



An Overview of Workers Compensation and Employers Liability Insurance

Presented by: Veruschka Zachtshinsky, CPCU, ARC

Today's Agenda

- NCCI Overview
- Workers Compensation & Employers Liability Insurance Basics
- Premium Components
- NCCI Filings
- Employee Leasing Arrangements



The Source You Trust

NCCI Overview

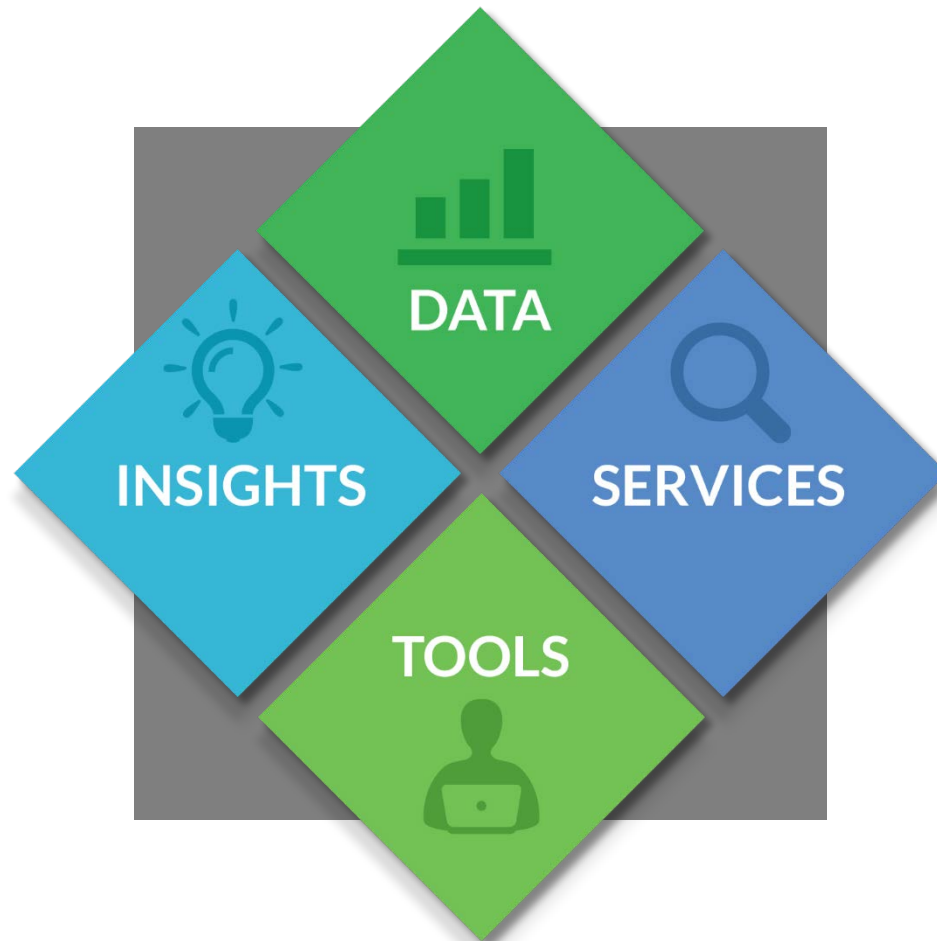


About Us

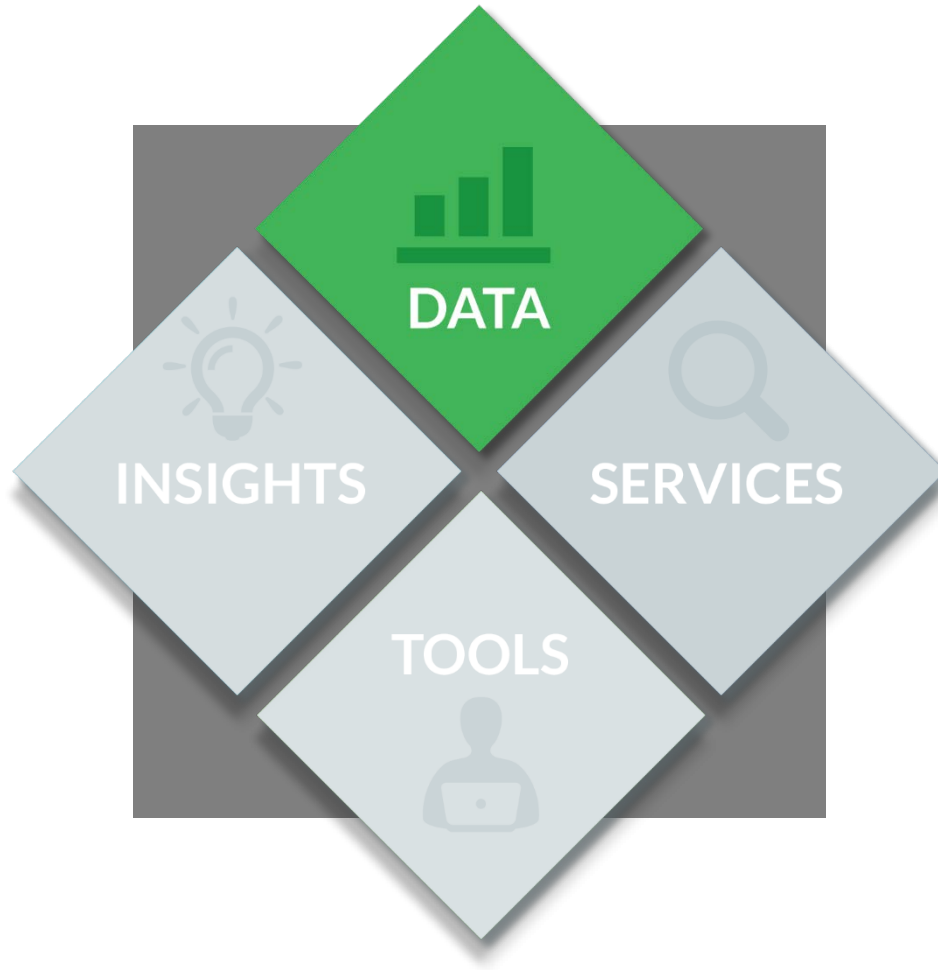
- The National Council on Compensation Insurance was founded in 1923
- We are a workers compensation advisory and rating organization in 37 states
- Our headquarters is located in Boca Raton, Florida



Core Strengths



Core Strengths



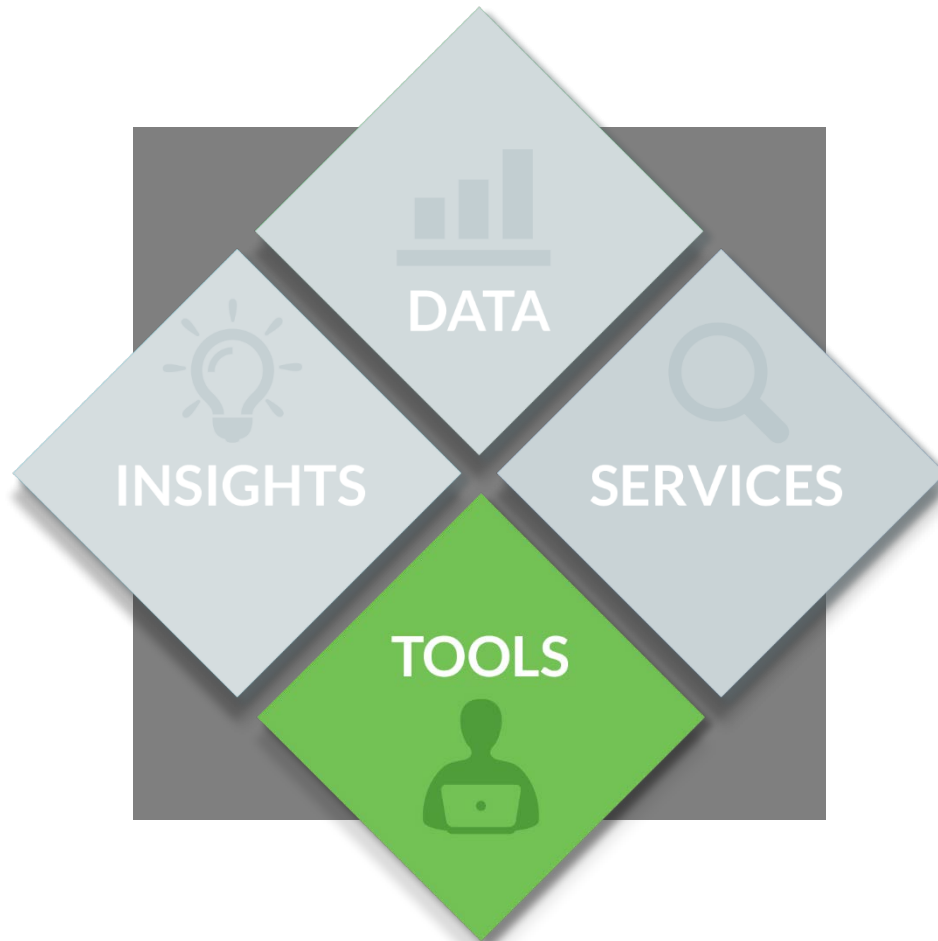
The broadest and deepest
workers compensation
database in the industry

Core Strengths



A network of solid relationships with carriers, regulators, and other important system stakeholders, and the provision of key services supporting the system

Core Strengths



The information and technology tools that industry stakeholders use to help foster a healthy workers compensation system

Core Strengths



The talent and experience necessary to develop and disseminate important insights from this rich data

Our Stakeholders

NCCI's more than 900 employees work effectively with industry stakeholders to provide underlying data and identify system trends:



States where insurance departments have designated NCCI as their licensed rating and statistical organization





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Workers Compensation & Employers Liability Insurance Basics



Basic Principles of Insurance

Rationale:

- It is impossible to predict when (and to whom) losses may occur
- A single loss could be so large that a company or individual is unable to pay for it

Basic Principles of Insurance

How it Works:

- A contractual agreement (policy)
- Paid for by the employer (premium)
- Covers financial loss from specified causes, subject to specific limits and terms and conditions

WC & EL Insurance

- Regulated on a state-by-state basis
- Mandatory in most NCCI states
- Covers the employer's obligation to the injured worker



What Is Covered?

Workers compensation covers expenses associated with work-related injuries or illnesses, including:

- Medical expenses
- Lost wages
- Rehabilitation costs
- Burial costs and survivor benefits



What is Covered?

Employers liability covers liability arising out of an employee's work-related injury not covered under workers compensation



Declaration Page

INFORMATION PAGE																
Insurer:	<div style="border: 1px solid black; display: inline-block; padding: 2px 10px;">POLICY NO.</div> <div style="display: flex; justify-content: space-between; width: 100%;"> <div style="width: 10%; border-bottom: 1px solid black;"></div> <div style="width: 10%; border-bottom: 1px solid black;"></div> <div style="width: 10%; border-bottom: 1px solid black;"></div> <div style="width: 10%; border-bottom: 1px solid black;"></div> <div style="width: 10%; border-bottom: 1px solid black;"></div> <div style="width: 10%; border-bottom: 1px solid black;"></div> <div style="width: 10%; border-bottom: 1px solid black;"></div> <div style="width: 10%; border-bottom: 1px solid black;"></div> <div style="width: 10%; border-bottom: 1px solid black;"></div> <div style="width: 10%; border-bottom: 1px solid black;"></div> </div>															
1. The Insured:	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="width: 45%; border-bottom: 1px solid black;"></div> <div style="width: 10%; text-align: center;">Individual</div> <div style="width: 45%; border-bottom: 1px solid black;"></div> <div style="width: 10%; text-align: center;">Partnership</div> </div> <div style="margin-top: 10px;"> <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="width: 45%; border-bottom: 1px solid black;"></div> <div style="width: 10%; text-align: center;">Corporation or</div> <div style="width: 45%; border-bottom: 1px solid black;"></div> </div> </div>															
Mailing address:																
Other workplaces not shown above:																
2. The policy period is from _____ to _____																
3. A. Workers Compensation Insurance: Part One of the policy applies to the Workers Compensation Law of the states listed here:																
B. Employers Liability Insurance: Part Two of the policy applies to work in each state listed in Item 3.A. The limits of our liability under Part Two are:	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Bodily Injury by Accident</td> <td style="width: 10%;">\$</td> <td style="width: 30%; border-bottom: 1px solid black;"></td> <td style="width: 20%;">each accident</td> </tr> <tr> <td>Bodily Injury by Disease</td> <td>\$</td> <td style="border-bottom: 1px solid black;"></td> <td>policy limit</td> </tr> <tr> <td>Bodily Injury by Disease</td> <td>\$</td> <td style="border-bottom: 1px solid black;"></td> <td>each employee</td> </tr> </table>				Bodily Injury by Accident	\$		each accident	Bodily Injury by Disease	\$		policy limit	Bodily Injury by Disease	\$		each employee
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C. Other States Insurance: Part Three of the policy applies to the states, if any, listed here:																
D. This policy includes these endorsements and schedules:																
4. The premium for this policy will be determined by our Manuals of Rules, Classifications, Rates and Rating Plans. All information required below is subject to verification and change by audit.																
Classifications	Code No.	Premium Basis Total Estimated Annual Remuneration	Rate Per \$100 of Remuneration	Estimated Annual Premium												
Total Estimated Annual Premium \$																
Minimum Premium \$																
Expense Constant \$																
Countersigned by _____																

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Insurer:	<div style="border: 1px solid black; padding: 2px; display: inline-block;">POLICY NO.</div> <div style="display: flex; justify-content: space-around; width: 100px; height: 15px; margin-top: 2px;"> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> <div style="width: 10px; height: 10px; border: 1px solid black;"></div> </div>
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2. The policy period is from _____ to _____ at the insured's mailing address.	

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Bodily Injury by Accident	\$ _____	each accident
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<div style="text-align: right; margin-right: 50px;">Total Estimated Annual Premium \$</div> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> Minimum Premium \$ Expense Constant \$ </div> <div style="text-align: right; margin-top: 20px;">Countersigned by _____</div>				

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D. This policy includes these endorsements and schedules:

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Total Estimated Annual Premium \$

Minimum Premium \$

Expense Constant \$



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Premium Components



Employer Classifications



Classification Rates

ADVISORY LOSS COSTS - NOT RATES									
Advisory loss costs exclude all expense provisions except loss adjustment expense and loss-based assessments.									
Original Printing									
CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST
0005	2.44	1925	3.19	2683	1.35	3146	2.02	3826	1.27
0008	2.35	2001	-	2688	2.28	3169	2.05	3827	2.08
0016	5.92	2002	2.91	2701	8.57	3175D	2.46	3830	0.83
0034	2.31	2003	3.99	2702	10.45	3179	1.55	3851	2.45
0035	1.73	2014	-	2709	12.14	3180	1.65	3865	1.71
0036	5.13	2016	2.08	2710	5.62	3188D	1.41	3881	3.79
0037	4.42	2021	2.03	2714	3.26	3200	1.29	4000	3.98
0042	6.17	2039	2.06	2731	2.39	3223	2.87	4021	3.27
0050	4.68	2041	2.12	2735	3.37	3224	2.46	4024D	2.34
0059D	0.21	2065	2.53	2759	4.57	3227	2.56	4034	2.34
0065D	0.04	2070	4.31	2790	1.87	3240	2.49	4036	2.34
0066D	0.04	2081	2.24	2797	3.45	3241	3.71	4038	2.34
0067D	0.04	2089	3.43	2799	4.65	3255	1.48	4053	2.34
0079	3.82	2095	2.82	2802	4.43	3257	5.11	4061	2.34
0083	5.26	2101	-	2804	-	3270	1.70	4062	2.34
0106	12.80	2105	2.87	2812	-	3300	2.72	4101	2.34
0113	3.79	2110	1.87	2835	2.16	3303	2.79	4109	2.34
0170	3.32	2111	2.61	2836	2.46	3307	2.59	4110	2.34
0251	2.76	2112	3.39	2841	2.40	3315	3.47	4111	2.34
0400	-	2114	1.98	2881	2.06	3334	2.03	4113	2.34
0401	10.07	2121	1.18	2883	3.01	3360D	1.88	4114	2.34
0766N	0.37	2130	1.82	2913	-	3365D	6.18	4130	2.66
0771N	0.34	2143	2.28	2915	2.53	3372	2.85	4131	1.84
0908P	117.00	2157	4.66	2916	4.11	3373	2.93	4133	0.52
0913P	380.00	2172	1.04	2923	1.78	3383	1.16	4149	0.52
0917	4.25	2174	2.56	2942	-	3385	0.63	4206	2.38
1005*	4.30	2211	6.98	2960	3.28	3400	2.59	4207	1.10
1016X*	10.63	2220	2.03	3004	1.03	3507	2.79	4239	2.02
1164D	3.47	2286	1.40	3018	1.70	3515	1.92	4240	1.68
1165D	2.33	2288	2.99	3022	2.37	3548	0.91	4243	1.62
1320	1.08	2300	-	3027	2.43	3559	1.83	4244	1.90
1322	13.04	2302	1.51	3028	2.73	3574	0.67	4250	1.15
1420	-	2305	1.20	3030	3.57	3581	0.84	4251	2.06
1430D	3.57	2361	1.65	3040	4.27	3612	2.10	4263	2.42
1438D	4.82	2362	1.11	3041	3.18	3620	2.55	4273	1.65
1452	2.23	2380	1.95	3042	3.23	3629	1.34	4279	1.84
1463	8.75	2386	-	3064	4.97	3632	2.83	4282	1.51
1472	1.98	2388	1.33	3069	-	3634	1.58	4283	1.42
1473X	1.04	2402	2.59	3076	2.29	3635	2.53	4299	1.60</

$$\text{Rate} \times \frac{\text{Payroll}}{\$100} = \text{Manual Premium}$$

Additional Coverages

Waiver of Subrogation

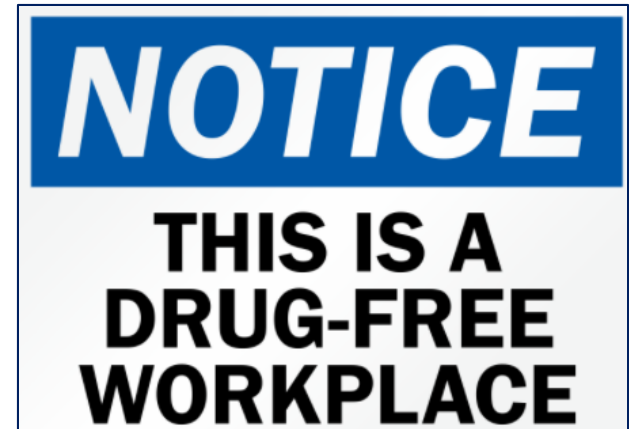


Foreign Voluntary

Employers Liability



Pricing Programs



Experience Rating

Factor calculated by NCCI for a risk:

- Based on past payroll and loss experience
- Adjusts premium up or down, or stays neutral

The image shows three overlapping NCCI Workers Compensation Experience Rating forms for a risk named 'ANY INSURED' in Florida. The forms are for the years 2012, 2013, and 2014. Each form contains a table with columns for Code, ELR, D, Ratio, Payroll, Expected Losses, Exp Date, Claim Data, U, OF, Act Inc, Act Prim, and Losses. The forms also include a 'Policy Total' section with 'Subject' and 'Premium' values.

Code	ELR	D	Ratio	Payroll	Expected Losses	Exp Date	Claim Data	U	OF	Act Inc	Act Prim	Losses
5183	1.85	37		225,480	4,121	07/01/2012	120001	05	F	2,317	7,317	2,317
5190	1.90	37		93,870	1,784	07/01/2012	120002	05	F	22,895	16,000	22,895
5645	5.84	33		1,707,260	99,704	07/01/2012	120002	05	F	22,895	16,000	22,895
6217	2.61	33		152,987	3,961	07/01/2012	120002	05	F	22,895	16,000	22,895
8810	09	43		127,430	115	07/01/2012	120002	05	F	22,895	16,000	22,895
Policy Total:				2,387,822	115					22,895	16,000	22,895
				Subject	49							
				Premium	263,695							
				Total Act Inc	50,571							
				Total Act Inc	50,571							

Educational Webinars

[Data Reporting](#)[Industry Information](#)[Residual Markets](#)[Underwriting](#)[Agents/Brokers](#)

With 2018 Product Enhancements

[Order Mods and Worksheets](#)[Download Rates](#)[Gain State Insight](#)[Get a Class Code](#)[Access Circulars](#)[Access Manuals](#)

TOOLS

- Annual Statistical Bulletin
- Circulars
- Excess Loss Factors
- Loss Development Exhibits
- Manuals Library
- Rate Table Data
- Residual Market Expiration List
- Riskworkstation™
- State Insight

CLASSIFICATIONS

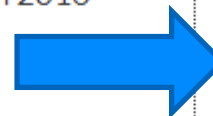
- Discover NCCI's Interactive Class Tree Map
- NCCI's Classification Inspection Program - Top Five Reclassified Codes in 2016

EXPERIENCE RATING

- Experience Rating (ER) Split

LEARNING CENTER

- Riskworkstation™ Overview - Webinar on Demand
- Riskworkstation™ Test Mods Overview - Webinar on Demand
- Basics of Experience Rating - Webinar on Demand
- Manuals Library - Webinar on Demand
- Classification System Overview - Webinar on Demand





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NCCI Filings



NCCI Filings

- Adoption Varies by State:
 - File and Use
 - Use and File
 - Prior Approval

- Types of Filings:
 - Rates/Loss Costs
 - Rules
 - Policy Form/Endorsements



The Source You Trust

Employee Leasing Arrangements



Policy Models

- Master
 - One policy issued
 - Covers leased workers of an employee leasing arrangement
 - Covers direct workers of the employee leasing company
 - Employee leasing company is the named insured

- Multiple Coordinated Policies
 - Multiple policies issued
 - Client is the named insured
 - Employee leasing company is the named insured

Key Takeaways

- NCCI's Core Strengths
- State Act Coverage
- Resources and Tools Available

