



MAY 18, 2020

ITEM FILING ANNOUNCEMENT

CIF-2020-36

Countrywide—Announcement of Item E-1407—Exclusion of COVID-19 Claims From Experience Rating and Merit Rating

ACTION NEEDED

Please review the changes outlined in the attachment to this circular for impact on your company's systems and procedures. Also, review the weekly *Status of Item Filings* circular for state approval of this item.

Note: Arkansas law does not permit NCCI to file rules and rates on its members' behalf. Therefore, insurance carriers must make an independent filing with the Arkansas Insurance Department electing to adopt, or not adopt, an item filing filed by NCCI and subsequently approved by the Department. When such a filing is made with the Department, make sure that the NCCI item filing number (not the NCCI circular number) is referenced.

Caution: At the time of distribution of this circular, this filing has been filed with the regulator but is **not yet approved**. This information is provided for your convenience and analysis. Please do not use this information until the regulator has approved the filing.

BACKGROUND

NCCI has submitted Item E-1407—Exclusion of COVID-19 Claims From Experience Rating and Merit Rating to the appropriate state regulatory authority.

In all states indicated in the filing, except Hawaii:

- Exhibits 1 and 2 of this item are to become effective for experience rating modifications with rating effective dates of August 16, 2020, and later
- Exhibits 3 and 4 of this item are effective for new and renewal policies, and are proposed to become effective on and after August 16, 2020

In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.

Additionally, this item has been submitted to the independent bureaus for their consideration.

This item proposes to:

1. Revise *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Experience Rating Plan Manual)* Rule 1-C-3 to add an exception stating that claims reported with Catastrophe Number 12 are excluded from experience rating calculations
2. Revise *Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Plan)* Part 4-E-2-a(2) to add information about reporting claims attributable to the COVID-19 pandemic
3. Revise *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)* Miscellaneous Rules for Merit Rating Plans in Alabama, Arkansas, Georgia, Hawaii, Maine, Oklahoma, South Dakota, and Vermont to:
 - Add a note stating that claims reported with Catastrophe Number 12 are excluded from merit rating
 - Make minor format changes and grammatical updates

4. Revise the *Experience Rating Plan Manual* Merit Rating Plan in Oregon’s Miscellaneous Rules to add a note stating that claims reported with Catastrophe Number 12 are excluded from merit rating
5. Revise the *Forms Manual of Workers Compensation and Employers Liability Insurance (Forms Manual)* Maine Merit Rating Endorsement to:
 - Add information about the type of claims that are excluded from the Maine Merit Rating Plan
 - Make minor format changes and grammatical updates

Refer to the attachment for details on this item, including all state-specific treatments.

IMPACT

Experience Rating Plan Manual Rule 1-B-5 requires that a policy of one year and 16 days be treated as a one-year policy. *Experience Rating Plan Manual* Rule 2-E-1-a states that experience used in a rating is not less than 21 months before the rating effective date and not more than 57 months before the rating effective date. Based on these rules, the proposed changes have the potential to impact affected employers with experience rating modifications with rating effective dates of August 16, 2020, and later. To the extent affected employers incur any claims reported under Catastrophe Number 12, the experience rating modifications will exclude such claims for those employers.

Based on the December 1, 2019 Accident Date, the earliest policy effective date under which Catastrophe 12 claims could be reported is November 16, 2018. The earliest rating effective date that could be impacted by the excluded claims is August 16, 2020.

Because Catastrophe Number 12 claims will be excluded from merit rating plans, no merit ratings should be impacted by COVID-19 pandemic claims.

NCCI ACTION

NCCI will take the following actions for Item E-1407:

- Issue a circular notifying you when the item is approved as filed, approved with changes, disapproved, or withdrawn
- Update the weekly *Status of Item Filings* circular on **ncci.com** with the latest state status
- Add the downloadable version of any impacted endorsements to the weekly *Status of Item Filings* circular upon approval
- Publish updated pages for NCCI’s *Experience Rating Plan Manual*, *Statistical Plan*, *Basic Manual*, and *Forms Manual*, prior to the effective date, if approved

If you would like to subscribe to any of our manuals, please call our Customer Service Center at 800-NCCI-123 (800-622-4123).

PERSON TO CONTACT

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FILING MEMORANDUM

ITEM E-1407—EXCLUSION OF COVID-19 CLAIMS FROM EXPERIENCE RATING AND MERIT RATING

PURPOSE

This item revises rules related to:

- Excluding claims attributable to the COVID-19 (coronavirus) pandemic from experience rating calculations
- Reporting claims attributable to the COVID-19 pandemic as an extraordinary loss event
- Excluding claims attributable to the COVID-19 pandemic from merit rating plans (where applicable)

The following NCCI manuals are impacted by these rule changes:

- ***Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Experience Rating Plan Manual)***
- ***Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Plan)***
- ***Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)***
- ***Forms Manual of Workers Compensation and Employers Liability Insurance (Forms Manual)***

BACKGROUND

The World Health Organization categorized the COVID-19 outbreak as a pandemic on March 11, 2020, when the rates of infection continued to rise in many locations around the world and across the United States.

Pandemics have been rare and are generally considered catastrophes because of their scope and severity. The presence or absence of a pandemic in a recent historical period is not believed to be a reliable predictor of whether one will return in a given future year, after the current one runs its course. Pandemics share this aspect with other catastrophic perils in the workers compensation line, such as terrorism and earthquakes, and each peril presents a unique catastrophic exposure. Those other catastrophes have a nonratable provision outside of the manual loss costs and rates that represent the long-term average expected cost, and the claims arising from those events are excluded from experience rating.

In response to this pandemic, Catastrophe Number 12 was created for reporting claims attributable to the COVID-19 pandemic. This number applies to all claims with Accident Dates of December 1, 2019, and subsequent. Claims with Catastrophe Number 12 will not be used in experience rating calculations. At this time, no ending claim Accident Date has been established. Once established, claims occurring after the ending claim Accident Date must not be reported with Catastrophe Number 12 and such claims will be included in experience rating calculations and merit rating plans. Since no ending claim Accident Date has been established, the latest rating effective date impacted by claims attributable to the COVID-19 (coronavirus) pandemic cannot be determined at this time.

Experience rating is intended to measure an individual employer's success in maintaining a safe workplace by factoring the employer's payroll and loss history into a formula designed to project that employer's propensity for future losses. After careful consideration, NCCI determined that it is appropriate to exclude claims attributable to the COVID-19 pandemic from experience rating calculations for the following reasons:

- COVID-19 Pandemic Claims as a Predictor of Safety Practices—The primary purpose of the Experience Rating Plan (Plan) is to encourage safety practices by giving employers an incentive to keep a safe workplace as compared to other similar businesses. Employers with a higher number of COVID-19

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pandemic claims may not be a good indicator of that employer's safety program as compared to similar employers.

- COVID-19 Pandemic Claims as a Predictor of Future Claims—The occurrence of COVID-19 pandemic claims is unlikely to be a reliable predictor of an employer's future claims costs or whether there will be a pandemic in the future.

Similar to the reasons mentioned above, it is also appropriate to exclude claims attributable to the COVID-19 pandemic from various state merit rating plans (where applicable) because these plans base the applicable credit or debit percentage on the number of claims reported during a specified period of time.

The COVID-19 pandemic has created unique workers compensation conditions that need to be addressed within NCCI manuals. As a result, NCCI has determined that it is necessary to revise the following rules/endorsement:

- **Experience Rating Plan Manual** Rule 1-C-3
- **Statistical Plan** Part 4-E-2-a(2)
- **Basic Manual** Miscellaneous Rules for merit rating plans (where applicable)
- **Forms Manual** Maine Merit Rating Endorsement (WC 18 04 02 A)

We are currently evaluating other state pricing programs; any other identified changes will be included in separate filing(s).

PROPOSAL

This item proposes to:

1. Revise **Experience Rating Plan Manual** Rule 1-C-3 to add an exception stating that claims reported with Catastrophe Number 12 are excluded from experience rating calculations
2. Revise **Statistical Plan** Part 4-E-2-a(2) to add information about reporting claims attributable to the COVID-19 pandemic
3. Revise **Basic Manual** Miscellaneous Rules for Merit Rating Plans in Alabama, Arkansas, Georgia, Hawaii, Maine, Oklahoma, South Dakota, and Vermont to:
 - Add a note stating that claims reported with Catastrophe Number 12 are excluded from merit rating
 - Make minor format changes and grammatical updates
4. Revise the **Experience Rating Plan Manual** Merit Rating Plan in Oregon's Miscellaneous Rules to add a note stating that claims reported with Catastrophe Number 12 are excluded from merit rating
5. Revise the **Forms Manual** Maine Merit Rating Endorsement to:
 - Add information about the type of claims that are excluded from the Maine Merit Rating Plan
 - Make minor format changes and grammatical updates

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ITEM E-1407—EXCLUSION OF COVID-19 CLAIMS FROM EXPERIENCE RATING AND MERIT RATING

IMPACT

Experience Rating Plan Manual Rule 1-B-5 requires that a policy of one year and 16 days be treated as a one-year policy. *Experience Rating Plan Manual* Rule 2-E-1-a states that experience used in a rating is not less than 21 months before the rating effective date and not more than 57 months before the rating effective date. Based on these rules, the proposed changes have the potential to impact affected employers with experience rating modifications with rating effective dates of August 16, 2020, and later. To the extent affected employers incur any claims reported under Catastrophe Number 12, the experience rating modifications will exclude such claims for those employers.

Based on the December 1, 2019 Accident Date, the earliest policy effective date under which Catastrophe 12 claims could be reported is November 16, 2018. The earliest rating effective date that could be impacted by the excluded claims is August 16, 2020.

Because Catastrophe Number 12 claims will be excluded from merit rating plans, no merit ratings should be impacted by COVID-19 pandemic claims.

EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

Exhibit	Exhibit Comments	Implementation Summary
1	Details the revision to Rule 1-C-3 in NCCI's <i>Experience Rating Plan Manual</i> .	<ul style="list-style-type: none"> • For all states, where applicable, except Hawaii, Exhibits 1 and 2 of this item are to become effective for experience rating modifications with rating effective dates of August 16, 2020, and later • In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change
1	Details the revisions to Maine's exception to NCCI's <i>Experience Rating Plan Manual</i> Rule 1-C-3.	
1	Details the revisions to Massachusetts' exception to NCCI's <i>Experience Rating Plan Manual</i> Rule 1-C-3.	
2	<ul style="list-style-type: none"> • Details the revisions to Part 4-E-2-a(2) in NCCI's <i>Statistical Plan</i> • Applies in all states except Massachusetts and North Carolina 	

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ITEM E-1407—EXCLUSION OF COVID-19 CLAIMS FROM EXPERIENCE RATING AND MERIT RATING

Exhibit	Exhibit Comments	Implementation Summary
3	Details the revisions to the Merit Rating Plan Alabama Miscellaneous Rule in NCCI's Basic Manual .	<ul style="list-style-type: none"> • Exhibit 3 of this item is to become effective for new and renewal policies effective on and after 12:01 a.m. on August 16, 2020, for the following states: <ul style="list-style-type: none"> • Alabama • Arkansas • Georgia • Maine • Oklahoma • Oregon • South Dakota • Vermont • In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change
3	Details the revisions to the Merit Rating Plan Arkansas Miscellaneous Rule (Applicable to Assigned Risk Policies Only) in NCCI's Basic Manual .	
3	Details the revisions to the Merit Rating Plan Georgia Miscellaneous Rule (Applicable to Assigned Risk Policies Only) in NCCI's Basic Manual .	
3	Details the revisions to the Merit Rating Plan Hawaii Miscellaneous Rule in NCCI's Basic Manual .	
3	Details the revisions to the Merit Rating Plan Maine Miscellaneous Rule in NCCI's Basic Manual .	
3	Details the revisions to the Merit Rating Plan Oklahoma Miscellaneous Rule in NCCI's Basic Manual .	
3	Details the revisions to the Merit Rating Plan Oregon Miscellaneous Rule in NCCI's Experience Rating Plan Manual .	
3	Details the revisions to the Merit Rating Plan South Dakota Miscellaneous Rule in NCCI's Basic Manual .	
3	Details the revisions to the Merit Rating Plan Vermont Miscellaneous Rule (Applicable to Assigned Risk Policies Only) in NCCI's Basic Manual .	
4	Details the revisions to the Maine Merit Rating Endorsement (WC 18 04 02 A) in NCCI's Forms Manual .	Exhibit 4 of this item is to become effective in Maine for new and renewal policies effective on and after 12:01 a.m. on August 16, 2020.

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ITEM E-1407—EXCLUSION OF COVID-19 CLAIMS FROM EXPERIENCE RATING AND MERIT RATING

**EXHIBIT 1
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
RULE 1—GENERAL EXPLANATIONS****C. DEFINITIONS**

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV)

3. Losses

Incurring losses for each classification in the experience period are those reported according to the **Statistical Plan**.

- a. No loss is excluded from the experience of a risk even if the employer was not responsible for the accident that caused such loss.

Exception: Claims reported with Catastrophe Number 12 are excluded from experience rating calculations. Catastrophe Number 12 claims include all claims attributable to the COVID-19 (coronavirus) pandemic with Accident Dates of December 1, 2019, and subsequent. This rule applies to experience rating modifications with rating effective dates of August 16, 2020, and later.

Exception: Losses reported with Catastrophe Number 87 are excluded from experience rating calculations. Catastrophe Number 87 claims include all workers compensation occupational disease claims resulting from the rescue, recovery, and clean-up work at the World Trade Center occurring between the dates of September 11, 2001 and September 12, 2002. This rule applies to experience rating modifications with rating effective dates of May 27, 2002 through June 12, 2007.

Exception: Losses reported with Catastrophe Number 48 are excluded from experience rating calculations. Catastrophe Number 48 claims include all workers compensation claims directly attributable to the September 11, 2001 attacks with accident dates of September 11 through September 14, 2001. This rule applies to experience rating modifications with anniversary rating dates of May 27, 2002 through June 14, 2006.

Exception: Claims that are reported as noncompensable according to the **Statistical Plan** are excluded from experience rating calculations.

Exception: Claims that are reported as fraudulent according to the **Statistical Plan** are excluded from experience rating calculations.

Exception: Claims that are reported as coal mine disease (Black Lung) according to the **Statistical Plan** are excluded from experience rating calculations.

- b. Loss amounts may be limited in the experience rating calculation. For application of a loss limitation, refer to Rule 2-C-13.

ITEM E-1407—EXCLUSION OF COVID-19 CLAIMS FROM EXPERIENCE RATING AND MERIT RATING

**EXHIBIT 1
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
MAINE RULE EXCEPTIONS
RULE 1—GENERAL EXPLANATIONS
C. DEFINITIONS**

3. Losses

Change Rule 1-C-3-a as follows:

~~Incurring losses for each classification in the experience period are those reported according to the **Statistical Plan**.~~

- a. No loss is excluded from the experience of a risk even if the employer was not responsible for the accident that caused such loss.

Exception: Claims reported with Catastrophe Number 12 are excluded from experience rating calculations. Catastrophe Number 12 claims include all claims attributable to the COVID-19 (coronavirus) pandemic with Accident Dates of December 1, 2019, and subsequent. This rule applies to experience rating modifications with rating effective dates of August 16, 2020, and later.

Exception: Losses reported with Catastrophe Number 87 are excluded from experience rating calculations. Catastrophe Number 87 claims include all workers compensation occupational disease claims resulting from the rescue, recovery, and clean-up work at the World Trade Center occurring between the dates of September 11, 2001 and September 12, 2002. This rule applies to experience rating modifications with rating effective dates of May 27, 2002 through June 12, 2007.

Exception: Losses reported with Catastrophe Number 48 are excluded from experience rating calculations. Catastrophe Number 48 claims include all workers compensation claims directly attributable to the September 11, 2001 attacks with accident dates of September 11 through September 14, 2001. This rule applies to experience rating modifications with anniversary rating dates of May 27, 2002 through June 14, 2006.

Exception: Beginning with policies effective May 1, 2007 and subsequent, any claim identified by a carrier as an aggravation of a prior lost-time work-related injury, in accordance with Maine Rule 450, and reported as such according to NCCI's **Statistical Plan**, is excluded from experience rating calculations.

Exception: Claims that are reported as noncompensable according to the **Statistical Plan** are excluded from experience rating calculations.

Exception: Claims that are reported as fraudulent according to the **Statistical Plan** are excluded from experience rating calculations.

Exception: Claims that are reported as coal mine disease (Black Lung) according to the **Statistical Plan** are excluded from experience rating calculations.

ITEM E-1407—EXCLUSION OF COVID-19 CLAIMS FROM EXPERIENCE RATING AND MERIT RATING

EXHIBIT 1
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
MASSACHUSETTS RULE EXCEPTIONS
RULE 1—GENERAL EXPLANATIONS
C. DEFINITIONS

3. Losses

Change Rule 1-C-3-a as follows:

- a. ~~Except for non-compensable claims, n~~No loss is excluded from the experience of a risk even if the employer was not responsible for the accident that caused such loss. ~~For instructions on non-compensable claims, refer to the Massachusetts Rule 4-B-2-f.~~

~~Change Exception to Rule 1-C-3-a as follows:~~

Exception: Claims reported with Catastrophe Number 12 are excluded from experience rating calculations. Catastrophe Number 12 claims include all claims attributable to the COVID-19 (coronavirus) pandemic with Accident Dates of December 1, 2019, and subsequent. This rule applies to experience rating modifications with rating effective dates of August 16, 2020, and later.

Exception: Claims that are reported as noncompensable are excluded from experience rating calculations. For instructions on noncompensable claims, refer to the Massachusetts Rule 4-B-2-f.

Exception: Losses reported with Catastrophe Number 48 are excluded from experience rating calculations. Catastrophe Number 48 claims include all workers compensation claims directly attributable to the September 11, 2001 attacks with accident dates of September 11 through September 14, 2001. This rule applies to experience rating modifications with anniversary rating dates of June 1, 2002 through May 31, 2006.

Exception: Losses reported with Catastrophe Number 87 are excluded from experience rating calculations. Catastrophe Number 87 claims include all workers compensation occupational disease claims resulting from the rescue, recovery, and cleanup work at the World Trade Center occurring between the dates of September 11, 2001 and September 12, 2002. The employee's injury must have occurred within the jurisdiction of New York and the claimant must be filing for benefits under New York law. This rule applies to experience rating modifications with anniversary rating dates of June 1, 2002 through May 31, 2007.

ITEM E-1407—EXCLUSION OF COVID-19 CLAIMS FROM EXPERIENCE RATING AND MERIT RATING

EXHIBIT 2
STATISTICAL PLAN—2008 EDITION
PART 4—LOSS AND EXPENSE INFORMATION
E. CLAIM COMPONENTS

2. Conditional Claim Components

a. Catastrophe Number

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV)

(2) Extraordinary Loss Event Claims

An Extraordinary Loss Event (ELE) catastrophe is a significant loss event from a workers compensation (WC) perspective, which is determined by NCCI on a case-by-case basis. When an ELE catastrophe code has been established and identified by NCCI, report the specific catastrophe number for each claim. The series of ELE catastrophe numbers are 11–99.

(a) ELE Catastrophe Number 12—COVID-19 (Coronavirus) Pandemic

ELE Catastrophe Number 12 must be reported for claims attributable to the COVID-19 (coronavirus) pandemic beginning with Accident Dates of 12/1/2019 and subsequent. For claims reported with Catastrophe Number 12, the Nature of Injury Code 83—COVID-19 and Cause of Injury Code 83—Pandemic must also be reported.

Refer to NCCI's *Unit Statistical Reporting Guidebook* for additional information.

ITEM E-1407—EXCLUSION OF COVID-19 CLAIMS FROM EXPERIENCE RATING AND MERIT RATING

**EXHIBIT 3
BASIC MANUAL—2001 EDITION
ALABAMA MISCELLANEOUS RULES**

Merit Rating Plan

1. Eligibility

An employer who is not experience rated and whose annual premium is less than \$5,000 is subject to a Merit Rating Plan to be applied to Alabama manual premium.

2. Application

The Plan is based upon the number of claims (lost time and medical only) of the insured during the most recent one- or two-year period for which statistics are available. A merit rating debit applies only if the employer received a credit for the prior policy year.

Note: Claims reported with Catastrophe Number 12 are excluded from merit rating. Catastrophe Number 12 claims include all claims attributable to the COVID-19 (coronavirus) pandemic.

3. Merit Rating Adjustment

The credits and debits are as follows:

If there. . .	Then apply. . .
Are no claims for most recent year	A 10% credit
Are no claims for most recent two years	A 15% credit
Is one claim in most recent year	No credit or debit
Are two or more claims in most recent year	A 10% debit

4. Carrier Responsibilities

The carrier must:

- Obtain the insured's claims information and notify the insured of the merit rating premium adjustment
- Provide an explanation to the insured for the amount of the merit rating adjustment

ITEM E-1407—EXCLUSION OF COVID-19 CLAIMS FROM EXPERIENCE RATING AND MERIT RATING

**EXHIBIT 3
BASIC MANUAL—2001 EDITION
ARKANSAS MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

Merit Rating Plan

A. An employer whose annual premium is less than the amount necessary to qualify for experience rating is subject to a Merit Rating Plan to be applied to the Arkansas manual premium. The Plan shall be based upon the number of claims (lost time and medical only) of the insured during the most recent three-year period for which statistics are available. This three (3)-year period is that which would otherwise be used for experience rating purposes. The credits and debits are as follows:

1. No claims for most recent three years, 5% credit†
2. No claims for most recent two years, 5% credit
3. No claims for most recent year, no credit or debit
4. One claim in most recent year, 5% debit
5. Two or more claims in most recent year, 7.5% debit

Note: Claims reported with Catastrophe Number 12 are excluded from merit rating. Catastrophe Number 12 claims include all claims attributable to the COVID-19 (coronavirus) pandemic.

† Applicable only to those employers not eligible for the Alternate Preferred Plan.

B. Merit rating credits or debits shall do not apply to an Arkansas “Minimum Premium.”

C. The insurer shall carrier must:

- Obtain the employer’s claims information of the employer and shall notify the insured of the credit or debit premium adjustment
- and the reason for same. Provide an explanation to the insured for the amount of the merit rating adjustment

D. The employer must have at least three complete years of statistical information available and reported to NCCI in order to qualify for the Merit Rating Plan. To qualify for merit rating, the three complete years of statistical information must fall within the experience period that would otherwise be used for experience rating purposes. This experience period generally consists of three consecutive years of complete experience ending one year prior to the effective date of the new or renewal policy. This experience period may be extended if the earliest complete year of statistical information falls outside of the normal three-year period and its inclusion does not result in an experience period exceeding 3 3/4 years. For example, merit rating for a new or renewal policy effective 7/1/9920 would include the history from the policies that ran a full term of one year and were effective between 10/2/9415 and 10/1/9718. Should there not be three complete years of history in this experience period, the employer does not qualify for merit rating.

E. Merit rating credits or debits are not transferable when a business undergoes a change in ownership.

F. A policy’s merit rating credit or debit may not be applied to another policy.

ITEM E-1407—EXCLUSION OF COVID-19 CLAIMS FROM EXPERIENCE RATING AND MERIT RATING

**EXHIBIT 3
BASIC MANUAL—2001 EDITION
GEORGIA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY****Merit Rating Plan**

A. An ~~employer policyholder~~ who is not experience rated and whose annual premium is less than \$5,000 is subject to a Merit Rating Plan to be applied to the Georgia manual premium. The Plan ~~shall be~~ based ~~upon~~ the number of claims (lost time) of the ~~insured policyholder~~ during the most recent one-year period for which statistics are available. This one-year period is that which would otherwise be used for experience rating purposes. The credits and debits are as follows:

1. No claim for most recent year, a 12.5% credit;
2. One claim in most recent year, no credit or debit;
3. Two or more claims in most recent year, a 5% debit.

Note: Claims reported with Catastrophe Number 12 are excluded from merit rating. Catastrophe Number 12 claims include all claims attributable to the COVID-19 (coronavirus) pandemic.

B. The insurer ~~shall~~ must:

- ~~Obtain~~ the claims information of the ~~employer policyholder~~
- ~~and shall n~~Notify the ~~insured policyholder~~ of the credit or debit premium adjustment and the reason for same.
- ~~The insurer shall n~~Notify the policyholder in writing of the credit or debit within ~~ninety~~ 90 days of the effective date of the policy.

ITEM E-1407—EXCLUSION OF COVID-19 CLAIMS FROM EXPERIENCE RATING AND MERIT RATING

**EXHIBIT 3
BASIC MANUAL—2001 EDITION
HAWAII MISCELLANEOUS RULES**

Merit Rating Plan

1. Eligibility

When a policy's premium is less than the amount necessary to qualify for interstate or intrastate experience rating, a merit rating plan applies to the Hawaii subject premium. A policy must not be cancelled, rewritten or extended for the purpose of qualifying or not qualifying for merit rating.

2. Application

The carrier determines the merit rating adjustment based on the number of claims from the insured during the most recent three-year period for which unit statistics are available. This three-year period is the same as the experience period that would be used for experience rating purposes.

Note: Claims reported with Catastrophe Number 12 are excluded from merit rating. Catastrophe Number 12 claims include all claims attributable to the COVID-19 (coronavirus) pandemic.

3. Merit Rating Adjustment

The merit rating credits and debits are as follows:

Hawaii Merit Rating Table

Number of Claims in Most Recent Year	Merit Rating Adjustment
Zero	5% credit
One	2.5% credit
Two or more	0%

ITEM E-1407—EXCLUSION OF COVID-19 CLAIMS FROM EXPERIENCE RATING AND MERIT RATING

**EXHIBIT 3
BASIC MANUAL—2001 EDITION
MAINE MISCELLANEOUS RULES**

Merit Rating Plan

1. If an insured is not eligible for the Experience Rating Plan, a merit rating plan must be applied. Merit rating applies to Maine manual premium and Maine minimum premium.
2. The merit rating debit or credit is based ~~upon~~on the number of “indemnity” (time-loss) claims and loss ratio of the insured during the most recent three-year period for which statistics are available. This three-year period is that which would otherwise be used for experience rating purposes. The loss ratio is determined from the ratio of actual incurred losses to earned premium.

Note: Claims reported with Catastrophe Number 12 are excluded from merit rating. Catastrophe Number 12 claims include all claims attributable to the COVID-19 (coronavirus) pandemic.

3. Beginning with policies effective May 1, 2007 and subsequent, any claim identified by an ~~carrier~~insurer as an aggravation of a prior lost-time work-related injury, in accordance with Maine Rule 450 requirements, and reported as such according to NCCI's **Statistical Plan**, is excluded from an insured's merit rating calculation.

Merit Rating Table

If . . .	Then . . .
No claims or a loss ratio of less than 1.0	8% credit
One claim resulting in a loss ratio greater than 1.0	No credit or debit
Two or more claims resulting in a loss ratio greater than 1.0	8% debit

4. The insurer must notify the insured of the premium adjustment and the reason for the adjustment.

ITEM E-1407—EXCLUSION OF COVID-19 CLAIMS FROM EXPERIENCE RATING AND MERIT RATING

**EXHIBIT 3
BASIC MANUAL—2001 EDITION
OKLAHOMA MISCELLANEOUS RULES**

Merit Rating Plan

1. Eligibility

When a policy's premium is less than the amount necessary to qualify for interstate or intrastate experience rating, a merit rating plan applies to the Oklahoma subject premium. Insureds certified for premium reductions under the Oklahoma Workers Compensation Premium Reduction (WCPR) are not eligible for merit rating.

2. Application

The application of merit rating is based on the number of indemnity claims from the insured during the most recent one-year period for which unit statistics are available. This one-year period is that which would otherwise be the most current period used for experience rating purposes.

Note: Claims reported with Catastrophe Number 12 are excluded from merit rating. Catastrophe Number 12 claims include all claims attributable to the COVID-19 (coronavirus) pandemic.

3. Merit Rating Adjustment

The merit rating credits and debits are as follows:

Oklahoma Merit Rating Table

Number of Claims in Most Recent Year	Merit Rating Adjustment
Zero	5% credit
One	No credit or debit
Two or more	5% debit

4. Carrier Responsibilities

The carrier must:

- Obtain the insured's claims information and notify the insured of the merit rating premium adjustment
- Provide an explanation to the insured for the amount of the merit rating adjustment
- Upon request, provide additional safety plan information to an insured that develops a debit merit rating adjustment

ITEM E-1407—EXCLUSION OF COVID-19 CLAIMS FROM EXPERIENCE RATING AND MERIT RATING

**EXHIBIT 3
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
OREGON MISCELLANEOUS RULES**

Merit Rating Plan

1. Eligibility

A risk that fails to generate adequate premium to be eligible for experience rating but has had coverage during the minimum time that would be necessary to otherwise qualify will be subject to the Merit Rating Plan.

2. Application

The merit rating is based upon the number of “indemnity” (time-loss) claims of the risk during the most recent policy period, regardless of length, that constitutes the most recent year of the experience period as defined by the *Experience Rating Plan Manual*.

Oregon minimum premium is not subject to a merit rating factor.

Note: Claims reported with Catastrophe Number 12 are excluded from merit rating. Catastrophe Number 12 claims include all claims attributable to the COVID-19 (coronavirus) pandemic.

3. Merit Rating Adjustment

The merit rating factor is calculated as follows:

If there . . .	Then apply . . .
Is no indemnity claim	A 10% credit
Is one indemnity claim	No credit or debit
Are two or more indemnity claims	A 10% debit

For example, a 10% credit results in a merit rating factor of 0.90, while a 10% debit results in a factor of 1.10.

The amount of the merit rating credit or debit is subject to a maximum of \$500.

4. Rating Organization and Carrier Responsibilities

The rating organization will obtain indemnity loss information and will promulgate merit rating factors in those cases where the carrier does not already have the required data.

The carrier must:

- Notify the risk of the merit rating premium adjustment
- Provide an explanation to the risk for the amount of the merit rating adjustment

ITEM E-1407—EXCLUSION OF COVID-19 CLAIMS FROM EXPERIENCE RATING AND MERIT RATING

**EXHIBIT 3
BASIC MANUAL—2001 EDITION
SOUTH DAKOTA MISCELLANEOUS RULES**

Merit Rating Plan

1. Eligibility

When an ~~employer's~~insured's premium is less than the amount necessary to qualify for interstate or intrastate experience rating, a merit rating plan applies to the South Dakota manual premium.

2. Application

- a. The ~~carrier~~insurer determines that the merit rating adjustment is based on the number of claims paid by the insurer, which are equal or greater than \$100, during the most recent three-year period for which statistics are available. This three-year period is that which would otherwise be used for experience rating purposes.
- b. Merit rating credits and debits are not applicable to minimum premium policies.
- c. Merit rating credits and debits may apply to ~~risk~~insureds written in both the voluntary and assigned risk markets.

Note: Claims reported with Catastrophe Number 12 are excluded from merit rating. Catastrophe Number 12 claims include all claims attributable to the COVID-19 (coronavirus) pandemic.

3. Merit Rating Adjustment

The merit rating credits and debits are as follows:

Number of Paid Claims	Apply
0	10% credit
1	5% credit
2	No credit or debit
3	5% debit
4 or more	10% debit

4. ~~Carrier~~Insurer Responsibilities

The ~~carrier~~insurer must:

- a. Obtain the insured's claims information and notify the insured of the merit rating premium adjustment.
- b. Provide an explanation to the insured for the amount of the merit rating adjustment.

ITEM E-1407—EXCLUSION OF COVID-19 CLAIMS FROM EXPERIENCE RATING AND MERIT RATING

**EXHIBIT 3
BASIC MANUAL—2001 EDITION
VERMONT MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

Merit Rating Plan

1. Eligibility

An employer who is not experienced rated is subject to a Merit Rating Plan to be applied to Vermont manual premium.

2. Application

The application of merit rating is based on the number of claims (lost time and medical-only) of the employer during the most recent three-year period for which statistics are available. This three-year period is that which would otherwise be used for experience rating purposes. In addition,

- Merit rating credits or debits do not apply to Vermont minimum premium policies
- Merit rating credits or debits are not transferable when a business undergoes a change in ownership
- A policy's merit rating credit or debit cannot be applied to another policy
- Merit rating credits or debits are applicable to assigned risk policies only

Note: Claims reported with Catastrophe Number 12 are excluded from merit rating. Catastrophe Number 12 claims include all claims attributable to the COVID-19 (coronavirus) pandemic.

3. Merit Rating Adjustment

The credits and debits are as follows:

Vermont Merit Rating Table

If . . .	Then . . .
No claims for the most recent three years	10% credit
One claim over the past three years	No credit or debit
More than one claim over the past three years	10% debit

4. Carrier Responsibilities

The carrier must:

- Obtain the employer's claims information and notify the employer of the credit or debit premium adjustment
- Provide an explanation to the employer for the amount of the merit rating adjustment

ITEM E-1407—EXCLUSION OF COVID-19 CLAIMS FROM EXPERIENCE RATING AND MERIT RATING

**EXHIBIT 4
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
MAINE MERIT RATING ENDORSEMENT (WC 18 04 02 A)**

Maine Merit Rating Endorsement (WC 18 04 02 A B)

This endorsement is attached, incorporated into, and applies to the insurance provided by this policy to your policy because Maine is shown in Item 3.A. of the Information Page.

The premium for this insurance is subject to merit rating because your premium is less than the amount necessary to be eligible for experience rating.

The following credits or debits will be applied to your manual premium based on your lost-time claims made during the most recent three-year period for which statistics are available:

1. An 8% credit will be applied if you had no claims or had a loss ratio of less than 1.0;
2. No credit or debit will be applied if you had one claim resulting in a loss ratio of ~~more~~ greater than 1.0;
3. An 8% debit will be applied if you had two or more claims resulting in a loss ratio of ~~more~~ greater than 1.0.

Loss ratio is the ratio of actual incurred losses during the previous three-year period to the actual earned premiums during that period. We will use the same three-year period used in experience rating to calculate your loss ratio.

The following claims are excluded from this merit rating plan:

- Claims identified as an aggravation of a prior lost-time work-related injury, in accordance with Maine Rule 450 requirements
- Claims attributable to the COVID-19 (coronavirus) pandemic