BULLETIN 18-99       December 13, 1999

TO:       ACCOUNTING AND UNDERWRITING DEPTS. OF WORKERS' COMPENSATION INSURERS

FROM:    ARKANSAS INSURANCE DEPARTMENT

Clarification of Schedule WC--Computation Of Annual Workers' Compensation Commission Taxes

It has come to our attention that there has been some confusion on how workers’ compensation premiums are to be reported on "Schedule WC --Computation Of Annual Workers' Compensation Commission Taxes" included in your Annual Statement packet. The definition of Written Manual Premium given on this form was written in 1983 before many of the changes common to workers' compensation programs were implemented. We want to clarify this definition for today's users.

The definition on Schedule WC is: "Written manual premium shall mean premium produced in given year by the manual rates in effect during the experience period and shall exclude the premium produced by the expense constant. Further, written manual premium for the purpose of this law means premium before any allowable deviated discounts, any experience rating modification, any premium discount, any reinsurance or deductible arrangement as common with fronting carrier, any dividend consideration or other trade discount."

Written manual premium is the premium calculated by using the [payroll divided by 100] multiplied by the company's filed rates (not loss costs). It does not include expense constants, or any other modification (experience modifiers, credits, debits, deductibles, etc).

EXAMPLE

<table>
<thead>
<tr>
<th>Payroll</th>
<th>Rate</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>$90,000</td>
<td>1.50</td>
<td>$1,350</td>
</tr>
</tbody>
</table>

THIS IS NOT THE SAME AS DIRECT WRITTEN PREMIUM REPORTED IN YOUR ANNUAL STATEMENT.
Also **required** on Schedule WC is the NAIC Group Number if your company is part of a group. If your company is **not** part of a group, please indicate that by putting "N/A" in the blank for the group number.

Inquiries concerning this Bulletin should be directed to Carol Stiffler, Property & Casualty Division, (501)-371-2807 or by E-mail at carol.stiffler@mail.state.ar.us.

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