



CIRCULAR LETTER 3253—JULY 24, 2023

TO: Members of the Bureau

FROM: Donna Knepper

RE: Proceedings of the WCRB Governing Board
NCCI Item E-1409 – Enhancement to NCCI’s Experience Rating Plan Methodology

Pursuant to ch. 626, Wis. Stat., the Office of the Commissioner of Insurance has approved the following changes adopted by the Governing Board. The changes to the Experience Rating Modification Plan are approved effective with the October 1, 2024 rate revision.

The Revised Experience Rating Modification Plan includes:

- Changes to the primary/excess loss split point:
 - State per claim accident limitation (SAL) decreased to reflect 95th percentile of loss-time claims to be less sensitive to larger outlier claims without sacrificing predictive accuracy; and
 - D-ratio revised to approximately 40% to reflect a more equitable split of primary and excess losses across states with varying cost levels;
- Revisions to the G Value to reflect accident limitation (previously unlimited average severity) and a 70% reduction of medical only losses; and
- Recalibration of the credibility parameters underlying the calculation of the weight (W) and ballast (B) values to reflect credibility for new accident limits and split points, which increased credibility for large risks and decreased credibility for small risks.