

Indiana Workers Compensation
Advisory Rate Filing Effective 01/01/2018 "FILED" by DOI 10/13/2017
Summary of Key Components

	<i>Percent</i>
Overall Loss Cost Level Change	-12.1%
Overall Rate Level Change	-12.8%

Components of Change	
Benefits	0.6%
Experience	-11.1%
Trend	-1.8%
Loss Based Expenses	0.1%
Loss Cost Level Change	-12.1%
Production & General Expenses & Taxes	-0.1%
Profit & Contingency Provision	-0.7%
Premium Level Change	-12.8%
Rate Level Change	-12.8%

(PYs 2014 & 2015)

Average Change by Industry Group	<i>Avg Rate</i>	<i>Percent Premium Level Change</i>	<i>Range of Swing Limits from Previous Rates</i>
Manufacturing	\$1.73	-12.2%	+13 to -37%
Contracting	\$2.83	-14.5%	+11 to -39%
Office/Clerical	\$0.21	-14.0%	+11 to -39%
Goods & Services	\$1.60	-12.8%	+12 to -38%
Miscellaneous	\$3.15	-11.6%	+13 to -37%
All	\$1.08	-12.8%	

source: Swing Limits: Filing, Appendix B-II(5)

Other Changes	
Implied Loss Cost Multiplier (LCM):	1.368 <small>(1 / Target Cost Ratio of 73.1)</small> <small>source: Filing, Appendix D</small>
Executive officer weekly payroll:	<small>source: Filing, Misc Values</small> Minimum: from \$700 to \$750 (\$39,000 annually) Maximum: same at \$3,400 (\$176,800 annually) <small>Note: Amounts based on USDOL BLS QCEW SAWW</small>
Sole proprietor, partner, LLC member who elect coverage:	<i>same as min/max for executive officer</i>
Expense Constant, no change: \$160	<small>source: Misc Values - Advisory Rate</small>
Maximum Minimum Premium no change: \$1,500	
Experience Rating Split Point, no change: \$16,500	<small>source: ER Table of Weighting Values</small>

Loss Ratios	Indemnity	Medical	Total
	27%	63%	90%

policy year 2015 developed to ultimate at designated stat reporting level

source: Filing, page 22

Target Cost Ratio	73.1%
Overhead	26.9%
Total	100.0%

The target cost ratio is the portion of premium that funds loss and loss adjustment expense (LAE). The complement of that is for funding overhead provisions: production expenses, general expenses, taxes, and profit & contingencies.

source: Filing, Exhibit II-A, lines 6, 7



Indiana WC Premium Level Changes

28 Year Net Change = -2.4%

