

January 1, 2023 Rate Memo

This memo contains the following information:

- 2023 Pure Rate Information **(change)**
- SAIF Rate Tiers **(change)**
- USL&H Load Factors for State Act Classifications
- Premium Discount
- Catastrophe Rate & Terrorism Rate
- Retrospective Rating Factors **(change)**
- Increased Limits Part Two Coverage
- Limits of Liability for Jones and FELA Classes
- DCBS Assessment
- Nondisabling Claims Reimbursement **(change)**
- SAIF Prepay Plan **(change)**
- Expense Constants and Minimum Premiums
- Claim Rating Plan
- Installment Plans
- Experience Rating Modification Eligibility **(change)**
- Miscellaneous Values **(change)**
- Assigned Risk Plan Loss-Sensitive Retrospective Rating Plan Factors **(change)**

January 1, 2023 Pure Premium Change

Overall average rate level change of -3.2% from the 01/01/2022 rates

| | | <u>Maximum Increase</u> | <u>Maximum Decrease</u> |
|-------------------|-------|-------------------------|-------------------------|
| Manufacturing | -2.2% | +23% | -27% |
| Contracting | -3.6% | +21% | -29% |
| Office & Clerical | -2.7% | +22% | -28% |
| Goods & Services | -3.7% | +21% | -29% |
| Miscellaneous | -3.1% | +22% | -28% |

SAIF Rate Levels Applied to NCCI Pure Rates

SAIF Voluntary – Effective 01/01/2023 (Changes in Bold)

| Tier | | | Jones/FELA Program II | |
|----------|--------------|--------------|-----------------------|------------------|
| | State | Federal | State Benefits | Federal Benefits |
| P | 1.090 | 1.140 | 1.090 | 1.140 |
| K | 1.210 | 1.260 | 1.210 | 1.260 |
| D | 1.350 | 1.400 | 1.350 | 1.400 |
| E | 1.490 | 1.540 | 1.490 | 1.540 |
| F | 1.630 | 1.680 | 1.630 | 1.680 |
| G | 1.760 | 1.810 | 1.760 | 1.810 |
| H | 1.890 | 1.940 | 1.890 | 1.940 |
| L | 2.040 | 2.090 | 2.040 | 2.090 |

Assigned Risk State and Federal Effective 01/01/2023 (Changes in Bold)

| | | | Jones/FELA Program II | |
|------|--------------|--------------|-----------------------|------------------------|
| Tier | State | Federal | Jones State Benefits | Jones Federal Benefits |
| J | 2.139 | 2.125 | 2.139 | 2.118 |

Note: ARP final rates may vary slightly from rates calculated using above factors.

“U” Classes – State Act Classes Loaded for Federal Exposure

Effective 01/01/2023 (No Change)

| | |
|--------------------------|------|
| All SAIF Voluntary Tiers | 1.86 |
| Assigned Risk Plan | 1.84 |

Premium Discount

| SAIF Voluntary – effective 01/01/2017 <i>(No Change)</i> | | | | Assigned Risk - effective 01/01/2011 <i>(No Change)</i> |
|--|---|--------|-------|---|
| 0 | - | 5,000 | 0.0% | DCBS approved the withdrawal of premium discount for the Assigned Risk Plan effective 01/01/2011. |
| 5,000.01 | - | 15,000 | 10.5% | |
| 15,000.01 | - | 50,000 | 16.5% | |
| 50,000.01 | & | Over | 18.0% | |

Catastrophe (other than Certified Acts of Terrorism) *(No Change)*

| | |
|---------------|-----------------------------|
| Voluntary | \$0.01 per \$100 of payroll |
| Assigned Risk | \$0.01 per \$100 of payroll |

Terrorism *(No Change)*

| | |
|---------------|------------------------------|
| Voluntary | \$0.005 per \$100 of payroll |
| Assigned Risk | \$0.01 per \$100 of payroll |

Retrospective Rating

Excess Loss Premium Factors - Effective 01/01/2023 (Change)

| Hazard Groups | | | | | | | |
|---------------|------|------|------|------|------|------|------|
| Limitation | A | B | C | D | E | F | G |
| 100,000 | .149 | .171 | .208 | .232 | .282 | .321 | .357 |
| 125,000 | .127 | .147 | .182 | .205 | .254 | .292 | .326 |
| 150,000 | .111 | .130 | .163 | .184 | .233 | .269 | .302 |
| 175,000 | .098 | .116 | .147 | .167 | .215 | .250 | .282 |
| 200,000 | .088 | .106 | .135 | .155 | .202 | .235 | .266 |
| 250,000 | .074 | .090 | .117 | .134 | .179 | .210 | .240 |
| 300,000 | .064 | .079 | .104 | .120 | .163 | .193 | .220 |
| 350,000 | .057 | .070 | .094 | .108 | .151 | .178 | .204 |
| 400,000 | .051 | .064 | .087 | .100 | .140 | .167 | .191 |
| 450,000 | .046 | .059 | .080 | .092 | .132 | .157 | .180 |
| 500,000 | .043 | .055 | .076 | .086 | .125 | .149 | .171 |
| 700,000 | .033 | .044 | .061 | .070 | .105 | .126 | .144 |
| 1,000,000 | .025 | .034 | .050 | .057 | .088 | .105 | .120 |

Retrospective Closure Charges

No changes to closure charges.

Increased Limits Part Two – Effective 01/01/2023 (No Change)

Assigned Risk policies are eligible for limits up to a maximum of \$1m/1m/1m.

| Limits of Liability (000 Omitted) | Percentage | Minimum Premium |
|--------------------------------------|------------|--------------------|
| 500/500/500 (Standard Limit) | 0.0% | \$0 |
| 500/500/1,000 | 0.1% | \$0 |
| 500/500/3,000 | 0.3% | \$0 |
| 500/500/5,000 | 0.5% | \$0 |
| 500/500/10,000 | 1.0% | \$0 |
| 1,000/1,000/1,000 | 0.4% | \$120 |
| 1,000/1,000/3,000 | 0.6% | \$120 |
| 1,000/1,000/5,000 | 0.8% | \$120 |
| 1,000/1,000/10,000 | 1.3% | \$120 |
| 2,000/2,000/2,000 | 0.7% | \$140 |
| 3,000/3,000/3,000 | 0.9% | \$160 |

Limits of Liability for Maritime/Jones and FELA Classes – Effective 01/01/2023 (No Change)

Assigned Risk policies qualify for Maritime/Jones \$100,000 limits only. FELA is not available for Assigned Risk policies.

| Per Accident Limit | Program II Factor | Minimum Premium |
|--------------------|-------------------|-----------------|
| 100,000 | 1.00 | \$0 |
| 200,000 | 1.26 | \$100 |
| 300,000 | 1.41 | \$100 |
| 400,000 | 1.50 | \$100 |
| 500,000 | 1.54 | \$100 |
| 1,000,000 | 1.70 | \$150 |
| 2,000,000 | 1.88 | \$175 |
| 3,000,000 | 1.97 | \$200 |
| 4,000,000 | 2.02 | \$225 |
| 5,000,000 | 2.04 | \$250 |
| 6,000,000 | 2.06 | \$260 |
| 7,000,000 | 2.08 | \$270 |
| 8,000,000 | 2.09 | \$280 |
| 9,000,000 | 2.10 | \$290 |
| 10,000,000 | 2.11 | \$300 |

DCBS Assessment – Effective 01/01/2023 (No Change)

9.8%

Nondisabling Claims Reimbursement – Effective 01/01/2023 (Change)

\$2,400

Regional Prepay Plan (Voluntary) Effective 01/01/2023 (Change)

| | |
|-----------------------------|-------------|
| Annual in Advance | 3.0% |
| Semi-annual in Advance | 2.0% |
| Quarterly in Advance | 1.0% |
| Monthly (10-pay) in Advance | 1.0% |

Expense Constants and Minimum Premiums:

SAIF Voluntary (No Change)

Expense Constant for USL&HW (Federal) - \$100

Minimum Premium Class dependent – subject to \$500 maximum

Minimum Premium Calculation:

Beginning 01/01/2014, when a policy incepts with multiple classes, the minimum premium is based on the highest minimum premium for any class on the policy that has estimated payroll/premium.

Assigned Risk (No Change)

Expense Constant - \$160

Minimum Premium Class dependent – subject to \$550 maximum

Claim Rating Plan Effective 01/01/2023 (No Change)

For Non-Experience Rated policies with limited claims in the Claims Rating Period:

| <u>Rate Level</u> | <u># Claims in Rating Period</u> |
|----------------------------------|----------------------------------|
| The assigned rate tier minus 10% | Zero Claims |
| The assigned rate tier | One or more total claims |

Effective 1/1/21, new and renewing, qualifying COVID claims will not be considered in the number of claims in the rating period.

Installment Plan Determination (No Change)

Billing plan installments for voluntary policies will be determined using net estimated annual premium (NEAP) instead of standard premium. To keep the majority of policies on their current billing plan, the thresholds for determining installment frequency have been adjusted as follows:

- Annual: \$550.00 or less
- Semi-annual: \$550.01 to \$1,000.00
- Quarterly: \$1,000.01 to \$5,000.00
- 10-Pay: \$5,000.01 or larger

Experience Rating Modification Premium Eligibility (Change)

| Rating effective date | Most recent 24 months of base-period subject premium* equal to or greater than | Base-period average annual subject premium* equal to or greater than |
|---------------------------------|--|--|
| July 1, 2021 | \$6,000 | \$3,000 |
| July 1, 2023 & after | \$6,500 | \$3,250 |

* Subject premium is manual premium plus waiver and EL-increased limit premium.

Miscellaneous Values

Basis of premium applicable in accordance with the footnote instructions for Class 7370 – Taxicab Company: **Effective 01/01/2023 (Changed)**:

| | |
|---------------------------|------------------|
| Employee-operated vehicle | \$103,400 |
| Leased or rented vehicle | \$68,900 |

Maximum payroll applicable in accordance with Basic Manual footnote instructions for Class 9178 – “Athletic Sports or Park: Non-contact Sports,” Class 9179 – “Athletic Sports or Park: Contact Sports”:

| | |
|-------------------------------------|----------------|
| Effective 1/1/2023 (Changed) | \$5,300 |
|-------------------------------------|----------------|

Minimum payroll applicable in accordance with Basic Manual Rule 2-E-1 – “Executive Officers”:

| | |
|-------------------------------------|----------------|
| Effective 1/1/2023 (Changed) | \$1,350 |
|-------------------------------------|----------------|

Maximum payroll applicable in accordance with Basic Manual Rule 2-E-1 – “Executive Officers”:

| | |
|-------------------------------------|----------------|
| Effective 1/1/2023 (Changed) | \$5,300 |
|-------------------------------------|----------------|

Premium Determination for Partners, Sole Proprietors, and members of Limited Liability Companies (LLC) in accordance with Basic Manual Rule 2-E:

| | |
|---------------------------------------|-----------------|
| Effective 01/01/2023 (Changed) | \$68,900 |
|---------------------------------------|-----------------|

Minimum payroll applicable for the following workers, whether subject by statute or employer election (New and Renewal Policies):

Voluntary: Effective 01/01/2023 – BOLI Rates Effective 7/1/2022 (Change)

Assigned Risk: Effective 01/01/2023 – BOLI Rates Effective 7/1/22 (Change)

- Volunteers
- Municipal Volunteers (excluding volunteers in Class 8411)
- Work Experience Trainees
- School-Directed Vocation Education Project Trainees
- Apprentice Trainees
- Inmates (both incarcerated and community service)
- Sheltered Workshop Trainees

For Assigned Risk Policies Only:

**Loss-Sensitive Retrospective Rating Plan (LSRP) factors effective 1/1/2023
(Change in Bold)**

| | |
|------------------------|--------------|
| Basic Factor | .400 |
| Minimum Premium Factor | .750 |
| Maximum Premium Factor | 1.750 |
| Loss Conversion Factor | 1.203 |
| Tax Multiplier | 1.000 |

Adjustment (Evaluation Closure) Loss Development Factors

| | |
|----------------------------|-----|
| 1 st Adjustment | .14 |
| 2 nd Adjustment | .08 |
| 3 rd Adjustment | .06 |
| 4 th Adjustment | .05 |

Distribution: [All Underwriting]; [Marketing Sales Staff]; [All Service Center]; [All Premium Audit]; [All Actuary]; [Agency Staff]; Kevin Barrett