



Indiana Workers Compensation  
 Advisory Rate Filing Effective 01/01/2017 "FILED" by DOI 10/05/2016  
 Summary of Key Components

	Percent
Overall Loss Cost Level Change	-9.1%
Overall Rate Level Change	-9.3%

Components of Change		
	Benefits	0.1%
	Experience	-7.4%
	Trend	-3.0%
	Loss Based Expenses	1.1%
	Loss Cost Level Change	-9.1%
	Production & General Expenses	0.1%
	Taxes & Assessments	-0.3%
	Premium Level Change	-9.3%
	Rate Level Change	-9.3%

(PYs 2013 & 2014)

Average Change by Industry Group	Avg Rate	Percent Premium Level Change	Range of Swing Limits from Previous Rates
Manufacturing	\$1.94	-6.2%	+19 to -31%
Contracting	\$3.31	-11.2%	+14 to -36%
Office/Clerical	\$0.24	-9.8%	+15 to -35%
Goods & Services	\$1.83	-9.4%	+16 to -34%
Miscellaneous	\$3.57	-11.6%	+13 to -37%
<i>All</i>	<i>\$1.23</i>	<i>-9.3%</i>	

source: Swing Limits: Tech Supplement Summary and Appendix B-II(5)

Other Changes	
Implied Loss Cost Multiplier (LCM):	1.379 (1 / Target Cost Ratio of 72.5) Source: Tech Supp Appendix D
Executive officer weekly payroll:	source: Filing Misc Values
	Minimum: no change \$700 (\$36,400 annually)
	Maximum: from \$3,300 to \$3,400 (\$176,800 annually)
	Note: Amounts based on USDOL BLS QCEW SAWW*
Sole proprietor, partner, LLC member who elect coverage:	<i>same as min/max for executive officer</i>
Expense Constant, no change:	\$160 source: Tech Supp Summary
Maximum Minimum Premium no change:	\$1,500 source: Tech Supp Summary
Experience Rating Split Point:	\$16,500 source: Filing, Exhibit IV, p. S13
Medical/Indemnity split:	73%/27%
source: Filing, p. 5. Also see Tech Supp Exhibits I-A & I-B, lines 13 & 23 avg, 2013 & 2014 policy years, and Exhibit I-C, line 1; developed to ultimate & projected to midpoint of policy year 2017 (12/02/17)	

Loss Ratios	Indemnity	Medical	Total
	26%	60%	86%

policy year 2014 developed to ultimate at designated stat reporting level  
 sources: Filing, pages 9, 12 & Tech Supp Appendix A-III, Section A, 2014 year

Target Cost Ratio	72.5%
Overhead	27.5%
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: Tech Supp, Amended Exhibit II-A, lines 6, 7

- \* Payroll Derivation for 2017:
- **Statewide Average Weekly Wage (SAWW) for executive officers, sole proprietors, partners, and LLC members** based on latest available U.S. Department of Labor (USDOL) Bureau of Labor Statistics (BLS) Occupational Employment Statistics Quarterly Census of Employment and Wages (QCEW), Total Private Industry. State Average Weekly Wage (SAWW) = \$857
  - **Minimum equal to 85% of the SAWW** (857 x 0.85 = 728) rounded to nearest 50 = \$700
  - **Maximum equal to 4 times the SAWW** (857 x 4 = 3,428) rounded to nearest 100 = \$3,400

# Indiana WC Premium Level Changes

