

House \_\_\_\_\_ Amendment NO. \_\_\_\_\_

Offered By

1 AMEND Senate Committee Substitute for Senate Bill No. 613, Page 2, Section 287.245, Line 37,  
2 by inserting immediately after said line the following:

3 "287.955. 1. Every workers' compensation insurer shall adhere to a uniform classification  
4 system and uniform experience rating plan filed with the director by the advisory organization  
5 designated by the director and subject to his disapproval.

6 2. An insurer may develop subclassifications of the uniform classification system upon  
7 which a rate may be made, except that such subclassifications shall be filed with the director thirty  
8 days prior to their use. The director shall disapprove subclassifications if the insurer fails to  
9 demonstrate that the data thereby produced can be reported consistent with the uniform statistical  
10 plan and classification system.

11 3. The director shall designate an advisory organization to assist him in gathering,  
12 compiling and reporting relevant statistical information. Every workers' compensation insurer shall  
13 record and report its workers' compensation experience to the designated advisory organization as  
14 set forth in the uniform statistical plan approved by the director.

15 4. The designated advisory organization shall develop and file manual rules, subject to the  
16 approval of the director, reasonably related to the recording and reporting of data pursuant to the  
17 uniform statistical plan, uniform experience rating plan, and the uniform classification system.

18 5. Every workers' compensation insurer shall adhere to the approved manual rules and  
19 experience rating plan in writing and reporting its business. No insurer shall agree with any other  
20 insurer or with the advisory organization to adhere to manual rules which are not reasonably related  
21 to the recording and reporting of data pursuant to the uniform classification system of the uniform  
22 statistical plan.

23 6. (1) A workers' compensation insurer may develop an individual risk premium  
24 modification rating plan which prospectively modifies premium based upon individual risk  
25 characteristics which are predictive of future loss. Such rating plan shall be filed thirty days prior to  
26 use and may be subject to disapproval by the director.

27 (2) Premium modifications under this subsection may be determined by an underwriter  
28 assessing the individual risk characteristics and applying premium credits and debits as specified  
29 under a schedule rating plan. Alternatively, an insurer may utilize software or a computer risk  
30 modeling system designed to identify and assess individual risk characteristics and which  
31 systematically and uniformly applies premium modifications to similarly situated employers. The  
32 rating plan shall establish objective standards for measuring variations in individual risks for  
33 hazards or expense or both. [The rating plan shall be actuarially justified and shall not result in  
34 premiums which are excessive, inadequate, or unfairly discriminatory.] The rating plan shall not  
35 utilize factors which are duplicative of factors otherwise utilized in the development of rates or  
36 premiums, including the uniform classification system and the uniform experience rating plan. [The

Standing Action Taken \_\_\_\_\_ Date \_\_\_\_\_

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1 premium modification factors utilized under the rating plan shall be applied on a statewide basis,  
2 with no premium modifications] No premium modification factors shall be based solely upon the  
3 geographic location of the employer.

4 (a) Premium modifications resulting from a schedule rating plan, with an underwriter  
5 determining individual risk characteristics, shall be limited to plus or minus twenty-five percent.  
6 Up to an additional ten percent credit may be given for a reduction in the insurer's expenses.

7 (b) Premium modifications resulting from a risk modeling system shall be limited to plus or  
8 minus fifty percent. Premium modifications resulting from a risk modeling system shall be reported  
9 separately under the uniform statistical plan from premium modifications resulting from a schedule  
10 rating plan.

11 (c) Changes in premium modification factors may occur if there is a change in the insurer,  
12 the insurer amends or withdraws the rating plan, or if there is a change in the insured employer's  
13 operations or risk characteristics underlying the premium modification factor.

14 (3) Within thirty days of a request, the insurer shall clearly disclose to the employer the  
15 individual risk characteristics which result in premium modifications. However, this disclosure  
16 shall not in any way require the release to the insured employer of any trade secret or proprietary  
17 information or data used to derive the premium modification and that meets the definitions of, and  
18 is protected by, the provisions of chapter 417.

19 (4) (a) Premium modifications under this subsection may be determined by an underwriter  
20 assessing the individual risk characteristics and applying premium credits and debits as specified  
21 under a schedule rating plan. Alternatively, an insurer may utilize software or a computer risk  
22 modeling system designed to identify and assess individual risk characteristics and which  
23 systematically and uniformly applies premium modifications to similarly situated employers.

24 (b) Premium modifications resulting from a schedule rating plan, with an underwriter  
25 determining individual risk characteristics, shall be limited to plus or minus twenty-five percent.  
26 An additional ten percent credit may be given for a reduction in the insurer's expenses.

27 (c) Premium modifications resulting from a risk modeling system shall be limited to plus or  
28 minus fifty percent. Premium modifications resulting from a risk modeling system shall be reported  
29 separately under the uniform statistical plan from premium modifications resulting from a schedule  
30 rating plan.

31 (d) Premium credits or reductions shall not be removed or reduced unless there is a change  
32 in the insurer, the insurer amends or withdraws the rating plan, or unless there is a corresponding  
33 change in the insured employer's operations or risk characteristics underlying the credit or  
34 reduction."; and

35  
36 Further amend said bill by amending the title, enacting clause, and intersectional references  
37 accordingly.