

West Virginia Workers' Compensation Schedule Rating Plans Guidelines

The West Virginia Offices of the Insurance Commissioner will consider for approval all reasonable schedule rating plans. Proposed debits or credits must be adequately supported with credible data and must not produce excessive, inadequate or unfairly discriminatory rates. The guidelines below apply specifically to the workers' compensation line and are provided to assist insurers when developing schedule rating plans for West Virginia's workers' compensation market.

- Section 33-20-4(a)(2) of the State Code of West Virginia permits insurers to use schedule rating plans. If an insurer uses a schedule rating plan, the plan must be filed with the Offices of the Insurance Commissioner on or before the date the insurer uses it.
- If an insurer adopts an approved rating organization's schedule rating plan without modification, a separate filing is not required.
- Schedule rating plans' rules must be sufficiently detailed describing how the risk modification criteria are to be evaluated by the carrier's underwriting personnel. The Commissioner's Rates and Forms division will assess each plan filed and comment on those plans which it believes do not meet this standard.
- Schedule rating plans must provide for an objective analysis of the risk and be based on factual information that supports the rating.
- Schedule rating plans must be based only on rating characteristics not already reflected in the manual rates or experience modifier. Schedule rating plans should not include debits or credits to reflect past loss experience.
- The overall maximum impact allowable for schedule rating credits or debits is **25%**.
- Schedule rating credit/debit factors cannot be applied to minimum premium policies.
- Insurers are permitted to limit the application of plans to certain types of risks or manual premium levels by filing eligibility standards with the WV Offices of the Insurance Commissioner.
- Written notification should be provided to those policyholders that receive a schedule rating, itemizing the risk characteristics and amounts applied.
- For risks that are also experience rated, the amount of schedule credit or debit shall be applied in a multiplicative manner after the application of the experience modification, but before the application of premium discounts and the loss cost multiplier.

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- The effective date of any schedule debit or credit shall not be any date prior to the receipt in the insurer's office of the evidence supporting the debit or credit.
- All premium debits and credits applied pursuant to a schedule rating plan must be supported by evidence documented in the underwriting file of every new business and renewal policy. Characteristics of individual risks can and will change with the passage of time and the justification for the modification must be reassessed to ensure continued applicability.
- The derivation of the schedule rating factor must be made available to the insured upon request. To the degree that the insured can correct the reason for any schedule debit to the satisfaction of the insurer, the debit may be removed effective the date documentation for the correction is received in the insurer's office.
- No schedule rating credit or debit may be changed midterm without the mutual agreement of the insured risk and the underwriting carrier.
- The Offices of the Insurance Commissioner will monitor and enforce the application and documentation requirements of schedule rating plans when conducting market conduct examinations and through other enforcement actions.
- Upon request of the Offices of the Insurance Commissioner a carrier shall make available documentation supporting the derivation of a schedule rating credit or debit for any specified risk or risks.

Questions pertaining to this letter should be directed to the Rates and Forms Division's Property and Casualty Section at (304) 558-2094 or RatesandForms@wvinsurance.gov.