



## Plan–Indiana–Announcement of Item RM-01-IN-2019–Revisions to the Indiana Assigned Risk Workers Compensation Premium Algorithm

### ACTION NEEDED

Please review the changes outlined in the attachment to this circular for impact on your company’s systems and procedures. Also review the weekly *Status of Item Filings* circular for state approval of this item.

**Caution:** At the time of distribution of this circular, this filing has been recommended to the Indiana Compensation Rating Bureau (ICRB) for consideration and filing with the regulator but has **not yet been approved**. Please do not use this information until the regulator has approved the filing. Subscribers should contact the ICRB for further details and status.

### BACKGROUND

NCCI has submitted Item RM-01-IN-2019—Revisions to the Indiana Assigned Risk Workers Compensation Premium Algorithm to the ICRB. This item is applicable to new and renewal policies, and is proposed to become effective on and after January 1, 2020.

This item proposes to revise the Indiana Assigned Risk Workers Compensation Premium Algorithm in NCCI’s *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*.

Refer to the attachment for details on this item.

### IMPACT

No statewide premium impact will result from the changes proposed in this item as this filing is being submitted to comply with the approval of the Indiana assigned risk rate filing.

### NCCI ACTION

NCCI will take the following actions for Item RM-01-IN-2019:

- Issue a circular notifying you when the item is approved as filed, approved with changes, disapproved, or withdrawn
- Update the weekly *Status of Item Filings* circular on [ncci.com](http://ncci.com) with the latest status
- Publish updated pages for NCCI’s *Basic Manual* prior to the effective date, if approved

If you would like to subscribe to any of our manuals, please call our Customer Service Center at 800-NCCI-123 (800-622-4123).

### PERSON TO CONTACT

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FILING MEMORANDUM

**ITEM RM-01-IN-2019—REVISIONS TO THE INDIANA ASSIGNED RISK WORKERS  
COMPENSATION PREMIUM ALGORITHM**

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**PURPOSE**

This item revises the Indiana Assigned Risk Workers Compensation Premium Algorithm in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*.

**BACKGROUND**

The Indiana Compensation Rating Bureau (ICRB) requested that NCCI include a revision to the assigned risk surcharge in the assigned risk rate filing to be effective January 1, 2020. As a result of this request, the explanatory note in the Indiana Assigned Risk Workers Compensation Premium Algorithm must be revised. The explanatory note will be revised to state that the assigned risk surcharge:

- Is 30% instead of 25%
- Applies to premium in excess of \$2,750 instead of \$2,500

Additionally, NCCI has determined that the following changes are required for two footnotes to the assigned risk premium algorithm:

- Revise the footnote related to nonratable element premiums to reference NCCI's Loss Sensitive Rating Plan instead of retrospective rating
- Remove the footnote related to premium discounts because premium discounts are not applicable in the Indiana Worker's Compensation Insurance Plan of Operation for the Indiana Assigned Risk Reinsurance Pool

**PROPOSAL**

This item proposes that the following changes be made to the Indiana Assigned Risk Workers Compensation Premium Algorithm in NCCI's *Basic Manual*:

- Revise the assigned risk surcharge explanatory note to provide the changes approved by the ICRB
- Revise the footnote related to nonratable element premiums
- Remove the footnote related to premium discounts

**IMPACT**

No statewide premium impact will result from the changes proposed in this item as this filing is being submitted to comply with the approval of the Indiana assigned risk rate filing.

**EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY**

Exhibit	Exhibit Comments	Implementation Summary
1	Details the revisions to the Indiana Assigned Risk Workers Compensation Premium Algorithm in NCCI's <i>Basic Manual</i> .	To become effective for new and renewal assigned risk policies only, effective on and after 12:01 a.m. on January 1, 2020.

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**ITEM RM-01-IN-2019—REVISIONS TO THE INDIANA ASSIGNED RISK WORKERS  
COMPENSATION PREMIUM ALGORITHM**

**EXHIBIT 1  
BASIC MANUAL—2001 EDITION  
INDIANA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**INDIANA ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
-	Small Deductible Coinsurance credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>† NOC</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Standard Admiralty Limits]
x	Assigned Risk Surcharge	[A <del>25</del> 30% surcharge is applicable to the premium in excess of \$2,500 <u>2,750</u> of the standard premium, subject to audit]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Second Injury Fund Surcharge	
	<b>TOTAL AMOUNT DUE</b>	

<sup>NOC</sup> = Not Otherwise Classified.

ITEM RM-01-IN-2019—REVISIONS TO THE INDIANA ASSIGNED RISK WORKERS  
COMPENSATION PREMIUM ALGORITHM

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EXHIBIT 1 (CONT'D)  
BASIC MANUAL—2001 EDITION  
INDIANA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan retrospective rating.

§ ~~For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.~~

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.