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January 4, 2024

Circular 2024-01

To: ICRB Members

ITEM RM-W-8050- Revisions to Residual Market Manual and Forms Manual Related to Loss Sensitive Rating Plan (LSRP) and Producer Fees

This item updates:

- rules related to the Loss Sensitive Rating Plan (LSRP) and Producer Fees in NCCI's ***Residual Market Manual for Workers Compensation and Employers Liability Insurance (Residual Market Manual)***, and
- the Assigned Risk Loss Sensitive Rating Plan Notification Endorsement (WC 00 04 17 C) in NCCI's ***Forms Manual of Workers Compensation and Employers Liability Insurance (Forms Manual)***

For further details please see the Circular below.

Sincerely,

Paul E. Keathley

Paul E. Keathley
President & CEO

National Council on Compensation Insurance, Inc.

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Item RM-W-8050—Revisions to Residual Market Manual and Forms Manual Related to Loss Sensitive Rating Plan (LSRP) and Producer Fees Filing Memorandum

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Purpose

This item updates

- rules related to the Loss Sensitive Rating Plan (LSRP) and Producer Fees in NCCI's *Residual Market Manual for Workers Compensation and Employers Liability Insurance (Residual Market Manual)*, and
- the Assigned Risk Loss Sensitive Rating Plan Notification Endorsement (WC 00 04 17 C) in NCCI's *Forms Manual of Workers Compensation and Employers Liability Insurance (Forms Manual)*

This item also updates various rules in NCCI's *Residual Market Manual* based on feedback received.

Background

NCCI has an ongoing process dedicated to the systematic research, analysis, and maintenance of our manuals. NCCI has embarked upon a multiyear initiative that will modernize and transform the way we deliver key information to NCCI's stakeholders.

Item RM-W-8047—NCCI's Residual Market Manual for Workers Compensation and Employers Liability Insurance introduced a new edition of NCCI's *Residual Market Manual*. Item RM-W-8048—Updates to NCCI's Residual Market Manual for Workers Compensation and Employers Liability Insurance included information identified in subsequent reviews and updated content as a result of stakeholder feedback.

Since the implementation of these filings, NCCI has received valuable stakeholder feedback. Based on this feedback, NCCI is recommending the following additional improvements:

- Loss Sensitive Rating Plan (LSRP) rules. NCCI has received inquiries asking whether or not an LSRP state and non-LSRP state can be included on the same multistate binder or policy. This item will clarify the combination of multiple states on a single binder or policy regardless of whether the state is LSRP-approved or non-LSRP-approved, where appropriate.
- Producer Fee Premium Basis Table. The review of the producer fee rule was initiated based on external feedback requesting clarification of the calculation of producer fees on minimum premium policies. This item will clarify in the Producer fee premium basis table in NCCI's *Residual Market Manual* that for minimum premium policies, the premium basis of the state is applied when the policy is a minimum premium policy.

This item does not make any substantive changes to any rule that would result in premium impact.

The updates in this item fall into three categories:

1. Loss Sensitive Rating Plan (LSRP)

LSRP is a mandatory residual market retrospective rating plan for employers that have a qualifying workers compensation and employers liability insurance policy(ies) through the Workers Compensation Insurance Plan (WCIP) in which NCCI is the Plan Administrator.

To qualify for LSRP, standard premium must meet or exceed \$250,000.

For an employer with multistate operations, LSRP applies when the total LSRP standard premium for all states that have approved LSRP meets the LSRP standard premium qualifying requirement. For eligibility purposes, WCIP

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policies issued in non-LSRP-approved jurisdictions are not subject to LSRP, and premium is not combinable with WCIP policies in LSRP-approved jurisdictions. For non-LSRP states, multiple policies may be required.

For example, an assigned risk application submitted with West Virginia exposure (an LSRP-approved state with \$250,000 in standard premium) and Virginia (a non-LSRP-approved state with \$50,000 in standard premium). In this instance, the assigned carrier will determine LSRP eligibility and calculate the contingency deposit based on West Virginia standard premium only.

The LSRP eligibility rules do not prohibit the assignment of one binder or issuance of one policy for multistate policies that include LSRP and non-LSRP states. The overall intent is to allow the combination of multiple states on a single binder or policy regardless of whether the state is LSRP-approved or non-LSRP-approved, where appropriate.

This item will clarify that for eligibility purposes, the standard premium on policies in non-LSRP-approved states is not combinable with premium in LSRP-approved states but can be written on a single binder or policy, if available. The Assigned Risk Loss Sensitive Rating Plan Notification Endorsement will also be updated to incorporate similar language for consistency with the rules.

Additionally, during the reviews conducted on the LSRP rules, it was identified that there are certain references to LSRP in NCCI's *Residual Market Manual* for Alaska and Iowa that must be removed. LSRP is not applicable in these states, and the respective residual market manuals must be updated to clarify that LSRP is not applicable.

2. Producer Fees

Currently, NCCI's *Residual Market Manual* rule, Producer fee premium basis table, states that producer fees are based on the state total standard premium charged and collected or total annual premium charged and collected. The *Residual Market Manual* rule further states that for all states, if the minimum premium becomes the total policy premium, the producer fee is paid on the entire WCIP minimum premium.

The minimum premium may not always be the total policy premium. For example, terrorism and catastrophe charges which are applied after the calculation of the standard premium can increase the total policy premium above the minimum premium.

Producer fees on minimum premium policies should be calculated according to the premium basis of the state:

– For states that calculate producer fees on the premium basis of total standard premium charged and collected, producer fees are to be calculated on the entire minimum premium, which includes the expense constant and excludes other premium elements that are not part of total standard premium.

– For states that calculate producer fees on the premium basis of total annual premium charged and collected, producer fees are to be calculated on the entire minimum premium, plus any additional premium elements that are part of total annual premium.

This item will clarify in the Producer fee premium basis table in NCCI's *Residual Market Manual* that for minimum premium policies the premium basis of the state is applied when the policy is a minimum premium policy.

3. General updates to the manuals' content

Based on routine reviews of manual content, NCCI identified that within the References section in certain state residual market manuals, there are references to rules that are not applicable in a specific state and while appear in

the References section, they do not contain an active link to redirect to the referenced rule(s). This item will

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- remove inactive links from the References section of various state manuals
- remove the entire References section when the rule(s) referenced within the section are not necessary
- update various rule references
- update format and structure of certain rules, and
- update content for grammatical issues.

Proposal

This item proposes to update NCCI's **Residual Market Manual** and the **Forms Manual** with the changes described in the Exhibit Comments and Implementation Summary.

Impact

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

Exhibit Comments and Implementation Summary

To become effective for new and renewal residual market policies only, with effective dates on and after 12:01 a.m. on June 1, 2024.

Exhibit Exhibit Comments

1-Rule Details the revisions to the following rules in NCCI's **Residual Market Manual**:

- Revised the rule, LSRP eligibility determination (Rule ID: RM-LSLG-L1DC4), to clarify that for eligibility purposes, the standard premium on policies in non-LSRP-approved states is not combinable with premium in LSRP-approved states but can be written on a single binder or policy, if available
- Revised the rule, WCIP policies issued in non-LSRP-approved jurisdictions (Rule ID: RMLSLG-W1B08), to clarify that for eligibility purposes, the standard premium of policies in non-LSRP-approved states is not combinable with premium in LSRP-approved states but can be written on a single binder or policy, if available
- Revised the rule, Deposit/Initial premium and LSRP contingency deposit submission requirements (Rule ID: RM-LSRD-DAA70), to clarify that policies must be written on a guaranteed cost basis for employers that are in non-LSRP states or don't meet the eligibility requirements

• Applies in: AL, AZ, CT, DC, GA, ID, IL, KS, MS, NH, NV, OK, OR, SC, SD, TN, VT, WV

2-Rule Details the revisions to the rule, Producer fee premium basis table (Rule ID: RM-PFPB-PCE47), in NCCI's **Residual Market Manual**:

- Revised the rule to add information related to how producer fees are paid on minimum premium policies
- Applies in: AK, AL, AR, AZ, CT, DC, GA, IA, ID, IL, IN, KS, MS, NH, NV, OK, OR, SC, SD, TN, VA, VT, WV

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Exhibit Exhibit Comments

3-Form Details the revisions to the Assigned Risk Loss Sensitive Rating Plan Notification Endorsement (WC 00 04 17 C) in NCCI's **Forms Manual**:

- Revised the endorsement for consistency with the revisions to the rules displayed in Exhibit 1, where applicable

- Applies in: AL, AZ, CT, DC, GA, ID, IL, KS, MS, NH, NV, OK, OR, SC, SD, TN, VT, WV

4-Rule Details the revisions to the following rules in NCCI's **Residual Market Manual** for Alaska:

- Eliminated the rule, Contingency deposits for Loss Sensitive Rating Plan (LSRP) policies (Rule ID: RM-INLO-C1A2B), because LSRP is not applicable in Alaska

- Revised the References section in the rule, Deposit premium and installments for professional employer organization (PEO) arrangements (Rule ID: RM-INPR-D2D6C), to remove an inactive link to a rule not applicable in Alaska

- Revised the References section in the rule, Rules for paying producer fees on multistate policies (Rule ID: RM-PFLI-R39C1), to

- remove inactive links to rules that are not applicable in Alaska, and

- add a link to the rule, Rules for determining producer fees.

- Revised the References section in the rule, Rules for producer fees on LSRP policies (Rule ID: RM-PFPB-R07A4), to remove an inactive link to a rule not applicable in Alaska

4-Rule Details the revisions to the following rules in NCCI's **Residual Market Manual** for Arkansas:

- Revised the References section in the rule, Assigned carriers (Rule ID: RM-WCAC-A4FE3), to

- remove an inactive link to a rule not applicable in Arkansas, and

- add a link to the rule, Rules for participating in the Workers Compensation Insurance Plan.

- Revised the References section in the rule, Multistate assignment of employers (Rule ID: RMELMP-EC8D6), to

- remove an inactive link to a rule not applicable in Arkansas, and

- add a link to the rule, Rule for participating in the Workers Compensation Insurance Plan.

- Revised the References section in the rule, Rules for producer fees on LSRP policies (Rule ID: RM-PFPB-R07A4), to remove an inactive link to a rule not applicable in Arkansas

- Revised the References section in the rule, General information (Rule ID: RM-TAGI-G7F73), to

- remove an inactive link to a rule not applicable in Arkansas, and

- add a link to the rule, Rules for participating in the Workers Compensation Insurance Plan.

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- Revised the References section in the rule, WCIP participation base (Rule ID: RM-TAGEW366F), to

- remove an inactive link to a rule not applicable in Arkansas, and

- add a link to the rule, Rules for participating in the Workers Compensation Insurance Plan.

4-Rule Details the revisions to the following rules in NCCI's *Residual Market Manual* for Arizona:

- Revised the References section in the rule, Deposit premium and installments for professional employer organization (PEO) arrangements (Rule ID: RM-INPR-D2D6C), to remove an inactive link to a rule not applicable in Arizona

- Removed the References section in the rule, Client (Rule ID: RM-LSPR-C21EE), because the rule referenced is not necessary

- Removed the References section in the rule, Multiple Coordinated Policies (MCP) basis (Rule ID: RM-LSPR-M4C91), because the rules referenced are not necessary

- Removed the References section in the rule, Professional employer organizations (PEO) and PEO arrangement (Rule ID: RM-LSPR-PADF5), because the rules referenced are not necessary

- Removed the References section in the rule, Temporary arrangement (Rule ID: RM-LSPRTED9C), because the rule referenced is not necessary

- Revised the References section in the rule, Rules for paying producer fees on multistate policies (Rule ID: RM-PFLI-R39C1), to

- remove inactive links to rules that are not applicable in Arizona, and

- added a link to the rule, Rules for determining producer fees.

- Revised the References section in the rule, PEO arrangement type standard premium eligibility table (Rule ID: RM-LSPR-P5BBA), to remove inactive links to rules that are not applicable in Arizona

4-Rule Details the revisions to the following rules in NCCI's *Residual Market Manual* for Connecticut:

- Revised the References section in the rule, Deposit premium and installments for professional employer organization (PEO) arrangements (Rule ID: RM-INPR-D2D6C), to remove an inactive link to a rule not applicable in Connecticut

- Removed the References section in the rule, Client (Rule ID: RM-LSPR-C21EE), because the rule referenced is not necessary

- Removed the References section in the rule, Multiple Coordinated Policies (MCP) basis (Rule ID: RM-LSPR-M4C91), because the rule referenced is not necessary

- Revised the References section in the rule, PEO arrangement type standard premium eligibility table (Rule ID: RM-LSPR-P5BBA), to remove inactive links to rules that are not

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Exhibit Exhibit Comments

applicable in Connecticut

4-Rule Details the revisions to the following rules in NCCI's *Residual Market Manual* for Iowa:

- Revised the References section in the rule, Rules for producer fees on LSRP policies (Rule ID: RM-PFPB-R07A4), to remove an inactive link to a rule not applicable in Iowa
- Eliminated the rule, Application of Loss Sensitive Rating Plan (Rule ID: RM-PEMU-A7382), because LSRP is not applicable in Iowa

4-Rule Details the revisions to the following rules in NCCI's *Residual Market Manual* for Indiana:

- Revised the References section in the rule, Overview of deposit premium and installments (Rule ID: RM-INGE-O639E), to
 - remove inactive links to rules that are not applicable in Indiana, and
 - added links to the rules
- Article IV—Plan Administrator, and
- Article VI—Servicing Carrier Responsibilities.
- Revised the References section in the rule, Deposit premium and installments for multistate policies (Rule ID: RM-INDE-DCB43), to
 - remove inactive links to rules that are not applicable in Indiana, and
 - added a link to the rule, Indiana Workers Compensation Insurance Plan of Operation for the Indiana Assigned Risk Reinsurance Pool.
- Revised References section in the rule, Resolving premium installment change disputes (Rule ID: RM-INDP-R080C), to
 - remove inactive links to rules that are not applicable in Indiana, and
 - add a link to the rule, Article VIII—Dispute Resolution.
- Revised References section in the rule, General Information (Rule ID: RM-PFGE-G92B1), to
 - remove inactive links to rules that are not applicable in Indiana, and
 - add a link to the rule, Article I—Definitions.
- Removed the References section in the rule, Rules for paying producer fees (Rule ID: RMPFEE-RA146), because the rule referenced is not necessary
- Revised the References section in the rule, Information for producer disputes related to fees and payments (Rule ID: RM-PFPR-D2B8F), to
 - remove an inactive link to a rule not applicable in Indiana, and

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- add a link to the rule, Article VIII—Dispute Resolution.
- Revised the References section in the rule, Rule for renewals (Rule ID: RM-PEMU-R4B63), to
 - remove an inactive link to a rule not applicable Indiana, and
 - add a link to the rule, Article V—Servicing Carriers.
- Revised the References section in the rule, Assigned Carrier (Rule ID: RM-LSAC-A58DE), to
 - remove an inactive link to a rule not applicable in Indiana, and
 - add a link to the rule, Article V—Servicing Carriers.
- Revised the References section in the rule, Deposit or initial premium (Rule ID: RM-LSRDD031D), to remove an inactive link to a rule not applicable in Indiana
- Revised the References section in the rule, Binder for new applications (Rule ID: RM-LSRDBBFDA), to
 - remove an inactive link to a rule not applicable in Indiana, and
 - add a link to the rule, Indiana Workers Compensation Insurance Plan of Operation for the Indiana Assigned Risk Reinsurance Pool.
- Revised the References section in the rule, Rules for renewing coverage (Rule ID: RM-LSRDR3292), to
 - remove an inactive link to a rule not applicable in Indiana, and
 - add a link to the rule, Article VI—Servicing Carrier Responsibilities.
- Revised the References section in the rule, General information (Rule ID: RM-TAGI-G7F73), to
 - remove an inactive link to a rule not applicable in Indiana, and
 - add a link to the rule, Article III—Participation.
- Revised the References section in the rule, Employer (Rule ID: RM-TAGE-E7DF2), to
 - remove an inactive link to a rule not applicable in Indiana, and
 - add a link to the rule, Article I—Definitions.
- Revised the References section in the rule, WCIP (Rule ID: RM-TAGE-WA014), to
 - remove an inactive link to a rule not applicable in Indiana, and
 - add a link to the rule, Article I—Definitions.
- Revised the References section in the rule, WCIP participation base (Rule ID: RM-TAGEW366F), to

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- remove an inactive link to a rule not applicable in Indiana, and
- add a link to the rule, Article III—Participation.

- Revised the References section in the rule, Application of total carrier TOC to WCIP participation base (Rule ID: RM-TATO-AFD03), to

- remove an inactive link to a rule not applicable in Indiana, and
- add a link to the rule, Article VIII—Dispute Resolution.

4-Rule Details the revisions to the following rules in NCCI's *Residual Market Manual* for Mississippi:

- Revised the References section in the rule, General information (Rule ID: RM-TAGI-G7F73), to

- remove an inactive link to a rule not applicable in Mississippi, and
- add a link to the rule, Rules for participating in the Workers Compensation Insurance Plan.

- Revised the References section in the rule, WCIP participation base (Rule ID: RM-TAGEW366F), to

- remove an inactive link to a rule not applicable in Mississippi, and
- add a link to the rule, Rules for participating in the Workers Compensation Insurance Plan.

4-Rule Details the revisions to the following rules in NCCI's *Residual Market Manual* for Nevada:

- Revised the References section in the rule, Deposit premium and installments for professional employer organization (PEO) arrangements (Rule ID: RM-INPR-D2D6C), to remove an inactive link to a rule not applicable in Nevada

- Revised the References section in the rule, Client (Rule ID: RM-LSPR-C21EE), to
- remove an inactive link to a rule because the rule referenced is not necessary, and
- add a link to the rule, Client company.

- Removed the References section in the rule, Multiple Coordinated Policies (MCP) basis (Rule ID: RM-LSPR-M4C91), because the rule referenced is not necessary

- Revised the References section in the rule, Professional employer organizations (PEO) and PEO arrangement (Rule ID: RM-LSPR-PADF5), to

- to remove inactive links to rules that are not applicable in Nevada, and
- add a link to the rule, Employee leasing company or professional employer organization (PEO).

- Revised the References section in the rule, PEO arrangement type standard premium

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eligibility table (Rule ID: RM-LSPR-P5BBA), to remove inactive links to rules that are not applicable in Nevada

4-Rule Details the revisions to the following rules in NCCI's *Residual Market Manual* for Oregon:

- Revised the References section in the rule, Deposit premium and installments for professional employer organization (PEO) arrangements (Rule ID: RM-INPR-D2D6C), to remove an inactive link to a rule not applicable in Oregon
- Revised the References section in the rule, Deposit premium and installments for multistate policies (Rule ID: RM-INDE-DCB43), to
 - remove inactive links to rules that are not applicable in Oregon, and
 - add a link to the rule, Oregon Workers Compensation Insurance Plan.
- Revised the References section in the rule, General information (Rule ID: RM-PFGE-G92B1), to
 - remove inactive links to rules that are not applicable in Oregon, and
 - add a link to the rule, Definitions for the Workers Compensation Insurance Plan 836-043-0005.
- Removed the References section in the rule, Rules for paying producer fees (Rule ID: RMPFEE-RA146), because the rule referenced is not necessary
- Revised the References section in the rule, Information for producer disputes related to fees and payments (Rule ID: RM-PFPR-D2B8F), to
 - remove an inactive link to a rule not applicable in Oregon, and
 - add a link to the rule, Dispute Resolution Procedure 836-043-0071.
- Revised the References section in the rule, Assigned carrier (Rule ID: RM-LSAC-A58DE), to
 - remove an inactive link to a rule not applicable in Oregon, and
 - add a link to the rule, Servicing Carriers 836-043-0021.
- Revised the References section in the rule, Deposit or initial premium (Rule ID: RM-LSRDD031D), to remove an inactive link to a rule not applicable in Oregon
- Removed the References section in the rule, Multiple Coordinated Policies (MCP) basis (Rule ID: RM-LSPR-M4C91), because the rule referenced is not necessary
- Revised the References section in the rule, PEO arrangement type standard premium eligibility table (Rule ID: RM-LSPR-P5BBA), to remove inactive links to rules that are not applicable in Oregon

4-Rule Details the revisions to the rule, Deposit premium and installments for professional employer

National Council on Compensation Insurance, Inc.

Applies in: AK, AL, AR, AZ, CT, DC, GA, IA, ID, IL, IN, KS, MS, NH, NV, OK, OR, SC, SD, TN, VA, VT, WV

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Item RM-W-8050—Revisions to Residual Market Manual and Forms Manual Related to Loss Sensitive Rating Plan (LSRP) and Producer Fees

Filing Memorandum

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Exhibit Exhibit Comments

organization (PEO) arrangements (Rule ID: RM-INPR-D2D6C), in NCCI's **Residual Market Manual** for Virginia to revise the References section to remove an inactive link to a rule not applicable in Virginia.

Note Some states require that rule and form filings be filed separately. For filing purposes in those states, this memorandum is being provided for both the rule and form exhibits. The rule exhibits are filed with the regulatory authority as Item RM-W-8050-Rule. The form exhibit is filed with the regulatory authority as Item RM-W-8050-Form.

National Council on Compensation Insurance, Inc. RM-W-8050

Item RM-W-8050—Revisions to Residual Market Manual and Forms Manual Related to Loss Sensitive Rating Plan (LSRP) and Producer Fees

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Exhibit 2-Rule

Residual Market Manual—Effective 2021

(Applies in: AK, AL, AR, AZ, CT, DC, GA, IA, ID, IL, IN, KS, MS, NH, NV, OK, OR, SC, SD, TN, VA, VT, WV)

Producer fee premium basis table

Rule ID: RM-PFPB-PCE47

Effective Date: November 1, 2021/June 1, 2024

Producer fees are paid in accordance with the Producer fee premium basis table.

State Premium basis

AL, AR, AZ, CT, DC, IA, ID, IN, KS, MS, NH, NV, OK, OR, SC, SD, VA, VT, WV • Total Standard Premium charged and collected

- If the policy is a minimum premium policy, the producer fee is paid on the entire minimum premium, which includes the expense constant and excludes other premium elements that are not part of total standard premium

AK, GA, IL, TN • Total Annual Premium charged and collected

- If the policy is a minimum premium policy, the producer fee is paid on total annual premium

All states If the minimum premium becomes the total policy premium, the producer fee is paid on the entire minimum premium

National Council on Compensation Insurance, Inc. RM-W-8050

Item RM-W-8050—Revisions to Residual Market Manual and Forms Manual Related to Loss Sensitive Rating Plan (LSRP) and Producer Fees

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Exhibit 4-Rule

Residual Market Manual—Effective 2021—Indiana

Overview of deposit premium and installments

Rule ID: RM-INGE-O639E

Effective Date: November 1, 2021/June 1, 2024

The Plan Administrator establishes the deposit premium amount in accordance with the Duties and responsibilities of the Plan Administrator or the applicable state workers compensation insurance plan.

For purposes of this rule, initial or deposit premium is referred to as deposit premium.

Deposit premium is the initial payment submitted by either the employer and/or its representative, as required by the Plan Administrator and/or insurance carrier, before coverage is assigned or a policy renews.

Deposit premium is required to be submitted at the time of application and at policy renewal. At the time of application, failure to submit the required deposit premium within the time frame established by the Plan Administrator may prevent coverage from being bound. For more information regarding binding of coverage, refer to Binding of coverage or the applicable state workers compensation insurance plan. For impact on renewal policies, refer to Rules for the effective date, renewal date, or reinstatement date of policies or the applicable state workers compensation insurance plan.

For more information regarding the payment methods available for the total required deposit premium on application submissions, refer to Payment methods for initial premium or deposit premium, or the applicable state workers compensation insurance plan.

Premium installments must be made in equal amounts, the sum of which, when added to the deposit premium, must equal 100% of the estimated annual premium.

Estimated annual premium is developed in accordance with NCCI's **Basic Manual** rules and state-specific assigned risk workers compensation premium algorithms. For more information regarding estimated annual premium, refer to NCCI's **Basic Manual** Estimated annual premium.

References

Refer to

- Payment methods for initial premium or deposit premium
- NCCI's **Basic Manual** rule, Estimated annual premium
- Duties and responsibilities of Plan Administrator [Article IV—Plan Administrator](#), and
- Rules for the effective date, renewal date, or reinstatement date of policies for information about impact on renewal policies [Article VI—Servicing Carrier Responsibilities](#) for information about effective date, renewal date, or reinstatement on renewal policies.

Deposit premium and installments for multistate policies

Rule ID: RM-INDE-DCB43

Effective Date: November 1, 2021 June 1, 2024

For multistate policies, the employer must submit the required deposit and premium installments based on the deposit premium rules for the governing state (state with the highest payroll) on the application and/or policy. The governing state minimum deposit percentage is applied to the estimated annual premium for all states combined.

References

Refer to

- NCCI's **Assigned Risk Supplement**, and
- Workers Compensation Insurance Plan (WCIP) [Indiana Workers Compensation Insurance Plan of Operation for the Indiana Assigned Risk Reinsurance Pool](#), and
- Governing state for information about the definition of governing state.

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Exhibit 4-Rule (Cont'd)

Residual Market Manual—Effective 2021—Indiana

Resolving premium installment change disputes

Rule ID: RM-INDP-R080C

Effective Date: November 1, 2021 June 1, 2024

For any dispute concerning a change of an employer's premium installment basis, refer to the Dispute resolution procedure or the applicable state workers compensation insurance plan.

References

Refer to Dispute resolution procedure [Article VIII—Dispute Resolution](#).

General information

Rule ID: RM-PFGE-G92B1

Effective Date: November 1, 2021 June 1, 2024

For purposes of this rule, producer means a licensed insurance agent, broker, or insurance representative, as defined in the state insurance law, regulation, and/or rule, whose privileges under this Workers Compensation Insurance Plan (WCIP) have not been suspended or revoked,

designated by the employer or applicant applying under this WCIP to secure and maintain workers compensation and employers liability insurance on behalf of the employer applying for coverage under this WCIP and not as an agent of the Plan Administrator or of any assigned carrier for WCIP business.

- Producer fees may be referred to as producer fees, fees, or commissions.
- Proper producer licenses and producer licensing refer to resident or nonresident producer and/or agency licenses as applicable.
- Plan Administrator is defined in accordance with WCIP definitions or the applicable state workers compensation insurance plan approved for use in a state.
- WCIP is defined in accordance with WCIP definitions or the applicable state workers compensation insurance plan approved for use in a state.

References

Refer to [Article I—Definitions](#) for information about the Indiana Workers Compensation Insurance Plan and Plan Administrator.

- Workers Compensation Insurance Plan (WCIP) for information about the WCIP definitions, and
- Plan Administrator for information about the WCIP definitions.

Rules for paying producer fees

Rule ID: RM-PFEE-RA146

Effective Date: November 1, 2021 June 1, 2024

Refer to the Rule for producer information, or the applicable state workers compensation insurance plan approved for use in a state, for the authority for the fees an assigned carrier must pay to a licensed agency for all new and renewal residual market policies for which the agency is the agency of record.

- Assigned carriers must have and adhere to internally documented state producer and agency licensing requirements for payment of producer fees.
 - To be paid a fee, a producer and/or agency must be properly licensed in the state(s) for which new and/or renewal policies are issued.
- Assigned carriers are responsible for determining whether or not the producer and/or agency is properly licensed in the appropriate jurisdictions for payment of fees.
- Assigned carriers must make producer fee checks payable to the licensed agency of record rather than to the individual licensed producer, unless they are one and the same.

References

Refer to Rule for producer information for information about coverage binders.

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Exhibit 4-Rule (Cont'd)

Residual Market Manual—Effective 2021—Indiana

Information for producer disputes related to fees and payments

Rule ID: RM-PFPR-D2B8F

Effective Date: November 1, 2021 June 1, 2024

For information about disputes relating to the calculation and/or payment of producer fees and producer of record changes, refer to Producer disputes or the applicable state workers compensation insurance plan approved for use in a state.

References

Refer to Producer disputes [Article VIII—Dispute Resolution](#).

Rule for renewals

Rule ID: RM-PEMU-R4B63

Effective Date: November 1, 2021 June 1, 2024

The assigned carrier must mail renewal notices for MCPs to the PEO and send a copy to the individual clients.

- The assigned carrier should obtain updated copies of originally submitted documentation, such as supplemental applications, when needed.
- Refer to the rule for Assigned carrier responsibilities and NCCI's *Assigned Carrier Performance Standards* for the rules regarding carrier responsibilities for renewals.

References

Refer to Assigned carrier responsibilities [Article VI—Servicing Carrier Responsibilities](#).

Assigned carrier

Rule ID: RM-LSAC-A58DE

Effective Date: November 1, 2021 June 1, 2024

Assigned carrier refers to Direct Assignment Carriers and Servicing Carriers as defined in the WCIP definition of assigned carrier or the applicable state workers compensation insurance plan approved for use in a jurisdiction.

References

Refer to Assigned carriers for information about definitions of Direct Assignment Carriers and Servicing Carriers [Article V—Servicing Carriers](#).

Deposit or initial premium

Rule ID: RM-LSRD-D031D

Effective Date: November 1, 2021 June 1, 2024

For purposes of LSRP, deposit or initial premium is paid on all new and renewal WCIP policies, including LSRP policies, in accordance with the Initial or deposit premium and premium installments rules. On LSRP policies, it is paid in addition to the LSRP contingency deposit as detailed in LSRP contingency deposit and LSRP contingency deposit procedures.

References

Refer to

- Payment methods for initial premium or deposit premium
- [LSRP contingency deposit](#)
- [LSRP contingency deposit procedures](#), and
- [Overview of deposit premium and installments](#).

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Item RM-W-8050—Revisions to Residual Market Manual and Forms Manual Related to Loss Sensitive Rating Plan (LSRP) and Producer Fees

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Exhibit 4-Rule (Cont'd)

Residual Market Manual—Effective 2021—Indiana

Binder for new applications

Rule ID: RM-LSRD-BBFDA

Effective Date: November 1, 2021 June 1, 2024

A binder is issued by the Plan Administrator in accordance with the rules for WCIP or other applicable state rules when an employer is determined to be eligible for coverage under the WCIP and is eligible for LSRP.

The binder also specifies the appropriate LSRP contingency deposit, which is determined at the time of application submission.

References

Refer to Workers Compensation Insurance Plan (WCIP) [Indiana Workers Compensation Insurance Plan of Operation for the Indiana Assigned Risk Reinsurance Pool](#).

Rules for renewing coverage

Rule ID: RM-LSRD-R3292

Effective Date: November 1, 2021 June 1, 2024

The assigned carrier must include notice of any new LSRP contingency deposit in its renewal quote.

- The new LSRP contingency deposit must be paid to the assigned carrier in accordance with LSRP contingency deposit, Rules for nonpayment of the mandatory LSRP contingency deposit, and LSRP contingency deposit submission methods before the expiration of the current policy for coverage to be renewed without any gap in coverage.
- If the employer is unable to obtain an ILOC for the renewal policy and has notified the assigned carrier, to avoid any gap in coverage, the new LSRP contingency deposit must still be paid for the renewal policy to the assigned carrier before expiration of the current policy.
- Establish effective dates for renewal LSRP policies in accordance with rules for the effective date, renewal date, or reinstatement date of policies, or other applicable state rules.

References

Refer to

- Rules for the effective date, renewal date, or reinstatement date of policies [Article VI—Servicing Carrier Responsibilities](#) for information about effective date, renewal date, or reinstatement on renewal policies
- [LSRP contingency deposit](#)
- [Rules for payment of the mandatory LSRP contingency deposit](#), and
- [LSRP contingency deposit submission methods](#).

General information

Rule ID: RM-TAGI-G7F73

Effective Date: November 1, 2021 June 1, 2024

The Take-Out Credit (TOC) Program provides carriers with financial incentives for writing residual market employers on a voluntary market basis.

Take-Out Credit Program eligibility

Each voluntary market carrier participating in the Workers Compensation Insurance Plan (WCIP) that removes an employer insured under the WCIP may be eligible for a TOC.

The TOC is applied against the premium used to calculate the voluntary market carrier's WCIP participation base as defined in WCIP Basis of participation or applicable state workers compensation insurance plan.

All carriers licensed in a TOC Program-approved jurisdiction and writing workers compensation and employers liability insurance coverage are eligible to participate in the TOC Program.

National Council on Compensation Insurance, Inc. RM-W-8050

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Exhibit 4-Rule (Cont'd)

Residual Market Manual—Effective 2021—Indiana

Voluntary market carrier responsibilities

It is the voluntary market carrier's responsibility to:

- Enroll with the Plan Administrator as well as update enrollment information on an annual basis as required in accordance with the enrollment procedures established by the Plan Administrator.
- Submit an annual request for TOC in accordance with Carrier initiation of request for TOC and any procedures established by the Plan Administrator.
- Provide supporting data as may be required by the Plan Administrator.

TOC issuance

TOCs are not issued to carriers that do not enroll in the program.

TOCs are not issued to enrolled carriers that do not submit an annual request for credit.

TOC Program governance

The Plan Administrator determines the applicability of all TOC Program rules.

References

Refer to

- Basis of participation [Article III—Participation](#), and
- [Carrier initiation of request for TOC](#) for information about TOC submitting a request.

Employer

Rule ID: RM-TAGE-E7DF2

Effective Date: November 1, 2021 June 1, 2024

Employer refers to an insured or a policyholder, in accordance with the WCIP definition of Employer, or the applicable state workers compensation insurance plan.

References

Refer to Employers for information about WCIP definition [Article I—Definitions](#).

WCIP

Rule ID: RM-TAGE-WA014

Effective Date: November 1, 2021June 1, 2024

WCIP refers to NCCI's Workers Compensation Insurance Plan (WCIP), as defined in the WCIP definition of Workers Compensation Insurance Plan, or the applicable state workers compensation insurance plan.

References

Refer to Workers Compensation Insurance Plan (WCIP) for information about WCIP definition [Article I—Definitions](#).

WCIP participation base

Rule ID: RM-TAGE-W366F

Effective Date: November 1, 2021June 1, 2024

WCIP participation base refers to the basis of a carrier's participation in the Workers Compensation Insurance Plan in accordance with Basis of participation, or applicable state workers compensation insurance plan.

References

Refer to Basis of participation [Article III—Participation](#).

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Exhibit 4-Rule (Cont'd)

Residual Market Manual—Effective 2021—Indiana

Application of total carrier TOC to WCIP participation base

Rule ID: RM-TATO-AFD03

Effective Date: November 1, 2021June 1, 2024

A total carrier TOC is given only to enrolled carriers that provide electronic acceptance by the authorized TOC contact as provided in accordance with the established enrollment procedures.

The developed total carrier TOC is applied to the carrier's WCIP participation base.

There is no maximum limit on the total carrier TOC amount, but a carrier's WCIP participation base is not reduced below zero as a result of the TOC.

Total carrier TOCs are applied to each individual carrier's WCIP participation base, and are not rolled up to an aggregate TOC for the carrier's group.

If a carrier disagrees with the final total carrier TOC, it may dispute the TOC in accordance with WCIP disputes or applicable state workers compensation insurance plan.

References

Refer to WCIP disputes for information about requesting a review [Article VIII—Dispute Resolution](#).

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