South Carolina Department of Insurance

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BULLETIN NUMBER 2008-10

TO: Insurers Writing Workers' Compensation Insurance Business in South Carolina

FROM: Scott H. Richardson, CPCU
Director

SUBJECT: Workers' Compensation Loss Cost Filing/Adoption Procedures

DATE: May 29, 2008

PURPOSE:

The National Council on Compensation Insurance (NCCI) is the workers' compensation rating organization in South Carolina. As such, they file the prospective loss costs with the South Carolina Department of Insurance (Department) for approval. This bulletin specifies the procedures for insurer members of NCCI to adopt the approved loss costs and outlines the procedures for the filing of the insurer's loss cost multiplier (LCM).

PROCEDURE FOR ADOPTING NEW LOSS COSTS

South Carolina is an auto-adopt state; however, each insurer must individually determine the final rates it will file and the effective date of any rate changes. South Carolina law requires a rate filing be submitted for approval when an insurer wishes to adopt a new loss cost. *See* S.C. Code Ann. §38-73-520 (2002). A separate form, Form 2008-A, Filing Adoption Form, has been created to expedite this process. If the insurer member decides to adopt updated approved loss costs, the insurer must submit Form 2008-A along with its filing. NCCI members are authorized to continue to use filed and approved rates until the rate is disapproved or the insurer makes its own filing to change its rates either by making an independent filing or by filing Form 2008-A, adopting NCCI's prospective loss costs and it is approved. The insurer must submit this form prior to adopting an approved loss cost. The insurer's rates will be the product of the approved loss costs and the insurer's approved loss cost multiplier.

PROCEDURE FOR ADOPTING NEW LOSS COST MULTIPLIERS

South Carolina law requires insurers to file for approval any changes made to the loss cost multiplier. *See* S.C. Code Ann. §38-73-525. Bulletin 2007-13B requires changes to the loss cost multiplier be made on Form 2007-A at least 30 days prior to implementation. In accordance with South Carolina law, a copy of this form must also be submitted to the Consumer Advocate.

Insurers have also been required to provide a copy of their desk file copy of the LCM filing to the Department. *See* S.C. Department of Insurance Bulletin No. 2007-13B. Insurers were required to submit the desk file copy of their LCM showing their calculation of the LCM within 60 days of the date of the bulletin. Loss cost adjustments will remain in effect until the insurer withdraws them or files and receives approval of a revised LCM.

What follows is a list of several scenarios designed to address questions about the appropriate procedures to follow.

If…	Then…
The insurer decides to use a revision of the prospective loss costs and effective date as filed and approved…	The insurer must file the Form 2008-A, Filing Adoption Form, for approval.
The insurer decides to use the prospective costs as filed but with a different date.	The insurer must file Form 2008-A and loss notify the Department of its effective effective date...
The insurer decides to use the revision of the prospective loss costs, and wishes to change its loss cost multiplier…	The insurer must file for approval Form 2008-A and a revised 2007-A form.
The insurer decides not to revise its rates using the prospective loss costs…	The insurer does not file anything with the Department.
The insurer decides not to revise its rates using the prospective loss costs but wishes to update its loss cost multiplier…	The insurer does not file anything with the Department for the loss cost, but must file a revised Form 2007-A for the LCM for approval.
The insurer does not wish to revise its loss cost multiplier…	The insurer does not file anything with the Department, but must have the desk copy on file with the Department.

Bulletins 2007-13 and 2007-13B describe in detail the information required to be filed for the loss cost multiplier. These bulletins may be accessed by visiting the Department's website at http:.//www.doi.sc.gov. Additional questions concerning this bulletin[1] should be directed to Carla Griffin at 803-737-6230 or cgriffin@doi.sc.gov.

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[1] Bulletins are the method by which the Director of Insurance formally communicates with persons and entities regulated by the Department. Bulletins are departmental interpretations of South Carolina insurance laws and regulations and provide guidance on the Department's enforcement approach. Bulletins do not provide legal advice. Readers should consult applicable statutes and regulations or contact an attorney of their choice for legal advice or if additional information is needed.

FORM 2008-A

SOUTH CAROLINA DEPARTMENT OF INSURANCE
INSURER RATE FILING ADOPTION OF RATING ORGANIZATION
PROSPECTIVE LOSS COSTS

DATE: _____

INSURER NAME _____

ADDRESS _____

_____

PERSON RESPONSIBLE FOR FILING _____

TITLE _____

TELEPHONE _____

INSURER NAIC # _____

LINE OF BUSINESS _____

RATING ORGANIZATION _____

REFERENCE FILING # _____

PROPOSED RATE LEVEL CHANGE _____ % EFFECTIVE DATE _____

PRIOR DATE OF APPROVED LOSS COST BEING USED _____

LOSS COST MULTIPLIER- DATE OF LAST FILING APPROVED _____

DESK COPY SUBMISSION DATE _____