

# NCCI changes to Experience Rating!

Effective 7/1/2015

Texas adopted NCCI Experience Rating Manual for ratings effective 7/1/15 and later

- Basic Formula unchanged (Actual Losses vs Expected Losses)
  - Updated rules/rating values apply
- Most rules remain the same but there are some key differences
- The expected impact is small for most experience rated accounts

#### Key differences from TDI plan:

- Split point (or actual primary losses) changes from \$5K to \$15.5K
- Expected Loss Rates (ELRs) changes will help offset split point increase
- Discount "D" ratios increase significantly
- Only 30% of med only claims to be used in experience modifier calculation

#### Key differences from TDI plan:

- "B" values or Ballast Factors will be higher adding more dollars to calculation
  - Pushing all toward 1.00
- "W" values or Weights will be lower pushing experience modifiers higher

#### Loss limitation values will be higher

- More of excess losses will be used

	<u>Old</u>	<u>New</u>
Per claim limit:	\$107K	\$230.5K
Multiple claim limit:	\$214K	\$461.0K
USL&H per claim:	\$113K	\$512.0K
Multiple USL&H :	\$227K	\$1.024 mil

#### Revised maximum experience modifier caps:

<u>Expected Losses</u>	<u>TDI Max</u>	<u>NCCI Max</u>
\$ 5K	1.15	1.32
\$ 10K	1.50	1.53
\$ 15K	2.00	1.75
\$ 20K	none	1.97
\$ 50K	none	3.27
\$100K	none	5.45

## Bottom Line

- Impact of changes will vary from account to account
- Use experience modifier tools to test some key accounts
- Review experience modifiers right away as they are promulgated