

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 26, 2016

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APPLICATION OF

NATIONAL COUNCIL ON COMPENSATION
INSURANCE, INC.

CASE NO. INS-2016-00158

For revisions of advisory loss costs
and assigned risk workers' compensation
insurance rates

ORDER SCHEDULING HEARING

On July 15, 2016, the National Council on Compensation Insurance, Inc. ("Applicant"), filed with the State Corporation Commission ("Commission") on behalf of its members, comprising all the insurance companies licensed to write workers' compensation insurance in the Commonwealth of Virginia, advisory loss costs that the Applicant's members may use together with their own expenses and profit and contingency factors in determining the members' rates for policies written in the voluntary market and revised rates and rating values for assigned risk policies. Included in the Applicant's filings are advisory loss costs and revised assigned risk rates for the coal classifications (1005 and 1016). Together with its advisory loss costs and assigned risk rate filings, the Applicant submitted testimony and exhibits in support of its proposed advisory loss costs, assigned risk rates, and rating values. The Applicant has proposed to make the requested changes for policies effective on and after April 1, 2017, on all new and renewal business.

NOW THE COMMISSION, having considered the Applicant's request, finds that a hearing will be necessary before acting upon the requested revision of workers' compensation assigned risk insurance rates and advisory loss costs, that notice of such hearing should be given

to the public, and that interested persons and the Office of the Attorney General should be given an opportunity to participate in this proceeding. Further, we find that a Hearing Examiner should be appointed to rule on all discovery matters that may arise during the course of this proceeding.

Accordingly, IT IS ORDERED THAT:

(1) This case is docketed as Case No. INS-2016-00158, and a proceeding shall be instituted pursuant to 5 VAC 5-20-80 A of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10, *et seq.* ("Rules") to investigate and determine: (a) whether the advisory loss costs and assigned risk rates as set forth in the filings are excessive, inadequate, or unfairly discriminatory; and (b) any other matter which may be the proper subject of investigation.

(2) As provided in § 12.1-31 of the Code of Virginia and Rule 5 VAC 5-20-120, a Hearing Examiner is appointed to rule on any discovery matters that may arise during the course of this proceeding.

(3) This case is set for hearing commencing at 10 a.m. on October 26, 2016, in the Courtroom of the Commission, Second Floor, Tyler Building, Richmond, Virginia 23219.

(4) On or before August 12, 2016, all persons who expect to participate in the hearing as respondents, as provided by Rule 5 VAC 5-20-80 B, shall file a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Each respondent simultaneously shall deliver a copy of the notice of participation to counsel for the Applicant, Charles H. Tenser, Esquire, 2120 Galloway Terrace, Midlothian, Virginia 23113.

(5) On or before September 23, 2016, the Commission's Staff, and all persons previously filing a notice of participation who wish to participate in the hearing as respondents, shall file

with the Clerk of the Commission the testimony and exhibits of each witness expecting to present direct testimony. If not filed electronically, an original and fifteen (15) copies of the testimony and exhibits shall be submitted to the Clerk of the Commission at the address in Ordering Paragraph (4). Three (3) copies of the testimony and exhibits simultaneously shall be delivered to counsel for the Applicant at the address in Ordering Paragraph (4) and to the Commission Staff, the Office of the Attorney General, and any respondent requesting the same.

(6) On or before October 7, 2016, the Applicant shall file with the Clerk of the Commission the rebuttal testimony and exhibits of each witness it intends to offer at the hearing and simultaneously shall deliver three (3) copies thereof to counsel for each respondent, the Commission's Staff, and the Office of the Attorney General. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address in Ordering Paragraph (4).

(7) On or before October 19, 2016, any interested person may file with the Clerk of the Commission, at the address in Ordering Paragraph (4), written comments on the Application. Any interested person desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other means of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. INS-2016-00158.

(8) The Applicant shall publish the following notice of hearing. Such notice shall be published in a newspaper of general circulation published in each of the following cities: Richmond, Norfolk, Newport News, Roanoke, Winchester, Lynchburg, Danville, Bristol, Fredericksburg, and Alexandria on one occasion not later than the week beginning August 22,

2016. On or before the date of the hearing scheduled herein, proof of such publication shall be filed with the Clerk of the Commission at the address in Ordering Paragraph (4).

NOTICE OF PROPOSED CHANGES TO WORKERS' COMPENSATION INSURANCE RATES
CASE NO. INS-2016-00158

The National Council on Compensation Insurance, Inc. ("NCCI"), on behalf of its member insurers, has applied to the State Corporation Commission ("SCC") for approval to change voluntary market advisory loss costs and assigned risk market rates and rating values for new and renewal workers' compensation insurance policies becoming effective on and after April 1, 2017.

NCCI proposes advisory loss costs that its members may use along with their own expenses and profit and contingency factors in establishing rates for policies written in the voluntary market. The proposal would change the overall average pure premium level for the voluntary market as follows:

- Industrial classifications: 5.5% decrease
- "F" (Federal) classifications: 1.4% increase
- Coal classification 1005: 9.0% increase
- Coal classification 1016: 6.5% increase

NCCI proposes the following changes to the overall average rate level for the assigned risk market:

- Industrial classifications: 10.0% decrease
- "F" (Federal) classifications: 1.9% decrease
- Coal classification 1005: 3.4% increase
- Coal classification 1016: 1.2% increase

Information filed by NCCI in support of its proposals, including the exact assigned risk rates and advisory loss costs for individual classifications, which will vary by classification and may be higher or lower than the overall changes stated above, may be seen at the SCC's Bureau of Insurance or the SCC's Office of the Clerk, both of which are located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219.

Interested persons are encouraged to review NCCI's filing and supporting documents for the details of these and other proposals. TAKE

NOTICE that the SCC may approve advisory loss costs and assigned risk rates and rating values differently from those proposed by NCCI.

The SCC has instituted an investigation into the changes proposed by NCCI and has set a public hearing thereon in Case No. INS-2016-00158 in its Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, at 10 a.m. on October 26, 2016. Any interested person who desires to make a statement at the hearing on his/her own behalf should appear in the SCC's Courtroom at 9:45 a.m. on October 26, 2016, and contact the SCC's Bailiff. Individuals with disabilities who desire an accommodation to participate in the hearing should contact the SCC at least seven days before the hearing at 1-800-552-7945 (voice).

On or before August 26, 2016, any person or entity who expects to participate in this proceeding as a respondent shall file a notice of participation, in conformity with the SCC's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, and the Order Scheduling Hearing in this case, which may be viewed at <http://www.scc.virginia.gov/case> or may be ordered from Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Any notice of participation shall be filed with the Clerk, and a copy must be served on NCCI's counsel, Charles H. Tenser, Esquire, 2120 Galloway Terrace, Midlothian, Virginia 23113.

On or before September 23, 2016, in accordance with the Order Scheduling Hearing, each respondent shall file the testimony and exhibits by which the respondent expects to establish its case.

All interested persons who desire to comment on the application shall file such comments on or before October 19, 2016, with the Clerk of the SCC at the address above or may submit comments electronically by following the instructions at <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. INS-2016-00158.

NATIONAL COUNCIL ON COMPENSATION INSURANCE

(9) The Commission's Bureau of Insurance forthwith shall mail a copy of this Order to all persons listed in the Bureau of Insurance's records as interested persons for purposes of workers' compensation matters, comprised of entities and individuals that have previously expressed an interest in recent NCCI rate proceedings.

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AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Charles H. Tenser, Esquire, 2120 Galloway Terrace, Midlothian, Virginia 23113; and Kiva Bland
Pierce, Esquire, Assistant Attorney General, Division of Consumer Counsel, Office of the
Attorney General, 202 North Ninth Street, Richmond, Virginia 23219; and a copy hereof shall be
delivered to the Commission's Office of General Counsel and the Bureau of Insurance in care of
Deputy Commissioner Rebecca Nichols.