

REGULATORY AGREEMENT

This Regulatory Agreement ("Agreement") is entered into by and between the National Council on Compensation Insurance ("NCCI") and the Iowa Insurance Division ("IID").

RECITALS

WHEREAS, the IID has regulatory authority over the business of insurance in Iowa, including authority to regulate rating organizations for workers' compensation liability insurance;

WHEREAS, the NCCI is the rating organization licensed to file workers' compensation rates in Iowa;

WHEREAS, the NCCI filed and the IID approved workers' compensation rates in Iowa for calendar year 2019; and

WHEREAS, the NCCI self-reported to the IID an issue related to its 2019 rate filing in Iowa.

NOW, THEREFORE, the Parties agree to the following:

1. **NCCI's rate filing for calendar year 2019.** In filing rates for calendar year 2019, the NCCI used an incorrect factor in the calculation of premiums that impacted the overall average premium rate level.
 - a. The filing submitted by NCCI used a factor to remove expenses equal to 0.627 that was effective January 1, 2018 rather the correct factor of 0.645 that was effective June 1, 2018.
 - b. The average premium rates submitted by NCCI should have been 2.3 percent lower than the originally-filed -9.2 percent premium rate change.
 - c. The incorrect premium rates effect all Iowa policies using the 2019 rates.
2. **Specific Remedies.** The NCCI will hereby institute the following remedies:
 - a. Within seven (7) business days after the execution of this Agreement, refile the 2019 workers' compensation premium rates in Iowa with the correct factor of 0.645 to remove expenses.
 - b. Within seven (7) business days after the corrected rate filing has been approved by the IID, the NCCI will notify impacted carriers through

issuing Circulars and Frequently Asked Questions documents that will provide guidance to impacted carriers regarding the incorrect rating factor and of the need to adjust premiums for impacted policyholders.

- c. As part of its guidance, NCCI will inform impacted carriers that they may notify all impacted policyholders through the issuance of premium adjustment endorsement pages such as the Information Page (WC 00 00 01 A), the Policy Information Page Endorsement (WC 89 06 00 B) or Rate Change Endorsement (WC 00 04 07) located in *NCCI's Forms Manual of Workers Compensation and Employers Liability Insurance* or through other premium adjustment endorsement pages approved by the IID.
 - d. NCCI will provide assistance as requested by carriers as they make premium adjustments and issue credits at audit or issue refunds to impacted policyholders.
 - e. NCCI will request all impacted carriers provide certification to NCCI that the carrier has: 1) implemented the revised, approved 2019 Iowa rates, and 2) has notified impacted policyholders of a potential credit or refund through use of premium adjustment endorsement pages or in a manner otherwise approved by the IID.
 - f. After the corrected rate filing has been approved by the IID, the NCCI will provide the IID with quarterly reports regarding the progress of items 'b' through 'e.' Reports will be due within two weeks following the end of the calendar year quarter. Reports will be due until the NCCI certifies to the IID that, to the best of its knowledge, all impacted carriers have certified compliance with the items in 'e' above.
3. **Enforcement.** Failure to comply with any provision of the Agreement shall constitute a breach of the Agreement and shall subject the NCCI to such administrative and enforcement actions and penalties as deemed appropriate and consistent with the IID's authority.

IN WITNESS WHEREOF THE PARTIES HAVE EXECUTED THIS AGREEMENT AS OF THE DATE SET FORTH AFTER EACH OF THEIR NAMES.

IOWA INSURANCE DIVISION

BY: Andria Seip

ANDRIA SEIP, ASSISTANT COMMISSIONER

DATE: August 16, 2019

NATIONAL COUNCIL ON COMPENSATION INSURANCE

BY: Susan L. Donegan

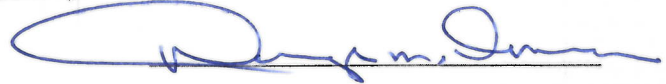
SIGNATURE

SUSAN L. DONEGAN, CHIEF REGULATORY OFFICER

NAME, TITLE

DATE: August 15, 2019

SO ORDERED on this 16th day of August, 2019



DOUGLAS M. OMMEN

Insurance Commissioner

