

ICRB'S 84th ANNUAL REPORT

THE STATE OF WORKERS COMPENSATION IN INDIANA



November 2021



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KAREN H. BYRD

PRESIDENT & CEO

Margaret Thatcher once said, “You may have to fight the battle more than once to win it.” Truer words were never spoken when it came to the 2021 year. It was supposed to be the year we returned to normalcy coming out of the pandemic. The year the COVID-19 vaccination would change everything. However, with the new Delta variant and spikes in COVID cases, once again most of us continued to wear masks and work remotely from the safety of our homes. Work travel was minimal and Zoom, Teams and WebEx meetings became the constant in our lives.

Despite these ongoing challenges, the ICRB team has continued to maintain or exceed the level of service our stakeholders have come to expect. Productivity was at an all-time high and our responsiveness to requests and phone calls was without delay. Whereas others may get discouraged by challenges and isolation, the ICRB staff has looked at these as opportunities, opportunities for self-improvement and improvement to our internal processes.

Staying abreast of the latest COVID-19 statistics in the state and their impact on the Workers Compensation system has been at the forefront. We have also been busy learning the formats of NCCI’s new Basic and Residual Market Manuals that went into effect 11/1/2021 and updating these rule references on our website. A complete re-design of our Classification Inspection program went into effect earlier this year to ensure proper classification and payrolls for Indiana employers. Yes, we are making strides to better serve the entire Workers Compensation community, despite challenges.

The world has changed, but our commitment has not. We are excited about what the future will bring. Workers Compensation remains a very healthy market in Indiana. No matter what challenges continue to meet us along our journey, the ICRB staff will remain resilient, flexible and responsive.

This report has some exciting information about what is going on in Indiana’s Workers Compensation system. If you have any questions regarding these findings, please do not hesitate to contact me at kbyrd@icrb.net, or the ICRB Vice President, Paul Keathley, at pkeathly@icrb.net.



ICRB'S PURPOSE

The Indiana Compensation Rating Bureau (ICRB) is a private non-profit, unincorporated association of all insurance companies licensed to write workers compensation insurance in Indiana. The ICRB is a statutory rating organization as set forth in Chapter 27-7-2 of the Indiana Insurance Laws.

The law empowers the ICRB to gather information from its member companies that may be necessary to establish fair and adequate advisory rates. This information is submitted to the Indiana Department of Insurance for review and then distributed to all member companies who use the rates or file their own rates.

In addition to the data collection and ratemaking functions, the ICRB is responsible for various workers compensation programs to include rules promulgation, experience rating, inspection and classification, assigned risk administration, industry education and dispute resolution.



LET US HELP YOU

**NAVIGATE THE
COMPLEXITY
OF WORKERS
COMPENSATION**

ICRB



**INDIANA
COMPENSATION
RATING BUREAU**

www.icrb.net

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**PROVIDING
RESOURCES TO
ASSIST INDIANA
STAKEHOLDERS
NAVIGATE THE
COMPLEXITY
OF WORKERS
COMPENSATION.**



Our Core Values

1

Provide exceptional customer service & educational resources

2

Make neutral and value-based decisions

3

Build solid relationships with regulators, insurers, agents and employers

4

Foster a healthy work-life balance through collaboration & innovation

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The greatest asset of a company is its people.

INDIANA INSURANCE MARKET



LABOR MARKET OVERVIEW
PREMIUM
COMBINED RATIOS
VOLUNTARY & ASSIGNED RISK
COVID-19



Indiana's Labor Market

Indiana Workers Compensation System—An Overview

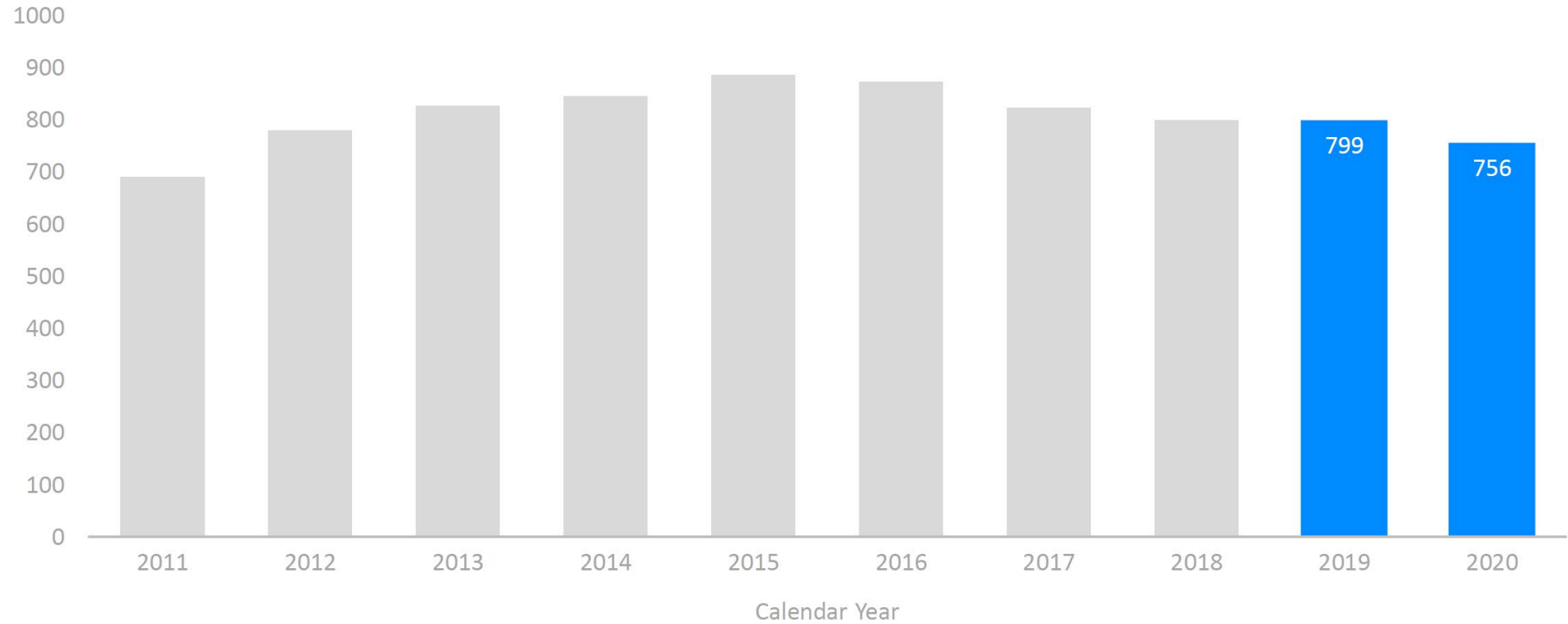
- Written premium volume declined in the latest year
- Accident year combined ratios continue to be favorable
- Lost-time claim frequency declined in the latest policy year
- In the latest policy year, indemnity severity increased while medical severity decreased



Source: NCCI's Indiana Workers Compensation Outlook and Observations- October 2021

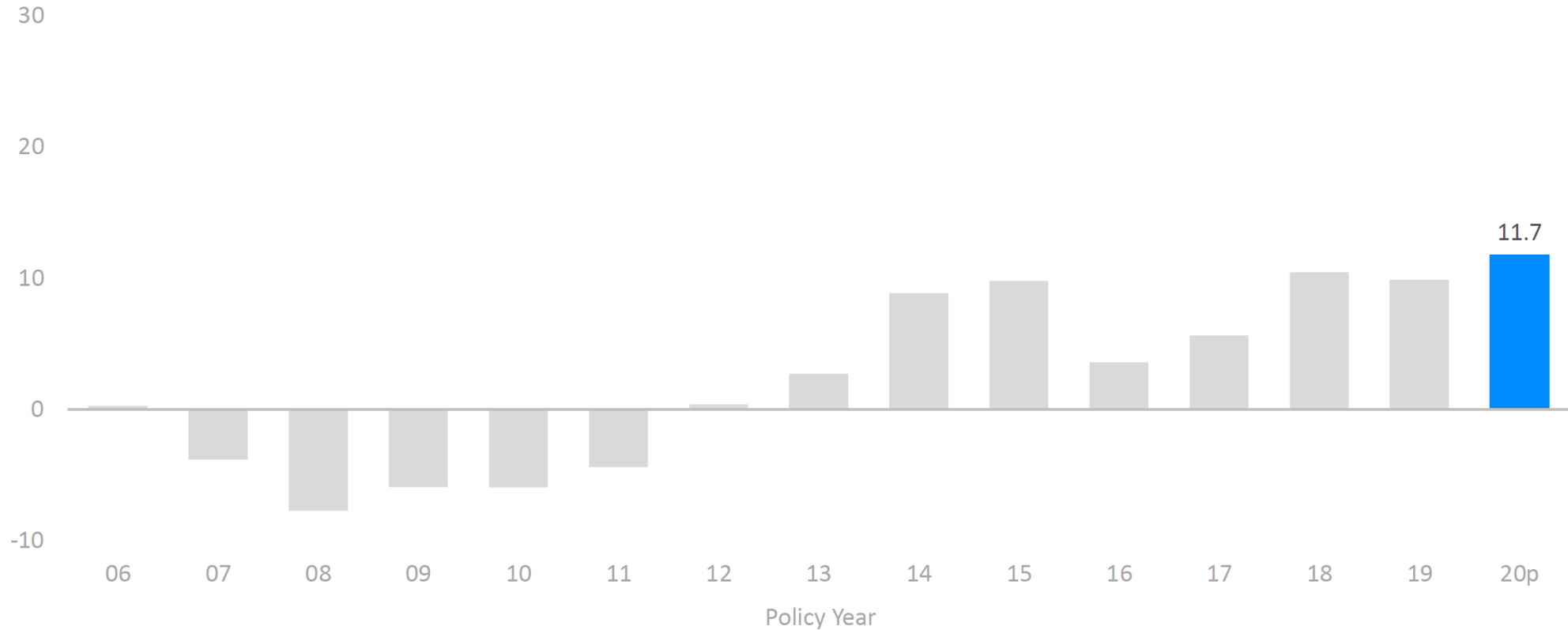
Indiana Premium Volume

Direct Written Premium in \$ Millions



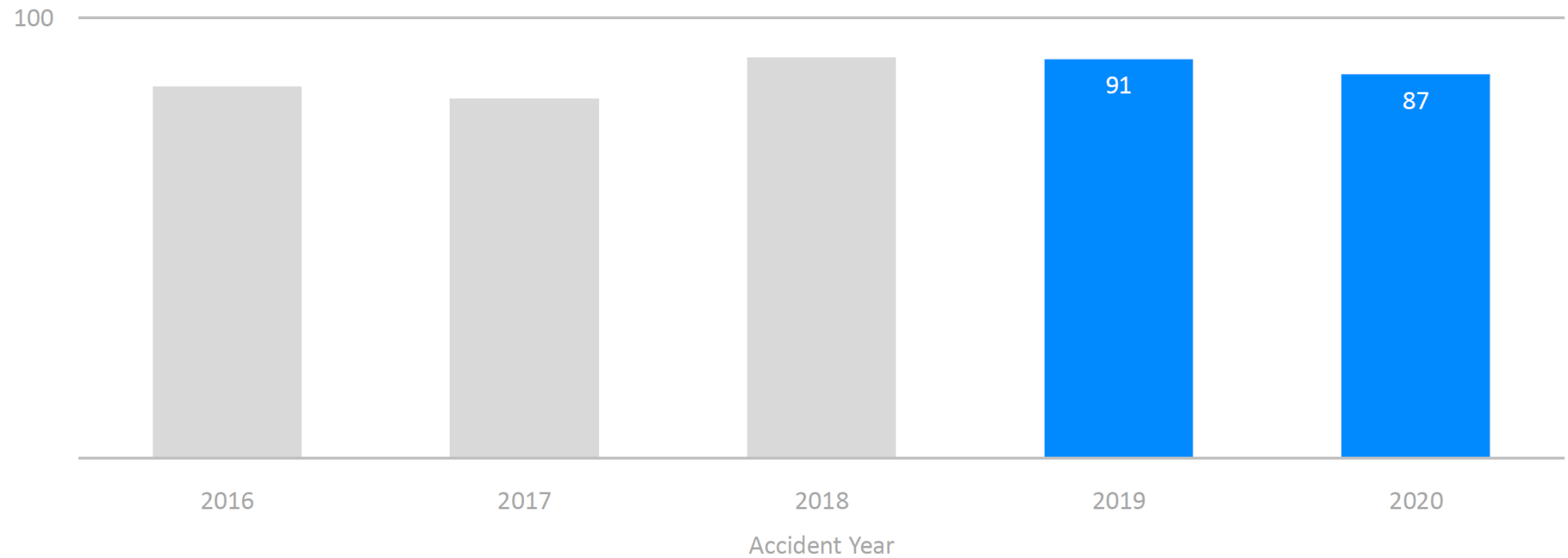
Source: NAIC's Annual Statement data.

Impact of Discounting on Workers Compensation Premium in Indiana



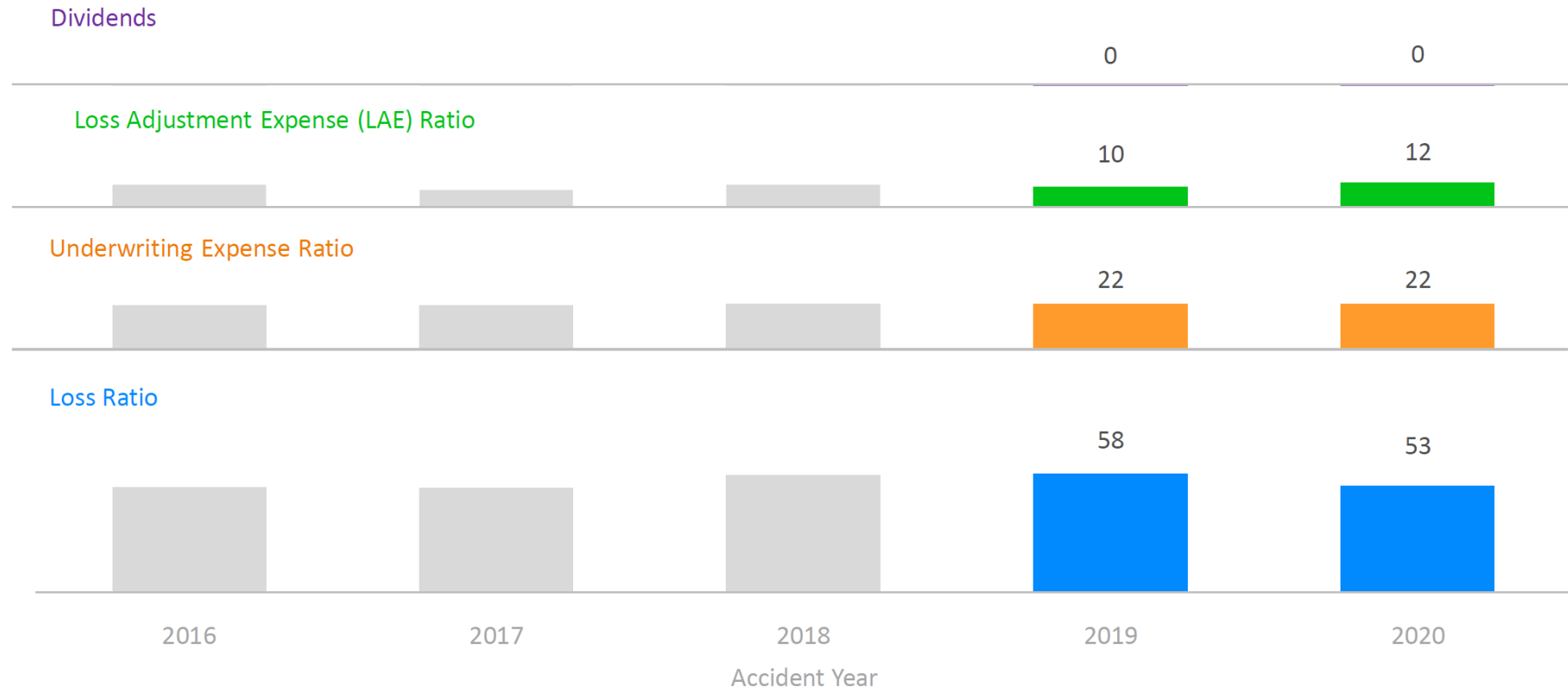
p Preliminary.
Based on data through 12/31/2020.

Indiana Combined Ratios



Sources: NCCI's financial data through 12/31/2020 and NAIC's Annual Statement data.

Indiana Combined Ratios by Component



Sources: NCCI's financial data through 12/31/2020 and NAIC's Annual Statement data.

Indiana Intrastate Experience Rating

2020 Rating
Effective Dates

INDIANA INTRASTATE EXPERIENCE RATING					
2020 RATING EFFECTIVE DATES					
Mod Range	Counts	% of Total	Range	Percent	
0.01-0.49	2	0.01%			
0.50-0.59	22	0.08%			
0.60-0.69	478	1.63%	0.01 - 0.69	1.71%	
0.70-0.79	2,500	8.54%			
0.80-0.89	8,278	28.27%			
0.90-0.99	12,658	43.23%	0.70 - 0.99	80.04%	
1.00-1.09	971	3.32%			
1.10-1.19	703	2.40%			
1.20-1.29	875	2.99%			
1.30-1.39	958	3.27%			
1.40-1.49	814	2.78%	1.00 - 1.49	14.76%	
1.50-1.59	439	1.50%			
1.60-1.69	208	0.71%			
1.70-1.79	140	0.48%			
1.80-1.89	102	0.35%			
1.90-1.99	48	0.16%			
2.00-2.49	71	0.24%			
2.50-2.99	13	0.04%			
3.00-3.99	2	0.01%			
4.00 and Up	0	0.00%	1.50 & Up	3.49%	
TOTAL	29,282	100.00%		100.00%	
LOWEST MOD	0.30				
HIGHEST MOD	3.70				
STATISTICAL MODE	0.92				
AVERAGE	0.96				
TOTAL CREDIT MODS	23,938				
TOTAL UNITY MODS	118				
TOTAL DEBIT MODS	5,226				



Top 10 Insurers



1.Travelers Group	\$74,352,000
2.AF Group	\$70,221,000
3.Liberty Mutual	\$65,381,000
4.Zurich Insurance	\$35,459,000
5.Chubb INA Group	\$31,188,000
6.Hartford Insurance	\$29,360,000
7.Great American	\$23,785,000
8. Amerisure	\$23,381,000
9.Old Republic	\$22,084,000
10.Cincinnati	\$20,975,000



Top Ten Class Codes By Premium Voluntary Market- Policy Year 2020

Class Code	Class Code Description	Manual Premium	% of Total Manual Premium	Policy Count*
7219	TRUCKING - NOC-ALL EMPLOYEES & DRIVERS	80,788,811	7.1%	1,927
8810	CLERICAL OFFICE EMPLOYEES NOC	35,083,998	3.1%	40,563
3808	AUTOMOBILE MFG. OR ASSEMBLY	34,034,853	3.0%	93
8018	STORE: WHOLESALE NOC	28,731,052	2.5%	1,327
8380	AUTOMOBILE SERVICE OR REPAIR CENTER & DRIVERS	24,809,284	2.2%	3,667
7380	DRIVERS, CHAUFFEURS, MESSENGERS & THEIR HELPERS NOC-COMMERCIAL	22,245,021	1.9%	3,144
4484	PLASTICS MANUFACTURING: MOLDED PRODUCTS NOC	20,082,253	1.8%	376
8017	STORE: RETAIL NOC	19,984,262	1.7%	3,373
3632	MACHINE SHOP NOC	18,669,102	1.6%	1,239
3400	METAL STAMPED GOODS MFG. NOC	17,562,161	1.5%	269
	Total Voluntary	1,144,166,331		104,309



* The sum of the policy counts over all class codes is not equal to the total policy count for the state since a policy may contain more than one class code. The total policy count represents voluntary only policies that have both exposure and premium in a non-statistical code.

Top Ten Class Codes By Policy Count

Voluntary Market- Policy Year 2020

Class Code	Class Code Description	Policy Count*	% of Total Policy Counts	Manual Premium
8810	CLERICAL OFFICE EMPLOYEES NOC	40,563	38.9%	35,083,998
8742	SALESPERSONS OR COLLECTORS - OUTSIDE	18,200	17.4%	12,647,850
8868	COLLEGE - PROFESSIONAL EMPLOYEES & CLERICAL	6,271	6.0%	14,487,322
8832	PHYSICIAN & CLERICAL	5,090	4.9%	11,311,430
9082	RESTAURANT NOC	4,127	4.0%	14,461,525
8380	AUTOMOBILE SERVICE OR REPAIR CENTER & DRIVERS	3,667	3.5%	24,809,284
8017	STORE: RETAIL NOC	3,373	3.2%	19,984,262
9101	COLLEGE - ALL OTHER EMPLOYEES	3,168	3.0%	10,747,740
7380	DRIVERS, CHAUFFEURS, MESSENGERS & THEIR HELPERS NOC-COMMERCIAL	3,144	3.0%	22,245,021
5645	CARPENTRY CONSTRUCTION OF RESIDENTIAL DWELLINGS NOT EXCEEDING THREE STORIES IN HEIGHT	2,894	2.8%	16,783,535
Total Voluntary		104,309		1,144,166,331



* The sum of the policy counts over all class codes is not equal to the total policy count for the state since a policy may contain more than one class code. The total policy count represents voluntary only policies that have both exposure and premium in a non-statistical code.

Top Ten Class Codes- Assigned Risk Market 2020

Rank	Prem	%	Code	Class	Count
1	\$3,425,241	8.2%	7219	Trucking NOC-All Empl. & Drivers	478
2	\$2,856,943	6.8%	5645	Carpentry-Res. 1-3 Stories	759
3	\$3,008,959	7.2%	5551	Roofing-All Kinds & Drivers	485
4	\$1,178,285	2.8%	0106	Tree Pruning,Spraying,Repairing	239
5	\$1,072,471	2.6%	7720	Police Officers and Drivers	121
6	\$982,963	2.3%	8864	Social Services Organization	122
7	\$733,534	1.7%	5474	Painting NOC & Shop Operations	301
8	\$686,373	1.6%	8380	Auto Service or Repair	166
9	\$634,958	1.5%	8868	College - Prof. Emp. & Clerical	160
10	\$644,329	1.5%	9014	Res. Janitorial Svcs.-Contractor	247
Top 10 Total	\$15,224,057	36%			3,078
State Total	\$41,944,773	100%			



Assigned Risk Premium Market Distribution

Policy Year 2020					
Premium Interval	Policy Count	% of Policies	Total Estimated Premium	% of Premium	Average Premium
\$1-\$2499	6,244	66%	\$7,246,396	17%	\$1,161
No surcharge subtotal	6,244	66%	\$7,246,396	17%	
\$2,500-\$9,999	2,259	24%	\$10,761,673	26%	\$4,764
\$10,000-\$49,999	731	8%	\$14,745,001	36%	\$20,171
\$50,000-\$99,999	64	1%	\$4,492,050	11%	\$70,188
\$100,000-\$249,999	31	0%	\$4,441,046	10%	\$143,260
\$250,000+	1	0.0%	\$258,606	1%	\$258,606
With surcharge subtotal	3,086	34%	\$34,698,377	83%	
Totals	9,330	100%	\$41,944,773	100%	\$4,496

Indiana Assigned Risk Market

Policy Year Results View

Pol Year	AR Share (Cal Yr)	Net Written Premium	% Change	Incurred Losses	Loss Ratio	Net Operating Gain (Loss)
2015	7.3%	\$ 63,707,919	-9%	\$ 40,613,798	63.75%	\$ 7,057,132
2016	6.9%	\$ 59,962,099	-6%	\$ 26,833,039	44.75%	\$ 17,350,441
2017	6.4%	\$ 51,738,930	-14%	\$ 28,197,717	54.50%	\$ 8,737,101
2018	6.0%	\$ 48,011,685	-7%	\$ 35,408,618	73.75%	\$ (791,812)
2019	5.9%	\$ 45,386,117	-5%	\$ 32,224,143	71.00%	\$ 464,521
2020	5.8%	\$ 41,345,467	-9%	\$ 28,941,827	70.00%	\$ 805,002

Assigned Risk Take-Out Credit Program

Year	Risks	Premium	% Change
2010	1,638	\$6,835,200	-22%
2011	1,304	\$6,808,960	0%
2012	1,064	\$5,959,712	-12%
2013	941	\$7,199,922	21%
2014	1,020	\$13,380,777	86%
2015	1,338	\$19,036,914	42%
2016	1,591	\$20,730,287	9%
2017	1,978	\$17,151,059	-17%
2018	2,041	\$13,621,653	-21%
2019	1,886	\$11,101,803	-18%
2020	1,593	\$8,872,256	-20%

Indiana Assigned Risk Servicing Carriers

These companies are under a 3-year contract term
from January 1, 2021 – December 31, 2023

Liberty Mutual Insurance
Company

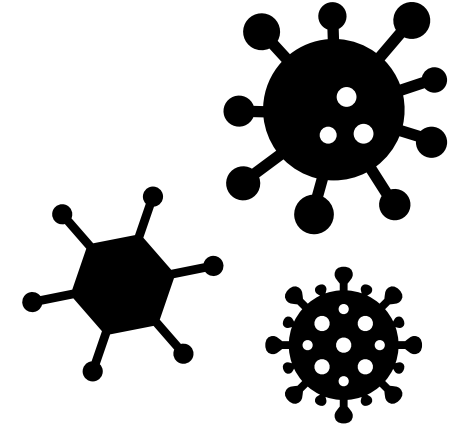
Travelers Property Casualty
Company of America

Pennsylvania Manufacturers
Association Insurance Company

Accident Fund Insurance
Company of America



Indiana Covid-19 Data



As of 11/1/2021, there have been:

- 17,658 COVID-19 Workers Compensation Claims Filed
- 11,620 have been denied
- 7,779 have been deemed compensable
- 47 death claims (unclear how many of these have been accepted vs. denied)

Source: Indiana Workers Compensation Board

Through Q3 2021:

Total Medical Paid on Covid Claims:	\$1,342,164
Total Indemnity Paid on Covid Claims:	\$1,318,696
Total Medical Incurred on Covid Claims:	\$6,288,457
Total Indemnity Incurred on Covid Claims:	\$3,008,737

Source: NCCI Special Data Call for Multi-Bureau/WCIO COVID-19 Study



COST DRIVERS

CLAIM FREQUENCY

INDEMNITY

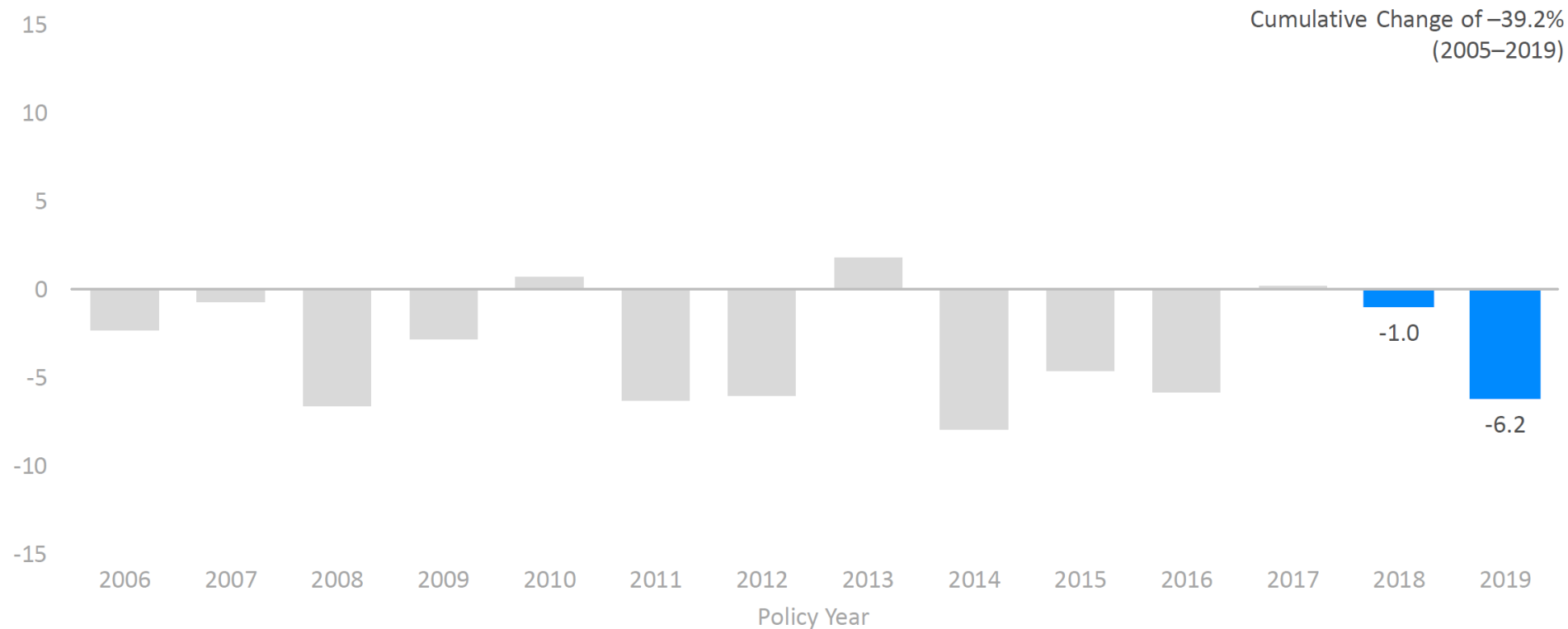
MEDICAL

PHARMA



Indiana Change in Claim Frequency

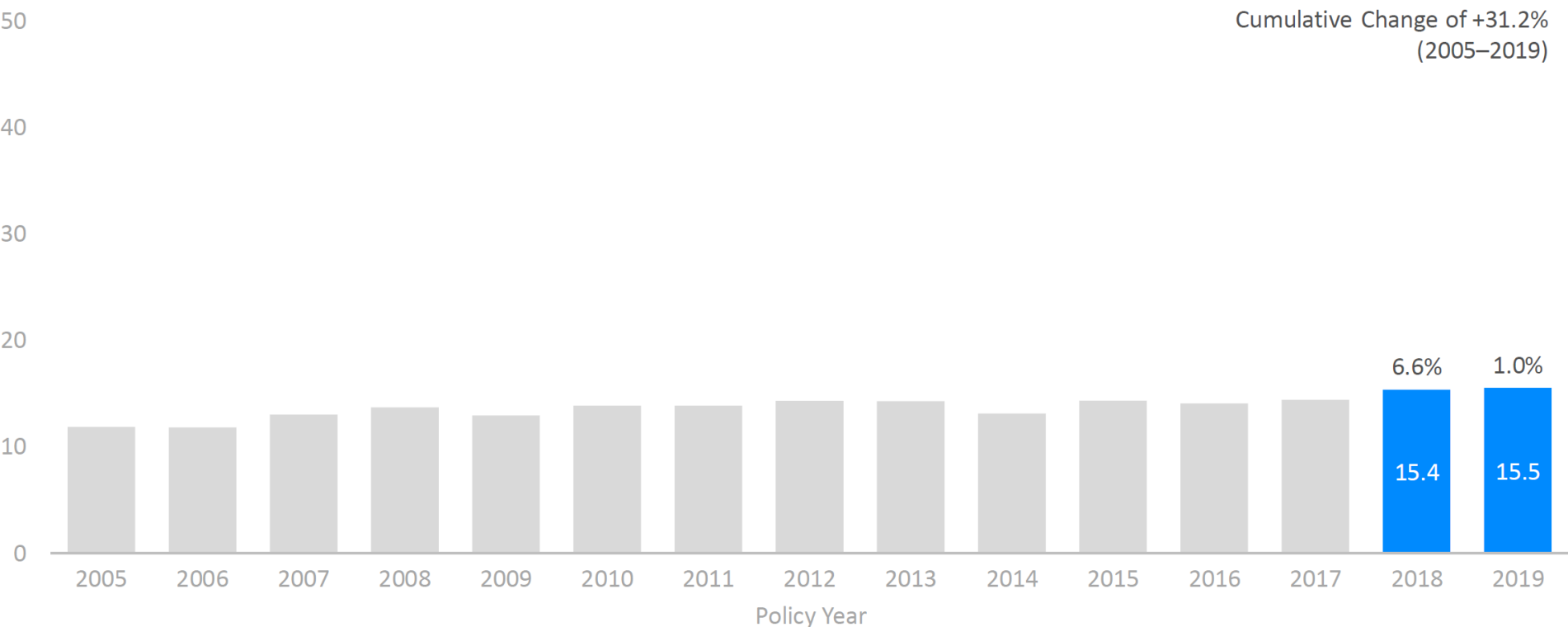
Percent Change in Lost-Time Claims, per \$ Million of On-Leveled Premium



Based on NCCI's financial data through 12/31/2020, on-leveled, and developed to ultimate, with premium adjusted to common wage level.

Indiana Average Indemnity Claim Severity

Lost-Time Claim Severity in \$ Thousands

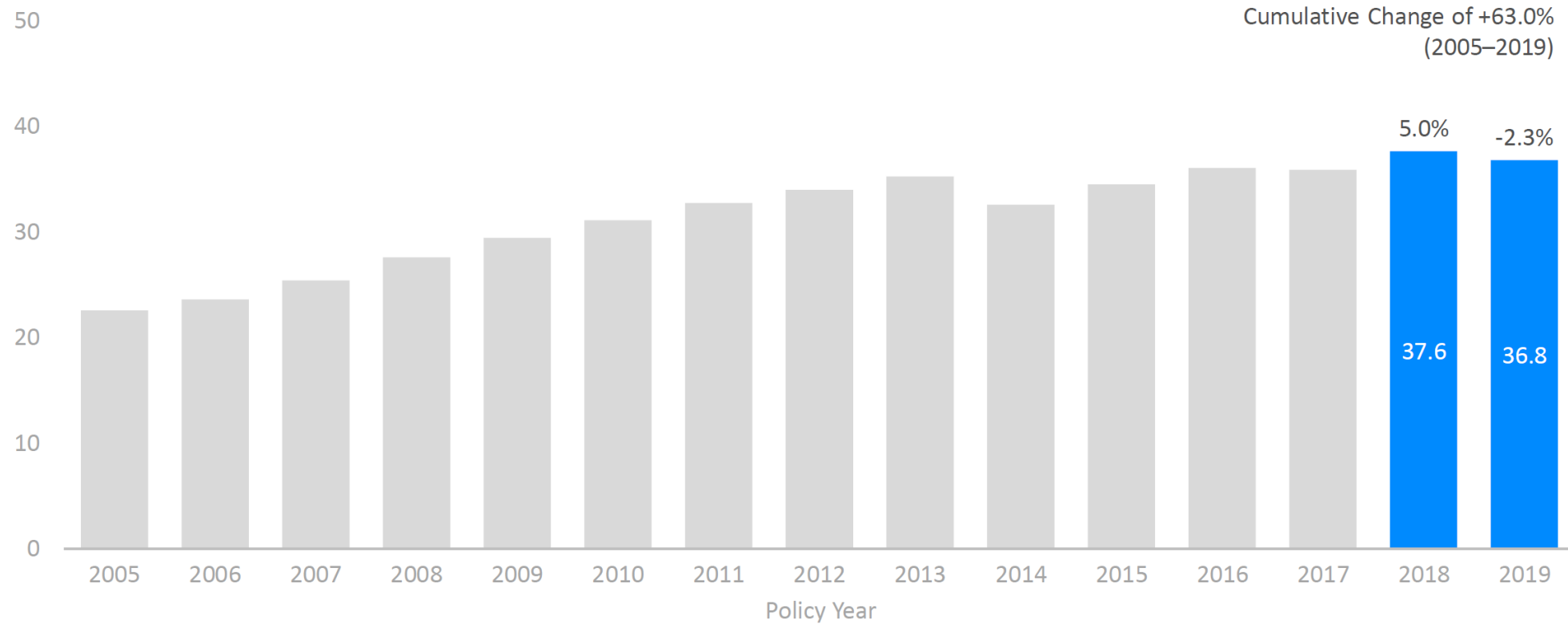


Based on NCCI's financial data through 12/31/2020, on-leveled, and developed to ultimate.



Indiana Average Medical Claim Severity

Lost-Time Claim Severity in \$ Thousands

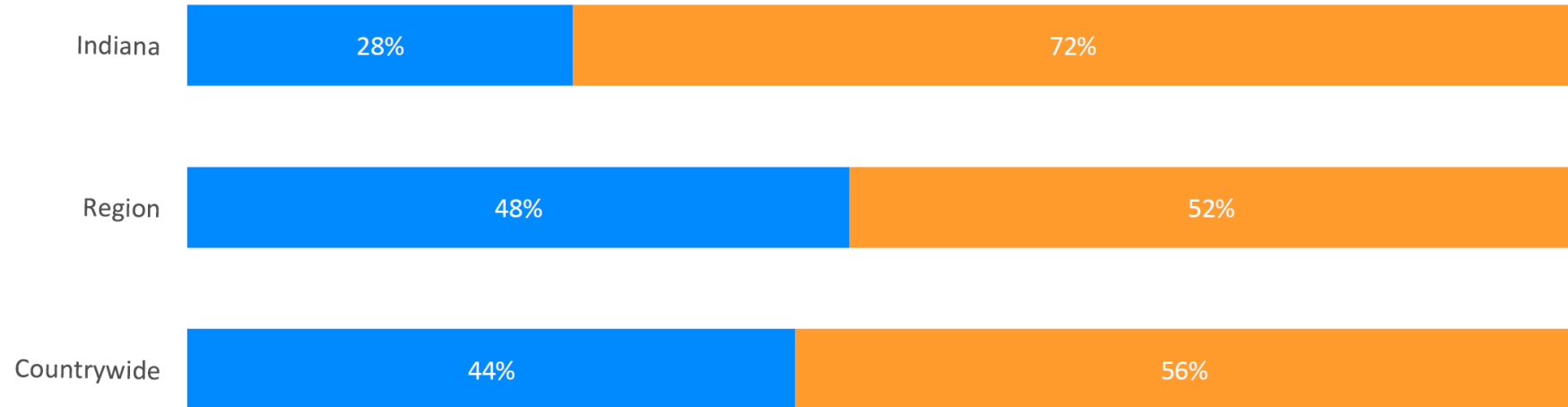


Based on NCCI's financial data through 12/31/2020, on-leveled, and developed to ultimate.
Note that medical-only losses are included in the numerator.



Total Benefit Costs in Indiana

Indemnity vs. Medical

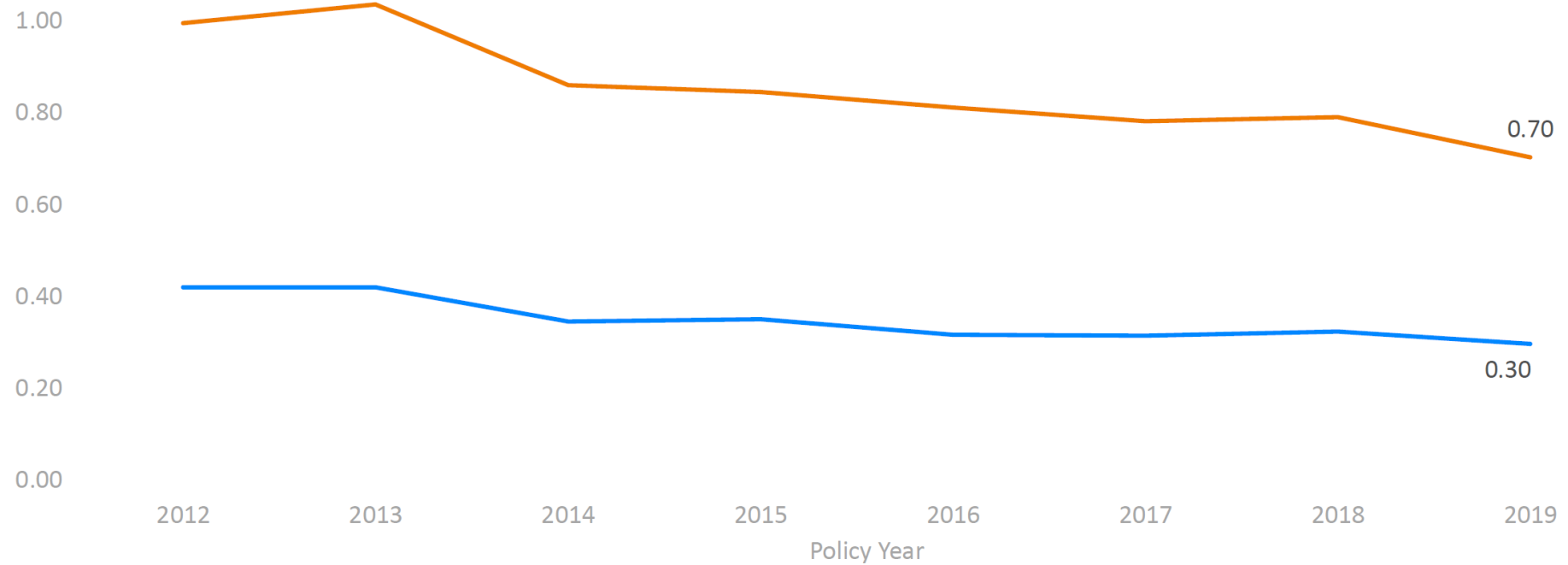


Regional states are IA, IL, KY, and MO.
Based on NCCI's financial data.



Indiana Loss Ratios

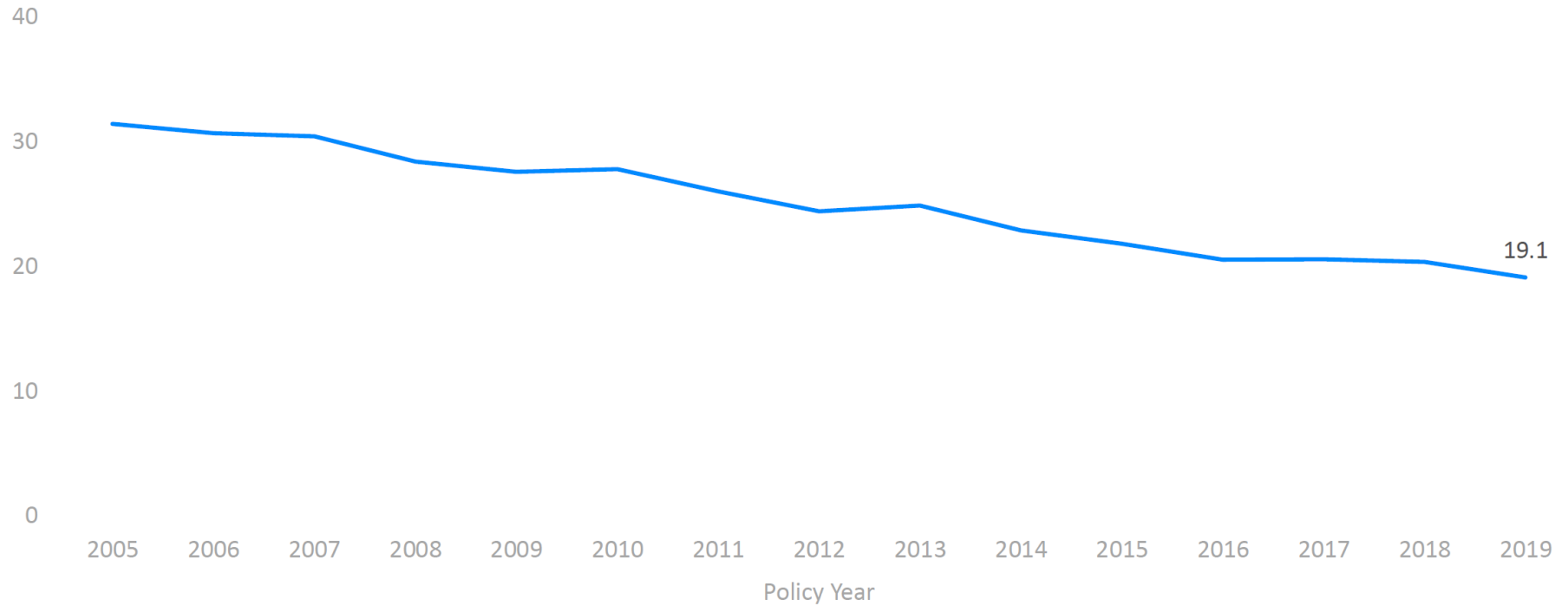
Indemnity vs. Medical



Based on NCCI's financial data through 12/31/2020, on-leveled, and developed to ultimate.

Indiana Claim Frequency

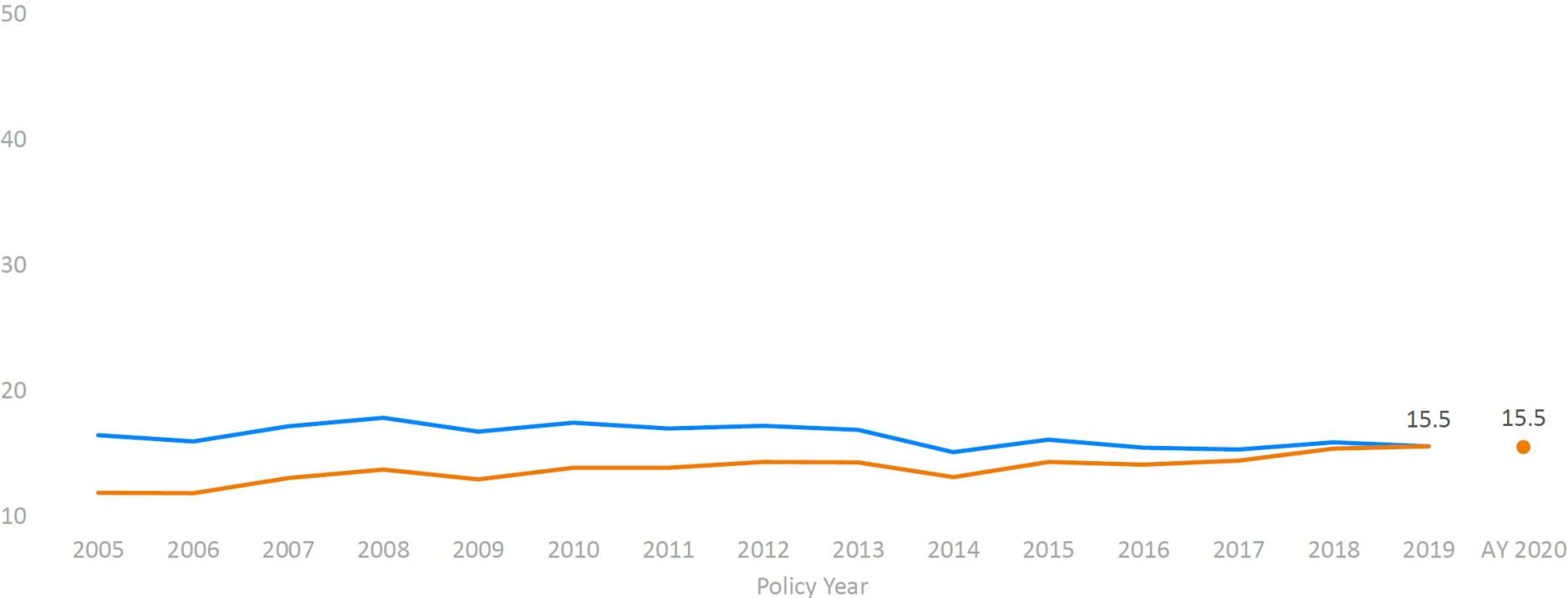
Lost-Time Claims, per \$ Million of On-Levelled Premium



Based on NCCI's financial data through 12/31/2020, on-levelled, and developed to ultimate, with premium adjusted to common wage level.

Indiana Average Indemnity Claim Severity

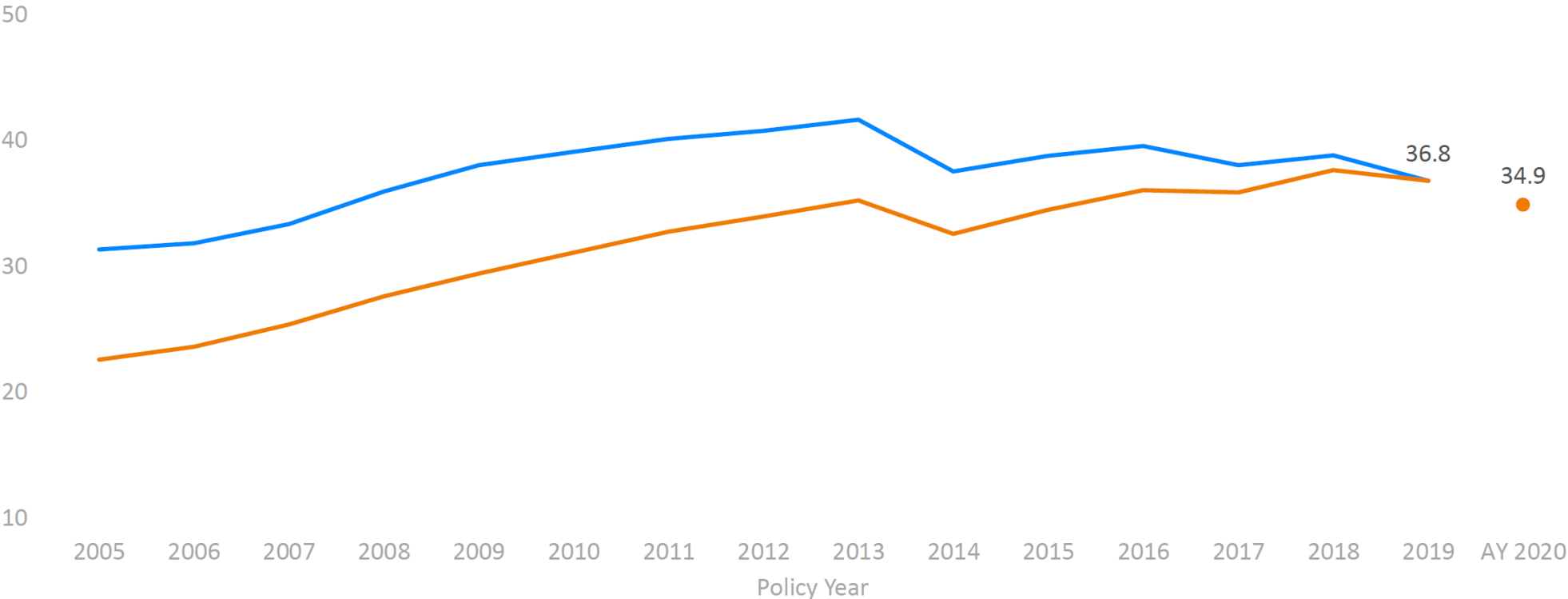
Adjusted to Common Wage Level vs. Actual, in \$ Thousands



Based on NCCI's financial data through 12/31/2020 for lost-time claims at current benefit level and developed to ultimate.

Indiana Average Medical Claim Severity

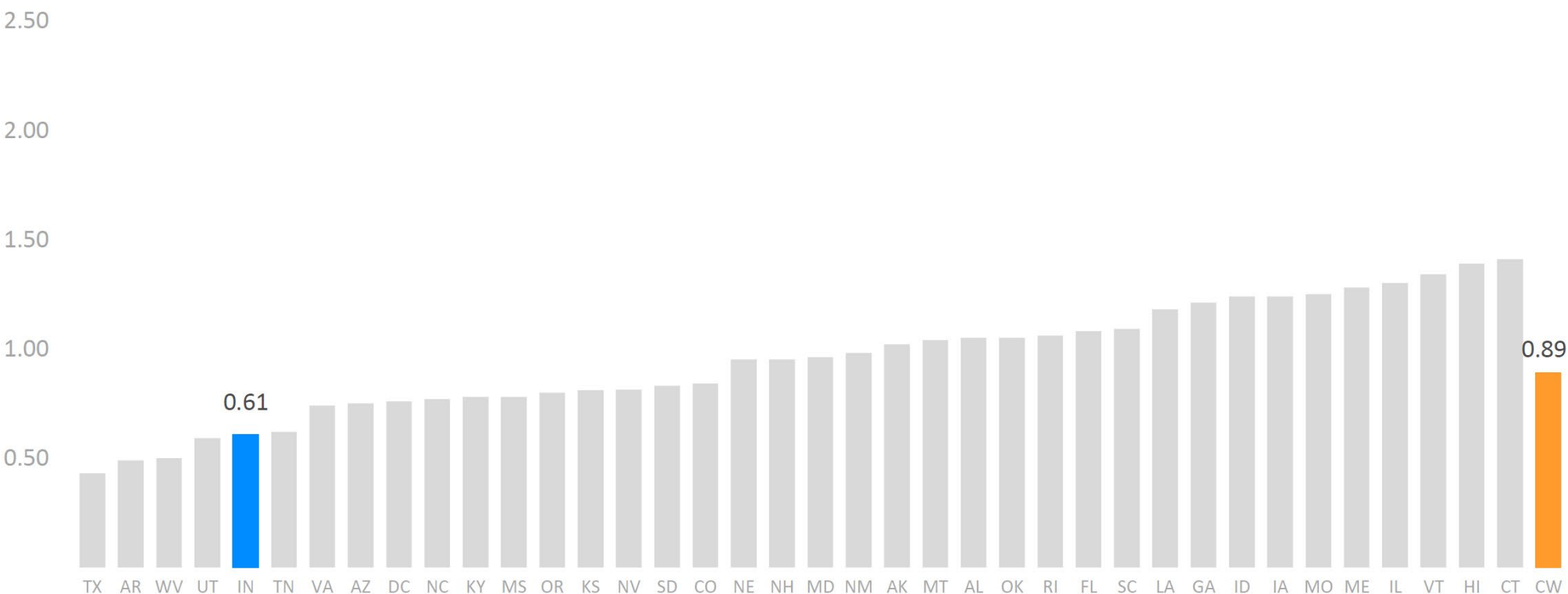
Adjusted to Common Wage Level vs. Actual, in \$ Thousands



Based on NCCI's financial data through 12/31/2020 for lost-time claims at current benefit level and developed to ultimate.
Note that medical-only losses are included in the numerator.

Average Voluntary Pure Loss Costs

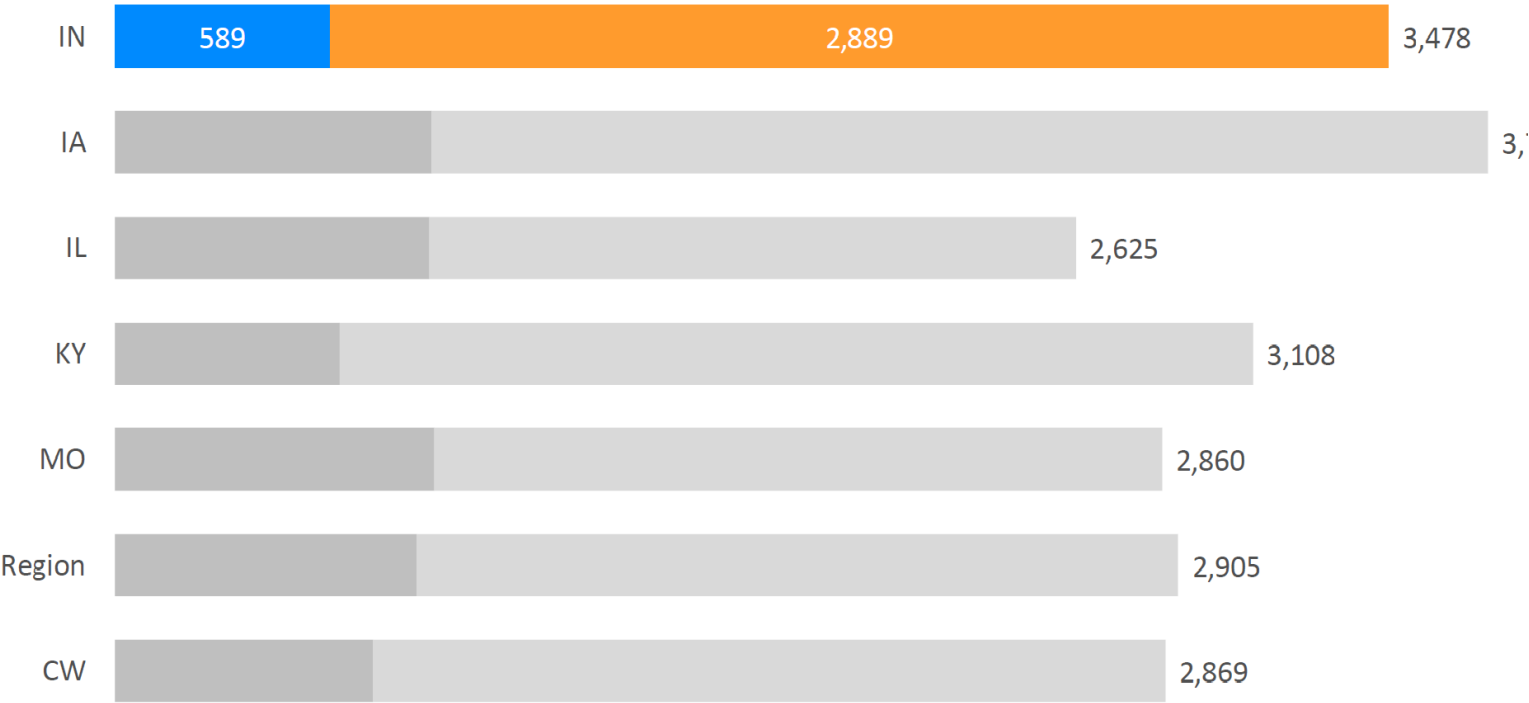
Using Indiana Payroll Distribution



Based on approved rates and loss costs in various jurisdictions from filings using data valued as of 12/31/2019.

Indiana Average Claim Frequency

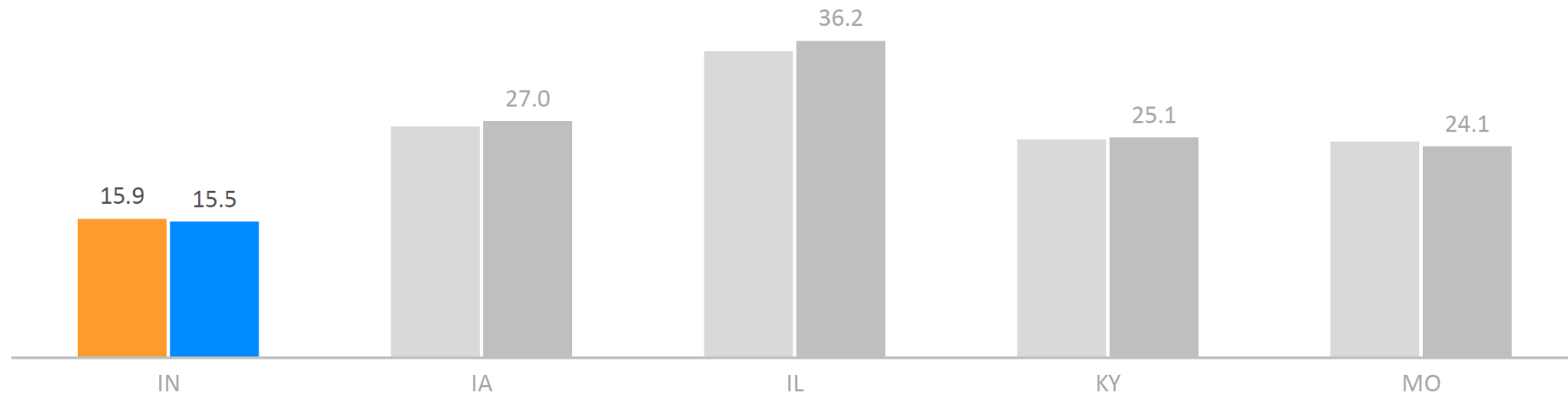
Lost-Time vs. Medical Only, per 100,000 Workers



Based on NCCI's *Statistical Plan* data.

Average Indemnity Claim Severity in the Region

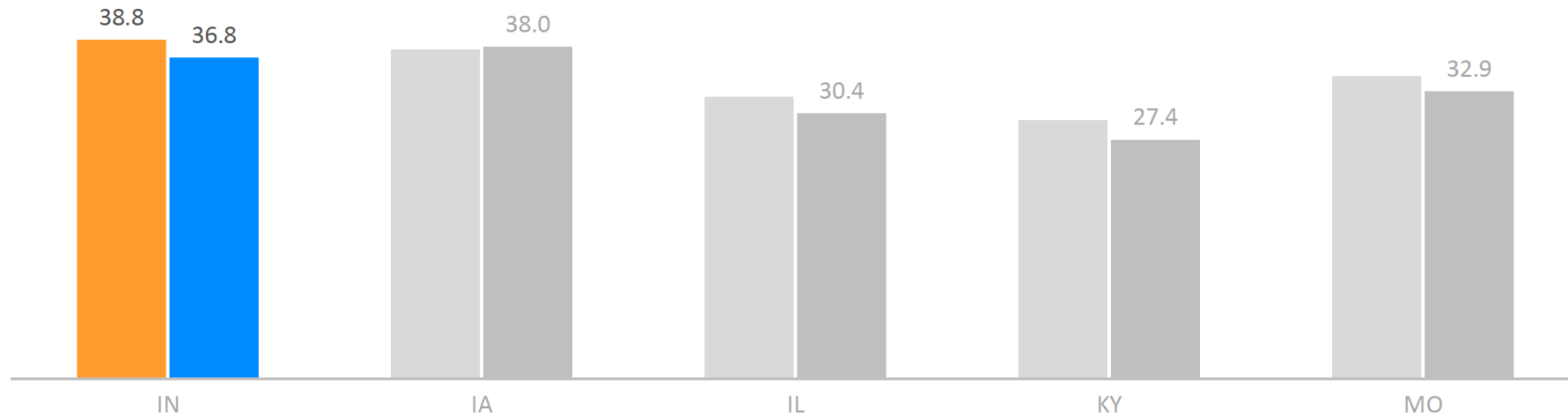
PY 2018 vs. PY 2019, in \$ Thousands



Based on NCCI's financial data for lost-time claims at current benefit level, adjusted to a common wage level, and developed to ultimate.

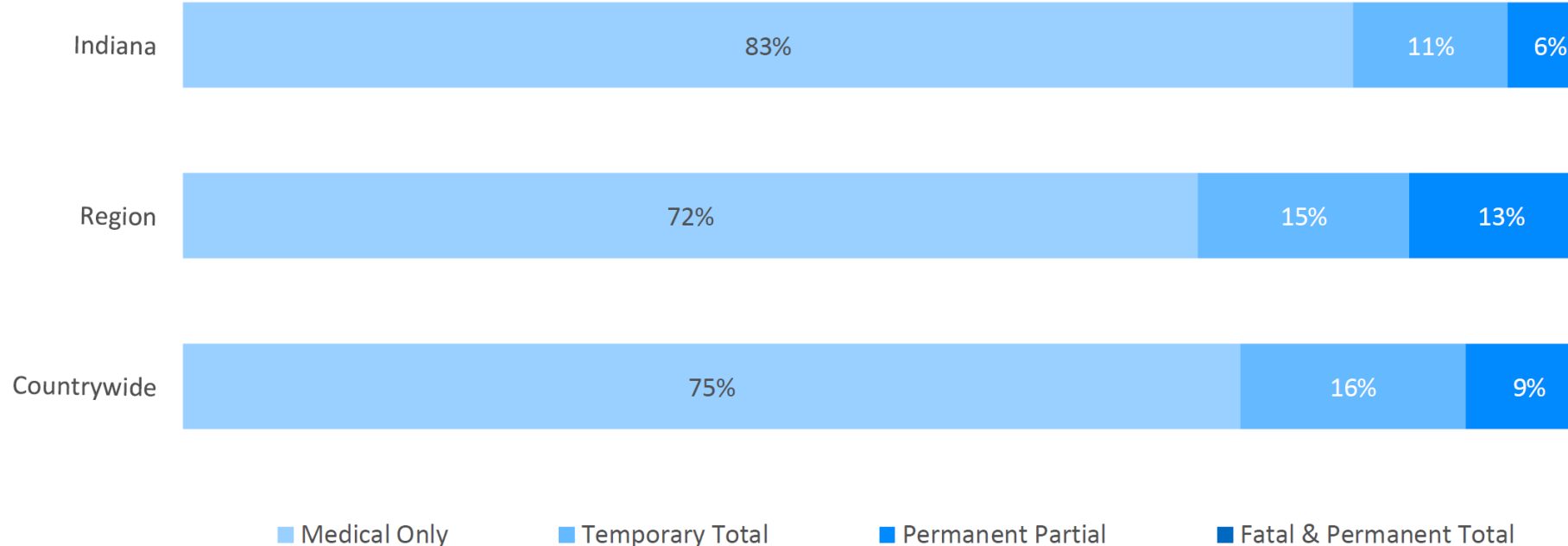
Average Medical Claim Severity in the Region

PY 2018 vs. PY 2019, in \$ Thousands



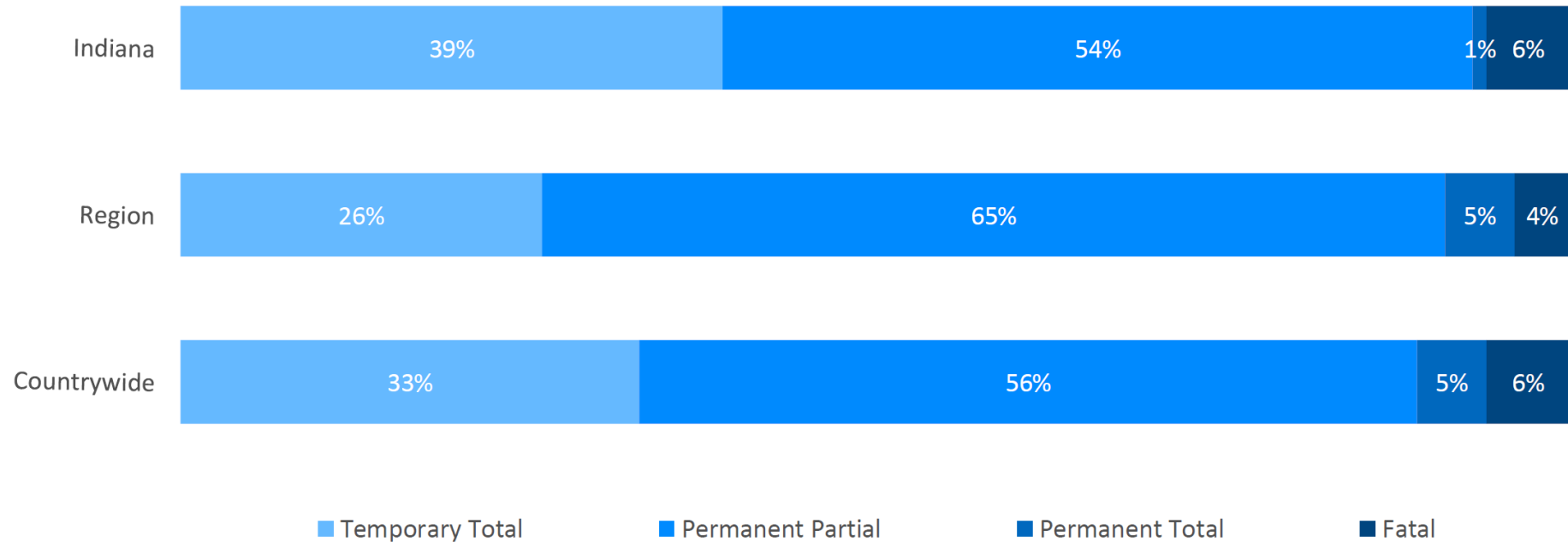
Based on NCCI's financial data for lost-time claims at current benefit level, adjusted to a common wage level, and developed to ultimate.
Note that medical-only losses are included in the numerator.

Indiana Distribution of Claims by Injury Type



Regional states are IA, IL, KY, and MO.
Based on NCCI's *Statistical Plan* data for jurisdiction/claim type combinations for which three or more cases exist.

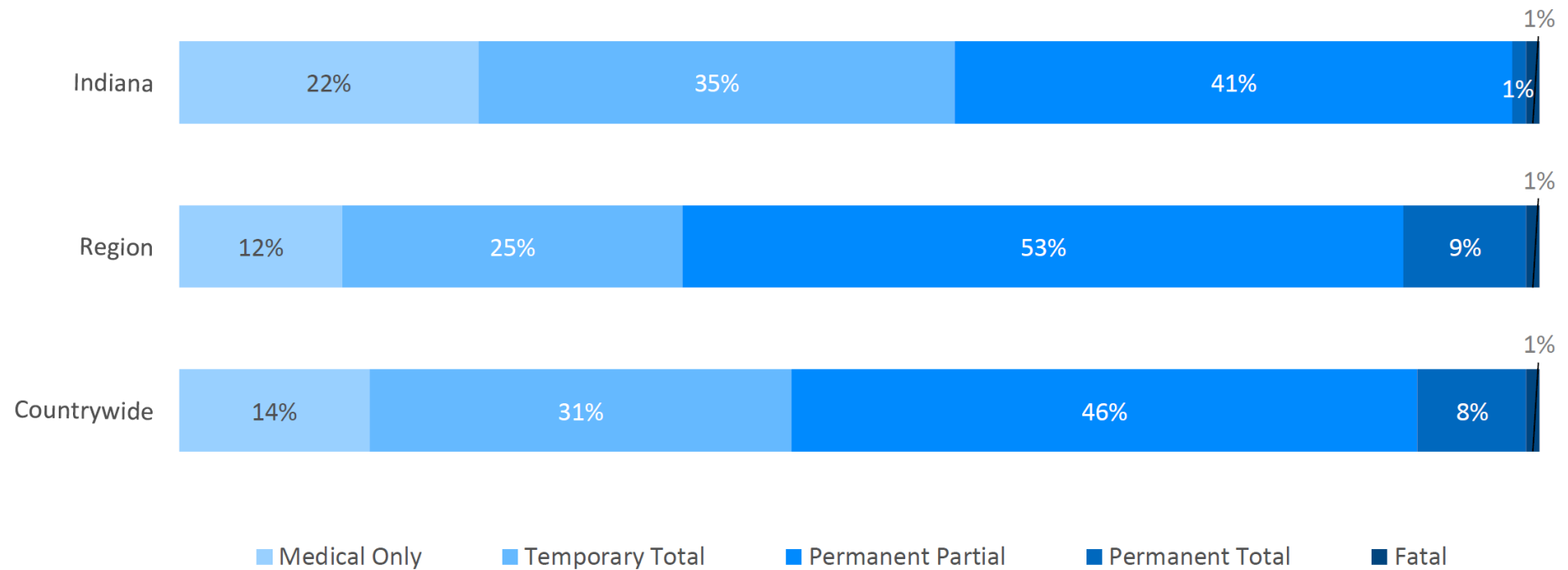
Indiana Indemnity Loss Distribution by Injury Type



Regional states are IA, IL, KY, and MO.

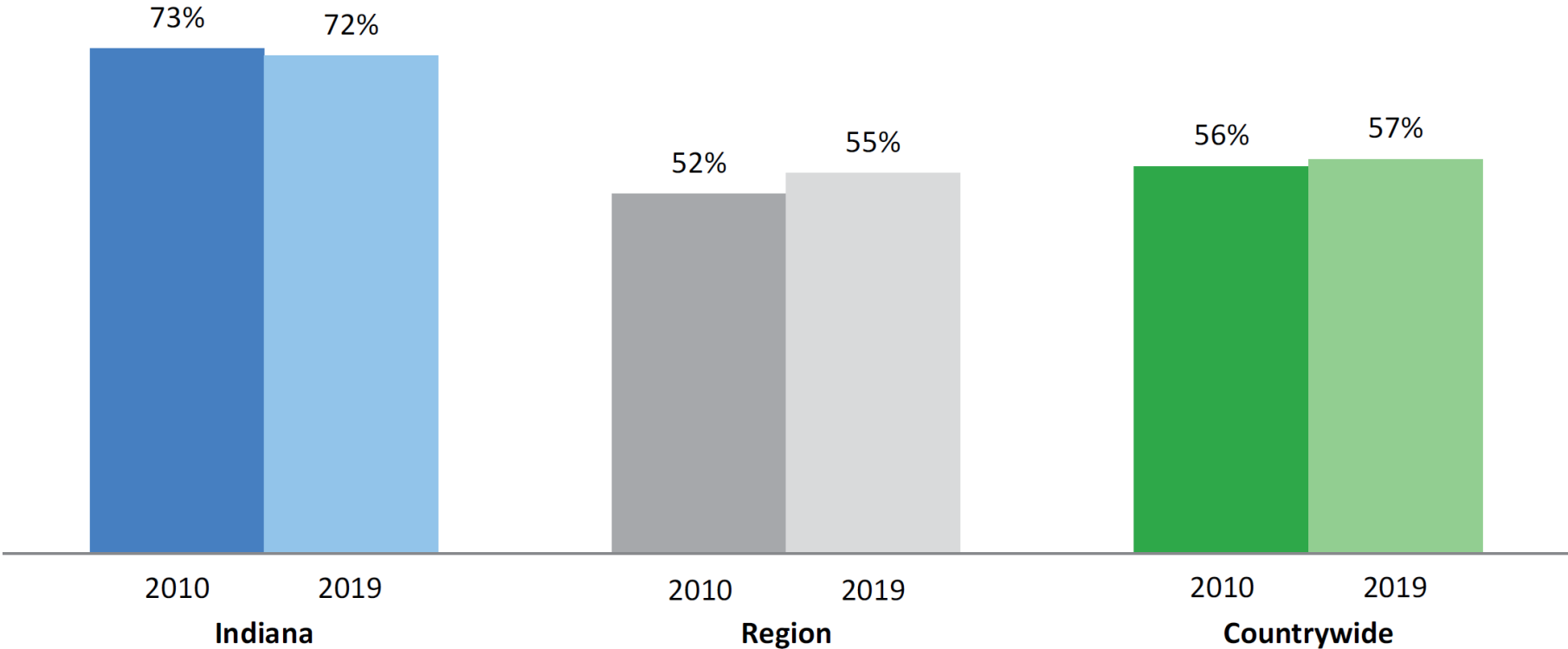
Based on NCCI's *Statistical Plan* data for jurisdiction/claim type combinations for which three or more cases exist.

Indiana Medical Loss Distribution by Injury Type



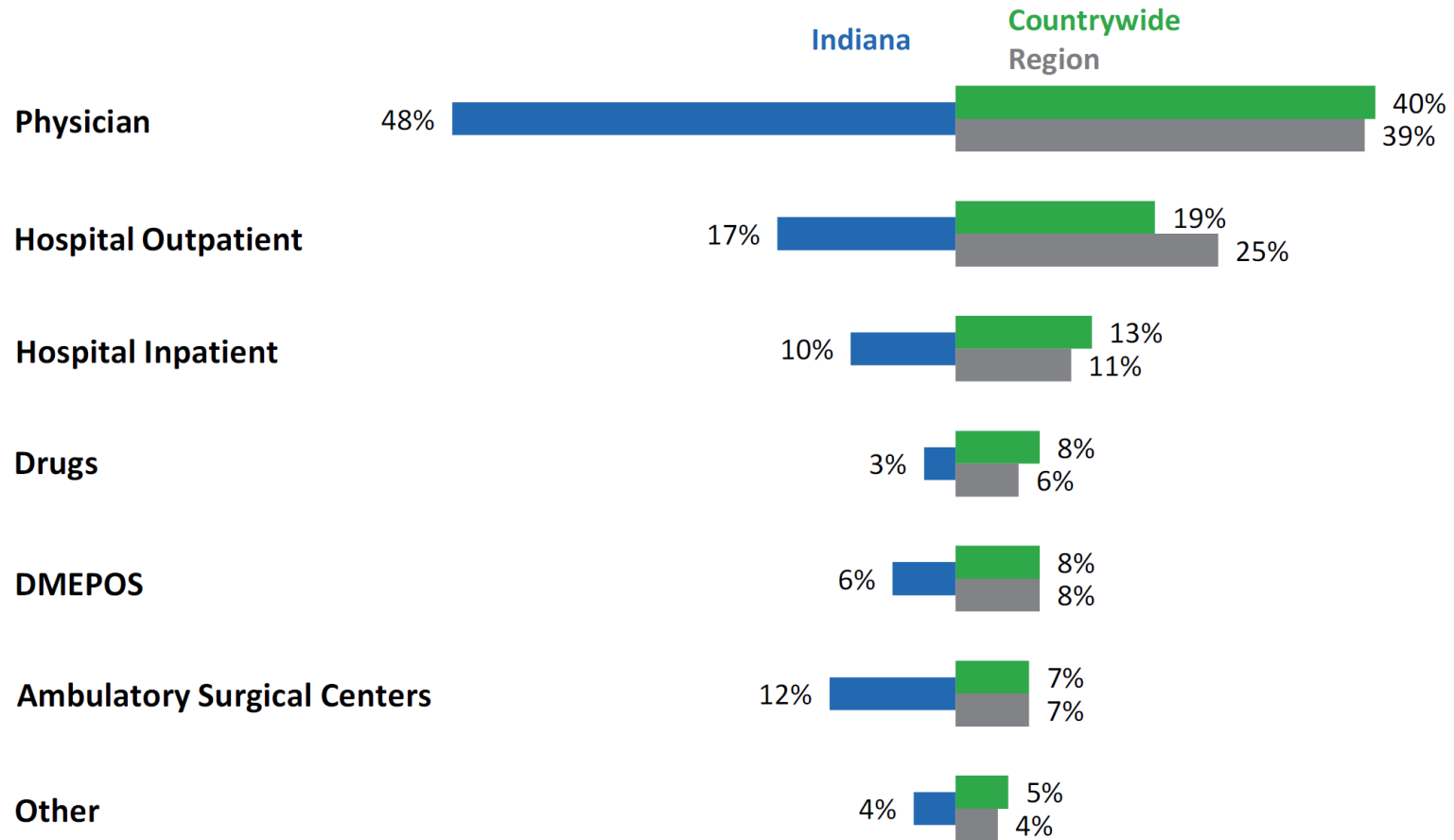
Regional states are IA, IL, KY, and MO.
Based on NCCI's *Statistical Plan* data for jurisdiction/claim type combinations for which three or more cases exist.

Medical Share of Total Benefit Costs by Accident Year

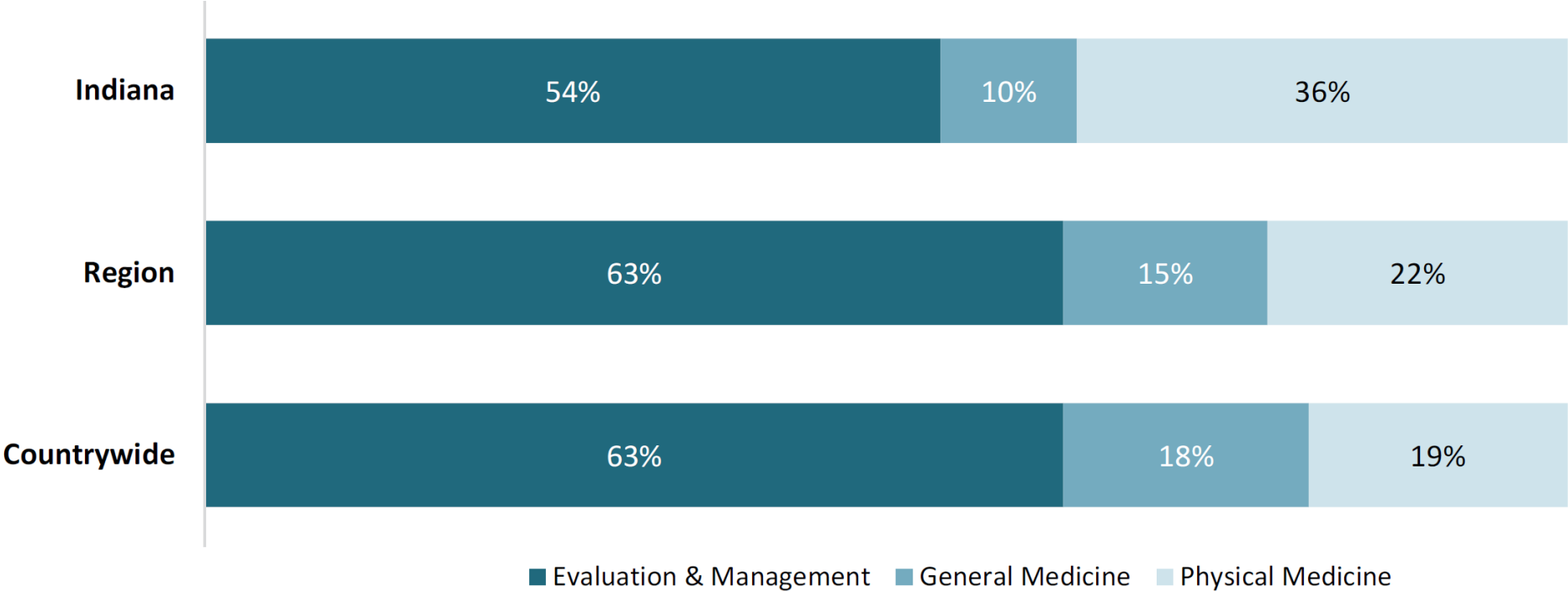


Source: NCCI's Calendar-Accident Year Call for Compensation Experience. Region includes IA, IL, KS, MO, NE, OK, and SD. Countrywide data includes AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, and WV.

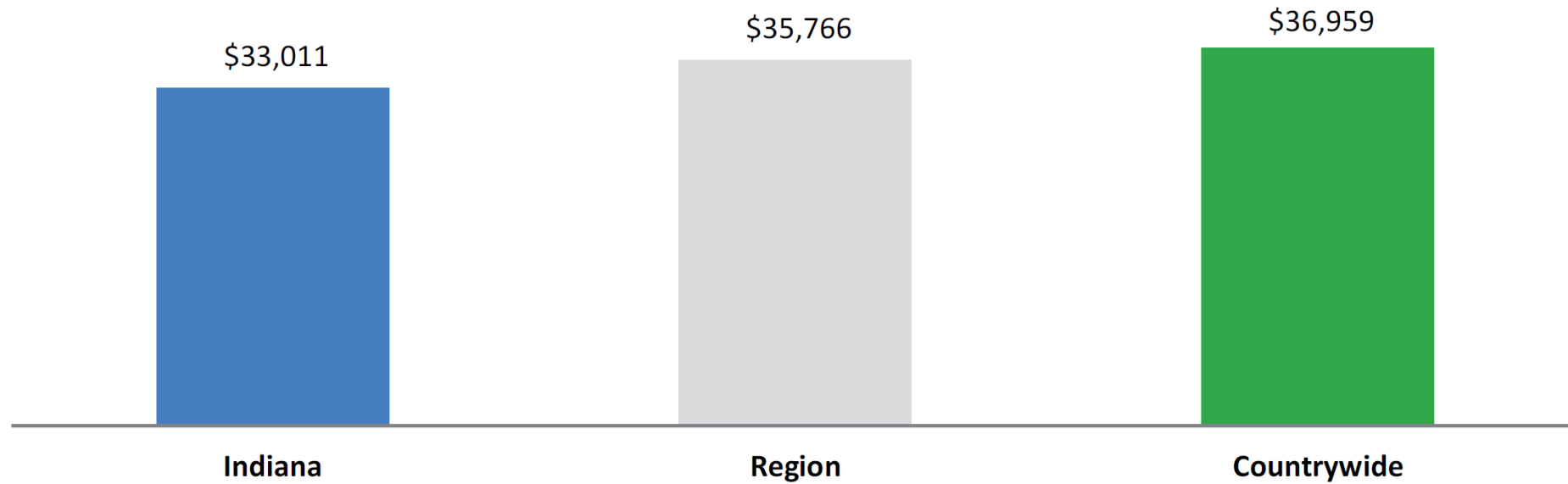
Distribution of Medical Payments



Distribution of Telemedicine Payments by Physician Services



Average Amount Paid per Stay for Hospital Inpatient Services

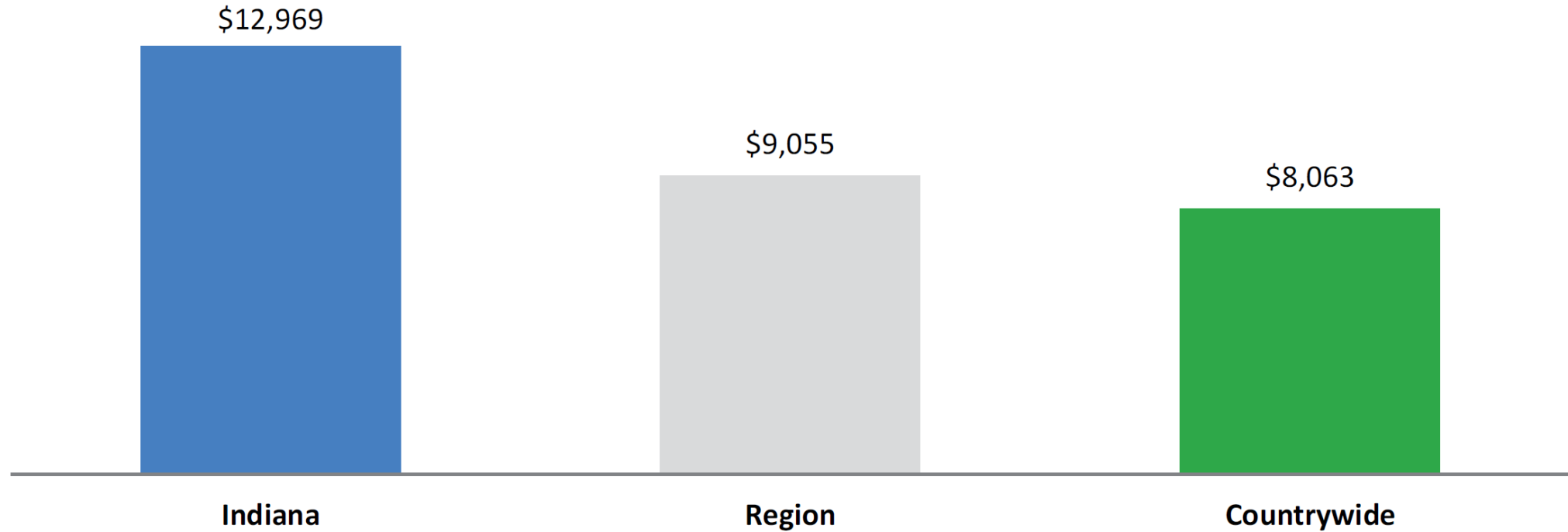


Top 10 Diagnoses by Amount Paid for Hospital Inpatient Services

Diagnosis Group	Paid Share	Median Amount Paid per Stay		
		Indiana	Region	Countrywide
Traumatic brain injury	10.9%	\$21,650	\$22,827	\$24,706
Hip/pelvis fracture/major trauma	6.9%	\$20,852	\$22,784	\$21,518
Tibia/fibula fracture	5.6%	\$23,377	\$25,304	\$23,339
Lumbar spine degeneration	4.6%	\$42,184	\$38,936	\$37,580
Burn and corrosion, third degree, other than head, face, and neck	3.5%	\$40,187	\$37,623	\$44,946
Complication from surgical device	2.6%	\$27,372	\$22,278	\$24,149
Chest trauma major	2.4%	\$21,751	\$20,358	\$21,188
Sepsis	2.4%	\$23,227	\$20,170	\$21,322
Lumbosacral intervertebral disc disorders	2.1%	\$32,905	\$28,889	\$30,566
Spinal cord injury	2.1%	\$73,390	\$28,531	\$50,301

Source: NCCI's Medical Data Call for inpatient stays with a discharge date in Calendar Year 2019 or 2020.

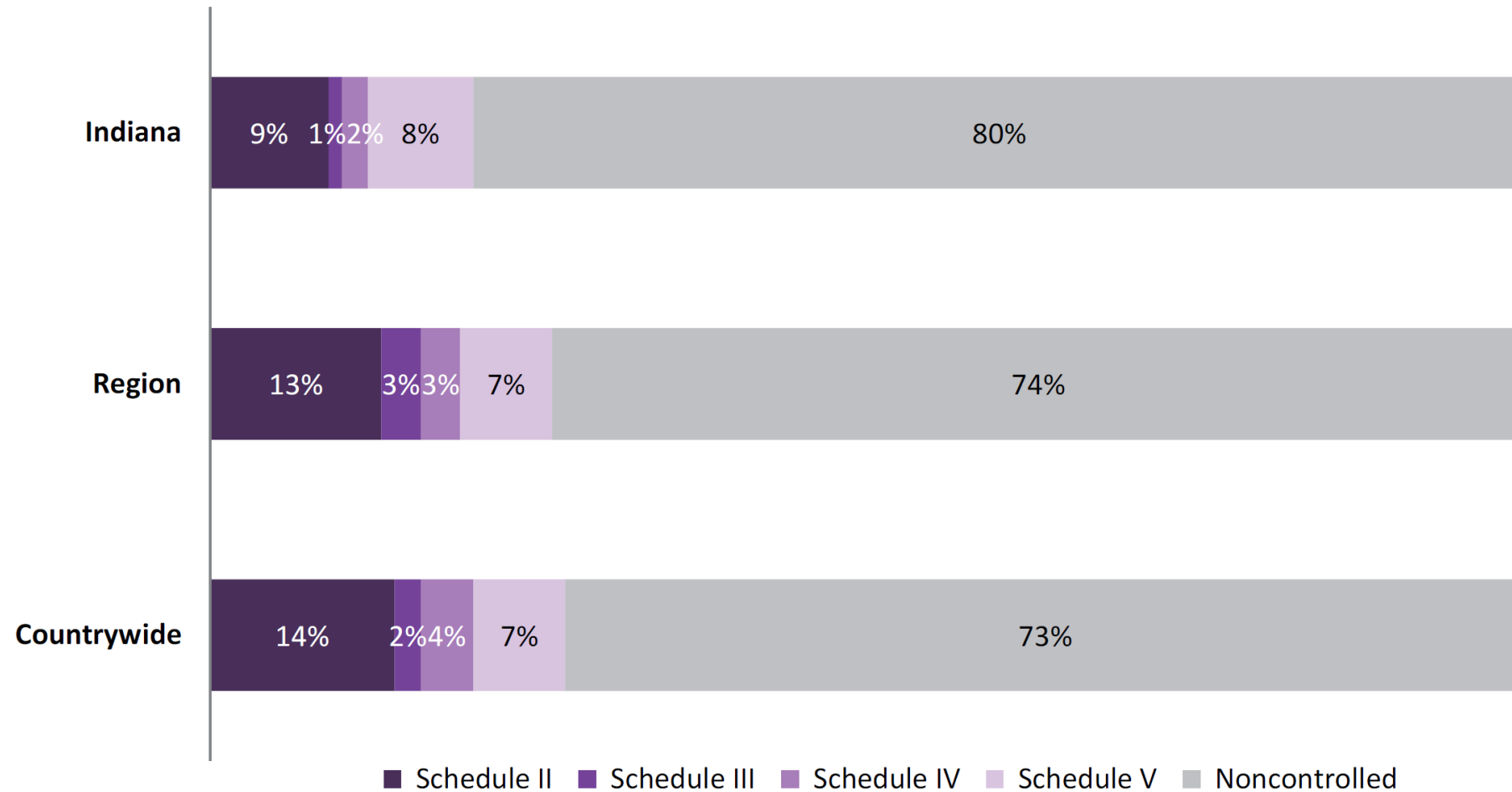
Average Amount Paid per Major Surgery for Ambulatory Surgery Centers



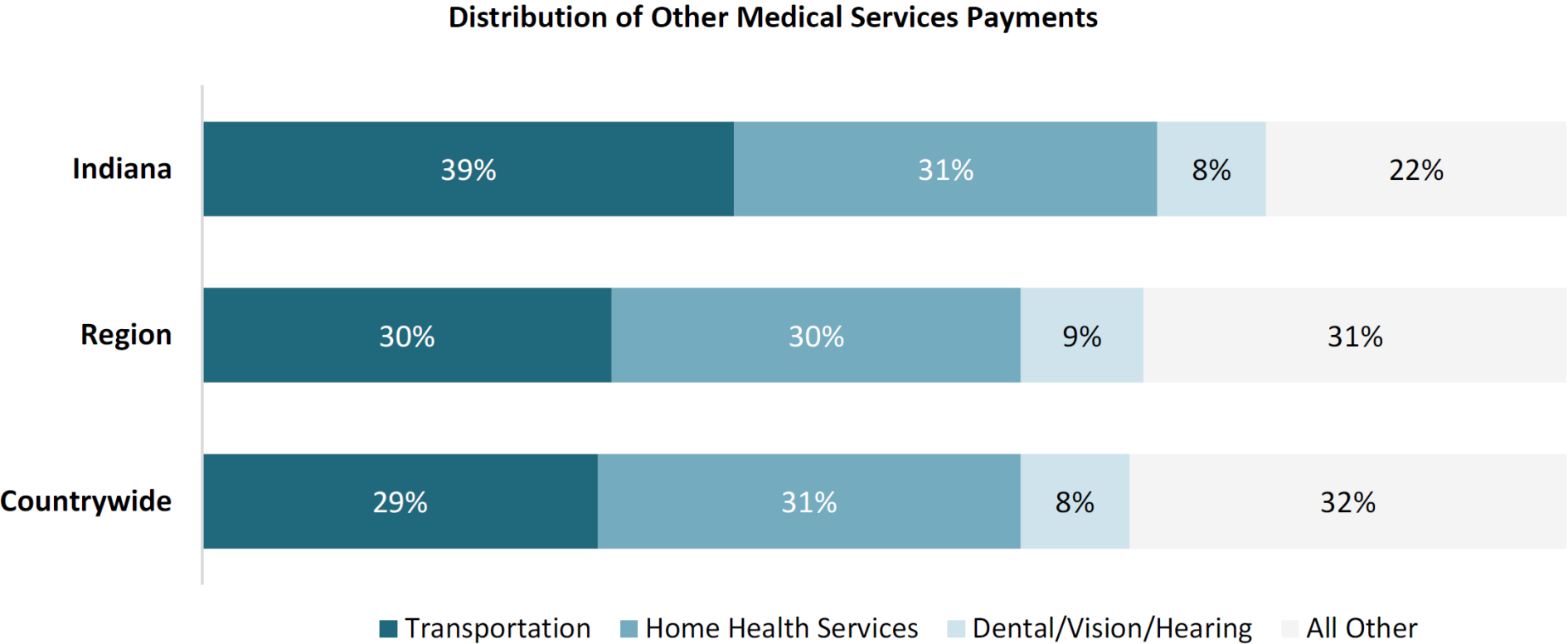
Top 10 Diagnoses by Amount Paid for Major Surgery at Ambulatory Surgery Centers

Diagnosis Group	Paid Share	Median Amount Paid per Visit		
		Indiana	Region	Countrywide
Rotator cuff tear	16.2%	\$18,152	\$13,703	\$10,347
Hand/wrist fracture	6.2%	\$9,057	\$6,197	\$5,351
Minor shoulder injury	6.1%	\$12,283	\$9,125	\$7,932
Knee internal derangement - meniscus injury	5.2%	\$9,013	\$5,026	\$4,196
Carpal tunnel syndrome	4.2%	\$5,301	\$3,328	\$3,053
Degenerative shoulder	3.7%	\$15,491	\$9,546	\$8,092
Bicipital tendinitis	3.3%	\$27,633	\$13,770	\$10,542
Superior labral tear from anterior to posterior (SLAP) lesion	3.2%	\$16,198	\$10,693	\$8,833
Minor hand/wrist injuries	3.0%	\$11,536	\$5,131	\$4,665
Knee internal derangement - cruciate ligament tear	2.6%	\$18,471	\$10,578	\$9,355

Distribution of Prescription Drug Payments



Distribution of Other Medical Services Payments



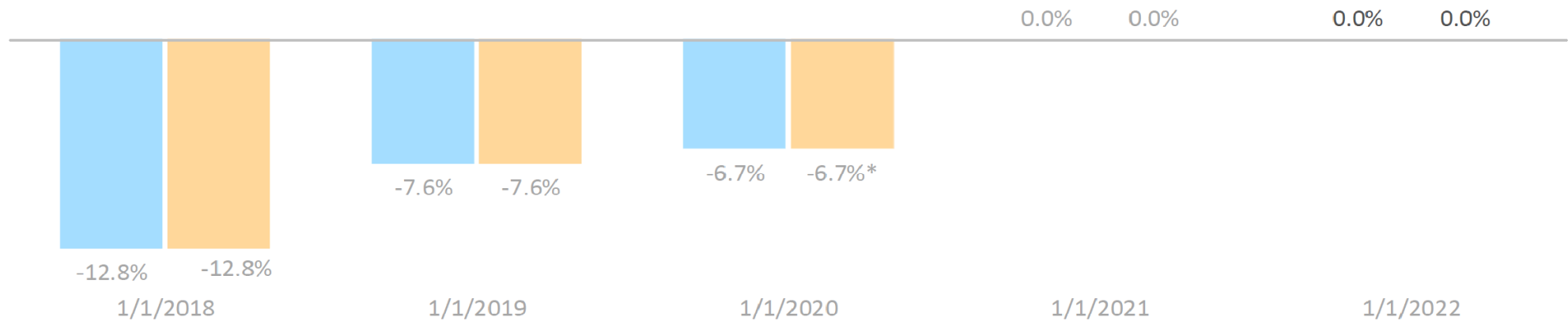
RATE FILINGS

— FILING ACTIVITY



Indiana Filing Activity

Voluntary Rate and Assigned Risk Rate Changes



* -4.5% premium level change after accounting for changes to the Assigned Risk Surcharge.

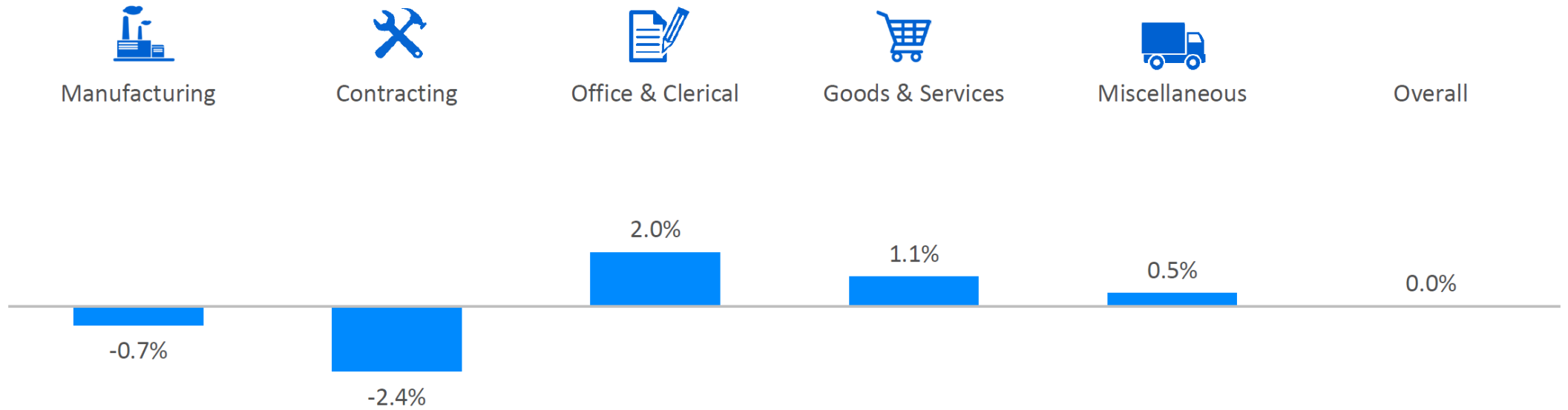
Indiana January 1, 2022 Rate Filing

Change in Experience:	−4.2%
Change in Trend:	+0.5%
Change in Benefits:	+0.5%
Change in Expenses:	+3.3%
<hr/>	
Overall Rate Level Change:	+0.0%



Indiana January 1, 2022 Rate Filing

Average Changes by Industry Group



2022

Experience
Rating

Changes

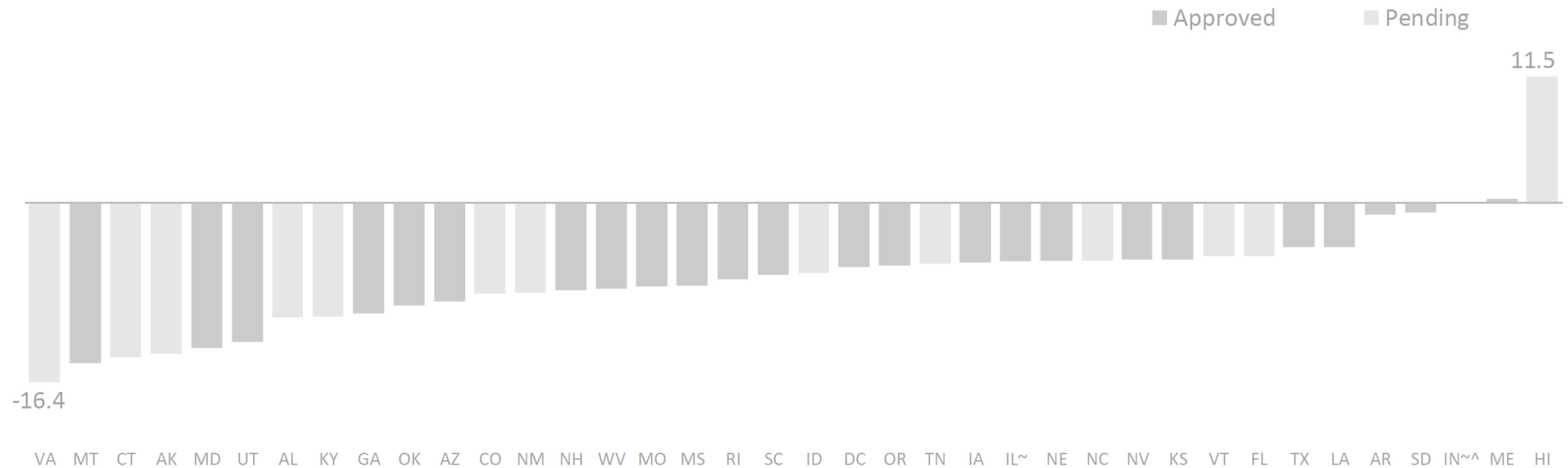
Split Point - \$18,500

State Per Claim Limitation
\$208,500

State Per Accident Limitation
\$417,000

Current NCCI Voluntary Market Loss Cost/Rate Level Changes

Excludes Law-Only Filings



~Value shown is a rate level change; the IL and IN lost cost level changes are -7.4% and -2.7%, respectively.

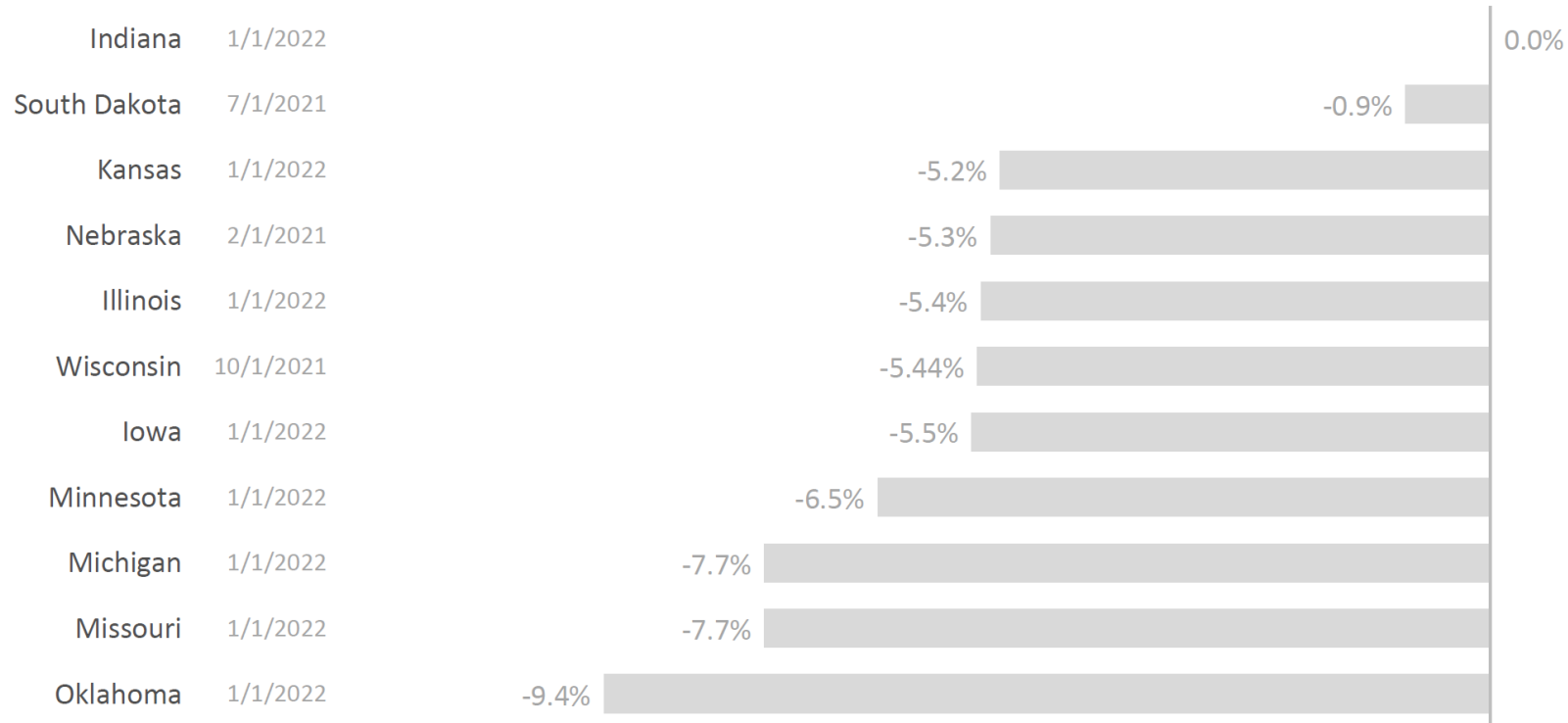
^IN approved a flat (0.0%) rate level change.

Reflects the most recent experience filing in each jurisdiction as of 10/8/2021.

Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons.

Current Voluntary Market Loss Cost/Rate Changes

Midwestern States



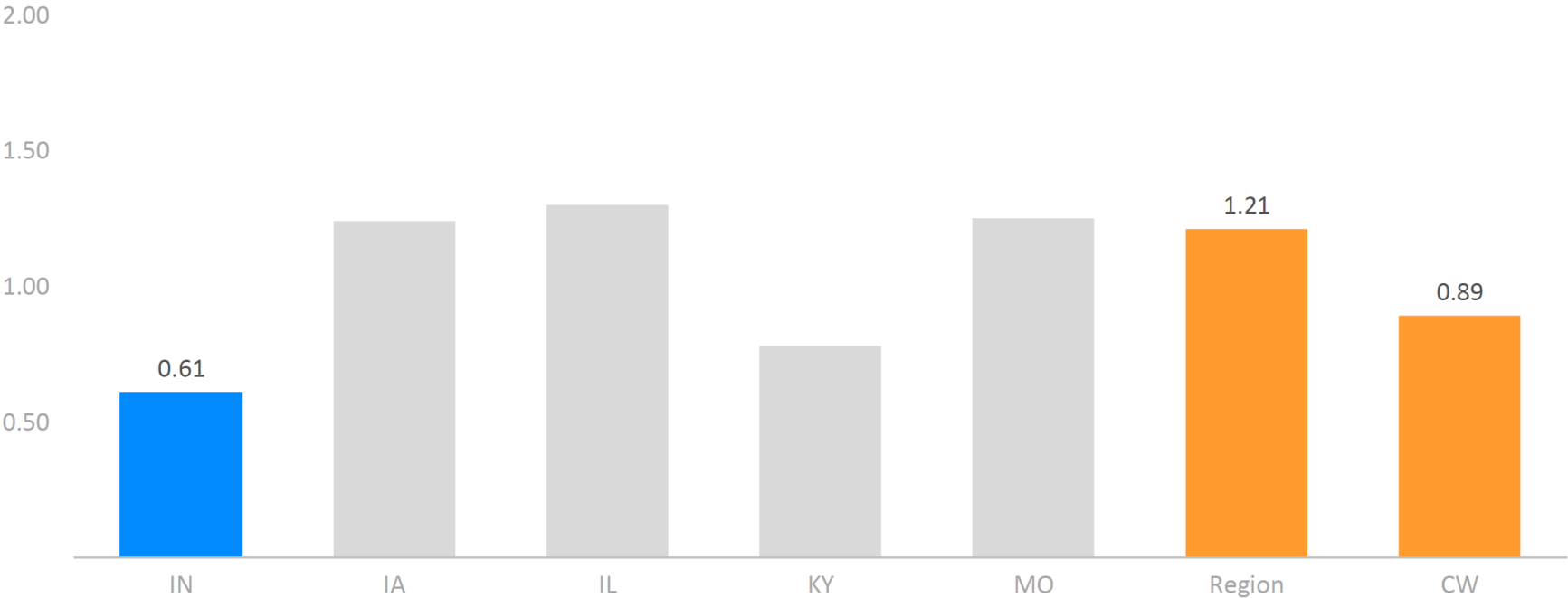
*Pending.

Reflects the most recent experience filing in each jurisdiction as of 10/8/2021.


Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons.

Average Voluntary Pure Loss Costs

Using Indiana Payroll Distribution



Based on approved rates and loss costs in various jurisdictions from filings using data valued as of 12/31/2019.



INDIANA

COMPENSATION RATING BUREAU

ESTD  1935

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