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To: All Property and Casualty Insurers and Insurance Producers and Interested Parties

Re: Apprenticeship Programs: Age Does Not Impact Workers Compensation Rates in Maryland

It has come to the attention of the Maryland Insurance Administration (the "Administration") that certain employers have expressed the concern that hiring younger workers through apprenticeship programs will automatically increase their workers' compensation rates because of the age of such workers. The purpose of this Bulletin is to clarify that age is not a factor used to set workers compensation rates under any rating plan approved in the State. Hence, the age of an individual who is engaged in paid or unpaid apprenticeship programs, school work programs, and cooperative vocational education programs will not impact the employer's workers compensation insurance rates.

All workers' compensation insurance rates and rating plans used in Maryland must be filed with the Administration for approval. Insurers authorized to sell workers' compensation insurance in Maryland rely on the Classification Manual & Rules Manual established by the National Council on Compensation Insurance (NCCI). The NCCI Manual does not use age as a rating or classification factor nor does it contain classification codes that have special impact on apprenticeship programs. When setting rates, workers compensation insurers consider factors such as the nature of the employer's business or industry, the classification of employees based on their job duties, claims history, safety programs, and loss control measures in order to calculate rates. As the Administration's review of the rating plans approved for use in Maryland confirmed, age is not used as a rating factor.

Age is also not a criteria used to classify an employee for job classification purposes. In the NCCI Manual, the classification of employees for rating purposes is based on criteria such as the activities of the employee, the equipment and materials used, and work locations. Age is not a criterion use to classify an employee for rating purposes.

It is important to note that workers' compensation carriers may track the age of injured employees, the type of work employees were doing at the time the injury occurred, and the associated costs of the claims in order to analyze loss trends. Neither the claims data nor the research have an effect on the rating of an employer's workers' compensation policy.

If your workers compensation insurer is using age as a rating factor, or if you have any questions concerning this Bulletin, please contact Associate Commissioner for Property & Casualty, William Fawcett, at William.Fawcett@Maryland.gov or on (410) 468-2353.

Kathleen A. Birrane
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By: SIGNATURE ON ORIGINAL

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