



## CIRCULAR LETTER 3171—MARCH 28, 2018

TO: Members of the Bureau

FROM: Donna Knepper

RE: Proceedings of the WCRB Governing Board  
NCCI Item E-1405 Notification of Change in Ownership Endorsement and  
Revision to Experience Rating Plan Manual Rules

Pursuant to ch. 626, Wis. Stat., the Office of the Commissioner of Insurance has approved the NCCI Item E-1405 Notification of Change in Ownership Endorsement and Revision to Experience Rating Plan Manual Rules with an effective date of 1-1-19 for new and renewal business. The split experience portion of the proposal and PEO portions of the proposal were not adopted as contrary to current filed Wisconsin rules.

The changes allow for the impact of an ownership and/or combinability status change to be reflected in the purchaser's and seller's experience rating modifications as quickly as possible. This ensures that the correct premium for the exposure is charged regardless of whether the experience rating modification increases or decreases as a result of the change and are as follows:

WC 00 04 14 ENDORSEMENT CHANGE (See endorsement [WC 00 04 14 A](#))

### **90-DAY REPORTING REQUIREMENT - NOTIFICATION OF CHANGE IN OWNERSHIP ENDORSEMENT**

You must report any change in ownership to us in writing within 90 days of the date of the change.

Change in ownership includes sales, purchases, other transfers, mergers, consolidations, dissolutions, formations of a new entity, and other changes provided for in the applicable experience rating plan.

Experience rating is mandatory for all eligible insureds. The experience rating modification factor, if any, applicable to this policy, may change if there is a change in your ownership or in that of one or more of the entities eligible to be combined with you for experience rating purposes. ~~Change in ownership includes sales, purchases, other transfers, mergers, consolidations, dissolutions, formations of a new entity and other changes provided for in the applicable experience rating plan manual.~~

~~You must report any change in ownership to us in writing within 90 days of such change.~~ Failure to report ~~such changes within this period~~ any change in ownership, regardless of whether the change is reported within 90 days of such change, may result in revision of the experience rating modification factor used to determine your premium.

This reporting requirement applies regardless of whether an experience rating modification is currently applicable to this policy.

EXPERIENCE RATING MANUAL CHANGE

*Recalculated Experience Modification Due to a Change in Ownership*

- a) The section of this manual entitled ADMINISTRATION OF THE PLAN provides rules regarding the continuation or exclusion of experience when an entity undergoes a change in ownership. Unless excluded under the provisions of Rule B. 2. of ADMINISTRATION OF THE PLAN, such experience will be retained in future ratings in accordance with the following procedure:
- 1) The experience modification of the new owner will be revised to include the past experience of the acquired entity, subject to Rule C. 2 of this section.
  - 2) If the new owner is not experience rated, an experience modification will be calculated utilizing the experience of the acquired entity together with any applicable existing experience.
  - 3) If, based on its ownership of other entities, the previous owner continues to be experience rated after the change in ownership, its experience modification will be revised to exclude all experience of the relinquished entity.
- b) Experience modifications in accordance with 1), 2), and 3) above will be calculated and applied as follows:
- 1) If the first written reporting of the ownership change by either the acquiring entity or acquired entity to their carrier occurs within 90 days of the date of the change, the calculation of the revised modification(s) will be as of the date of the change.
  - 2) If the first written reporting of such change occurs more than 90 days after the date of the change, ~~the calculation of the revised modification(s) will be as of the next rating effective date following the earliest notice either carrier received of the change.~~ recalculation of the current and up to two preceding experience rating modifications will be required. The current experience rating modification is the experience rating modification in effect on the date that the notification of the change is received by the WCRB.
- The revised experience rating modification(s) (increase or decrease) is applied retroactively to the date of the change in ownership and/or combinability status.