



Indiana

Advisory Rates, Loss Costs,
Assigned Risk Rates, and Rating
Values Filing

Proposed Effective January 1, 2025



September 18, 2024
Honorable Amy L. Beard
Commissioner of Insurance
Indiana Department of Insurance
311 W. Washington St., Suite 300
Indianapolis, IN 46204-2787

**Re: Indiana Workers Compensation Advisory Rates, Loss Costs, Assigned Risk Rates, and Rating Values
Filing Proposed Effective January 1, 2025**

Dear Commissioner Beard:

In accordance with the applicable statutes and regulations in the state of Indiana, we are filing for your consideration and approval workers compensation advisory rates, loss costs, and rating values for the Indiana voluntary market and assigned risk rates and rating values for the Indiana assigned risk market.

This filing proposes a change of -6.8% to the overall voluntary loss cost level and -7.2% to the overall voluntary and assigned risk rate level to become effective on January 1, 2025, for new and renewal business.

As a result of approved Item E-1410, claims attributable to COVID-19 with accident dates on or after July 1, 2023 are no longer treated as catastrophic claims and are included in the calculation of loss costs and rates in this year's filing.

We make this filing on behalf of the members and subscribers of the Indiana Compensation Rating Bureau. All persons on the "Interested Persons List" have been notified of the captioned filing.

Sincerely,

Actuarial content prepared by:

Paul E. Keathley, CAWC
President, ICRB

Dan Clayman, FCAS, MAAA
Director and Actuary, NCCI

Enclosure



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Actuarial Certification

I, Dan Clayman, am a Director and Actuary for the National Council on Compensation Insurance, Inc. I am a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries, and I meet the Qualification Standards of the American Academy of Actuaries to provide the actuarial report contained herein.

The information contained in this report has been prepared under my direction in accordance with applicable Actuarial Standards of Practice as promulgated by the Actuarial Standards Board. The Actuarial Standards Board is vested by the U.S.-based actuarial organizations with the responsibility for promulgating Actuarial Standards of Practice for actuaries providing professional services in the United States. Each of these organizations requires its members, through its Code of Professional Conduct, to observe the Actuarial Standards of Practice when practicing in the United States.

A handwritten signature in cursive script that reads "Daniel Clayman".

Dan Clayman, FCAS, MAAA
Director and Actuary
Actuarial and Economic Services



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Disclosures

Purpose of the Report

The purpose of this report is to provide the advisory rates, loss costs, and assigned risk rates for workers compensation policies in Indiana, proposed to be effective January 1, 2025. The intended users of this report are:

- The Indiana Department of Insurance
- Affiliated carriers, for their reference in determining workers compensation rates

Scope

The prospective advisory rates are intended to cover the indemnity and medical benefits provided under the system, the expenses associated with providing these benefits (loss-based expenses), and any other costs associated with providing workers compensation insurance (such as commissions, taxes, etc.).

The filing also contains advisory loss costs. The prospective loss costs are intended to cover the indemnity and medical benefits provided under the system, as well as some of the expenses associated with providing these benefits (loss-based expenses). They do not, however, contemplate any other costs associated with providing workers compensation insurance (such as commissions, taxes, etc.).

Carriers offering workers compensation insurance in Indiana may desire to a) adopt the advisory rates which are based on NCCI's compilations of expense data, b) deviate from the advisory rates, or c) adopt the advisory loss costs to which they would apply their own expense provisions. The latter option can be accomplished through a loss cost multiplier that is applied to the approved advisory prospective loss costs in order to compute the final workers compensation rates that a carrier intends to charge. This multiplier is intended to cover the other costs associated with providing workers compensation insurance that are not already part of the advisory prospective loss costs.

Employers unable to secure coverage in the voluntary market can apply for such coverage in the assigned risk market. The proposed rates for the voluntary market are also applicable to assigned risk policies, with a proposed effective date of January 1, 2025. Currently, assigned risk policies with premium greater than \$2,750 are assessed a 30% surcharge, with the surcharge being applied to the premium amount above \$2,750.

NCCI utilizes widely accepted general ratemaking methodologies in the calculation of advisory rates, loss costs, and assigned risk rates, including (i) experience base determination, (ii) chain ladder development method, (iii) trending procedure, (iv) expense calculation, and (v) application of



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indemnity and medical benefit changes. These ratemaking methodologies are unchanged from the prior filing and continue to remain appropriate for use in this filing.

Data Sources

Key Dates

Financial Data Valuation Date	December 31, 2023
Financial Call Data Cutoff Date	June 26, 2024
Unit Statistical Plan Data Cutoff Date	June 25, 2024
Filing Preparation Date	August 7, 2024

The overall average advisory rate, loss cost, and assigned risk rate level changes are based on a review of Financial Call Data, which is an aggregation of workers compensation data annually reported to NCCI. In this filing, Financial Call Data submissions received after the Financial Call Data Cutoff Date were not considered for inclusion in the analysis.

Rate and loss cost level changes at the classification code level are based on Unit Statistical Plan Data, which is the audited exposure, premium, and loss information reported to NCCI on a policy level. In this filing, Unit Statistical Data submissions received after the Unit Statistical Plan Data Cutoff Date were not considered for inclusion in the analysis.

In some areas, NCCI's analysis also relies on other data sources, which are reviewed for reasonableness and are referenced in the filing where applicable. Events that have occurred after the Filing Preparation Date that may have a material impact on workers compensation costs in this jurisdiction have not been considered in the analysis.

Data Exclusions

NCCI maintains several data reporting initiatives and programs to assist carriers to report data and to ensure that the data that is reported to NCCI is complete, accurate, and reported in a timely fashion. Occasionally, a carrier's data submission is not available for use in an NCCI filing either because the data was not reported prior to the filing, had quality issues, or NCCI determined that the data that was reported should not be included in the filing based on NCCI's actuarial judgment.



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All carriers writing at least one-tenth of one percent of the Indiana workers compensation written premium volume and whose data is not included in the experience period are listed below:

- Policy Year 2022 – Accident Insurance Company Inc. (0.1% of state premium)

NCCI categorizes catastrophic events as those that incur aggregate workers compensation losses in excess of \$50 million per occurrence. Pandemics have the potential to be catastrophic in terms of the costs they impose on the workers compensation system. NCCI’s ratemaking methodology excludes catastrophe-related losses from the calculation of loss costs and rates since these events are not considered to be predictive of future experience. In line with this methodology, NCCI is proposing to treat COVID-19 claims with accident dates between December 1, 2019 and June 30, 2023 as a catastrophe in this filing. These reported claims have been excluded from Financial Call Data and Unit Statistical Plan Data for use in ratemaking to better reflect the conditions expected to prevail in the filing’s proposed effective period. Due to approved Item E-1410, claims attributable to COVID-19 with accident dates on or after July 1, 2023, are no longer treated as catastrophic claims and are included in the calculation of loss costs and rates in this year’s filing. The temporary classification of COVID-19 claims as catastrophic was intended to address the initial surge in cases but is no longer necessary. As COVID-19 losses are expected to persist, they no longer represent a unique risk in workers compensation. Starting from July 1, 2023, NCCI anticipates that COVID-19 claims will align with typical claim patterns and no longer need special treatment, and thus should be treated like any other workers compensation claims for ratemaking purposes.

Below is a summary of COVID-19-related lost-time claim counts and indemnity and medical combined paid plus case losses, as reported in NCCI’s Financial Call 31 as of year-end 2023.

<u>Year</u>	<u>COVID-19 Lost-Time Claim Counts</u>	<u>COVID-19 Paid+Case Losses</u>
PY 2019	195	\$1,581,275
PY 2020	532	\$4,053,901
PY 2021	132	\$510,908
PY 2022	9	\$20,916
AY 2020	646	\$4,964,835
AY 2021	176	\$1,012,996
AY 2022	46	\$188,550
AY 2023	-	\$619

Excludes large deductible and expense-only claims.



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Reported COVID-19-related losses would have represented less than a 0.1% share of the reported paid plus case losses in Indiana's experience period.

Other exclusions are made for the purposes of analysis, but do not have a material impact on the proposed changes in this filing.

Risks and Uncertainty

This filing includes assumptions and projections concerning the future. As with any prospective analysis, there exists estimation uncertainty in these assumptions and projections. Areas of this analysis subject to estimation uncertainty that could have a material impact on the final results include the following:

- Projection of future loss development
- Selection of loss ratio trends
- Unanticipated changes to wage or medical inflation
- Potential impact of changes to laws and/or regulations

In addition, any future changes to workers compensation law or regulations that apply retroactively to policies or benefit claims on policies in the proposed effective period may have a significant impact on the adequacy of the advisory rates and loss costs proposed in this filing.



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Part 1 Filing Overview

- Executive Summary
- Overview of Methodology
- Summary of Selections



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Executive Summary

Based on its review of the most recently available data, NCCI has proposed the following overall average workers compensation advisory rate, loss cost, and assigned risk rate level changes in Indiana to become effective January 1, 2025.

Summary of Overall Indications

Proposed Change in Overall Advisory Loss Cost Level	– 6.8%
Proposed Change in Overall Advisory Rate Level	– 7.2%
Proposed Change in Overall Assigned Risk Rate Level	– 7.2%

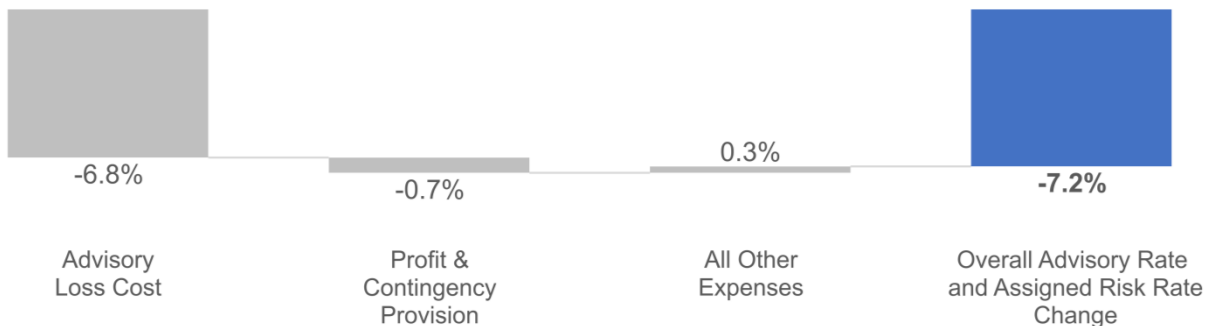
Breakdown of the Change in Key Components

Below are the changes in the key components underlying the overall advisory rate, loss cost, and assigned risk rate level indications. The impact of these components are combined multiplicatively to produce the overall change. The overall change varies by classification code, each of which belongs to one of five Industry Groups.

Advisory Loss Cost



Advisory Rate & Assigned Risk Rate



The key components shown above are described in detail on the following page(s).



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Executive Summary

Key Component Overview

Experience and Development

- The filing is based on premium and loss experience for Policy Years 2021 and 2022 evaluated as of December 31, 2023. This most recent financial data experience shows continued improvement when compared to the experience evaluated as of December 31, 2022. Refer to Exhibit I for the considerations underlying the Experience Period and Loss Base selections.
 - A combination of both paid and paid plus case data was selected to best reflect the conditions likely to prevail in the proposed effective period.
 - The latest observed policy year (2022) loss ratio exhibits continued improvement and provides further evidence that changes to the workplace coming out of the pandemic have resulted in better experience, which is expected to continue.
 - Reported COVID-19-related claims with accident dates between December 1, 2019 and June 30, 2023 have been excluded from the data on which this filing is based. Claims attributable to COVID-19 with accident dates on or after July 1, 2023 are included in the calculation of rates and loss costs in this year's filing.
- Similar to previous Indiana filings, the reported loss amounts are projected to an ultimate basis using a 2-year average for paid losses and a 5-year average for paid plus case losses. The most recent valuation of development factors shows no clear deviation from historical values. Refer to Appendix A-II for considerations underlying the Development selection.

Trend

- After adjusting to a common wage level, Indiana's lost-time claim frequency has shown a long-term declining trend.
- After adjusting to a common wage level, the indemnity and medical average cost per case figures have shown substantial volatility, with declines in recent years. Exponential fits adjusted to smooth this volatility were reviewed to support the selected trend factors.
- The selected annual indemnity loss ratio trend is -4.0%, and the selected medical loss ratio trend is -4.0%. This represents a half-point decrease to the currently approved indemnity loss ratio trend and a one-point decrease to the currently approved medical loss ratio trend. These selections are more heavily based on longer-term adjusted exponential trend fits to mitigate some of the significant year-to-year fluctuations in the data. Refer to Appendix A-III for considerations underlying the Trend selection.



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Other Items of Note

- The primary driver of the proposed change is attributable to improved experience.
- This filing proposes a decrease to the profit and contingency provision from 0.5% to 0.0%, which considers various assumptions related to future interest rates along with other model parameters.
- The benefit change reflects the impact of recent updates to the Indiana medical fee schedule, as well as the impact of the third step of House Enrolled Act 1153.
- The assigned risk rates in this filing are equal to the advisory rates. There has been no change in the surcharge applicable to assigned risk policies.



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Overview of Methodology

The following methodologies and assumptions used in this filing may not be applicable to or relevant for another purpose, including but not limited to NCCI filings in other jurisdictions.

Aggregate Ratemaking

NCCI's approach to determining the proposed overall average advisory rate level change utilizes widely accepted ratemaking methodologies. The approach employed in this filing includes the following steps:

- The reported historical premium totals are projected to an ultimate basis and adjusted to the current pure premium level
- The excess loss portion of individual large claims are removed from reported aggregate losses, based on an Indiana-specific large loss threshold
- The reported historical limited indemnity and medical loss totals are projected to an ultimate basis and adjusted to the current benefit level
- Ratios of losses to pure premium are projected to the cost levels expected in the effective period
- Ultimate, trended, limited losses are adjusted to an unlimited basis via a non-catastrophe excess ratio (with excess ratios at limits beyond \$50 million set equal to zero)
- Proposed benefit level and/or expense changes are applied to the projected cost ratios

The indicated average advisory rate level change is calculated for the years in the filing's experience period. If the final projected cost ratios are greater (less) than 1.000, then an increase (decrease) in the average advisory rate level is indicated.

Class Ratemaking

Once the proposed overall average advisory rate level change has been determined, NCCI separately determines rates per \$100 of payroll for each workers compensation job classification (class); the advisory rates and year-over-year changes vary by class. Three sets of pure premiums are combined as part of each class code's advisory rate calculation based on the volume of available data for that job classification. The three sets of pure premiums are:

- State-specific payroll and loss experience ("indicated")
- Currently-approved pure premium adjusted to the proposed level ("present on rate level")
- Countrywide experience adjusted to state conditions ("national")



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Summary of Selections

The following is a summary of selections underlying the advisory rates, loss costs, and assigned risk rates proposed to be effective January 1, 2025, along with the selections underlying the currently approved filing effective January 1, 2024.

<u>Advisory Rates and Loss Costs</u>	<u>Currently Approved January 1, 2024</u>	<u>Proposed Effective January 1, 2025</u>
Experience Period	Policy Years 2020 and 2021	Policy Years 2021 and 2022
Premium Development	3-yr avg	3-yr avg
Loss Experience Base	Avg Paid and P+C	Avg Paid and P+C
Loss Development - Paid	2-yr avg	2-yr avg
Loss Development - Paid+Case	5-yr avg	5-yr avg
Tail Factor – Indemnity	1.005	1.005
Tail Factor – Medical	1.005	1.005
Trend Factor – Indemnity Loss Ratio	0.965	0.960
Trend Factor – Medical Loss Ratio	0.970	0.960
Base Threshold for Limiting Losses	\$7,511,963	\$7,118,855
Excess Ratio	0.8%	0.9%
Loss-based Expense Provision	17.7%	18.4%
Production and General Expenses	24.4%	24.6%
Premium Taxes and Assessments	1.7%	1.7%
Profit and Contingencies Provision	0.5%	0.0%
Classification Swing Limits (applied by Industry Group)	+/-25%	+/-25%

<u>Assigned Risk Rates</u>	<u>Currently Approved January 1, 2024</u>	<u>Proposed Effective January 1, 2025</u>
Factor to Convert Advisory Rates to Assigned Risk Rates	1.000	1.000
Premium Surcharge	30% on premium excess of \$2,750	30% on premium excess of \$2,750



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Part 2 Proposed Values

- Proposed Advisory Rates and Loss Costs for Inclusion in the Basic Manual
- Proposed Assigned Risk Rates for Inclusion in the Residual Market Manual
- Proposed Values for Inclusion in the Experience Rating Plan Manual
- Proposed Values for Inclusion in the Retrospective Rating Plan Manual

Please note the following in connection with this filing:

- As a result of Item R-1423, the Retrospective Rating Plan parameters have been updated.



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Proposed Advisory Rates and Loss Costs for Inclusion in the Basic Manual

The following pages include proposed:

- Table of payroll-weighted class codes
- Advisory rates, minimum premiums, and loss costs by class code, along with associated footnotes
- Advisory miscellaneous values, such as:
 - Catastrophe and Terrorism provisions
 - Expense Constant and Minimum Premium parameters
 - Maximum and minimum weekly payroll applicable for select class codes
 - Premium determination for Partners and Sole Proprietors
 - United States Longshore and Harbor Workers' Compensation Coverage Percentage



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Proposed Advisory Rates and Loss Costs

Payroll-Weighted Class Codes

This exhibit is included to display combined experience for indicated groupings of classes in the determination of rates.

Rates for these groups are calculated by payroll-weighting the indicated rates of the class codes using the latest policy period of payroll included in this filing. If swing limits are applied to a class code's rate, preventing it from achieving the payroll-weighted rate, it is noted in the table below with an "Upper" or "Lower" to indicate which limit was applied because of payroll-weighting.

The class codes below also have a footnote indicating a non-standard calculation in the Individual Classification Exhibit that accompanies this filing.

Class Code	Swing Limit Applied
7710	-
7711	-

WORKERS COMPENSATION AND EMPLOYERS LIABILITY

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Original Printing

Effective January 1, 2025

CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
0005	1.43	610	2070	2.85	1058	2802	2.06	809	3372	1.34	582	4133	1.26	557
0008	1.53	642	2081	1.38	595	2835	1.14	519	3373	2.00	790	4149	0.35	270
0016	2.25	869	2089	1.36	588	2836	1.33	579	3383	0.69	377	4206	1.26	557
0034	1.62	670	2095	1.52	639	2841	1.52	639	3385	0.58	343	4207	0.94	456
0035	1.20	538	2105	1.78	721	2881	1.36	588	3400	1.82	733	4239	1.46	620
0036	1.95	774	2110	2.11	825	2883	1.09	503	3507	1.14	519	4240	1.22	544
0037	2.02	796	2111	1.17	529	2915	1.38	595	3515	0.90	444	4243	1.14	519
0042	2.17	844	2112	1.89	755	2916	1.55	648	3548	0.69	377	4244	1.39	598
0050	3.19	1165	2114	1.04	488	2923	1.12	513	3559	1.22	544	4250	0.93	453
0059	-	-	2121	0.66	368	2960	2.06	809	3574	0.51	321	4251	1.36	588
0065	-	-	2130	0.90	444	3004	0.59	346	3581	0.45	302	4263	1.87	749
0066	-	-	2131	0.78	406	3018	1.28	563	3612	0.93	453	4273	1.10	507
0067	-	-	2143	0.93	453	3022	1.71	699	3620	1.07	497	4279	1.44	614
0079	1.37	592	2157	2.00	790	3027	1.28	563	3629	0.94	456	4283	0.85	428
0083	2.76	1029	2172	0.75	396	3028	1.42	607	3632	1.01	478	4299	1.02	481
0106	3.62	1300	2174	1.33	579	3030	1.98	784	3634	0.85	428	4304	2.45	932
0113	1.73	705	2211	4.51	1500	3040	2.06	809	3635	0.77	403	4307	0.80	412
0170	1.14	519	2220	1.22	544	3041	1.58	658	3638	0.74	393	4351	0.48	311
0251	1.85	743	2286	-	-	3042	1.34	582	3642	0.70	381	4352	0.64	362
0401	5.30	A	2288	2.66	998	3064	1.65	680	3643	0.94	456	4360	-	-
0766N	0.22	-	2302	0.91	447	3076	1.42	607	3647	1.33	579	4361	0.46	305
0771N	0.19	-	2305	1.33	579	3081	2.02	796	3648	0.51	321	4410	1.28	563
0908P	89.00	249	2361	0.91	447	3082	1.89	755	3681	0.40	286	4420	1.25	554
0913P	248.00	408	2362	1.10	507	3085	2.11	825	3685	0.45	302	4431	0.66	368
1005*	2.33	894	2380	1.06	494	3110	1.66	683	3719	0.36	273	4432	0.58	343
1016*	6.77	1500	2388	0.74	393	3111	1.06	494	3724	1.73	705	4452	1.20	538
1164	1.30	570	2402	0.96	462	3113	0.69	377	3726	1.41	604	4459	1.34	582
1165	1.11	510	2413	1.06	494	3114	1.18	532	3803	1.31	573	4470	1.18	532
1320	1.17	529	2416	1.12	513	3118	0.80	412	3807	0.66	368	4484	1.26	557
1322	2.81	1045	2417	0.58	343	3119	0.43	295	3808	1.17	529	4493	1.12	513
1430	1.41	604	2501	1.28	563	3122	0.77	403	3821	2.80	1042	4511	0.33	264
1438	1.57	655	2503	0.48	311	3126	0.88	437	3822	2.06	809	4557	1.09	503
1452	1.07	497	2570	1.44	614	3131	0.61	352	3824	1.31	573	4558	0.83	421
1463	3.98	1414	2585	1.47	623	3132	1.17	529	3826	0.29	251	4568	1.07	497
1472	1.18	532	2586	1.84	740	3145	0.98	469	3827	0.82	418	4581	0.43	295
1604	2.10	822	2587	1.36	588	3146	0.98	469	3830	0.64	362	4583	1.86	746
1624	1.28	563	2589	0.83	421	3169	1.04	488	3851	0.90	444	4611	0.34	267
1642	1.60	664	2600	1.98	784	3179	0.85	428	3865	1.44	614	4635	1.01	478
1654	2.10	822	2623	2.50	948	3180	1.26	557	3881	2.00	790	4653	0.99	472
1699	1.20	538	2651	0.70	381	3188	0.78	406	4000	2.55	963	4665	3.02	1111
1701	1.22	544	2660	1.28	563	3220	0.85	428	4021	1.82	733	4670	-	-
1710	1.62	670	2670	-	-	3224	1.49	629	4024	2.03	799	4683	1.62	670
1747	1.46	620	2683	-	-	3227	1.14	519	4034	2.77	1033	4686	1.31	573
1748	2.91	1077	2688	0.90	444	3240	-	-	4036	1.10	507	4692	0.37	277
1803	2.40	916	2701	5.31	1500	3241	1.31	573	4038	0.99	472	4693	0.42	292
1924	1.25	554	2702	8.66	1500	3255	1.30	570	4053	-	-	4703	0.67	371
1925	1.33	579	2709	3.63	1303	3257	1.25	554	4061	-	-	4716	-	-
2002	1.50	633	2710	4.34	1500	3270	1.02	481	4062	2.72	1017	4717	1.07	497
2003	2.21	856	2714	2.22	859	3300	2.27	875	4101	1.12	513	4720	0.98	469
2014	2.06	809	2731	1.94	771	3303	1.41	604	4109	0.21	226	4740	0.37	277
2016	1.23	547	2735	2.02	796	3307	1.06	494	4110	0.50	318	4741	1.18	532
2021	1.92	765	2759	2.75	1026	3315	1.25	554	4111	0.93	453	4751	1.30	570
2039	1.39	598	2790	1.02	481	3334	1.31	573	4114	1.25	554	4766N	1.63	743
2041	1.74	708	2797	1.04	488	3336	1.14	519	4130	1.44	614	4771N	1.07	557
2065	0.86	431	2799	2.25	869	3365	1.72	702	4131	2.48	941	4777	1.65	680

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

Refer to the Classification codes section of the *Basic Manual* for any state specific classification phraseology.

* Refer to the Footnotes Page for additional information on this class code.

CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
4825	0.38	280	6206	1.19	535	7317F	3.43	1240	8032	1.01	478	8745	1.88	752
4828	1.07	497	6213	0.76	399	7327F	8.53	1500	8033	1.26	557	8748	0.21	226
4829	0.66	368	6214	0.59	346	7333M	1.29	566	8037	0.90	444	8755	0.15	207
4902	0.99	472	6216	1.72	702	7335M	1.43	610	8039	0.81	415	8799	0.35	270
4923	0.70	381	6217	1.53	642	7337M	2.58	973	8044	1.21	541	8800	1.02	481
5020	1.93	768	6229	1.63	673	7350F	4.37	1500	8045	0.42	292	8803	0.03	169
5022	2.64	992	6233	0.79	409	7360	2.06	809	8046	1.39	598	8805M	0.11	195
5037	2.72	1017	6235	2.29	881	7370	2.47	938	8047	0.43	295	8810	0.08	185
5040	3.12	1143	6236	1.95	774	7380	2.16	840	8058	1.29	566	8814M	0.10	192
5057	1.15	522	6237	0.56	336	7382	2.03	799	8072	0.39	283	8815M	0.19	220
5059	5.64	1500	6251	2.13	831	7390	2.15	837	8102	0.84	425	8820	0.06	179
5102	2.58	973	6252	1.28	563	7394M	1.46	620	8103	1.26	557	8824	0.94	456
5146	1.69	692	6306	1.63	673	7395M	1.62	670	8106	1.92	765	8825	-	-
5160	0.85	428	6319	1.00	475	7398M	2.92	1080	8107	1.20	538	8826	0.95	459
5183	0.96	462	6325	1.49	629	7402	0.08	185	8111	1.05	491	8829	-	-
5188	1.35	585	6400	1.73	705	7403	1.43	610	8116	1.08	500	8831	0.65	365
5190	1.00	475	6503	0.88	437	7405N	0.45	349	8203	3.06	1124	8832	0.17	214
5191	0.56	336	6504	1.30	570	7420	4.46	1500	8204	2.12	828	8833	0.46	305
5192	1.84	740	6702M*	1.70	696	7421	0.34	267	8209	1.91	762	8835	1.08	500
5213	2.23	862	6703M*	3.41	1234	7422	0.45	302	8215	1.46	620	8842	1.62	670
5215	2.05	806	6704M*	1.89	755	7425	0.89	440	8227	1.61	667	8855	0.06	179
5221	1.61	667	6801F	3.81	1360	7431N	0.31	289	8232	2.12	828	8856	0.24	236
5222	2.99	1102	6811	2.63	988	7445N	0.15	-	8233	1.53	642	8864	0.72	387
5223	1.57	655	6824F	4.12	1458	7453N	0.10	-	8235	1.91	762	8868	0.29	251
5348	1.40	601	6826F	2.11	825	7502	0.95	459	8263	3.22	1174	8869	0.56	336
5402	2.29	881	6834	1.01	478	7515	0.36	273	8264	2.14	834	8871	0.03	169
5403	2.25	869	6836	1.49	629	7520	1.08	500	8265	2.62	985	8901	0.09	188
5437	1.67	686	6843F	4.63	1500	7538	1.43	610	8279	3.64	1307	9012	0.49	314
5443	1.11	510	6845F	3.72	1332	7539	0.73	390	8288	3.47	1253	9014	1.27	560
5445	1.64	677	6854	2.49	944	7540	1.27	560	8291	1.42	607	9015	1.42	607
5462	2.37	907	6872F	5.09	1500	7580	1.21	541	8292	1.31	573	9016	1.36	588
5472	2.23	862	6874F	5.89	1500	7590	1.85	743	8293	3.01	1108	9019	1.41	604
5473	3.77	1348	6882	1.40	601	7600	2.09	818	8304	2.57	970	9033	1.00	475
5474	1.95	774	6884	2.26	872	7605	0.96	462	8350	2.49	944	9040	1.65	680
5478	1.25	554	7016M	1.34	582	7610	0.30	255	8380	1.13	516	9044	0.71	384
5479	2.10	822	7024M	1.49	629	7698	2.12	828	8381	0.85	428	9052	0.78	406
5480	2.52	954	7038M	2.63	988	7699	1.40	601	8385	1.18	532	9058	0.77	403
5491	0.88	437	7046M	3.33	1209	7705	2.63	988	8392	1.01	478	9060	0.71	384
5506	2.90	1074	7047M	2.69	1007	7710	2.58	973	8393	0.75	396	9061	0.65	365
5507	1.47	623	7050M	5.26	1500	7711	2.58	973	8500	2.46	935	9062	0.75	396
5508	-	-	7090M	2.92	1080	7720	1.39	598	8601	0.18	217	9063	0.43	295
5535	2.74	1023	7098M	3.70	1326	7725	1.08	500	8602	0.84	425	9077F	3.81	1360
5537	1.32	576	7099M	6.67	1500	7732P	104.00	264	8603	0.05	176	9082	0.58	343
5551	3.95	1404	7133	1.36	588	7855	1.40	601	8606	0.79	409	9083	0.56	336
5606	0.41	289	7151M	1.65	680	8001	1.18	532	8709F	1.54	645	9084	0.58	343
5610	1.70	696	7152M	3.31	1203	8002	1.05	491	8719	0.98	469	9088a	a	a
5645	3.36	1218	7153M	1.84	740	8006	1.01	478	8720	0.58	343	9089	0.46	305
5703	3.31	1203	7219	2.87	1064	8008	0.72	387	8721	0.14	204	9093	0.65	365
5705	4.92	1500	7222	2.89	1070	8010	0.90	444	8723	0.06	179	9101	1.66	683
5951	0.21	226	7225	2.87	1064	8013	0.16	210	8725	1.05	491	9102	1.53	642
6003	2.54	960	7230	3.92	1395	8015	0.43	295	8726F	0.88	437	9154	0.69	377
6005	1.60	664	7231	4.10	1452	8017	0.74	393	8734M	0.16	210	9156	1.17	529
6018	1.23	547	7232	3.38	1225	8018	1.66	683	8737M	0.15	207	9170	4.32	1500
6045	1.75	711	7309F	5.09	1500	8021	1.10	507	8738M	0.29	251	9178	3.37	1222
6204	2.46	935	7313F	2.24	866	8031	1.03	484	8742	0.12	198	9179	5.97	1500

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

Refer to the Classification codes section of the **Basic Manual** for any state specific classification phraseology.

* Refer to the Footnotes Page for additional information on this class code.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY

Effective January 1, 2025

CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
9180	2.64	992												
9182	1.05	491												
9186	4.08	1445												
9220	2.33	894												
9402	1.88	752												
9403	3.15	1152												
9410	1.18	532												
9501	1.44	614												
9505	1.44	614												
9516	1.31	573												
9519	1.71	699												
9521	1.38	595												
9522	1.07	497												
9534	1.78	721												
9554	3.18	1162												
9586	0.22	229												
9600	0.96	462												
9620	0.69	377												

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* Refer to the Footnotes Page for additional information on this class code.

Effective January 1, 2025

**APPLICABLE TO ADVISORY RATES ONLY
FOOTNOTES**

- a Rate for each individual risk must be obtained from NCCI Customer Service or the Indiana Compensation Rating Bureau (ICRB).
- A Minimum Premium \$100 per ginning location for policy minimum premium computation.
- F Rate provides for coverage under the United States Longshore and Harbor Workers Compensation Act and its extensions. Rate includes a provision for the USL&HW Assessment.
- M Risks are subject to Admiralty Law or Federal Employers Liability Act (FELA). However, the published rate is for risks that voluntarily purchase standard workers compensation and employers liability coverage. A provision for the USL&HW Assessment is included for those classifications under Program II USL Act.
- N This code is part of a ratable / non-ratable group shown below. The statistical non-ratable code and corresponding rate are applied in addition to the basic classification when determining premium.

Class Code	Non-Ratable Element Code
4766	0766
4771	0771
7405	7445
7431	7453

- P Classification is computed on a per capita basis.

*** Class Codes with Specific Footnotes**

- 1005 Rate includes a non-ratable disease element of \$0.62. (For coverage written separately for federal benefits only, \$0.59. For coverage written separately for state benefits only, \$0.03.)
- 1016 Rate includes a non-ratable disease element of \$1.88. (For coverage written separately for federal benefits only, \$1.78. For coverage written separately for state benefits only, \$0.10.)
- 6702 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection code rate and elr each x 1.215.
- 6703 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate x 2.434 and elr x 2.363.
- 6704 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate and elr each x 1.35.

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

Effective January 1, 2025

MISCELLANEOUS VALUES - ADVISORY RATES

Basis of premium applicable in accordance with the *Basic Manual* notes for Code 7370 -- "Taxicab Co.":

Employee operated vehicle.....	\$90,200
Leased or rented vehicle.....	\$60,100

Catastrophe (other than Certified Acts of Terrorism) - (Advisory Rate) 0.01

Expense Constant applicable in accordance with the *Basic Manual* rule..... \$160

Maximum Minimum Premium..... \$1,500

Maximum Weekly Payroll applicable in accordance with the *Basic Manual* notes for Code 9178 -- "Athletic Sports or Park: Noncontact Sports," and Code 9179 -- "Athletic Sports or Park: Contact Sports"..... \$4,600

Maximum Weekly Payroll for Executive Officers, Partners, Sole Proprietors, and Members or Managers of Limited Liability Companies in accordance with the *Basic Manual* rules, Rule for premium determination of executive officers, Rule for premium determination for partners or sole proprietors, and Rule for premium determination of members of LLCs..... \$4,600

Minimum Premium Multiplier..... 315

Minimum Weekly Payroll for Executive Officers, Partners, Sole Proprietors, and Members or Managers of Limited Liability Companies in accordance with the *Basic Manual* rules, Rule for premium determination of executive officers, Rule for premium determination for partners or sole proprietors, and Rule for premium determination of members of LLCs..... \$1,000

Premium Discount Percentages - (See the *Basic Manual* rule, Premium discount.) Premium discounts are not mandatory in Indiana. The following premium discounts are applicable to Standard Premiums:

		Type A	Type B
First	\$10,000	-	-
Next	190,000	9.1%	5.1%
Next	1,550,000	11.3%	6.5%
Over	1,750,000	12.3%	7.5%

Premium Reduction Percentages - The following percentages are applicable by deductible amount and hazard group for total losses on a per claim basis:

Coinsurance Amount	Coinsurance Program Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
	\$21,000	7.6%	6.9%	6.1%	5.5%	4.6%	4.1%

Deductible Amount	Deductible Program With Coinsurance Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
\$500	11.9%	10.4%	8.9%	7.7%	6.3%	5.3%	4.1%
\$1,000	14.7%	12.8%	10.8%	9.4%	7.6%	6.2%	4.8%
\$1,500	16.7%	14.6%	12.3%	10.6%	8.6%	7.0%	5.3%
\$2,000	18.3%	16.0%	13.6%	11.7%	9.4%	7.7%	5.8%
\$2,500	19.7%	17.3%	14.6%	12.6%	10.2%	8.4%	6.3%
\$3,000	20.9%	18.3%	15.5%	13.4%	10.9%	9.0%	6.7%
\$3,500	21.9%	19.2%	16.3%	14.1%	11.5%	9.5%	7.1%
\$4,000	22.8%	20.0%	17.1%	14.8%	12.0%	10.0%	7.5%
\$4,500	23.7%	20.8%	17.8%	15.4%	12.5%	10.5%	7.9%
\$5,000	24.5%	21.5%	18.5%	16.0%	13.1%	10.9%	8.2%

Effective January 1, 2025

MISCELLANEOUS VALUES - ADVISORY RATES(cont.)

Deductible Amount	Deductible Program Without Coinsurance Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
	\$500	5.4%	4.5%	3.5%	2.8%	2.2%	1.5%
\$1,000	8.9%	7.4%	5.9%	4.9%	3.7%	2.7%	1.9%
\$1,500	11.5%	9.6%	7.8%	6.5%	5.0%	3.7%	2.6%
\$2,000	13.5%	11.4%	9.3%	7.8%	6.0%	4.6%	3.3%
\$2,500	15.2%	13.0%	10.7%	8.9%	7.0%	5.4%	3.9%
\$3,000	16.7%	14.2%	11.8%	9.9%	7.8%	6.2%	4.4%
\$3,500	17.9%	15.4%	12.8%	10.8%	8.5%	6.8%	4.9%
\$4,000	19.1%	16.5%	13.8%	11.6%	9.2%	7.4%	5.3%
\$4,500	20.2%	17.4%	14.7%	12.5%	9.9%	8.0%	5.9%
\$5,000	21.1%	18.3%	15.5%	13.2%	10.5%	8.6%	6.2%

Terrorism - (Advisory Rate)..... 0.01

United States Longshore and Harbor Workers' Compensation Coverage Percentage applicable only in connection with the **Basic Manual** rule, Federal coverages..... 107%

(Multiply a Non-F classification rate by a factor of 2.07 to adjust for differences in benefits and loss-based expenses. This factor is the product of the adjustment for differences in benefits (2.00) and the adjustment for differences in loss-based expenses (1.037).)

Experience Rating Eligibility

A risk qualifies for experience rating on an intrastate basis when it meets the premium eligibility requirements for the state in which it operates. The eligibility amount varies by rating effective date. The **Experience Rating Plan Manual** should be referenced for the latest approved eligibility amounts by state and by effective date.

ADVISORY LOSS COSTS - NOT RATES

INDIANA

Advisory loss costs exclude all expense provisions except loss adjustment expense and loss-based assessments.

Original Printing

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Effective January 1, 2025

CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST
0005	1.05	2070	2.10	2802	1.52	3372	0.99	4133	0.93	4825	0.28	6206	0.88
0008	1.13	2081	1.02	2835	0.84	3373	1.47	4149	0.26	4828	0.79	6213	0.56
0016	1.66	2089	1.00	2836	0.98	3383	0.51	4206	0.93	4829	0.49	6214	0.43
0034	1.19	2095	1.12	2841	1.12	3385	0.43	4207	0.69	4902	0.73	6216	1.27
0035	0.88	2105	1.31	2881	1.00	3400	1.34	4239	1.08	4923	0.52	6217	1.13
0036	1.44	2110	1.56	2883	0.80	3507	0.84	4240	0.90	5020	1.42	6229	1.20
0037	1.49	2111	0.86	2915	1.02	3515	0.66	4243	0.84	5022	1.95	6233	0.58
0042	1.60	2112	1.39	2916	1.14	3548	0.51	4244	1.02	5037	2.00	6235	1.69
0050	2.35	2114	0.77	2923	0.83	3559	0.90	4250	0.69	5040	2.30	6236	1.44
0059	-	2121	0.49	2960	1.52	3574	0.38	4251	1.00	5057	0.85	6237	0.41
0065	-	2130	0.66	3004	0.43	3581	0.33	4263	1.38	5059	4.16	6251	1.57
0066	-	2131	0.57	3018	0.94	3612	0.69	4273	0.81	5102	1.90	6252	0.94
0067	-	2143	0.69	3022	1.26	3620	0.79	4279	1.06	5146	1.25	6306	1.20
0079	1.01	2157	1.47	3027	0.94	3629	0.69	4283	0.63	5160	0.63	6319	0.74
0083	2.03	2172	0.55	3028	1.05	3632	0.74	4299	0.75	5183	0.71	6325	1.10
0106	2.67	2174	0.98	3030	1.46	3634	0.63	4304	1.81	5188	0.99	6400	1.28
0113	1.28	2211	3.32	3040	1.52	3635	0.57	4307	0.59	5190	0.74	6503	0.65
0170	0.84	2220	0.90	3041	1.16	3638	0.55	4351	0.35	5191	0.41	6504	0.96
0251	1.36	2286	-	3042	0.99	3642	0.52	4352	0.47	5192	1.36	6702M*	1.25
0401	3.91	2288	1.96	3064	1.22	3643	0.69	4360	-	5213	1.64	6703M*	2.51
0766N	0.16	2302	0.67	3076	1.05	3647	0.98	4361	0.34	5215	1.51	6704M*	1.39
0771N	0.14	2305	0.98	3081	1.49	3648	0.38	4410	0.94	5221	1.19	6801F	2.81
0908P	66.00	2361	0.67	3082	1.39	3681	0.29	4420	0.92	5222	2.20	6811	1.94
0913P	183.00	2362	0.81	3085	1.56	3685	0.33	4431	0.49	5223	1.16	6824F	3.04
1005*	1.71	2380	0.78	3110	1.22	3719	0.27	4432	0.43	5348	1.03	6826F	1.56
1016*	4.98	2388	0.55	3111	0.78	3724	1.28	4452	0.88	5402	1.69	6834	0.74
1164	0.96	2402	0.71	3113	0.51	3726	1.04	4459	0.99	5403	1.66	6836	1.10
1165	0.82	2413	0.78	3114	0.87	3803	0.97	4470	0.87	5437	1.23	6843F	3.41
1320	0.86	2416	0.83	3118	0.59	3807	0.49	4484	0.93	5443	0.82	6845F	2.74
1322	2.07	2417	0.43	3119	0.32	3808	0.86	4493	0.83	5445	1.21	6854	1.84
1430	1.04	2501	0.94	3122	0.57	3821	2.06	4511	0.24	5462	1.75	6872F	3.75
1438	1.16	2503	0.35	3126	0.65	3822	1.52	4557	0.80	5472	1.64	6874F	4.34
1452	0.79	2570	1.06	3131	0.45	3824	0.97	4558	0.61	5473	2.78	6882	1.03
1463	2.93	2585	1.08	3132	0.86	3826	0.21	4568	0.79	5474	1.44	6884	1.67
1472	0.87	2586	1.36	3145	0.72	3827	0.60	4581	0.32	5478	0.92	7016M	0.99
1604	1.55	2587	1.00	3146	0.72	3830	0.47	4583	1.37	5479	1.55	7024M	1.10
1624	0.94	2589	0.61	3169	0.77	3851	0.66	4611	0.25	5480	1.86	7038M	1.94
1642	1.18	2600	1.46	3179	0.63	3865	1.06	4635	0.74	5491	0.65	7046M	2.45
1654	1.55	2623	1.84	3180	0.93	3881	1.47	4653	0.73	5506	2.14	7047M	1.98
1699	0.88	2651	0.52	3188	0.57	4000	1.88	4665	2.23	5507	1.08	7050M	3.88
1701	0.90	2660	0.94	3220	0.63	4021	1.34	4670	-	5508	-	7090M	2.15
1710	1.19	2670	-	3224	1.10	4024	1.50	4683	1.19	5535	2.02	7098M	2.73
1747	1.08	2683	-	3227	0.84	4034	2.04	4686	0.97	5537	0.97	7099M	4.92
1748	2.14	2688	0.66	3240	-	4036	0.81	4692	0.27	5551	2.91	7133	1.00
1803	1.77	2701	3.91	3241	0.97	4038	0.73	4693	0.31	5606	0.30	7151M	1.22
1924	0.92	2702	6.38	3255	0.96	4053	-	4703	0.49	5610	1.25	7152M	2.44
1925	0.98	2709	2.68	3257	0.92	4061	-	4716	-	5645	2.48	7153M	1.36
2002	1.11	2710	3.20	3270	0.75	4062	2.00	4717	0.79	5703	2.44	7219	2.12
2003	1.63	2714	1.64	3300	1.67	4101	0.83	4720	0.72	5705	3.63	7222	2.13
2014	1.52	2731	1.43	3303	1.04	4109	0.15	4740	0.27	5951	0.15	7225	2.12
2016	0.91	2735	1.49	3307	0.78	4110	0.37	4741	0.87	6003	1.87	7230	2.89
2021	1.42	2759	2.03	3315	0.92	4111	0.69	4751	0.96	6005	1.18	7231	3.02
2039	1.02	2790	0.75	3334	0.97	4114	0.92	4766N	1.20	6018	0.91	7232	2.49
2041	1.28	2797	0.77	3336	0.84	4130	1.06	4771N	0.79	6045	1.29	7309F	3.75
2065	0.63	2799	1.66	3365	1.27	4131	1.83	4777	1.22	6204	1.81	7313F	1.65

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

Refer to the Classification codes section of the *Basic Manual* for any state specific classification phraseology.

* Refer to the Footnotes Page for additional information on this class code.

INDIANA

ADVISORY LOSS COSTS - NOT RATES

Advisory loss costs exclude all expense provisions except loss adjustment expense and loss-based assessments.

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CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST
7317F	2.53	8032	0.74	8745	1.39	9180	1.95						
7327F	6.29	8033	0.93	8748	0.15	9182	0.77						
7333M	0.95	8037	0.66	8755	0.11	9186	3.01						
7335M	1.05	8039	0.60	8799	0.26	9220	1.72						
7337M	1.90	8044	0.89	8800	0.75	9402	1.39						
7350F	3.22	8045	0.31	8803	0.02	9403	2.32						
7360	1.52	8046	1.02	8805M	0.08	9410	0.87						
7370	1.82	8047	0.32	8810	0.06	9501	1.06						
7380	1.59	8058	0.95	8814M	0.07	9505	1.06						
7382	1.50	8072	0.29	8815M	0.14	9516	0.97						
7390	1.58	8102	0.62	8820	0.04	9519	1.26						
7394M	1.08	8103	0.93	8824	0.69	9521	1.02						
7395M	1.19	8106	1.42	8825	-	9522	0.79						
7398M	2.15	8107	0.88	8826	0.70	9534	1.31						
7402	0.06	8111	0.77	8829	-	9554	2.34						
7403	1.05	8116	0.80	8831	0.48	9586	0.16						
7405N	0.33	8203	2.26	8832	0.13	9600	0.71						
7420	3.29	8204	1.56	8833	0.34	9620	0.51						
7421	0.25	8209	1.41	8835	0.80								
7422	0.33	8215	1.08	8842	1.19								
7425	0.66	8227	1.19	8855	0.04								
7431N	0.23	8232	1.56	8856	0.18								
7445N	0.11	8233	1.13	8864	0.53								
7453N	0.07	8235	1.41	8868	0.21								
7502	0.70	8263	2.37	8869	0.41								
7515	0.27	8264	1.58	8871	0.02								
7520	0.80	8265	1.93	8901	0.07								
7538	1.05	8279	2.68	9012	0.36								
7539	0.54	8288	2.56	9014	0.94								
7540	0.94	8291	1.05	9015	1.05								
7580	0.89	8292	0.97	9016	1.00								
7590	1.36	8293	2.22	9019	1.04								
7600	1.54	8304	1.89	9033	0.74								
7605	0.71	8350	1.84	9040	1.22								
7610	0.22	8380	0.83	9044	0.52								
7698	1.56	8381	0.63	9052	0.57								
7699	1.03	8385	0.87	9058	0.57								
7705	1.94	8392	0.74	9060	0.52								
7710	1.90	8393	0.55	9061	0.48								
7711	1.90	8500	1.81	9062	0.55								
7720	1.02	8601	0.13	9063	0.32								
7725	0.80	8602	0.62	9077F	2.81								
7732P	77.00	8603	0.04	9082	0.43								
7855	1.03	8606	0.58	9083	0.41								
8001	0.87	8709F	1.13	9084	0.43								
8002	0.77	8719	0.72	9088a	a								
8006	0.74	8720	0.43	9089	0.34								
8008	0.53	8721	0.10	9093	0.48								
8010	0.66	8723	0.04	9101	1.22								
8013	0.12	8725	0.77	9102	1.13								
8015	0.32	8726F	0.65	9154	0.51								
8017	0.55	8734M	0.12	9156	0.86								
8018	1.22	8737M	0.11	9170	3.18								
8021	0.81	8738M	0.21	9178	2.48								
8031	0.76	8742	0.09	9179	4.40								

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

Refer to the Classification codes section of the *Basic Manual* for any state specific classification phraseology.

* Refer to the Footnotes Page for additional information on this class code.

Effective January 1, 2025

APPLICABLE TO ADVISORY LOSS COSTS ONLY
FOOTNOTES

- a Advisory loss cost for each individual risk must be obtained from NCCI Customer Service or the Indiana Compensation Rating Bureau (ICRB).
- F Advisory loss cost provides for coverage under the United States Longshore and Harbor Workers Compensation Act and its extensions. Loss cost contains a provision for the USL&HW Assessment.
- M Risks are subject to Admiralty Law or Federal Employers Liability Act (FELA). However, the published loss cost is for risks that voluntarily purchase standard workers compensation and employers liability coverage. A provision for the USL&HW Assessment is included for those classifications under Program II USL Act.
- N This code is part of a ratable / non-ratable group shown below. The statistical non-ratable code and corresponding advisory loss cost are applied in addition to the basic classification when determining premium.

Class Code	Non-Ratable Element Code
4766	0766
4771	0771
7405	7445
7431	7453

- P Classification is computed on a per capita basis.

*** Class Codes with Specific Footnotes**

- 1005 Advisory loss cost includes a non-ratable disease element of \$0.45. (For coverage written separately for federal benefits only, \$0.43. For coverage written separately for state benefits only, \$0.02.)
- 1016 Advisory loss cost includes a non-ratable disease element of \$1.38. (For coverage written separately for federal benefits only, \$1.31. For coverage written separately for state benefits only, \$0.07.)
- 6702 Loss cost and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection code loss cost and elr each x 1.215.
- 6703 Loss cost and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class loss cost x 2.434 and elr x 2.363.
- 6704 Loss cost and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class loss cost and elr each x 1.35.

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

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MISCELLANEOUS VALUES - ADVISORY LOSS COSTS

Advisory Loss Elimination Ratios - The following reduction percentages are applicable for employers electing total deductibles on a per claim basis. They do not include a safety factor.

Coinsurance Amount	Coinsurance Program Loss Elimination Ratios HAZARD GROUP						
	A	B	C	D	E	F	G
\$21,000	10.2%	9.3%	8.2%	7.4%	6.2%	5.5%	4.4%

Deductible Amount	Deductible Program With Coinsurance Loss Elimination Ratios HAZARD GROUP						
	A	B	C	D	E	F	G
\$500	16.0%	14.1%	12.0%	10.4%	8.6%	7.1%	5.5%
\$1,000	19.8%	17.3%	14.6%	12.7%	10.2%	8.4%	6.4%
\$1,500	22.6%	19.7%	16.6%	14.3%	11.6%	9.5%	7.2%
\$2,000	24.7%	21.6%	18.3%	15.8%	12.7%	10.4%	7.9%
\$2,500	26.6%	23.3%	19.7%	17.0%	13.8%	11.3%	8.5%
\$3,000	28.2%	24.6%	20.9%	18.1%	14.6%	12.1%	9.1%
\$3,500	29.5%	25.9%	22.0%	19.1%	15.4%	12.8%	9.6%
\$4,000	30.7%	27.0%	23.1%	19.9%	16.2%	13.5%	10.1%
\$4,500	31.9%	28.1%	24.0%	20.8%	16.9%	14.1%	10.7%
\$5,000	33.0%	29.0%	24.9%	21.6%	17.6%	14.8%	11.1%

Deductible Amount	Deductible Program Without Coinsurance Loss Elimination Ratios HAZARD GROUP						
	A	B	C	D	E	F	G
\$500	7.3%	6.0%	4.7%	3.8%	2.9%	2.0%	1.4%
\$1,000	12.0%	10.0%	8.0%	6.6%	5.0%	3.6%	2.6%
\$1,500	15.5%	13.0%	10.5%	8.7%	6.7%	5.0%	3.5%
\$2,000	18.2%	15.4%	12.6%	10.5%	8.1%	6.2%	4.4%
\$2,500	20.5%	17.5%	14.4%	12.0%	9.4%	7.3%	5.2%
\$3,000	22.5%	19.2%	15.9%	13.4%	10.5%	8.3%	5.9%
\$3,500	24.2%	20.8%	17.3%	14.6%	11.5%	9.2%	6.6%
\$4,000	25.7%	22.2%	18.6%	15.7%	12.4%	10.0%	7.2%
\$4,500	27.2%	23.5%	19.8%	16.8%	13.3%	10.8%	7.9%
\$5,000	28.5%	24.7%	20.9%	17.8%	14.2%	11.6%	8.4%

Basis of premium applicable in accordance with the *Basic Manual* notes for Code 7370 -- "Taxicab Co.":
 Employee operated vehicle..... \$90,200
 Leased or rented vehicle..... \$60,100

Catastrophe (other than Certified Acts of Terrorism) - (Advisory Loss Cost)..... 0.01

Maximum Weekly Payroll applicable in accordance with the *Basic Manual* notes for Code 9178 -- "Athletic Sports or Park: Noncontact Sports," and Code 9179 -- "Athletic Sports or Park: Contact Sports"..... \$4,600

Maximum Weekly Payroll for Executive Officers, Partners, Sole Proprietors, and Members or Managers of Limited Liability Companies in accordance with the *Basic Manual* rules, Rule for premium determination of executive officers, Rule for premium determination for partners or sole proprietors, and Rule for premium determination of members of LLCs..... \$4,600

Minimum Weekly Payroll for Executive Officers, Partners, Sole Proprietors, and Members or Managers of Limited Liability Companies in accordance with the *Basic Manual* rules, Rule for premium determination of executive officers, Rule for premium determination for partners or sole proprietors, and Rule for premium determination of members of LLCs..... \$1,000

Terrorism - (Advisory Loss Cost) 0.005

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MISCELLANEOUS VALUES - ADVISORY LOSS COSTS (cont.)

United States Longshore and Harbor Workers' Compensation Coverage Percentage applicable only in connection with the **Basic Manual** rule, Federal coverages..... 107%

(Multiply a Non-F classification loss cost by a factor of 2.07 to adjust for differences in benefits and loss-based expenses. This factor is the product of the adjustment for differences in benefits (2.00) and the adjustment for differences in loss-based expenses (1.037).)

Experience Rating Eligibility

A risk qualifies for experience rating on an intrastate basis when it meets the premium eligibility requirements for the state in which it operates. The eligibility amount varies by rating effective date. The **Experience Rating Plan Manual** should be referenced for the latest approved eligibility amounts by state and by effective date.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Proposed Assigned Risk Rates for Inclusion in the Residual Market Manual

The following pages include proposed:

- Assigned risk rates and minimum premiums by class code, along with associated footnotes
- Miscellaneous values, such as:
 - Catastrophe and Terrorism provisions
 - Expense Constant and Minimum Premium parameters
 - Maximum and minimum weekly payroll applicable for select class codes
 - Premium determination for Partners and Sole Proprietors
 - United States Longshore and Harbor Workers' Compensation Coverage Percentage

WORKERS COMPENSATION AND EMPLOYERS LIABILITY

INDIANA

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APPLICABLE TO ASSIGNED RISK POLICIES ONLY

CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
0005	1.43	610	2070	2.85	1058	2802	2.06	809	3372	1.34	582	4133	1.26	557
0008	1.53	642	2081	1.38	595	2835	1.14	519	3373	2.00	790	4149	0.35	270
0016	2.25	869	2089	1.36	588	2836	1.33	579	3383	0.69	377	4206	1.26	557
0034	1.62	670	2095	1.52	639	2841	1.52	639	3385	0.58	343	4207	0.94	456
0035	1.20	538	2105	1.78	721	2881	1.36	588	3400	1.82	733	4239	1.46	620
0036	1.95	774	2110	2.11	825	2883	1.09	503	3507	1.14	519	4240	1.22	544
0037	2.02	796	2111	1.17	529	2915	1.38	595	3515	0.90	444	4243	1.14	519
0042	2.17	844	2112	1.89	755	2916	1.55	648	3548	0.69	377	4244	1.39	598
0050	3.19	1165	2114	1.04	488	2923	1.12	513	3559	1.22	544	4250	0.93	453
0059	-	-	2121	0.66	368	2960	2.06	809	3574	0.51	321	4251	1.36	588
0065	-	-	2130	0.90	444	3004	0.59	346	3581	0.45	302	4263	1.87	749
0066	-	-	2131	0.78	406	3018	1.28	563	3612	0.93	453	4273	1.10	507
0067	-	-	2143	0.93	453	3022	1.71	699	3620	1.07	497	4279	1.44	614
0079	1.37	592	2157	2.00	790	3027	1.28	563	3629	0.94	456	4283	0.85	428
0083	2.76	1029	2172	0.75	396	3028	1.42	607	3632	1.01	478	4299	1.02	481
0106	3.62	1300	2174	1.33	579	3030	1.98	784	3634	0.85	428	4304	2.45	932
0113	1.73	705	2211	4.51	1500	3040	2.06	809	3635	0.77	403	4307	0.80	412
0170	1.14	519	2220	1.22	544	3041	1.58	658	3638	0.74	393	4351	0.48	311
0251	1.85	743	2286	-	-	3042	1.34	582	3642	0.70	381	4352	0.64	362
0401	5.30	A	2288	2.66	998	3064	1.65	680	3643	0.94	456	4360	-	-
0766N	0.22	-	2302	0.91	447	3076	1.42	607	3647	1.33	579	4361	0.46	305
0771N	0.19	-	2305	1.33	579	3081	2.02	796	3648	0.51	321	4410	1.28	563
0908P	89.00	249	2361	0.91	447	3082	1.89	755	3681	0.40	286	4420	1.25	554
0913P	248.00	408	2362	1.10	507	3085	2.11	825	3685	0.45	302	4431	0.66	368
1005*	2.33	894	2380	1.06	494	3110	1.66	683	3719	0.36	273	4432	0.58	343
1016*	6.77	1500	2388	0.74	393	3111	1.06	494	3724	1.73	705	4452	1.20	538
1164	1.30	570	2402	0.96	462	3113	0.69	377	3726	1.41	604	4459	1.34	582
1165	1.11	510	2413	1.06	494	3114	1.18	532	3803	1.31	573	4470	1.18	532
1320	1.17	529	2416	1.12	513	3118	0.80	412	3807	0.66	368	4484	1.26	557
1322	2.81	1045	2417	0.58	343	3119	0.43	295	3808	1.17	529	4493	1.12	513
1430	1.41	604	2501	1.28	563	3122	0.77	403	3821	2.80	1042	4511	0.33	264
1438	1.57	655	2503	0.48	311	3126	0.88	437	3822	2.06	809	4557	1.09	503
1452	1.07	497	2570	1.44	614	3131	0.61	352	3824	1.31	573	4558	0.83	421
1463	3.98	1414	2585	1.47	623	3132	1.17	529	3826	0.29	251	4568	1.07	497
1472	1.18	532	2586	1.84	740	3145	0.98	469	3827	0.82	418	4581	0.43	295
1604	2.10	822	2587	1.36	588	3146	0.98	469	3830	0.64	362	4583	1.86	746
1624	1.28	563	2589	0.83	421	3169	1.04	488	3851	0.90	444	4611	0.34	267
1642	1.60	664	2600	1.98	784	3179	0.85	428	3865	1.44	614	4635	1.01	478
1654	2.10	822	2623	2.50	948	3180	1.26	557	3881	2.00	790	4653	0.99	472
1699	1.20	538	2651	0.70	381	3188	0.78	406	4000	2.55	963	4665	3.02	1111
1701	1.22	544	2660	1.28	563	3220	0.85	428	4021	1.82	733	4670	-	-
1710	1.62	670	2670	-	-	3224	1.49	629	4024	2.03	799	4683	1.62	670
1747	1.46	620	2683	-	-	3227	1.14	519	4034	2.77	1033	4686	1.31	573
1748	2.91	1077	2688	0.90	444	3240	-	-	4036	1.10	507	4692	0.37	277
1803	2.40	916	2701	5.31	1500	3241	1.31	573	4038	0.99	472	4693	0.42	292
1924	1.25	554	2702	8.66	1500	3255	1.30	570	4053	-	-	4703	0.67	371
1925	1.33	579	2709	3.63	1303	3257	1.25	554	4061	-	-	4716	-	-
2002	1.50	633	2710	4.34	1500	3270	1.02	481	4062	2.72	1017	4717	1.07	497
2003	2.21	856	2714	2.22	859	3300	2.27	875	4101	1.12	513	4720	0.98	469
2014	2.06	809	2731	1.94	771	3303	1.41	604	4109	0.21	226	4740	0.37	277
2016	1.23	547	2735	2.02	796	3307	1.06	494	4110	0.50	318	4741	1.18	532
2021	1.92	765	2759	2.75	1026	3315	1.25	554	4111	0.93	453	4751	1.30	570
2039	1.39	598	2790	1.02	481	3334	1.31	573	4114	1.25	554	4766N	1.63	743
2041	1.74	708	2797	1.04	488	3336	1.14	519	4130	1.44	614	4771N	1.07	557
2065	0.86	431	2799	2.25	869	3365	1.72	702	4131	2.48	941	4777	1.65	680

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

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* Refer to the Footnotes Page for additional information on this class code.

Effective January 1, 2025

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
4825	0.38	280	6206	1.19	535	7317F	3.43	1240	8032	1.01	478	8745	1.88	752
4828	1.07	497	6213	0.76	399	7327F	8.53	1500	8033	1.26	557	8748	0.21	226
4829	0.66	368	6214	0.59	346	7333M	1.29	566	8037	0.90	444	8755	0.15	207
4902	0.99	472	6216	1.72	702	7335M	1.43	610	8039	0.81	415	8799	0.35	270
4923	0.70	381	6217	1.53	642	7337M	2.58	973	8044	1.21	541	8800	1.02	481
5020	1.93	768	6229	1.63	673	7350F	4.37	1500	8045	0.42	292	8803	0.03	169
5022	2.64	992	6233	0.79	409	7360	2.06	809	8046	1.39	598	8805M	0.11	195
5037	2.72	1017	6235	2.29	881	7370	2.47	938	8047	0.43	295	8810	0.08	185
5040	3.12	1143	6236	1.95	774	7380	2.16	840	8058	1.29	566	8814M	0.10	192
5057	1.15	522	6237	0.56	336	7382	2.03	799	8072	0.39	283	8815M	0.19	220
5059	5.64	1500	6251	2.13	831	7390	2.15	837	8102	0.84	425	8820	0.06	179
5102	2.58	973	6252	1.28	563	7394M	1.46	620	8103	1.26	557	8824	0.94	456
5146	1.69	692	6306	1.63	673	7395M	1.62	670	8106	1.92	765	8825	-	-
5160	0.85	428	6319	1.00	475	7398M	2.92	1080	8107	1.20	538	8826	0.95	459
5183	0.96	462	6325	1.49	629	7402	0.08	185	8111	1.05	491	8829	-	-
5188	1.35	585	6400	1.73	705	7403	1.43	610	8116	1.08	500	8831	0.65	365
5190	1.00	475	6503	0.88	437	7405N	0.45	349	8203	3.06	1124	8832	0.17	214
5191	0.56	336	6504	1.30	570	7420	4.46	1500	8204	2.12	828	8833	0.46	305
5192	1.84	740	6702M*	1.70	696	7421	0.34	267	8209	1.91	762	8835	1.08	500
5213	2.23	862	6703M*	3.41	1234	7422	0.45	302	8215	1.46	620	8842	1.62	670
5215	2.05	806	6704M*	1.89	755	7425	0.89	440	8227	1.61	667	8855	0.06	179
5221	1.61	667	6801F	3.81	1360	7431N	0.31	289	8232	2.12	828	8856	0.24	236
5222	2.99	1102	6811	2.63	988	7445N	0.15	-	8233	1.53	642	8864	0.72	387
5223	1.57	655	6824F	4.12	1458	7453N	0.10	-	8235	1.91	762	8868	0.29	251
5348	1.40	601	6826F	2.11	825	7502	0.95	459	8263	3.22	1174	8869	0.56	336
5402	2.29	881	6834	1.01	478	7515	0.36	273	8264	2.14	834	8871	0.03	169
5403	2.25	869	6836	1.49	629	7520	1.08	500	8265	2.62	985	8901	0.09	188
5437	1.67	686	6843F	4.63	1500	7538	1.43	610	8279	3.64	1307	9012	0.49	314
5443	1.11	510	6845F	3.72	1332	7539	0.73	390	8288	3.47	1253	9014	1.27	560
5445	1.64	677	6854	2.49	944	7540	1.27	560	8291	1.42	607	9015	1.42	607
5462	2.37	907	6872F	5.09	1500	7580	1.21	541	8292	1.31	573	9016	1.36	588
5472	2.23	862	6874F	5.89	1500	7590	1.85	743	8293	3.01	1108	9019	1.41	604
5473	3.77	1348	6882	1.40	601	7600	2.09	818	8304	2.57	970	9033	1.00	475
5474	1.95	774	6884	2.26	872	7605	0.96	462	8350	2.49	944	9040	1.65	680
5478	1.25	554	7016M	1.34	582	7610	0.30	255	8380	1.13	516	9044	0.71	384
5479	2.10	822	7024M	1.49	629	7698	2.12	828	8381	0.85	428	9052	0.78	406
5480	2.52	954	7038M	2.63	988	7699	1.40	601	8385	1.18	532	9058	0.77	403
5491	0.88	437	7046M	3.33	1209	7705	2.63	988	8392	1.01	478	9060	0.71	384
5506	2.90	1074	7047M	2.69	1007	7710	2.58	973	8393	0.75	396	9061	0.65	365
5507	1.47	623	7050M	5.26	1500	7711	2.58	973	8500	2.46	935	9062	0.75	396
5508	-	-	7090M	2.92	1080	7720	1.39	598	8601	0.18	217	9063	0.43	295
5535	2.74	1023	7098M	3.70	1326	7725	1.08	500	8602	0.84	425	9077F	3.81	1360
5537	1.32	576	7099M	6.67	1500	7732P	104.00	264	8603	0.05	176	9082	0.58	343
5551	3.95	1404	7133	1.36	588	7855	1.40	601	8606	0.79	409	9083	0.56	336
5606	0.41	289	7151M	1.65	680	8001	1.18	532	8709F	1.54	645	9084	0.58	343
5610	1.70	696	7152M	3.31	1203	8002	1.05	491	8719	0.98	469	9088a	a	a
5645	3.36	1218	7153M	1.84	740	8006	1.01	478	8720	0.58	343	9089	0.46	305
5703	3.31	1203	7219	2.87	1064	8008	0.72	387	8721	0.14	204	9093	0.65	365
5705	4.92	1500	7222	2.89	1070	8010	0.90	444	8723	0.06	179	9101	1.66	683
5951	0.21	226	7225	2.87	1064	8013	0.16	210	8725	1.05	491	9102	1.53	642
6003	2.54	960	7230	3.92	1395	8015	0.43	295	8726F	0.88	437	9154	0.69	377
6005	1.60	664	7231	4.10	1452	8017	0.74	393	8734M	0.16	210	9156	1.17	529
6018	1.23	547	7232	3.38	1225	8018	1.66	683	8737M	0.15	207	9170	4.32	1500
6045	1.75	711	7309F	5.09	1500	8021	1.10	507	8738M	0.29	251	9178	3.37	1222
6204	2.46	935	7313F	2.24	866	8031	1.03	484	8742	0.12	198	9179	5.97	1500

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

Refer to the Classification codes section of the **Basic Manual** for any state specific classification phraseology.

* Refer to the Footnotes Page for additional information on this class code.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY

Effective January 1, 2025

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
9180	2.64	992												
9182	1.05	491												
9186	4.08	1445												
9220	2.33	894												
9402	1.88	752												
9403	3.15	1152												
9410	1.18	532												
9501	1.44	614												
9505	1.44	614												
9516	1.31	573												
9519	1.71	699												
9521	1.38	595												
9522	1.07	497												
9534	1.78	721												
9554	3.18	1162												
9586	0.22	229												
9600	0.96	462												
9620	0.69	377												

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

Refer to the Classification codes section of the *Basic Manual* for any state specific classification phraseology.

* Refer to the Footnotes Page for additional information on this class code.

Effective January 1, 2025

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

FOOTNOTES

- a Rate for each individual risk must be obtained from NCCI Customer Service or the Indiana Compensation Rating Bureau (ICRB).
- A Minimum Premium \$100 per ginning location for policy minimum premium computation.
- F Rate provides for coverage under the United States Longshore and Harbor Workers Compensation Act and its extensions. Rate includes a provision for the USL&HW Assessment.
- M Risks are subject to Admiralty Law or Federal Employers Liability Act (FELA). However, the published rate is for risks that voluntarily purchase standard workers compensation and employers liability coverage. A provision for the USL&HW Assessment is included for those classifications under Program II USL Act. The listed codes of 6702, 6703, 6704, 7151, 7152, 7153, 8734, 8737, 8738, 8805, 8814, and 8815 under the Federal Employers' Liability Act (FELA) for employees of interstate railroads are not applicable in the residual market.
- N This code is part of a ratable / non-ratable group shown below. The statistical non-ratable code and corresponding rate are applied in addition to the basic classification when determining premium.

Class Code	Non-Ratable Element Code
4766	0766
4771	0771
7405	7445
7431	7453

- P Classification is computed on a per capita basis.

*** Class Codes with Specific Footnotes**

- 1005 Rate includes a non-ratable disease element of \$0.62. (For coverage written separately for federal benefits only, \$0.59. For coverage written separately for state benefits only, \$0.03.)
- 1016 Rate includes a non-ratable disease element of \$1.88. (For coverage written separately for federal benefits only, \$1.78. For coverage written separately for state benefits only, \$0.10.)
- 6702 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection code rate and elr each x 1.215.
- 6703 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate x 2.434 and elr x 2.363.
- 6704 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate and elr each x 1.35.

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

Effective January 1, 2025
APPLICABLE TO ASSIGNED RISK POLICIES ONLY

MISCELLANEOUS VALUES

Basis of premium applicable in accordance with the **Basic Manual** notes for Code 7370 -- "Taxicab Co.":

Employee operated vehicle.....	\$90,200
Leased or rented vehicle.....	\$60,100

Catastrophe (other than Certified Acts of Terrorism) - (Assigned Risk)..... 0.01

Expense Constant applicable in accordance with the **Basic Manual** rule..... \$160

Loss Sensitive Rating Plan (LSRP) - The factors which are used in the calculation of the LSRP are as follows:

Basic Premium Factor	0.40	Loss Development Factors	
Minimum Premium Factor	0.75	1st Adjustment	0.04
Maximum Premium Factor	1.75	2nd Adjustment	0.02
Loss Conversion Factor	1.183	3rd Adjustment	0.01
Tax Multiplier	1.018	4th Adjustment	0.01

Maximum Minimum Premium..... \$1,500

Maximum Weekly Payroll applicable in accordance with the **Basic Manual** notes for Code 9178 -- "Athletic Sports or Park: Noncontact Sports," and Code 9179 -- "Athletic Sports or Park: Contact Sports"..... \$4,600

Maximum Weekly Payroll for Executive Officers, Partners, Sole Proprietors, and Members or Managers of Limited Liability Companies in accordance with the **Basic Manual** rules, Rule for premium determination of executive officers, Rule for premium determination for partners or sole proprietors, and Rule for premium determination of members of LLCs..... \$4,600

Minimum Premium Multiplier..... 315

Minimum Weekly Payroll for Executive Officers, Partners, Sole Proprietors, and Members or Managers of Limited Liability Companies in accordance with the **Basic Manual** rules, Rule for premium determination of executive officers, Rule for premium determination for partners or sole proprietors, and Rule for premium determination of members of LLCs..... \$1,000

Premium Reduction Percentages - The following percentages are applicable by deductible amount and hazard group for total losses on a per claim basis:

Coinsurance Amount	Coinsurance Program Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
	\$21,000	7.6%	6.9%	6.1%	5.5%	4.6%	4.1%

Deductible Amount	Deductible Program With Coinsurance Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
	\$500	11.9%	10.4%	8.9%	7.7%	6.3%	5.3%
\$1,000	14.7%	12.8%	10.8%	9.4%	7.6%	6.2%	4.8%
\$1,500	16.7%	14.6%	12.3%	10.6%	8.6%	7.0%	5.3%
\$2,000	18.3%	16.0%	13.6%	11.7%	9.4%	7.7%	5.8%
\$2,500	19.7%	17.3%	14.6%	12.6%	10.2%	8.4%	6.3%
\$3,000	20.9%	18.3%	15.5%	13.4%	10.9%	9.0%	6.7%
\$3,500	21.9%	19.2%	16.3%	14.1%	11.5%	9.5%	7.1%
\$4,000	22.8%	20.0%	17.1%	14.8%	12.0%	10.0%	7.5%
\$4,500	23.7%	20.8%	17.8%	15.4%	12.5%	10.5%	7.9%
\$5,000	24.5%	21.5%	18.5%	16.0%	13.1%	10.9%	8.2%

Effective January 1, 2025
APPLICABLE TO ASSIGNED RISK POLICIES ONLY

MISCELLANEOUS VALUES (cont.)

Deductible Amount	Deductible Program Without Coinsurance Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
	\$500	5.4%	4.5%	3.5%	2.8%	2.2%	1.5%
\$1,000	8.9%	7.4%	5.9%	4.9%	3.7%	2.7%	1.9%
\$1,500	11.5%	9.6%	7.8%	6.5%	5.0%	3.7%	2.6%
\$2,000	13.5%	11.4%	9.3%	7.8%	6.0%	4.6%	3.3%
\$2,500	15.2%	13.0%	10.7%	8.9%	7.0%	5.4%	3.9%
\$3,000	16.7%	14.2%	11.8%	9.9%	7.8%	6.2%	4.4%
\$3,500	17.9%	15.4%	12.8%	10.8%	8.5%	6.8%	4.9%
\$4,000	19.1%	16.5%	13.8%	11.6%	9.2%	7.4%	5.3%
\$4,500	20.2%	17.4%	14.7%	12.5%	9.9%	8.0%	5.9%
\$5,000	21.1%	18.3%	15.5%	13.2%	10.5%	8.6%	6.2%

Terrorism - (Assigned Risk)..... 0.01

United States Longshore and Harbor Workers' Compensation Coverage Percentage applicable only in connection with the **Basic Manual** rule, Federal coverages..... 107%

(Multiply a Non-F classification rate by a factor of 2.07 to adjust for differences in benefits and loss-based expenses. This factor is the product of the adjustment for differences in benefits (2.00) and the adjustment for differences in loss-based expenses (1.037).)

Experience Rating Eligibility

A risk qualifies for experience rating on an intrastate basis when it meets the premium eligibility requirements for the state in which it operates. The eligibility amount varies by rating effective date. The **Experience Rating Plan Manual** should be referenced for the latest approved eligibility amounts by state and by effective date.

A 30% residual market surcharge is applicable to the premium in excess of \$2,750 of the standard premium, subject to audit.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Proposed Values for Inclusion in the Experience Rating Plan Manual

The following pages include proposed values for inclusion in the Experience Rating Plan Manual:

- Description of Expected Loss Rates and D-ratios
- Description of the Weighting and Ballast values
- Expected Loss Rates and D-ratios by class code
- Table of Weighting Values
- Table of Ballast Values
- Experience Rating Premium Eligibility Amounts



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Proposed Rating Values

Description of Expected Loss Rates and D-ratios

An expected loss rate for a classification is used to estimate the expected losses per \$100 of payroll during the experience rating period for risks within that classification. These expected losses are then compared with the actual losses of a risk during the experience rating period to determine the experience modification (mod).

The actual losses reflect the loss data during the experience rating period. Expected losses and actual losses must be at the same level to enable an appropriate comparison for purposes of the experience mod calculation. As such, the proposed rates are adjusted to reflect the average loss levels of the experience rating period. This is accomplished through the application of ELR factors to the proposed underlying pure premiums. These ELR factors, calculated by hazard group (HG), remove the effects of the following: loss development, expected losses in excess of the State Accident Limit, a portion of medical-only losses, benefit changes, trend, loss-based expenses, experience, and assigned risk programs.

In experience rating, losses are divided into primary and excess portions. For each claim, losses below the split point are primary losses, while losses above the split point are excess losses. The D-ratio represents the estimated ratio of expected primary losses to expected total losses for a classification. The split point is based on the average claim costs in the state, promoting an equitable determination of primary and excess losses. To reflect changes in claim costs and preserve alignment with other experience rating parameters, the split point is reviewed annually and may be adjusted to maintain an average D-ratio of approximately 40%, the average D-ratio utilized when the credibility parameters underlying the weight and ballast values were last recalibrated. Utilizing a consistent average D-ratio promotes similar experience rating plan performance across states with varying cost levels.

The D-ratio is used to determine the expected excess losses to be used in the experience mod calculation. D-ratios are calculated by hazard group and are based on the latest three years of Unit Statistical Data trended to the midpoint of the proposed experience rating period. A comparison of the resulting D-ratios across hazard groups is done to ensure that they monotonically decrease from hazard group A to hazard group G. If they do not, an adjustment is made by averaging the D-ratios over adjacent hazard groups. The final D-ratio for each classification is the hazard group D-ratio.

An adjustment to the ELR factors is necessary so that the resulting ELRs produce an expected intrastate experience rating off-balance that equals the targeted intrastate experience rating off-balance used in the calculation of the overall rate level change for the state. Preliminary ELR factors are calculated by class code utilizing the appropriate hazard group factors and underlying pure premiums. Intrastate experience rating modifications for the most recent year of rating effective dates available at the time of the production of the filing are calculated based on the preliminary ELRs and D-ratios, and the losses underlying the mod calculations are adjusted for trend and to the appropriate benefit level of the data that will be used for experience ratings in the proposed effective period. The trend is applied separately by frequency and severity using selected values that are appropriate for the time period covered. It should be noted that the loss ratio trends used in other parts of the filing may not match the ELR trends due to possible differences between the experience rating trend periods and the ratemaking trend periods. An average of these intrastate experience modifications is calculated, and an iterative process follows where the ELR factors are adjusted up or down, class ELRs are recalculated, and experience rating modifications are restated until the target average intrastate experience mod is achieved.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Proposed Rating Values

The final ELR for each classification is calculated as follows:

$$\text{ELR} = \{(\text{HG indemnity ELR factor}) \times (\text{indemnity pure premium}) + (\text{HG medical ELR factor}) \times (\text{medical pure premium})\} \times \text{Manual/Standard Ratio}$$

Description of the Weighting and Ballast Values

The weighting value (W) and ballast value (B) influence the degree to which an employer's actual losses impact the experience rating modification for employers of various sizes - generally described as excess loss credibility - and are governed by the formulas in Item E-1409.

One element of these formulas is the G-value, which represents the state average claim severity in thousands of dollars and reflects the state accident limitation and the reduction of medical only losses. The state accident limit is used to curtail the impact of large claims on the experience modification and is based on a state-level 95th percentile of lost-time claims so that the limitation is expected to impact the largest 5% of lost-time claims.

The values for W and B are such that larger employers receive higher excess loss credibility in their experience modification calculation than smaller employers.

The ballast value is a stabilizing value designed to control the effect of actual loss experience on the experience rating modification. It is added to both the numerator and denominator in the experience modification calculation and increases as expected losses increase.

The weighting value for various levels of expected losses is provided in the Table of Weighting Values.

The ballast value for various levels of expected losses is provided in the Table of Ballast Values.

Effective January 1, 2025

TABLE OF EXPECTED LOSS RATES AND DISCOUNT RATIOS
APPLICABLE TO ALL POLICIES

CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO
0005	0.83	0.42	2070	1.59	0.42	2802	1.15	0.42	3372	0.75	0.42	4133	0.77	0.44
0008	0.89	0.42	2081	0.84	0.44	2835	0.69	0.44	3373	1.16	0.42	4149	0.21	0.44
0016	1.16	0.38	2089	0.79	0.42	2836	0.81	0.44	3383	0.40	0.42	4206	0.73	0.42
0034	0.90	0.42	2095	0.85	0.42	2841	0.88	0.42	3385	0.33	0.42	4207	0.46	0.35
0035	0.67	0.42	2105	1.08	0.44	2881	0.83	0.44	3400	1.06	0.42	4239	0.71	0.35
0036	1.13	0.42	2110	1.22	0.42	2883	0.63	0.42	3507	0.63	0.42	4240	0.74	0.44
0037	1.04	0.38	2111	0.68	0.42	2915	0.71	0.38	3515	0.50	0.42	4243	0.63	0.42
0042	1.21	0.42	2112	1.09	0.42	2916	0.80	0.38	3548	0.40	0.42	4244	0.72	0.38
0050	1.65	0.38	2114	0.63	0.44	2923	0.68	0.44	3559	0.68	0.42	4250	0.52	0.42
0059	-	-	2121	0.40	0.44	2960	1.15	0.42	3574	0.30	0.42	4251	0.79	0.42
0065	-	-	2130	0.50	0.42	3004	0.29	0.35	3581	0.26	0.42	4263	1.04	0.42
0066	-	-	2131	0.45	0.42	3018	0.62	0.35	3612	0.52	0.42	4273	0.62	0.42
0067	-	-	2143	0.56	0.44	3022	0.99	0.42	3620	0.55	0.38	4279	0.74	0.38
0079	0.77	0.42	2157	1.16	0.42	3027	0.66	0.38	3629	0.53	0.42	4283	0.49	0.42
0083	1.54	0.42	2172	0.39	0.38	3028	0.73	0.38	3632	0.56	0.42	4299	0.57	0.42
0106	1.75	0.35	2174	0.77	0.42	3030	1.02	0.38	3634	0.47	0.42	4304	1.37	0.42
0113	1.00	0.42	2211	2.33	0.38	3040	1.15	0.42	3635	0.43	0.42	4307	0.49	0.44
0170	0.66	0.42	2220	0.68	0.42	3041	0.88	0.42	3638	0.43	0.42	4351	0.28	0.42
0251	1.03	0.42	2286	0.68	0.42	3042	0.75	0.42	3642	0.41	0.42	4352	0.37	0.42
0401	2.57	0.35	2288	1.54	0.42	3064	0.92	0.42	3643	0.49	0.38	4360	0.16	0.38
0766	-	-	2302	0.51	0.42	3076	0.82	0.42	3647	0.74	0.42	4361	0.26	0.42
0771	-	-	2305	0.68	0.38	3081	1.12	0.42	3648	0.31	0.44	4410	0.74	0.42
0908	49.62	0.42	2361	0.51	0.42	3082	0.97	0.38	3681	0.23	0.42	4420	0.61	0.35
0913	138.57	0.42	2362	0.64	0.42	3085	1.18	0.42	3685	0.26	0.42	4431	0.40	0.44
1005	0.75	0.32	2380	0.61	0.42	3110	0.93	0.42	3719	0.16	0.32	4432	0.35	0.44
1016	2.16	0.32	2388	0.45	0.44	3111	0.61	0.42	3724	0.76	0.32	4452	0.67	0.42
1164	0.57	0.32	2402	0.50	0.38	3113	0.38	0.42	3726	0.62	0.32	4459	0.69	0.38
1165	0.49	0.32	2413	0.59	0.42	3114	0.66	0.42	3803	0.76	0.42	4470	0.66	0.42
1320	0.57	0.35	2416	0.65	0.42	3118	0.49	0.44	3807	0.38	0.42	4484	0.73	0.42
1322	1.24	0.32	2417	0.33	0.42	3119	0.27	0.46	3808	0.65	0.42	4493	0.62	0.42
1430	0.73	0.38	2501	0.74	0.42	3122	0.47	0.44	3821	1.45	0.38	4511	0.19	0.42
1438	0.81	0.38	2503	0.28	0.42	3126	0.49	0.42	3822	1.19	0.42	4557	0.56	0.38
1452	0.55	0.38	2570	0.83	0.42	3131	0.34	0.42	3824	0.76	0.42	4558	0.46	0.42
1463	1.75	0.32	2585	0.82	0.42	3132	0.68	0.42	3826	0.16	0.42	4568	0.55	0.38
1472	0.61	0.38	2586	1.06	0.42	3145	0.54	0.42	3827	0.47	0.42	4581	0.21	0.35
1604	1.09	0.38	2587	0.79	0.42	3146	0.54	0.42	3830	0.36	0.42	4583	0.90	0.35
1624	0.62	0.35	2589	0.46	0.42	3169	0.60	0.42	3851	0.52	0.42	4611	0.19	0.42
1642	0.83	0.38	2600	1.15	0.42	3179	0.49	0.42	3865	0.87	0.44	4635	0.49	0.35
1654	1.08	0.38	2623	1.29	0.38	3180	0.73	0.42	3881	1.12	0.42	4653	0.57	0.42
1699	0.62	0.38	2651	0.41	0.42	3188	0.44	0.42	4000	1.24	0.35	4665	1.56	0.38
1701	0.59	0.35	2660	0.78	0.44	3220	0.47	0.42	4021	1.02	0.42	4670	0.90	0.42
1710	0.84	0.38	2670	0.52	0.42	3224	0.91	0.44	4024	1.05	0.38	4683	0.90	0.42
1747	0.75	0.38	2683	0.74	0.42	3227	0.66	0.42	4034	1.43	0.38	4686	0.68	0.38
1748	1.50	0.38	2688	0.52	0.42	3240	0.72	0.42	4036	0.57	0.38	4692	0.21	0.42
1803	1.24	0.38	2701	2.58	0.35	3241	0.76	0.42	4038	0.60	0.44	4693	0.24	0.42
1924	0.72	0.42	2702	3.82	0.32	3255	0.79	0.44	4053	1.52	0.42	4703	0.38	0.42
1925	0.74	0.42	2709	1.76	0.35	3257	0.72	0.42	4061	1.52	0.42	4716	0.90	0.42
2002	0.87	0.42	2710	2.24	0.38	3270	0.59	0.42	4062	1.52	0.42	4717	0.65	0.44
2003	1.23	0.42	2714	1.29	0.42	3300	1.38	0.44	4101	0.63	0.42	4720	0.54	0.42
2014	1.07	0.38	2731	1.12	0.42	3303	0.81	0.42	4109	0.12	0.42	4740	0.16	0.32
2016	0.71	0.42	2735	1.17	0.42	3307	0.59	0.42	4110	0.29	0.42	4741	0.66	0.42
2021	1.07	0.42	2759	1.59	0.42	3315	0.72	0.42	4111	0.54	0.42	4751	0.67	0.38
2039	0.81	0.42	2790	0.62	0.44	3334	0.73	0.42	4114	0.70	0.42	4766	0.79	0.35
2041	1.01	0.42	2797	0.63	0.44	3336	0.63	0.42	4130	0.83	0.42	4771	0.52	0.35
2065	0.48	0.42	2799	1.26	0.42	3365	0.83	0.35	4131	1.44	0.42	4777	0.80	0.35

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

Effective January 1, 2025

TABLE OF EXPECTED LOSS RATES AND DISCOUNT RATIOS
APPLICABLE TO ALL POLICIES

CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO
4825	0.20	0.38	6206	0.52	0.32	7317F	1.16	0.27	8032	0.59	0.42	8745	1.05	0.42
4828	0.52	0.35	6213	0.34	0.32	7327F	2.89	0.27	8033	0.76	0.44	8748	0.10	0.35
4829	0.32	0.35	6214	0.29	0.35	7333	0.57	0.32	8037	0.56	0.46	8755	0.08	0.38
4902	0.57	0.42	6216	0.76	0.32	7335	0.63	0.32	8039	0.49	0.44	8799	0.20	0.42
4923	0.39	0.42	6217	0.68	0.32	7337	1.10	0.32	8044	0.70	0.42	8800	0.59	0.42
5020	0.94	0.35	6229	0.84	0.38	7350F	1.58	0.30	8045	0.24	0.42	8803	0.02	0.38
5022	1.17	0.32	6233	0.35	0.32	7360	1.06	0.38	8046	0.80	0.42	8805	0.07	0.42
5037	1.20	0.32	6235	1.01	0.32	7370	1.43	0.42	8047	0.25	0.42	8810	0.04	0.42
5040	1.37	0.32	6236	1.01	0.38	7380	1.12	0.38	8058	0.74	0.42	8814	0.06	0.42
5057	0.51	0.32	6237	0.27	0.35	7382	1.13	0.42	8072	0.24	0.44	8815	0.09	0.42
5059	2.48	0.32	6251	1.03	0.35	7390	1.25	0.42	8102	0.49	0.42	8820	0.03	0.38
5102	1.25	0.35	6252	0.56	0.32	7394	0.64	0.32	8103	0.70	0.42	8824	0.59	0.46
5146	0.87	0.38	6306	0.79	0.35	7395	0.72	0.32	8106	0.99	0.38	8825	0.58	0.44
5160	0.38	0.32	6319	0.44	0.32	7398	1.26	0.32	8107	0.58	0.35	8826	0.58	0.44
5183	0.46	0.35	6325	0.66	0.32	7402	0.04	0.42	8111	0.59	0.42	8829	0.59	0.46
5188	0.66	0.35	6400	0.89	0.38	7403	0.83	0.42	8116	0.61	0.42	8831	0.41	0.46
5190	0.49	0.35	6503	0.51	0.42	7405	0.26	0.42	8203	1.71	0.42	8832	0.10	0.42
5191	0.29	0.38	6504	0.75	0.42	7420	1.97	0.32	8204	1.19	0.42	8833	0.26	0.42
5192	1.03	0.42	6702	0.88	0.38	7421	0.17	0.38	8209	1.10	0.42	8835	0.63	0.42
5213	0.99	0.32	6703	1.70	0.38	7422	0.22	0.35	8215	0.75	0.38	8842	1.01	0.46
5215	1.06	0.38	6704	0.98	0.38	7425	0.43	0.35	8227	0.78	0.35	8855	0.04	0.42
5221	0.78	0.35	6801F	1.46	0.33	7431	0.15	0.35	8232	1.10	0.38	8856	0.14	0.42
5222	1.32	0.32	6811	1.35	0.38	7445	-	-	8233	0.79	0.38	8864	0.44	0.44
5223	0.81	0.38	6824F	1.58	0.33	7453	-	-	8235	1.07	0.42	8868	0.18	0.44
5348	0.72	0.38	6826F	0.81	0.33	7502	0.49	0.38	8263	1.80	0.42	8869	0.34	0.44
5402	1.33	0.42	6834	0.58	0.42	7515	0.16	0.32	8264	1.10	0.38	8871	0.02	0.42
5403	1.09	0.35	6836	0.83	0.42	7520	0.60	0.42	8265	1.27	0.35	8901	0.05	0.38
5437	0.81	0.35	6843F	1.57	0.27	7538	0.63	0.32	8279	1.76	0.35	9012	0.25	0.38
5443	0.62	0.42	6845F	1.26	0.27	7539	0.35	0.35	8288	1.93	0.42	9014	0.74	0.42
5445	0.72	0.32	6854	1.21	0.35	7540	0.56	0.32	8291	0.79	0.42	9015	0.79	0.42
5462	1.22	0.38	6872F	1.73	0.27	7580	0.62	0.38	8292	0.76	0.42	9016	0.79	0.42
5472	0.99	0.32	6874F	2.00	0.27	7590	0.96	0.38	8293	1.74	0.42	9019	0.73	0.38
5473	1.66	0.32	6882	0.68	0.35	7600	1.08	0.38	8304	1.25	0.35	9033	0.56	0.42
5474	0.86	0.32	6884	1.10	0.35	7605	0.46	0.35	8350	1.21	0.35	9040	1.00	0.44
5478	0.61	0.35	7016	0.59	0.32	7610	0.16	0.38	8380	0.63	0.42	9044	0.43	0.44
5479	1.08	0.38	7024	0.66	0.32	7698	0.93	0.32	8381	0.48	0.42	9052	0.47	0.44
5480	1.22	0.35	7038	1.15	0.32	7699	0.67	0.35	8385	0.66	0.42	9058	0.48	0.46
5491	0.43	0.35	7046	1.47	0.32	7705	1.47	0.42	8392	0.61	0.44	9060	0.43	0.44
5506	1.41	0.35	7047	1.16	0.32	7710	1.25	0.35	8393	0.39	0.38	9061	0.40	0.44
5507	0.72	0.35	7050	2.24	0.32	7711	1.25	0.35	8500	1.27	0.38	9062	0.46	0.44
5508	0.72	0.35	7090	1.28	0.32	7720	0.71	0.38	8601	0.09	0.35	9063	0.26	0.44
5535	1.21	0.32	7098	1.63	0.32	7725	0.52	0.35	8602	0.43	0.38	9077F	1.63	0.39
5537	0.68	0.38	7099	2.85	0.32	7732	49.97	0.35	8603	0.03	0.42	9082	0.36	0.46
5551	1.74	0.32	7133	0.66	0.35	7855	0.72	0.38	8606	0.39	0.35	9083	0.35	0.46
5606	0.18	0.32	7151	0.80	0.35	8001	0.69	0.42	8709F	0.52	0.27	9084	0.35	0.44
5610	0.88	0.38	7152	1.56	0.35	8002	0.61	0.42	8719	0.48	0.35	9088	a	a
5645	1.48	0.32	7153	0.89	0.35	8006	0.62	0.44	8720	0.28	0.35	9089	0.28	0.44
5703	1.71	0.38	7219	1.40	0.35	8008	0.44	0.44	8721	0.07	0.38	9093	0.40	0.44
5705	2.54	0.38	7222	1.40	0.35	8010	0.52	0.42	8723	0.03	0.42	9101	1.01	0.44
5951	0.12	0.42	7225	1.49	0.38	8013	0.09	0.42	8725	0.54	0.38	9102	0.85	0.42
6003	1.23	0.35	7230	2.19	0.42	8015	0.24	0.42	8726F	0.34	0.33	9154	0.40	0.42
6005	0.82	0.38	7231	2.29	0.42	8017	0.45	0.44	8734	0.08	0.38	9156	0.71	0.44
6018	0.64	0.38	7232	1.65	0.35	8018	0.96	0.42	8737	0.08	0.38	9170	2.10	0.35
6045	0.90	0.38	7309F	1.73	0.27	8021	0.64	0.42	8738	0.14	0.38	9178	2.11	0.46
6204	1.20	0.35	7313F	0.76	0.27	8031	0.59	0.42	8742	0.06	0.38	9179	3.74	0.46

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

Effective January 1, 2025

TABLE OF EXPECTED LOSS RATES AND DISCOUNT RATIOS
APPLICABLE TO ALL POLICIES

CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO
9180	1.47	0.42												
9182	0.61	0.42												
9186	1.98	0.35												
9220	1.30	0.42												
9402	0.91	0.35												
9403	1.53	0.35												
9410	0.69	0.42												
9501	0.74	0.38												
9505	0.80	0.42												
9516	0.73	0.42												
9519	0.88	0.38												
9521	0.71	0.38												
9522	0.65	0.44												
9534	0.78	0.32												
9554	1.54	0.35												
9586	0.13	0.44												
9600	0.56	0.42												
9620	0.36	0.38												

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

Effective January 1, 2025
TABLE OF WEIGHTING VALUES
APPLICABLE TO ALL POLICIES

Expected Losses		Weighting Values	Expected Losses		Weighting Values		
0	--	1,568	0.14	884,199	--	928,673	0.49
1,569	--	4,418	0.15	928,674	--	975,541	0.50
4,419	--	7,336	0.16	975,542	--	1,025,000	0.51
7,337	--	10,325	0.17	1,025,001	--	1,077,270	0.52
10,326	--	11,368	0.18	1,077,271	--	1,132,601	0.53
11,369	--	12,858	0.17	1,132,602	--	1,191,269	0.54
12,859	--	14,892	0.16	1,191,270	--	1,253,585	0.55
14,893	--	17,954	0.15	1,253,586	--	1,319,902	0.56
17,955	--	23,779	0.14	1,319,903	--	1,390,618	0.57
23,780	--	54,644	0.13	1,390,619	--	1,466,185	0.58
54,645	--	73,431	0.14	1,466,186	--	1,547,122	0.59
73,432	--	89,837	0.15	1,547,123	--	1,634,023	0.60
89,838	--	105,618	0.16	1,634,024	--	1,727,571	0.61
105,619	--	121,273	0.17	1,727,572	--	1,828,561	0.62
121,274	--	137,030	0.18	1,828,562	--	1,937,917	0.63
137,031	--	153,019	0.19	1,937,918	--	2,056,725	0.64
153,020	--	169,328	0.20	2,056,726	--	2,186,266	0.65
169,329	--	186,021	0.21	2,186,267	--	2,328,062	0.66
186,022	--	203,151	0.22	2,328,063	--	2,483,942	0.67
203,152	--	220,766	0.23	2,483,943	--	2,656,112	0.68
220,767	--	238,135	0.24	2,656,113	--	2,847,267	0.69
238,136	--	255,206	0.25	2,847,268	--	3,060,732	0.70
255,207	--	272,813	0.26	3,060,733	--	3,300,656	0.71
272,814	--	290,987	0.27	3,300,657	--	3,572,281	0.72
290,988	--	309,760	0.28	3,572,282	--	3,882,338	0.73
309,761	--	329,164	0.29	3,882,339	--	4,239,603	0.74
329,165	--	349,234	0.30	4,239,604	--	4,655,749	0.75
349,235	--	370,009	0.31	4,655,750	--	5,146,638	0.76
370,010	--	391,526	0.32	5,146,639	--	5,734,397	0.77
391,527	--	413,828	0.33	5,734,398	--	6,450,837	0.78
413,829	--	436,962	0.34	6,450,838	--	7,343,414	0.79
436,963	--	460,975	0.35	7,343,415	--	8,486,191	0.80
460,976	--	485,920	0.36	8,486,192	--	10,001,515	0.81
485,921	--	511,853	0.37	10,001,516	--	12,107,047	0.82
511,854	--	538,836	0.38	12,107,048	--	15,231,003	0.83
538,837	--	566,934	0.39	15,231,004	--	20,348,001	0.84
566,935	--	596,219	0.40	20,348,002	--	30,258,755	0.85
596,220	--	626,769	0.41	30,258,756	--	57,635,611	0.86
626,770	--	658,667	0.42	57,635,612	--	491,032,168	0.87
658,668	--	692,006	0.43	491,032,169	--	AND OVER	0.88
692,007	--	726,888	0.44				
726,889	--	763,420	0.45				
763,421	--	801,726	0.46				
801,727	--	841,936	0.47				
841,937	--	884,198	0.48				

(a) G	7.25
(b) State Per Claim Accident Limitation	\$147,000
(c) State Multiple Claim Accident Limitation	\$294,000
(d) USL&HW Per Claim Accident Limitation	\$308,500
(e) USL&HW Multiple Claim Accident Limitation	\$617,000
(f) Employers Liability Accident Limitation	\$55,000
(g) Primary/Excess Loss Split Point	\$18,000
(h) USL&HW Act -- Expected Loss Factor -- Non-F Classes	2.00
<i>(Multiply a Non-F classification ELR by the USL&HW Act - Expected Loss Factor of 2.00.)</i>	

Effective January 1, 2025

**TABLE OF BALLAST VALUES
APPLICABLE TO ALL POLICIES**

Expected Losses	Ballast Values	Expected Losses	Ballast Values	Expected Losses	Ballast Values
0 -- 261,601	33,350	2,457,062 -- 2,521,776	160,225	4,722,372 -- 4,787,098	287,100
261,602 -- 325,158	36,975	2,521,777 -- 2,586,493	163,850	4,787,099 -- 4,851,826	290,725
325,159 -- 389,092	40,600	2,586,494 -- 2,651,210	167,475	4,851,827 -- 4,916,554	294,350
389,093 -- 453,247	44,225	2,651,211 -- 2,715,927	171,100	4,916,555 -- 4,981,282	297,975
453,248 -- 517,543	47,850	2,715,928 -- 2,780,645	174,725	4,981,283 -- 5,046,010	301,600
517,544 -- 581,934	51,475	2,780,646 -- 2,845,364	178,350	5,046,011 -- 5,110,738	305,225
581,935 -- 646,392	55,100	2,845,365 -- 2,910,084	181,975	5,110,739 -- 5,175,466	308,850
646,393 -- 710,900	58,725	2,910,085 -- 2,974,804	185,600	5,175,467 -- 5,240,194	312,475
710,901 -- 775,445	62,350	2,974,805 -- 3,039,525	189,225	5,240,195 -- 5,304,922	316,100
775,446 -- 840,018	65,975	3,039,526 -- 3,104,246	192,850	5,304,923 -- 5,369,651	319,725
840,019 -- 904,614	69,600	3,104,247 -- 3,168,967	196,475	5,369,652 -- 5,434,379	323,350
904,615 -- 969,228	73,225	3,168,968 -- 3,233,689	200,100	5,434,380 -- 5,499,108	326,975
969,229 -- 1,033,856	76,850	3,233,690 -- 3,298,411	203,725	5,499,109 -- 5,563,837	330,600
1,033,857 -- 1,098,497	80,475	3,298,412 -- 3,363,134	207,350	5,563,838 -- 5,628,566	334,225
1,098,498 -- 1,163,148	84,100	3,363,135 -- 3,427,857	210,975	5,628,567 -- 5,693,295	337,850
1,163,149 -- 1,227,807	87,725	3,427,858 -- 3,492,581	214,600	5,693,296 -- 5,758,023	341,475
1,227,808 -- 1,292,474	91,350	3,492,582 -- 3,557,304	218,225	5,758,024 -- 5,822,752	345,100
1,292,475 -- 1,357,146	94,975	3,557,305 -- 3,622,028	221,850	5,822,753 -- 5,887,482	348,725
1,357,147 -- 1,421,825	98,600	3,622,029 -- 3,686,753	225,475	5,887,483 -- 5,952,211	352,350
1,421,826 -- 1,486,507	102,225	3,686,754 -- 3,751,477	229,100	5,952,212 -- 6,016,940	355,975
1,486,508 -- 1,551,194	105,850	3,751,478 -- 3,816,202	232,725	6,016,941 -- 6,081,669	359,600
1,551,195 -- 1,615,885	109,475	3,816,203 -- 3,880,927	236,350	6,081,670 -- 6,146,399	363,225
1,615,886 -- 1,680,579	113,100	3,880,928 -- 3,945,652	239,975	6,146,400 -- 6,211,128	366,850
1,680,580 -- 1,745,275	116,725	3,945,653 -- 4,010,378	243,600	6,211,129 -- 6,275,857	370,475
1,745,276 -- 1,809,974	120,350	4,010,379 -- 4,075,104	247,225	6,275,858 -- 6,340,587	374,100
1,809,975 -- 1,874,676	123,975	4,075,105 -- 4,139,830	250,850	6,340,588 -- 6,404,650	377,725
1,874,677 -- 1,939,379	127,600	4,139,831 -- 4,204,556	254,475		
1,939,380 -- 2,004,085	131,225	4,204,557 -- 4,269,282	258,100		
2,004,086 -- 2,068,792	134,850	4,269,283 -- 4,334,009	261,725		
2,068,793 -- 2,133,500	138,475	4,334,010 -- 4,398,735	265,350		
2,133,501 -- 2,198,210	142,100	4,398,736 -- 4,463,462	268,975		
2,198,211 -- 2,262,921	145,725	4,463,463 -- 4,528,189	272,600		
2,262,922 -- 2,327,633	149,350	4,528,190 -- 4,592,916	276,225		
2,327,634 -- 2,392,347	152,975	4,592,917 -- 4,657,643	279,850		
2,392,348 -- 2,457,061	156,600	4,657,644 -- 4,722,371	283,475		

For Expected Losses greater than \$6,404,650, the Ballast Value can be calculated using the following formula (rounded to the nearest 1):

$$\text{Ballast} = (0.056)(\text{Expected Losses}) + 2876.4(\text{Expected Losses})(7.25) / (\text{Expected Losses} + (600)(7.25))$$

G = 7.25

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

INDIANA—UPDATE TO EXPERIENCE RATING PREMIUM ELIGIBILITY AMOUNTS

EXPERIENCE RATING PLAN MANUAL—2003 EDITION RULE 2—EXPERIENCE RATING ELEMENTS AND FORMULA A. PREMIUM ELIGIBILITY

2. State Subject Premium Eligibility Amounts

A risk qualifies for experience rating when its subject premium, developed in its experience period, meets or exceeds the minimum eligibility amount shown in the State Table of Subject Premium Eligibility Amounts in Rule 2-A-2-c. *Refer to Rule 2-E-1 to determine a risk's experience period.*

- a. A risk qualifies for experience rating if its data within the most recent 24 months of the experience period develops a subject premium of at least the amount shown in Column A.
- b. A risk may not qualify according to Rule 2-A-2-a. If it has more than the amount of experience referenced in Rule 2-A-2-a, then to qualify for experience rating the risk must develop an average annual subject premium of at least the amount shown in Column B. *Refer to Rule 2-A-3 to determine average annual subject premium.*
- c. A risk's rating effective date determines the applicable Column A and Column B subject premium eligibility amounts required to qualify for experience rating. *Refer to Rule 2-B for rating effective date determination.*

State Table of Subject Premium Eligibility Amounts

State	Rating Effective Date	Column A (\$)	Column B (\$)
IN	<u>7/1/25 and after</u>	<u>7,000</u>	<u>3,500</u>
	<u>7/1/24 - 6/30/25</u>	6,500	3,250
	<u>7/1/23 - 6/30/24</u>	6,500	3,250

NOTE: This exhibit revises the Indiana experience rating subject premium eligibility amounts shown in the State Table of Subject Premium Eligibility Amounts in NCCI's *Experience Rating Plan Manual* national Rule 2-A-2-c. The content shown in this table is not a complete replacement of the existing State Table of Subject Premium Eligibility Amounts. The premium eligibility amounts are applicable to all policies.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Proposed Values for Inclusion in the Retrospective Rating Plan Manual

The following pages include proposed values for inclusion in the Retrospective Rating Plan Manual, such as:

- Average Cost Per Case
- Excess Loss Factors
- Excess Loss Pure Premium Factors
- Expected Loss Ratios
- Retrospective Development Factors
- Retrospective Pure Premium Development Factors
- Tables of Expense Ratios
- Tax Multipliers

**RETROSPECTIVE RATING PLAN MANUAL
STATE SPECIAL RATING VALUES**

**INDIANA
RR 1**

Effective January 1, 2025

Original Printing

1. Average Cost per Case by Hazard Group

A	B	C	D	E	F	G
5,538	6,874	9,064	11,235	15,102	23,126	32,735

Average Cost per Case including ALAE by Hazard Group

A	B	C	D	E	F	G
6,041	7,493	9,872	12,229	16,415	25,121	35,529

2. Tax Multipliers

- a. State (non-F Classes) 1.018
- b. Federal Classes, or non-F classes where rate is increased by the USL&HW Act Percentage 1.041

3. Countrywide Expected Loss Ratio
0.595

Countrywide Expected Loss and Allocated Expense Ratio
0.660

4. Table of Expense Ratios

Type A: 2024-01
Type B: 2024-01

5.

Excess Loss Factors

(Applicable to New and Renewal Policies)

Per Accident Limitation

	Hazard Groups						
	A	B	C	D	E	F	G
\$10,000	0.386	0.413	0.441	0.464	0.493	0.512	0.539
\$15,000	0.345	0.373	0.404	0.428	0.461	0.482	0.513
\$20,000	0.313	0.342	0.374	0.399	0.434	0.457	0.491
\$25,000	0.287	0.316	0.348	0.374	0.411	0.436	0.472
\$30,000	0.265	0.293	0.327	0.353	0.391	0.416	0.454
\$35,000	0.246	0.274	0.307	0.333	0.372	0.399	0.438
\$40,000	0.230	0.257	0.290	0.316	0.356	0.383	0.423
\$50,000	0.203	0.229	0.262	0.287	0.327	0.355	0.396
\$75,000	0.158	0.181	0.211	0.234	0.274	0.302	0.343
\$100,000	0.129	0.150	0.178	0.198	0.237	0.264	0.304
\$125,000	0.109	0.128	0.154	0.173	0.210	0.236	0.274
\$150,000	0.094	0.112	0.136	0.153	0.188	0.214	0.249
\$175,000	0.082	0.099	0.121	0.137	0.171	0.196	0.230
\$200,000	0.073	0.088	0.110	0.125	0.157	0.181	0.213
\$225,000	0.066	0.080	0.100	0.114	0.146	0.168	0.199
\$250,000	0.060	0.073	0.092	0.105	0.136	0.157	0.187
\$275,000	0.054	0.067	0.085	0.097	0.127	0.147	0.176
\$300,000	0.050	0.062	0.079	0.091	0.119	0.139	0.167
\$325,000	0.046	0.057	0.074	0.085	0.113	0.132	0.158
\$350,000	0.043	0.054	0.070	0.080	0.107	0.125	0.150
\$375,000	0.040	0.050	0.066	0.075	0.101	0.119	0.144
\$400,000	0.038	0.047	0.062	0.071	0.097	0.114	0.137
\$425,000	0.035	0.045	0.059	0.068	0.092	0.109	0.132
\$450,000	0.033	0.042	0.056	0.064	0.088	0.105	0.126
\$475,000	0.032	0.040	0.053	0.061	0.085	0.100	0.122
\$500,000	0.030	0.038	0.051	0.059	0.082	0.097	0.117
\$600,000	0.025	0.032	0.044	0.050	0.071	0.084	0.102
\$700,000	0.021	0.028	0.038	0.044	0.063	0.075	0.091
\$800,000	0.019	0.024	0.034	0.039	0.057	0.068	0.082
\$900,000	0.017	0.022	0.031	0.035	0.052	0.062	0.075
\$1,000,000	0.015	0.020	0.028	0.032	0.048	0.057	0.069
\$2,000,000	0.008	0.011	0.016	0.018	0.028	0.034	0.041
\$3,000,000	0.005	0.007	0.011	0.013	0.021	0.025	0.030
\$4,000,000	0.004	0.006	0.009	0.010	0.017	0.020	0.024
\$5,000,000	0.003	0.005	0.007	0.008	0.014	0.017	0.020
\$6,000,000	0.003	0.004	0.006	0.007	0.011	0.014	0.017
\$7,000,000	0.002	0.003	0.005	0.006	0.010	0.012	0.015
\$8,000,000	0.002	0.003	0.004	0.005	0.008	0.011	0.013
\$9,000,000	0.002	0.002	0.004	0.004	0.007	0.009	0.011
\$10,000,000	0.001	0.002	0.003	0.004	0.006	0.008	0.010

Effective January 1, 2025

**Excess Loss and
Allocated Expense Factors**
(Applicable to New and Renewal Policies)

Per Accident Limitation	Hazard Groups						
	A	B	C	D	E	F	G
\$10,000	0.428	0.456	0.486	0.511	0.540	0.561	0.589
\$15,000	0.384	0.414	0.447	0.473	0.507	0.530	0.563
\$20,000	0.350	0.381	0.415	0.442	0.479	0.504	0.540
\$25,000	0.322	0.353	0.388	0.416	0.455	0.481	0.519
\$30,000	0.298	0.329	0.364	0.393	0.433	0.460	0.501
\$35,000	0.277	0.308	0.344	0.372	0.413	0.442	0.483
\$40,000	0.260	0.290	0.326	0.354	0.396	0.425	0.468
\$50,000	0.231	0.259	0.295	0.322	0.365	0.395	0.439
\$75,000	0.181	0.206	0.239	0.264	0.307	0.338	0.382
\$100,000	0.149	0.172	0.202	0.225	0.266	0.296	0.340
\$125,000	0.126	0.147	0.176	0.196	0.236	0.265	0.307
\$150,000	0.110	0.129	0.156	0.175	0.213	0.240	0.280
\$175,000	0.097	0.115	0.140	0.157	0.194	0.221	0.258
\$200,000	0.086	0.103	0.127	0.143	0.179	0.204	0.240
\$225,000	0.078	0.093	0.116	0.131	0.165	0.190	0.224
\$250,000	0.071	0.085	0.107	0.121	0.154	0.178	0.211
\$275,000	0.065	0.079	0.099	0.113	0.145	0.167	0.199
\$300,000	0.060	0.073	0.092	0.105	0.136	0.158	0.188
\$325,000	0.055	0.068	0.086	0.098	0.129	0.150	0.179
\$350,000	0.052	0.063	0.081	0.093	0.122	0.142	0.171
\$375,000	0.048	0.060	0.077	0.088	0.116	0.136	0.163
\$400,000	0.045	0.056	0.073	0.083	0.111	0.130	0.156
\$425,000	0.043	0.053	0.069	0.079	0.106	0.124	0.150
\$450,000	0.040	0.050	0.066	0.075	0.101	0.119	0.144
\$475,000	0.038	0.048	0.063	0.072	0.097	0.115	0.138
\$500,000	0.036	0.046	0.060	0.069	0.094	0.111	0.133
\$600,000	0.030	0.038	0.051	0.058	0.081	0.097	0.117
\$700,000	0.026	0.033	0.045	0.051	0.072	0.086	0.104
\$800,000	0.023	0.029	0.040	0.045	0.065	0.078	0.094
\$900,000	0.020	0.026	0.036	0.041	0.060	0.071	0.086
\$1,000,000	0.018	0.024	0.033	0.037	0.055	0.066	0.079
\$2,000,000	0.009	0.013	0.018	0.021	0.032	0.039	0.046
\$3,000,000	0.006	0.009	0.013	0.015	0.024	0.029	0.034
\$4,000,000	0.005	0.007	0.010	0.011	0.019	0.023	0.027
\$5,000,000	0.004	0.005	0.008	0.009	0.015	0.019	0.022
\$6,000,000	0.003	0.004	0.007	0.008	0.013	0.016	0.019
\$7,000,000	0.003	0.004	0.006	0.007	0.011	0.014	0.016
\$8,000,000	0.002	0.003	0.005	0.006	0.010	0.012	0.014
\$9,000,000	0.002	0.003	0.004	0.005	0.008	0.011	0.013
\$10,000,000	0.002	0.002	0.004	0.004	0.007	0.010	0.011

6.

Retrospective Development Factors

With Loss Limit			Without Loss Limit			4th & Subsequent Adjustment
1st Adj.	2nd Adj.	3rd Adj.	1st Adj.	2nd Adj.	3rd Adj.	
0.02	0.01	0.00	0.04	0.02	0.01	0.00

**RETROSPECTIVE RATING PLAN MANUAL
STATE SPECIAL RATING VALUES**

**INDIANA
RR 1**

Effective January 1, 2025

Original Printing

1. Average Cost per Case by Hazard Group

A	B	C	D	E	F	G
5,538	6,874	9,064	11,235	15,102	23,126	32,735

Average Cost per Case including ALAE by Hazard Group

A	B	C	D	E	F	G
6,041	7,493	9,872	12,229	16,415	25,121	35,529

2.

Excess Loss Pure Premium Factors
(Applicable to New and Renewal Policies)

Per Accident Limitation	Hazard Groups						
	A	B	C	D	E	F	G
\$10,000	0.528	0.564	0.602	0.634	0.673	0.699	0.736
\$15,000	0.471	0.510	0.552	0.585	0.629	0.658	0.701
\$20,000	0.428	0.467	0.510	0.545	0.593	0.625	0.671
\$25,000	0.392	0.431	0.476	0.511	0.561	0.595	0.644
\$30,000	0.362	0.401	0.446	0.482	0.534	0.569	0.620
\$35,000	0.336	0.374	0.420	0.455	0.509	0.545	0.598
\$40,000	0.314	0.351	0.397	0.432	0.486	0.523	0.578
\$50,000	0.277	0.313	0.358	0.392	0.447	0.485	0.541
\$75,000	0.215	0.248	0.289	0.320	0.374	0.413	0.469
\$100,000	0.176	0.205	0.243	0.271	0.323	0.361	0.415
\$125,000	0.149	0.175	0.210	0.236	0.286	0.322	0.374
\$150,000	0.128	0.152	0.185	0.209	0.257	0.292	0.341
\$175,000	0.113	0.135	0.166	0.188	0.234	0.267	0.314
\$200,000	0.100	0.121	0.150	0.170	0.215	0.247	0.291
\$225,000	0.090	0.109	0.137	0.156	0.199	0.229	0.272
\$250,000	0.081	0.099	0.126	0.144	0.185	0.214	0.255
\$275,000	0.074	0.091	0.116	0.133	0.173	0.201	0.240
\$300,000	0.068	0.084	0.108	0.124	0.163	0.190	0.227
\$325,000	0.063	0.078	0.101	0.116	0.154	0.180	0.216
\$350,000	0.059	0.073	0.095	0.109	0.146	0.171	0.205
\$375,000	0.055	0.069	0.090	0.103	0.138	0.163	0.196
\$400,000	0.051	0.065	0.085	0.097	0.132	0.155	0.188
\$425,000	0.048	0.061	0.080	0.092	0.126	0.149	0.180
\$450,000	0.046	0.058	0.076	0.088	0.121	0.143	0.173
\$475,000	0.043	0.055	0.073	0.084	0.116	0.137	0.166
\$500,000	0.041	0.052	0.070	0.080	0.111	0.132	0.160
\$600,000	0.034	0.044	0.059	0.068	0.097	0.115	0.140
\$700,000	0.029	0.038	0.052	0.060	0.086	0.103	0.125
\$800,000	0.026	0.033	0.046	0.053	0.078	0.093	0.112
\$900,000	0.023	0.030	0.042	0.048	0.071	0.085	0.103
\$1,000,000	0.021	0.027	0.038	0.044	0.065	0.078	0.095
\$2,000,000	0.011	0.015	0.022	0.024	0.039	0.047	0.056
\$3,000,000	0.007	0.010	0.015	0.017	0.029	0.035	0.041
\$4,000,000	0.005	0.008	0.012	0.014	0.023	0.028	0.032
\$5,000,000	0.004	0.006	0.010	0.011	0.019	0.023	0.027
\$6,000,000	0.003	0.005	0.008	0.009	0.016	0.020	0.023
\$7,000,000	0.003	0.004	0.007	0.008	0.013	0.017	0.020
\$8,000,000	0.002	0.004	0.006	0.007	0.012	0.015	0.017
\$9,000,000	0.002	0.003	0.005	0.006	0.010	0.013	0.015
\$10,000,000	0.002	0.003	0.004	0.005	0.009	0.011	0.014

Effective January 1, 2025

**Excess Loss and Allocated
Expense Pure Premium Factors**
(Applicable to New and Renewal Policies)

Per Accident Limitation	Hazard Groups						
	A	B	C	D	E	F	G
\$10,000	0.584	0.623	0.663	0.696	0.737	0.765	0.803
\$15,000	0.524	0.565	0.610	0.645	0.692	0.723	0.767
\$20,000	0.478	0.519	0.566	0.603	0.653	0.687	0.736
\$25,000	0.439	0.481	0.529	0.567	0.620	0.656	0.708
\$30,000	0.406	0.448	0.497	0.536	0.591	0.628	0.683
\$35,000	0.378	0.420	0.469	0.507	0.564	0.603	0.659
\$40,000	0.354	0.395	0.444	0.482	0.540	0.580	0.638
\$50,000	0.314	0.354	0.402	0.439	0.498	0.539	0.599
\$75,000	0.246	0.281	0.326	0.360	0.419	0.461	0.522
\$100,000	0.203	0.235	0.276	0.307	0.363	0.404	0.463
\$125,000	0.172	0.201	0.240	0.268	0.322	0.362	0.418
\$150,000	0.149	0.176	0.212	0.238	0.290	0.328	0.382
\$175,000	0.132	0.156	0.190	0.214	0.265	0.301	0.352
\$200,000	0.118	0.141	0.173	0.195	0.244	0.278	0.327
\$225,000	0.106	0.127	0.158	0.179	0.226	0.259	0.306
\$250,000	0.097	0.117	0.146	0.165	0.210	0.243	0.287
\$275,000	0.088	0.107	0.135	0.153	0.197	0.228	0.271
\$300,000	0.082	0.099	0.126	0.143	0.186	0.216	0.257
\$325,000	0.076	0.093	0.118	0.134	0.175	0.204	0.244
\$350,000	0.070	0.087	0.111	0.126	0.166	0.194	0.233
\$375,000	0.066	0.081	0.105	0.119	0.158	0.185	0.222
\$400,000	0.062	0.077	0.099	0.113	0.151	0.177	0.213
\$425,000	0.058	0.072	0.094	0.107	0.144	0.170	0.204
\$450,000	0.055	0.069	0.090	0.102	0.138	0.163	0.196
\$475,000	0.052	0.065	0.085	0.098	0.133	0.157	0.189
\$500,000	0.050	0.062	0.082	0.093	0.128	0.151	0.182
\$600,000	0.041	0.052	0.070	0.080	0.111	0.132	0.159
\$700,000	0.036	0.045	0.061	0.070	0.099	0.117	0.142
\$800,000	0.031	0.040	0.054	0.062	0.089	0.106	0.128
\$900,000	0.028	0.036	0.049	0.056	0.081	0.097	0.117
\$1,000,000	0.025	0.032	0.045	0.051	0.075	0.090	0.108
\$2,000,000	0.013	0.017	0.025	0.028	0.044	0.053	0.063
\$3,000,000	0.009	0.012	0.018	0.020	0.032	0.039	0.046
\$4,000,000	0.007	0.009	0.014	0.015	0.026	0.031	0.037
\$5,000,000	0.005	0.007	0.011	0.013	0.021	0.026	0.030
\$6,000,000	0.004	0.006	0.009	0.011	0.018	0.022	0.026
\$7,000,000	0.004	0.005	0.008	0.009	0.015	0.019	0.022
\$8,000,000	0.003	0.004	0.007	0.008	0.013	0.017	0.020
\$9,000,000	0.003	0.004	0.006	0.007	0.012	0.015	0.017
\$10,000,000	0.002	0.003	0.005	0.006	0.010	0.013	0.015

3.

Retrospective Pure Premium Development Factors

With Loss Limit			Without Loss Limit			4th & Subsequent Adjustment
1st Adj.	2nd Adj.	3rd Adj.	1st Adj.	2nd Adj.	3rd Adj.	
0.02	0.01	0.00	0.05	0.02	0.01	0.00

Table of Expense Ratios - Excluding Taxes and Including Profit and Contingencies

Type A: 2024-01

WC Premium Range		Expense Ratio	WC Premium Range		Expense Ratio	WC Premium Range		Expense Ratio
From	To		From	To		From	To	
0	- 10,055	0.371	21,928	- 22,469	0.322	393,334	- 424,799	0.274
10,056	- 10,167	0.370	22,470	- 23,037	0.321	424,800	- 461,739	0.273
10,168	- 10,282	0.369	23,038	- 23,636	0.320	461,740	- 505,714	0.272
10,283	- 10,399	0.368	23,637	- 24,266	0.319	505,715	- 558,947	0.271
10,400	- 10,520	0.367	24,267	- 24,931	0.318	558,948	- 624,705	0.270
10,521	- 10,643	0.366	24,932	- 25,633	0.317	624,706	- 707,999	0.269
10,644	- 10,769	0.365	25,634	- 26,376	0.316	708,000	- 816,923	0.268
10,770	- 10,898	0.364	26,377	- 27,164	0.316	816,924	- 965,454	0.267
10,899	- 11,030	0.363	27,165	- 27,999	0.315	965,455	- 1,179,999	0.266
11,031	- 11,165	0.362	28,000	- 28,888	0.314	1,180,000	- 1,517,142	0.265
11,166	- 11,304	0.361	28,889	- 29,836	0.313	1,517,143	- 1,824,799	0.264
11,305	- 11,446	0.360	29,837	- 30,847	0.312	1,824,800	- 1,983,478	0.263
11,447	- 11,592	0.359	30,848	- 31,929	0.311	1,983,479	- 2,172,380	0.262
11,593	- 11,741	0.358	31,930	- 33,090	0.310	2,172,381	- 2,401,052	0.261
11,742	- 11,895	0.357	33,091	- 34,339	0.309	2,401,053	- 2,683,529	0.260
11,896	- 12,052	0.356	34,340	- 35,686	0.308	2,683,530	- 3,041,333	0.260
12,053	- 12,214	0.355	35,687	- 37,142	0.307	3,041,334	- 3,509,230	0.259
12,215	- 12,380	0.354	37,143	- 38,723	0.306	3,509,231	- 4,147,272	0.258
12,381	- 12,551	0.353	38,724	- 40,444	0.305	4,147,273	- 5,068,888	0.257
12,552	- 12,727	0.352	40,445	- 42,325	0.304	5,068,889	- 6,517,142	0.256
12,728	- 12,907	0.351	42,326	- 44,390	0.303	6,517,143	- 9,123,999	0.255
12,908	- 13,093	0.350	44,391	- 46,666	0.302	9,124,000	- 15,206,666	0.254
13,094	- 13,284	0.349	46,667	- 49,189	0.301	15,206,667	- 45,619,999	0.253
13,285	- 13,481	0.348	49,190	- 51,999	0.300	45,620,000	- And Above	0.252
13,482	- 13,684	0.347	52,000	- 55,151	0.299			
13,685	- 13,893	0.346	55,152	- 58,709	0.298			
13,894	- 14,108	0.345	58,710	- 62,758	0.297			
14,109	- 14,330	0.344	62,759	- 67,407	0.296			
14,331	- 14,559	0.343	67,408	- 72,799	0.295			
14,560	- 14,796	0.343	72,800	- 79,130	0.294			
14,797	- 15,041	0.342	79,131	- 86,666	0.293			
15,042	- 15,294	0.341	86,667	- 95,789	0.292			
15,295	- 15,555	0.340	95,790	- 107,058	0.291			
15,556	- 15,826	0.339	107,059	- 121,333	0.290			
15,827	- 16,106	0.338	121,334	- 139,999	0.289			
16,107	- 16,396	0.337	140,000	- 165,454	0.288			
16,397	- 16,697	0.336	165,455	- 200,377	0.288			
16,698	- 17,009	0.335	200,378	- 208,235	0.287			
17,010	- 17,333	0.334	208,236	- 216,734	0.286			
17,334	- 17,669	0.333	216,735	- 225,957	0.285			
17,670	- 18,019	0.332	225,958	- 235,999	0.284			
18,020	- 18,383	0.331	236,000	- 246,976	0.283			
18,384	- 18,762	0.330	246,977	- 259,024	0.282			
18,763	- 19,157	0.329	259,025	- 272,307	0.281			
19,158	- 19,569	0.328	272,308	- 287,027	0.280			
19,570	- 19,999	0.327	287,028	- 303,428	0.279			
20,000	- 20,449	0.326	303,429	- 321,818	0.278	First	- 10,000	0.0%
20,450	- 20,919	0.325	321,819	- 342,580	0.277	Next	- 190,000	9.1%
20,920	- 21,411	0.324	342,581	- 366,206	0.276	Next	- 1,550,000	11.3%
21,412	- 21,927	0.323	366,207	- 393,333	0.275	Over	- 1,750,000	12.3%
						Expected Loss Ratio:		0.595
						Tax Multiplier:		1.036

Table of Expense Ratios - Excluding Taxes and Including Profit and Contingencies

Type B: 2024-01

WC Premium Range From	To	Expense Ratio	WC Premium Range From	To	Expense Ratio	WC Premium Range From	To	Expense Ratio
0	- 10,099	0.371	19,246	- 19,999	0.346	213,549	- 228,275	0.322
10,100	- 10,303	0.370	20,000	- 20,816	0.345	228,276	- 245,185	0.321
10,304	- 10,515	0.369	20,817	- 21,702	0.344	245,186	- 264,799	0.320
10,516	- 10,736	0.368	21,703	- 22,666	0.343	264,800	- 287,826	0.319
10,737	- 10,967	0.367	22,667	- 23,720	0.343	287,827	- 315,238	0.318
10,968	- 11,208	0.366	23,721	- 24,878	0.342	315,239	- 348,421	0.317
11,209	- 11,460	0.365	24,879	- 26,153	0.341	348,422	- 389,411	0.316
11,461	- 11,724	0.364	26,154	- 27,567	0.340	389,412	- 441,333	0.316
11,725	- 11,999	0.363	27,568	- 29,142	0.339	441,334	- 509,230	0.315
12,000	- 12,289	0.362	29,143	- 30,909	0.338	509,231	- 601,818	0.314
12,290	- 12,592	0.361	30,910	- 32,903	0.337	601,819	- 735,555	0.313
12,593	- 12,911	0.360	32,904	- 35,172	0.336	735,556	- 945,714	0.312
12,912	- 13,246	0.359	35,173	- 37,777	0.335	945,715	- 1,323,999	0.311
13,247	- 13,599	0.358	37,778	- 40,799	0.334	1,324,000	- 1,809,565	0.310
13,600	- 13,972	0.357	40,800	- 44,347	0.333	1,809,566	- 1,981,904	0.309
13,973	- 14,366	0.356	44,348	- 48,571	0.332	1,981,905	- 2,190,526	0.308
14,367	- 14,782	0.355	48,572	- 53,684	0.331	2,190,527	- 2,448,235	0.307
14,783	- 15,223	0.354	53,685	- 59,999	0.330	2,448,236	- 2,774,666	0.306
15,224	- 15,692	0.353	60,000	- 67,999	0.329	2,774,667	- 3,201,538	0.305
15,693	- 16,190	0.352	68,000	- 78,461	0.328	3,201,539	- 3,783,636	0.304
16,191	- 16,721	0.351	78,462	- 92,727	0.327	3,783,637	- 4,624,444	0.303
16,722	- 17,288	0.350	92,728	- 113,333	0.326	4,624,445	- 5,945,714	0.302
17,289	- 17,894	0.349	113,334	- 145,714	0.325	5,945,715	- 8,323,999	0.301
17,895	- 18,545	0.348	145,715	- 200,606	0.324	8,324,000	- 13,873,333	0.300
18,546	- 19,245	0.347	200,607	- 213,548	0.323	13,873,334	- 41,619,999	0.299
						41,620,000	- And Above	0.298
						First	- 10,000	0.0%
						Next	- 190,000	5.1%
						Next	- 1,550,000	6.5%
						Over	- 1,750,000	7.5%
						Expected Loss Ratio:		0.595
						Tax Multiplier:		1.036

Table of Expense Ratios - Excluding Allocated Loss Adjustment Expense and Taxes and Including Profit and Contingencies

Type A: 2024-01

WC Premium Range From	To	Expense Ratio	WC Premium Range From	To	Expense Ratio	WC Premium Range From	To	Expense Ratio			
0	-	10,055	0.305	21,928	-	22,469	0.257	393,334	-	424,799	0.209
10,056	-	10,167	0.304	22,470	-	23,037	0.256	424,800	-	461,739	0.208
10,168	-	10,282	0.303	23,038	-	23,636	0.255	461,740	-	505,714	0.207
10,283	-	10,399	0.302	23,637	-	24,266	0.254	505,715	-	558,947	0.206
10,400	-	10,520	0.301	24,267	-	24,931	0.253	558,948	-	624,705	0.205
10,521	-	10,643	0.300	24,932	-	25,633	0.252	624,706	-	707,999	0.204
10,644	-	10,769	0.299	25,634	-	26,376	0.251	708,000	-	816,923	0.203
10,770	-	10,898	0.298	26,377	-	27,164	0.250	816,924	-	965,454	0.202
10,899	-	11,030	0.297	27,165	-	27,999	0.249	965,455	-	1,179,999	0.201
11,031	-	11,165	0.296	28,000	-	28,888	0.248	1,180,000	-	1,517,142	0.200
11,166	-	11,304	0.295	28,889	-	29,836	0.247	1,517,143	-	1,824,799	0.199
11,305	-	11,446	0.294	29,837	-	30,847	0.246	1,824,800	-	1,983,478	0.198
11,447	-	11,592	0.294	30,848	-	31,929	0.245	1,983,479	-	2,172,380	0.197
11,593	-	11,741	0.293	31,930	-	33,090	0.244	2,172,381	-	2,401,052	0.196
11,742	-	11,895	0.292	33,091	-	34,339	0.243	2,401,053	-	2,683,529	0.195
11,896	-	12,052	0.291	34,340	-	35,686	0.242	2,683,530	-	3,041,333	0.194
12,053	-	12,214	0.290	35,687	-	37,142	0.241	3,041,334	-	3,509,230	0.193
12,215	-	12,380	0.289	37,143	-	38,723	0.240	3,509,231	-	4,147,272	0.192
12,381	-	12,551	0.288	38,724	-	40,444	0.239	4,147,273	-	5,068,888	0.191
12,552	-	12,727	0.287	40,445	-	42,325	0.239	5,068,889	-	6,517,142	0.190
12,728	-	12,907	0.286	42,326	-	44,390	0.238	6,517,143	-	9,123,999	0.189
12,908	-	13,093	0.285	44,391	-	46,666	0.237	9,124,000	-	15,206,666	0.188
13,094	-	13,284	0.284	46,667	-	49,189	0.236	15,206,667	-	45,619,999	0.187
13,285	-	13,481	0.283	49,190	-	51,999	0.235	45,620,000	-	And Above	0.186
13,482	-	13,684	0.282	52,000	-	55,151	0.234				
13,685	-	13,893	0.281	55,152	-	58,709	0.233				
13,894	-	14,108	0.280	58,710	-	62,758	0.232				
14,109	-	14,330	0.279	62,759	-	67,407	0.231				
14,331	-	14,559	0.278	67,408	-	72,799	0.230				
14,560	-	14,796	0.277	72,800	-	79,130	0.229				
14,797	-	15,041	0.276	79,131	-	86,666	0.228				
15,042	-	15,294	0.275	86,667	-	95,789	0.227				
15,295	-	15,555	0.274	95,790	-	107,058	0.226				
15,556	-	15,826	0.273	107,059	-	121,333	0.225				
15,827	-	16,106	0.272	121,334	-	139,999	0.224				
16,107	-	16,396	0.271	140,000	-	165,454	0.223				
16,397	-	16,697	0.270	165,455	-	200,377	0.222				
16,698	-	17,009	0.269	200,378	-	208,235	0.221				
17,010	-	17,333	0.268	208,236	-	216,734	0.220				
17,334	-	17,669	0.267	216,735	-	225,957	0.219				
17,670	-	18,019	0.266	225,958	-	235,999	0.218				
18,020	-	18,383	0.266	236,000	-	246,976	0.217				
18,384	-	18,762	0.265	246,977	-	259,024	0.216				
18,763	-	19,157	0.264	259,025	-	272,307	0.215				
19,158	-	19,569	0.263	272,308	-	287,027	0.214				
19,570	-	19,999	0.262	287,028	-	303,428	0.213				
20,000	-	20,449	0.261	303,429	-	321,818	0.212	First	-	10,000	0.0%
20,450	-	20,919	0.260	321,819	-	342,580	0.211	Next	-	190,000	9.1%
20,920	-	21,411	0.259	342,581	-	366,206	0.211	Next	-	1,550,000	11.3%
21,412	-	21,927	0.258	366,207	-	393,333	0.210	Over	-	1,750,000	12.3%
								Expected Loss and ALAE Ratio:			0.660
								Tax Multiplier:			1.036

Table of Expense Ratios - Excluding Allocated Loss Adjustment Expense and Taxes and Including Profit and Contingencies

Type B: 2024-01

WC Premium Range		Expense Ratio
From	To	
0	- 10,099	0.305
10,100	- 10,303	0.304
10,304	- 10,515	0.303
10,516	- 10,736	0.302
10,737	- 10,967	0.301
10,968	- 11,208	0.300
11,209	- 11,460	0.299
11,461	- 11,724	0.298
11,725	- 11,999	0.297
12,000	- 12,289	0.296
12,290	- 12,592	0.295
12,593	- 12,911	0.294
12,912	- 13,246	0.294
13,247	- 13,599	0.293
13,600	- 13,972	0.292
13,973	- 14,366	0.291
14,367	- 14,782	0.290
14,783	- 15,223	0.289
15,224	- 15,692	0.288
15,693	- 16,190	0.287
16,191	- 16,721	0.286
16,722	- 17,288	0.285
17,289	- 17,894	0.284
17,895	- 18,545	0.283
18,546	- 19,245	0.282

WC Premium Range		Expense Ratio
From	To	
19,246	- 19,999	0.281
20,000	- 20,816	0.280
20,817	- 21,702	0.279
21,703	- 22,666	0.278
22,667	- 23,720	0.277
23,721	- 24,878	0.276
24,879	- 26,153	0.275
26,154	- 27,567	0.274
27,568	- 29,142	0.273
29,143	- 30,909	0.272
30,910	- 32,903	0.271
32,904	- 35,172	0.270
35,173	- 37,777	0.269
37,778	- 40,799	0.268
40,800	- 44,347	0.267
44,348	- 48,571	0.266
48,572	- 53,684	0.266
53,685	- 59,999	0.265
60,000	- 67,999	0.264
68,000	- 78,461	0.263
78,462	- 92,727	0.262
92,728	- 113,333	0.261
113,334	- 145,714	0.260
145,715	- 200,606	0.259
200,607	- 213,548	0.258

WC Premium Range		Expense Ratio
From	To	
213,549	- 228,275	0.257
228,276	- 245,185	0.256
245,186	- 264,799	0.255
264,800	- 287,826	0.254
287,827	- 315,238	0.253
315,239	- 348,421	0.252
348,422	- 389,411	0.251
389,412	- 441,333	0.250
441,334	- 509,230	0.249
509,231	- 601,818	0.248
601,819	- 735,555	0.247
735,556	- 945,714	0.246
945,715	- 1,323,999	0.245
1,324,000	- 1,809,565	0.244
1,809,566	- 1,981,904	0.243
1,981,905	- 2,190,526	0.242
2,190,527	- 2,448,235	0.241
2,448,236	- 2,774,666	0.240
2,774,667	- 3,201,538	0.239
3,201,539	- 3,783,636	0.239
3,783,637	- 4,624,444	0.238
4,624,445	- 5,945,714	0.237
5,945,715	- 8,323,999	0.236
8,324,000	- 13,873,333	0.235
13,873,334	- 41,619,999	0.234
41,620,000	- And Above	0.233
First	10,000	0.0%
Next	190,000	5.1%
Next	1,550,000	6.5%
Over	1,750,000	7.5%
Expected Loss and ALAE Ratio:		0.660
Tax Multiplier:		1.036



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Part 3 Supporting Exhibits

- Exhibit I: Determination of Indicated Rate Level Change
- Exhibit II: Workers Compensation Expense Program
- Appendix A: Factors Underlying the Proposed Rate Level Change
- Appendix B: Calculations Underlying the Rate Change by Classification
- Appendix C: Memoranda for Laws



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Exhibit I – Determination of Indicated Rate Level Change

NCCI analyzed the emerging experience of Indiana workers compensation policies in recent years. The primary focus of our analysis was on premiums and losses from the proposed experience period, as shown in the exhibits on the next few pages.

Determination of the Loss Base

In analyzing losses for the purpose of Aggregate Ratemaking, NCCI reviews both “paid” and “paid plus case” loss data, which are (i) the benefit amounts already paid by insurers on reported claims and (ii) the benefit amounts already paid by insurers on reported claims plus the amounts set aside to cover future payments on those claims.

During this year’s analysis, which included an assessment of possible pandemic claim-related impacts, a combination of both paid and paid plus case data was selected to best reflect the conditions likely to prevail in the proposed effective period. This methodology makes the most use of the available financial data information and is consistent with prior filings made in Indiana.

Determination of the Experience Period

This year’s analysis included a review of various experience periods and an assessment of possible pandemic claim-related impacts. The most recent five policy year and calendar-accident year projected loss ratios are shown below. Policy year data is given greater consideration by NCCI because policy year data reflects the best match between exposure and losses.

<u>Policy Year</u>	<u>Loss Ratio</u>	<u>Calendar-Accident Year</u>	<u>Loss Ratio</u>
2018	1.087	2019	1.071
2019	1.015	2020	0.917
2020	0.933	2021	0.944
2021	0.948	2022	0.917
2022	0.904	2023	0.919

Note the following regarding the projected loss ratios:

- Based on NCCI’s Financial Call data reported through 12/31/2023, on-leveled, developed to an ultimate report, and trended to the prospective period. Projected losses do not include the change in expenses and standard earned premium at the Designated Statistical Reporting (DSR) level is adjusted to a pure premium level.
- The selected trends for the experience period (i.e., Policy Years 2021 and 2022) underlie the loss ratios shown for all years – these trends may be less appropriate for non-experience period years.
- The Calendar-Accident Year analysis was not conducted separately; the displayed loss ratios are trended using the policy year loss ratio selections underlying this filing.
- Calendar-Accident Year 2019–2023 loss ratios include a premium audit adjustment due to changes in audit activity.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Exhibit I – Determination of Indicated Rate Level Change

The Indiana loss ratio experience for the most recent policy years shows continued improvement. While this favorable experience began most noticeably in Calendar-Accident Year 2020, which coincides with the height of the pandemic, the experience in the most recent policy year, 2022, remains favorable and is consistent with Calendar-Accident Years 2022 and 2023. Additionally, the experience in Policy Year 2021 remains favorable despite higher-than-average large loss¹ volume.

A portion of the improved experience is likely attributable to pandemic-related factors which have generally helped to increase workplace safety, such as the shift to remote work and reduced business travel. These factors are expected to persist into the future and likely contribute to the improved loss ratio experience observed in Indiana in recent years. Additionally, there has been a long-term pattern of improved workplace safety as well as an increase in the use of automation, both of which continue to put downward pressure on lost-time claim frequency. The latest observed loss ratio experience provides further evidence that changes to the workplace coming out of the pandemic have resulted in improved experience which is expected to continue.

In prior Indiana filings, there was additional uncertainty as to whether some pandemic-related effects would persist into the future such as the observed decline in less severe injuries (i.e., medical-only claims). After decreasing by more than 15% in Policy Year 2020, the number of medical-only claims remained below pre-pandemic levels in Policy Years 2021 and 2022, indicating a consistent trend of improving experience in the most recent data.

The economic situation in Indiana has remained positive. After the lows observed in 2020, employment levels in Indiana recovered at a faster rate than the national average. By year-end 2022, employment levels in the 3 largest supersectors² in Indiana (Trade, Transportation, and Upkeep; Construction; and Natural Resources and Manufacturing) were at or above pre-pandemic levels. Additionally, wage increases accelerated in 2020, 2021, and 2022, increasing by more than 5% in each of those years. These changes outpaced the rate of medical inflation within the workers compensation system, contributing to medical loss ratio decreases in the most recent policy years. The robust employment levels in recent data suggest that there will be fewer challenges associated with returning to work after a workplace injury in the foreseeable future.

Data for the two most recently available full policy years was selected as the most appropriate period on which to base this year's filing. This approach provides a balance between stability and responsiveness, and best reflects the conditions likely to prevail in the proposed effective period. This method is consistent with the prior filing in Indiana.

¹ Claims with reported paid plus case losses exceeding \$500,000.

² For this analysis, individual class codes are assigned to one of six supersectors: Construction, Healthcare, Leisure and Hospitality, Natural Resources and Manufacturing, Office, and Trade, Transportation, & Upkeep.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Exhibit I – Determination of Indicated Rate Level Change

Determination of Indicated Rate Level Change

NCCI uses the following general methodology to determine the indicated change based on experience, trend, and benefits for each of the policy years in the experience period:

1. Standard earned premium at Designated Statistical Reporting (DSR) level is developed to ultimate, on-leveled to the current approved advisory rate level, and adjusted to a pure premium level.
2. Reported indemnity and medical losses are limited by a large loss threshold, developed to ultimate using limited development factors, and on-leveled to a common benefit level to yield adjusted limited losses.
3. Limited indemnity and medical cost ratios excluding trend and benefit changes are calculated as adjusted losses (step 2) divided by premium available for benefit costs (step 1).
4. Trend factors are applied to the indemnity and medical cost ratios to reflect expected differences between the historical experience years and the effective period of the proposed filing.
5. Limited losses are adjusted to an unlimited basis via a non-catastrophe excess ratio (with excess ratios at limits beyond \$50 million set equal to zero).
6. A factor is applied to reflect the impact of proposed indemnity and medical benefit changes.
7. The projected unlimited indemnity and medical cost ratios including benefit changes are added to yield the indicated change based on experience, trend, and benefits.

The indicated change based on experience, trend, and benefits for this filing is calculated as the average of the indicated changes for each of the individual policy years in the experience period. Lastly, the impact of the change in expense-related provisions is applied to determine the indicated overall average advisory rate level change.

The detailed calculations can be found on the following pages.



INDIANA

EXHIBIT I

Determination of Indicated Rate Level Change

Section A - Policy Year 2022 Experience

Premium:

(1) Standard Earned Premium Developed to Ultimate (Appendix A-II)	\$741,432,062
(2) Premium On-level Factor (Appendix A-I)	0.481
(3) Pure Premium Available for Benefit Costs = (1) x (2)	\$356,628,822

Indemnity Benefit Cost:

(4) Limited Indemnity Losses Developed to Ultimate (Appendix A-II)	\$113,554,772
(5) Indemnity Loss On-level Factor (Appendix A-I)	1.031
(6) Adjusted Limited Indemnity Losses = (4) x (5)	\$117,074,970
(7) Adjusted Limited Indemnity Cost Ratio excluding Trend and Benefits = (6) / (3)	0.328
(8) Factor to Reflect Indemnity Trend (Appendix A-III)	0.885
(9) Projected Limited Indemnity Cost Ratio = (7) x (8)	0.290
(10) Factor to Adjust Indemnity Cost Ratio to an Unlimited Basis (Appendix A-II)	1.009
(11) Projected Indemnity Cost Ratio = (9) x (10)	0.293
(12) Factor to Reflect Proposed Changes in Indemnity Benefits (Appendix C)	1.014
(13) Projected Indemnity Cost Ratio including Benefit Changes = (11) x (12)	0.297

Medical Benefit Cost:

(14) Limited Medical Losses Developed to Ultimate (Appendix A-II)	\$247,685,732
(15) Medical Loss On-level Factor (Appendix A-I)	0.972
(16) Adjusted Limited Medical Losses = (14) x (15)	\$240,750,532
(17) Adjusted Limited Medical Cost Ratio excluding Trend and Benefits = (16) / (3)	0.675
(18) Factor to Reflect Medical Trend (Appendix A-III)	0.885
(19) Projected Limited Medical Cost Ratio = (17) x (18)	0.597
(20) Factor to Adjust Medical Cost Ratio to an Unlimited Basis (Appendix A-II)	1.009
(21) Projected Medical Cost Ratio = (19) x (20)	0.602
(22) Factor to Reflect Proposed Changes in Medical Benefits (Appendix C)	1.008
(23) Projected Medical Cost Ratio including Benefit Changes = (21) x (22)	0.607

Total Benefit Cost:

(24) Indicated Change Based on Experience, Trend and Benefits = (13) + (23)	0.904
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INDIANA

EXHIBIT I

Determination of Indicated Rate Level Change

Section B - Policy Year 2021 Experience

Premium:

(1) Standard Earned Premium Developed to Ultimate (Appendix A-II)	\$693,360,605
(2) Premium On-level Factor (Appendix A-I)	0.478
(3) Pure Premium Available for Benefit Costs = (1) x (2)	\$331,426,369

Indemnity Benefit Cost:

(4) Limited Indemnity Losses Developed to Ultimate (Appendix A-II)	\$111,889,895
(5) Indemnity Loss On-level Factor (Appendix A-I)	1.033
(6) Adjusted Limited Indemnity Losses = (4) x (5)	\$115,582,262
(7) Adjusted Limited Indemnity Cost Ratio excluding Trend and Benefits = (6) / (3)	0.349
(8) Factor to Reflect Indemnity Trend (Appendix A-III)	0.849
(9) Projected Limited Indemnity Cost Ratio = (7) x (8)	0.296
(10) Factor to Adjust Indemnity Cost Ratio to an Unlimited Basis (Appendix A-II)	1.009
(11) Projected Indemnity Cost Ratio = (9) x (10)	0.299
(12) Factor to Reflect Proposed Changes in Indemnity Benefits (Appendix C)	1.014
(13) Projected Indemnity Cost Ratio including Benefit Changes = (11) x (12)	0.303

Medical Benefit Cost:

(14) Limited Medical Losses Developed to Ultimate (Appendix A-II)	\$259,652,432
(15) Medical Loss On-level Factor (Appendix A-I)	0.953
(16) Adjusted Limited Medical Losses = (14) x (15)	\$247,448,768
(17) Adjusted Limited Medical Cost Ratio excluding Trend and Benefits = (16) / (3)	0.747
(18) Factor to Reflect Medical Trend (Appendix A-III)	0.849
(19) Projected Limited Medical Cost Ratio = (17) x (18)	0.634
(20) Factor to Adjust Medical Cost Ratio to an Unlimited Basis (Appendix A-II)	1.009
(21) Projected Medical Cost Ratio = (19) x (20)	0.640
(22) Factor to Reflect Proposed Changes in Medical Benefits (Appendix C)	1.008
(23) Projected Medical Cost Ratio including Benefit Changes = (21) x (22)	0.645

Total Benefit Cost:

(24) Indicated Change Based on Experience, Trend and Benefits = (13) + (23)	0.948
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INDIANA

EXHIBIT I

Determination of Indicated Rate Level Change

Section C - Indicated Change Based on Experience, Trend, and Benefits

(1) Policy Year 2022 Indicated Change Based on Experience, Trend, and Benefits	0.904
(2) Policy Year 2021 Indicated Change Based on Experience, Trend, and Benefits	0.948
(3) Indicated Change Based on Experience, Trend, and Benefits* = (1) x 50.0% + (2) x 50.0%	0.926

* The weight applied to each loss ratio in the experience period does not vary by year.

Section D - Application of the Change in Production and General Expenses

(1) Indicated Rate Level Change	0.926
(2) Effect of the Change in Production and General Expenses (Exhibit II)	1.003
(3) Indicated Change Modified to Reflect the Change in Production and General Expenses = (1) x (2)	0.929

Section E - Application of the Change in Taxes

(1) Indicated Rate Level Change	0.929
(2) Effect of the Change in Taxes (Exhibit II)	1.000
(3) Indicated Change Modified to Reflect the Change in Taxes = (1) x (2)	0.929

Section F - Application of the Change in the Profit and Contingency Provision

(1) Indicated Rate Level Change	0.929
(2) Effect of the Change in the Profit and Contingency Provision (Exhibit II)	0.993
(3) Indicated Change Modified to Reflect the Change in the Profit and Contingency Provision = (1) x (2)	0.922



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EXHIBIT I

Determination of Indicated Rate Level Change

Section G - Application of the Change in Loss-based Expenses

(1) Indicated Rate Level Change	0.922
(2) Effect of the Change in Loss-based Expenses (Exhibit II)	1.006
(3) Indicated Change Modified to Reflect the Change in Loss-based Expenses = (1) x (2)	0.928

Section H - Distribution of Overall Rate Level Change to Industry Groups

Industry Group Differentials (Appendix A-IV):

Manufacturing	1.006
Contracting	0.999
Office & Clerical	0.992
Goods & Services	0.997
Miscellaneous	0.999

Applying these industry group differentials to the final overall rate level change produces the changes in rate level proposed for each group as shown:

Industry Group	(1) Final Overall Rate Level Change	(2) Industry Group Differential	(3) = (1) x (2) Final Rate Level Change by Industry Group	
Manufacturing	0.928	1.006	0.934	(-6.6%)
Contracting	0.928	0.999	0.927	(-7.3%)
Office & Clerical	0.928	0.992	0.921	(-7.9%)
Goods & Services	0.928	0.997	0.925	(-7.5%)
Miscellaneous	0.928	0.999	0.927	(-7.3%)
Overall	0.928	1.000	0.928	(-7.2%)



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Exhibit II – Workers Compensation Expense Program

The proposed advisory rates include several expense-related provisions as described below. The expense provisions described below are assumed to be the same for both the voluntary and assigned risk market.

Production and General Expenses: Production costs include commissions, costs of preparing the policy, verifying the correct application of rates and rating plans, billing and collecting premium and the costs of maintaining company branch offices. General expenses are commonly classified into four categories: general administration, audit, boards and bureaus, and inspection expenses.

The Production and General Expense provisions are reviewed on an annual basis using countrywide NAIC data. Countrywide data is reviewed because insurance carriers cannot easily attribute portions of their Production and General expenses to any specific state. The analysis of the Production and General expenses involves creating expense to premium ratios. Since the premium comes from a non-NCCI data source, adjustments are made to the premium to convert the premium to a Designated Statistical Reporting (DSR) level. In addition, the fixed expenses are removed from the numerator and denominator of the ratio to arrive at a purely variable expense ratio. These expense ratios are reviewed over time and a selection is made to balance stability and responsiveness. A selection for both Production and General expenses is made after a review of the expense to premium ratios and the underlying data.

Premium Taxes and Assessments: The proposed rates have a provision for taxes, licenses, and fees (other than Federal Income Tax) including a Premium Tax provision, a miscellaneous tax provision, and a provision for the Insurance Guaranty Association assessment. Where published by the state, the published value is selected. When no value is published by the state, historical values are reviewed, and a selection is made.

Profit and Contingency Provision: By law, Indiana workers compensation rates must be determined so that insurers can be expected to earn a reasonable rate of return. Therefore, advisory rate filings should contemplate the inclusion of a fair and reasonable profit and contingency (P&C) provision.

The proposed P&C provision in this year's filing was selected based on the results of NCCI's Internal Rate of Return (IRR) model, which estimates the time series of expected future cash flows including premium, losses, expenses, investment income and taxes, for a representative insurer underwriting workers compensation coverage. In determining the P&C provision, NCCI reviews both static and dynamic P&C estimates as indicated by the IRR model. The static estimate holds interest rates fixed over time, while the dynamic estimate incorporates projections of future interest rate levels.

Starting with this filing season, NCCI has renamed the previous static estimate as the "static-spot"



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Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Exhibit II – Workers Compensation Expense Program

estimate and incorporated a second static estimate, the “static-average” estimate. The static-average estimate emphasizes the stability of the results from year-to-year. To achieve this, the new static-average estimate utilizes longer-term averages for various inputs of the IRR model. The following differences in methodology between the two static estimates are noted below:

	Static-spot	Static-average
US Treasury Rates	Latest observed rate	5-year average
Equity Market Risk Premium	30-year average	All-year average

Additionally, NCCI has updated the number of years included in calculating the beta utilized in the weighted average cost of capital (WACC) calculation from 3-years to 10-years for all three estimates to promote stability in this value. Please refer to the Derivation of the Indicated Profit and Contingency Provision section of Exhibit II for additional information.

The P&C selection is based on a review of all three estimation approaches, while also considering stability in this filing component. This filing proposes a decrease to the P&C provision from 0.5% to 0.0% which considers various assumptions related to future interest rates along with other model parameters.

Loss Adjustment Expense Provision: The proposed advisory rates include a provision for loss adjustment expenses (LAE).

LAE is included in the rates by using a ratio of loss adjustment expense dollars to loss dollars (called the LAE provision). These expenses are directly associated with the handling of workers compensation claims. The LAE provision is comprised of two components: Adjusting and Other Expenses (AOE) and Defense and Cost Containment Expenses (DCCE).

Given the nature of AOE, it cannot be allocated to a specific claim, and hence cannot be accurately attributed to specific states. Therefore, the state-specific AOE ratio reflects the latest selected countrywide provision. The countrywide provision was calculated using data obtained from the NCCI Call for Loss Adjustment Expense. The accident year developed AOE ratios are calculated on a countrywide basis using private carrier-only data after applying an adjustment to exclude the percentage of COVID-19-related losses relative to total losses for COVID-19 claims with accident dates between December 1, 2019 and June 30, 2023.

The reported DCCE and losses from COVID-19-related claims with accident dates between December 1, 2019 and June 30, 2023 have been excluded from the underlying data in this year’s analysis to better reflect the conditions likely to prevail in the proposed effective period. NCCI used the following general methodology to determine the proposed DCCE provision based on Indiana-



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Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Exhibit II – Workers Compensation Expense Program

specific paid DCCE and losses reported on the NCCI Call for Policy Year Data:

- Ratios of reported paid DCCE-to-paid losses by policy year are developed to a 19th report using DCCE ratio development factors.
- A 19th-to-ultimate tail factor is applied to reflect expected development beyond a 19th report.
- The proposed DCCE provision is selected based on the ultimate projected DCCE ratios by policy year.

Loss-Based Assessment: INSafe, a division of the Indiana Department of Labor responsible for ensuring workplace health and safety, periodically levies an assessment on indemnity benefits paid by insurance carriers. The proposed rates include a provision for this assessment based on the historical frequency of these assessments and the estimated indemnity share of workers compensation benefits.

Expense Constant: Insurer expenses as a proportion of premium vary by size of risk. As risk size increases, marginal expenses tend to diminish. An expense constant helps address fixed expense differences by size of risk. The expense constant together with the expense provision included in the manual rate provide the necessary funding for insurer expenses.



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EXHIBIT II

Section A - Comparison of Proposed and Current Expense Provisions

Overhead expense provisions are itemized below. These figures are expressed as percentages of standard premium (excluding expense constant) and are indicative of the expenses of the first \$10,000 of policy premium. Taken together these allowances represent that portion of the standard premium dollar necessary to operate the benefit system. The complementary portion corresponds to the portion of the premium dollar available to finance benefits, loss adjustment expenses and loss-based assessments, if applicable. It is referred to as the "target cost ratio".

	<u>Expense Provisions Underlying Current Rates</u>	<u>Expense Provisions Underlying Proposed Rates</u>
(1) Expense Constant	\$160	\$160
(2) Production Expense	18.3%	18.5%
(3) General Expense	6.1%	6.1%
(4) Taxes, Licenses and Fees (other than Federal Income Tax)		
Premium Tax	1.3%	1.3%
Miscellaneous	0.3%	0.3%
Insurance Guaranty Association	0.1%	0.1%
Total	1.7%	1.7%
(5) Profit and Contingency Provision	0.5%	0.0%
(6) Total Overhead Provisions (2)+(3)+(4)+(5)	26.6%	26.3%
(7) Target Cost Ratio [100% - (6)]	73.4%	73.7%
(8) Loss Adjustment Expense	17.6%	18.3%
(9) Loss-based Assessment	0.1%	0.1%
(10) Permissible Loss Ratio (7) / [1+(8)+(9)]	62.4%	62.2%



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EXHIBIT II

Section B - Calculation of Change in Expense Provisions

	A Current Expenses	B Col. A with Proposed Prod & Gen Exp	C Col. B with Proposed Taxes	D Col. C with Proposed Profit and Contingency
(1) Production Expense	18.3%	18.5%	18.5%	18.5%
(2) General Expense	6.1%	6.1%	6.1%	6.1%
(3) Taxes	1.7%	1.7%	1.7%	1.7%
(4) Profit and Contingency Provision	<u>0.5%</u>	<u>0.5%</u>	<u>0.5%</u>	<u>0.0%</u>
(5) Total Provisions (1)+(2)+(3)+(4)	26.6%	26.8%	26.8%	26.3%
(6) TCR (100%-(5))	73.4%	73.2%	73.2%	73.7%
(7) Loss Based Expenses	17.7%	18.4%	18.4%	18.4%
(8) Change in Production and General Expense (6A) / (6B)			1.003	+0.3%
(9) Change in Taxes and Assessments (6B) / (6C)			1.000	0.0%
(10) Change in Profit and Contingency Provision (6C) / (6D)			0.993	-0.7%
(11) Change in Loss Based Expenses [1.0 + (7B)] / [1.0 + (7A)]			1.006	+0.6%



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EXHIBIT II

Section C - Countrywide Expense Program

NCCI annually reviews expense provisions underlying workers compensation rates. This review procedure is based on countrywide expense data. Since a significant portion of workers compensation insurance is interstate business, it is not practical to allocate expenses (especially general, other acquisition, and adjusting and other loss adjustment expenses) to particular states.

The NCCI expense program is designed to ensure equity among employers through a percentage provision in manual rates, a schedule of premium discounts for risks with standard premium in excess of \$10,000, and the application of an expense constant.

The majority of expenses incurred in workers compensation vary directly by layer of premium and are accordingly termed variable expenses. An equitable apportionment of variable expense is achieved through the application of premium discounts. As the premium for a policy increases, some expenses incurred in handling the insurance coverage become proportionately less in terms of premium. A fair expense program must, therefore, provide that the larger premium policies be charged a lower percentage of premium for these expenses than the smaller policies.

Other expenses such as issuing, recording and auditing are common to all policies regardless of size. These common expenses are called fixed expenses and are addressed by incorporating an expense constant in the program.



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EXHIBIT II

Section D - Derivation of General Expense Provisions

The data below (amounts in thousands) illustrates that the combination of a 6.1% general expense provision in the manual rates, a \$160 expense constant, and the premium discount schedule generates general expense premium dollars that are consistent with historical actual general expenses as reported in the Insurance Expense Exhibit. All figures below obtained from the Insurance Expense Exhibit (IEE) include data for stock and mutual companies.

	<u>2021</u>	<u>2022</u>	<u>2023</u>
(1) Direct Earned Premium <i>(NAIC Insurance Expense Exhibit Data)</i>	44,738,409	49,079,544	50,927,960
(1a) Effect of Premium Discounts	0.930	0.931	0.931
(1b) Effect of Schedule Rating	0.960	0.960	0.963
(1c) Effect of Carrier Deviations	1.079	1.086	1.088
(1d) Effect of Deductibles	0.734	0.741	0.749
(1e) Expense Constant Offset	0.989	0.989	0.989
(2) Gross Adjusted Premium <i>(STD Premium @ NCCI Level Excl. Expense Constant)</i> <i>{(1) / [(1a) x (1b) x (1c) x (1d)]} x (1e)</i>	62,575,617	67,488,203	68,939,145
(3) Direct General Expenses Incurred <i>(NAIC Insurance Expense Exhibit Data)</i>	3,346,906	3,599,629	3,715,417
(3a) Proportion of Expense Constant Attributable to General Expenses	0.406	0.406	0.406
(4) General Expenses Incurred <i>(Excluding Expense Constant Revenue)</i> <i>(3) - (2) x [1-(1e)]/(1e) x (3a)</i>	3,064,335	3,294,874	3,404,110
(5) Ratio of General Expense to Premium <i>(Excluding Expense Constant Revenue)</i> <i>(4)/(2)</i>	4.9%	4.9%	4.9%
(6) General Expense Gradations <i>(General Expenses in Average Premium Discount)</i>	1.2%	1.2%	1.2%
(7) General Expense Provision <i>(5)+(6)</i>	6.1%	6.1%	6.1%
(8) Selected General Expense Provision			6.1%



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EXHIBIT II

Section E - Derivation of Production Expense Provisions

The data below (amounts in thousands) illustrates that the combination of a 18.5% production expense provision in the manual rates, a \$160 expense constant, and the premium discount schedule generates production expense premium dollars that are consistent with historical actual production expenses as reported for combined stock and mutual companies' voluntary business. All figures below obtained from the Insurance Expense Exhibit (IEE) include data for stock and mutual companies.

	<u>2021</u>	<u>2022</u>	<u>2023</u>
(1) Direct Written Premium <i>(NAIC Insurance Expense Exhibit Data)</i>	45,045,328	49,871,770	51,240,473
(1a) Effect of Premium Discounts	0.930	0.931	0.931
(1b) Effect of Schedule Rating	0.961	0.960	0.965
(1c) Effect of Carrier Deviations	1.078	1.085	1.090
(1d) Effect of Deductibles	0.731	0.749	0.749
(1e) Expense Constant Offset	0.990	0.989	0.989
(2) Pool Written Premium <i>(Summary of NCCI Managed Pools - Combined Stock and Mutual Company Data)</i>	857,108	921,787	831,752
(3) Adjusted Direct Written Premium <i>(STD Premium Excl. Pool Written Premium)</i> [(1)-(2)] / (1a) x (1e)	47,039,073	51,999,499	53,549,114
(4) Gross Direct Written Premium <i>(STD Premium @ NCCI Level Incl. Pool Written Premium)</i> {(1) / [(1a) x (1b) x (1c) x (1d)]} x (1e)	63,320,229	67,907,635	69,091,419
(5) Direct Commission & Brokerage Incurred <i>(NAIC Insurance Expense Exhibit Data)</i>	4,279,676	4,675,886	4,851,822
(6) Pool Producer Fees <i>(Summary of NCCI Managed Pools - Combined Stock and Mutual Company Data)</i>	28,272	31,610	27,270
(7) Direct Other Acquisition Expenses Incurred <i>(NAIC Insurance Expense Exhibit Data)</i> (7a) Proportion of Expense Constant Attributable to Production Expenses	2,101,949 0.531	2,401,715 0.531	2,459,816 0.531
(8) Other Acquisition Expenses Incurred <i>(Excluding Expense Constant Revenue)</i> (7) - (4) x [1-(1e)]/(1e) x (7a)	1,762,322	2,000,655	2,051,764
(9) Ratio of Other Acq. Expenses to Premium <i>(Excluding Expense Constant Revenue)</i> (8)/(4)	2.8%	2.9%	3.0%
(10) Direct Commission & Brokerage Provision [(5)-(6)]/(3)	9.0%	8.9%	9.0%
(11) Production Expense Gradations <i>(Production Expenses in Average Premium Discount)</i>	6.6%	6.6%	6.6%
(12) Production Expense Provision (9)+(10)+(11)	18.4%	18.4%	18.6%
(13) Selected Production Expense Provision			18.5%



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EXHIBIT II

Section F - Insurance Guaranty Association—Workers Compensation Account Assessment

Historical Insurance Guaranty Association assessments, by calendar year levied, are shown in the table below. NCCI's selection of 0.1% takes into account the history of assessments levied and promotes stability over a longer-term.

Year		Amount		
<u>Levied</u>	<u>Base</u>	<u>Levied</u>	<u>Base</u>	<u>Rate</u>
2023	2022	-	854,961,227	0.00%
2022	2021	-	780,266,918	0.00%
2021	2020	-	774,324,871	0.00%
2020	2019	-	815,932,437	0.00%
2019	2018	-	817,456,304	0.00%
2018	2017	-	823,619,704	0.00%
	2016	4,250,000	883,307,548	0.48%
	2013	500,000	832,451,992	0.06%
2017	2016	-	873,665,614	0.00%
	2015	525,000	905,664,149	0.06%
	2013	1,250,000	843,823,715	0.15%
2016	2015	-	905,664,149	0.00%
2015	2014	-	866,367,147	0.00%
Selected Provision				0.10%



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EXHIBIT II

Workers Compensation Loss-based Expense Provision

Section G - (A) - Proposed Change in the Indiana Loss-based Expense Provision

The pure loss component includes the following expense directly related to the payment of claims.

	(1) <u>Current</u>	(2) <u>Proposed</u>
(a) Loss Adjustment Expense (LAE)	17.6%	18.3%
(b) INSafe	0.1%	0.1%
Effect of change in loss-based expenses = [1.000 + (2a) + (2b)] / [1.000 + (1a) + (1b)] -1		1.006 (+0.6%)



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EXHIBIT II

Workers Compensation Loss-based Expense Provision

Section G - (B) - Proposed Change in Indiana Loss Adjustment Expense Provision

NCCI proposes a 18.3% loss adjustment expense allowance as a percentage of losses.

	(1)	(2)
<u>Indiana Provisions</u>	<u>Current Approved</u>	<u>Proposed</u>
AOE	9.4%	9.8%
DCCE	8.2%	8.5%
Total LAE	17.6%	18.3%

Proposed Change in Indiana LAE Provision	1.006
= $[1.0 + (2)] / [1.0 + (1)] - 1$	0.6%

Section G - (C) - Selection of AOE Provision

The adjusting and other expense data by accident year shown below is based on countrywide data for private carriers. NCCI's countrywide selection for the AOE provision is 9.8%.

<u>Accident Year</u>	<u>Ultimate AOE Ratio</u>
2019	9.6%
2020	10.2%
2021	9.9%
2022	9.7%
2023	9.9%
Countrywide Selected	9.8%
Indiana Selected	9.8%



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EXHIBIT II

Workers Compensation Loss-based Expense Provision

Section G - (D) - Selection of DCCE Provision

Policy Year	(1) Reported Ratio of Paid DCCE to Paid Losses	(2) Age to Ultimate Development Factor	(3) Ultimate DCCE Ratio
2018	8.0%	1.013	8.1%
2019	8.1%	1.026	8.3%
2020	7.7%	1.050	8.1%
2021	7.4%	1.116	8.3%
2022	7.4%	1.216	9.0%
Indiana Selected			8.5%

(2) Section G - (E)

(3) = (1) x (2)

Section G - (E) - Summary of Paid DCCE to Paid Loss Ratio Development Factors

Report	(1) To Next Report DCCE Ratio Development	(2) To Ultimate
1st	1.090	1.216
2nd	1.063	1.116
3rd	1.023	1.050
4th	1.013	1.026
5th	1.006	1.013
6th	1.001	1.007
7th	1.003	1.006
8th	1.000	1.003
9th	1.000	1.003
10th	1.000	1.003
11th	1.004	1.003
12th	1.000	0.999
13th	1.001	0.999
14th	1.000	0.998
15th	1.000	0.998
16th	1.001	0.998
17th	0.997	0.997
18th	1.000	1.000
19th		1.000*

(1) Section G - (F)

(2) = Cumulative upward product of column (1)

*Selection



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EXHIBIT II

Workers Compensation Loss-based Expense Provision

Section G - (F) - Paid DCCE to Paid Loss Ratio Development Factors

<u>Valuation</u>	<u>1st/2nd</u>	<u>2nd/3rd</u>	<u>3rd/4th</u>	<u>4th/5th</u>	<u>5th/6th</u>	<u>6th/7th</u>
12/31/2022	1.091	1.077	1.023	1.007	1.008	1.000
12/31/2023	1.088	1.049	1.023	1.019	1.004	1.001
Average	1.090	1.063	1.023	1.013	1.006	1.001

<u>Valuation</u>	<u>7th/8th</u>	<u>8th/9th</u>	<u>9th/10th</u>	<u>10th/11th</u>	<u>11th/12th</u>	<u>12th/13th</u>
12/31/2022	1.002	1.000	0.999	1.000	1.003	0.999
12/31/2023	1.004	0.999	1.001	1.000	1.004	1.001
Average	1.003	1.000	1.000	1.000	1.004	1.000

<u>Valuation</u>	<u>13th/14th</u>	<u>14th/15th</u>	<u>15th/16th</u>	<u>16th/17th</u>	<u>17th/18th</u>	<u>18th/19th</u>
12/31/2022	1.000	0.999	1.000	1.001	0.993	0.999
12/31/2023	1.001	1.001	0.999	1.000	1.000	1.000
Average	1.001	1.000	1.000	1.001	0.997	1.000



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EXHIBIT II

Workers Compensation Loss-based Expense Provision

Section G - (G) - Selection of INSafe Assessment Provision

Historical INSafe assessments on indemnity losses are shown in the table below.
NCCI's selection of 0.1% represents the provision applicable to both indemnity and medical losses.

<u>Base Year</u>	<u>Assessment on Indemnity Losses</u>
2010	0.00%
2011	0.00%
2012	0.00%
2013	0.00%
2014	0.75%
2015	0.00%
2016	0.00%
2017	0.00%
2018	0.75%
2019	0.00%
2020	0.00%
2021	0.00%
2022	0.75%
2023	0.00%
2024	0.75%
<hr/>	
(1) 10-Year Average	0.23%
(2) Indemnity Share of Losses	32%
(3) Selected INSafe Provision = (1) x (2)	0.1%



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EXHIBIT II**

Section H - Internal Rate of Return Analysis

Overview

According to actuarial principles, insurance rates should provide for the cost of capital through an underwriting profit and contingency (P&C) provision, after accounting for investment and other income. NCCI considered Actuarial Standard of Practice #30 *Treatment of Profit and Contingency Provisions and the Cost of Capital in Property/Casualty Insurance Ratemaking* in choosing to employ an Internal Rate of Return (IRR) model to estimate a P&C provision. The cost of capital and investment income assumptions used in the model are estimated using market-based financial methods for investors of securities with a similar risk profile to workers compensation insurance companies. Note that the assumptions used in this IRR model, including the cost of capital and investment income assumptions, may or may not be applicable to any individual insurance company in this state.

The IRR model is based on the principle that the internal rate of return from an investment opportunity equals the investor's cost of capital if the sum of all cash flows from that investment, discounted at the cost of capital, equals zero. In the case of workers compensation insurance, cash flows to the capital providers are comprised of insurance cash flows, investment income, and commitment and release of capital in support of the insurance transaction.

- The insurance cash flows are estimated based on premiums earned less payments for losses and expenses, as included in this rate filing, after recognizing the impact of federal income taxes.
- Investment income on reserves and surplus depends on an after-tax return on investment (RoI), which is estimated using a combination of current financial market data and forecasts.
- The cost of capital used is a weighted average cost of capital (WACC), expressed as a percentage of capital, which takes into account both debt and equity components of a representative insurer's capital structure.

IRR Model Inputs and Results

The model estimates the P&C provision necessary in order for the proposed rates to cover the cost of capital. The P&C provision is estimated using three different assumptions regarding the return on investment and cost of capital:

- The "Static" estimate(s) of the P&C provision assume that the RoI and the WACC do not change over time. The 'Static-Avg' estimate assumes a longer-term average compared to the 'Static-Spot' estimate for certain financial inputs impacting the WACC and RoI, specifically: the US treasury rate and equity market risk premium (ERP). The RoI and the WACC for both static estimates are derived using data through the first quarter of 2024.
- The "Dynamic" estimate assumes that the RoI and WACC vary over time. Dynamic estimates are derived using data through the first quarter of 2024, with forecasts from May of that year. The starting point for the Dynamic estimates is January 1, 2025.

The following table summarizes the inputs and results of the model under each scenario.

TABLE 1: IRR MODEL INPUTS AND RESULTS

<u>Inputs:</u>				
(1)	Expenses and Taxes as a Percentage of Net Premium at NCCI Level			20.90%
(2)	Reserve-to-Surplus Ratio			1.91
(3)	Cash Flow Patterns			See Table 2
		<u>Static - Avg*</u>	<u>Static - Spot*</u>	<u>Dynamic**</u>
(4)	Return on Investments	2.95%	4.78%	3.89% - 4.66%
(5)	Weighted Average Cost of Capital	8.32%	10.36%	9.70% - 10.40%
<u>Results</u>				
		<u>Static - Avg</u>	<u>Static - Spot</u>	<u>Dynamic</u>
(6)	Indicated Profit and Contingency Provision	1.33%	-1.10%	-0.41%
(7)	Loss and Loss Adjustment Expense Provision	77.77%	80.20%	79.51%
	= [100% - (6) - (1)]			

Table Notes:

It is assumed that no policyholders dividends are paid and that there are no rate departures (deviations or schedule rating).

(1) Expense provisions and taxes derived from the filing.

(2) Calculated from Best's 2023 Aggregates & Averages, for Commercial Casualty Composite, as the weighted average of Loss, LAE, and Unearned Premium Reserves to Policyholder Surplus, for years 2018 - 2022.

* The Static-Avg estimate assumes a rolling 5-year average for US treasury rates and an all-year average for ERP, while the Static-Spot estimate assumes the current US treasury rate and a 30-year average for ERP.

** The Dynamic estimate uses similar assumptions as the Static-Spot estimate with varying RoI and WACC.

See table 3 for details by time period.



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TABLE 2: CASH FLOW PATTERNS (CUMULATIVE)

Time	(1) Policy-Year Collected Premium	(2) Earned Premium	(3) Written Premium	(4) Expenses and Taxes	(5) Paid Losses and LAE
0.00	-	-	-	-	-
0.25	13.88%	3.70%	29.60%	13.81%	1.12%
0.50	30.56%	14.09%	53.50%	30.41%	4.27%
0.75	52.30%	30.38%	76.80%	52.05%	9.20%
1.00	76.16%	52.48%	100.00%	76.27%	15.90%
1.25	88.91%	73.78%		88.96%	27.28%
1.50	96.85%	88.39%		96.87%	38.65%
1.75	100.00%	97.10%		100.00%	50.03%
2.00		100.00%			61.40%
2.25					66.20%
2.50					71.00%
2.75					75.80%
3.00					80.60%
3.25					82.50%
3.50					84.40%
3.75					86.30%
4.00					88.20%
4.25					89.25%
4.50					90.30%
4.75					91.35%
5.00					92.40%
6.00					94.60%
7.00					95.60%
8.00					96.30%
9.00					96.40%
10.00					97.00%
11.00					97.20%
12.00					97.40%
13.00					97.40%
14.00					97.60%
15.00					97.70%
16.00					97.80%
17.00					97.80%
18.00					97.80%
19.00					98.40%
20.00					98.40%
21.00					98.50%
22.00					98.60%
23.00					98.60%
24.00					98.70%
25.00					98.80%
26.00					99.10%
27.00					99.40%
28.00					99.40%
29.00					99.40%
30.00					99.50%
31.00					99.60%
32.00					99.72%
33.00					99.83%
34.00					99.92%
35.00					100.00%

**TABLE 3: DYNAMIC ESTIMATE
INPUTS**

Time	(1) Return on Investments	(2) Weighted Average Cost of Capital
0.00	-	-
0.25	4.66%	10.40%
0.50	4.64%	10.32%
0.75	4.58%	10.29%
1.00	4.56%	10.22%
1.25	4.51%	10.17%
1.50	4.49%	10.11%
1.75	4.43%	10.06%
2.00	4.42%	10.04%
2.25	4.41%	10.03%
2.50	4.40%	10.03%
2.75	4.19%	10.01%
3.00	4.19%	10.01%
3.25	4.19%	10.00%
3.50	4.19%	10.00%
3.75	4.18%	9.99%
4.00	4.18%	9.99%
4.25	4.18%	9.99%
4.50	4.18%	9.97%
4.75	4.18%	9.95%
5.00	4.18%	9.94%
6.00	4.10%	9.88%
7.00	4.10%	9.84%
8.00	4.04%	9.81%
9.00	3.99%	9.79%
10.00	3.99%	9.76%
11.00	3.98%	9.75%
12.00	3.98%	9.74%
13.00	3.97%	9.73%
14.00	3.97%	9.72%
15.00	3.97%	9.71%
16.00	3.92%	9.72%
17.00	3.92%	9.73%
18.00	3.93%	9.74%
19.00	3.93%	9.74%
20.00	3.93%	9.73%
21.00	3.91%	9.72%
22.00	3.91%	9.72%
23.00	3.90%	9.71%
24.00	3.90%	9.70%
25.00	3.90%	9.70%
26.00	3.89%	9.70%
27.00	3.89%	9.70%
28.00	3.89%	9.70%
29.00	3.89%	9.70%
30.00	3.89%	9.70%
31.00	3.89%	9.70%
32.00	3.89%	9.70%
33.00	3.89%	9.70%
34.00	3.89%	9.70%
35.00	3.89%	9.70%

Table 2 Notes:

Table 2 shows cumulative cash flows. For ease of reading no additional numbers are shown after a column reaches 100% cumulative cash flow.

- (1) Derived from estimates of premium distribution and payment terms by size of policy.
- (2) Based on written premium pattern assuming uniform writings within quarters and standard quarterly earning pattern.
- (3) Based on this jurisdiction's premium writings by quarter.
- (4) Expenses assumed paid as premium is collected; timing of taxes based on NCCI's Tax and Assessment Directory.
- (5) Derived from loss development data underlying this rate filing. Payouts for the first 31 years are based upon the ratio of paid losses to incurred losses from the most recent 31 policy years for which data is available. For the following years, loss payouts are assumed to trail off geometrically, with an adjustment so that the payout will be complete at 35 years.



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Calculation Details

The tables in the following pages show the detailed calculations of the IRR model.

List of Tables

Static-Average (Static-Avg) Estimate

Table 4: Derivation of Insurance Cash Flows

Table 5: Derivation of Cash Flows to the Capital Providers

Static-Spot Estimate

Table 6: Derivation of Insurance Cash Flows

Table 7: Derivation of Cash Flows to the Capital Providers

Dynamic Estimate

Table 8: Derivation of Insurance Cash Flows

Table 9: Derivation of Cash Flows to the Capital Providers

Appendices

Appendix A: Calculation of Weighted Average Cost of Capital and Return on Investments

Table A.1: Calculation of Weighted Average Cost of Capital

Table A.2: Calculation of Return on Investments

Appendix B: Federal Income Tax Incurred from Insurance Operations

Table B.1: Federal Income Tax Calculation (Static-Avg Estimate)

Table B.2: Federal Income Tax Calculation (Static-Spot Estimate)

Table B.3: Federal Income Tax Calculation (Dynamic Estimate)

Appendix C: Reserve-to-Surplus Ratio

Note: Although values are displayed to 4 decimal places in the following tables, the calculations themselves are carried to the full precision of the computer.



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Calculation Details - Static-Avg Estimate

TABLE 4: DERIVATION OF INSURANCE CASH FLOW (STATIC-AVG ESTIMATE)

Time	(1) Collected Premium Factor	(2) Expense and Taxes Factor	(3) Paid Losses and LAE Factor	(4) Federal Income Tax Factor	(5) Insurance Cash flow Factor
0.00	-	-	-	-	-
0.25	0.1388	0.0289	0.0087	0.0053	0.0959
0.50	0.3056	0.0636	0.0332	0.0106	0.1983
0.75	0.5230	0.1088	0.0716	0.0159	0.3268
1.00	0.7616	0.1594	0.1237	0.0212	0.4574
1.25	0.8891	0.1859	0.2121	0.0184	0.4727
1.50	0.9685	0.2024	0.3006	0.0156	0.4499
1.75	1.0000	0.2090	0.3890	0.0128	0.3891
2.00	1.0000	0.2090	0.4775	0.0100	0.3035
2.25	1.0000	0.2090	0.5148	0.0092	0.2669
2.50	1.0000	0.2090	0.5522	0.0084	0.2304
2.75	1.0000	0.2090	0.5895	0.0076	0.1939
3.00	1.0000	0.2090	0.6268	0.0068	0.1573
3.25	1.0000	0.2090	0.6416	0.0065	0.1429
3.50	1.0000	0.2090	0.6564	0.0061	0.1285
3.75	1.0000	0.2090	0.6712	0.0057	0.1141
4.00	1.0000	0.2090	0.6859	0.0054	0.0997
4.25	1.0000	0.2090	0.6941	0.0051	0.0918
4.50	1.0000	0.2090	0.7023	0.0049	0.0838
4.75	1.0000	0.2090	0.7104	0.0047	0.0759
5.00	1.0000	0.2090	0.7186	0.0045	0.0679
6.00	1.0000	0.2090	0.7357	0.0040	0.0513
7.00	1.0000	0.2090	0.7435	0.0038	0.0438
8.00	1.0000	0.2090	0.7489	0.0036	0.0385
9.00	1.0000	0.2090	0.7497	0.0034	0.0379
10.00	1.0000	0.2090	0.7544	0.0033	0.0334
11.00	1.0000	0.2090	0.7559	0.0032	0.0319
12.00	1.0000	0.2090	0.7575	0.0031	0.0304
13.00	1.0000	0.2090	0.7575	0.0031	0.0305
14.00	1.0000	0.2090	0.7590	0.0030	0.0290
15.00	1.0000	0.2090	0.7598	0.0029	0.0283
16.00	1.0000	0.2090	0.7606	0.0029	0.0275
17.00	1.0000	0.2090	0.7606	0.0028	0.0276
18.00	1.0000	0.2090	0.7606	0.0028	0.0276
19.00	1.0000	0.2090	0.7653	0.0028	0.0229
20.00	1.0000	0.2090	0.7653	0.0028	0.0229
21.00	1.0000	0.2090	0.7660	0.0028	0.0221
22.00	1.0000	0.2090	0.7668	0.0028	0.0214
23.00	1.0000	0.2090	0.7668	0.0028	0.0214
24.00	1.0000	0.2090	0.7676	0.0028	0.0206
25.00	1.0000	0.2090	0.7684	0.0028	0.0198
26.00	1.0000	0.2090	0.7707	0.0028	0.0175
27.00	1.0000	0.2090	0.7730	0.0028	0.0152
28.00	1.0000	0.2090	0.7730	0.0028	0.0152
29.00	1.0000	0.2090	0.7730	0.0028	0.0152
30.00	1.0000	0.2090	0.7738	0.0028	0.0144
31.00	1.0000	0.2090	0.7746	0.0028	0.0136
32.00	1.0000	0.2090	0.7755	0.0028	0.0127
33.00	1.0000	0.2090	0.7763	0.0028	0.0119
34.00	1.0000	0.2090	0.7771	0.0028	0.0111
35.00	1.0000	0.2090	0.7777	0.0028	0.0105

Column Notes:

- (1) is Collected Premium by time period, expressed as a factor, = Table 2 col (1)
- (2) is Expenses and Taxes by time period, expressed as a factor, = Table 1 row (1) x Table 2 col (4)
- (3) is Paid Losses and LAE by time period, expressed as a factor, = Table 1 row (7, Static-Avg) x Table 2 col (5)
- (4) per the Tax Cuts and Jobs Act of 2017, federal income taxes are computed as the tax rate (21%) times the adjusted underwriting income calculated per IRS rules. See Appendix B for details.
- (5) is the Total Insurance Cash Flow by time period, expressed as a factor, = (1) - [(2) + (3) + (4)]



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Calculation Details - Static-Avg Estimate (continued)

TABLE 5: DERIVATION OF CASH FLOWS TO THE CAPITAL PROVIDERS (STATIC-AVG ESTIMATE)

Time	(1) Unearned Premium, Unpaid Loss and Unpaid LAE Reserve Factor	(2) Factor for Surplus Allocated to Reserves	(3) Total Invested Funds Factor	(4) Income from Invested Funds Factor	(5) Capital Provider Equity Factor	(6) Capital Provider Cash Flow Factor	(7) Discounted Capital Provider Cash Flow Factor
0.00	-	-	-	-	-	-	-
0.25	0.2791	0.1461	0.2680	0.0010	(0.1711)	(0.1711)	(0.1694)
0.50	0.4705	0.2463	0.4874	0.0037	(0.2854)	(0.1144)	(0.1110)
0.75	0.6289	0.3293	0.7132	0.0081	(0.3783)	(0.0929)	(0.0883)
1.00	0.7597	0.3977	0.9190	0.0141	(0.4476)	(0.0693)	(0.0646)
1.25	0.6239	0.3266	0.8396	0.0205	(0.3465)	0.1011	0.0924
1.50	0.5029	0.2633	0.7347	0.0262	(0.2586)	0.0878	0.0787
1.75	0.3951	0.2069	0.6020	0.0311	(0.1817)	0.0769	0.0676
2.00	0.3002	0.1572	0.4574	0.0350	(0.1189)	0.0628	0.0541
2.25	0.2629	0.1376	0.4005	0.0381	(0.0954)	0.0235	0.0198
2.50	0.2255	0.1181	0.3436	0.0408	(0.0724)	0.0231	0.0191
2.75	0.1882	0.0985	0.2867	0.0431	(0.0497)	0.0226	0.0184
3.00	0.1509	0.0790	0.2299	0.0450	(0.0275)	0.0222	0.0177
3.25	0.1361	0.0713	0.2074	0.0466	(0.0178)	0.0097	0.0076
3.50	0.1213	0.0635	0.1848	0.0481	(0.0083)	0.0095	0.0073
3.75	0.1065	0.0558	0.1623	0.0493	0.0011	0.0094	0.0070
4.00	0.0918	0.0480	0.1398	0.0504	0.0103	0.0092	0.0068
4.25	0.0836	0.0438	0.1274	0.0514	0.0158	0.0055	0.0039
4.50	0.0754	0.0395	0.1149	0.0523	0.0212	0.0054	0.0038
4.75	0.0673	0.0352	0.1025	0.0531	0.0265	0.0053	0.0037
5.00	0.0591	0.0309	0.0900	0.0538	0.0317	0.0052	0.0035
6.00	0.0420	0.0220	0.0640	0.0561	0.0434	0.0117	0.0075
7.00	0.0342	0.0179	0.0521	0.0578	0.0494	0.0060	0.0036
8.00	0.0288	0.0151	0.0438	0.0592	0.0539	0.0045	0.0025
9.00	0.0280	0.0147	0.0427	0.0605	0.0557	0.0018	0.0009
10.00	0.0233	0.0122	0.0355	0.0616	0.0594	0.0038	0.0018
11.00	0.0218	0.0114	0.0332	0.0626	0.0613	0.0019	0.0008
12.00	0.0202	0.0106	0.0308	0.0636	0.0632	0.0018	0.0007
13.00	0.0202	0.0106	0.0308	0.0645	0.0641	0.0010	0.0004
14.00	0.0187	0.0098	0.0284	0.0654	0.0659	0.0018	0.0006
15.00	0.0179	0.0094	0.0273	0.0662	0.0672	0.0013	0.0004
16.00	0.0171	0.0090	0.0261	0.0670	0.0684	0.0012	0.0004
17.00	0.0171	0.0090	0.0261	0.0677	0.0692	0.0008	0.0002
18.00	0.0171	0.0090	0.0261	0.0685	0.0700	0.0008	0.0002
19.00	0.0124	0.0065	0.0190	0.0692	0.0731	0.0031	0.0007
20.00	0.0124	0.0065	0.0190	0.0697	0.0737	0.0006	0.0001
21.00	0.0117	0.0061	0.0178	0.0703	0.0746	0.0010	0.0002
22.00	0.0109	0.0057	0.0166	0.0708	0.0756	0.0009	0.0002
23.00	0.0109	0.0057	0.0166	0.0713	0.0761	0.0005	0.0001
24.00	0.0101	0.0053	0.0154	0.0717	0.0769	0.0009	0.0001
25.00	0.0093	0.0049	0.0142	0.0722	0.0778	0.0008	0.0001
26.00	0.0070	0.0037	0.0107	0.0726	0.0794	0.0016	0.0002
27.00	0.0047	0.0024	0.0071	0.0728	0.0809	0.0015	0.0002
28.00	0.0047	0.0024	0.0071	0.0730	0.0811	0.0002	0.0000
29.00	0.0047	0.0024	0.0071	0.0732	0.0813	0.0002	0.0000
30.00	0.0039	0.0020	0.0059	0.0734	0.0819	0.0006	0.0001
31.00	0.0031	0.0016	0.0047	0.0736	0.0825	0.0006	0.0000
32.00	0.0022	0.0011	0.0033	0.0737	0.0831	0.0006	0.0000
33.00	0.0014	0.0007	0.0021	0.0738	0.0836	0.0005	0.0000
34.00	0.0006	0.0003	0.0010	0.0738	0.0840	0.0004	0.0000
35.00	-	-	-	0.0738	0.0843	0.0003	0.0000

Column Notes:

- (1) is Unearned Premium Reserve (equal to Written Premium minus Earned Premium, per the cashflow pattern) plus Unpaid Loss and LAE Reserve (equal to Incurred minus Paid Losses and LAE) by time period, expressed as a factor, = [Table 2 col (3) - Table 2 col (2)] + Table 1 row (7, Static-Avg) x [Table 2 col (2) - Table 2 col (5)]
- (2) is the Surplus derived from Reserves per the Reserve-to-Surplus Ratio by time period, expressed as a factor, = (1) / Table 1 row (2)
- (3) is Reserves plus Surplus minus Agent Balances by time period, expressed as a factor, = (1) + (2) - Agent Balances. Agent Balances exist when Written Premium exceeds Collected Premium, = [Table 2 col (3) - Table 2 col (1)].
- (4) is derived by applying the Return on Investments [Table 1 row (4, Static-Avg)] to the average Invested Funds (4) from the previous and current time periods, plus previous Income from Invested Funds, by time period expressed as a factor.
- (5) is Insurance Cash Flow plus Income from Invested Funds minus Total Invested Funds by time period, expressed as a factor, = Table 4 col (5) + (4) - (3)
- (6) is the difference between Capital Provider Equity (5) at the current and previous time periods, expressed as a factor
- (7) is the Capital Provider Cash Flow (6) discounted by the Weighted Average Cost of Capital [Table 1 row (5, Static-Avg)], expressed as a factor



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Calculation Details - Static-Spot Estimate

TABLE 6: DERIVATION OF INSURANCE CASH FLOW (STATIC-SPOT ESTIMATE)

Time	(1) Collected Premium Factor	(2) Expense and Taxes Factor	(3) Paid Losses and LAE Factor	(4) Federal Income Tax Factor	(5) Insurance Cash flow Factor
0.00	-	-	-	-	-
0.25	0.1388	0.0289	0.0090	0.0047	0.0962
0.50	0.3056	0.0636	0.0342	0.0094	0.1984
0.75	0.5230	0.1088	0.0738	0.0141	0.3263
1.00	0.7616	0.1594	0.1275	0.0188	0.4559
1.25	0.8891	0.1859	0.2188	0.0154	0.4690
1.50	0.9685	0.2024	0.3100	0.0120	0.4441
1.75	1.0000	0.2090	0.4012	0.0086	0.3812
2.00	1.0000	0.2090	0.4924	0.0052	0.2934
2.25	1.0000	0.2090	0.5309	0.0043	0.2557
2.50	1.0000	0.2090	0.5694	0.0035	0.2180
2.75	1.0000	0.2090	0.6079	0.0027	0.1804
3.00	1.0000	0.2090	0.6464	0.0019	0.1427
3.25	1.0000	0.2090	0.6617	0.0015	0.1278
3.50	1.0000	0.2090	0.6769	0.0011	0.1130
3.75	1.0000	0.2090	0.6922	0.0007	0.0981
4.00	1.0000	0.2090	0.7074	0.0003	0.0833
4.25	1.0000	0.2090	0.7158	0.0001	0.0751
4.50	1.0000	0.2090	0.7242	(0.0001)	0.0669
4.75	1.0000	0.2090	0.7327	(0.0004)	0.0587
5.00	1.0000	0.2090	0.7411	(0.0006)	0.0505
6.00	1.0000	0.2090	0.7587	(0.0011)	0.0334
7.00	1.0000	0.2090	0.7667	(0.0013)	0.0256
8.00	1.0000	0.2090	0.7724	(0.0015)	0.0202
9.00	1.0000	0.2090	0.7732	(0.0016)	0.0195
10.00	1.0000	0.2090	0.7780	(0.0018)	0.0148
11.00	1.0000	0.2090	0.7796	(0.0019)	0.0133
12.00	1.0000	0.2090	0.7812	(0.0020)	0.0118
13.00	1.0000	0.2090	0.7812	(0.0020)	0.0119
14.00	1.0000	0.2090	0.7828	(0.0021)	0.0103
15.00	1.0000	0.2090	0.7836	(0.0022)	0.0096
16.00	1.0000	0.2090	0.7844	(0.0022)	0.0088
17.00	1.0000	0.2090	0.7844	(0.0023)	0.0089
18.00	1.0000	0.2090	0.7844	(0.0023)	0.0089
19.00	1.0000	0.2090	0.7892	(0.0023)	0.0041
20.00	1.0000	0.2090	0.7892	(0.0023)	0.0041
21.00	1.0000	0.2090	0.7900	(0.0023)	0.0033
22.00	1.0000	0.2090	0.7908	(0.0023)	0.0025
23.00	1.0000	0.2090	0.7908	(0.0023)	0.0025
24.00	1.0000	0.2090	0.7916	(0.0023)	0.0017
25.00	1.0000	0.2090	0.7924	(0.0023)	0.0009
26.00	1.0000	0.2090	0.7948	(0.0023)	(0.0015)
27.00	1.0000	0.2090	0.7972	(0.0023)	(0.0039)
28.00	1.0000	0.2090	0.7972	(0.0023)	(0.0039)
29.00	1.0000	0.2090	0.7972	(0.0023)	(0.0039)
30.00	1.0000	0.2090	0.7980	(0.0023)	(0.0047)
31.00	1.0000	0.2090	0.7988	(0.0023)	(0.0055)
32.00	1.0000	0.2090	0.7998	(0.0023)	(0.0065)
33.00	1.0000	0.2090	0.8006	(0.0023)	(0.0073)
34.00	1.0000	0.2090	0.8014	(0.0023)	(0.0081)
35.00	1.0000	0.2090	0.8020	(0.0023)	(0.0087)

Column Notes:

- (1) is Collected Premium by time period, expressed as a factor, = Table 2 col (1)
- (2) is Expenses and Taxes by time period, expressed as a factor, = Table 1 row (1) x Table 2 col (4)
- (3) is Paid Losses and LAE by time period, expressed as a factor, = Table 1 row (7, Static-Spot) x Table 2 col (5)
- (4) per the Tax Cuts and Jobs Act of 2017, federal income taxes are computed as the tax rate (21%) times the adjusted underwriting income calculated per IRS rules. See Appendix B for details.
- (5) is the Total Insurance Cash Flow by time period, expressed as a factor, = (1) - [(2) + (3) + (4)]



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Calculation Details - Static-Spot Estimate (continued)

TABLE 7: DERIVATION OF CASH FLOWS TO THE CAPITAL PROVIDERS (STATIC-SPOT ESTIMATE)

Time	(1) Unearned Premium, Unpaid Loss and Unpaid LAE Reserve Factor	(2) Factor for Surplus Allocated to Reserves	(3) Total Invested Funds Factor	(4) Income from Invested Funds Factor	(5) Capital Provider Equity Factor	(6) Capital Provider Cash Flow Factor	(7) Discounted Capital Provider Cash Flow Factor
0.00	-	-	-	-	-	-	-
0.25	0.2797	0.1464	0.2689	0.0016	(0.1711)	(0.1711)	(0.1690)
0.50	0.4729	0.2476	0.4911	0.0060	(0.2866)	(0.1155)	(0.1113)
0.75	0.6341	0.3320	0.7210	0.0132	(0.3816)	(0.0949)	(0.0893)
1.00	0.7686	0.4024	0.9326	0.0229	(0.4539)	(0.0723)	(0.0663)
1.25	0.6352	0.3326	0.8569	0.0334	(0.3545)	0.0994	0.0890
1.50	0.5150	0.2697	0.7532	0.0428	(0.2663)	0.0882	0.0770
1.75	0.4066	0.2129	0.6194	0.0509	(0.1873)	0.0790	0.0673
2.00	0.3096	0.1621	0.4717	0.0573	(0.1210)	0.0663	0.0551
2.25	0.2711	0.1419	0.4130	0.0625	(0.0948)	0.0262	0.0212
2.50	0.2326	0.1218	0.3544	0.0670	(0.0693)	0.0255	0.0202
2.75	0.1941	0.1016	0.2957	0.0708	(0.0446)	0.0248	0.0191
3.00	0.1556	0.0815	0.2371	0.0739	(0.0204)	0.0241	0.0182
3.25	0.1404	0.0735	0.2138	0.0766	(0.0094)	0.0110	0.0081
3.50	0.1251	0.0655	0.1906	0.0789	0.0013	0.0107	0.0077
3.75	0.1099	0.0575	0.1674	0.0810	0.0118	0.0105	0.0073
4.00	0.0946	0.0495	0.1442	0.0829	0.0220	0.0102	0.0070
4.25	0.0862	0.0451	0.1314	0.0845	0.0282	0.0063	0.0042
4.50	0.0778	0.0407	0.1185	0.0859	0.0343	0.0061	0.0040
4.75	0.0694	0.0363	0.1057	0.0873	0.0403	0.0060	0.0038
5.00	0.0610	0.0319	0.0929	0.0884	0.0461	0.0058	0.0036
6.00	0.0433	0.0227	0.0660	0.0922	0.0596	0.0135	0.0079
7.00	0.0353	0.0185	0.0538	0.0951	0.0669	0.0073	0.0038
8.00	0.0297	0.0155	0.0452	0.0974	0.0724	0.0055	0.0026
9.00	0.0289	0.0151	0.0440	0.0996	0.0751	0.0027	0.0012
10.00	0.0241	0.0126	0.0367	0.1015	0.0797	0.0046	0.0018
11.00	0.0225	0.0118	0.0342	0.1032	0.0823	0.0026	0.0009
12.00	0.0209	0.0109	0.0318	0.1048	0.0848	0.0025	0.0008
13.00	0.0209	0.0109	0.0318	0.1063	0.0864	0.0016	0.0005
14.00	0.0192	0.0101	0.0293	0.1078	0.0888	0.0024	0.0006
15.00	0.0184	0.0097	0.0281	0.1091	0.0906	0.0019	0.0004
16.00	0.0176	0.0092	0.0269	0.1104	0.0924	0.0018	0.0004
17.00	0.0176	0.0092	0.0269	0.1117	0.0937	0.0013	0.0003
18.00	0.0176	0.0092	0.0269	0.1130	0.0950	0.0013	0.0002
19.00	0.0128	0.0067	0.0196	0.1141	0.0986	0.0036	0.0006
20.00	0.0128	0.0067	0.0196	0.1151	0.0996	0.0009	0.0001
21.00	0.0120	0.0063	0.0183	0.1160	0.1009	0.0013	0.0002
22.00	0.0112	0.0059	0.0171	0.1168	0.1022	0.0013	0.0002
23.00	0.0112	0.0059	0.0171	0.1176	0.1030	0.0008	0.0001
24.00	0.0104	0.0055	0.0159	0.1184	0.1042	0.0012	0.0001
25.00	0.0096	0.0050	0.0147	0.1191	0.1054	0.0012	0.0001
26.00	0.0072	0.0038	0.0110	0.1198	0.1072	0.0019	0.0002
27.00	0.0048	0.0025	0.0073	0.1202	0.1089	0.0017	0.0001
28.00	0.0048	0.0025	0.0073	0.1205	0.1093	0.0004	0.0000
29.00	0.0048	0.0025	0.0073	0.1209	0.1096	0.0004	0.0000
30.00	0.0040	0.0021	0.0061	0.1212	0.1104	0.0007	0.0000
31.00	0.0032	0.0017	0.0049	0.1215	0.1111	0.0007	0.0000
32.00	0.0022	0.0012	0.0034	0.1217	0.1118	0.0007	0.0000
33.00	0.0014	0.0007	0.0021	0.1218	0.1124	0.0006	0.0000
34.00	0.0007	0.0003	0.0010	0.1219	0.1128	0.0005	0.0000
35.00	-	-	-	0.1219	0.1132	0.0004	0.0000

Column Notes:

- (1) is Unearned Premium Reserve (equal to Written Premium minus Earned Premium, per the cashflow pattern) plus Unpaid Loss and LAE Reserve (equal to Incurred minus Paid Losses and LAE) by time period, expressed as a factor,
= [Table 2 col (3) - Table 2 col (2)] + Table 1 row (7, Static-Spot) x [Table 2 col (2) - Table 2 col (5)]
- (2) is the Surplus derived from Reserves per the Reserve-to-Surplus Ratio by time period, expressed as a factor, = (1) / Table 1 row (2)
- (3) is Reserves plus Surplus minus Agent Balances by time period, expressed as a factor, = (1) + (2) - Agent Balances. Agent Balances exist when Written Premium exceeds Collected Premium, = [Table 2 col (3) - Table 2 col (1)].
- (4) is derived by applying the Return on Investments [Table 1 row (4, Static-Spot)] to the average Invested Funds (4) from the previous and current time periods, plus previous Income from Invested Funds, by time period expressed as a factor.
- (5) is Insurance Cash Flow plus Income from Invested Funds minus Total Invested Funds by time period, expressed as a factor,
= Table 6 col (5) + (4) - (3)
- (6) is the difference between Capital Provider Equity (5) at the current and previous time periods, expressed as a factor
- (7) is the Capital Provider Cash Flow (6) discounted by the Weighted Average Cost of Capital [Table 1 row (5, Static-Spot)], expressed as a factor



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Calculation Details - Dynamic Estimate

TABLE 8: DERIVATION OF INSURANCE CASH FLOW (DYNAMIC ESTIMATE)

Time	(1) Collected Premium Factor	(2) Expense and Taxes Factor	(3) Paid Losses and LAE Factor	(4) Federal Income Tax Factor	(5) Insurance Cash flow Factor
0.00	-	-	-	-	-
0.25	0.1388	0.0289	0.0089	0.0049	0.0961
0.50	0.3056	0.0636	0.0339	0.0097	0.1984
0.75	0.5230	0.1088	0.0732	0.0146	0.3264
1.00	0.7616	0.1594	0.1264	0.0195	0.4563
1.25	0.8891	0.1859	0.2169	0.0163	0.4701
1.50	0.9685	0.2024	0.3073	0.0130	0.4457
1.75	1.0000	0.2090	0.3977	0.0098	0.3835
2.00	1.0000	0.2090	0.4882	0.0066	0.2963
2.25	1.0000	0.2090	0.5263	0.0057	0.2589
2.50	1.0000	0.2090	0.5645	0.0049	0.2216
2.75	1.0000	0.2090	0.6027	0.0041	0.1842
3.00	1.0000	0.2090	0.6408	0.0033	0.1469
3.25	1.0000	0.2090	0.6559	0.0029	0.1322
3.50	1.0000	0.2090	0.6710	0.0025	0.1174
3.75	1.0000	0.2090	0.6862	0.0021	0.1027
4.00	1.0000	0.2090	0.7013	0.0018	0.0880
4.25	1.0000	0.2090	0.7096	0.0015	0.0799
4.50	1.0000	0.2090	0.7180	0.0013	0.0717
4.75	1.0000	0.2090	0.7263	0.0011	0.0636
5.00	1.0000	0.2090	0.7347	0.0008	0.0555
6.00	1.0000	0.2090	0.7521	0.0004	0.0385
7.00	1.0000	0.2090	0.7601	0.0001	0.0308
8.00	1.0000	0.2090	0.7657	(0.0001)	0.0254
9.00	1.0000	0.2090	0.7665	(0.0002)	0.0247
10.00	1.0000	0.2090	0.7712	(0.0004)	0.0201
11.00	1.0000	0.2090	0.7728	(0.0004)	0.0186
12.00	1.0000	0.2090	0.7744	(0.0005)	0.0171
13.00	1.0000	0.2090	0.7744	(0.0006)	0.0172
14.00	1.0000	0.2090	0.7760	(0.0007)	0.0157
15.00	1.0000	0.2090	0.7768	(0.0007)	0.0149
16.00	1.0000	0.2090	0.7776	(0.0008)	0.0142
17.00	1.0000	0.2090	0.7776	(0.0008)	0.0142
18.00	1.0000	0.2090	0.7776	(0.0008)	0.0142
19.00	1.0000	0.2090	0.7824	(0.0008)	0.0095
20.00	1.0000	0.2090	0.7824	(0.0008)	0.0095
21.00	1.0000	0.2090	0.7832	(0.0008)	0.0087
22.00	1.0000	0.2090	0.7839	(0.0008)	0.0079
23.00	1.0000	0.2090	0.7839	(0.0008)	0.0079
24.00	1.0000	0.2090	0.7847	(0.0008)	0.0071
25.00	1.0000	0.2090	0.7855	(0.0008)	0.0063
26.00	1.0000	0.2090	0.7879	(0.0008)	0.0039
27.00	1.0000	0.2090	0.7903	(0.0008)	0.0015
28.00	1.0000	0.2090	0.7903	(0.0008)	0.0015
29.00	1.0000	0.2090	0.7903	(0.0008)	0.0015
30.00	1.0000	0.2090	0.7911	(0.0008)	0.0007
31.00	1.0000	0.2090	0.7919	(0.0008)	(0.0001)
32.00	1.0000	0.2090	0.7929	(0.0008)	(0.0010)
33.00	1.0000	0.2090	0.7937	(0.0009)	(0.0018)
34.00	1.0000	0.2090	0.7944	(0.0009)	(0.0026)
35.00	1.0000	0.2090	0.7951	(0.0009)	(0.0032)

Column Notes:

- (1) is Collected Premium by time period, expressed as a factor, = Table 2 col (1)
- (2) is Expenses and Taxes by time period, expressed as a factor, = Table 1 row (1) x Table 2 col (4)
- (3) is Paid Losses and LAE by time period, expressed as a factor, = Table 1 row (7, Dynamic) x Table 2 col (5)
- (4) per the Tax Cuts and Jobs Act of 2017, federal income taxes are computed as the tax rate (21%) times the adjusted underwriting income calculated per IRS rules. See Appendix B for details.
- (5) is the Total Insurance Cash Flow by time period, expressed as a factor, = (1) - [(2) + (3) + (4)]



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Calculation Details - Dynamic Estimate (continued)

TABLE 9: DERIVATION OF CASH FLOWS TO THE CAPITAL PROVIDERS (DYNAMIC ESTIMATE)

Time	(1) Unearned Premium, Unpaid Loss and Unpaid LAE Reserve Factor	(2) Factor for Surplus Allocated to Reserves	(3) Total Invested Funds Factor	(4) Income from Invested Funds Factor	(5) Capital Provider Equity Factor	(6) Capital Provider Cash Flow Factor	(7) Cumulative Discount Factor	(8) Discounted Capital Provider Cash Flow Factor
0.00	-	-	-	-	-	-	-	-
0.25	0.2795	0.1463	0.2686	0.0015	(0.1710)	(0.1710)	0.9877	(0.1689)
0.50	0.4722	0.2472	0.4900	0.0059	(0.2858)	(0.1148)	0.9638	(0.1107)
0.75	0.6326	0.3312	0.7188	0.0127	(0.3797)	(0.0939)	0.9405	(0.0883)
1.00	0.7661	0.4011	0.9287	0.0219	(0.4505)	(0.0709)	0.9178	(0.0650)
1.25	0.6320	0.3309	0.8519	0.0318	(0.3501)	0.1004	0.8959	0.0900
1.50	0.5116	0.2678	0.7479	0.0406	(0.2616)	0.0885	0.8746	0.0774
1.75	0.4033	0.2111	0.6144	0.0480	(0.1829)	0.0787	0.8539	0.0672
2.00	0.3069	0.1607	0.4676	0.0539	(0.1174)	0.0655	0.8337	0.0546
2.25	0.2687	0.1407	0.4094	0.0586	(0.0919)	0.0256	0.8140	0.0208
2.50	0.2306	0.1207	0.3513	0.0628	(0.0669)	0.0249	0.7948	0.0198
2.75	0.1924	0.1007	0.2931	0.0661	(0.0428)	0.0241	0.7760	0.0187
3.00	0.1542	0.0808	0.2350	0.0688	(0.0193)	0.0235	0.7578	0.0178
3.25	0.1391	0.0728	0.2120	0.0711	(0.0087)	0.0106	0.7399	0.0078
3.50	0.1240	0.0649	0.1890	0.0732	0.0016	0.0104	0.7225	0.0075
3.75	0.1089	0.0570	0.1660	0.0750	0.0118	0.0101	0.7055	0.0071
4.00	0.0938	0.0491	0.1429	0.0766	0.0216	0.0099	0.6889	0.0068
4.25	0.0855	0.0447	0.1302	0.0780	0.0276	0.0060	0.6727	0.0040
4.50	0.0771	0.0404	0.1175	0.0793	0.0335	0.0059	0.6569	0.0039
4.75	0.0688	0.0360	0.1048	0.0804	0.0393	0.0057	0.6415	0.0037
5.00	0.0604	0.0316	0.0921	0.0814	0.0449	0.0056	0.6265	0.0035
6.00	0.0429	0.0225	0.0654	0.0847	0.0578	0.0129	0.5907	0.0076
7.00	0.0350	0.0183	0.0533	0.0871	0.0646	0.0068	0.5378	0.0037
8.00	0.0294	0.0154	0.0448	0.0891	0.0697	0.0051	0.4897	0.0025
9.00	0.0286	0.0150	0.0436	0.0909	0.0720	0.0023	0.4461	0.0010
10.00	0.0239	0.0125	0.0363	0.0924	0.0762	0.0043	0.4064	0.0017
11.00	0.0223	0.0117	0.0339	0.0938	0.0786	0.0023	0.3703	0.0009
12.00	0.0207	0.0108	0.0315	0.0951	0.0808	0.0022	0.3374	0.0007
13.00	0.0207	0.0108	0.0315	0.0964	0.0821	0.0013	0.3075	0.0004
14.00	0.0191	0.0100	0.0291	0.0976	0.0842	0.0021	0.2803	0.0006
15.00	0.0183	0.0096	0.0279	0.0987	0.0858	0.0016	0.2555	0.0004
16.00	0.0175	0.0092	0.0266	0.0998	0.0873	0.0015	0.2328	0.0004
17.00	0.0175	0.0092	0.0266	0.1008	0.0884	0.0011	0.2122	0.0002
18.00	0.0175	0.0092	0.0266	0.1019	0.0895	0.0010	0.1934	0.0002
19.00	0.0127	0.0067	0.0194	0.1028	0.0929	0.0034	0.1762	0.0006
20.00	0.0127	0.0067	0.0194	0.1036	0.0936	0.0008	0.1606	0.0001
21.00	0.0119	0.0062	0.0182	0.1043	0.0948	0.0012	0.1464	0.0002
22.00	0.0111	0.0058	0.0170	0.1050	0.0959	0.0011	0.1334	0.0001
23.00	0.0111	0.0058	0.0170	0.1056	0.0965	0.0007	0.1216	0.0001
24.00	0.0103	0.0054	0.0157	0.1063	0.0976	0.0011	0.1108	0.0001
25.00	0.0095	0.0050	0.0145	0.1069	0.0986	0.0010	0.1010	0.0001
26.00	0.0072	0.0037	0.0109	0.1074	0.1004	0.0018	0.0921	0.0002
27.00	0.0048	0.0025	0.0073	0.1077	0.1020	0.0016	0.0840	0.0001
28.00	0.0048	0.0025	0.0073	0.1080	0.1023	0.0003	0.0765	0.0000
29.00	0.0048	0.0025	0.0073	0.1083	0.1025	0.0003	0.0698	0.0000
30.00	0.0040	0.0021	0.0061	0.1085	0.1032	0.0007	0.0636	0.0000
31.00	0.0032	0.0017	0.0048	0.1087	0.1038	0.0006	0.0580	0.0000
32.00	0.0022	0.0012	0.0034	0.1089	0.1045	0.0007	0.0528	0.0000
33.00	0.0014	0.0007	0.0021	0.1090	0.1051	0.0005	0.0482	0.0000
34.00	0.0006	0.0003	0.0010	0.1091	0.1055	0.0004	0.0439	0.0000
35.00	-	-	-	0.1091	0.1059	0.0004	0.0400	0.0000

Column Notes:

- (1) is Unearned Premium Reserve (equal to Written Premium minus Earned Premium, per the cashflow pattern) plus Unpaid Loss and LAE Reserve (equal to Incurred minus Paid Losses and LAE) by time period, expressed as a factor,
= [Table 2 col (3) - Table 2 col (2)] + Table 1 row (7, Dynamic) x [Table 2 col (2) - Table 2 col (5)]
- (2) is the Surplus derived from Reserves per the Reserve-to-Surplus Ratio by time period, expressed as a factor, = (1) / Table 1 row (2)
- (3) is Reserves plus Surplus minus Agent Balances by time period, expressed as a factor, = (1) + (2) - Agent Balances. Agent Balances exist when Written Premium exceeds Collected Premium, = [Table 2 col (3) - Table 2 col (1)].
- (4) is derived by applying the Return on Investments [Table 3 col (1)] to the average Invested Funds (4) from the previous and current time periods, plus previous Income from Invested Funds, by time period expressed as a factor.
- (5) is Insurance Cash Flow plus Income from Invested Funds minus Total Invested Funds by time period, expressed as a factor,
= Table 8 col (5) + (4) - (3)
- (6) is the difference between Capital Provider Equity (5) at the current and previous time periods, expressed as a factor
- (7) is derived from the respective Weighted Average Cost of Capital [Table 3 col (2)] for each time period, expressed as a factor
- (8) is the Capital Provider Cash Flow (6) discounted by the Cumulative Discount Factor (7), expressed as a factor



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Section H - Internal Rate of Return Analysis

APPENDIX A: CALCULATION OF WEIGHTED AVERAGE COST OF CAPITAL AND RETURN ON INVESTMENTS

The calculation of the Weighted Average Cost of Capital (WACC) is shown in Table A.1, and the calculation of the Return on Investments (RoI) is shown in Table A.2. The calculation for the Static estimates are shown for each. Calculations of the WACC and RoI under the Dynamic estimate for time periods 1, 2, and 5 are also provided for illustrative purposes. Note that the IRR model under the Dynamic estimate includes estimates of the WACC and RoI on a quarterly basis for the first five years and annually thereafter.

TABLE A.1: CALCULATION OF WEIGHTED AVERAGE COST OF CAPITAL

	Static		Dynamic - IRR Model Time (yrs)		
	Avg	Spot	1.00	2.00	5.00
(1) 5 year US T-note Yield	2.16%	4.12%	3.98%	3.77%	3.68%
(2) US Equity Market Risk Premium	7.74%	7.92%	7.92%	7.92%	7.92%
(3) Beta for Property/Casualty (P/C) Insurers	0.89	0.89	0.89	0.89	0.89
(4) Equity Cost of Capital for P/C Insurers	9.05%	11.17%	11.03%	10.82%	10.73%
(5) Share of Equity Capital for P/C Insurers	88%	88%	88%	88%	88%
(6) Debt Cost of Capital for P/C Insurers	2.96%	4.39%	4.31%	4.29%	4.22%
(7) Weighted Average Cost of Capital (WACC)	8.32%	10.36%	10.22%	10.04%	9.94%

Column Notes:

- (1) The Static-Avg estimate utilizes a rolling 5-year average, while the Static-Spot estimate utilizes the current US treasury yield. Forward estimates of US Treasury yields are from Moody's forecasts and apply only to the Dynamic estimate of the WACC. Time periods provided are illustrative; the full model includes estimates on a quarterly basis for the first five years and annually thereafter.
- (3) & (5) P/C beta and share of equity capital are estimated from historical data for a collection of insurers with publicly traded equity and debt.
- (4) = (1) + (2) x (3)
- (6) P/C debt cost of capital is the sum of the 10-year US T-note yield plus the historical corporate spread, net of income tax.
- (7) = (4) x (5) + (6) x [1 - (5)]



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APPENDIX A: CALCULATION OF WEIGHTED AVERAGE COST OF CAPITAL AND RETURN ON INVESTMENTS (CONTINUED)

TABLE A.2. CALCULATION OF RETURN ON INVESTMENTS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Security Description	Investment Portfolio	Yield Curve, Maturity and Spread	Roll-over Period	Income Tax Rate	Post-tax Return				
					Static		Dynamic - IRR Model Time (yrs)		
					Avg	Spot	1.00	2.00	5.00
Bonds, of which	72.7%								
Government Direct Obligations	7.7%								
< 1yr	2.6%	6 mo US T-bill	0.50 yrs	21.00%	1.78%	4.22%	3.24%	2.52%	2.36%
1 – 5 yrs	3.3%	2.5 yr US T-note	2.50 yrs	21.00%	1.68%	3.46%	3.36%	3.36%	2.74%
5 – 10 yrs	1.2%	7.5 yr US T-note	7.50 yrs	21.00%	1.81%	3.28%	3.29%	3.29%	3.29%
10 – 20 yrs	0.2%	15 yr US T-note	15.00 yrs	21.00%	2.01%	3.40%	3.46%	3.46%	3.46%
> 20 yrs	0.3%	20 yr US T-note	20.00 yrs	21.00%	2.16%	3.51%	3.62%	3.62%	3.62%
Collateralized Securities	7.1%								
< 1yr	1.1%	6 mo US T-bill + 50 basis points	0.50 yrs	21.00%	2.17%	4.62%	3.64%	2.91%	2.75%
1 – 5 yrs	2.8%	2.5 yr US T-note + 50 basis points	2.50 yrs	21.00%	2.08%	3.85%	3.76%	3.76%	3.13%
5 – 10 yrs	1.8%	7.5 yr US T-note + 50 basis points	7.50 yrs	21.00%	2.20%	3.67%	3.68%	3.68%	3.68%
10 – 20 yrs	1.1%	15 yr US T-note + 50 basis points	15.00 yrs	21.00%	2.40%	3.79%	3.85%	3.85%	3.85%
> 20 yrs	0.3%	20 yr US T-note + 50 basis points	20.00 yrs	21.00%	2.56%	3.91%	4.02%	4.02%	4.02%
Tax-exempt Bonds	17.1%								
< 1yr	1.3%	6 mo US T-bill + Tax-exempt spread	0.50 yrs	5.25%	2.21%	5.14%	3.96%	3.09%	2.90%
1 – 5 yrs	5.0%	2.5 yr US T-note + Tax-exempt spread	2.50 yrs	5.25%	2.15%	4.28%	4.16%	4.16%	3.41%
5 – 10 yrs	4.0%	7.5 yr US T-note + Tax-exempt spread	7.50 yrs	5.25%	2.31%	4.07%	4.08%	4.08%	4.08%
10 – 20 yrs	5.4%	15 yr US T-note + Tax-exempt spread	15.00 yrs	5.25%	2.68%	4.34%	4.41%	4.41%	4.41%
> 20 yrs	1.5%	20 yr US T-note + Tax-exempt spread	20.00 yrs	5.25%	2.98%	4.58%	4.70%	4.70%	4.70%
Industrial and Hybrid Securities (unaffiliated)	40.6%								
< 1yr	4.2%	6 mo US T-bill + Corp spread	0.50 yrs	21.00%	2.27%	4.72%	3.74%	3.01%	2.85%
1 – 5 yrs	17.9%	2.5 yr US T-note + Corp spread	2.50 yrs	21.00%	2.40%	4.18%	4.09%	4.09%	3.46%
5 – 10 yrs	14.0%	7.5 yr US T-note + Corp spread	7.50 yrs	21.00%	2.84%	4.32%	4.33%	4.33%	4.33%
10 – 20 yrs	2.7%	15 yr US T-note + Corp spread	15.00 yrs	21.00%	3.16%	4.56%	4.61%	4.61%	4.61%
> 20 yrs	1.9%	20 yr US T-note + Corp spread	20.00 yrs	21.00%	3.33%	4.69%	4.78%	4.78%	4.78%
Industrial and Hybrid Securities (affiliated)	0.2%								
< 1yr	0.1%	6 mo US T-bill + Corp spread	0.50 yrs	5.25%	2.73%	5.66%	4.48%	3.61%	3.42%
1 – 5 yrs	0.1%	2.5 yr US T-note + Corp spread	2.50 yrs	5.25%	2.88%	5.02%	4.90%	4.90%	4.15%
5 – 10 yrs	0.0%	7.5 yr US T-note + Corp spread	7.50 yrs	5.25%	3.41%	5.18%	5.19%	5.19%	5.19%
10 – 20 yrs	0.0%	15 yr US T-note + Corp spread	15.00 yrs	5.25%	3.79%	5.46%	5.53%	5.53%	5.53%
> 20 yrs	0.0%	20 yr US T-note + Corp spread	20.00 yrs	5.25%	3.99%	5.62%	5.73%	5.73%	5.73%
Stocks, of which	11.7%								
Preferred Stock	0.5%	5 year US T-note + 396 basis points	0.25 yrs	13.13%	5.24%	7.02%	6.90%	6.72%	6.63%
Common Stock	11.2%	5 year US T-note + 792 basis points	0.25 yrs	18.49%	8.07%	9.82%	9.70%	9.53%	9.45%
Mortgage Loans	2.6%								
Real Estate	0.5%								
Cash & Short-Term Investment	5.4%	3 month US T-bill	0.25 yrs	21.00%	1.71%	4.36%	3.02%	2.35%	2.27%
All Other Assets*	7.1%								
Post-Tax Return on Invested Funds, pre-Expense:					3.12%	4.95%	4.73%	4.59%	4.35%
Investment Expense**:					-0.17%	-0.17%	-0.17%	-0.17%	-0.17%
Post-Tax Return on Invested Funds:					2.95%	4.78%	4.56%	4.42%	4.18%

Table Notes:

- (1) Government Direct Obligations include US Government Issuer Obligations and Non-US Government Issuer Obligations.
Collateralized Securities include Mortgage Backed, Loan Backed, or Structured Securities.
Tax-exempt Bonds include Issuer Obligations of US States, Territories, and Possessions, US Political Subdivisions of States, Territories, and Possessions, and US Special Revenue and Special Assessment Obligations.
Industrial and Hybrid Securities (unaffiliated) include Industrial and Miscellaneous and Hybrid Securities.
Industrial and Hybrid Securities (affiliated) include Parents, Subsidiaries, and Affiliates.
- (2) Bond and total portfolio distributions are 3-year averages for 2020-2022, calculated from annual editions of Best's Aggregates & Averages (Property-Casualty), Assets for Commercial Casualty Composite, page number varies by edition, Column 3, Net Admitted Assets.
For each year 2020-2022, the maturity distribution pertains to all bonds owned as of December 31 at book/adjusted carrying value for Commercial Casualty Composite, Schedule D, Part 1A, Section 2.
- (3) Spread to US treasury yields are either constant or varying by maturity (tax-exempt or corporate) as applicable.
The tax-exempt spread is a term structure of average historical spreads in forward rates at different maturities between US municipal bonds and US Treasuries.
Data on historical yields to US municipal bonds are from Bloomberg.
The corporate spread is a term structure of average historical spreads in forward rates at different maturities between US corporate bonds and US Treasuries.
Historical data on yields to US corporate bonds are from the US Department of Treasury.
- (4) Applies only to the Dynamic estimate of the return on invested funds.
The roll-over period is the time interval at which the estimated yield is updated for the given security in the investment portfolio.
For bonds, the roll-over period is the bond's term to maturity. Forward yields for common and preferred stocks are updated quarterly.
- (5) It is assumed that investment returns, except dividends and tax exempt municipal bond income, are taxed at 21%.
It is assumed that 50% of dividends received are tax exempt. In accordance with the "pro-ration" provision, it is assumed that 25% of otherwise exempt municipal bond income and dividends are taxed at 21%. For common stock, the portion of income attributable to capital appreciation is assumed to equal 68.1% while the income portion is 31.9%. The percentages are obtained from the SBI Summary Statistics of Annual Returns: large cap stocks, arithmetic mean.
- (6)-(7) Static estimates of US Treasury yields are constant maturity yields from the first quarter of 2024.
- (8)-(10) Applies only to the dynamic estimate of the return on invested funds. Forward estimates of US Treasury yields at various maturities are from Moody's.

* Yields to mortgage loans, real estate, and all other assets are not directly estimated, but are assumed to equal the weighted average portfolio yield net of these categories.

** Investment expense calculated from Annual Statement data for the Commercial Casualty Composite by dividing Total Investment Expense by Cash and Invested Assets.

Total investment expense for 2022 is from the Annual Statement, Exhibit of Net Investment Income.

Average cash and invested assets for 2021 and 2022 are from Best's Aggregates and Averages (Property-Casualty), Assets for Commercial Casualty Composite.



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Section H - Internal Rate of Return Analysis

APPENDIX B: FEDERAL INCOME TAX INCURRED FROM INSURANCE OPERATIONS

Federal taxes on underwriting income, based on the Tax Cuts and Jobs Act of 2017, are calculated in the following tables on an annual basis. Columns (1) through (4) are the same under both Static and the Dynamic Estimates; the paid losses and LAE factors (col (5)) vary by Estimate. Note that investment taxes are accounted for in Appendix A. Annual tax is prorated when quarterly amounts are required.

TABLE B.1: FEDERAL INCOME TAX CALCULATION (STATIC-AVG ESTIMATE)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Time	Written Premium Factor	Unearned Premium Factor	Expense and Taxes Factor	Discount Factor	Paid Losses and LAE Factor	AY1 Paid Losses and LAE Factor	AY2 Paid Losses and LAE Factor	Discounted AY1 Unpaid Losses & LAE Factor	Discounted AY2 Unpaid Losses & LAE Factor	Federal Income Tax Factor
0.00	-	-	-	-	-	-	-	-	-	-
1.00	1.0000	0.4753	0.1594	0.8896	0.1237	0.1237	-	0.2359	-	0.0212
2.00	1.0000	-	0.2090	0.8748	0.4775	0.2963	0.1812	0.0810	0.1847	0.0100
3.00	1.0000	-	0.2090	0.8689	0.6268	0.3220	0.3049	0.0581	0.0735	0.0068
4.00	1.0000	-	0.2090	0.8642	0.6859	0.3535	0.3325	0.0306	0.0490	0.0054
5.00	1.0000	-	0.2090	0.8671	0.7186	0.3622	0.3564	0.0231	0.0281	0.0045
6.00	1.0000	-	0.2090	0.8611	0.7357	0.3707	0.3650	0.0157	0.0207	0.0040
7.00	1.0000	-	0.2090	0.8670	0.7435	0.3723	0.3712	0.0144	0.0152	0.0038
8.00	1.0000	-	0.2090	0.8819	0.7489	0.3756	0.3734	0.0117	0.0134	0.0036
9.00	1.0000	-	0.2090	0.8959	0.7497	0.3745	0.3752	0.0129	0.0120	0.0034
10.00	1.0000	-	0.2090	0.9051	0.7544	0.3785	0.3758	0.0093	0.0117	0.0033
11.00	1.0000	-	0.2090	0.9178	0.7559	0.3777	0.3782	0.0103	0.0096	0.0032
12.00	1.0000	-	0.2090	0.9307	0.7575	0.3793	0.3782	0.0089	0.0098	0.0031
13.00	1.0000	-	0.2090	0.9439	0.7575	0.3785	0.3790	0.0098	0.0092	0.0031
14.00	1.0000	-	0.2090	0.9573	0.7590	0.3800	0.3790	0.0084	0.0093	0.0030
15.00	1.0000	-	0.2090	0.9710	0.7598	0.3798	0.3800	0.0087	0.0085	0.0029
16.00	1.0000	-	0.2090	0.9847	0.7606	0.3805	0.3801	0.0082	0.0085	0.0029
17.00	1.0000	-	0.2090	0.9857	0.7606	0.3802	0.3804	0.0085	0.0083	0.0028
18.00	1.0000	-	0.2090	0.9857	0.7606	0.3804	0.3802	0.0084	0.0085	0.0028
19.00	1.0000	-	0.2090	0.9857	0.7653	0.3838	0.3815	0.0050	0.0073	0.0028
20.00	1.0000	-	0.2090	0.9857	0.7653	0.3821	0.3832	0.0067	0.0056	0.0028
21.00	1.0000	-	0.2090	0.9857	0.7660	0.3835	0.3825	0.0053	0.0062	0.0028
22.00	1.0000	-	0.2090	0.9857	0.7668	0.3834	0.3834	0.0054	0.0053	0.0028
23.00	1.0000	-	0.2090	0.9857	0.7668	0.3834	0.3834	0.0053	0.0054	0.0028
24.00	1.0000	-	0.2090	0.9857	0.7676	0.3840	0.3836	0.0048	0.0052	0.0028
25.00	1.0000	-	0.2090	0.9857	0.7684	0.3843	0.3841	0.0045	0.0047	0.0028
26.00	1.0000	-	0.2090	0.9857	0.7707	0.3859	0.3848	0.0029	0.0040	0.0028
27.00	1.0000	-	0.2090	0.9857	0.7730	0.3868	0.3862	0.0020	0.0026	0.0028
28.00	1.0000	-	0.2090	0.9857	0.7730	0.3864	0.3867	0.0025	0.0021	0.0028
29.00	1.0000	-	0.2090	0.9857	0.7730	0.3866	0.3864	0.0022	0.0024	0.0028
30.00	1.0000	-	0.2090	0.9857	0.7738	0.3871	0.3867	0.0018	0.0021	0.0028
31.00	1.0000	-	0.2090	0.9857	0.7746	0.3874	0.3872	0.0014	0.0016	0.0028
32.00	1.0000	-	0.2090	0.9857	0.7755	0.3879	0.3876	0.0009	0.0012	0.0028
33.00	1.0000	-	0.2090	0.9857	0.7763	0.3883	0.3881	0.0006	0.0008	0.0028
34.00	1.0000	-	0.2090	0.9857	0.7771	0.3887	0.3884	0.0002	0.0004	0.0028
35.00	1.0000	-	0.2090	0.9857	0.7777	0.3888	0.3888	-	-	0.0028

Column Notes:

- (1) is Written Premium by time period, expressed as a factor, = Table 2 col (3)
- (2) is Written Premium minus Earned Premium by time period, expressed as a factor, = Table 2 col (3) - Table 2 col (2)
- (3) is Expenses and Taxes by time period, expressed as a factor, = Table 1 row (1) x Table 2 col (4)
- (4) is from Internal Revenue Bulletin, 2023-52, Rev. Proc. 2023-41, dated December 26, 2023
- (5) is Paid Losses and LAE by time period, expressed as a factor, = Table 1 row (7, Static-Avg) x Table 2 col (5)
- (6) and (7) split the payments between the accident year coincident with the policy year ("AY1"), and the following accident year ("AY2"). Assuming that the payout pattern is linear between integer times, and that the average accident date for AY2 is two-thirds of a year later than the average accident date for AY1, columns (6) and (7) are determined by solving these two equations simultaneously:

$$\text{Col (6) + Col (7) = Col (5)}$$

$$\text{Col (7) = (2/3) * Col (6, previous row) + (1/3) * Col (6)}$$
 with Col (6, Time 1) = Col (5, Time 1) and Col (6, Time 35) = Col (7, Time 35)
- (8) is the discounted difference between AY1 Losses and LAE that will ultimately be paid, and the amount already paid,

$$= [\text{col (6, Time 35) - (6)}] \times (4)$$
- (9) is the discounted difference between AY2 Losses and LAE that will ultimately be paid, and the amount already paid,

$$= [\text{col (7, Time 35) - (7)}] \times \text{col (4, previous row)}$$
- (10) Per IRS rules, federal income tax equals the tax rate (21%) times the adjusted underwriting income

$$= 21\% * \{ (1) - 0.8 * (2) - [(3) + (5) + (8) + (9)] \}$$



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APPENDIX B: FEDERAL INCOME TAX INCURRED FROM INSURANCE OPERATIONS (CONTINUED)

TABLE B.2: FEDERAL INCOME TAX CALCULATION (STATIC-SPOT ESTIMATE)

Time	(1) Written Premium Factor	(2) Unearned Premium Factor	(3) Expense and Taxes Factor	(4) Discount Factor	(5) Paid Losses and LAE Factor	(6) AY1 Paid Losses and LAE Factor	(7) AY2 Paid Losses and LAE Factor	(8) Discounted AY1 Unpaid Losses & LAE Factor	(9) Discounted AY2 Unpaid Losses & LAE Factor	(10) Federal Income Tax Factor
0.00	-	-	-	-	-	-	-	-	-	-
1.00	1.0000	0.4753	0.1594	0.8896	0.1275	0.1275	-	0.2433	-	0.0188
2.00	1.0000	-	0.2090	0.8748	0.4924	0.3056	0.1869	0.0835	0.1905	0.0052
3.00	1.0000	-	0.2090	0.8689	0.6464	0.3320	0.3144	0.0599	0.0758	0.0019
4.00	1.0000	-	0.2090	0.8642	0.7074	0.3645	0.3429	0.0315	0.0505	0.0003
5.00	1.0000	-	0.2090	0.8671	0.7411	0.3735	0.3675	0.0238	0.0289	(0.0006)
6.00	1.0000	-	0.2090	0.8611	0.7587	0.3823	0.3765	0.0161	0.0213	(0.0011)
7.00	1.0000	-	0.2090	0.8670	0.7667	0.3839	0.3828	0.0148	0.0157	(0.0013)
8.00	1.0000	-	0.2090	0.8819	0.7724	0.3873	0.3851	0.0121	0.0138	(0.0015)
9.00	1.0000	-	0.2090	0.8959	0.7732	0.3862	0.3869	0.0133	0.0124	(0.0016)
10.00	1.0000	-	0.2090	0.9051	0.7780	0.3904	0.3876	0.0096	0.0120	(0.0018)
11.00	1.0000	-	0.2090	0.9178	0.7796	0.3895	0.3901	0.0106	0.0099	(0.0019)
12.00	1.0000	-	0.2090	0.9307	0.7812	0.3911	0.3900	0.0092	0.0101	(0.0020)
13.00	1.0000	-	0.2090	0.9439	0.7812	0.3903	0.3909	0.0101	0.0094	(0.0020)
14.00	1.0000	-	0.2090	0.9573	0.7828	0.3919	0.3909	0.0087	0.0096	(0.0021)
15.00	1.0000	-	0.2090	0.9710	0.7836	0.3917	0.3919	0.0090	0.0088	(0.0022)
16.00	1.0000	-	0.2090	0.9847	0.7844	0.3924	0.3920	0.0085	0.0088	(0.0022)
17.00	1.0000	-	0.2090	0.9857	0.7844	0.3921	0.3923	0.0088	0.0086	(0.0023)
18.00	1.0000	-	0.2090	0.9857	0.7844	0.3923	0.3921	0.0086	0.0088	(0.0023)
19.00	1.0000	-	0.2090	0.9857	0.7892	0.3958	0.3934	0.0052	0.0075	(0.0023)
20.00	1.0000	-	0.2090	0.9857	0.7892	0.3940	0.3952	0.0069	0.0057	(0.0023)
21.00	1.0000	-	0.2090	0.9857	0.7900	0.3955	0.3945	0.0054	0.0064	(0.0023)
22.00	1.0000	-	0.2090	0.9857	0.7908	0.3954	0.3954	0.0056	0.0055	(0.0023)
23.00	1.0000	-	0.2090	0.9857	0.7908	0.3954	0.3954	0.0055	0.0056	(0.0023)
24.00	1.0000	-	0.2090	0.9857	0.7916	0.3960	0.3956	0.0050	0.0053	(0.0023)
25.00	1.0000	-	0.2090	0.9857	0.7924	0.3963	0.3961	0.0046	0.0048	(0.0023)
26.00	1.0000	-	0.2090	0.9857	0.7948	0.3980	0.3969	0.0030	0.0041	(0.0023)
27.00	1.0000	-	0.2090	0.9857	0.7972	0.3989	0.3983	0.0020	0.0027	(0.0023)
28.00	1.0000	-	0.2090	0.9857	0.7972	0.3984	0.3988	0.0025	0.0022	(0.0023)
29.00	1.0000	-	0.2090	0.9857	0.7972	0.3987	0.3985	0.0023	0.0025	(0.0023)
30.00	1.0000	-	0.2090	0.9857	0.7980	0.3992	0.3989	0.0018	0.0021	(0.0023)
31.00	1.0000	-	0.2090	0.9857	0.7988	0.3995	0.3993	0.0015	0.0017	(0.0023)
32.00	1.0000	-	0.2090	0.9857	0.7998	0.4001	0.3997	0.0009	0.0013	(0.0023)
33.00	1.0000	-	0.2090	0.9857	0.8006	0.4004	0.4002	0.0006	0.0008	(0.0023)
34.00	1.0000	-	0.2090	0.9857	0.8014	0.4008	0.4006	0.0002	0.0004	(0.0023)
35.00	1.0000	-	0.2090	0.9857	0.8020	0.4010	0.4010	-	-	(0.0023)

Column Notes:

- (1) is Written Premium by time period, expressed as a factor, = Table 2 col (3)
- (2) is Written Premium minus Earned Premium by time period, expressed as a factor, = Table 2 col (3) - Table 2 col (2)
- (3) is Expenses and Taxes by time period, expressed as a factor, = Table 1 row (1) x Table 2 col (4)
- (4) is from Internal Revenue Bulletin, 2023-52, Rev. Proc. 2023-41, dated December 26, 2023
- (5) is Paid Losses and LAE by time period, expressed as a factor, = Table 1 row (7, Static-Spot) x Table 2 col (5)
- (6) and (7) split the payments between the accident year coincident with the policy year ("AY1"), and the following accident year ("AY2"). Assuming that the payout pattern is linear between integer times, and that the average accident date for AY2 is two-thirds of a year later than the average accident date for AY1, columns (6) and (7) are determined by solving these two equations simultaneously:

$$\text{Col (6)} + \text{Col (7)} = \text{Col (5)}$$

$$\text{Col (7)} = (2/3) * \text{Col (6, previous row)} + (1/3) * \text{Col (6)}$$
 with $\text{Col (6, Time 1)} = \text{Col (5, Time 1)}$ and $\text{Col (6, Time 35)} = \text{Col (7, Time 35)}$
- (8) is the discounted difference between AY1 Losses and LAE that will ultimately be paid, and the amount already paid,

$$= [\text{col (6, Time 35)} - (6)] * (4)$$
- (9) is the discounted difference between AY2 Losses and LAE that will ultimately be paid, and the amount already paid,

$$= [\text{col (7, Time 35)} - (7)] * \text{col (4, previous row)}$$
- (10) Per IRS rules, federal income tax equals the tax rate (21%) times the adjusted underwriting income

$$= 21\% * \{ (1) - 0.8 * (2) - [(3) + (5) + (8) + (9)] \}$$



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Section H - Internal Rate of Return Analysis

APPENDIX B: FEDERAL INCOME TAX INCURRED FROM INSURANCE OPERATIONS (CONTINUED)

TABLE B.3: FEDERAL INCOME TAX CALCULATION (DYNAMIC ESTIMATE)

Time	(1) Written Premium Factor	(2) Unearned Premium Factor	(3) Expense and Taxes Factor	(4) Discount Factor	(5) Paid Losses and LAE Factor	(6) AY1 Paid Losses and LAE Factor	(7) AY2 Paid Losses and LAE Factor	(8) Discounted AY1 Unpaid Losses & LAE Factor	(9) Discounted AY2 Unpaid Losses & LAE Factor	(10) Federal Income Tax Factor
0.00	-	-	-	-	-	-	-	-	-	-
1.00	1.0000	0.4753	0.1594	0.8896	0.1264	0.1264	-	0.2412	-	0.0195
2.00	1.0000	-	0.2090	0.8748	0.4882	0.3029	0.1853	0.0828	0.1888	0.0066
3.00	1.0000	-	0.2090	0.8689	0.6408	0.3292	0.3117	0.0594	0.0751	0.0033
4.00	1.0000	-	0.2090	0.8642	0.7013	0.3614	0.3399	0.0313	0.0501	0.0018
5.00	1.0000	-	0.2090	0.8671	0.7347	0.3703	0.3643	0.0236	0.0287	0.0008
6.00	1.0000	-	0.2090	0.8611	0.7521	0.3790	0.3732	0.0160	0.0211	0.0004
7.00	1.0000	-	0.2090	0.8670	0.7601	0.3806	0.3795	0.0147	0.0155	0.0001
8.00	1.0000	-	0.2090	0.8819	0.7657	0.3839	0.3817	0.0120	0.0137	(0.0001)
9.00	1.0000	-	0.2090	0.8959	0.7665	0.3829	0.3836	0.0131	0.0123	(0.0002)
10.00	1.0000	-	0.2090	0.9051	0.7712	0.3870	0.3842	0.0096	0.0119	(0.0004)
11.00	1.0000	-	0.2090	0.9178	0.7728	0.3861	0.3867	0.0105	0.0098	(0.0004)
12.00	1.0000	-	0.2090	0.9307	0.7744	0.3877	0.3867	0.0091	0.0100	(0.0005)
13.00	1.0000	-	0.2090	0.9439	0.7744	0.3869	0.3875	0.0100	0.0094	(0.0006)
14.00	1.0000	-	0.2090	0.9573	0.7760	0.3885	0.3875	0.0086	0.0095	(0.0007)
15.00	1.0000	-	0.2090	0.9710	0.7768	0.3883	0.3885	0.0089	0.0087	(0.0007)
16.00	1.0000	-	0.2090	0.9847	0.7776	0.3890	0.3886	0.0084	0.0087	(0.0008)
17.00	1.0000	-	0.2090	0.9857	0.7776	0.3887	0.3889	0.0087	0.0085	(0.0008)
18.00	1.0000	-	0.2090	0.9857	0.7776	0.3889	0.3887	0.0086	0.0087	(0.0008)
19.00	1.0000	-	0.2090	0.9857	0.7824	0.3923	0.3900	0.0051	0.0074	(0.0008)
20.00	1.0000	-	0.2090	0.9857	0.7824	0.3906	0.3918	0.0068	0.0057	(0.0008)
21.00	1.0000	-	0.2090	0.9857	0.7832	0.3921	0.3911	0.0054	0.0064	(0.0008)
22.00	1.0000	-	0.2090	0.9857	0.7839	0.3919	0.3920	0.0055	0.0054	(0.0008)
23.00	1.0000	-	0.2090	0.9857	0.7839	0.3920	0.3920	0.0055	0.0055	(0.0008)
24.00	1.0000	-	0.2090	0.9857	0.7847	0.3926	0.3922	0.0049	0.0053	(0.0008)
25.00	1.0000	-	0.2090	0.9857	0.7855	0.3929	0.3927	0.0046	0.0048	(0.0008)
26.00	1.0000	-	0.2090	0.9857	0.7879	0.3945	0.3934	0.0030	0.0041	(0.0008)
27.00	1.0000	-	0.2090	0.9857	0.7903	0.3955	0.3948	0.0020	0.0027	(0.0008)
28.00	1.0000	-	0.2090	0.9857	0.7903	0.3950	0.3953	0.0025	0.0022	(0.0008)
29.00	1.0000	-	0.2090	0.9857	0.7903	0.3952	0.3951	0.0023	0.0024	(0.0008)
30.00	1.0000	-	0.2090	0.9857	0.7911	0.3957	0.3954	0.0018	0.0021	(0.0008)
31.00	1.0000	-	0.2090	0.9857	0.7919	0.3961	0.3958	0.0014	0.0017	(0.0008)
32.00	1.0000	-	0.2090	0.9857	0.7929	0.3966	0.3962	0.0009	0.0013	(0.0008)
33.00	1.0000	-	0.2090	0.9857	0.7937	0.3970	0.3967	0.0006	0.0008	(0.0009)
34.00	1.0000	-	0.2090	0.9857	0.7944	0.3973	0.3971	0.0002	0.0004	(0.0009)
35.00	1.0000	-	0.2090	0.9857	0.7951	0.3975	0.3975	-	-	(0.0009)

Column Notes:

- (1) is Written Premium by time period, expressed as a factor, = Table 2 col (3)
- (2) is Written Premium minus Earned Premium by time period, expressed as a factor, = Table 2 col (3) - Table 2 col (2)
- (3) is Expenses and Taxes by time period, expressed as a factor, = Table 1 row (1) x Table 2 col (4)
- (4) is from Internal Revenue Bulletin, 2023-52, Rev. Proc. 2023-41, dated December 26, 2023
- (5) is Paid Losses and LAE by time period, expressed as a factor, = Table 1 row (7, Dynamic) x Table 2 col (5)
- (6) and (7) split the payments between the accident year coincident with the policy year ("AY1"), and the following accident year ("AY2"). Assuming that the payout pattern is linear between integer times, and that the average accident date for AY2 is two-thirds of a year later than the average accident date for AY1, columns (6) and (7) are determined by solving these two equations simultaneously:

$$\text{Col (6)} + \text{Col (7)} = \text{Col (5)}$$

$$\text{Col (7)} = (2/3) * \text{Col (6, previous row)} + (1/3) * \text{Col (6)}$$
 with Col (6, Time 1) = Col (5, Time 1) and Col (6, Time 35) = Col (7, Time 35)
- (8) is the discounted difference between AY1 Losses and LAE that will ultimately be paid, and the amount already paid,

$$= [\text{col (6, Time 35)} - (6)] \times (4)$$
- (9) is the discounted difference between AY2 Losses and LAE that will ultimately be paid, and the amount already paid,

$$= [\text{col (7, Time 35)} - (7)] \times \text{col (4, previous row)}$$
- (10) Per IRS rules, federal income tax equals the tax rate (21%) times the adjusted underwriting income

$$= 21\% * \{ (1) - 0.8 * (2) - [(3) + (5) + (8) + (9)] \}$$



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EXHIBIT II**

Section H - Internal Rate of Return Analysis

APPENDIX C: RESERVE-TO-SURPLUS RATIO

in 000's

	(1)	(2)	(3)	(4)	(5)	(6)
Year End	Unpaid Losses	Unpaid Loss Adjustment Expense	Unearned Premium	Policyholder Surplus	Ratio excl. Unearned Premium $\frac{\{(1)+(2)\}}{(4)}$	Ratio incl. Unearned Premium $\frac{\{(1)+(2)+(3)\}}{(4)}$
2022	244,078,630	51,321,882	96,322,738	200,124,833	1.48	1.96
2021	228,459,570	48,775,145	98,954,979	199,495,575	1.39	1.89
2020	213,654,262	47,148,359	91,285,583	184,607,060	1.41	1.91
2019	201,634,477	45,253,873	88,025,958	177,424,154	1.39	1.89
2018	198,071,343	43,050,172	84,424,740	169,657,802	1.42	1.92
2018 - 2022	1,085,898,282	235,549,431	459,013,998	931,309,424	1.42	1.91

Selected Ratio including Unearned Premium: 1.91

Source: Columns (1) - (4) for the latest year are taken from Liabilities, Surplus and Other Funds in Best's 2023 Aggregates & Averages, for Commercial Casualty Composite.



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EXHIBIT II

Section I - Table of Premium Discounts

<u>Division of Standard Premium</u>		<u>Type A Discounts</u>	<u>Type B Discounts</u>
First	\$10,000	---	---
Next	\$190,000	9.1%	5.1%
Next	\$1,550,000	11.3%	6.5%
Over	\$1,750,000	12.3%	7.5%

Application of the appropriate discount schedule to the standard premium produces a dollar discount that is subtracted from the standard premium.



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EXHIBIT II

Section J - Average Expense Provisions

Reproduced below are the graded expense provisions by policy size.

Gradation of Standard Premium

Division of Premium		Expense Gradations		
		Production*	General	Discounts
First	\$10,000	18.5%	6.1%	---
Next	\$190,000	11.0%	5.1%	9.1%
Next	\$1,550,000	9.5%	4.5%	11.3%
Over	\$1,750,000	9.5%	3.6%	12.3%
Proposed Average:		11.9%	4.9%	
Proposed Average Expense Gradation: (Expense for 1st \$10,000 - Avg Expense)		6.6%	1.2%	

Average Premium Discount:
 $[Avg\ Exp\ Grad] / [1 - Taxes - P\&C] = [6.6\% + 1.2\%] / [1 - 1.7\% - 0.0\%] = 7.9\%$

Composition of Standard Premium:

Benefit & Loss Adj. Cost	Production (18.5%)	General (6.1%)	Profit (0.0%)	Taxes (1.7%)
73.7%	11.9%	4.9%	0.0%	1.6%
	6.6%	1.2%	0.0%	0.1%
	0.6%	0.5%	0.0%	0.0%

} Premium
-- After Discounts (92.1%)

} -- Discount (7.9%)

} Standard Premium
-- Excluding Expense Constant (100.0%)

} -- Premium from \$160 expense constant.
(1.1% = 1/0.989 - 1)^

Notes

* The production expense gradations shown are based on Type A gradations.

^ The 0.989 offset is for the \$160 expense constant.



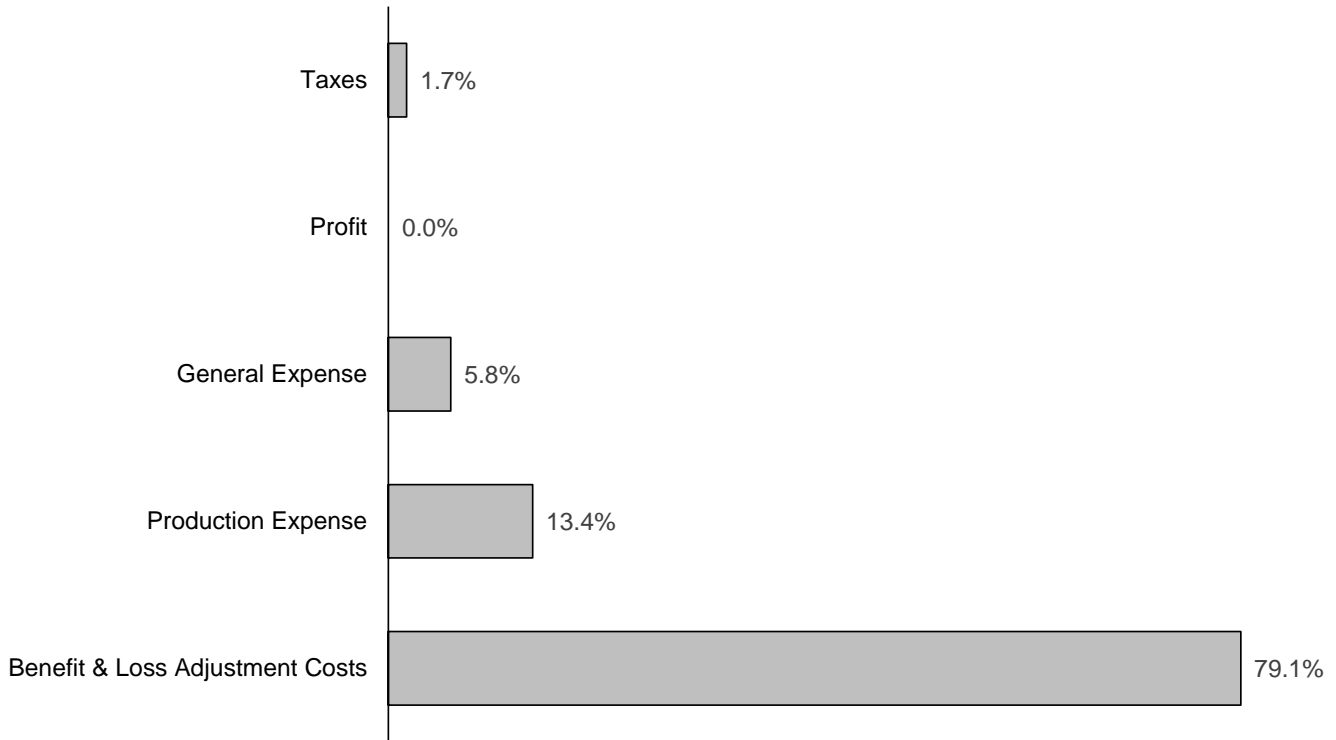
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EXHIBIT II

Section K - Indiana Expense Provisions as a Percentage of Net Premium at NCCI Level

The exhibit below illustrates the allocation of the final premium dollar after the application of premium discounts and expense constants based on Indiana expense provisions.

Components of Premium



Notes

Benefit & Loss Adjustment Costs	79.1%	=	(73.7%) / 93.2%
Production Expense	13.4%	=	(11.9% + 0.6%) / 93.2%
General Expense	5.8%	=	(4.9% + 0.5%) / 93.2%
Profit	0.0%	=	(0.0% + 0.0%) / 93.2%
Taxes	<u>1.7%</u>	=	(1.6% + 0.0%) / 93.2%
Total	100.0%		



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Appendix A – Factors Underlying the Proposed Rate Level Change

Appendix A-I Determination of Policy Year On-level Factors

NCCI uses premium and loss on-level factors to adjust historical policy year experience to current advisory rate and benefit levels, respectively.

Premium on-level factors capture the difference between the average premium level for the year being on-leveled and the present premium level. The average premium level for the year being on-leveled is calculated using a weighted average based on a monthly premium distribution derived from Indiana Unit Statistical Plan data. Differences in premium level changes specific to the market are addressed through distinct voluntary and assigned risk on-level factors. These factors are weighted together, using selected market shares as weights, to arrive at the final statewide on-level factor. The following adjustments are applied as part of the premium on-level factor calculation:

- Adjustment for Expense Constant Removal: This factor removes premium collected via the charged expense constant.
- Adjustment for Expense Removal: This factor is applied to remove expenses from the reported assigned risk and voluntary DSR level premium totals—serving to make the separate market premiums more comparable.
- Experience Rating Off-Balance Adjustment Factor: This factor reflects the relative difference between the average experience rating modification for the historical year being on-leveled and the average experience rating modification expected during the proposed filing effective period. Additional details on this adjustment factor are provided in the sub-section below.
- Current Premium Index (Assigned Risk-To-Voluntary): This factor reflects the cumulative impact of the current assigned risk standard premium programs. In this filing, a market share of 0% was selected in consideration of Indiana's statutes and current workers compensation environment. This selection remains unchanged from the prior filing. Through this factor, the impact of assigned risk programs is removed from the premium to align the assigned risk market premium to the advisory rate level.

Selecting a market share mitigates possible policy year-to-year distortions that may result due to changes in the volume of business written in the voluntary or assigned risk market. Maintaining a consistent assigned risk market share over an extended period supports a stable benchmark rate level independent of fluctuations in the assigned risk market's size.

Loss on-level factors are adjustment factors that reflect the cumulative impact of all benefit level changes that have occurred during and after the individual year of data being on-leveled.

Note: For NCCI ratemaking purposes, proposed benefit level changes that (i) do not impact the experience period of the filing and (ii) have not yet been approved are included in Exhibit I, rather than in the loss on-level calculation.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Appendix A – Factors Underlying the Proposed Rate Level Change

Experience Rating Off-Balance Adjustment Factor

The term “off-balance” refers to the average experience rating modification factor (E-mod) across all employers for a given time period. Historical off-balance values are calculated as a weighted average—using expected losses as weights—of the following:

- E-mods for intrastate rated employers
- E-mods for interstate rated employers
- A unity factor for all non-rated employers

NCCI reviews changes in each state’s average off-balance annually. The historical data review combined with the experience rating parameters included in the latest approved filing provide all necessary information to adjust historical premiums to reflect any changes in the off-balance values over time. Specifically, the premiums in the financial data experience period are adjusted to the off-balance expected in the proposed filing effective period. This adjustment can be seen in the premium on-level adjustment factors provided in Appendix A-I.

The key components used to estimate the off-balance for the proposed filing include:

- A targeted average E-mod of 0.960 for intrastate rated employers is used to estimate the off-balance. A targeted average intrastate E-mod slightly below unity is desirable because employers who qualify for experience rating typically have better loss experience, on average, than non-rated employers. The impact of NCCI’s off-balance adjustment is premium-neutral on a statewide basis while promoting rate adequacy for non-rated employers.
- An average interstate E-mod is used to estimate the off-balance. The average interstate E-mod is estimated based on experience rating data for interstate rated employers within the most recent twelve months. Unlike intrastate rated employers, interstate employers have exposure in multiple states, where each state’s data and underlying experience rating parameters are used to determine the employer’s interstate E-mod. Because E-mods for interstate employers are influenced by experience rating values for multiple states, NCCI’s standard approach is to assume that the average interstate E-mod during the proposed filing period is best approximated by the average interstate E-mod observed over the most recent twelve months of E-mod data available at the time of the analysis.



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APPENDIX A-I

Determination of Policy Year On-level Factors

Section A - Factor Adjusting 2022 Policy Year Assigned Risk Premium to Present Assigned Risk Level

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Rate Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)	Adj. For Expense Constant Removal @	Adj. For Expense Removal	Premium Adjustment Factor (5)x(6)x(7)
Date								
NR 01/01/22	Base	1.000	1.000	1.000	0.791	0.968	0.624	0.478
NR 01/01/23	0.897	0.897						
NR 01/01/24	0.882	0.791						
				1.000				

Section B - Factor Adjusting 2022 Policy Year Voluntary Premium to Present Voluntary Level

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Rate Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)	Adj. For Expense Constant Removal @	Adj. For Expense Removal	Premium Adjustment Factor (5)x(6)x(7)
Date								
NR 01/01/22	Base	1.000	1.000	1.000	0.791	0.983	0.624	0.485
NR 01/01/23	0.897	0.897						
NR 01/01/24	0.882	0.791						
				1.000				

Section C - Factor Adjusting 2022 Policy Year Assigned Risk Premium and Voluntary Premium to Present Statewide Level

(1) Assigned Risk Market Share PY 2022	0.065
(2) Voluntary Market Share PY 2022	0.935
(3) Assigned Risk Standard Premium Adjustment Factor (See Sec. A)	0.478
(4) Voluntary Standard Premium Adjustment Factor (See Sec. B)	0.485
(5) Premium Adjustment Factor = [(1)x(3)]/1.176+(2)x(4) #	0.479
(6) Experience Rating Off-balance Adjustment Factor*	1.004
(7) Final Premium Adjustment Factor = (5)x(6)	0.481

NR New and renewal business.

@ Eliminates premium derived from expense constants.

Current premium index (assigned risk-to-voluntary) = 1.176

* = 1.004 = 0.953 / 0.949 = (Targeted Off-balance) / (Off-balance for Policy Year 2022)



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APPENDIX A-I

Determination of Policy Year On-level Factors

Section D - Factor Adjusting 2022 Policy Year Indemnity Losses to Present Benefit Level

	(1)	(2)	(3)	(4)	(5)
Date	Benefit Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)
01/01/22	Base	1.000	0.344	0.344	1.031
10/01/22	1.000	1.000	0.231	0.231	
01/01/23	1.000	1.000	0.331	0.331	
07/01/23	1.016	1.016	0.094	0.096	
07/01/24	1.017	1.033			
				1.002	

Section E - Factor Adjusting 2022 Policy Year Medical Losses to Present Benefit Level

	(1)	(2)	(3)	(4)	(5)
Date	Benefit Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)
01/01/22	Base	1.000	0.344	0.344	0.972
10/01/22	1.002	1.002	0.231	0.231	
01/01/23	0.950	0.952	0.331	0.315	
07/01/23	1.000	0.952	0.094	0.089	
07/01/24	1.000	0.952			
				0.979	



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APPENDIX A-I

Determination of Policy Year On-level Factors

Section F - Factor Adjusting 2021 Policy Year Assigned Risk Premium to Present Assigned Risk Level

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Rate Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)	Adj. For Expense Constant Removal @	Adj. For Expense Removal	Premium Adjustment Factor (5)x(6)x(7)
Date								
NR 01/01/21	Base	1.000	1.000	1.000	0.791	0.967	0.624	0.477
NR 01/01/22	1.000	1.000						
NR 01/01/23	0.897	0.897						
NR 01/01/24	0.882	0.791						
				1.000				

Section G - Factor Adjusting 2021 Policy Year Voluntary Premium to Present Voluntary Level

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Rate Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)	Adj. For Expense Constant Removal @	Adj. For Expense Removal	Premium Adjustment Factor (5)x(6)x(7)
Date								
NR 01/01/21	Base	1.000	1.000	1.000	0.791	0.983	0.624	0.485
NR 01/01/22	1.000	1.000						
NR 01/01/23	0.897	0.897						
NR 01/01/24	0.882	0.791						
				1.000				

Section H - Factor Adjusting 2021 Policy Year Assigned Risk Premium and Voluntary Premium to Present Statewide Level

(1) Assigned Risk Market Share PY 2021	0.065
(2) Voluntary Market Share PY 2021	0.935
(3) Assigned Risk Standard Premium Adjustment Factor (See Sec. F)	0.477
(4) Voluntary Standard Premium Adjustment Factor (See Sec. G)	0.485
(5) Premium Adjustment Factor = [(1)x(3)]/1.176+(2)x(4) #	0.479
(6) Experience Rating Off-balance Adjustment Factor*	0.998
(7) Final Premium Adjustment Factor = (5)x(6)	0.478

NR New and renewal business.

@ Eliminates premium derived from expense constants.

Current premium index (assigned risk-to-voluntary) = 1.176

* = 0.998 = 0.953 / 0.955 = (Targeted Off-balance) / (Off-balance for Policy Year 2021)



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APPENDIX A-I

Determination of Policy Year On-level Factors

Section I - Factor Adjusting 2021 Policy Year Indemnity Losses to Present Benefit Level

	(1)	(2)	(3)	(4)	(5)
Date	Benefit Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)
01/01/21	Base	1.000	0.344	0.344	1.033
10/01/21	1.000	1.000	0.231	0.231	
01/01/22	1.000	1.000	0.406	0.406	
10/01/22	1.000	1.000	0.019	0.019	
01/01/23	1.000	1.000			
07/01/23	1.016	1.016			
07/01/24	1.017	1.033			
				1.000	

Section J - Factor Adjusting 2021 Policy Year Medical Losses to Present Benefit Level

	(1)	(2)	(3)	(4)	(5)
Date	Benefit Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)
01/01/21	Base	1.000	0.344	0.344	0.953
10/01/21	1.001	1.001	0.231	0.231	
01/01/22	1.001	1.002	0.406	0.407	
10/01/22	1.002	1.004	0.019	0.019	
01/01/23	0.950	0.954			
07/01/23	1.000	0.954			
07/01/24	1.000	0.954			
				1.001	



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Appendix A – Factors Underlying the Proposed Rate Level Change

Appendix A-II Determination of Premium and Losses Developed to an Ultimate Report

Development factors are used to project premium and limited losses to an ultimate report. In general, the ultimate development factors are based on a chain-ladder approach that utilizes average link ratios for several maturities and the application of a tail factor, as shown on the following pages.

Limited Large Loss Methodology

In order to limit volatility on the indications due to the impact of extraordinary large losses, a limited large loss methodology is used in Indiana. A base threshold for the large loss limitation is determined by the volume of premium in the state as well as the number of years used in the experience period. It is calculated as one percent of the total volume of premium from the experience period underlying the currently approved filing. The base threshold is then detrended by policy year to reflect the inflationary impact on claim costs due to wage inflation. The wage index used as a basis for these calculations is the Indiana average weekly wages from the Quarterly Census of Employment and Wages (QCEW). Detrended thresholds are used in the experience period, trend period, and loss development period. Indemnity and medical losses are limited at the detrended large loss threshold corresponding to their Policy Year.

After developing limited indemnity and medical losses to an ultimate report, a statewide, non-catastrophe excess ratio at the base threshold is used to adjust the limited losses to an unlimited basis. The excess ratios are non-catastrophe because excess ratios at limits beyond \$50 million are set equal to zero. The excess ratio is derived from Indiana's Retrospective Rating Plan Parameters.

Premium Development

Premium at an ultimate report is estimated by incorporating a review of historical patterns of premium development over time—primarily due to payroll audits. For premium development, link ratios are used from 1st report through 5th report. It is assumed that no further development occurs after the 5th report.

In this filing, a three-year average of historical premium development factors was selected to strike a balance between responsiveness to recently observed changes and maintaining stability in the selected development factors from one filing to the next.

Loss Development

Loss development factors are needed since total paid losses and case reserve estimates on a given claim change over time until the claim is finally closed. For indemnity and medical loss development, link ratios calculated from limited losses are used from 1st report through the 19th



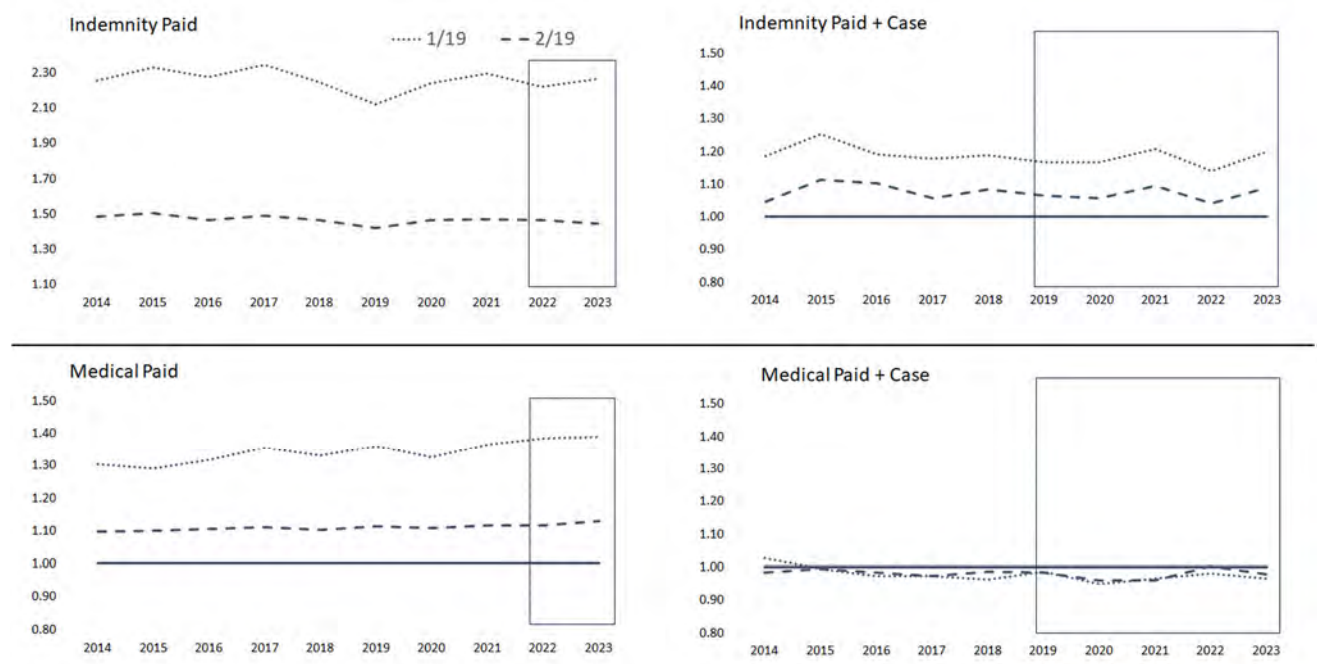
Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Appendix A – Factors Underlying the Proposed Rate Level Change

report. For indemnity and medical loss development past the 19th report, a 19th-to-ultimate “tail” factor is used to reflect all future expected loss emergence. The loss development factors are calculated based on how paid losses and case reserve estimates change over time for claims in older years.

The graphs below display the age-to-19th cumulative loss development factors over the last ten valuations.



The specific loss development link ratio selections underlying this filing are shown below:

- A two-year average of historical paid loss development factors through a 19th report
- A five-year average of historical paid plus case loss development factors through a 19th report

As can be seen in the graphs above, the latest valuation of development factors are generally consistent with those from historical periods for both indemnity and medical paid development as well as indemnity and medical paid plus case development and shows no clear deviation from historical values. Therefore, there was no change in these selected development averages compared to last year’s filing.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Appendix A – Factors Underlying the Proposed Rate Level Change

The development factor selections were made to strike a balance between responsiveness to recently observed changes and maintaining stability in the selected development factors from one filing to the next. A shorter-term average was selected for paid losses to capture more recent changes in paid development patterns over time, while a longer-term average was selected for paid plus case losses to limit the amount of volatility from year to year.

19th-to-Ultimate Tail Factor

Tail factors are calculated separately for indemnity and medical unlimited losses by comparing the changes in the volume of policy year losses that occur on policy years reported after a nineteenth report to the volume of policy year losses at the nineteenth report. To adjust for these differences in the volume of losses between policy years, a growth adjustment factor is applied. The tail factors are brought from an unlimited basis to a limited basis through the application of a tail adjustment factor, which is based on countrywide data and the state specific large loss threshold.

The 19th-to-ultimate tail factor in Indiana is calculated on a paid plus case basis. Both the indemnity and medical tail factors utilize all available experience for the years prior to the tail attachment point and are calculated for the most recent ten available policy years. Loss development paid plus case tail factors from a nineteenth report to ultimate were judgmentally selected in this filing based on a review of the ten most recently available factors.

Paid plus case data is used in the calculation of 19th-to-ultimate loss development factors since it is most reflective of the expected ultimate losses. Since this filing utilizes both paid and paid plus case data, the selected paid plus case loss development tail factors are converted to a paid basis using paid-to-paid plus case conversion ratios. Both the indemnity and medical paid-to-paid plus case conversion ratios were selected based on a review of historical conversion ratios.



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Determination of Premium and Losses Developed to an Ultimate Report

Section A - Premium and Loss Summary Valued as of 12/31/2023

Policy Year 2022

(1) Standard Earned Premium	\$733,365,046
(2) Factor to Develop Premium to Ultimate	1.011
(3) Standard Earned Premium Developed to Ultimate = (1)x(2)	\$741,432,062
(4) Limited Indemnity Paid Losses	\$50,399,390
(5) Limited Indemnity Paid Development Factor to Ultimate	2.261
(6) Limited Indemnity Paid Losses Developed to Ultimate = (4)x(5)	\$113,953,021
(7) Limited Indemnity Paid+Case Losses	\$96,058,168
(8) Limited Indemnity Paid+Case Development Factor to Ultimate	1.178
(9) Limited Indemnity Paid+Case Losses Developed to Ultimate = (7)x(8)	\$113,156,522
(10) Policy Year 2022 Limited Indemnity Losses Developed to Ultimate = [(6)+(9)]/2	\$113,554,772
(11) Limited Medical Paid Losses	\$173,619,953
(12) Limited Medical Paid Development Factor to Ultimate	1.408
(13) Limited Medical Paid Losses Developed to Ultimate = (11)x(12)	\$244,456,894
(14) Limited Medical Paid+Case Losses	\$258,408,413
(15) Limited Medical Paid+Case Development Factor to Ultimate	0.971
(16) Limited Medical Paid+Case Losses Developed to Ultimate = (14)x(15)	\$250,914,569
(17) Policy Year 2022 Limited Medical Losses Developed to Ultimate = [(13)+(16)]/2	\$247,685,732

Policy Year 2021

(1) Standard Earned Premium	\$694,054,660
(2) Factor to Develop Premium to Ultimate	0.999
(3) Standard Earned Premium Developed to Ultimate = (1)x(2)	\$693,360,605
(4) Limited Indemnity Paid Losses	\$76,616,216
(5) Limited Indemnity Paid Development Factor to Ultimate	1.466
(6) Limited Indemnity Paid Losses Developed to Ultimate = (4)x(5)	\$112,319,373
(7) Limited Indemnity Paid+Case Losses	\$104,071,351
(8) Limited Indemnity Paid+Case Development Factor to Ultimate	1.071
(9) Limited Indemnity Paid+Case Losses Developed to Ultimate = (7)x(8)	\$111,460,417
(10) Policy Year 2021 Limited Indemnity Losses Developed to Ultimate = [(6)+(9)]/2	\$111,889,895
(11) Limited Medical Paid Losses	\$225,470,643
(12) Limited Medical Paid Development Factor to Ultimate	1.141
(13) Limited Medical Paid Losses Developed to Ultimate = (11)x(12)	\$257,262,004
(14) Limited Medical Paid+Case Losses	\$267,663,800
(15) Limited Medical Paid+Case Development Factor to Ultimate	0.979
(16) Limited Medical Paid+Case Losses Developed to Ultimate = (14)x(15)	\$262,042,860
(17) Policy Year 2021 Limited Medical Losses Developed to Ultimate = [(13)+(16)]/2	\$259,652,432



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Determination of Premium and Losses Developed to an Ultimate Report

Section B - Premium Development Factors

<u>Policy Year</u>	<u>1st/2nd</u>	<u>Policy Year</u>	<u>2nd/3rd</u>	<u>Policy Year</u>	<u>3rd/4th</u>	<u>Policy Year</u>	<u>4th/5th</u>
2019	0.999	2018	1.000	2017	1.000	2016	1.000
2020	1.015	2019	1.000	2018	1.000	2017	1.000
2021	1.023	2020	0.998	2019	1.000	2018	1.000
Average	1.012	Average	0.999	Average	1.000	Average	1.000

Summary of Premium Development Factors

<u>1st/5th</u>	<u>2nd/5th</u>	<u>3rd/5th</u>	<u>4th/5th</u>
1.011	0.999	1.000	1.000



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Determination of Premium and Losses Developed to an Ultimate Report

Section C - Limited Indemnity Paid Loss Development Factors

<u>Policy Year</u>	<u>1st/2nd</u>	<u>Policy Year</u>	<u>2nd/3rd</u>	<u>Policy Year</u>	<u>3rd/4th</u>	<u>Policy Year</u>	<u>4th/5th</u>
2020	1.514	2019	1.184	2018	1.107	2017	1.056
2021	1.570	2020	1.209	2019	1.101	2018	1.040
Average	1.542	Average	1.197	Average	1.104	Average	1.048
<u>Policy Year</u>	<u>5th/6th</u>	<u>Policy Year</u>	<u>6th/7th</u>	<u>Policy Year</u>	<u>7th/8th</u>	<u>Policy Year</u>	<u>8th/9th</u>
2016	1.022	2015	1.014	2014	1.005	2013	1.006
2017	1.018	2016	1.007	2015	1.008	2014	1.007
Average	1.020	Average	1.011	Average	1.007	Average	1.007
<u>Policy Year</u>	<u>9th/10th</u>	<u>Policy Year</u>	<u>10th/11th</u>	<u>Policy Year</u>	<u>11th/12th</u>	<u>Policy Year</u>	<u>12th/13th</u>
2012	1.007	2011	0.999	2010	1.000	2009	1.005
2013	1.002	2012	1.000	2011	1.000	2010	1.001
Average	1.005	Average	1.000	Average	1.000	Average	1.003
<u>Policy Year</u>	<u>13th/14th</u>	<u>Policy Year</u>	<u>14th/15th</u>	<u>Policy Year</u>	<u>15th/16th</u>	<u>Policy Year</u>	<u>16th/17th</u>
2008	1.000	2007	1.000	2006	1.000	2005	1.000
2009	1.000	2008	1.000	2007	1.000	2006	1.000
Average	1.000	Average	1.000	Average	1.000	Average	1.000
<u>Policy Year</u>	<u>17th/18th</u>	<u>Policy Year</u>	<u>18th/19th</u>				
2004	1.000	2003	1.000				
2005	1.000	2004	1.000				
Average	1.000	Average	1.000				



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Determination of Premium and Losses Developed to an Ultimate Report

Section D - Limited Medical Paid Loss Development Factors

<u>Policy Year</u>	<u>1st/2nd</u>	<u>Policy Year</u>	<u>2nd/3rd</u>	<u>Policy Year</u>	<u>3rd/4th</u>	<u>Policy Year</u>	<u>4th/5th</u>
2020	1.239	2019	1.049	2018	1.020	2017	1.011
2021	1.229	2020	1.057	2019	1.028	2018	1.012
Average	1.234	Average	1.053	Average	1.024	Average	1.012
<u>Policy Year</u>	<u>5th/6th</u>	<u>Policy Year</u>	<u>6th/7th</u>	<u>Policy Year</u>	<u>7th/8th</u>	<u>Policy Year</u>	<u>8th/9th</u>
2016	1.007	2015	1.002	2014	1.001	2013	1.002
2017	1.008	2016	1.010	2015	0.998	2014	1.001
Average	1.008	Average	1.006	Average	1.000	Average	1.002
<u>Policy Year</u>	<u>9th/10th</u>	<u>Policy Year</u>	<u>10th/11th</u>	<u>Policy Year</u>	<u>11th/12th</u>	<u>Policy Year</u>	<u>12th/13th</u>
2012	1.002	2011	1.002	2010	0.999	2009	1.003
2013	1.001	2012	1.002	2011	1.001	2010	1.001
Average	1.002	Average	1.002	Average	1.000	Average	1.002
<u>Policy Year</u>	<u>13th/14th</u>	<u>Policy Year</u>	<u>14th/15th</u>	<u>Policy Year</u>	<u>15th/16th</u>	<u>Policy Year</u>	<u>16th/17th</u>
2008	1.001	2007	1.001	2006	1.001	2005	1.001
2009	1.002	2008	1.000	2007	1.001	2006	1.001
Average	1.002	Average	1.001	Average	1.001	Average	1.001
<u>Policy Year</u>	<u>17th/18th</u>	<u>Policy Year</u>	<u>18th/19th</u>				
2004	1.009	2003	1.001				
2005	1.001	2004	1.001				
Average	1.005	Average	1.001				



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Determination of Premium and Losses Developed to an Ultimate Report

Section E - Limited Indemnity Paid + Case Loss Development Factors

<u>Policy Year</u>	<u>1st/2nd</u>	<u>Policy Year</u>	<u>2nd/3rd</u>	<u>Policy Year</u>	<u>3rd/4th</u>	<u>Policy Year</u>	<u>4th/5th</u>
2017	1.096	2016	1.039	2015	1.021	2014	1.004
2018	1.105	2017	1.041	2016	1.020	2015	1.002
2019	1.103	2018	1.053	2017	1.015	2016	1.011
2020	1.097	2019	1.040	2018	1.016	2017	0.995
2021	1.100	2020	1.059	2019	1.018	2018	1.015
Average	1.100	Average	1.046	Average	1.018	Average	1.005
<u>Policy Year</u>	<u>5th/6th</u>	<u>Policy Year</u>	<u>6th/7th</u>	<u>Policy Year</u>	<u>7th/8th</u>	<u>Policy Year</u>	<u>8th/9th</u>
2013	0.996	2012	1.013	2011	0.998	2010	0.998
2014	0.997	2013	0.998	2012	0.997	2011	1.001
2015	1.004	2014	1.007	2013	0.999	2012	1.000
2016	1.002	2015	0.998	2014	0.999	2013	1.002
2017	1.000	2016	0.998	2015	1.000	2014	0.999
Average	1.000	Average	1.003	Average	0.999	Average	1.000
<u>Policy Year</u>	<u>9th/10th</u>	<u>Policy Year</u>	<u>10th/11th</u>	<u>Policy Year</u>	<u>11th/12th</u>	<u>Policy Year</u>	<u>12th/13th</u>
2009	0.998	2008	0.998	2007	1.000	2006	1.000
2010	1.000	2009	1.000	2008	1.000	2007	1.000
2011	1.001	2010	1.000	2009	1.000	2008	1.000
2012	0.987	2011	0.998	2010	1.000	2009	1.003
2013	1.000	2012	1.000	2011	1.000	2010	0.999
Average	0.997	Average	0.999	Average	1.000	Average	1.000
<u>Policy Year</u>	<u>13th/14th</u>	<u>Policy Year</u>	<u>14th/15th</u>	<u>Policy Year</u>	<u>15th/16th</u>	<u>Policy Year</u>	<u>16th/17th</u>
2005	1.000	2004	1.000	2003	1.000	2002	1.000
2006	1.000	2005	1.000	2004	1.000	2003	1.000
2007	1.002	2006	1.000	2005	1.000	2004	1.000
2008	1.000	2007	1.000	2006	1.000	2005	1.000
2009	1.000	2008	1.000	2007	1.000	2006	1.000
Average	1.000	Average	1.000	Average	1.000	Average	1.000
<u>Policy Year</u>	<u>17th/18th</u>	<u>Policy Year</u>	<u>18th/19th</u>				
2001	1.000	2000	1.000				
2002	1.000	2001	1.000				
2003	1.000	2002	1.000				
2004	1.000	2003	1.000				
2005	1.000	2004	1.000				
Average	1.000	Average	1.000				



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Determination of Premium and Losses Developed to an Ultimate Report

Section F - Limited Medical Paid + Case Loss Development Factors

<u>Policy Year</u>	<u>1st/2nd</u>	<u>Policy Year</u>	<u>2nd/3rd</u>	<u>Policy Year</u>	<u>3rd/4th</u>	<u>Policy Year</u>	<u>4th/5th</u>
2017	1.003	2016	1.002	2015	0.995	2014	0.996
2018	0.986	2017	0.993	2016	0.989	2015	0.987
2019	1.006	2018	0.988	2017	0.987	2016	0.997
2020	0.980	2019	1.003	2018	0.989	2017	0.998
2021	0.985	2020	0.984	2019	0.986	2018	1.010
Average	0.992	Average	0.994	Average	0.989	Average	0.998
<u>Policy Year</u>	<u>5th/6th</u>	<u>Policy Year</u>	<u>6th/7th</u>	<u>Policy Year</u>	<u>7th/8th</u>	<u>Policy Year</u>	<u>8th/9th</u>
2013	1.000	2012	0.996	2011	1.001	2010	0.993
2014	0.992	2013	0.998	2012	0.999	2011	1.001
2015	0.980	2014	1.000	2013	0.999	2012	1.002
2016	1.000	2015	0.997	2014	1.000	2013	1.003
2017	1.005	2016	1.004	2015	0.994	2014	1.000
Average	0.995	Average	0.999	Average	0.999	Average	1.000
<u>Policy Year</u>	<u>9th/10th</u>	<u>Policy Year</u>	<u>10th/11th</u>	<u>Policy Year</u>	<u>11th/12th</u>	<u>Policy Year</u>	<u>12th/13th</u>
2009	1.001	2008	0.996	2007	1.000	2006	1.000
2010	0.999	2009	1.002	2008	0.998	2007	1.001
2011	1.003	2010	1.001	2009	1.000	2008	1.002
2012	1.008	2011	1.000	2010	1.000	2009	1.000
2013	1.000	2012	0.999	2011	0.999	2010	0.999
Average	1.002	Average	1.000	Average	0.999	Average	1.000
<u>Policy Year</u>	<u>13th/14th</u>	<u>Policy Year</u>	<u>14th/15th</u>	<u>Policy Year</u>	<u>15th/16th</u>	<u>Policy Year</u>	<u>16th/17th</u>
2005	1.000	2004	1.002	2003	1.000	2002	1.000
2006	1.002	2005	0.998	2004	1.000	2003	1.000
2007	1.000	2006	1.000	2005	0.999	2004	1.000
2008	1.000	2007	0.999	2006	1.002	2005	1.003
2009	1.000	2008	0.999	2007	0.999	2006	0.998
Average	1.000	Average	1.000	Average	1.000	Average	1.000
<u>Policy Year</u>	<u>17th/18th</u>	<u>Policy Year</u>	<u>18th/19th</u>				
2001	1.000	2000	1.001				
2002	1.000	2001	1.002				
2003	1.001	2002	1.000				
2004	1.000	2003	1.000				
2005	1.001	2004	1.003				
Average	1.000	Average	1.001				



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Determination of Premium and Losses Developed to an Ultimate Report

Section G - Determination of Policy Year Loss Development Factors (19th-to-Ultimate Report)

Indemnity Paid+Case Data for Matching Companies

(1) Policy Year	(2) <u>Losses for Policy Year</u> 19th Report	(3) 20th Report	(4) <u>Losses for All Prior Policy Years</u> Previous	(5) Current	(6) Factor to Adjust Losses for Prior Policy Years	(7) Indicated 19th-to-Ult Development for Policy Year
1994	86,762,462	86,773,961	1,439,830,952	1,439,969,025	0.999	1.002
1995	81,797,200	81,828,165	1,524,079,479	1,524,767,979	1.111	1.008
1996	79,977,918	80,346,429	1,605,331,308	1,605,193,268	1.164	1.003
1997	86,110,748	86,110,749	1,683,973,787	1,684,206,979	1.100	1.002
1998	98,688,815	98,688,413	1,770,287,820	1,770,592,014	0.968	1.003
1999	97,604,079	97,604,079	1,762,343,194	1,762,383,035	0.941	1.000
2000	100,489,307	100,547,978	1,808,451,240	1,808,838,664	0.883	1.005
2001	106,755,436	106,736,446	1,962,557,669	1,962,630,059	0.819	1.001
2002	107,739,330	107,739,330	2,072,358,154	2,072,756,417	0.813	1.005
2003	108,918,577	108,918,656	2,180,495,747	2,180,628,592	0.815	1.001
Selected Indemnity 19th-to-Ultimate Loss Development Factor						1.005

Medical Paid+Case Data for Matching Companies

(8) Policy Year	(9) <u>Losses for Policy Year</u> 19th Report	(10) 20th Report	(11) <u>Losses for All Prior Policy Years</u> Previous	(12) Current	(13) Factor to Adjust Losses for Prior Policy Years	(14) Indicated 19th-to-Ult Development for Policy Year
1994	178,610,478	178,567,466	1,876,570,216	1,877,068,694	0.773	1.003
1995	169,248,334	169,263,265	2,052,114,794	2,056,954,157	0.878	1.033
1996	168,666,780	168,766,720	2,225,688,786	2,231,153,132	0.934	1.035
1997	170,605,427	170,611,111	2,398,078,045	2,399,015,810	0.969	1.006
1998	190,873,606	190,768,779	2,569,547,582	2,569,640,250	0.895	1.000
1999	167,972,475	168,042,434	2,652,389,715	2,652,352,028	1.016	1.000
2000	178,783,088	179,386,206	2,741,400,022	2,742,074,146	0.935	1.007
2001	189,323,591	189,656,311	3,003,431,549	3,003,475,702	0.869	1.002
2002	215,660,808	215,675,372	3,198,808,839	3,199,150,356	0.786	1.002
2003	223,933,078	224,001,987	3,414,825,728	3,414,738,878	0.755	1.000
Selected Medical 19th-to-Ultimate Loss Development Factor						1.005

(7) = 1 + [(3) - (2) + ((5) - (4)) / (6)] / (2)

(14) = 1 + [(10) - (9) + ((12) - (11)) / (13)] / (9)

Columns (4) and (11) are valued as of the date at which the given policy year is at a 19th report.

Columns (5) and (12) are valued as of the date at which the given policy year is at a 20th report.



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Determination of Premium and Losses Developed to an Ultimate Report

Section H - Derivation of Policy Year Limited 19th-to-Ultimate Loss Development Factors

Policy Year	Indemnity Paid-to-Paid + Case Ratio 19th Report	Medical Paid-to-Paid + Case Ratio 19th Report
2000	0.999	0.996
2001	1.000	0.991
2002	1.000	0.995
2003	1.000	0.990
2004	1.000	0.984
Selected	0.998	0.990

	<u>Indemnity</u>	<u>Medical</u>
(1) Paid+Case 19th-to-Ultimate Loss Development Factor (Section G)	1.005	1.005
(2) Factor to Adjust 19th-to-Ultimate Development Factor to a Limited Basis	0.604	0.604
(3) Limited Paid+Case 19th-to-Ultimate Loss Development Factor = [(1) - 1] x (2) + 1	1.003	1.003
(4) Limited Paid-to-Paid+Case Ratio	0.998	0.990
(5) Limited Paid 19th-to-Ultimate Loss Development Factor = (3) / (4)	1.005	1.013

Section I - Summary of Limited Paid Loss Development Factors

Report	(1) <u>Indemnity Paid Loss Development</u>		Section H	(3) <u>Medical Paid Loss Development</u>		Section H
	<u>to Next Report</u>	<u>to Ultimate</u>		<u>to Next Report</u>	<u>to Ultimate</u>	
1st	1.542	2.261		1.234	1.408	
2nd	1.197	1.466		1.053	1.141	
3rd	1.104	1.225		1.024	1.084	
4th	1.048	1.110		1.012	1.059	
5th	1.020	1.059		1.008	1.046	
6th	1.011	1.038		1.006	1.038	
7th	1.007	1.027		1.000	1.032	
8th	1.007	1.020		1.002	1.032	
9th	1.005	1.013		1.002	1.030	
10th	1.000	1.008		1.002	1.028	
11th	1.000	1.008		1.000	1.026	
12th	1.003	1.008		1.002	1.026	
13th	1.000	1.005		1.002	1.024	
14th	1.000	1.005		1.001	1.022	
15th	1.000	1.005		1.001	1.021	
16th	1.000	1.005		1.001	1.020	
17th	1.000	1.005		1.005	1.019	
18th	1.000	1.005		1.001	1.014	
19th		1.005	Section H	19th	1.013	Section H

(2) = Cumulative upward product of column (1).
 (4) = Cumulative upward product of column (3).



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Determination of Premium and Losses Developed to an Ultimate Report

Section J - Summary of Limited Paid+Case Loss Development Factors

Report	(1) Indemnity Paid+Case Loss Development		Section H	(3) Medical Paid+Case Loss Development		Section H
	to Next Report	to Ultimate		to Next Report	to Ultimate	
1st	1.100	1.178		0.992	0.971	
2nd	1.046	1.071		0.994	0.979	
3rd	1.018	1.024		0.989	0.985	
4th	1.005	1.006		0.998	0.996	
5th	1.000	1.001		0.995	0.998	
6th	1.003	1.001		0.999	1.003	
7th	0.999	0.998		0.999	1.004	
8th	1.000	0.999		1.000	1.005	
9th	0.997	0.999		1.002	1.005	
10th	0.999	1.002		1.000	1.003	
11th	1.000	1.003		0.999	1.003	
12th	1.000	1.003		1.000	1.004	
13th	1.000	1.003		1.000	1.004	
14th	1.000	1.003		1.000	1.004	
15th	1.000	1.003		1.000	1.004	
16th	1.000	1.003		1.000	1.004	
17th	1.000	1.003		1.000	1.004	
18th	1.000	1.003		1.001	1.004	
19th		1.003	Section H		1.003	Section H

(2) = Cumulative upward product of column (1).

(4) = Cumulative upward product of column (3).



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Determination of Premium and Losses Developed to an Ultimate Report

Section K - Factor to Adjust Limited Losses to an Unlimited Basis

(1) Threshold at the Midpoint of the Rate Effective Period*	7,118,855
(2) Statewide Excess Ratio for (1)	0.009
(3) Market Share for Carriers Missing from Large Loss and Catastrophe Call	0.000
(4) Factor to Adjust Limited Losses to an Unlimited Basis = $1.0 / \{1.0 - [(2) \times (1.0 - (3))]\}$	1.009

Section L - Policy Year Large Loss Limits

Experience Year	Policy Year Detrended Limit
2022	6,430,674
2021	6,137,181
2020	5,765,642
2019	5,447,616
2018	5,253,630
2017	5,110,671
2016	4,940,726
2015	4,822,902
2014	4,706,906
2013	4,586,272
2012	4,515,361
2011	4,426,410
2010	4,310,039
2009	4,192,090
2008	4,162,677
2007	4,122,346
2006	4,019,035
2005	3,902,596
2004	3,804,698
2003	3,687,643
2002	3,573,166
2001	3,484,550
2000	3,403,343

* December 3, 2025 is the midpoint of the effective period for which the revised rates are being proposed.



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Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Appendix A – Factors Underlying the Proposed Rate Level Change

Appendix A-III Trend Factors

The proposed advisory rates, loss costs, and assigned risk rates are intended for use with policies with effective dates in the proposed effective period. However, the data underlying this filing is based on the years in the experience period. Thus, it is necessary to use trend factors that forecast how much future Indiana workers compensation experience will differ from historical experience.

Trend factors measure anticipated changes in the amount of indemnity and medical benefits as compared with anticipated changes in the amount of workers' wages. For example, if benefit costs are expected to grow faster than wages, then a trend factor greater than zero is indicated. Conversely, if wages are expected to grow faster than benefit costs, then a trend factor less than zero is indicated.

Overview of Methodology

NCCI separately analyzes a measure of the number of workplace injuries (claim frequency) and the average indemnity and medical costs of each of these injuries (claim severity). Premium, lost-time claim counts, and losses used in these frequency and severity calculations are developed to ultimate and adjusted for changes in the level of workers' wages over time using the United States Bureau of Labor Statistics Quarterly Census of Employment and Wages for Indiana. Note that medical-only claim counts are excluded from the claim frequency and severity calculations, but the losses associated with medical-only claims are included in severity figures.

While claim frequency and severity are reviewed separately, NCCI selects annual indemnity and medical loss ratio trend factors in Indiana. Loss ratios are relied upon as they are less impacted by shifts in the industry mix since these impacts to frequency and severity tend to offset one another. Additionally, loss ratios do not require an adjustment to a common wage level since the wage adjustment to frequency and severities cancel each other out. In order to estimate the average annual percentage changes in the loss ratios, exponential curves are fit to the historical data points. Consideration in the trend factor selections include a review of loss ratio patterns observed over an extended period of time, along with other pertinent considerations including, but not limited to, changes in system benefits and administration, economic environment, credibility of state data, chosen experience period, and prior trend approach and selection.

The trend lengths displayed on the following exhibits are calculated by comparing the average accident date, or midpoint, for the effective period of the proposed rates and loss costs to each average accident date of the policy years in the experience period. The average accident dates are based on an Indiana distribution of policy writings by month and assume a uniform probability of loss over the coverage period.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Appendix A – Factors Underlying the Proposed Rate Level Change

Considerations Underlying Trend Selections in this Filing

The trend factors selected in this filing are meant to recognize the impact the changes in benefits and inflation will have on loss ratios between the midpoints of the experience period years on which the filing is based and the midpoint of the proposed effective period of the rates and loss costs. Trends based on the most recent 15 policy years are reviewed to allow evaluation of changes over an extended period of time, including both economic and non-economic factors, and to mitigate short-term anomalous year-to-year changes.

The indicated exponential loss ratio trend fits for both indemnity and medical for which the selection in this filing is based on are displayed on the following pages. These exhibits show the underlying frequency and severity components, as well as the exponential trend fits for periods ranging from 5 to 15 years for loss ratios. These figures have been adjusted to the common wage level and are based on an average of paid and paid plus case losses.

Of special note, the NCCI trend selections explicitly incorporate considerations for the following:

- Smoothing large changes in PY 2014 loss ratios, potentially related to the effects of enacted House Enrolled Act 1320 that have emerged in experience above and beyond what is incorporated in the loss on-level factors
- The impact of the COVID-19 pandemic-related influences on Policy Year 2020

Policy Year 2014:

The significant decreases in the indemnity and medical severities in Policy Year 2014 coincide with the enactment of House Enrolled Act 1320. Most notably, this bill significantly increased certain indemnity benefits (over three years) and implemented hospital inpatient and outpatient medical fee schedules. NCCI originally quantified the impact of the changes effective July 1, 2014 to be +4.7% on indemnity benefits and -6.8% on medical costs. However, the on-leveled Policy Year 2014 severity changes for both indemnity and medical decreased by more than 10%. It appears that the savings realized from the fee schedule change was significantly greater than that originally estimated, and that material indirect effects from the legislation may have also emerged. Consistent with previous analyses, NCCI reduced the effect of these loss ratio changes in its trend analysis. Specifically, the Policy Year 2014 indemnity and medical loss ratio changes were both reduced by 50% (e.g., the medical change was tempered from -17.2% to -8.6%).

Policy Year 2020:

The impact of the COVID-19 pandemic is likely influencing the Policy Year 2020 loss ratio as evidenced by the significant decline to both the medical and indemnity loss ratios compared to prior recent years. Specifically, the medical loss ratio for Policy Year 2020 declined by 23% relative to



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Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Appendix A – Factors Underlying the Proposed Rate Level Change

the Policy Year 2018 loss ratio level. By comparison, the medical loss ratio declined by a similar magnitude (23%) from Policy Year 2008 to 2018. The indemnity loss ratio exhibited a decline similar to the medical loss ratio from Policy Year 2018 to 2020, though it decreased at a steeper rate over the previous ten policy years (2008-2018).

As noted in Exhibit I, employment levels in supersectors representing the vast majority of Indiana workers compensation premium have already rebounded. Meanwhile, average weekly wages accelerated between 2020 and 2022, increasing more than 5% in each of those years. This wage inflation has the effect of placing upward pressure on premiums since they are a function of worker wages. However, amounts payable for indemnity benefits in Indiana are not automatically increased each year with changes in the state average weekly wage. Most notably, the award amount per degree of permanent partial impairment has been fixed since July 2016 and did not change until July 2023. This will place downward pressure on the indemnity loss ratio over time. The recent acceleration of the growth in average weekly wages may be contributing to the pronounced drop in the indemnity loss ratio for Policy Year 2020. Note that this would also be expected to impact medical costs. Medical inflation, as measured by the Chain-Weighted Personal Healthcare index, averaged roughly 1.5% from 2011 to 2020 and is anticipated to increase to 3% per year on average over the current decade.

Other factors impacting the loss ratio for Policy Year 2020 include a significant decline in medical-only claims and associated loss dollars and a lower volume of large losses. Both have rebounded in subsequent policy years.

Given the above influences on Policy Year 2020, the change in the loss ratio from Policy Year 2019 to 2020 was deemed to be less predictive in projecting future loss ratio, frequency, and severity changes. As a result, and consistent with last year's filing and the abovementioned handling of Policy Year 2014, NCCI reduced the effect of the loss ratio change for Policy Year 2020 in its trend analysis. Specifically, the indemnity and medical loss ratio changes for this year were both reduced by 50%.

The experience in Policy Year 2022 and Calendar-Accident Year 2023 shows continued improvement from that of Policy Year 2020 – though the decrease was more moderate than the 2018 to 2020 change – declining approximately 10% from the Policy Year 2020 to Policy Year 2022. The changes in the loss ratios observed in the most recent years align more closely with the long-term rate of decline observed in Indiana, which has been driven by declining claim frequency and moderate severity trends. This suggests the most recent improvements in experience are predictive of future experience and can be expected to persist into the filing effective period.

On the following pages, NCCI displays exponential trend fits on an unadjusted basis and with adjustments to reflect the above tempering for Policy Years 2014 and 2020. The selected annual



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Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Appendix A – Factors Underlying the Proposed Rate Level Change

loss ratio trends are based more heavily on longer-term exponential adjusted trend fits to mitigate some of the significant year-to-year fluctuations in the data. See Appendix A-III for additional trend information.



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APPENDIX A-III
Policy Year Trend Factors

Section A - Calculation of Annual Loss Ratio Trend Factors

(1) Selected Annual Loss Ratio Trends: Indemnity Medical
-4.0% **-4.0%**

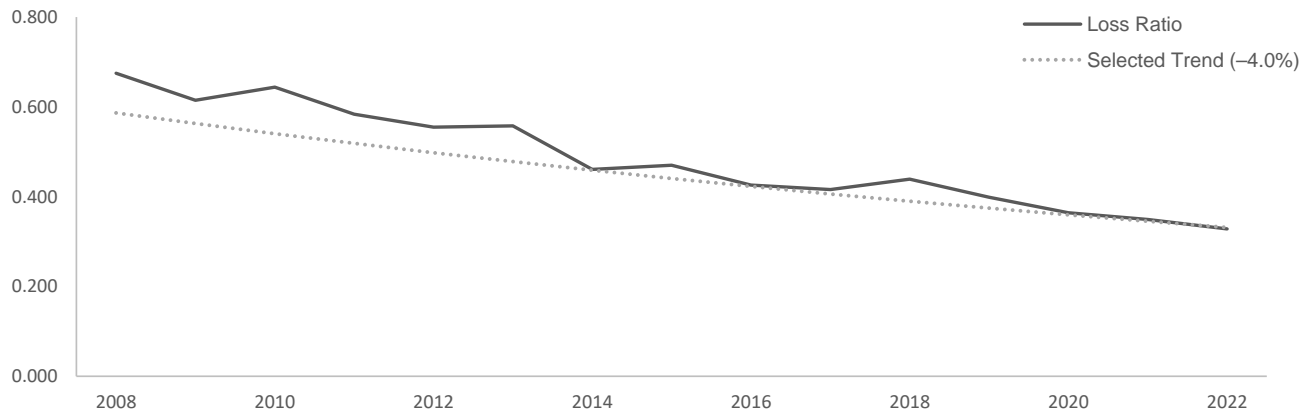
(2) Length of Trend Period from Midpoint of Policy Year to Midpoint of Effective Period:

Trend Length: PY 2022 PY 2021
3.001 4.001

(3) Trend Factors Applied to Experience Year Loss Ratios = $[1 + (1)]^{(2)}$

Indemnity: PY 2022 PY 2021
0.885 0.849
 Medical: 0.885 0.849

Section B - Indemnity Loss Ratio Trend Data



Policy Year	Indemnity Loss Ratio [^]	Annual Percent Change	# of Years in Fit	Exponential Fits	Adjusted Fits*
2008	0.675				
2009	0.615	-8.9%			
2010	0.644	4.7%			
2011	0.584	-9.3%			
2012	0.555	-5.0%	15	-4.9%	-3.7%
2013	0.558	0.5%	14	-4.9%	-3.7%
2014	0.461	-17.4%	13	-5.1%	-3.8%
2015	0.470	2.0%	12	-4.9%	-3.6%
2016	0.426	-9.4%	11	-4.9%	-3.6%
2017	0.416	-2.3%	10	-4.8%	-3.7%
2018	0.439	5.5%	9	-4.3%	-3.6%
2019	0.399	-9.1%	8	-4.7%	-3.9%
2020	0.364	-8.8%	7	-4.6%	-3.6%
2021	0.349	-4.1%	6	-5.5%	-4.3%
2022	0.328	-6.0%	5	-6.9%	-5.6%

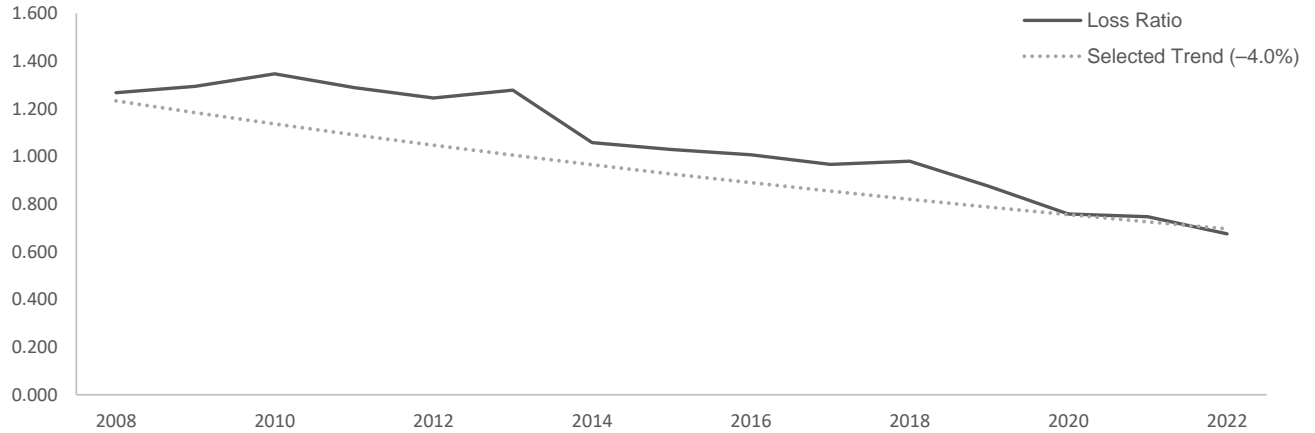
[^]Based on an average of paid and paid+case losses

*Adjusted fits halve the PY 2013 to 2014 and 2019 to 2020 loss ratio changes



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APPENDIX A-III
Policy Year Trend Factors

Section C - Medical Loss Ratio Trend Data



Policy Year	Medical Loss Ratio [^]	Annual Percent Change	# of Years in Fit	Exponential Fits	Adjusted Fits*
2008	1.267				
2009	1.294	2.1%			
2010	1.346	4.0%			
2011	1.289	-4.2%			
2012	1.245	-3.4%			
2013	1.278	2.7%			
2014	1.058	-17.2%			
2015	1.029	-2.7%			
2016	1.007	-2.1%			
2017	0.967	-4.0%			
2018	0.980	1.3%			
2019	0.874	-10.8%			
2020	0.758	-13.3%			
2021	0.747	-1.5%			
2022	0.675	-9.6%			
			15	-4.7%	-3.3%
			14	-5.1%	-3.7%
			13	-5.5%	-3.9%
			12	-5.6%	-4.1%
			11	-5.8%	-4.3%
			10	-5.9%	-4.5%
			9	-5.6%	-4.5%
			8	-6.1%	-4.9%
			7	-6.8%	-5.3%
			6	-7.6%	-5.8%
			5	-8.6%	-6.6%

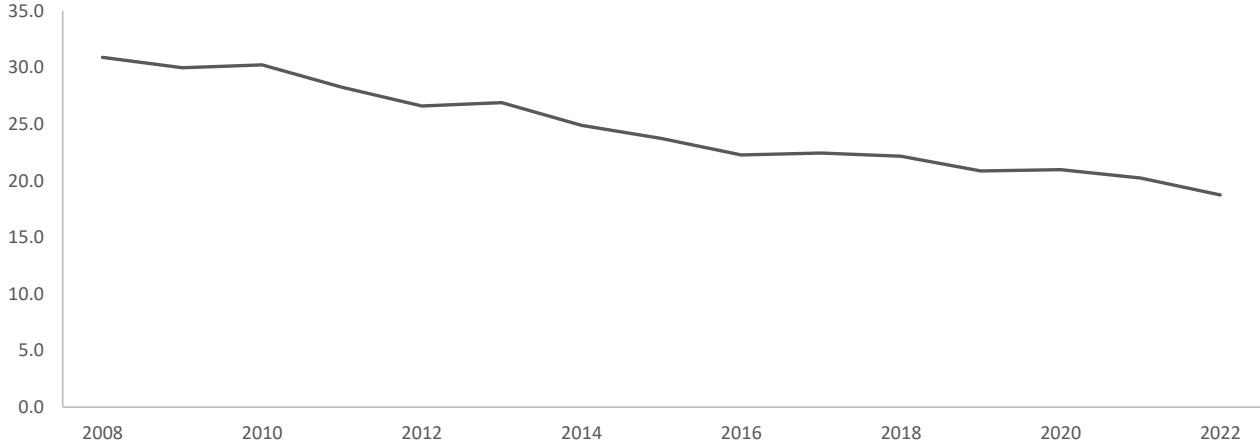
[^]Based on an average of paid and paid+case losses

*Adjusted fits halve the PY 2013 to 2014 and 2019 to 2020 loss ratio changes



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APPENDIX A-III
Policy Year Trend Factors

Section D - Frequency Trend Data



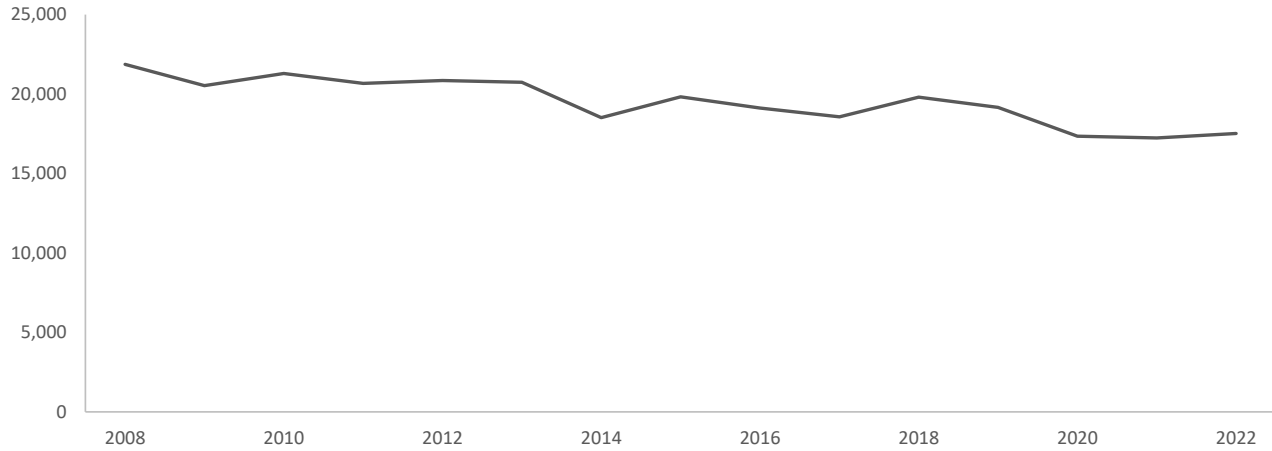
Policy Year	Claim Frequency [^]	Annual Percent Change	# of Years in Fit	Exponential Fits
2008	30.905	-		
2009	29.984	-3.0%		
2010	30.249	0.9%		
2011	28.272	-6.5%		
2012	26.609	-5.9%	15	-3.5%
2013	26.914	1.1%	14	-3.5%
2014	24.891	-7.5%	13	-3.5%
2015	23.722	-4.7%	12	-3.4%
2016	22.278	-6.1%	11	-3.3%
2017	22.442	0.7%	10	-3.3%
2018	22.164	-1.2%	9	-3.0%
2019	20.854	-5.9%	8	-2.8%
2020	20.976	0.6%	7	-2.7%
2021	20.238	-3.5%	6	-3.3%
2022	18.748	-7.4%	5	-3.6%

[^]Per million of on-leveled, wage-adjusted premium



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APPENDIX A-III
Policy Year Trend Factors

Section E - Indemnity Severity Trend Data



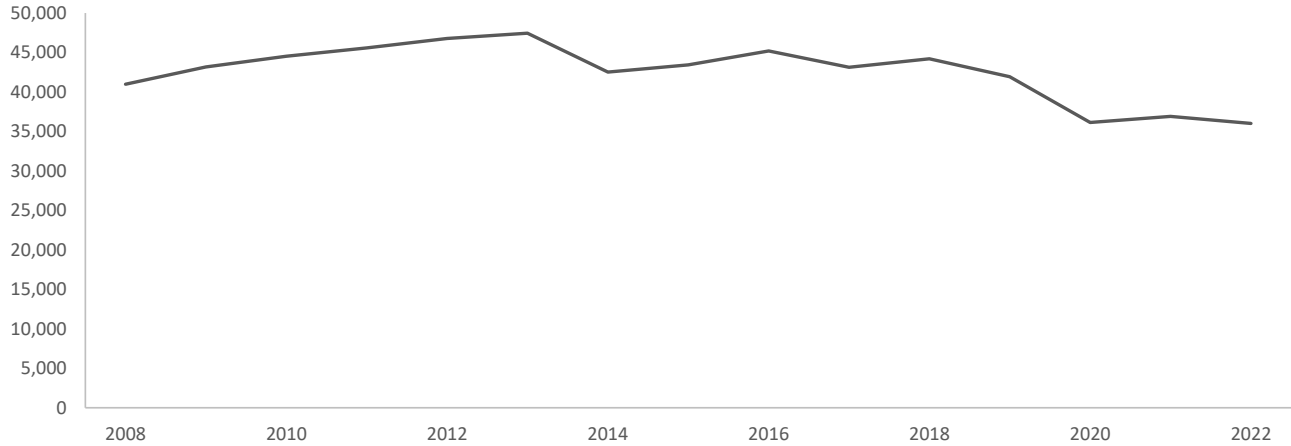
Policy Year	Indemnity Severity [^]	Annual Percent Change	# of Years in Fit	Exponential Fits
2008	21,866	-		
2009	20,520	-6.2%		
2010	21,290	3.8%		
2011	20,657	-3.0%		
2012	20,844	0.9%	15	-1.5%
2013	20,736	-0.5%	14	-1.5%
2014	18,506	-10.8%	13	-1.6%
2015	19,815	7.1%	12	-1.6%
2016	19,111	-3.6%	11	-1.7%
2017	18,555	-2.9%	10	-1.6%
2018	19,798	6.7%	9	-1.3%
2019	19,148	-3.3%	8	-1.9%
2020	17,342	-9.4%	7	-1.9%
2021	17,237	-0.6%	6	-2.3%
2022	17,510	1.6%	5	-3.4%

[^]Adjusted to a common wage level, based on an average of paid and paid+case losses



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APPENDIX A-III
Policy Year Trend Factors

Section F - Medical Severity Trend Data



Policy Year	Medical Severity [^]	Annual Percent Change	# of Years in Fit	Exponential Fits
2008	40,966	-		
2009	43,156	5.3%		
2010	44,521	3.2%		
2011	45,569	2.4%		
2012	46,769	2.6%	15	-1.2%
2013	47,453	1.5%	14	-1.6%
2014	42,510	-10.4%	13	-2.0%
2015	43,417	2.1%	12	-2.3%
2016	45,187	4.1%	11	-2.6%
2017	43,118	-4.6%	10	-2.7%
2018	44,186	2.5%	9	-2.7%
2019	41,926	-5.1%	8	-3.4%
2020	36,131	-13.8%	7	-4.2%
2021	36,898	2.1%	6	-4.4%
2022	36,008	-2.4%	5	-5.2%

[^]Adjusted to a common wage level, based on an average of paid and paid+case losses



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APPENDIX A-IV

Derivation of Industry Group Differentials

Industry group differentials are used to more equitably distribute the overall rate level change based on the individual experience of each industry group. The payroll, losses and claim counts used in the calculations below are from NCCI's Workers Compensation Statistical Plan (WCSP) data.

I. Expected Losses

The current expected losses (columns (1) and (2)) are the payroll extended by the pure premiums underlying the latest approved rates. The proposed expected losses (3) are the current expected losses adjusted to the proposed level. These adjustments include the proposed experience, trend, benefit and, if applicable, loss-based expense changes as well as any miscellaneous premium adjustments.

Industry Group	(1) Latest Year Current Expected Losses Prior to Adjustment for Change in Off-Balance	(2) Five Year Current Expected Losses Prior to Adjustment for Change in Off-Balance	(3) Five Year Proposed Expected Losses Prior to Adjustment for Change in Off-Balance	(4) Current Ratio of Manual to Standard Premium	(5) Proposed Ratio of Manual to Standard Premium
Manufacturing	184,451,990	797,325,341	741,534,843	1.168	1.179
Contracting	110,155,121	467,082,591	434,997,512	1.125	1.120
Office & Clerical	65,488,426	284,122,617	264,306,072	1.131	1.120
Goods & Services	218,145,408	932,450,982	867,259,612	1.069	1.065
Miscellaneous	129,186,605	565,233,013	526,783,769	1.073	1.075
Statewide	707,427,549	3,046,214,543	2,834,881,808		

Industry Group	(6) Latest Year Current Expected Losses Adjusted for Change in Off-Balance (1)x(4)/(5)	(7) Five Year Current Expected Losses Adjusted for Change in Off-Balance (2)x(4)/(5)	(8) Five Year Proposed Expected Losses Adjusted for Change in Off-Balance (3)x(4)/(5)	(9) Current/ Proposed (7)/(8)	(10) Adjustment to Proposed for Current Relativity (9)IG/(9)SW
Manufacturing	182,731,064	789,886,343	734,616,367	1.075	1.000
Contracting	110,646,885	469,167,781	436,939,465	1.074	0.999
Office & Clerical	66,131,616	286,913,107	266,901,936	1.075	1.000
Goods & Services	218,964,733	935,953,145	870,516,925	1.075	1.000
Miscellaneous	128,946,258	564,181,417	525,803,706	1.073	0.998
Statewide	707,420,556	3,046,101,793	2,834,778,399	1.075	



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APPENDIX A-IV

II. Industry Group Differentials

To calculate the converted indicated balanced losses (11) the reported losses are limited to \$500,000 for a single claim occurrence and \$1,500,000 for each multiple claim occurrence. After the application of limited development, trend and benefit factors, the limited losses are brought to an unlimited level through the application of the expected excess provision. The expected excess loss provisions are non-catastrophe and the excess ratios at a loss limit of \$50 million are set equal to zero. The proposed experience change, applicable loss-based expenses and any miscellaneous premium adjustments are applied to calculate the indicated losses. These indicated losses are then balanced to the expected losses using the factors shown in Appendix B-I, Section A-3.

Industry Group	(11) Converted Indicated Balanced Losses	(12) Indicated/ Expected Ratio (11)/[(8)x(10)]	(13) Indicated Differential (12)IG/(12)SW	(14) Lost-Time Claim Counts
Manufacturing	740,040,619	1.007	1.007	17,296
Contracting	436,347,892	1.000	1.000	7,313
Office & Clerical	264,252,249	0.990	0.990	5,640
Goods & Services	868,609,467	0.998	0.998	22,597
Miscellaneous	524,504,453	1.000	1.000	10,894
Statewide	2,833,754,680	1.000		

Industry Group	(15) Full Credibility Standard for Lost-Time Claim Counts	(16) Credibility Minimum of 1.000 and ((14)/(15))^0.5	(17) Credibility Weighted Indicated/Expected Ratio [(16)IGx(12)IG] + [1-(16)IG]x(12)SW*	(18) Final Industry Group Differential (17)IG/(17)SW
Manufacturing	12,000	1.00	1.007	1.006
Contracting	12,000	0.78	1.000	0.999
Office & Clerical	12,000	0.69	0.993	0.992
Goods & Services	12,000	1.00	0.998	0.997
Miscellaneous	12,000	0.95	1.000	0.999
Statewide			1.001	1.000

*Statewide ratio (column 17) = $\sum_{IG} [(6)x(17)] \div \sum_{IG} (6)$



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APPENDIX A-IV

III. Description of Industry Group Differentials

Column (2) reflects the indemnity and medical combined expected losses calculated as five years of payroll (in hundreds) extended separately by indemnity and medical pure premiums underlying the latest approved rates. Column (3) adjusts the current expected losses to the proposed level by applying the components of the proposed rate level change. These components are applied separately for indemnity and medical, where possible. These adjustments are reflected in Appendix B-I, Section B.

Column (4) shows the current manual premium to standard premium ratios that were calculated using the latest five years of WCSP data used in the currently approved Indiana filing. Column (5) shows the proposed manual premium to standard premium ratios calculated using the latest five years of manual premium and experience modification factors reported in the WCSP data used in the proposed Indiana filing. "Proposed" ratio refers to the fact that these ratios are based on the latest available WCSP data in the proposed filing, and they are used to adjust the proposed industry group differentials to reflect the latest available impact of experience rating by industry group. The differences between columns (4) and (5) relate to the different periods of data being used, which are rolling 5-year periods.

Columns (6), (7), and (8) are based on columns (1), (2), and (3), respectively, and include an adjustment for the change in the average experience rating off-balance by Industry Group (IG). The adjustment for the change in the average experience rating off-balance by IG is reflected by multiplying columns (1), (2), and (3) by the ratio of column (4) to column (5). The ratio of column (4) to column (5) adjusts the current and proposed expected losses (and therefore the IG differentials) to reflect the latest available impact of experience rating by industry group.

The expected losses in column (6) are used as the IG weights when determining the statewide average Credibility Weighted Indicated-to-Expected Ratio in column (17).

The expected losses in columns (7) and (8) are used to determine the relative IG changes from the prior filing to the proposed filing in column (9). Since the indicated IG relativities in column (9) reflect a statewide average that differs from 1.000, the calculation in column (10) ensures that the indicated changes by IG balance to the overall proposed statewide rate level change.

Column (13) normalizes the indicated to expected ratios determined in column (12) to determine differentials before credibility weighting. The credibilities are calculated for each industry group using actual lost-time cases (column (14)) and the full credibility standard. The full credibility standard (column (15)) is determined based on an analysis of five successive years of five industry group differential fluctuations across 36 states. In column (16), the credibility is 1.00 when lost-time claims exceed 12,000. The final differentials reflected in column (18) are the normalized credibility weighted industry group differentials calculated in column (17).



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Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Appendix B – Calculations Underlying the Advisory Rate Change by Classification

NCCI separately determines rates for each workers compensation classification. The proposed change from the current rate will vary depending on the classification. The following are the general steps utilized to determine the industrial classification rates:

1. Calculate industry group differentials, which are used to more equitably distribute the proposed overall average advisory rate level change based on the individual experience of each industry group
2. For each classification, determine the indicated pure premiums based on the most recently-available five policy periods of Indiana payroll and loss experience
3. Indicated pure premiums are credibility-weighted with present on rate level pure premiums and national pure premiums to generate derived by formula pure premiums
4. Final adjustments include the application of a test correction factor, the ratio of manual-to-standard premium, swing limits, and where applicable, an expense allowance and any additional loads



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APPENDIX B-I

Distribution of Rate Level Change to Occupational Classification

After determining the required changes in the overall rate level for the state and by industry group, the next step in the ratemaking procedure is to distribute these changes among the various occupational classifications. In order to do this, the pure premiums by classification must be adjusted, by policy period, industry group, or on an overall basis, to incorporate the changes proposed in the filing. There are three sets of pure premiums for each classification: indicated, present on rate level, and national pure premiums.

Section A – Calculation of Indicated Pure Premiums

The indicated pure premiums are calculated from the payroll and loss data reported, by class code and policy period, in the Workers Compensation Statistical Plan (WCSP) for the latest available five policy periods. Various adjustments are made to these pure premiums to put them at the level proposed in this filing (Sections A-1 to A-3).

Section A-1 – Calculation of Primary Conversion Factors

1. Limited Loss Development Factors*

The following factors are applied to develop the losses from first through fifth report to an ultimate basis.

Policy Period	Indemnity		Medical	
	Likely-to-Develop	Not-Likely-to-Develop	Likely-to-Develop	Not-Likely-to-Develop
7/17-6/18	1.010	1.002	1.004	0.999
7/18-6/19	1.028	1.008	1.001	0.998
7/19-6/20	1.062	1.029	0.991	0.995
7/20-6/21	1.163	1.074	0.984	0.994
7/21-6/22	1.451	1.178	0.995	0.994

*The likely/not-likely development factors reflect a 60% likely / 40% not-likely distribution of the total tail development.

2. Factors to Adjust to the Proposed Trend Level

The proposed trend factors are applied to adjust the losses to the proposed level.

Policy Period	Indemnity	Medical
7/17-6/18	0.737	0.737
7/18-6/19	0.768	0.768
7/19-6/20	0.800	0.800
7/20-6/21	0.833	0.833
7/21-6/22	0.868	0.868

3. Factors to Adjust to the Proposed Benefit Level

The following factors are applied to adjust the losses to the proposed benefit level.

Policy Period	Fatal	Permanent Total (P.T.)	Permanent Partial (P.P.)	Temporary Total (T.T.)	Medical
7/17-6/18	1.039	1.079	1.067	1.029	0.974
7/18-6/19	1.033	1.079	1.067	1.029	0.973
7/19-6/20	1.026	1.079	1.067	1.029	0.968
7/20-6/21	1.026	1.079	1.067	1.029	0.962
7/21-6/22	1.026	1.079	1.067	1.029	0.964



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APPENDIX B-I

4. Primary Conversion Factors: Indicated Pure Premiums

The factors above, contained within Section A-1, are combined multiplicatively, resulting in the following factors for the Likely-to-Develop (L) and Not-Likely-to-Develop (NL) groupings.

Policy Period	Fatal (L)	Fatal (NL)	P.T.*	P.P. (L)	P.P. (NL)	T.T. (L)	T.T. (NL)	Medical (L)	Medical (NL)
7/17-6/18	0.773	0.767	0.803	0.794	0.788	0.766	0.760	0.721	0.717
7/18-6/19	0.816	0.800	0.852	0.842	0.826	0.812	0.797	0.748	0.746
7/19-6/20	0.872	0.845	0.917	0.907	0.878	0.874	0.847	0.767	0.771
7/20-6/21	0.994	0.918	1.045	1.034	0.955	0.997	0.921	0.789	0.797
7/21-6/22	1.292	1.049	1.359	1.344	1.091	1.296	1.052	0.833	0.832

* Permanent total losses are always assigned to the Likely-to-Develop grouping.

Section A-2 – Expected Excess Provision and Redistribution

After the application of the primary conversion factors, the limited losses are brought to an expected unlimited level through the application of excess loss factors by hazard group. The expected excess loss provisions are non-catastrophe and the excess ratios at a loss limit of \$50 million are set equal to zero. These factors are shown below.

Hazard Group	A	B	C	D	E	F	G
(1) Excess Ratios	0.043	0.056	0.076	0.088	0.124	0.149	0.181
(2) Excess Factors 1/(1-(1))	1.045	1.059	1.082	1.096	1.142	1.175	1.221

As the excess loss factors are on a combined (indemnity and medical) basis, a portion (40%) of the indemnity expected excess losses are redistributed to medical in order to more accurately allocate expected excess losses. Since a portion of the expected excess losses are redistributed in an additive manner, the expected excess factors shown above cannot be combined multiplicatively with either the primary or secondary loss conversion factors.



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APPENDIX B-I

Section A-3 – Calculation of Secondary Conversion Factors

1. Factors to Adjust for Proposed Industry Group Differentials

The following factors are applied to adjust the indicated industry group differentials for the effects of credibility weighting the industry group differentials and weighting the differentials by the latest year expected losses.

	Manufacturing	Contracting	Office and Clerical	Goods and Services	Miscellaneous
(1) Indicated Differentials*	1.007	1.000	0.990	0.998	1.000
(2) Final Differentials**	1.006	0.999	0.992	0.997	0.999
(3) Adjustment (2)/(1)	0.999	0.999	1.002	0.999	0.999

*See Appendix A-IV, column (13).

**See Appendix A-IV, column (18).

2. Factors to Balance Indicated to Expected Losses

The expected losses are calculated as the pure premium underlying the current rates, adjusted to the proposed level and adjusted for the Experience Rating Plan off-balance. The indicated losses are balanced to the expected losses by applying the following factors.

Policy Period	(1) Adjustment of Indicated Losses to Pure Premium at Proposed Level	(2) Current Ratio of Manual to Standard Premium	(3) Proposed Ratio of Manual to Standard Premium	(4) Off-balance Adjustment (2)/(3)	(5) Balancing Indicated to Expected Losses (1)x(4)
7/17-6/18	0.879	1.111	1.116	0.996	0.875
7/18-6/19	0.889	1.110	1.118	0.993	0.883
7/19-6/20	0.951	1.109	1.104	1.005	0.956
7/20-6/21	0.940	1.109	1.102	1.006	0.946
7/21-6/22	0.993	1.110	1.113	0.997	0.990

3. Adjustment for Experience Change

A factor of 0.945 is applied to adjust for the experience change in the proposed rate level.

4. Factor to Reflect the Proposed Loss-Based Expense Provisions

The following factors are applied to include the proposed loss-based expense provisions. These combined (indemnity and medical) factors are based on an indemnity and medical loss-weighted average by policy period and industry group of the proposed loss-based expense provisions.

Policy Period	Manufacturing	Contracting	Office and Clerical	Goods and Services	Miscellaneous
7/17-6/18	1.184	1.184	1.183	1.184	1.184
7/18-6/19	1.184	1.184	1.184	1.184	1.184
7/19-6/20	1.184	1.184	1.184	1.184	1.184
7/20-6/21	1.184	1.184	1.184	1.184	1.184
7/21-6/22	1.184	1.184	1.184	1.184	1.184



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5. Secondary Conversion Factors: Indicated Pure Premiums

The factors above, contained within section A-3, are combined multiplicatively, resulting in the following factors:

Policy Period	Manufacturing	Contracting	Office and Clerical	Goods and Services	Miscellaneous
7/17-6/18	0.978	0.978	0.981	0.978	0.978
7/18-6/19	0.987	0.987	0.990	0.987	0.987
7/19-6/20	1.068	1.068	1.071	1.068	1.068
7/20-6/21	1.057	1.057	1.060	1.057	1.057
7/21-6/22	1.106	1.106	1.109	1.106	1.106



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APPENDIX B-I

Section B – Calculation of Present on Rate Level Pure Premiums

The present on rate level pure premiums are the pure premiums underlying the current rates, adjusted to the proposed level. The data sources for the above-captioned pure premiums are the partial pure premiums underlying the current rates.

1. Adjustment for Experience Change

A factor of 0.945 is applied to adjust for the experience change in the proposed rate level.

2. Factors to Adjust to the Proposed Trend Level

The pure premiums underlying the current rates contain the current trend. The change in trend factors, 0.982 and 0.964, for indemnity and medical, respectively, are applied to adjust to the proposed trend level.

3. Factors to Adjust to the Proposed Benefit Level

The following factors are applied to adjust the pure premiums underlying the current rates to the proposed benefit level.

Effective Date	Indemnity	Medical
October 1, 2023	1.000	1.001
January 1, 2024	1.000	1.007
July 1, 2024 (Relativity adjustment to reflect full effects)	1.002	0.999
July 1, 2025 (Prorated to January 1, 2025)	1.014	1.000
Combined Benefit Adjustment	1.016	1.007

4. Factors to Include the Proposed Loss-Based Expense Provisions

The pure premiums underlying the current rates include the current loss-based expense provisions and must be adjusted to the proposed level.

	(a) Current		(b) Proposed	
	Indemnity	Medical	Indemnity	Medical
(1) Loss Adjustment Expense	1.176	1.176	1.183	1.183
(2) Loss-based Assessment	1.002	1.000	1.002	1.000
(3) = (1) + (2) – 1.000	1.178	1.176	1.185	1.183
(4) Overall Change (3b)/(3a)			1.006	1.006

5. Adjustment to Obtain Expected Losses

The pure premiums underlying the current rates reflect the current Experience Rating Plan off-balance. The change in off-balance must be applied.

Industry Group	(1) Current Ratio of Manual to Standard Premium	(2) Proposed Ratio of Manual to Standard Premium	(3) Off-balance Adjustment (1)/(2)
Manufacturing	1.168	1.179	0.991
Contracting	1.125	1.120	1.004
Office & Clerical	1.131	1.120	1.010
Goods & Services	1.069	1.065	1.004
Miscellaneous	1.073	1.075	0.998



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6. Factors to Adjust for Proposed Industry Group Differentials

The pure premiums underlying the current rates are adjusted by the proposed industry group differentials.

Industry Group	(1) Final Differential*	(2) Adjustment to Proposed for Current Relativities**	(3) Adjusted Differential (1)x(2)
Manufacturing	1.006	1.000	1.006
Contracting	0.999	0.999	0.998
Office & Clerical	0.992	1.000	0.992
Goods & Services	0.997	1.000	0.997
Miscellaneous	0.999	0.998	0.997

*See Appendix A-IV, column (18).

**See Appendix A-IV, column (10).

7. Combined Conversion Factors

The factors above, contained within Section B, are combined multiplicatively, resulting in the following factors.

Industry Group	Indemnity	Medical
Manufacturing	0.945	0.920
Contracting	0.950	0.925
Office & Clerical	0.950	0.925
Goods & Services	0.949	0.924
Miscellaneous	0.943	0.918



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APPENDIX B-I

Section C – Calculation of National Pure Premiums

Finally, there are the national pure premiums, which reflect the countrywide experience for each classification adjusted to state conditions. These pure premiums reflect the countrywide experience for each classification as indicated by the latest available individual classification experience for all states for which the National Council on Compensation Insurance compiles workers compensation data.

Countrywide data is adjusted to Indiana conditions in four steps. First, statewide indicated pure premiums are determined for Indiana. Second, using Indiana payrolls as weights, corresponding statewide-average pure premiums are computed for each remaining state. Third, the ratios of Indiana statewide pure premiums to those for other states are used as adjustment factors to convert losses for other states to a basis that is consistent with the Indiana indicated pure premiums. The quotient of the countrywide total of such adjusted losses divided by the total countrywide payroll for the classification is the initial pure premium indicated by national relativity. Finally, national pure premiums are balanced to the level of the state indicated pure premiums to ensure unbiased derived by formula pure premiums. Indemnity and medical pure premiums are computed separately.

Section D – Calculation of Derived by Formula Pure Premiums

The indicated, present on rate level and national pure premiums are credibility weighted, and the resulting derived by formula pure premiums are used to determine the final class rates.

As for the preceding pure premiums, separate computations are performed for each partial pure premium: indemnity and medical. Each partial formula pure premium is derived by the weighting of the indicated, present on rate level and national partial pure premiums. The weight assigned to the policy year indicated pure premium varies in one-percent intervals from zero percent to one hundred percent, depending upon the volume of expected losses (i.e. the product of the underlying pure premiums and the payroll in hundreds). To achieve full state credibility, a classification must have expected losses of at least: \$23,716,884 for indemnity and \$24,423,619 for medical.

The partial credibilities formula is:

$$z = [(\text{expected losses}) / (\text{full credibility standard})]^{0.5}$$

For the national pure premiums, credibility is determined from the number of lost-time claims. Full credibility standards are: 2,300 lost-time claims for indemnity and 2,000 lost-time claims for medical.

Partial credibilities are assigned using a credibility formula similar to that used for indicated pure premiums but based on the number of national cases. In no case is the national credibility permitted to exceed 50% of the complement of the state credibility.

National Credibility equals the smaller of:

$$[(\text{national cases}) / (\text{full credibility standard})]^{0.5} \text{ and } [(1 - \text{state credibility}) / 2]$$

The residual credibility (100% minus the sum of the state and national credibilities) is assigned to the present on rate level pure premium.

For example, if the state credibility is 40%, the national pure premium is assigned a maximum credibility of 30% $((100 - 40) / 2)$. The remainder is assigned to the present on rate level pure premium.

The total pure premium shown on the attached Appendix B-III is obtained by adding the indemnity and medical partial pure premiums obtained above and rounding the sum to two decimal places.



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APPENDIX B-II

Adjustments to Obtain Rates

The following items are combined with the derived by formula pure premium to obtain the proposed rate:

1. Test Correction Factor

The payrolls are now extended by the rates presently in effect and by the indicated rates to determine if the required change in manual premium level as calculated in Exhibit I has been achieved. Since at first this calculation may not yield the required results, an iterative process is initiated which continuously tests the proposed rates including tentative test correction factors until the required change in manual premium level is obtained. The test correction factor is applied to the derived by formula pure premiums.

The factors referred to above are set out as follows:

	Test Correction Factor
Manufacturing	1.0226
Contracting	1.0088
Office & Clerical	0.9706
Goods & Services	0.9983
Miscellaneous	1.0136

2. Ratios of Manual to Standard Premiums

The ratios of manual to standard premiums by industry group have also been excluded from the classification experience, and it is necessary to apply these factors to the derived by formula pure premiums.

	Ratio of Manual to Standard Premiums
Manufacturing	1.179
Contracting	1.120
Office & Clerical	1.120
Goods & Services	1.065
Miscellaneous	1.075

3. Expense Allowance

The expense allowance is introduced into the rate by dividing the product of the proposed pure premium and the appropriate factors above by the proposed target cost ratio of 0.737 (see Exhibit II-A for derivation of this factor). This operation produces the proposed rate prior to the addition of a disease loading, if any.



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APPENDIX B-II

4. Swing Limits

As a further step, a test is made to make certain that the proposed rates fall within the following departures from the present rates:

Manufacturing	from 18% above to 32% below
Contracting	from 18% above to 32% below
Office & Clerical	from 17% above to 33% below
Goods & Services	from 18% above to 32% below
Miscellaneous	from 18% above to 32% below

These limits have been calculated in accordance with the following formula:

Max. Deviation = Effect of the final change in rate level by industry group plus or minus 25% rounded to the nearest 1%.

The product of the swing limits and the present rate sets bounds for the proposed rate. If the calculated rate falls outside of the bounds, the closest bound is chosen as the proposed rate. When a code is limited, the underlying pure premiums are adjusted to reflect the limited rate. The classifications which have been so limited are shown below. Note that classifications that are subject to special handling may fall outside of the swing limits.

An illustrative example showing the calculation of a proposed manual class rate is attached as Appendix B-III. This example demonstrates the manner in which the partial pure premiums are combined to produce a total pure premium, and shows the steps in the calculation at which the rounding takes place. The rates for other classifications are calculated in the same manner.

* A code listed below with an asterisk indicates the code's swing limit was adjusted by one cent before being applied; this is only performed when the upper and lower bounds calculated by the swing limit are equal.

List of Classifications Limited by the Upper Swing

List of Classifications Limited by the Lower Swing

4777 6206 7711

None



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APPENDIX B-III

Derivation of Proposed Rate - Code 8810

As previously explained in Appendix B-I, the indicated pure premiums are developed by adjusting the limited losses by a set of conversion factors. The converted losses are then summarized into indemnity and medical and then divided by payroll (in hundreds). The derivation of the indicated pure premium for the above-captioned classification follows:

LIMITED LOSSES (Workers Compensation Statistical Plan)

Policy Period	Fatal Likely	Fatal Not-Likely	Permanent Total	Permanent Partial Likely	Permanent Partial Not-Likely	Temporary Total Likely	Temporary Total Not-Likely	Medical Likely	Medical Not-Likely
07/01/17 - 06/30/18	0	0	0	784,041	1,469,127	302,203	1,095,430	1,862,292	10,957,461
07/01/18 - 06/30/19	60,000	775,251	0	1,314,704	2,244,142	386,237	1,055,387	3,205,907	12,501,837
07/01/19 - 06/30/20	0	250,000	0	503,628	1,282,170	564,691	1,137,003	1,643,254	8,119,154
07/01/20 - 06/30/21	0	0	0	401,618	1,245,482	655,720	915,904	2,249,903	8,033,925
07/01/21 - 06/30/22	0	10,000	0	314,856	919,549	299,624	1,526,093	1,614,061	9,438,939

PRIMARY CONVERSION FACTORS (Appendix B-I, Section A-1)

Policy Period	Fatal Likely	Fatal Not-Likely	Permanent Total	Permanent Partial Likely	Permanent Partial Not-Likely	Temporary Total Likely	Temporary Total Not-Likely	Medical Likely	Medical Not-Likely
07/01/17 - 06/30/18	0.773	0.767	0.803	0.794	0.788	0.766	0.760	0.721	0.717
07/01/18 - 06/30/19	0.816	0.800	0.852	0.842	0.826	0.812	0.797	0.748	0.746
07/01/19 - 06/30/20	0.872	0.845	0.917	0.907	0.878	0.874	0.847	0.767	0.771
07/01/20 - 06/30/21	0.994	0.918	1.045	1.034	0.955	0.997	0.921	0.789	0.797
07/01/21 - 06/30/22	1.292	1.049	1.359	1.344	1.091	1.296	1.052	0.833	0.832

EXPECTED EXCESS PROVISION AND REDISTRIBUTION (Appendix B-I, Section A-2)

After the application of the primary conversion factors, the limited losses are brought to an expected unlimited level through the application of a hazard group-specific excess loss factor. The factor is shown below:

	HAZARD GROUP: C
Excess Factor	1.082

As the excess loss factor is on a combined (indemnity and medical) basis, the following portion of the indemnity expected excess losses are redistributed to medical in order to more accurately allocate expected excess losses:

Redistribution %	40%
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APPENDIX B-III

Derivation of Proposed Rate - Code 8810

EXPECTED UNLIMITED LOSSES (Limited Losses x Primary Conversion Factors, then adjusted for the Excess Provision and Redistribution)

Policy Period	Fatal Likely	Fatal Not-Likely	Permanent Total	Permanent Partial Likely	Permanent Partial Not-Likely	Temporary Total Likely	Temporary Total Not-Likely	Medical Likely	Medical Not-Likely
07/01/17 - 06/30/18	0	0	0	653,251	1,214,804	242,911	873,613	1,481,251	8,568,184
07/01/18 - 06/30/19	51,376	650,808	0	1,161,611	1,945,141	329,102	882,654	2,643,607	10,202,539
07/01/19 - 06/30/20	0	221,676	0	479,334	1,181,301	517,896	1,010,569	1,395,309	6,850,421
07/01/20 - 06/30/21	0	0	0	435,767	1,248,134	686,016	885,178	1,956,355	6,996,581
07/01/21 - 06/30/22	0	11,008	0	444,050	1,052,738	407,476	1,684,680	1,481,799	8,585,303

SECONDARY CONVERSION FACTORS (Appendix B-I, Section A-3)

Policy Period	INDUSTRY GROUP: Office and Clerical
07/01/17 - 06/30/18	0.981
07/01/18 - 06/30/19	0.990
07/01/19 - 06/30/20	1.071
07/01/20 - 06/30/21	1.060
07/01/21 - 06/30/22	1.109

PAYROLL, FINAL CONVERTED LOSSES (Expected Unlimited Losses x Secondary Conversion Factors)

Policy Period	Payroll	Indemnity Likely	Indemnity Not-Likely	Medical Likely	Medical Not-Likely	Total Indemnity	Total Medical	Total
07/01/17 - 06/30/18	25,507,731,262	879,135	2,048,737	1,453,107	8,405,389	2,927,872	9,858,496	12,786,368
07/01/18 - 06/30/19	26,348,022,526	1,526,668	3,443,817	2,617,171	10,100,514	4,970,485	12,717,685	17,688,170
07/01/19 - 06/30/20	26,673,115,902	1,068,033	2,584,908	1,494,376	7,336,801	3,652,941	8,831,177	12,484,118
07/01/20 - 06/30/21	28,295,881,838	1,189,090	2,261,311	2,073,736	7,416,376	3,450,401	9,490,112	12,940,513
07/01/21 - 06/30/22	30,791,901,879	944,342	3,048,004	1,643,315	9,521,101	3,992,346	11,164,416	15,156,762
Total	137,616,653,407	5,607,268	13,386,777	9,281,705	42,780,181	18,994,045	52,061,886	71,055,931
INDICATED PURE PREMIUM						0.014	0.038	0.05

The pure premiums shown were calculated using unrounded losses, while the converted losses have been rounded for display purposes.

The present on rate level pure premiums are developed by adjusting the pure premiums underlying the current rate by the conversion factors calculated in Appendix B-I. The derivation of the present on rate level pure premiums for the above-captioned classification follows:

	Indemnity	Medical	Total
Pure Premiums Underlying Current Rate	0.018	0.042	0.06
Conversion Factors (App. B-I, Section B)	0.950	0.925	xxx
PURE PREMIUMS PRESENT ON RATE LEVEL (Underlying Pure Premiums) x (Conversion Factor)	0.017	0.039	0.06



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APPENDIX B-III

Derivation of Proposed Rate - Code 8810
 Industry Group - Office and Clerical, Hazard Group - C

The rate for the above-captioned classification is derived as follows:

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
1. Indicated Pure Premium	0.014	0.038	0.05
2. Pure Premium Indicated by National Relativity	0.014	0.034	0.05
3. Pure Premium Present on Rate Level	0.017	0.039	0.06
4. State Credibilities	100%	100%	xxx
5. National Credibilities	0%	0%	xxx
6. Residual Credibilities = 100% - (4) - (5)	0%	0%	xxx
7. Derived by Formula Pure Premiums = (1) x (4) + (2) x (5) + (3) x (6)	0.014	0.038	0.05
8. Test Correction Factor	0.9706	0.9706	xxx
9. Underlying Pure Premiums = (7) x (8) *	0.013	0.037	0.05
10. Ratio of Manual to Standard Premium			1.120
11. Target Cost Ratio			0.737
12. Rate = (9) x (10) / (11)			0.08
13. Rate Within Swing Limits			0.08
Current Rate x Swing Limits			
a) Lower bound = 0.09 x 0.670 = 0.07			
b) Upper bound = 0.09 x 1.170 = 0.10			
14. Pure Premiums Underlying Proposed Rate* = ((14TOT) / (9TOT)) x (9) ; (14TOT) = (13) x (11) / (10)	0.013	0.037	0.05
15. Miscellaneous Loadings			0.00
16. Final Loaded Rate			0.08

* Indemnity pure premium is adjusted for the rounded total pure premium:
 Indemnity Pure Premium = Total Pure Premium - Medical Pure Premium



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APPENDIX B-IV

WCSP data is used to determine the F-Classification (F-Class) rates. The latest year of WCSP payroll is extended by both the current and proposed rates. Based on \$21,021,241 of payroll, the overall rate level change in Indiana is -0.2%.

I. Overview of Methodology

- Ten years of F-Class losses* across all states for which the National Council on Compensation Insurance compiles workers compensation ratemaking data are converted and adjusted to a countrywide level and used with ten years of F-Class countrywide payroll to determine the F-class countrywide pure premiums at both an overall and individual classification level.
- F-class code countrywide relativities are then calculated by comparing the F-class countrywide pure premiums by class to the overall countrywide F-class pure premium. The relativity values are reflected in the table in Section II.
- A single state primary base pure premium is calculated by applying a countrywide to state relativity factor to bring the F-class overall countrywide pure premium to the Indiana proposed level.
- A final base rate is calculated by bringing the primary base pure premium to the proposed Indiana trend and benefit levels, and applying any applicable expenses and/or offsets.
- Final F-Class rates are calculated by applying the countrywide relativity by class code to the final base rate and applying swing limits.

*Losses are limited to \$500,000 for a single claim occurrence and \$1,500,000 for each multiple claim occurrence. Texas data is included for policies effective 1/1/2013 and subsequent.



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APPENDIX B-IV

II. The F-class code countrywide relativities:

Class Code	(1) 10-Year Countrywide Payroll	(2) 10-Year Expected Unlimited Countrywide Losses	(3) = (2)/((1)/100) Countrywide Pure Premium	(4) = (3)/(3)Overall Countrywide Relativity
6006	414,124,714	15,368,473	3.71	1.427
6801*	27,346,413	722,254	2.64	1.000
6824	447,172,653	12,575,174	2.81	1.081
6825	278,629,234	2,654,069	0.95	0.365
6826	144,020,407	2,070,534	1.44	0.554
6828*	29,276,826	457,014	1.56	1.000
6829*	8,759,538	88,208	1.01	1.000
6843	929,338,676	29,396,645	3.16	1.215
6845	281,500,815	8,701,152	3.09	1.188
6872	1,618,863,209	56,150,653	3.47	1.335
6873*	33,096,319	684,303	2.07	1.000
6874	152,731,608	5,330,294	3.49	1.342
7309	971,348,463	33,700,883	3.47	1.335
7313	702,956,785	10,776,600	1.53	0.588
7317	1,401,745,011	32,773,878	2.34	0.900
7327*	43,082,544	3,224,307	7.48	1.000
7350	703,993,474	20,979,050	2.98	1.146
8709	440,829,790	4,200,289	0.95	0.365
8726	741,743,944	4,171,383	0.56	0.215
9077*	309,799	0	0.00	1.000
Overall	9,370,870,222	244,025,163	2.60	

*Relativities for class codes with a limited amount of data are set to 1.000.

III. Swing Limits

The proposed rates are limited to the swing limits based on 25% above and 25% below the current rates.

Classifications Limited by the Upper Swing
6845

Classifications Limited by the Lower Swing
6874 7327 8709 8726



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APPENDIX B-IV

Derivation of State Base Rate

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
1. Overall Countrywide Pure Premium			2.60
2. State Act Pure Premium Relativity Factor			0.691
3. Countrywide State Act Weight			25%
4. Primary Base Pure Premium = [(1) x (2) x (3)] + [(1) x (1 - (3))]			2.40
5. Countrywide Weights	53%	47%	100%
6. Trend Factors	0.963	0.963	xx
7. Weighted Benefits	1.004	1.002	xx
8. Weighted Loss-Based Expenses	1.237	1.183	xx
9. Secondary Base Pure Premium = (4tot) x (5) x (6) x (7) x (8)	1.521	1.288	2.81
10. Additional Offsets			1.000
11. Expense Allowance			0.737
12. Final Base Rate = (9) x (10) / (11)			3.81



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APPENDIX B-IV

Derivation of Proposed Rate - Code 6872
Industry Group - F-Class, Hazard Group - G

The rate for the above-captioned classification is derived as follows:

1. Indiana's Final Base Rate	3.81
2. Countrywide Class Code 6872 Relativity (Section II)	1.335
3. Rate = (1) x (2)	5.09
4. Rate Within Swing Limits	5.09
Current Rate x Swing Limits	
a) Lower bound = $5.19 \times 0.75 = 3.90$	
a) Upper bound = $5.19 \times 1.25 = 6.48$	
5. Miscellaneous Loadings	0.00
6. Final Loaded Rate	5.09



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APPENDIX B-IV

U.S. Longshore and Harbor Workers' Compensation Act Assessment

The F-class and Program II, Option II maritime class voluntary loss costs/rates and assigned risk rates include the following provision for the federal assessment:

1.) Assessment Rate on Indemnity Losses *	7.1%
2.) Assessment Rate on Total Losses #	4.5%

* Calculated using data provided by the U.S. Department of Labor

Calculated using U.S. Department of Labor data and on-leveled and developed USL&HW losses - statistical plan data



Indiana

Appendix B-V

Calculation of Coal Mine Traumatic and Disease

Coal mine experience is reflected in the following class codes:

- Surface Coal Mine – Class Code 1005
- Underground Coal Mine – Class Code 1016

The traumatic rate for Surface Coal Mine Class Code 1005 is calculated based on WCSP data as explained in Appendices B-I through B-III. Class Code 1005 is in the Miscellaneous industry group.

The traumatic rate for Underground Coal Mine Class Code 1016 is calculated using WCSP data. Pure premiums are calculated and adjusted for trend, benefits, and any applicable offsets or expense provisions. Swing limits for Class Code 1016 are applied around the currently approved rate.

The disease portion of class codes 1005 and 1016 is calculated by weighting a state and federal disease pure premium component. Expense provisions, where applicable, are applied as a final step in the calculation of the disease rate.

For benefits provided under the Federal Coal Mine Health & Safety Act (federal benefits), the expected number of claims is based on data from the U.S. Department of Labor's Federal Black Lung Database. Estimating the expected number of claims entitled to federal benefits for an individual jurisdiction is difficult due to the scarcity of historical data. Therefore, data pooled across multiple states is relied upon to develop a credible level of experience.

The rates shown on the Basic Manual pages for class codes 1005 and 1016 are a combination of the traumatic and state and federal disease portions.



INDIANA

APPENDIX B-VI

I. Factor to Convert Advisory Rates to Assigned Risk Rates

A factor of 1.000 is applied to the advisory rates in order to convert to assigned risk rates.

II. Factor to Convert Advisory Rates to Advisory Loss Costs

A factor of 0.737 is applied to the advisory rates in order to convert to advisory loss costs. This factor is the proposed target cost ratio for advisory rates.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Appendix C – Memoranda for Laws

The purpose of this appendix is to provide details on changes affecting workers compensation benefit costs that are not yet reflected in the on-level factors shown in Appendix A-I. Such changes may result from legislative changes to the maximum weekly wage used for calculating benefits along with changes to the awards per degree of permanent partial impairment, changes to medical reimbursement levels, or other changes that directly affect worker compensation benefit levels. In addition, changes to the administration of the workers compensation system, including benefit levels, may result from specific regulatory, legislative, or judicial action. The overall effect of benefit changes displayed within this appendix is calculated as of the benefit effective date, which may differ from the overall impact on the filing as shown in the Executive Summary.

The following changes affecting Indiana benefit levels are detailed in this section of the filing:

- Annual Update to the Medical Fee Schedule
- Indiana House Enrolled Act (HEA) 1153 – Phase 3

For indemnity benefits, note that only the July 1, 2025 changes contained in HEA 1153 are reflected in this filing document. Future changes in indemnity benefit levels related to this legislation will be incorporated in subsequent years' advisory rate filing submissions. In addition, as the effective date of this advisory rate filing is January 1, 2025, but the effective date of the indemnity benefit level changes is July 1, 2025, the impact of this third phase of indemnity benefit level changes has been prorated. This calculation is displayed in Appendix C-II.



INDIANA

APPENDIX C-I

ANALYSIS OF INDIANA MEDICAL FEE SCHEDULE CHANGES EFFECTIVE OCTOBER 1, 2023 AND JANUARY 1, 2024

NCCI estimates that the changes to the medical fee schedule in Indiana, effective October 1, 2023, will result in an impact of +0.1% on overall workers compensation system costs.

NCCI estimates that the changes to the medical fee schedule in Indiana, effective January 1, 2024, will result in an impact of +0.5% on overall workers compensation system costs.

SUMMARY OF CHANGES

- Maximum reimbursement for Hospital Inpatient services was updated to 200% of Medicare's 2024 Inpatient Prospective Payment System (IPPS), effective October 1, 2023. Previously, maximum reimbursement for Hospital Inpatient services was 200% of Medicare's 2023 IPPS.
- Maximum reimbursement for Hospital Outpatient services was updated to 200% of Medicare's 2024 Outpatient Prospective Payment System (OPPS), effective January 1, 2024. Previously, maximum reimbursement for Hospital Outpatient services was 200% of Medicare's 2023 OPPS.
 - Physical therapy, occupational therapy, and speech therapy services provided in an outpatient setting are reimbursed under Medicare's Physician Fee Schedule. The maximum reimbursement for these services was calculated using the Medicare physician conversion factor adopted under the 2024 Consolidated Appropriations Act, which became effective on March 9, 2024.
- Maximum reimbursement for Ambulatory Surgical Center (ASC) services was updated to 200% of Medicare's 2024 ASC payment rates, effective January 1, 2024. Previously, maximum reimbursement for ASC services was 200% of Medicare's 2023 ASC payment rates.

ACTUARIAL ANALYSIS

NCCI's methodology to evaluate the impact of medical fee schedule changes includes three major steps:

1. Calculate the percentage change in maximum reimbursements
 - Compare the prior and revised maximum reimbursements by procedure code to determine the percentage change by procedure code. For hospital inpatient services, the prior and revised maximum reimbursements are compared by episode.
 - Calculate the weighted-average percentage change in maximum reimbursements for the fee schedule using observed payments by procedure code as weights. For hospital inpatient services, the observed payments by episode are used as weights. For hospital outpatient services, observed payments are aggregated according to packaging rules, where applicable.



INDIANA

APPENDIX C-I

ANALYSIS OF INDIANA MEDICAL FEE SCHEDULE CHANGES EFFECTIVE OCTOBER 1, 2023 AND JANUARY 1, 2024

2. Determine the share of costs that are subject to the fee schedule
 - The share is based on a combination of fields, such as procedure code, provider type, and place of service, as reported on the NCCI Medical Data Call, to categorize payments that are subject to the fee schedule.
 - Any potential impact from the share of costs not subject to the fee schedule will be realized in future claim experience and reflected in subsequent Indiana Compensation Rating Bureau (ICRB) rate filings, as appropriate.
3. Estimate the price level change as a result of the revised fee schedule
 - NCCI research by David Colón and Paul Hendrick, “The Impact of Fee Schedule Updates on Physician Payments” (2018), suggests that approximately 80% of the change in maximum reimbursements for physician fee schedules is realized on payments impacted by the change.
 - For facility fee schedule changes, a price realization factor of 80% is assumed.

Note that the values presented in the document are rounded and may not be displayed to full precision.

In this analysis, NCCI relies primarily on two data sources:

- Detailed medical data underlying the calculations in this analysis are based on NCCI’s Medical Data Call for Indiana for Service Year 2022. Reported medical experience for COVID-19 claims as reported in NCCI Call 31 for Large Loss and Catastrophe have been excluded from the data on which this analysis is based.
- The share of benefit costs attributed to medical benefits is based on NCCI’s Financial Call data for Indiana from Policy Years 2020 and 2021 projected to the effective date of the benefit changes.



INDIANA

APPENDIX C-I

**ANALYSIS OF INDIANA MEDICAL FEE SCHEDULE CHANGES
EFFECTIVE OCTOBER 1, 2023 AND JANUARY 1, 2024**

SUMMARY OF IMPACTS

The impact from the fee schedule change in Indiana, effective October 1, 2023, is summarized below.

	(A)	(B)	(C) = (A) x (B)	(D)	(E) = (C) x (D)
Type of Service	Impact on Type of Service	Share of Medical Costs	Impact on Medical Costs	Medical Costs as a Share of Overall Costs	Impact on Overall Costs
Hospital Inpatient	+1.3%	9.5%	+0.1%	69%	+0.1%

The impacts from the fee schedule changes in Indiana, effective January 1, 2024, are summarized below.

Type of Service	(A) Impact on Type of Service	(B) Share of Medical Costs	(C) = (A) x (B) Impact on Medical Costs
Hospital Outpatient	+1.8%	17.4%	+0.3%
ASC	+3.7%	12.1%	+0.4%
Combined Impact on Medical Costs (D) = Total of (C)			+0.7%
Medical Costs as a Share of Overall Costs (E)			69%
Combined Impact on Overall Costs (F) = (D) x (E)			+0.5%

Refer to the appendix for the share of costs subject to the fee schedule by type of service, and the weighted-average change in maximum allowable reimbursement (MAR) by type of service.

APPENDIX

Share of Costs Subject to the Fee Schedule (FS) and Weighted-Average Percentage Change in MARs by Type of Service

Type of Service	(A) Change in MARs for Costs Subject to the FS	(B) Share of Costs Subject to the FS	(C) = (A) x (B) Change in MARs by Type of Service	(D) = (C) x 80% Impact after Price Realization
Hospital Inpatient	+2.2%	74.2%	+1.6%	+1.3%
Hospital Outpatient	+2.5%	92.2%	+2.3%	+1.8%
ASC	+4.9%	93.2%	+4.6%	+3.7%



INDIANA

APPENDIX C-II

ANALYSIS OF INDIANA HOUSE ENROLLED ACT 1153 PHASE 3
Effective July 1, 2025

Phase 3 of Indiana House Enrolled Act (HEA) 1153 increases Permanent Partial Impairment (PPI) awards and maximum indemnity benefits effective July 1, 2025. NCCI estimates that the increase in indemnity benefits on July 1, 2025, will result in an impact of +0.5% on overall workers compensation (WC) system costs in Indiana.

Summary of Indiana HEA 1153

HEA 1153 increases indemnity benefits in four phases. The first and second phases took effect July 1, 2023 and July 1, 2024, respectively. The remaining indemnity benefit increases will continue to take effect in two additional phases, with benefits increasing annually on July 1 of 2025 and 2026. The changes are described below:

- The maximum weekly wage used in the determination of weekly indemnity benefits and the maximum aggregate indemnity benefit will increase according to the following schedule:

Component	Current ¹	7/1/2025	7/1/2026
Maximum Compensable Weekly Wage	\$1,241	\$1,278	\$1,316
Maximum Aggregate Indemnity Benefit	\$414,000	\$426,000	\$439,000

- The PPI award per degree of impairment will increase depending on impairment rating, per the following schedule:

Degrees of Impairment	PPI Award per Degree of Impairment		
	Current	7/1/2025	7/1/2026
1 to 10	\$1,857	\$1,913	\$1,970
11 to 35	\$2,071	\$2,133	\$2,197
36 to 50	\$3,380	\$3,481	\$3,585
51 to 100	\$4,307	\$4,436	\$4,569

Only the impact of the changes effective July 1, 2025 will be shown in this analysis. The impacts of the last phase will be reflected in a future Indiana Compensation Rating Bureau (ICRB) rate filing as determined to be appropriate by the ICRB and is anticipated to be calculated using the most recent data available when the last phase becomes effective, as well as updated weights by injury and loss type.

¹ In this document, "current" indicates benefit levels effective on July 1, 2024.



INDIANA

APPENDIX C-II

ANALYSIS OF INDIANA HOUSE ENROLLED ACT 1153 PHASE 3 Effective July 1, 2025

Actuarial Analysis

In Indiana, weekly indemnity WC benefits are limited to two-thirds of the statutory maximum compensable weekly wage. Additionally, total indemnity benefits payable are limited to an aggregate maximum benefit. To analyze the direct cost impacts of the changes to these benefit limitations, NCCI used an Indiana distribution² of workers and their wages indexed to Indiana's average injured worker's weekly wage level. The average weekly benefit payable for each type of indemnity benefit under the changes to be effective July 1, 2025 was calculated and compared to current estimated average benefits to determine the impacts by benefit type.

In Indiana, PPI awards do not depend on an injured worker's wages, but instead are determined by multiplying the degrees of the worker's permanent impairment by the statutory PPI award per degree. Injuries with a higher permanent impairment rating receive a higher award per degree of impairment. Under HEA 1153, the award for each range of impairment ratings³ increased by 3% effective July 1, 2025. This increase was then multiplied by the PPI award share of permanent partial disability (PPD) and permanent total disability (PTD) indemnity costs⁴ to determine the direct impact on these injury types.

Studies⁵ indicate that benefit increases are typically accompanied by changes in claimant behavior which may result in an increase in claim duration and/or claim frequency. The cost impact of such behavioral changes is known as utilization. Due to the relatively limited scope of these benefit level increases, no provision for such changes in claimant behavior was incorporated into the impacts.

To determine the impact on total indemnity benefits, the impacts by injury type were multiplied by each injury type's relative proportion of total indemnity costs⁶ and then summed across all injury types. The changes effective July 1, 2025 are expected to increase total indemnity benefit costs by +1.7%. Since indemnity benefits are projected to comprise approximately 32%⁷ of total WC benefit costs in Indiana, the impact of the changes on overall WC system costs in Indiana is +0.5%.

² Based on NCCI Indemnity Data Call data for Accident Years 2021-2023.

³ As well as the benefit maximums described in the prior paragraph.

⁴ In Indiana, PPD indemnity costs are divided into healing period and PPI benefits. Healing period benefits are temporary indemnity benefits paid on PPD claims prior to the injured worker reaching maximum medical improvement and receiving a PPI award. NCCI estimates 36.9% of PPD indemnity claim costs are paid during the healing period, while the balance is paid as PPI awards. PTD indemnity awards are equal to the greater of the weekly temporary total benefit x 500 weeks and the PPI award for 100 degrees of impairment.

⁵ For example: Robert Moss, Ashley Pistole, and Bruce Ritter. "Impact on Utilization From an Increase in Workers Compensation Indemnity Benefits" (National Council on Compensation Insurance, 2009). This study focused on temporary total disability benefits and found that for each \$1.00 of direct benefit increase, there is an added \$0.54 average cost due to increased benefit utilization.

⁶ Proportions within indemnity are based on NCCI Workers Compensation Statistical Plan data for Indiana policies becoming effective during the 24-month period ending June 30, 2021, at the current benefit level and developed to an ultimate basis by injury type.

⁷ Based on NCCI Financial Call data for Policy Years 2020 and 2021, projected to July 1, 2025.



INDIANA
APPENDIX C-II

ANALYSIS OF INDIANA HOUSE ENROLLED ACT 1153 PHASE 3
Effective July 1, 2025

The estimated impacts of the changes to overall WC system costs in Indiana effective July 1, 2025, are summarized in the table below:

Injury Type	Share of Indemnity Costs	(A) Impact by Injury Type
Fatal	4.4%	+0.9%
PTD	2.1%	+2.5%
PPD	48.1%	+2.3%
TTD ⁸	45.4%	+1.0%
(B) Combined Impact on Indemnity Costs = (A) weighted by its respective share of indemnity costs		+1.7%
(C) Indemnity Share of Overall Costs		32.0%
(D) Combined Impact on Overall Costs = (B) x (C)		+0.5%

⁸ TTD = Temporary Total Disability



INDIANA

APPENDIX C-II

Pro-Rated Impact of HEA 1153 Phase 3 on Indemnity Losses

Effective Month (A)	Premium Distribution (B)	Months Before 7/1/2025 (C)	Months After 7/1/2025 (D)	% Impacted (E) = (D)/12	Impact by Month (F) = (E) x (G)
1/1/2025	15.5%	6	6	50.0%	0.9%
2/1/2025	5.6%	5	7	58.3%	1.0%
3/1/2025	8.5%	4	8	66.7%	1.1%
4/1/2025	8.5%	3	9	75.0%	1.3%
5/1/2025	7.1%	2	10	83.3%	1.4%
6/1/2025	8.3%	1	11	91.7%	1.6%
7/1/2025	10.1%	0	12	100.0%	1.7%
8/1/2025	6.2%	0	12	100.0%	1.7%
9/1/2025	7.0%	0	12	100.0%	1.7%
10/1/2025	8.8%	0	12	100.0%	1.7%
11/1/2025	6.0%	0	12	100.0%	1.7%
12/1/2025	8.4%	0	12	100.0%	1.7%

(G) Full Impact of HEA 1153 on Indemnity Losses: 1.7%

(H) Pro-Rated Impact of HEA 1153 on Indemnity Losses: **1.4%**
= Sum of (B) x (F)



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Part 4 Additional Information

- Definitions
- Key Contacts



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Definitions

Accident Year (AY): A loss accounting definition in which experience is summarized by the calendar year in which an accident occurred.

Calendar Year (CY):

1. The 12-month period beginning January 1 and ending December 31.
2. Method of accounting for all financial transactions occurring during a specific year.

Case Reserves: Reserves that an insurance company establishes for specific (known) claims.

DSR Level Premium: The standard earned premium that would result if business were written at NCCI state-approved loss costs or rates instead of at the company rates. It is the common benchmark level at which carriers report premium on the Financial Calls.

Frequency: The number of lost-time claims per million dollars of on-leveled, wage-adjusted premium.

Incurred Claim Count: The total of all claims reported, whether open or closed, as of a given valuation date. An indemnity claim is associated with a payment or case reserve for an indemnity loss (i.e., lost work time-related benefits) and excludes claims closed without an indemnity payment.

Lost-time Claims: Claims where an injured employee has received wage replacement benefits due to a compensable workplace injury.

Limited Losses: Losses that result after the application of NCCI's large loss procedure—in which individual large claims are limited to jurisdiction and year-specific large loss thresholds.

On-Level Factor: Applied to historical premiums and losses to adjust the historical experience to reflect approved loss cost/rate level changes as well as statutory benefit level changes implemented since that time.

Paid+Case Losses: The sum of paid losses and case reserves. Also known as “case incurred losses.”

Paid Losses: Losses that an insurance company has paid as a result of claim activity.

Policy Year:

- The one-year period beginning with the effective date or anniversary of a policy.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Definitions

- A premium and loss accounting definition in which experience is summarized for all policies with effective dates in a given calendar year period.

Severity: The average cost per case (claim) calculated as ultimate losses divided by ultimate lost-time claim counts.

Ultimate Development Factor: For an aggregation of data, an estimate of the development that will occur between the data's current valuation date and the time when all claims are closed.

Unlimited Losses: Losses that have not been limited to jurisdiction and year-specific large loss thresholds as part of NCCI's large loss procedure.

Valuation Date: The date that premiums and losses are evaluated for reporting purposes. Premiums and losses may change over time from initial estimates to final values. Therefore, interim snapshots have associated valuation dates.

Wage Level Adjustment Factor: The ratio of the average workers' wages during the most recent time period to the average workers' wages during a historical time period.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2025

Key Contacts

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