
State:	Indiana	Filing Company:	Indiana Compensation Rating Bureau
TOI/Sub-TOI:	16.0 Workers Compensation/16.0002 Employers Liability WC		
Product Name:	1/1/2022 Rate Filing		
Project Name/Number:	1/1/2022 Rate Filing/1/1/2022 Rate Filing		

Filing at a Glance

Company:	Indiana Compensation Rating Bureau
Product Name:	1/1/2022 Rate Filing
State:	Indiana
TOI:	16.0 Workers Compensation
Sub-TOI:	16.0002 Employers Liability WC
Filing Type:	Rate
Date Submitted:	09/30/2021
SERFF Tr Num:	INCR-133001757
SERFF Status:	Closed-Filed
State Tr Num:	EFT OK /
State Status:	Rates OK
Co Tr Num:	1/1/2022 RATE FILING
Co Status:	
Effective Date	01/01/2022
Requested (New):	
Effective Date	01/01/2022
Requested (Renewal):	
Author(s):	Robin Eleson
Reviewer(s):	Taylor Ulisse (primary), Wade John, Kim Green
Disposition Date:	10/08/2021
Disposition Status:	Filed
Effective Date (New):	
Effective Date (Renewal):	

State: Indiana **Filing Company:** Indiana Compensation Rating Bureau
TOI/Sub-TOI: 16.0 Workers Compensation/16.0002 Employers Liability WC
Product Name: 1/1/2022 Rate Filing
Project Name/Number: 1/1/2022 Rate Filing/1/1/2022 Rate Filing

General Information

Project Name: 1/1/2022 Rate Filing	Status of Filing in Domicile: Pending
Project Number: 1/1/2022 Rate Filing	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 10/08/2021	Company Status Changed:
State Status Changed: 10/08/2021	Deemer Date:
Created By: Robin Eleson	Submitted By: Robin Eleson
Corresponding Filing Tracking Number:	

Filing Description:

Indiana Workers Compensation Advisory Loss Costs, Advisory Rates, Assigned Risk Rates and Rating Values Filing Proposed Effective January 1st, 2022.

Company and Contact

Filing Contact Information

Robin Eleson, Analyst	kbyrd@icrb.net
5920 Castleway West Dr	317-842-2800 [Phone]
Ste 121	
Indianapolis, IN 4607146250	

Filing Company Information

Indiana Compensation Rating Bureau	CoCode:	State of Domicile: Indiana
5920 Castleway W Dr	Group Code:	Company Type: Rating Organization
Indianapolis, IN 46250	Group Name: ICRB	State ID Number:
(317) 842-2800 ext. 301[Phone]	FEIN Number: 35-0837318	

State: Indiana **Filing Company:** Indiana Compensation Rating Bureau
TOI/Sub-TOI: 16.0 Workers Compensation/16.0002 Employers Liability WC
Product Name: 1/1/2022 Rate Filing
Project Name/Number: 1/1/2022 Rate Filing/1/1/2022 Rate Filing

Filing Fees

Transaction Fees

Transaction Fees	Company	Amount	Date Processed	Transaction #
NAIC Transaction Fee	Indiana Compensation Rating Bureau	\$13.75	09/30/2021 02:19 PM	212136694

NAIC Fees Total **\$13.75**

State Fees

Fee Required? Yes
Fee Amount: \$35.00
Retaliatory? No
Fee Explanation:
Per Company: Yes

Company	Amount	Date Processed	Transaction #
Indiana Compensation Rating Bureau	\$35.00	09/30/2021 02:19 PM	212136693

EFT Total **\$35.00**

Filing Fees Total

Fee Type	Amount
Transaction Fee Total	\$13.75
State EFT Total	\$35.00
State Check Total	\$0.00

Filing Fee Total **\$48.75**

State:	Indiana	Filing Company:	Indiana Compensation Rating Bureau
TOI/Sub-TOI:	16.0 Workers Compensation/16.0002 Employers Liability WC		
Product Name:	1/1/2022 Rate Filing		
Project Name/Number:	1/1/2022 Rate Filing/1/1/2022 Rate Filing		

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Taylor Ulisse	10/08/2021	10/08/2021

State:	Indiana	Filing Company:	Indiana Compensation Rating Bureau
TOI/Sub-TOI:	16.0 Workers Compensation/16.0002 Employers Liability WC		
Product Name:	1/1/2022 Rate Filing		
Project Name/Number:	1/1/2022 Rate Filing/1/1/2022 Rate Filing		

Disposition

Disposition Date: 10/08/2021

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Indiana Compensation Rating Bureau	-2.700%	0.000%	\$0	0	\$0	0.000%	0.000%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	80 Filing Description/Cover Letter/NAIC Transmittal		Yes
Supporting Document	82 Actuarial Support		Yes
Supporting Document	Third Party Fliers		Yes

State:	Indiana	Filing Company:	Indiana Compensation Rating Bureau
TOI/Sub-TOI:	16.0 Workers Compensation/16.0002 Employers Liability WC		
Product Name:	1/1/2022 Rate Filing		
Project Name/Number:	1/1/2022 Rate Filing/1/1/2022 Rate Filing		

Rate Information

Rate data applies to filing.

Filing Method:	Rate Filing
Rate Change Type:	Decrease
Overall Percentage of Last Rate Revision:	-2.700%
Effective Date of Last Rate Revision:	01/01/2021
Filing Method of Last Filing:	SERFF
SERFF Tracking Number of Last Filing:	

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Indiana Compensation Rating Bureau	-2.700%	0.000%	\$0	0	\$0	0.000%	0.000%

State:	Indiana	Filing Company:	Indiana Compensation Rating Bureau
TOI/Sub-TOI:	16.0 Workers Compensation/16.0002 Employers Liability WC		
Product Name:	1/1/2022 Rate Filing		
Project Name/Number:	1/1/2022 Rate Filing/1/1/2022 Rate Filing		

Supporting Document Schedules

Satisfied - Item:	80 Filing Description/Cover Letter/NAIC Transmittal
Comments:	Indiana Workers Compensation Advisory Loss Costs, Advisory Rates, Assigned Risk Rates and Rating Value Filing Proposed Effective January 1st, 2022.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	82 Actuarial Support
Comments:	
Attachment(s):	1-1-2022 Rate Filing.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Third Party Fliers
Comments:	Per IC 27-7-2-3 through IC 27-7-2-4 the Bureau has statutory authority to file rates, rules, plans and forms on behalf of all workers compensation insurance companies in Indiana.
Attachment(s):	
Item Status:	
Status Date:	



Indiana

Advisory Loss Costs, Advisory Rates,
Assigned Risk Rates, and
Rating Values Filing

Proposed Effective January 1, 2022



September 30, 2021



5920 CASTLEWAY WEST DRIVE, SUITE 121 • INDIANAPOLIS, IN 46250

p: 317.842.2800 f: 317.842.3717 w: ICRB.NET

Honorable Amy L. Beard
Commissioner of Insurance
Indiana Department of Insurance
311 W. Washington St., Suite 300
Indianapolis, IN 46204-2787

Re: Indiana Workers Compensation Advisory Loss Costs, Advisory Rates, Assigned Risk Rates, and Rating Values Filing Proposed Effective January 1, 2022

Dear Commissioner Beard:

In accordance with the applicable statutes and regulations in the state of Indiana, we are filing for your consideration and approval workers compensation advisory loss costs, advisory rates, and rating values for the Indiana voluntary market and assigned risk rates and rating values for the Indiana assigned risk market.

This filing proposes a change of -2.7% to the overall voluntary loss cost level and a change of 0.0% to the overall voluntary and assigned risk rate level to become effective on January 1, 2022 for new and renewal business.

Reported COVID-19-related claims have been excluded from the data on which this filing is based because those claims are not expected to be predictive of the loss experience that may arise during the filing prospective period. After an in-depth review and analysis, NCCI has determined that its standard ratemaking methodologies continue to remain appropriate for use in this year's filing.

Our desire is to make this filing as clear as possible. For additional information, we would be glad to meet with you at your convenience.

We make this filing on behalf of the members and subscribers of the Indiana Compensation Rating Bureau. All persons on the "Interested Persons List" have been notified of the captioned filing.

We respectfully request that the filing be "Filed" electronically via the NAIC SERFF system within thirty days.

Sincerely,

Actuarial content prepared by:

Karen H. Byrd, AIC
President & CEO

Vicky Mayen, FCAS, MAAA
Director and Actuary, NCCI

Enclosure



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Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Actuarial Certification

I, Vicky Mayen, am a Director and Actuary for the National Council on Compensation Insurance, Inc. I am a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries, and I meet the Qualification Standards of the American Academy of Actuaries to provide the actuarial report contained herein.

The information contained in this report has been prepared under my direction in accordance with applicable Actuarial Standards of Practice as promulgated by the Actuarial Standards Board. The Actuarial Standards Board is vested by the U.S.-based actuarial organizations with the responsibility for promulgating Actuarial Standards of Practice for actuaries providing professional services in the United States. Each of these organizations requires its members, through its Code of Professional Conduct, to observe the Actuarial Standards of Practice when practicing in the United States.

A handwritten signature in cursive script, appearing to read "Vicky Mayen", is positioned above the printed name.

Vicky Mayen, FCAS, MAAA
Director and Actuary
Actuarial & Economic Services



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Disclosures

Purpose of the Report

The purpose of this report is to provide the proposed advisory loss costs, advisory rates, assigned risk rates, and rating values for workers compensation policies in Indiana, proposed to be effective January 1, 2022. The intended users of this report are:

- ✓ The Indiana Department of Insurance
- ✓ Affiliated carriers, for their reference in determining workers compensation rates

Scope

The prospective advisory rates are intended to cover the indemnity and medical benefits provided under the system, the expenses associated with providing these benefits (loss adjustment expenses) and any other costs associated with providing workers compensation insurance (such as commissions, taxes, etc.).

The filing also contains advisory loss costs. The prospective loss costs are intended to cover the indemnity and medical benefits provided under the system, as well as some of the expenses associated with providing these benefits (loss adjustment expenses). They do not, however, contemplate any other costs associated with providing workers compensation insurance (such as commissions, taxes, etc.).

Carriers offering workers compensation insurance in Indiana may desire to a) adopt the advisory rates which are based on NCCI's compilations of expense data, b) deviate from the advisory rates, or c) adopt the advisory loss costs to which they would apply their own expense provisions. The latter option can be accomplished through a loss cost multiplier that is applied to the approved advisory prospective loss costs in order to compute the final workers compensation rates that a carrier intends to charge. This multiplier is intended to cover the other costs associated with providing workers compensation insurance that are not already part of the advisory prospective loss costs.

Employers unable to secure coverage in the voluntary market can apply for such coverage in the assigned risk market. The proposed rates for the voluntary market are also applicable to assigned risk policies, with a proposed effective date of January 1, 2022. Currently, assigned risk policies with premium greater than \$2,750 are assessed a 30% surcharge, with the surcharge being applied to the premium amount above \$2,750.



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Disclosures

Data Sources and Dates

The overall average advisory rate, loss cost, and assigned risk rate level changes are based on a review of Financial Call Data, which is an aggregation of workers compensation data annually reported to NCCI. In this filing, Financial Call Data submissions received after July 19, 2021 were not considered for inclusion in the analysis.

Rate and loss cost level changes at the classification code level are based on Unit Statistical Plan Data, which is the audited exposure, premium, and loss information reported to NCCI on a policy level. In this filing, Unit Statistical Data submissions received after July 22, 2021 were not considered for inclusion in the analysis.

NCCI categorizes catastrophic events as those that incur aggregate workers compensation losses in excess of \$50 million per occurrence. NCCI's standard ratemaking methodology excludes catastrophe-related losses from the calculation of loss costs and rates, since these events are not considered to be predictive of future experience. NCCI is proposing to treat the COVID-19 pandemic as a catastrophic event and, therefore, the losses from reported COVID-19-related claims have been excluded from the underlying data in this year's analysis because those claims are not expected to be predictive of the loss experience that may arise during the filing prospective period.

In some areas, NCCI's analysis also relies on other data sources, which are reviewed for reasonableness and are referenced in the filing where applicable.

This filing was prepared as of August 26, 2021. Therefore, events that occurred after this date that may have a material impact on workers compensation costs in this jurisdiction have not been considered in the analysis.

NCCI maintains several data reporting initiatives and programs to assist carriers to report data and to ensure that the data that is reported to NCCI is complete, accurate, and reported in a timely fashion. Occasionally, a carrier's data submission is not available for use in an NCCI filing either because the data was not reported prior to the filing, had quality issues, or NCCI determined that the data that was reported should not be included in the filing based on NCCI's actuarial judgment.

Data for all carriers writing at least one-tenth of one percent of the Indiana workers compensation written premium volume have been included in the experience period on which this filing is based.



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Disclosures

Other exclusions are made for the purposes of analysis, but do not have a material impact on the proposed changes in this filing.

Risks and Uncertainty

This filing includes assumptions and projections concerning the future. As with any prospective analysis, there exists estimation uncertainty in these assumptions and projections. Areas of this analysis subject to estimation uncertainty that could have a material impact on the final results include the following:

- ✓ Projection of future loss development
- ✓ Selection of loss ratio trends
- ✓ Potential impact of changes to laws and/or regulations

In addition, any future changes to workers compensation law or regulations that apply retroactively to policies or benefit claims on policies in the proposed effective period may have a significant impact on the adequacy of the advisory rates and loss costs proposed in this filing.

The course of the COVID-19 pandemic and related considerations, such as future economic conditions and the labor market, contribute additional uncertainty when estimating future costs. After an in-depth review and analysis of NCCI's general ratemaking methodologies, NCCI has determined that those approaches remain appropriate for use in this filing.



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

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- Proposed Assigned Risk Rates and Rating Values
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Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Part 1 Filing Overview

- Executive Summary
- Overview of Methodology
- Summary of Selections
- Selections Underlying the Proposed Changes
- Additional Proposed Changes



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Executive Summary

Based on its review of the most recently available data, NCCI has proposed an overall average workers compensation advisory loss cost level change of -2.7% and an advisory and assigned risk rate level change of 0.0% to become effective January 1, 2022.

Key Components	Percentage Change
Change in Experience and Development	- 4.2%
Change in Trend	+ 0.5%
Change in Benefits	+ 0.5%
<u>Change in Loss-Based Expenses</u>	<u>+ 0.5%</u>
Proposed Change in Overall Advisory Loss Cost Level	- 2.7%
 Change in Production & General Expenses and Taxes	 + 0.7%
<u>Change in Profit and Contingency Provision</u>	<u>+ 2.1%</u>
Proposed Change in Overall Advisory Rate Level	0.0%
Proposed Change in Overall Assigned Risk Rate Level	0.0%

Key observations:

- ✓ The overall rate and loss cost level changes in this filing are based on premium and loss experience for policy years 2018 and 2019, evaluated as of December 31, 2020. The reported claims resulting from COVID-19 have been excluded from the data on which this filing is based.
- ✓ Lost-time claim frequency continues its long-term decline.
- ✓ After adjusting to a common wage level, the indemnity and medical average cost per case remain relatively stable.
- ✓ The loss cost and rate changes vary by classification code, each of which belongs to one of five industry groups. The average rate change by industry group ranges from -27% for Contracting to +27% for Office and Clerical.

Additional Notable Changes Proposed in the Filing:

- ✓ Calendar Year 2020 Wage Adjustment
- ✓ Catastrophic Handling of the COVID-19 Pandemic
- ✓ Expense Constant Removal Factor
- ✓ Federal-Classification (F-Class) Ratemaking



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Overview of Methodology

Aggregate Ratemaking

NCCI's approach to determining the proposed overall average advisory rate level change utilizes widely accepted ratemaking methodologies. The approach employed in this filing includes the following steps:

- ✓ The reported historical premium totals are projected to an ultimate basis and adjusted to the current pure premium level
- ✓ The excess loss portion of individual large claims are removed from reported aggregate losses, based on an Indiana-specific large loss threshold
- ✓ The reported historical limited indemnity and medical loss totals are projected to an ultimate basis and adjusted to the current benefit level
- ✓ Ratios of losses to pure premium are projected to the cost levels expected in the effective period
- ✓ Ultimate, trended, limited losses are adjusted to an unlimited basis via a non-catastrophe excess ratio (with excess ratios at limits beyond \$50 million set equal to zero)
- ✓ Proposed benefit level and/or expense changes are applied to the projected cost ratios

The indicated average advisory rate level change is calculated for the years in the filing's experience period. If the final projected cost ratios are greater (less) than 1.000, then an increase (decrease) in the average advisory rate level is indicated.

Class Ratemaking

Once the proposed overall average advisory rate level change has been determined, NCCI separately determines rates per \$100 of payroll for each workers compensation job classification (class); the advisory rates and year-over-year changes vary by class. Three sets of pure premiums are combined as part of each class code's advisory rate calculation based on the volume of available data for that job classification. The three sets of pure premiums are:

- ✓ State-specific payroll and loss experience ("indicated")
- ✓ Currently-approved pure premium adjusted to the proposed level ("present on rate level")
- ✓ Countrywide experience adjusted to state conditions ("national")

Note: The methodology and assumptions used in this filing may not be applicable to or relevant for another purpose, including but not limited to NCCI filings in other jurisdictions.



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

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, along with the selections underlying the currently-approved rates and loss costs.

Advisory Rates and Loss Costs	Currently Approved January 1, 2021	Proposed Effective January 1, 2022
Experience Period	Policy Years 2017 and 2018	Policy Years 2018 and 2019
Premium Development	3-year average	3-year average*
Basis of Loss Experience	Average of Paid and Paid+Case losses	Average of Paid and Paid+Case losses
Paid Loss Development	2-year average	2-year average
Paid+Case Loss Development	5-year average	5-year average
Tail Factors	10-year average	Selected
Indemnity Annual Loss Ratio Trend Factor	0.960	0.965
Medical Annual Loss Ratio Trend Factor	0.975	0.975
Production and General Expense	23.6%	24.2%
Profit and Contingency Provision	0.0%	1.5%
Loss Adjustment Expense Provision	17.0%	17.6%
Base Threshold for Limiting Losses	\$7,598,133	\$7,427,545
Large Loss Excess Ratio	0.8%	0.8%**
Classification Swing Limits (applied by Industry Group)	+/-25%	+/-25%
Assigned Risk Rates	Currently Approved January 1, 2021	Proposed Effective January 1, 2022
Premium Surcharge	30% on premium excess of \$2,750	30% on premium excess of \$2,750

* A 1st/2nd premium development ratio of 1.000 was selected. All other premium development link ratios utilize a 3-year average.

** The proposed value reflects the updated hazard group assignment changes as detailed in the approved Item Filing B-1442.



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Selections Underlying the Proposed Changes

Experience and Development

NCCI analyzed the emerging experience of Indiana workers compensation policies in recent years. The primary focus of our analysis was on premiums and losses from policy years 2018 and 2019 evaluated as of December 31, 2020. The most recently available full policy year is 2019 since the last policy had an effective date of December 31, 2019 and did not expire until December 31, 2020. During this year's analysis, which included an assessment of pandemic claim-related impacts, the use of the two most recently available full policy years of data was selected as most appropriate in terms of providing a balance between stability and responsiveness.

Different aggregations of loss experience were analyzed in preparation of this filing. These were (i) paid losses (benefit amounts already paid by insurers on reported claims) and (ii) the sum of paid losses plus case reserves (paid losses and the amounts set aside to cover future payments on those claims). In this filing, NCCI utilized loss development factors based on each of these two loss aggregations. This is consistent with NCCI filings made in the past several years in Indiana. Loss development factors are needed since paid losses and case reserve estimates on a given claim change over time until the claim is finally closed. The loss development factors are based on how paid losses and case reserve estimates changed over time for claims from older years. In this filing, NCCI selected development factors appropriate for the experience base.

The specific development link ratio selections underlying this filing are shown below:

- ✓ A three-year average of historical premium development factors
 - The selected 1st/2nd premium development link ratio of 1.000 reflects a lack of payroll growth in policy year 2019 due to the COVID-19-related economic contraction
- ✓ A two-year average of historical paid loss development factors through a 19th report
- ✓ A five-year average of historical paid plus case loss development factors through a 19th report
- ✓ Loss development tail factors from a 19th report to ultimate were selected based on review of the 10 most recently available factors.

After analysis and consideration of the most recent data, and the assessment of COVID-19 impacts, NCCI has determined that its standard development procedures and methodologies remain appropriate.

Trend

This filing relies primarily on the experience from policy years 2018 and 2019. However, the proposed advisory loss costs, advisory rates, and assigned risk rates are intended for use with



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Selections Underlying the Proposed Changes

policies with effective dates starting on January 1, 2022. It is necessary to use trend factors that forecast how much the future Indiana workers compensation experience will differ from the past. These trend factors measure anticipated changes in the amount of indemnity and medical benefits as compared with anticipated changes in the amount of workers' wages. For example, if benefit costs are expected to grow faster than wages, then a trend factor greater than zero is indicated. Conversely, if wages are expected to grow faster than benefit costs, then a trend factor less than zero is indicated.

While historical changes in claim frequency and average cost per case were also reviewed, NCCI applies loss ratio trend factors in the determination of the proposed overall average advisory rate level change.

After analysis and consideration of the most recent data, and the assessment of COVID-19 impacts, NCCI has determined that its standard trend procedures and methodologies remain appropriate.

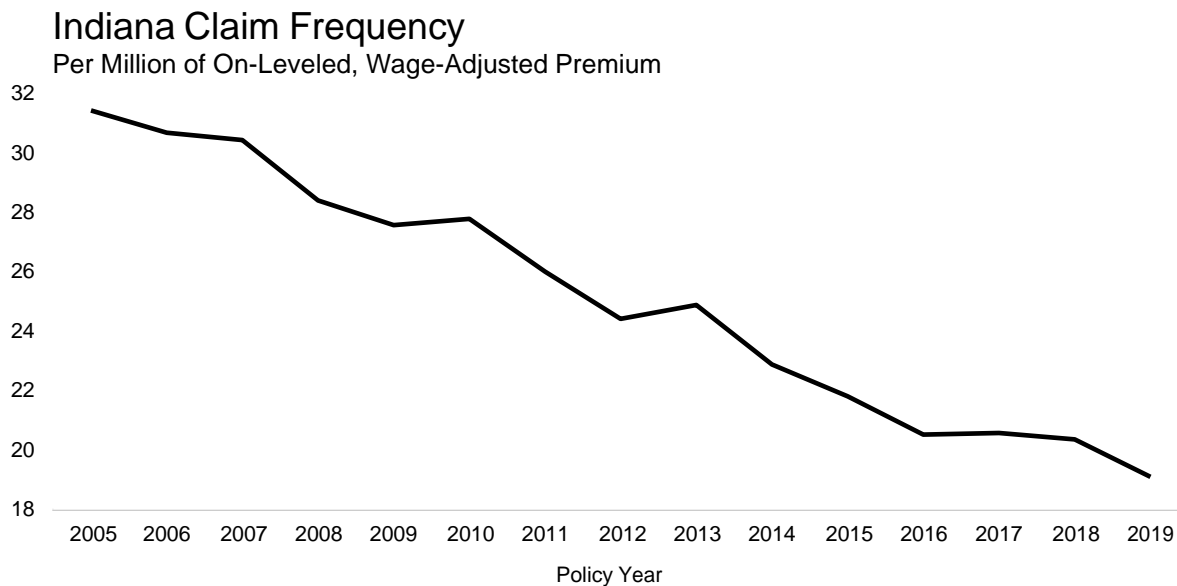


Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Selections Underlying the Proposed Changes

The following few charts show a measure of the number of workplace injuries (claim frequency) and the average cost of each of these injuries (claim severity).



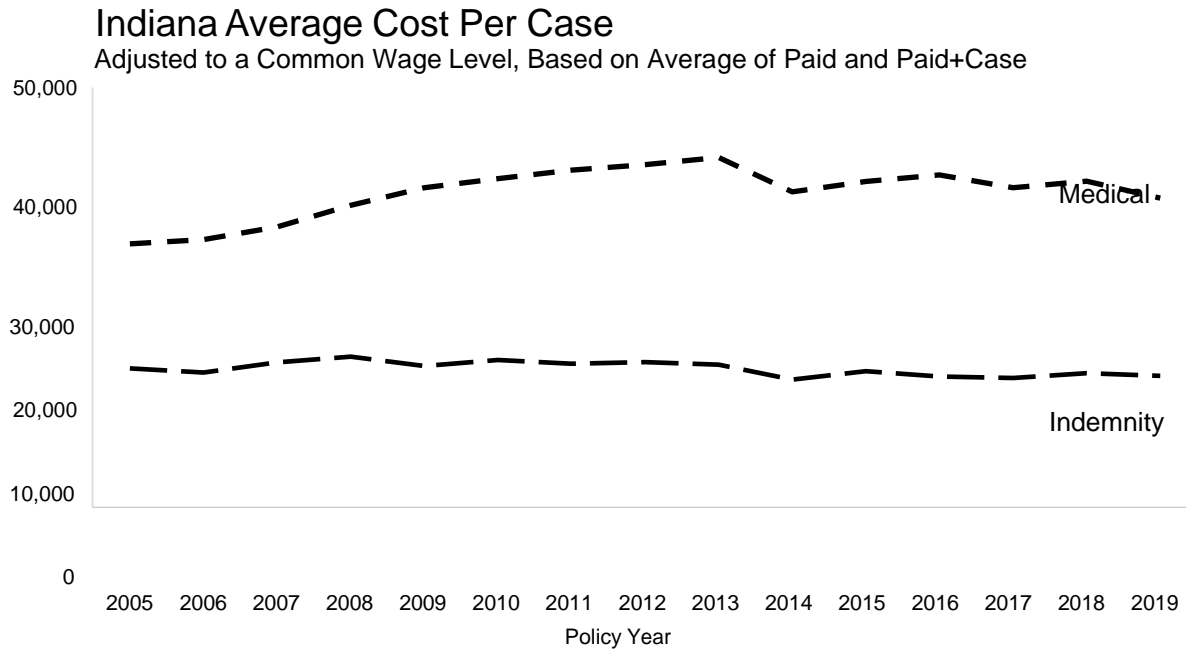
Indiana's lost-time claim frequency has generally declined since 2005, as shown immediately above. The data in this chart reflects premiums at today's advisory rate and wage levels.



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Selections Underlying the Proposed Changes



As this chart illustrates, Indiana's average indemnity and medical cost per case in excess of wage growth has remained fairly consistent over time.

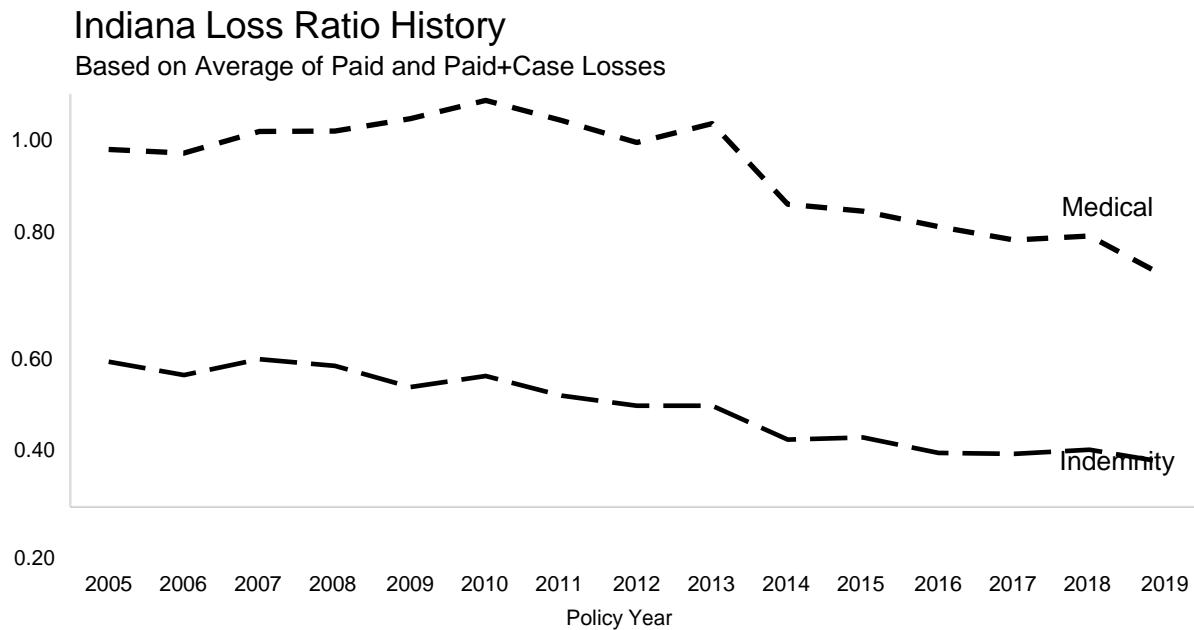


Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Selections Underlying the Proposed Changes

Loss ratios result after combining observed changes in Indiana's average claim frequency with corresponding changes in Indiana's average cost per case.



Based on our analysis this year, we are proposing to maintain the current annual medical loss ratio trend of -2.5% and to increase the annual indemnity loss ratio trend from -4.0% to -3.5%.



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Selections Underlying the Proposed Changes

Benefit Changes

Medical Fee Schedule Changes: NCCI has included the impact of the two most recent Medical Fee Schedule updates effective October 1, 2020 and January 1, 2021. The combined change is estimated to increase overall workers compensation system costs by 0.5%. Please see Appendix C-I for additional details.

Expense-Related Provisions

This filing proposes changes to several expense-related provisions as described below. Please see Exhibit II for additional detail.

Production and General Expense: The proposed advisory rates include a provision for production and general expenses. The latest data from the Insurance Expense Exhibit (which is reported annually by insurers to state insurance departments) is used to derive the Indiana expense provision.

The current provision in the advisory rates for production expense is 18.5% of premium. This filing proposes to decrease the current provision to 18.3%.

The current provision in the advisory rates for general expenses is 5.1% of premium. This filing proposes an increase in this provision to 5.9%.

The overall advisory rate change due to the proposed production and general expense provisions is an increase of 0.8%.

Premium Taxes and Assessments: This filing proposes to decrease the current WC Guaranty Association provision of 0.3% to 0.2%.

Profit and Contingency Provision: By law, Indiana rates must be determined such that workers compensation insurers in Indiana can be expected to earn a reasonable rate of return. Analysis and determination of a profit and contingency (P&C) provision is necessary to ensure this premise is maintained. As a result of this analysis, NCCI is proposing to increase the current P&C provision from 0.0% to 1.5%.

Loss-Based Expenses: The proposed advisory rates and loss costs include a provision for loss adjustment expenses (LAE). These are expenses associated with the handling of workers compensation claims. LAE is included in the advisory rates and loss costs by using a ratio of loss adjustment expense dollars to loss dollars (called the LAE



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Selections Underlying the Proposed Changes

provision). In this filing, NCCI is proposing to increase the current LAE provision from 17.0% to 17.6% of losses—resulting in a rate level impact of +0.5%.

Loss-Based Assessment: INSafe is not conducting an assessment in 2021, thus NCCI is proposing to maintain the current INSafe provision of 0%.

Assigned Risk Surcharge:

The current assigned risk surcharge of 30% is applied to the premium excess of \$2,750 (i.e., it does not apply to risks in the assigned risk market with premium less than or equal to \$2,750). No change is proposed to the surcharge.



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Additional Proposed Changes

Calendar Year 2020 Wage Adjustment

NCCI's standard methodology is to adjust frequency and severity values included in its rate and loss cost filings to a common wage level before analyzing trends that may be present in those values. This practice allows NCCI to analyze trends above and beyond changes that may be due solely to wage inflation. More specifically, in this year's filing, the frequency and severity adjustments would have incorporated the state's estimated Calendar Year 2020 average weekly wage (AWW) level using data from the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW).

In addition to the traditional growth in wages/salaries that may be expected to occur each year, the observed change in the 2019-to-2020 AWW was also impacted by COVID-19-related shifts in employment across industry sectors. While a change in industry-sector mix occurs to a small degree each year, its impact on the 2020 AWW change was unusually large, due to pandemic-related job losses in relatively low wage industries, and ignoring this effect would otherwise distort the intended nature of the adjustment. Therefore, in this year's ratemaking analysis the 2020 AWW value was adjusted to exclude the estimated impact of the pandemic-related, industry-sector mix change.

This adjustment is reflected in the frequency and severity values shown in Appendix A-III Trend Factors. The impact of the AWW adjustment is expected to be immaterial.



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Catastrophic Handling of the COVID-19 Pandemic

Overview

NCCI recently reviewed its actuarial catastrophe methodology as a result of the COVID-19 pandemic. Currently, NCCI's Catastrophe (other than Certified Acts of Terrorism) Provision accounts for single-event losses resulting only from earthquakes, noncertified acts of terrorism, or catastrophic industrial accidents that exceed \$50 million in aggregate workers compensation losses. However, the COVID-19 pandemic has shown that there are other perils that can result in catastrophic losses.

In the calculation of loss costs and rates, NCCI is proposing to use data that excludes the impact of the catastrophic COVID-19 event. NCCI is proposing for the Catastrophe (other than Certified Acts of Terrorism) Provision to contemplate the exposure to all events or perils that could result in aggregate workers compensation losses in excess of \$50 million (which may include pandemics). At this time, NCCI is proposing no change to the currently approved Miscellaneous Value.

Due to the uncertainty surrounding quantifying the impact future pandemics could have on the workers compensation system, it is appropriate to contemplate all catastrophic perils, including pandemics, within the Catastrophe (other than Certified Acts of Terrorism) definition without a change in the advisory value. This handling recognizes that there are additional catastrophic exposures (which may include pandemics) on workers compensation system costs that should be considered in the calculation of loss costs and rates in adherence with the Actuarial Standards of Practice (ASOPs).

Background

The COVID-19 pandemic has shown that pandemics have the potential to be a catastrophic peril on workers compensation system costs. In this filing, COVID-19 is being treated as a catastrophe and all reported data from COVID-19 pandemic claims have been excluded from ratemaking to better reflect the conditions likely to prevail in the filing's proposed effective period beginning on January 1, 2022.

Both the definition of catastrophe and the treatment of catastrophe losses in property and casualty ratemaking are addressed in the Actuarial Standards of Practice (ASOP). As defined in ASOP 39 ("Treatment of Catastrophe Losses in Property/Casualty Insurance Ratemaking"), a



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catastrophe is “a relatively infrequent event or phenomenon that produces unusually large aggregate losses.” ASOP 39 also states that “consideration should be given to the impact of catastrophes and that procedures should be developed to include an allowance for catastrophe exposure in the rate.”

In the calculation of loss costs and rates, NCCI uses ratemaking data that excludes the impact of catastrophes because the full unadjusted impact of the catastrophe experience is not considered predictive on a prospective basis. NCCI’s current advisory Catastrophe (other than Certified Acts of Terrorism) Provision accounts for single-event aggregate workers compensation losses resulting only from earthquakes, noncertified acts of terrorism, or catastrophic industrial accidents that exceed \$50 million. This \$50 million threshold applies per occurrence, across all states for which claims arise from a single event or peril. In Indiana, the currently approved advisory Catastrophe (other than Certified Acts of Terrorism) Provision is \$0.01 per \$100 of payroll and can be found in the Miscellaneous Values in this filing.

The COVID-19 pandemic has shown that there are other perils that can result in catastrophic losses and that regardless of the specific peril, any event exceeding \$50 million should be removed from the data used in ratemaking. NCCI is proposing to revise the Catastrophe (other than Certified Acts of Terrorism) Provision to contemplate a single event or peril resulting in a group of claims with aggregate workers compensation losses in excess of \$50 million. This revision recognizes that there are other potentially catastrophic perils with exposure on workers compensation system costs. NCCI is proposing no change at this time to the currently approved provision of \$0.01 per \$100 of payroll.

Changes to the Catastrophe (Other Than Certified Acts of Terrorism) Premium Endorsement

In Item Filing P-1418, NCCI proposes to revise the Catastrophe (Other Than Certified Acts of Terrorism) Premium Endorsement in NCCI’s ***Forms Manual of Workers Compensation and Employers Liability Insurance (Forms Manual)*** to define “Catastrophe (other than Certified Acts of Terrorism)” as “[a] single event or peril resulting in a group of claims with aggregate workers compensation losses in excess of \$50 million. This \$50 million threshold applies per occurrence, across all states for which claims arise from a single event or peril.” This item is to become effective for new and renewal policies effective on and after 12:01 a.m. August 1, 2022. This lead time will provide insurance companies ample time to incorporate the new endorsement into their processes. This revision will not change the currently approved advisory Miscellaneous Value.



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Expense Constant Removal Factor

The premium reported to NCCI, for use in determination of the overall indication, includes premium collected via the charged expense constant. The premium on-level calculation includes year-specific factors that remove the expense constant premium from the total premium reported. Currently, these expense constant removal factors are based on statewide (voluntary plus assigned risk) market data.

In this filing, separate voluntary and assigned risk market-specific expense constant removal factors have been calculated for each year. This methodological enhancement recognizes and is more responsive to changes in market-specific average policy sizes that may occur over time. The overall impact of this change is expected to be negligible.



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Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Additional Proposed Changes

Federal-Classification (F-Class) Ratemaking

This filing proposes to revise the current approach used to determine the loss costs and rates for those classification codes that are subject to the benefits provided under the United States Longshore and Harbor Workers Compensation Act (USL&HW Act). The proposed approach has several advantages over the current methodology that has been in effect, without significant changes, for more than 20 years. These advantages include:

- Greater year-to-year stability in loss costs and rates
- A simplified ratemaking approach
- Direct recognition that federal act USL&HW benefits are the same across jurisdictions

For reference, the F-classifications in Indiana have a total of \$7 million in payroll in the latest policy period used in this filing; this represents less than 0.1% of Indiana's total payroll.

The USL&HW Act is a federal law that provides indemnity and medical benefits to employees such as longshore workers, harbor workers, ship repair workers, shipbuilders, and other employees who perform the loading, unloading, repairing, or building of a vessel or dock. It applies to such employees while working on US navigable waters and while working on any adjoining pier, wharf, dry dock, terminal, building way, marine railway, or other area adjoining such navigable waters customarily used for the loading, unloading, repairing, or building of a vessel. It does not cover masters or members of the crew of a vessel.

An injured F-class worker (or beneficiary) may receive state or federal act benefits, based on the exposure at the time of the accident. While federal and state act losses are reported separately, payroll is reported on a combined basis. Therefore, F-class loss costs and rates must reflect both state and federal act benefits.

In the past, updates were made to NCCI's general class ratemaking methodology, which have increased the year-to-year stability for the F-class codes. Even so, relative to the industrial codes, the F-class codes have generally exhibited a higher level of volatility associated with their lower volume of data.

NCCI recently completed a review of the current F-class methodology. The proposed F-class approach incorporates a countrywide pure premium based on 10 policy years of F-class data, state-specific benefit relativities, and F-class code relativities.

The proposed approach recognizes that F-class experience across all jurisdictions consists primarily of federal act benefits. These benefits are based on a federal benefit structure and are



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subject to a federal medical fee schedule—neither of which vary by individual jurisdiction. Accordingly, the proposed methodology leverages this consistency by combining the data at a countrywide level—rather than relying on smaller volumes of state-specific data during the F-class ratemaking process. This change, alongside the expansion to 10 policy years of data, helps increase the stability of these low volume and unique classifications.

The state act benefits portion of the reported F-class experience is initially adjusted to a countrywide level and then back down to a state level using industrial codes' data as a proxy. This allows a greater volume of combined data to be used in the F-class ratemaking process as well as retaining the ability to directly reflect state-specific cost differences.

For more details, refer to Appendix B-IV.



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Part 2 Proposed Values

- Proposed Advisory Rates, Loss Costs, and Rating Values
- Proposed Assigned Risk Rates and Rating Values
- Proposed Values for Inclusion in the Experience Rating Plan Manual
- Proposed Values for Inclusion in the Retrospective Rating Plan Manual



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Proposed Advisory Rates, Advisory Loss Costs, and Rating Values

The following pages include proposed advisory rates, loss costs, and rating values:

- ✓ Advisory rates, loss costs, minimum premiums, expected loss rates, and d-ratios by class code, along with associated footnotes
- ✓ Advisory miscellaneous values, such as:
 - Premium discount percentages
 - Premium Reduction Percentages by Deductible Amount
 - Maximum and minimum weekly payroll applicable for select class codes
 - Premium determination for Partners and Sole Proprietors
 - Catastrophe advisory rate and loss cost
 - Terrorism advisory rate and loss cost
 - United States Longshore and Harbor Workers' Compensation Coverage Percentage

Please note the following in connection with this filing:

- ✓ As a result of Item B-1397, effective July 1, 2007, a single combined rate is still calculated for Class Codes 7710 and 7711 via a payroll-weighted average of the separately indicated rates for these two class codes.
- ✓ As a result of Item B-1439, effective January 1, 2021:
 - Class Codes 2683 and 2501 are combined to reflect the final year of a two-year transition program and Class Code 2683 is discontinued.
 - Class Codes 3240 and 3257 are combined to reflect the final year of a two-year transition program and Class Code 3240 is discontinued.
- ✓ As a result of Item B-1442, effective January 1, 2022, class code hazard group changes were incorporated.
- ✓ As a result of Item R-1419, the retrospective rating plan parameters have been updated.

ADVISORY LOSS COSTS AND ADVISORY RATES

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Advisory loss costs exclude all expense provisions except loss adjustment expense and loss-based assessments.

Effective January 1, 2022

CLASS CODE	RATE	LOSS COST	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	LOSS COST	MIN PREM	ELR	D RATIO
0005	2.12	1.54	828	1.19	0.44	2014	2.74	1.99	1023	1.40	0.37
0008	2.41	1.75	919	1.35	0.44	2016	1.62	1.17	670	0.91	0.44
0016	3.51	2.54	1266	1.79	0.37	2021	2.44	1.77	929	1.32	0.42
0034	2.30	1.67	885	1.25	0.42	2039	1.40	1.02	601	0.79	0.44
0035	1.65	1.20	680	0.90	0.42	2041	1.99	1.44	787	1.11	0.44
0036	2.47	1.79	938	1.39	0.44	2065	1.10	0.80	507	0.60	0.42
0037	2.54	1.84	960	1.30	0.37	2070	3.06	2.22	1124	1.68	0.42
0042	2.83	2.05	1051	1.55	0.42	2081	1.58	1.15	658	0.91	0.45
0050	4.39	3.18	1500	2.23	0.37	2089	1.97	1.43	781	1.11	0.44
0059D	0.28	0.20	—	0.07	0.33	2095	2.20	1.60	853	1.20	0.42
0065D	0.06	0.04	—	0.02	0.37	2105	2.28	1.65	878	1.32	0.45
0066D	0.06	0.04	—	0.02	0.42	2110	1.86	1.35	746	1.04	0.44
0067D	0.06	0.04	—	0.02	0.42	2111	1.27	0.92	560	0.71	0.44
0079	2.36	1.71	903	1.29	0.42	2112	2.32	1.68	891	1.30	0.44
0083	4.01	2.91	1423	2.19	0.42	2114	1.59	1.15	661	0.92	0.45
0106	5.08	3.68	1500	2.48	0.33	2121	0.99	0.72	472	0.57	0.45
0113	2.72	1.97	1017	1.52	0.44	2130	1.13	0.82	516	0.62	0.42
0170	1.96	1.42	777	1.10	0.44	2131	0.91	0.66	447	0.51	0.44
0251	2.35	1.70	900	1.28	0.42	2143	1.38	1.00	595	0.80	0.45
0400	—	—	—	1.00	0.42	2157	2.59	1.88	976	1.46	0.44
0401	7.25	5.26	A	3.52	0.33	2172	0.83	0.60	421	0.43	0.37
0766N	0.28	0.20	—	—	—	2174	1.50	1.09	633	0.84	0.44
0771N	0.24	0.17	—	—	—	2211	3.98	2.89	1414	2.05	0.37
0908P	134.00	97.00	294	72.90	0.42	2220	1.50	1.09	633	0.82	0.42
0913P	334.00	242.00	494	182.64	0.42	2286	—	—	—	0.82	0.42
1005*	3.48	2.52	1256	1.15	0.30	2288	2.77	2.01	1033	1.54	0.44
1016*	8.92	6.47	1500	2.73	0.30	2300	—	—	—	0.95	0.44
1164D	1.60	1.16	664	0.72	0.30	2302	1.07	0.78	497	0.58	0.42
1165D	1.56	1.13	651	0.71	0.30	2305	1.38	1.00	595	0.71	0.37
1320	1.52	1.10	639	0.74	0.33	2361	1.10	0.80	507	0.60	0.42
1322	4.14	3.00	1464	1.91	0.30	2362	1.23	0.89	547	0.68	0.44
1430	1.94	1.41	771	0.99	0.37	2380	1.51	1.09	636	0.84	0.44
1438	2.83	2.05	1051	1.46	0.37	2386	—	—	—	0.95	0.44
1452	1.56	1.13	651	0.81	0.37	2388	1.03	0.75	484	0.60	0.45
1463	7.05	5.11	1500	3.21	0.30	2402	1.50	1.09	633	0.76	0.37
1472	1.54	1.12	645	0.79	0.37	2413	1.54	1.12	645	0.84	0.42
1604	2.57	1.86	970	1.33	0.37	2416	1.27	0.92	560	0.71	0.44
1624D	1.48	1.07	626	0.71	0.33	2417	0.78	0.57	406	0.44	0.44
1642	1.86	1.35	746	0.95	0.37	2501	1.70	1.23	696	0.95	0.44
1654	2.90	2.10	1074	1.49	0.37	2503	0.68	0.49	374	0.38	0.44
1655	—	—	—	0.95	0.37	2534	—	—	—	0.95	0.44
1699	1.46	1.06	620	0.75	0.37	2570	2.09	1.52	818	1.17	0.44
1701	2.01	1.46	793	0.97	0.33	2585	2.01	1.46	793	1.09	0.42
1710D	2.31	1.68	888	1.16	0.37	2586	1.72	1.25	702	0.96	0.44
1741	—	—	—	0.97	0.33	2587	1.57	1.14	655	0.88	0.44
1747	1.37	0.99	592	0.70	0.37	2589	1.23	0.89	547	0.67	0.42
1748	4.58	3.32	1500	2.32	0.37	2600	2.42	1.75	922	1.37	0.44
1803D	4.03	2.92	1429	1.84	0.37	2623	3.45	2.50	1247	1.76	0.37
1852	—	—	—	0.55	0.30	2651	1.11	0.80	510	0.62	0.44
1853	—	—	—	0.97	0.33	2660	1.69	1.23	692	0.98	0.45
1860	—	—	—	0.74	0.37	2670	—	—	—	0.71	0.44
1924	1.43	1.04	610	0.80	0.44	2683	—	—	—	0.95	0.44
1925	2.31	1.67	888	1.25	0.42	2688	1.27	0.92	560	0.71	0.44
2002	1.83	1.33	736	1.03	0.44	2701	8.08	5.86	1500	3.98	0.34
2003	2.69	1.95	1007	1.47	0.42	2702	14.66	10.63	1500	6.74	0.30

Refer to the Classification codes section of the **Basic Manual** for any state specific classification phraseology.

* Refer to the Footnotes Page for additional information on this class code.

ADVISORY LOSS COSTS AND ADVISORY RATES

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Advisory loss costs exclude all expense provisions except loss adjustment expense and loss-based assessments.

Effective January 1, 2022

CLASS CODE	RATE	LOSS COST	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	LOSS COST	MIN PREM	ELR	D RATIO
2709	5.11	3.70	1500	2.50	0.33	3227	1.69	1.23	692	0.95	0.44
2710	6.08	4.41	1500	3.11	0.37	3240	—	—	—	0.84	0.44
2714	2.77	2.01	1033	1.54	0.44	3241	1.38	1.00	595	0.77	0.44
2731	2.47	1.79	938	1.38	0.44	3255	1.78	1.29	721	1.03	0.45
2735	2.74	1.99	1023	1.53	0.44	3257	1.50	1.09	633	0.84	0.44
2759	3.92	2.84	1395	2.19	0.44	3270	1.43	1.04	610	0.80	0.44
2790	1.38	1.00	595	0.80	0.45	3300	4.01	2.91	1423	2.29	0.45
2797	1.42	1.03	607	0.82	0.45	3303	1.51	1.09	636	0.84	0.44
2799	2.61	1.89	982	1.42	0.42	3307	1.62	1.17	670	0.88	0.42
2802	3.14	2.28	1149	1.71	0.42	3315	1.61	1.17	667	0.90	0.44
2835	1.46	1.06	620	0.85	0.45	3334	1.24	0.90	551	0.68	0.42
2836	1.93	1.40	768	1.12	0.45	3336	1.43	1.04	610	0.78	0.42
2841	2.45	1.78	932	1.36	0.44	3365	2.55	1.85	963	1.24	0.33
2881	1.86	1.35	746	1.08	0.45	3372	1.88	1.36	752	1.02	0.42
2883	1.56	1.13	651	0.87	0.44	3373	2.63	1.91	988	1.48	0.44
2913	—	—	—	0.87	0.44	3383	0.83	0.60	421	0.46	0.44
2915	2.34	1.70	897	1.20	0.37	3385	0.51	0.37	321	0.29	0.44
2916	1.77	1.28	718	0.90	0.37	3400	2.23	1.62	862	1.24	0.44
2923	1.23	0.89	547	0.71	0.45	3507	1.51	1.09	636	0.82	0.42
2942	—	—	—	0.38	0.45	3515	1.35	0.98	585	0.74	0.42
2960	2.79	2.02	1039	1.52	0.42	3548	0.84	0.61	425	0.47	0.44
3004	0.75	0.54	396	0.37	0.33	3559	1.61	1.17	667	0.88	0.42
3018	1.58	1.15	658	0.77	0.33	3574	0.78	0.57	406	0.44	0.44
3022	2.09	1.52	818	1.17	0.44	3581	0.64	0.46	362	0.36	0.44
3027	1.66	1.20	683	0.84	0.37	3612	1.26	0.91	557	0.68	0.42
3028	1.64	1.19	677	0.84	0.37	3620	1.66	1.20	683	0.85	0.37
3030	2.98	2.16	1099	1.52	0.37	3629	1.15	0.83	522	0.62	0.42
3040	3.25	2.36	1184	1.77	0.42	3632	1.42	1.03	607	0.77	0.42
3041	2.32	1.68	891	1.27	0.42	3634	0.94	0.68	456	0.51	0.42
3042	2.31	1.67	888	1.26	0.42	3635	1.24	0.90	551	0.68	0.42
3064	2.15	1.56	837	1.17	0.42	3638	1.05	0.76	491	0.59	0.44
3076	1.73	1.25	705	0.97	0.44	3642	1.02	0.74	481	0.57	0.44
3081D	2.56	1.86	966	1.37	0.42	3643	1.18	0.86	532	0.60	0.37
3082D	2.45	1.77	932	1.22	0.37	3647	1.59	1.15	661	0.87	0.42
3085D	2.87	2.08	1064	1.53	0.42	3648	0.89	0.65	440	0.52	0.45
3110	2.36	1.71	903	1.29	0.42	3681	0.56	0.41	336	0.31	0.44
3111	1.35	0.98	585	0.76	0.44	3685	0.54	0.39	330	0.30	0.44
3113	0.96	0.70	462	0.52	0.42	3719	0.41	0.30	289	0.19	0.30
3114	1.75	1.27	711	0.96	0.42	3724	2.25	1.63	869	1.04	0.30
3118	0.94	0.68	456	0.55	0.45	3726	1.83	1.33	736	0.84	0.30
3119	0.59	0.43	346	0.35	0.48	3803	1.56	1.13	651	0.88	0.44
3122	1.16	0.84	525	0.67	0.45	3807	1.27	0.92	560	0.72	0.44
3126	1.13	0.82	516	0.62	0.42	3808	2.02	1.46	796	1.10	0.42
3131	0.92	0.67	450	0.50	0.42	3821	3.65	2.65	1310	1.87	0.37
3132	1.73	1.25	705	0.97	0.44	3822	2.82	2.04	1048	1.56	0.44
3145	1.46	1.06	620	0.80	0.42	3824	1.94	1.41	771	1.08	0.44
3146	1.34	0.97	582	0.73	0.42	3826	0.41	0.30	289	0.23	0.42
3169	1.42	1.03	607	0.79	0.44	3827	1.15	0.83	522	0.64	0.44
3175	—	—	—	0.79	0.44	3830	0.75	0.54	396	0.41	0.42
3179	1.08	0.78	500	0.60	0.44	3851	1.37	0.99	592	0.77	0.44
3180	1.45	1.05	617	0.81	0.44	3865	1.54	1.12	645	0.89	0.45
3188	1.02	0.74	481	0.56	0.42	3881	3.04	2.20	1118	1.67	0.42
3220	1.27	0.92	560	0.69	0.42	4000	3.25	2.36	1184	1.60	0.34
3223	—	—	—	0.81	0.44	4021	2.48	1.80	941	1.35	0.42
3224	2.24	1.62	866	1.31	0.45	4024D	3.13	2.27	1146	1.59	0.37

Refer to the Classification codes section of the **Basic Manual** for any state specific classification phraseology.

* Refer to the Footnotes Page for additional information on this class code.

ADVISORY LOSS COSTS AND ADVISORY RATES

INDIANA

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Effective January 1, 2022

CLASS CODE	RATE	LOSS COST	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	LOSS COST	MIN PREM	ELR	D RATIO
4034	3.34	2.42	1212	1.71	0.37	4665	3.50	2.54	1263	1.80	0.37
4036	1.59	1.15	661	0.81	0.37	4670	—	—	—	1.07	0.42
4038	1.23	0.89	547	0.71	0.45	4683	1.96	1.42	777	1.07	0.42
4053	—	—	—	1.35	0.42	4686	1.51	1.09	636	0.78	0.37
4061	—	—	—	1.35	0.42	4692	0.56	0.41	336	0.31	0.44
4062	2.48	1.80	941	1.35	0.42	4693	0.56	0.41	336	0.31	0.44
4101	1.24	0.90	551	0.68	0.42	4703	0.96	0.70	462	0.52	0.42
4109	0.25	0.18	239	0.14	0.44	4716	—	—	—	1.07	0.42
4110	0.51	0.37	321	0.29	0.44	4717	1.24	0.90	551	0.72	0.45
4111	1.24	0.90	551	0.69	0.44	4720	1.11	0.80	510	0.61	0.42
4113	—	—	—	0.69	0.44	4740	0.46	0.33	305	0.21	0.30
4114	1.42	1.03	607	0.78	0.42	4741	1.32	0.96	576	0.73	0.42
4130	1.75	1.27	711	0.98	0.44	4751	1.46	1.06	620	0.75	0.37
4131	3.10	2.25	1137	1.73	0.44	4766N	2.07	1.50	900	1.02	0.33
4133	1.34	0.97	582	0.77	0.45	4771N	1.38	1.00	670	0.68	0.33
4149	0.40	0.29	286	0.23	0.45	4777	1.69	1.23	692	0.82	0.33
4206	1.59	1.15	661	0.89	0.44	4825	0.40	0.29	286	0.20	0.37
4207	1.21	0.88	541	0.59	0.33	4828	1.51	1.09	636	0.73	0.33
4239	1.85	1.34	743	0.90	0.33	4829	0.83	0.60	421	0.41	0.33
4240	1.96	1.42	777	1.13	0.45	4902	1.56	1.13	651	0.87	0.44
4243	1.35	0.98	585	0.74	0.42	4923	0.67	0.49	371	0.36	0.42
4244	1.56	1.13	651	0.80	0.37	5020	2.53	1.83	957	1.24	0.33
4250	1.11	0.80	510	0.61	0.42	5022	3.31	2.40	1203	1.52	0.30
4251	1.70	1.23	696	0.95	0.44	5037	4.67	3.39	1500	2.14	0.30
4263	2.18	1.58	847	1.18	0.42	5040	4.64	3.36	1500	2.14	0.30
4273	1.29	0.94	566	0.70	0.42	5057	2.19	1.59	850	1.01	0.30
4279	1.45	1.05	617	0.74	0.37	5059	9.33	6.76	1500	4.26	0.30
4282	—	—	—	0.74	0.37	5069	—	—	—	4.26	0.30
4283	0.72	0.52	387	0.40	0.44	5102	3.11	2.25	1140	1.52	0.33
4299	1.24	0.90	551	0.67	0.42	5146	2.36	1.71	903	1.21	0.37
4304	3.18	2.31	1162	1.73	0.42	5160	1.20	0.87	538	0.56	0.30
4307	1.05	0.76	491	0.61	0.45	5183	1.34	0.97	582	0.66	0.33
4351	0.60	0.44	349	0.34	0.44	5188	1.55	1.12	648	0.76	0.33
4352	0.91	0.66	447	0.51	0.44	5190	1.34	0.97	582	0.66	0.33
4360	—	—	—	0.21	0.37	5191	0.73	0.53	390	0.37	0.37
4361	0.61	0.44	352	0.34	0.44	5192	1.98	1.44	784	1.09	0.42
4410	1.59	1.15	661	0.89	0.44	5213	2.84	2.06	1055	1.31	0.30
4420	1.67	1.21	686	0.81	0.33	5215	2.98	2.16	1099	1.53	0.37
4431	0.97	0.70	466	0.56	0.45	5221	2.47	1.79	938	1.21	0.33
4432	0.65	0.47	365	0.38	0.45	5222	4.16	3.02	1470	1.92	0.30
4439	—	—	—	0.59	0.42	5223	2.98	2.16	1099	1.53	0.37
4452	1.61	1.17	667	0.87	0.42	5348	1.97	1.43	781	1.01	0.37
4459	1.56	1.13	651	0.80	0.37	5402	2.86	2.07	1061	1.60	0.44
4470	1.37	0.99	592	0.75	0.42	5403	2.72	1.97	1017	1.33	0.33
4484	1.86	1.35	746	1.04	0.44	5437	2.77	2.01	1033	1.36	0.33
4493	1.58	1.15	658	0.86	0.42	5443	1.61	1.17	667	0.88	0.42
4511	0.46	0.33	305	0.25	0.42	5445	2.58	1.87	973	1.18	0.30
4557	1.34	0.97	582	0.68	0.37	5462	3.41	2.47	1234	1.75	0.37
4558	1.08	0.78	500	0.59	0.42	5472	3.20	2.32	1168	1.48	0.30
4568	1.18	0.86	532	0.60	0.37	5473	5.77	4.18	1500	2.63	0.30
4581	0.59	0.43	346	0.28	0.33	5474	2.55	1.85	963	1.17	0.30
4583	2.31	1.67	888	1.13	0.33	5478	1.75	1.27	711	0.86	0.34
4611	0.45	0.33	302	0.25	0.44	5479	2.97	2.15	1096	1.52	0.37
4635	1.46	1.06	620	0.72	0.33	5480	3.36	2.44	1218	1.65	0.33
4653	1.15	0.83	522	0.64	0.44	5491	0.98	0.71	469	0.48	0.33

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ADVISORY LOSS COSTS AND ADVISORY RATES

INDIANA

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Effective January 1, 2022

CLASS CODE	RATE	LOSS COST	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	LOSS COST	MIN PREM	ELR	D RATIO
5506	3.84	2.78	1370	1.87	0.33	7038M	3.38	2.45	1225	1.53	0.30
5507	1.84	1.33	740	0.90	0.33	7046M	4.13	2.99	1461	1.91	0.30
5508	—	—	—	0.90	0.33	7047M	3.29	2.39	1196	1.46	0.30
5535	2.94	2.13	1086	1.34	0.30	7050M	6.16	4.47	1500	2.67	0.30
5537	2.20	1.60	853	1.13	0.37	7090M	3.76	2.73	1344	1.70	0.30
5551	5.67	4.11	1500	2.60	0.30	7098M	4.59	3.33	1500	2.13	0.30
5606	0.61	0.44	352	0.28	0.30	7099M	7.52	5.45	1500	3.34	0.30
5610	2.55	1.85	963	1.31	0.37	7133	1.93	1.40	768	0.94	0.33
5645	5.44	3.94	1500	2.49	0.30	7151M	2.34	1.70	897	1.14	0.33
5703	5.94	4.31	1500	3.04	0.37	7152M	4.27	3.10	1500	1.99	0.33
5705	7.30	5.29	1500	3.73	0.37	7153M	2.61	1.89	982	1.27	0.33
5951	0.22	0.16	229	0.12	0.44	7219	3.76	2.73	1344	1.86	0.34
6003	3.48	2.52	1256	1.70	0.33	7222	3.85	2.79	1373	1.90	0.34
6005	2.14	1.55	834	1.09	0.37	7225	3.77	2.73	1348	1.95	0.37
6017	—	—	—	1.31	0.30	7228	—	—	—	1.86	0.34
6018	1.23	0.89	547	0.65	0.37	7229	—	—	—	1.86	0.34
6045	2.27	1.65	875	1.17	0.37	7230	4.89	3.55	1500	2.68	0.42
6204	3.27	2.37	1190	1.60	0.33	7231	4.19	3.04	1480	2.32	0.42
6206	1.28	0.93	563	0.59	0.30	7232	4.17	3.02	1474	2.07	0.34
6213	0.78	0.57	406	0.36	0.30	7309F	6.94	5.03	1500	2.40	0.25
6214	0.83	0.60	421	0.41	0.33	7313F	2.87	2.08	1064	0.99	0.25
6216	2.52	1.83	954	1.16	0.30	7317F	7.59	5.50	1500	2.62	0.25
6217	1.92	1.39	765	0.88	0.30	7327F	20.19	14.64	1500	6.97	0.25
6229	2.53	1.83	957	1.29	0.37	7333M	1.49	1.08	629	0.69	0.30
6233	1.23	0.89	547	0.57	0.30	7335M	1.66	1.20	683	0.78	0.30
6235	3.53	2.56	1272	1.64	0.30	7337M	2.72	1.97	1017	1.22	0.30
6236	3.06	2.22	1124	1.58	0.37	7350F	8.60	6.24	1500	3.10	0.29
6237	0.66	0.48	368	0.32	0.34	7360	2.20	1.60	853	1.13	0.37
6251D	2.48	1.80	941	1.21	0.33	7370	3.79	2.75	1354	2.12	0.44
6252D	1.61	1.16	667	0.74	0.30	7380	2.88	2.09	1067	1.48	0.37
6260	—	—	—	1.21	0.33	7382	2.33	1.69	894	1.27	0.42
6306	2.33	1.69	894	1.14	0.33	7390	2.78	2.02	1036	1.56	0.44
6319	1.47	1.07	623	0.68	0.30	7394M	1.81	1.31	730	0.85	0.30
6325	1.63	1.18	673	0.74	0.30	7395M	2.01	1.46	793	0.94	0.30
6400	2.84	2.06	1055	1.45	0.37	7398M	3.29	2.39	1196	1.48	0.30
6503	1.18	0.86	532	0.66	0.44	7402	0.11	0.08	195	0.06	0.44
6504	1.94	1.41	771	1.09	0.44	7403	2.33	1.69	894	1.31	0.44
6702M*	2.30	1.67	885	1.18	0.37	7405N	0.77	0.56	484	0.44	0.44
6703M*	4.18	3.03	1477	2.06	0.37	7420	4.92	3.57	1500	2.26	0.30
6704M*	2.55	1.85	963	1.31	0.37	7421	0.52	0.38	324	0.27	0.37
6801F	5.17	3.75	1500	1.93	0.33	7422	0.67	0.49	371	0.33	0.34
6811	4.17	3.02	1474	2.13	0.37	7425	1.23	0.89	547	0.61	0.34
6824F	6.63	4.81	1500	2.48	0.33	7431N	0.51	0.37	374	0.25	0.34
6826F	4.50	3.26	1500	1.68	0.33	7445N	0.26	0.19	—	—	—
6834	1.52	1.10	639	0.85	0.44	7453N	0.17	0.12	—	—	—
6836	2.44	1.77	929	1.33	0.42	7502	1.00	0.73	475	0.51	0.37
6843F	7.29	5.29	1500	2.52	0.25	7515	0.51	0.37	321	0.23	0.30
6845F	5.07	3.68	1500	1.75	0.25	7520	1.74	1.26	708	0.95	0.42
6854	3.30	2.39	1200	1.61	0.33	7538	2.33	1.69	894	1.07	0.30
6872F	7.08	5.13	1500	2.44	0.25	7539	0.86	0.62	431	0.42	0.33
6874F	13.94	10.11	1500	4.82	0.25	7540	1.59	1.15	661	0.73	0.30
6882	2.01	1.46	793	0.98	0.33	7580	1.93	1.40	768	0.98	0.37
6884	3.08	2.23	1130	1.55	0.34	7590	1.96	1.42	777	1.00	0.37
7016M	1.81	1.31	730	0.84	0.30	7600	2.60	1.89	979	1.34	0.37
7024M	2.01	1.46	793	0.93	0.30	7605	1.38	1.00	595	0.67	0.33

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ADVISORY LOSS COSTS AND ADVISORY RATES

INDIANA

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Effective January 1, 2022

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7610	0.41	0.30	289	0.21	0.37	8350	3.08	2.23	1130	1.51	0.33
7698	3.27	2.37	1190	1.44	0.30	8380	1.41	1.02	604	0.77	0.42
7699	1.78	1.29	721	0.84	0.33	8381	1.22	0.88	544	0.67	0.42
7705	3.43	2.49	1240	1.87	0.42	8385	1.59	1.15	661	0.87	0.42
7710	2.71	1.96	1014	1.31	0.33	8392	1.56	1.13	651	0.90	0.45
7711	2.71	1.96	1014	1.31	0.33	8393	1.14	0.83	519	0.59	0.37
7720	1.72	1.25	702	0.88	0.37	8500	3.77	2.73	1348	1.93	0.37
7725	1.59	1.15	661	0.75	0.33	8601	0.22	0.16	229	0.11	0.34
7732P	130.00	94.00	290	61.56	0.33	8602	0.83	0.60	421	0.43	0.37
7855	1.89	1.37	755	0.97	0.37	8603	0.06	0.04	179	0.04	0.44
8001	1.68	1.22	689	0.94	0.44	8606	1.23	0.89	547	0.60	0.33
8002	1.34	0.97	582	0.74	0.44	8709F	3.63	2.63	1303	1.25	0.25
8006	1.26	0.91	557	0.73	0.45	8719	1.49	1.08	629	0.72	0.33
8008	1.08	0.78	500	0.62	0.45	8720	0.89	0.65	440	0.43	0.33
8010	1.22	0.88	544	0.68	0.44	8721	0.19	0.14	220	0.10	0.37
8013	0.27	0.20	245	0.15	0.42	8723	0.11	0.08	195	0.06	0.42
8015	0.49	0.36	314	0.27	0.42	8725	1.49	1.08	629	0.76	0.37
8017	1.03	0.75	484	0.59	0.45	8726F	2.08	1.51	815	0.78	0.33
8018	2.11	1.53	825	1.18	0.44	8734M	0.23	0.17	232	0.11	0.37
8021	1.69	1.23	692	0.94	0.44	8737M	0.21	0.15	226	0.11	0.37
8031	1.75	1.27	711	0.98	0.44	8738M	0.38	0.28	280	0.19	0.37
8032	1.40	1.02	601	0.78	0.44	8742	0.17	0.12	214	0.09	0.37
8033	1.96	1.42	777	1.13	0.45	8745	2.21	1.60	856	1.21	0.42
8037	1.19	0.86	535	0.70	0.47	8748	0.30	0.22	255	0.15	0.33
8039	1.13	0.82	516	0.65	0.45	8755	0.22	0.16	229	0.11	0.37
8044	1.54	1.12	645	0.87	0.44	8799	0.49	0.36	314	0.27	0.44
8045	0.55	0.40	333	0.31	0.44	8800	1.24	0.90	551	0.69	0.44
8046	1.62	1.17	670	0.90	0.44	8803	0.05	0.04	176	0.02	0.37
8047	0.61	0.44	352	0.34	0.44	8805M	0.18	0.13	217	0.10	0.44
8058	1.74	1.26	708	0.97	0.44	8810	0.13	0.09	201	0.07	0.44
8072	0.45	0.33	302	0.26	0.45	8814M	0.16	0.12	210	0.09	0.44
8102	1.11	0.80	510	0.62	0.44	8815M	0.29	0.21	251	0.15	0.44
8103	1.84	1.33	740	1.00	0.42	8820	0.09	0.07	188	0.05	0.37
8105	—	—	—	1.18	0.44	8824	1.38	1.00	595	0.82	0.47
8106	2.67	1.94	1001	1.37	0.37	8825	—	—	—	0.83	0.45
8107	1.71	1.24	699	0.84	0.33	8826	1.44	1.04	614	0.83	0.45
8111	1.52	1.10	639	0.83	0.42	8829	—	—	—	0.82	0.47
8116	1.72	1.25	702	0.94	0.42	8831	0.86	0.62	431	0.50	0.47
8203	3.63	2.63	1303	1.99	0.42	8832	0.20	0.15	223	0.11	0.44
8204	3.25	2.36	1184	1.78	0.42	8833	0.53	0.38	327	0.30	0.44
8209	2.66	1.93	998	1.48	0.44	8835	1.54	1.12	645	0.87	0.44
8215	2.08	1.51	815	1.06	0.37	8842	2.29	1.66	881	1.35	0.47
8227	2.22	1.61	859	1.08	0.33	8855	0.11	0.08	195	0.06	0.44
8232	2.75	1.99	1026	1.41	0.37	8856	0.38	0.28	280	0.21	0.44
8233	1.52	1.10	639	0.79	0.37	8864	1.03	0.75	484	0.59	0.45
8235	2.61	1.89	982	1.44	0.42	8868	0.30	0.22	255	0.17	0.45
8263	4.61	3.34	1500	2.50	0.42	8869	0.82	0.59	418	0.47	0.45
8264	2.93	2.12	1083	1.50	0.37	8871	0.06	0.04	179	0.04	0.44
8265	3.33	2.41	1209	1.62	0.33	8901	0.13	0.09	201	0.06	0.37
8279	5.08	3.68	1500	2.45	0.33	9012	0.69	0.50	377	0.35	0.37
8288	4.62	3.35	1500	2.50	0.42	9014	1.63	1.18	673	0.92	0.44
8291	2.05	1.49	806	1.12	0.42	9015	1.80	1.31	727	0.98	0.42
8292	2.23	1.62	862	1.25	0.44	9016	1.75	1.27	711	0.97	0.44
8293	5.45	3.95	1500	3.07	0.44	9019	1.60	1.16	664	0.82	0.37
8304	3.34	2.42	1212	1.63	0.33	9033	1.28	0.93	563	0.70	0.42

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9040	2.17	1.57	844	1.25	0.45						
9044	0.92	0.67	450	0.53	0.45						
9052	1.17	0.85	529	0.68	0.45						
9058	1.16	0.84	525	0.68	0.47						
9060	1.08	0.78	500	0.63	0.45						
9061	0.89	0.65	440	0.52	0.45						
9062	1.01	0.73	478	0.58	0.45						
9063	0.65	0.47	365	0.38	0.45						
9077F	5.21	3.78	1500	2.09	0.42						
9082	0.91	0.66	447	0.53	0.47						
9083	0.86	0.62	431	0.51	0.47						
9084	0.91	0.66	447	0.52	0.45						
9088a	a	a	a	a	a						
9089	0.62	0.45	355	0.36	0.45						
9093	0.89	0.65	440	0.51	0.45						
9101	2.50	1.81	948	1.44	0.45						
9102	2.33	1.69	894	1.27	0.42						
9154	0.94	0.68	456	0.52	0.44						
9156	1.76	1.28	714	1.02	0.45						
9170	5.30	3.84	1500	2.58	0.33						
9178	4.59	3.33	1500	2.68	0.47						
9179	8.42	6.10	1500	4.99	0.47						
9180	4.00	2.90	1420	2.15	0.42						
9182	1.47	1.07	623	0.82	0.44						
9186	6.57	4.76	1500	3.17	0.33						
9220	3.27	2.37	1190	1.78	0.42						
9402	2.79	2.02	1039	1.37	0.33						
9403	4.29	3.11	1500	2.11	0.33						
9410	1.41	1.02	604	0.79	0.44						
9501	2.04	1.48	803	1.04	0.37						
9505	2.13	1.54	831	1.16	0.42						
9516	2.08	1.51	815	1.14	0.42						
9519	2.57	1.86	970	1.32	0.37						
9521	1.88	1.36	752	0.96	0.37						
9522	1.53	1.11	642	0.88	0.45						
9534	1.77	1.28	718	0.82	0.30						
9554	4.36	3.16	1500	2.13	0.33						
9586	0.31	0.22	258	0.18	0.45						
9600	1.34	0.97	582	0.75	0.44						
9620	0.91	0.66	447	0.46	0.37						

Refer to the Classification codes section of the **Basic Manual** for any state specific classification phraseology.

* Refer to the Footnotes Page for additional information on this class code.

Effective January 1, 2022

APPLICABLE TO ADVISORY RATES ONLY
FOOTNOTES

- a Rate for each individual risk must be obtained from NCCI Customer Service or the Indiana Compensation Rating Bureau (ICRB).
- A Minimum Premium \$100 per ginning location for policy minimum premium computation.
- D Rate for classification already includes the specific disease loading shown in the table below. See the **Basic Manual** rule, Supplemental and supplementary loading.

Code No.	Disease Loading	Symbol	Code No.	Disease Loading	Symbol	Code No.	Disease Loading	Symbol
0059D	0.28	S	1165D	0.03	S	3082D	0.06	S
0065D	0.06	S	1624D	0.02	S	3085D	0.05	S
0066D	0.06	S	1710D	0.05	S	4024D	0.03	S
0067D	0.06	S	1803D	0.43	S	6251D	0.03	S
1164D	0.03	S	3081D	0.05	S	6252D	0.02	S

S=Silica

- F Rate provides for coverage under the United States Longshore and Harbor Workers Compensation Act and its extensions. Rate includes a provision for the USL&HW Assessment.
- M Risks are subject to Admiralty Law or Federal Employers Liability Act (FELA). However, the published rate is for risks that voluntarily purchase standard workers compensation and employers liability coverage. A provision for the USL&HW Assessment is included for those classifications under Program II USL Act.
- N This code is part of a ratable / non-ratable group shown below. The statistical non-ratable code and corresponding rate are applied in addition to the basic classification when determining premium.

Class Code	Non-Ratable Element Code
4766	0766
4771	0771
7405	7445
7431	7453

- P Classification is computed on a per capita basis.

*** Class Codes with Specific Footnotes**

- 1005 Rate includes a non-ratable disease element of \$1.00. (For coverage written separately for federal benefits only, \$0.97. For coverage written separately for state benefits only, \$0.03.)
- 1016 Rate includes a non-ratable disease element of \$3.02. (For coverage written separately for federal benefits only, \$2.92. For coverage written separately for state benefits only, \$0.10.)
- 6702 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection code rate and elr each x 1.215.
- 6703 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate x 2.211 and elr x 2.12.
- 6704 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate and elr each x 1.35.

Effective January 1, 2022

APPLICABLE TO ADVISORY LOSS COSTS ONLY
FOOTNOTES

- a Advisory loss cost for each individual risk must be obtained from NCCI Customer Service or the Indiana Compensation Rating Bureau (ICRB).
- D Advisory loss cost for classification already includes the specific disease loading shown in the table below. See the **Basic Manual** rule, Supplemental and supplementary loading.

Code No.	Disease Loading	Symbol	Code No.	Disease Loading	Symbol	Code No.	Disease Loading	Symbol
0059D	0.20	S	1165D	0.02	S	3082D	0.04	S
0065D	0.04	S	1624D	0.01	S	3085D	0.04	S
0066D	0.04	S	1710D	0.04	S	4024D	0.02	S
0067D	0.04	S	1803D	0.31	S	6251D	0.02	S
1164D	0.02	S	3081D	0.04	S	6252D	0.01	S

S=Silica

- F Advisory loss cost provides for coverage under the United States Longshore and Harbor Workers Compensation Act and its extensions. Loss cost contains a provision for the USL&HW Assessment.
- M Risks are subject to Admiralty Law or Federal Employers Liability Act (FELA). However, the published loss cost is for risks that voluntarily purchase standard workers compensation and employers liability coverage. A provision for the USL&HW Assessment is included for those classifications under Program II USL Act.
- N This code is part of a ratable / non-ratable group shown below. The statistical non-ratable code and corresponding advisory loss cost are applied in addition to the basic classification when determining premium.

Class Code	Non-Ratable Element Code
4766	0766
4771	0771
7405	7445
7431	7453

- P Classification is computed on a per capita basis.

*** Class Codes with Specific Footnotes**

- 1005 Advisory loss cost includes a non-ratable disease element of \$0.72. (For coverage written separately for federal benefits only, \$0.70. For coverage written separately for state benefits only, \$0.02.)
- 1016 Advisory loss cost includes a non-ratable disease element of \$2.19. (For coverage written separately for federal benefits only, \$2.12. For coverage written separately for state benefits only, \$0.07.)
- 6702 Loss cost and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection code loss cost and elr each x 1.215.
- 6703 Loss cost and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class loss cost x 2.211 and elr x 2.12.
- 6704 Loss cost and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class loss cost and elr each x 1.35.

Effective January 1, 2022

MISCELLANEOUS VALUES - ADVISORY RATES

Basis of premium applicable in accordance with the Basic Manual notes for Code 7370 -- "Taxicab Co.":	
Employee operated vehicle.....	\$78,300
Leased or rented vehicle.....	\$52,200
Catastrophe (other than Certified Acts of Terrorism) - (Advisory Rate)	0.01
Expense Constant applicable in accordance with the Basic Manual rule.....	\$160
Maximum Minimum Premium	\$1,500
Maximum Weekly Payroll applicable in accordance with the Basic Manual notes for Code 9178 -- "Athletic Sports or Park: Noncontact Sports," and Code 9179 -- "Athletic Sports or Park: Contact Sports".....	\$4,000
Maximum Weekly Payroll for Executive Officers, Partners, Sole Proprietors, and Members or Managers of Limited Liability Companies in accordance with the Basic Manual rules, Rule for premium determination of executive officers, Rule for premium determination for partners or sole proprietors, and Rule for premium determination of members of LLCs.....	\$4,000
Minimum Premium Multiplier	315
Minimum Weekly Payroll for Executive Officers, Partners, Sole Proprietors, and Members or Managers of Limited Liability Companies in accordance with the Basic Manual rules, Rule for premium determination of executive officers, Rule for premium determination for partners or sole proprietors, and Rule for premium determination of members of LLCs.....	\$850
Premium Discount Percentages - (See the Basic Manual rule, Premium discount.) Premium discounts are not mandatory in Indiana. The following premium discounts are applicable to Standard Premiums:	

		Type A	Type B
First	\$10,000	-	-
Next	190,000	9.1%	5.1%
Next	1,550,000	11.3%	6.5%
Over	1,750,000	12.3%	7.5%

Premium Reduction Percentages - The following percentages are applicable by deductible amount and hazard group for total losses on a per claim basis:

Coinsurance Amount	Coinsurance Program Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
	\$21,000	7.9%	7.3%	6.4%	5.7%	4.9%	4.3%

Deductible Amount	Deductible Program With Coinsurance Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
	\$500	12.7%	11.2%	9.5%	8.2%	6.7%	5.5%
\$1,000	15.8%	13.9%	11.6%	10.0%	8.1%	6.6%	5.3%
\$1,500	18.0%	15.8%	13.3%	11.4%	9.2%	7.4%	5.9%
\$2,000	19.7%	17.4%	14.6%	12.5%	10.1%	8.2%	6.5%
\$2,500	21.2%	18.7%	15.7%	13.4%	10.9%	8.9%	7.0%
\$3,000	22.4%	19.9%	16.7%	14.3%	11.6%	9.5%	7.5%
\$3,500	23.5%	20.9%	17.6%	15.1%	12.2%	10.0%	8.0%
\$4,000	24.4%	21.8%	18.4%	15.8%	12.8%	10.6%	8.4%
\$4,500	25.3%	22.6%	19.1%	16.4%	13.4%	11.1%	8.8%
\$5,000	26.1%	23.4%	19.8%	17.1%	13.9%	11.5%	9.2%

Effective January 1, 2022

MISCELLANEOUS VALUES - ADVISORY RATES(cont.)

Deductible Amount	Deductible Program Without Coinsurance Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
\$500	6.0%	4.9%	3.8%	3.1%	2.3%	1.6%	1.2%
\$1,000	9.8%	8.2%	6.5%	5.3%	4.0%	2.9%	2.1%
\$1,500	12.6%	10.7%	8.6%	7.0%	5.4%	4.0%	3.0%
\$2,000	14.7%	12.6%	10.2%	8.4%	6.5%	4.9%	3.7%
\$2,500	16.5%	14.3%	11.6%	9.6%	7.5%	5.8%	4.4%
\$3,000	18.1%	15.7%	12.8%	10.7%	8.4%	6.5%	5.0%
\$3,500	19.4%	17.0%	13.9%	11.7%	9.2%	7.2%	5.5%
\$4,000	20.6%	18.1%	14.9%	12.5%	9.9%	7.9%	6.1%
\$4,500	21.7%	19.1%	15.9%	13.4%	10.6%	8.5%	6.6%
\$5,000	22.7%	20.1%	16.7%	14.1%	11.3%	9.1%	7.1%

Terrorism - (Advisory Rate)..... 0.01

United States Longshore and Harbor Workers' Compensation Coverage Percentage applicable
only in connection with the **Basic Manual** rule, Federal coverages..... 84%

(Multiply a Non-F classification rate by a factor of 1.84 to adjust for differences in benefits and loss-based expenses. This factor is the product of the adjustment for differences in benefits (1.75) and the adjustment for differences in loss-based expenses (1.052).)

Experience Rating Eligibility

A risk qualifies for experience rating on an intrastate basis when it meets the premium eligibility requirements for the state in which it operates. The eligibility amount varies by rating effective date. The **Experience Rating Plan Manual** should be referenced for the latest approved eligibility amounts by state and by effective date.

Effective January 1, 2022

MISCELLANEOUS VALUES - ADVISORY LOSS COSTS

Advisory Loss Elimination Ratios - The following reduction percentages are applicable for employers electing total deductibles on a per claim basis. They do not include a safety factor.

Coinsurance Amount	Coinsurance Program Loss Elimination Ratios HAZARD GROUP						
	A	B	C	D	E	F	G
\$21,000	10.6%	9.8%	8.6%	7.7%	6.5%	5.7%	4.8%

Deductible Amount	Deductible Program With Coinsurance Loss Elimination Ratios HAZARD GROUP						
	A	B	C	D	E	F	G
\$500	17.0%	15.0%	12.7%	11.0%	9.0%	7.4%	6.0%
\$1,000	21.1%	18.6%	15.6%	13.4%	10.9%	8.8%	7.1%
\$1,500	24.1%	21.2%	17.8%	15.2%	12.3%	10.0%	7.9%
\$2,000	26.4%	23.3%	19.5%	16.7%	13.5%	11.0%	8.7%
\$2,500	28.3%	25.1%	21.1%	18.0%	14.6%	11.9%	9.4%
\$3,000	30.0%	26.6%	22.4%	19.2%	15.5%	12.7%	10.1%
\$3,500	31.4%	27.9%	23.5%	20.2%	16.4%	13.5%	10.7%
\$4,000	32.7%	29.2%	24.6%	21.1%	17.2%	14.2%	11.3%
\$4,500	33.9%	30.3%	25.6%	22.0%	18.0%	14.8%	11.8%
\$5,000	35.0%	31.3%	26.5%	22.9%	18.7%	15.5%	12.3%

Deductible Amount	Deductible Program Without Coinsurance Loss Elimination Ratios HAZARD GROUP						
	A	B	C	D	E	F	G
\$500	8.0%	6.6%	5.2%	4.2%	3.1%	2.1%	1.6%
\$1,000	13.1%	11.0%	8.7%	7.1%	5.4%	3.9%	2.9%
\$1,500	16.8%	14.3%	11.5%	9.4%	7.2%	5.3%	4.0%
\$2,000	19.7%	16.9%	13.7%	11.3%	8.7%	6.6%	5.0%
\$2,500	22.1%	19.1%	15.6%	12.9%	10.1%	7.7%	5.8%
\$3,000	24.2%	21.0%	17.2%	14.3%	11.2%	8.7%	6.7%
\$3,500	26.0%	22.7%	18.7%	15.6%	12.3%	9.7%	7.4%
\$4,000	27.6%	24.2%	20.0%	16.8%	13.3%	10.6%	8.1%
\$4,500	29.1%	25.6%	21.2%	17.9%	14.3%	11.4%	8.8%
\$5,000	30.4%	26.9%	22.4%	18.9%	15.1%	12.2%	9.5%

Basis of premium applicable in accordance with the *Basic Manual* notes for Code 7370 -- "Taxicab Co.":

Employee operated vehicle.....	\$78,300
Leased or rented vehicle.....	\$52,200

Catastrophe (other than Certified Acts of Terrorism) - (Advisory Loss Cost)..... 0.01

Maximum Weekly Payroll applicable in accordance with the *Basic Manual* notes for Code 9178 -- "Athletic Sports or Park: Noncontact Sports," and Code 9179 -- "Athletic Sports or Park: Contact Sports"..... \$4,000

Maximum Weekly Payroll for Executive Officers, Partners, Sole Proprietors, and Members or Managers of Limited Liability Companies in accordance with the *Basic Manual* rules, Rule for premium determination of executive officers, Rule for premium determination for partners or sole proprietors, and Rule for premium determination of members of LLCs..... \$4,000

Minimum Weekly Payroll for Executive Officers, Partners, Sole Proprietors, and Members or Managers of Limited Liability Companies in accordance with the *Basic Manual* rules, Rule for premium determination of executive officers, Rule for premium determination for partners or sole proprietors, and Rule for premium determination of members of LLCs..... \$850

Terrorism - (Advisory Loss Cost) 0.005

Effective January 1, 2022

MISCELLANEOUS VALUES - ADVISORY LOSS COSTS (cont.)

United States Longshore and Harbor Workers' Compensation Coverage Percentage applicable
only in connection with the *Basic Manual* rule, Federal coverages..... 84%

(Multiply a Non-F classification loss cost by a factor of 1.84 to adjust for differences in benefits and loss-based expenses.
This factor is the product of the adjustment for differences in benefits (1.75) and the adjustment for differences in loss-based
expenses (1.052).)

Experience Rating Eligibility

A risk qualifies for experience rating on an intrastate basis when it meets the premium eligibility requirements for the state in
which it operates. The eligibility amount varies by rating effective date. The *Experience Rating Plan Manual* should be
referenced for the latest approved eligibility amounts by state and by effective date.



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Proposed Assigned Risk Rates and Rating Values

The following pages include proposed assigned risk rates and rating values:

- ✓ Assigned risk rates, minimum premium, expected loss rates, and d-ratios by class code, along with associated footnotes
- ✓ Miscellaneous values, such as:
 - Maximum and minimum weekly payroll applicable for select class codes
 - Premium determination for Partners and Sole Proprietors
 - Catastrophe assigned risk rate
 - Terrorism assigned risk rate
 - United States Longshore and Harbor Workers' Compensation Coverage Percentage

WORKERS COMPENSATION AND EMPLOYERS LIABILITY

INDIANA

Effective January 1, 2022

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO
0005	2.12	828	1.19	0.44	2014	2.74	1023	1.40	0.37	2709	5.11	1500	2.50	0.33
0008	2.41	919	1.35	0.44	2016	1.62	670	0.91	0.44	2710	6.08	1500	3.11	0.37
0016	3.51	1266	1.79	0.37	2021	2.44	929	1.32	0.42	2714	2.77	1033	1.54	0.44
0034	2.30	885	1.25	0.42	2039	1.40	601	0.79	0.44	2731	2.47	938	1.38	0.44
0035	1.65	680	0.90	0.42	2041	1.99	787	1.11	0.44	2735	2.74	1023	1.53	0.44
0036	2.47	938	1.39	0.44	2065	1.10	507	0.60	0.42	2759	3.92	1395	2.19	0.44
0037	2.54	960	1.30	0.37	2070	3.06	1124	1.68	0.42	2790	1.38	595	0.80	0.45
0042	2.83	1051	1.55	0.42	2081	1.58	658	0.91	0.45	2797	1.42	607	0.82	0.45
0050	4.39	1500	2.23	0.37	2089	1.97	781	1.11	0.44	2799	2.61	982	1.42	0.42
0059D	0.28	—	0.07	0.33	2095	2.20	853	1.20	0.42	2802	3.14	1149	1.71	0.42
0065D	0.06	—	0.02	0.37	2105	2.28	878	1.32	0.45	2835	1.46	620	0.85	0.45
0066D	0.06	—	0.02	0.42	2110	1.86	746	1.04	0.44	2836	1.93	768	1.12	0.45
0067D	0.06	—	0.02	0.42	2111	1.27	560	0.71	0.44	2841	2.45	932	1.36	0.44
0079	2.36	903	1.29	0.42	2112	2.32	891	1.30	0.44	2881	1.86	746	1.08	0.45
0083	4.01	1423	2.19	0.42	2114	1.59	661	0.92	0.45	2883	1.56	651	0.87	0.44
0106	5.08	1500	2.48	0.33	2121	0.99	472	0.57	0.45	2913	—	—	0.87	0.44
0113	2.72	1017	1.52	0.44	2130	1.13	516	0.62	0.42	2915	2.34	897	1.20	0.37
0170	1.96	777	1.10	0.44	2131	0.91	447	0.51	0.44	2916	1.77	718	0.90	0.37
0251	2.35	900	1.28	0.42	2143	1.38	595	0.80	0.45	2923	1.23	547	0.71	0.45
0400	—	—	1.00	0.42	2157	2.59	976	1.46	0.44	2942	—	—	0.38	0.45
0401	7.25	A	3.52	0.33	2172	0.83	421	0.43	0.37	2960	2.79	1039	1.52	0.42
0766N	0.28	—	—	—	2174	1.50	633	0.84	0.44	3004	0.75	396	0.37	0.33
0771N	0.24	—	—	—	2211	3.98	1414	2.05	0.37	3018	1.58	658	0.77	0.33
0908P	134.00	294	72.90	0.42	2220	1.50	633	0.82	0.42	3022	2.09	818	1.17	0.44
0913P	334.00	494	182.64	0.42	2286	—	—	0.82	0.42	3027	1.66	683	0.84	0.37
1005*	3.48	1256	1.15	0.30	2288	2.77	1033	1.54	0.44	3028	1.64	677	0.84	0.37
1016*	8.92	1500	2.73	0.30	2300	—	—	0.95	0.44	3030	2.98	1099	1.52	0.37
1164D	1.60	664	0.72	0.30	2302	1.07	497	0.58	0.42	3040	3.25	1184	1.77	0.42
1165D	1.56	651	0.71	0.30	2305	1.38	595	0.71	0.37	3041	2.32	891	1.27	0.42
1320	1.52	639	0.74	0.33	2361	1.10	507	0.60	0.42	3042	2.31	888	1.26	0.42
1322	4.14	1464	1.91	0.30	2362	1.23	547	0.68	0.44	3064	2.15	837	1.17	0.42
1430	1.94	771	0.99	0.37	2380	1.51	636	0.84	0.44	3076	1.73	705	0.97	0.44
1438	2.83	1051	1.46	0.37	2386	—	—	0.95	0.44	3081D	2.56	966	1.37	0.42
1452	1.56	651	0.81	0.37	2388	1.03	484	0.60	0.45	3082D	2.45	932	1.22	0.37
1463	7.05	1500	3.21	0.30	2402	1.50	633	0.76	0.37	3085D	2.87	1064	1.53	0.42
1472	1.54	645	0.79	0.37	2413	1.54	645	0.84	0.42	3110	2.36	903	1.29	0.42
1604	2.57	970	1.33	0.37	2416	1.27	560	0.71	0.44	3111	1.35	585	0.76	0.44
1624D	1.48	626	0.71	0.33	2417	0.78	406	0.44	0.44	3113	0.96	462	0.52	0.42
1642	1.86	746	0.95	0.37	2501	1.70	696	0.95	0.44	3114	1.75	711	0.96	0.42
1654	2.90	1074	1.49	0.37	2503	0.68	374	0.38	0.44	3118	0.94	456	0.55	0.45
1655	—	—	0.95	0.37	2534	—	—	0.95	0.44	3119	0.59	346	0.35	0.48
1699	1.46	620	0.75	0.37	2570	2.09	818	1.17	0.44	3122	1.16	525	0.67	0.45
1701	2.01	793	0.97	0.33	2585	2.01	793	1.09	0.42	3126	1.13	516	0.62	0.42
1710D	2.31	888	1.16	0.37	2586	1.72	702	0.96	0.44	3131	0.92	450	0.50	0.42
1741	—	—	0.97	0.33	2587	1.57	655	0.88	0.44	3132	1.73	705	0.97	0.44
1747	1.37	592	0.70	0.37	2589	1.23	547	0.67	0.42	3145	1.46	620	0.80	0.42
1748	4.58	1500	2.32	0.37	2600	2.42	922	1.37	0.44	3146	1.34	582	0.73	0.42
1803D	4.03	1429	1.84	0.37	2623	3.45	1247	1.76	0.37	3169	1.42	607	0.79	0.44
1852	—	—	0.55	0.30	2651	1.11	510	0.62	0.44	3175	—	—	0.79	0.44
1853	—	—	0.97	0.33	2660	1.69	692	0.98	0.45	3179	1.08	500	0.60	0.44
1860	—	—	0.74	0.37	2670	—	—	0.71	0.44	3180	1.45	617	0.81	0.44
1924	1.43	610	0.80	0.44	2683	—	—	0.95	0.44	3188	1.02	481	0.56	0.42
1925	2.31	888	1.25	0.42	2688	1.27	560	0.71	0.44	3220	1.27	560	0.69	0.42
2002	1.83	736	1.03	0.44	2701	8.08	1500	3.98	0.34	3223	—	—	0.81	0.44
2003	2.69	1007	1.47	0.42	2702	14.66	1500	6.74	0.30	3224	2.24	866	1.31	0.45

Refer to the Classification codes section of the **Basic Manual** for any state specific classification phraseology.

* Refer to the Footnotes Page for additional information on this class code.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY

INDIANA

Effective January 1, 2022

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO
3227	1.69	692	0.95	0.44	4034	3.34	1212	1.71	0.37	4665	3.50	1263	1.80	0.37
3240	—	—	0.84	0.44	4036	1.59	661	0.81	0.37	4670	—	—	1.07	0.42
3241	1.38	595	0.77	0.44	4038	1.23	547	0.71	0.45	4683	1.96	777	1.07	0.42
3255	1.78	721	1.03	0.45	4053	—	—	1.35	0.42	4686	1.51	636	0.78	0.37
3257	1.50	633	0.84	0.44	4061	—	—	1.35	0.42	4692	0.56	336	0.31	0.44
3270	1.43	610	0.80	0.44	4062	2.48	941	1.35	0.42	4693	0.56	336	0.31	0.44
3300	4.01	1423	2.29	0.45	4101	1.24	551	0.68	0.42	4703	0.96	462	0.52	0.42
3303	1.51	636	0.84	0.44	4109	0.25	239	0.14	0.44	4716	—	—	1.07	0.42
3307	1.62	670	0.88	0.42	4110	0.51	321	0.29	0.44	4717	1.24	551	0.72	0.45
3315	1.61	667	0.90	0.44	4111	1.24	551	0.69	0.44	4720	1.11	510	0.61	0.42
3334	1.24	551	0.68	0.42	4113	—	—	0.69	0.44	4740	0.46	305	0.21	0.30
3336	1.43	610	0.78	0.42	4114	1.42	607	0.78	0.42	4741	1.32	576	0.73	0.42
3365	2.55	963	1.24	0.33	4130	1.75	711	0.98	0.44	4751	1.46	620	0.75	0.37
3372	1.88	752	1.02	0.42	4131	3.10	1137	1.73	0.44	4766N	2.07	900	1.02	0.33
3373	2.63	988	1.48	0.44	4133	1.34	582	0.77	0.45	4771N	1.38	670	0.68	0.33
3383	0.83	421	0.46	0.44	4149	0.40	286	0.23	0.45	4777	1.69	692	0.82	0.33
3385	0.51	321	0.29	0.44	4206	1.59	661	0.89	0.44	4825	0.40	286	0.20	0.37
3400	2.23	862	1.24	0.44	4207	1.21	541	0.59	0.33	4828	1.51	636	0.73	0.33
3507	1.51	636	0.82	0.42	4239	1.85	743	0.90	0.33	4829	0.83	421	0.41	0.33
3515	1.35	585	0.74	0.42	4240	1.96	777	1.13	0.45	4902	1.56	651	0.87	0.44
3548	0.84	425	0.47	0.44	4243	1.35	585	0.74	0.42	4923	0.67	371	0.36	0.42
3559	1.61	667	0.88	0.42	4244	1.56	651	0.80	0.37	5020	2.53	957	1.24	0.33
3574	0.78	406	0.44	0.44	4250	1.11	510	0.61	0.42	5022	3.31	1203	1.52	0.30
3581	0.64	362	0.36	0.44	4251	1.70	696	0.95	0.44	5037	4.67	1500	2.14	0.30
3612	1.26	557	0.68	0.42	4263	2.18	847	1.18	0.42	5040	4.64	1500	2.14	0.30
3620	1.66	683	0.85	0.37	4273	1.29	566	0.70	0.42	5057	2.19	850	1.01	0.30
3629	1.15	522	0.62	0.42	4279	1.45	617	0.74	0.37	5059	9.33	1500	4.26	0.30
3632	1.42	607	0.77	0.42	4282	—	—	0.74	0.37	5069	—	—	4.26	0.30
3634	0.94	456	0.51	0.42	4283	0.72	387	0.40	0.44	5102	3.11	1140	1.52	0.33
3635	1.24	551	0.68	0.42	4299	1.24	551	0.67	0.42	5146	2.36	903	1.21	0.37
3638	1.05	491	0.59	0.44	4304	3.18	1162	1.73	0.42	5160	1.20	538	0.56	0.30
3642	1.02	481	0.57	0.44	4307	1.05	491	0.61	0.45	5183	1.34	582	0.66	0.33
3643	1.18	532	0.60	0.37	4351	0.60	349	0.34	0.44	5188	1.55	648	0.76	0.33
3647	1.59	661	0.87	0.42	4352	0.91	447	0.51	0.44	5190	1.34	582	0.66	0.33
3648	0.89	440	0.52	0.45	4360	—	—	0.21	0.37	5191	0.73	390	0.37	0.37
3681	0.56	336	0.31	0.44	4361	0.61	352	0.34	0.44	5192	1.98	784	1.09	0.42
3685	0.54	330	0.30	0.44	4410	1.59	661	0.89	0.44	5213	2.84	1055	1.31	0.30
3719	0.41	289	0.19	0.30	4420	1.67	686	0.81	0.33	5215	2.98	1099	1.53	0.37
3724	2.25	869	1.04	0.30	4431	0.97	466	0.56	0.45	5221	2.47	938	1.21	0.33
3726	1.83	736	0.84	0.30	4432	0.65	365	0.38	0.45	5222	4.16	1470	1.92	0.30
3803	1.56	651	0.88	0.44	4439	—	—	0.59	0.42	5223	2.98	1099	1.53	0.37
3807	1.27	560	0.72	0.44	4452	1.61	667	0.87	0.42	5348	1.97	781	1.01	0.37
3808	2.02	796	1.10	0.42	4459	1.56	651	0.80	0.37	5402	2.86	1061	1.60	0.44
3821	3.65	1310	1.87	0.37	4470	1.37	592	0.75	0.42	5403	2.72	1017	1.33	0.33
3822	2.82	1048	1.56	0.44	4484	1.86	746	1.04	0.44	5437	2.77	1033	1.36	0.33
3824	1.94	771	1.08	0.44	4493	1.58	658	0.86	0.42	5443	1.61	667	0.88	0.42
3826	0.41	289	0.23	0.42	4511	0.46	305	0.25	0.42	5445	2.58	973	1.18	0.30
3827	1.15	522	0.64	0.44	4557	1.34	582	0.68	0.37	5462	3.41	1234	1.75	0.37
3830	0.75	396	0.41	0.42	4558	1.08	500	0.59	0.42	5472	3.20	1168	1.48	0.30
3851	1.37	592	0.77	0.44	4568	1.18	532	0.60	0.37	5473	5.77	1500	2.63	0.30
3865	1.54	645	0.89	0.45	4581	0.59	346	0.28	0.33	5474	2.55	963	1.17	0.30
3881	3.04	1118	1.67	0.42	4583	2.31	888	1.13	0.33	5478	1.75	711	0.86	0.34
4000	3.25	1184	1.60	0.34	4611	0.45	302	0.25	0.44	5479	2.97	1096	1.52	0.37
4021	2.48	941	1.35	0.42	4635	1.46	620	0.72	0.33	5480	3.36	1218	1.65	0.33
4024D	3.13	1146	1.59	0.37	4653	1.15	522	0.64	0.44	5491	0.98	469	0.48	0.33

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WORKERS COMPENSATION AND EMPLOYERS LIABILITY

INDIANA

Effective January 1, 2022

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO
5506	3.84	1370	1.87	0.33	7038M	3.38	1225	1.53	0.30	7610	0.41	289	0.21	0.37
5507	1.84	740	0.90	0.33	7046M	4.13	1461	1.91	0.30	7698	3.27	1190	1.44	0.30
5508	—	—	0.90	0.33	7047M	3.29	1196	1.46	0.30	7699	1.78	721	0.84	0.33
5535	2.94	1086	1.34	0.30	7050M	6.16	1500	2.67	0.30	7705	3.43	1240	1.87	0.42
5537	2.20	853	1.13	0.37	7090M	3.76	1344	1.70	0.30	7710	2.71	1014	1.31	0.33
5551	5.67	1500	2.60	0.30	7098M	4.59	1500	2.13	0.30	7711	2.71	1014	1.31	0.33
5606	0.61	352	0.28	0.30	7099M	7.52	1500	3.34	0.30	7720	1.72	702	0.88	0.37
5610	2.55	963	1.31	0.37	7133	1.93	768	0.94	0.33	7725	1.59	661	0.75	0.33
5645	5.44	1500	2.49	0.30	7151M	2.34	897	1.14	0.33	7732P	130.00	290	61.56	0.33
5703	5.94	1500	3.04	0.37	7152M	4.27	1500	1.99	0.33	7855	1.89	755	0.97	0.37
5705	7.30	1500	3.73	0.37	7153M	2.61	982	1.27	0.33	8001	1.68	689	0.94	0.44
5951	0.22	229	0.12	0.44	7219	3.76	1344	1.86	0.34	8002	1.34	582	0.74	0.44
6003	3.48	1256	1.70	0.33	7222	3.85	1373	1.90	0.34	8006	1.26	557	0.73	0.45
6005	2.14	834	1.09	0.37	7225	3.77	1348	1.95	0.37	8008	1.08	500	0.62	0.45
6017	—	—	1.31	0.30	7228	—	—	1.86	0.34	8010	1.22	544	0.68	0.44
6018	1.23	547	0.65	0.37	7229	—	—	1.86	0.34	8013	0.27	245	0.15	0.42
6045	2.27	875	1.17	0.37	7230	4.89	1500	2.68	0.42	8015	0.49	314	0.27	0.42
6204	3.27	1190	1.60	0.33	7231	4.19	1480	2.32	0.42	8017	1.03	484	0.59	0.45
6206	1.28	563	0.59	0.30	7232	4.17	1474	2.07	0.34	8018	2.11	825	1.18	0.44
6213	0.78	406	0.36	0.30	7309F	6.94	1500	2.40	0.25	8021	1.69	692	0.94	0.44
6214	0.83	421	0.41	0.33	7313F	2.87	1064	0.99	0.25	8031	1.75	711	0.98	0.44
6216	2.52	954	1.16	0.30	7317F	7.59	1500	2.62	0.25	8032	1.40	601	0.78	0.44
6217	1.92	765	0.88	0.30	7327F	20.19	1500	6.97	0.25	8033	1.96	777	1.13	0.45
6229	2.53	957	1.29	0.37	7333M	1.49	629	0.69	0.30	8037	1.19	535	0.70	0.47
6233	1.23	547	0.57	0.30	7335M	1.66	683	0.78	0.30	8039	1.13	516	0.65	0.45
6235	3.53	1272	1.64	0.30	7337M	2.72	1017	1.22	0.30	8044	1.54	645	0.87	0.44
6236	3.06	1124	1.58	0.37	7350F	8.60	1500	3.10	0.29	8045	0.55	333	0.31	0.44
6237	0.66	368	0.32	0.34	7360	2.20	853	1.13	0.37	8046	1.62	670	0.90	0.44
6251D	2.48	941	1.21	0.33	7370	3.79	1354	2.12	0.44	8047	0.61	352	0.34	0.44
6252D	1.61	667	0.74	0.30	7380	2.88	1067	1.48	0.37	8058	1.74	708	0.97	0.44
6260	—	—	1.21	0.33	7382	2.33	894	1.27	0.42	8072	0.45	302	0.26	0.45
6306	2.33	894	1.14	0.33	7390	2.78	1036	1.56	0.44	8102	1.11	510	0.62	0.44
6319	1.47	623	0.68	0.30	7394M	1.81	730	0.85	0.30	8103	1.84	740	1.00	0.42
6325	1.63	673	0.74	0.30	7395M	2.01	793	0.94	0.30	8105	—	—	1.18	0.44
6400	2.84	1055	1.45	0.37	7398M	3.29	1196	1.48	0.30	8106	2.67	1001	1.37	0.37
6503	1.18	532	0.66	0.44	7402	0.11	195	0.06	0.44	8107	1.71	699	0.84	0.33
6504	1.94	771	1.09	0.44	7403	2.33	894	1.31	0.44	8111	1.52	639	0.83	0.42
6702M*	2.30	885	1.18	0.37	7405N	0.77	484	0.44	0.44	8116	1.72	702	0.94	0.42
6703M*	4.18	1477	2.06	0.37	7420	4.92	1500	2.26	0.30	8203	3.63	1303	1.99	0.42
6704M*	2.55	963	1.31	0.37	7421	0.52	324	0.27	0.37	8204	3.25	1184	1.78	0.42
6801F	5.17	1500	1.93	0.33	7422	0.67	371	0.33	0.34	8209	2.66	998	1.48	0.44
6811	4.17	1474	2.13	0.37	7425	1.23	547	0.61	0.34	8215	2.08	815	1.06	0.37
6824F	6.63	1500	2.48	0.33	7431N	0.51	374	0.25	0.34	8227	2.22	859	1.08	0.33
6826F	4.50	1500	1.68	0.33	7445N	0.26	—	—	—	8232	2.75	1026	1.41	0.37
6834	1.52	639	0.85	0.44	7453N	0.17	—	—	—	8233	1.52	639	0.79	0.37
6836	2.44	929	1.33	0.42	7502	1.00	475	0.51	0.37	8235	2.61	982	1.44	0.42
6843F	7.29	1500	2.52	0.25	7515	0.51	321	0.23	0.30	8263	4.61	1500	2.50	0.42
6845F	5.07	1500	1.75	0.25	7520	1.74	708	0.95	0.42	8264	2.93	1083	1.50	0.37
6854	3.30	1200	1.61	0.33	7538	2.33	894	1.07	0.30	8265	3.33	1209	1.62	0.33
6872F	7.08	1500	2.44	0.25	7539	0.86	431	0.42	0.33	8279	5.08	1500	2.45	0.33
6874F	13.94	1500	4.82	0.25	7540	1.59	661	0.73	0.30	8288	4.62	1500	2.50	0.42
6882	2.01	793	0.98	0.33	7580	1.93	768	0.98	0.37	8291	2.05	806	1.12	0.42
6884	3.08	1130	1.55	0.34	7590	1.96	777	1.00	0.37	8292	2.23	862	1.25	0.44
7016M	1.81	730	0.84	0.30	7600	2.60	979	1.34	0.37	8293	5.45	1500	3.07	0.44
7024M	2.01	793	0.93	0.30	7605	1.38	595	0.67	0.33	8304	3.34	1212	1.63	0.33

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WORKERS COMPENSATION AND EMPLOYERS LIABILITY

INDIANA

Effective January 1, 2022

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO
8350	3.08	1130	1.51	0.33	9040	2.17	844	1.25	0.45					
8380	1.41	604	0.77	0.42	9044	0.92	450	0.53	0.45					
8381	1.22	544	0.67	0.42	9052	1.17	529	0.68	0.45					
8385	1.59	661	0.87	0.42	9058	1.16	525	0.68	0.47					
8392	1.56	651	0.90	0.45	9060	1.08	500	0.63	0.45					
8393	1.14	519	0.59	0.37	9061	0.89	440	0.52	0.45					
8500	3.77	1348	1.93	0.37	9062	1.01	478	0.58	0.45					
8601	0.22	229	0.11	0.34	9063	0.65	365	0.38	0.45					
8602	0.83	421	0.43	0.37	9077F	5.21	1500	2.09	0.42					
8603	0.06	179	0.04	0.44	9082	0.91	447	0.53	0.47					
8606	1.23	547	0.60	0.33	9083	0.86	431	0.51	0.47					
8709F	3.63	1303	1.25	0.25	9084	0.91	447	0.52	0.45					
8719	1.49	629	0.72	0.33	9088a	a	a	a	a					
8720	0.89	440	0.43	0.33	9089	0.62	355	0.36	0.45					
8721	0.19	220	0.10	0.37	9093	0.89	440	0.51	0.45					
8723	0.11	195	0.06	0.42	9101	2.50	948	1.44	0.45					
8725	1.49	629	0.76	0.37	9102	2.33	894	1.27	0.42					
8726F	2.08	815	0.78	0.33	9154	0.94	456	0.52	0.44					
8734M	0.23	232	0.11	0.37	9156	1.76	714	1.02	0.45					
8737M	0.21	226	0.11	0.37	9170	5.30	1500	2.58	0.33					
8738M	0.38	280	0.19	0.37	9178	4.59	1500	2.68	0.47					
8742	0.17	214	0.09	0.37	9179	8.42	1500	4.99	0.47					
8745	2.21	856	1.21	0.42	9180	4.00	1420	2.15	0.42					
8748	0.30	255	0.15	0.33	9182	1.47	623	0.82	0.44					
8755	0.22	229	0.11	0.37	9186	6.57	1500	3.17	0.33					
8799	0.49	314	0.27	0.44	9220	3.27	1190	1.78	0.42					
8800	1.24	551	0.69	0.44	9402	2.79	1039	1.37	0.33					
8803	0.05	176	0.02	0.37	9403	4.29	1500	2.11	0.33					
8805M	0.18	217	0.10	0.44	9410	1.41	604	0.79	0.44					
8810	0.13	201	0.07	0.44	9501	2.04	803	1.04	0.37					
8814M	0.16	210	0.09	0.44	9505	2.13	831	1.16	0.42					
8815M	0.29	251	0.15	0.44	9516	2.08	815	1.14	0.42					
8820	0.09	188	0.05	0.37	9519	2.57	970	1.32	0.37					
8824	1.38	595	0.82	0.47	9521	1.88	752	0.96	0.37					
8825	—	—	0.83	0.45	9522	1.53	642	0.88	0.45					
8826	1.44	614	0.83	0.45	9534	1.77	718	0.82	0.30					
8829	—	—	0.82	0.47	9554	4.36	1500	2.13	0.33					
8831	0.86	431	0.50	0.47	9586	0.31	258	0.18	0.45					
8832	0.20	223	0.11	0.44	9600	1.34	582	0.75	0.44					
8833	0.53	327	0.30	0.44	9620	0.91	447	0.46	0.37					
8835	1.54	645	0.87	0.44										
8842	2.29	881	1.35	0.47										
8855	0.11	195	0.06	0.44										
8856	0.38	280	0.21	0.44										
8864	1.03	484	0.59	0.45										
8868	0.30	255	0.17	0.45										
8869	0.82	418	0.47	0.45										
8871	0.06	179	0.04	0.44										
8901	0.13	201	0.06	0.37										
9012	0.69	377	0.35	0.37										
9014	1.63	673	0.92	0.44										
9015	1.80	727	0.98	0.42										
9016	1.75	711	0.97	0.44										
9019	1.60	664	0.82	0.37										
9033	1.28	563	0.70	0.42										

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FOOTNOTES

- a Rate for each individual risk must be obtained from NCCI Customer Service or the Indiana Compensation Rating Bureau (ICRB).
- A Minimum Premium \$100 per ginning location for policy minimum premium computation.
- D Rate for classification already includes the specific disease loading shown in the table below. See the **Basic Manual** rule, Supplemental and supplementary loading.

Code No.	Disease Loading	Symbol	Code No.	Disease Loading	Symbol	Code No.	Disease Loading	Symbol
0059D	0.28	S	1165D	0.03	S	3082D	0.06	S
0065D	0.06	S	1624D	0.02	S	3085D	0.05	S
0066D	0.06	S	1710D	0.05	S	4024D	0.03	S
0067D	0.06	S	1803D	0.43	S	6251D	0.03	S
1164D	0.03	S	3081D	0.05	S	6252D	0.02	S

S=Silica

- F Rate provides for coverage under the United States Longshore and Harbor Workers Compensation Act and its extensions. Rate includes a provision for the USL&HW Assessment.
- M Risks are subject to Admiralty Law or Federal Employers Liability Act (FELA). However, the published rate is for risks that voluntarily purchase standard workers compensation and employers liability coverage. A provision for the USL&HW Assessment is included for those classifications under Program II USL Act. The listed codes of 6702, 6703, 6704, 7151, 7152, 7153, 8734, 8737, 8738, 8805, 8814, and 8815 under the Federal Employers' Liability Act (FELA) for employees of interstate railroads are not applicable in the residual market.
- N This code is part of a ratable / non-ratable group shown below. The statistical non-ratable code and corresponding rate are applied in addition to the basic classification when determining premium.

Class Code	Non-Ratable Element Code
4766	0766
4771	0771
7405	7445
7431	7453

- P Classification is computed on a per capita basis.

*** Class Codes with Specific Footnotes**

- 1005 Rate includes a non-ratable disease element of \$1.00. (For coverage written separately for federal benefits only, \$0.97. For coverage written separately for state benefits only, \$0.03.)
- 1016 Rate includes a non-ratable disease element of \$3.02. (For coverage written separately for federal benefits only, \$2.92. For coverage written separately for state benefits only, \$0.10.)
- 6702 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection code rate and elr each x 1.215.
- 6703 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate x 2.211 and elr x 2.12.
- 6704 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate and elr each x 1.35.

Effective January 1, 2022
APPLICABLE TO ASSIGNED RISK POLICIES ONLY

MISCELLANEOUS VALUES

Basis of premium applicable in accordance with the **Basic Manual** notes for Code 7370 -- "Taxicab Co.":

Employee operated vehicle.....	\$78,300
Leased or rented vehicle.....	\$52,200

Catastrophe (other than Certified Acts of Terrorism) - (Assigned Risk)..... 0.01

Expense Constant applicable in accordance with the **Basic Manual** rule..... \$160

Loss Sensitive Rating Plan (LSRP) - The factors which are used in the calculation of the LSRP are as follows:

Basic Premium Factor	0.40	Loss Development Factors	
Minimum Premium Factor	0.75	1st Adjustment	0.04
Maximum Premium Factor	1.75	2nd Adjustment	0.03
Loss Conversion Factor	1.176	3rd Adjustment	0.02
Tax Multiplier	1.018	4th Adjustment	0.01

Maximum Minimum Premium..... \$1,500

Maximum Weekly Payroll applicable in accordance with the **Basic Manual** notes for Code 9178 -- "Athletic Sports or Park: Noncontact Sports," and Code 9179 -- "Athletic Sports or Park: Contact Sports"..... \$4,000

Maximum Weekly Payroll for Executive Officers, Partners, Sole Proprietors, and Members or Managers of Limited Liability Companies in accordance with the **Basic Manual** rules, Rule for premium determination of executive officers, Rule for premium determination for partners or sole proprietors, and Rule for premium determination of members of LLCs..... \$4,000

Minimum Premium Multiplier..... 315

Minimum Weekly Payroll for Executive Officers, Partners, Sole Proprietors, and Members or Managers of Limited Liability Companies in accordance with the **Basic Manual** rules, Rule for premium determination of executive officers, Rule for premium determination for partners or sole proprietors, and Rule for premium determination of members of LLCs..... \$850

Premium Reduction Percentages - The following percentages are applicable by deductible amount and hazard group for total losses on a per claim basis:

Coinsurance Amount	Coinsurance Program Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
\$21,000	7.9%	7.3%	6.4%	5.7%	4.9%	4.3%	3.5%

Deductible Amount	Deductible Program With Coinsurance Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
\$500	12.7%	11.2%	9.5%	8.2%	6.7%	5.5%	4.5%
\$1,000	15.8%	13.9%	11.6%	10.0%	8.1%	6.6%	5.3%
\$1,500	18.0%	15.8%	13.3%	11.4%	9.2%	7.4%	5.9%
\$2,000	19.7%	17.4%	14.6%	12.5%	10.1%	8.2%	6.5%
\$2,500	21.2%	18.7%	15.7%	13.4%	10.9%	8.9%	7.0%
\$3,000	22.4%	19.9%	16.7%	14.3%	11.6%	9.5%	7.5%
\$3,500	23.5%	20.9%	17.6%	15.1%	12.2%	10.0%	8.0%
\$4,000	24.4%	21.8%	18.4%	15.8%	12.8%	10.6%	8.4%
\$4,500	25.3%	22.6%	19.1%	16.4%	13.4%	11.1%	8.8%
\$5,000	26.1%	23.4%	19.8%	17.1%	13.9%	11.5%	9.2%

Effective January 1, 2022

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

MISCELLANEOUS VALUES (cont.)

Deductible Amount	Deductible Program Without Coinsurance Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
\$500	6.0%	4.9%	3.8%	3.1%	2.3%	1.6%	1.2%
\$1,000	9.8%	8.2%	6.5%	5.3%	4.0%	2.9%	2.1%
\$1,500	12.6%	10.7%	8.6%	7.0%	5.4%	4.0%	3.0%
\$2,000	14.7%	12.6%	10.2%	8.4%	6.5%	4.9%	3.7%
\$2,500	16.5%	14.3%	11.6%	9.6%	7.5%	5.8%	4.4%
\$3,000	18.1%	15.7%	12.8%	10.7%	8.4%	6.5%	5.0%
\$3,500	19.4%	17.0%	13.9%	11.7%	9.2%	7.2%	5.5%
\$4,000	20.6%	18.1%	14.9%	12.5%	9.9%	7.9%	6.1%
\$4,500	21.7%	19.1%	15.9%	13.4%	10.6%	8.5%	6.6%
\$5,000	22.7%	20.1%	16.7%	14.1%	11.3%	9.1%	7.1%

Terrorism - (Assigned Risk)..... 0.01

United States Longshore and Harbor Workers' Compensation Coverage Percentage applicable only in connection with the **Basic Manual** rule, Federal coverages..... 84%

(Multiply a Non-F classification rate by a factor of 1.84 to adjust for differences in benefits and loss-based expenses. This factor is the product of the adjustment for differences in benefits (1.75) and the adjustment for differences in loss-based expenses (1.052).)

Experience Rating Eligibility

A risk qualifies for experience rating on an intrastate basis when it meets the premium eligibility requirements for the state in which it operates. The eligibility amount varies by rating effective date. The **Experience Rating Plan Manual** should be referenced for the latest approved eligibility amounts by state and by effective date.

A 30% residual market surcharge is applicable to the premium in excess of \$2,750 of the standard premium, subject to audit.



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Proposed Values for Inclusion in the Experience Rating Plan Manual

The following pages include proposed values for the Experience Rating Plan Manual:

- ✓ Table of Weighting Values
- ✓ Table of Ballast Values
- ✓ Experience rating premium eligibility amounts

Effective January 1, 2022
TABLE OF WEIGHTING VALUES
APPLICABLE TO ALL POLICIES
Experience Rating Program - ERA

Expected Losses			Weighting Values	Expected Losses			Weighting Values
0	--	1,748	0.04	986,043	--	1,040,432	0.44
1,749	--	7,068	0.05	1,040,433	--	1,097,971	0.45
7,069	--	12,502	0.06	1,097,972	--	1,158,941	0.46
12,503	--	18,054	0.07	1,158,942	--	1,223,660	0.47
18,055	--	23,726	0.08	1,223,661	--	1,292,483	0.48
23,727	--	39,685	0.09	1,292,484	--	1,365,816	0.49
39,686	--	59,072	0.10	1,365,817	--	1,444,118	0.50
59,073	--	76,317	0.11	1,444,119	--	1,527,911	0.51
76,318	--	93,108	0.12	1,527,912	--	1,617,795	0.52
93,109	--	109,902	0.13	1,617,796	--	1,714,459	0.53
109,903	--	126,902	0.14	1,714,460	--	1,818,702	0.54
126,903	--	144,224	0.15	1,818,703	--	1,931,451	0.55
144,225	--	161,946	0.16	1,931,452	--	2,053,793	0.56
161,947	--	180,127	0.17	2,053,794	--	2,187,008	0.57
180,128	--	198,817	0.18	2,187,009	--	2,332,611	0.58
198,818	--	218,058	0.19	2,332,612	--	2,492,417	0.59
218,059	--	237,894	0.20	2,492,418	--	2,668,610	0.60
237,895	--	258,364	0.21	2,668,611	--	2,863,848	0.61
258,365	--	279,510	0.22	2,863,849	--	3,081,397	0.62
279,511	--	301,374	0.23	3,081,398	--	3,325,312	0.63
301,375	--	323,999	0.24	3,325,313	--	3,600,697	0.64
324,000	--	347,432	0.25	3,600,698	--	3,914,064	0.65
347,433	--	371,721	0.26	3,914,065	--	4,273,852	0.66
371,722	--	396,918	0.27	4,273,853	--	4,691,203	0.67
396,919	--	423,078	0.28	4,691,204	--	5,181,134	0.68
423,079	--	450,261	0.29	5,181,135	--	5,764,382	0.69
450,262	--	478,529	0.30	5,764,383	--	6,470,415	0.70
478,530	--	507,952	0.31	6,470,416	--	7,342,570	0.71
507,953	--	538,603	0.32	7,342,571	--	8,447,295	0.72
538,604	--	570,564	0.33	8,447,296	--	9,891,932	0.73
570,565	--	603,920	0.34	9,891,933	--	11,861,886	0.74
603,921	--	638,769	0.35	11,861,887	--	14,707,370	0.75
638,770	--	675,212	0.36	14,707,371	--	19,178,837	0.76
675,213	--	713,363	0.37	19,178,838	--	27,227,468	0.77
713,364	--	753,347	0.38	27,227,469	--	46,007,590	0.78
753,348	--	795,300	0.39	46,007,591	--	139,908,159	0.79
795,301	--	839,371	0.40	139,908,160	AND OVER		0.80
839,372	--	885,726	0.41				
885,727	--	934,549	0.42				
934,550	--	986,042	0.43				

(a) G	8.35
(b) State Per Claim Accident Limitation	\$208,500
(c) State Multiple Claim Accident Limitation	\$417,000
(d) USL&HW Per Claim Accident Limitation	\$625,500
(e) USL&HW Multiple Claim Accident Limitation	\$1,251,000
(f) Employers Liability Accident Limitation	\$55,000
(g) Primary/Excess Loss Split Point	\$18,500
(h) USL&HW Act -- Expected Loss Factor -- Non-F Classes	1.75
<i>(Multiply a Non-F classification ELR by the USL&HW Act - Expected Loss Factor of 1.75.)</i>	

Effective January 1, 2022
TABLE OF BALLAST VALUES
APPLICABLE TO ALL POLICIES
Experience Rating Plan - ERA

Expected Losses			Ballast Values	Expected Losses			Ballast Values	Expected Losses			Ballast Values
0	--	44,913	20,875	1,441,219	--	1,482,944	167,000	2,902,045	--	2,943,788	313,125
44,914	--	77,299	25,050	1,482,945	--	1,524,672	171,175	2,943,789	--	2,985,532	317,300
77,300	--	114,512	29,225	1,524,673	--	1,566,401	175,350	2,985,533	--	3,027,277	321,475
114,513	--	153,769	33,400	1,566,402	--	1,608,130	179,525	3,027,278	--	3,069,021	325,650
153,770	--	193,981	37,575	1,608,131	--	1,649,861	183,700	3,069,022	--	3,110,766	329,825
193,982	--	234,697	41,750	1,649,862	--	1,691,593	187,875	3,110,767	--	3,152,511	334,000
234,698	--	275,708	45,925	1,691,594	--	1,733,326	192,050	3,152,512	--	3,194,256	338,175
275,709	--	316,905	50,100	1,733,327	--	1,775,060	196,225	3,194,257	--	3,236,001	342,350
316,906	--	358,226	54,275	1,775,061	--	1,816,794	200,400	3,236,002	--	3,277,746	346,525
358,227	--	399,634	58,450	1,816,795	--	1,858,529	204,575	3,277,747	--	3,319,491	350,700
399,635	--	441,104	62,625	1,858,530	--	1,900,265	208,750	3,319,492	--	3,361,237	354,875
441,105	--	482,622	66,800	1,900,266	--	1,942,001	212,925	3,361,238	--	3,402,982	359,050
482,623	--	524,177	70,975	1,942,002	--	1,983,738	217,100	3,402,983	--	3,444,728	363,225
524,178	--	565,759	75,150	1,983,739	--	2,025,475	221,275	3,444,729	--	3,486,474	367,400
565,760	--	607,364	79,325	2,025,476	--	2,067,213	225,450	3,486,475	--	3,528,220	371,575
607,365	--	648,988	83,500	2,067,214	--	2,108,951	229,625	3,528,221	--	3,569,966	375,750
648,989	--	690,626	87,675	2,108,952	--	2,150,690	233,800	3,569,967	--	3,611,712	379,925
690,627	--	732,278	91,850	2,150,691	--	2,192,430	237,975	3,611,713	--	3,653,458	384,100
732,279	--	773,939	96,025	2,192,431	--	2,234,169	242,150	3,653,459	--	3,695,204	388,275
773,940	--	815,610	100,200	2,234,170	--	2,275,909	246,325	3,695,205	--	3,736,950	392,450
815,611	--	857,288	104,375	2,275,910	--	2,317,650	250,500	3,736,951	--	3,778,697	396,625
857,289	--	898,973	108,550	2,317,651	--	2,359,390	254,675	3,778,698	--	3,820,443	400,800
898,974	--	940,664	112,725	2,359,391	--	2,401,131	258,850	3,820,444	--	3,862,190	404,975
940,665	--	982,359	116,900	2,401,132	--	2,442,873	263,025	3,862,191	--	3,903,937	409,150
982,360	--	1,024,059	121,075	2,442,874	--	2,484,614	267,200	3,903,938	--	3,945,683	413,325
1,024,060	--	1,065,763	125,250	2,484,615	--	2,526,356	271,375	3,945,684	--	3,987,125	417,500
1,065,764	--	1,107,470	129,425	2,526,357	--	2,568,099	275,550				
1,107,471	--	1,149,181	133,600	2,568,100	--	2,609,841	279,725				
1,149,182	--	1,190,894	137,775	2,609,842	--	2,651,584	283,900				
1,190,895	--	1,232,610	141,950	2,651,585	--	2,693,327	288,075				
1,232,611	--	1,274,328	146,125	2,693,328	--	2,735,070	292,250				
1,274,329	--	1,316,048	150,300	2,735,071	--	2,776,813	296,425				
1,316,049	--	1,357,769	154,475	2,776,814	--	2,818,557	300,600				
1,357,770	--	1,399,493	158,650	2,818,558	--	2,860,300	304,775				
1,399,494	--	1,441,218	162,825	2,860,301	--	2,902,044	308,950				

For Expected Losses greater than \$3,987,125, the Ballast Value can be calculated using the following formula (rounded to the nearest 1

$$\text{Ballast} = (0.10)(\text{Expected Losses}) + 2500(\text{Expected Losses})(8.35) / (\text{Expected Losses} + (700)(8.35))$$

$$G = 8.35$$

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

INDIANA—UPDATE TO EXPERIENCE RATING PREMIUM ELIGIBILITY AMOUNTS

EXPERIENCE RATING PLAN MANUAL—2003 EDITION RULE 2—EXPERIENCE RATING ELEMENTS AND FORMULA A. PREMIUM ELIGIBILITY

2. State Subject Premium Eligibility Amounts

A risk qualifies for experience rating when its subject premium, developed in its experience period, meets or exceeds the minimum eligibility amount shown in the State Table of Subject Premium Eligibility Amounts in Rule 2-A-2-c. *Refer to Rule 2-E-1 to determine a risk's experience period.*

- a. A risk qualifies for experience rating if its data within the most recent 24 months of the experience period develops a subject premium of at least the amount shown in Column A.
- b. A risk may not qualify according to Rule 2-A-2-a. If it has more than the amount of experience referenced in Rule 2-A-2-a, then to qualify for experience rating the risk must develop an average annual subject premium of at least the amount shown in Column B. *Refer to Rule 2-A-3 to determine average annual subject premium.*
- c. A risk's rating effective date determines the applicable Column A and Column B subject premium eligibility amounts required to qualify for experience rating. *Refer to Rule 2-B for rating effective date determination.*

State Table of Subject Premium Eligibility Amounts

State	Rating Effective Date	Column A (\$)	Column B (\$)
IN	<u>7/1/22 and after</u>	<u>6,000</u>	<u>3,000</u>
	<u>7/1/21 - 6/30/22</u>	5,500	2,750
	<u>7/1/20 - 6/30/21</u>	5,500	2,750

NOTE: This exhibit revises the Indiana experience rating subject premium eligibility amounts shown in the State Table of Subject Premium Eligibility Amounts in NCCI's ***Experience Rating Plan Manual*** national Rule 2-A-2. The content shown in this table is not a complete replacement of the existing State Table of Subject Premium Eligibility Amounts. The premium eligibility amounts are applicable to all policies.



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Proposed Values for Inclusion in the Retrospective Rating Plan Manual

The following pages include values for inclusion in the Retrospective Rating Plan Manual:

- ✓ Average Cost per Case
- ✓ Average Cost per Case including ALAE
- ✓ Tax Multipliers
- ✓ Countrywide Expected Loss Ratio
- ✓ Countrywide Expected Loss and Allocated Expense Ratio
- ✓ Excess Loss Factors
- ✓ Excess Loss and Allocated Expense Factors
- ✓ Retrospective Development Factors
- ✓ Excess Loss Pure Premium Factors
- ✓ Excess Loss and Allocated Expense Pure Premium Factors
- ✓ Retrospective Pure Premium Development Factors
- ✓ Table of Expense Ratios

RETROSPECTIVE RATING PLAN MANUAL
STATE SPECIAL RATING VALUES

INDIANA

APPLICABLE TO ADVISORY RATES

Effective January 1, 2022

1. Average Cost per Case by Hazard Group

A	B	C	D	E	F	G
5,010	6,295	8,220	10,296	13,945	21,438	29,161

Average Cost per Case including ALAE by Hazard Group

A	B	C	D	E	F	G
5,461	6,858	8,947	11,199	15,147	23,270	31,631

2. Tax Multipliers

- a. State (non-F Classes) 1.018
- b. Federal Classes, or non-F classes
where rate is increased by the
USL&HW Act Percentage 1.050

**3. Countrywide
Expected Loss Ratio**
0.595

**Countrywide Expected Loss and
Allocated Expense Ratio**
0.660

4. Table of Expense Ratios
Type A: 2021-01
Type B: 2021-01

5.

Excess Loss Factors

(Applicable to New and Renewal Policies)

Per Accident Limitation	Hazard Groups						
	A	B	C	D	E	F	G
\$10,000	0.369	0.394	0.426	0.451	0.480	0.502	0.524
\$15,000	0.328	0.354	0.388	0.415	0.447	0.471	0.498
\$20,000	0.297	0.323	0.358	0.385	0.420	0.446	0.475
\$25,000	0.271	0.297	0.333	0.361	0.397	0.424	0.454
\$30,000	0.249	0.275	0.311	0.339	0.377	0.404	0.436
\$35,000	0.231	0.257	0.292	0.320	0.358	0.387	0.420
\$40,000	0.216	0.241	0.276	0.303	0.342	0.371	0.404
\$50,000	0.190	0.214	0.248	0.274	0.313	0.343	0.377
\$75,000	0.147	0.168	0.199	0.223	0.261	0.290	0.325
\$100,000	0.120	0.139	0.167	0.188	0.225	0.253	0.286
\$125,000	0.101	0.118	0.144	0.164	0.199	0.225	0.257
\$150,000	0.087	0.103	0.127	0.145	0.178	0.204	0.233
\$175,000	0.076	0.091	0.113	0.130	0.162	0.186	0.215
\$200,000	0.067	0.081	0.102	0.117	0.148	0.172	0.199
\$225,000	0.060	0.073	0.093	0.107	0.137	0.159	0.185
\$250,000	0.055	0.067	0.086	0.099	0.128	0.149	0.174
\$275,000	0.050	0.061	0.079	0.091	0.119	0.140	0.163
\$300,000	0.046	0.057	0.073	0.085	0.112	0.132	0.154
\$325,000	0.042	0.053	0.069	0.079	0.106	0.125	0.146
\$350,000	0.039	0.049	0.064	0.075	0.100	0.118	0.139
\$375,000	0.037	0.046	0.061	0.070	0.095	0.113	0.133
\$400,000	0.035	0.043	0.057	0.067	0.090	0.107	0.127
\$425,000	0.033	0.041	0.054	0.063	0.086	0.103	0.122
\$450,000	0.031	0.039	0.052	0.060	0.083	0.099	0.117
\$475,000	0.029	0.037	0.049	0.057	0.079	0.095	0.112
\$500,000	0.028	0.035	0.047	0.055	0.076	0.091	0.108
\$600,000	0.023	0.029	0.040	0.047	0.066	0.079	0.095
\$700,000	0.020	0.025	0.035	0.041	0.059	0.071	0.084
\$800,000	0.017	0.022	0.031	0.036	0.053	0.064	0.076
\$900,000	0.015	0.020	0.028	0.033	0.048	0.058	0.070
\$1,000,000	0.014	0.018	0.026	0.030	0.045	0.054	0.064
\$2,000,000	0.007	0.010	0.015	0.017	0.027	0.032	0.038
\$3,000,000	0.005	0.007	0.010	0.012	0.019	0.024	0.028
\$4,000,000	0.004	0.005	0.008	0.009	0.015	0.019	0.022
\$5,000,000	0.003	0.004	0.006	0.007	0.013	0.016	0.019
\$6,000,000	0.002	0.003	0.005	0.006	0.010	0.013	0.016
\$7,000,000	0.002	0.003	0.005	0.005	0.009	0.011	0.014
\$8,000,000	0.002	0.002	0.004	0.004	0.008	0.010	0.012
\$9,000,000	0.001	0.002	0.003	0.004	0.007	0.009	0.010
\$10,000,000	0.001	0.002	0.003	0.003	0.006	0.008	0.009

**RETROSPECTIVE RATING PLAN MANUAL
STATE SPECIAL RATING VALUES**

APPLICABLE TO ADVISORY RATES

INDIANA

Effective January 1, 2022

**Excess Loss and
Allocated Expense Factors**
(Applicable to New and Renewal Policies)

Per Accident Limitation	Hazard Groups						
	A	B	C	D	E	F	G
\$10,000	0.409	0.435	0.469	0.495	0.526	0.549	0.572
\$15,000	0.365	0.393	0.429	0.457	0.492	0.517	0.545
\$20,000	0.331	0.359	0.397	0.426	0.463	0.490	0.521
\$25,000	0.304	0.332	0.370	0.400	0.439	0.467	0.499
\$30,000	0.280	0.308	0.347	0.377	0.417	0.447	0.480
\$35,000	0.261	0.288	0.326	0.356	0.397	0.428	0.463
\$40,000	0.243	0.271	0.309	0.338	0.380	0.411	0.446
\$50,000	0.216	0.242	0.278	0.307	0.349	0.381	0.418
\$75,000	0.168	0.192	0.225	0.251	0.292	0.324	0.361
\$100,000	0.138	0.159	0.190	0.213	0.253	0.283	0.319
\$125,000	0.117	0.136	0.164	0.186	0.224	0.253	0.287
\$150,000	0.101	0.119	0.145	0.165	0.201	0.229	0.262
\$175,000	0.089	0.106	0.130	0.148	0.183	0.210	0.241
\$200,000	0.079	0.095	0.118	0.134	0.168	0.194	0.223
\$225,000	0.072	0.086	0.108	0.123	0.156	0.180	0.208
\$250,000	0.065	0.078	0.099	0.114	0.145	0.168	0.196
\$275,000	0.060	0.072	0.092	0.105	0.136	0.158	0.184
\$300,000	0.055	0.067	0.085	0.098	0.128	0.149	0.174
\$325,000	0.051	0.062	0.080	0.092	0.120	0.141	0.166
\$350,000	0.047	0.058	0.075	0.087	0.114	0.134	0.158
\$375,000	0.044	0.055	0.071	0.082	0.109	0.128	0.150
\$400,000	0.042	0.051	0.067	0.077	0.103	0.122	0.144
\$425,000	0.039	0.049	0.064	0.073	0.099	0.117	0.138
\$450,000	0.037	0.046	0.061	0.070	0.095	0.112	0.133
\$475,000	0.035	0.044	0.058	0.067	0.091	0.108	0.128
\$500,000	0.033	0.042	0.055	0.064	0.087	0.104	0.123
\$600,000	0.028	0.035	0.047	0.054	0.076	0.091	0.108
\$700,000	0.024	0.030	0.041	0.047	0.067	0.081	0.096
\$800,000	0.021	0.027	0.037	0.042	0.061	0.073	0.087
\$900,000	0.019	0.024	0.033	0.038	0.055	0.067	0.079
\$1,000,000	0.017	0.022	0.030	0.035	0.051	0.062	0.073
\$2,000,000	0.009	0.012	0.017	0.019	0.030	0.036	0.043
\$3,000,000	0.006	0.008	0.012	0.013	0.022	0.027	0.032
\$4,000,000	0.004	0.006	0.009	0.010	0.017	0.021	0.025
\$5,000,000	0.003	0.005	0.007	0.008	0.014	0.018	0.021
\$6,000,000	0.003	0.004	0.006	0.007	0.012	0.015	0.018
\$7,000,000	0.002	0.003	0.005	0.006	0.010	0.013	0.015
\$8,000,000	0.002	0.003	0.004	0.005	0.009	0.011	0.013
\$9,000,000	0.002	0.002	0.004	0.004	0.008	0.010	0.012
\$10,000,000	0.001	0.002	0.003	0.004	0.007	0.009	0.010

6.

Retrospective Development Factors

With Loss Limit			Without Loss Limit			4th & Subsequent Adjustment
1st Adj.	2nd Adj.	3rd Adj.	1st Adj.	2nd Adj.	3rd Adj.	
0.02	0.01	0.01	0.04	0.03	0.02	0.00

RETROSPECTIVE RATING PLAN MANUAL
STATE SPECIAL RATING VALUES

APPLICABLE TO ADVISORY LOSS COST

INDIANA

Effective January 1, 2022

1. Average Cost per Case by Hazard Group

A	B	C	D	E	F	G
5,010	6,295	8,220	10,296	13,945	21,438	29,161

Average Cost per Case including ALAE by Hazard Group

A	B	C	D	E	F	G
5,461	6,858	8,947	11,199	15,147	23,270	31,631

2.

Excess Loss Pure Premium Factors

(Applicable to New and Renewal Policies)

**Per Accident
Limitation**

Hazard Groups

	A	B	C	D	E	F	G
\$10,000	0.512	0.546	0.591	0.626	0.666	0.696	0.728
\$15,000	0.456	0.491	0.539	0.576	0.621	0.654	0.691
\$20,000	0.412	0.448	0.497	0.535	0.583	0.619	0.659
\$25,000	0.376	0.412	0.462	0.501	0.551	0.589	0.631
\$30,000	0.346	0.382	0.432	0.471	0.523	0.561	0.605
\$35,000	0.321	0.357	0.406	0.444	0.497	0.537	0.582
\$40,000	0.299	0.334	0.383	0.421	0.474	0.515	0.561
\$50,000	0.264	0.297	0.344	0.381	0.435	0.476	0.524
\$75,000	0.204	0.234	0.276	0.309	0.362	0.403	0.451
\$100,000	0.166	0.193	0.232	0.262	0.312	0.351	0.397
\$125,000	0.140	0.164	0.200	0.227	0.276	0.313	0.356
\$150,000	0.120	0.143	0.176	0.201	0.247	0.283	0.324
\$175,000	0.105	0.126	0.157	0.180	0.225	0.258	0.298
\$200,000	0.094	0.113	0.142	0.163	0.206	0.238	0.276
\$225,000	0.084	0.102	0.129	0.149	0.190	0.221	0.257
\$250,000	0.076	0.093	0.119	0.137	0.177	0.207	0.241
\$275,000	0.069	0.085	0.110	0.127	0.165	0.194	0.227
\$300,000	0.064	0.079	0.102	0.118	0.155	0.183	0.214
\$325,000	0.059	0.073	0.095	0.110	0.147	0.173	0.203
\$350,000	0.055	0.068	0.089	0.104	0.139	0.164	0.193
\$375,000	0.051	0.064	0.084	0.098	0.132	0.156	0.184
\$400,000	0.048	0.060	0.080	0.092	0.126	0.149	0.176
\$425,000	0.045	0.057	0.076	0.088	0.120	0.143	0.169
\$450,000	0.043	0.054	0.072	0.083	0.115	0.137	0.162
\$475,000	0.040	0.051	0.069	0.079	0.110	0.131	0.156
\$500,000	0.038	0.049	0.066	0.076	0.106	0.126	0.150
\$600,000	0.032	0.041	0.056	0.065	0.092	0.110	0.131
\$700,000	0.027	0.035	0.049	0.056	0.082	0.098	0.117
\$800,000	0.024	0.031	0.044	0.050	0.074	0.089	0.106
\$900,000	0.021	0.028	0.039	0.045	0.067	0.081	0.097
\$1,000,000	0.019	0.025	0.036	0.041	0.062	0.075	0.089
\$2,000,000	0.010	0.014	0.020	0.023	0.037	0.045	0.053
\$3,000,000	0.007	0.010	0.014	0.016	0.027	0.033	0.039
\$4,000,000	0.005	0.007	0.011	0.013	0.021	0.026	0.031
\$5,000,000	0.004	0.006	0.009	0.010	0.017	0.022	0.026
\$6,000,000	0.003	0.005	0.007	0.008	0.015	0.018	0.022
\$7,000,000	0.003	0.004	0.006	0.007	0.012	0.016	0.019
\$8,000,000	0.002	0.003	0.005	0.006	0.011	0.014	0.016
\$9,000,000	0.002	0.003	0.004	0.005	0.009	0.012	0.014
\$10,000,000	0.002	0.002	0.004	0.004	0.008	0.010	0.013

RETROSPECTIVE RATING PLAN MANUAL
STATE SPECIAL RATING VALUES

APPLICABLE TO ADVISORY LOSS COST

INDIANA

Effective January 1, 2022

Excess Loss and Allocated Expense
Pure Premium Factors (Applicable to
New and Renewal Policies)

Per Accident Limitation	Hazard Groups						
	A	B	C	D	E	F	G
\$10,000	0.567	0.603	0.650	0.687	0.730	0.761	0.794
\$15,000	0.507	0.545	0.595	0.635	0.682	0.717	0.756
\$20,000	0.460	0.498	0.551	0.592	0.643	0.680	0.722
\$25,000	0.421	0.460	0.513	0.555	0.608	0.648	0.693
\$30,000	0.389	0.428	0.481	0.523	0.578	0.620	0.666
\$35,000	0.361	0.400	0.453	0.494	0.551	0.594	0.642
\$40,000	0.338	0.376	0.428	0.469	0.527	0.570	0.619
\$50,000	0.299	0.335	0.386	0.426	0.484	0.529	0.580
\$75,000	0.233	0.266	0.312	0.348	0.405	0.450	0.501
\$100,000	0.192	0.221	0.263	0.296	0.351	0.393	0.443
\$125,000	0.162	0.189	0.228	0.258	0.310	0.351	0.398
\$150,000	0.140	0.165	0.201	0.229	0.279	0.318	0.363
\$175,000	0.124	0.146	0.180	0.205	0.254	0.291	0.334
\$200,000	0.110	0.131	0.163	0.187	0.233	0.269	0.310
\$225,000	0.099	0.119	0.149	0.171	0.216	0.250	0.289
\$250,000	0.090	0.109	0.137	0.158	0.201	0.234	0.271
\$275,000	0.083	0.100	0.127	0.146	0.188	0.219	0.256
\$300,000	0.076	0.093	0.119	0.136	0.177	0.207	0.242
\$325,000	0.071	0.086	0.111	0.128	0.167	0.196	0.230
\$350,000	0.066	0.081	0.104	0.120	0.158	0.186	0.219
\$375,000	0.061	0.076	0.098	0.113	0.151	0.178	0.209
\$400,000	0.058	0.071	0.093	0.107	0.143	0.170	0.200
\$425,000	0.054	0.067	0.088	0.102	0.137	0.162	0.191
\$450,000	0.051	0.064	0.084	0.097	0.131	0.156	0.184
\$475,000	0.049	0.061	0.080	0.093	0.126	0.150	0.177
\$500,000	0.046	0.058	0.077	0.088	0.121	0.144	0.171
\$600,000	0.039	0.049	0.065	0.075	0.105	0.126	0.149
\$700,000	0.033	0.042	0.057	0.066	0.093	0.112	0.133
\$800,000	0.029	0.037	0.051	0.058	0.084	0.101	0.120
\$900,000	0.026	0.033	0.046	0.053	0.077	0.093	0.110
\$1,000,000	0.023	0.030	0.042	0.048	0.071	0.085	0.102
\$2,000,000	0.012	0.016	0.023	0.026	0.042	0.051	0.060
\$3,000,000	0.008	0.011	0.017	0.019	0.030	0.037	0.044
\$4,000,000	0.006	0.009	0.013	0.014	0.024	0.029	0.035
\$5,000,000	0.005	0.007	0.010	0.012	0.020	0.024	0.029
\$6,000,000	0.004	0.006	0.009	0.010	0.016	0.021	0.025
\$7,000,000	0.003	0.005	0.007	0.008	0.014	0.018	0.021
\$8,000,000	0.003	0.004	0.006	0.007	0.012	0.015	0.019
\$9,000,000	0.002	0.003	0.005	0.006	0.011	0.014	0.016
\$10,000,000	0.002	0.003	0.005	0.005	0.009	0.012	0.015

3.

Retrospective Pure Premium Development Factors

With Loss Limit			Without Loss Limit			4th & Subsequent Adjustment
1st Adj.	2nd Adj.	3rd Adj.	1st Adj.	2nd Adj.	3rd Adj.	
0.02	0.01	0.01	0.06	0.04	0.02	0.00



Table of Expense Ratios - Excluding Taxes and Including Profit and Contingencies

Type A: 2021-01

WC Premium Range			Expense Ratio	WC Premium Range			Expense Ratio	WC Premium Range			Expense Ratio
From	To			From	To			From	To		
0	-	10,055	0.371	21,928	-	22,469	0.323	393,334	-	424,799	0.274
10,056	-	10,167	0.370	22,470	-	23,037	0.322	424,800	-	461,739	0.273
10,168	-	10,282	0.369	23,038	-	23,636	0.321	461,740	-	505,714	0.272
10,283	-	10,399	0.368	23,637	-	24,266	0.320	505,715	-	558,947	0.271
10,400	-	10,520	0.367	24,267	-	24,931	0.319	558,948	-	624,705	0.270
10,521	-	10,643	0.366	24,932	-	25,633	0.318	624,706	-	707,999	0.269
10,644	-	10,769	0.365	25,634	-	26,376	0.317	708,000	-	816,923	0.268
10,770	-	10,898	0.364	26,377	-	27,164	0.316	816,924	-	965,454	0.267
10,899	-	11,030	0.363	27,165	-	27,999	0.315	965,455	-	1,179,999	0.266
11,031	-	11,165	0.362	28,000	-	28,888	0.314	1,180,000	-	1,517,142	0.266
11,166	-	11,304	0.361	28,889	-	29,836	0.313	1,517,143	-	1,824,799	0.265
11,305	-	11,446	0.360	29,837	-	30,847	0.312	1,824,800	-	1,983,478	0.264
11,447	-	11,592	0.359	30,848	-	31,929	0.311	1,983,479	-	2,172,380	0.263
11,593	-	11,741	0.358	31,930	-	33,090	0.310	2,172,381	-	2,401,052	0.262
11,742	-	11,895	0.357	33,091	-	34,339	0.309	2,401,053	-	2,683,529	0.261
11,896	-	12,052	0.356	34,340	-	35,686	0.308	2,683,530	-	3,041,333	0.260
12,053	-	12,214	0.355	35,687	-	37,142	0.307	3,041,334	-	3,509,230	0.259
12,215	-	12,380	0.354	37,143	-	38,723	0.306	3,509,231	-	4,147,272	0.258
12,381	-	12,551	0.353	38,724	-	40,444	0.305	4,147,273	-	5,068,888	0.257
12,552	-	12,727	0.352	40,445	-	42,325	0.304	5,068,889	-	6,517,142	0.256
12,728	-	12,907	0.352	42,326	-	44,390	0.303	6,517,143	-	9,123,999	0.255
12,908	-	13,093	0.351	44,391	-	46,666	0.302	9,124,000	-	15,206,666	0.254
13,094	-	13,284	0.350	46,667	-	49,189	0.301	15,206,667	-	45,619,999	0.253
13,285	-	13,481	0.349	49,190	-	51,999	0.300	45,620,000	-	And Above	0.252
13,482	-	13,684	0.348	52,000	-	55,151	0.299				
13,685	-	13,893	0.347	55,152	-	58,709	0.298				
13,894	-	14,108	0.346	58,710	-	62,758	0.297				
14,109	-	14,330	0.345	62,759	-	67,407	0.296				
14,331	-	14,559	0.344	67,408	-	72,799	0.295				
14,560	-	14,796	0.343	72,800	-	79,130	0.295				
14,797	-	15,041	0.342	79,131	-	86,666	0.294				
15,042	-	15,294	0.341	86,667	-	95,789	0.293				
15,295	-	15,555	0.340	95,790	-	107,058	0.292				
15,556	-	15,826	0.339	107,059	-	121,333	0.291				
15,827	-	16,106	0.338	121,334	-	139,999	0.290				
16,107	-	16,396	0.337	140,000	-	165,454	0.289				
16,397	-	16,697	0.336	165,455	-	200,377	0.288				
16,698	-	17,009	0.335	200,378	-	208,235	0.287				
17,010	-	17,333	0.334	208,236	-	216,734	0.286				
17,334	-	17,669	0.333	216,735	-	225,957	0.285				
17,670	-	18,019	0.332	225,958	-	235,999	0.284				
18,020	-	18,383	0.331	236,000	-	246,976	0.283				
18,384	-	18,762	0.330	246,977	-	259,024	0.282				
18,763	-	19,157	0.329	259,025	-	272,307	0.281				
19,158	-	19,569	0.328	272,308	-	287,027	0.280				
19,570	-	19,999	0.327	287,028	-	303,428	0.279				
20,000	-	20,449	0.326	303,429	-	321,818	0.278	First	-	10,000	0.0%
20,450	-	20,919	0.325	321,819	-	342,580	0.277	Next	-	190,000	9.1%
20,920	-	21,411	0.324	342,581	-	366,206	0.276	Next	-	1,550,000	11.3%
21,412	-	21,927	0.323	366,207	-	393,333	0.275	Over	-	1,750,000	12.3%
								Expected Loss Ratio:			
								Tax Multiplier:			
								0.595			
								1.035			



Table of Expense Ratios - Excluding Taxes and Including Profit and Contingencies

Type B: 2021-01

WC Premium Range		Expense
From	To	Ratio
0	- 10,099	0.371
10,100	- 10,303	0.370
10,304	- 10,515	0.369
10,516	- 10,736	0.368
10,737	- 10,967	0.367
10,968	- 11,208	0.366
11,209	- 11,460	0.365
11,461	- 11,724	0.364
11,725	- 11,999	0.363
12,000	- 12,289	0.362
12,290	- 12,592	0.361
12,593	- 12,911	0.360
12,912	- 13,246	0.359
13,247	- 13,599	0.358
13,600	- 13,972	0.357
13,973	- 14,366	0.356
14,367	- 14,782	0.355
14,783	- 15,223	0.354
15,224	- 15,692	0.353
15,693	- 16,190	0.352
16,191	- 16,721	0.352
16,722	- 17,288	0.351
17,289	- 17,894	0.350
17,895	- 18,545	0.349
18,546	- 19,245	0.348

WC Premium Range		Expense
From	To	Ratio
19,246	- 19,999	0.347
20,000	- 20,816	0.346
20,817	- 21,702	0.345
21,703	- 22,666	0.344
22,667	- 23,720	0.343
23,721	- 24,878	0.342
24,879	- 26,153	0.341
26,154	- 27,567	0.340
27,568	- 29,142	0.339
29,143	- 30,909	0.338
30,910	- 32,903	0.337
32,904	- 35,172	0.336
35,173	- 37,777	0.335
37,778	- 40,799	0.334
40,800	- 44,347	0.333
44,348	- 48,571	0.332
48,572	- 53,684	0.331
53,685	- 59,999	0.330
60,000	- 67,999	0.329
68,000	- 78,461	0.328
78,462	- 92,727	0.327
92,728	- 113,333	0.326
113,334	- 145,714	0.325
145,715	- 200,606	0.324
200,607	- 213,548	0.323

WC Premium Range		Expense
From	To	Ratio
213,549	- 228,275	0.323
228,276	- 245,185	0.322
245,186	- 264,799	0.321
264,800	- 287,826	0.320
287,827	- 315,238	0.319
315,239	- 348,421	0.318
348,422	- 389,411	0.317
389,412	- 441,333	0.316
441,334	- 509,230	0.315
509,231	- 601,818	0.314
601,819	- 735,555	0.313
735,556	- 945,714	0.312
945,715	- 1,323,999	0.311
1,324,000	- 1,809,565	0.310
1,809,566	- 1,981,904	0.309
1,981,905	- 2,190,526	0.308
2,190,527	- 2,448,235	0.307
2,448,236	- 2,774,666	0.306
2,774,667	- 3,201,538	0.305
3,201,539	- 3,783,636	0.304
3,783,637	- 4,624,444	0.303
4,624,445	- 5,945,714	0.302
5,945,715	- 8,323,999	0.301
8,324,000	- 13,873,333	0.300
13,873,334	- 41,619,999	0.299
41,620,000	- And Above	0.298
First	- 10,000	0.0%
Next	- 190,000	5.1%
Next	- 1,550,000	6.5%
Over	- 1,750,000	7.5%
Expected Loss Ratio:		0.595
Tax Multiplier:		1.035



Table of Expense Ratios - Excluding Allocated Loss Adjustment Expense and Taxes and Including Profit and Contingencies

Type A: 2021-01

WC Premium Range			Expense	WC Premium Range			Expense	WC Premium Range			Expense
From	To		Ratio	From	To		Ratio	From	To		Ratio
0	-	10,055	0.307	21,928	-	22,469	0.258	393,334	-	424,799	0.210
10,056	-	10,167	0.306	22,470	-	23,037	0.257	424,800	-	461,739	0.209
10,168	-	10,282	0.305	23,038	-	23,636	0.256	461,740	-	505,714	0.208
10,283	-	10,399	0.304	23,637	-	24,266	0.255	505,715	-	558,947	0.207
10,400	-	10,520	0.303	24,267	-	24,931	0.254	558,948	-	624,705	0.206
10,521	-	10,643	0.302	24,932	-	25,633	0.253	624,706	-	707,999	0.205
10,644	-	10,769	0.301	25,634	-	26,376	0.252	708,000	-	816,923	0.204
10,770	-	10,898	0.300	26,377	-	27,164	0.251	816,924	-	965,454	0.203
10,899	-	11,030	0.299	27,165	-	27,999	0.250	965,455	-	1,179,999	0.202
11,031	-	11,165	0.298	28,000	-	28,888	0.250	1,180,000	-	1,517,142	0.201
11,166	-	11,304	0.297	28,889	-	29,836	0.249	1,517,143	-	1,824,799	0.200
11,305	-	11,446	0.296	29,837	-	30,847	0.248	1,824,800	-	1,983,478	0.199
11,447	-	11,592	0.295	30,848	-	31,929	0.247	1,983,479	-	2,172,380	0.198
11,593	-	11,741	0.294	31,930	-	33,090	0.246	2,172,381	-	2,401,052	0.197
11,742	-	11,895	0.293	33,091	-	34,339	0.245	2,401,053	-	2,683,529	0.196
11,896	-	12,052	0.292	34,340	-	35,686	0.244	2,683,530	-	3,041,333	0.195
12,053	-	12,214	0.291	35,687	-	37,142	0.243	3,041,334	-	3,509,230	0.194
12,215	-	12,380	0.290	37,143	-	38,723	0.242	3,509,231	-	4,147,272	0.193
12,381	-	12,551	0.289	38,724	-	40,444	0.241	4,147,273	-	5,068,888	0.193
12,552	-	12,727	0.288	40,445	-	42,325	0.240	5,068,889	-	6,517,142	0.192
12,728	-	12,907	0.287	42,326	-	44,390	0.239	6,517,143	-	9,123,999	0.191
12,908	-	13,093	0.286	44,391	-	46,666	0.238	9,124,000	-	15,206,666	0.190
13,094	-	13,284	0.285	46,667	-	49,189	0.237	15,206,667	-	45,619,999	0.189
13,285	-	13,481	0.284	49,190	-	51,999	0.236	45,620,000	-	And Above	0.188
13,482	-	13,684	0.283	52,000	-	55,151	0.235				
13,685	-	13,893	0.282	55,152	-	58,709	0.234				
13,894	-	14,108	0.281	58,710	-	62,758	0.233				
14,109	-	14,330	0.280	62,759	-	67,407	0.232				
14,331	-	14,559	0.279	67,408	-	72,799	0.231				
14,560	-	14,796	0.279	72,800	-	79,130	0.230				
14,797	-	15,041	0.278	79,131	-	86,666	0.229				
15,042	-	15,294	0.277	86,667	-	95,789	0.228				
15,295	-	15,555	0.276	95,790	-	107,058	0.227				
15,556	-	15,826	0.275	107,059	-	121,333	0.226				
15,827	-	16,106	0.274	121,334	-	139,999	0.225				
16,107	-	16,396	0.273	140,000	-	165,454	0.224				
16,397	-	16,697	0.272	165,455	-	200,377	0.223				
16,698	-	17,009	0.271	200,378	-	208,235	0.222				
17,010	-	17,333	0.270	208,236	-	216,734	0.222				
17,334	-	17,669	0.269	216,735	-	225,957	0.221				
17,670	-	18,019	0.268	225,958	-	235,999	0.220				
18,020	-	18,383	0.267	236,000	-	246,976	0.219				
18,384	-	18,762	0.266	246,977	-	259,024	0.218				
18,763	-	19,157	0.265	259,025	-	272,307	0.217				
19,158	-	19,569	0.264	272,308	-	287,027	0.216				
19,570	-	19,999	0.263	287,028	-	303,428	0.215				
20,000	-	20,449	0.262	303,429	-	321,818	0.214	First	-	10,000	0.0%
20,450	-	20,919	0.261	321,819	-	342,580	0.213	Next	-	190,000	9.1%
20,920	-	21,411	0.260	342,581	-	366,206	0.212	Next	-	1,550,000	11.3%
21,412	-	21,927	0.259	366,207	-	393,333	0.211	Over	-	1,750,000	12.3%
											Expected Loss and ALAE Ratio: 0.660
											Tax Multiplier: 1.035



Table of Expense Ratios - Excluding Allocated Loss Adjustment Expense and Taxes and Including Profit and Contingencies

Type B: 2021-01

WC Premium Range From	To	Expense Ratio
0	- 10,099	0.307
10,100	- 10,303	0.306
10,304	- 10,515	0.305
10,516	- 10,736	0.304
10,737	- 10,967	0.303
10,968	- 11,208	0.302
11,209	- 11,460	0.301
11,461	- 11,724	0.300
11,725	- 11,999	0.299
12,000	- 12,289	0.298
12,290	- 12,592	0.297
12,593	- 12,911	0.296
12,912	- 13,246	0.295
13,247	- 13,599	0.294
13,600	- 13,972	0.293
13,973	- 14,366	0.292
14,367	- 14,782	0.291
14,783	- 15,223	0.290
15,224	- 15,692	0.289
15,693	- 16,190	0.288
16,191	- 16,721	0.287
16,722	- 17,288	0.286
17,289	- 17,894	0.285
17,895	- 18,545	0.284
18,546	- 19,245	0.283

WC Premium Range From	To	Expense Ratio
19,246	- 19,999	0.282
20,000	- 20,816	0.281
20,817	- 21,702	0.280
21,703	- 22,666	0.279
22,667	- 23,720	0.279
23,721	- 24,878	0.278
24,879	- 26,153	0.277
26,154	- 27,567	0.276
27,568	- 29,142	0.275
29,143	- 30,909	0.274
30,910	- 32,903	0.273
32,904	- 35,172	0.272
35,173	- 37,777	0.271
37,778	- 40,799	0.270
40,800	- 44,347	0.269
44,348	- 48,571	0.268
48,572	- 53,684	0.267
53,685	- 59,999	0.266
60,000	- 67,999	0.265
68,000	- 78,461	0.264
78,462	- 92,727	0.263
92,728	- 113,333	0.262
113,334	- 145,714	0.261
145,715	- 200,606	0.260
200,607	- 213,548	0.259

WC Premium Range From	To	Expense Ratio
213,549	- 228,275	0.258
228,276	- 245,185	0.257
245,186	- 264,799	0.256
264,800	- 287,826	0.255
287,827	- 315,238	0.254
315,239	- 348,421	0.253
348,422	- 389,411	0.252
389,412	- 441,333	0.251
441,334	- 509,230	0.250
509,231	- 601,818	0.250
601,819	- 735,555	0.249
735,556	- 945,714	0.248
945,715	- 1,323,999	0.247
1,324,000	- 1,809,565	0.246
1,809,566	- 1,981,904	0.245
1,981,905	- 2,190,526	0.244
2,190,527	- 2,448,235	0.243
2,448,236	- 2,774,666	0.242
2,774,667	- 3,201,538	0.241
3,201,539	- 3,783,636	0.240
3,783,637	- 4,624,444	0.239
4,624,445	- 5,945,714	0.238
5,945,715	- 8,323,999	0.237
8,324,000	- 13,873,333	0.236
13,873,334	- 41,619,999	0.235
41,620,000	- And Above	0.234
First	10,000	0.0%
Next	190,000	5.1%
Next	1,550,000	6.5%
Over	1,750,000	7.5%
Expected Loss and ALAE Ratio:		0.660
Tax Multiplier:		1.035



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Part 3 Supporting Exhibits

- Exhibit I: Determination of the Indicated Rate Level Change
- Exhibit II: Workers Compensation Expense Program
- Appendix A: Factors Underlying the Proposed Rate Level Change
- Appendix B: Calculations Underlying the Rate Change by Classification
- Appendix C: Memoranda for Laws and Assessments
- Appendix D: Factor to Convert Advisory Rates
- Appendix E: Derivation of Experience Rating Values



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Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Exhibit I – Determination of Indicated Rate Level Change

NCCI uses the following general methodology to determine the indicated change based on experience, trend, and benefits for each of the policy years in the experience period:

1. Standard earned premium at Designated Statistical Reporting (DSR) level is developed to ultimate and on-leveled to the current approved advisory rate level
2. Reported indemnity and medical losses are limited by a large loss threshold, developed to ultimate using limited development factors, and on-leveled to a common benefit level to yield adjusted limited losses
3. Limited indemnity and medical cost ratios excluding trend and benefit changes are calculated as adjusted losses (step 2) divided by premium available for benefit costs (step 1)
4. Trend factors are applied to the indemnity and medical cost ratios to reflect expected differences between the historical experience years and the effective period of the proposed filing
5. Limited losses are adjusted to an unlimited basis via a non-catastrophe excess ratio (with excess ratios at limits beyond \$50 million set equal to zero)
6. A factor is applied to reflect the impact of proposed indemnity and medical benefit changes
7. The projected unlimited indemnity and medical cost ratios including benefit changes are added to yield the indicated change based on experience, trend, and benefits

The indicated change based on experience, trend, and benefits for this filing is calculated as the average of the indicated changes for each of the individual policy years in the experience period. Lastly, the impact of the change in expense-related provisions is applied to determine the indicated overall average advisory rate level change. The detailed calculations can be found on the following pages.



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EXHIBIT I

Determination of Indicated Rate Level Change

Section A - Policy Year 2019 Experience

Premium:

(1) Standard Earned Premium Developed to Ultimate (Appendix A-II)	\$661,737,343
(2) Premium On-level Factor (Appendix A-I)	0.579
(3) Pure Premium Available for Benefit Costs = (1) x (2)	\$383,145,922

Indemnity Benefit Cost:

(4) Limited Indemnity Losses Developed to Ultimate (Appendix A-II)	\$113,455,050
(5) Indemnity Loss On-level Factor (Appendix A-I)	1.001
(6) Adjusted Limited Indemnity Losses = (4) x (5)	\$113,568,505
(7) Adjusted Limited Indemnity Cost Ratio excluding Trend and Benefits = (6) / (3)	0.296
(8) Factor to Reflect Indemnity Trend (Appendix A-III)	0.899
(9) Projected Limited Indemnity Cost Ratio = (7) x (8)	0.266
(10) Factor to Adjust Indemnity Cost Ratio to an Unlimited Basis (Appendix A-II)	1.008
(11) Projected Indemnity Cost Ratio = (9) x (10)	0.268
(12) Factor to Reflect Proposed Changes in Indemnity Benefits (Appendix C)	1.000
(13) Projected Indemnity Cost Ratio including Benefit Changes = (11) x (12)	0.268

Medical Benefit Cost:

(14) Limited Medical Losses Developed to Ultimate (Appendix A-II)	\$268,080,290
(15) Medical Loss On-level Factor (Appendix A-I)	1.003
(16) Adjusted Limited Medical Losses = (14) x (15)	\$268,884,531
(17) Adjusted Limited Medical Cost Ratio excluding Trend and Benefits = (16) / (3)	0.702
(18) Factor to Reflect Medical Trend (Appendix A-III)	0.927
(19) Projected Limited Medical Cost Ratio = (17) x (18)	0.651
(20) Factor to Adjust Medical Cost Ratio to an Unlimited Basis (Appendix A-II)	1.008
(21) Projected Medical Cost Ratio = (19) x (20)	0.656
(22) Factor to Reflect Proposed Changes in Medical Benefits (Appendix C)	1.007
(23) Projected Medical Cost Ratio including Benefit Changes = (21) x (22)	0.661

Total Benefit Cost:

(24) Indicated Change Based on Experience, Trend and Benefits = (13) + (23)	0.929
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EXHIBIT I

Determination of Indicated Rate Level Change

Section B - Policy Year 2018 Experience

Premium:

(1) Standard Earned Premium Developed to Ultimate (Appendix A-II)	\$696,962,317
(2) Premium On-level Factor (Appendix A-I)	0.537
(3) Pure Premium Available for Benefit Costs = (1) x (2)	\$374,268,764

Indemnity Benefit Cost:

(4) Limited Indemnity Losses Developed to Ultimate (Appendix A-II)	\$120,706,439
(5) Indemnity Loss On-level Factor (Appendix A-I)	1.001
(6) Adjusted Limited Indemnity Losses = (4) x (5)	\$120,827,145
(7) Adjusted Limited Indemnity Cost Ratio excluding Trend and Benefits = (6) / (3)	0.323
(8) Factor to Reflect Indemnity Trend (Appendix A-III)	0.867
(9) Projected Limited Indemnity Cost Ratio = (7) x (8)	0.280
(10) Factor to Adjust Indemnity Cost Ratio to an Unlimited Basis (Appendix A-II)	1.008
(11) Projected Indemnity Cost Ratio = (9) x (10)	0.282
(12) Factor to Reflect Proposed Changes in Indemnity Benefits (Appendix C)	1.000
(13) Projected Indemnity Cost Ratio including Benefit Changes = (11) x (12)	0.282

Medical Benefit Cost:

(14) Limited Medical Losses Developed to Ultimate (Appendix A-II)	\$294,427,324
(15) Medical Loss On-level Factor (Appendix A-I)	1.004
(16) Adjusted Limited Medical Losses = (14) x (15)	\$295,605,033
(17) Adjusted Limited Medical Cost Ratio excluding Trend and Benefits = (16) / (3)	0.790
(18) Factor to Reflect Medical Trend (Appendix A-III)	0.904
(19) Projected Limited Medical Cost Ratio = (17) x (18)	0.714
(20) Factor to Adjust Medical Cost Ratio to an Unlimited Basis (Appendix A-II)	1.008
(21) Projected Medical Cost Ratio = (19) x (20)	0.720
(22) Factor to Reflect Proposed Changes in Medical Benefits (Appendix C)	1.007
(23) Projected Medical Cost Ratio including Benefit Changes = (21) x (22)	0.725

Total Benefit Cost:

(24) Indicated Change Based on Experience, Trend and Benefits = (13) + (23)	1.007
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EXHIBIT I

Determination of Indicated Rate Level Change

Section C - Indicated Change Based on Experience, Trend, and Benefits

(1) Policy Year 2019 Indicated Change Based on Experience, Trend, and Benefits	0.929
(2) Policy Year 2018 Indicated Change Based on Experience, Trend, and Benefits	1.007
(3) Indicated Change Based on Experience, Trend, and Benefits = $[(1)+(2)] / 2$	0.968

Section D - Application of the Change in Production and General Expenses

(1) Indicated Rate Level Change	0.968
(2) Effect of the Change in Production and General Expenses (Exhibit II)	1.008
(3) Indicated Change Modified to Reflect the Change in Production and General Expenses = (1) x (2)	0.976

Section E - Application of the Change in Taxes

(1) Indicated Rate Level Change	0.976
(2) Effect of the Change in Taxes (Exhibit II)	0.999
(3) Indicated Change Modified to Reflect the Change in Taxes = (1) x (2)	0.975

Section F - Application of the Change in the Profit and Contingency Provision

(1) Indicated Rate Level Change	0.975
(2) Effect of the Change in the Profit and Contingency Provision (Exhibit II)	1.021
(3) Indicated Change Modified to Reflect the Change in the Profit and Contingency Provision = (1) x (2)	0.995

Section G - Application of the Change in Loss-based Expenses

(1) Indicated Rate Level Change	0.995
(2) Effect of the Change in Loss-based Expenses (Exhibit II)	1.005
(3) Indicated Change Modified to Reflect the Change in Loss-based Expenses = (1) x (2)	1.000



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EXHIBIT I

Determination of Indicated Rate Level Change

Section H - Distribution of Overall Rate Level Change to Industry Groups

Industry Group Differentials (Appendix A-IV):

Manufacturing	0.993
Contracting	0.976
Office & Clerical	1.020
Goods & Services	1.011
Miscellaneous	1.005

Applying these industry group differentials to the final overall rate level change produces the changes in rate level proposed for each group as shown:

Industry Group	(1) Final Overall Rate Level Change	(2) Industry Group Differential	(3) = (1) x (2) Final Rate Level Change by Industry Group	
Manufacturing	1.000	0.993	0.993	(-0.7%)
Contracting	1.000	0.976	0.976	(-2.4%)
Office & Clerical	1.000	1.020	1.020	(+2.0%)
Goods & Services	1.000	1.011	1.011	(+1.1%)
Miscellaneous	1.000	1.005	1.005	(+0.5%)
Overall	1.000	1.000	1.000	(0.0%)



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Exhibit II – Workers Compensation Expense Program

The proposed advisory rates include several expense-related provisions as described below.

Production and General Expenses: Production costs include commissions, costs of preparing the policy, verifying the correct application of rates and rating plans, billing and collecting premium and the costs of maintaining company branch offices. General expenses are commonly classified into four categories: general administration, audit, boards and bureaus, and inspection expenses.

Premium Taxes and Assessments: The proposed rates have a provision for taxes, licenses, and fees (excluding Federal Income Tax) of 1.8%. This includes 1.3% for the Premium Tax, a 0.3% miscellaneous tax provision, and a provision of 0.2% for the Insurance Guaranty Association assessment.

Profit and Contingency Provision: By law, Indiana workers compensation rates must be determined so that insurers can be expected to earn a reasonable rate of return. Analysis and determination of a profit and contingency (P&C) provision is necessary to ensure this premise is maintained.

As a result of the P&C indications, this filing proposes to increase the P&C provision from 0.0% to 1.5%.

Note that last year's P&C indications inadvertently used an investment portfolio assumption including 2018 assets for Commercial Casualty Lines Composite rather than the Commercial Casualty Composite in the 3-year average. The updated indications were not materially different than those included in last year's filing: one tenth higher. The currently approved P&C provision was not impacted by the difference in the investment portfolio assumptions used. The indications for the current filing are not impacted.

Loss-based Expense Provisions: The proposed advisory rates include a provision for loss adjustment expenses (LAE). LAE is included in the loss costs by using a ratio of loss adjustment expense dollars to loss dollars (called the LAE provision). These expenses are directly associated with the handling of workers compensation claims. The LAE provision is comprised of two components: Adjusting and Other Expenses (AOE) and Defense and Cost Containment Expenses (DCCE).

Given the nature of AOE, it cannot be allocated to a specific claim, and hence cannot be accurately attributed to specific states. Therefore, the state-specific AOE ratio reflects the latest selected countrywide provision. The countrywide provision was calculated using data obtained from the NCCI Call for Loss Adjustment Expense. The accident year



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Exhibit II – Workers Compensation Expense Program

developed AOE ratios displayed in Section G-(C) are calculated on a countrywide basis using private carrier-only data after removing the reported COVID-19-related losses.

The reported DCCE and losses from COVID-19-related claims have been excluded from the underlying data in this year's analysis because that data is not expected to be predictive of the experience that may arise during the filing prospective period. NCCI used the following general methodology to determine the proposed DCCE provision based on Indiana-specific paid DCCE and losses reported on the NCCI Call for Policy Year Data:

- ✓ Ratios of reported paid DCCE-to-paid losses by policy year are developed to a 19th report using DCCE ratio development factors.
- ✓ A 19th-to-ultimate tail factor is applied to reflect expected development beyond a 19th report.
- ✓ The proposed DCCE provision is selected based on the ultimate projected DCCE ratios by policy year.

Loss-based Assessment: INSafe is not conducting an assessment in 2021.

Expense Constant: Insurer expenses as a proportion of premium vary by size of risk. As risk size increases, marginal expenses tend to diminish. An expense constant helps address these expense differences by size of risk. The expense constant together with the expense provision included in the manual rate provide the necessary funding for insurer expenses

The proposed expenses are reviewed each year and incorporates the most recently available data from the Insurance Expense Exhibit, which is reported annually by insurers to state insurance departments.



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EXHIBIT II

Section A - Comparison of Proposed and Current Expense Provisions

Overhead expense provisions are itemized below. These figures are expressed as percentages of standard premium (excluding expense constant) and are indicative of the expenses of the first \$10,000 of policy premium. Taken together these allowances represent that portion of the standard premium dollar necessary to operate the benefit system. The complementary portion corresponds to the portion of the premium dollar available to finance benefits, loss adjustment expenses and loss-based assessments, if applicable. It is referred to as the "target cost ratio".

	Expense Provisions Underlying <u>Current Rates</u>	Expense Provisions Underlying <u>Proposed Rates</u>
(1) Expense Constant	\$160	\$160
(2) Production Expense	18.5%	18.3%
(3) General Expense	5.1%	5.9%
(4) Taxes, Licenses and Fees (other than Federal Income Tax)		
Premium Tax	1.3%	1.3%
Miscellaneous	0.3%	0.3%
Insurance Guaranty Association	0.3%	0.2%
Total	1.9%	1.8%
(5) Profit and Contingency Provision	0.0%	1.5%
(6) Total Overhead Provisions (2)+(3)+(4)+(5)	25.5%	27.5%
(7) Target Cost Ratio [100% - (6)]	74.5%	72.5%
(8) Loss Adjustment Expense	17.0%	17.6%
(9) Loss-based Assessment	0.0%	0.0%
(10) Permissible Loss Ratio (7) / [1+(8)+(9)]	63.7%	61.6%



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EXHIBIT II

Section B - Calculation of Change in Expense Provisions

	A	B	C	D
	<u>Current</u>	<u>Col. A with</u>	<u>Col. B with</u>	<u>Col. C with</u>
	<u>Expenses</u>	<u>Proposed Prod</u>	<u>Proposed Taxes</u>	<u>Proposed Profit</u>
		<u>& Gen Exp</u>		<u>and Contingency</u>
(1) Production Expense	18.5%	18.3%	18.3%	18.3%
(2) General Expense	5.1%	5.9%	5.9%	5.9%
(3) Taxes	1.9%	1.9%	1.8%	1.8%
(4) Profit and Contingency Provision	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>1.5%</u>
(5) Total Provisions (1)+(2)+(3)+(4)	25.5%	26.1%	26.0%	27.5%
(6) TCR (100%-(5))	74.5%	73.9%	74.0%	72.5%
(7) Loss Based Expenses	17.0%	17.6%	17.6%	17.6%
(8) Change in Production and General Expense (6A) / (6B)			1.008	+0.8%
(9) Change in Taxes and Assessments (6B) / (6C)			0.999	-0.1%
(10) Change in Profit and Contingency Provision (6C) / (6D)			1.021	+2.1%
(11) Change in Loss Based Expenses [1.0 + (7B)]/[1.0 + (7A)]			1.005	+0.5%



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EXHIBIT II

Section C - Countrywide Expense Program

NCCI annually reviews expense provisions underlying workers compensation rates.

This review procedure is based on countrywide expense data. Since a significant portion of workers compensation insurance is interstate business, it is not practical to allocate expenses (especially general, other acquisition, and adjusting and other loss adjustment expenses) to particular states.

The NCCI expense program is designed to ensure equity among employers through a percentage provision in manual rates, a schedule of premium discounts for risks with standard premium in excess of \$10,000, and the application of an expense constant.

The majority of expenses incurred in workers compensation vary directly by layer of premium and are accordingly termed variable expenses. An equitable apportionment of variable expense is achieved through the application of premium discounts. As the premium for a policy increases, some expenses incurred in handling the insurance coverage become proportionately less in terms of premium. A fair expense program must, therefore, provide that the larger premium policies be charged a lower percentage of premium for these expenses than the smaller policies.

Other expenses such as issuing, recording and auditing are common to all policies regardless of size. These common expenses are called fixed expenses and are addressed by incorporating an expense constant in the program.



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EXHIBIT II

Section D - Derivation of General Expense Provisions

The data below (amounts in thousands) illustrates that the combination of a 5.9% general expense provision in the manual rates, a \$160 expense constant, and the premium discount schedule generates general expense premium dollars that are consistent with historical actual general expenses as reported in the Insurance Expense Exhibit. All figures below obtained from the Insurance Expense Exhibit (IEE) include data for stock and mutual companies.

	<u>2018</u>	<u>2019</u>	<u>2020</u>
(1) Direct Earned Premium (NAIC Insurance Expense Exhibit Data)	50,055,106	48,715,850	44,697,279
(1a) Effect of Premium Discounts	0.9283	0.9287	0.9287
(1b) Effect of Schedule Rating	0.9519	0.9542	0.9563
(1c) Effect of Carrier Deviations	1.0361	1.0603	1.0736
(1d) Effect of Deductibles	0.7341	0.7479	0.7615
(1e) Expense Constant Offset	0.9914	0.9906	0.9906
(2) Gross Adjusted Premium (STD Premium @ NCCI Level Excl. Expense Constant) $\{(1) / [(1a) \times (1b) \times (1c) \times (1d)]\} \times (1e)$	73,834,736	68,672,278	60,981,401
(3) Direct General Expenses Incurred (NAIC Insurance Expense Exhibit Data)	3,291,102	3,444,654	3,322,341
(3a) Proportion of Expense Constant Attributable to General Expenses	0.4063	0.4063	0.4063
(4) General Expenses Incurred (Excluding Expense Constant Revenue) $(3) - (2) \times [1 - (1e)] / (1e) \times (3a)$	3,030,872	3,179,891	3,087,230
(5) Ratio of General Expense to Premium (Excluding Expense Constant Revenue) $(4) / (2)$	4.10%	4.63%	5.06%
(6) General Expense Gradations (General Expenses in Average Premium Discount)	1.27%	1.25%	1.23%
(7) General Expense Provision $(5) + (6)$	5.37%	5.88%	6.29%
(8) Selected General Expense Provision (Three-Year Average)			5.9%



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EXHIBIT II

Section E - Derivation of Production Expense Provisions

The data below (amounts in thousands) illustrates that the combination of a 18.3% production expense provision in the manual rates, a \$160 expense constant, and the premium discount schedule generates production expense premium dollars that are consistent with historical actual production expenses as reported for combined stock and mutual companies' voluntary business. All figures below obtained from the Insurance Expense Exhibit (IEE) include data for stock and mutual companies.

	<u>2018</u>	<u>2019</u>	<u>2020</u>
(1) Direct Written Premium (NAIC Insurance Expense Exhibit Data)	49,778,219	48,542,793	44,395,749
(1a) Effect of Premium Discounts	0.9286	0.9287	0.9287
(1b) Effect of Schedule Rating	0.9532	0.9550	0.9573
(1c) Effect of Carrier Deviations	1.0461	1.0706	1.0758
(1d) Effect of Deductibles	0.7348	0.7615	0.7615
(1e) Expense Constant Offset	0.9911	0.9900	0.9900
(2) Pool Written Premium (Summary of NCCI Managed Pools - Combined Stock and Mutual Company Data)	1,096,491	973,698	900,966
(3) Adjusted Direct Written Premium (STD Premium Excl. Pool Written Premium) [(1)-(2)] / (1a) x (1e)	51,958,282	50,708,952	46,365,710
(4) Gross Direct Written Premium (STD Premium @ NCCI Level Incl. Pool Written Premium) [(1) / [(1a) x (1b) x (1c) x (1d)]] x (1e)	72,510,645	66,463,620	60,346,437
(5) Direct Commission & Brokerage Incurred (NAIC Insurance Expense Exhibit Data)	4,460,371	4,366,984	3,982,263
(6) Pool Producer Fees (Summary of NCCI Managed Pools - Combined Stock and Mutual Company Data)	39,215	33,836	29,463
(7) Direct Other Acquisition Expenses Incurred (NAIC Insurance Expense Exhibit Data)	2,580,093	2,417,343	2,212,876
(7a) Proportion of Expense Constant Attributable to Production Expenses	0.5313	0.5313	0.5313
(8) Other Acquisition Expenses Incurred (Excluding Expense Constant Revenue) (7) - (4) x [1-(1e)]/(1e) x (7a)	2,234,142	2,060,655	1,889,017
(9) Ratio of Other Acq. Expenses to Premium (Excluding Expense Constant Revenue) (8)/(4)	3.08%	3.10%	3.13%
(10) Direct Commission & Brokerage Provision [(5)-(6)]/(3)	8.51%	8.55%	8.53%
(11) Production Expense Gradations (Production Expenses in Average Premium Discount)	6.74%	6.65%	6.65%
(12) Production Expense Provision (9)+(10)+(11)	18.33%	18.30%	18.31%
(13) Selected Production Expense Provision (Three-Year Average)			18.3%



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EXHIBIT II

Section F - Insurance Guaranty Association—Workers Compensation Account Assessment

Assessments Levied in Calendar Year 2020

<u>Base Year</u>	<u>Amount</u>	<u>Base</u>	<u>Rate</u>
2019	-	815,932,437	0.00%

CY 2020 Provision 0.00%

Assessments Levied in Calendar Year 2019

<u>Base Year</u>	<u>Amount</u>	<u>Base</u>	<u>Rate</u>
2018	-	817,456,304	0.00%

CY 2019 Provision 0.00%

Assessments Levied in Calendar Year 2018

<u>Base Year</u>	<u>Amount</u>	<u>Base</u>	<u>Rate</u>
2017	-	823,619,704	0.00%
2016	4,250,000	883,307,548	0.48%
2013	500,000	832,451,992	0.06%

CY 2018 Provision 0.54%

Selected Provision 0.20%



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EXHIBIT II

Workers Compensation Loss-based Expense Provision

Section G - (A) Proposed Change in the Indiana Loss-based Expense Provision

The pure loss component includes the following expense directly related to the payment of claims.

	(1) Current	(2) Proposed
(a) Loss Adjustment Expense (LAE)	17.0%	17.6%
(b) INSafe	0.0%	0.0%
Effect of change in loss-based expenses = [1.000 + (2a) + (2b)] / [1.000 + (1a) + (1b)] - 1		1.005 (+0.5%)



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EXHIBIT II

Workers Compensation Loss-based Expense Provision

Section G - (B) Proposed Change in Indiana Loss Adjustment Expense Provision

NCCI proposes a 17.6% loss adjustment expense allowance as a percentage of losses. This represents a 0.5% increase from the currently approved loss adjustment expense provision.

Indiana Provisions	(1) Current Approved	(2) Proposed
AOE	8.9%	9.4%
DCCE	8.1%	8.2%
Total LAE	17.0%	17.6%

Proposed Change in Indiana LAE Provision	1.005
$= [1.0 + (2)] / [1.0 + (1)] - 1$	0.5%

Section G - (C) Selection of AOE Provision

The adjusting and other expense data by accident year shown below is based on countrywide data for private carriers. NCCI's countrywide selection for the AOE provision is 9.4%.

Accident Year	Ultimate AOE Ratio
2016	8.5%
2017	9.1%
2018	9.1%
2019	9.4%
2020	9.8%
Countrywide Selected	9.4%
Indiana Selected	9.4%



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EXHIBIT II

Workers Compensation Loss-based Expense Provision

Section G - (D) Selection of DCCE Provision

<u>PolicyYear</u>	(1) Reported Ratio of Paid DCCE to <u>Paid Losses</u>	(2) Age to Ultimate Development <u>Factor</u>	(3) Ultimate DCCE <u>Ratio</u>
2015	8.1%	1.010	8.2%
2016	7.9%	1.018	8.0%
2017	7.6%	1.050	8.0%
2018	7.2%	1.124	8.1%
2019	6.7%	1.249	8.4%
		Indiana Selected	8.2%

(2) Section G - (E)

(3) = (1) x (2)

Section G - (E) Summary of Paid DCCE to Paid Loss Ratio Development Factors

<u>Report</u>	(1) <u>ToNextReport</u>	(2) <u>ToUltimate</u>
1st	1.111	1.249
2nd	1.070	1.124
3rd	1.031	1.050
4th	1.008	1.018
5th	1.003	1.010
6th	1.002	1.007
7th	1.000	1.005
8th	1.002	1.005
9th	1.001	1.003
10th	1.001	1.002
11th	1.001	1.001
12th	1.000	1.000
13th	1.000	1.000
14th	1.001	1.000
15th	1.000	0.999
16th	1.000	0.999
17th	1.001	0.999
18th	0.998	0.998
19th		1.000*

(1) Section G - (F)

(2) = Cumulative upward product of column (1)

*Selection



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EXHIBIT II

Workers Compensation Loss-based Expense Provision

Section G - (F) Paid DCCE to Paid Loss Ratio Development Factors

<u>Valuation</u>	<u>1st/2nd</u>	<u>2nd/3rd</u>	<u>3rd/4th</u>	<u>4th/5th</u>	<u>5th/6th</u>	<u>6th/7th</u>
12/31/2019	1.117	1.074	1.027	1.010	1.002	1.003
12/31/2020	1.105	1.065	1.035	1.005	1.003	1.000
Average	1.111	1.070	1.031	1.008	1.003	1.002

<u>Valuation</u>	<u>7th/8th</u>	<u>8th/9th</u>	<u>9th/10th</u>	<u>10th/11th</u>	<u>11th/12th</u>	<u>12th/13th</u>
12/31/2019	0.999	1.001	1.002	0.999	1.001	1.000
12/31/2020	1.001	1.003	1.000	1.003	1.001	1.000
Average	1.000	1.002	1.001	1.001	1.001	1.000

<u>Valuation</u>	<u>13th/14th</u>	<u>14th/15th</u>	<u>15th/16th</u>	<u>16th/17th</u>	<u>17th/18th</u>	<u>18th/19th</u>
12/31/2019	1.000	1.001	0.999	0.999	1.001	0.996
12/31/2020	1.000	1.001	1.000	1.000	1.001	1.000
Average	1.000	1.001	1.000	1.000	1.001	0.998



NATIONAL COUNCIL ON COMPENSATION INSURANCE
INTERNAL RATE OF RETURN ANALYSIS
INDIANA - VOLUNTARY

Section H

Overview

According to actuarial principles, insurance rates should provide for the cost of capital through an underwriting profit and contingency (P&C) provision, after accounting for investment and other income. NCCI considered Actuarial Standard of Practice #30 *Treatment of Profit and Contingency Provisions and the Cost of Capital in Property/Casualty Insurance Ratemaking* in choosing to employ an Internal Rate of Return (IRR) model to estimate a P&C provision. The cost of capital and investment income assumptions used in the model are estimated using market-based financial methods for investors of securities with a similar risk profile to workers compensation insurance companies. Note that the assumptions used in this IRR model, including the cost of capital and investment income assumptions, may or may not be applicable to any individual insurance company in this state.

The IRR model is based on the principle that the internal rate of return from an investment opportunity equals the investor's cost of capital if the sum of all cash flows from that investment, discounted at the cost of capital, equals zero. In the case of workers compensation insurance, cash flows to the capital providers are comprised of insurance cash flows, investment income, and commitment and release of capital in support of the insurance transaction.

- The insurance cash flows are estimated based on premiums earned less payments for losses and expenses, as included in this rate filing, after recognizing the impact of federal income taxes.
- Investment income on reserves and surplus depends on an after-tax return on investment (RoI), which is estimated using a combination of current financial market data and forecasts.
- The cost of capital used is a weighted average cost of capital (WACC), expressed as a percentage of capital, which takes into account both debt and equity components of a representative insurer's capital structure.

IRR Model Inputs and Results

The model estimates the P&C provision necessary in order for the proposed rates to cover the cost of capital. The P&C provision is estimated using two different assumptions regarding the return on investment and cost of capital:

- The "Static" estimate of the P&C provision assumes that the return on investment and the WACC do not change over time. Static estimates of the return on investment and the WACC are derived using data through the first quarter of 2021.
- The "Dynamic" estimate assumes that the return on investment and WACC vary over time. Dynamic estimates are derived using data through the first quarter of 2021, with forecasts from April of that year. The starting point for the Dynamic estimates is January 1, 2022.

The following table summarizes the inputs and results of the model under these two scenarios.

TABLE1: IRRMODELINPUTSANDRESULTS

<u>Inputs:</u>			
(1)	Expenses and Taxes as a Percentage of Net Premium at NCCI Level	20.30%	
(2)	Reserve-to-Surplus Ratio	1.84	
(3)	Cash Flow Patterns	See Table 2	
		<u>Static</u>	<u>Dynamic*</u>
(4)	Return on Investments	1.74%	2.40% - 4.07%
(5)	Weighted Average Cost of Capital	7.93%	8.87% - 10.68%
<u>Results</u>			
		<u>Static</u>	<u>Dynamic</u>
(6)	Indicated Profit and Contingency Provision	4.12%	3.29%
(7)	Loss and Loss Adjustment Expense Provision [100% - (6) - (1)]	75.58%	76.41%

TableNotes:

It is assumed that no policyholders dividends are paid and that there are no rate departures (deviations or schedule rating).

(1) Expense provisions and taxes derived from the filing.

(2) Calculated from Best's 2020 Aggregates & Averages, for Commercial Casualty Composite, as the weighted average of Loss, LAE, and Unearned Premium Reserves to Policyholder Surplus, for years 2015 - 2019.

* See Table 3 for details by time period.



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TABLE2: CASHFLOW PATTERNS(CUMULATIVE)

Time	(1) Policy- Year Collected Premium	(2) Earned Premium	(3) Written Premium	(4) Expenses and Taxes	(5) Paid Losses and LAE
0.00	-	-	-	-	-
0.25	13.95%	3.71%	29.70%	13.81%	1.20%
0.50	30.48%	14.06%	53.10%	30.18%	4.54%
0.75	52.15%	30.25%	76.40%	51.64%	9.77%
1.00	76.06%	52.30%	100.00%	76.30%	16.90%
1.25	88.75%	73.59%		88.86%	28.75%
1.50	96.77%	88.24%		96.80%	40.60%
1.75	100.00%	97.05%		100.00%	52.45%
2.00		100.00%			64.30%
2.25					68.70%
2.50					73.10%
2.75					77.50%
3.00					81.90%
3.25					83.63%
3.50					85.35%
3.75					87.08%
4.00					88.80%
4.25					89.68%
4.50					90.55%
4.75					91.43%
5.00					92.30%
6.00					94.30%
7.00					95.60%
8.00					96.10%
9.00					96.60%
10.00					96.90%
11.00					97.10%
12.00					97.30%
13.00					97.30%
14.00					97.50%
15.00					97.60%
16.00					97.60%
17.00					97.80%
18.00					97.80%
19.00					97.90%
20.00					98.30%
21.00					98.30%
22.00					98.60%
23.00					98.70%
24.00					98.90%
25.00					98.90%
26.00					99.10%
27.00					99.10%
28.00					99.30%
29.00					99.40%
30.00					99.60%
31.00					99.60%
32.00					99.73%
33.00					99.83%
34.00					99.92%
35.00					100.00%

**TABLE3: DYNAMIC ESTIMATE
INPUTS**

Time	(1) Return on Investments	(2) Weighted Average Cost of Capital
0.00	-	-
0.25	2.40%	8.87%
0.50	2.41%	8.93%
0.75	2.43%	9.03%
1.00	2.44%	9.07%
1.25	2.46%	9.19%
1.50	2.49%	9.38%
1.75	2.55%	9.59%
2.00	2.57%	9.75%
2.25	2.63%	9.92%
2.50	2.66%	10.06%
2.75	3.11%	10.20%
3.00	3.14%	10.33%
3.25	3.19%	10.44%
3.50	3.21%	10.54%
3.75	3.25%	10.62%
4.00	3.26%	10.69%
4.25	3.27%	10.75%
4.50	3.28%	10.79%
4.75	3.28%	10.83%
5.00	3.28%	10.87%
6.00	3.50%	10.89%
7.00	3.49%	10.86%
8.00	3.67%	10.80%
9.00	3.86%	10.75%
10.00	3.86%	10.73%
11.00	3.86%	10.72%
12.00	3.86%	10.71%
13.00	3.87%	10.71%
14.00	3.88%	10.70%
15.00	3.88%	10.70%
16.00	4.01%	10.70%
17.00	4.01%	10.69%
18.00	4.01%	10.69%
19.00	4.01%	10.70%
20.00	4.02%	10.71%
21.00	4.09%	10.72%
22.00	4.09%	10.71%
23.00	4.09%	10.70%
24.00	4.08%	10.70%
25.00	4.08%	10.69%
26.00	4.08%	10.69%
27.00	4.08%	10.68%
28.00	4.07%	10.68%
29.00	4.07%	10.68%
30.00	4.07%	10.68%
31.00	4.07%	10.68%
32.00	4.07%	10.68%
33.00	4.07%	10.68%
34.00	4.07%	10.68%
35.00	4.07%	10.68%

Table2Notes:

Table 2 shows cumulative cash flows. For ease of reading no additional numbers are shown after a column reaches 100% cumulative cash flow.

- (1) Derived from estimates of premium distribution and payment terms by size of policy.
- (2) Based on written premium pattern assuming uniform writings within quarters and standard quarterly earning pattern.
- (3) Based on this jurisdiction's premium writings by quarter.
- (4) Expenses assumed paid as premium is collected; timing of taxes based on NCCI's Tax and Assessment Directory.
- (5) Derived from loss development data underlying this rate filing. Payouts for the first 31 years are based upon the ratio of paid losses to incurred losses from the most recent 31 policy years for which data is available. For the following years, loss payouts are assumed to trail off geometrically, with an adjustment so that the payout will be complete at 35 years.



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Section H

Calculation Details

The tables in the following pages show the detailed calculations of the IRR model.

List of Tables

Static Estimate

Table 4: Derivation of Insurance Cash Flows

Table 5: Derivation of Cash Flows to the Capital Providers

Dynamic Estimate

Table 6: Derivation of Insurance Cash Flows

Table 7: Derivation of Cash Flows to the Capital Providers

Appendices

Appendix A: Calculation of Weighted Average Cost of Capital and Return on Investments

Table A.1: Calculation of Weighted Average Cost of Capital

Table A.2: Calculation of Return on Investments

Appendix B: Federal Income Tax Incurred from Insurance Operations

Table B.1: Federal Income Tax Calculation (Static Estimate)

Table B.2: Federal Income Tax Calculation (Dynamic Estimate)

Appendix C: Reserve-to-Surplus Ratio

Note: Although values are displayed to 4 decimal places in the following tables, the calculations themselves are carried to the full precision of the computer.



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Section H

Calculation Details - Static Estimate

TABLE4: DERIVATIONOFINSURANCECASHFLOW(STATICESTIMATE)

Time	(1) Collected Premium Factor	(2) Expense and Taxes Factor	(3) Paid Losses and LAE Factor	(4) Federal Income Tax Factor	(5) Insurance Cash flow Factor
0.00	-	-	-	-	-
0.25	0.1395	0.0280	0.0091	0.0061	0.0963
0.50	0.3048	0.0613	0.0343	0.0123	0.1969
0.75	0.5215	0.1048	0.0739	0.0184	0.3244
1.00	0.7606	0.1549	0.1277	0.0245	0.4535
1.25	0.8875	0.1804	0.2173	0.0224	0.4674
1.50	0.9677	0.1965	0.3069	0.0202	0.4441
1.75	1.0000	0.2030	0.3964	0.0181	0.3825
2.00	1.0000	0.2030	0.4860	0.0159	0.2950
2.25	1.0000	0.2030	0.5193	0.0152	0.2626
2.50	1.0000	0.2030	0.5525	0.0144	0.2301
2.75	1.0000	0.2030	0.5858	0.0136	0.1976
3.00	1.0000	0.2030	0.6190	0.0128	0.1651
3.25	1.0000	0.2030	0.6321	0.0125	0.1525
3.50	1.0000	0.2030	0.6451	0.0121	0.1398
3.75	1.0000	0.2030	0.6582	0.0118	0.1271
4.00	1.0000	0.2030	0.6712	0.0114	0.1144
4.25	1.0000	0.2030	0.6778	0.0113	0.1079
4.50	1.0000	0.2030	0.6844	0.0111	0.1015
4.75	1.0000	0.2030	0.6910	0.0109	0.0951
5.00	1.0000	0.2030	0.6976	0.0107	0.0886
6.00	1.0000	0.2030	0.7128	0.0102	0.0740
7.00	1.0000	0.2030	0.7226	0.0099	0.0645
8.00	1.0000	0.2030	0.7264	0.0097	0.0609
9.00	1.0000	0.2030	0.7301	0.0095	0.0573
10.00	1.0000	0.2030	0.7324	0.0094	0.0552
11.00	1.0000	0.2030	0.7339	0.0093	0.0538
12.00	1.0000	0.2030	0.7354	0.0092	0.0524
13.00	1.0000	0.2030	0.7354	0.0091	0.0525
14.00	1.0000	0.2030	0.7370	0.0090	0.0510
15.00	1.0000	0.2030	0.7377	0.0090	0.0503
16.00	1.0000	0.2030	0.7377	0.0089	0.0504
17.00	1.0000	0.2030	0.7392	0.0088	0.0490
18.00	1.0000	0.2030	0.7392	0.0088	0.0490
19.00	1.0000	0.2030	0.7400	0.0087	0.0483
20.00	1.0000	0.2030	0.7430	0.0087	0.0453
21.00	1.0000	0.2030	0.7430	0.0087	0.0453
22.00	1.0000	0.2030	0.7453	0.0087	0.0431
23.00	1.0000	0.2030	0.7460	0.0087	0.0423
24.00	1.0000	0.2030	0.7475	0.0087	0.0408
25.00	1.0000	0.2030	0.7475	0.0087	0.0408
26.00	1.0000	0.2030	0.7490	0.0087	0.0393
27.00	1.0000	0.2030	0.7490	0.0087	0.0393
28.00	1.0000	0.2030	0.7506	0.0087	0.0378
29.00	1.0000	0.2030	0.7513	0.0087	0.0370
30.00	1.0000	0.2030	0.7528	0.0087	0.0355
31.00	1.0000	0.2030	0.7528	0.0087	0.0355
32.00	1.0000	0.2030	0.7538	0.0086	0.0346
33.00	1.0000	0.2030	0.7546	0.0086	0.0338
34.00	1.0000	0.2030	0.7553	0.0086	0.0331
35.00	1.0000	0.2030	0.7558	0.0086	0.0325

ColumnNotes:

- (1) is Collected Premium by time period, expressed as a factor, = Table 2 col (1)
- (2) is Expenses and Taxes by time period, expressed as a factor, = Table 1 row (1) x Table 2 col (4)
- (3) is Paid Losses and LAE by time period, expressed as a factor, = Table 1 row (7, Static) x Table 2 col (5)
- (4) per the Tax Cuts and Jobs Act of 2017, federal income taxes are computed as the tax rate (21%) times the adjusted underwriting income calculated per IRS rules. See Appendix B for details.
- (5) is the Total Insurance Cash Flow by time period, expressed as a factor, = (1) - [(2) + (3) + (4)]



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Calculation Details - Static Estimate (continued)

TABLE5: DERIVATION OF CASH FLOW TO THE CAPITAL PROVIDERS (STATIC ESTIMATE)

Time	(1) Unearned Premium, Unpaid Loss and Unpaid LAE Reserve Factor	(2) Factor for Surplus Allocated to Reserves	(3) Total Invested Funds Factor	(4) Income from Invested Funds Factor	(5) Capital Provider Equity Factor	(6) Capital Provider Cash Flow Factor	(7) Discounted Capital Provider Cash Flow Factor
0.00	-	-	-	-	-	-	-
0.25	0.2789	0.1516	0.2729	0.0006	(0.1761)	(0.1761)	(0.1744)
0.50	0.4623	0.2513	0.4874	0.0022	(0.2882)	(0.1121)	(0.1090)
0.75	0.6163	0.3349	0.7087	0.0048	(0.3795)	(0.0912)	(0.0870)
1.00	0.7446	0.4047	0.9098	0.0083	(0.4481)	(0.0686)	(0.0642)
1.25	0.6030	0.3277	0.8183	0.0120	(0.3388)	0.1093	0.1003
1.50	0.4777	0.2596	0.7050	0.0153	(0.2456)	0.0932	0.0839
1.75	0.3666	0.1992	0.5659	0.0180	(0.1653)	0.0803	0.0709
2.00	0.2698	0.1467	0.4165	0.0202	(0.1013)	0.0641	0.0555
2.25	0.2366	0.1286	0.3652	0.0219	(0.0807)	0.0205	0.0175
2.50	0.2033	0.1105	0.3138	0.0233	(0.0604)	0.0203	0.0170
2.75	0.1701	0.0924	0.2625	0.0246	(0.0403)	0.0201	0.0164
3.00	0.1368	0.0744	0.2112	0.0256	(0.0204)	0.0199	0.0160
3.25	0.1238	0.0673	0.1910	0.0264	(0.0121)	0.0083	0.0065
3.50	0.1107	0.0602	0.1709	0.0272	(0.0039)	0.0082	0.0063
3.75	0.0977	0.0531	0.1508	0.0279	0.0042	0.0081	0.0062
4.00	0.0847	0.0460	0.1307	0.0285	0.0122	0.0080	0.0060
4.25	0.0780	0.0424	0.1205	0.0291	0.0166	0.0043	0.0031
4.50	0.0714	0.0388	0.1102	0.0296	0.0208	0.0043	0.0031
4.75	0.0648	0.0352	0.1000	0.0300	0.0251	0.0042	0.0030
5.00	0.0582	0.0316	0.0898	0.0304	0.0292	0.0042	0.0029
6.00	0.0431	0.0234	0.0665	0.0318	0.0393	0.0101	0.0066
7.00	0.0333	0.0181	0.0513	0.0328	0.0460	0.0067	0.0041
8.00	0.0295	0.0160	0.0455	0.0337	0.0491	0.0031	0.0017
9.00	0.0257	0.0140	0.0397	0.0344	0.0521	0.0030	0.0016
10.00	0.0234	0.0127	0.0362	0.0351	0.0541	0.0020	0.0010
11.00	0.0219	0.0119	0.0338	0.0357	0.0556	0.0016	0.0007
12.00	0.0204	0.0111	0.0315	0.0362	0.0571	0.0015	0.0006
13.00	0.0204	0.0111	0.0315	0.0368	0.0577	0.0006	0.0002
14.00	0.0189	0.0103	0.0292	0.0373	0.0592	0.0014	0.0005
15.00	0.0181	0.0099	0.0280	0.0378	0.0601	0.0010	0.0003
16.00	0.0181	0.0099	0.0280	0.0383	0.0607	0.0005	0.0002
17.00	0.0166	0.0090	0.0257	0.0387	0.0620	0.0014	0.0004
18.00	0.0166	0.0090	0.0257	0.0392	0.0625	0.0005	0.0001
19.00	0.0159	0.0086	0.0245	0.0396	0.0634	0.0009	0.0002
20.00	0.0128	0.0070	0.0198	0.0400	0.0655	0.0021	0.0005
21.00	0.0128	0.0070	0.0198	0.0404	0.0658	0.0003	0.0001
22.00	0.0106	0.0058	0.0163	0.0407	0.0674	0.0016	0.0003
23.00	0.0098	0.0053	0.0152	0.0409	0.0681	0.0007	0.0001
24.00	0.0083	0.0045	0.0128	0.0412	0.0692	0.0011	0.0002
25.00	0.0083	0.0045	0.0128	0.0414	0.0694	0.0002	0.0000
26.00	0.0068	0.0037	0.0105	0.0416	0.0704	0.0010	0.0001
27.00	0.0068	0.0037	0.0105	0.0418	0.0706	0.0002	0.0000
28.00	0.0053	0.0029	0.0082	0.0420	0.0716	0.0010	0.0001
29.00	0.0045	0.0025	0.0070	0.0421	0.0721	0.0005	0.0001
30.00	0.0030	0.0016	0.0047	0.0422	0.0730	0.0009	0.0001
31.00	0.0030	0.0016	0.0047	0.0423	0.0731	0.0001	0.0000
32.00	0.0021	0.0011	0.0032	0.0423	0.0737	0.0006	0.0001
33.00	0.0013	0.0007	0.0019	0.0424	0.0742	0.0005	0.0000
34.00	0.0006	0.0003	0.0009	0.0424	0.0746	0.0004	0.0000
35.00	-	-	-	0.0424	0.0749	0.0003	0.0000

Column Notes:

- (1) is Unearned Premium Reserve (equal to Written Premium minus Earned Premium, per the cashflow pattern) plus Unpaid Loss and LAE Reserve (equal to Incurred minus Paid Losses and LAE) by time period, expressed as a factor,
= [Table 2 col (3) - Table 2 col (2)] + Table 1 row (7, Static) x [Table 2 col (2) - Table 2 col (5)]
- (2) is the Surplus derived from Reserves per the Reserve-to-Surplus Ratio by time period, expressed as a factor, = (1) / Table 1 row (2)
- (3) is Reserves plus Surplus minus Agent Balances by time period, expressed as a factor, = (1) + (2) - Agent Balances. Agent Balances exist when Written Premium exceeds Collected Premium, = [Table 2 col (3) - Table 2 col (1)].
- (4) is derived by applying the Return on Investments [Table 1 row (4, Static)] to the average Invested Funds (4) from the previous and current time periods, plus previous Income from Invested Funds, by time period expressed as a factor.
- (5) is Insurance Cash Flow plus Income from Invested Funds minus Total Invested Funds by time period, expressed as a factor,
= Table 4 col (5) + (4) - (3)
- (6) is the difference between Capital Provider Equity (5) at the current and previous time periods, expressed as a factor
- (7) is the Capital Provider Cash Flow (6) discounted by the Weighted Average Cost of Capital [Table 1 row (5, Static)], expressed as a factor



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TABLE6: DERIVATIONOFINSURANCECASHFLOW(DYNAMICESTIMATE)

Time	(1) Collected Premium Factor	(2) Expense and Taxes Factor	(3) Paid Losses and LAE Factor	(4) Federal Income Tax Factor	(5) Insurance Cash flow Factor
0.00	-	-	-	-	-
0.25	0.1395	0.0280	0.0092	0.0059	0.0964
0.50	0.3048	0.0613	0.0347	0.0119	0.1970
0.75	0.5215	0.1048	0.0747	0.0178	0.3242
1.00	0.7606	0.1549	0.1291	0.0237	0.4529
1.25	0.8875	0.1804	0.2197	0.0214	0.4661
1.50	0.9677	0.1965	0.3102	0.0190	0.4420
1.75	1.0000	0.2030	0.4008	0.0166	0.3796
2.00	1.0000	0.2030	0.4913	0.0143	0.2914
2.25	1.0000	0.2030	0.5250	0.0135	0.2585
2.50	1.0000	0.2030	0.5586	0.0127	0.2257
2.75	1.0000	0.2030	0.5922	0.0119	0.1929
3.00	1.0000	0.2030	0.6258	0.0111	0.1600
3.25	1.0000	0.2030	0.6390	0.0108	0.1472
3.50	1.0000	0.2030	0.6522	0.0104	0.1344
3.75	1.0000	0.2030	0.6654	0.0101	0.1215
4.00	1.0000	0.2030	0.6786	0.0097	0.1087
4.25	1.0000	0.2030	0.6852	0.0095	0.1022
4.50	1.0000	0.2030	0.6919	0.0094	0.0957
4.75	1.0000	0.2030	0.6986	0.0092	0.0892
5.00	1.0000	0.2030	0.7053	0.0090	0.0827
6.00	1.0000	0.2030	0.7206	0.0085	0.0679
7.00	1.0000	0.2030	0.7305	0.0081	0.0583
8.00	1.0000	0.2030	0.7343	0.0080	0.0547
9.00	1.0000	0.2030	0.7382	0.0078	0.0511
10.00	1.0000	0.2030	0.7405	0.0076	0.0489
11.00	1.0000	0.2030	0.7420	0.0075	0.0475
12.00	1.0000	0.2030	0.7435	0.0074	0.0461
13.00	1.0000	0.2030	0.7435	0.0074	0.0461
14.00	1.0000	0.2030	0.7450	0.0073	0.0447
15.00	1.0000	0.2030	0.7458	0.0072	0.0440
16.00	1.0000	0.2030	0.7458	0.0072	0.0440
17.00	1.0000	0.2030	0.7473	0.0071	0.0426
18.00	1.0000	0.2030	0.7473	0.0070	0.0426
19.00	1.0000	0.2030	0.7481	0.0070	0.0419
20.00	1.0000	0.2030	0.7512	0.0069	0.0389
21.00	1.0000	0.2030	0.7512	0.0069	0.0389
22.00	1.0000	0.2030	0.7534	0.0069	0.0366
23.00	1.0000	0.2030	0.7542	0.0069	0.0359
24.00	1.0000	0.2030	0.7557	0.0069	0.0343
25.00	1.0000	0.2030	0.7557	0.0069	0.0343
26.00	1.0000	0.2030	0.7573	0.0069	0.0328
27.00	1.0000	0.2030	0.7573	0.0069	0.0328
28.00	1.0000	0.2030	0.7588	0.0069	0.0313
29.00	1.0000	0.2030	0.7596	0.0069	0.0305
30.00	1.0000	0.2030	0.7611	0.0069	0.0290
31.00	1.0000	0.2030	0.7611	0.0069	0.0290
32.00	1.0000	0.2030	0.7621	0.0069	0.0280
33.00	1.0000	0.2030	0.7629	0.0069	0.0272
34.00	1.0000	0.2030	0.7636	0.0069	0.0265
35.00	1.0000	0.2030	0.7641	0.0069	0.0260

ColumnNotes:

- (1) is Collected Premium by time period, expressed as a factor, = Table 2 col (1)
- (2) is Expenses and Taxes by time period, expressed as a factor, = Table 1 row (1) x Table 2 col (4)
- (3) is Paid Losses and LAE by time period, expressed as a factor, = Table 1 row (7, Dynamic) x Table 2 col (5)
- (4) per the Tax Cuts and Jobs Act of 2017, federal income taxes are computed as the tax rate (21%) times the adjusted underwriting income calculated per IRS rules. See Appendix B for details.
- (5) is the Total Insurance Cash Flow by time period, expressed as a factor, = (1) - [(2) + (3) + (4)]



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Calculation Details - Dynamic Estimate (continued)

TABLE7: DERIVATION OF CASH FLOWS TO THE CAPITAL PROVIDERS (DYNAMIC ESTIMATE)

Time	(1) Unearned Premium, Unpaid Loss and Unpaid LAE Reserve Factor	(2) Factor for Surplus Allocated to Reserves	(3) Total Invested Funds Factor	(4) Income from Invested Funds Factor	(5) Capital Provider Equity Factor	(6) Capital Provider Cash Flow Factor	(7) Cumulative Discount Factor	(8) Discounted Capital Provider Cash Flow Factor
0.00	-	-	-	-	-	-	-	-
0.25	0.2791	0.1517	0.2732	0.0008	(0.1761)	(0.1761)	0.9894	(0.1742)
0.50	0.4631	0.2517	0.4886	0.0031	(0.2886)	(0.1125)	0.9685	(0.1089)
0.75	0.6180	0.3358	0.7113	0.0067	(0.3804)	(0.0918)	0.9478	(0.0871)
1.00	0.7475	0.4063	0.9144	0.0116	(0.4499)	(0.0695)	0.9274	(0.0644)
1.25	0.6067	0.3298	0.8240	0.0169	(0.3410)	0.1089	0.9073	0.0988
1.50	0.4816	0.2618	0.7111	0.0216	(0.2475)	0.0935	0.8872	0.0830
1.75	0.3703	0.2013	0.5716	0.0257	(0.1663)	0.0812	0.8671	0.0704
2.00	0.2728	0.1483	0.4211	0.0289	(0.1008)	0.0655	0.8472	0.0555
2.25	0.2392	0.1300	0.3692	0.0314	(0.0792)	0.0216	0.8274	0.0179
2.50	0.2056	0.1117	0.3173	0.0337	(0.0579)	0.0213	0.8078	0.0172
2.75	0.1719	0.0934	0.2654	0.0359	(0.0366)	0.0213	0.7884	0.0168
3.00	0.1383	0.0752	0.2135	0.0378	(0.0156)	0.0209	0.7693	0.0161
3.25	0.1251	0.0680	0.1931	0.0394	(0.0065)	0.0091	0.7504	0.0068
3.50	0.1119	0.0608	0.1728	0.0408	0.0024	0.0090	0.7318	0.0066
3.75	0.0988	0.0537	0.1524	0.0421	0.0113	0.0088	0.7136	0.0063
4.00	0.0856	0.0465	0.1321	0.0433	0.0199	0.0087	0.6957	0.0060
4.25	0.0789	0.0429	0.1218	0.0443	0.0248	0.0048	0.6782	0.0033
4.50	0.0722	0.0392	0.1115	0.0453	0.0295	0.0048	0.6610	0.0031
4.75	0.0655	0.0356	0.1011	0.0461	0.0342	0.0047	0.6442	0.0030
5.00	0.0588	0.0320	0.0908	0.0469	0.0388	0.0046	0.6278	0.0029
6.00	0.0436	0.0237	0.0672	0.0497	0.0503	0.0116	0.5885	0.0068
7.00	0.0336	0.0183	0.0519	0.0517	0.0582	0.0078	0.5309	0.0042
8.00	0.0298	0.0162	0.0460	0.0535	0.0622	0.0041	0.4791	0.0019
9.00	0.0260	0.0141	0.0401	0.0552	0.0662	0.0039	0.4326	0.0017
10.00	0.0237	0.0129	0.0366	0.0567	0.0690	0.0029	0.3907	0.0011
11.00	0.0222	0.0120	0.0342	0.0580	0.0713	0.0023	0.3529	0.0008
12.00	0.0206	0.0112	0.0318	0.0593	0.0735	0.0022	0.3187	0.0007
13.00	0.0206	0.0112	0.0318	0.0606	0.0748	0.0013	0.2879	0.0004
14.00	0.0191	0.0104	0.0295	0.0617	0.0769	0.0021	0.2601	0.0005
15.00	0.0183	0.0100	0.0283	0.0629	0.0785	0.0016	0.2349	0.0004
16.00	0.0183	0.0100	0.0283	0.0640	0.0797	0.0012	0.2122	0.0003
17.00	0.0168	0.0091	0.0259	0.0651	0.0817	0.0020	0.1917	0.0004
18.00	0.0168	0.0091	0.0259	0.0661	0.0828	0.0011	0.1732	0.0002
19.00	0.0160	0.0087	0.0248	0.0671	0.0843	0.0015	0.1565	0.0002
20.00	0.0130	0.0071	0.0201	0.0681	0.0869	0.0026	0.1413	0.0004
21.00	0.0130	0.0071	0.0201	0.0689	0.0877	0.0008	0.1276	0.0001
22.00	0.0107	0.0058	0.0165	0.0696	0.0897	0.0020	0.1153	0.0002
23.00	0.0099	0.0054	0.0153	0.0703	0.0908	0.0011	0.1041	0.0001
24.00	0.0084	0.0046	0.0130	0.0708	0.0922	0.0014	0.0941	0.0001
25.00	0.0084	0.0046	0.0130	0.0714	0.0927	0.0005	0.0850	0.0000
26.00	0.0069	0.0037	0.0106	0.0719	0.0941	0.0013	0.0768	0.0001
27.00	0.0069	0.0037	0.0106	0.0723	0.0945	0.0004	0.0694	0.0000
28.00	0.0053	0.0029	0.0083	0.0727	0.0957	0.0012	0.0627	0.0001
29.00	0.0046	0.0025	0.0071	0.0730	0.0964	0.0007	0.0566	0.0000
30.00	0.0031	0.0017	0.0047	0.0732	0.0975	0.0011	0.0512	0.0001
31.00	0.0031	0.0017	0.0047	0.0734	0.0977	0.0002	0.0462	0.0000
32.00	0.0021	0.0011	0.0032	0.0736	0.0984	0.0007	0.0418	0.0000
33.00	0.0013	0.0007	0.0020	0.0737	0.0990	0.0006	0.0377	0.0000
34.00	0.0006	0.0003	0.0009	0.0737	0.0994	0.0004	0.0341	0.0000
35.00	-	-	-	0.0738	0.0997	0.0003	0.0308	0.0000

Column Notes:

- (1) is Unearned Premium Reserve (equal to Written Premium minus Earned Premium, per the cashflow pattern) plus Unpaid Loss and LAE Reserve (equal to Incurred minus Paid Losses and LAE) by time period, expressed as a factor,
= [Table 2 col (3) - Table 2 col (2)] + Table 1 row (7, Dynamic) x [Table 2 col (2) - Table 2 col (5)]
- (2) is the Surplus derived from Reserves per the Reserve-to-Surplus Ratio by time period, expressed as a factor, = (1) / Table 1 row (2)
- (3) is Reserves plus Surplus minus Agent Balances by time period, expressed as a factor, = (1) + (2) - Agent Balances. Agent Balances exist when Written Premium exceeds Collected Premium, = [Table 2 col (3) - Table 2 col (1)].
- (4) is derived by applying the Return on Investments [Table 3 col (1)] to the average Invested Funds (4) from the previous and current time periods, plus previous Income from Invested Funds, by time period expressed as a factor.
- (5) is Insurance Cash Flow plus Income from Invested Funds minus Total Invested Funds by time period, expressed as a factor,
= Table 6 col (5) + (4) - (3)
- (6) is the difference between Capital Provider Equity (5) at the current and previous time periods, expressed as a factor
- (7) is derived from the respective Weighted Average Cost of Capital [Table 3 col (2)] for each time period, expressed as a factor
- (8) is the Capital Provider Cash Flow (6) discounted by the Cumulative Discount Factor (7), expressed as a factor



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APPENDIXA: CALCULATION OF WEIGHTED AVERAGE COST OF CAPITAL AND RETURN ON INVESTMENTS

The calculation of the Weighted Average Cost of Capital (WACC) is shown in Table A.1, and the calculation of the Return on Investments (RoI) is shown in Table A.2. The calculation for the Static estimate is shown in each. Calculations of the WACC and RoI under the Dynamic estimate for time periods 1, 2, and 5 are also provided for illustrative purposes. Note that the IRR model under the Dynamic estimate includes estimates of the WACC and RoI on a quarterly basis for the first five years and annually thereafter.

TABLE A.1: CALCULATION OF WEIGHTED AVERAGE COST OF CAPITAL

	Static	IRR Model Time (yrs)		
		1.00	2.00	5.00
(1) 5 year US T-note Yield	0.62%	1.82%	2.52%	3.70%
(2) US Equity Market Risk Premium	8.50%			
(3) Beta for Property/Casualty (P/C) Insurers	0.99			
(4) Equity Cost of Capital for P/C Insurers	9.03%	10.24%	10.93%	12.11%
(5) Share of Equity Capital for P/C Insurers	84%			
(6) Debt Cost of Capital for P/C Insurers	2.16%	2.95%	3.52%	4.33%
(7) Weighted Average Cost of Capital (WACC)	7.93%	9.07%	9.75%	10.87%

Column Notes:

- (1) Forward estimates of US Treasury yields are from Moody's forecasts and apply only to the Dynamic estimate of the WACC. Time periods provided are illustrative; the full model includes estimates on a quarterly basis for the first five years and annually thereafter.
- (3) & (5) P/C beta and share of equity capital are estimated from historical data for a collection of insurers with publicly traded equity and debt.
- (4) = (1) + (2) x (3)
- (6) P/C debt cost of capital is the sum of the 10-year US T-note yield plus the historical corporate spread, net of income tax.
- (7) = (4) x (5) + (6) x [1 - (5)]



APPENDIX A: CALCULATION OF WEIGHTED AVERAGE COST OF CAPITAL AND RETURN ON INVESTMENTS (CONTINUED)

TABLE A.2 CALCULATION OF RETURN ON INVESTMENTS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Security Description	Investment Portfolio	Yield Curve, Maturity and Spread	Roll-over Period	Income Tax Rate	Post-tax Return			
					IRR Model Time (yrs)			
					Static	1.00	2.00	5.00
Bonds, of which	74.3%							
Government Direct Obligations	6.7%							
< 1yr	2.0%	6 mo US T-bill	0.50 yrs	21.00%	0.05%	0.29%	0.72%	2.11%
1 – 5 yrs	2.9%	2.5 yr US T-note	2.50 yrs	21.00%	0.15%	0.81%	0.81%	2.01%
5 – 10 yrs	1.1%	7.5 yr US T-note	7.50 yrs	21.00%	0.84%	1.57%	1.57%	1.57%
10 – 20 yrs	0.2%	15 yr US T-note	15.00 yrs	21.00%	1.29%	1.98%	1.98%	1.98%
> 20 yrs	0.4%	20 yr US T-note	20.00 yrs	21.00%	1.53%	2.28%	2.28%	2.28%
Collateralized Securities	8.0%							
< 1yr	1.0%	6 mo US T-bill + 50 basis points	0.50 yrs	21.00%	0.45%	0.68%	1.12%	2.51%
1 – 5 yrs	2.9%	2.5 yr US T-note + 50 basis points	2.50 yrs	21.00%	0.55%	1.20%	1.20%	2.41%
5 – 10 yrs	2.3%	7.5 yr US T-note + 50 basis points	7.50 yrs	21.00%	1.23%	1.97%	1.97%	1.97%
10 – 20 yrs	1.4%	15 yr US T-note + 50 basis points	15.00 yrs	21.00%	1.69%	2.37%	2.37%	2.37%
> 20 yrs	0.4%	20 yr US T-note + 50 basis points	20.00 yrs	21.00%	1.93%	2.67%	2.67%	2.67%
Tax-exempt Bonds	22.0%							
< 1yr	1.4%	6 mo US T-bill + Tax-exempt spread	0.50 yrs	5.25%	0.21%	0.49%	1.02%	2.69%
1 – 5 yrs	6.3%	2.5 yr US T-note + Tax-exempt spread	2.50 yrs	5.25%	0.37%	1.16%	1.16%	2.61%
5 – 10 yrs	6.8%	7.5 yr US T-note + Tax-exempt spread	7.50 yrs	5.25%	1.20%	2.08%	2.08%	2.08%
10 – 20 yrs	5.8%	15 yr US T-note + Tax-exempt spread	15.00 yrs	5.25%	1.86%	2.68%	2.68%	2.68%
> 20 yrs	1.7%	20 yr US T-note + Tax-exempt spread	20.00 yrs	5.25%	2.26%	3.14%	3.14%	3.14%
Industrial and Hybrid Securities (unaffiliated)	37.4%							
< 1yr	4.0%	6 mo US T-bill + Corp spread	0.50 yrs	21.00%	0.57%	0.80%	1.24%	2.63%
1 – 5 yrs	16.1%	2.5 yr US T-note + Corp spread	2.50 yrs	21.00%	0.90%	1.56%	1.56%	2.77%
5 – 10 yrs	13.5%	7.5 yr US T-note + Corp spread	7.50 yrs	21.00%	1.89%	2.62%	2.62%	2.62%
10 – 20 yrs	2.1%	15 yr US T-note + Corp spread	15.00 yrs	21.00%	2.45%	3.13%	3.13%	3.13%
> 20 yrs	1.7%	20 yr US T-note + Corp spread	20.00 yrs	21.00%	2.70%	3.43%	3.43%	3.43%
Industrial and Hybrid Securities (affiliated)	0.2%							
< 1yr	0.0%	6 mo US T-bill + Corp spread	0.50 yrs	5.25%	0.68%	0.97%	1.49%	3.16%
1 – 5 yrs	0.1%	2.5 yr US T-note + Corp spread	2.50 yrs	5.25%	1.08%	1.87%	1.87%	3.32%
5 – 10 yrs	0.0%	7.5 yr US T-note + Corp spread	7.50 yrs	5.25%	2.26%	3.15%	3.15%	3.15%
10 – 20 yrs	0.0%	15 yr US T-note + Corp spread	15.00 yrs	5.25%	2.94%	3.76%	3.76%	3.76%
> 20 yrs	0.0%	20 yr US T-note + Corp spread	20.00 yrs	5.25%	3.23%	4.11%	4.11%	4.11%
Stocks, of which	11.4%							
Preferred Stock	0.5%	5 year US T-note + 425 basis points	0.25 yrs	13.13%	4.23%	5.28%	5.88%	6.91%
Common Stock	10.9%	5 year US T-note + 850 basis points	0.25 yrs	18.42%	7.44%	8.42%	8.99%	9.95%
Mortgage Loans	2.4%							
Real Estate	0.5%							
Cash & Short-Term Investment	3.7%	3 month US T-bill	0.25 yrs	21.00%	0.04%	0.20%	0.75%	2.00%
All Other Assets*	7.6%							
Post-Tax Return on Invested Funds, pre-Expense:					1.92%	2.62%	2.75%	3.46%
Investment Expense**:					-0.18%	-0.18%	-0.18%	-0.18%
Post-Tax Return on Invested Funds:					1.74%	2.44%	2.57%	3.28%

Table Notes:

- Government Direct Obligations include US Government Issuer Obligations and Non-US Government Issuer Obligations. Collateralized Securities include Mortgage Backed, Loan Backed, or Structured Securities. Tax-exempt Bonds include Issuer Obligations of US States, Territories, and Possessions, US Political Subdivisions of States, Territories, and Possessions, and US Special Revenue and Special Assessment Obligations. Industrial and Hybrid Securities (unaffiliated) include Industrial and Miscellaneous and Hybrid Securities. Industrial and Hybrid Securities (affiliated) include Parents, Subsidiaries, and Affiliates.
- Bond and total portfolio distributions are 3-year averages for 2017-2019, calculated from annual editions of Best's Aggregates & Averages (Property-Casualty), Assets for Commercial Casualty Composite, page number varies by edition, Column 3, Net Admitted Assets. For each year 2017-2019, the maturity distribution pertains to all bonds owned as of December 31 at book/adjusted carrying value for Commercial Casualty Composite, Schedule D, Part 1A, Section 2.
- Spread to US treasury yields are either constant or varying by maturity (tax-exempt or corporate) as applicable. The tax-exempt spread is a term structure of average historical spreads in forward rates at different maturities between US municipal bonds and US Treasuries. Data on historical yields to US municipal bonds are from Bloomberg. The corporate spread is a term structure of average historical spreads in forward rates at different maturities between US corporate bonds and US Treasuries. Historical data on yields to US corporate bonds are from the US Department of Treasury.
- Applies only to the Dynamic estimate of the return on invested funds. The roll-over period is the time interval at which the estimated yield is updated for the given security in the investment portfolio. For bonds, the roll-over period is the bond's term to maturity. Forward yields for common and preferred stocks are updated quarterly.
- It is assumed that investment returns, except dividends and tax exempt municipal bond income, are taxed at 21%. It is assumed that 50% of dividends received are tax exempt. In accordance with the "pro-rata" provision, it is assumed that 25% of otherwise exempt municipal bond income and dividends are taxed at 21%. For common stock, the portion of income attributable to capital appreciation is assumed to equal 67.0% while the income portion is 33.0%. The percentages are obtained from Morningstar's Analyst Research Center, S&P Summary Statistics of Annual Returns: large company stocks, arithmetic mean.
- Static estimates of US Treasury yields are constant maturity yields from the first quarter of 2021.
- (7)-(9) Applies only to the dynamic estimate of the return on invested funds. Forward estimates of US Treasury yields at various maturities are from Moody's.

* Yields to mortgage loans, real estate, and all other assets are not directly estimated, but are assumed to equal the weighted average portfolio yield net of these categories.

** Investment expense calculated from Annual Statement data for the Commercial Casualty Composite by dividing Total Investment Expense by Cash and Invested Assets.

Total investment expense for 2019 is from the Annual Statement, Exhibit of Net Investment Income.

Average cash and invested assets for 2018 and 2019 are from Best's Aggregates and Averages (Property-Casualty), Assets for Commercial Casualty Composite.



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APPENDIXB: FEDERALINCOMETAXINCURREDFROMINSURANCEOPERATIONS

Federal taxes on underwriting income, based on the Tax Cuts and Jobs Act of 2017, are calculated in the following tables on an annual basis. Columns (1) through (4) are the same under both the Static and Dynamic Estimates; the paid losses and LAE factors (col (5)) vary by Estimate. Note that investment taxes are accounted for in Appendix A. Annual tax is prorated when quarterly amounts are required.

TABLEB.1: FEDERALINCOMETAXCALCULATION(STATICESTIMATE)

Time	(1) Written Premium Factor	(2) Unearned Premium Factor	(3) Expense and Taxes Factor	(4) Discount Factor	(5) Paid Losses and LAE Factor	(6) AY1 Paid Losses and LAE Factor	(7) AY2 Paid Losses and LAE Factor	(8) Discounted AY1 Unpaid Losses & LAE Factor	(9) Discounted AY2 Unpaid Losses & LAE Factor	(10) Federal Income Tax Factor
0.00	-	-	-	-	-	-	-	-	-	-
1.00	1.0000	0.4770	0.1549	0.8756	0.1277	0.1277	-	0.2191	-	0.0245
2.00	1.0000	-	0.2030	0.8600	0.4860	0.3006	0.1854	0.0665	0.1686	0.0159
3.00	1.0000	-	0.2030	0.8487	0.6190	0.3140	0.3051	0.0543	0.0626	0.0128
4.00	1.0000	-	0.2030	0.8332	0.6712	0.3464	0.3248	0.0263	0.0451	0.0114
5.00	1.0000	-	0.2030	0.8274	0.6976	0.3500	0.3476	0.0231	0.0252	0.0107
6.00	1.0000	-	0.2030	0.8219	0.7128	0.3596	0.3532	0.0151	0.0205	0.0102
7.00	1.0000	-	0.2030	0.8256	0.7226	0.3622	0.3604	0.0130	0.0144	0.0099
8.00	1.0000	-	0.2030	0.8344	0.7264	0.3637	0.3627	0.0119	0.0126	0.0097
9.00	1.0000	-	0.2030	0.8407	0.7301	0.3658	0.3644	0.0102	0.0113	0.0095
10.00	1.0000	-	0.2030	0.8602	0.7324	0.3664	0.3660	0.0099	0.0100	0.0094
11.00	1.0000	-	0.2030	0.8728	0.7339	0.3672	0.3667	0.0093	0.0097	0.0093
12.00	1.0000	-	0.2030	0.8856	0.7354	0.3680	0.3675	0.0088	0.0091	0.0092
13.00	1.0000	-	0.2030	0.8987	0.7354	0.3676	0.3678	0.0093	0.0089	0.0091
14.00	1.0000	-	0.2030	0.9121	0.7370	0.3689	0.3680	0.0082	0.0089	0.0090
15.00	1.0000	-	0.2030	0.9257	0.7377	0.3688	0.3689	0.0084	0.0082	0.0090
16.00	1.0000	-	0.2030	0.9395	0.7377	0.3689	0.3688	0.0085	0.0084	0.0089
17.00	1.0000	-	0.2030	0.9536	0.7392	0.3700	0.3692	0.0076	0.0082	0.0088
18.00	1.0000	-	0.2030	0.9679	0.7392	0.3694	0.3698	0.0082	0.0078	0.0088
19.00	1.0000	-	0.2030	0.9821	0.7400	0.3703	0.3697	0.0075	0.0080	0.0087
20.00	1.0000	-	0.2030	0.9848	0.7430	0.3721	0.3709	0.0057	0.0069	0.0087
21.00	1.0000	-	0.2030	0.9848	0.7430	0.3712	0.3718	0.0066	0.0060	0.0087
22.00	1.0000	-	0.2030	0.9848	0.7453	0.3734	0.3719	0.0045	0.0059	0.0087
23.00	1.0000	-	0.2030	0.9848	0.7460	0.3728	0.3732	0.0050	0.0047	0.0087
24.00	1.0000	-	0.2030	0.9848	0.7475	0.3742	0.3733	0.0036	0.0046	0.0087
25.00	1.0000	-	0.2030	0.9848	0.7475	0.3735	0.3740	0.0043	0.0039	0.0087
26.00	1.0000	-	0.2030	0.9848	0.7490	0.3750	0.3740	0.0029	0.0038	0.0087
27.00	1.0000	-	0.2030	0.9848	0.7490	0.3743	0.3748	0.0036	0.0031	0.0087
28.00	1.0000	-	0.2030	0.9848	0.7506	0.3758	0.3748	0.0021	0.0031	0.0087
29.00	1.0000	-	0.2030	0.9848	0.7513	0.3756	0.3757	0.0023	0.0022	0.0087
30.00	1.0000	-	0.2030	0.9848	0.7528	0.3768	0.3760	0.0011	0.0019	0.0087
31.00	1.0000	-	0.2030	0.9848	0.7528	0.3762	0.3766	0.0017	0.0013	0.0087
32.00	1.0000	-	0.2030	0.9848	0.7538	0.3772	0.3766	0.0007	0.0014	0.0086
33.00	1.0000	-	0.2030	0.9848	0.7546	0.3773	0.3773	0.0006	0.0006	0.0086
34.00	1.0000	-	0.2030	0.9848	0.7553	0.3778	0.3775	0.0001	0.0004	0.0086
35.00	1.0000	-	0.2030	0.9848	0.7558	0.3779	0.3779	-	-	0.0086

ColumnNotes:

- (1) is Written Premium by time period, expressed as a factor, = Table 2 col (3)
- (2) is Written Premium minus Earned Premium by time period, expressed as a factor, = Table 2 col (3) - Table 2 col (2)
- (3) is Expenses and Taxes by time period, expressed as a factor, = Table 1 row (1) x Table 2 col (4)
- (4) is from Internal Revenue Bulletin 2020-49, Rev. Proc. 2020-48, dated November 30, 2020
- (5) is Paid Losses and LAE by time period, expressed as a factor, = Table 1 row (7, Static) x Table 2 col (5)
- (6) and (7) split the payments between the accident year coincident with the policy year ("AY1"), and the following accident year ("AY2"). Assuming that the payout pattern is linear between integer times, and that the average accident date for AY2 is two-thirds of a year later than the average accident date for AY1, columns (6) and (7) are determined by solving these two equations simultaneously:

$$\text{Col (6)} + \text{Col (7)} = \text{Col (5)}$$

$$\text{Col (7)} = (2/3) * \text{Col (6, previous row)} + (1/3) * \text{Col (6)}$$
 with Col (6, Time 1) = Col (5, Time 1) and Col (6, Time 35) = Col (7, Time 35)
- (8) is the discounted difference between AY1 Losses and LAE that will ultimately be paid, and the amount already paid,

$$= [\text{col (6, Time 35)} - (6)] \times \text{col (4)}$$
- (9) is the discounted difference between AY2 Losses and LAE that will ultimately be paid, and the amount already paid,

$$= [\text{col (7, Time 35)} - (7)] \times \text{col (4, previous row)}$$
- (10) Per IRS rules, federal income tax equals the tax rate (21%) times the adjusted underwriting income

$$= 21\% * \{ (1) - 0.8 * (2) - [(3) + (5) + (8) + (9)] \}$$



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APPENDIX B: FEDERAL INCOMETAXINCURRED FROMINSURANCE OPERATIONS (CONTINUED)

TABLE 2: FEDERAL INCOMETAXCALCULATION (DYNAMIC ESTIMATE)

Time	(1) Written Premium Factor	(2) Unearned Premium Factor	(3) Expense and Taxes Factor	(4) Discount Factor	(5) Paid Losses and LAE Factor	(6) AY1 Paid Losses and LAE Factor	(7) AY2 Paid Losses and LAE Factor	(8) Discounted AY1 Unpaid Losses & LAE Factor	(9) Discounted AY2 Unpaid Losses & LAE Factor	(10) Federal Income Tax Factor
0.00	-	-	-	-	-	-	-	-	-	-
1.00	1.0000	0.4770	0.1549	0.8756	0.1291	0.1291	-	0.2215	-	0.0237
2.00	1.0000	-	0.2030	0.8600	0.4913	0.3039	0.1874	0.0672	0.1704	0.0143
3.00	1.0000	-	0.2030	0.8487	0.6258	0.3174	0.3084	0.0549	0.0633	0.0111
4.00	1.0000	-	0.2030	0.8332	0.6786	0.3502	0.3283	0.0265	0.0456	0.0097
5.00	1.0000	-	0.2030	0.8274	0.7053	0.3539	0.3514	0.0233	0.0255	0.0090
6.00	1.0000	-	0.2030	0.8219	0.7206	0.3635	0.3571	0.0153	0.0207	0.0085
7.00	1.0000	-	0.2030	0.8256	0.7305	0.3661	0.3644	0.0132	0.0145	0.0081
8.00	1.0000	-	0.2030	0.8344	0.7343	0.3677	0.3667	0.0120	0.0127	0.0080
9.00	1.0000	-	0.2030	0.8407	0.7382	0.3698	0.3684	0.0103	0.0114	0.0078
10.00	1.0000	-	0.2030	0.8602	0.7405	0.3705	0.3700	0.0100	0.0101	0.0076
11.00	1.0000	-	0.2030	0.8728	0.7420	0.3713	0.3707	0.0094	0.0098	0.0075
12.00	1.0000	-	0.2030	0.8856	0.7435	0.3720	0.3715	0.0089	0.0092	0.0074
13.00	1.0000	-	0.2030	0.8987	0.7435	0.3716	0.3719	0.0094	0.0090	0.0074
14.00	1.0000	-	0.2030	0.9121	0.7450	0.3730	0.3721	0.0083	0.0090	0.0073
15.00	1.0000	-	0.2030	0.9257	0.7458	0.3729	0.3729	0.0085	0.0083	0.0072
16.00	1.0000	-	0.2030	0.9395	0.7458	0.3729	0.3729	0.0086	0.0085	0.0072
17.00	1.0000	-	0.2030	0.9536	0.7473	0.3740	0.3733	0.0077	0.0082	0.0071
18.00	1.0000	-	0.2030	0.9679	0.7473	0.3735	0.3739	0.0083	0.0078	0.0070
19.00	1.0000	-	0.2030	0.9821	0.7481	0.3743	0.3738	0.0076	0.0080	0.0070
20.00	1.0000	-	0.2030	0.9848	0.7512	0.3762	0.3750	0.0058	0.0070	0.0069
21.00	1.0000	-	0.2030	0.9848	0.7512	0.3753	0.3759	0.0067	0.0061	0.0069
22.00	1.0000	-	0.2030	0.9848	0.7534	0.3775	0.3760	0.0046	0.0060	0.0069
23.00	1.0000	-	0.2030	0.9848	0.7542	0.3769	0.3773	0.0051	0.0047	0.0069
24.00	1.0000	-	0.2030	0.9848	0.7557	0.3783	0.3774	0.0037	0.0046	0.0069
25.00	1.0000	-	0.2030	0.9848	0.7557	0.3776	0.3781	0.0044	0.0039	0.0069
26.00	1.0000	-	0.2030	0.9848	0.7573	0.3791	0.3781	0.0029	0.0039	0.0069
27.00	1.0000	-	0.2030	0.9848	0.7573	0.3784	0.3789	0.0036	0.0031	0.0069
28.00	1.0000	-	0.2030	0.9848	0.7588	0.3799	0.3789	0.0021	0.0031	0.0069
29.00	1.0000	-	0.2030	0.9848	0.7596	0.3797	0.3798	0.0023	0.0022	0.0069
30.00	1.0000	-	0.2030	0.9848	0.7611	0.3810	0.3801	0.0011	0.0019	0.0069
31.00	1.0000	-	0.2030	0.9848	0.7611	0.3803	0.3808	0.0017	0.0013	0.0069
32.00	1.0000	-	0.2030	0.9848	0.7621	0.3814	0.3807	0.0007	0.0014	0.0069
33.00	1.0000	-	0.2030	0.9848	0.7629	0.3815	0.3814	0.0006	0.0007	0.0069
34.00	1.0000	-	0.2030	0.9848	0.7636	0.3819	0.3816	0.0001	0.0004	0.0069
35.00	1.0000	-	0.2030	0.9848	0.7641	0.3821	0.3821	-	-	0.0069

Column Notes:

- (1) is Written Premium by time period, expressed as a factor, = Table 2 col (3)
- (2) is Written Premium minus Earned Premium by time period, expressed as a factor, = Table 2 col (3) - Table 2 col (2)
- (3) is Expenses and Taxes by time period, expressed as a factor, = Table 1 row (1) x Table 2 col (4)
- (4) is from Internal Revenue Bulletin 2020-49, Rev. Proc. 2020-48, dated November 30, 2020
- (5) is Paid Losses and LAE by time period, expressed as a factor, = Table 1 row (7, Dynamic) x Table 2 col (5)
- (6) and (7) split the payments between the accident year coincident with the policy year ("AY1"), and the following accident year ("AY2"). Assuming that the payout pattern is linear between integer times, and that the average accident date for AY2 is two-thirds of a year later than the average accident date for AY1, columns (6) and (7) are determined by solving these two equations simultaneously:

$$\text{Col (6)} + \text{Col (7)} = \text{Col (5)}$$

$$\text{Col (7)} = (2/3) * \text{Col (6, previous row)} + (1/3) * \text{Col (6)}$$
with Col (6, Time 1) = Col (5, Time 1) and Col (6, Time 35) = Col (7, Time 35)
- (8) is the discounted difference between AY1 Losses and LAE that will ultimately be paid, and the amount already paid,

$$= [\text{col (6, Time 35)} - (6)] \times (4)$$
- (9) is the discounted difference between AY2 Losses and LAE that will ultimately be paid, and the amount already paid,

$$= [\text{col (7, Time 35)} - (7)] \times \text{col (4, previous row)}$$
- (10) Per IRS rules, federal income tax equals the tax rate (21%) times the adjusted underwriting income

$$= 21\% * \{ (1) - 0.8 * (2) - [(3) + (5) + (8) + (9)] \}$$



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APPENDIX C: RESERVE-TO-SURPLUS RATIO
in 000's

Year End	(1) Unpaid Losses	(2) Unpaid Loss Adjustment Expense	(3) Unearned Premium	(4) Policyholder Surplus	(5) Ratio excl. Unearned Premium $\{(1)+(2)\} / (4)$	(6) Ratio incl. Unearned Premium $\{(1)+(2)+(3)\} / (4)$
2019	201,634,477	45,253,873	88,025,958	177,424,154	1.39	1.89
2018	198,071,343	43,050,172	84,424,740	169,657,802	1.42	1.92
2017	194,692,095	42,696,647	77,537,150	171,664,964	1.38	1.83
2016	186,424,236	41,741,053	72,716,997	169,831,305	1.34	1.77
2015	185,919,427	42,816,231	73,469,477	169,017,203	1.35	1.79
2015 - 2019	966,741,578	215,557,976	396,174,322	857,595,428	1.38	1.84

Selected Ratio including Unearned Premium: 1.84

Source: Columns (1) - (4) for the latest year are taken from Liabilities, Surplus and Other Funds in Best's 2020 Aggregates & Averages, for Commercial Casualty Composite.



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EXHIBIT II

Section I - Table of Premium Discounts

<u>Division of Standard Premium</u>		<u>Type A Discounts</u>	<u>Type B Discounts</u>
First	\$10,000	---	---
Next	\$190,000	9.1%	5.1%
Next	\$1,550,000	11.3%	6.5%
Over	\$1,750,000	12.3%	7.5%

Application of the appropriate discount schedule to the standard premium produces a dollar discount that is subtracted from the standard premium.



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EXHIBIT II

Section J - Average Expense Provisions

Reproduced below are the gradated expense provisions by policy size.

Gradation of Standard Premium

Expense Gradations

Division of Premium		Production*	General	Discounts
First	\$10,000	18.3%	5.9%	---
Next	\$190,000	10.8%	4.9%	9.1%
Next	\$1,550,000	9.3%	4.3%	11.3%
Over	\$1,750,000	9.3%	3.4%	12.3%
Proposed Average:		11.6%	4.6%	
Proposed Average Expense Gradation: (Expense for 1st \$10,000 - Avg Expense)		6.7%	1.3%	

Average Premium Discount:

$$[Avg \text{ Exp Grad}] / [1 - Taxes - P\&C] = [6.7\% + 1.3\%] / [1 - 1.8\% - 1.5\%] = 8.3\%$$

Composition of Standard Premium:

Benefit & Loss Adj. Cost	Production (18.3%)	General (5.9%)	Profit (1.5%)	Taxes (1.8%)	} -- Premium After Discounts (91.8%)	} Standard Premium -- Excluding Expense Constant (100.0%)
72.5%	11.6%	4.6%	1.4%	1.7%		
	6.7%	1.3%	0.1%	0.1%	} -- Discount (8.2%)	
	0.6%	0.4%	0.0%	0.0%	} -- Premium from \$160 expense constant. (1.0% = 1/0.990 - 1)^	

Notes

* The production expense gradations shown are based on Type A gradations.

^ The 0.990 offset is for the \$160 expense constant.



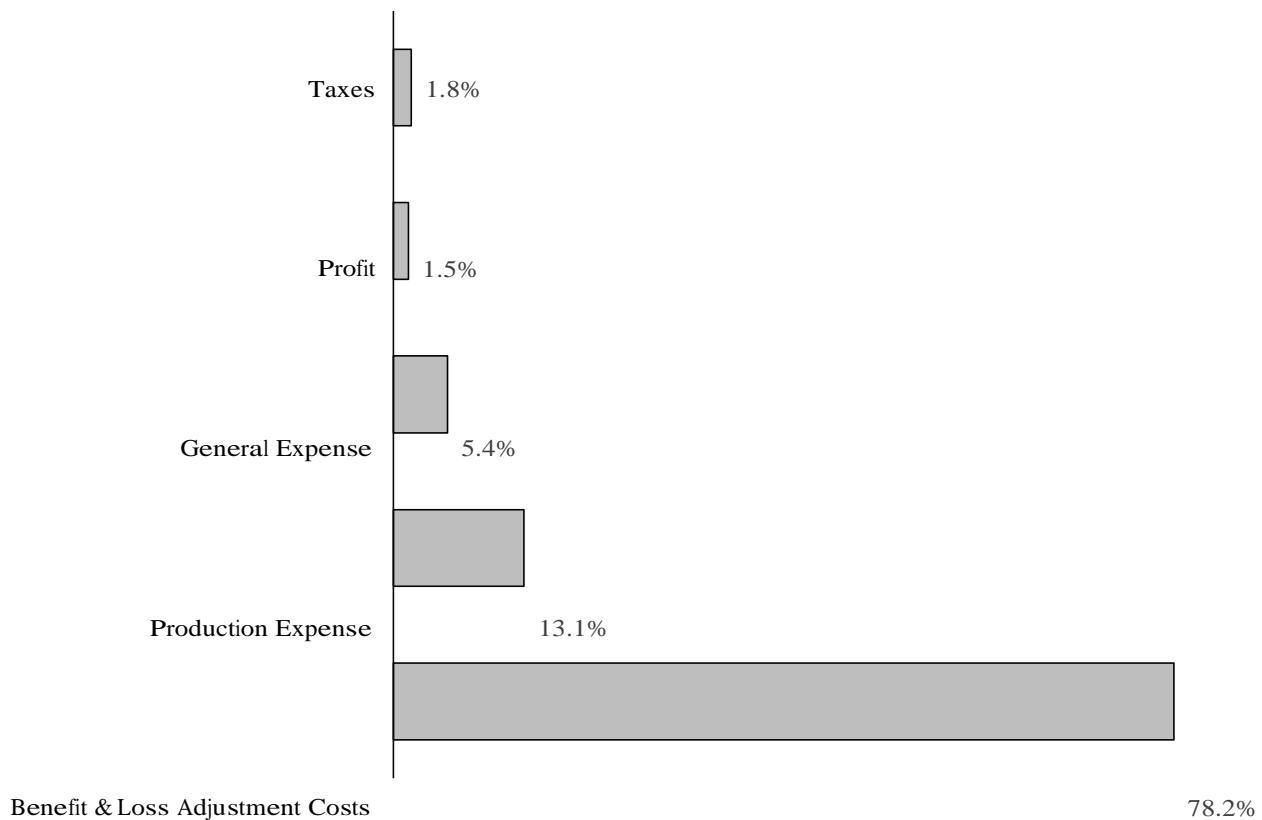
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EXHIBIT II

Section K - Indiana Expense Provisions as a Percentage of Net Premium at NCCI Level

The exhibit below illustrates the allocation of the final premium dollar after the application of premium discounts and expense constants based on Indiana expense provisions.

Components of Premium



Notes

Benefit & Loss Adjustment Costs	78.2%	=	(72.5%) / 92.8%
Production Expense	13.1%	=	(11.6% + 0.6%) / 92.8%
General Expense	5.4%	=	(4.6% + 0.4%) / 92.8%
Profit	1.5%	=	(1.4% + 0.0%) / 92.8%
Taxes	<u>1.8%</u>	=	(1.7% + 0.0%) / 92.8%
Total	100.0%		



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Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Appendix A – Factors Underlying the Proposed Rate Level Change

Appendix A-I Determination of Policy Year On-level Factors

NCCI uses premium and loss on-level factors to adjust historical policy year experience to current advisory rate and benefit levels, respectively.

Premium on-level factors are adjustment factors that reflect the cumulative impact of all premium level changes that have occurred during and after the individual year being on-leveled. To calculate a weighted average, NCCI utilizes a monthly premium distribution for Indiana based on an analysis of policies reported in the Unit Statistical Data. Additional adjustments applied as part of the premium on-level factor calculation include:

- ✓ Adjustment for Expense Constant Removal: This factor removes premium collected via the charged expense constant.
- ✓ Adjustment for Expense Removal: This factor is applied to remove expenses from the reported assigned risk and voluntary DSR level premium totals—serving to make the separate market premiums more comparable.
- ✓ Experience Rating Off-Balance Adjustment Factor: This factor reflects the relative difference between the average experience rating modification for the historical year being on-leveled and the average experience rating modification targeted in the filing.

Loss on-level factors are adjustment factors that reflect the cumulative impact of all benefit level changes that have occurred during and after the individual year of data being on-leveled.

Note: For NCCI ratemaking purposes, proposed benefit level changes that (i) do not impact the experience period of the filing and (ii) have not yet been approved are included in Exhibit I, rather than in the loss on-level calculation.



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APPENDIX A-I

Determination of Policy Year On-level Factors

Section A - Factor Adjusting 2019 Policy Year Assigned Risk Premium to Present Assigned Risk Level

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Rate Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)	Adj. For Expense Constant Removal @	Adj. For Expense Removal	Premium Adjustment Factor (5)x(6)x(7)
Date								
NR 01/01/19	Base	1.000	1.000	1.000	0.955	0.967	0.637	0.588
NR 01/01/20	0.955	0.955						
NR 01/01/21	1.000	0.955						
				1.000				

Section B - Factor Adjusting 2019 Policy Year Voluntary Premium to Present Voluntary Level

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Loss Cost Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)	Adj. For Expense Constant Removal @	Adj. For Expense Removal	Premium Adjustment Factor (5)x(6)x(7)
Date								
NR 01/01/19	Base	1.000	1.000	1.000	0.933	0.983	0.637	0.584
NR 01/01/20	0.933	0.933						
NR 01/01/21	1.000	0.933						
				1.000				

Section C - Factor Adjusting 2019 Policy Year Assigned Risk Premium and Voluntary Premium to Present Statewide Level

(1) Assigned Risk Market Share PY 2019	0.068
(2) Voluntary Market Share PY 2019	0.932
(3) Assigned Risk Standard Premium Adjustment Factor (See Sec. A)	0.588
(4) Voluntary Standard Premium Adjustment Factor (See Sec. B)	0.584
(5) Premium Adjustment Factor = [(1)x(3)]/1.180+(2)x(4) #	0.578
(6) Experience Rating Off-balance Adjustment Factor*	1.001
(7) Final Premium Adjustment Factor = (5)x(6)	0.579

NR New and renewal business.

@ Eliminates premium derived from expense constants.

Current premium index (assigned risk-to-voluntary) = 1.180

* = 1.001 = 0.956 / 0.955 = (Targeted Off-balance) / (Off-balance for Policy Year 2019)



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APPENDIX A-I

Determination of Policy Year On-level Factors

Section D - Factor Adjusting 2019 Policy Year Indemnity Losses to Present Benefit Level

	(1)	(2)	(3)	(4)	(5)
Date	Benefit Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)
01/01/19	Base	1.000	0.170	0.170	1.001
07/01/19	1.001	1.001	0.174	0.174	
10/01/19	1.000	1.001	0.230	0.230	
01/01/20	1.000	1.001	0.426	0.426	
				1.000	

Section E - Factor Adjusting 2019 Policy Year Medical Losses to Present Benefit Level

	(1)	(2)	(3)	(4)	(5)
Date	Benefit Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)
01/01/19	Base	1.000	0.170	0.170	1.003
07/01/19	1.000	1.000	0.174	0.174	
10/01/19	1.001	1.001	0.230	0.230	
01/01/20	1.005	1.006	0.426	0.429	
				1.003	



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APPENDIX A-I

Determination of Policy Year On-level Factors

Section F - Factor Adjusting 2018 Policy Year Assigned Risk Premium to Present Assigned Risk Level

	(1)	(2)	(3)	(4)	(5)	(6) Adj. For Expense Constant Removal @	(7)	(8) Premium Adjustment Factor (5)x(6)x(7)
Date	Rate Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)		Adj. For Expense Removal	
NR 01/01/18	Base	1.000	1.000	1.000	0.882	0.968	0.637	0.544
NR 01/01/19	0.924	0.924						
NR 01/01/20	0.955	0.882						
NR 01/01/21	1.000	0.882						
				1.000				

Section G - Factor Adjusting 2018 Policy Year Voluntary Premium to Present Voluntary Level

	(1)	(2)	(3)	(4)	(5)	(6) Adj. For Expense Constant Removal @	(7)	(8) Premium Adjustment Factor (5)x(6)x(7)
Date	Loss Cost Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)		Adj. For Expense Removal	
NR 01/01/18	Base	1.000	1.000	1.000	0.862	0.983	0.637	0.540
NR 01/01/19	0.924	0.924						
NR 01/01/20	0.933	0.862						
NR 01/01/21	1.000	0.862						
				1.000				

Section H - Factor Adjusting 2018 Policy Year Assigned Risk Premium and Voluntary Premium to Present Statewide Level

(1) Assigned Risk Market Share PY 2018	0.068
(2) Voluntary Market Share PY 2018	0.932
(3) Assigned Risk Standard Premium Adjustment Factor (See Sec. F)	0.544
(4) Voluntary Standard Premium Adjustment Factor (See Sec. G)	0.540
(5) Premium Adjustment Factor = [(1)x(3)]/1.180+(2)x(4) #	0.534
(6) Experience Rating Off-balance Adjustment Factor*	1.006
(7) Final Premium Adjustment Factor = (5)x(6)	0.537

NR New and renewal business.

@ Eliminates premium derived from expense constants.

Current premium index (assigned risk-to-voluntary) = 1.180

* = 1.006 = 0.956 / 0.950 = (Targeted Off-balance) / (Off-balance for Policy Year 2018)



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APPENDIX A-I

Determination of Policy Year On-level Factors

Section I - Factor Adjusting 2018 Policy Year Indemnity Losses to Present Benefit Level

	(1)	(2)	(3)	(4)	(5)
Date	Benefit Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)
01/01/18	Base	1.000	0.344	0.344	1.001
10/01/18	1.000	1.000	0.230	0.230	
01/01/19	1.000	1.000	0.330	0.330	
07/01/19	1.001	1.001	0.076	0.076	
10/01/19	1.000	1.001	0.020	0.020	
01/01/20	1.000	1.001		1.000	

Section J - Factor Adjusting 2018 Policy Year Medical Losses to Present Benefit Level

	(1)	(2)	(3)	(4)	(5)
Date	Benefit Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)
01/01/18	Base	1.000	0.344	0.344	1.004
10/01/18	1.003	1.003	0.230	0.231	
01/01/19	0.996	0.999	0.330	0.330	
07/01/19	1.000	0.999	0.076	0.076	
10/01/19	1.001	1.000	0.020	0.020	
01/01/20	1.005	1.005		1.001	



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Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Appendix A – Factors Underlying the Proposed Rate Level Change

Appendix A-II Determination of Premium and Losses Developed to an Ultimate Report

Development factors are used to project premium and limited losses to an ultimate report. In general, the ultimate development factors are based on a chain-ladder approach that utilizes average link ratios for several maturities and the application of a tail factor.

Limited Large Loss Methodology

In order to limit volatility on the indications due to the impact of extraordinary large losses, a limited large loss methodology is used in Indiana. A base threshold for the large loss limitation is determined by the volume of premium in the state as well as the number of years used in the experience period. The base threshold proposed in this filing is \$7,427,545, based on the volume of premium in policy years 2017 and 2018 underlying the currently approved filing that utilizes data valued as of 12/31/2019. The base threshold is detrended by policy year to reflect the inflationary impact on claim costs due to wage inflation. The wage index used as a basis for these calculations is the Indiana average weekly wages from the Quarterly Census of Employment and Wages (QCEW). Detrended thresholds are used in the experience period, trend period, and loss development period. Indemnity and medical losses are limited at the detrended large loss threshold corresponding to their Policy Year, as shown in Appendix A-II Section L.

Limited indemnity and medical losses used to calculate the ultimate losses are shown in Appendix A-II Section A.

After developing limited indemnity and medical losses to an ultimate report, a statewide, non-catastrophe excess ratio at the base threshold is used to adjust the limited losses to an unlimited basis. The excess ratios are non-catastrophe because excess ratios at limits beyond \$50 million are set equal to zero. The proposed excess ratio in this filing is 0.8%, as shown in Appendix A-II Section K.

Development Factors

For premium development, link ratios are used from 1st report through 5th report. It is assumed that no further development occurs after the 5th report.

For indemnity and medical loss development, link ratios calculated from limited losses are used from 1st report through the 19th report.

For indemnity and medical loss development past the 19th report, a “tail” factor is used to reflect all future expected emergence. The calculation of indemnity and medical paid + case 19th-to-



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Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Appendix A – Factors Underlying the Proposed Rate Level Change

ultimate tail factors utilize all available experience for the years prior to the tail attachment point. Tail factors are calculated for the most recent ten available policy years, each relying on losses in older policy years as well as a factor to adjust for the differences in the volume of losses between the policy years. Tail factors are calculated separately for indemnity and medical losses by comparing the changes in the volume of policy year losses that occur on policy years reported after a nineteenth report to the volume of policy year losses at the nineteenth report, along with the application of a growth adjustment factor.

Since unlimited losses are used for the tail factor, they are adjusted to a limited basis as shown in Appendix A-II Section H.



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APPENDIX A-II

Determination of Premium and Losses Developed to an Ultimate Report

Section A - Premium and Loss Summary Valued as of 12/31/2020

Policy Year 2019

(1) Standard Earned Premium	\$661,076,267
(2) Factor to Develop Premium to Ultimate	1.001
(3) Standard Earned Premium Developed to Ultimate = (1)x(2)	\$661,737,343
(4) Limited Indemnity Paid Losses	\$50,504,021
(5) Limited Indemnity Paid Development Factor to Ultimate	2.196
(6) Limited Indemnity Paid Losses Developed to Ultimate = (4)x(5)	\$110,906,830
(7) Limited Indemnity Paid+Case Losses	\$98,224,615
(8) Limited Indemnity Paid+Case Development Factor to Ultimate	1.181
(9) Limited Indemnity Paid+Case Losses Developed to Ultimate = (7)x(8)	\$116,003,270
(10) Policy Year 2019 Limited Indemnity Losses Developed to Ultimate = [(6)+(9)]/2	\$113,455,050
(11) Limited Medical Paid Losses	\$194,752,530
(12) Limited Medical Paid Development Factor to Ultimate	1.372
(13) Limited Medical Paid Losses Developed to Ultimate = (11)x(12)	\$267,200,471
(14) Limited Medical Paid+Case Losses	\$276,139,741
(15) Limited Medical Paid+Case Development Factor to Ultimate	0.974
(16) Limited Medical Paid+Case Losses Developed to Ultimate = (14)x(15)	\$268,960,108
(17) Policy Year 2019 Limited Medical Losses Developed to Ultimate = [(13)+(16)]/2	\$268,080,290

Policy Year 2018

(1) Standard Earned Premium	\$696,266,051
(2) Factor to Develop Premium to Ultimate	1.001
(3) Standard Earned Premium Developed to Ultimate = (1)x(2)	\$696,962,317
(4) Limited Indemnity Paid Losses	\$81,956,738
(5) Limited Indemnity Paid Development Factor to Ultimate	1.454
(6) Limited Indemnity Paid Losses Developed to Ultimate = (4)x(5)	\$119,165,097
(7) Limited Indemnity Paid+Case Losses	\$113,613,178
(8) Limited Indemnity Paid+Case Development Factor to Ultimate	1.076
(9) Limited Indemnity Paid+Case Losses Developed to Ultimate = (7)x(8)	\$122,247,780
(10) Policy Year 2018 Limited Indemnity Losses Developed to Ultimate = [(6)+(9)]/2	\$120,706,439
(11) Limited Medical Paid Losses	\$259,540,198
(12) Limited Medical Paid Development Factor to Ultimate	1.134
(13) Limited Medical Paid Losses Developed to Ultimate = (11)x(12)	\$294,318,585
(14) Limited Medical Paid+Case Losses	\$299,629,768
(15) Limited Medical Paid+Case Development Factor to Ultimate	0.983
(16) Limited Medical Paid+Case Losses Developed to Ultimate = (14)x(15)	\$294,536,062
(17) Policy Year 2018 Limited Medical Losses Developed to Ultimate = [(13)+(16)]/2	\$294,427,324



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APPENDIX A-II

Determination of Premium and Losses Developed to an Ultimate Report

Section B - Premium Development Factors

Policy <u>Year</u>	<u>1st/2nd</u>	Policy <u>Year</u>	<u>2nd/3rd</u>	Policy <u>Year</u>	<u>3rd/4th</u>	Policy <u>Year</u>	<u>4th/5th</u>
2016	1.006	2015	1.000	2014	1.000	2013	1.000
2017	1.012	2016	1.001	2015	1.000	2014	1.000
2018	1.008	2017	1.001	2016	1.001	2015	0.999
Selected	1.000	Average	1.001	Average	1.000	Average	1.000

Summary of Premium Development Factors

<u>1st/5th</u>	<u>2nd/5th</u>	<u>3rd/5th</u>	<u>4th/5th</u>
1.001	1.001	1.000	1.000



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APPENDIX A-II

Determination of Premium and Losses Developed to an Ultimate Report

Section C - Limited Indemnity Paid Loss Development Factors

<u>Policy Year</u>	<u>1st/2nd</u>	<u>Policy Year</u>	<u>2nd/3rd</u>	<u>Policy Year</u>	<u>3rd/4th</u>	<u>Policy Year</u>	<u>4th/5th</u>
2017	1.495	2016	1.190	2015	1.090	2014	1.040
2018	1.525	2017	1.221	2016	1.104	2015	1.046
Average	1.510	Average	1.206	Average	1.097	Average	1.043
<u>Policy Year</u>	<u>5th/6th</u>	<u>Policy Year</u>	<u>6th/7th</u>	<u>Policy Year</u>	<u>7th/8th</u>	<u>Policy Year</u>	<u>8th/9th</u>
2013	1.024	2012	1.011	2011	1.005	2010	1.003
2014	1.018	2013	1.008	2012	1.007	2011	1.003
Average	1.021	Average	1.010	Average	1.006	Average	1.003
<u>Policy Year</u>	<u>9th/10th</u>	<u>Policy Year</u>	<u>10th/11th</u>	<u>Policy Year</u>	<u>11th/12th</u>	<u>Policy Year</u>	<u>12th/13th</u>
2009	1.003	2008	1.004	2007	1.001	2006	1.000
2010	1.003	2009	1.001	2008	1.000	2007	1.000
Average	1.003	Average	1.003	Average	1.001	Average	1.000
<u>Policy Year</u>	<u>13th/14th</u>	<u>Policy Year</u>	<u>14th/15th</u>	<u>Policy Year</u>	<u>15th/16th</u>	<u>Policy Year</u>	<u>16th/17th</u>
2005	1.001	2004	1.000	2003	1.000	2002	1.000
2006	1.000	2005	1.000	2004	1.000	2003	1.000
Average	1.001	Average	1.000	Average	1.000	Average	1.000
<u>Policy Year</u>	<u>17th/18th</u>	<u>Policy Year</u>	<u>18th/19th</u>				
2001	1.000	2000	1.000				
2002	1.000	2001	1.000				
Average	1.000	Average	1.000				



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APPENDIX A-II

Determination of Premium and Losses Developed to an Ultimate Report

Section D - Limited Medical Paid Loss Development Factors

<u>Policy Year</u>	<u>1st/2nd</u>	<u>Policy Year</u>	<u>2nd/3rd</u>	<u>Policy Year</u>	<u>3rd/4th</u>	<u>Policy Year</u>	<u>4th/5th</u>
2017	1.223	2016	1.043	2015	1.016	2014	1.011
2018	1.196	2017	1.043	2016	1.021	2015	1.014
Average	1.210	Average	1.043	Average	1.019	Average	1.013
<u>Policy Year</u>	<u>5th/6th</u>	<u>Policy Year</u>	<u>6th/7th</u>	<u>Policy Year</u>	<u>7th/8th</u>	<u>Policy Year</u>	<u>8th/9th</u>
2013	1.009	2012	1.004	2011	1.005	2010	1.002
2014	1.008	2013	1.005	2012	1.002	2011	1.003
Average	1.009	Average	1.005	Average	1.004	Average	1.003
<u>Policy Year</u>	<u>9th/10th</u>	<u>Policy Year</u>	<u>10th/11th</u>	<u>Policy Year</u>	<u>11th/12th</u>	<u>Policy Year</u>	<u>12th/13th</u>
2009	1.001	2008	1.001	2007	1.003	2006	1.002
2010	1.003	2009	1.001	2008	1.001	2007	1.002
Average	1.002	Average	1.001	Average	1.002	Average	1.002
<u>Policy Year</u>	<u>13th/14th</u>	<u>Policy Year</u>	<u>14th/15th</u>	<u>Policy Year</u>	<u>15th/16th</u>	<u>Policy Year</u>	<u>16th/17th</u>
2005	1.000	2004	1.001	2003	1.002	2002	1.000
2006	1.001	2005	1.001	2004	1.001	2003	1.001
Average	1.001	Average	1.001	Average	1.002	Average	1.001
<u>Policy Year</u>	<u>17th/18th</u>	<u>Policy Year</u>	<u>18th/19th</u>				
2001	1.001	2000	1.010				
2002	1.000	2001	1.002				
Average	1.001	Average	1.006				



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APPENDIX A-II

Determination of Premium and Losses Developed to an Ultimate Report

Section E - Limited Indemnity Paid + Case Loss Development Factors

<u>Policy Year</u>	<u>1st/2nd</u>	<u>Policy Year</u>	<u>2nd/3rd</u>	<u>Policy Year</u>	<u>3rd/4th</u>	<u>Policy Year</u>	<u>4th/5th</u>
2014	1.081	2013	1.055	2012	1.029	2011	1.001
2015	1.116	2014	1.019	2013	1.024	2012	1.000
2016	1.095	2015	1.062	2014	1.015	2013	1.000
2017	1.096	2016	1.039	2015	1.021	2014	1.004
2018	1.102	2017	1.041	2016	1.020	2015	1.002
Average	1.098	Average	1.043	Average	1.022	Average	1.001
<u>Policy Year</u>	<u>5th/6th</u>	<u>Policy Year</u>	<u>6th/7th</u>	<u>Policy Year</u>	<u>7th/8th</u>	<u>Policy Year</u>	<u>8th/9th</u>
2010	1.004	2009	1.004	2008	1.000	2007	1.002
2011	1.003	2010	1.003	2009	1.003	2008	1.002
2012	0.999	2011	1.003	2010	1.000	2009	1.001
2013	0.996	2012	1.013	2011	0.998	2010	0.998
2014	0.997	2013	0.998	2012	0.997	2011	1.001
Average	1.000	Average	1.004	Average	1.000	Average	1.001
<u>Policy Year</u>	<u>9th/10th</u>	<u>Policy Year</u>	<u>10th/11th</u>	<u>Policy Year</u>	<u>11th/12th</u>	<u>Policy Year</u>	<u>12th/13th</u>
2006	1.000	2005	1.002	2004	1.001	2003	1.000
2007	1.000	2006	1.000	2005	1.000	2004	1.000
2008	1.005	2007	0.999	2006	1.000	2005	1.000
2009	0.998	2008	0.998	2007	1.000	2006	1.000
2010	1.000	2009	1.000	2008	1.000	2007	1.000
Average	1.001	Average	1.000	Average	1.000	Average	1.000
<u>Policy Year</u>	<u>13th/14th</u>	<u>Policy Year</u>	<u>14th/15th</u>	<u>Policy Year</u>	<u>15th/16th</u>	<u>Policy Year</u>	<u>16th/17th</u>
2002	1.001	2001	0.999	2000	1.000	1999	1.001
2003	0.999	2002	0.999	2001	1.001	2000	1.000
2004	1.000	2003	1.000	2002	0.999	2001	1.000
2005	1.000	2004	1.000	2003	1.000	2002	1.000
2006	1.000	2005	1.000	2004	1.000	2003	1.000
Average	1.000	Average	1.000	Average	1.000	Average	1.000
<u>Policy Year</u>	<u>17th/18th</u>	<u>Policy Year</u>	<u>18th/19th</u>				
1998	1.000	1997	1.000				
1999	1.000	1998	1.000				
2000	1.000	1999	1.000				
2001	1.000	2000	1.000				
2002	1.000	2001	1.000				
Average	1.000	Average	1.000				



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APPENDIX A-II

Determination of Premium and Losses Developed to an Ultimate Report

Section F - Limited Medical Paid + Case Loss Development Factors

<u>Policy Year</u>	<u>1st/2nd</u>	<u>Policy Year</u>	<u>2nd/3rd</u>	<u>Policy Year</u>	<u>3rd/4th</u>	<u>Policy Year</u>	<u>4th/5th</u>
2014	0.988	2013	0.997	2012	0.983	2011	0.996
2015	1.001	2014	0.992	2013	0.987	2012	0.998
2016	0.978	2015	1.008	2014	0.983	2013	0.994
2017	1.003	2016	1.002	2015	0.995	2014	0.998
2018	0.987	2017	0.993	2016	0.989	2015	0.987
Average	0.991	Average	0.998	Average	0.987	Average	0.995
<u>Policy Year</u>	<u>5th/6th</u>	<u>Policy Year</u>	<u>6th/7th</u>	<u>Policy Year</u>	<u>7th/8th</u>	<u>Policy Year</u>	<u>8th/9th</u>
2010	0.997	2009	1.003	2008	0.999	2007	1.002
2011	1.010	2010	0.996	2009	1.001	2008	0.998
2012	0.999	2011	0.998	2010	1.001	2009	0.999
2013	1.000	2012	0.996	2011	1.001	2010	0.993
2014	0.992	2013	0.998	2012	0.999	2011	1.001
Average	1.000	Average	0.998	Average	1.000	Average	0.999
<u>Policy Year</u>	<u>9th/10th</u>	<u>Policy Year</u>	<u>10th/11th</u>	<u>Policy Year</u>	<u>11th/12th</u>	<u>Policy Year</u>	<u>12th/13th</u>
2006	1.002	2005	1.002	2004	1.004	2003	1.007
2007	1.000	2006	1.002	2005	0.996	2004	1.001
2008	1.001	2007	1.001	2006	1.002	2005	1.000
2009	1.001	2008	0.996	2007	1.000	2006	1.000
2010	0.997	2009	1.002	2008	0.998	2007	1.001
Average	1.000	Average	1.001	Average	1.000	Average	1.002
<u>Policy Year</u>	<u>13th/14th</u>	<u>Policy Year</u>	<u>14th/15th</u>	<u>Policy Year</u>	<u>15th/16th</u>	<u>Policy Year</u>	<u>16th/17th</u>
2002	0.999	2001	0.994	2000	0.999	1999	1.000
2003	0.994	2002	1.002	2001	1.000	2000	1.000
2004	1.003	2003	1.000	2002	0.999	2001	1.002
2005	1.000	2004	1.002	2003	1.000	2002	1.000
2006	1.002	2005	0.998	2004	1.000	2003	1.000
Average	1.000	Average	0.999	Average	1.000	Average	1.000
<u>Policy Year</u>	<u>17th/18th</u>	<u>Policy Year</u>	<u>18th/19th</u>				
1998	1.000	1997	1.000				
1999	0.999	1998	0.999				
2000	0.999	1999	1.002				
2001	1.000	2000	1.004				
2002	1.000	2001	1.002				
Average	1.000	Average	1.001				



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APPENDIX A-II

Determination of Premium and Losses Developed to an Ultimate Report

Section G - Determination of Policy Year Loss Development Factors (19th-to-Ultimate Report)

Indemnity Paid+Case Data for Matching Companies

(1)	(2)	(3)	(4)	(5)	(6) Factor to	(7) Indicated
Policy	<u>Losses for Policy Year</u>		<u>Losses for All Prior Policy Years</u>		Adjust Losses	19th-to-Ult Development
Year	19th Report	20th Report	Previous	Current	for Prior Policy Years	for Policy Year
1991	111,694,592	111,685,133	1,147,983,128	1,148,551,878	0.619	1.008
1992	95,588,037	95,755,950	1,259,952,491	1,260,377,855	0.801	1.007
1993	93,024,429	93,021,427	1,356,158,382	1,356,576,490	0.886	1.005
1994	86,762,462	86,773,961	1,439,830,952	1,439,969,025	0.999	1.002
1995	81,797,200	81,828,165	1,524,079,479	1,524,767,979	1.111	1.008
1996	79,977,918	80,346,429	1,605,331,308	1,605,193,268	1.164	1.003
1997	86,110,748	86,110,749	1,683,973,787	1,684,056,354	1.100	1.001
1998	98,688,815	98,688,413	1,770,137,195	1,770,441,389	0.968	1.003
1999	97,604,079	97,604,079	1,762,192,569	1,762,232,410	0.941	1.000
2000	100,489,307	100,547,978	1,808,300,615	1,808,688,039	0.883	1.005
Selected Indemnity 19th-to-Ultimate Loss Development Factor						1.005

Medical Paid+Case Data for Matching Companies

(8)	(9)	(10)	(11)	(12)	(13) Factor to	(14) Indicated
Policy	<u>Losses for Policy Year</u>		<u>Losses for All Prior Policy Years</u>		Adjust Losses	19th-to-Ult Development
Year	19th Report	20th Report	Previous	Current	for Prior Policy Years	for Policy Year
1991	184,721,640	184,680,004	1,355,591,607	1,352,468,853	0.546	0.969
1992	182,351,703	181,469,369	1,537,080,009	1,534,434,935	0.627	0.972
1993	173,839,979	173,669,517	1,715,882,236	1,714,325,706	0.733	0.987
1994	178,610,478	178,567,466	1,876,570,216	1,877,068,694	0.773	1.003
1995	169,248,334	169,263,265	2,052,114,794	2,056,954,157	0.878	1.033
1996	168,666,780	168,766,720	2,225,688,786	2,231,153,132	0.934	1.035
1997	170,605,427	170,611,111	2,398,078,045	2,399,004,029	0.969	1.006
1998	190,873,606	190,768,779	2,569,535,801	2,569,628,469	0.895	1.000
1999	167,972,475	168,042,434	2,652,377,934	2,652,340,247	1.016	1.000
2000	178,783,088	179,386,206	2,741,388,241	2,742,062,365	0.935	1.007
Selected Medical 19th-to-Ultimate Loss Development Factor						1.005

$$(7) = 1 + [(3)-(2) + ((5)-(4)) / (6)] / (2)$$

$$(14) = 1 + [(10)-(9) + ((12)-(11)) / (13)] / (9)$$

Columns (4) and (11) are valued as of the date at which the given policy year is at a 19th report.

Columns (5) and (12) are valued as of the date at which the given policy year is at a 20th report.



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Determination of Premium and Losses Developed to an Ultimate Report

Section H - Derivation of Policy Year Limited 19th-to-Ultimate Loss Development Factors

Policy Year	Indemnity Paid-to- Paid + Case Ratio <u>19thReport</u>	Medical Paid-to- Paid + Case Ratio <u>19thReport</u>
1997	0.995	0.991
1998	1.000	0.999
1999	0.995	0.997
2000	0.999	0.995
2001	1.000	0.991
Selected	0.998	0.990 ¹

	<u>Indemnity</u>	<u>Medical</u>
(1) Paid+Case 19th-to-Ultimate Loss Development Factor (Section G)	1.005	1.005
(2) Factor to Adjust 19th-to-Ultimate Development Factor to a Limited Basis	0.683	0.683
(3) Limited Paid+Case 19th-to-Ultimate Loss Development Factor = [(1)-1]x(2)+1	1.003	1.003
(4) Limited Paid-to-Paid+Case Ratio (Section H)	0.998	0.990
(5) Limited Paid 19th-to-Ultimate Loss Development Factor = (3) / (4)	1.005	1.013

Section I - Summary of Limited Paid Loss Development Factors

(1) <u>IndemnityPaid LossDevelopment</u>		(3) <u>MedicalPaidLo ssDevelopment</u>	
<u>Report</u>	<u>toNextReport</u>	<u>Report</u>	<u>toUltimate</u>
1st	1.510	1st	1.210
2nd	1.206	2nd	1.043
3rd	1.097	3rd	1.019
4th	1.043	4th	1.013
5th	1.021	5th	1.009
6th	1.010	6th	1.005
7th	1.006	7th	1.004
8th	1.003	8th	1.003
9th	1.003	9th	1.002
10th	1.003	10th	1.001
11th	1.001	11th	1.002
12th	1.000	12th	1.002
13th	1.001	13th	1.001
14th	1.000	14th	1.001
15th	1.000	15th	1.002
16th	1.000	16th	1.001
17th	1.000	17th	1.001
18th	1.000	18th	1.006
19th	1.005	19th	1.013

(2) = Cumulative upward product of column (1).

(4) = Cumulative upward product of column (3).

¹A selection was made to the medical conversion ratio at a 19th report. This selection considers the relatively lower medical conversion ratios for the underlying experience period at early reports. The historical conversion ratios at a 19th report are not expected to be representative of the estimated experience period losses.



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Determination of Premium and Losses Developed to an Ultimate Report

Section J - Summary of Limited Paid+Case Loss Development Factors

<u>Report</u>	(1)	(2)
	<u>Indemnity Paid+Case Loss Development</u> <u>toNextReport</u>	<u>toUltimate</u>
1st	1.098	1.181
2nd	1.043	1.076
3rd	1.022	1.032
4th	1.001	1.010
5th	1.000	1.009
6th	1.004	1.009
7th	1.000	1.005
8th	1.001	1.005
9th	1.001	1.004
10th	1.000	1.003
11th	1.000	1.003
12th	1.000	1.003
13th	1.000	1.003
14th	1.000	1.003
15th	1.000	1.003
16th	1.000	1.003
17th	1.000	1.003
18th	1.000	1.003
19th		1.003

<u>Report</u>	(3)	(4)
	<u>Medical Paid+Case Loss Development</u> <u>toNextReport</u>	<u>toUltimate</u>
1st	0.991	0.974
2nd	0.998	0.983
3rd	0.987	0.985
4th	0.995	0.998
5th	1.000	1.003
6th	0.998	1.003
7th	1.000	1.005
8th	0.999	1.005
9th	1.000	1.006
10th	1.001	1.006
11th	1.000	1.005
12th	1.002	1.005
13th	1.000	1.003
14th	0.999	1.003
15th	1.000	1.004
16th	1.000	1.004
17th	1.000	1.004
18th	1.001	1.004
19th		1.003

(2) = Cumulative upward product of column (1).
(4) = Cumulative upward product of column (3).



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APPENDIX A-II

Determination of Premium and Losses Developed to an Ultimate Report

Section K - Factor to Adjust Limited Losses to an Unlimited Basis

(1) Threshold at the Midpoint of the Loss Cost Effective Period*	7,427,545
(2) Statewide Excess Ratio for (1)	0.008
(3) Market Share for Carriers Missing from Large Loss and Catastrophe Call	0.000
(4) Factor to Adjust Limited Losses to an Unlimited Basis = $1.0 / \{1.0 - [(2) \times (1.0 - (3))]\}$	1.008

Section L - Policy Year Large Loss Limits

Experience Year	Policy Year Detrended Limit
2019	6,678,259
2018	6,475,318
2017	6,299,158
2016	6,089,728
2015	5,944,375
2014	5,801,503
2013	5,652,761
2012	5,565,299
2011	5,455,750
2010	5,312,318
2009	5,166,951
2008	5,130,503
2007	5,080,962
2006	4,953,642
2005	4,810,148
2004	4,689,433
2003	4,545,242
2002	4,404,082
2001	4,294,855
2000	4,194,755
1999	4,077,881
1998	3,949,775
1997	3,776,040

* December 4, 2022 is the midpoint of the effective period for which the revised loss costs are being proposed.



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Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Appendix A – Factors Underlying the Proposed Rate Level Change

Appendix A-III Trend Factors

NCCI separately analyzes a measure of the number of workplace injuries (claim frequency) and the average indemnity and medical costs of each of these injuries (claim severity). Premium, lost-time claim counts, and limited losses used in these frequency and severity calculations are developed to ultimate and adjusted for changes in the level of workers' wages over time using the United States Bureau of Labor Statistics Quarterly Census of Employment and Wages for Indiana. Note that medical-only claim counts are excluded from the claim frequency and severity calculations, but the losses associated with medical-only claims are included.

While claim frequency and average costs per case are reviewed separately, NCCI selects annual indemnity and medical loss ratio trend factors based on an analysis of historical indemnity and medical loss ratios, along with other pertinent considerations, including, but not limited to, changes in system benefits and administration, economic environment, credibility of state data, and prior trend approach and selection.

The lost-time claim frequency, average costs per case, and loss ratios for Policy Years 2005 through 2019 are shown in Appendix A-III, along with the impact of the trend selection for each policy year in the experience period. The trend lengths displayed in Section B(3) are calculated by comparing the average accident date for the effective period of the proposed rates to each of the policy years in the experience period. The average accident dates are based on an Indiana distribution of policy writings by month and assume a uniform probability of loss over the coverage period.



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APPENDIX A-III

Policy Year Trend Factors

Section A - Summary of Policy Year Data

(1)	(2)	(3)	(4)	(5)	(6)
	Lost-Time	Indemnity		Medical	
Policy Year	Claim Frequency*	Avg Cost Per Case*^	Loss Ratio^	Avg Cost Per Case*^	Loss Ratio^
2005	31.404	16,435	0.515	31,315	0.979
2006	30.658	15,930	0.486	31,820	0.971
2007	30.408	17,130	0.521	33,334	1.018
2008	28.373	17,831	0.506	35,917	1.019
2009	27.545	16,723	0.460	38,013	1.046
2010	27.758	17,416	0.484	39,097	1.086
2011	25.983	16,981	0.441	40,115	1.042
2012	24.396	17,169	0.419	40,760	0.994
2013	24.860	16,865	0.419	41,625	1.035
2014	22.861	15,101	0.345	37,519	0.859
2015	21.790	16,091	0.350	38,756	0.844
2016	20.502	15,448	0.316	39,538	0.810
2017	20.556	15,287	0.314	38,010	0.781
2018	20.344	15,859	0.323	38,795	0.790
2019	19.084	15,532	0.296	36,773	0.702

* Figures have been adjusted to the common wage level.

^ Based on an average of paid and paid+case losses.

Section B - Summary of Annual Trend Factors

	<u>Indemnity</u>	<u>Medical</u>
(1) Current Approved Annual Loss Ratio Trend Factor	0.960	0.975
(2) Selected Annual Loss Ratio Trend Factor	0.965	0.975
(3) Length of Trend Period from Midpoint of Policy Year to Midpoint of Effective Period:		
	<u>Years</u>	
Policy Year 2018	4.001	
Policy Year 2019	3.001	
(4) Trend Factor Applied to Experience Year = (2) ^ (3)	<u>Indemnity</u>	<u>Medical</u>
Policy Year 2018	0.867	0.904
Policy Year 2019	0.899	0.927



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APPENDIX A-IV

Derivation of Industry Group Differentials

Industry group differentials are used to more equitably distribute the overall rate level change based on the individual experience of each industry group. The payroll, losses and claim counts used in the calculations below are from NCCI's Workers Compensation Statistical Plan (WCSP) data.

I. Expected Losses

The current expected losses (columns (1) and (2)) are the payroll extended by the pure premiums underlying the latest approved rates. The proposed expected losses (3) are the current expected losses adjusted to the proposed level. These adjustments include the proposed experience, trend, benefit and, if applicable, loss-based expense changes as well as any miscellaneous premium adjustments.

Industry Group	(1) Latest Year Current Expected Losses Prior to Adjustment for Change in Off-Balance	(2) Five Year Current Expected Losses Prior to Adjustment for Change in Off-Balance	(3) Five Year Proposed Expected Losses Prior to Adjustment for Change in Off-Balance	(4) Current Ratio of Manual to Standard Premium	(5) Proposed Ratio of Manual to Standard Premium
Manufacturing	201,675,756	933,982,043	908,553,383	1.143	1.154
Contracting	116,168,384	518,974,569	505,125,982	1.131	1.133
Office & Clerical	65,500,521	313,715,792	305,181,698	1.138	1.140
Goods & Services	221,610,356	1,010,656,843	983,036,390	1.072	1.077
Miscellaneous	130,110,066	596,541,890	580,776,811	1.079	1.077
Statewide	735,065,082	3,373,871,136	3,282,674,263		

Industry Group	(6) Latest Year Current Expected Losses Adjusted for Change in Off-Balance (1)x(4)/(5)	(7) Five Year Current Expected Losses Adjusted for Change in Off-Balance (2)x(4)/(5)	(8) Five Year Proposed Expected Losses Adjusted for Change in Off-Balance (3)x(4)/(5)	(9) Current/ Proposed (7)/(8)	(10) Adjustment to Proposed for Current Relativity (9)IG/(9)SW
Manufacturing	199,753,370	925,079,268	899,892,995	1.028	1.000
Contracting	115,963,320	518,058,462	504,234,321	1.027	0.999
Office & Clerical	65,385,607	313,165,414	304,646,291	1.028	1.000
Goods & Services	220,581,525	1,005,964,842	978,472,619	1.028	1.000
Miscellaneous	130,351,681	597,649,674	581,855,320	1.027	0.999
Statewide	732,035,503	3,359,917,660	3,269,101,546	1.028	



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APPENDIX A-IV

II. Industry Group Differentials

To calculate the converted indicated balanced losses (11) the reported losses are limited to \$500,000 for a single claim occurrence and \$1,500,000 for each multiple claim occurrence. After the application of limited development, trend and benefit factors, the limited losses are brought to an unlimited level through the application of the expected excess provision. The expected excess loss provisions are non-catastrophe and the excess ratios at a loss limit of \$50 million are set equal to zero. The proposed experience change, applicable loss-based expenses and any miscellaneous premium adjustments are applied to calculate the indicated losses. These indicated losses are then balanced to the expected losses using the factors shown in Appendix B-I, Section A-3.

Industry Group	(11) Converted Indicated Balanced Losses	(12) Indicated/Expected Ratio (11)/[(8)x(10)]	(13) Indicated Differential (12)IG/(12)SW	(14) Lost-Time Claim Counts
Manufacturing	893,627,387	0.993	0.993	18,971
Contracting	488,624,397	0.970	0.970	7,628
Office & Clerical	313,477,090	1.029	1.029	5,902
Goods & Services	989,065,562	1.011	1.011	23,087
Miscellaneous	584,192,342	1.005	1.005	10,849
Statewide	3,268,986,778	1.000		

Industry Group	(15) Full Credibility Standard for Lost-Time Claim Counts	(16) Credibility Minimum of 1.000 and $((14)/(15))^{0.5}$	(17) Credibility Weighted Indicated/Expected Ratio $[(16)IG \times (12)IG] + [1 - (16)IG] \times (12)SW^*$	(18) Final Industry Group Differential (17)IG/(17)SW
Manufacturing	12,000	1.00	0.993	0.993
Contracting	12,000	0.80	0.976	0.976
Office & Clerical	12,000	0.70	1.020	1.020
Goods & Services	12,000	1.00	1.011	1.011
Miscellaneous	12,000	0.95	1.005	1.005
Statewide			1.000	1.000

*Statewide ratio (column 17) = $\Sigma IG[(6) \times (17)] \div \Sigma IG(6)$



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Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Appendix B – Calculations Underlying the Rate Change by Classification

NCCI separately determines advisory rates for each workers compensation classification. The proposed change from the current advisory rate will vary depending on the classification. The following are the general steps utilized to determine the individual classification rates:

1. Calculate industry group differentials, which are used to more equitably distribute the proposed overall average advisory rate level change based on the individual experience of each industry group
2. For each classification, determine the indicated pure premiums based on the most recently-available five policy periods of Indiana payroll and loss experience
3. Indicated pure premiums are credibility-weighted with present on rate level pure premiums and national pure premiums to generate derived by formula pure premiums
4. Final adjustments include the application of a test correction factor, the ratio of manual-to-standard premium, and swing limits.



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APPENDIX B-I

Distribution of Rate Level Change to Occupational Classification

After determining the required changes in the overall rate level for the state and by industry group, the next step in the ratemaking procedure is to distribute these changes among the various occupational classifications. In order to do this, the pure premiums by classification must be adjusted, by policy period, industry group, or on an overall basis, to incorporate the changes proposed in the filing. There are three sets of pure premiums for each classification: indicated, present on rate level, and national pure premiums.

Section A – Calculation of Indicated Pure Premiums

The indicated pure premiums are calculated from the payroll and loss data reported, by class code and policy period, in the Workers Compensation Statistical Plan (WCSP) for the latest available five policy periods. Various adjustments are made to these pure premiums to put them at the level proposed in this filing (Sections A-1 to A-3).

Section A-1 – Calculation of Primary Conversion Factors

1. Limited Loss Development Factors

The following factors are applied to develop the losses from first through fifth report to an ultimate basis.

Policy Period	Indemnity		Medical	
	Likely-to-Develop	Not-Likely-to-Develop	Likely-to-Develop	Not-Likely-to-Develop
7/14-6/15	1.014	1.003	1.023	1.001
7/15-6/16	1.028	1.008	1.023	1.000
7/16-6/17	1.076	1.025	1.011	0.998
7/17-6/18	1.193	1.067	1.013	0.999
7/18-6/19	1.492	1.158	1.021	1.001

2. Factors to Adjust to the Proposed Trend Level

The proposed trend factors are applied to adjust the losses to the proposed level.

Policy Period	Indemnity	Medical
7/14-6/15	0.766	0.827
7/15-6/16	0.794	0.848
7/16-6/17	0.822	0.870
7/17-6/18	0.852	0.893
7/18-6/19	0.883	0.915

3. Factors to Adjust to the Proposed Benefit Level

The following factors are applied to adjust the losses to the proposed benefit level.

Policy Period	Fatal	Permanent Total (P.T.)	Permanent Partial (P.P.)	Temporary Total (T.T.)	Medical
7/14-6/15	1.045	1.075	1.082	1.032	1.033
7/15-6/16	1.023	1.025	1.028	1.011	1.029
7/16-6/17	1.013	1.000	1.000	1.000	1.022
7/17-6/18	1.013	1.000	1.000	1.000	1.013
7/18-6/19	1.007	1.000	1.000	1.000	1.012



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APPENDIX B-I

4. Primary Conversion Factors: Indicated Pure Premiums

The factors above, contained within Section A-1, are combined multiplicatively, resulting in the following factors for the Likely-to-Develop (L) and Not-Likely-to-Develop (NL) groupings.

Policy Period	Fatal (L)	Fatal (NL)	P.T.*	P.P. (L)	P.P. (NL)	T.T. (L)	T.T. (NL)	Medical (L)	Medical (NL)
7/14-6/15	0.812	0.803	0.835	0.840	0.831	0.802	0.793	0.874	0.855
7/15-6/16	0.835	0.819	0.837	0.839	0.823	0.825	0.809	0.893	0.873
7/16-6/17	0.896	0.854	0.884	0.884	0.843	0.884	0.843	0.899	0.887
7/17-6/18	1.030	0.921	1.016	1.016	0.909	1.016	0.909	0.916	0.904
7/18-6/19	1.327	1.030	1.317	1.317	1.023	1.317	1.023	0.945	0.927

* Permanent total losses are always assigned to the Likely-to-Develop grouping.

Section A-2 – Expected Excess Provision and Redistribution

After the application of the primary conversion factors, the limited losses are brought to an expected unlimited level through the application of excess loss factors by hazard group. The expected excess loss provisions are non-catastrophe and the excess ratios at a loss limit of \$50 million are set equal to zero. These factors are shown below.

Hazard Group	A	B	C	D	E	F	G
(1) Excess Ratios	0.040	0.051	0.071	0.082	0.117	0.141	0.169
(2) Excess Factors 1/(1-(1))	1.042	1.054	1.076	1.089	1.133	1.164	1.203

As the excess loss factors are on a combined (indemnity and medical) basis, a portion (40%) of the indemnity expected excess losses are redistributed to medical in order to more accurately allocate expected excess losses. Since a portion of the expected excess losses are redistributed in an additive manner, the expected excess factors shown above cannot be combined multiplicatively with either the primary or secondary loss conversion factors.



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APPENDIX B-I

Section A-3 – Calculation of Secondary Conversion Factors

1. Factors to Adjust for Proposed Industry Group Differentials

The following factors are applied to adjust the indicated industry group differentials for the effects of credibility weighting the industry group differentials and weighting the differentials by the latest year expected losses.

	Manufacturing	Contracting	Office and Clerical	Goods and Services	Miscellaneous
(1) Indicated Differentials*	0.993	0.970	1.029	1.011	1.005
(2) Final Differentials**	0.993	0.976	1.020	1.011	1.005
(3) Adjustment (2)/(1)	1.000	1.006	0.991	1.000	1.000

*See Appendix A-IV, column (13).

**See Appendix A-IV, column (18).

2. Factors to Balance Indicated to Expected Losses

The expected losses are calculated as the pure premium underlying the current rates, adjusted to the proposed level and adjusted for the Experience Rating Plan off-balance. The indicated losses are balanced to the expected losses by applying the following factors.

Policy Period	(1) Adjustment of Indicated Losses to Pure Premium at Proposed Level	(2) Current Ratio of Manual to Standard Premium	(3) Proposed Ratio of Manual to Standard Premium	(4) Off-balance Adjustment (2)/(3)	(5) Balancing Indicated to Expected Losses (1)x(4)
7/14-6/15	1.001	1.108	1.109	0.999	1.000
7/15-6/16	0.978	1.108	1.105	1.003	0.981
7/16-6/17	1.001	1.108	1.114	0.995	0.996
7/17-6/18	0.954	1.108	1.115	0.994	0.948
7/18-6/19	0.992	1.108	1.119	0.990	0.982

3. Adjustment for Experience Change

A factor of 0.958 is applied to adjust for the experience change in the proposed rate level.

4. Factor to Reflect the Proposed Loss-Based Expense Provisions

A factor of 1.176 is applied to include the proposed loss-based expense provisions.

5. Secondary Conversion Factors: Indicated Pure Premiums

The factors above, contained within section A-3, are combined multiplicatively, resulting in the following factors:

Policy Period	Manufacturing	Contracting	Office and Clerical	Goods and Services	Miscellaneous
7/14-6/15	1.127	1.133	1.116	1.127	1.127
7/15-6/16	1.105	1.112	1.095	1.105	1.105
7/16-6/17	1.122	1.129	1.112	1.122	1.122
7/17-6/18	1.068	1.074	1.058	1.068	1.068
7/18-6/19	1.106	1.113	1.096	1.106	1.106



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APPENDIX B-I

Section B – Calculation of Present on Rate Level Pure Premiums

The present on rate level pure premiums are the pure premiums underlying the current rates, adjusted to the proposed level. The data sources for the above-captioned pure premiums are the partial pure premiums underlying the current rates.

1. Adjustment for Experience Change

A factor of 0.958 is applied to adjust for the experience change in the proposed rate level.

2. Factors to Adjust to the Proposed Trend Level

The pure premiums underlying the current rates contain the current trend. The change in trend factors, 1.019 and 1.000, for indemnity and medical, respectively, are applied to adjust to the proposed trend level.

3. Factors to Adjust to the Proposed Benefit Level

The following factors are applied to adjust the pure premiums underlying the current rates to the proposed benefit level.

Effective Date	Indemnity	Medical
October 1, 2020	1.000	1.002
January 1, 2021	1.000	1.005
Combined Benefit Adjustment	1.000	1.007

4. Factors to Include the Proposed Loss-Based Expense Provisions

The pure premiums underlying the current rates include the current loss-based expense provisions and must be adjusted to the proposed level.

	(a) Current		(b) Proposed	
	Indemnity	Medical	Indemnity	Medical
(1) Loss Adjustment Expense	1.170	1.170	1.176	1.176
(2) Loss-based Assessment	1.000	1.000	1.000	1.000
(3) = (1) + (2) – 1.000	1.170	1.170	1.176	1.176
(4) Overall Change (3b)/(3a)			1.005	1.005

5. Adjustment to Obtain Expected Losses

The pure premiums underlying the current rates reflect the current Experience Rating Plan off-balance. The change in off-balance must be applied.

Industry Group	(1) Current Ratio of Manual to Standard Premium	(2) Proposed Ratio of Manual to Standard Premium	(3) Off-balance Adjustment (1)/(2)
Manufacturing	1.143	1.154	0.990
Contracting	1.131	1.133	0.998
Office & Clerical	1.138	1.140	0.998
Goods & Services	1.072	1.077	0.995
Miscellaneous	1.079	1.077	1.002



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6. Factors to Adjust for Proposed Industry Group Differentials

The pure premiums underlying the current rates are adjusted by the proposed industry group differentials.

Industry Group	(1) Final Differential*	(2) Adjustment to Proposed for Current Relativities**	(3) Adjusted Differential (1)x(2)
Manufacturing	0.993	1.000	0.993
Contracting	0.976	0.999	0.975
Office & Clerical	1.020	1.000	1.020
Goods & Services	1.011	1.000	1.011
Miscellaneous	1.005	0.999	1.004

*See Appendix A-IV, column (18).

**See Appendix A-IV, column (10).

7. Combined Conversion Factors

The factors above, contained within Section B, are combined multiplicatively, resulting in the following factors.

Industry Group	Indemnity	Medical
Manufacturing	0.964	0.954
Contracting	0.955	0.944
Office & Clerical	0.999	0.987
Goods & Services	0.987	0.976
Miscellaneous	0.987	0.976



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APPENDIX B-I

Section C – Calculation of National Pure Premiums

Finally, there are the national pure premiums, which reflect the countrywide experience for each classification adjusted to state conditions. These pure premiums reflect the countrywide experience for each classification as indicated by the latest available individual classification experience for all states for which the National Council on Compensation Insurance compiles workers compensation data.

Countrywide data is adjusted to Indiana conditions in four steps. First, statewide indicated pure premiums are determined for Indiana. Second, using Indiana payrolls as weights, corresponding statewide-average pure premiums are computed for each remaining state. Third, the ratios of Indiana statewide pure premiums to those for other states are used as adjustment factors to convert losses for other states to a basis that is consistent with the Indiana indicated pure premiums. The quotient of the countrywide total of such adjusted losses divided by the total countrywide payroll for the classification is the initial pure premium indicated by national relativity. Finally, national pure premiums are balanced to the level of the state indicated pure premiums to ensure unbiased derived by formula pure premiums. Indemnity and medical pure premiums are computed separately.

Section D – Calculation of Derived by Formula Pure Premiums

The indicated, present on rate level and national pure premiums are credibility weighted, and the resulting derived by formula pure premiums are used to determine the final class rates.

As for the preceding pure premiums, separate computations are performed for each partial pure premium: indemnity and medical. Each partial formula pure premium is derived by the weighting of the indicated, present on rate level and national partial pure premiums. The weight assigned to the policy year indicated pure premium varies in one-percent intervals from zero percent to one hundred percent, depending upon the volume of expected losses (i.e. the product of the underlying pure premiums and the payroll in hundreds). To achieve full state credibility, a classification must have expected losses of at least: \$22,794,969 for indemnity and \$28,821,100 for medical.

The partial credibilities formula is:

$$z = [(\text{expected losses}) / (\text{full credibility standard})]^{0.5}$$

For the national pure premiums, credibility is determined from the number of lost-time claims. Full credibility standards are: 2,300 lost-time claims for indemnity and 2,000 lost-time claims for medical.

Partial credibilities are assigned using a credibility formula similar to that used for indicated pure premiums but based on the number of national cases. In no case is the national credibility permitted to exceed 50% of the complement of the state credibility.

National Credibility equals the smaller of:

$$[(\text{national cases}) / (\text{full credibility standard})]^{0.5} \text{ and } [(1 - \text{state credibility}) / 2]$$

The residual credibility (100% minus the sum of the state and national credibilities) is assigned to the present on rate level pure premium.

For example, if the state credibility is 40%, the national pure premium is assigned a maximum credibility of 30% $((100 - 40) / 2)$. The remainder is assigned to the present on rate level pure premium.

The total pure premium shown on the attached Appendix B-III is obtained by adding the indemnity and medical partial pure premiums obtained above and rounding the sum to two decimal places.



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APPENDIX B-II

Adjustments to Obtain Rates

The following items are combined with the derived by formula pure premium to obtain the proposed rate:

1. Test Correction Factor

The payrolls are now extended by the rates presently in effect and by the indicated rates to determine if the required change in manual premium level as calculated in Exhibit I has been achieved. Since at first this calculation may not yield the required results, an iterative process is initiated which continuously tests the proposed rates including tentative test correction factors until the required change in manual premium level is obtained. The test correction factor is applied to the derived by formula pure premiums.

The factors referred to above are set out as follows:

	Test Correction Factor
Manufacturing	1.0166
Contracting	1.0114
Office & Clerical	0.9741
Goods & Services	0.9977
Miscellaneous	1.0171

2. Ratios of Manual to Standard Premiums

The ratios of manual to standard premiums by industry group have also been excluded from the classification experience, and it is necessary to apply these factors to the derived by formula pure premiums.

	Ratio of Manual to Standard Premiums
Manufacturing	1.154
Contracting	1.133
Office & Clerical	1.140
Goods & Services	1.077
Miscellaneous	1.077

3. Expense Allowance

The expense allowance is introduced into the rate by dividing the product of the proposed pure premium and the appropriate factors above by the proposed target cost ratio of 0.725 (see Exhibit II-A for derivation of this factor). This operation produces the proposed rate prior to the addition of a disease loading, if any.

4. Disease Loadings

The proposed manual rates shown in this filing include specific disease loadings for those classifications where they apply. The proposed specific disease loadings are shown on the footnotes page.



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APPENDIX B-II

5. Swing Limits

As a further step, a test is made to make certain that the proposed rates fall within the following departures from the present rates:

Manufacturing	from 24% above to 26% below
Contracting	from 23% above to 27% below
Office & Clerical	from 27% above to 23% below
Goods & Services	from 26% above to 24% below
Miscellaneous	from 26% above to 24% below

These limits have been calculated in accordance with the following formula:

Max. Deviation = Effect of the final change in rate level by industry group plus or minus 25% rounded to the nearest 1%.

The product of the swing limits and the present rate sets bounds for the proposed rate. If the calculated rate falls outside of the bounds, the closest bound is chosen as the proposed rate. When a code is limited, the underlying pure premiums are adjusted to reflect the limited rate. The classifications which have been so limited are shown below. Note that classifications that are subject to special handling may fall outside of the swing limits. A code listed below with an asterisk indicates the code's swing limit was adjusted by one cent before being applied; this is only performed when the upper and lower bounds calculated by the swing limit are equal.

An illustrative example showing the calculation of a proposed manual class rate is attached as Appendix B-III. This example demonstrates the manner in which the partial pure premiums are combined to produce a total pure premium, and shows the steps in the calculation at which the rounding takes place. The rates for other classifications are calculated in the same manner.

List of Classifications Limited by the Upper Swing

4062 7711

List of Classifications Limited by the Lower Swing

None



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APPENDIX B-III

Derivation of Proposed Rate - Code 8810

As previously explained in Appendix B-I, the indicated pure premiums are developed by adjusting the limited losses by a set of conversion factors. The converted losses are then summarized into indemnity and medical and then divided by payroll (in hundreds). The derivation of the indicated pure premium for the above-captioned classification follows:

LIMITED LOSSES (Workers Compensation Statistical Plan)

Policy Period	Fatal Likely	Fatal Not-Likely	Permanent Total	Permanent Partial Likely	Permanent Partial Not-Likely	Temporary Total Likely	Temporary Total Not-Likely	Medical Likely	Medical Not-Likely
07/01/14 - 06/30/15	0	56,501	0	1,597,450	1,567,285	640,627	747,634	3,693,177	10,468,742
07/01/15 - 06/30/16	0	15,000	244,772	633,178	1,825,724	624,597	963,104	3,003,669	9,703,029
07/01/16 - 06/30/17	0	498,619	158,628	282,793	1,454,600	401,792	1,095,326	1,993,379	11,105,214
07/01/17 - 06/30/18	0	0	0	553,038	1,304,718	376,525	973,303	2,060,842	11,183,006
07/01/18 - 06/30/19	0	726,265	0	562,334	1,477,952	931,817	1,283,850	3,842,131	12,469,618

PRIMARY CONVERSION FACTORS (Appendix B-I, Section A-1)

Policy Period	Fatal Likely	Fatal Not-Likely	Permanent Total	Permanent Partial Likely	Permanent Partial Not-Likely	Temporary Total Likely	Temporary Total Not-Likely	Medical Likely	Medical Not-Likely
07/01/14 - 06/30/15	0.812	0.803	0.835	0.840	0.831	0.802	0.793	0.874	0.855
07/01/15 - 06/30/16	0.835	0.819	0.837	0.839	0.823	0.825	0.809	0.893	0.873
07/01/16 - 06/30/17	0.896	0.854	0.884	0.884	0.843	0.884	0.843	0.899	0.887
07/01/17 - 06/30/18	1.030	0.921	1.016	1.016	0.909	1.016	0.909	0.916	0.904
07/01/18 - 06/30/19	1.327	1.030	1.317	1.317	1.023	1.317	1.023	0.945	0.927

EXPECTED EXCESS PROVISION AND REDISTRIBUTION (Appendix B-I, Section A-2)

After the application of the primary conversion factors, the limited losses are brought to an expected unlimited level through the application of a hazard group-specific excess loss factor. The factor is shown below:

	HAZARD GROUP: C
Excess Factor	1.076

As the excess loss factor is on a combined (indemnity and medical) basis, the following portion of the indemnity expected excess losses are redistributed to medical in order to more accurately allocate expected excess losses:

Redistribution %	40%
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APPENDIX B-III

Derivation of Proposed Rate - Code 8810

EXPECTED UNLIMITED LOSSES (Limited Losses x Primary Conversion Factors, then adjusted for the Excess Provision and Redistribution)

Policy Period	Fatal Likely	Fatal Not-Likely	Permanent Total	Permanent Partial Likely	Permanent Partial Not-Likely	Temporary Total Likely	Temporary Total Not-Likely	Medical Likely	Medical Not-Likely
07/01/14 - 06/30/15	0	47,450	0	1,403,390	1,362,137	537,343	620,061	3,531,257	9,694,175
07/01/15 - 06/30/16	0	12,848	214,269	555,596	1,571,473	538,922	814,880	2,925,528	9,188,260
07/01/16 - 06/30/17	0	445,347	146,657	261,453	1,282,458	371,471	965,701	1,951,795	10,681,881
07/01/17 - 06/30/18	0	0	0	587,653	1,240,374	400,091	925,302	2,060,875	10,945,367
07/01/18 - 06/30/19	0	782,356	0	774,555	1,581,276	1,283,478	1,373,605	3,968,461	12,552,013

SECONDARY CONVERSION FACTORS (Appendix B-I, Section A-3)

Policy Period	INDUSTRY GROUP: Office and Clerical
07/01/14 - 06/30/15	1.116
07/01/15 - 06/30/16	1.095
07/01/16 - 06/30/17	1.112
07/01/17 - 06/30/18	1.058
07/01/18 - 06/30/19	1.096

PAYROLL, FINAL CONVERTED LOSSES (Expected Unlimited Losses x Secondary Conversion Factors)

Policy Period	Payroll	Indemnity Likely	Indemnity Not-Likely	Medical Likely	Medical Not-Likely	Total Indemnity	Total Medical	Total
07/01/14 - 06/30/15	23,040,712,411	2,165,858	2,265,087	3,940,883	10,818,699	4,430,945	14,759,582	19,190,527
07/01/15 - 06/30/16	24,127,375,372	1,433,122	2,627,125	3,203,453	10,061,145	4,060,247	13,264,598	17,324,845
07/01/16 - 06/30/17	24,730,361,822	866,894	2,995,179	2,170,396	11,878,252	3,862,073	14,048,648	17,910,721
07/01/17 - 06/30/18	25,490,357,426	1,045,033	2,291,285	2,180,406	11,580,198	3,336,318	13,760,604	17,096,922
07/01/18 - 06/30/19	26,448,113,593	2,255,604	4,096,012	4,349,433	13,757,006	6,351,616	18,106,439	24,458,055
Total	123,836,920,624	7,766,511	14,274,688	15,844,571	58,095,300	22,041,199	73,939,871	95,981,070
INDICATED PURE PREMIUM						0.018	0.060	0.08

The pure premiums shown were calculated using unrounded losses, while the converted losses have been rounded for display purposes.

The present on rate level pure premiums are developed by adjusting the pure premiums underlying the current rate by the conversion factors calculated in Appendix B-I. The derivation of the present on rate level pure premiums for the above-captioned classification follows:

	Indemnity	Medical	Total
Pure Premiums Underlying Current Rate	0.020	0.060	0.08
Conversion Factors (App. B-I, Section B)	0.999	0.987	xxx
PURE PREMIUMS PRESENT ON RATE LEVEL			
(Underlying Pure Premiums) x (Conversion Factor)	0.020	0.059	0.08



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APPENDIX B-III

Derivation of Proposed Rate - Code 8810 Industry Group - Office and Clerical, Hazard Group - C

The rate for the above-captioned classification is derived as follows:

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
1. Indicated Pure Premium	0.018	0.060	0.08
2. Pure Premium Indicated by National Relativity	0.016	0.047	0.06
3. Pure Premium Present on Rate Level	0.020	0.059	0.08
4. State Credibilities	100%	100%	xxx
5. National Credibilities	0%	0%	xxx
6. Residual Credibilities = 100% - (4) - (5)	0%	0%	xxx
7. Derived by Formula Pure Premiums = (1) x (4) + (2) x (5) + (3) x (6)	0.018	0.060	0.08
8. Test Correction Factor	0.9741	0.9741	xxx
9. Underlying Pure Premiums = (7) x (8) *	0.022	0.058	0.08
10. Ratio of Manual to Standard Premium			1.140
11. Target Cost Ratio			0.725
12. Rate = (9) x (10) / (11)			0.13
13. Rate Within Swing Limits			0.13
Current Rate x Swing Limits			
a) Lower bound = 0.12 x 0.770 = 0.10			
b) Upper bound = 0.12 x 1.270 = 0.15			
14. Pure Premiums Underlying Proposed Rate* = ((14TOT) / (9TOT)) x (9) ; (14TOT) = (13) x (11) / (10)	0.022	0.058	0.08
15. Disease, Catastrophe and/or Miscellaneous Loadings			0.00
16. Final Loaded Rate			0.13

* Indemnity pure premium is adjusted for the rounded total pure premium:
Indemnity Pure Premium = Total Pure Premium - Medical Pure Premium



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APPENDIX B-IV

Ten years of Workers Compensation Statistical Plan (WCSP) data is used to determine the F-classification (F-class) rates. An F-class countrywide pure premium is brought to Indiana's proposed level, and F-class code countrywide relativities are applied to determine indicated rates. The latest year of payroll is extended by both the current and proposed rates. Based on \$7,046,862 of payroll, the overall indicated rate level change in Indiana is -24.9%.

I. Calculation of F-Class Countrywide Pure Premium and F-Class Code Relativities

Ten years of F-class losses* across all states for which the National Council on Compensation Insurance compiles workers compensation ratemaking data are converted and adjusted to a countrywide level and used with ten years of F-class countrywide payroll to determine the F-class countrywide pure premiums at both an overall and individual classification level. The F-class code countrywide relativities are then calculated using these pure premiums.

*Losses are limited to \$500,000 for a single claim occurrence and \$1,500,000 for each multiple claim occurrence.

Note: Texas data is included for policies effective 1/1/2013 and subsequent.

A. Calculation of Primary Conversion Factors

Each state's losses are adjusted by its state-specific benefit and trend factors and countrywide development. Below are the adjustments made to Indiana's losses:

1. Factors to Adjust to a Current Benefit Level

The state and federal losses are adjusted to the current state and federal benefit levels, respectively.

State Act					
Policy Period	Fatal	Permanent Total (P.T.)	Permanent Partial (P.P.)	Temporary Total (T.T.)	Medical
1/08 - 12/08	1.086	1.212	1.201	1.076	0.966
1/09 - 12/09	1.081	1.189	1.189	1.070	0.966
1/10 - 12/10	1.080	1.160	1.177	1.069	0.966
1/11 - 12/11	1.080	1.157	1.174	1.069	0.966
1/12 - 12/12	1.080	1.157	1.174	1.069	0.966
1/13 - 12/13	1.078	1.151	1.167	1.067	0.974
1/14 - 12/14	1.056	1.103	1.113	1.045	1.020
1/15 - 12/15	1.034	1.050	1.054	1.022	1.024
1/16 - 12/16	1.017	1.007	1.008	1.004	1.020
1/17 - 12/17	1.013	1.000	1.000	1.000	1.011

Federal Act					
Policy Period	Fatal	Permanent Total (P.T.)	Permanent Partial (P.P.)	Temporary Total (T.T.)	Medical
1/08 - 12/08	1.000	1.000	1.000	1.000	1.000
1/09 - 12/09	1.000	1.000	1.000	1.000	1.000
1/10 - 12/10	1.000	1.000	1.000	1.000	1.000
1/11 - 12/11	1.000	1.000	1.000	1.000	1.000
1/12 - 12/12	1.000	1.000	1.000	1.000	1.000
1/13 - 12/13	1.000	1.000	1.000	1.000	1.000
1/14 - 12/14	1.000	1.000	1.000	1.000	1.000
1/15 - 12/15	1.000	1.000	1.000	1.000	1.000
1/16 - 12/16	1.000	1.000	1.000	1.000	1.000
1/17 - 12/17	1.000	1.000	1.000	1.000	1.000

2. Factors to Trend to 1/1/2022

The losses are trended from the midpoint of each policy year to 1/1/2022 using the current annual trends of 0.960 and 0.975 for indemnity and medical, respectively.

Policy Period	Indemnity	Medical
1/08 - 12/08	0.586	0.718
1/09 - 12/09	0.611	0.736
1/10 - 12/10	0.636	0.755
1/11 - 12/11	0.662	0.775
1/12 - 12/12	0.690	0.794
1/13 - 12/13	0.719	0.815
1/14 - 12/14	0.749	0.836
1/15 - 12/15	0.780	0.857
1/16 - 12/16	0.812	0.879
1/17 - 12/17	0.846	0.902



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APPENDIX B-IV

3. Limited Loss Development Factors

The losses are developed to an ultimate basis using loss development factors based on countrywide data.*

Policy Period	Indemnity		Medical	
	Likely-to-Develop	Not-Likely-to-Develop	Likely-to-Develop	Not-Likely-to-Develop
1/08 - 12/08	1.045	1.006	1.111	1.012
1/09 - 12/09	1.048	1.013	1.119	1.028
1/10 - 12/10	1.057	1.020	1.128	1.027
1/11 - 12/11	1.067	1.031	1.127	1.020
1/12 - 12/12	1.058	1.029	1.132	1.010
1/13 - 12/13	1.088	1.040	1.134	1.024
1/14 - 12/14	1.113	1.054	1.176	1.023
1/15 - 12/15	1.281	1.109	1.250	1.024
1/16 - 12/16	1.481	1.254	1.316	1.060
1/17 - 12/17	2.325	1.810	1.527	1.135

*Excludes Texas.

4. Primary Conversion Factors = (1) x (2) x (3)

The factors above, contained within Section A, are combined multiplicatively, resulting in the following Likely-to-Develop (L) and Not-Likely-to-Develop (NL) factors:

Policy		State Act						Medical	
		Fatal (L)	Fatal (NL)	P.T.*	P.P. (L)	P.P. (NL)	T.T. (L)	T.T. (NL)	Medical (L) (NL)
1/08 - 12/08	0.665	0.640	0.742	0.735	0.708	0.659	0.634	0.771	0.702
1/09 - 12/09	0.692	0.669	0.761	0.761	0.736	0.685	0.662	0.796	0.731
1/10 - 12/10	0.726	0.701	0.780	0.791	0.764	0.719	0.693	0.823	0.749
1/11 - 12/11	0.763	0.737	0.817	0.829	0.801	0.755	0.730	0.844	0.764
1/12 - 12/12	0.788	0.767	0.845	0.857	0.834	0.780	0.759	0.868	0.775
1/13 - 12/13	0.843	0.806	0.900	0.913	0.873	0.835	0.798	0.900	0.813
1/14 - 12/14	0.880	0.834	0.920	0.928	0.879	0.871	0.825	1.003	0.872
1/15 - 12/15	1.033	0.894	1.049	1.053	0.912	1.021	0.884	1.097	0.899
1/16 - 12/16	1.223	1.036	1.211	1.212	1.026	1.207	1.022	1.180	0.950
1/17 - 12/17	1.993	1.551	1.967	1.967	1.531	1.967	1.531	1.393	1.035

Policy		Federal Act						Medical	
		Fatal (L)	Fatal (NL)	P.T.*	P.P. (L)	P.P. (NL)	T.T. (L)	T.T. (NL)	Medical (L) (NL)
1/08 - 12/08	0.612	0.590	0.612	0.612	0.590	0.612	0.590	0.798	0.727
1/09 - 12/09	0.640	0.619	0.640	0.640	0.619	0.640	0.619	0.824	0.757
1/10 - 12/10	0.672	0.649	0.672	0.672	0.649	0.672	0.649	0.852	0.775
1/11 - 12/11	0.706	0.683	0.706	0.706	0.683	0.706	0.683	0.873	0.791
1/12 - 12/12	0.730	0.710	0.730	0.730	0.710	0.730	0.710	0.899	0.802
1/13 - 12/13	0.782	0.748	0.782	0.782	0.748	0.782	0.748	0.924	0.835
1/14 - 12/14	0.834	0.789	0.834	0.834	0.789	0.834	0.789	0.983	0.855
1/15 - 12/15	0.999	0.865	0.999	0.999	0.865	0.999	0.865	1.071	0.878
1/16 - 12/16	1.203	1.018	1.203	1.203	1.018	1.203	1.018	1.157	0.932
1/17 - 12/17	1.967	1.531	1.967	1.967	1.531	1.967	1.531	1.377	1.024

*Permanent Total losses are always assigned to the Likely-to-Develop grouping.

B. Expected Excess Provision and Redistribution

After the application of the primary conversion factors, each state's limited losses are brought to an expected unlimited level through the application of countrywide excess loss factors by hazard group. The expected excess loss provisions are non-catastrophe and the excess ratios at a loss limit of \$50 million are set equal to zero. The countrywide excess loss factors are shown below:

Hazard Group	A	B	C	D	E	F	G
(1) Excess Ratios	0.079	0.101	0.134	0.151	0.207	0.240	0.274
(2) = 1/(1-(1)) Excess Factors	1.086	1.112	1.155	1.178	1.261	1.316	1.377

As the excess loss factors are on a combined (indemnity and medical) basis, a portion (40%) of the indemnity expected excess losses are



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redistributed to medical in order to more accurately allocate expected excess losses. Since a portion of the expected excess losses are redistributed in an additive manner, the expected excess factors shown above cannot be combined multiplicatively with the primary loss conversion factors.

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C. Calculation of Total Expected Unlimited Losses

Using expected unlimited losses, each state's total losses at the countrywide level are a combination of its federal act losses and its state act losses adjusted to the countrywide level.

State act losses are adjusted to a common countrywide level for each state using its state-specific index to countrywide factor by using the steps below:

1. Each state's Hazard Group E average pure premium is calculated by payroll weighting the pure premiums of the industrial codes in Hazard Group E. The average pure premium for Hazard Groups F and G are calculated in a similar manner.
2. Each state's industrial average pure premium is calculated by weighting together the state's hazard group average pure premiums (step 1) by the F-class countrywide payroll distribution of Hazard Groups E, F, and G.
3. The countrywide industrial average pure premium is calculated by payroll weighting each state's industrial average pure premium (step 2) by its respective F-class payroll.
4. Each state's index to countrywide factor is the ratio of the industrial countrywide average pure premium (step 3) to its respective industrial average pure premium (step 2).
5. The adjusted state act losses for each state are calculated by applying the state-specific index to countrywide factor to its state act expected unlimited losses. Indiana's index to countrywide factor is 1.512.

D. F-Class Countrywide Pure Premium and F-Class Code Relativities

All states' expected unlimited losses at the countrywide level are summed to determine the F-class overall countrywide pure premium, F-class code countrywide pure premiums, and F-class code countrywide relativities.

	(1)	(2)	(3)	(4)
			$= (2) / ((1)/100) = (3) / (3)CW$	
		10-Year Expected Unlimited		
Class Code	10-Year Countrywide Payroll	Countrywide Losses	Countrywide Pure Premium	Countrywide Relativity
6006	285,475,380	13,842,243	4.85	1.410
6801*	24,801,350	385,828	1.56	1.000
6824	474,818,380	18,772,950	3.95	1.148
6825	289,698,605	3,107,916	1.07	0.311
6826	130,250,844	2,914,882	2.24	0.651
6828*	42,894,518	577,268	1.35	1.000
6829*	17,179,079	557,027	3.24	1.000
6843	1,356,336,819	64,095,958	4.73	1.375
6845	248,031,406	6,194,045	2.50	0.727
6872	1,556,953,017	70,722,752	4.54	1.320
6873*	33,450,087	1,693,252	5.06	1.000
6874	113,627,635	6,175,783	5.44	1.581
7309	901,526,126	37,208,286	4.13	1.201
7313	670,874,776	11,325,737	1.69	0.491
7317	1,159,322,995	36,038,706	3.11	0.904
7327	55,654,194	5,073,036	9.12	2.651
7350	644,701,195	20,158,860	3.13	0.910
8709	381,840,788	5,825,272	1.53	0.445
8726	678,866,423	6,787,249	1.00	0.291
9077*	1,120,828	436,201	38.92	1.000
Overall	9,067,424,445	311,893,251	3.44	

*Relativities for class codes with a limited amount of data are set to 1.000.



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APPENDIX B-IV

II. Calculation of Indiana's F-Class Base Pure Premiums and Rate

Indiana's primary and secondary base pure premiums and final base rate are calculated to bring the F-class overall countrywide pure premium to Indiana's proposed level.

A. Primary Base Pure Premium Factors

Using the factors below, Indiana's primary base pure premium is calculated to bring the F-class overall countrywide pure premium to Indiana's level:

1. State Act Pure Premium Relativity Factor 0.661

Calculated as 1 / Indiana's index to countrywide factor (Section I.C)

2. Countrywide State and Federal Weights

Countrywide state and federal losses are used to determine the weights.

- | | | |
|-----|---------------------------|-----|
| i. | State Act Weight (St%) | 24% |
| ii. | Federal Act Weight (Fed%) | 76% |

B. Secondary Base Pure Premium Factors

Using the factors below, Indiana's secondary base pure premium is calculated to incorporate Indiana's proposed trends, benefits, and loss-based expenses on an indemnity and medical basis:

1. Countrywide Indemnity and Medical Weights

Countrywide indemnity and medical losses are used to determine the weights.

- | | | |
|-----|------------------|-----|
| i. | Indemnity Weight | 49% |
| ii. | Medical Weight | 51% |

2. Indemnity and Medical Trend Factors

Indiana's primary base pure premium is trended from 1/1/2022 to the midpoint of the proposed period using the proposed annual trends of 0.965 and 0.975 for indemnity and medical, respectively.

- | | | |
|-----|------------------------|-------|
| i. | Indemnity Trend Factor | 0.967 |
| ii. | Medical Trend Factor | 0.977 |

3. Indemnity and Medical Benefits

Indiana's primary base pure premium is adjusted to proposed state and federal benefit levels using countrywide state and federal weights (Section A.2).

	Indemnity	Medical
(a) State Benefits	1.000	1.007
(b) Federal Benefits	1.000	1.000
Weighted Benefits	1.000	1.002
= [(a) x St%] + [(b) x Fed%]		

4. Loss-Based Expenses

Indiana's primary base pure premium is adjusted by the weighted impact of the proposed state and federal loss-based expenses. The countrywide state and federal weights (Section A.2) are used to determine the weighted effects.

	Indemnity	Medical
(a) State Act Loss Adjustment Expense	1.176	1.176
(b) State Act Loss-Based Assessment	1.000	1.000
(c) Federal Act Loss Adjustment Expense	1.176	1.176
(d) Federal Act Loss-Based Assessment	1.113	1.000
(e) State Act Total = (a) + (b) - 1	1.176	1.176
(f) Federal Act Total = (c) + (d) - 1	1.289	1.176
Weighted Loss-Based Expenses	1.262	1.176
= [(e) x St%] + [(f) x Fed%]		

C. Final Base Rate Factors

The following factors are applied to determine Indiana's final base rate:

1. Additional Offsets 1.000

There are no additional offsets applicable in Indiana.

2. Expense Allowance 0.725

The expense allowance (Exhibit II-A) is introduced into the rate by dividing the product of the proposed base pure premiums and the appropriate factors above by the proposed target cost ratio.



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APPENDIX B-IV

III. Calculation of Indiana's Proposed Rates by Class Code

The proposed rates are calculated by applying the items below to Indiana's final base rate.

A. Application of F-Class Code Relativities

Rates are calculated for each of Indiana's F-class codes by applying the respective F-class code countrywide relativity factor (Section I.D) to Indiana's final base rate.

B. Class Code 9077

Class Code 9077 is calculated as described in Sections I and II but using non-appropriated benefit changes and federal loss-based expenses.

C. Swing Limits

The proposed rates are limited to the swing limits based on 25% above and 25% below the current rates.

Classifications Limited by the Upper Swing
None

Classifications Limited by the Lower Swing
6824 6826 6843 6845 6872 6874 7309
7313 7317 7327 7350 8709 8726



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Derivation of State Base Rate

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
1. Overall Countrywide Pure Premium (Section I.D)			3.44
2. State Act Pure Premium Relativity Factor (Section II.A.1)			0.661
3. Countrywide State Act Weight (Section II.A.2)			24%
4. Primary Base Pure Premium = [(1) x (2) x (3)] + [(1) x (1 - (3))]			3.16
5. Countrywide Weights (Section II.B.1)	49%	51%	100%
6. Trend Factors (Section II.B.2)	0.967	0.977	xx
7. Weighted Benefits (Section II.B.3)	1.000	1.002	xx
8. Weighted Loss-Based Expenses (Section II.B.4)	1.262	1.176	xx
9. Secondary Base Pure Premium = (4tot) x (5) x (6) x (7) x (8)	1.890	1.855	3.75
10. Additional Offsets (Section II.C.1)			1.000
11. Expense Allowance (Section II.C.2)			0.725
12. Final Base Rate = (9) x (10) / (11)			5.17



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APPENDIX B-IV

Derivation of Proposed Rate - Code 6872 Industry Group - F-Class, Hazard Group - G

The rate for the above-captioned classification is derived as follows:

1. Indiana's Final Base Rate	5.17
2. Countrywide Class Code 6872 Relativity (Section I.D)	1.320
3. Rate = (1) x (2)	6.82
4. Rate Within Swing Limits	7.08
Current Rate x Swing Limits	
a) Lower bound = $9.43 \times 0.75 = 7.08$	
a) Upper bound = $9.43 \times 1.25 = 11.78$	
5. Disease, Catastrophe and/or Miscellaneous Loadings	0.00
6. Final Loaded Rate	7.08



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APPENDIX B-V

Derivation of Proposed Traumatic Rate - Code 1016

As previously explained in Appendix B-I, the indicated pure premiums are developed by adjusting the limited losses by a set of conversion factors. The converted losses are then summarized into indemnity and medical and then divided by payroll (in hundreds). The derivation of the indicated pure premium for classification 1016 follows:

LIMITED LOSSES (Workers Compensation Statistical Plan)

Policy Period	Fatal Likely	Fatal Not-Likely	Permanent Total	Permanent Partial Likely	Permanent Partial Not-Likely	Temporary Total Likely	Temporary Total Not-Likely	Medical Likely	Medical Not-Likely
07/01/14 - 06/30/15	0	0	0	163,584	392,650	0	64,956	379,365	974,842
07/01/15 - 06/30/16	0	0	0	85,441	146,452	13,002	64,268	242,714	523,012
07/01/16 - 06/30/17	0	0	0	373,573	419,373	9,710	43,000	633,578	694,561
07/01/17 - 06/30/18	0	390,000	0	17,826	275,555	14,500	33,513	88,227	585,984
07/01/18 - 06/30/19	0	0	0	160,765	161,935	33,587	223,444	383,566	853,400

PRIMARY PARTIAL CONVERSION FACTORS (Appendix B-I, Section A-1)

Policy Period	Fatal Likely	Fatal Not-Likely	Permanent Total	Permanent Partial Likely	Permanent Partial Not-Likely	Temporary Total Likely	Temporary Total Not-Likely	Medical Likely	Medical Not-Likely
07/01/14 - 06/30/15	0.812	0.803	0.835	0.840	0.831	0.802	0.793	0.874	0.855
07/01/15 - 06/30/16	0.835	0.819	0.837	0.839	0.823	0.825	0.809	0.893	0.873
07/01/16 - 06/30/17	0.896	0.854	0.884	0.884	0.843	0.884	0.843	0.899	0.887
07/01/17 - 06/30/18	1.030	0.921	1.016	1.016	0.909	1.016	0.909	0.916	0.904
07/01/18 - 06/30/19	1.327	1.030	1.317	1.317	1.023	1.317	1.023	0.945	0.927

EXPECTED EXCESS PROVISION AND REDISTRIBUTION (Appendix B-I, Section A-2)

After the application of the primary conversion factors, the limited losses are brought to an expected unlimited level through the application of a hazard group-specific excess loss factor. The factor is shown below:

	HAZARD GROUP: G
Excess Factor	1.203

As the excess loss factor is on a combined (indemnity and medical) basis, the following portion of the indemnity expected excess losses are redistributed to medical in order to more accurately allocate expected excess losses:

Redistribution %	40%
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APPENDIX B-V

Derivation of Proposed Traumatic Rate - Code 1016

EXPECTED UNLIMITED LOSSES (Limited Losses x Primary Conversion Factors, then adjusted for the Excess Provision and Redistribution)

Policy Period	Fatal Likely	Fatal Not-Likely	Permanent Total	Permanent Partial Likely	Permanent Partial Not-Likely	Temporary Total Likely	Temporary Total Not-Likely	Medical Likely	Medical Not-Likely
07/01/14 - 06/30/15	0	0	0	154,178	366,107	0	57,796	410,173	1,033,730
07/01/15 - 06/30/16	0	0	0	80,432	135,237	12,036	58,337	267,527	563,479
07/01/16 - 06/30/17	0	0	0	370,536	396,669	9,632	40,672	712,987	773,075
07/01/17 - 06/30/18	0	403,019	0	20,321	281,043	16,530	34,180	99,924	689,534
07/01/18 - 06/30/19	0	0	0	237,563	185,874	49,632	256,475	457,007	984,059

SECONDARY PARTIAL CONVERSION FACTOR (Loss-based expense, if applicable)

	Indemnity	Medical
Loss Based Expense	1.176	1.176

PAYROLL, FINAL CONVERTED LOSSES (Expected Unlimited Losses x Loss-Based Expenses, if applicable)

Policy Period	Payroll	Indemnity Likely	Indemnity Not-Likely	Medical Likely	Medical Not-Likely	Total Indemnity	Total Medical	Total
07/01/14 - 06/30/15	86,001,423	181,313	498,510	482,363	1,215,666	679,823	1,698,030	2,377,853
07/01/15 - 06/30/16	70,495,318	108,742	227,643	314,612	662,651	336,385	977,263	1,313,648
07/01/16 - 06/30/17	68,907,395	447,078	514,313	838,473	909,136	961,391	1,747,609	2,708,999
07/01/17 - 06/30/18	69,323,349	43,337	844,653	117,511	810,892	887,989	928,403	1,816,392
07/01/18 - 06/30/19	72,342,336	337,741	520,202	537,440	1,157,253	857,944	1,694,694	2,552,637
Total	367,069,821	1,118,211	2,605,321	2,290,399	4,755,599	3,723,532	7,045,998	10,769,530
INDICATED PURE PREMIUM						1.014	1.920	2.93

The pure premiums shown were calculated using unrounded losses, while the converted losses have been rounded for display purposes.

The present on rate level pure premiums are developed by adjusting the pure premiums underlying the current rate by the conversion factors calculated in Appendix B-I. The derivation of the present on rate level pure premiums for the above-captioned classification follows:

	Indemnity	Medical	Total
Pure Premiums Underlying Current Rate	1.485	2.455	3.94
Conversion Factors *	1.024	1.012	xxx
PURE PREMIUMS PRESENT ON RATE LEVEL (Underlying Pure Premiums) x (Conversion Factor)	1.521	2.484	4.01

* Conversion factors only adjust for changes in trend, benefit, and if applicable, loss-based expense provision.



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APPENDIX B-V

Derivation of Proposed Traumatic Rate - Code 1016
COAL MINING—NOC, Hazard Group - G

The traumatic rate for classification 1016 is derived as follows:

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
1. Indicated Pure Premium	1.014	1.920	2.93
2. Pure Premium Indicated by National Relativity	2.136	3.466	5.60
3. Pure Premium Present on Rate Level	1.521	2.484	4.01
4. State Credibilities†	35%	52%	xxx
5. National Credibilities	32%	24%	xxx
6. Residual Credibilities = 100% - (4) - (5)	33%	24%	xxx
7. Derived by Formula Pure Premiums = (1) x (4) + (2) x (5) + (3) x (6)	1.540	2.426	3.97
8. Voluntary Offset	1.000	1.000	xxx
9. Underlying Pure Premiums = (7) x (8) *	1.544	2.426	3.97
10. Ratio of Manual to Standard Premium			1.077
11. Target Cost Ratio			0.725
12. Rate = (9) x (10) / (11)			5.90
13. Rate Within Swing Limits			5.90
Current Rate x Swing Limits			
a) Lower bound = 5.71 x 0.75 =			4.29
b) Upper bound = 5.71 x 1.25 =			7.13
14. Pure Premiums Underlying Proposed Rate* = ((14TOT) / (9TOT)) x (9) ; (14TOT) = (13) x (11) / (10)	1.544	2.426	3.97
15. Proposed Traumatic Rate			5.90
16. Proposed Traumatic Loss Cost = (15) x 0.725 #			4.28

† To achieve full state credibility, the classification must have expected losses of at least: \$44,707,059 for indemnity, and \$34,309,864 for medical

* Indemnity pure premium is adjusted for the rounded total pure premium:

Indemnity Pure Premium = Total Pure Premium - Medical Pure Premium

0.725 = Factor to convert from Traumatic Rate to Traumatic Loss Costs



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APPENDIX B-V

Coal Mine Occupational Disease Proposed Underground and Surface Rates

Part A - State Occupational Disease (OD) Pure Premium*

1. Estimated Number of Claims per Year	5
2. Estimated Average Cost per Claim	\$75,000
3. Estimated Cost of State Act Disease Claims per Year = (1) x (2)	\$375,000
4. Estimated Coal Miner Payroll	\$753,912,921
5. State OD Pure Premium per \$100 of Payroll = (3) / (4) x 100	0.05

Part B - Federal Occupational Disease (OD) Pure Premium**

6. Estimated Entitlements for Claims Filed by Living Miners	25
7. Average Cost per Case for Living Miners	\$461,375
8. Cost of Claims Filed by Living Miners = (6) x (7)	\$11,534,375
9. Estimated Entitlements for Claims Filed by Living Widows	3
10. Average Cost per Case for Living Widows	\$276,850
11. Cost of Claims Filed by Living Widows = (9) x (10)	\$830,550
12. Total Cost of Federal Claims (8) + (11)	\$12,364,925
13. Estimated Coal Miner Payroll	\$954,550,850
14. Federal OD Pure Premium per \$100 of Payroll = (12) / (13) x 100	1.30

Part C - Split Total Occupational Disease (OD) Pure Premium by Class Code

15. Code 1016 OD Costs Relative to Code 1005 Costs	3.000
16. Distribution of Coal Mining Payroll**	
a) 1005 Payroll as % of Total Coal Mining Payroll	41.9%
b) 1016 Payroll as % of Total Coal Mining Payroll	58.1%
17. Proposed State OD Pure Premiums	
a) 1005 State OD Pure Premium = (5) / [(16a) + (16b) x (15)]	0.02
b) 1016 State OD Pure Premium = (17a) x (15)	0.06
18. Proposed Federal OD Pure Premiums	
a) 1005 Federal OD Pure Premium = (14) / [(16a) + (16b) x (15)]	0.60
b) 1016 Federal OD Pure Premium = (18a) x (15)	1.80
19. Loss-Based Expense Provision	1.176
20. Target Cost Ratio	0.725
21. Proposed State OD Rates	
a) 1005 State OD Rate = (17a) x (19) / (20)	0.03
b) 1016 State OD Rate = (17b) x (19) / (20)	0.10
22. Proposed Federal OD Rates	
a) 1005 Federal OD Rate = (18a) x (19) / (20)	0.97
b) 1016 Federal OD Rate = (18b) x (19) / (20)	2.92

* Based on a review of data for all NCCI states excluding IL, KY, VA, and WV

** Based on a review of data for all NCCI states excluding KY, VA, and WV



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Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Appendix C – Memoranda for Laws and Assessments

Appendix C provides details on changes affecting workers compensation benefit costs that are not yet reflected in the on-level factors shown in Appendix A-I. Such changes may result from legislative changes to the maximum weekly wage used for calculating benefits along with changes to the awards per degree of permanent partial impairment, changes to medical reimbursement levels, or other changes that directly affect worker compensation benefit levels. In addition, changes to the administration of the workers compensation system, including benefit levels, may result from specific regulatory, legislative, or judicial action. The overall effect of benefit changes displayed in Appendix C is calculated as of the benefit effective date, which may differ from the overall impact on the filing as shown in the Executive Summary.

The following changes affecting Indiana benefit levels are detailed in this section of the filing:

- ✓ Annual Updates to the Medical Fee Schedule
- ✓ Longshore and Harbor Workers' Compensation Act Annual Assessment



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Appendix C-I

Analysis of Indiana Medical Fee Schedule Changes Effective October 1, 2020 and January 1, 2021

NCCI estimates that the changes to the hospital fee schedules in Indiana, effective October 1, 2020 and January 1, 2021, will result in impacts of +0.1% and +0.4%, respectively, on overall workers compensation system costs.

SUMMARY OF QUANTIFIED CHANGES

The Indiana hospital fee schedule changes are described below:

- Maximum reimbursement for Hospital Inpatient services was updated to 200% of Medicare's 2021 Inpatient Prospective Payment System (IPPS), effective October 1, 2020. Previously, maximum reimbursement for Hospital Inpatient services was 200% of Medicare's 2020 IPPS.
- Maximum reimbursement for Hospital Outpatient services was updated to 200% of Medicare's 2021 Outpatient Prospective Payment System (OPPS), effective January 1, 2021. Previously, maximum reimbursement for Hospital Outpatient services was 200% of Medicare's 2020 OPPS.

ACTUARIAL ANALYSIS

NCCI's methodology to evaluate the impact of hospital fee schedule changes includes three major steps:

1. Calculate the percentage change in maximum reimbursements
 - Compare the prior and revised maximum reimbursements by procedure code to determine the percentage change by procedure code. For hospital inpatient services, the prior and revised maximum reimbursements are compared by episode.
 - Calculate the weighted-average percentage change in maximum reimbursements for the fee schedule using observed payments by procedure code as weights. For hospital inpatient services, the observed payments by episode are used as weights. For hospital outpatient services, Indiana's hospital outpatient fee schedule follows Medicare rules which contain a comprehensive payment policy that packages payment for adjunctive and secondary items, services, and procedures into the primary procedure under certain circumstances. For this analysis, the hospital outpatient experience is aggregated according to the packaging rules, where applicable.
2. Determine the share of costs that are subject to the fee schedule
 - The share is based on a combination of fields, such as procedure code, provider type, and place of service, as reported on the NCCI Medical Data Call, to categorize payments that are subject to the fee schedule.
 - The share is calculated as the greater of the percent of observed payments with a maximum allowable reimbursement (MAR) or 75%. NCCI assumes no change for the share of costs not subject to the fee schedule.



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Appendix C-I

Analysis of Indiana Medical Fee Schedule Changes Effective October 1, 2020 and January 1, 2021

3. Estimate the price level change as a result of the revised fee schedule
 - ✓ NCCI research by David Colón and Paul Hendrick, “The Impact of Fee Schedule Updates on Physician Payments” (2018), suggests that approximately 80% of the change in maximum reimbursements for physician fee schedules is realized on payments impacted by the change.
 - ✓ For facility fee schedule changes, a price realization factor of 80% is assumed.

In this analysis, NCCI relies primarily on two data sources:

- ✓ Detailed medical data underlying the calculations in this analysis are based on NCCI’s Medical Data Call for Indiana for Service Year 2019.
- ✓ The share of benefit costs attributed to medical benefits is based on NCCI’s Financial Call data for Indiana from Policy Years 2017 and 2018 projected to the effective dates of the benefit changes.

SUMMARY OF IMPACTS

The impact from the hospital inpatient fee schedule change in Indiana, effective October 1, 2020, is summarized below.

Effective Date	Type of Service	(A) Impact on Type of Service	(B) Share of Medical Costs	(C) = (A) x (B) Impact on Medical Costs	(D) Medical Costs as a Share of Overall Costs	(E)=(C) x (D) Impact on Overall Costs
10/1/2020	Hospital Inpatient	+1.6%	10.6%	+0.2%	72%	+0.1%

The impact from the hospital outpatient fee schedule change in Indiana, effective January 1, 2021, is summarized below.

Effective Date	Type of Service	(A) Impact on Type of Service	(B) Share of Medical Costs	(C) = (A) x (B) Impact on Medical Costs	(D) Medical Costs as a Share of Overall Costs	(E)=(C) x (D) Impact on Overall Costs
1/1/2021	Hospital Outpatient	+2.8%	17.5%	+0.5%	72%	+0.4%

Refer to the appendix for the share of costs subject to the fee schedule by type of service and the weighted-average change in MAR by type of service.



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Appendix C-I

Analysis of Indiana Medical Fee Schedule Changes Effective October 1, 2020 and January 1, 2021

NON-QUANTIFIED CHANGES

Under 2020 Medicare rules, there are several surgical procedures restricted to be performed in a hospital inpatient setting only. Under the 2021 Medicare rules, approximately 300 such surgical procedures are now allowed to be performed in an outpatient setting. The impact of this change cannot be determined at this time. As such, any potential impact from this change will be realized in future loss experience and reflected in subsequent loss cost/rate filings in Indiana as appropriate.

APPENDIX

Share of Costs Subject to the Fee Schedule and Weighted-Average Percentage Change in MARs by Type of Service

Type of Service	Share of Costs Subject to the Fee Schedule	Percentage Change in MARs	Impact after 80% Price Realization
Hospital Inpatient	78.4%	+2.0%	+1.6%
Hospital Outpatient	84.5%	+3.5%	+2.8%



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APPENDIX C-II

U.S. Longshore and Harbor Workers' Compensation Act Assessment

The F-class and Program II, Option II maritime class voluntary loss costs/rates and assigned risk rates include the following provision for the federal assessment:

1.) Estimated Total Expense Needed for 2021 *	90,000,000
2.) Compensation Payments Reported (on indemnity only) in 2020 *	799,935,476
3.) Assessment Rate on Indemnity Losses (1) / (2)	11.3%

Breakdown of Losses Under the Longshore and Harbor Workers Act

4.) Indemnity Losses (Combination of 1st through 3rd reports) #	25,021,803
5.) Medical Losses (Combination of 1st through 3rd reports) #	21,690,123
6.) Total Losses (4) + (5)	46,711,926
7.) Assessment Rate on Total Losses { (3) x (4) } / (6)	6.1%

* Source: U.S. Department of Labor

Source: On-leveled and developed USL&HW losses - statistical plan data



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APPENDIX D

I. Factor to Convert Advisory Rates to Assigned Risk Rates

A factor of 1.000 is applied to the advisory rates in order to convert to assigned risk rates.

II. Factor to Convert Advisory Rates to Advisory Loss Costs

A factor of 0.725 is applied to the advisory rates in order to convert to advisory loss costs. This factor is the proposed target cost ratio for advisory rates.



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Appendix E – Derivation of Experience Rating Values

1. Expected Loss Rate (ELR) factors

An expected loss rate for a classification is used to estimate the expected losses per \$100 of payroll during the experience rating period for risks within that classification. These *expected* losses are then compared with the *actual* losses of a risk during the experience rating period to determine the experience modification (mod).

The actual losses reflect the loss data during the experience rating period. Expected losses and actual losses must be at the same level to enable an appropriate comparison for purposes of the experience mod calculation. As such, the pure premiums underlying the proposed advisory rates and loss costs are adjusted to reflect the average loss levels of the proposed experience rating period. This is accomplished through the application of ELR factors to the proposed underlying pure premiums. These ELR factors, calculated by hazard group, remove the effects of items such as: loss development, expected losses above the State Accident Limit, a portion of medical-only losses, benefit changes, trend, loss-based expenses, experience, and offsets for assigned risk programs.

An adjustment is made to the ELR factors so that the resulting ELRs produce an expected experience rating off-balance that equals the targeted experience rating off-balance used in the calculation of the overall advisory rate and loss cost level changes for the state (Appendix A–I). Although considered, no explicit adjustment was applied to account for possible indirect effects of the COVID-19 pandemic.

The final ELR for each classification is calculated as follows:

$$\text{ELR} = \{(\text{Hazard Group indemnity ELR factor}) \times (\text{indemnity pure premium}) + (\text{Hazard Group medical ELR factor}) \times (\text{medical pure premium})\} \times \text{Manual/Standard Ratio}$$

2. Discount Ratio (D-Ratio) factors

In experience rating, losses are divided into primary and excess portions. For each claim, losses below the split point are primary losses, while losses above the split point are excess losses. The D-ratio represents the estimated ratio of expected primary losses to expected total losses for a classification. The D-ratio is used to determine the expected primary losses to be used in the experience mod calculation.



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Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Appendix E – Derivation of Experience Rating Values

D-ratio factors are calculated separately for indemnity and medical losses by hazard group and are based on the latest three years of Unit Statistical data. A comparison of the resulting D-ratio factors across hazard groups is done to ensure that the factors monotonically decrease from hazard group A to hazard group G. If they do not, an adjustment is made by averaging the D-ratios over adjacent hazard groups.

The final D-ratio for each classification is calculated as follows:

$$\text{D-ratio} = \{(\text{HG indemnity D-ratio factor}) \times (\text{indemnity pure premium}) + (\text{HG medical D-ratio factor}) \times (\text{medical pure premium})\} / \text{total pure premium}$$

3. Additional experience rating values

Table of Weighting Values

The Weighting Value (W) determines how much actual excess and expected excess losses will enter the experience modification formula. The weighting value increases as expected losses increase with larger insureds receiving a larger weighting value. The weighting value for various levels of expected losses is provided in the Table of Weighting Values. The table is updated based on the state reference point, which is updated with Unit Statistical data each experience filing.

The state reference point is calculated as the state average cost per case for the experience rating period multiplied by 250. The state reference point serves to determine how much credibility to give to the losses of an individual risk and as an index of claim cost differences by state. The state per claim accident limitation shown on the Table of Weighting Values is 10% of the state reference point.

Table of Ballast Values

The Ballast Value (B) is a stabilizing value designed to limit the effect of any actual loss experience on the experience rating modification. It is added to both the numerator and denominator of the mod calculation and increases as expected losses increase. The ballast value for various levels of expected loss ranges is provided in the Table of Ballast Values. The table is updated based on the state reference point, which is updated with Unit Statistical data.

The G value used in the ballast formula is the state reference point / 250,000, rounded to the nearest 0.05.



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Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Part 4 Additional Information

- Definitions
- Key Contacts



Indiana

Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Definitions

Accident Year (AY): A loss accounting definition in which experience is summarized by the calendar year in which an accident occurred.

Calendar Year (CY):

1. The 12-month period beginning January 1 and ending December 31.
2. Method of accounting for all financial transactions occurring during a specific year.

Case Reserves: Reserves that an insurance company establishes for specific (known) claims.

DSR Level Premium: The standard earned premium that would result if business were written at NCCI state-approved loss costs or rates instead of at the company rates. It is the common benchmark level at which carriers report premium on the Financial Calls.

Frequency: The number of lost-time claims per million dollars of on-leveled, wage-adjusted premium.

Incurred Claim Count: The total of all claims reported, whether open or closed, as of a given valuation date. An indemnity claim is associated with a payment or case reserve for an indemnity loss (i.e., lost work time-related benefits) and excludes claims closed without an indemnity payment.

Lost-time Claims: Claims where an injured employee has received wage replacement benefits due to a compensable workplace injury.

Limited Losses: Losses that result after the application of NCCI's large loss procedure—in which individual large claims are limited to jurisdiction and year-specific large loss thresholds.

On-Level Factor: Applied to historical premiums and losses to adjust the historical experience to reflect approved loss cost/rate level changes as well as statutory benefit level changes implemented since that time.

Paid+Case Losses: The sum of paid losses and case reserves. Also known as “case incurred losses.”

Paid Losses: Losses that an insurance company has paid as a result of claim activity.



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Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

Definitions

Policy Year:

- ✓ The one-year period beginning with the effective date or anniversary of a policy.
- ✓ A premium and loss accounting definition in which experience is summarized for all policies with effective dates in a given calendar year period.

Severity: The average cost per case (claim) calculated as ultimate losses divided by ultimate lost-time claim counts.

Ultimate Development Factor: For an aggregation of data, an estimate of the development that will occur between the data's current valuation date and the time when all claims are closed.

Unlimited Losses: Losses that have not been limited to jurisdiction and year-specific large loss thresholds as part of NCCI's large loss procedure.

Valuation Date: The date that premiums and losses are evaluated for reporting purposes. Premiums and losses may change over time from initial estimates to final values. Therefore, interim snapshots have associated valuation dates.

Wage Level Adjustment Factor: The ratio of the average workers' wages during the most recent time period to the average workers' wages during a historical time period.



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Advisory Loss Costs, Advisory Rates, and Assigned Risk Rates Filing – January 1, 2022

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