

Filing at a Glance

Company: Old Republic General Insurance Corporation

Product Name: Old Republic Independent WC SERFF Tr Num: LDDX-125210862 State: Arkansas

Rating Plan

TOI: 16.0 Workers Compensation

SERFF Status: Closed

State Tr Num: AR-PC-07-025141

Sub-TOI: 16.0004 Standard WC

Co Tr Num: WC AR0174307R01

State Status:

Filing Type: Rule

Co Status:

Reviewer(s): Betty Montesi, Carol Stiffler

Author: SPI ORChicago

Disposition Date: 07-09-2007

Date Submitted: 06-19-2007

Disposition Status: Approved

Effective Date Requested (New): 08-01-2007

Effective Date (New): 08-01-2007

Effective Date Requested (Renewal):

Effective Date (Renewal):

General Information

Project Name: Old Republic Independent WC Rating Plan

Status of Filing in Domicile:

Project Number: WC AR0174307R01

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 07-09-2007

State Status Changed: 06-19-2007

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

Old Republic General Insurance Corporation is filing Large Risk Alternative Rating Option (LRARO) Plans for Large Deductible, Excess, and Guaranteed cost rated policies (Appendix Y).

We request an effective date of August 1, 2007 or the earliest date possible.

Company and Contact

Filing Contact Information

Johnathan Hagen, State Filings Analyst

jhagen@oldrepublic.com

307 N. Michigan Avenue

(312) 346-8100 [Phone]

Chicago, IL 60601

(312) 762-4950[FAX]

Filing Company Information

Old Republic General Insurance Corporation

CoCode: 24139

State of Domicile: Illinois

307 N. Michigan Avenue

Group Code: 150

Company Type:

Chicago, IL 60601

Group Name:

State ID Number:

(312) 762-4500 ext. [Phone]

FEIN Number: 36-6067575

Created by SERFF on 07-09-2007 11:13 AM

Filing Fees

Fee Required? Yes
Fee Amount: \$25.00
Retaliatory? No
Fee Explanation:
Per Company: No

| COMPANY | AMOUNT | DATE PROCESSED | TRANSACTION # |
|--|---------|----------------|---------------|
| Old Republic General Insurance Corporation | \$25.00 | 06-19-2007 | 14213833 |

Correspondence Summary

Dispositions

| Status | Created By | Created On | Date Submitted |
|----------|----------------|------------|----------------|
| Approved | Carol Stiffler | 07-09-2007 | 07-09-2007 |

Objection Letters and Response Letters

Objection Letters

| Status | Created By | Created On | Date Submitted |
|---------|----------------|------------|----------------|
| Pending | Carol Stiffler | 06-19-2007 | 06-19-2007 |

Industry
Response

Response Letters

| Responded By | Created On | Date Submitted |
|---------------|------------|----------------|
| SPI ORChicago | 07-09-2007 | 07-09-2007 |

Disposition

Disposition Date: 07-09-2007

Effective Date (New): 08-01-2007

Effective Date (Renewal):

Status: Approved

Comment:

| Company Name: | Overall % Rate Impact: | Written Premium Change for this Program: | # of Policy Holders Affected for this Program: | Premium: | Maximum % Change (where required): | Minimum % Change (where required): | Overall % Indicated Change: |
|---|-----------------------------------|---|---|-----------------|---|---|--|
| Old Republic General Insurance Corporation | 0.000% | \$0 | 0 | \$0 | 0.000% | 0.000% | 0.000% |

| Item Type | Item Name | Item Status | Public Access |
|--------------------------------|--|--------------------|----------------------|
| Supporting Document | Uniform Transmittal Document-Property & Casualty | Approved | Yes |
| Supporting Document | NAIC Loss Cost Filing Document for Workers' Compensation | Approved | Yes |
| Supporting Document | NAIC loss cost data entry document | Approved | Yes |
| Rate (<i>revised</i>) | Large Risk Alternative Rating Options | Approved | Yes |
| Rate | Large Risk Alternative Rating Options | Withdrawn | No |

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 06-19-2007

Submitted Date 06-19-2007

Dear Johnathan Hagen,

This will acknowledge receipt of the captioned filing.

Objection 1

- Large Risk Alternative Rating Options (Rate)

Comment: Arkansas law requires all workers' compensation rates must be filed and approved. The Large Risk Alternative Rating Option provides that a risk may be rated as mutually agreed upon by carrier and insured which is violation of 23-67-219 (copy attached). You may either withdraw this filing, file the rules that state how the rates will be calculated, or make an individual risk filing for each insured.

Please feel free to contact me if you have questions.

Sincerely,

Carol Stiffler

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Attachment "Chapter67.htm" is not a PDF document and cannot be reproduced here.

Response Letter

Response Letter Status Submitted to State
Response Letter Date 07-09-2007
Submitted Date 07-09-2007

Dear Carol Stiffler,

Comments: This filing is in response to your Objection Letter dated June 19, 2007.

Response 1

Comments: The attached rating plan has been modified to state how the rates will be calculated.

Related Objection 1

Applies to:

- Large Risk Alternative Rating Options (Rate)

Comment: Arkansas law requires all workers' compensation rates must be filed and approved. The Large Risk Alternative Rating Option provides that a risk may be rated as mutually agreed upon by carrier and insured which is violation of 23-67-219 (copy attached). You may either withdraw this filing, file the rules that state how the rates will be calculated, or make an individual risk filing for each insured.

No Supporting Documents have changed.

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

| Exhibit Name | Rule # or Page # | Rate Action | Previous State Filing # |
|--|------------------|-------------|-------------------------|
| Large Risk Alternative Rating Appendix Y Options | | Replacement | |

Your continued interest in this filing is appreciated.

Sincerely,

Sandy Mack
Sincerely,
SPI ORChicago

Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type:

Overall Percentage of Last Rate Revision:

0.000%

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

Company Rate Information

| Company Name: | Overall % Rate Impact: | Written Premium Change for this Program: | # of Policy Holders Affected for this Program: | Premium: | Maximum % Change (where required): | Minimum % Change (where required): | Overall % Indicated Change: |
|--|-------------------------------|---|---|-----------------|---|---|------------------------------------|
| Old Republic General Insurance Corporation | 0.000% | \$0 | 0 | \$0 | 0.000% | 0.000% | 0.000% |

Rate/Rule Schedule

| Review Status: | Exhibit Name: | Rule # or Page #: | Rate Action | Previous State Filing Attachments Number: |
|-----------------------|---------------------------------------|--------------------------|--------------------|--|
| Approved | Large Risk Alternative Rating Options | Appendix Y | Replacement | Appendix Y.PDF |

Old Republic General Insurance Corporation
Workers' Compensation
Basic Manual
Arkansas Exception Rating Plan Manual

APPENDIX Y. Large Risk Alternative Rating Option

1. Large Risk Alternative Rating Options

The Large Risk Alternative Rating Option provides that a risk may be rated as mutually agreed upon by carrier and insured. This is an available option for the following types of Workers' Compensation risks:

- A. Deductible Risk – A risk that is written with a deductible of \$100,000 per occurrence or greater and develops countrywide estimated annual standard premium in excess of \$250,000 when written individually or in any combination of Workers' Compensation, General Liability, Commercial Automobile (including all components thereto). The plan also applies to workers' compensation only, with a discounted standard premium of \$250,001 or greater. For purposes of the deductible, incurred losses can be defined as including allocated loss adjustment expenses or pro rata in addition.

If this option (1A) is utilized, WC 99 03 28 (Workers Compensation and Employers Liability Loss Reimbursement Plan Endorsement With Optional Aggregate) will be attached to the policy.

- B. Excess Risk – A risk that is a qualified self-insurer or a self-insured group as defined by state law. The risk is written with a self-insured retention of \$50,000 or greater and develops countrywide estimated annual standard premium in excess of \$250,000 when written individually or in any combination of Workers' Compensation, General Liability, Commercial Automobile (including all components thereto). The plan also applies to workers' compensation only, with a discounted standard premium of \$250,001 or greater.
- C. Guaranteed Cost Risk – A risk that uses manual rates and develops countrywide estimated annual standard premium in excess of \$250,000 when written individually or in any combination of Workers' Compensation, General Liability, Commercial Automobile (including all components thereto). The plan also applies to workers' compensation only, with a discounted standard premium of \$250,001 or greater.

2. Definitions – The following definitions apply to this rule:

- A. Risk – Risk means a single legal entity or two or more affiliates which qualify for combination under the rules of the Experience Rating Plan manual.
- B. Affiliate – Affiliate means an entity or entities in each of which the same entity or group of entities owns a majority interest.
- C. Legal Entity or Entity – Legal entity or entity means an individual, partnership, corporation, unincorporated association or fiduciary (e.g. trustee, receiver, executor or administrator). Divisions of an entity do not qualify as separate entities.
- D. Manual Rate – The manual rate means the rate shown after the classification code number on the rate pages in Section 2 of the Basic Manual for Workers Compensation and Employers Liability Insurance. The definition of the manual rate is further defines as either:
1. The manual rate that has been established by the Bureau if no deviation or schedule rating exists.
 2. The manual rate that has been established by NCCI modified by an approved schedule rating adjustment.
 3. Carrier Manual Rate if the company has had a deviation from Bureau Manual Rate stamped "Filed" by the Insurance Commissioner.
- E. Standard Premium – The definition of standard premium is as found in the Basic Manual for Workers' Compensation and Employers Liability Insurance. The definition of standard premium is further defined as follows:
1. For Deductible risks as being prior to the application of deductible credit; and
 2. For Excess risks as including the estimated premium that would be applicable to the self-insured retention.
 3. For all risks written under this plan, standard premium will include the premium for the Catastrophe Provisions – in accordance with Rule 3-A-24 of the Basic Manual for Workers' Compensation and Employers Liability Insurance that includes the following:
 - a. Terrorism Risk Insurance Act (TRIA) of 2002
 - b. Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents (DTEC)

- F. Incurred Losses – Incurred losses under this Plan are those reported under the rules of the Unit Statistical Plan Manual adopted by the rating organization. Generally, incurred losses are the actual losses paid and outstanding, interest on judgments, expenses incurred in obtaining third party recoveries, and allocated loss adjustment expenses for employers' liability losses. Incurred losses resulting from an accident or exposure provided for via a non-ratable element or a non-ratable supplemental load shall be included. For purposes of the deductible, incurred losses can be defined as including allocated loss adjustment expenses or pro rata in addition.
- G. Insured – Insured means the employer designated in the Information page of the policy or policies to which this rule is applied by the carrier which issued such insurance. Insured may be two or more legal entities if the same person, or group of persons, owns the majority interest in such entities. The Experience Rating Plan manual defines majority interest. It usually means:
1. Majority of voting stock; or
 2. Majority of members or directors if there is no voting stock; or
 3. Majority participation of general partners in profits of a partnership.
- H. Anniversary Rating Date – For a single policy risk, the anniversary rating date for application of this Plan is the effective month and day of the policy in effect. If the risk subject to the Plan includes more than one policy with different effective dates, the anniversary rating date shall be determined by the rating organization. The Plan applies for the period of the policy or policies subject to the Plan.

3. Additional Requirements for the Application of this Rating Option

- A. Except as otherwise stated herein, the application of this Plan is optional and may be used only upon election by the insured and acceptance by the insurance carrier.
- B. This Plan may be applied on an intrastate or interstate basis.
- C. If the policy provides increased limits for Part Two, such premium and incurred losses may be subject to the Plan.
- D. The underwriting file must contain sufficient documentation to support that the premium eligibility requirement is satisfied for Workers' Compensation written individually or in any combination with General Liability, Commercial Automobile (including all components thereto).
- E. All data reporting requirements will be met, as set forth by the appropriate statistical gathering agencies.

4. Premium Computation

Large Deductible Premium Computation

Deductible Premium = Excess Losses + Aggregate Limit Charge + Expenses

A. Excess Losses = Standard Premium x Excess Loss Factor

Excess Loss Factor shall be determined by an underwriting assessment of the policyholder's risk management program with respect to prevention of large loss occurrences, the catastrophic loss exposures, and the unusual presence or absence of workplace injury or occupational disease exposures. To the extent data is available and reliable, consideration will be given to the policyholder's loss history and individual large loss occurrences.

B. Aggregate Limit Charge = Insurance Charge x Expected Losses within the Deductible

1. The Insurance Charge represents the probability of exceeding the Aggregate Limit.
2. Expected Losses within the Deductible = Standard Premium x Expected Limited Loss Ratio
 - a. Expected Limited Loss Ratio = Unlimited Loss Ratio - Excess Loss Factor
 - b. To the extent data is available and reliable, consideration will be given to the policyholder's loss history.

C. Expenses =
x (Commission & Brokerage + Other Acquisitions + General Expenses)
x (Excess Losses + Aggregate Limit Charge)
+ (Premium Tax + Workers' Compensation Fund Assessments + Guaranty Fund Assessments + All Other State Assessments + State Surcharges)
x Standard Premium
+ Terrorism Charge x Payroll in \$100s

Multiple Line/Multiple Policy Maximum Loss Content

As an alternative to an aggregate limit for Workers' Compensation, the insurer and insured may agree to a Multiple Line/Multiple Policy Maximum Loss Content. Under this arrangement the maximum amount of payments by the insured for a reimbursement within a deductible for any policy listed in the schedule on the Deductible Endorsement, shall be limited to the amount specified as the Maximum Loss Content in that schedule.

The insured and insurer may agree to state the Maximum Loss Content as a negotiated rate per \$100 of final audited payroll, or other exposure base specified on the Deductible Endorsement subject to a negotiated minimum aggregate.

The Maximum Loss Content charge is the charge for the amount of loss expected to exceed the established Maximum Loss Content. If a Maximum Loss Content is selected, the Aggregate Limit Charge to be included in the Deductible Premium Formula is negotiated by the insured and insurer. Calculation of this amount will be documented in the Underwriting File.

Supporting Document Schedules

| | | | |
|--|---|-----------------------------------|------------|
| Satisfied -Name: | Uniform Transmittal Document- Property & Casualty | Review Status: Approved | 07-09-2007 |
| Comments: | | | |
| Attachment: | | | |
| AR - NAIC P&C TRANSMITTAL DOCUMENT.PDF | | | |
| Bypassed -Name: | NAIC Loss Cost Filing Document for Workers' Compensation | Review Status: Approved | 07-09-2007 |
| Bypass Reason: | N/A | | |
| Comments: | | | |
| Bypassed -Name: | NAIC loss cost data entry document | Review Status: Approved | 07-09-2007 |
| Bypass Reason: | N/A | | |
| Comments: | | | |

Property & Casualty Transmittal Document

| | | | | | |
|---|---|--------------|--|------------------|--|
| 1. Reserved for Insurance Dept. Use Only | 2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">New Business</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes | New Business | | Renewal Business | |
| New Business | | | | | |
| Renewal Business | | | | | |

| | | | | |
|--|---------------------|---------------|---------------|----------------|
| 3. Group Name | Group NAIC # | | | |
| Old Republic Insurance Group | 0150 | | | |
| 4. Company Name(s) | Domicile | NAIC # | FEIN # | State # |
| Old Republic General Insurance Corporation | IL | 24139 | 36-6067575 | |
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| | |
|-----------------------------------|-----------------|
| 5. Company Tracking Number | WC AR0174307R01 |
|-----------------------------------|-----------------|

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

| | | | | | |
|-----------|---|--------------------------|--|--------------|------------------------|
| 6. | Name and address | Title | Telephone #s | FAX # | e-mail |
| | Johnathan Hagen 307 N. Michigan Avenue Chicago IL 60601 | State Filings Analyst | 800-621-0365 Ext. 4534 | 312-762-4950 | jhagen@oldrepublic.com |
| 7. | Signature of authorized filer | |  | | |
| 8. | Please print name of authorized filer | | Johnathan Hagen | | |

Filing Information (see General Instructions for descriptions of these fields)

| | | |
|------------|---|--|
| 9. | Type of Insurance (TOI) | 16.0 Workers Compensation |
| 10. | Sub-Type of Insurance (Sub-TOI) | 16.0004 Standard WC |
| 11. | State Specific Product code(s) (if applicable) [See State Specific Requirements] | |
| 12. | Company Program Title (Marketing Title) | Workers Compensation |
| 13. | Filing Type | <input type="checkbox"/> Rate/Loss Cost <input checked="" type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description) |
| 14. | Effective Date(s) Requested | New: 08/01/07 Renewal: 08/01/07 |
| 15. | Reference Filing? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 16. | Reference Organization (if applicable) | n/a |
| 17. | Reference Organization # & Title | n/a |
| 18. | Company's Date of Filing | 06/19/07 |
| 19. | Status of filing in domicile | <input checked="" type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved |

Property & Casualty Transmittal Document

| | | |
|------------|--|-----------------|
| 20. | This filing transmittal is part of Company Tracking # | WC AR0174307R01 |
|------------|--|-----------------|

| | |
|------------|--|
| 21. | Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text] |
|------------|--|

Old Republic General Insurance Corporation is filing Large Risk Alternative Rating Option (LRARO) Plans for Large Deductible, Excess, and Guaranteed cost rated policies (Appendix Y).

We request an effective date of August 1, 2007 or the earliest date possible.

| | |
|--|--|
| 22. | Filing Fees (Filer must provide check # and fee amount if applicable.) [If a state requires you to show how you calculated your filing fees, place that calculation below] |
| Check #: Amount: | |
| Refer to each state's checklist for additional state specific requirements or instructions on calculating fees. | |

***Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

| Original Date: | Schedule | Document Name | Replaced Date | Attach Document |
|-----------------------|-----------------|--|----------------------|----------------------------|
| No original date | Rate and Rule | Large Risk Alternative Rating Options | 06-19-2007 | Appendix Y.PDF |

Old Republic General Insurance Corporation
Workers' Compensation
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APPENDIX Y. Large Risk Alternative Rating Option

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If this option (1A) is utilized, WC 99 03 28 (Workers Compensation and Employers Liability Loss Reimbursement Plan Endorsement With Optional Aggregate) will be attached to the policy.

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- C. Guaranteed Cost Risk – A risk that uses manual rates and develops countrywide estimated annual standard premium in excess of \$250,000 when written individually or in any combination of Workers' Compensation, General Liability, Commercial Automobile (including all components thereto). The plan also applies to workers' compensation only, with a discounted standard premium of \$250,001 or greater.

2. Definitions – The following definitions apply to this rule:

- A. Risk – Risk means a single legal entity or two or more affiliates which qualify for combination under the rules of the Experience Rating Plan manual.
- B. Affiliate – Affiliate means an entity or entities in each of which the same entity or group of entities owns a majority interest.
- C. Legal Entity or Entity – Legal entity or entity means an individual, partnership, corporation, unincorporated association or fiduciary (e.g. trustee, receiver, executor or administrator). Divisions of an entity do not qualify as separate entities.
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1. The manual rate that has been established by the Bureau if no deviation or schedule rating exists.
 2. The manual rate that has been established by NCCI modified by an approved schedule rating adjustment.
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1. For Deductible risks as being prior to the application of deductible credit; and
 2. For Excess risks as including the estimated premium that would be applicable to the self-insured retention.
 3. For all risks written under this plan, standard premium will include the premium for the Catastrophe Provisions – in accordance with Rule 3-A-24 of the Basic Manual for Workers' Compensation and Employers Liability Insurance that includes the following:
 - a. Terrorism Risk Insurance Act (TRIA) of 2002
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- F. Incurred Losses – Incurred losses under this Plan are those reported under the rules of the Unit Statistical Plan Manual adopted by the rating organization. Generally, incurred losses are the actual losses paid and outstanding, interest on judgments, expenses incurred in obtaining third party recoveries, and allocated loss adjustment expenses for employers' liability losses. Incurred losses resulting from an accident or exposure provided for via a non-ratable element or a non-ratable supplemental load shall be included. For purposes of the deductible, incurred losses can be defined as including allocated loss adjustment expenses or pro rata in addition.
- G. Insured – Insured means the employer designated in the Information page of the policy or policies to which this rule is applied by the carrier which issued such insurance. Insured may be two or more legal entities if the same person, or group of persons, owns the majority interest in such entities. The Experience Rating Plan manual defines majority interest. It usually means:
1. Majority of voting stock; or
 2. Majority of members or directors if there is no voting stock; or
 3. Majority participation of general partners in profits of a partnership.
- H. Anniversary Rating Date – For a single policy risk, the anniversary rating date for application of this Plan is the effective month and day of the policy in effect. If the risk subject to the Plan includes more than one policy with different effective dates, the anniversary rating date shall be determined by the rating organization. The Plan applies for the period of the policy or policies subject to the Plan.

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- A. Except as otherwise stated herein, the application of this Plan is optional and may be used only upon election by the insured and acceptance by the insurance carrier.
- B. This Plan may be applied on an intrastate or interstate basis.
- C. If the policy provides increased limits for Part Two, such premium and incurred losses may be subject to the Plan.
- D. The underwriting file must contain sufficient documentation to support that the premium eligibility requirement is satisfied for Workers' Compensation written individually or in any combination with General Liability, Commercial Automobile (including all components thereto).
- E. All data reporting requirements will be met, as set forth by the appropriate statistical gathering agencies.