June 23, 2021

ALL ASSOCIATION MEMBERS

Circular Letter No. 21-1788

RE: **NCCI ITEM R-1414-B REVISIONS TO RETROSPECTIVE RATING PLAN MANUAL APPENDIX B AND ALL RELATED RULES AND ENDORSEMENTS (AMENDED INFORMATIONAL EXHIBIT 1)**

In 2017, NCCI filed Item R-1414–Revisions to **Retrospective Rating Plan Manual** Appendix B and All Related Rules and Endorsements. This item, which was approved in Minnesota for new and renewal voluntary policies only, on and after 12:01 a.m. on January 1, 2019, supported NCCI's retrospective rating plan by establishing the **Aggregate Loss Factors on Demand (ALFs on Demand)** tool and the **Table of Aggregate Loss Factors (Table of ALFs)**.

Item R-1414 - Informational Exhibit 1 contains the technical details describing the calculations underlying the **ALFs on Demand** tool. It was recently identified that a formula displayed in Informational Exhibit 1 is inconsistent with the actual formula describing the calculations underlying the **ALFs on Demand** tool. No values or calculations were impacted in the **ALFs on Demand** tool or the **Table of ALFs** due to the inconsistency. Additionally, there is no premium impact to any intrastate or interstate retrospective rated policy due to the inconsistency.

NCCI is amending Item R-1414 to display the formula describing the calculations underlying the **ALFs on Demand** tool. Item R-1414-A–Amendment to Item R-1414–Revisions to Retrospective Rating Plan Manual Appendix B and All Related Rules and Endorsements, which subsequently amended values in Appendices A, B, and D in NCCI's **Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance** is not impacted by this item.

This is an informational circular only. No changes have been made to the **Retrospective Rating Plan Manual**, nor does this impact the **Minnesota Ratemaking Report**. The correction merely eliminates a term in the minimum formula:

$$LEV_1 = Min(x_1, LEV_1\cancel{, 2 \times LEV_5})$$

Please direct any questions you may concerning this item to MWCIA's Actuarial Department at (952) 897-1737, option 3, or email at actuarial@mwcia.org.