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October 9, 2023

Circular 2023-12

To: ICRB Members

Item R-1422—REVISIONS TO THE RETROSPECTIVE RATING PLAN MANUAL RULE RELATED TO THE TAX MULTIPLIER

The ICRB has submitted an item filing, R-1422 which was approved by the Indiana Department of Insurance

PURPOSE

This item revises Rule 1-B-2-g—Tax Multiplier (TM) in NCCI's *Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Retrospective Rating Plan Manual)*

No statewide premium impact will result from the changes in this item.

For further details please see the Circular below.

Sincerely,

Paul E. Keathley

Paul E. Keathley, CAWC

President & CEO

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC. (Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY,

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LA, MA, MD, ME, MN, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WI, WV)

FILING MEMORANDUM

ITEM R-1422—REVISIONS TO THE RETROSPECTIVE RATING PLAN MANUAL RULE RELATED TO THE TAX MULTIPLIER

PURPOSE

This item revises Rule 1-B-2-g—Tax Multiplier (TM) in NCCI’s *Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Retrospective Rating Plan Manual)*.

BACKGROUND

NCCI’s *Retrospective Rating Plan Manual* Rule 1-B-2-g refers to NCCI’s *Tax and Assessment Directory (TAAD)* for the individual state tax multipliers that carriers use to cover licenses, fees, assessments, and taxes that a carrier must pay on premium.

State and federal multipliers are no longer provided in the *TAAD*. The Glossary of the *TAAD* provides the tax multiplier formula so that carriers can calculate their own tax multipliers. State taxes and assessments, as well as the federal United States Longshore and Harbor Workers’ (USL&HW) Compensation Act—Special Fund assessment, can be found in the relevant section of the *TAAD*. State act weights are included in each state’s annual rate/loss cost filing circular.

As a result of the revisions made in the *TAAD*, it is necessary to revise *Retrospective Rating Plan Manual*

Rule 1-B-2-g to clarify where carriers can locate this information.

PROPOSAL

This item proposes to revise Rule 1-B-2-g in NCCI’s *Retrospective Rating Plan Manual* to update information related to state and federal tax multipliers.

IMPACT

No statewide premium impact will result from the changes proposed in this item.

EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

Exhibit	Exhibit Comments	Implementation Summary
1	Details the revisions to Rule 1-B-2-g in NCCI’s <i>Retrospective Rating Plan Manual</i> .	To become effective for new and renewal voluntary policies only, with effective dates on and after 12:01 a.m on January 1, 2024.

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EXHIBIT 1

RETROSPECTIVE RATING PLAN MANUAL—2009 EDITION

Rule 1—General Explanation

B. DEFINITIONS

2. Elements of the Retrospective Rating Plan Formula

(Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MN, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WI, WV)

g. Tax Multiplier (TM)

Tax multipliers vary by state and generally cover licenses, fees, assessments, and taxes that the carrier must pay on the premium collected in an individual state.

For states where NCCI files full rates, refer to the State Special Rating Values pages of this manual for the individual state and federal tax multipliers.

~~For states where NCCI files loss costs, refer to NCCI's *Tax and Assessment Directory* for the individual state tax multiplier. Carriers must calculate their own state and federal tax multipliers. The tax multiplier formula is provided in the Glossary of NCCI's *Tax and Assessment Directory (TAAD)*. Information regarding state taxes and assessments, as well as the federal United States Longshore and Harbor Workers' (USL&HW) Compensation Act—Special Fund assessment, are contained in the relevant section of the *TAAD*. State act weights can be found in each state's annual rate/loss cost filing circular. The federal act weight can be derived as one minus the state act weight.~~