

FILED

BEFORE THE STATE BOARD FOR PROPERTY AND CASUALTY RATES SEP 24 2004
STATE OF OKLAHOMA

INSURANCE COMMISSIONER
OKLAHOMA

IN THE MATTER OF THE WORKERS')
COMPENSATION LOSS COST FILING) File No. 2004-2828C,
BY THE NATIONAL COUNCIL ON) 04-1041-PRJ
COMPENSATION INSURANCE)

ORDER AND DECISION OF THE BOARD

The matter came before the State Board for Property and Casualty Rates (Board) on the 23rd day of September, 2004. Larry Derryberry and Justin Whitefield represented the National Council on Compensation Insurance (NCCI). Assistant Attorney General Lynn Rogers represented the Oklahoma Attorney General's Office. Assistant General Counsel Robert Noll represented the Board. Mike Seney represented the intervenor, The State Chamber. The evidentiary record in this case was developed through the filings of the NCCI, and expert testimony filed with the Board.

On August 2, 2004, the NCCI filed a workers' compensation loss cost change that called for an overall loss cost level increase of 11.5%. The parties and the intervenor have agreed to stipulate to the validity of a 5.5% increase. This increase was approved at the September 23, 2004 special meeting of the Board.

The parties have received and reviewed the actuarial reports prior to the meeting date. The parties have also exchanged discovery materials. The parties have agreed that a 5.5% overall average increase in loss costs will produce loss costs that are not excessive, inadequate or unfairly discriminatory in accordance with Title 36, Section 902 of the Oklahoma Statutes.

INTENT OR PURPOSE OF THE ORDER

This Order is to finalize a decision on the NCCI's workers' compensation loss cost filing and approve advisory loss costs that will not be excessive, inadequate or unfairly discriminatory. This change will be effective January 1, 2005.

After giving due consideration to stipulations and the statutorily required factors, the Board finds as follows:

FINDINGS OF FACT

1. NCCI filed an application for an advisory loss cost filing in workers' compensation that requested an overall average loss cost level increase of 11.5%. On August 2nd, 2004, the Oklahoma Insurance Department received this filing.
2. As a result of a stipulation among the parties and the intervenor, the overall advisory loss cost level recommended for approval is an increase of 5.5%.
3. The proposed loss cost rates for the coal mining classifications and federal ("F") classifications are to be recalculated by NCCI using the methodology in the filing modified to reflect the 5.5% overall increase in the loss cost rates.

CONCLUSIONS OF LAW

1. Notice of the special Board meeting containing a statement of the time, place and nature of the meeting was properly given in compliance with the requirements of the Oklahoma Open Meeting Act, Title 25, §§ 301 - 314.

2. The special meeting of the Board on September 23, 2004 concerning the revisions of loss costs and rating values for the writing of workers' compensation insurance in the State of Oklahoma was held in compliance with 36 O.S. § 901.4.

3. The NCCI is authorized to make the filing on behalf of its member insurers pursuant to 36 O.S. §§ 905 and 928.

4. Pursuant to 36 O.S. § 902, the Board may not approve rates for insurance that are excessive, inadequate or unfairly discriminatory. The burden of proof that current rates/loss costs are inadequate is on the NCCI. When considering a loss cost filing such as this one, the Board may approve, disapprove, or approve with modifications the requested loss costs, in order to ensure that the approved loss costs comply with the statutory standards, 36 O.S. § 332(B).

5. Under the provisions of 36 O.S. § 902(g), the Board is not required, when considering a filing such as this one, to determine that existing loss costs are no longer satisfactory to meet the statutory requirements for workers' compensation rates in Oklahoma.

6. Each of the parties have exchanged actuarial reports and discovery materials that allow the Board to review the filing, giving due consideration to each of the factors set out in 36 O.S. § 902.2.

7. The 5.5% increase in workers' compensation insurance loss costs will produce loss costs that are not excessive, inadequate or unfairly discriminatory, in compliance with 36 O.S. § 902(A).

ORDER

IT IS THEREFORE ORDERED the stipulations associated with the NCCI Loss Cost Filing No. 04-2828C are hereby approved as an overall loss cost level change of an increase of 5.5% (+5.5%) based on private carrier experience, with an effective date of 12:01 a.m., January 1, 2005, applicable for all industrial classifications.

IT IS FURTHER ORDERED that the industry group loss cost level changes reflect the NCCI standard methodology and that the individual class loss costs incorporate swing limits of a plus or minus (+ or -) 15% around their respective industry group change.

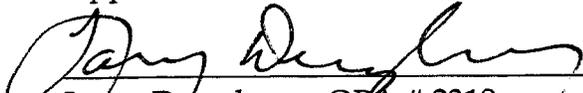
IT IS FURTHER ORDERED that the loss cost rates for coal mining classifications be approved using the methodology in the filing modified to reflect the stipulated 5.5% overall increase in the loss cost rates, effective 12:01 a.m., January 1, 2005.

IT IS FURTHER ORDERED that the pure premium level changes for the F-classes be approved using the methodology in the filing modified to reflect the

stipulated 5.5% overall increase in the loss cost rates, effective 12:01 a.m., January 1, 2005.

Dated this 23rd day of September, 2004.

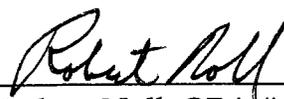
Approved as to form:


Larry Derryberry, OBA # 2318

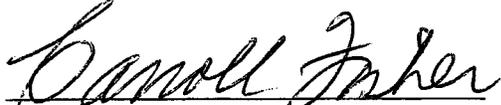
Justin A. Whitefield, OBA # 16937
Derryberry, Quigley, Solomon and Naifeh
4800 North Lincoln Boulevard
Oklahoma City, OK 73105
(405) 528-6569
Attorneys for NCCI


W.A. Drew Edmondson
Attorney General
Lynn C. Rogers, OBA # 7722
Assistant Attorney General
4545 North Lincoln Boulevard
Suite 260
Oklahoma City, OK 73105-3498
(405) 521-4274

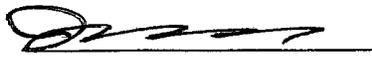

Mike Seney
Representative of Intervenor
The State Chamber
330 N.E. 10th Street
Oklahoma City, OK 73104-3220
(405) 235-3669


Robert Noll, OBA # 18974
Assistant General Counsel
Oklahoma Insurance Department
P. O. Box 53408
Oklahoma City, OK 73152-3408
(405) 521-2746
Counsel to the State Board for
Property and Casualty Rates

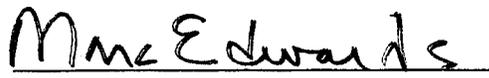
The State Board for Property and Casualty Rates:


Carroll Fisher, Chairman

Ash Gockel, Member


John Marshall, Member


Trace Morgan, Member


Marc Edwards, Member