



November 2, 2020

**Circular 2020-08**

**To: ICRB Members**

**Re: Approved January 1, 2021 Advisory Rate Filing &  
Release of Annual Report**

**Rate Filing**

On November 2, 2020, the Indiana Department of Insurance (IDOI) “FILED” the advisory rate filing which completes the approval process. The filing consists of:

- Overall Loss Cost Level Change 0.0%
- Overall Rate Level Change 0.0%

The 0.0% flat rate follows last year’s decrease of 6.7%. Although the loss cost and advisory rate level changes are flat, the class relativities have been adjusted based on 2016 – 2018 industry data.

**Annual Report**

Our 83<sup>rd</sup> Annual Report is now available on our website. It includes a variety of information on Indiana Workers Compensation results and developments, valued through calendar year 2019.

**More Information**

To review the entire rate filing document and rate pages, navigate to the “Rate Filing” section on the top tool bar of the ICRB’s website at [www.icrb.net](http://www.icrb.net). The Annual Report is in the “News and Updates” section of our home page.

Kindest regards,

Karen H. Byrd  
President & CEO

Exhibit: Summary of Advisory Rate Filing Effective 01/01/2021



## Indiana

### Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates

#### Compliance Filing – January 1, 2021

#### Executive Summary

Based on a directive from the Commissioner of Insurance, NCCI has revised its original filing to reflect an overall average workers compensation advisory loss cost level change of 0.0% and an advisory rate level change and assigned risk rate level change of 0.0% to become effective January 1, 2021.

#### Compliance Filing Components

Change in Experience and Development	0.0%	
Change in Trend	0.0%	
Change in Benefits	+0.4%	
<u>Change in Loss-based Expenses</u>	<u>+0.8%</u>	
Proposed Change in Overall Advisory Loss Cost Level	+1.2%	
<u>Commissioner's Factor (0.988 = 1 / 1.012)</u>	<u>-1.2%</u>	
<b>Revised Change in Overall Advisory Loss Cost Level</b>	<b>0.0%</b>	

		Revised as per Commissioner's Directive
Change in Production & General Expenses and Taxes	+0.3%	0.0%
<u>Change in Profit and Contingency Provision</u>	<u>+1.4%</u>	<u>0.0%</u>
Proposed Change in Overall Advisory Rate Level	+2.9%	+1.2%
Proposed Change in Overall Assigned Risk Rate Level	+2.9%	+1.2%
<u>Commissioner's Factor (0.988 = 1 / 1.012)</u>		<u>-1.2%</u>
<b>Revised Change in Overall Advisory Rate Level</b>		<b>0.0%</b>
<b>Revised Change in Overall Assigned Risk Rate Level</b>		<b>0.0%</b>



## Indiana

### Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates

#### Compliance Filing – January 1, 2021

#### Summary of Selections

The following is a summary of selections underlying the advisory rates and loss costs and assigned risk rates proposed to be effective January 1, 2021 in this compliance filing, along with the selections underlying the originally-proposed and currently-approved rates and loss costs.

Advisory Rates and Loss Costs	Currently Approved January 1, 2020	Original Filing Effective January 1, 2021	Compliance Filing Effective January 1, 2021
Experience Period	PYs 2016 and 2017	PYs 2017 and 2018	PYs 2017 and 2018
Premium Development	3-year average	3-year average	3-year average
Basis of Loss Experience	Average of Paid and Paid+Case losses	Average of Paid and Paid+Case losses	Average of Paid and Paid+Case losses
Paid Loss Development	2-year average	2-year average	2-year average
Paid+Case Loss Development	5-year average	5-year average	5-year average
Tail Factors	10-year average	10-year average	10-year average
Indemnity Annual Loss Ratio Trend Factor	0.960	0.960	0.960
Medical Annual Loss Ratio Trend Factor	0.975	0.975	0.975
<b>Production and General Expense</b>	<b>23.6%</b>	<b>23.8%</b>	<b>23.6%</b>
<b>Profit and Contingency Provision</b>	<b>0.0%</b>	<b>1.0%</b>	<b>0.0%</b>
Loss Adjustment Expense Provision	16.1%	17.0%	17.0%
Base Threshold for Limiting Losses	\$7,682,406	\$7,598,133	\$7,598,133
Large Loss Excess Ratio	0.8%	0.8%	0.8%
Classification Swing Limits (applied by Industry Group)	+/-25%	+/-25%	+/-25%



## Indiana

### Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates

#### Compliance Filing – January 1, 2021

#### Summary of Selections

<b>Assigned Risk Rates</b>	<b>Currently Approved January 1, 2020</b>	<b>Proposed Filing Effective January 1, 2021</b>	<b>Compliance Filing Effective January 1, 2021</b>
Premium Surcharge	30% on premium excess of \$2,750	30% on premium excess of \$2,750	30% on premium excess of \$2,750