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June 3, 2025

Circular 2025-03

To: ICRB Members

Item 02-IN-2025—Revisions to Experience Rating Plan Manual Rule Related to Subrogation Recoveries in Indiana

This item revises the rule, Subrogation recoveries, in NCCI's *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance* for Indiana (*Experience Rating Plan Manual* for Indiana).

Background

NCCI's *Experience Rating Plan Manual* for Indiana rule, Revision of losses, requires the rating organization to automatically recalculate the current and up to two preceding experience rating modifications upon receiving correction reports in accordance with NCCI's *Statistical Plan for Workers Compensation and Employers Liability Insurance* (*Statistical Plan*). When correction reports are required in accordance with NCCI's *Statistical Plan* as the result of a subrogation recovery obtained in an action against a third party, the ***Experience Rating Plan Manual for Indiana* rule,**

Subrogation recoveries specify the following:

1. The current experience rating modification is defined as the one in effect on the date when the insurance provider determined the revised loss value.
2. Revisions of experience rating modifications beyond the current and two preceding modifications are limited to the risk's fifth most recent rating effective date.

At the direction of the Indiana Compensation Rating Bureau (ICRB), NCCI has prepared this item to revise the *Experience Rating Plan Manual* for Indiana rule, Subrogation recoveries. The ICRB requested a revision of this rule that would allow the rating organization to **revise the current and up to three preceding experience rating modifications** in cases where correction reports due to subrogation recoveries are submitted in accordance with NCCI's *Statistical Plan*. For further details please see the Circular below.

Sincerely,

Paul E. Keathley
President & CEO

Item 02-IN-2025—Revisions to Experience Rating Plan Manual Rule Related to Subrogation Recoveries in Indiana

Filing Memorandum

Purpose

This item revises the rule, Subrogation recoveries, in NCCI's *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance* for Indiana (*Experience Rating Plan Manual* for Indiana).

Background

NCCI's *Experience Rating Plan Manual* for Indiana rule, Revision of losses, requires the rating organization to automatically recalculate the current and up to two preceding experience rating modifications upon receiving correction reports in accordance with NCCI's *Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Plan)*. When correction reports are required in accordance with NCCI's *Statistical Plan* as the result of a subrogation recovery obtained in an action against a third party, the *Experience Rating Plan Manual* for Indiana rule, Subrogation recoveries, specifies the following:

1. The current experience rating modification is defined as the one in effect on the date when the insurance provider determined the revised loss value.
2. Revisions of experience rating modifications beyond the current and **two** preceding modifications are limited to the risk's fifth most recent rating effective date.

At the direction of the Indiana Compensation Rating Bureau (ICRB), NCCI has prepared this item to revise the *Experience Rating Plan Manual* for Indiana rule, Subrogation recoveries. The ICRB requested a revision of this rule that would allow the rating organization to revise the current and up to **three** preceding experience rating modifications in cases where correction reports due to subrogation recoveries are submitted in accordance with NCCI's *Statistical Plan*.

Proposal

This item proposes to revise the rule, Subrogation recoveries, to specify that the rating organization will revise the current and up to three experience rating modifications in cases where correction reports due to subrogation recoveries are submitted in accordance with NCCI's *Statistical Plan*.

Impact

No statewide premium impact is expected from the change proposed in this item. The recalculation beyond the current and two preceding experience rating modifications to the current and three preceding experience rating modifications due to subrogation recoveries, may result in a change to some employer's experience rating modifications and, therefore, premium for an individual employer.

Exhibit comments and implementation summary

Exhibit	Exhibit comments	Implementation summary
1	Displays the revisions to the rule, Subrogation recoveries (Rule ID: ER-REVL-SAEAA), in NCCI's <i>Experience Rating Plan Manual</i> for Indiana.	To become effective for experience rating modifications calculated on and after 12:01 a.m. on January 1, 2026.

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**Exhibit 1
Experience Rating Plan Manual—Indiana****Subrogation recoveries****Rule ID: ER-REVL-SAEAA***Effective Date: ~~July 1, 2025~~ January 1, 2026*

If the insurance provider obtains a subrogation recovery in an action against a third party, the current experience rating modification is the experience rating modification in effect on the date when the insurance provider determines the revised loss value. If the insurance provider obtains a subrogation recovery in an action against a third party, the insurance provider must submit correction reports in accordance with NCCI's **Statistical Plan**.

Revisions beyond the current and ~~two~~three preceding experience rating modifications for subrogation recoveries

Revisions of experience rating modifications beyond the current and ~~two~~three preceding experience rating modifications are limited to the risk's fifth most recent rating effective date. The insurance provider must submit a request to the rating organization and provide the date of the revised loss value. The insurance provider must also submit correction reports in accordance with NCCI's **Statistical Plan**.

References

Refer to NCCI's **Statistical Plan** for information about subrogation recovery reporting.