



October 1, 2004

Circular 2004-12

To: All ICRB Members

Re: Indiana Assigned Risk Reinsurance Pool

- 1) Public Hearing on ICRB Filing
- 2) Servicing Carrier Procedures

Public Hearing

The Indiana Department of Insurance (IDOI) has scheduled a hearing October 13, 2004, 10:00 AM at its office to accept comment on the ICRB filing titled "Indiana Assigned Risk Reinsurance Pool" The filing proposes to create an Indiana workers compensation assigned risk pool (Indiana Pool) effective January 1, 2005. The Indiana Pool will replace Indiana participation in the National Workers Compensation Reinsurance Pool (National Pool).

The hearing is a forum to receive public comment, either orally during the hearing or through written comments submitted at or prior to the hearing.

ICRB management and legal counsel will be present and we expect to make oral and written comments in favor of the filing, advancing the affirmative votes of the ICRB Board and membership who approved the filing earlier this year. Members may individually express their comments as well.

Servicing Carrier Procedures

With the hearing several weeks away, we recognize that our assigned risk servicing carriers soon must act on sending the appropriate renewal and nonrenewal notices to current assigned risk employers with effective dates in January 2005. We instruct our servicing carriers to proceed as if the Indiana Pool will be effective as of January 1, 2005.

Only multi-state employers with current coverage under multiple National Pool states, one of which is Indiana, will be impacted as follows:

- ✓ For multi-state employers where Indiana is the dominant state, only the Indiana exposure will be renewed. The employer may submit an application to NCCI for assigned risk coverage in its other National Pool states.
- ✓ For multi-state employers where Indiana is a nominal state, the Indiana exposure will be non-renewed and the employer may submit a new application for its Indiana-only coverage under the Indiana assigned risk plan.

Sincerely,

Ronald W. Cooper, CWCP
President

Attachments: NCCI Circular PLAN-IN-2004-01, dated 09/30/2004
NCCI Circular POOL-IN-2004-01, dated 09/30/2004



Circular

SEPTEMBER 30, 2004 **PLAN INFORMATION** **PLAN-IN-2004-01**

Indiana--NCCI Workers Compensation Insurance Plans

ACTION NEEDED Please review this circular for the impact on your company’s systems or procedures for writing applications or policies that have Indiana exposure in an NCCI Plan-Administered state under NCCI’s filed and approved Workers Compensation Insurance Plan (WCIP).

BACKGROUND **Pending approval by the Indiana Department of Insurance of a filing by the Indiana Compensation Rating Bureau**, effective January 1, 2005, the Indiana Workers Compensation Insurance Plan will be replaced with the Indiana Workers Compensation Insurance Plan for the Indiana Assigned Risk Reinsurance Pool.

IMPACT Upon approval of this change, assigned risk employers insured in any NCCI-administered WCIP state, with Indiana as an additional state, will no longer be able to combine Indiana on a multistate policy or application. Therefore, employers requesting that coverage be extended into Indiana under Part One—Workers Compensation Insurance must submit a separate application for the Indiana exposure to the Indiana Compensation Rating Bureau (ICRB).

Assigned carriers in NCCI Plan-Administered states should review the policies of employers that have current Indiana exposure and nonrenew the Indiana exposure upon renewal of policies with effective/renewal dates of January 1, 2005 and after. In order to provide assistance in determining the proper action necessary, the table below provides clarification of the changes that may be required.

In addition, servicing carriers currently reinsured through the National Workers Compensation Reinsurance Pool (NWCRP) should review the NWCRP Circular Pool IN-2004-01 for further information relating to continued reinsurance.

NCCI and the ICRB will keep you informed of the pending approval. Subject to the final approval, the following applies:

<i>If your assigned risk policy has ...</i>	<i>And the assigned risk policy renews or a new application is effective ...</i>	<i>Then ...</i>
Indiana exposure only	Before January 1, 2005	The policy can be written through the WCIP until the next policy renewal.
Multistate exposure including Indiana	Before January 1, 2005	The policy can be written as a multistate policy until the next policy renewal.
Multistate exposure with the dominant state in an NCCI Plan-Administered state, and includes exposure in Indiana	On or after January 1, 2005	The Indiana-only exposure must be nonrenewed through the WCIP at policy renewal.

<i>If your assigned risk policy</i>	<i>And the assigned risk policy</i>	<i>Then ...</i>
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<i>has ...</i>	<i>renews or a new application is effective ...</i>	
Multistate exposure with the dominant state in Indiana, and includes exposure in an NCCI Plan-Administered state(s)	On or after January 1, 2005	The current servicing carrier may renew the Indiana-only exposure through the Indiana Assigned Risk Plan, provided it continues to be a servicing carrier as of January 1, 2005.
		All other exposure in NCCI Plan-Administered states should be nonrenewed and coverage reapplied for in the remaining dominant state.
Indiana exposure only and you are a servicing carrier for the state of Indiana	On or after January 1, 2005	The current servicing carrier may renew the Indiana-only exposure through the Indiana Assigned Risk Plan, provided it continues to be a servicing carrier as of January 1, 2005.

NCCI ACTION

NCCI will update the *Basic Manual for Workers Compensation and Employers Liability Insurance* and the *Assigned Risk Supplement* in accordance with the changes made to the Indiana residual market mechanism. If you would like to subscribe, please contact our Customer Service Center at 800-NCCI-123.

PERSON TO CONTACT

If you have any questions, please contact:

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Circular

SEPTEMBER 30, 2004

POOL INFORMATION

POOL-IN-2004-01

Indiana--Withdrawal of Reinsurance Through National Workers Compensation Reinsurance Pool

ACTION NEEDED

Please review this circular for information on the discontinuation of National Workers Compensation Reinsurance Pool ("NWCRP") reinsurance of servicing carrier activity in Indiana.

BACKGROUND

Servicing carrier activity in the Indiana Workers Compensation Insurance Plan is currently reinsured through the National Workers Compensation Reinsurance Pool. Pending approval by the Indiana Department of Insurance of a filing by the Indiana Compensation Rating Bureau, an Indiana assigned risk Pool will be implemented separately and apart from the NWCRP, and the Indiana Workers Compensation Insurance Plan will no longer be reinsured through the NWCRP, effective January 1, 2005.

IMPACT

Upon approval of this change, servicing carrier activity in Indiana will not be reinsured through the NWCRP for any policies with effective dates of January 1, 2005 and subsequent. This discontinuation of reinsurance would apply not only for policies written through the Indiana Workers Compensation Insurance Plan, but also for policies written through other state assigned risk plans where coverage is requested to be extended into Indiana.

Additionally, if a policy is written through the Indiana assigned risk plan with a requested extension of coverage to other states, such other states' exposure will no longer be reinsurable through the NWCRP.

Therefore, servicing carriers shall not cede Indiana residual market transactions to the NWCRP for policies with effective dates of January 1, 2005 and subsequent.

Similarly, servicing carriers will not be permitted to cede activity to the NWCRP for exposure in any state in which the policy was written through the Indiana assigned risk plan with a policy effective date of January 1, 2005 or subsequent.

For additional information regarding the Indiana assigned risk plan and its new pooling mechanism, please contact the Indiana Compensation Rating Bureau.

In addition, for impact on your company's systems or procedures related to assigned risk applications or policies that have Indiana exposure in an NCCI Plan-Administered state, please review the NCCI Workers Compensation Insurance Plan Circular—Plan-IN-2004-01 for further information.

NCCI ACTION

As Pool Administrator for the National Workers Compensation Reinsurance Pool, NCCI will no longer accept servicing carrier cession of Indiana activity or extensions of coverage from Indiana into other NWCRP states, relating to policies with effective dates of January 1, 2005 and subsequent.

PERSON TO CONTACT

If you have any questions, please contact:

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