

RULES – IMPLEMENTATION

JUNE 11, 2019

COMMERCIAL AUTOMOBILE

LI-CA-2019-121

## WYOMING INTRODUCTION OF ADDITIONAL RULE TO REFERENCE STOP GAP – EMPLOYERS LIABILITY COVERAGE ENDORSEMENT TO BE IMPLEMENTED

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### KEY MESSAGE

Rules filing CA-2019-RSG1 is to be implemented in Wyoming.

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### BACKGROUND

In circular [LI-CA-2019-120](#), we announced the filing of endorsement CA 04 77 – Stop Gap – Employers Liability Coverage Endorsement – Wyoming. Since employers liability coverage is not furnished under the mandatory state workers compensation fund, we are making this coverage available via the new endorsement.

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### ISO ACTION

Since we are introducing CA 04 77 – Stop Gap – Employers Liability Coverage Endorsement – Wyoming, we are also revising the Wyoming state exception pages to add an Additional Rule that makes reference to and provides rating information for the endorsement.

Refer to the attached explanatory material for complete details about the filing.

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### EFFECTIVE DATE

We do not establish an effective date for Commercial Auto rules revisions in this state. Each insurer that elects to utilize this revision is responsible for determining its own effective date.

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### COMPANY ACTION

ISO has not filed this revision on behalf of insurers.

You must independently determine what revision to make and when to make any revision effective. If you decide to use all or any part of our revision, you are NOT required to file anything with the Insurance Department.

You must document your files in case the Insurance Department wishes to review the information at a later date. In all internal correspondence on this revision, you should refer to ISO Revision Designation Number CA-2019-RSG1, NOT this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

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### RATING SOFTWARE IMPACT

No new attributes are being introduced with this revision.

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## POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2018-044](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

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## REVISION DISTRIBUTION

We will issue a Notice to Manualholders with an edition date of 9-19 (or the earliest possible subsequent date), along with any new and/or revised forms.

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## RELATED FORMS REVISION

We are announcing in circular [LI-CA-2019-120](#) the approval of a corresponding forms revision.

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## REFERENCE(S)

- [LI-CA-2019-120](#) (06/11/2019) Wyoming Introduction Of Stop Gap – Employers Liability Coverage Endorsement Filed And Approved
- [LI-CL-2018-044](#) (11/27/2018) Revised Lead Time Requirements Listing

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## ATTACHMENT(S)

Filing [CA-2019-RSG1](#)

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# **Introduction Of Wyoming Additional Rule To Reference Stop Gap - Employers Liability Coverage Endorsement**

## **About This Filing**

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This filing introduces an Additional Rule in order to reference and provide rating information for the Stop Gap - Employers Liability Coverage Endorsement - Wyoming.

## **New Rule**

We are introducing Additional Rule A2. Stop Gap – Employers Liability Coverage.

## **Related Filing**

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Forms Filing CA-2019-OSG1.

## **Background**

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In companion forms filing CA-2019-OSG1, we are providing an optional endorsement under the Commercial Auto Dealers Program in order that employers liability coverage would be available under the Commercial Auto Program. Since employers liability coverage is not furnished under the mandatory state workers compensation fund, we are making this coverage available via the new endorsement.

## **Explanation of Changes**

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In order to reference this new optional endorsement and to provide information on calculating the premium for it, we are adding a new Additional Rule A2. in the Wyoming state exceptions. The rule explains that since the state insurance fund does not provide employers liability coverage with its workers' compensation insurance, employers liability coverage for situations in which an employer can be held liable for injuries to employees can be provided by attachment of CA 04 77 Stop Gap – Employers Liability Coverage Endorsement – Wyoming. It

further explains the steps for calculating the premium for the endorsement, as well as providing the factors to be applied to the basic limit rate.

- ◆ Stop Gap - Employers Liability Coverage Factor

The coverage endorsement already exists for General Liability (GL). For GL, a factor of 0.02 is applied to the appropriate classification's premises/operations base loss cost. Since the auto dealers loss cost also includes coverage for Auto and Products/Completed Operations coverage, we calculated the percentage of the auto dealers loss cost that is attributable to premises/operations coverage. Based on the latest 5 accident years of Auto Dealers multistate loss experience reported to ISO (through Dec. 31, 2017), the percentage is approximately 10% (0.10). In addition, to adjust for the difference in the Base Aggregate Limit between GL and Auto Dealers (the General Liability base loss cost is \$100,000/\$200,000 (i.e. 2 x Accident Limit) whereas the Auto Dealers base loss cost is \$100,000/\$300,000 (i.e. 3 x Accident Limit)), we adjusted the Auto Dealers factor by 1.005 (aggregate factors can be found in Rule 49 of the Commercial Auto section of the CLM). The selected factor is 0.002 ( $0.02 * 0.10 * 1.005$ ).

- ◆ Each Disease Aggregate Limits Factor

We have chosen to use the Other General Liability aggregate factors found in Rule 49 of the CLM.

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## **A2. STOP GAP – EMPLOYERS LIABILITY COVERAGE**

### **A. Coverage**

The state insurance fund does not provide employers liability coverage with its workers compensation insurance. To provide employers liability coverage for situations in which an employer can be held liable for injuries to employees, attach Stop Gap – Employers Liability Coverage Endorsement – Wyoming **CA 04 77**.

### **B. Premium Development**

1. If the limits for Bodily Injury By Accident – Each Accident and Bodily Injury By Disease – Each Employee are the same, the premium for this endorsement is calculated as follows:

a. Determine the applicable Auto Dealers liability base loss cost.

b. Multiply the base loss cost by the following factor:

0.002

### **Table A2.B.1.b. Stop Gap – Employers Liability Coverage Factor**

c. Apply the appropriate Increased Limits Factor from Rule **100**. (using the limit for Bodily Injury By Accident – Each Accident and Bodily Injury By Disease – Each Employee as the Each Occurrence Limit and the Bodily Injury By Disease – Aggregate Limit as the General Aggregate Limit).

d. Select the factor below for the desired Each Disease Aggregate Limit:

<b><u>Aggregate Limit</u></b>	<b><u>Factor</u></b>
<u>1 x Each Accident Limit</u>	<u>-0.010</u>
<u>2 x Each Accident Limit</u>	<u>-0.005</u>
<u>3 x Each Accident Limit</u>	<u>0.000</u>
<u>5 x Each Accident Limit</u>	<u>0.005</u>
<u>7 x Each Accident Limit</u>	<u>0.010</u>

### **Table A2.B.1.d. Each Disease Aggregate Limits Factor**

e. Add 1.000 to the selected factor and multiply the resulting factor by the result of Paragraph **B.1.c**.

f. Multiply the number of rating units used in calculating the Auto Dealers liability premium by the result of Paragraph **B.1.e**.

2. If the limits for Bodily Injury By Accident – Each Accident and Bodily Injury By Disease – Each Employee differ, refer to company for rating.