

Part 4

Workers' Compensation Rates

31A-19a-401 Scope of part.

- (1) This part applies to workers' compensation insurance and employers' liability insurance written in connection with workers' compensation insurance.
- (2) An insurer writing workers' compensation coverage is subject to this part.

Amended by Chapter 363, 2017 General Session

31A-19a-402 Purpose.

It is the purpose of this part to:

- (1) establish specific provisions for the filing of workers' compensation rates in addition to those provided in Part 2, General Rate Regulation;
- (2) provide for review by the department of workers' compensation rate-making and the results of it; and
- (3) provide for a designated rate service organization to perform certain functions on behalf of the commissioner.

Renumbered and Amended by Chapter 130, 1999 General Session

31A-19a-403 Definitions.

As used in this part:

- (1) "Uniform classification plan," in addition to the definition of "classification system" in Section 31A-19a-102, means a plan:
 - (a) that is consistent between all insurers of classification codes and descriptions; and
 - (b) by which like workers' compensation exposures are grouped for the purposes of underwriting, rating, and statistical reporting.
- (2) "Uniform experience rating plan" means a plan that is consistent between all insurers for experience rating entities insured for workers' compensation insurance.
- (3) "Uniform statistical plan" means a plan that is consistent between all insurers that is used for the reporting of workers' compensation insurance statistical data.

Amended by Chapter 90, 2004 General Session

31A-19a-404 Designated rate service organization.

- (1) For purposes of workers' compensation insurance, the commissioner shall designate one rate service organization to:
 - (a) develop and administer the uniform statistical plan, uniform classification plan, and uniform experience rating plan filed with and approved by the commissioner;
 - (b) assist the commissioner in gathering, compiling, and reporting relevant statistical information on an aggregate basis;
 - (c) develop and file manual rules, subject to the approval of the commissioner, that are reasonably related to the recording and reporting of data pursuant to the uniform statistical plan, uniform experience rating plan, and the uniform classification plan; and
 - (d) develop and file the advisory loss costs pursuant to Section 31A-19a-406.
- (2) The uniform experience rating plan shall:

- (a) contain reasonable eligibility standards;
 - (b) provide adequate incentives for loss prevention; and
 - (c) provide for sufficient premium differentials so as to encourage safety.
- (3) Each workers' compensation insurer, directly or through its selected rate service organization, shall:
- (a) record and report its workers' compensation experience to the designated rate service organization as set forth in the uniform statistical plan approved by the commissioner; and
 - (b) adhere to a uniform classification plan and uniform experience rating plan filed with the commissioner by the rate service organization designated by the commissioner.
- (4) The commissioner may adopt rules for:
- (a) the development and administration by the designated rate service organization of the:
 - (i) uniform statistical plan;
 - (ii) uniform experience rating plan; and
 - (iii) uniform classification plan;
 - (b) the recording and reporting of statistical data and experience rating data by the various insurers writing workers' compensation insurance;
 - (c) the selection, retention, and termination of the designated rate service organization; and
 - (d) providing for the equitable sharing and recovery of the expense of the designated rate service organization to develop, maintain, and provide the plans, services, and filings that are used by the various insurers writing workers' compensation insurance.
- (5)
- (a) Notwithstanding Subsection (3), an insurer may develop directly or through its selected rate service organization subclassifications of the uniform classification system upon which a rate may be made.
 - (b) A subclassification shall be filed with the commissioner 30 days before its use.
 - (c) The commissioner shall disapprove subclassifications if the insurer fails to demonstrate that the data produced by the subclassifications can be reported consistently with the uniform statistical plan and uniform classification plan.
- (6) Notwithstanding Subsection (3), an insurer may, directly or through its selected rate service organization, develop its own experience modifications based on the uniform statistical plan, uniform classification plan, and uniform rating plan filed by the rate service organization designated by the commissioner under Subsection (1).

Amended by Chapter 32, 2020 General Session

31A-19a-405 Filing of rates and other rating information.

- (1)
- (a) All workers' compensation rates, supplementary rate information, and supporting information shall be filed at least 30 days before the effective date of the rate or information.
 - (b) Notwithstanding Subsection (1)(a), on application by the filer, the commissioner may authorize an earlier effective date.
- (2) The loss and loss adjustment expense factors included in the rates filed under Subsection (1) shall be:
- (a) the advisory loss costs filed by the designated rate service organization under Section 31A-19a-406; or
 - (b) a percent modification of the advisory loss costs filed by the designated rate service organization under Section 31A-19a-406.

- (3) A modification filed under Subsection (2)(b) shall be accompanied by adequate support as required by Part 2, General Rate Regulation.

Amended by Chapter 32, 2020 General Session

31A-19a-406 Filing requirements for designated rate service organization.

- (1) The rate service organization designated under Section 31A-19a-404 shall file with the commissioner the following items proposed for use in this state at least 30 calendar days before the day on which the items are distributed to members, subscribers, or others:
- (a) each advisory loss cost with its supporting information;
 - (b) the uniform classification plan and rating manual;
 - (c) the uniform experience rating plan manual;
 - (d) the uniform statistical plan manual; and
 - (e) each change, amendment, or modification of any of the items listed in Subsections (1)(a) through (d).
- (2)
- (a) If the commissioner believes that advisory loss costs filed violate the excessive, inadequate, or unfair discriminatory standard in Section 31A-19a-201 or any other applicable requirement of this part, the commissioner may require that the rate service organization file additional supporting information.
 - (b) If, after reviewing the supporting information, the commissioner determines that the advisory loss costs violate these requirements, the commissioner may:
 - (i) require that adjustments to the advisory loss costs be made; or
 - (ii) call a hearing for any purpose regarding the filing.

Amended by Chapter 32, 2020 General Session

31A-19a-407 Cooperation among rating organizations and insurers

- (1) Notwithstanding Section 31A-19a-305, rate service organizations and insurers may cooperate with each other in rate-making or in other matters within the scope of this part.
- (2)
- (a) The commissioner may review the cooperative activities and practices permitted under Subsection (1).
 - (b) If, after a hearing, the commissioner finds any of the cooperative activities or practices permitted under Subsection (1) to be unfair, unreasonable, or otherwise inconsistent with the law, the commissioner may issue an order:
 - (i) specifying in what respects the activity or practice is unfair, unreasonable, or otherwise inconsistent with the law; and
 - (ii) requiring the persons or entities involved to discontinue the activity or practice.

Enacted by Chapter 130, 1999 General Session

31A-19a-408 Procedures for workers' compensation tiered rate filings.

- (1) Notwithstanding Section 31A-19a-214 and subject to the other provisions of this section, a workers' compensation insurer may file with the commissioner a rate filing for workers' compensation insurance that provides for a plan with more than one rate tier for a single insurer or an insurer group with common ownership if the filing shows that:

- (a) each tier is established on underwriting rules that are based on criteria that would lead to a logical distinguishing of potential risk; and
- (b) supporting actuarial analysis or other information that shows a clear distinction between the following for each tier:
 - (i) expected losses and expenses; and
 - (ii) actual losses and expenses.
- (2) A workers' compensation insurer shall file with the commissioner an update of the actuarial analysis or other information required under Subsection (1)(b) at least every three years.
- (3) A workers' compensation insurer may apply underwriting expertise and judgment in the tier placement process, except that underwriting expertise and judgment shall:
 - (a) be applied in a prudent manner; and
 - (b) when applied, be fair, reasonable, and fully documented.

Enacted by Chapter 242, 2011 General Session