorized filer		Wesley Pohler		

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

9.	Type of Insurance (TOI),	Please select from the drop down list. 16.0 - Workers Compensation			
10.	Sub-Type of Insurance (Sub-TOI)	n/a			
11.	State Specific Product code(s) (if applicable) [See State Specific Requirements]	n/a			
12.	Company Program Title (marketing title)	Workers Compensation Large Deductible			
13.	Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other: _____			
14.	Effective Date(s) Requested	New: 1/15/07 or upon earlier approval	Renewal:	1/15/07 or upon earlier approval	
15.	Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
16.	Reference Organization (if applicable)	n/a			
17.	Reference Organization # & Title	n/a			
18.	Company's Date of Filing	12/8/06			
19.	Status of filing in domicile	<input checked="" type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved			

Property & Casualty Transmittal Document ---

20.	This filing transmittal is part of Company Tracking # DNIC-06-002-R
-----	--

21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
-----	--

Initial rate and rule filing for Company's Workers' Compensation Large Deductible Program

22.	Filing Fees (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]
-----	---

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.)

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.)

1.	This filing transmittal is part of Company Tracking #	DNIC-06-002-R
----	--	---------------

2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	DNIC-06-002-F
----	---	---------------

Rate Increase
 Rate Decrease
 Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	Prior Approval
----	--	----------------

4a. Rate Change by Company (As Proposed)						
Company Name	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)
Dallas National Insurance Company	0					

4b. Rate Change by Company (As Accepted) For State Use Only						
Company Name	Overall % Rate Impact	Written premium change for this program	S of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

Overall Rate Information (Complete for Multiple Company Filings only)			
		COMPANY USE	STATE USE
5a.	Overall percentage rate impact for this filing	n/a - new program	
5b.	Effect of Rate Filing - Written premium change for this program	n/a - new program	
5c.	Effect of Rate Filing - Number of policyholders affected	n/a - new program	
6.	Overall percentage of last rate revision	n/a - new program	
7.	Effective Date of last rate revision	n/a - new program	
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	n/a - new program	

9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	WC Large Deductible Rules Pages 1-3	<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02	WC Large Deductible Rate Pages 1-4	<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	

**DALLAS NATIONAL INSURANCE COMPANY
LARGE DEDUCTIBLE RATING PROCEDURE**

The workers compensation large deductible premium equals:

$$DP = (EEL + ALC + FE) \div (1.0 - VER) + TADL, \text{ where:}$$

A. EEL = Expected Excess Loss

1. Standard Premium
2. Deductible
3. Excess Loss Pure Premium Factor for Deductible (From Retrospective Rating Manual)
4. Hazard Group
5. Hazard Group Differential (From Retrospective Rating Manual)
6. Expected Loss Ratio (ELR) *
7. Retrospective Rating ELR
8. Loss Elimination Ratio (A3)
9. Expected Losses (A1 × A6)
10. Expected Limited Losses $([1.0 - A8]) \times A9$
11. Expected Excess Losses (A9 - A10)

* The Expected Loss Ratio (ELR) is equal to 49.2%. The underwriter may increase or decrease this value to reflect individual policyholder characteristics based on the company's loss forecast for the individual risk and state characteristics based on benefit level changes mandated by law change.

If the deductible applies to the sum of loss and allocated loss adjustment expense (ALAE), the otherwise applicable ELR is increased by a factor of 1.095.

B. ALC = Aggregate Limit Charge

1. Aggregate Limit
2. Expected Losses (A9)
3. Loss Group Adjustment Factor $(1.0 + [0.8 \times A8]) \div (1.0 - A8)$
4. Losses to Determine Table M Group (A1 × A5 × A7 × B3)
5. Table M Group
6. Entry Ratio in Table M (B1 ÷ A10)
7. Table M Charge
8. Aggregate Limit Charge (A10 × B7)

C. FE = Fixed Expenses

1. Loss Adjustment Expense Factor **
2. Loss Adjustment Expense ($A9 \times C1$)
3. Other Fixed Expenses Factor ***
4. Risk Charge Factor ***
5. Fixed Expenses and Risk Charge ($A1 \times [C3 + C4]$)
6. Total Fixed Expenses ($C2 + C5$)

** The Loss Adjustment Expense (LAE) Factor is equal to 18.5%. The underwriter may increase or decrease this value to reflect individual policyholder characteristics based on experience and favorable/unfavorable cooperation of the individual policyholder. The underwriter may also adjust this factor to reflect state characteristics based on company claim expenses in the state. If the deductible applies to the sum of loss and ALAE, the LAE factor is 8.2%.

*** The Other Fixed Expenses (e.g., other underwriting and policy issuance expenses) Factor is equal to 1.4% and the Risk Charge Factor is equal to 4.0%. The underwriter may adjust these values to reflect individual policyholder characteristics based on expected cost of service requested by the individual policyholder, billing arrangements, security arrangements, company costs and operating expenses in the covered state.

D. TADL = Taxes and Assessments on Deductible Loss

1. State Tax & Assessment Rate as Percentage of Total Loss
2. Expected Deductible Loss ($A10$)
3. Assessments on Deductible Loss ($D1 \times D2$)

E. VER = Variable Expense Ratio

1. Acquisition Ratio and Profit & Contingency *****
2. State Tax & Assessment Multiplier
3. Tax & Assessment Ratio ($1.0 - [1.0 \div E2]$)
4. Other Variable Expenses *****
5. Total Variable Expense Ratio ($E1 + E3 + E4$)

***** The Acquisition Ratio and Profit & Contingency loading is equal to 23.3% and consists of 20.26% for Commission and Brokerage, 0.98% for Other Acquisition Expenses, and 2.09% for Profit and Contingency. The Other Variable Expense loading is equal to 4.1%.

F. DP = Deductible Policy Premium

$$\text{Premium} = (A11 + B8 + C6) \div (1.0 - E5) + D3$$

Definitions for Items Included in Rating Procedure

- A. **Expected Excess Losses** – the component of the deductible premium to cover losses in excess of the deductible limit. Upon agreement between the insurer and the insured, the deductible may be applicable to loss plus allocated loss adjustment expense (ALAE).

A1 – **Standard premium** – the product of the manual rate, the exposure for the risk, and any applicable experience modification factor

A3 – **Excess Loss Pure Premium Factor for Deductible** – the filed workers' compensation retrospective rating excess loss pure premium factor in the state for the loss limit selected

A5 – **Hazard Group Differential** – from the Retrospective Rating Manual, State Special Rating Values Page RR1

A6 – **Expected Loss Ratio** – the standard premium expected loss ratio at current rates for full coverage

- B. **Aggregate Limits Charge** – the component of the deductible premium to cover the amount of losses (and ALAE, if applicable) expected to exceed the established aggregate limit. Similar to retrospective rating, the charge for the aggregate limit is found in the Table of Insurance Charges in the Retrospective Rating Manual using the most recent Expected Loss Groups for the entry into the Table of Insurance Charges.

- C. **Fixed Expenses** – the component of the deductible premium to cover expenses that do not vary with the final premium. This includes unreimbursed loss adjustment expenses, loss control, audit expenses, other general expenses, and a risk charge. The risk charge includes items such as insurance risk, credit risk, and characteristics of the risk not reflected elsewhere.

- D. **Taxes and Assessments on Deductible Losses** – the component of the deductible premium to cover taxes and assessments on losses within the deductible, which is initially paid by insurer and subsequently reimbursed by the policyholder.

- E. **Variable Expense Ratio** – the component of the deductible premium that loads the Expected Excess Losses, Aggregate Limits Charge, Fixed Expenses, and Assessments for Deductible Losses for expenses that are expected to be a function of the final deductible premium. This includes acquisition expenses, taxes, premium-based assessments, and profit and contingency.
- F. **Deductible Premium** – the premium charged to the policyholder for workers' compensation deductible coverage.

Dallas National Insurance Company Large Deductible Premium Calculation

A. EEL = Expected Excess Losses

Standard Premium	595,000
Deductible	1,000,000
ELPF for Deductible	0.023
Hazard Group	2
Hazard Group Differential	1,540
Expected Loss Ratio	0.538
Retrospective Expected Loss Ratio	0.668
Loss Elimination Ratio (A3 ÷ A7)	0.034
Expected Losses (A1 × A6)	320,277
Expected Limited Losses $([1 - A8] \times A9)$	309,249
Expected Excess Losses (A9 - A10)	11,027

B. ALC = Aggregate Limits Charge

Aggregate Limit	None
Expected Losses (A9)	320,277
Loss Group Adjustment Factor $(1 + [(0.8 \times A8)] / (1 - A8))$	1.064
Losses to Determine Table M Group $(A1 \times A7 \times A5 \times B3)$	651,376
Table M Group	36
Entry Ratio in Table M $(B1 \div A10)$	—
Table M Charge	—
Aggregate Limit Charge $(A10 \times B7)$	0

C. FE = Fixed Expenses

Loss Adjustment Expense Factor	0.082
Loss Adjustment Expense $(A9 \times C1)$	26,263
Other Fixed Expenses Factor	0.014
Risk Charge Factor	0.040
Fixed Expenses and Risk Charge $(A1 \times [C3 + C4])$	32,130
Total Fixed Expenses $(C2 + C5)$	58,393

D. TADL = Taxes and Assessments on Deductible Losses

State Tax & Assessment Rate as a Percentage of Loss	0.122
Expected Deductible Losses (A10)	309,249
Taxes and Assessments on Deductible Losses $(D1 \times D2)$	37,746

E. VER = Variable Expense Ratio

Acquisition Ratio and Profit & Contingency	0.233
State Tax & Premium-Based Assessment Multiplier	1.060
Tax & Premium-Based Assessment Ratio $(1.0 - (1.0 \div E2))$	0.057
Other Variable Expense Ratio	0.041
Total Variable Expense Ratio $(E1 + E3 + E4)$	0.331

F. Large Deductible Policy Premium $[(EEL + ALC + FE) / (1.0 - VER) + TADL]$ 141,514
 $[(A11 + B8 + C6) \div (1.0 - E5) + D3]$

DALLAS NATIONAL INSURANCE COMPANY

WORKERS' COMPENSATION LARGE DEDUCTIBLE RULES

A. Coverage

The policyholder may choose only one deductible program option per policy. The policyholder's selection of a deductible program option must be made prior to the effective date of the entire policy period. The policyholder's selection of a deductible program option must be executed in writing using the Deductible Notice of Election Form.

B. Eligibility

Policyholder's who are able to meet financial obligations for the deductible plan selected with an estimated annual interstate premium of \$250,000 or greater are eligible for a deductible program option policy.

C. Deductible Program

Per Accident Deductible

Per accident deductible shall be available for combined medical and indemnity benefits at either \$1,000,000 or \$2,000,000 intervals. An employer may elect to incorporate allocated loss adjustment expenses as a reimbursed amount in conjunction with any one of the deductible intervals.

D. Negotiated Deductibles

The election of the negotiated deductible option by a policyholder meeting the eligibility requirements results in a premium credit being applied against the policy premium. The amount of deductible credit for the negotiated deductible shall be the amount agreed upon by us and the insured.

1. Security

Security or collateral from the insured in such amounts and forms are negotiable by us and the insured. Failure to provide or maintain any such required security shall be treated as failure to pay premium when due, where allowable by law.

2. Claims Payments

As the insurer we will pay claims as they are due under the workers' compensation policy. The insurer shall be reimbursed for any deductible amounts due as a result of such payments or claims. The failure of an insured to properly reimburse shall be treated as a failure to pay premium when due, where allowable by law.

DALLAS NATIONAL INSURANCE COMPANY

WORKERS' COMPENSATION LARGE DEDUCTIBLE RULES

3. Application

The deductible applies to combined medical and indemnity benefits. An employer may elect to incorporate allocated loss adjustment expenses as a reimbursed amount.

4. Escrow

The insurer and insured MAY agree to establish an escrow fund for the payment of the deductible.

5. Reporting of Losses

- a. Losses reported on unit statistical cards based on gross loss basis.
- b. All compensation benefits paid by the insured or by us, including deductible amounts, are subject to assessment.

E. Claim Payment

All claims will be paid by us, which shall be reimbursed by the policyholder for any deductible amounts paid by us. The policyholder shall be liable for reimbursement up to the limit of the deductible amount chosen. The policyholder will be billed on a quarterly basis for reimbursement of losses payable under the deductible program. The payment or nonpayment of deductible amounts by the policyholder shall be treated under the policy insuring liability for workers' compensation in the same manner as payment or nonpayment of premium, as allowed by law.

The payment or nonpayment of deductible amounts by the policyholder shall result in the cancellation of the deductible endorsement from the Workers' Compensation policy and the premium being adjusted accordingly.

In the event recovery is made from a third party through subrogation, the amount recovered shall first be applied to the amount paid on the claim with reimbursement being made to the insured, if necessary.

DALLAS NATIONAL INSURANCE COMPANY

WORKERS' COMPENSATION LARGE DEDUCTIBLE RULES

F. Financial Security

1. Requirements

As the insurer, we MAY require a policyholder to provide proof of financial security which is acceptable. A security agreement outlining the circumstances under which the insurer may draw upon the security MAY be executed by mutual agreement between us and the insured. Failure to maintain such required security shall result in the cancellation of the deductible endorsement from the Workers' Compensation policy and the premium being adjusted accordingly.

G. Deductible Credit Factor

The deductible credit factor is applied before the application of any experience, schedule modification, premium discount or any retrospective rating plan.