

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 26, 2018

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2018 JUL 26 P 2:58

APPLICATION OF

NATIONAL COUNCIL ON COMPENSATION
INSURANCE, INC.

CASE NO. INS-2018-00071

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

ORDER FOR NOTICE

Pursuant to § 38.2-1912.1 of the Code of Virginia ("Code"), no prospective loss costs or supplementary rate information for workers' compensation insurance, as defined by § 38.2-119 of the Code, shall be applied or used in the Commonwealth of Virginia until it has been approved by the State Corporation Commission ("Commission"). Pursuant to § 38.2-2006 of the Code, no filing of rates for insurance written through the Virginia Workers' Compensation Insurance Plan may be used until it has been approved by the Commission.

The Commission's Final Order in Case Number INS-2017-00059¹ directed, among other things, that on or before June 1, 2018, the National Council on Compensation Insurance, Inc. ("NCCI"), the Commission's Bureau of Insurance ("Bureau"), the Office of the Attorney General's Division of Consumer Counsel, the Iron Workers Association, and the Washington Construction Employers Association (collectively, "Parties") recommend jointly to the Commission a procedural schedule for any 2018 proceeding to revise advisory loss costs and assigned risk workers' compensation insurance rates.

¹ *Application of National Council on Compensation Insurance, Inc., For revisions of advisory loss costs and assigned risk workers' compensation insurance rates*, Case No. INS-2017-00059, S.C.C. Doc. Cont. Ctr. No. 171220270, Final Order (Dec. 21, 2017).

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On April 10, 2018, NCCI, by counsel, filed on behalf of the Parties a procedural schedule. On April 26, 2018, the Commission entered an Order Docketing Case in this matter in which it adopted the procedural schedule filed by the Parties.²

On July 13, 2018, NCCI filed with the 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 NCCI'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 NCCI'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, NCCI submitted testimony and exhibits on July 13 and 20, 2018, in support of its proposed advisory loss costs, assigned risk rates, and rating values. NCCI has proposed to make the requested changes for policies effective on and after April 1, 2019, on all new and renewal business.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that notice of the Application and the procedural schedule should be provided. We will also modify the date for the filing of notices of participation in this case.

Accordingly, IT IS ORDERED THAT:

(1) The date for filing notices of participation in this case is extended from August 17, 2018, to September 21, 2018.

² Aspects of the procedure schedule were subsequently changed by the Commission's June 13, 2018 Amended Scheduling Order and July 2, 2018 Order Granting Extension in this case.

(2) NCCI 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 on one occasion, not later than the week beginning August 27, 2018: Richmond, Norfolk, Newport News, Roanoke, Winchester, Lynchburg, Danville, Bristol, Fredericksburg, and Alexandria. On or before the date of the hearing scheduled herein, proof of such publication shall be submitted to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218.

NOTICE OF PROPOSED CHANGES TO WORKERS'
COMPENSATION INSURANCE RATES
CASE NO. INS-2018-00071

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, 2019.

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: | 2.6% decrease |
| "F" (Federal) classifications: | 9.3% increase |
| Coal classification 1005: | 14.0% increase |
| Coal classification 1016: | 14.0% increase |

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

| | |
|--------------------------------|----------------|
| Industrial classifications: | 0.8% decrease |
| "F" (Federal) classifications: | 8.4% increase |
| Coal classification 1005: | 9.6% increase |
| Coal classification 1016: | 11.9% 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. The application also may be viewed at <http://www.scc.virginia.gov/case> under Case No. INS-2018-00071.

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-2018-00071 in its courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, at 10 a.m. on November 8, 2018. 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 November 8, 2018, and contact the SCC's Bailiff.

On or before September 21, 2018, 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 Docketing Case, Order Granting Extension, and Order for Notice 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 of the SCC, and a copy must be served on NCCI's counsel, Charles H. Tenser, Esquire, 2120 Galloway Terrace, Midlothian, Virginia 23113.

In accordance with the SCC's Order Docketing Case, Order Granting Extension, and Order for Notice, on or before September 21, 2018, each respondent shall also 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 17, 2018, 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-2018-00071.

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(3) The Bureau forthwith shall mail a copy of this Order to all persons listed in the Bureau'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.

(4) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Charles H. Tenser, Esquire, 2120 Galloway Terrace, Midlothian, Virginia 23113; C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219-3424; 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.