

BULLETIN 96-11

TO: Company Workers Compensation Underwriting Managers

FROM: Therese M. Vaughan, Commissioner of Insurance

RE: Workers Compensation Rate Regulation

DATE: December 5, 1996

Effective April 1, 1997, the following rules shall apply to workers compensation insurance sold in Iowa.

- Deviations: Individual companies, whether members of a group or not, may file a flat deviation up to a maximum credit of 15%. In addition, pursuant to Iowa Code Section 515A.7, a company may file for a deviation outside this permissible range by making written application to the commissioner specifying the basis for the deviation and providing satisfactory evidence that the rate meets the principles of ratemaking provided in Iowa Code Section 515A.3. When filing a deviation with the division, please note whether the company intends to have it apply to minimum premiums.
- Schedule Rating Plans: In addition to any deviations, a company may file a schedule rating plan providing for credits or debits up to an additional 15%. Schedule rating plans recognize the unique characteristics of the insured and thus encourage loss control. (Note: this item is a change in division policy.)
- Non-NCCI and NCCI Retro Plans: These programs may be offered on policies which generate \$100,000 or more in annual countrywide workers compensation premiums. NCCI retro plans may be offered as filed and approved by the division.
- Large Deductible Programs: This program may be offered on policies which generate \$100,000 or more in annual countrywide workers compensation premiums. The minimum large deductible which may be offered is \$25,000, which may be applied to indemnity and medical losses. (Note: this item is a change in division policy.)
- Small Deductible Programs: Small deductible programs may be offered with deductibles of \$100 to \$2500 and shall apply to medical only losses. Losses will continue to be reported on a net basis in accordance with the stat plan. (Note: this item is a change in division policy.)
- Dividends: Dividends are a return of profit to consumers and are not guaranteed. Dividends may be offered in conjunction with deviated and/or schedule rated workers compensation rates.

- Minimum Premiums: Companies may file to have their deviations apply to minimum premiums or may file minimum premiums below those filed by NCCI, if desired.

Companies shall file any changes in their workers compensation rating plan resulting from the adoption of, or compliance with, any of the above items.

Any questions or comments regarding this bulletin should be directed to the Casualty Actuary, Iowa Insurance Division, 330 E. Maple St., Des Moines, IA 50319.