



Indiana

Advisory Rates, Loss Costs, and
Assigned Risk Rates Filing

Proposed Effective January 1, 2023



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October 5, 2022

**Circular
2022-06**

To: ICRB Members

Re: Approved January 1, 2023, Advisory Rate Filing

On October 4, 2022, the Indiana Department of Insurance (IDOI) "FILED" the advisory rate filing which completes the approval process. The filing consists of:

- ☐ Overall Advisory Loss Cost Level Change: -10.3%
- ☐ Overall Advisory Rate Level: -10.3%
- ☐ Overall Assigned Risk Level Change: -10.3%

The overall rate and loss cost level changes in this filing are based on premium and loss experience for policy years 2018, 2019, and 2020 evaluated as of December 31, 2021. 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 -11.3% for Contracting to -9.4% for Goods and Services.

To review the entire rate filing document and rate pages, navigate to the "Rate Filing" section on the top tool bar of the ICRB's website at www.icrb.net.

Kindest regards,

Karen H. Byrd

President & CEO



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Actuarial Certification

I, Cary Ginter, am an Executive Director and Senior Actuary for the National Council on Compensation Insurance, Inc. I am an Associate 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 black ink, appearing to read "Cary Ginter", with a stylized flourish at the end.

Cary Ginter, ACAS, MAAA
Executive Director and Senior Actuary
Actuarial and Economic Services



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Purpose of the Report

The purpose of this report is to provide the advisory rates, loss costs, and assigned risk rates for workers compensation policies in Indiana, proposed to be effective January 1, 2023. 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-based 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, 2023. 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.

NCCI utilizes widely accepted general ratemaking methodologies in the calculation of advisory rates, loss costs, and assigned risk rates. After in-depth review and analysis, as well as a



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thorough assessment of COVID-19 impacts, NCCI has determined that the continued use of its general ratemaking methodologies remains appropriate, including:

- ✓ Experience base determination
- ✓ Chain ladder development method
- ✓ Trending procedure
- ✓ Expense calculation
- ✓ Application of indemnity and medical benefit changes

In some areas, NCCI has made selections due to potential COVID-19 pandemic-related effects on the underlying data to better reflect the conditions likely to prevail in the filing's proposed effective period. See COVID-19 Pandemic-related Considerations in the Additional Proposed Changes section for additional information regarding potential COVID-19 pandemic-related effects.

Data Sources

Key Dates

Financial Data Valuation Date	December 31, 2021
Financial Call Data Cutoff Date	June 24, 2022
Unit Statistical Plan Data Cutoff Date	July 22, 2022
Filing Preparation Date	August 10, 2022

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 the Financial Call Data Cutoff Date 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 the Unit Statistical Plan Data Cutoff Date were not considered for inclusion in the analysis.

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. Events that have occurred



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after the Filing Preparation Date that may have a material impact on workers compensation costs in this jurisdiction have not been considered in the analysis.

Data Exclusions

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.

In this year's filing, 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.

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/rates since these events are not considered to be predictive of future experience. Consistent with this catastrophe methodology, NCCI is proposing to treat COVID-19 claims with accident dates between December 1, 2019 through December 31, 2021 as a catastrophe in this filing. These reported claims have been excluded from Financial Call Data and Unit Statistical Plan Data for use in ratemaking to better reflect the conditions expected to prevail in the filing's proposed effective period.

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



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- ✓ Unanticipated changes to wage or medical inflation
- ✓ 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.



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Executive Summary

Based on its review of the most recently available data, NCCI has proposed the following overall average workers compensation advisory loss cost, advisory rate, and assigned risk rate changes in Indiana to become effective January 1, 2023.

Key Components	Percentage Change
Change in Experience and Development	– 7.1%
Change in Trend	0.0%
Change in Benefits	– 3.6%
<u>Change in Loss-Based Expenses</u>	<u>+ 0.1%</u>
Proposed Change in Overall Advisory Loss Cost Level	– 10.3%*
Change in Production & General Expenses and Taxes	0.0%
<u>Change in Profit and Contingency Provision</u>	<u>0.0%</u>
Proposed Change in Overall Advisory Rate Level	– 10.3%*
Proposed Change in Overall Assigned Risk Rate Level	– 10.3%*

*These changes vary by classification code, each of which belongs to one of five Industry Groups.

Items of Note:

- ✓ This filing is based on premium and loss experience for Policy Years 2018 through 2020 evaluated as of December 31, 2021. Reported COVID-19-related claims have been excluded from the data on which this filing is based
- ✓ The experience period and annual trend factors were selected in consideration of the COVID-19 pandemic. See COVID-19 Pandemic-related Considerations in the Additional Proposed Changes section for additional information
- ✓ Indiana's lost-time claim frequency has exhibited a long-term decline
- ✓ After adjusting to a common wage level, the indemnity and medical average costs per case have shown substantial volatility over the last 15 policy years
- ✓ The implementation of an ambulatory surgical center fee schedule—resulting from enacted House Bill 1153— is expected to result in a significant decrease in medical losses



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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.



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Summary of Selections

The following is a summary of selections underlying the voluntary loss costs, voluntary rates and assigned risk rates proposed to be effective January 1, 2023, along with the selections underlying the currently approved filing effective January 1, 2022.

<u>Advisory Rates and Loss Costs</u>	<u>Currently Approved January 1, 2022</u>	<u>Proposed Effective January 1, 2023</u>
Experience Period	Policy Years 2018 and 2019	Policy Years 2018, 2019 and 2020
Premium Development	3-yr avg*	3-yr avg
Loss Experience Base	Avg Paid and Paid+Case	Avg Paid and Paid+Case
Loss Development - Paid	2-yr avg	2-yr avg
Loss Development - Paid+Case	5-yr avg	5-yr avg
Tail Factor – Indemnity	1.005	1.005
Tail Factor – Medical	1.005	1.005
Trend Factor – Indemnity Loss Ratio	0.965	0.965
Trend Factor – Medical Loss Ratio	0.975	0.975
Base Threshold for Limiting Losses	\$7,427,545	\$7,574,147
Excess Ratio	0.8%	0.8%
Loss-based Expense Provision	17.6%	17.7%
Production and General Expenses	24.2%	24.3%
Premium Taxes and Assessments	1.8%	1.7%
Profit and Contingencies Provision	1.5%	1.5%
USL&HW Factor - Benefits Only	1.75	2.00
Classification Swing Limits (applied by Industry Group)	+/-25%	+/-25%

<u>Assigned Risk Rates</u>	<u>Currently Approved January 1, 2022</u>	<u>Proposed Effective January 1, 2023</u>
Factor to Convert Advisory Rates to Assigned Risk	1.000	1.000
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.



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Additional Proposed Changes

COVID-19 Pandemic-Related Considerations

Overview

The COVID-19 pandemic has been affecting the general population, workplace, and economy for more than two years. In consideration of possible pandemic-related impacts on the Indiana workers compensation system, NCCI has analyzed various aspects of its ratemaking methodologies and considered how they may be impacted. Considerations on various components of the ratemaking calculations are described below, including potential COVID-19 pandemic-related effects.

After a comprehensive review, NCCI has determined that the continued use of widely accepted general ratemaking methodologies (such as the use of the chain ladder development method, exponential trend fitting, etc.) remain appropriate for use in this filing. In selecting the experience period and annual trend factors, NCCI has made selections due to potential COVID-19 pandemic-related effects on the underlying data to better reflect the conditions likely to prevail in the filing's proposed effective period.

COVID-19 Claim Data

NCCI categorizes catastrophic events as those that incur aggregate workers compensation losses of more than \$50 million per occurrence. NCCI's ratemaking methodology excludes catastrophe-related losses from the calculation of rates since these events are not considered to be predictive of future experience. Pandemics have the potential to be a catastrophic peril on workers compensation system costs. Consistent with NCCI's actuarial catastrophe methodology, NCCI is proposing to treat all COVID-19 claims with accident dates between December 1, 2019 and December 31, 2021 as catastrophe-related. Since the nature of the COVID-19 pandemic and its impact on the workers compensation system has changed over time, all reported COVID-19 claims from this historical period have been excluded from the ratemaking data (including reviews of the experience period, trend, and loss-based expense) to better reflect the conditions expected to prevail in the filing's proposed effective period.

Below is a summary of COVID-19-related losses and claim counts, as reported in NCCI's Financial Call 31 as of year-end 2021.

<u>Year</u>	<u>COVID-19 Lost-Time Claim Counts</u>	<u>COVID-19 Paid+Case Losses</u>
PY 2019	196	1,586,844
PY 2020	530	5,017,516
AY 2020	644	5,559,509
AY 2021	161	2,224,867

Excludes large deductible and expense-only claims.



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Reported COVID-19-related losses would have represented less than 1% of the reported paid plus case losses in Indiana's experience period.

Determination of the Experience Period

This year's analysis included a review of various experience periods and an assessment of possible pandemic claim-related impacts. The projected loss ratios for the five most recent policy years and calendar-accident years are shown below.

<u>Policy Year</u>	<u>Loss Ratio</u>	<u>Calendar- Accident Year</u>	<u>Loss Ratio</u>
2016	0.929	2017	0.905
2017	0.917	2018	0.960
2018	0.966	2019	0.945
2019	0.897	2020	0.823
2020	0.826	2021	0.830

Based on NCCI's Financial Call data reported through 12/31/2021, on-leveled, developed to an ultimate report, and trended to the prospective period.

Calendar-Accident Year 2019 through 2021 loss ratios include a premium audit adjustment due to changes in audit activity primarily attributable to the COVID-19 pandemic-related recession.

Policy Years 2018 and 2020 appear as potential outliers in the above table for Indiana. Policy Year 2018 has a significantly greater level of large loss activity compared to historical years at the same maturity, whereas the favorable loss ratio experience observed in Policy Year 2020 may be impacted by pandemic-related effects. Some of these pandemic-related trends could persist into the future, such as:

- ✓ Remote work and reduced business travel affecting some sectors
- ✓ Changes in job duties and workplaces
- ✓ Mix of business

However, it is possible that other pandemic-related effects may not persist during the proposed effective period, including:

- ✓ Reported decline in less severe injuries. In Indiana, medical-only claim dollars decreased by approximately 16% in Policy Year 2020; it is unclear the level to which these claims—which represent slightly greater than 20% of medical losses—would return in the effective period of the filing
- ✓ Reduction in the total number of medical evaluations, treatments, and/or procedures
- ✓ Fewer claims reported due to the temporary pandemic-related decline in economic activity. The unemployment rate during 2020 was 7.2% in Indiana, up from 3.2% in 2019. The unemployment rate has since fallen, hitting a record low of 2.2% in the second quarter of 2022



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In this filing, data for the three most recently available full policy years was selected as the most appropriate period on which to base this year's filing. This approach provides a balance between stability and responsiveness, and best reflects the conditions likely to prevail in the proposed effective period. This approach is a deviation from prior years—where the latest two policy years were used—and is anticipated to be temporary. Note that consideration was given to reducing the weights applied to 2018 and 2020—for example, giving each of these years similarly less weight with the remainder going to 2019—but was deemed to be unnecessary since the resulting indications were nearly identical.

LargeLossBaseThreshold

In order to limit the volatility of rate indications due to the impact of extraordinary large losses, a limitation is determined by the volume of premium in the state as well as the number of years used in the experience period. NCCI is proposing to continue calculating the large loss base threshold using only the most recent two years (\$7.6M) instead of increasing it to be based on three years. Using two years in the determination of the large loss base threshold further mitigates large loss volatility in this filing and is consistent with both how the limitation was calculated historically and the anticipated temporary nature of the experience period change.

PremiumDevelopment

Premium at an ultimate report is estimated by incorporating a review of historical patterns of premium development over time—primarily due to payroll audits. Premium development link ratios are used from first through fifth report, after which NCCI assumes no further development occurs.

The COVID-19 pandemic resulted in an economic contraction that reduced employment levels and payrolls in 2020 in Indiana. In last year's filing, an adjustment was made to the 1st/2nd premium development link ratio to account for expected lower payroll growth in Policy Year 2019 due to the COVID-19-related economic contraction. The selection of 1.000 reflected the anticipated decline in payroll compared with historical development patterns, and nearly mirrored the actual development that emerged for Policy Year 2019 (0.999).

Going forward, premium development is expected to be similar to historical periods as the observed employment level change in 2021 is anticipated to have a minimal impact on workers compensation ultimate premium estimates. Therefore, a three-year average of historical premium development factors was selected for all age-to-age factors.



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Loss Development

Loss development factors are needed since reported paid losses and case reserves on claims change over time until all claims are closed. Loss development factors are calculated based on a review of how paid losses and case reserve estimates changed over time for claims from previous years. Fewer reported minor injuries, postponement of medical treatments, changes in inflation, operational impacts to claims handling, and changes in return-to-work outcomes are among the pandemic-related factors that had the potential to impact historical patterns of indemnity and medical loss development.

While there may be some pandemic-related effects on loss development in Indiana, loss development patterns are generally expected to be consistent with historical periods.

Trend

Indemnity and medical loss ratio, severity, and lost-time claim frequency trends were analyzed by NCCI. The trend review focused on the most recent fifteen policy years of data.

It is possible that some portion of the improved loss ratio experience in Policy Year 2020 may be expected to continue going forward as the COVID-19 pandemic may have permanently altered aspects of the workplace and economy. However, the improved experience may also be partly related to some COVID-19 pandemic-related effects which may not persist during the effective period of the proposed loss costs and rates:

- ✓ During the pandemic, workers appear to have reported fewer medical-only claims in Indiana. The number of medical-only claims decreased 18% in Policy Year 2020; it is unclear as to the level to which medical-only claims will return
- ✓ Some medical-only claims may have developed into lost-time claims as evidenced by only a 1% decline in temporary disability claims during the same time period. Such an occurrence could place upward pressure on lost-time claim frequency in PY 2020, and downward influence on average claim costs, that may revert back to some extent in subsequent years
- ✓ Postponed medical evaluations and reduction in emergency room (ER) visits. NCCI's Medical Data Call for Indiana shows lower utilization of evaluation and management in Service Years 2020 and 2021. In addition, the number of ER visits per 1,000 claims decreased by approximately 10% in 2020
- ✓ Fewer work-related motor vehicle accidents occurred during 2020, possibly related to decreased exposure to business deliveries and travel
- ✓ Employment levels have rebounded from the lows observed in 2020. The unemployment rate in Indiana hit a record low (2.2%) in April 2022. This, along with changes in employment by occupational sector, has likely increased the share of short-tenured workers (i.e., employees



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with one year or less at their current employer) in some industries, which NCCI studies have shown to be associated with both higher injury frequency and claim costs. The increased prevalence of short-tenured workers may continue as new industry segments expand, but it is likely to recede over time toward historical norms in most economic sectors

In the historical trend period, medical price inflation, as measured by the Chain-Weighted Personal Healthcare index, grew at a rate of approximately 1.5% per year from 2011 to 2020. However, the forecasted changes over the next ten years are higher—approximately 2.5% per year

In general, long-term patterns of improving loss ratios have been observed over the most recent 15 years. The selected annual loss ratio trends in this year's filing are more heavily based on these observed longer-term patterns. In particular, NCCI's review of loss ratio trends in this year's analysis encompassed a review of exponential trend fits after limiting the impact of the significant decreases seen in Policy Year 2020.

Note that the loss ratio trend factor selections take into account the acceleration in the rate of increase in the average weekly wage (AWW) in recent years. After growing by roughly 2.8% per year on average from 2014 to 2019, the AWW increased more than 5% in both 2020 and 2021. The larger- than-normal wage growth in the recent Quarterly Census of Employment and Wages (QCEW) is reflected in the premium estimates. However, in Indiana, the maximum weekly benefit and award amount per degree of permanent partial impairment do not adjust automatically each year for changes in the AWW; rather, these amounts are adjusted through legislative action. The last increase in these benefits was July 2016, and they are not scheduled to change until July 2023. As such, the downward pressure on loss ratios experienced since July 2016 may be intensified with the magnitude of AWW increases experienced in 2020 and 2021 (and potentially beyond). This is likely contributing to the magnitude of the loss ratio decreases evidenced in the most recent policy year.

See Appendix A-III for additional trend information.

ExperienceRating

The Expected Loss Rates (ELRs) in this filing reflect a frequency trend which contemplates an observed COVID-19 pandemic-related decline in claim frequency. See Part 2 of the filing for more explanation of the ELR calculation.

CalendarYearWageAdjustments

NCCI's standard methodology is to adjust frequency and severity values included in its loss cost and rate filings to a common wage level before analyzing trends that may be present in those values. This practice allows NCCI to analyze trends over and above changes that may be due solely to wage



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inflation. In this year's filing, the frequency and severity values have been adjusted to the Policy Year 2020 average weekly wage (AWW) level based on 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 2019-to-2020 and 2020-to-2021 AWW changes were also impacted by COVID-19 pandemic-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 and 2021 AWW changes was more notable due to pandemic-related job losses, followed by wage growth in relatively low-wage industries. Therefore, in this year's ratemaking analysis, the 2020 and 2021 AWW values were adjusted to exclude the estimated impact of the pandemic-related, industry-sector mix change.

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



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- Proposed Advisory Rates and Loss Costs for Inclusion in the Basic Manual
- Proposed Assigned Risk Rates for Inclusion in the Residual Market Manual
- 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 and Loss Costs for Inclusion in the Basic Manual

The following pages include proposed:

- Advisory rates, minimum premiums, and loss costs by class code, along with associated footnotes
- Advisory miscellaneous values, such as:
 - Catastrophe and Terrorism provisions
 - Expense Constant and Minimum Premium parameters
 - Maximum and minimum weekly payroll applicable for select class codes
 - Premium determination for Partners and Sole Proprietors
 - 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 loss cost is still calculated for Class Codes 7710 and 7711 via a payroll-weighted average of the separately indicated loss costs for these two class codes.
- As a result of Item R-1420, the retrospective rating plan parameters were updated.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY

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Effective January 1, 2023

Original Printing

CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
0005	1.90	759	2021	2.43	925	2735	2.46	935	3300	3.55	1278	4101	1.10	507
0008	1.94	771	2039	1.42	607	2759	3.50	1263	3303	1.55	648	4109	0.22	229
0016	3.08	1130	2041	1.95	774	2790	1.29	566	3307	1.37	592	4110	0.50	318
0034	2.03	799	2065	1.04	488	2797	1.26	557	3315	1.47	623	4111	1.10	507
0035	1.47	623	2070	2.94	1086	2799	2.37	907	3334	1.41	604	4113	—	—
0036	2.34	897	2081	1.45	617	2802	2.76	1029	3336	1.25	554	4114	1.39	598
0037	2.39	913	2089	1.69	692	2835	1.42	607	3365	2.24	866	4130	1.58	658
0042	2.62	985	2095	1.96	777	2836	1.82	733	3372	1.66	683	4131	2.72	1017
0050	4.15	1467	2105	2.04	803	2841	2.06	809	3373	2.44	929	4133	1.33	579
0059D	0.25	—	2110	1.88	752	2881	1.73	705	3383	0.75	396	4149	0.40	286
0065D	0.05	—	2111	1.21	541	2883	1.33	579	3385	0.51	321	4206	1.49	629
0066D	0.05	—	2112	2.16	840	2915	1.96	777	3400	2.06	809	4207	1.12	513
0067D	0.05	—	2114	1.37	592	2916	1.69	692	3507	1.29	566	4239	1.82	733
0079	1.96	777	2121	0.80	412	2923	1.09	503	3515	1.15	522	4240	1.61	667
0083	3.81	1360	2130	1.12	513	2960	2.57	970	3548	0.85	428	4243	1.29	566
0106	4.74	1500	2131	0.86	431	3004	0.65	365	3559	1.41	604	4244	1.49	629
0113	2.44	929	2143	1.18	532	3018	1.52	639	3574	0.70	381	4250	1.09	503
0170	1.63	673	2157	2.33	894	3022	1.95	774	3581	0.54	330	4251	1.63	673
0251	2.21	856	2172	0.78	406	3027	1.45	617	3612	1.13	516	4263	2.16	840
0401	6.59	A	2174	1.42	607	3028	1.58	658	3620	1.42	607	4273	1.21	541
0766N	0.26	—	2211	3.82	1363	3030	2.59	976	3629	1.07	497	4279	1.34	582
0771N	0.22	—	2220	1.47	623	3040	2.80	1042	3632	1.20	538	4282	—	—
0908P	118.00	278	2286	—	—	3041	2.06	809	3634	0.88	437	4283	0.75	396
0913P	306.00	466	2288	2.67	1001	3042	1.88	752	3635	1.02	481	4299	1.20	538
1005*	3.01	1108	2302	1.01	478	3064	1.93	768	3638	0.96	462	4304	2.83	1051
1016*	8.38	1500	2305	1.25	554	3076	1.63	673	3642	0.91	447	4307	0.89	440
1164D	1.42	607	2361	0.99	472	3081D	2.31	888	3643	1.09	503	4351	0.58	343
1165D	1.40	601	2362	1.20	538	3082D	2.16	840	3647	1.49	629	4352	0.83	421
1320	1.33	579	2380	1.29	566	3085D	2.63	988	3648	0.73	390	4360	—	—
1322	3.60	1294	2388	0.88	437	3110	2.08	815	3681	0.51	321	4361	0.58	343
1430	1.66	683	2402	1.29	566	3111	1.20	538	3685	0.51	321	4410	1.60	664
1438	2.24	866	2413	1.33	579	3113	0.88	437	3719	0.39	283	4420	1.47	623
1452	1.44	614	2416	1.29	566	3114	1.47	623	3724	2.04	803	4431	0.86	431
1463	5.86	1500	2417	0.72	387	3118	0.88	437	3726	1.73	705	4432	0.59	346
1472	1.36	588	2501	1.57	655	3119	0.53	327	3803	1.36	588	4439	—	—
1604	2.39	913	2503	0.59	346	3122	0.99	472	3807	0.93	453	4452	1.50	633
1624D	1.38	595	2534	—	—	3126	1.09	503	3808	1.63	673	4459	1.52	639
1642	1.88	752	2570	1.71	699	3131	0.81	415	3821	3.17	1159	4470	1.36	588
1654	2.55	963	2585	1.85	743	3132	1.58	658	3822	2.46	935	4484	1.55	648
1655	—	—	2586	1.65	680	3145	1.17	529	3824	1.73	705	4493	1.37	592
1699	1.28	563	2587	1.56	651	3146	1.15	522	3826	0.35	270	4511	0.41	289
1701	1.68	689	2589	1.05	491	3169	1.20	538	3827	0.96	462	4557	1.26	557
1710D	2.01	793	2600	2.30	885	3175	—	—	3830	0.70	381	4558	0.96	462
1741	—	—	2623	3.10	1137	3179	1.04	488	3851	1.15	522	4568	1.17	529
1747	1.36	588	2651	0.97	466	3180	1.41	604	3865	1.61	667	4581	0.54	330
1748	4.07	1442	2660	1.53	642	3188	0.99	472	3881	2.67	1001	4583	2.03	799
1803D	3.42	1237	2670	—	—	3220	1.13	516	4000	2.98	1099	4611	0.40	286
1853	—	—	2683	—	—	3223	—	—	4021	2.19	850	4635	1.23	547
1860	—	—	2688	1.09	503	3224	2.06	809	4024D	2.63	988	4653	1.09	503
1924	1.37	592	2701	6.81	1500	3227	1.49	629	4034	3.08	1130	4665	3.29	1196
1925	1.93	768	2702	12.71	1500	3240	—	—	4036	1.37	592	4670	—	—
2002	1.69	692	2709	4.37	1500	3241	1.31	573	4038	1.17	529	4683	1.68	689
2003	2.46	935	2710	5.48	1500	3255	1.61	667	4053	—	—	4686	1.36	588
2014	2.36	903	2714	2.46	935	3257	1.36	588	4061	—	—	4692	0.48	311
2016	1.36	588	2731	2.16	840	3270	1.25	554	4062	2.72	1017	4693	0.48	311

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

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.

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WORKERS COMPENSATION AND EMPLOYERS LIABILITY

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CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
4703	0.85	428	5606	0.51	321	7133	1.75	711	7725	1.36	588	8602	0.91	447
4716	—	—	5610	2.18	847	7151M	2.13	831	7732P	119.00	279	8603	0.05	176
4717	1.12	513	5645	4.52	1500	7152M	4.30	1500	7855	1.67	686	8606	1.08	500
4720	1.04	488	5703	5.00	1500	7153M	2.36	903	8001	1.48	626	8709F	2.73	1020
4740	0.42	292	5705	6.55	1500	7219	3.39	1228	8002	1.17	529	8719	1.32	576
4741	1.29	566	5951	0.22	229	7222	3.53	1272	8006	1.19	535	8720	0.81	415
4751	1.53	642	6003	3.24	1181	7225	3.79	1354	8008	0.95	459	8721	0.17	214
4766N	1.88	834	6005	2.01	793	7228	—	—	8010	1.08	500	8723	0.09	188
4771N	1.26	626	6017	—	—	7229	—	—	8013	0.24	236	8725	1.29	566
4777	1.47	623	6018	1.29	566	7230	4.41	1500	8015	0.44	299	8726F	1.56	651
4825	0.35	270	6045	2.23	862	7231	4.28	1500	8017	0.90	444	8734M	0.23	232
4828	1.39	598	6204	2.90	1074	7232	3.84	1370	8018	2.04	803	8737M	0.21	226
4829	0.75	396	6206	1.12	513	7309F	5.48	1500	8021	1.48	626	8738M	0.42	292
4902	1.28	563	6213	0.81	415	7313F	2.23	862	8031	1.50	633	8742	0.17	214
4923	0.65	365	6214	0.72	387	7317F	5.70	1500	8032	1.26	557	8745	2.10	822
5020	2.31	888	6216	2.28	878	7327F	15.15	1500	8033	1.69	692	8748	0.30	255
5022	3.24	1181	6217	1.79	724	7333M	1.33	579	8037	1.07	497	8755	0.20	223
5037	3.68	1319	6229	2.31	888	7335M	1.48	626	8039	0.98	469	8799	0.42	292
5040	4.10	1452	6233	0.98	469	7337M	2.70	1011	8044	1.44	614	8800	1.16	525
5057	1.79	724	6235	3.34	1212	7350F	6.45	1500	8045	0.47	308	8803	0.05	176
5059	7.98	1500	6236	2.60	979	7360	2.30	885	8046	1.60	664	8805M	0.15	207
5069	—	—	6237	0.62	355	7370	3.29	1196	8047	0.55	333	8810	0.10	192
5102	2.95	1089	6251D	2.14	834	7380	2.55	963	8058	1.57	655	8814M	0.13	201
5146	2.07	812	6252D	1.41	604	7382	2.15	837	8072	0.43	295	8815M	0.25	239
5160	1.04	488	6306	2.04	803	7390	2.59	976	8102	1.04	488	8820	0.08	185
5183	1.20	538	6319	1.20	538	7394M	1.60	664	8103	1.75	711	8824	1.23	547
5188	1.43	610	6325	1.71	699	7395M	1.78	721	8106	2.41	919	8825	—	—
5190	1.14	519	6400	2.35	900	7398M	3.24	1181	8107	1.60	664	8826	1.24	551
5191	0.67	371	6503	1.10	507	7402	0.11	195	8111	1.39	598	8829	—	—
5192	2.00	790	6504	1.69	692	7403	1.96	777	8116	1.53	642	8831	0.74	393
5213	2.68	1004	6702M*	2.03	799	7405N	0.65	434	8203	3.61	1297	8832	0.19	220
5215	2.67	1001	6703M*	4.10	1452	7420	5.13	1500	8204	2.86	1061	8833	0.53	327
5221	2.15	837	6704M*	2.25	869	7421	0.46	305	8209	2.31	888	8835	1.33	579
5222	3.82	1363	6801F	4.47	1500	7422	0.61	352	8215	1.90	759	8842	2.06	809
5223	2.45	932	6811	3.69	1322	7425	1.13	516	8227	2.12	828	8855	0.09	188
5348	1.82	733	6824F	5.29	1500	7431N	0.43	340	8232	2.61	982	8856	0.35	270
5402	2.45	932	6826F	3.38	1225	7445N	0.22	—	8233	1.45	617	8864	0.89	440
5403	2.42	922	6834	1.29	566	7453N	0.14	—	8235	2.34	897	8868	0.30	255
5437	2.37	907	6836	2.28	878	7502	0.95	459	8263	4.34	1500	8869	0.75	396
5443	1.34	582	6843F	6.07	1500	7515	0.44	299	8264	2.56	966	8871	0.05	176
5445	2.20	853	6845F	3.81	1360	7520	1.50	633	8265	3.20	1168	8901	0.11	195
5462	3.09	1133	6854	3.02	1111	7538	1.79	724	8279	4.27	1500	9012	0.63	358
5472	2.90	1074	6872F	5.67	1500	7539	0.77	403	8288	4.27	1500	9014	1.50	633
5473	4.96	1500	6874F	10.46	1500	7540	1.48	626	8291	1.75	711	9015	1.59	661
5474	2.34	897	6882	1.79	724	7580	1.61	667	8292	1.99	787	9016	1.69	692
5478	1.59	661	6884	2.78	1036	7590	2.03	799	8293	4.34	1500	9019	1.59	661
5479	2.67	1001	7016M	1.53	642	7600	2.49	944	8304	3.13	1146	9033	1.19	535
5480	3.13	1146	7024M	1.70	696	7605	1.23	547	8350	2.98	1099	9040	1.96	777
5491	0.89	440	7038M	3.08	1130	7610	0.39	283	8380	1.36	588	9044	0.84	425
5506	3.43	1240	7046M	3.74	1338	7698	2.84	1055	8381	1.07	497	9052	1.01	478
5507	1.62	670	7047M	3.10	1137	7699	1.63	673	8385	1.39	598	9058	1.01	478
5508	—	—	7050M	6.23	1500	7705	3.08	1130	8392	1.36	588	9060	0.96	462
5535	2.87	1064	7090M	3.42	1237	7710	2.58	973	8393	0.96	462	9061	0.83	421
5537	1.87	749	7098M	4.15	1467	7711	2.58	973	8500	3.29	1196	9062	0.93	453
5551	5.02	1500	7099M	7.56	1500	7720	1.57	655	8601	0.19	220	9063	0.55	333

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

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WORKERS COMPENSATION AND EMPLOYERS LIABILITY

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CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
9077F	4.52	1500												
9082	0.77	403												
9083	0.73	390												
9084	0.79	409												
9088a	a	a												
9089	0.55	333												
9093	0.80	412												
9101	2.24	866												
9102	2.03	799												
9154	0.81	415												
9156	1.55	648												
9170	4.92	1500												
9178	3.98	1414												
9179	7.75	1500												
9180	3.56	1281												
9182	1.38	595												
9186	5.16	1500												
9220	3.05	1121												
9402	2.43	925												
9403	3.61	1297												
9410	1.33	579												
9501	1.79	724												
9505	1.73	705												
9516	1.72	702												
9519	2.28	878												
9521	1.68	689												
9522	1.34	582												
9534	1.67	686												
9554	3.79	1354												
9586	0.28	248												
9600	1.20	538												
9620	0.80	412												

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

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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	0.25	S	1165D	0.02	S	3082D	0.05	S
0065D	0.05	S	1624D	0.02	S	3085D	0.04	S
0066D	0.05	S	1710D	0.04	S	4024D	0.03	S
0067D	0.05	S	1803D	0.37	S	6251D	0.02	S
1164D	0.03	S	3081D	0.04	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 2.458 and elr x 2.376.
- 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.

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MISCELLANEOUS VALUES - ADVISORY RATES

Basis of premium applicable in accordance with the Basic Manual notes for Code 7370 -- "Taxicab Co.":	
Employee operated vehicle.....	\$83,100
Leased or rented vehicle.....	\$55,400
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".....	
	\$4,300
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.....	
	\$4,300
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.....	
	\$900

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	7.8%	7.2%	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	12.6%	11.2%	9.4%	8.2%	6.7%	5.5%	4.5%
\$1,000	15.5%	13.7%	11.5%	9.9%	8.1%	6.6%	5.2%
\$1,500	17.7%	15.7%	13.1%	11.3%	9.2%	7.4%	5.9%
\$2,000	19.4%	17.2%	14.4%	12.4%	10.1%	8.2%	6.4%
\$2,500	20.8%	18.5%	15.6%	13.3%	10.9%	8.8%	7.0%
\$3,000	22.0%	19.6%	16.5%	14.2%	11.6%	9.5%	7.5%
\$3,500	23.1%	20.6%	17.4%	15.0%	12.2%	10.0%	7.9%
\$4,000	24.0%	21.5%	18.2%	15.6%	12.8%	10.6%	8.4%
\$4,500	24.8%	22.3%	18.9%	16.3%	13.4%	11.1%	8.7%
\$5,000	25.7%	23.0%	19.6%	16.9%	13.9%	11.5%	9.1%

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MISCELLANEOUS VALUES - ADVISORY RATES(cont.)

Deductible Amount	Deductible Program Without Coinsurance Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
\$500	5.9%	4.9%	3.8%	3.1%	2.3%	1.6%	1.2%
\$1,000	9.6%	8.1%	6.4%	5.2%	4.0%	2.9%	2.2%
\$1,500	12.3%	10.6%	8.4%	6.9%	5.4%	4.0%	3.0%
\$2,000	14.4%	12.5%	10.1%	8.4%	6.5%	4.9%	3.7%
\$2,500	16.2%	14.1%	11.5%	9.5%	7.5%	5.7%	4.3%
\$3,000	17.7%	15.5%	12.7%	10.6%	8.4%	6.6%	4.9%
\$3,500	19.0%	16.7%	13.8%	11.6%	9.2%	7.2%	5.4%
\$4,000	20.2%	17.8%	14.8%	12.4%	9.9%	7.9%	6.0%
\$4,500	21.3%	18.9%	15.7%	13.2%	10.7%	8.5%	6.5%
\$5,000	22.3%	19.8%	16.5%	14.0%	11.3%	9.1%	7.0%

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..... 108%

(Multiply a Non-F classification rate by a factor of 2.08 to adjust for differences in benefits and loss-based expenses. This factor is the product of the adjustment for differences in benefits (2) and the adjustment for differences in loss-based expenses (1.04).)

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.

ADVISORY LOSS COSTS - NOT RATES**INDIANA**

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

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CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST
0005	1.38	2021	1.76	2735	1.78	3300	2.57	4101	0.80	4703	0.62	5606	0.37
0008	1.41	2039	1.03	2759	2.54	3303	1.12	4109	0.16	4716	—	5610	1.58
0016	2.23	2041	1.41	2790	0.94	3307	0.99	4110	0.36	4717	0.81	5645	3.28
0034	1.47	2065	0.75	2797	0.91	3315	1.07	4111	0.80	4720	0.75	5703	3.63
0035	1.07	2070	2.13	2799	1.72	3334	1.02	4113	—	4740	0.30	5705	4.75
0036	1.70	2081	1.05	2802	2.00	3336	0.91	4114	1.01	4741	0.94	5951	0.16
0037	1.73	2089	1.23	2835	1.03	3365	1.62	4130	1.15	4751	1.11	6003	2.35
0042	1.90	2095	1.42	2836	1.32	3372	1.20	4131	1.97	4766N	1.36	6005	1.46
0050	3.01	2105	1.48	2841	1.49	3373	1.77	4133	0.96	4771N	0.91	6017	—
0059D	0.18	2110	1.36	2881	1.25	3383	0.54	4149	0.29	4777	1.07	6018	0.94
0065D	0.04	2111	0.88	2883	0.96	3385	0.37	4206	1.08	4825	0.25	6045	1.62
0066D	0.04	2112	1.57	2915	1.42	3400	1.49	4207	0.81	4828	1.01	6204	2.10
0067D	0.04	2114	0.99	2916	1.23	3507	0.94	4239	1.32	4829	0.54	6206	0.81
0079	1.42	2121	0.58	2923	0.79	3515	0.83	4240	1.17	4902	0.93	6213	0.59
0083	2.76	2130	0.81	2960	1.86	3548	0.62	4243	0.94	4923	0.47	6214	0.52
0106	3.44	2131	0.62	3004	0.47	3559	1.02	4244	1.08	5020	1.67	6216	1.65
0113	1.77	2143	0.86	3018	1.10	3574	0.51	4250	0.79	5022	2.35	6217	1.30
0170	1.18	2157	1.69	3022	1.41	3581	0.39	4251	1.18	5037	2.67	6229	1.67
0251	1.60	2172	0.57	3027	1.05	3612	0.82	4263	1.57	5040	2.97	6233	0.71
0401	4.78	2174	1.03	3028	1.15	3620	1.03	4273	0.88	5057	1.30	6235	2.42
0766N	0.19	2211	2.77	3030	1.88	3629	0.78	4279	0.97	5059	5.79	6236	1.89
0771N	0.16	2220	1.07	3040	2.03	3632	0.87	4282	—	5069	—	6237	0.45
0908P	86.00	2286	—	3041	1.49	3634	0.64	4283	0.54	5102	2.14	6251D	1.55
0913P	222.00	2288	1.94	3042	1.36	3635	0.74	4299	0.87	5146	1.50	6252D	1.02
1005*	2.18	2302	0.73	3064	1.40	3638	0.70	4304	2.05	5160	0.75	6306	1.48
1016*	6.08	2305	0.91	3076	1.18	3642	0.66	4307	0.65	5183	0.87	6319	0.87
1164D	1.03	2361	0.72	3081D	1.68	3643	0.79	4351	0.42	5188	1.04	6325	1.24
1165D	1.01	2362	0.87	3082D	1.57	3647	1.08	4352	0.60	5190	0.83	6400	1.70
1320	0.96	2380	0.94	3085D	1.91	3648	0.53	4360	—	5191	0.49	6503	0.80
1322	2.61	2388	0.64	3110	1.51	3681	0.37	4361	0.42	5192	1.45	6504	1.23
1430	1.20	2402	0.94	3111	0.87	3685	0.37	4410	1.16	5213	1.94	6702M*	1.47
1438	1.62	2413	0.96	3113	0.64	3719	0.28	4420	1.07	5215	1.94	6703M*	2.97
1452	1.04	2416	0.94	3114	1.07	3724	1.48	4431	0.62	5221	1.56	6704M*	1.63
1463	4.25	2417	0.52	3118	0.64	3726	1.25	4432	0.43	5222	2.77	6801F	3.24
1472	0.99	2501	1.14	3119	0.38	3803	0.99	4439	—	5223	1.78	6811	2.68
1604	1.73	2503	0.43	3122	0.72	3807	0.67	4452	1.09	5348	1.32	6824F	3.84
1624D	1.00	2534	—	3126	0.79	3808	1.18	4459	1.10	5402	1.78	6826F	2.45
1642	1.36	2570	1.24	3131	0.59	3821	2.30	4470	0.99	5403	1.75	6834	0.94
1654	1.85	2585	1.34	3132	1.15	3822	1.78	4484	1.12	5437	1.72	6836	1.65
1655	—	2586	1.20	3145	0.85	3824	1.25	4493	0.99	5443	0.97	6843F	4.40
1699	0.93	2587	1.13	3146	0.83	3826	0.25	4511	0.30	5445	1.60	6845F	2.76
1701	1.22	2589	0.76	3169	0.87	3827	0.70	4557	0.91	5462	2.24	6854	2.19
1710D	1.46	2600	1.67	3175	—	3830	0.51	4558	0.70	5472	2.10	6872F	4.11
1741	—	2623	2.25	3179	0.75	3851	0.83	4568	0.85	5473	3.60	6874F	7.58
1747	0.99	2651	0.70	3180	1.02	3865	1.17	4581	0.39	5474	1.70	6882	1.30
1748	2.95	2660	1.11	3188	0.72	3881	1.94	4583	1.47	5478	1.15	6884	2.02
1803D	2.48	2670	—	3220	0.82	4000	2.16	4611	0.29	5479	1.94	7016M	1.11
1853	—	2683	—	3223	—	4021	1.59	4635	0.89	5480	2.27	7024M	1.23
1860	—	2688	0.79	3224	1.49	4024D	1.91	4653	0.79	5491	0.65	7038M	2.23
1924	0.99	2701	4.94	3227	1.08	4034	2.23	4665	2.39	5506	2.49	7046M	2.71
1925	1.40	2702	9.21	3240	—	4036	0.99	4670	—	5507	1.17	7047M	2.25
2002	1.23	2709	3.17	3241	0.95	4038	0.85	4683	1.22	5508	—	7050M	4.52
2003	1.78	2710	3.97	3255	1.17	4053	—	4686	0.99	5535	2.08	7090M	2.48
2014	1.71	2714	1.78	3257	0.99	4061	—	4692	0.35	5537	1.36	7098M	3.01
2016	0.99	2731	1.57	3270	0.91	4062	1.97	4693	0.35	5551	3.64	7099M	5.48

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

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.

INDIANA
ADVISORY LOSS COSTS - NOT RATES

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

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CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST	CLASS CODE	LOSS COST
7133	1.27	7725	0.99	8602	0.66	9077F	3.28						
7151M	1.54	7732P	86.00	8603	0.04	9082	0.56						
7152M	3.12	7855	1.21	8606	0.78	9083	0.53						
7153M	1.71	8001	1.07	8709F	1.98	9084	0.57						
7219	2.46	8002	0.85	8719	0.96	9088a	a						
7222	2.56	8006	0.86	8720	0.59	9089	0.40						
7225	2.75	8008	0.69	8721	0.12	9093	0.58						
7228	—	8010	0.78	8723	0.07	9101	1.62						
7229	—	8013	0.17	8725	0.94	9102	1.47						
7230	3.20	8015	0.32	8726F	1.13	9154	0.59						
7231	3.10	8017	0.65	8734M	0.17	9156	1.12						
7232	2.78	8018	1.48	8737M	0.15	9170	3.57						
7309F	3.97	8021	1.07	8738M	0.30	9178	2.89						
7313F	1.62	8031	1.09	8742	0.12	9179	5.62						
7317F	4.13	8032	0.91	8745	1.52	9180	2.58						
7327F	10.98	8033	1.23	8748	0.22	9182	1.00						
7333M	0.96	8037	0.78	8755	0.15	9186	3.74						
7335M	1.07	8039	0.71	8799	0.30	9220	2.21						
7337M	1.96	8044	1.04	8800	0.84	9402	1.76						
7350F	4.68	8045	0.34	8803	0.04	9403	2.62						
7360	1.67	8046	1.16	8805M	0.11	9410	0.96						
7370	2.39	8047	0.40	8810	0.07	9501	1.30						
7380	1.85	8058	1.14	8814M	0.09	9505	1.25						
7382	1.56	8072	0.31	8815M	0.18	9516	1.25						
7390	1.88	8102	0.75	8820	0.06	9519	1.65						
7394M	1.16	8103	1.27	8824	0.89	9521	1.22						
7395M	1.29	8106	1.75	8825	—	9522	0.97						
7398M	2.35	8107	1.16	8826	0.90	9534	1.21						
7402	0.08	8111	1.01	8829	—	9554	2.75						
7403	1.42	8116	1.11	8831	0.54	9586	0.20						
7405N	0.47	8203	2.62	8832	0.14	9600	0.87						
7420	3.72	8204	2.07	8833	0.38	9620	0.58						
7421	0.33	8209	1.67	8835	0.96								
7422	0.44	8215	1.38	8842	1.49								
7425	0.82	8227	1.54	8855	0.07								
7431N	0.31	8232	1.89	8856	0.25								
7445N	0.16	8233	1.05	8864	0.65								
7453N	0.10	8235	1.70	8868	0.22								
7502	0.69	8263	3.15	8869	0.54								
7515	0.32	8264	1.86	8871	0.04								
7520	1.09	8265	2.32	8901	0.08								
7538	1.30	8279	3.10	9012	0.46								
7539	0.56	8288	3.10	9014	1.09								
7540	1.07	8291	1.27	9015	1.15								
7580	1.17	8292	1.44	9016	1.23								
7590	1.47	8293	3.15	9019	1.15								
7600	1.81	8304	2.27	9033	0.86								
7605	0.89	8350	2.16	9040	1.42								
7610	0.28	8380	0.99	9044	0.61								
7698	2.06	8381	0.78	9052	0.73								
7699	1.18	8385	1.01	9058	0.73								
7705	2.23	8392	0.99	9060	0.70								
7710	1.87	8393	0.70	9061	0.60								
7711	1.87	8500	2.39	9062	0.67								
7720	1.14	8601	0.14	9063	0.40								

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

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.

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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.

Disease			Disease			Disease		
Code No.	Loading	Symbol	Code No.	Loading	Symbol	Code No.	Loading	Symbol
0059D	0.18	S	1165D	0.01	S	3082D	0.04	S
0065D	0.04	S	1624D	0.01	S	3085D	0.03	S
0066D	0.04	S	1710D	0.03	S	4024D	0.02	S
0067D	0.04	S	1803D	0.27	S	6251D	0.01	S
1164D	0.02	S	3081D	0.03	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 2.458 and elr x 2.376.
- 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.

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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	10.5%	9.7%	8.6%	7.7%	6.6%	5.7%	4.7%

Deductible Amount	Deductible Program With Coinsurance Loss Elimination Ratios HAZARD GROUP						
	A	B	C	D	E	F	G
\$500	16.8%	15.0%	12.6%	10.9%	9.0%	7.4%	6.0%
\$1,000	20.8%	18.4%	15.4%	13.3%	10.9%	8.8%	7.0%
\$1,500	23.7%	21.1%	17.6%	15.1%	12.3%	9.9%	7.9%
\$2,000	26.0%	23.1%	19.4%	16.6%	13.5%	11.0%	8.6%
\$2,500	27.9%	24.8%	20.9%	17.9%	14.6%	11.9%	9.4%
\$3,000	29.5%	26.3%	22.2%	19.0%	15.6%	12.7%	10.0%
\$3,500	30.9%	27.6%	23.4%	20.1%	16.4%	13.5%	10.6%
\$4,000	32.2%	28.8%	24.4%	20.9%	17.2%	14.2%	11.2%
\$4,500	33.3%	29.9%	25.4%	21.8%	18.0%	14.8%	11.7%
\$5,000	34.4%	30.9%	26.2%	22.7%	18.6%	15.5%	12.2%

Deductible Amount	Deductible Program Without Coinsurance Loss Elimination Ratios HAZARD GROUP						
	A	B	C	D	E	F	G
\$500	7.9%	6.6%	5.1%	4.1%	3.1%	2.1%	1.6%
\$1,000	12.9%	10.9%	8.6%	7.0%	5.4%	3.9%	2.9%
\$1,500	16.5%	14.2%	11.3%	9.3%	7.2%	5.3%	4.0%
\$2,000	19.3%	16.7%	13.5%	11.2%	8.7%	6.6%	4.9%
\$2,500	21.7%	18.9%	15.4%	12.8%	10.1%	7.7%	5.8%
\$3,000	23.7%	20.8%	17.0%	14.2%	11.3%	8.8%	6.6%
\$3,500	25.5%	22.4%	18.5%	15.5%	12.3%	9.7%	7.3%
\$4,000	27.1%	23.9%	19.8%	16.6%	13.3%	10.6%	8.1%
\$4,500	28.5%	25.3%	21.0%	17.7%	14.3%	11.4%	8.7%
\$5,000	29.9%	26.5%	22.1%	18.8%	15.1%	12.2%	9.4%

Basis of premium applicable in accordance with the Basic Manual notes for Code 7370 -- "Taxicab Co.":	
Employee operated vehicle.....	\$83,100
Leased or rented vehicle.....	\$55,400
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".....	
	\$4,300
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.....	
	\$4,300
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.....	
	\$900
Terrorism - (Advisory Loss Cost)	0.005

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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..... 108%

(Multiply a Non-F classification loss cost by a factor of 2.08 to adjust for differences in benefits and loss-based expenses. This factor is the product of the adjustment for differences in benefits (2) and the adjustment for differences in loss-based expenses (1.04).)

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 Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

Proposed Assigned Risk Rates for Inclusion in the Residual Market Manual

The following pages include proposed:

- Assigned risk rates and minimum premiums by class code, along with associated footnotes
- Miscellaneous values, such as:
 - Catastrophe and Terrorism provisions
 - Expense Constant and Minimum Premium parameters
 - Maximum and minimum weekly payroll applicable for select class codes
 - Premium determination for Partners and Sole Proprietors
 - United States Longshore and Harbor Workers' Compensation Coverage Percentage

WORKERS COMPENSATION AND EMPLOYERS LIABILITY

INDIANA

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APPLICABLE TO ASSIGNED RISK POLICIES ONLY

CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
0005	1.90	759	2021	2.43	925	2735	2.46	935	3300	3.55	1278	4101	1.10	507
0008	1.94	771	2039	1.42	607	2759	3.50	1263	3303	1.55	648	4109	0.22	229
0016	3.08	1130	2041	1.95	774	2790	1.29	566	3307	1.37	592	4110	0.50	318
0034	2.03	799	2065	1.04	488	2797	1.26	557	3315	1.47	623	4111	1.10	507
0035	1.47	623	2070	2.94	1086	2799	2.37	907	3334	1.41	604	4113	—	—
0036	2.34	897	2081	1.45	617	2802	2.76	1029	3336	1.25	554	4114	1.39	598
0037	2.39	913	2089	1.69	692	2835	1.42	607	3365	2.24	866	4130	1.58	658
0042	2.62	985	2095	1.96	777	2836	1.82	733	3372	1.66	683	4131	2.72	1017
0050	4.15	1467	2105	2.04	803	2841	2.06	809	3373	2.44	929	4133	1.33	579
0059D	0.25	—	2110	1.88	752	2881	1.73	705	3383	0.75	396	4149	0.40	286
0065D	0.05	—	2111	1.21	541	2883	1.33	579	3385	0.51	321	4206	1.49	629
0066D	0.05	—	2112	2.16	840	2915	1.96	777	3400	2.06	809	4207	1.12	513
0067D	0.05	—	2114	1.37	592	2916	1.69	692	3507	1.29	566	4239	1.82	733
0079	1.96	777	2121	0.80	412	2923	1.09	503	3515	1.15	522	4240	1.61	667
0083	3.81	1360	2130	1.12	513	2960	2.57	970	3548	0.85	428	4243	1.29	566
0106	4.74	1500	2131	0.86	431	3004	0.65	365	3559	1.41	604	4244	1.49	629
0113	2.44	929	2143	1.18	532	3018	1.52	639	3574	0.70	381	4250	1.09	503
0170	1.63	673	2157	2.33	894	3022	1.95	774	3581	0.54	330	4251	1.63	673
0251	2.21	856	2172	0.78	406	3027	1.45	617	3612	1.13	516	4263	2.16	840
0401	6.59	A	2174	1.42	607	3028	1.58	658	3620	1.42	607	4273	1.21	541
0766N	0.26	—	2211	3.82	1363	3030	2.59	976	3629	1.07	497	4279	1.34	582
0771N	0.22	—	2220	1.47	623	3040	2.80	1042	3632	1.20	538	4282	—	—
0908P	118.00	278	2286	—	—	3041	2.06	809	3634	0.88	437	4283	0.75	396
0913P	306.00	466	2288	2.67	1001	3042	1.88	752	3635	1.02	481	4299	1.20	538
1005*	3.01	1108	2302	1.01	478	3064	1.93	768	3638	0.96	462	4304	2.83	1051
1016*	8.38	1500	2305	1.25	554	3076	1.63	673	3642	0.91	447	4307	0.89	440
1164D	1.42	607	2361	0.99	472	3081D	2.31	888	3643	1.09	503	4351	0.58	343
1165D	1.40	601	2362	1.20	538	3082D	2.16	840	3647	1.49	629	4352	0.83	421
1320	1.33	579	2380	1.29	566	3085D	2.63	988	3648	0.73	390	4360	—	—
1322	3.60	1294	2388	0.88	437	3110	2.08	815	3681	0.51	321	4361	0.58	343
1430	1.66	683	2402	1.29	566	3111	1.20	538	3685	0.51	321	4410	1.60	664
1438	2.24	866	2413	1.33	579	3113	0.88	437	3719	0.39	283	4420	1.47	623
1452	1.44	614	2416	1.29	566	3114	1.47	623	3724	2.04	803	4431	0.86	431
1463	5.86	1500	2417	0.72	387	3118	0.88	437	3726	1.73	705	4432	0.59	346
1472	1.36	588	2501	1.57	655	3119	0.53	327	3803	1.36	588	4439	—	—
1604	2.39	913	2503	0.59	346	3122	0.99	472	3807	0.93	453	4452	1.50	633
1624D	1.38	595	2534	—	—	3126	1.09	503	3808	1.63	673	4459	1.52	639
1642	1.88	752	2570	1.71	699	3131	0.81	415	3821	3.17	1159	4470	1.36	588
1654	2.55	963	2585	1.85	743	3132	1.58	658	3822	2.46	935	4484	1.55	648
1655	—	—	2586	1.65	680	3145	1.17	529	3824	1.73	705	4493	1.37	592
1699	1.28	563	2587	1.56	651	3146	1.15	522	3826	0.35	270	4511	0.41	289
1701	1.68	689	2589	1.05	491	3169	1.20	538	3827	0.96	462	4557	1.26	557
1710D	2.01	793	2600	2.30	885	3175	—	—	3830	0.70	381	4558	0.96	462
1741	—	—	2623	3.10	1137	3179	1.04	488	3851	1.15	522	4568	1.17	529
1747	1.36	588	2651	0.97	466	3180	1.41	604	3865	1.61	667	4581	0.54	330
1748	4.07	1442	2660	1.53	642	3188	0.99	472	3881	2.67	1001	4583	2.03	799
1803D	3.42	1237	2670	—	—	3220	1.13	516	4000	2.98	1099	4611	0.40	286
1853	—	—	2683	—	—	3223	—	—	4021	2.19	850	4635	1.23	547
1860	—	—	2688	1.09	503	3224	2.06	809	4024D	2.63	988	4653	1.09	503
1924	1.37	592	2701	6.81	1500	3227	1.49	629	4034	3.08	1130	4665	3.29	1196
1925	1.93	768	2702	12.71	1500	3240	—	—	4036	1.37	592	4670	—	—
2002	1.69	692	2709	4.37	1500	3241	1.31	573	4038	1.17	529	4683	1.68	689
2003	2.46	935	2710	5.48	1500	3255	1.61	667	4053	—	—	4686	1.36	588
2014	2.36	903	2714	2.46	935	3257	1.36	588	4061	—	—	4692	0.48	311
2016	1.36	588	2731	2.16	840	3270	1.25	554	4062	2.72	1017	4693	0.48	311

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

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APPLICABLE TO ASSIGNED RISK POLICIES ONLY

CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
4703	0.85	428	5606	0.51	321	7133	1.75	711	7725	1.36	588	8602	0.91	447
4716	—	—	5610	2.18	847	7151M	2.13	831	7732P	119.00	279	8603	0.05	176
4717	1.12	513	5645	4.52	1500	7152M	4.30	1500	7855	1.67	686	8606	1.08	500
4720	1.04	488	5703	5.00	1500	7153M	2.36	903	8001	1.48	626	8709F	2.73	1020
4740	0.42	292	5705	6.55	1500	7219	3.39	1228	8002	1.17	529	8719	1.32	576
4741	1.29	566	5951	0.22	229	7222	3.53	1272	8006	1.19	535	8720	0.81	415
4751	1.53	642	6003	3.24	1181	7225	3.79	1354	8008	0.95	459	8721	0.17	214
4766N	1.88	834	6005	2.01	793	7228	—	—	8010	1.08	500	8723	0.09	188
4771N	1.26	626	6017	—	—	7229	—	—	8013	0.24	236	8725	1.29	566
4777	1.47	623	6018	1.29	566	7230	4.41	1500	8015	0.44	299	8726F	1.56	651
4825	0.35	270	6045	2.23	862	7231	4.28	1500	8017	0.90	444	8734M	0.23	232
4828	1.39	598	6204	2.90	1074	7232	3.84	1370	8018	2.04	803	8737M	0.21	226
4829	0.75	396	6206	1.12	513	7309F	5.48	1500	8021	1.48	626	8738M	0.42	292
4902	1.28	563	6213	0.81	415	7313F	2.23	862	8031	1.50	633	8742	0.17	214
4923	0.65	365	6214	0.72	387	7317F	5.70	1500	8032	1.26	557	8745	2.10	822
5020	2.31	888	6216	2.28	878	7327F	15.15	1500	8033	1.69	692	8748	0.30	255
5022	3.24	1181	6217	1.79	724	7333M	1.33	579	8037	1.07	497	8755	0.20	223
5037	3.68	1319	6229	2.31	888	7335M	1.48	626	8039	0.98	469	8799	0.42	292
5040	4.10	1452	6233	0.98	469	7337M	2.70	1011	8044	1.44	614	8800	1.16	525
5057	1.79	724	6235	3.34	1212	7350F	6.45	1500	8045	0.47	308	8803	0.05	176
5059	7.98	1500	6236	2.60	979	7360	2.30	885	8046	1.60	664	8805M	0.15	207
5069	—	—	6237	0.62	355	7370	3.29	1196	8047	0.55	333	8810	0.10	192
5102	2.95	1089	6251D	2.14	834	7380	2.55	963	8058	1.57	655	8814M	0.13	201
5146	2.07	812	6252D	1.41	604	7382	2.15	837	8072	0.43	295	8815M	0.25	239
5160	1.04	488	6306	2.04	803	7390	2.59	976	8102	1.04	488	8820	0.08	185
5183	1.20	538	6319	1.20	538	7394M	1.60	664	8103	1.75	711	8824	1.23	547
5188	1.43	610	6325	1.71	699	7395M	1.78	721	8106	2.41	919	8825	—	—
5190	1.14	519	6400	2.35	900	7398M	3.24	1181	8107	1.60	664	8826	1.24	551
5191	0.67	371	6503	1.10	507	7402	0.11	195	8111	1.39	598	8829	—	—
5192	2.00	790	6504	1.69	692	7403	1.96	777	8116	1.53	642	8831	0.74	393
5213	2.68	1004	6702M*	2.03	799	7405N	0.65	434	8203	3.61	1297	8832	0.19	220
5215	2.67	1001	6703M*	4.10	1452	7420	5.13	1500	8204	2.86	1061	8833	0.53	327
5221	2.15	837	6704M*	2.25	869	7421	0.46	305	8209	2.31	888	8835	1.33	579
5222	3.82	1363	6801F	4.47	1500	7422	0.61	352	8215	1.90	759	8842	2.06	809
5223	2.45	932	6811	3.69	1322	7425	1.13	516	8227	2.12	828	8855	0.09	188
5348	1.82	733	6824F	5.29	1500	7431N	0.43	340	8232	2.61	982	8856	0.35	270
5402	2.45	932	6826F	3.38	1225	7445N	0.22	—	8233	1.45	617	8864	0.89	440
5403	2.42	922	6834	1.29	566	7453N	0.14	—	8235	2.34	897	8868	0.30	255
5437	2.37	907	6836	2.28	878	7502	0.95	459	8263	4.34	1500	8869	0.75	396
5443	1.34	582	6843F	6.07	1500	7515	0.44	299	8264	2.56	966	8871	0.05	176
5445	2.20	853	6845F	3.81	1360	7520	1.50	633	8265	3.20	1168	8901	0.11	195
5462	3.09	1133	6854	3.02	1111	7538	1.79	724	8279	4.27	1500	9012	0.63	358
5472	2.90	1074	6872F	5.67	1500	7539	0.77	403	8288	4.27	1500	9014	1.50	633
5473	4.96	1500	6874F	10.46	1500	7540	1.48	626	8291	1.75	711	9015	1.59	661
5474	2.34	897	6882	1.79	724	7580	1.61	667	8292	1.99	787	9016	1.69	692
5478	1.59	661	6884	2.78	1036	7590	2.03	799	8293	4.34	1500	9019	1.59	661
5479	2.67	1001	7016M	1.53	642	7600	2.49	944	8304	3.13	1146	9033	1.19	535
5480	3.13	1146	7024M	1.70	696	7605	1.23	547	8350	2.98	1099	9040	1.96	777
5491	0.89	440	7038M	3.08	1130	7610	0.39	283	8380	1.36	588	9044	0.84	425
5506	3.43	1240	7046M	3.74	1338	7698	2.84	1055	8381	1.07	497	9052	1.01	478
5507	1.62	670	7047M	3.10	1137	7699	1.63	673	8385	1.39	598	9058	1.01	478
5508	—	—	7050M	6.23	1500	7705	3.08	1130	8392	1.36	588	9060	0.96	462
5535	2.87	1064	7090M	3.42	1237	7710	2.58	973	8393	0.96	462	9061	0.83	421
5537	1.87	749	7098M	4.15	1467	7711	2.58	973	8500	3.29	1196	9062	0.93	453
5551	5.02	1500	7099M	7.56	1500	7720	1.57	655	8601	0.19	220	9063	0.55	333

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

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WORKERS COMPENSATION AND EMPLOYERS LIABILITY

INDIANA

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APPLICABLE TO ASSIGNED RISK POLICIES ONLY

CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
9077F	4.52	1500												
9082	0.77	403												
9083	0.73	390												
9084	0.79	409												
9088a	a	a												
9089	0.55	333												
9093	0.80	412												
9101	2.24	866												
9102	2.03	799												
9154	0.81	415												
9156	1.55	648												
9170	4.92	1500												
9178	3.98	1414												
9179	7.75	1500												
9180	3.56	1281												
9182	1.38	595												
9186	5.16	1500												
9220	3.05	1121												
9402	2.43	925												
9403	3.61	1297												
9410	1.33	579												
9501	1.79	724												
9505	1.73	705												
9516	1.72	702												
9519	2.28	878												
9521	1.68	689												
9522	1.34	582												
9534	1.67	686												
9554	3.79	1354												
9586	0.28	248												
9600	1.20	538												
9620	0.80	412												

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APPLICABLE TO ASSIGNED RISK POLICIES 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	0.25	S	1165D	0.02	S	3082D	0.05	S
0065D	0.05	S	1624D	0.02	S	3085D	0.04	S
0066D	0.05	S	1710D	0.04	S	4024D	0.03	S
0067D	0.05	S	1803D	0.37	S	6251D	0.02	S
1164D	0.03	S	3081D	0.04	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 2.458 and elr x 2.376.
- 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.

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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.....	\$83,100
Leased or rented vehicle.....	\$55,400

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	0.02
Loss Conversion Factor	1.176	3rd Adjustment	0.01
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"..... \$4,300**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..... \$4,300**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..... \$900**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	7.8%	7.2%	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	12.6%	11.2%	9.4%	8.2%	6.7%	5.5%	4.5%
\$1,000	15.5%	13.7%	11.5%	9.9%	8.1%	6.6%	5.2%
\$1,500	17.7%	15.7%	13.1%	11.3%	9.2%	7.4%	5.9%
\$2,000	19.4%	17.2%	14.4%	12.4%	10.1%	8.2%	6.4%
\$2,500	20.8%	18.5%	15.6%	13.3%	10.9%	8.8%	7.0%
\$3,000	22.0%	19.6%	16.5%	14.2%	11.6%	9.5%	7.5%
\$3,500	23.1%	20.6%	17.4%	15.0%	12.2%	10.0%	7.9%
\$4,000	24.0%	21.5%	18.2%	15.6%	12.8%	10.6%	8.4%
\$4,500	24.8%	22.3%	18.9%	16.3%	13.4%	11.1%	8.7%
\$5,000	25.7%	23.0%	19.6%	16.9%	13.9%	11.5%	9.1%

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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	5.9%	4.9%	3.8%	3.1%	2.3%	1.6%	1.2%
\$1,000	9.6%	8.1%	6.4%	5.2%	4.0%	2.9%	2.2%
\$1,500	12.3%	10.6%	8.4%	6.9%	5.4%	4.0%	3.0%
\$2,000	14.4%	12.5%	10.1%	8.4%	6.5%	4.9%	3.7%
\$2,500	16.2%	14.1%	11.5%	9.5%	7.5%	5.7%	4.3%
\$3,000	17.7%	15.5%	12.7%	10.6%	8.4%	6.6%	4.9%
\$3,500	19.0%	16.7%	13.8%	11.6%	9.2%	7.2%	5.4%
\$4,000	20.2%	17.8%	14.8%	12.4%	9.9%	7.9%	6.0%
\$4,500	21.3%	18.9%	15.7%	13.2%	10.7%	8.5%	6.5%
\$5,000	22.3%	19.8%	16.5%	14.0%	11.3%	9.1%	7.0%

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..... 108%

(Multiply a Non-F classification rate by a factor of 2.08 to adjust for differences in benefits and loss-based expenses. This factor is the product of the adjustment for differences in benefits (2.00) and the adjustment for differences in loss-based expenses (1.04).)

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 Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

Proposed Values for Inclusion in the Experience Rating Plan Manual

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

- Description of Expected Loss Rates and D-ratios
- Expected Loss Rates and D-ratios by class code
- Description of the Weighting and Ballast values
- Table of Weighting Values
- Table of Ballast Values
- Experience Rating Premium Eligibility Amounts



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023 Proposed Rating Values

Description of Expected Loss Rates and D-ratios

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 proposed rates are adjusted to reflect the average loss levels of the proposed effective rating period. This is accomplished through the application of ELR factors to the proposed underlying pure premiums. These ELR factors, calculated by hazard group (HG), remove the effects of the following: loss development, expected losses in excess of the State Accident Limit, a portion of medical-only losses, benefit changes, trend, loss-based expenses, experience, and 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 rate level change for the state.

The final ELR for each classification is calculated as follows:

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

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.

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-ratio factors over adjacent hazard groups. The final D-ratio for each classification is calculated as follows:

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

Effective January 1, 2023

**TABLE OF EXPECTED LOSS RATES AND DISCOUNT RATIOS
APPLICABLE TO ALL POLICIES**

CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO
0005	1.13	0.42	2021	1.40	0.41	2735	1.46	0.42	3300	2.18	0.44	4101	0.64	0.41
0008	1.16	0.42	2039	0.85	0.42	2759	2.08	0.42	3303	0.92	0.42	4109	0.13	0.42
0016	1.68	0.36	2041	1.16	0.42	2790	0.80	0.44	3307	0.80	0.41	4110	0.30	0.42
0034	1.17	0.41	2065	0.60	0.41	2797	0.78	0.44	3315	0.88	0.42	4111	0.66	0.42
0035	0.85	0.41	2070	1.71	0.41	2799	1.37	0.41	3334	0.82	0.41	4113	0.66	0.42
0036	1.40	0.42	2081	0.90	0.44	2802	1.60	0.41	3336	0.72	0.41	4114	0.81	0.41
0037	1.30	0.36	2089	1.01	0.42	2835	0.88	0.44	3365	1.17	0.33	4130	0.94	0.42
0042	1.52	0.41	2095	1.14	0.41	2836	1.12	0.44	3372	0.96	0.41	4131	1.62	0.42
0050	2.27	0.36	2105	1.26	0.44	2841	1.22	0.42	3373	1.46	0.42	4133	0.82	0.44
0059	0.07	0.33	2110	1.12	0.42	2881	1.06	0.44	3383	0.45	0.42	4149	0.25	0.44
0065	0.02	0.36	2111	0.72	0.42	2883	0.79	0.42	3385	0.30	0.42	4206	0.88	0.42
0066	0.02	0.41	2112	1.28	0.42	2915	1.08	0.36	3400	1.22	0.42	4207	0.58	0.33
0067	0.02	0.41	2114	0.85	0.44	2916	0.92	0.36	3507	0.75	0.41	4239	0.95	0.33
0079	1.13	0.41	2121	0.49	0.44	2923	0.67	0.44	3515	0.67	0.41	4240	0.99	0.44
0083	2.21	0.41	2130	0.65	0.41	2960	1.49	0.41	3548	0.50	0.42	4243	0.75	0.41
0106	2.47	0.33	2131	0.51	0.42	3004	0.34	0.33	3559	0.81	0.41	4244	0.81	0.36
0113	1.45	0.42	2143	0.73	0.44	3018	0.79	0.33	3574	0.42	0.42	4250	0.63	0.41
0170	0.97	0.42	2157	1.39	0.42	3022	1.16	0.42	3581	0.32	0.42	4251	0.97	0.42
0251	1.28	0.41	2172	0.43	0.36	3027	0.79	0.36	3612	0.66	0.41	4263	1.25	0.41
0401	3.43	0.33	2174	0.85	0.42	3028	0.86	0.36	3620	0.78	0.36	4273	0.70	0.41
0766	—	—	2211	2.09	0.36	3030	1.42	0.36	3629	0.62	0.41	4279	0.73	0.36
0771	—	—	2220	0.85	0.41	3040	1.62	0.41	3632	0.69	0.41	4282	0.73	0.36
0908	68.06	0.41	2286	0.85	0.41	3041	1.19	0.41	3634	0.51	0.41	4283	0.45	0.42
0913	177.58	0.41	2288	1.59	0.42	3042	1.09	0.41	3635	0.59	0.41	4299	0.69	0.41
1005	0.99	0.30	2302	0.58	0.41	3064	1.12	0.41	3638	0.57	0.42	4304	1.64	0.41
1016	2.64	0.30	2305	0.68	0.36	3076	0.97	0.42	3642	0.54	0.42	4307	0.55	0.44
1164	0.68	0.30	2361	0.57	0.41	3081	1.31	0.41	3643	0.59	0.36	4351	0.34	0.42
1165	0.68	0.30	2362	0.71	0.42	3082	1.15	0.36	3647	0.86	0.41	4352	0.49	0.42
1320	0.70	0.33	2380	0.77	0.42	3085	1.50	0.41	3648	0.45	0.44	4360	0.21	0.36
1322	1.77	0.30	2388	0.54	0.44	3110	1.20	0.41	3681	0.30	0.42	4361	0.35	0.42
1430	0.91	0.36	2402	0.71	0.36	3111	0.71	0.42	3685	0.30	0.42	4410	0.95	0.42
1438	1.23	0.36	2413	0.77	0.41	3113	0.51	0.41	3719	0.19	0.30	4420	0.77	0.33
1452	0.79	0.36	2416	0.77	0.42	3114	0.85	0.41	3724	1.00	0.30	4431	0.53	0.44
1463	2.87	0.30	2417	0.43	0.42	3118	0.54	0.44	3726	0.85	0.30	4432	0.36	0.44
1472	0.74	0.36	2501	0.93	0.42	3119	0.33	0.46	3803	0.81	0.42	4439	0.56	0.41
1604	1.31	0.36	2503	0.35	0.42	3122	0.61	0.44	3807	0.55	0.42	4452	0.87	0.41
1624	0.71	0.33	2534	0.93	0.42	3126	0.63	0.41	3808	0.94	0.41	4459	0.83	0.36
1642	1.03	0.36	2570	1.02	0.42	3131	0.47	0.41	3821	1.74	0.36	4470	0.79	0.41
1654	1.40	0.36	2585	1.07	0.41	3132	0.94	0.42	3822	1.46	0.42	4484	0.92	0.42
1655	1.03	0.36	2586	0.98	0.42	3145	0.67	0.41	3824	1.03	0.42	4493	0.80	0.41
1699	0.70	0.36	2587	0.93	0.42	3146	0.67	0.41	3826	0.20	0.41	4511	0.24	0.41
1701	0.87	0.33	2589	0.61	0.41	3169	0.71	0.42	3827	0.57	0.42	4557	0.69	0.36
1710	1.08	0.36	2600	1.37	0.42	3175	0.71	0.42	3830	0.41	0.41	4558	0.56	0.41
1741	0.87	0.33	2623	1.69	0.36	3179	0.62	0.42	3851	0.68	0.42	4568	0.64	0.36
1747	0.74	0.36	2651	0.58	0.42	3180	0.84	0.42	3865	0.99	0.44	4581	0.28	0.33
1748	2.22	0.36	2660	0.94	0.44	3188	0.57	0.41	3881	1.55	0.41	4583	1.06	0.33
1803	1.67	0.36	2670	0.65	0.42	3220	0.66	0.41	4000	1.56	0.33	4611	0.24	0.42
1853	0.87	0.33	2683	0.93	0.42	3223	0.84	0.42	4021	1.27	0.41	4635	0.64	0.33
1860	0.73	0.36	2688	0.65	0.42	3224	1.27	0.44	4024	1.42	0.36	4653	0.65	0.42
1924	0.82	0.42	2701	3.56	0.33	3227	0.89	0.42	4034	1.69	0.36	4665	1.80	0.36
1925	1.12	0.41	2702	6.23	0.30	3240	0.81	0.42	4036	0.75	0.36	4670	0.97	0.41
2002	1.01	0.42	2709	2.28	0.33	3241	0.78	0.42	4038	0.72	0.44	4683	0.97	0.41
2003	1.42	0.41	2710	3.00	0.36	3255	0.99	0.44	4053	1.57	0.41	4686	0.74	0.36
2014	1.29	0.36	2714	1.46	0.42	3257	0.81	0.42	4061	1.57	0.41	4692	0.29	0.42
2016	0.81	0.42	2731	1.28	0.42	3270	0.74	0.42	4062	1.57	0.41	4693	0.29	0.42

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

Effective January 1, 2023

**TABLE OF EXPECTED LOSS RATES AND DISCOUNT RATIOS
APPLICABLE TO ALL POLICIES**

CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO
4703	0.49	0.41	5606	0.25	0.30	7133	0.91	0.33	7725	0.70	0.33	8602	0.50	0.36
4716	0.97	0.41	5610	1.19	0.36	7151	1.11	0.33	7732	61.31	0.33	8603	0.03	0.42
4717	0.69	0.44	5645	2.22	0.30	7152	2.16	0.33	7855	0.91	0.36	8606	0.56	0.33
4720	0.60	0.41	5703	2.74	0.36	7153	1.23	0.33	8001	0.88	0.42	8709F	0.96	0.26
4740	0.20	0.30	5705	3.58	0.36	7219	1.77	0.33	8002	0.70	0.42	8719	0.69	0.33
4741	0.75	0.41	5951	0.13	0.42	7222	1.84	0.33	8006	0.73	0.44	8720	0.42	0.33
4751	0.84	0.36	6003	1.69	0.33	7225	2.08	0.36	8008	0.58	0.44	8721	0.09	0.36
4766	0.98	0.33	6005	1.10	0.36	7228	1.77	0.33	8010	0.64	0.42	8723	0.05	0.41
4771	0.66	0.33	6017	1.31	0.30	7229	1.77	0.33	8013	0.14	0.41	8725	0.71	0.36
4777	0.76	0.33	6018	0.71	0.36	7230	2.56	0.41	8015	0.26	0.41	8726F	0.60	0.32
4825	0.19	0.36	6045	1.22	0.36	7231	2.49	0.41	8017	0.56	0.44	8734	0.13	0.36
4828	0.72	0.33	6204	1.51	0.33	7232	2.01	0.33	8018	1.22	0.42	8737	0.11	0.36
4829	0.39	0.33	6206	0.55	0.30	7309F	1.92	0.26	8021	0.88	0.42	8738	0.21	0.36
4902	0.76	0.42	6213	0.40	0.30	7313F	0.78	0.26	8031	0.89	0.42	8742	0.09	0.36
4923	0.38	0.41	6214	0.37	0.33	7317F	2.00	0.26	8032	0.75	0.42	8745	1.22	0.41
5020	1.20	0.33	6216	1.12	0.30	7327F	5.31	0.26	8033	1.04	0.44	8748	0.16	0.33
5022	1.59	0.30	6217	0.88	0.30	7333	0.66	0.30	8037	0.67	0.46	8755	0.11	0.36
5037	1.80	0.30	6229	1.26	0.36	7335	0.73	0.30	8039	0.60	0.44	8799	0.25	0.42
5040	2.01	0.30	6233	0.48	0.30	7337	1.28	0.30	8044	0.86	0.42	8800	0.69	0.42
5057	0.88	0.30	6235	1.64	0.30	7350F	2.37	0.29	8045	0.28	0.42	8803	0.03	0.36
5059	3.91	0.30	6236	1.43	0.36	7360	1.26	0.36	8046	0.95	0.42	8805	0.09	0.42
5069	3.91	0.30	6237	0.33	0.33	7370	1.96	0.42	8047	0.33	0.42	8810	0.06	0.42
5102	1.53	0.33	6251	1.11	0.33	7380	1.40	0.36	8058	0.93	0.42	8814	0.08	0.42
5146	1.14	0.36	6252	0.68	0.30	7382	1.24	0.41	8072	0.26	0.44	8815	0.14	0.42
5160	0.51	0.30	6306	1.06	0.33	7390	1.55	0.42	8102	0.62	0.42	8820	0.04	0.36
5183	0.63	0.33	6319	0.59	0.30	7394	0.79	0.30	8103	1.01	0.41	8824	0.77	0.46
5188	0.75	0.33	6325	0.84	0.30	7395	0.87	0.30	8106	1.32	0.36	8825	0.77	0.44
5190	0.59	0.33	6400	1.29	0.36	7398	1.53	0.30	8107	0.83	0.33	8826	0.77	0.44
5191	0.36	0.36	6503	0.66	0.42	7402	0.07	0.42	8111	0.81	0.41	8829	0.77	0.46
5192	1.16	0.41	6504	1.01	0.42	7403	1.17	0.42	8116	0.88	0.41	8831	0.46	0.46
5213	1.31	0.30	6702	1.11	0.36	7405	0.39	0.42	8203	2.09	0.41	8832	0.11	0.42
5215	1.46	0.36	6703	2.16	0.36	7420	2.51	0.30	8204	1.66	0.41	8833	0.32	0.42
5221	1.12	0.33	6704	1.23	0.36	7421	0.25	0.36	8209	1.37	0.42	8835	0.79	0.42
5222	1.87	0.30	6801F	1.71	0.32	7422	0.32	0.33	8215	1.04	0.36	8842	1.29	0.46
5223	1.34	0.36	6811	2.01	0.36	7425	0.59	0.33	8227	1.10	0.33	8855	0.06	0.42
5348	1.00	0.36	6824F	2.03	0.32	7431	0.22	0.33	8232	1.43	0.36	8856	0.21	0.42
5402	1.46	0.42	6826F	1.29	0.32	7445	—	—	8233	0.80	0.36	8864	0.55	0.44
5403	1.26	0.33	6834	0.77	0.42	7453	—	—	8235	1.36	0.41	8868	0.18	0.44
5437	1.24	0.33	6836	1.32	0.41	7502	0.52	0.36	8263	2.51	0.41	8869	0.46	0.44
5443	0.78	0.41	6843F	2.13	0.26	7515	0.22	0.30	8264	1.40	0.36	8871	0.03	0.42
5445	1.08	0.30	6845F	1.34	0.26	7520	0.87	0.41	8265	1.67	0.33	8901	0.06	0.36
5462	1.69	0.36	6854	1.57	0.33	7538	0.88	0.30	8279	2.22	0.33	9012	0.34	0.36
5472	1.42	0.30	6872F	1.99	0.26	7539	0.40	0.33	8288	2.47	0.41	9014	0.89	0.42
5473	2.42	0.30	6874F	3.67	0.26	7540	0.73	0.30	8291	1.01	0.41	9015	0.92	0.41
5474	1.15	0.30	6882	0.93	0.33	7580	0.88	0.36	8292	1.18	0.42	9016	1.00	0.42
5478	0.83	0.33	6884	1.46	0.33	7590	1.11	0.36	8293	2.59	0.42	9019	0.87	0.36
5479	1.46	0.36	7016	0.75	0.30	7600	1.37	0.36	8304	1.63	0.33	9033	0.69	0.41
5480	1.64	0.33	7024	0.84	0.30	7605	0.64	0.33	8350	1.55	0.33	9040	1.20	0.44
5491	0.46	0.33	7038	1.50	0.30	7610	0.21	0.36	8380	0.79	0.41	9044	0.52	0.44
5506	1.78	0.33	7046	1.83	0.30	7698	1.38	0.31	8381	0.62	0.41	9052	0.62	0.44
5507	0.85	0.33	7047	1.48	0.30	7699	0.84	0.33	8385	0.81	0.41	9058	0.63	0.46
5508	0.85	0.33	7050	2.94	0.30	7705	1.79	0.41	8392	0.84	0.44	9060	0.59	0.44
5535	1.40	0.30	7090	1.67	0.30	7710	1.34	0.33	8393	0.53	0.36	9061	0.51	0.44
5537	1.02	0.36	7098	2.04	0.30	7711	1.34	0.33	8500	1.80	0.36	9062	0.57	0.44
5551	2.46	0.30	7099	3.59	0.30	7720	0.86	0.36	8601	0.10	0.33	9063	0.34	0.44

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES

Effective January 1, 2023

TABLE OF EXPECTED LOSS RATES AND DISCOUNT RATIOS
APPLICABLE TO ALL POLICIES

CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO
9077F	1.86	0.40												
9082	0.48	0.46												
9083	0.46	0.46												
9084	0.48	0.44												
9088	a	a												
9089	0.34	0.44												
9093	0.49	0.44												
9101	1.38	0.44												
9102	1.18	0.41												
9154	0.48	0.42												
9156	0.96	0.44												
9170	2.56	0.33												
9178	2.49	0.46												
9179	4.87	0.46												
9180	2.05	0.41												
9182	0.82	0.42												
9186	2.68	0.33												
9220	1.77	0.41												
9402	1.27	0.33												
9403	1.89	0.33												
9410	0.79	0.42												
9501	0.98	0.36												
9505	1.00	0.41												
9516	1.00	0.41												
9519	1.25	0.36												
9521	0.92	0.36												
9522	0.83	0.44												
9534	0.82	0.30												
9554	1.97	0.33												
9586	0.17	0.44												
9600	0.71	0.42												
9620	0.44	0.36												

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

Proposed Rating Values

Description of the Weighting and Ballast Values

Table of Weighting Values

The weighting value determines the volume of actual and expected excess losses that 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 in each experience filing based on the state reference point.

The state reference point is calculated based on Unit Statistical Data 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 is assigned 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 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 in the experience modification 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. The G value used in the ballast formula is the state reference point divided by 250,000, rounded to the nearest 0.05.

Effective January 1, 2023
TABLE OF WEIGHTING VALUES
APPLICABLE TO ALL POLICIES
Experience Rating Program - ERA

Expected Losses			Weighting Values	Expected Losses			Weighting Values
0	--	1,842	0.04	1,039,183	--	1,096,504	0.44
1,843	--	7,449	0.05	1,096,505	--	1,157,143	0.45
7,450	--	13,176	0.06	1,157,144	--	1,221,399	0.46
13,177	--	19,027	0.07	1,221,400	--	1,289,605	0.47
19,028	--	25,005	0.08	1,289,606	--	1,362,138	0.48
25,006	--	41,823	0.09	1,362,139	--	1,439,423	0.49
41,824	--	62,256	0.10	1,439,424	--	1,521,945	0.50
62,257	--	80,430	0.11	1,521,946	--	1,610,253	0.51
80,431	--	98,126	0.12	1,610,254	--	1,704,981	0.52
98,127	--	115,825	0.13	1,704,982	--	1,806,855	0.53
115,826	--	133,741	0.14	1,806,856	--	1,916,716	0.54
133,742	--	151,997	0.15	1,916,717	--	2,035,541	0.55
151,998	--	170,674	0.16	2,035,542	--	2,164,477	0.56
170,675	--	189,835	0.17	2,164,478	--	2,304,870	0.57
189,836	--	209,531	0.18	2,304,871	--	2,458,321	0.58
209,532	--	229,810	0.19	2,458,322	--	2,626,739	0.59
229,811	--	250,715	0.20	2,626,740	--	2,812,427	0.60
250,716	--	272,288	0.21	2,812,428	--	3,018,187	0.61
272,289	--	294,573	0.22	3,018,188	--	3,247,460	0.62
294,574	--	317,615	0.23	3,247,461	--	3,504,520	0.63
317,616	--	341,460	0.24	3,504,521	--	3,794,747	0.64
341,461	--	366,156	0.25	3,794,748	--	4,125,001	0.65
366,157	--	391,754	0.26	4,125,002	--	4,504,179	0.66
391,755	--	418,309	0.27	4,504,180	--	4,944,022	0.67
418,310	--	445,879	0.28	4,944,023	--	5,460,357	0.68
445,880	--	474,526	0.29	5,460,358	--	6,075,037	0.69
474,527	--	504,318	0.30	6,075,038	--	6,819,120	0.70
504,319	--	535,326	0.31	6,819,121	--	7,738,277	0.71
535,327	--	567,630	0.32	7,738,278	--	8,902,539	0.72
567,631	--	601,313	0.33	8,902,540	--	10,425,030	0.73
601,314	--	636,467	0.34	10,425,031	--	12,501,150	0.74
636,468	--	673,193	0.35	12,501,151	--	15,499,983	0.75
673,194	--	711,601	0.36	15,499,984	--	20,212,427	0.76
711,602	--	751,808	0.37	20,212,428	--	28,694,816	0.77
751,809	--	793,947	0.38	28,694,817	--	48,487,041	0.78
793,948	--	838,160	0.39	48,487,042	--	147,448,119	0.79
838,161	--	884,606	0.40	147,448,120	AND OVER		0.80
884,607	--	933,460	0.41				
933,461	--	984,914	0.42				
984,915	--	1,039,182	0.43				

(a) G	8.80
(b) State Per Claim Accident Limitation	\$220,000
(c) State Multiple Claim Accident Limitation	\$440,000
(d) USL&HW Per Claim Accident Limitation	\$574,500
(e) USL&HW Multiple Claim Accident Limitation	\$1,149,000
(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	2.00
<i>(Multiply a Non-F classification ELR by the USL&HW Act - Expected Loss Factor of 2.00.)</i>	

Effective January 1, 2023

**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	--	47,333	22,000	1,518,889	--	1,562,863	176,000	3,058,443	--	3,102,435	330,000						
47,334	--	81,465	26,400	1,562,864	--	1,606,840	180,400	3,102,436	--	3,146,429	334,400						
81,466	--	120,683	30,800	1,606,841	--	1,650,817	184,800	3,146,430	--	3,190,423	338,800						
120,684	--	162,056	35,200	1,650,818	--	1,694,796	189,200	3,190,424	--	3,234,418	343,200						
162,057	--	204,435	39,600	1,694,797	--	1,738,776	193,600	3,234,419	--	3,278,412	347,600						
204,436	--	247,345	44,000	1,738,777	--	1,782,757	198,000	3,278,413	--	3,322,407	352,000						
247,346	--	290,567	48,400	1,782,758	--	1,826,739	202,400	3,322,408	--	3,366,401	356,400						
290,568	--	333,984	52,800	1,826,740	--	1,870,722	206,800	3,366,402	--	3,410,396	360,800						
333,985	--	377,531	57,200	1,870,723	--	1,914,705	211,200	3,410,397	--	3,454,391	365,200						
377,532	--	421,171	61,600	1,914,706	--	1,958,689	215,600	3,454,392	--	3,498,386	369,600						
421,172	--	464,877	66,000	1,958,690	--	2,002,674	220,000	3,498,387	--	3,542,381	374,000						
464,878	--	508,632	70,400	2,002,675	--	2,046,660	224,400	3,542,382	--	3,586,377	378,400						
508,633	--	552,426	74,800	2,046,661	--	2,090,646	228,800	3,586,378	--	3,630,372	382,800						
552,427	--	596,249	79,200	2,090,647	--	2,134,633	233,200	3,630,373	--	3,674,368	387,200						
596,250	--	640,096	83,600	2,134,634	--	2,178,620	237,600	3,674,369	--	3,718,363	391,600						
640,097	--	683,963	88,000	2,178,621	--	2,222,608	242,000	3,718,364	--	3,762,359	396,000						
683,964	--	727,846	92,400	2,222,609	--	2,266,596	246,400	3,762,360	--	3,806,355	400,400						
727,847	--	771,742	96,800	2,266,597	--	2,310,584	250,800	3,806,356	--	3,850,351	404,800						
771,743	--	815,649	101,200	2,310,585	--	2,354,574	255,200	3,850,352	--	3,894,347	409,200						
815,650	--	859,565	105,600	2,354,575	--	2,398,563	259,600	3,894,348	--	3,938,343	413,600						
859,566	--	903,489	110,000	2,398,564	--	2,442,553	264,000	3,938,344	--	3,982,339	418,000						
903,490	--	947,421	114,400	2,442,554	--	2,486,543	268,400	3,982,340	--	4,026,336	422,400						
947,422	--	991,358	118,800	2,486,544	--	2,530,534	272,800	4,026,337	--	4,070,332	426,800						
991,359	--	1,035,301	123,200	2,530,535	--	2,574,525	277,200	4,070,333	--	4,114,328	431,200						
1,035,302	--	1,079,248	127,600	2,574,526	--	2,618,516	281,600	4,114,329	--	4,158,325	435,600						
1,079,249	--	1,123,199	132,000	2,618,517	--	2,662,507	286,000	4,158,326	--	4,202,000	440,000						
1,123,200	--	1,167,155	136,400	2,662,508	--	2,706,499	290,400										
1,167,156	--	1,211,113	140,800	2,706,500	--	2,750,491	294,800										
1,211,114	--	1,255,074	145,200	2,750,492	--	2,794,483	299,200										
1,255,075	--	1,299,038	149,600	2,794,484	--	2,838,476	303,600										
1,299,039	--	1,343,004	154,000	2,838,477	--	2,882,469	308,000										
1,343,005	--	1,386,972	158,400	2,882,470	--	2,926,462	312,400										
1,386,973	--	1,430,943	162,800	2,926,463	--	2,970,455	316,800										
1,430,944	--	1,474,915	167,200	2,970,456	--	3,014,448	321,200										
1,474,916	--	1,518,888	171,600	3,014,449	--	3,058,442	325,600										

For Expected Losses greater than \$4,202,000, the Ballast Value can be calculated using the following formula (rounded to the nearest 1):

$$\text{Ballast} = (0.10)(\text{Expected Losses}) + 2500(\text{Expected Losses})(8.80) / (\text{Expected Losses} + (700)(8.80))$$

$$G = 8.80$$

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS.

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

INDIANA—UPDATETOEXPERIENCERATINGPREMIUMELIGIBILITYAMOUNTS

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 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.
- 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.*
- 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	7/1/23andafter	6,500	3,250
	7/1/22-6/30/23	6,000	3,000
	7/1/21 - 6/30/22	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-c. 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 Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

Proposed Values for Inclusion in the Retrospective Rating Plan Manual

The following pages include proposed values for inclusion in the Retrospective Rating Plan Manual, such as:

- Average Cost Per Case
- Excess Loss Factors
- Excess Loss Pure Premium Factors
- Expected Loss Ratios
- Retrospective Development Factors
- Retrospective Pure Premium Development Factors
- Tables of Expense Ratios
- Tax Multipliers

RETROSPECTIVE RATING PLAN MANUAL
STATE SPECIAL RATING VALUES

APPLICABLE TO ADVISORY RATES

INDIANA

RR 1

Effective January 1, 2023

Original Printing

1. Average Cost per Case by Hazard Group

A	B	C	D	E	F	G
5,090	6,252	8,280	10,320	13,770	21,375	29,168

Average Cost per Case including ALAE by Hazard Group

A	B	C	D	E	F	G
5,554	6,817	9,021	11,236	14,972	23,224	31,665

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 1.043

Countrywide Expected Loss Ratio	Countrywide Expected Loss and Allocated Expense Ratio
0.586	0.649

4. Table of Expense Ratios

Type A: 2022-01
Type B: 2022-01

5. Excess Loss Factors

(Applicable to New and Renewal Policies)

**Per Accident
Limitation**

Hazard Groups

	A	B	C	D	E	F	G
\$10,000	0.373	0.396	0.427	0.452	0.480	0.502	0.525
\$15,000	0.332	0.356	0.390	0.416	0.447	0.471	0.498
\$20,000	0.300	0.325	0.359	0.387	0.420	0.446	0.475
\$25,000	0.274	0.299	0.334	0.362	0.397	0.424	0.455
\$30,000	0.252	0.277	0.312	0.340	0.376	0.404	0.437
\$35,000	0.234	0.258	0.293	0.321	0.358	0.386	0.420
\$40,000	0.218	0.241	0.276	0.304	0.341	0.370	0.405
\$50,000	0.192	0.214	0.248	0.275	0.312	0.342	0.378
\$75,000	0.148	0.168	0.199	0.223	0.260	0.289	0.324
\$100,000	0.121	0.139	0.167	0.188	0.223	0.252	0.285
\$125,000	0.101	0.118	0.144	0.163	0.197	0.224	0.256
\$150,000	0.087	0.102	0.126	0.144	0.176	0.202	0.232
\$175,000	0.076	0.090	0.113	0.129	0.160	0.185	0.213
\$200,000	0.068	0.081	0.102	0.117	0.147	0.170	0.197
\$225,000	0.061	0.073	0.093	0.107	0.135	0.158	0.184
\$250,000	0.055	0.066	0.085	0.098	0.126	0.147	0.172
\$275,000	0.050	0.061	0.078	0.091	0.118	0.138	0.162
\$300,000	0.046	0.056	0.073	0.084	0.110	0.130	0.153
\$325,000	0.042	0.052	0.068	0.079	0.104	0.123	0.145
\$350,000	0.039	0.049	0.064	0.074	0.099	0.117	0.138
\$375,000	0.037	0.046	0.060	0.070	0.094	0.111	0.131
\$400,000	0.034	0.043	0.057	0.066	0.089	0.106	0.126
\$425,000	0.032	0.040	0.054	0.063	0.085	0.101	0.120
\$450,000	0.031	0.038	0.051	0.059	0.082	0.097	0.116
\$475,000	0.029	0.036	0.049	0.057	0.078	0.093	0.111
\$500,000	0.028	0.035	0.047	0.054	0.075	0.090	0.107
\$600,000	0.023	0.029	0.040	0.046	0.065	0.078	0.093
\$700,000	0.020	0.025	0.035	0.040	0.058	0.070	0.083
\$800,000	0.017	0.022	0.031	0.036	0.052	0.063	0.075
\$900,000	0.015	0.020	0.028	0.032	0.048	0.058	0.069
\$1,000,000	0.014	0.018	0.026	0.029	0.044	0.053	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	0.020	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	0.007	0.007	0.013	0.016	0.019
\$6,000,000	0.002	0.003	0.005	0.006	0.011	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	0.011
\$10,000,000	0.001	0.002	0.003	0.003	0.006	0.008	0.009

**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	0.413	0.437	0.471	0.497	0.526	0.549	0.573
\$15,000	0.369	0.395	0.431	0.459	0.492	0.517	0.546
\$20,000	0.335	0.361	0.399	0.428	0.463	0.490	0.522
\$25,000	0.307	0.334	0.371	0.401	0.438	0.467	0.500
\$30,000	0.283	0.310	0.348	0.378	0.416	0.446	0.481
\$35,000	0.263	0.290	0.328	0.357	0.397	0.428	0.463
\$40,000	0.246	0.272	0.309	0.339	0.379	0.410	0.447
\$50,000	0.218	0.242	0.279	0.308	0.348	0.380	0.418
\$75,000	0.170	0.192	0.225	0.251	0.291	0.323	0.361
\$100,000	0.139	0.159	0.190	0.213	0.251	0.282	0.319
\$125,000	0.118	0.136	0.164	0.185	0.222	0.251	0.286
\$150,000	0.102	0.118	0.145	0.164	0.199	0.227	0.260
\$175,000	0.089	0.105	0.130	0.148	0.181	0.208	0.239
\$200,000	0.080	0.094	0.117	0.134	0.166	0.192	0.222
\$225,000	0.072	0.085	0.107	0.123	0.154	0.178	0.207
\$250,000	0.065	0.078	0.099	0.113	0.143	0.167	0.194
\$275,000	0.060	0.072	0.091	0.105	0.134	0.157	0.183
\$300,000	0.055	0.066	0.085	0.098	0.126	0.148	0.173
\$325,000	0.051	0.062	0.079	0.091	0.119	0.140	0.164
\$350,000	0.047	0.058	0.075	0.086	0.113	0.133	0.156
\$375,000	0.044	0.054	0.070	0.081	0.107	0.127	0.149
\$400,000	0.042	0.051	0.067	0.077	0.102	0.121	0.143
\$425,000	0.039	0.048	0.063	0.073	0.098	0.116	0.137
\$450,000	0.037	0.046	0.060	0.069	0.093	0.111	0.131
\$475,000	0.035	0.043	0.057	0.066	0.090	0.107	0.126
\$500,000	0.033	0.041	0.055	0.063	0.086	0.103	0.122
\$600,000	0.028	0.035	0.047	0.054	0.075	0.090	0.107
\$700,000	0.024	0.030	0.041	0.047	0.067	0.080	0.095
\$800,000	0.021	0.027	0.037	0.042	0.060	0.072	0.086
\$900,000	0.019	0.024	0.033	0.038	0.055	0.066	0.079
\$1,000,000	0.017	0.022	0.030	0.034	0.051	0.061	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	0.031
\$4,000,000	0.004	0.006	0.009	0.010	0.017	0.021	0.025
\$5,000,000	0.003	0.005	0.008	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	0.005	0.005	0.009	0.011	0.014
\$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	0.011

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	0.00	0.04	0.02	0.01	0.00

RETROSPECTIVE RATING PLAN MANUAL

STATE SPECIAL RATING VALUES

APPLICABLE TO ADVISORY LOSS COSTS

Effective January 1, 2023

INDIANA

RR 1

Original Printing

1. Average Cost per Case by Hazard Group

A	B	C	D	E	F	G
5,090	6,252	8,280	10,320	13,770	21,375	29,168

Average Cost per Case including ALAE by Hazard Group

A	B	C	D	E	F	G
5,554	6,817	9,021	11,236	14,972	23,224	31,665

2.

ExcessLossPurePremiumFactors (Applicable to New and Renewal Policies)

Per Accident Limitation

	Hazard Groups						
	A	B	C	D	E	F	G
\$10,000	0.515	0.546	0.590	0.624	0.662	0.692	0.725
\$15,000	0.458	0.491	0.538	0.574	0.617	0.650	0.688
\$20,000	0.414	0.448	0.496	0.534	0.580	0.615	0.656
\$25,000	0.378	0.412	0.461	0.499	0.547	0.585	0.628
\$30,000	0.348	0.382	0.431	0.469	0.519	0.558	0.603
\$35,000	0.322	0.356	0.404	0.443	0.493	0.533	0.580
\$40,000	0.300	0.333	0.381	0.419	0.471	0.511	0.558
\$50,000	0.265	0.296	0.343	0.379	0.431	0.473	0.521
\$75,000	0.204	0.232	0.275	0.307	0.358	0.399	0.447
\$100,000	0.166	0.191	0.230	0.260	0.308	0.347	0.394
\$125,000	0.140	0.163	0.198	0.225	0.272	0.309	0.353
\$150,000	0.120	0.141	0.174	0.199	0.243	0.279	0.321
\$175,000	0.105	0.124	0.156	0.178	0.221	0.255	0.294
\$200,000	0.093	0.111	0.140	0.161	0.202	0.235	0.272
\$225,000	0.084	0.100	0.128	0.147	0.187	0.218	0.254
\$250,000	0.076	0.091	0.117	0.135	0.174	0.203	0.238
\$275,000	0.069	0.084	0.108	0.125	0.162	0.191	0.224
\$300,000	0.063	0.077	0.101	0.116	0.152	0.180	0.211
\$325,000	0.059	0.072	0.094	0.109	0.144	0.170	0.200
\$350,000	0.054	0.067	0.088	0.102	0.136	0.161	0.190
\$375,000	0.051	0.063	0.083	0.096	0.129	0.153	0.181
\$400,000	0.048	0.059	0.079	0.091	0.123	0.146	0.173
\$425,000	0.045	0.056	0.075	0.086	0.118	0.140	0.166
\$450,000	0.042	0.053	0.071	0.082	0.113	0.134	0.159
\$475,000	0.040	0.050	0.068	0.078	0.108	0.129	0.153
\$500,000	0.038	0.048	0.065	0.075	0.104	0.124	0.148
\$600,000	0.032	0.040	0.055	0.064	0.090	0.108	0.129
\$700,000	0.027	0.035	0.048	0.056	0.080	0.096	0.115
\$800,000	0.024	0.031	0.043	0.049	0.072	0.087	0.104
\$900,000	0.021	0.028	0.039	0.045	0.066	0.080	0.095
\$1,000,000	0.019	0.025	0.036	0.041	0.061	0.074	0.088
\$2,000,000	0.010	0.014	0.020	0.023	0.037	0.044	0.052
\$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	0.005	0.005	0.009	0.012	0.015
\$10,000,000	0.002	0.002	0.004	0.005	0.008	0.011	0.013

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

Per Accident Limitation	Hazard Groups						
	A	B	C	D	E	F	G
\$10,000	0.570	0.604	0.650	0.686	0.726	0.758	0.792
\$15,000	0.510	0.546	0.595	0.634	0.679	0.714	0.754
\$20,000	0.463	0.499	0.551	0.591	0.640	0.677	0.720
\$25,000	0.424	0.461	0.513	0.554	0.605	0.645	0.691
\$30,000	0.391	0.428	0.481	0.522	0.575	0.616	0.664
\$35,000	0.364	0.400	0.452	0.494	0.548	0.591	0.640
\$40,000	0.340	0.376	0.428	0.468	0.523	0.567	0.618
\$50,000	0.301	0.335	0.385	0.425	0.481	0.526	0.577
\$75,000	0.234	0.265	0.311	0.347	0.402	0.446	0.498
\$100,000	0.192	0.219	0.262	0.294	0.347	0.390	0.440
\$125,000	0.162	0.188	0.227	0.256	0.306	0.347	0.395
\$150,000	0.141	0.164	0.200	0.227	0.275	0.314	0.360
\$175,000	0.124	0.145	0.179	0.204	0.250	0.287	0.331
\$200,000	0.110	0.130	0.162	0.185	0.230	0.265	0.307
\$225,000	0.099	0.118	0.148	0.169	0.213	0.246	0.286
\$250,000	0.090	0.108	0.136	0.156	0.198	0.230	0.268
\$275,000	0.082	0.099	0.126	0.145	0.185	0.216	0.253
\$300,000	0.076	0.092	0.117	0.135	0.174	0.204	0.239
\$325,000	0.070	0.085	0.110	0.126	0.164	0.193	0.227
\$350,000	0.065	0.080	0.103	0.119	0.156	0.183	0.216
\$375,000	0.061	0.075	0.097	0.112	0.148	0.175	0.206
\$400,000	0.057	0.070	0.092	0.106	0.141	0.167	0.197
\$425,000	0.054	0.066	0.087	0.101	0.135	0.160	0.189
\$450,000	0.051	0.063	0.083	0.096	0.129	0.153	0.181
\$475,000	0.049	0.060	0.079	0.091	0.124	0.147	0.175
\$500,000	0.046	0.057	0.076	0.087	0.119	0.142	0.168
\$600,000	0.038	0.048	0.065	0.075	0.104	0.124	0.147
\$700,000	0.033	0.042	0.057	0.065	0.092	0.110	0.131
\$800,000	0.029	0.037	0.050	0.058	0.083	0.100	0.119
\$900,000	0.026	0.033	0.046	0.052	0.076	0.091	0.109
\$1,000,000	0.023	0.030	0.042	0.047	0.070	0.084	0.100
\$2,000,000	0.012	0.016	0.023	0.026	0.041	0.050	0.059
\$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	0.017	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.

RetrospectivePurePremiumDevelopmentFactors

WithLossLimit			WithoutLossLimit			4th & Subsequent Adjustment
1st Adj.	2nd Adj.	3rd Adj.	1st Adj.	2nd Adj.	3rd Adj.	
0.02	0.01	0.01	0.06	0.03	0.02	0.00

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

Type A: 2022-01

WC Premium Range			Expense Ratio	WC Premium Range			Expense Ratio	WC Premium Range			Expense Ratio
From	To			From	To			From	To		
0	-	10,055	0.381	21,928	-	22,469	0.332	393,334	-	424,799	0.284
10,056	-	10,167	0.380	22,470	-	23,037	0.331	424,800	-	461,739	0.283
10,168	-	10,282	0.379	23,038	-	23,636	0.330	461,740	-	505,714	0.282
10,283	-	10,399	0.378	23,637	-	24,266	0.329	505,715	-	558,947	0.281
10,400	-	10,520	0.377	24,267	-	24,931	0.328	558,948	-	624,705	0.280
10,521	-	10,643	0.376	24,932	-	25,633	0.327	624,706	-	707,999	0.279
10,644	-	10,769	0.375	25,634	-	26,376	0.326	708,000	-	816,923	0.278
10,770	-	10,898	0.374	26,377	-	27,164	0.326	816,924	-	965,454	0.277
10,899	-	11,030	0.373	27,165	-	27,999	0.325	965,455	-	1,179,999	0.276
11,031	-	11,165	0.372	28,000	-	28,888	0.324	1,180,000	-	1,517,142	0.275
11,166	-	11,304	0.371	28,889	-	29,836	0.323	1,517,143	-	1,824,799	0.274
11,305	-	11,446	0.370	29,837	-	30,847	0.322	1,824,800	-	1,983,478	0.273
11,447	-	11,592	0.369	30,848	-	31,929	0.321	1,983,479	-	2,172,380	0.272
11,593	-	11,741	0.368	31,930	-	33,090	0.320	2,172,381	-	2,401,052	0.271
11,742	-	11,895	0.367	33,091	-	34,339	0.319	2,401,053	-	2,683,529	0.270
11,896	-	12,052	0.366	34,340	-	35,686	0.318	2,683,530	-	3,041,333	0.269
12,053	-	12,214	0.365	35,687	-	37,142	0.317	3,041,334	-	3,509,230	0.268
12,215	-	12,380	0.364	37,143	-	38,723	0.316	3,509,231	-	4,147,272	0.268
12,381	-	12,551	0.363	38,724	-	40,444	0.315	4,147,273	-	5,068,888	0.267
12,552	-	12,727	0.362	40,445	-	42,325	0.314	5,068,889	-	6,517,142	0.266
12,728	-	12,907	0.361	42,326	-	44,390	0.313	6,517,143	-	9,123,999	0.265
12,908	-	13,093	0.360	44,391	-	46,666	0.312	9,124,000	-	15,206,666	0.264
13,094	-	13,284	0.359	46,667	-	49,189	0.311	15,206,667	-	45,619,999	0.263
13,285	-	13,481	0.358	49,190	-	51,999	0.310	45,620,000	-	And Above	0.262
13,482	-	13,684	0.357	52,000	-	55,151	0.309				
13,685	-	13,893	0.356	55,152	-	58,709	0.308				
13,894	-	14,108	0.355	58,710	-	62,758	0.307				
14,109	-	14,330	0.354	62,759	-	67,407	0.306				
14,331	-	14,559	0.354	67,408	-	72,799	0.305				
14,560	-	14,796	0.353	72,800	-	79,130	0.304				
14,797	-	15,041	0.352	79,131	-	86,666	0.303				
15,042	-	15,294	0.351	86,667	-	95,789	0.302				
15,295	-	15,555	0.350	95,790	-	107,058	0.301				
15,556	-	15,826	0.349	107,059	-	121,333	0.300				
15,827	-	16,106	0.348	121,334	-	139,999	0.299				
16,107	-	16,396	0.347	140,000	-	165,454	0.298				
16,397	-	16,697	0.346	165,455	-	200,377	0.297				
16,698	-	17,009	0.345	200,378	-	208,235	0.297				
17,010	-	17,333	0.344	208,236	-	216,734	0.296				
17,334	-	17,669	0.343	216,735	-	225,957	0.295				
17,670	-	18,019	0.342	225,958	-	235,999	0.294				
18,020	-	18,383	0.341	236,000	-	246,976	0.293				
18,384	-	18,762	0.340	246,977	-	259,024	0.292				
18,763	-	19,157	0.339	259,025	-	272,307	0.291				
19,158	-	19,569	0.338	272,308	-	287,027	0.290				
19,570	-	19,999	0.337	287,028	-	303,428	0.289				
20,000	-	20,449	0.336	303,429	-	321,818	0.288	First	-	10,000	0.0%
20,450	-	20,919	0.335	321,819	-	342,580	0.287	Next	-	190,000	9.1%
20,920	-	21,411	0.334	342,581	-	366,206	0.286	Next	-	1,550,000	11.3%
21,412	-	21,927	0.333	366,207	-	393,333	0.285	Over	-	1,750,000	12.3%

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

Type B: 2022-01

WC Premium Range		Expense Ratio
From	To	
0	- 10,099	0.381
10,100	- 10,303	0.380
10,304	- 10,515	0.379
10,516	- 10,736	0.378
10,737	- 10,967	0.377
10,968	- 11,208	0.376
11,209	- 11,460	0.375
11,461	- 11,724	0.374
11,725	- 11,999	0.373
12,000	- 12,289	0.372
12,290	- 12,592	0.371
12,593	- 12,911	0.370
12,912	- 13,246	0.369
13,247	- 13,599	0.368
13,600	- 13,972	0.367
13,973	- 14,366	0.366
14,367	- 14,782	0.365
14,783	- 15,223	0.364
15,224	- 15,692	0.363
15,693	- 16,190	0.362
16,191	- 16,721	0.361
16,722	- 17,288	0.360
17,289	- 17,894	0.359
17,895	- 18,545	0.358
18,546	- 19,245	0.357

WC Premium Range		Expense Ratio
From	To	
19,246	- 19,999	0.356
20,000	- 20,816	0.355
20,817	- 21,702	0.354
21,703	- 22,666	0.354
22,667	- 23,720	0.353
23,721	- 24,878	0.352
24,879	- 26,153	0.351
26,154	- 27,567	0.350
27,568	- 29,142	0.349
29,143	- 30,909	0.348
30,910	- 32,903	0.347
32,904	- 35,172	0.346
35,173	- 37,777	0.345
37,778	- 40,799	0.344
40,800	- 44,347	0.343
44,348	- 48,571	0.342
48,572	- 53,684	0.341
53,685	- 59,999	0.340
60,000	- 67,999	0.339
68,000	- 78,461	0.338
78,462	- 92,727	0.337
92,728	- 113,333	0.336
113,334	- 145,714	0.335
145,715	- 200,606	0.334
200,607	- 213,548	0.333

WC Premium Range		Expense Ratio
From	To	
213,549	- 228,275	0.332
228,276	- 245,185	0.331
245,186	- 264,799	0.330
264,800	- 287,826	0.329
287,827	- 315,238	0.328
315,239	- 348,421	0.327
348,422	- 389,411	0.326
389,412	- 441,333	0.326
441,334	- 509,230	0.325
509,231	- 601,818	0.324
601,819	- 735,555	0.323
735,556	- 945,714	0.322
945,715	- 1,323,999	0.321
1,324,000	- 1,809,565	0.320
1,809,566	- 1,981,904	0.319
1,981,905	- 2,190,526	0.318
2,190,527	- 2,448,235	0.317
2,448,236	- 2,774,666	0.316
2,774,667	- 3,201,538	0.315
3,201,539	- 3,783,636	0.314
3,783,637	- 4,624,444	0.313
4,624,445	- 5,945,714	0.312
5,945,715	- 8,323,999	0.311
8,324,000	- 13,873,333	0.310
13,873,334	- 41,619,999	0.309
41,620,000	- And Above	0.308
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:		0.586
Tax Multiplier:		1.035

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

Type A: 2022-01

WC Premium Range	Expense	WC Premium Range	Expense	WC Premium Range	Expense
From To	Ratio	From To	Ratio	From To	Ratio
0 - 10,055	0.317	21,928 - 22,469	0.268	393,334 - 424,799	0.220
10,056 - 10,167	0.316	22,470 - 23,037	0.267	424,800 - 461,739	0.219
10,168 - 10,282	0.315	23,038 - 23,636	0.267	461,740 - 505,714	0.218
10,283 - 10,399	0.314	23,637 - 24,266	0.266	505,715 - 558,947	0.217
10,400 - 10,520	0.313	24,267 - 24,931	0.265	558,948 - 624,705	0.216
10,521 - 10,643	0.312	24,932 - 25,633	0.264	624,706 - 707,999	0.215
10,644 - 10,769	0.311	25,634 - 26,376	0.263	708,000 - 816,923	0.214
10,770 - 10,898	0.310	26,377 - 27,164	0.262	816,924 - 965,454	0.213
10,899 - 11,030	0.309	27,165 - 27,999	0.261	965,455 - 1,179,999	0.212
11,031 - 11,165	0.308	28,000 - 28,888	0.260	1,180,000 - 1,517,142	0.211
11,166 - 11,304	0.307	28,889 - 29,836	0.259	1,517,143 - 1,824,799	0.210
11,305 - 11,446	0.306	29,837 - 30,847	0.258	1,824,800 - 1,983,478	0.209
11,447 - 11,592	0.305	30,848 - 31,929	0.257	1,983,479 - 2,172,380	0.209
11,593 - 11,741	0.304	31,930 - 33,090	0.256	2,172,381 - 2,401,052	0.208
11,742 - 11,895	0.303	33,091 - 34,339	0.255	2,401,053 - 2,683,529	0.207
11,896 - 12,052	0.302	34,340 - 35,686	0.254	2,683,530 - 3,041,333	0.206
12,053 - 12,214	0.301	35,687 - 37,142	0.253	3,041,334 - 3,509,230	0.205
12,215 - 12,380	0.300	37,143 - 38,723	0.252	3,509,231 - 4,147,272	0.204
12,381 - 12,551	0.299	38,724 - 40,444	0.251	4,147,273 - 5,068,888	0.203
12,552 - 12,727	0.298	40,445 - 42,325	0.250	5,068,889 - 6,517,142	0.202
12,728 - 12,907	0.297	42,326 - 44,390	0.249	6,517,143 - 9,123,999	0.201
12,908 - 13,093	0.296	44,391 - 46,666	0.248	9,124,000 - 15,206,666	0.200
13,094 - 13,284	0.295	46,667 - 49,189	0.247	15,206,667 - 45,619,999	0.199
13,285 - 13,481	0.295	49,190 - 51,999	0.246	45,620,000 - And Above	0.198
13,482 - 13,684	0.294	52,000 - 55,151	0.245		
13,685 - 13,893	0.293	55,152 - 58,709	0.244		
13,894 - 14,108	0.292	58,710 - 62,758	0.243		
14,109 - 14,330	0.291	62,759 - 67,407	0.242		
14,331 - 14,559	0.290	67,408 - 72,799	0.241		
14,560 - 14,796	0.289	72,800 - 79,130	0.240		
14,797 - 15,041	0.288	79,131 - 86,666	0.239		
15,042 - 15,294	0.287	86,667 - 95,789	0.238		
15,295 - 15,555	0.286	95,790 - 107,058	0.238		
15,556 - 15,826	0.285	107,059 - 121,333	0.237		
15,827 - 16,106	0.284	121,334 - 139,999	0.236		
16,107 - 16,396	0.283	140,000 - 165,454	0.235		
16,397 - 16,697	0.282	165,455 - 200,377	0.234		
16,698 - 17,009	0.281	200,378 - 208,235	0.233		
17,010 - 17,333	0.280	208,236 - 216,734	0.232		
17,334 - 17,669	0.279	216,735 - 225,957	0.231		
17,670 - 18,019	0.278	225,958 - 235,999	0.230		
18,020 - 18,383	0.277	236,000 - 246,976	0.229		
18,384 - 18,762	0.276	246,977 - 259,024	0.228		
18,763 - 19,157	0.275	259,025 - 272,307	0.227		
19,158 - 19,569	0.274	272,308 - 287,027	0.226		
19,570 - 19,999	0.273	287,028 - 303,428	0.225		
20,000 - 20,449	0.272	303,429 - 321,818	0.224		
20,450 - 20,919	0.271	321,819 - 342,580	0.223		
20,920 - 21,411	0.270	342,581 - 366,206	0.222		
21,412 - 21,927	0.269	366,207 - 393,333	0.221		
				First - 10,000	0.0%
				Next - 190,000	9.1%
				Next - 1,550,000	11.3%
				Over - 1,750,000	12.3%
				Expected Loss and ALAE Ratio:	0.649
				Tax Multiplier:	1.035

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

Type B: 2022-01

WC Premium Range		Expense
From	To	Ratio
0	- 10,099	0.317
10,100	- 10,303	0.316
10,304	- 10,515	0.315
10,516	- 10,736	0.314
10,737	- 10,967	0.313
10,968	- 11,208	0.312
11,209	- 11,460	0.311
11,461	- 11,724	0.310
11,725	- 11,999	0.309
12,000	- 12,289	0.308
12,290	- 12,592	0.307
12,593	- 12,911	0.306
12,912	- 13,246	0.305
13,247	- 13,599	0.304
13,600	- 13,972	0.303
13,973	- 14,366	0.302
14,367	- 14,782	0.301
14,783	- 15,223	0.300
15,224	- 15,692	0.299
15,693	- 16,190	0.298
16,191	- 16,721	0.297
16,722	- 17,288	0.296
17,289	- 17,894	0.295
17,895	- 18,545	0.295
18,546	- 19,245	0.294

WC Premium Range		Expense
From	To	Ratio
19,246	- 19,999	0.293
20,000	- 20,816	0.292
20,817	- 21,702	0.291
21,703	- 22,666	0.290
22,667	- 23,720	0.289
23,721	- 24,878	0.288
24,879	- 26,153	0.287
26,154	- 27,567	0.286
27,568	- 29,142	0.285
29,143	- 30,909	0.284
30,910	- 32,903	0.283
32,904	- 35,172	0.282
35,173	- 37,777	0.281
37,778	- 40,799	0.280
40,800	- 44,347	0.279
44,348	- 48,571	0.278
48,572	- 53,684	0.277
53,685	- 59,999	0.276
60,000	- 67,999	0.275
68,000	- 78,461	0.274
78,462	- 92,727	0.273
92,728	- 113,333	0.272
113,334	- 145,714	0.271
145,715	- 200,606	0.270
200,607	- 213,548	0.269

WC Premium Range		Expense
From	To	Ratio
213,549	- 228,275	0.268
228,276	- 245,185	0.267
245,186	- 264,799	0.267
264,800	- 287,826	0.266
287,827	- 315,238	0.265
315,239	- 348,421	0.264
348,422	- 389,411	0.263
389,412	- 441,333	0.262
441,334	- 509,230	0.261
509,231	- 601,818	0.260
601,819	- 735,555	0.259
735,556	- 945,714	0.258
945,715	- 1,323,999	0.257
1,324,000	- 1,809,565	0.256
1,809,566	- 1,981,904	0.255
1,981,905	- 2,190,526	0.254
2,190,527	- 2,448,235	0.253
2,448,236	- 2,774,666	0.252
2,774,667	- 3,201,538	0.251
3,201,539	- 3,783,636	0.250
3,783,637	- 4,624,444	0.249
4,624,445	- 5,945,714	0.248
5,945,715	- 8,323,999	0.247
8,324,000	- 13,873,333	0.246
13,873,334	- 41,619,999	0.245
41,620,000	- And Above	0.244
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:		0.649
Tax Multiplier:		1.035



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

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



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

Exhibit I – Determination of Indicated Rate Level Change

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 the proposed experience period, as shown on the next few pages.

During this year's analysis, which included an assessment of pandemic claim-related impacts, a combination of both paid and paid plus case data was selected as most appropriate to best reflect the conditions likely to prevail in the proposed effective period. This is consistent with prior filings made in Indiana.

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 2020 Experience

Premium:

(1) Standard Earned Premium Developed to Ultimate (Appendix A-II)	\$631,646,857
(2) Premium On-level Factor (Appendix A-I)	0.600
(3) Pure Premium Available for Benefit Costs = (1) x (2)	\$378,988,114

Indemnity Benefit Cost:

(4) Limited Indemnity Losses Developed to Ultimate (Appendix A-II)	\$109,044,454
(5) Indemnity Loss On-level Factor (Appendix A-I)	1.000
(6) Adjusted Limited Indemnity Losses = (4) x (5)	\$109,044,454
(7) Adjusted Limited Indemnity Cost Ratio excluding Trend and Benefits = (6) / (3)	0.288
(8) Factor to Reflect Indemnity Trend (Appendix A-III)	0.899
(9) Projected Limited Indemnity Cost Ratio = (7) x (8)	0.259
(10) Factor to Adjust Indemnity Cost Ratio to an Unlimited Basis (Appendix A-II)	1.008
(11) Projected Indemnity Cost Ratio = (9) x (10)	0.261
(12) Factor to Reflect Proposed Changes in Indemnity Benefits (Appendix C)	1.013
(13) Projected Indemnity Cost Ratio including Benefit Changes = (11) x (12)	0.264

Medical Benefit Cost:

(14) Limited Medical Losses Developed to Ultimate (Appendix A-II)	\$240,392,731
(15) Medical Loss On-level Factor (Appendix A-I)	1.004
(16) Adjusted Limited Medical Losses = (14) x (15)	\$241,354,302
(17) Adjusted Limited Medical Cost Ratio excluding Trend and Benefits = (16) / (3)	0.637
(18) Factor to Reflect Medical Trend (Appendix A-III)	0.927
(19) Projected Limited Medical Cost Ratio = (17) x (18)	0.590
(20) Factor to Adjust Medical Cost Ratio to an Unlimited Basis (Appendix A-II)	1.008
(21) Projected Medical Cost Ratio = (19) x (20)	0.595
(22) Factor to Reflect Proposed Changes in Medical Benefits (Appendix C)	0.944
(23) Projected Medical Cost Ratio including Benefit Changes = (21) x (22)	0.562

Total Benefit Cost:

(24) Indicated Change Based on Experience, Trend and Benefits = (13) + (23)	0.826
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EXHIBIT I

Determination of Indicated Rate Level Change

Section B - Policy Year 2019 Experience

Premium:

(1) Standard Earned Premium Developed to Ultimate (Appendix A-II)	\$662,292,123
(2) Premium On-level Factor (Appendix A-I)	0.562
(3) Pure Premium Available for Benefit Costs = (1) x (2)	\$372,208,173

Indemnity Benefit Cost:

(4) Limited Indemnity Losses Developed to Ultimate (Appendix A-II)	\$115,981,565
(5) Indemnity Loss On-level Factor (Appendix A-I)	1.001
(6) Adjusted Limited Indemnity Losses = (4) x (5)	\$116,097,547
(7) Adjusted Limited Indemnity Cost Ratio excluding Trend and Benefits = (6) / (3)	0.312
(8) Factor to Reflect Indemnity Trend (Appendix A-III)	0.867
(9) Projected Limited Indemnity Cost Ratio = (7) x (8)	0.271
(10) Factor to Adjust Indemnity Cost Ratio to an Unlimited Basis (Appendix A-II)	1.008
(11) Projected Indemnity Cost Ratio = (9) x (10)	0.273
(12) Factor to Reflect Proposed Changes in Indemnity Benefits (Appendix C)	1.013
(13) Projected Indemnity Cost Ratio including Benefit Changes = (11) x (12)	0.277

Medical Benefit Cost:

(14) Limited Medical Losses Developed to Ultimate (Appendix A-II)	\$265,559,950
(15) Medical Loss On-level Factor (Appendix A-I)	1.011
(16) Adjusted Limited Medical Losses = (14) x (15)	\$268,481,109
(17) Adjusted Limited Medical Cost Ratio excluding Trend and Benefits = (16) / (3)	0.721
(18) Factor to Reflect Medical Trend (Appendix A-III)	0.904
(19) Projected Limited Medical Cost Ratio = (17) x (18)	0.652
(20) Factor to Adjust Medical Cost Ratio to an Unlimited Basis (Appendix A-II)	1.008
(21) Projected Medical Cost Ratio = (19) x (20)	0.657
(22) Factor to Reflect Proposed Changes in Medical Benefits (Appendix C)	0.944
(23) Projected Medical Cost Ratio including Benefit Changes = (21) x (22)	0.620

Total Benefit Cost:

(24) Indicated Change Based on Experience, Trend and Benefits = (13) + (23)	0.897
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EXHIBIT I

Determination of Indicated Rate Level Change

Section C - Policy Year 2018 Experience

Premium:

(1) Standard Earned Premium Developed to Ultimate (Appendix A-II)	\$696,797,558
(2) Premium On-level Factor (Appendix A-I)	0.524
(3) Pure Premium Available for Benefit Costs = (1) x (2)	\$365,121,920

Indemnity Benefit Cost:

(4) Limited Indemnity Losses Developed to Ultimate (Appendix A-II)	\$122,511,210
(5) Indemnity Loss On-level Factor (Appendix A-I)	1.001
(6) Adjusted Limited Indemnity Losses = (4) x (5)	\$122,633,721
(7) Adjusted Limited Indemnity Cost Ratio excluding Trend and Benefits = (6) / (3)	0.336
(8) Factor to Reflect Indemnity Trend (Appendix A-III)	0.837
(9) Projected Limited Indemnity Cost Ratio = (7) x (8)	0.281
(10) Factor to Adjust Indemnity Cost Ratio to an Unlimited Basis (Appendix A-II)	1.008
(11) Projected Indemnity Cost Ratio = (9) x (10)	0.283
(12) Factor to Reflect Proposed Changes in Indemnity Benefits (Appendix C)	1.013
(13) Projected Indemnity Cost Ratio including Benefit Changes = (11) x (12)	0.287

Medical Benefit Cost:

(14) Limited Medical Losses Developed to Ultimate (Appendix A-II)	\$292,030,562
(15) Medical Loss On-level Factor (Appendix A-I)	1.011
(16) Adjusted Limited Medical Losses = (14) x (15)	\$295,242,898
(17) Adjusted Limited Medical Cost Ratio excluding Trend and Benefits = (16) / (3)	0.809
(18) Factor to Reflect Medical Trend (Appendix A-III)	0.881
(19) Projected Limited Medical Cost Ratio = (17) x (18)	0.713
(20) Factor to Adjust Medical Cost Ratio to an Unlimited Basis (Appendix A-II)	1.008
(21) Projected Medical Cost Ratio = (19) x (20)	0.719
(22) Factor to Reflect Proposed Changes in Medical Benefits (Appendix C)	0.944
(23) Projected Medical Cost Ratio including Benefit Changes = (21) x (22)	0.679

Total Benefit Cost:

(24) Indicated Change Based on Experience, Trend and Benefits = (13) + (23)	0.966
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EXHIBIT I

Determination of Indicated Rate Level Change

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

(1) Policy Year 2020 Indicated Change Based on Experience, Trend, and Benefits	0.826
(2) Policy Year 2019 Indicated Change Based on Experience, Trend, and Benefits	0.897
(3) Policy Year 2018 Indicated Change Based on Experience, Trend, and Benefits	0.966
(4) Indicated Change Based on Experience, Trend, and Benefits* = (1) x 33.3% + (2) x 33.3% + (3) x 33.3%	0.896

* The weight applied to each loss ratio in the experience period does not vary by year.

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

(1) Indicated Rate Level Change	0.896
(2) Effect of the Change in Production and General Expenses (Exhibit II)	1.001
(3) Indicated Change Modified to Reflect the Change in Production and General Expenses = (1) x (2)	0.897

Section F - Application of the Change in Taxes

(1) Indicated Rate Level Change	0.897
(2) Effect of the Change in Taxes (Exhibit II)	0.999
(3) Indicated Change Modified to Reflect the Change in Taxes = (1) x (2)	0.896

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

(1) Indicated Rate Level Change	0.896
(2) Effect of the Change in the Profit and Contingency Provision (Exhibit II)	1.000
(3) Indicated Change Modified to Reflect the Change in the Profit and Contingency Provision = (1) x (2)	0.896



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EXHIBIT I

Determination of Indicated Rate Level Change

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

(1) Indicated Rate Level Change	0.896
(2) Effect of the Change in Loss-based Expenses (Exhibit II)	1.001
(3) Indicated Change Modified to Reflect the Change in Loss-based Expenses = (1) x (2)	0.897

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

Industry Group Differentials (Appendix A-IV):

Manufacturing	0.992
Contracting	0.989
Office & Clerical	0.999
Goods & Services	1.010
Miscellaneous	1.004

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	0.897	0.992	0.890	(-11.0%)
Contracting	0.897	0.989	0.887	(-11.3%)
Office & Clerical	0.897	0.999	0.896	(-10.4%)
Goods & Services	0.897	1.010	0.906	(-9.4%)
Miscellaneous	0.897	1.004	0.901	(-9.9%)
Overall	0.897	1.000	0.897	(-10.3%)



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

Exhibit II – Workers Compensation Expense Program

The proposed advisory rates include several expense-related provisions as described below. The expense provisions described below are assumed to be the same for both the voluntary and assigned risk market.

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.

The Production and General Expense provisions are reviewed on an annual basis using countrywide NAIC data. Countrywide data is reviewed because insurance carriers cannot easily attribute portions of their Production and General expenses to any specific state. The analysis of the Production and General expenses involves creating expense to premium ratios. Since the premium comes from a non-NCCI data source, adjustments are made to the premium to convert the premium to a Designated Statistical Reporting (DSR) level. In addition, the fixed expenses are removed from the numerator and denominator of the ratio to arrive at a purely variable expense ratio. These expense ratios are reviewed over time and a selection is made to balance stability and responsiveness. A selection for both Production and General expenses is made after a review of the expense to premium ratios and the underlying data.

Premium Taxes and Assessments: The proposed rates have a provision for taxes, licenses, and fees (other than Federal Income Tax) including a Premium Tax provision, a miscellaneous tax provision, and a provision for the Insurance Guaranty Association assessment. Where published by the state, the published value is selected. When no value is published by the state, historical values are reviewed, and a selection is made.

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. Therefore, advisory rate filings should contemplate the inclusion of a fair and reasonable profit and contingency (P&C) provision.

The proposed P&C provision in this year's filing was selected based on the results of NCCI's Internal Rate of Return (IRR) model, which estimates the time series of expected future cash flows including premium, losses, expenses, investment income and taxes, for a representative insurer underwriting workers compensation coverage. The static and dynamic P&C individual estimates allow the reflection of current interest rates as well as forecasts of the future level of interest rates. The selection is based on a review of both of these estimates while also considering stability in this filing component.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

Exhibit II – Workers Compensation Expense Program

Loss Adjustment Expense Provision: The proposed rates include a provision for loss adjustment expenses (LAE).

LAE is included in the rates 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 developed AOE ratios 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 to better reflect the conditions likely to prevail in the proposed effective 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 periodically levies an assessment on indemnity benefits paid by insurance carriers. The proposed rates include a provision for this assessment based on the historical frequency of these assessments and the estimated indemnity share of workers compensation benefits.

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 fixed 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.



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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	18.3%	18.2%
(3) General Expense	5.9%	6.1%
(4) Taxes, Licenses and Fees (other than Federal Income Tax)		
Premium Tax	1.3%	1.3%
Miscellaneous	0.3%	0.3%
Insurance Guaranty Association	0.2%	0.1%
Total	1.8%	1.7%
(5) Profit and Contingency Provision	1.5%	1.5%
(6) Total Overhead Provisions (2)+(3)+(4)+(5)	27.5%	27.5%
(7) Target Cost Ratio [100% - (6)]	72.5%	72.5%
(8) Loss Adjustment Expense	17.6%	17.6%
(9) Loss-based Assessment	0.0%	0.1%
(10) Permissible Loss Ratio (7) / [1+(8)+(9)]	61.6%	61.6%



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EXHIBIT II

Section B - Calculation of Change in Expense Provisions

	A	B	C	D
	<u>Current</u> <u>Expenses</u>	<u>Col. A with</u> <u>Proposed Prod</u> <u>&GenExp</u>	<u>Col. B with</u> <u>Proposed Taxes</u>	<u>Col. C with</u> <u>Proposed Profit</u> <u>andContingency</u>
(1) Production Expense	18.3%	18.2%	18.2%	18.2%
(2) General Expense	5.9%	6.1%	6.1%	6.1%
(3) Taxes	1.8%	1.8%	1.7%	1.7%
(4) Profit and Contingency Provision	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>
(5) Total Provisions (1)+(2)+(3)+(4)	27.5%	27.6%	27.5%	27.5%
(6) TCR (100%-(5))	72.5%	72.4%	72.5%	72.5%
(7) Loss Based Expenses	17.6%	17.7%	17.7%	17.7%
(8) Change in Production and General Expense (6A) / (6B)			1.001	+0.1%
(9) Change in Taxes and Assessments (6B) / (6C)			0.999	-0.1%
(10) Change in Profit and Contingency Provision (6C) / (6D)			1.000	0.0%
(11) Change in Loss Based Expenses [1.0 + (7B)]/[1.0 + (7A)]			1.001	+0.1%



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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 6.1% 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. The figures below are based on NAIC Insurance Expense Exhibit (IEE) data for stock and mutual companies, supplemented with other data as appropriate.

	<u>2019</u>	<u>2020</u>	<u>2021</u>
(1) Direct Earned Premium (NAIC Insurance Expense Exhibit Data)	48,715,830	44,697,279	44,738,409
(1a) Effect of Premium Discounts	0.9287	0.9299	0.9308
(1b) Effect of Schedule Rating	0.9542	0.9572	0.9592
(1c) Effect of Carrier Deviations	1.0603	1.0758	1.0780
(1d) Effect of Deductibles	0.7398	0.7417	0.7399
(1e) Expense Constant Offset	0.9906	0.9896	0.9896
(2) Gross Adjusted Premium (STD Premium @ NCCI Level Excl. Expense Constant) $\{(1) / [(1a) \times (1b) \times (1c) \times (1d)]\} \times (1e)$	69,424,136	62,279,055	62,170,289
(3) Direct General Expenses Incurred (NAIC Insurance Expense Exhibit Data)	3,518,233	3,321,770	3,346,906
(3a) Proportion of Expense Constant Attributable to General Expenses	0.4063	0.4063	0.4063
(4) General Expenses Incurred (Excluding Expense Constant Revenue) $(3) - (2) \times [1 - (1e)] / (1e) \times (3a)$	3,250,571	3,055,843	3,081,443
(5) Ratio of General Expense to Premium (Excluding Expense Constant Revenue) $(4) / (2)$	4.68%	4.91%	4.96%
(6) General Expense Gradations (General Expenses in Average Premium Discount)	1.25%	1.23%	1.23%
(7) General Expense Provision (5)+(6)	5.93%	6.14%	6.19%
(8) Selected General Expense Provision			6.1%



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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 18.2% 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. The figures below are based on NAIC Insurance Expense Exhibit (IEE) data for stock and mutual companies, supplemented with other data as appropriate.

	<u>2019</u>	<u>2020</u>	<u>2021</u>
(1) Direct Written Premium (NAIC Insurance Expense Exhibit Data)	48,542,771	44,395,749	45,045,328
(1a) Effect of Premium Discounts	0.9287	0.9308	0.9308
(1b) Effect of Schedule Rating	0.9550	0.9589	0.9594
(1c) Effect of Carrier Deviations	1.0706	1.0797	1.0769
(1d) Effect of Deductibles	0.7440	0.7399	0.7399
(1e) Expense Constant Offset	0.9901	0.9892	0.9892
(2) Pool Written Premium (Summary of NCCI Managed Pools - Combined Stock and Mutual Company Data)	973,698	900,966	857,108
(3) Adjusted Direct Written Premium (STD Premium Excl. Pool Written Premium) [(1)-(2)] / (1a) x (1e)	50,714,051	46,223,721	46,960,665
(4) Gross Direct Written Premium (STD Premium @ NCCI Level Incl. Pool Written Premium) {(1) / [(1a) x (1b) x (1c) x (1d)]} x (1e)	68,033,785	61,591,343	62,622,351
(5) Direct Commission & Brokerage Incurred (NAIC Insurance Expense Exhibit Data)	4,366,984	3,982,263	4,279,676
(6) Pool Producer Fees (Summary of NCCI Managed Pools - Combined Stock and Mutual Company Data)	33,836	29,463	28,272
(7) Direct Other Acquisition Expenses Incurred (NAIC Insurance Expense Exhibit Data)	2,307,660	2,128,770	2,101,949
(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)	1,946,233	1,771,498	1,738,696
(9) Ratio of Other Acq. Expenses to Premium (Excluding Expense Constant Revenue) (8)/(4)	2.86%	2.88%	2.78%
(10) Direct Commission & Brokerage Provision [(5)-(6)]/(3)	8.54%	8.55%	9.05%
(11) Production Expense Gradations (Production Expenses in Average Premium Discount)	6.65%	6.60%	6.60%
(12) Production Expense Provision (9)+(10)+(11)	18.05%	18.03%	18.43%
(13) Selected Production Expense Provision			18.2%



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EXHIBIT II

Section F - Insurance Guaranty Association—Workers Compensation Account Assessment

Assessments Levied in Calendar Year 2021

<u>BaseYear</u>	<u>Amount</u>	<u>Base</u>	<u>Rate</u>
2020	-	774,324,871	0.00%
CY 2021 Provision			0.00%

Assessments Levied in Calendar Year 2020

<u>BaseYear</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>BaseYear</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>BaseYear</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			0.10%



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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)	17.6%	17.6%
(b) INSafe	0.0%	0.1%
Effect of change in loss-based expenses = [1.000 + (2a) + (2b)] / [1.000 + (1a) + (1b)] -1		1.001 (+0.1%)



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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 no change to the currently approved loss adjustment expense provision.

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

Proposed Change in Indiana LAE Provision	1.000
$= [1.0 + (2)] / [1.0 + (1)] - 1$	0.0%

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%.

<u>Accident Year</u>	Ultimate AOE <u>Ratio</u>
2017	9.2%
2018	9.2%
2019	9.6%
2020	10.0%
2021	9.3%
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>PaidLosses</u>	(2) Age to Ultimate Development <u>Factor</u>	(3) Ultimate DCCE <u>Ratio</u>
2016	7.9%	1.010	8.0%
2017	8.0%	1.010	8.1%
2018	7.6%	1.049	8.0%
2019	7.4%	1.118	8.3%
2020	6.7%	1.232	8.3%

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	1.102	1.232
2nd	1.066	1.118
3rd	1.039	1.049
4th	1.000	1.010
5th	1.000	1.010
6th	1.001	1.010
7th	1.000	1.009
8th	1.001	1.009
9th	0.999	1.008
10th	1.002	1.009
11th	1.002	1.007
12th	1.001	1.005
13th	1.001	1.004
14th	1.001	1.003
15th	1.001	1.002
16th	1.001	1.001
17th	1.000	1.000
18th	1.000	1.000
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>
12/31/2020	1.105	1.065	1.035	1.005	1.003	1.000
12/31/2021	1.099	1.067	1.043	0.994	0.997	1.001
Average	1.102	1.066	1.039	1.000	1.000	1.001

<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>
12/31/2020	1.001	1.003	1.001	1.003	1.001	1.000
12/31/2021	0.998	0.999	0.997	1.001	1.002	1.001
Average	1.000	1.001	0.999	1.002	1.002	1.001

<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>
12/31/2020	1.000	1.001	1.000	1.000	1.001	1.000
12/31/2021	1.001	1.000	1.002	1.001	0.998	1.000
Average	1.001	1.001	1.001	1.001	1.000	1.000



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EXHIBIT II

Workers Compensation Loss-based Expense Provision

Section G - (G) - Selection of INSafe Assessment Provision

Historical INSafe assessments on indemnity losses are shown in the table below.
NCCI's selection of 0.1% represents the provision applicable to both indemnity and medical losses.

<u>BaseYear</u>	<u>Assessment on IndemnityLosses</u>
2007	0.00%
2008	0.75%
2009	0.00%
2010	0.00%
2011	0.00%
2012	0.00%
2013	0.75%
2014	0.00%
2015	0.00%
2016	0.00%
2017	0.75%
2018	0.00%
2019	0.00%
2020	0.00%
2021	0.75%
<hr/>	
(1) 10-Year Average	0.23%
(2) Indemnity Share of Losses	30.6%
(3) Selected INSafe Provision = (1) x (2)	0.1%



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Section H - Internal Rate of Return Analysis

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 2022.
- 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 2022, with forecasts from May of that year. The starting point for the Dynamic estimates is January 1, 2023.

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

TABLE 1: IRR MODEL INPUTS AND RESULTS

<u>Inputs:</u>			
(1)	Expenses and Taxes as a Percentage of Net Premium at NCCI Level	20.50%	
(2)	Reserve-to-Surplus Ratio	1.86	
(3)	Cash Flow Patterns	See Table 2	
		<u>Static</u>	<u>Dynamic*</u>
(4)	Return on Investments	2.50%	3.65% - 4.00%
(5)	Weighted Average Cost of Capital	9.32%	10.52% - 10.94%
<u>Results</u>			
		<u>Static</u>	<u>Dynamic</u>
(6)	Indicated Profit and Contingency Provision	3.53%	2.02%
(7)	Loss and Loss Adjustment Expense Provision [100% - (6) - (1)]	75.97%	77.48%

Table Notes:

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 2021 Aggregates & Averages, for Commercial Casualty Composite, as the weighted average of Loss, LAE, and Unearned Premium Reserves to Policyholder Surplus, for years 2016 - 2020.

* See Table 3 for details by time period.



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Section H - Internal Rate of Return Analysis

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	13.99%	3.71%	29.70%	13.92%	1.21%
0.50	30.53%	14.06%	53.10%	30.38%	4.57%
0.75	52.21%	30.25%	76.40%	51.96%	9.83%
1.00	76.11%	52.30%	100.00%	76.23%	17.00%
1.25	88.77%	73.59%		88.82%	28.45%
1.50	96.78%	88.24%		96.80%	39.90%
1.75	100.00%	97.05%		100.00%	51.35%
2.00		100.00%			62.80%
2.25					67.33%
2.50					71.85%
2.75					76.38%
3.00					80.90%
3.25					82.78%
3.50					84.65%
3.75					86.53%
4.00					88.40%
4.25					89.28%
4.50					90.15%
4.75					91.03%
5.00					91.90%
6.00					94.90%
7.00					96.00%
8.00					96.50%
9.00					96.80%
10.00					97.10%
11.00					97.50%
12.00					97.80%
13.00					97.90%
14.00					98.00%
15.00					98.10%
16.00					98.10%
17.00					98.20%
18.00					98.20%
19.00					98.30%
20.00					98.40%
21.00					98.40%
22.00					98.40%
23.00					98.50%
24.00					98.80%
25.00					99.00%
26.00					99.10%
27.00					99.20%
28.00					99.30%
29.00					99.40%
30.00					99.40%
31.00					99.60%
32.00					99.73%
33.00					99.83%
34.00					99.92%
35.00					100.00%

**TABLE3: DYNAMICESTIMATE
INPUTS**

Time	(1) Return on Investments	(2) Weighted Average Cost of Capital
0.00	-	-
0.25	3.65%	10.52%
0.50	3.66%	10.54%
0.75	3.68%	10.54%
1.00	3.68%	10.56%
1.25	3.67%	10.57%
1.50	3.67%	10.61%
1.75	3.68%	10.67%
2.00	3.68%	10.73%
2.25	3.69%	10.81%
2.50	3.70%	10.86%
2.75	3.77%	10.92%
3.00	3.77%	10.97%
3.25	3.78%	11.03%
3.50	3.79%	11.11%
3.75	3.79%	11.11%
4.00	3.79%	11.10%
4.25	3.79%	11.11%
4.50	3.79%	11.11%
4.75	3.79%	11.10%
5.00	3.79%	11.10%
6.00	3.82%	11.09%
7.00	3.81%	11.05%
8.00	3.85%	11.01%
9.00	3.90%	10.98%
10.00	3.90%	10.98%
11.00	3.92%	10.97%
12.00	3.92%	10.96%
13.00	3.93%	10.96%
14.00	3.93%	10.96%
15.00	3.93%	10.95%
16.00	3.98%	10.95%
17.00	3.98%	10.95%
18.00	3.98%	10.96%
19.00	3.99%	10.97%
20.00	3.99%	10.98%
21.00	4.03%	10.97%
22.00	4.02%	10.96%
23.00	4.02%	10.95%
24.00	4.01%	10.95%
25.00	4.01%	10.95%
26.00	4.01%	10.94%
27.00	4.01%	10.94%
28.00	4.00%	10.94%
29.00	4.00%	10.94%
30.00	4.00%	10.94%
31.00	4.00%	10.94%
32.00	4.00%	10.94%
33.00	4.00%	10.94%
34.00	4.00%	10.94%
35.00	4.00%	10.94%

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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CalculationDetails

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

ListofTables

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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Calculation Details-Static Estimate

TABLE 4: DERIVATION OF INSURANCE CASH FLOW (STATIC ESTIMATE)

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	0.1399	0.0285	0.0092	0.0058	0.0963
0.50	0.3053	0.0623	0.0347	0.0117	0.1966
0.75	0.5221	0.1065	0.0747	0.0175	0.3233
1.00	0.7611	0.1563	0.1292	0.0234	0.4523
1.25	0.8877	0.1821	0.2161	0.0212	0.4683
1.50	0.9678	0.1984	0.3031	0.0190	0.4473
1.75	1.0000	0.2050	0.3901	0.0168	0.3881
2.00	1.0000	0.2050	0.4771	0.0146	0.3033
2.25	1.0000	0.2050	0.5115	0.0138	0.2697
2.50	1.0000	0.2050	0.5459	0.0130	0.2361
2.75	1.0000	0.2050	0.5802	0.0123	0.2025
3.00	1.0000	0.2050	0.6146	0.0115	0.1688
3.25	1.0000	0.2050	0.6289	0.0112	0.1550
3.50	1.0000	0.2050	0.6431	0.0108	0.1411
3.75	1.0000	0.2050	0.6574	0.0105	0.1272
4.00	1.0000	0.2050	0.6716	0.0101	0.1133
4.25	1.0000	0.2050	0.6782	0.0100	0.1068
4.50	1.0000	0.2050	0.6849	0.0098	0.1003
4.75	1.0000	0.2050	0.6915	0.0096	0.0938
5.00	1.0000	0.2050	0.6982	0.0095	0.0874
6.00	1.0000	0.2050	0.7210	0.0087	0.0653
7.00	1.0000	0.2050	0.7293	0.0085	0.0572
8.00	1.0000	0.2050	0.7331	0.0083	0.0536
9.00	1.0000	0.2050	0.7354	0.0082	0.0514
10.00	1.0000	0.2050	0.7377	0.0081	0.0493
11.00	1.0000	0.2050	0.7407	0.0079	0.0464
12.00	1.0000	0.2050	0.7430	0.0078	0.0442
13.00	1.0000	0.2050	0.7438	0.0077	0.0435
14.00	1.0000	0.2050	0.7445	0.0077	0.0428
15.00	1.0000	0.2050	0.7453	0.0076	0.0421
16.00	1.0000	0.2050	0.7453	0.0076	0.0421
17.00	1.0000	0.2050	0.7461	0.0075	0.0414
18.00	1.0000	0.2050	0.7461	0.0075	0.0414
19.00	1.0000	0.2050	0.7468	0.0075	0.0407
20.00	1.0000	0.2050	0.7476	0.0074	0.0400
21.00	1.0000	0.2050	0.7476	0.0074	0.0400
22.00	1.0000	0.2050	0.7476	0.0074	0.0400
23.00	1.0000	0.2050	0.7483	0.0074	0.0392
24.00	1.0000	0.2050	0.7506	0.0074	0.0370
25.00	1.0000	0.2050	0.7521	0.0074	0.0354
26.00	1.0000	0.2050	0.7529	0.0074	0.0347
27.00	1.0000	0.2050	0.7536	0.0074	0.0339
28.00	1.0000	0.2050	0.7544	0.0074	0.0332
29.00	1.0000	0.2050	0.7552	0.0074	0.0324
30.00	1.0000	0.2050	0.7552	0.0074	0.0324
31.00	1.0000	0.2050	0.7567	0.0074	0.0309
32.00	1.0000	0.2050	0.7577	0.0074	0.0299
33.00	1.0000	0.2050	0.7585	0.0074	0.0291
34.00	1.0000	0.2050	0.7592	0.0074	0.0284
35.00	1.0000	0.2050	0.7597	0.0074	0.0279

Column Notes:

- (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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Section H - Internal Rate of Return Analysis

CalculationDetails-StaticEstimate(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	0.1500	0.2718	0.0008	(0.1746)	(0.1746)	(0.1726)
0.50	0.4625	0.2486	0.4854	0.0032	(0.2856)	(0.1111)	(0.1074)
0.75	0.6166	0.3315	0.7062	0.0069	(0.3760)	(0.0904)	(0.0855)
1.00	0.7452	0.4006	0.9069	0.0119	(0.4427)	(0.0667)	(0.0617)
1.25	0.6070	0.3264	0.8211	0.0173	(0.3356)	0.1072	0.0969
1.50	0.4849	0.2607	0.7133	0.0220	(0.2441)	0.0915	0.0810
1.75	0.3767	0.2025	0.5792	0.0260	(0.1651)	0.0790	0.0683
2.00	0.2826	0.1519	0.4346	0.0292	(0.1021)	0.0630	0.0533
2.25	0.2482	0.1335	0.3817	0.0317	(0.0803)	0.0218	0.0180
2.50	0.2139	0.1150	0.3288	0.0339	(0.0589)	0.0214	0.0174
2.75	0.1795	0.0965	0.2760	0.0358	(0.0377)	0.0211	0.0167
3.00	0.1451	0.0780	0.2231	0.0373	(0.0170)	0.0208	0.0161
3.25	0.1309	0.0704	0.2012	0.0386	(0.0076)	0.0093	0.0071
3.50	0.1166	0.0627	0.1793	0.0398	0.0016	0.0092	0.0068
3.75	0.1024	0.0550	0.1574	0.0409	0.0106	0.0091	0.0066
4.00	0.0881	0.0474	0.1355	0.0418	0.0195	0.0089	0.0063
4.25	0.0815	0.0438	0.1253	0.0426	0.0241	0.0046	0.0032
4.50	0.0748	0.0402	0.1151	0.0433	0.0286	0.0045	0.0030
4.75	0.0682	0.0367	0.1048	0.0440	0.0330	0.0044	0.0029
5.00	0.0615	0.0331	0.0946	0.0446	0.0374	0.0044	0.0028
6.00	0.0387	0.0208	0.0596	0.0466	0.0523	0.0149	0.0091
7.00	0.0304	0.0163	0.0467	0.0479	0.0584	0.0061	0.0034
8.00	0.0266	0.0143	0.0409	0.0490	0.0617	0.0033	0.0017
9.00	0.0243	0.0131	0.0374	0.0500	0.0640	0.0023	0.0011
10.00	0.0220	0.0118	0.0339	0.0509	0.0662	0.0022	0.0010
11.00	0.0190	0.0102	0.0292	0.0517	0.0688	0.0026	0.0010
12.00	0.0167	0.0090	0.0257	0.0523	0.0708	0.0020	0.0007
13.00	0.0160	0.0086	0.0245	0.0530	0.0719	0.0011	0.0004
14.00	0.0152	0.0082	0.0234	0.0536	0.0730	0.0011	0.0003
15.00	0.0144	0.0078	0.0222	0.0541	0.0740	0.0010	0.0003
16.00	0.0144	0.0078	0.0222	0.0547	0.0746	0.0006	0.0001
17.00	0.0137	0.0074	0.0210	0.0552	0.0756	0.0010	0.0002
18.00	0.0137	0.0074	0.0210	0.0558	0.0762	0.0006	0.0001
19.00	0.0129	0.0069	0.0199	0.0563	0.0771	0.0010	0.0002
20.00	0.0122	0.0065	0.0187	0.0568	0.0780	0.0009	0.0002
21.00	0.0122	0.0065	0.0187	0.0572	0.0785	0.0005	0.0001
22.00	0.0122	0.0065	0.0187	0.0577	0.0790	0.0005	0.0001
23.00	0.0114	0.0061	0.0175	0.0581	0.0799	0.0009	0.0001
24.00	0.0091	0.0049	0.0140	0.0585	0.0815	0.0016	0.0002
25.00	0.0076	0.0041	0.0117	0.0589	0.0826	0.0011	0.0001
26.00	0.0068	0.0037	0.0105	0.0591	0.0833	0.0007	0.0001
27.00	0.0061	0.0033	0.0093	0.0594	0.0840	0.0007	0.0001
28.00	0.0053	0.0029	0.0082	0.0596	0.0846	0.0006	0.0001
29.00	0.0046	0.0025	0.0070	0.0598	0.0852	0.0006	0.0000
30.00	0.0046	0.0025	0.0070	0.0600	0.0854	0.0002	0.0000
31.00	0.0030	0.0016	0.0047	0.0601	0.0863	0.0010	0.0001
32.00	0.0021	0.0011	0.0032	0.0602	0.0870	0.0006	0.0000
33.00	0.0013	0.0007	0.0019	0.0603	0.0875	0.0005	0.0000
34.00	0.0006	0.0003	0.0009	0.0603	0.0879	0.0004	0.0000
35.00	-	-	-	0.0603	0.0882	0.0003	0.0000

ColumnNotes:

- (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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CalculationDetails-DynamicEstimate

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	0.1399	0.0285	0.0093	0.0055	0.0965
0.50	0.3053	0.0623	0.0354	0.0110	0.1966
0.75	0.5221	0.1065	0.0762	0.0164	0.3230
1.00	0.7611	0.1563	0.1317	0.0219	0.4512
1.25	0.8877	0.1821	0.2204	0.0193	0.4658
1.50	0.9678	0.1984	0.3091	0.0167	0.4435
1.75	1.0000	0.2050	0.3979	0.0141	0.3830
2.00	1.0000	0.2050	0.4866	0.0115	0.2969
2.25	1.0000	0.2050	0.5216	0.0108	0.2626
2.50	1.0000	0.2050	0.5567	0.0100	0.2283
2.75	1.0000	0.2050	0.5917	0.0092	0.1940
3.00	1.0000	0.2050	0.6268	0.0085	0.1597
3.25	1.0000	0.2050	0.6413	0.0081	0.1456
3.50	1.0000	0.2050	0.6559	0.0077	0.1314
3.75	1.0000	0.2050	0.6704	0.0074	0.1172
4.00	1.0000	0.2050	0.6849	0.0070	0.1031
4.25	1.0000	0.2050	0.6917	0.0068	0.0965
4.50	1.0000	0.2050	0.6985	0.0067	0.0899
4.75	1.0000	0.2050	0.7053	0.0065	0.0832
5.00	1.0000	0.2050	0.7120	0.0063	0.0766
6.00	1.0000	0.2050	0.7353	0.0056	0.0541
7.00	1.0000	0.2050	0.7438	0.0053	0.0459
8.00	1.0000	0.2050	0.7477	0.0051	0.0422
9.00	1.0000	0.2050	0.7500	0.0050	0.0400
10.00	1.0000	0.2050	0.7523	0.0049	0.0378
11.00	1.0000	0.2050	0.7554	0.0048	0.0348
12.00	1.0000	0.2050	0.7577	0.0046	0.0326
13.00	1.0000	0.2050	0.7585	0.0046	0.0319
14.00	1.0000	0.2050	0.7593	0.0045	0.0312
15.00	1.0000	0.2050	0.7601	0.0045	0.0305
16.00	1.0000	0.2050	0.7601	0.0044	0.0305
17.00	1.0000	0.2050	0.7608	0.0044	0.0298
18.00	1.0000	0.2050	0.7608	0.0044	0.0298
19.00	1.0000	0.2050	0.7616	0.0043	0.0291
20.00	1.0000	0.2050	0.7624	0.0043	0.0283
21.00	1.0000	0.2050	0.7624	0.0043	0.0283
22.00	1.0000	0.2050	0.7624	0.0043	0.0283
23.00	1.0000	0.2050	0.7632	0.0043	0.0276
24.00	1.0000	0.2050	0.7655	0.0043	0.0252
25.00	1.0000	0.2050	0.7670	0.0043	0.0237
26.00	1.0000	0.2050	0.7678	0.0043	0.0229
27.00	1.0000	0.2050	0.7686	0.0043	0.0221
28.00	1.0000	0.2050	0.7694	0.0043	0.0214
29.00	1.0000	0.2050	0.7701	0.0043	0.0206
30.00	1.0000	0.2050	0.7701	0.0043	0.0206
31.00	1.0000	0.2050	0.7717	0.0043	0.0191
32.00	1.0000	0.2050	0.7727	0.0043	0.0181
33.00	1.0000	0.2050	0.7735	0.0042	0.0172
34.00	1.0000	0.2050	0.7742	0.0042	0.0166
35.00	1.0000	0.2050	0.7748	0.0042	0.0160

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)

TABLE 7: 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	0.2793	0.1502	0.2723	0.0012	(0.1746)	(0.1746)	0.9876	(0.1724)
0.50	0.4639	0.2494	0.4876	0.0047	(0.2863)	(0.1117)	0.9631	(0.1076)
0.75	0.6197	0.3332	0.7110	0.0101	(0.3779)	(0.0916)	0.9393	(0.0860)
1.00	0.7505	0.4035	0.9151	0.0175	(0.4464)	(0.0685)	0.9160	(0.0628)
1.25	0.6138	0.3300	0.8316	0.0254	(0.3403)	0.1061	0.8933	0.0948
1.50	0.4921	0.2646	0.7245	0.0324	(0.2486)	0.0917	0.8711	0.0799
1.75	0.3836	0.2062	0.5898	0.0384	(0.1684)	0.0802	0.8493	0.0681
2.00	0.2882	0.1550	0.4432	0.0431	(0.1032)	0.0652	0.8279	0.0540
2.25	0.2532	0.1361	0.3893	0.0469	(0.0798)	0.0234	0.8069	0.0189
2.50	0.2181	0.1173	0.3354	0.0502	(0.0569)	0.0229	0.7864	0.0180
2.75	0.1830	0.0984	0.2815	0.0530	(0.0344)	0.0225	0.7663	0.0172
3.00	0.1480	0.0796	0.2275	0.0554	(0.0124)	0.0220	0.7466	0.0164
3.25	0.1335	0.0718	0.2052	0.0574	(0.0022)	0.0102	0.7273	0.0074
3.50	0.1189	0.0639	0.1829	0.0592	0.0078	0.0100	0.7084	0.0071
3.75	0.1044	0.0561	0.1605	0.0608	0.0176	0.0098	0.6900	0.0067
4.00	0.0899	0.0483	0.1382	0.0622	0.0271	0.0096	0.6721	0.0064
4.25	0.0831	0.0447	0.1278	0.0635	0.0322	0.0051	0.6546	0.0033
4.50	0.0763	0.0410	0.1173	0.0646	0.0371	0.0050	0.6376	0.0032
4.75	0.0695	0.0374	0.1069	0.0657	0.0420	0.0049	0.6211	0.0030
5.00	0.0628	0.0337	0.0965	0.0666	0.0468	0.0048	0.6049	0.0029
6.00	0.0395	0.0212	0.0608	0.0696	0.0630	0.0162	0.5664	0.0092
7.00	0.0310	0.0167	0.0477	0.0717	0.0699	0.0069	0.5101	0.0035
8.00	0.0271	0.0146	0.0417	0.0734	0.0739	0.0040	0.4595	0.0018
9.00	0.0248	0.0133	0.0381	0.0750	0.0768	0.0029	0.4140	0.0012
10.00	0.0225	0.0121	0.0345	0.0764	0.0796	0.0028	0.3731	0.0010
11.00	0.0194	0.0104	0.0298	0.0777	0.0827	0.0031	0.3362	0.0010
12.00	0.0170	0.0092	0.0262	0.0787	0.0852	0.0025	0.3030	0.0007
13.00	0.0163	0.0087	0.0250	0.0798	0.0866	0.0015	0.2730	0.0004
14.00	0.0155	0.0083	0.0238	0.0807	0.0881	0.0014	0.2461	0.0004
15.00	0.0147	0.0079	0.0226	0.0816	0.0895	0.0014	0.2218	0.0003
16.00	0.0147	0.0079	0.0226	0.0825	0.0904	0.0009	0.1999	0.0002
17.00	0.0139	0.0075	0.0214	0.0834	0.0917	0.0013	0.1802	0.0002
18.00	0.0139	0.0075	0.0214	0.0843	0.0926	0.0009	0.1624	0.0001
19.00	0.0132	0.0071	0.0203	0.0851	0.0939	0.0013	0.1463	0.0002
20.00	0.0124	0.0067	0.0191	0.0859	0.0951	0.0012	0.1318	0.0002
21.00	0.0124	0.0067	0.0191	0.0866	0.0959	0.0008	0.1188	0.0001
22.00	0.0124	0.0067	0.0191	0.0874	0.0967	0.0008	0.1071	0.0001
23.00	0.0116	0.0062	0.0179	0.0882	0.0978	0.0012	0.0965	0.0001
24.00	0.0093	0.0050	0.0143	0.0888	0.0997	0.0019	0.0870	0.0002
25.00	0.0077	0.0042	0.0119	0.0893	0.1011	0.0014	0.0784	0.0001
26.00	0.0070	0.0037	0.0107	0.0898	0.1020	0.0009	0.0707	0.0001
27.00	0.0062	0.0033	0.0095	0.0902	0.1028	0.0008	0.0637	0.0001
28.00	0.0054	0.0029	0.0083	0.0905	0.1036	0.0008	0.0574	0.0000
29.00	0.0046	0.0025	0.0071	0.0909	0.1043	0.0007	0.0518	0.0000
30.00	0.0046	0.0025	0.0071	0.0911	0.1046	0.0003	0.0467	0.0000
31.00	0.0031	0.0017	0.0048	0.0914	0.1057	0.0011	0.0421	0.0000
32.00	0.0021	0.0011	0.0032	0.0915	0.1064	0.0007	0.0379	0.0000
33.00	0.0013	0.0007	0.0020	0.0916	0.1069	0.0006	0.0342	0.0000
34.00	0.0006	0.0003	0.0009	0.0917	0.1073	0.0004	0.0308	0.0000
35.00	-	-	-	0.0917	0.1077	0.0003	0.0278	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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Section H - Internal Rate of Return Analysis

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 (Rol) is shown in Table A.2. The calculation for the Static estimate is shown in each. Calculations of the WACC and Rol 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 Rol 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	1.83%	3.11%	3.28%	3.65%
(2) US Equity Market Risk Premium	8.66%			
(3) Beta for Property/Casualty (P/C) Insurers	1.00			
(4) Equity Cost of Capital for P/C Insurers	10.49%	11.77%	11.94%	12.31%
(5) Share of Equity Capital for P/C Insurers	85%			
(6) Debt Cost of Capital for P/C Insurers	2.65%	3.67%	3.88%	4.25%
(7) Weighted Average Cost of Capital (WACC)	9.32%	10.56%	10.73%	11.10%

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)]



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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	74.0%							
Government Direct Obligations	6.7%							
< 1yr	2.3%	6 mo US T-bill	0.50 yrs	21.00%	0.48%	2.12%	2.04%	2.10%
1 – 5 yrs	2.8%	2.5 yr US T-note	2.50 yrs	21.00%	1.24%	2.32%	2.32%	2.50%
5 – 10 yrs	1.0%	7.5 yr US T-note	7.50 yrs	21.00%	1.53%	2.50%	2.50%	2.50%
10 – 20 yrs	0.2%	15 yr US T-note	15.00 yrs	21.00%	1.69%	2.66%	2.66%	2.66%
> 20 yrs	0.4%	20 yr US T-note	20.00 yrs	21.00%	1.84%	2.80%	2.80%	2.80%
Collateralized Securities	8.0%							
< 1yr	1.1%	6 mo US T-bill + 50 basis points	0.50 yrs	21.00%	0.88%	2.52%	2.43%	2.49%
1 – 5 yrs	3.1%	2.5 yr US T-note + 50 basis points	2.50 yrs	21.00%	1.64%	2.72%	2.72%	2.90%
5 – 10 yrs	2.3%	7.5 yr US T-note + 50 basis points	7.50 yrs	21.00%	1.92%	2.90%	2.90%	2.90%
10 – 20 yrs	1.2%	15 yr US T-note + 50 basis points	15.00 yrs	21.00%	2.09%	3.06%	3.06%	3.06%
> 20 yrs	0.3%	20 yr US T-note + 50 basis points	20.00 yrs	21.00%	2.24%	3.20%	3.20%	3.20%
Tax-exempt Bonds	20.0%							
< 1yr	1.4%	6 mo US T-bill + Tax-exempt spread	0.50 yrs	5.25%	0.73%	2.70%	2.60%	2.67%
1 – 5 yrs	6.0%	2.5 yr US T-note + Tax-exempt spread	2.50 yrs	5.25%	1.68%	2.98%	2.98%	3.19%
5 – 10 yrs	5.5%	7.5 yr US T-note + Tax-exempt spread	7.50 yrs	5.25%	2.02%	3.19%	3.19%	3.19%
10 – 20 yrs	5.5%	15 yr US T-note + Tax-exempt spread	15.00 yrs	5.25%	2.32%	3.48%	3.48%	3.48%
> 20 yrs	1.6%	20 yr US T-note + Tax-exempt spread	20.00 yrs	5.25%	2.61%	3.75%	3.75%	3.75%
Industrial and Hybrid Securities (unaffiliated)	39.0%							
< 1yr	4.5%	6 mo US T-bill + Corp spread	0.50 yrs	21.00%	0.98%	2.62%	2.53%	2.60%
1 – 5 yrs	17.5%	2.5 yr US T-note + Corp spread	2.50 yrs	21.00%	1.97%	3.05%	3.05%	3.23%
5 – 10 yrs	13.4%	7.5 yr US T-note + Corp spread	7.50 yrs	21.00%	2.57%	3.54%	3.54%	3.54%
10 – 20 yrs	2.1%	15 yr US T-note + Corp spread	15.00 yrs	21.00%	2.85%	3.82%	3.82%	3.82%
> 20 yrs	1.5%	20 yr US T-note + Corp spread	20.00 yrs	21.00%	3.02%	3.98%	3.98%	3.98%
Industrial and Hybrid Securities (affiliated)	0.3%							
< 1yr	0.0%	6 mo US T-bill + Corp spread	0.50 yrs	5.25%	1.18%	3.14%	3.04%	3.11%
1 – 5 yrs	0.2%	2.5 yr US T-note + Corp spread	2.50 yrs	5.25%	2.36%	3.66%	3.66%	3.88%
5 – 10 yrs	0.0%	7.5 yr US T-note + Corp spread	7.50 yrs	5.25%	3.08%	4.25%	4.25%	4.25%
10 – 20 yrs	0.0%	15 yr US T-note + Corp spread	15.00 yrs	5.25%	3.42%	4.58%	4.58%	4.58%
> 20 yrs	0.0%	20 yr US T-note + Corp spread	20.00 yrs	5.25%	3.63%	4.77%	4.77%	4.77%
Stocks, of which	11.3%							
Preferred Stock	0.5%	5 year US T-note + 433 basis points	0.25 yrs	13.13%	5.35%	6.46%	6.61%	6.93%
Common Stock	10.8%	5 year US T-note + 866 basis points	0.25 yrs	18.46%	8.56%	9.60%	9.73%	10.03%
Mortgage Loans	2.5%							
Real Estate	0.6%							
Cash & Short-Term Investment	4.4%	3 month US T-bill	0.25 yrs	21.00%	0.25%	2.09%	1.96%	1.98%
All Other Assets*	7.3%							
Post-Tax Return on Invested Funds, pre-Expense:					2.68%	3.86%	3.86%	3.97%
Investment Expense**:					-0.18%	-0.18%	-0.18%	-0.18%
Post-Tax Return on Invested Funds:					2.50%	3.68%	3.68%	3.79%

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 2018-2020, 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 2018-2020, 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-ration" 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 67.8% while the income portion is 32.2%. The percentages are obtained from Kroll, LLC
SBBi Summary Statistics of Annual Returns: large cap stocks, arithmetic mean.
- Static estimates of US Treasury yields are constant maturity yields from the first quarter of 2022.
- 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 2020 is from the Annual Statement, Exhibit of Net Investment Income.

Average cash and invested assets for 2019 and 2020 are from Best's Aggregates and Averages (Property-Casualty), Assets for Commercial Casualty Composite.



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EXHIBIT II

Section H - Internal Rate of Return Analysis

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.

TABLE 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	0.1563	0.8839	0.1292	0.1292	-	0.2216	-	0.0234
2.00	1.0000	-	0.2050	0.8693	0.4771	0.2933	0.1839	0.0753	0.1733	0.0146
3.00	1.0000	-	0.2050	0.8588	0.6146	0.3143	0.3003	0.0563	0.0692	0.0115
4.00	1.0000	-	0.2050	0.8443	0.6716	0.3465	0.3251	0.0281	0.0471	0.0101
5.00	1.0000	-	0.2050	0.8390	0.6982	0.3504	0.3478	0.0247	0.0271	0.0095
6.00	1.0000	-	0.2050	0.8340	0.7210	0.3655	0.3554	0.0119	0.0205	0.0087
7.00	1.0000	-	0.2050	0.8376	0.7293	0.3642	0.3651	0.0131	0.0123	0.0085
8.00	1.0000	-	0.2050	0.8458	0.7331	0.3677	0.3654	0.0103	0.0121	0.0083
9.00	1.0000	-	0.2050	0.8518	0.7354	0.3677	0.3677	0.0104	0.0103	0.0082
10.00	1.0000	-	0.2050	0.8701	0.7377	0.3694	0.3683	0.0091	0.0099	0.0081
11.00	1.0000	-	0.2050	0.8818	0.7407	0.3708	0.3699	0.0080	0.0087	0.0079
12.00	1.0000	-	0.2050	0.8938	0.7430	0.3718	0.3712	0.0072	0.0077	0.0078
13.00	1.0000	-	0.2050	0.9061	0.7438	0.3719	0.3719	0.0072	0.0072	0.0077
14.00	1.0000	-	0.2050	0.9185	0.7445	0.3724	0.3721	0.0068	0.0070	0.0077
15.00	1.0000	-	0.2050	0.9312	0.7453	0.3727	0.3725	0.0066	0.0067	0.0076
16.00	1.0000	-	0.2050	0.9440	0.7453	0.3726	0.3727	0.0069	0.0067	0.0076
17.00	1.0000	-	0.2050	0.9571	0.7461	0.3732	0.3728	0.0063	0.0067	0.0075
18.00	1.0000	-	0.2050	0.9704	0.7461	0.3729	0.3731	0.0067	0.0064	0.0075
19.00	1.0000	-	0.2050	0.9835	0.7468	0.3736	0.3732	0.0061	0.0065	0.0075
20.00	1.0000	-	0.2050	0.9860	0.7476	0.3739	0.3737	0.0059	0.0060	0.0074
21.00	1.0000	-	0.2050	0.9860	0.7476	0.3738	0.3738	0.0060	0.0060	0.0074
22.00	1.0000	-	0.2050	0.9860	0.7476	0.3738	0.3738	0.0060	0.0060	0.0074
23.00	1.0000	-	0.2050	0.9860	0.7483	0.3743	0.3740	0.0054	0.0058	0.0074
24.00	1.0000	-	0.2050	0.9860	0.7506	0.3758	0.3748	0.0040	0.0050	0.0074
25.00	1.0000	-	0.2050	0.9860	0.7521	0.3762	0.3759	0.0036	0.0039	0.0074
26.00	1.0000	-	0.2050	0.9860	0.7529	0.3766	0.3763	0.0033	0.0035	0.0074
27.00	1.0000	-	0.2050	0.9860	0.7536	0.3770	0.3767	0.0029	0.0031	0.0074
28.00	1.0000	-	0.2050	0.9860	0.7544	0.3773	0.3771	0.0025	0.0027	0.0074
29.00	1.0000	-	0.2050	0.9860	0.7552	0.3777	0.3775	0.0021	0.0024	0.0074
30.00	1.0000	-	0.2050	0.9860	0.7552	0.3775	0.3776	0.0023	0.0022	0.0074
31.00	1.0000	-	0.2050	0.9860	0.7567	0.3788	0.3779	0.0011	0.0019	0.0074
32.00	1.0000	-	0.2050	0.9860	0.7577	0.3789	0.3788	0.0010	0.0011	0.0074
33.00	1.0000	-	0.2050	0.9860	0.7585	0.3794	0.3790	0.0004	0.0008	0.0074
34.00	1.0000	-	0.2050	0.9860	0.7592	0.3797	0.3795	0.0002	0.0004	0.0074
35.00	1.0000	-	0.2050	0.9860	0.7597	0.3799	0.3799	-	-	0.0074

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 2021-52, Rev. Proc. 2021-54, dated December 27, 2021
- (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,

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

$$= [\text{col (7, Time 35)} - (7)] * \text{col (4, previous row)}$$
- (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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EXHIBIT II

Section H - Internal Rate of Return Analysis

APPENDIXB: FEDERALINCOMETAXINCURREDFROMINSURANCE OPERATIONS (CONTINUED)

TABLE 2: FEDERALINCOMETAXCALCULATION (DYNAMICESTIMATE)

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	0.1563	0.8839	0.1317	0.1317	-	0.2260	-	0.0219
2.00	1.0000	-	0.2050	0.8693	0.4866	0.2991	0.1875	0.0768	0.1767	0.0115
3.00	1.0000	-	0.2050	0.8588	0.6268	0.3206	0.3062	0.0574	0.0706	0.0085
4.00	1.0000	-	0.2050	0.8443	0.6849	0.3534	0.3315	0.0287	0.0480	0.0070
5.00	1.0000	-	0.2050	0.8390	0.7120	0.3573	0.3547	0.0252	0.0276	0.0063
6.00	1.0000	-	0.2050	0.8340	0.7353	0.3728	0.3625	0.0122	0.0209	0.0056
7.00	1.0000	-	0.2050	0.8376	0.7438	0.3715	0.3723	0.0134	0.0125	0.0053
8.00	1.0000	-	0.2050	0.8458	0.7477	0.3750	0.3726	0.0105	0.0124	0.0051
9.00	1.0000	-	0.2050	0.8518	0.7500	0.3750	0.3750	0.0106	0.0105	0.0050
10.00	1.0000	-	0.2050	0.8701	0.7523	0.3767	0.3756	0.0093	0.0101	0.0049
11.00	1.0000	-	0.2050	0.8818	0.7554	0.3782	0.3772	0.0081	0.0088	0.0048
12.00	1.0000	-	0.2050	0.8938	0.7577	0.3792	0.3785	0.0073	0.0078	0.0046
13.00	1.0000	-	0.2050	0.9061	0.7585	0.3793	0.3792	0.0073	0.0073	0.0046
14.00	1.0000	-	0.2050	0.9185	0.7593	0.3798	0.3795	0.0069	0.0072	0.0045
15.00	1.0000	-	0.2050	0.9312	0.7601	0.3801	0.3799	0.0068	0.0069	0.0045
16.00	1.0000	-	0.2050	0.9440	0.7601	0.3800	0.3801	0.0070	0.0068	0.0044
17.00	1.0000	-	0.2050	0.9571	0.7608	0.3806	0.3802	0.0065	0.0068	0.0044
18.00	1.0000	-	0.2050	0.9704	0.7608	0.3803	0.3805	0.0069	0.0066	0.0044
19.00	1.0000	-	0.2050	0.9835	0.7616	0.3811	0.3806	0.0062	0.0066	0.0043
20.00	1.0000	-	0.2050	0.9860	0.7624	0.3813	0.3811	0.0060	0.0062	0.0043
21.00	1.0000	-	0.2050	0.9860	0.7624	0.3812	0.3812	0.0061	0.0061	0.0043
22.00	1.0000	-	0.2050	0.9860	0.7624	0.3812	0.3812	0.0061	0.0061	0.0043
23.00	1.0000	-	0.2050	0.9860	0.7632	0.3818	0.3814	0.0055	0.0059	0.0043
24.00	1.0000	-	0.2050	0.9860	0.7655	0.3832	0.3823	0.0041	0.0051	0.0043
25.00	1.0000	-	0.2050	0.9860	0.7670	0.3837	0.3834	0.0037	0.0040	0.0043
26.00	1.0000	-	0.2050	0.9860	0.7678	0.3840	0.3838	0.0033	0.0036	0.0043
27.00	1.0000	-	0.2050	0.9860	0.7686	0.3844	0.3842	0.0029	0.0032	0.0043
28.00	1.0000	-	0.2050	0.9860	0.7694	0.3848	0.3846	0.0025	0.0028	0.0043
29.00	1.0000	-	0.2050	0.9860	0.7701	0.3852	0.3849	0.0022	0.0024	0.0043
30.00	1.0000	-	0.2050	0.9860	0.7701	0.3850	0.3851	0.0024	0.0022	0.0043
31.00	1.0000	-	0.2050	0.9860	0.7717	0.3863	0.3854	0.0011	0.0019	0.0043
32.00	1.0000	-	0.2050	0.9860	0.7727	0.3864	0.3863	0.0010	0.0011	0.0043
33.00	1.0000	-	0.2050	0.9860	0.7735	0.3869	0.3866	0.0004	0.0008	0.0042
34.00	1.0000	-	0.2050	0.9860	0.7742	0.3872	0.3870	0.0002	0.0004	0.0042
35.00	1.0000	-	0.2050	0.9860	0.7748	0.3874	0.3874	-	-	0.0042

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 2021-52, Rev. Proc. 2021-54, dated December 27, 2021
- (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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EXHIBIT II

Section H - Internal Rate of Return Analysis

APPENDIXC:RESERVE-TO-SURPLUSRATIO

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)
2020	213,654,262	47,148,359	91,285,583	184,607,060	1.41	1.91
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
2016 - 2020	994,476,413	219,890,104	413,990,428	873,185,285	1.39	1.86

Selected Ratio including Unearned Premium: 1.86

Source: Columns (1) - (4) for the latest year are taken from Liabilities, Surplus and Other Funds in Best's 2021 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 graduated expense provisions by policy size.

Gradation of Standard Premium

Expense Gradations

Division of Premium		Production*	General	Discounts
First	\$10,000	18.2%	6.1%	---
Next	\$190,000	10.7%	5.1%	9.1%
Next	\$1,550,000	9.2%	4.5%	11.3%
Over	\$1,750,000	9.2%	3.6%	12.3%
Proposed Average:		11.6%	4.9%	

Proposed Average Expense Gradation:
(Expense for 1st \$10,000 - Avg Expense)

6.6% 1.2%

Average Premium Discount:

$[Avg\ Exp\ Grad] / [1 - Taxes - P\&C] = [6.6\% + 1.2\%] / [1 - 1.7\% - 1.5\%] = 8.1\%$

Composition of Standard Premium:

Benefit & Loss Adj. Cost	Production (18.2%)	General (6.1%)	Profit (1.5%)	Taxes (1.7%)		
72.5%	11.6%	4.9%	1.4%	1.6%	Premium -- After Discounts (92.0%)	Standard Premium -- Excluding Expense Constant (100.0%)
	6.6%	1.2%	0.1%	0.1%	-- Discount (8.0%)	
	0.6%	0.4%	0.0%	0.0%	-- Premium from \$160 expense constant. (1.1% = 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.



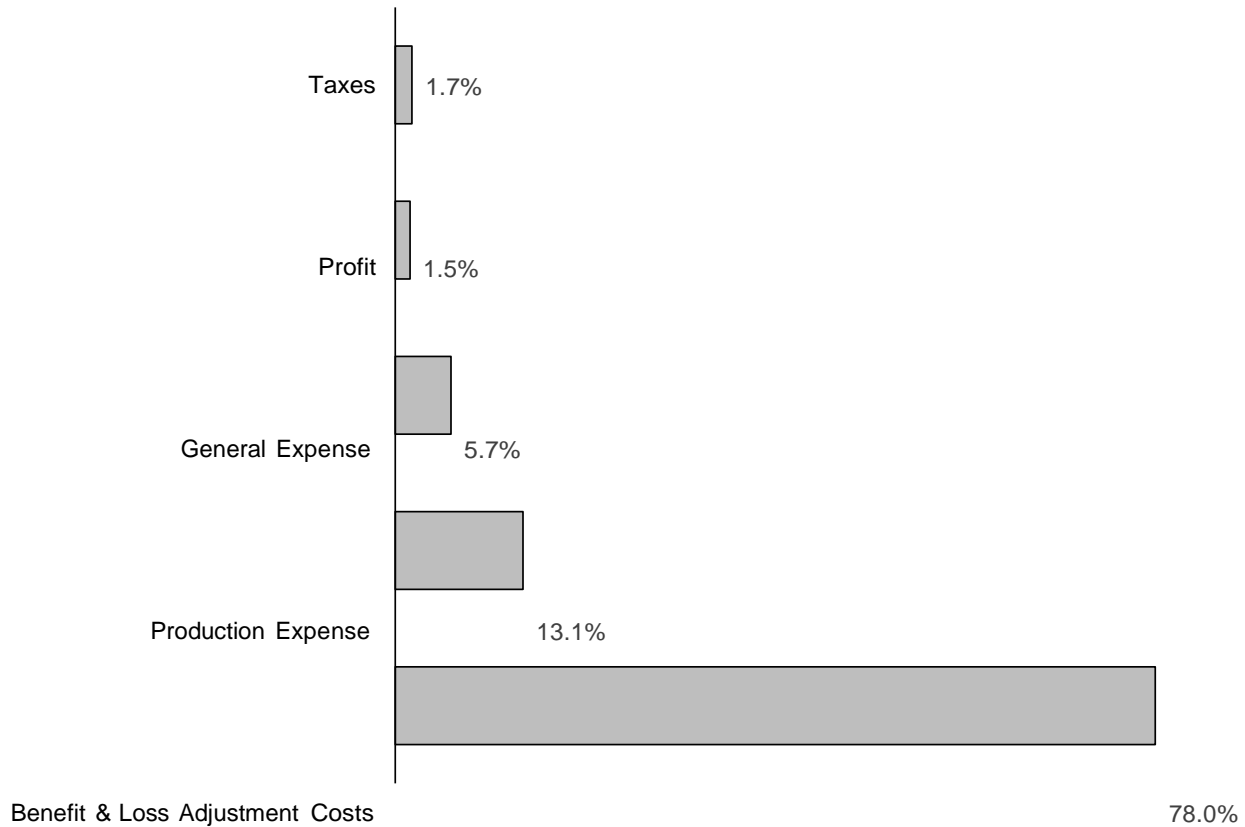
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EXHIBIT II

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	78.0% = (72.5%) / 93.0%
Production Expense	13.1% = (11.6% + 0.6%) / 93.0%
General Expense	5.7% = (4.9% + 0.4%) / 93.0%
Profit	1.5% = (1.4% + 0.0%) / 93.0%
Taxes	<u>1.7%</u> = (1.6% + 0.0%) / 93.0%

Total **100.0%**



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

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 2020 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	01/01/20	Base	1.000	1.000	1.000	1.000	0.966	0.616	0.595
NR	01/01/21	1.000	1.000						
NR	01/01/22	1.000	1.000						
					1.000				

Section B - Factor Adjusting 2020 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	01/01/20	Base	1.000	1.000	1.000	1.000	0.982	0.616	0.605
NR	01/01/21	1.000	1.000						
NR	01/01/22	1.000	1.000						
					1.000				

Section C - Factor Adjusting 2020 Policy Year Assigned Risk Premium and Voluntary Premium to Present Statewide Level

(1)	Assigned Risk Market Share PY 2020	0.069
(2)	Voluntary Market Share PY 2020	0.931
(3)	Assigned Risk Standard Premium Adjustment Factor (See Sec. A)	0.595
(4)	Voluntary Standard Premium Adjustment Factor (See Sec. B)	0.605
(5)	Premium Adjustment Factor = [(1)x(3)]/1.175+(2)x(4) #	0.598
(6)	Experience Rating Off-balance Adjustment Factor*	1.004
(7)	Final Premium Adjustment Factor = (5)x(6)	0.600

NR New and renewal business.

@ Eliminates premium derived from expense constants.

Current premium index (assigned risk-to-voluntary) = 1.175

* = 1.004 = 0.960 / 0.956 = (Targeted Off-balance) / (Off-balance for Policy Year 2020)



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APPENDIX A-I

Determination of Policy Year On-level Factors

Section D - Factor Adjusting 2020 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)
01/01/20	Base	1.000	0.344	0.344	1.000
10/01/20	1.000	1.000	0.230	0.230	
01/01/21	1.000	1.000	0.426	0.426	
				<u>1.000</u>	

Section E - Factor Adjusting 2020 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)
01/01/20	Base	1.000	0.344	0.344	1.004
10/01/20	1.002	1.002	0.230	0.230	
01/01/21	1.005	1.007	0.426	0.429	
				<u>1.003</u>	



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APPENDIX A-I

Determination of Policy Year On-level Factors

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

	(1)	(2)	(3)	(4)	(5)	(6) Adj. For	(7)	(8)
Date	Rate Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)	Expense Constant Removal @	Adj. For Expense Removal	Premium Adjustment Factor (5)x(6)x(7)
NR 01/01/19	Base	1.000	1.000	1.000	0.955	0.967	0.616	0.569
NR 01/01/20	0.955	0.955						
NR 01/01/21	1.000	0.955						
NR 01/01/22	1.000	0.955						
				1.000				

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

	(1)	(2)	(3)	(4)	(5)	(6) Adj. For	(7)	(8)
Date	Loss Cost Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)	Expense Constant Removal @	Adj. For Expense Removal	Premium Adjustment Factor (5)x(6)x(7)
NR 01/01/19	Base	1.000	1.000	1.000	0.933	0.982	0.616	0.564
NR 01/01/20	0.933	0.933						
NR 01/01/21	1.000	0.933						
NR 01/01/22	1.000	0.933						
				1.000				

Section H - 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. F)	0.569
(4) Voluntary Standard Premium Adjustment Factor (See Sec. G)	0.564
(5) Premium Adjustment Factor = [(1)x(3)]/1.175+(2)x(4) #	0.559
(6) Experience Rating Off-balance Adjustment Factor*	1.005
(7) Final Premium Adjustment Factor = (5)x(6)	0.562

NR New and renewal business.

@ Eliminates premium derived from expense constants.

Current premium index (assigned risk-to-voluntary) = 1.175

* = 1.005 = 0.960 / 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 I - 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	0.406	0.406	
10/01/20	1.000	1.001	0.020	0.020	
01/01/21	1.000	1.001		1.000	

Section J - 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	1.011
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	0.406	0.408	
10/01/20	1.002	1.008	0.020	0.020	
01/01/21	1.005	1.013		1.002	



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Determination of Policy Year On-level Factors

Section K - 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)
Date	Rate Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)		Adj. For Expense Removal	Premium Adjustment Factor (5)x(6)x(7)
NR 01/01/18	Base	1.000	1.000	1.000	0.882	0.968	0.616	0.526
NR 01/01/19	0.924	0.924						
NR 01/01/20	0.955	0.882						
NR 01/01/21	1.000	0.882						
NR 01/01/22	1.000	0.882						
				1.000				

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

	(1)	(2)	(3)	(4)	(5)	(6) Adj. For Expense Constant Removal @	(7)	(8)
Date	Loss Cost Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)		Adj. For Expense Removal	Premium Adjustment Factor (5)x(6)x(7)
NR 01/01/18	Base	1.000	1.000	1.000	0.862	0.983	0.616	0.522
NR 01/01/19	0.924	0.924						
NR 01/01/20	0.933	0.862						
NR 01/01/21	1.000	0.862						
NR 01/01/22	1.000	0.862						
				1.000				

Section M - 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. K)	0.526
(4) Voluntary Standard Premium Adjustment Factor (See Sec. L)	0.522
(5) Premium Adjustment Factor = [(1)x(3)]/1.175+(2)x(4) #	0.518
(6) Experience Rating Off-balance Adjustment Factor*	1.011
(7) Final Premium Adjustment Factor = (5)x(6)	0.524

NR New and renewal business.

@ Eliminates premium derived from expense constants.

Current premium index (assigned risk-to-voluntary) = 1.175

* = 1.011 = 0.960 / 0.950 = (Targeted Off-balance) / (Off-balance for Policy Year 2018)



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Determination of Policy Year On-level Factors

Section N - 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			
10/01/20	1.000	1.001			
01/01/21	1.000	1.001			
				<u>1.000</u>	

Section O - 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	1.011
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			
10/01/20	1.002	1.007			
01/01/21	1.005	1.012			
				<u>1.001</u>	



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Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

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, as shown on the following pages.

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. As explained under the Additional Proposed Changes section, to maintain consistency with the base threshold in the currently approved filing, the threshold in this filing is calculated as one percent of the total volume of premium from the latest two years underlying the experience period used in the currently approved filing. 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.

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 excess ratio is derived from Indiana's Retrospective Rating Plan Parameters.

Development

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 19th-to-ultimate "tail" factor is used to reflect all future expected loss emergence.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

Appendix A – Factors Underlying the Proposed Rate Level Change

In analyzing losses for the purpose of Aggregate Ratemaking, NCCI reviews both “paid” and “paid plus case” loss data, which is (i) the benefit amounts already paid by insurers on reported claims and (ii) the benefit amounts already paid by insurers on reported claims plus the amounts set aside to cover future payments on those claims. To best reflect the conditions likely to prevail in the proposed effective period, this filing utilizes a combination of both paid and paid plus case data.

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.

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

- ✓ A three-year average of historical premium development factors
- ✓ 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

These development factors were selected to strike a balance between being responsive to observed changes and promoting stability in the selected development factors from one filing to the next. See COVID-19 Pandemic-related Considerations in the Additional Proposed Changes section for specific development selections related to potential COVID-19 pandemic-related effects.

19th-to-UltimateTailFactor

Tail factors are calculated separately for indemnity and medical unlimited 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. To adjust for these differences in the volume of losses between policy years, a growth adjustment factor is applied. The tail factors are brought from an unlimited basis to a limited basis through the application of a tail adjustment factor, which is based on countrywide data and the state specific large loss threshold.

The calculation of indemnity and medical paid plus case 19th-to-ultimate tail factors utilizes all available experience for the years prior to the tail attachment point and are calculated for the most recent ten available policy years. Loss development tail factors from a nineteenth report to



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

Appendix A – Factors Underlying the Proposed Rate Level Change

ultimate were judgmentally selected in this filing based on a review of the ten most recently available factors.

Paid plus case data is used in the calculation of 19th-to-ultimate loss development factors since it is most reflective of the expected ultimate losses. Since this filing utilizes both paid and paid plus case data, the selected paid plus case loss development tail factors are converted to a paid basis using paid-to-paid plus case ratios. Both the indemnity and medical conversion ratios were selected based on a review of historical conversion ratios.



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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 12/31/2021

Policy Year 2020

(1) Standard Earned Premium	\$627,879,580
(2) Factor to Develop Premium to Ultimate	1.006
(3) Standard Earned Premium Developed to Ultimate = (1)x(2)	\$631,646,857
(4) Limited Indemnity Paid Losses	\$48,318,408
(5) Limited Indemnity Paid Development Factor to Ultimate	2.286
(6) Limited Indemnity Paid Losses Developed to Ultimate = (4)x(5)	\$110,455,881
(7) Limited Indemnity Paid+Case Losses	\$90,829,558
(8) Limited Indemnity Paid+Case Development Factor to Ultimate	1.185
(9) Limited Indemnity Paid+Case Losses Developed to Ultimate = (7)x(8)	\$107,633,026
(10) Policy Year 2020 Limited Indemnity Losses Developed to Ultimate = [(6)+(9)]/2	\$109,044,454
(11) Limited Medical Paid Losses	\$172,355,856
(12) Limited Medical Paid Development Factor to Ultimate	1.370
(13) Limited Medical Paid Losses Developed to Ultimate = (11)x(12)	\$236,127,523
(14) Limited Medical Paid+Case Losses	\$252,745,805
(15) Limited Medical Paid+Case Development Factor to Ultimate	0.968
(16) Limited Medical Paid+Case Losses Developed to Ultimate = (14)x(15)	\$244,657,939
(17) Policy Year 2020 Limited Medical Losses Developed to Ultimate = [(13)+(16)]/2	\$240,392,731

Policy Year 2019

(1) Standard Earned Premium	\$662,292,123
(2) Factor to Develop Premium to Ultimate	1.000
(3) Standard Earned Premium Developed to Ultimate = (1)x(2)	\$662,292,123
(4) Limited Indemnity Paid Losses	\$78,890,330
(5) Limited Indemnity Paid Development Factor to Ultimate	1.477
(6) Limited Indemnity Paid Losses Developed to Ultimate = (4)x(5)	\$116,521,017
(7) Limited Indemnity Paid+Case Losses	\$107,488,001
(8) Limited Indemnity Paid+Case Development Factor to Ultimate	1.074
(9) Limited Indemnity Paid+Case Losses Developed to Ultimate = (7)x(8)	\$115,442,113
(10) Policy Year 2019 Limited Indemnity Losses Developed to Ultimate = [(6)+(9)]/2	\$115,981,565
(11) Limited Medical Paid Losses	\$235,886,277
(12) Limited Medical Paid Development Factor to Ultimate	1.132
(13) Limited Medical Paid Losses Developed to Ultimate = (11)x(12)	\$267,023,266
(14) Limited Medical Paid+Case Losses	\$271,146,440
(15) Limited Medical Paid+Case Development Factor to Ultimate	0.974
(16) Limited Medical Paid+Case Losses Developed to Ultimate = (14)x(15)	\$264,096,633
(17) Policy Year 2019 Limited Medical Losses Developed to Ultimate = [(13)+(16)]/2	\$265,559,950



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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 12/31/2021

Policy Year 2018

(1) Standard Earned Premium	\$696,797,558
(2) Factor to Develop Premium to Ultimate	1.000
(3) Standard Earned Premium Developed to Ultimate = (1)x(2)	\$696,797,558
(4) Limited Indemnity Paid Losses	\$100,193,852
(5) Limited Indemnity Paid Development Factor to Ultimate	1.212
(6) Limited Indemnity Paid Losses Developed to Ultimate = (4)x(5)	\$121,434,949
(7) Limited Indemnity Paid+Case Losses	\$119,987,835
(8) Limited Indemnity Paid+Case Development Factor to Ultimate	1.030
(9) Limited Indemnity Paid+Case Losses Developed to Ultimate = (7)x(8)	\$123,587,470
(10) Policy Year 2018 Limited Indemnity Losses Developed to Ultimate = [(6)+(9)]/2	\$122,511,210
(11) Limited Medical Paid Losses	\$272,353,342
(12) Limited Medical Paid Development Factor to Ultimate	1.082
(13) Limited Medical Paid Losses Developed to Ultimate = (11)x(12)	\$294,686,316
(14) Limited Medical Paid+Case Losses	\$296,187,111
(15) Limited Medical Paid+Case Development Factor to Ultimate	0.977
(16) Limited Medical Paid+Case Losses Developed to Ultimate = (14)x(15)	\$289,374,807
(17) Policy Year 2018 Limited Medical Losses Developed to Ultimate = [(13)+(16)]/2	\$292,030,562



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APPENDIX A-II

Determination of Premium and Losses Developed to an Ultimate Report

Section B - Premium 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	1.012	2016	1.001	2015	1.000	2014	1.000
2018	1.008	2017	1.001	2016	1.001	2015	0.999
2019	0.999	2018	0.999	2017	1.000	2016	1.000
Average	1.006	Average	1.000	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>
1.006	1.000	1.000	1.000



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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>
2018	1.531	2017	1.221	2016	1.104	2015	1.045
2019	1.565	2018	1.217	2017	1.082	2016	1.058
Average	1.548	Average	1.219	Average	1.093	Average	1.052
<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>
2014	1.018	2013	1.008	2012	1.007	2011	1.003
2015	1.020	2014	1.015	2013	1.007	2012	1.004
Average	1.019	Average	1.012	Average	1.007	Average	1.004
<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>
2010	1.002	2009	1.001	2008	1.000	2007	1.000
2011	1.003	2010	1.002	2009	1.000	2008	1.000
Average	1.003	Average	1.002	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>
2006	1.000	2005	1.000	2004	1.000	2003	1.000
2007	1.002	2006	1.000	2005	1.000	2004	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>				
2002	1.000	2001	1.000				
2003	1.000	2002	1.000				
Average	1.000	Average	1.000				



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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>
2018	1.196	2017	1.043	2016	1.021	2015	1.014
2019	1.223	2018	1.049	2017	1.013	2016	1.023
Average	1.210	Average	1.046	Average	1.017	Average	1.019
<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>
2014	1.006	2013	1.005	2012	1.002	2011	1.003
2015	1.008	2014	1.003	2013	1.002	2012	1.003
Average	1.007	Average	1.004	Average	1.002	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>
2010	1.001	2009	1.001	2008	1.001	2007	1.002
2011	1.004	2010	1.002	2009	1.000	2008	1.001
Average	1.003	Average	1.002	Average	1.001	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>
2006	1.001	2005	1.001	2004	1.001	2003	1.001
2007	1.002	2006	1.001	2005	1.001	2004	1.001
Average	1.002	Average	1.001	Average	1.001	Average	1.001
<u>Policy Year</u>	<u>17th/18th</u>	<u>Policy Year</u>	<u>18th/19th</u>				
2002	1.000	2001	1.002				
2003	1.002	2002	1.000				
Average	1.001	Average	1.001				



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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>
2015	1.116	2014	1.019	2013	1.024	2012	1.000
2016	1.095	2015	1.062	2014	1.014	2013	1.000
2017	1.096	2016	1.039	2015	1.021	2014	1.004
2018	1.105	2017	1.041	2016	1.020	2015	1.002
2019	1.102	2018	1.053	2017	1.014	2016	1.012
Average	1.103	Average	1.043	Average	1.019	Average	1.004
<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>
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
2015	1.004	2014	1.007	2013	0.999	2012	1.000
Average	1.000	Average	1.005	Average	0.999	Average	1.000
<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>
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
2011	1.001	2010	1.000	2009	1.000	2008	1.000
Average	1.001	Average	0.999	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>
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
2007	1.002	2006	1.000	2005	1.000	2004	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>				
1999	1.000	1998	1.000				
2000	1.000	1999	1.000				
2001	1.000	2000	1.000				
2002	1.000	2001	1.000				
2003	1.000	2002	1.000				
Average	1.000	Average	1.000				



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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>
2015	1.000	2014	0.992	2013	0.987	2012	0.998
2016	0.976	2015	1.008	2014	0.983	2013	0.994
2017	1.003	2016	1.002	2015	0.995	2014	0.996
2018	0.987	2017	0.993	2016	0.989	2015	0.987
2019	1.005	2018	0.988	2017	0.987	2016	0.997
Average	0.994	Average	0.997	Average	0.988	Average	0.994
<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>
2011	1.009	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
2015	0.977	2014	1.000	2013	0.999	2012	1.002
Average	0.995	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>
2007	0.999	2006	1.002	2005	0.996	2004	1.001
2008	1.001	2007	1.000	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
2011	1.002	2010	1.001	2009	1.000	2008	1.002
Average	1.000	Average	1.000	Average	0.999	Average	1.001
<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>
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
2007	1.000	2006	1.000	2005	0.998	2004	1.000
Average	1.000	Average	1.000	Average	0.999	Average	1.000
<u>Policy Year</u>	<u>17th/18th</u>	<u>Policy Year</u>	<u>18th/19th</u>				
1999	0.999	1998	1.000				
2000	0.999	1999	1.002				
2001	1.000	2000	1.003				
2002	1.000	2001	1.002				
2003	1.001	2002	1.000				
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)	(7)
Policy	<u>LossesforPolicyYear</u>		<u>LossesforAllPriorPolicyYears</u>		Factor to	Indicated
Year	19th Report	20th Report	Previous	Current	Adjust Losses for Prior Policy Years	19th-to-Ult Development for Policy Year
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
2001	106,755,436	106,736,446	1,962,407,044	1,962,485,046	0.819	1.001
Selected Indemnity 19th-to-Ultimate Loss Development Factor						1.005

Medical Paid+Case Data for Matching Companies

(8)	(9)	(10)	(11)	(12)	(13)	(14)
Policy	<u>LossesforPolicyYear</u>		<u>LossesforAllPriorPolicyYears</u>		Factor to	Indicated
Year	19th Report	20th Report	Previous	Current	Adjust Losses for Prior Policy Years	19th-to-Ult Development for Policy Year
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
2001	189,323,591	189,656,311	3,003,419,768	3,003,463,924	0.869	1.002
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>
1998	1.000	0.999
1999	0.995	0.997
2000	0.999	0.995
2001	1.000	0.991
2002	1.000	0.995
Selected	0.998	0.990

	<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	0.674	0.674
(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>IndemnityPaidLossDevelopment</u>			(3) <u>MedicalPaidLossDevelopment</u>		
<u>Report</u>	<u>toNextReport</u>	<u>toUltimate</u>	<u>Report</u>	<u>toNextReport</u>	<u>toUltimate</u>
1st	1.548	2.286	1st	1.210	1.370
2nd	1.219	1.477	2nd	1.046	1.132
3rd	1.093	1.212	3rd	1.017	1.082
4th	1.052	1.109	4th	1.019	1.064
5th	1.019	1.054	5th	1.007	1.044
6th	1.012	1.034	6th	1.004	1.037
7th	1.007	1.022	7th	1.002	1.033
8th	1.004	1.015	8th	1.003	1.031
9th	1.003	1.011	9th	1.003	1.028
10th	1.002	1.008	10th	1.002	1.025
11th	1.000	1.006	11th	1.001	1.023
12th	1.000	1.006	12th	1.002	1.022
13th	1.001	1.006	13th	1.002	1.020
14th	1.000	1.005	14th	1.001	1.018
15th	1.000	1.005	15th	1.001	1.017
16th	1.000	1.005	16th	1.001	1.016
17th	1.000	1.005	17th	1.001	1.015
18th	1.000	1.005	18th	1.001	1.014
19th	1.005	Section H	19th	1.013	Section H

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

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



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Determination of Premium and Losses Developed to an Ultimate Report

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

Report	(1) IndemnityPaid+CaseLossDevelopment toNextReport	(2) toUltimate
1st	1.103	1.185
2nd	1.043	1.074
3rd	1.019	1.030
4th	1.004	1.011
5th	1.000	1.007
6th	1.005	1.007
7th	0.999	1.002
8th	1.000	1.003
9th	1.001	1.003
10th	0.999	1.002
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

Section H

Report	(3) MedicalPaid+CaseLossDevelopment toNextReport	(4) toUltimate
1st	0.994	0.968
2nd	0.997	0.974
3rd	0.988	0.977
4th	0.994	0.989
5th	0.995	0.995
6th	0.998	1.000
7th	1.000	1.002
8th	0.999	1.002
9th	1.000	1.003
10th	1.000	1.003
11th	0.999	1.003
12th	1.001	1.004
13th	1.000	1.003
14th	1.000	1.003
15th	0.999	1.003
16th	1.000	1.004
17th	1.000	1.004
18th	1.001	1.004
19th		1.003

Section H

(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*	7,574,147
(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
2020	6,582,406
2019	6,245,166
2018	6,022,605
2017	5,858,761
2016	5,663,974
2015	5,528,784
2014	5,395,900
2013	5,257,556
2012	5,176,210
2011	5,074,319
2010	4,940,914
2009	4,805,710
2008	4,771,811
2007	4,725,734
2006	4,607,315
2005	4,473,853
2004	4,361,578
2003	4,227,468
2002	4,096,177
2001	3,994,587
2000	3,901,486
1999	3,792,783
1998	3,673,633

* December 4, 2023 is the midpoint of the effective period for which the revised loss costs are being proposed.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

Appendix A – Factors Underlying the Proposed Rate Level Change

Appendix A-III Trend Factors

The proposed advisory rates, loss costs, and assigned risk rates are intended for use with policies with effective dates in the proposed effective period. However, the data underlying this filing is based on the years in the experience period. Thus, it is necessary to use trend factors that forecast how much future Indiana workers compensation experience will differ from historical experience.

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.

Overview of Methodology

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 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.

In order to estimate the average annual percentage changes in the loss ratios, exponential curves are fit to the historical data points. Consideration in the trend factor selections include a review of loss ratio patterns observed over an extended period of time, 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 trend lengths displayed on the following exhibits are calculated by comparing the average accident date for the effective period of the proposed rates and loss costs 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.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

Appendix A – Factors Underlying the Proposed Rate Level Change

Considerations Underlying Trend Selections in this Filing

The trend factors selected in this filing are meant to recognize the impact the changes in benefits and inflation will have on loss ratios between the time-period of the historical data on which the filing is based and the midpoint of the proposed effective period of the rates and loss costs. Trends based on the most recent 15 policy years are reviewed to allow evaluation of changes over an extended period of time, including both economic and non-economic factors, and to mitigate short-term anomalous year-to-year changes.

The indicated exponential loss ratio trend fits for both indemnity and medical for which the selection in this filing is based on are displayed on the following pages. These exhibits show the underlying frequency and severity components, as well as the exponential trend fits for periods ranging from 5 to 15 years for loss ratios. These figures have been adjusted to the common wage level and are based on an average of paid and paid plus case losses.

Of special note, the trend selections explicitly incorporate considerations for the following:

- Smoothing large changes in PY 2014 loss ratios, potentially related to the effects of enacted House Bill 1320 that have emerged in experience above and beyond what is incorporated in the loss on-level factors
- The impact of the COVID-19 pandemic on Policy Year 2020

The significant decreases in the indemnity and medical severities in Policy Year 2014 coincide with the enactment of House Bill 1320. Most notably, this bill significantly increased certain indemnity benefits (over three years) and implemented hospital inpatient and outpatient medical fee schedules. NCCI originally quantified the impact of the changes effective July 1, 2014 to be +4.7% on indemnity benefits and -6.8% on medical costs. However, the on-leveled Policy Year 2014 severity changes for both indemnity and medical are -10.2%. It appears that the savings realized from the fee schedule change was significantly greater than that originally estimated, and that material indirect effects from the legislation may have emerged. Consistent with last year's analysis, NCCI again reduced the effect of these loss ratio changes in its trend analysis. Specifically, the indemnity and medical loss ratio changes were both lowered to -8.5% from approximately -17%. Note that NCCI also examined the effect of adjusting the medical on-level factors to reflect an estimate of the actual emerged savings—instead of the adjustment performed—and the resulting longer-term exponential fits were very similar.

The Policy Year 2020 loss ratio is significantly lower than prior recent years and is likely being influenced by effects of the pandemic. The economy in Indiana was impacted by the pandemic, with the unemployment rate spiking to 16.8% in April 2020, but receding at a faster rate than the



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

Appendix A – Factors Underlying the Proposed Rate Level Change

national average and ending the year at 4.8%. Meanwhile, average weekly wages accelerated in 2020 and 2021, increasing more than 5% each of those years. This latter item has the effect of placing upward pressure on premiums since they are a function of worker wages. However, amounts payable for indemnity benefits in Indiana are not automatically increased each year with changes in the state average weekly wage. Most notably, the award amount per degree of permanent partial impairment has been fixed since July 2016 and will not change until July 2023. This will place downward pressure on the indemnity loss ratio over time. The acceleration of the growth in average weekly wages in 2020 and 2021 may be contributing to the pronounced drop in the indemnity loss ratio for 2020. Note that this would also be expected to impact medical costs as well. Medical inflation, as measured by the Chain-Weighted Personal Healthcare index, averaged roughly 1.5% from 2011 to 2020 and is anticipated to increase to 2.5% per year on average over the current decade.

There are other factors that also appear to be impacting the loss ratio for Policy Year 2020. This includes a significant decline in medical-only claims and lower utilization of certain medical services, both of which are anticipated to increase over time from these reduced levels.

Note that the decline in medical-only claims may be having a distorting effect on the displayed lost-time frequency and severity values for Policy Year 2020. To the extent that some of decrease in medical-only claims is due to these becoming lost-time claims, there would be upward pressure on the lost-time claim frequency for that year. Conversely, the average indemnity and medical severities for that year may be low. For example, relatively less expensive lost-time claims may be lowering the indemnity severity. On the medical side, medical-only claim dollars are already included, but the number of lost-time claims would increase under such a scenario thereby reducing the overall average medical cost per claim.

The selected annual loss ratio trends are based heavily on longer-term exponential adjusted trend fits because they are less volatile and the least influenced by the substantial improvement in experience observed in the latest policy year. As described above, the exponential fits underlying these selections were adjusted by reducing the impact of the significant decreases in Policy Years 2014 and 2020. The adjusted loss ratio exponential fits are shown next to the unadjusted fits.

It should also be noted that while the selected trends emphasize pre-pandemic changes in loss ratios over time, the favorable loss ratio experience in Policy Year 2020 is being accounted for through its inclusion in the experience period.

See Appendix A-III for additional trend information.



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APPENDIX A-III
Policy Year Trend Factors

Section A - Calculation of Annual Loss Ratio Trend Factors

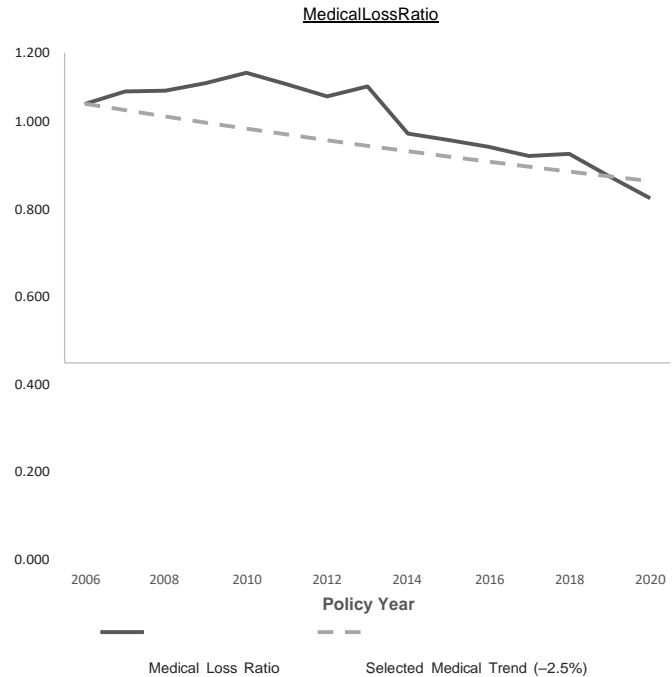
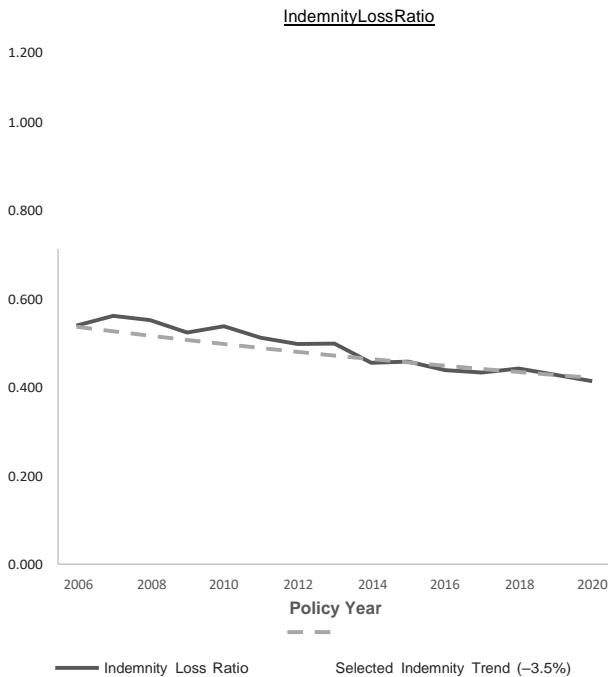
- (1) Selected Annual Loss Ratio Trends: Indemnity
-3.5% Medical
-2.5%
- (2) Length of Trend Period from Midpoint of Policy Year to Midpoint of Effective Period:

	<u>PY2020</u>	<u>PY2019</u>	<u>PY2018</u>
Trend Length:	2.998	3.998	4.998

- (3) Trend Factors Applied to Experience Year Loss Ratios = $[1 + (1)] ^ (2)$

	<u>PY2020</u>	<u>PY2019</u>	<u>PY2018</u>
Indemnity:	0.899	0.867	0.837
Medical:	0.927	0.904	0.881

Section B - Loss Ratio Trend Data



Policy Year	Indemnity Loss Ratio^	# of Years in Fit	Exponential Fits	Adjusted Fits*
2006	0.499			
2007	0.536			
2008	0.520			
2009	0.473			
2010	0.497	15	-4.4%	-3.4%
2011	0.453	14	-4.7%	-3.6%
2012	0.429	13	-4.8%	-3.6%
2013	0.431	12	-4.8%	-3.5%
2014	0.358	11	-5.0%	-3.6%
2015	0.362	10	-4.7%	-3.3%
2016	0.330	9	-4.6%	-3.2%
2017	0.321	8	-4.4%	-3.3%
2018	0.336	7	-3.3%	-2.8%
2019	0.312	6	-3.6%	-3.0%
2020	0.288	5	-3.0%	-2.2%

Policy Year	Medical Loss Ratio^^	# of Years in Fit	Exponential Fits	Adjusted Fits*
2006	1.001			
2007	1.050			
2008	1.053			
2009	1.082			
2010	1.122	15	-3.3%	-2.2%
2011	1.078	14	-3.8%	-2.6%
2012	1.031	13	-4.2%	-2.9%
2013	1.069	12	-4.7%	-3.3%
2014	0.887	11	-5.1%	-3.7%
2015	0.862	10	-5.3%	-3.8%
2016	0.836	9	-5.5%	-4.0%
2017	0.800	8	-5.7%	-4.4%
2018	0.809	7	-4.8%	-4.2%
2019	0.721	6	-5.4%	-4.5%
2020	0.637	5	-6.3%	-5.1%



Based on an average of paid and paid+case losses

*Adjusted fits halve the PY 2013 to 2014 and 2019 to 2020 loss ratio changes

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

*Adjusted fits halve the PY 2013 to 2014 and 2019 to 2020 loss ratio changes

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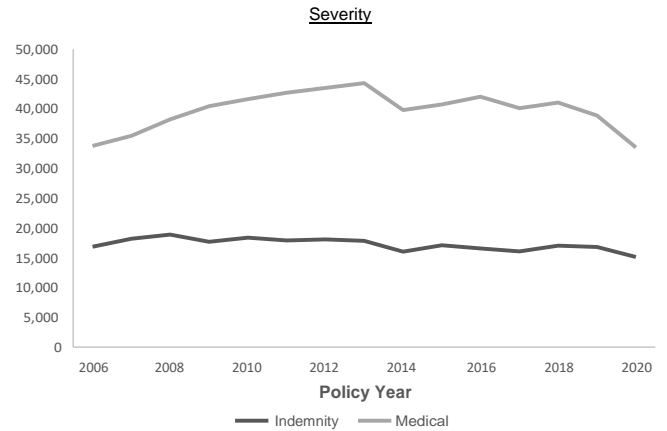
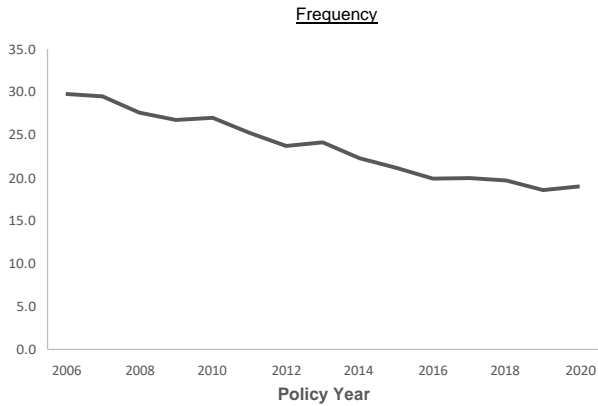
APPENDIX A-III

Policy Year Trend Factors



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APPENDIX A-III
Policy Year Trend Factors

Section C - Frequency and Severity Trend Data



Policy	Claim		
Year	Frequency†		
2006	29.770		
2007	29.474		
		# of Years	Exponential
		in Fit	Fits
2008	27.584	15	-3.5%
2009	26.729	14	-3.6%
2010	26.987	13	-3.5%
2011	25.226	12	-3.6%
2012	23.711	11	-3.6%
2013	24.117	10	-3.4%
2014	22.273	9	-3.2%
2015	21.152	8	-3.3%
2016	19.908	7	-2.6%
2017	19.958	6	-2.2%
2018	19.689	5	-1.7%
2019	18.570		
2020	18.989		

† Per million of on-leveled, wage-adjusted premium

Policy	Severity				
Year	Indemnity*	Medical*			
2006	16,878	33,796			
2007	18,210	35,480			
			# of Years	Exponential Fits	
			in Fit	Indemnity	Medical
2008	18,905	38,239	15	-0.9%	0.2%
2009	17,695	40,448	14	-1.2%	-0.2%
2010	18,402	41,612	13	-1.3%	-0.8%
2011	17,920	42,704	12	-1.3%	-1.2%
2012	18,096	43,512	11	-1.4%	-1.6%
2013	17,861	44,320	10	-1.4%	-2.0%
2014	16,037	39,789	9	-1.4%	-2.3%
2015	17,103	40,748	8	-1.1%	-2.5%
2016	16,566	42,031	7	-0.6%	-2.2%
2017	16,085	40,125	6	-1.4%	-3.3%
2018	17,050	41,050	5	-1.3%	-4.7%
2019	16,805	38,880			
2020	15,153	33,540			

*Adjusted to a common wage level, based on an average of paid and paid+case losses



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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	187,542,898	917,221,461	819,900,963	1.154	1.158
Contracting	113,193,168	519,652,450	466,127,245	1.133	1.130
Office & Clerical	66,417,472	316,046,306	282,489,778	1.140	1.138
Goods & Services	223,470,448	1,029,518,801	919,854,540	1.077	1.074
Miscellaneous	131,434,684	607,743,792	546,250,242	1.077	1.074
Statewide	722,058,670	3,390,182,811	3,034,622,768		

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	186,895,081	914,053,166	817,068,836	1.119	1.002
Contracting	113,493,681	521,032,059	467,364,751	1.115	0.998
Office & Clerical	66,534,199	316,601,748	282,986,245	1.119	1.002
Goods & Services	224,094,667	1,032,394,552	922,423,966	1.119	1.002
Miscellaneous	131,801,820	609,441,401	547,776,080	1.113	0.996
Statewide	722,819,448	3,393,522,926	3,037,619,878	1.117	



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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	812,840,008	0.993	0.993	18,221
Contracting	460,308,822	0.987	0.987	7,492
Office & Clerical	283,424,456	1.000	1.000	5,700
Goods & Services	934,888,986	1.011	1.011	22,866
Miscellaneous	548,054,745	1.005	1.005	10,709
Statewide	3,039,517,017	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	0.992
Contracting	12,000	0.79	0.990	0.989
Office & Clerical	12,000	0.69	1.000	0.999
Goods & Services	12,000	1.00	1.011	1.010
Miscellaneous	12,000	0.94	1.005	1.004
Statewide			1.001	1.000

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



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APPENDIX A-IV

III. Description of Industry Group Differentials

Column (2) reflects the indemnity and medical combined expected losses calculated as five years of payroll (in hundreds) extended separately by indemnity and medical pure premiums underlying the latest approved rates. Column (3) adjusts the current expected losses to the proposed level by applying the components of the proposed rate level change. These components are applied separately for indemnity and medical, where possible. These adjustments are reflected in Appendix B-I, Section B.

Column (4) shows the current manual premium to standard premium ratios that were calculated using the latest five years of WCSP data used in the currently approved Indiana filing. Column (5) shows the proposed manual premium to standard premium ratios calculated using the latest five years of manual premium and experience modification factors reported in the WCSP data used in the proposed Indiana filing. "Proposed" ratio refers to the fact that these ratios are based on the latest available WCSP data in the proposed filing, and they are used to adjust the proposed industry group differentials to reflect the latest available impact of experience rating by industry group. The differences between columns (4) and (5) relate to the different periods of data being used, which are rolling 5-year periods.

Columns (6), (7), and (8) are based on columns (1), (2), and (3), respectively, and include an adjustment for the change in the average experience rating off-balance by Industry Group (IG). The adjustment for the change in the average experience rating off-balance by IG is reflected by multiplying columns (1), (2), and (3) by the ratio of column (4) to column (5). The ratio of column (4) to column (5) adjusts the current and proposed expected losses (and therefore the IG differentials) to reflect the latest available impact of experience rating by industry group.

The expected losses in column (6) are used as the IG weights when determining the statewide average Credibility Weighted Indicated-to-Expected Ratio in column (17).

The expected losses in columns (7) and (8) are used to determine the relative IG changes from the prior filing to the proposed filing in column (9). Since the indicated IG relativities in column (9) reflect a statewide average that differs from 1.000, the calculation in column (10) ensures that the indicated changes by IG balance to the overall proposed statewide rate level change.

Column (13) normalizes the indicated to expected ratios determined in column (12) to determine differentials before credibility weighting. The credibilities are calculated for each industry group using actual lost-time cases (column (14)) and the full credibility standard. The full credibility standard (column (15)) is determined based on an analysis of five successive years of five industry group differential fluctuations across 36 states. In column (16), the credibility is 1.00 when lost-time claims exceed 12,000. The final differentials reflected in column (18) are the normalized credibility weighted industry group differentials calculated in column (17).



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Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

Appendix B – Calculations Underlying the Advisory Rate Change by Classification

NCCI separately determines advisory rates for each workers compensation classification. The proposed change from the current rate will vary depending on the classification. The following are the general steps utilized to determine the industrial 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, swing limits, and where applicable, an expense allowance and any additional loads



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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
7/15-6/16	1.012	1.003	1.006	1.001
7/16-6/17	1.028	1.008	1.005	1.000
7/17-6/18	1.067	1.026	0.992	0.998
7/18-6/19	1.175	1.069	0.989	0.998
7/19-6/20	1.457	1.167	0.995	1.000

*The likely/not-likely development factors reflect a 60% likely / 40% not-likely distribution of the total tail development.

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
7/15-6/16	0.766	0.827
7/16-6/17	0.794	0.849
7/17-6/18	0.822	0.870
7/18-6/19	0.852	0.893
7/19-6/20	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
7/15-6/16	1.031	1.047	1.048	1.020	0.971
7/16-6/17	1.021	1.021	1.019	1.009	0.964
7/17-6/18	1.021	1.021	1.019	1.009	0.956
7/18-6/19	1.015	1.021	1.019	1.009	0.955
7/19-6/20	1.008	1.021	1.019	1.009	0.950



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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)
7/15-6/16	0.799	0.792	0.812	0.812	0.805	0.791	0.784	0.808	0.804
7/16-6/17	0.833	0.817	0.833	0.832	0.816	0.824	0.808	0.823	0.818
7/17-6/18	0.895	0.861	0.895	0.894	0.859	0.885	0.851	0.825	0.830
7/18-6/19	1.016	0.924	1.022	1.020	0.928	1.010	0.919	0.843	0.851
7/19-6/20	1.297	1.039	1.314	1.311	1.050	1.298	1.040	0.865	0.869

* 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	0.070	0.082	0.115	0.139	0.167
(2) Excess Factors 1/(1-(1))	1.042	1.054	1.075	1.089	1.130	1.161	1.200

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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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	0.987	1.000	1.011	1.005
(2) Final Differentials**	0.992	0.989	0.999	1.010	1.004
(3) Adjustment (2)/(1)	0.999	1.002	0.999	0.999	0.999

*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)
7/15-6/16	0.963	1.112	1.105	1.006	0.969
7/16-6/17	0.988	1.113	1.113	1.000	0.988
7/17-6/18	0.949	1.113	1.115	0.998	0.947
7/18-6/19	0.978	1.112	1.117	0.996	0.974
7/19-6/20	1.045	1.112	1.103	1.008	1.053

3. Adjustment for Experience Change

A factor of 0.929 is applied to adjust for the experience change in the proposed rate level.

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

The following factors are applied to include the proposed loss-based expense provisions. These combined (indemnity and medical) factors are based on an indemnity and medical loss-weighted average by policy period and industry group of the proposed loss-based expense provisions.

Policy Period	Manufacturing	Contracting	Office and Clerical	Goods and Services	Miscellaneous
7/15-6/16	1.177	1.177	1.177	1.177	1.177
7/16-6/17	1.176	1.177	1.176	1.177	1.177
7/17-6/18	1.177	1.177	1.176	1.177	1.177
7/18-6/19	1.177	1.177	1.177	1.177	1.177
7/19-6/20	1.177	1.177	1.177	1.177	1.177



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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
7/15-6/16	1.058	1.061	1.058	1.058	1.058
7/16-6/17	1.079	1.082	1.079	1.079	1.079
7/17-6/18	1.034	1.037	1.034	1.034	1.034
7/18-6/19	1.064	1.067	1.064	1.064	1.064
7/19-6/20	1.150	1.153	1.150	1.150	1.150



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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 0.929 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, 1.000 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, 2021	1.000	1.001
January 1, 2022	1.000	1.001
January 1, 2023	1.000	0.942
July 1, 2023 (Prorated to January 1, 2023)	1.013	1.000
Combined Benefit Adjustment	1.013	0.944

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	1.176	1.176	1.176	1.176
(2) Loss-based Assessment	1.000	1.000	1.002	1.000
(3) = (1) + (2) – 1.000	1.176	1.176	1.178	1.176
(4) Overall Change (3b)/(3a)			1.002	1.000

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	1.154	1.158	0.997
Contracting	1.133	1.130	1.003
Office & Clerical	1.140	1.138	1.002
Goods & Services	1.077	1.074	1.003
Miscellaneous	1.077	1.074	1.003



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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	0.992	1.002	0.994
Contracting	0.989	0.998	0.987
Office & Clerical	0.999	1.002	1.001
Goods & Services	1.010	1.002	1.012
Miscellaneous	1.004	0.996	1.000

*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	0.935	0.869
Contracting	0.934	0.868
Office & Clerical	0.946	0.880
Goods & Services	0.957	0.890
Miscellaneous	0.946	0.880



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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: \$23,094,677 for indemnity and \$26,475,110 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. Since the required manual premium change for Office & Clerical was not initially achieved, the voluntary rate for class code 8810 was locked in at \$0.10 versus \$0.11 as initially calculated, and the iterative process was repeated to recalculate the test correction factor.

The factors referred to above are set out as follows:

	Test Correction Factor
Manufacturing	1.0223
Contracting	1.0132
Office & Clerical	1.0197
Goods & Services	0.9921
Miscellaneous	1.0180

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	1.158
Contracting	1.130
Office & Clerical	1.138
Goods & Services	1.074
Miscellaneous	1.074

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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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 14% above to 36% below
Contracting	from 14% above to 36% below
Office & Clerical	from 15% above to 35% below
Goods & Services	from 16% above to 34% below
Miscellaneous	from 15% above to 35% 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

3334 7711

List of Classifications Limited by the Lower Swing

NONE



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APPENDIX B-III

Derivation of Proposed Rate - Code 8742

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
07/01/15 - 06/30/16	125,000	219,254	0	527,296	783,544	512,880	668,988	1,371,833	3,797,773
07/01/16 - 06/30/17	0	0	0	331,558	545,995	51,372	346,817	564,893	3,306,171
07/01/17 - 06/30/18	0	827,323	0	274,910	339,825	30,718	368,238	763,679	3,525,101
07/01/18 - 06/30/19	0	390,000	0	561,651	414,210	252,353	469,669	1,361,304	3,338,574
07/01/19 - 06/30/20	0	0	0	223,907	240,391	244,648	509,665	1,637,494	2,800,559

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
07/01/15 - 06/30/16	0.799	0.792	0.812	0.812	0.805	0.791	0.784	0.808	0.804
07/01/16 - 06/30/17	0.833	0.817	0.833	0.832	0.816	0.824	0.808	0.823	0.818
07/01/17 - 06/30/18	0.895	0.861	0.895	0.894	0.859	0.885	0.851	0.825	0.830
07/01/18 - 06/30/19	1.016	0.924	1.022	1.020	0.928	1.010	0.919	0.843	0.851
07/01/19 - 06/30/20	1.297	1.039	1.314	1.311	1.050	1.298	1.040	0.865	0.869

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: E
Excess Factor	1.130

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 8742

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
07/01/15 - 06/30/16	107,662	187,188	0	461,546	679,930	437,318	565,379	1,301,009	3,519,252
07/01/16 - 06/30/17	0	0	0	297,364	480,268	45,632	302,076	541,858	3,093,596
07/01/17 - 06/30/18	0	767,862	0	264,932	314,669	29,305	337,804	726,092	3,374,513
07/01/18 - 06/30/19	0	388,456	0	617,550	414,356	274,749	465,278	1,339,724	3,271,457
07/01/19 - 06/30/20	0	0	0	316,428	272,090	342,311	571,378	1,632,251	2,790,598

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

Policy Period	INDUSTRY GROUP: Office and Clerical
07/01/15 - 06/30/16	1.058
07/01/16 - 06/30/17	1.079
07/01/17 - 06/30/18	1.034
07/01/18 - 06/30/19	1.064
07/01/19 - 06/30/20	1.150

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
07/01/15 - 06/30/16	5,976,884,441	1,064,905	1,515,582	1,376,468	3,723,369	2,580,487	5,099,837	7,680,324
07/01/16 - 06/30/17	6,187,629,479	370,093	844,149	584,665	3,337,990	1,214,242	3,922,655	5,136,897
07/01/17 - 06/30/18	6,426,938,269	304,241	1,468,626	750,779	3,489,246	1,772,867	4,240,025	6,012,892
07/01/18 - 06/30/19	6,670,675,322	949,406	1,349,248	1,425,466	3,480,830	2,298,654	4,906,296	7,204,950
07/01/19 - 06/30/20	6,647,064,919	757,550	969,988	1,877,089	3,209,188	1,727,538	5,086,277	6,813,815
Total	31,909,192,430	3,446,195	6,147,593	6,014,467	17,240,623	9,593,788	23,255,090	32,848,878
INDICATED PURE PREMIUM						0.030	0.073	0.10

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	0.030	0.080	0.11
Conversion Factors (App. B-I, Section B)	0.946	0.880	xxx
PURE PREMIUMS PRESENT ON RATE LEVEL (Underlying Pure Premiums) x (Conversion Factor)	0.028	0.070	0.10



INDIANA

APPENDIX B-III

Derivation of Proposed Rate - Code 8742 Industry Group - Office and Clerical, Hazard Group - E

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

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
1. Indicated Pure Premium	0.030	0.073	0.10
2. Pure Premium Indicated by National Relativity	0.036	0.084	0.12
3. Pure Premium Present on Rate Level	0.028	0.070	0.10
4. State Credibilities	63%	92%	xxx
5. National Credibilities	18%	4%	xxx
6. Residual Credibilities = 100% - (4) - (5)	19%	4%	xxx
7. Derived by Formula Pure Premiums = (1) x (4) + (2) x (5) + (3) x (6)	0.031	0.073	0.10
8. Test Correction Factor	1.0197	1.0197	xxx
9. Underlying Pure Premiums = (7) x (8) *	0.036	0.074	0.11
10. Ratio of Manual to Standard Premium			1.138
11. Target Cost Ratio			0.725
12. Rate = (9) x (10) / (11)			0.17
13. Rate Within Swing Limits			0.17
Current Rate x Swing Limits			
a) Lower bound = 0.17 x 0.650 = 0.12			
b) Upper bound = 0.17 x 1.150 = 0.19			
14. Pure Premiums Underlying Proposed Rate* = ((14TOT) / (9TOT)) x (9) ; (14TOT) = (13) x (11) / (10)	0.036	0.074	0.11
15. Disease, Catastrophe and/or Miscellaneous Loadings			0.00
16. Final Loaded Rate			0.17

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



INDIANA APPENDIX B-IV

WCSP data is used to determine the F-Classification (F-Class) rates. The latest year of WCSP payroll is extended by both the current and proposed rates. Based on \$6,906,074 of payroll, the overall rate level change in Indiana is -22.8%.

I. Overview of Methodology

- 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.
- F-class code countrywide relativities are then calculated by comparing the F-class countrywide pure premiums by class to the overall countrywide F-class pure premium. The relativity values were updated in this filing and are reflected in the table in Section II.
- A single state primary base pure premium is calculated by applying a countrywide to state relativity factor to bring the F-class overall countrywide pure premium to the Indiana proposed level.
- A final base rate is calculated by bringing the primary base pure premium to the proposed Indiana trend and benefit levels, and applying any applicable expenses and/or offsets.
- Final F-Class rates are calculated by applying the countrywide relativity by class code to the final base rate and applying swing limits.

*Losses are limited to \$500,000 for a single claim occurrence and \$1,500,000 for each multiple claim occurrence. Texas data is included for policies effective 1/1/2013 and subsequent.



INDIANA APPENDIX B-IV

II. The F-class code countrywide relativities:

	(1)	(2)	(3)	(4)
	10-Year	10-Year Expected	= (2)/((1)/100)	= (3)/(3)Overall
Class	Countrywide	Unlimited	Countrywide	Countrywide
		Countrywide		
Code	Payroll	Losses	PurePremium	Relativity
6006	319,348,635	16,099,739	5.04	1.686
6801*	25,149,359	317,541	1.26	1.000
6824	458,135,225	16,228,862	3.54	1.184
6825	282,951,707	2,983,160	1.05	0.351
6826	131,202,370	2,614,329	1.99	0.666
6828*	32,547,556	295,888	0.91	1.000
6829*	14,486,717	215,799	1.49	1.000
6843	1,175,200,155	47,728,908	4.06	1.358
6845	261,305,795	5,703,096	2.18	0.729
6872	1,586,157,671	60,116,329	3.79	1.268
6873*	33,323,113	1,109,521	3.33	1.000
6874	119,940,848	5,708,295	4.76	1.592
7309	899,444,077	33,043,808	3.67	1.227
7313	694,325,089	10,328,694	1.49	0.498
7317	1,259,736,448	35,680,681	2.83	0.946
7327	53,442,740	4,022,190	7.53	2.518
7350	673,451,636	20,606,788	3.06	1.023
8709	404,943,249	4,647,082	1.15	0.385
8726	703,002,097	5,536,694	0.79	0.264
9077*	442,283	3,517	0.80	1.000
Overall	9,128,536,770	272,990,921	2.99	

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

III. 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

6826	6845	6874	7317
7327	7350	8709	8726



**INDIANA
APPENDIX B-IV**

Derivation of State Base Rate

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
1. Overall Countrywide Pure Premium			2.99
2. State Act Pure Premium Relativity Factor			0.691
3. Countrywide State Act Weight			24%
4. Primary Base Pure Premium = [(1) x (2) x (3)] + [(1) x (1 - (3))]			2.77
5. Countrywide Weights	50%	50%	100%
6. Trend Factors	0.967	0.977	xx
7. Weighted Benefits	1.003	0.987	xx
8. Weighted Loss-Based Expenses	1.243	1.176	xx
9. Secondary Base Pure Premium = (4tot) x (5) x (6) x (7) x (8)	1.670	1.571	3.24
10. Additional Offsets			1.000
11. Expense Allowance			0.725
12. Final Base Rate = (9) x (10) / (11)			4.47



**INDIANA
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	4.47
2. Countrywide Class Code 6872 Relativity (Section II)	1.268
3. Rate = (1) x (2)	5.67
4. Rate Within Swing Limits	5.67
Current Rate x Swing Limits	
a) Lower bound = $7.08 \times 0.75 = 5.31$	
a) Upper bound = $7.08 \times 1.25 = 8.85$	
5. Disease, Catastrophe and/or Miscellaneous Loadings	0.00
6. Final Loaded Rate	5.67



INDIANA

APPENDIX B-IV

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.) Assessment Rate on Indemnity Losses * | 8.8% |
| 2.) Assessment Rate on Total Losses # | 4.8% |

* Calculated using data provided by the U.S. Department of Labor

Calculated using U.S. Department of Labor data and on-leveled and developed USL&HW losses - statistical plan data



Indiana

Appendix B-V

Calculation of Coal Mine Traumatic and Disease

Coal mine experience is reflected in the following class codes:

- Surface Coal Mine – Class Code 1005
- Underground Coal Mine – Class Code 1016

The traumatic rate for Surface Coal Mine Class Code 1005 is calculated based on WCSP data as explained in Appendices B-I through B-III. Class Code 1005 is in the Miscellaneous industry group.

The traumatic rate for Underground Coal Mine Class Code 1016 is calculated using WCSP data. Pure premiums are calculated and adjusted for trend, benefits, and any applicable offsets or expense provisions. Swing limits for Class Code 1016 are applied around the currently approved rate.

The disease portion of class codes 1005 and 1016 is calculated by weighting a state and federal disease pure premium component. Expense provisions, where applicable, are applied as a final step in the calculation of the disease rate.

The rates shown on the Basic Manual pages for class codes 1005 and 1016 are a combination of the traumatic and state and federal disease portions.



INDIANA
APPENDIX B-VI

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 Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

Appendix C – Memoranda for Laws

The purpose of this appendix is to provide 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 within this appendix 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
- Indiana House Enrolled Act (HEA) 1153

For indemnity benefits, note that only the July 1, 2023 changes contained in HEA 1153 are reflected in this filing document. Future changes in indemnity benefit levels related to this legislation will be incorporated subsequent years' advisory rate filing submissions. In addition, as the effective date of this advisory rate filing is January 1, 2023, but the effective date of the indemnity benefit level changes is July 1, 2023, the impact of this first phase of indemnity benefit level changes has been prorated. This calculation is displayed in Appendix C-II.



INDIANA

APPENDIX C-I

ANALYSIS OF INDIANA HOSPITAL FEE SCHEDULE CHANGES EFFECTIVE OCTOBER 1, 2021 AND JANUARY 1, 2022

NCCI estimates that the changes to the hospital inpatient fee schedule, effective October 1, 2021, and hospital outpatient fee schedule, effective January 1, 2022, in Indiana will result in a combined impact of +0.2% on overall workers compensation system costs.

SUMMARY OF CHANGES

- Maximum reimbursement for Hospital Inpatient services was updated to 200% of Medicare's 2022 Inpatient Prospective Payment System (IPPS), effective October 1, 2021. Previously, maximum reimbursement for Hospital Inpatient services was 200% of Medicare's 2021 IPPS.
- Maximum reimbursement for Hospital Outpatient services was updated to 200% of Medicare's 2022 Outpatient Prospective Payment System (OPPS), effective January 1, 2022. Previously, maximum reimbursement for Hospital Outpatient services was 200% of Medicare's 2021 OPPS.

ACTUARIAL ANALYSIS

NCCI's methodology to evaluate the impact of medical 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, observed payments are aggregated according to 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.
 - For facility fee schedules, the share is calculated as the greater of the percent of observed payments with a maximum allowable reimbursement (MAR) or 75%. Any potential impact from the share of costs not subject to the fee schedule will be realized in future claim experience and reflected in subsequent Indiana Compensation Rating Bureau (ICRB) rate filings, as appropriate.
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.



INDIANA

APPENDIX C-I

ANALYSIS OF INDIANA HOSPITAL FEE SCHEDULE CHANGES EFFECTIVE OCTOBER 1, 2021 AND JANUARY 1, 2022

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 2020. Reported medical experience for COVID-19 claims as reported in NCCI Call 31 for Large Loss and Catastrophe have been excluded from the data on which this analysis is based.
- ✓ The share of benefit costs attributed to medical benefits is based on NCCI's Financial Call data for Indiana from Policy Years 2018 and 2019 projected to the effective date of the benefit changes.

SUMMARY OF IMPACTS

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

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
Hospital Inpatient	+1.0%	9.8%	+0.1%	71%	+0.1%

The impact from the hospital outpatient fee schedule change in Indiana, effective January 1, 2022, is summarized below.

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
Hospital Outpatient	+0.8%	17.1%	+0.1%	71%	+0.1%

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.



INDIANA

APPENDIX C-I

ANALYSIS OF INDIANA HOSPITAL FEE SCHEDULE CHANGES EFFECTIVE OCTOBER 1, 2021 AND JANUARY 1, 2022

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	75.0%	+1.2%	+1.0%
Hospital Outpatient	93.6%	+1.0%	+0.8%



INDIANA

APPENDIX C-II

ANALYSIS OF INDIANA HOUSE ENROLLED ACT 1153

Effective January 1, 2023

Enacted House Enrolled Act (HEA) 1153 implements a fee schedule for Ambulatory Surgical Center services effective January 1, 2023, and increases Permanent Partial Impairment (PPI) awards and maximum indemnity benefits beginning July 1, 2023. NCCI estimates that the implementation of the ASC fee schedule will result in an impact of -4.2% on overall workers compensation (WC) system costs in the state, while the increase in indemnity benefits will result in a cumulative impact of +2.0%.¹

SUMMARY OF CHANGES TO MEDICAL BENEFITS

Currently, Indiana has no fee schedule for Ambulatory Surgical Center (ASC) services. HEA 1153 implements a fee schedule for ASC services based on 200% of Medicare's ASC payment rates, effective January 1, 2023.

ACTUARIAL ANALYSIS OF CHANGES TO MEDICAL BENEFITS

NCCI's methodology to evaluate the impact of medical 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 and determine the percentage change by procedure code.
 - ✓ Calculate the weighted-average percentage change in maximum reimbursements for the fee schedule using observed payments by procedure code as weights.
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.
3. Estimate the price level change as a result of the revised fee schedule

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 2020. Reported medical experience for COVID-19 claims as reported in NCCI Call 31 for Large Loss and Catastrophe have been excluded from the data on which this analysis is based.

¹ Changes to indemnity benefits will take effect in four phases, with benefits increasing July 1 of each year from 2023 to 2026.



INDIANA

APPENDIX C-II

ANALYSIS OF INDIANA HOUSE ENROLLED ACT 1153

Effective January 1, 2023

- ✓ The share of benefit costs attributed to medical benefits is based on NCCI's Financial Call data for Indiana from Policy Years 2018 and 2019 projected to the effective date of the benefit changes.

Ambulatory Surgical Centers (ASC) Fee Schedule

In Indiana, payments for ASC services represent 11.7% of total medical costs. Of these payments, 95.3% would be subject to the enacted fee schedule. The overall change in reimbursements for ASC services is a weighted average of the percentage change in reimbursement by procedure code. The weights are based on Service Year 2020 observed payments by procedure code for Indiana, as reported on NCCI's Medical Data Call. The prior and revised reimbursements for each relevant procedure code are calculated as follows:

Prior Reimbursement = Average Payment x Trend Factor

The payments by procedure code were adjusted to the price levels projected to be in effect on January 1, 2023. The trend factor is based on the U.S. hospital outpatient services component of the medical producer price index (MPPI)².

Revised Reimbursement = Maximum Fee³ x (1 + Price Departure)

A price departure of -5% was assumed.

The overall weighted-average percentage change in reimbursements for ASC services is -49.7%. No price realization factor was applied for the ASC fee schedule implementation.

The above impact of -49.7% is then multiplied by the percentage of medical costs attributed to ASC payments in Indiana (11.7%) to arrive at an impact of -5.8% on medical costs. This is then multiplied by the percentage of benefit costs attributed to medical benefits in Indiana (72%) to arrive at an impact of -4.2% on overall workers compensation costs.

² Source: Bureau of Labor Statistics, series ID WPU511104.

³ For this analysis, the maximum fee is based on Medicare's 2022 ASC payment rates. The Medicare 2023 ASC payment rates were not available at the time of this pricing.



INDIANA

APPENDIX C-II

ANALYSIS OF INDIANA HOUSE ENROLLED ACT 1153

Effective January 1, 2023

SUMMARY OF MEDICAL IMPACTS

The impact from the ASC fee schedule implementation in Indiana, effective January 1, 2023, is summarized in the following table:

	(A)	(B)	(C) = (A) x (B)	(D)	(E)=(C) x (D)
Type of Service	Impact on Type of Service	Share of Medical Costs	Impact on Medical Costs	Medical Costs as a Share of Overall Costs	Impact on Overall Costs
ASC	-49.7%	11.7%	-5.8%	72%	-4.2%

SUMMARY OF CHANGES TO INDEMNITY BENEFITS

HEA 1153 takes effect in four phases, with benefits increasing annually on July 1 of 2023 through 2026. The changes are described below:

- The maximum weekly wage used in the determination of weekly indemnity benefits and the maximum aggregate indemnity benefit will increase according to the following schedule:

Component	Current	7/1/2023	7/1/2024	7/1/2025	7/1/2026
Maximum Compensable Weekly Wage	\$1,170	\$1,205	\$1,241	\$1,278	\$1,316
Maximum Aggregate Indemnity Benefit	\$390,000	\$402,000	\$414,000	\$426,000	\$439,000

- The PPI award per degree of impairment will increase depending on impairment rating, per the following schedule:

Degrees of Impairment	Current	7/1/2023	7/1/2024	7/1/2025	7/1/2026
1 to 10	\$1,750	\$1,803	\$1,857	\$1,913	\$1,970
11 to 35	\$1,952	\$2,011	\$2,071	\$2,133	\$2,197
36 to 50	\$3,186	\$3,282	\$3,380	\$3,481	\$3,585
51 to 100	\$4,060	\$4,182	\$4,307	\$4,436	\$4,569

The impacts for each phase displayed in this analysis are based on currently available data projected to July 1, 2023. **The impact of each phase will be reflected in future Indiana Compensation Rating Bureau (ICRB) rate filings as appropriate and is anticipated to be calculated using the most recent data available when each phase becomes effective, as well as updated weights by injury and loss type. Hence, the impacts reflected in subsequent ICRB rate filings may vary from the impacts shown below.**



APPENDIX C-II

ANALYSIS OF INDIANA HOUSE ENROLLED ACT 1153

Effective January 1, 2023

ACTUARIAL ANALYSIS OF CHANGES TO INDEMNITY BENEFITS

In Indiana, weekly indemnity WC benefits are limited to two-thirds of the statutory maximum compensable weekly wage. Additionally, total indemnity benefits payable are limited to an aggregate maximum benefit. To analyze the direct cost impacts of the changes to these benefit limitations, NCCI used a countrywide distribution of workers and their wages indexed to Indiana's average injured worker's weekly wage level. The average weekly benefit payable for each type of indemnity benefit under the enacted changes was calculated and compared to current estimated average benefits to determine the impacts by benefit type.

In Indiana, PPI awards do not depend on an injured worker's wages, but instead are determined by multiplying the degrees of the worker's permanent impairment by the statutory PPI award per degree. Injuries with a higher permanent impairment rating receive a higher award per degree of impairment. Under HEA 1153, the award for each range of impairment ratings⁴ increases by 3% per year from July 2023 through July 2026. This increase was then multiplied by the PPI award share of permanent partial disability (PPD) and permanent total disability (PTD) indemnity costs⁵ to determine the direct impact on these injury types.

Studies⁶ indicate that benefit increases are typically accompanied by changes in claimant behavior which may result in an increase in claim duration and/or claim frequency. The cost impact of such behavioral changes is known as utilization. Due to the relatively limited scope of these benefit level increases, no provision for such changes in claimant behavior was incorporated into the impacts.

To determine the impact on total indemnity benefits, the impacts by injury type were multiplied by each injury type's relative proportion of total indemnity costs⁷ and then summed across all injury types. The impacts of each phase are combined to determine the cumulative impact by injury type. The changes are expected to increase total indemnity benefit costs by a cumulative amount of +6.7% (i.e., through July 1, 2026). Since indemnity benefits comprise approximately 29%⁸ of total WC benefit costs in Indiana, the impact of the changes on overall WC system costs in Indiana is +2.0% when fully implemented.

⁴ As well as the benefit maximums described in the prior paragraph.

⁵ In Indiana, PPD indemnity costs are divided into healing period and PPI benefits. Healing period benefits are temporary indemnity benefits paid on PPD claims prior to the injured worker reaching maximum medical improvement and receiving a PPI award. NCCI estimates 36.9% of PPD indemnity benefits are paid during the healing period, while the balance is paid as PPI awards. PTD indemnity awards are equal to the greater of the weekly temporary total benefit x 500 weeks and the PPI award for 100 degrees of impairment.

⁶ For example: Robert Moss, Ashley Pistole, and Bruce Ritter. "Impact on Utilization From an Increase in Workers Compensation Indemnity Benefits" (National Council on Compensation Insurance, 2009). This study focused on temporary total disability benefits and found that for each \$1.00 of direct benefit increase, there is an added \$0.54 average cost due to increased benefit utilization.

⁷ Proportions within indemnity are based on NCCI Workers Compensation Statistical Plan data for Indiana policies becoming effective during the 24-month period ending June 30, 2019 at the current benefit level and developed to an ultimate basis by injury type.

⁸ Based on NCCI Financial Call data for Policy Years 2018 and 2019, projected to the effective date of each phase, inclusive of adjusting for changes in indemnity and medical benefit levels resulting from the bill.



INDIANA

APPENDIX C-II

ANALYSIS OF INDIANA HOUSE ENROLLED ACT 1153

Effective January 1, 2023

SUMMARY OF INDEMNITY IMPACTS

The impacts of each phase of the changes to overall WC system costs in Indiana are summarized in the table below:

Injury Type	Share of Indemnity Costs	(A) Impact by Injury Type, per Phase				
		7/1/2023	7/1/2024	7/1/2025	7/1/2026	Cumulative ⁹
Fatal	4.7%	+1.0%	+1.0%	+1.0%	+1.0%	+4.1%
PTD	2.0%	+2.5%	+2.5%	+2.5%	+2.5%	+10.4%
PPD	52.4%	+2.3%	+2.3%	+2.3%	+2.3%	+9.5%
TTD	40.9%	+1.1%	+1.1%	+1.1%	+1.1%	+4.5%
(B) Combined Impact on Indemnity Costs = Sum of (A) x (Estimated Injury Type Distribution at Effective Date)		+1.6%	+1.6%	+1.6%	+1.7%	+6.7%
(C) Indemnity Share of Overall Costs		29%	30%	30%	30%	
(D) Combined Impact on Overall Costs = (B) x (C)		+0.5%	+0.5%	+0.5%	+0.5%	+2.0%

ADDITIONAL COMMENTS

In addition to the increase in PPI awards and maximum weekly benefits, HEA 1153 also extends the timeframe to file an application with the WC Board for adjustment of a claim for compensation until two years after the last date which an injured worker received payment for either temporary total disability benefits or temporary partial disability benefits. Previously, the timeframe to file a claim for compensation was two years from the accident date.

This provision could increase benefit costs for some claims by extending the amount of time available to file for additional compensation. As the magnitude of any potential cost increases associated with this provision is uncertain, any impact from this provision will emerge in future loss experience and will be reflected in subsequent ICRB rate filings, as the ICRB determines appropriate.

HEA 1153 also establishes guidelines related to the payout of “clean claims”. Under HEA 1153, if a payor fails to notify a medical provider of submission errors within a prescribed timeframe, then the claim in question will be paid out as a clean claim. The impact of this provision is uncertain and will be dependent on the behavior of payers and medical service providers. Any potential impact arising from this change will flow through future experience and be reflected in subsequent ICRB rate filings, as the ICRB determines appropriate.

⁹ Total cumulative impact of all four phases (7/1/2023 – 7/1/2026)

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APPENDIX C-II

ANALYSIS OF INDIANA HOUSE ENROLLED ACT 1153

Effective January 1, 2023

Note that HEA 1153 removes wording on the compensation guidelines for older accident dates. It is unclear what the intent of the removal of this wording is, and what would occur if a claim with an accident date affected by the stricken language emerges or is reopened. It is also unclear if this would have any impact on any currently open claims with similar accident dates.



INDIANA

APPENDIX C-II

Pro-Rated Impact of HEA 1153 on Indemnity Losses

Effective Month (A)	Premium Distribution (B)	Months Before 7/1/2023 (C)	Months After 7/1/2023 (D)	% Impacted (E) = (D)/12	Impact by Month (F) = (E) x (G)
1/1/2023	15.7%	6	6	50.0%	0.8%
2/1/2023	5.5%	5	7	58.3%	0.9%
3/1/2023	8.5%	4	8	66.7%	1.1%
4/1/2023	8.8%	3	9	75.0%	1.2%
5/1/2023	6.9%	2	10	83.3%	1.3%
6/1/2023	7.7%	1	11	91.7%	1.5%
7/1/2023	10.0%	0	12	100.0%	1.6%
8/1/2023	6.4%	0	12	100.0%	1.6%
9/1/2023	6.9%	0	12	100.0%	1.6%
10/1/2023	8.7%	0	12	100.0%	1.6%
11/1/2023	6.1%	0	12	100.0%	1.6%
12/1/2023	8.8%	0	12	100.0%	1.6%

Full Impact of HEA 1153 on Indemnity Losses: 1.6%

Pro-Rated Impact of HEA 1153 on Indemnity Losses: **1.3%**
= Sum of (B) x (F)



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

Part 4 Additional Information

- Definitions
- Key Contacts



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Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

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 Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

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 Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2023

Key Contacts

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