



October 3, 2023

CIRCULAR LETTER TO ALL MEMBER COMPANIES

**Re: Workers Compensation Insurance**

WC2023-03 – Revision to the Retrospective Rating Plan Manual

Related to the Tax Multiplier (Comparable to NCCI Item Filing R-1422)

The North Carolina Rate Bureau (Bureau) has filed and the North Carolina Commissioner of Insurance has approved revisions to the state-specific North Carolina Basic Manual for Workers Compensation and Employers Liability (**Basic Manual**). The approved revisions are related to changes being made by way of NCRB item WC2023-03. The approved changes become effective for all new and renewal policies with effective dates on and after January 1, 2024.

These manual changes revise Rule 1-B-7 in NCCI's Retrospective Rating Manual to update information related to state and federal tax multipliers.

Complete copies of the Filing Memorandum WC2023-03 and exhibits outlining all changes are included for your review.

If you have any questions, contact Regulatory Manager, Jodi Webb at 919-719-3028 or via email at [JLW@ncrb.org](mailto:JLW@ncrb.org).

Sincerely,

Jarred Chappell  
Chief Operating Officer

JC:ko  
Attachments  
C-23-12



AUGUST 2, 2023

ITEM FILING ANNOUNCEMENT

CIF-2023-61

---

## Countrywide—Announcement of Item R-1422—Revisions to the Retrospective Rating Plan Manual Rule Related to the Tax Multiplier

### 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. This filing has **not yet been submitted** in Alaska and Oregon. The filing is pending committee approval in these states.

### BACKGROUND

NCCI has submitted Item R-1422—Revisions to the Retrospective Rating Plan Manual Rule Related to the Tax Multiplier to the appropriate state regulatory authorities.

For revisions to the *Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Retrospective Rating Plan Manual)* Rule 1-B-2-g related to the Tax Multiplier, this item is applicable for new and renewal voluntary policies only, with effective dates on and after January 1, 2024.

Refer to the attachment to this circular for complete details on this item.

### IMPACT

No statewide premium impact will result from the changes proposed in this item.

### NCCI ACTION

NCCI will take the following actions for Item R-1422:

- 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](http://ncci.com) with the latest state status
- Publish updated pages for NCCI's *Retrospective Rating Plan 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**

If you have any questions, please contact:

Customer Service Center  
NCCI  
901 Peninsula Corporate Circle  
Boca Raton, FL 33487-1362  
800-NCCI-123 (800-622-4123)

Technical Contact:

Miriam Jereda  
Filing Consultant  
NCCI  
901 Peninsula Corporate Circle  
Boca Raton, FL 33487-1362  
561-893-3192  
miriam\_jereda@ncci.com

---

## FILING MEMORANDUM

### ITEM R-1422—REVISIONS TO THE RETROSPECTIVE RATING PLAN MANUAL RULE RELATED TO THE TAX MULTIPLIER

---

#### PURPOSE

This item revises Rule 1-B-2-g—Tax Multiplier (TM) in NCCI's *Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Retrospective Rating Plan Manual)*.

#### BACKGROUND

NCCI's *Retrospective Rating Plan Manual* Rule 1-B-2-g refers to NCCI's *Tax and Assessment Directory (TAAD)* for the individual state tax multipliers that carriers use to cover licenses, fees, assessments, and taxes that a carrier must pay on premium.

State and federal multipliers are no longer provided in the *TAAD*. The Glossary of the *TAAD* provides the tax multiplier formula so that carriers can calculate their own tax multipliers. State taxes and assessments, as well as the federal United States Longshore and Harbor Workers' (USL&HW) Compensation Act—Special Fund assessment, can be found in the relevant section of the *TAAD*. State act weights are included in each state's annual rate/loss cost filing circular.

As a result of the revisions made in the *TAAD*, it is necessary to revise *Retrospective Rating Plan Manual* Rule 1-B-2-g to clarify where carriers can locate this information.

#### PROPOSAL

This item proposes to revise Rule 1-B-2-g in NCCI's *Retrospective Rating Plan Manual* to update information related to state and federal tax multipliers.

#### IMPACT

No statewide premium impact will result from the changes proposed in this item.

#### EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

Exhibit	Exhibit Comments	Implementation Summary
1	Details the revisions to Rule 1-B-2-g in NCCI's <i>Retrospective Rating Plan Manual</i> .	To become effective for new and renewal voluntary policies only, with effective dates on and after 12:01 a.m. on January 1, 2024.

The enclosed materials are copyrighted materials of the National Council on Compensation Insurance, Inc. ("NCCI"). The use of these materials may be governed by a separate contractual agreement between NCCI and its licensees such as an affiliation agreement between you and NCCI. Unless permitted by NCCI, you may not copy, create derivative works (by way of example, create or supplement your own works, databases, software, publications, manuals, or other materials), display, perform, or use the materials, in whole or in part, in any media. Such actions taken by you, or by your direction, may be in violation of federal copyright and other commercial laws. NCCI does not permit or acquiesce such use of its materials. In the event such use is contemplated or desired, please contact NCCI's Legal Department for permission.

ITEM R-1422—REVISIONS TO THE RETROSPECTIVE RATING PLAN MANUAL RULE  
RELATED TO THE TAX MULTIPLIER

---

EXHIBIT 1  
RETROSPECTIVE RATING PLAN MANUAL—2009 EDITION  
Rule 1—General Explanation  
B. DEFINITIONS

2. Elements of the Retrospective Rating Plan Formula

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

g. Tax Multiplier (TM)

Tax multipliers vary by state and generally cover licenses, fees, assessments, and taxes that the carrier must pay on the premium collected in an individual state.

*For states where NCCI files full rates, refer to the State Special Rating Values pages of this manual for the individual state and federal tax multipliers.*

For states where NCCI files loss costs, ~~refer to NCCI's *Tax and Assessment Directory* for the individual state tax multiplier.~~ carriers must calculate their own state and federal tax multipliers. The tax multiplier formula is provided in the Glossary of NCCI's ***Tax and Assessment Directory (TAAD)***. Information regarding state taxes and assessments, as well as the federal United States Longshore and Harbor Workers' (USL&HW) Compensation Act—Special Fund assessment, are contained in the relevant section of the ***TAAD***. State act weights can be found in each state's annual rate/loss cost filing circular. The federal act weight can be derived as one minus the state act weight.

**North Carolina Rate Bureau  
Filing Memorandum  
WC2023-03**

**Revisions to the Retrospective Rating Plan Manual Rule Related to the Tax Multiplier**

**PURPOSE**

This item revises Rule 1-B-2-g – Tax Multiplier in NCCI’s **Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Retrospective Rating Plan Manual)**.

**BACKGROUND**

NCCI’s Retrospective Rating Plan Manual Rule 1-B-2-g refers to NCCI’s **Tax and Assessment Directory (TAAD)** for individual state tax multipliers that carriers use to cover licenses, fees, assessments, and taxes that a carrier must pay on premium.

State and federal multipliers are no longer provided in the **TAAD**. The Glossary of the **TAAD** provides the tax multiplier formula so that carriers can calculate their own tax multipliers. State taxes and assessments, as well as the federal United States Longshore and Harbor Workers’ (USL&HW) Compensation Act – Special Fund assessment, can be found in the relevant section of the **TAAD**. State act weights are included in each state’s annual rate/loss cost filing circular.

As a result of the revisions made in the **TAAD**, it is necessary to revise the **Retrospective Rating Plan Manual** Rule 1-B-2-g to clarify where carriers can locate this information.

**PROPOSAL**

This item proposes to revise Rule 1-B-2-g in NCCI’s **Retrospective Rating Plan Manual** to update information related to state and federal tax multipliers.

**IMPACT**

No statewide premium impact will result from the changes proposed in this item.

This item is to become effective for new and renewal voluntary policies only, with effective dates on and after 12:01am on January 1, 2024.

North Carolina Rate Bureau  
Filing Memorandum  
WC2023-03

Revisions to the Retrospective Rating Plan Manual Rule Related to the Tax Multiplier

EXHIBIT 1  
RETROSPECTIVE RATING PLAN MANUAL – 2009 EDITION  
RULE 1 – General Explanation  
B. DEFINITIONS

2. Elements of the Retrospective Rating Plan Formula

**g. Tax Multiplier (TM)**

Tax multipliers vary by state and generally cover licenses, fees, assessments, and taxes that the carrier must pay on the premium collected in an individual state.

For states where NCCI files full rates, refer to the State Special Rating Values pages of this manual for the individual state and federal tax multipliers.

For states where NCCI files loss costs, ~~refer to NCCI's Tax and Assessment Directory for the individual state tax multiplier~~ carriers must calculate their own state and federal tax multipliers. The Tax multiplier formula is provided in the Glossary of NCCI's **Tax and Assessment Directory (TAAD)**. Information regarding state taxes and assessments, as well as the Federal United States Longshore and Harbor Workers' (USL&HW) Compensation Act – Special Fund Assessment, are contained in the relevant section of **TAAD**. State act weights can be found in each state's annual rate/loss cost filing circular. The federal act weight can be derived as one minus the state act weight.