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November 6, 2023  
Circular 2023-13

**To: ICRB Members**

**Re: Approved January 1, 2024, Advisory Rate Filing**

On 11/6/ 2023, the Indiana Department of Insurance (IDOI) approved and filed the 2024 Advisory Rate Filing. The filing consists of:

- ☐ Overall Advisory Loss Cost Level Change: -10.6%
  - ☐ Overall Advisory Rate Level: -11.8%
  - ☐ Overall Assigned Risk Level Change: -11.8%
- 
- The overall rate and loss cost level changes in this filing are based on premium and loss experience for policy years 2020 and 2021, evaluated as of December 31, 2022. 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 figures have shown declines in recent years.
  - The loss cost and rate changes vary by classification code, each of which belongs to one of five industry groups.

The Rate Filing details are in the document below.

Kindest regards,

Paul E Keathley

President & CEO



# Indiana

Advisory Rates, Loss Costs, and  
Assigned Risk Rates Filing

Proposed Effective January 1, 2024



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## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### 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", is positioned above the printed name.

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



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Disclosures

##### 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, 2024. 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, 2024. 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, including (i) experience base determination, (ii) chain ladder development method, (iii) trending procedure, (iv) expense calculation, and (v) application of



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Disclosures

indemnity and medical benefit changes. Since the onset of the COVID-19 pandemic, NCCI has conducted in-depth reviews and analyses and has determined that the continued use of data from the pandemic-impacted time-period remains appropriate for use in its ratemaking methodologies.

#### Data Sources

##### Key Dates

|                                        |                   |
|----------------------------------------|-------------------|
| Financial Data Valuation Date          | December 31, 2022 |
| Financial Call Data Cutoff Date        | June 23, 2023     |
| Unit Statistical Plan Data Cutoff Date | June 28, 2023     |
| Filing Preparation Date                | August 10, 2023   |

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 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.



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Disclosures

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, 2022 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.

Below is a summary of COVID-19-related lost-time claim counts and indemnity and medical combined paid plus case losses, as reported in NCCI's Financial Call 31 as of year-end 2022.

| <u>Year</u> | <u>COVID-19<br/>Lost-Time<br/>Claim Counts</u> | <u>COVID-19<br/>Paid+Case<br/>Losses</u> |
|-------------|------------------------------------------------|------------------------------------------|
| PY 2019     | 195                                            | \$1,565,453                              |
| PY 2020     | 530                                            | \$4,630,645                              |
| PY 2021     | 114                                            | \$642,841                                |
| AY 2020     | 644                                            | \$5,517,595                              |
| AY 2021     | 158                                            | \$1,170,198                              |
| AY 2022     | 46                                             | \$173,656                                |

*Excludes large deductible and expense-only claims.*

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

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



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Disclosures

##### 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
- 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.





## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Table of Contents

##### **Part 1     Filing Overview**

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

##### **Part 2     Proposed Values**

- 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

##### **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

##### **Part 4     Additional Information**

- Definitions
- Key Contacts



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Part 1 Filing Overview

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



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### 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, 2024.

| Key Components                                             | Percentage Change |
|------------------------------------------------------------|-------------------|
| Change in Experience and Development                       | - 10.6%           |
| Change in Trend                                            | - 1.2%            |
| Change in Benefits                                         | + 1.2%            |
| <u>Change in Loss-Based Expenses</u>                       | <u>+ 0.0%</u>     |
| <b>Proposed Change in Overall Advisory Loss Cost Level</b> | <b>- 10.6%*</b>   |
| Change in Production & General Expenses and Taxes          | + 0.1%            |
| <u>Change in Profit and Contingency Provision</u>          | <u>- 1.4%</u>     |
| <b>Proposed Change in Overall Advisory Rate Level</b>      | <b>- 11.8%*</b>   |
| <b>Proposed Change in Overall Assigned Risk Rate Level</b> | <b>- 11.8%*</b>   |

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

#### Items of Note:

##### Experience and Development:

- The filing is based on premium and loss experience for Policy Years 2020 through 2021 evaluated as of December 31, 2022. The financial data experience period evaluated as of December 31, 2022 shows continued improvement when compared to the data evaluated as of December 31, 2021. Refer to Exhibit I for the considerations underlying the Experience Period and Loss Base selections.
  - A combination of both paid and paid plus case data was selected to best reflect the conditions likely to prevail in the proposed effective period.
  - Policy Year 2020 experience may be impacted by pandemic-related factors, some of which are not likely to prevail during the loss cost and rate effective period. Nevertheless, loss ratios in Policy Year 2021 as well as Calendar-Accident Year 2022 have emerged at similar levels. Hence, the Policy Year 2020 loss ratio does not appear to be anomalous. No adjustment has been made to the selected experience period due to the pandemic in this filing.
  - Reported COVID-19-related claims have been excluded from the data on which this filing is based.
- Similar to previous Indiana filings, the reported loss amounts are projected to an ultimate basis using a 2-year average for paid losses and a 5-year average for paid plus case losses. The



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Executive Summary

most recent valuation of development factors shows no clear deviation from historical values. Refer to Appendix A-II for considerations underlying the Development selection.

#### Trend:

- Generally, the selected annual loss ratio trends in this year's filing are more heavily based on observed longer-term patterns. Refer to Appendix A-III for considerations underlying the Trend selection.
  - After adjusting to a common wage level, Indiana's lost-time claim frequency has shown a long-term declining trend.
  - After adjusting to a common wage level, the indemnity and medical average cost per case figures have shown substantial volatility, with declines in recent years. Exponential fits adjusted to smooth this volatility were reviewed to support the selected trend factors.

#### Other Items of Note:

- The primary driver of the proposed change is attributable to improved experience. The decrease in the experience and development component includes changes in loss experience, as well as changes in loss development.
- This filing proposes a decrease to the profit and contingency provision from 1.5% to 0.5%, which considers the notable shift in interest rates from previous years.
- The benefit change reflects the impact of recent updates to the Indiana medical fee schedule, as well as the impact of the second step of House Enrolled Act 1153.
- The assigned risk rates in this filing are equal to the advisory rates. There has been no change in the surcharge applicable to assigned risk policies.
- Additional proposed methodology changes in this filing include changes to experience rating values, changes to occupational disease provisions, and calendar year wage adjustments. Please refer to the Additional Proposed Changes section for additional information.



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Overview of Methodology

The following methodologies 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.

##### 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")



## INDIANA

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Summary of Selections

The following is a summary of selections underlying the advisory rates, advisory loss costs, and assigned risk rates proposed to be effective January 1, 2024, along with the selections underlying the currently approved filing effective January 1, 2023.

| <b><u>Advisory Rates and Advisory Loss Costs</u></b>       | <b><u>Currently Approved<br/>January 1, 2023</u></b> | <b><u>Proposed Effective<br/>January 1, 2024</u></b> |
|------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|
| Experience Period                                          | Policy Years 2018, 2019 and 2020                     | Policy Years 2020 and 2021                           |
| 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                                                | 0.970                                                |
| Base Threshold for Limiting Losses                         | \$7,574,147                                          | \$7,511,963                                          |
| Excess Ratio                                               | 0.8%                                                 | 0.8%                                                 |
| Loss-based Expense Provision                               | 17.7%                                                | 17.7%                                                |
| Production and General Expenses                            | 24.3%                                                | 24.4%                                                |
| Premium Taxes and Assessments                              | 1.7%                                                 | 1.7%                                                 |
| Profit and Contingencies Provision                         | 1.5%                                                 | 0.5%                                                 |
| Classification Swing Limits<br>(applied by Industry Group) | +/-25%                                               | +/-25%                                               |
|                                                            |                                                      |                                                      |
| <b><u>Assigned Risk Rates</u></b>                          | <b><u>Currently Approved<br/>January 1, 2023</u></b> | <b><u>Proposed Effective<br/>January 1, 2024</u></b> |
| Factor to Convert Advisory Rates<br>to Assigned Risk       | 1.000                                                | 1.000                                                |
| Premium Surcharge                                          | 30% on premium<br>excess of \$2,750                  | 30% on premium<br>excess of \$2,750                  |



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Additional Proposed Changes

##### Changes to Experience Rating Values

The experience rating values in this filing reflect the updates approved in Item E-1409—Enhancement to NCCI's Experience Rating Plan Methodology, which revised certain underlying components of the methodology used in NCCI's Experience Rating Plan (Plan):

- The primary/excess loss split point (split point) now differs by jurisdiction to better reflect state cost differences.
- The state per claim accident limitation (SAL) and United States Longshore and Harbor Workers' Compensation (USL&HW) per claim accident limitation are now based on the 95<sup>th</sup> percentile of lost time claims and are generally smaller in magnitude than the limitations under the prior methodology.
- The credibility parameters underlying the calculation of the weight (W) and ballast (B) values have been recalibrated with more recently available data to improve equity within the Plan.
- The G value has been adjusted to enhance consistency with other Plan parameters.
- The Discount ratios (D-ratios) no longer differ for class codes in the same hazard group.

The benefits of these updates include:

- A more accurate and predictive experience rating modification.
- More comparable Plan performance in states with claim costs that vary significantly from the countrywide average.
- Reduced sensitivity to large outlier claims without sacrificing predictive accuracy.
- The elimination of complex calculations where no value is added.

As described above, the split point is now a state-specific value reflecting Indiana costs.

No statewide premium impact is anticipated from these experience rating plan updates.

##### Changes to Occupational Disease Provisions

NCCI recently completed a comprehensive review of Occupational Diseases (OD), excluding coal worker's pneumoconiosis. The review found that the vast majority of loss experience for OD-related conditions is reported within 10 years of policy expiration and thus captured by our Unit Statistical Plan Data. As this data is included in our ratemaking analysis each year, it was determined that there is no need for separate ratemaking handling. Based on this research, NCCI is proposing to remove all disease loadings specific to any classification that is not related to coal mining. This includes supplementary disease loss costs/rates, where applicable.

The premium generated from disease provisions is negligible, accounting for less than 0.1% of the total premium in the state. Therefore, no offset is being proposed due to the removal of OD



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Additional Proposed Changes

provisions. The losses associated with OD claims will continue to be included in the ratemaking data underlying the annual loss cost/rate filings.

As stated in the **Basic Manual** (Rule ID: BM-SUPD-S1257), carriers will continue to have the option to include a load for supplemental OD exposure. The supplemental disease loading proposed must be based on the carrier's judgment after an evaluation of the operation.

#### Calendar Year Wage Adjustments

NCCI's standard methodology is to adjust frequency and severity values included in its rate and loss cost filings to a common wage level before analyzing trends that may be present in those values. This practice allows NCCI to analyze trends over and above changes that may be due solely to wage inflation. In this year's filing, the frequency and severity values have been adjusted to the Policy Year 2021 average weekly wage (AWW) level using data from the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW).

In addition to the traditional growth in wages/salaries that may be expected to occur each year, the observed 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 unusually large, due to pandemic-related job losses, followed by wage growth in relatively low-wage industries. Therefore, the 2020 and 2021 AWW values were adjusted to exclude the estimated impact of the pandemic-related, industry-sector mix change.

The impact of industry-sector mix changes on the 2022 AWW change was less atypical than what was observed in 2020 and 2021. As such, the 2022 AWW value has not been modified to exclude the impact of industry-sector mix changes.

The adjustment made to the 2020 and 2021 AWW is reflected in the frequency and severity values shown in Appendix A-III Trend Factors. The overall impact of the 2020 and 2021 AWW adjustment, and the return to an unadjusted 2022 AWW, is expected to be immaterial.





## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Part 2 Proposed Values

- 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

Please note the following in connection with this filing:

- As a result of Item B-1397, effective July 1, 2007, a single combined rate is still calculated for Class Codes 7710 and 7711 via a payroll-weighted average of the separately indicated rates for these two class codes.
- The updated experience rating plan parameters reflect the methodology enhancements from Item E-1409.
- As a result of Item E-1410, claims attributable to COVID-19 with accident dates on or after July 1, 2023 will be included in experience rating calculations. Experience modifications calculated using the values on the following pages which are effective beginning July 1, 2024\* and subsequent have the potential to be affected by COVID-19 claim experience.
- As a result of Item R-1421, the retrospective rating plan parameters have been updated.

\* In certain rare circumstances, a few experience modifications effective as early as March 16, 2024 may be affected.



## Indiana

### **Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024**

#### **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

# WORKERS COMPENSATION AND EMPLOYERS LIABILITY

INDIANA

Page S1

Effective January 1, 2024

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       | 1.63   | 673      | 2065       | 0.94  | 456      | 2797       | 1.08 | 500      | 3336       | 1.18 | 532      | 4114       | 1.34 | 582      |
| 0008       | 1.59   | 661      | 2070       | 2.93  | 1083     | 2799       | 2.22 | 859      | 3365       | 1.93 | 768      | 4130       | 1.50 | 633      |
| 0016       | 2.53   | 957      | 2081       | 1.40  | 601      | 2802       | 2.26 | 872      | 3372       | 1.40 | 601      | 4131       | 2.55 | 963      |
| 0034       | 1.78   | 721      | 2089       | 1.48  | 626      | 2835       | 1.26 | 557      | 3373       | 2.20 | 853      | 4133       | 1.26 | 557      |
| 0035       | 1.25   | 554      | 2095       | 1.65  | 680      | 2836       | 1.53 | 642      | 3383       | 0.70 | 381      | 4149       | 0.38 | 280      |
| 0036       | 2.04   | 803      | 2105       | 1.75  | 711      | 2841       | 1.75 | 711      | 3385       | 0.53 | 327      | 4206       | 1.40 | 601      |
| 0037       | 2.08   | 815      | 2110       | 1.89  | 755      | 2881       | 1.56 | 651      | 3400       | 1.80 | 727      | 4207       | 0.97 | 466      |
| 0042       | 2.27   | 875      | 2111       | 1.19  | 535      | 2883       | 1.23 | 547      | 3507       | 1.18 | 532      | 4239       | 1.58 | 658      |
| 0050       | 3.46   | 1250     | 2112       | 2.01  | 793      | 2915       | 1.53 | 642      | 3515       | 0.99 | 472      | 4240       | 1.34 | 582      |
| 0059D      | —      | —        | 2114       | 1.16  | 525      | 2916       | 1.53 | 642      | 3548       | 0.75 | 396      | 4243       | 1.23 | 547      |
| 0065D      | —      | —        | 2121       | 0.68  | 374      | 2923       | 1.10 | 507      | 3559       | 1.24 | 551      | 4244       | 1.38 | 595      |
| 0066D      | —      | —        | 2130       | 1.02  | 481      | 2960       | 2.21 | 856      | 3574       | 0.56 | 336      | 4250       | 1.02 | 481      |
| 0067D      | —      | —        | 2131       | 0.81  | 415      | 3004       | 0.57 | 340      | 3581       | 0.48 | 311      | 4251       | 1.50 | 633      |
| 0079       | 1.51   | 636      | 2143       | 1.02  | 481      | 3018       | 1.42 | 607      | 3612       | 0.99 | 472      | 4263       | 2.01 | 793      |
| 0083       | 3.12   | 1143     | 2157       | 2.10  | 822      | 3022       | 1.80 | 727      | 3620       | 1.21 | 541      | 4273       | 1.10 | 507      |
| 0106       | 4.12   | 1458     | 2172       | 0.75  | 396      | 3027       | 1.37 | 592      | 3629       | 1.00 | 475      | 4279       | 1.37 | 592      |
| 0113       | 2.07   | 812      | 2174       | 1.34  | 582      | 3028       | 1.46 | 620      | 3632       | 1.08 | 500      | 4282       | —    | —        |
| 0170       | 1.31   | 573      | 2211       | 3.95  | 1404     | 3030       | 2.21 | 856      | 3634       | 0.83 | 421      | 4283       | 0.81 | 415      |
| 0251       | 2.05   | 806      | 2220       | 1.37  | 592      | 3040       | 2.42 | 922      | 3635       | 0.86 | 431      | 4299       | 1.08 | 500      |
| 0401       | 5.72   | A        | 2286       | —     | —        | 3041       | 1.73 | 705      | 3638       | 0.83 | 421      | 4304       | 2.63 | 988      |
| 0766N      | 0.23   | —        | 2288       | 2.61  | 982      | 3042       | 1.53 | 642      | 3642       | 0.81 | 415      | 4307       | 0.80 | 412      |
| 0771N      | 0.21   | —        | 2302       | 0.92  | 450      | 3064       | 1.72 | 702      | 3643       | 0.97 | 466      | 4351       | 0.53 | 327      |
| 0908P      | 101.00 | 261      | 2305       | 1.27  | 560      | 3076       | 1.51 | 636      | 3647       | 1.37 | 592      | 4352       | 0.70 | 381      |
| 0913P      | 268.00 | 428      | 2361       | 0.92  | 450      | 3081D      | 2.08 | 815      | 3648       | 0.59 | 346      | 4360       | —    | —        |
| 1005*      | 2.46   | 935      | 2362       | 1.18  | 532      | 3082D      | 1.83 | 736      | 3681       | 0.45 | 302      | 4361       | 0.52 | 324      |
| 1016*      | 6.98   | 1500     | 2380       | 1.15  | 522      | 3085D      | 2.18 | 847      | 3685       | 0.46 | 305      | 4410       | 1.37 | 592      |
| 1164D      | 1.33   | 579      | 2388       | 0.73  | 390      | 3110       | 1.81 | 730      | 3719       | 0.37 | 277      | 4420       | 1.34 | 582      |
| 1165D      | 1.21   | 541      | 2402       | 1.13  | 516      | 3111       | 1.10 | 507      | 3724       | 1.75 | 711      | 4431       | 0.75 | 396      |
| 1320       | 1.21   | 541      | 2413       | 1.15  | 522      | 3113       | 0.75 | 396      | 3726       | 1.55 | 648      | 4432       | 0.56 | 336      |
| 1322       | 3.05   | 1121     | 2416       | 1.21  | 541      | 3114       | 1.23 | 547      | 3803       | 1.26 | 557      | 4452       | 1.35 | 585      |
| 1430       | 1.42   | 607      | 2417       | 0.64  | 362      | 3118       | 0.83 | 421      | 3807       | 0.75 | 396      | 4459       | 1.40 | 601      |
| 1438       | 1.70   | 696      | 2501       | 1.40  | 601      | 3119       | 0.46 | 305      | 3808       | 1.32 | 576      | 4470       | 1.27 | 560      |
| 1452       | 1.19   | 535      | 2503       | 0.51  | 321      | 3122       | 0.83 | 421      | 3821       | 3.09 | 1133     | 4484       | 1.37 | 592      |
| 1463       | 4.49   | 1500     | 2534       | —     | —        | 3126       | 0.95 | 459      | 3822       | 2.32 | 891      | 4493       | 1.16 | 525      |
| 1472       | 1.23   | 547      | 2570       | 1.50  | 633      | 3131       | 0.67 | 371      | 3824       | 1.54 | 645      | 4511       | 0.36 | 273      |
| 1604       | 2.25   | 869      | 2585       | 1.64  | 677      | 3132       | 1.32 | 576      | 3826       | 0.32 | 261      | 4557       | 1.08 | 500      |
| 1624D      | 1.34   | 582      | 2586       | 1.73  | 705      | 3145       | 1.00 | 475      | 3827       | 0.83 | 421      | 4558       | 0.84 | 425      |
| 1642       | 1.69   | 692      | 2587       | 1.44  | 614      | 3146       | 1.05 | 491      | 3830       | 0.65 | 365      | 4568       | 1.11 | 510      |
| 1654       | 2.38   | 910      | 2589       | 0.92  | 450      | 3169       | 1.03 | 484      | 3851       | 0.94 | 456      | 4581       | 0.48 | 311      |
| 1699       | 1.21   | 541      | 2600       | 2.13  | 831      | 3179       | 0.92 | 450      | 3865       | 1.51 | 636      | 4583       | 1.94 | 771      |
| 1701       | 1.42   | 607      | 2623       | 2.69  | 1007     | 3180       | 1.34 | 582      | 3881       | 2.47 | 938      | 4611       | 0.35 | 270      |
| 1710D      | 1.77   | 718      | 2651       | 0.80  | 412      | 3188       | 0.86 | 431      | 4000       | 2.65 | 995      | 4635       | 1.05 | 491      |
| 1747       | 1.38   | 595      | 2660       | 1.35  | 585      | 3220       | 0.92 | 450      | 4021       | 1.96 | 777      | 4653       | 1.05 | 491      |
| 1748       | 3.41   | 1234     | 2670       | —     | —        | 3224       | 1.72 | 702      | 4024D      | 2.18 | 847      | 4665       | 3.17 | 1159     |
| 1803D      | 2.71   | 1014     | 2683       | —     | —        | 3227       | 1.34 | 582      | 4034       | 2.94 | 1086     | 4670       | —    | —        |
| 1860       | —      | —        | 2688       | 0.97  | 466      | 3240       | —    | —        | 4036       | 1.26 | 557      | 4683       | 1.59 | 661      |
| 1924       | 1.23   | 547      | 2701       | 5.98  | 1500     | 3241       | 1.29 | 566      | 4038       | 1.07 | 497      | 4686       | 1.35 | 585      |
| 1925       | 1.48   | 626      | 2702       | 10.09 | 1500     | 3255       | 1.38 | 595      | 4053       | —    | —        | 4692       | 0.41 | 289      |
| 2002       | 1.58   | 658      | 2709       | 3.99  | 1417     | 3257       | 1.24 | 551      | 4061       | —    | —        | 4693       | 0.41 | 289      |
| 2003       | 2.36   | 903      | 2710       | 5.03  | 1500     | 3270       | 1.08 | 500      | 4062       | 2.75 | 1026     | 4703       | 0.70 | 381      |
| 2014       | 2.04   | 803      | 2714       | 2.24  | 866      | 3300       | 2.85 | 1058     | 4101       | 1.03 | 484      | 4716       | —    | —        |
| 2016       | 1.26   | 557      | 2731       | 1.93  | 768      | 3303       | 1.43 | 610      | 4109       | 0.22 | 229      | 4717       | 1.07 | 497      |
| 2021       | 2.32   | 891      | 2735       | 2.18  | 847      | 3307       | 1.13 | 516      | 4110       | 0.49 | 314      | 4720       | 0.97 | 466      |
| 2039       | 1.40   | 601      | 2759       | 3.12  | 1143     | 3315       | 1.32 | 576      | 4111       | 0.95 | 459      | 4740       | 0.41 | 289      |
| 2041       | 1.83   | 736      | 2790       | 1.11  | 510      | 3334       | 1.35 | 585      | 4113       | —    | —        | 4741       | 1.18 | 532      |

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

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

## INDIANA

Page S2

Original Printing

## WORKERS COMPENSATION AND EMPLOYERS LIABILITY

Effective January 1, 2024

| 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 |
|------------|------|----------|------------|------|----------|------------|--------|----------|------------|------|----------|------------|------|----------|
| 4751       | 1.37 | 592      | 6005       | 1.78 | 721      | 7231       | 4.17   | 1474     | 8017       | 0.77 | 403      | 8734M      | 0.19 | 220      |
| 4766N      | 1.70 | 768      | 6018       | 1.18 | 532      | 7232       | 3.70   | 1326     | 8018       | 1.76 | 714      | 8737M      | 0.17 | 214      |
| 4771N      | 1.18 | 598      | 6045       | 1.96 | 777      | 7309F      | 5.02   | 1500     | 8021       | 1.22 | 544      | 8738M      | 0.34 | 267      |
| 4777       | 1.40 | 601      | 6204       | 2.57 | 970      | 7313F      | 2.04   | 803      | 8031       | 1.22 | 544      | 8742       | 0.14 | 204      |
| 4825       | 0.37 | 277      | 6206       | 1.01 | 478      | 7317F      | 4.28   | 1500     | 8032       | 1.06 | 494      | 8745       | 1.94 | 771      |
| 4828       | 1.18 | 532      | 6213       | 0.80 | 412      | 7327F      | 11.37  | 1500     | 8033       | 1.35 | 585      | 8748       | 0.25 | 239      |
| 4829       | 0.68 | 374      | 6214       | 0.63 | 358      | 7333M      | 1.31   | 573      | 8037       | 0.95 | 459      | 8755       | 0.17 | 214      |
| 4902       | 1.07 | 497      | 6216       | 1.89 | 755      | 7335M      | 1.46   | 620      | 8039       | 0.83 | 421      | 8799       | 0.37 | 277      |
| 4923       | 0.67 | 371      | 6217       | 1.62 | 670      | 7337M      | 2.65   | 995      | 8044       | 1.27 | 560      | 8800       | 1.02 | 481      |
| 5020       | 2.10 | 822      | 6229       | 1.90 | 759      | 7350F      | 4.84   | 1500     | 8045       | 0.42 | 292      | 8803       | 0.04 | 173      |
| 5022       | 2.90 | 1074     | 6233       | 0.83 | 421      | 7360       | 2.16   | 840      | 8046       | 1.47 | 623      | 8805M      | 0.12 | 198      |
| 5037       | 3.00 | 1105     | 6235       | 2.97 | 1096     | 7370       | 2.82   | 1048     | 8047       | 0.45 | 302      | 8810       | 0.09 | 188      |
| 5040       | 3.57 | 1285     | 6236       | 2.15 | 837      | 7380       | 2.35   | 900      | 8058       | 1.38 | 595      | 8814M      | 0.11 | 195      |
| 5057       | 1.39 | 598      | 6237       | 0.58 | 343      | 7382       | 2.05   | 806      | 8072       | 0.41 | 289      | 8815M      | 0.22 | 229      |
| 5059       | 6.47 | 1500     | 6251D      | 1.84 | 740      | 7390       | 2.26   | 872      | 8102       | 0.92 | 450      | 8820       | 0.06 | 179      |
| 5102       | 2.59 | 976      | 6252D      | 1.26 | 557      | 7394M      | 1.45   | 617      | 8103       | 1.43 | 610      | 8824       | 1.05 | 491      |
| 5146       | 1.84 | 740      | 6306       | 1.69 | 692      | 7395M      | 1.61   | 667      | 8106       | 1.98 | 784      | 8825       | —    | —        |
| 5160       | 0.93 | 453      | 6319       | 1.03 | 484      | 7398M      | 2.92   | 1080     | 8107       | 1.35 | 585      | 8826       | 1.02 | 481      |
| 5183       | 1.04 | 488      | 6325       | 1.66 | 683      | 7402       | 0.09   | 188      | 8111       | 1.12 | 513      | 8829       | —    | —        |
| 5188       | 1.32 | 576      | 6400       | 1.90 | 759      | 7403       | 1.61   | 667      | 8116       | 1.25 | 554      | 8831       | 0.67 | 371      |
| 5190       | 1.03 | 484      | 6503       | 0.94 | 456      | 7405N      | 0.56   | 396      | 8203       | 3.33 | 1209     | 8832       | 0.17 | 214      |
| 5191       | 0.57 | 340      | 6504       | 1.42 | 607      | 7420       | 4.75   | 1500     | 8204       | 2.43 | 925      | 8833       | 0.49 | 314      |
| 5192       | 1.86 | 746      | 6702M*     | 1.85 | 743      | 7421       | 0.41   | 289      | 8209       | 1.98 | 784      | 8835       | 1.19 | 535      |
| 5213       | 2.53 | 957      | 6703M*     | 3.72 | 1332     | 7422       | 0.53   | 327      | 8215       | 1.65 | 680      | 8842       | 1.78 | 721      |
| 5215       | 2.30 | 885      | 6704M*     | 2.05 | 806      | 7425       | 1.02   | 481      | 8227       | 1.79 | 724      | 8855       | 0.08 | 185      |
| 5221       | 1.85 | 743      | 6801F      | 4.09 | 1448     | 7431N      | 0.37   | 314      | 8232       | 2.32 | 891      | 8856       | 0.28 | 248      |
| 5222       | 3.28 | 1193     | 6811       | 3.11 | 1140     | 7445N      | 0.19   | —        | 8233       | 1.49 | 629      | 8864       | 0.74 | 393      |
| 5223       | 1.87 | 749      | 6824F      | 4.84 | 1500     | 7453N      | 0.12   | —        | 8235       | 1.98 | 784      | 8868       | 0.28 | 248      |
| 5348       | 1.59 | 661      | 6826F      | 2.72 | 1017     | 7502       | 0.92   | 450      | 8263       | 3.74 | 1338     | 8869       | 0.63 | 358      |
| 5402       | 2.30 | 885      | 6834       | 1.15 | 522      | 7515       | 0.42   | 292      | 8264       | 2.21 | 856      | 8871       | 0.04 | 173      |
| 5403       | 2.27 | 875      | 6836       | 1.84 | 740      | 7520       | 1.26   | 557      | 8265       | 2.59 | 976      | 8901       | 0.11 | 195      |
| 5437       | 1.95 | 774      | 6843F      | 5.55 | 1500     | 7538       | 1.47   | 623      | 8279       | 4.01 | 1423     | 9012       | 0.54 | 330      |
| 5443       | 1.20 | 538      | 6845F      | 2.98 | 1099     | 7539       | 0.72   | 387      | 8288       | 3.82 | 1363     | 9014       | 1.34 | 582      |
| 5445       | 1.82 | 733      | 6854       | 2.75 | 1026     | 7540       | 1.42   | 607      | 8291       | 1.53 | 642      | 9015       | 1.43 | 610      |
| 5462       | 2.56 | 966      | 6872F      | 5.19 | 1500     | 7580       | 1.40   | 601      | 8292       | 1.56 | 651      | 9016       | 1.46 | 620      |
| 5472       | 2.56 | 966      | 6874F      | 7.85 | 1500     | 7590       | 1.96   | 777      | 8293       | 3.38 | 1225     | 9019       | 1.51 | 636      |
| 5473       | 4.52 | 1500     | 6882       | 1.58 | 658      | 7600       | 2.24   | 866      | 8304       | 2.74 | 1023     | 9033       | 1.00 | 475      |
| 5474       | 1.99 | 787      | 6884       | 2.49 | 944      | 7605       | 1.04   | 488      | 8350       | 2.64 | 992      | 9040       | 1.76 | 714      |
| 5478       | 1.38 | 595      | 7016M      | 1.42 | 607      | 7610       | 0.34   | 267      | 8380       | 1.25 | 554      | 9044       | 0.76 | 399      |
| 5479       | 2.25 | 869      | 7024M      | 1.58 | 658      | 7698       | 2.37   | 907      | 8381       | 0.90 | 444      | 9052       | 0.87 | 434      |
| 5480       | 2.96 | 1092     | 7038M      | 2.87 | 1064     | 7699       | 1.49   | 629      | 8385       | 1.25 | 554      | 9058       | 0.86 | 431      |
| 5491       | 0.90 | 444      | 7046M      | 3.46 | 1250     | 7705       | 2.79   | 1039     | 8392       | 1.12 | 513      | 9060       | 0.80 | 412      |
| 5506       | 3.02 | 1111     | 7047M      | 2.86 | 1061     | 7710       | 2.59   | 976      | 8393       | 0.83 | 421      | 9061       | 0.70 | 381      |
| 5507       | 1.52 | 639      | 7050M      | 5.78 | 1500     | 7711       | 2.59   | 976      | 8500       | 2.64 | 992      | 9062       | 0.80 | 412      |
| 5508       | —    | —        | 7090M      | 3.19 | 1165     | 7720       | 1.46   | 620      | 8601       | 0.17 | 214      | 9063       | 0.47 | 308      |
| 5535       | 2.91 | 1077     | 7098M      | 3.84 | 1370     | 7725       | 1.17   | 529      | 8602       | 0.85 | 428      | 9077F      | 4.10 | 1452     |
| 5537       | 1.52 | 639      | 7099M      | 6.96 | 1500     | 7732P      | 114.00 | 274      | 8603       | 0.05 | 176      | 9082       | 0.66 | 368      |
| 5551       | 4.61 | 1500     | 7133       | 1.53 | 642      | 7855       | 1.52   | 639      | 8606       | 0.90 | 444      | 9083       | 0.61 | 352      |
| 5606       | 0.46 | 305      | 7151M      | 1.86 | 746      | 8001       | 1.27   | 560      | 8709F      | 2.05 | 806      | 9084       | 0.64 | 362      |
| 5610       | 1.89 | 755      | 7152M      | 3.75 | 1341     | 8002       | 1.06   | 494      | 8719       | 1.11 | 510      | 9088a      | a    | a        |
| 5645       | 3.66 | 1313     | 7153M      | 2.07 | 812      | 8006       | 1.06   | 494      | 8720       | 0.67 | 371      | 9089       | 0.48 | 311      |
| 5703       | 3.94 | 1401     | 7219       | 3.10 | 1137     | 8008       | 0.82   | 418      | 8721       | 0.15 | 207      | 9093       | 0.70 | 381      |
| 5705       | 5.64 | 1500     | 7222       | 3.14 | 1149     | 8010       | 0.93   | 453      | 8723       | 0.08 | 185      | 9101       | 1.91 | 762      |
| 5951       | 0.22 | 229      | 7225       | 3.39 | 1228     | 8013       | 0.19   | 220      | 8725       | 1.11 | 510      | 9102       | 1.70 | 696      |
| 6003       | 2.84 | 1055     | 7230       | 4.06 | 1439     | 8015       | 0.42   | 292      | 8726F      | 1.17 | 529      | 9154       | 0.73 | 390      |

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WORKERS COMPENSATION AND EMPLOYERS LIABILITY

Effective January 1, 2024

| CLASS<br>CODE | RATE | MIN<br>PREM | CLASS<br>CODE | RATE | MIN<br>PREM | CLASS<br>CODE | RATE | MIN<br>PREM | CLASS<br>CODE | RATE | MIN<br>PREM | CLASS<br>CODE | RATE | MIN<br>PREM |
|---------------|------|-------------|---------------|------|-------------|---------------|------|-------------|---------------|------|-------------|---------------|------|-------------|
| 9156          | 1.29 | 566         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9170          | 4.15 | 1467        |               |      |             |               |      |             |               |      |             |               |      |             |
| 9178          | 3.39 | 1228        |               |      |             |               |      |             |               |      |             |               |      |             |
| 9179          | 6.78 | 1500        |               |      |             |               |      |             |               |      |             |               |      |             |
| 9180          | 3.07 | 1127        |               |      |             |               |      |             |               |      |             |               |      |             |
| 9182          | 1.21 | 541         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9186          | 4.46 | 1500        |               |      |             |               |      |             |               |      |             |               |      |             |
| 9220          | 2.75 | 1026        |               |      |             |               |      |             |               |      |             |               |      |             |
| 9402          | 2.06 | 809         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9403          | 3.33 | 1209        |               |      |             |               |      |             |               |      |             |               |      |             |
| 9410          | 1.21 | 541         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9501          | 1.56 | 651         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9505          | 1.48 | 626         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9516          | 1.44 | 614         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9519          | 1.89 | 755         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9521          | 1.56 | 651         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9522          | 1.18 | 532         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9534          | 1.70 | 696         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9554          | 3.14 | 1149        |               |      |             |               |      |             |               |      |             |               |      |             |
| 9586          | 0.23 | 232         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9600          | 1.07 | 497         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9620          | 0.71 | 384         |               |      |             |               |      |             |               |      |             |               |      |             |

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Effective January 1, 2024

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 no longer includes disease loading. A supplemental disease loading may be added, as described in the **Basic Manual** rule, Supplemental disease exposure.
- 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 \$0.62. (For coverage written separately for federal benefits only, \$0.59. For coverage written separately for state benefits only, \$0.03.)
- 1016 Rate includes a non-ratable disease element of \$1.88. (For coverage written separately for federal benefits only, \$1.78. 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 2.448 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.

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

Effective January 1, 2024

## MISCELLANEOUS VALUES - ADVISORY RATES

|                                                                                                                                                                                                                                                                                                                                                                              |          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <b>Basis of premium</b> applicable in accordance with the <b>Basic Manual</b> notes for Code 7370 -- "Taxicab Co.":                                                                                                                                                                                                                                                          |          |
| Employee operated vehicle.....                                                                                                                                                                                                                                                                                                                                               | \$87,900 |
| Leased or rented vehicle.....                                                                                                                                                                                                                                                                                                                                                | \$58,600 |
| <b>Catastrophe (other than Certified Acts of Terrorism) - (Advisory Rate)</b> .....                                                                                                                                                                                                                                                                                          | 0.01     |
| <b>Expense Constant</b> applicable in accordance with the <b>Basic Manual</b> rule.....                                                                                                                                                                                                                                                                                      | \$160    |
| <b>Maximum Minimum Premium</b> .....                                                                                                                                                                                                                                                                                                                                         | \$1,500  |
| <b>Maximum Weekly Payroll</b> applicable in accordance with the <b>Basic Manual</b> notes for Code 9178 -- "Athletic Sports or Park: Noncontact Sports," and Code 9179 -- "Athletic Sports or Park: Contact Sports".....                                                                                                                                                     |          |
|                                                                                                                                                                                                                                                                                                                                                                              | \$4,500  |
| <b>Maximum Weekly Payroll for Executive Officers, Partners, Sole Proprietors, and Members or Managers of Limited Liability Companies</b> in accordance with the <b>Basic Manual</b> 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..... |          |
|                                                                                                                                                                                                                                                                                                                                                                              | \$4,500  |
| <b>Minimum Premium Multiplier</b> .....                                                                                                                                                                                                                                                                                                                                      | 315      |
| <b>Minimum Weekly Payroll for Executive Officers, Partners, Sole Proprietors, and Members or Managers of Limited Liability Companies</b> in accordance with the <b>Basic Manual</b> 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..... |          |
|                                                                                                                                                                                                                                                                                                                                                                              | \$950    |
| <b>Premium Discount Percentages</b> - (See the <b>Basic Manual</b> 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<br>Amount | Coinsurance Program<br>Premium Reduction Percentages<br>HAZARD GROUP |      |      |      |      |      |      |
|-----------------------|----------------------------------------------------------------------|------|------|------|------|------|------|
|                       | A                                                                    | B    | C    | D    | E    | F    | G    |
|                       | \$21,000                                                             | 7.7% | 7.1% | 6.3% | 5.7% | 4.8% | 4.2% |

| Deductible<br>Amount | Deductible Program With Coinsurance<br>Premium Reduction Percentages<br>HAZARD GROUP |       |       |       |       |       |      |
|----------------------|--------------------------------------------------------------------------------------|-------|-------|-------|-------|-------|------|
|                      | A                                                                                    | B     | C     | D     | E     | F     | G    |
|                      |                                                                                      |       |       |       |       |       |      |
| \$500                | 12.3%                                                                                | 10.9% | 9.2%  | 8.1%  | 6.7%  | 5.5%  | 4.3% |
| \$1,000              | 15.3%                                                                                | 13.4% | 11.3% | 9.8%  | 8.0%  | 6.5%  | 5.0% |
| \$1,500              | 17.3%                                                                                | 15.3% | 12.8% | 11.1% | 9.1%  | 7.3%  | 5.7% |
| \$2,000              | 19.0%                                                                                | 16.8% | 14.1% | 12.2% | 9.9%  | 8.1%  | 6.2% |
| \$2,500              | 20.4%                                                                                | 18.0% | 15.2% | 13.1% | 10.7% | 8.8%  | 6.7% |
| \$3,000              | 21.6%                                                                                | 19.1% | 16.1% | 14.0% | 11.4% | 9.4%  | 7.2% |
| \$3,500              | 22.7%                                                                                | 20.1% | 17.0% | 14.7% | 12.0% | 9.9%  | 7.6% |
| \$4,000              | 23.5%                                                                                | 21.0% | 17.7% | 15.5% | 12.6% | 10.5% | 8.0% |
| \$4,500              | 24.4%                                                                                | 21.8% | 18.4% | 16.1% | 13.2% | 11.0% | 8.4% |
| \$5,000              | 25.2%                                                                                | 22.5% | 19.2% | 16.7% | 13.6% | 11.4% | 8.7% |

Effective January 1, 2024

MISCELLANEOUS VALUES - ADVISORY RATES(cont.)

| Deductible<br>Amount | Deductible Program Without Coinsurance<br>Premium Reduction Percentages<br>HAZARD GROUP |       |       |       |       |      |      |
|----------------------|-----------------------------------------------------------------------------------------|-------|-------|-------|-------|------|------|
|                      | A                                                                                       | B     | C     | D     | E     | F    | G    |
|                      |                                                                                         |       |       |       |       |      |      |
| \$500                | 5.7%                                                                                    | 4.8%  | 3.7%  | 3.0%  | 2.3%  | 1.6% | 1.1% |
| \$1,000              | 9.4%                                                                                    | 7.9%  | 6.3%  | 5.1%  | 4.0%  | 2.8% | 2.0% |
| \$1,500              | 12.0%                                                                                   | 10.2% | 8.2%  | 6.8%  | 5.3%  | 3.9% | 2.8% |
| \$2,000              | 14.1%                                                                                   | 12.1% | 9.8%  | 8.1%  | 6.4%  | 4.8% | 3.5% |
| \$2,500              | 15.8%                                                                                   | 13.6% | 11.1% | 9.3%  | 7.3%  | 5.7% | 4.1% |
| \$3,000              | 17.3%                                                                                   | 15.0% | 12.3% | 10.4% | 8.2%  | 6.4% | 4.7% |
| \$3,500              | 18.6%                                                                                   | 16.2% | 13.3% | 11.3% | 9.0%  | 7.2% | 5.2% |
| \$4,000              | 19.8%                                                                                   | 17.3% | 14.3% | 12.2% | 9.7%  | 7.8% | 5.7% |
| \$4,500              | 20.9%                                                                                   | 18.3% | 15.2% | 13.0% | 10.4% | 8.4% | 6.2% |
| \$5,000              | 21.8%                                                                                   | 19.2% | 16.1% | 13.8% | 11.0% | 9.0% | 6.6% |

**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..... 107%

(Multiply a Non-F classification rate by a factor of 2.07 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 (1.037).)

**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.

Original Printing

Page S1

Effective January 1, 2024

| 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       | 1.20      | 2065       | 0.69      | 2797       | 0.79      | 3336       | 0.87      | 4114       | 0.98      | 4751       | 1.01      | 6005       | 1.31      |
| 0008       | 1.17      | 2070       | 2.15      | 2799       | 1.63      | 3365       | 1.42      | 4130       | 1.10      | 4766N      | 1.25      | 6018       | 0.87      |
| 0016       | 1.86      | 2081       | 1.03      | 2802       | 1.66      | 3372       | 1.03      | 4131       | 1.87      | 4771N      | 0.87      | 6045       | 1.44      |
| 0034       | 1.31      | 2089       | 1.09      | 2835       | 0.92      | 3373       | 1.61      | 4133       | 0.92      | 4777       | 1.03      | 6204       | 1.89      |
| 0035       | 0.92      | 2095       | 1.21      | 2836       | 1.12      | 3383       | 0.51      | 4149       | 0.28      | 4825       | 0.27      | 6206       | 0.74      |
| 0036       | 1.50      | 2105       | 1.28      | 2841       | 1.28      | 3385       | 0.39      | 4206       | 1.03      | 4828       | 0.87      | 6213       | 0.59      |
| 0037       | 1.53      | 2110       | 1.39      | 2881       | 1.15      | 3400       | 1.32      | 4207       | 0.71      | 4829       | 0.50      | 6214       | 0.46      |
| 0042       | 1.67      | 2111       | 0.87      | 2883       | 0.90      | 3507       | 0.87      | 4239       | 1.16      | 4902       | 0.79      | 6216       | 1.39      |
| 0050       | 2.54      | 2112       | 1.48      | 2915       | 1.12      | 3515       | 0.73      | 4240       | 0.98      | 4923       | 0.49      | 6217       | 1.19      |
| 0059D      | —         | 2114       | 0.85      | 2916       | 1.12      | 3548       | 0.55      | 4243       | 0.90      | 5020       | 1.54      | 6229       | 1.39      |
| 0065D      | —         | 2121       | 0.50      | 2923       | 0.81      | 3559       | 0.91      | 4244       | 1.01      | 5022       | 2.13      | 6233       | 0.61      |
| 0066D      | —         | 2130       | 0.75      | 2960       | 1.62      | 3574       | 0.41      | 4250       | 0.75      | 5037       | 2.20      | 6235       | 2.18      |
| 0067D      | —         | 2131       | 0.59      | 3004       | 0.42      | 3581       | 0.35      | 4251       | 1.10      | 5040       | 2.62      | 6236       | 1.58      |
| 0079       | 1.11      | 2143       | 0.75      | 3018       | 1.04      | 3612       | 0.73      | 4263       | 1.48      | 5057       | 1.02      | 6237       | 0.43      |
| 0083       | 2.29      | 2157       | 1.54      | 3022       | 1.32      | 3620       | 0.89      | 4273       | 0.81      | 5059       | 4.75      | 6251D      | 1.35      |
| 0106       | 3.02      | 2172       | 0.55      | 3027       | 1.01      | 3629       | 0.73      | 4279       | 1.01      | 5102       | 1.90      | 6252D      | 0.92      |
| 0113       | 1.52      | 2174       | 0.98      | 3028       | 1.07      | 3632       | 0.79      | 4282       | —         | 5146       | 1.35      | 6306       | 1.24      |
| 0170       | 0.96      | 2211       | 2.90      | 3030       | 1.62      | 3634       | 0.61      | 4283       | 0.59      | 5160       | 0.68      | 6319       | 0.76      |
| 0251       | 1.50      | 2220       | 1.01      | 3040       | 1.78      | 3635       | 0.63      | 4299       | 0.79      | 5183       | 0.76      | 6325       | 1.22      |
| 0401       | 4.20      | 2286       | —         | 3041       | 1.27      | 3638       | 0.61      | 4304       | 1.93      | 5188       | 0.97      | 6400       | 1.39      |
| 0766N      | 0.17      | 2288       | 1.92      | 3042       | 1.12      | 3642       | 0.59      | 4307       | 0.59      | 5190       | 0.76      | 6503       | 0.69      |
| 0771N      | 0.15      | 2302       | 0.68      | 3064       | 1.26      | 3643       | 0.71      | 4351       | 0.39      | 5191       | 0.42      | 6504       | 1.04      |
| 0908P      | 74.00     | 2305       | 0.93      | 3076       | 1.11      | 3647       | 1.01      | 4352       | 0.51      | 5192       | 1.37      | 6702M*     | 1.36      |
| 0913P      | 197.00    | 2361       | 0.68      | 3081D      | 1.53      | 3648       | 0.43      | 4360       | —         | 5213       | 1.86      | 6703M*     | 2.73      |
| 1005*      | 1.80      | 2362       | 0.87      | 3082D      | 1.34      | 3681       | 0.33      | 4361       | 0.38      | 5215       | 1.69      | 6704M*     | 1.50      |
| 1016*      | 5.12      | 2380       | 0.84      | 3085D      | 1.60      | 3685       | 0.34      | 4410       | 1.01      | 5221       | 1.36      | 6801F      | 3.00      |
| 1164D      | 0.98      | 2388       | 0.54      | 3110       | 1.33      | 3719       | 0.27      | 4420       | 0.98      | 5222       | 2.41      | 6811       | 2.28      |
| 1165D      | 0.89      | 2402       | 0.83      | 3111       | 0.81      | 3724       | 1.28      | 4431       | 0.55      | 5223       | 1.37      | 6824F      | 3.55      |
| 1320       | 0.89      | 2413       | 0.84      | 3113       | 0.55      | 3726       | 1.14      | 4432       | 0.41      | 5348       | 1.17      | 6826F      | 2.00      |
| 1322       | 2.24      | 2416       | 0.89      | 3114       | 0.90      | 3803       | 0.92      | 4452       | 0.99      | 5402       | 1.69      | 6834       | 0.84      |
| 1430       | 1.04      | 2417       | 0.47      | 3118       | 0.61      | 3807       | 0.55      | 4459       | 1.03      | 5403       | 1.67      | 6836       | 1.35      |
| 1438       | 1.25      | 2501       | 1.03      | 3119       | 0.34      | 3808       | 0.97      | 4470       | 0.93      | 5437       | 1.43      | 6843F      | 4.07      |
| 1452       | 0.87      | 2503       | 0.37      | 3122       | 0.61      | 3821       | 2.27      | 4484       | 1.01      | 5443       | 0.88      | 6845F      | 2.19      |
| 1463       | 3.30      | 2534       | —         | 3126       | 0.70      | 3822       | 1.70      | 4493       | 0.85      | 5445       | 1.34      | 6854       | 2.02      |
| 1472       | 0.90      | 2570       | 1.10      | 3131       | 0.49      | 3824       | 1.13      | 4511       | 0.26      | 5462       | 1.88      | 6872F      | 3.81      |
| 1604       | 1.65      | 2585       | 1.20      | 3132       | 0.97      | 3826       | 0.23      | 4557       | 0.79      | 5472       | 1.88      | 6874F      | 5.76      |
| 1624D      | 0.98      | 2586       | 1.27      | 3145       | 0.73      | 3827       | 0.61      | 4558       | 0.62      | 5473       | 3.32      | 6882       | 1.16      |
| 1642       | 1.24      | 2587       | 1.06      | 3146       | 0.77      | 3830       | 0.48      | 4568       | 0.81      | 5474       | 1.46      | 6884       | 1.83      |
| 1654       | 1.75      | 2589       | 0.68      | 3169       | 0.76      | 3851       | 0.69      | 4581       | 0.35      | 5478       | 1.01      | 7016M      | 1.04      |
| 1699       | 0.89      | 2600       | 1.56      | 3179       | 0.68      | 3865       | 1.11      | 4583       | 1.42      | 5479       | 1.65      | 7024M      | 1.16      |
| 1701       | 1.04      | 2623       | 1.97      | 3180       | 0.98      | 3881       | 1.81      | 4611       | 0.26      | 5480       | 2.17      | 7038M      | 2.11      |
| 1710D      | 1.30      | 2651       | 0.59      | 3188       | 0.63      | 4000       | 1.95      | 4635       | 0.77      | 5491       | 0.66      | 7046M      | 2.54      |
| 1747       | 1.01      | 2660       | 0.99      | 3220       | 0.68      | 4021       | 1.44      | 4653       | 0.77      | 5506       | 2.22      | 7047M      | 2.10      |
| 1748       | 2.50      | 2670       | —         | 3224       | 1.26      | 4024D      | 1.60      | 4665       | 2.33      | 5507       | 1.12      | 7050M      | 4.24      |
| 1803D      | 1.99      | 2683       | —         | 3227       | 0.98      | 4034       | 2.16      | 4670       | —         | 5508       | —         | 7090M      | 2.34      |
| 1860       | —         | 2688       | 0.71      | 3240       | —         | 4036       | 0.92      | 4683       | 1.17      | 5535       | 2.14      | 7098M      | 2.82      |
| 1924       | 0.90      | 2701       | 4.39      | 3241       | 0.95      | 4038       | 0.79      | 4686       | 0.99      | 5537       | 1.12      | 7099M      | 5.11      |
| 1925       | 1.09      | 2702       | 7.41      | 3255       | 1.01      | 4053       | —         | 4692       | 0.30      | 5551       | 3.38      | 7133       | 1.12      |
| 2002       | 1.16      | 2709       | 2.93      | 3257       | 0.91      | 4061       | —         | 4693       | 0.30      | 5606       | 0.34      | 7151M      | 1.37      |
| 2003       | 1.73      | 2710       | 3.69      | 3270       | 0.79      | 4062       | 2.02      | 4703       | 0.51      | 5610       | 1.39      | 7152M      | 2.75      |
| 2014       | 1.50      | 2714       | 1.64      | 3300       | 2.09      | 4101       | 0.76      | 4716       | —         | 5645       | 2.69      | 7153M      | 1.52      |
| 2016       | 0.92      | 2731       | 1.42      | 3303       | 1.05      | 4109       | 0.16      | 4717       | 0.79      | 5703       | 2.89      | 7219       | 2.28      |
| 2021       | 1.70      | 2735       | 1.60      | 3307       | 0.83      | 4110       | 0.36      | 4720       | 0.71      | 5705       | 4.14      | 7222       | 2.30      |
| 2039       | 1.03      | 2759       | 2.29      | 3315       | 0.97      | 4111       | 0.70      | 4740       | 0.30      | 5951       | 0.16      | 7225       | 2.49      |
| 2041       | 1.34      | 2790       | 0.81      | 3334       | 0.99      | 4113       | —         | 4741       | 0.87      | 6003       | 2.08      | 7230       | 2.98      |

**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.

Page S2

Original Printing

Effective January 1, 2024

| 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 |
|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|
| 7231       | 3.06      | 8017       | 0.57      | 8734M      | 0.14      | 9156       | 0.95      |            |           |            |           |            |           |
| 7232       | 2.72      | 8018       | 1.29      | 8737M      | 0.12      | 9170       | 3.05      |            |           |            |           |            |           |
| 7309F      | 3.68      | 8021       | 0.90      | 8738M      | 0.25      | 9178       | 2.49      |            |           |            |           |            |           |
| 7313F      | 1.50      | 8031       | 0.90      | 8742       | 0.10      | 9179       | 4.98      |            |           |            |           |            |           |
| 7317F      | 3.14      | 8032       | 0.78      | 8745       | 1.42      | 9180       | 2.25      |            |           |            |           |            |           |
|            |           |            |           |            |           |            |           |            |           |            |           |            |           |
| 7327F      | 8.35      | 8033       | 0.99      | 8748       | 0.18      | 9182       | 0.89      |            |           |            |           |            |           |
| 7333M      | 0.96      | 8037       | 0.70      | 8755       | 0.12      | 9186       | 3.27      |            |           |            |           |            |           |
| 7335M      | 1.07      | 8039       | 0.61      | 8799       | 0.27      | 9220       | 2.02      |            |           |            |           |            |           |
| 7337M      | 1.95      | 8044       | 0.93      | 8800       | 0.75      | 9402       | 1.51      |            |           |            |           |            |           |
| 7350F      | 3.55      | 8045       | 0.31      | 8803       | 0.03      | 9403       | 2.44      |            |           |            |           |            |           |
|            |           |            |           |            |           |            |           |            |           |            |           |            |           |
| 7360       | 1.59      | 8046       | 1.08      | 8805M      | 0.09      | 9410       | 0.89      |            |           |            |           |            |           |
| 7370       | 2.07      | 8047       | 0.33      | 8810       | 0.07      | 9501       | 1.15      |            |           |            |           |            |           |
| 7380       | 1.72      | 8058       | 1.01      | 8814M      | 0.08      | 9505       | 1.09      |            |           |            |           |            |           |
| 7382       | 1.50      | 8072       | 0.30      | 8815M      | 0.16      | 9516       | 1.06      |            |           |            |           |            |           |
| 7390       | 1.66      | 8102       | 0.68      | 8820       | 0.04      | 9519       | 1.39      |            |           |            |           |            |           |
|            |           |            |           |            |           |            |           |            |           |            |           |            |           |
| 7394M      | 1.06      | 8103       | 1.05      | 8824       | 0.77      | 9521       | 1.15      |            |           |            |           |            |           |
| 7395M      | 1.18      | 8106       | 1.45      | 8825       | —         | 9522       | 0.87      |            |           |            |           |            |           |
| 7398M      | 2.14      | 8107       | 0.99      | 8826       | 0.75      | 9534       | 1.25      |            |           |            |           |            |           |
| 7402       | 0.07      | 8111       | 0.82      | 8829       | —         | 9554       | 2.30      |            |           |            |           |            |           |
| 7403       | 1.18      | 8116       | 0.92      | 8831       | 0.49      | 9586       | 0.17      |            |           |            |           |            |           |
|            |           |            |           |            |           |            |           |            |           |            |           |            |           |
| 7405N      | 0.41      | 8203       | 2.44      | 8832       | 0.12      | 9600       | 0.79      |            |           |            |           |            |           |
| 7420       | 3.49      | 8204       | 1.78      | 8833       | 0.36      | 9620       | 0.52      |            |           |            |           |            |           |
| 7421       | 0.30      | 8209       | 1.45      | 8835       | 0.87      |            |           |            |           |            |           |            |           |
| 7422       | 0.39      | 8215       | 1.21      | 8842       | 1.31      |            |           |            |           |            |           |            |           |
| 7425       | 0.75      | 8227       | 1.31      | 8855       | 0.06      |            |           |            |           |            |           |            |           |
|            |           |            |           |            |           |            |           |            |           |            |           |            |           |
| 7431N      | 0.27      | 8232       | 1.70      | 8856       | 0.21      |            |           |            |           |            |           |            |           |
| 7445N      | 0.14      | 8233       | 1.09      | 8864       | 0.54      |            |           |            |           |            |           |            |           |
| 7453N      | 0.09      | 8235       | 1.45      | 8868       | 0.21      |            |           |            |           |            |           |            |           |
| 7502       | 0.68      | 8263       | 2.75      | 8869       | 0.46      |            |           |            |           |            |           |            |           |
| 7515       | 0.31      | 8264       | 1.62      | 8871       | 0.03      |            |           |            |           |            |           |            |           |
|            |           |            |           |            |           |            |           |            |           |            |           |            |           |
| 7520       | 0.92      | 8265       | 1.90      | 8901       | 0.08      |            |           |            |           |            |           |            |           |
| 7538       | 1.08      | 8279       | 2.94      | 9012       | 0.40      |            |           |            |           |            |           |            |           |
| 7539       | 0.53      | 8288       | 2.80      | 9014       | 0.98      |            |           |            |           |            |           |            |           |
| 7540       | 1.04      | 8291       | 1.12      | 9015       | 1.05      |            |           |            |           |            |           |            |           |
| 7580       | 1.03      | 8292       | 1.15      | 9016       | 1.07      |            |           |            |           |            |           |            |           |
|            |           |            |           |            |           |            |           |            |           |            |           |            |           |
| 7590       | 1.44      | 8293       | 2.48      | 9019       | 1.11      |            |           |            |           |            |           |            |           |
| 7600       | 1.64      | 8304       | 2.01      | 9033       | 0.73      |            |           |            |           |            |           |            |           |
| 7605       | 0.76      | 8350       | 1.94      | 9040       | 1.29      |            |           |            |           |            |           |            |           |
| 7610       | 0.25      | 8380       | 0.92      | 9044       | 0.56      |            |           |            |           |            |           |            |           |
| 7698       | 1.74      | 8381       | 0.66      | 9052       | 0.64      |            |           |            |           |            |           |            |           |
|            |           |            |           |            |           |            |           |            |           |            |           |            |           |
| 7699       | 1.09      | 8385       | 0.92      | 9058       | 0.63      |            |           |            |           |            |           |            |           |
| 7705       | 2.05      | 8392       | 0.82      | 9060       | 0.59      |            |           |            |           |            |           |            |           |
| 7710       | 1.90      | 8393       | 0.61      | 9061       | 0.51      |            |           |            |           |            |           |            |           |
| 7711       | 1.90      | 8500       | 1.94      | 9062       | 0.59      |            |           |            |           |            |           |            |           |
| 7720       | 1.07      | 8601       | 0.12      | 9063       | 0.34      |            |           |            |           |            |           |            |           |
|            |           |            |           |            |           |            |           |            |           |            |           |            |           |
| 7725       | 0.86      | 8602       | 0.62      | 9077F      | 3.01      |            |           |            |           |            |           |            |           |
| 7732P      | 84.00     | 8603       | 0.04      | 9082       | 0.48      |            |           |            |           |            |           |            |           |
| 7855       | 1.12      | 8606       | 0.66      | 9083       | 0.45      |            |           |            |           |            |           |            |           |
| 8001       | 0.93      | 8709F      | 1.50      | 9084       | 0.47      |            |           |            |           |            |           |            |           |
| 8002       | 0.78      | 8719       | 0.81      | 9088a      | a         |            |           |            |           |            |           |            |           |
|            |           |            |           |            |           |            |           |            |           |            |           |            |           |
| 8006       | 0.78      | 8720       | 0.49      | 9089       | 0.35      |            |           |            |           |            |           |            |           |
| 8008       | 0.60      | 8721       | 0.11      | 9093       | 0.51      |            |           |            |           |            |           |            |           |
| 8010       | 0.68      | 8723       | 0.06      | 9101       | 1.40      |            |           |            |           |            |           |            |           |
| 8013       | 0.14      | 8725       | 0.81      | 9102       | 1.25      |            |           |            |           |            |           |            |           |
| 8015       | 0.31      | 8726F      | 0.86      | 9154       | 0.54      |            |           |            |           |            |           |            |           |

**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.

Effective January 1, 2024

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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 no longer includes disease loading. A supplemental disease loading may be added, as described in the **Basic Manual** rule, Supplemental disease exposure.
- 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 \$0.45. (For coverage written separately for federal benefits only, \$0.43. For coverage written separately for state benefits only, \$0.02.)
- 1016 Advisory loss cost includes a non-ratable disease element of \$1.38. (For coverage written separately for federal benefits only, \$1.31. 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 2.448 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.

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

Effective January 1, 2024

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<br>Loss Elimination Ratios<br>HAZARD GROUP |      |      |      |      |      |      |
|--------------------|----------------------------------------------------------------|------|------|------|------|------|------|
|                    | A                                                              | B    | C    | D    | E    | F    | G    |
| \$21,000           | 10.4%                                                          | 9.5% | 8.4% | 7.6% | 6.5% | 5.7% | 4.6% |

| Deductible Amount | Deductible Program With Coinsurance<br>Loss Elimination Ratios<br>HAZARD GROUP |       |       |       |       |       |       |
|-------------------|--------------------------------------------------------------------------------|-------|-------|-------|-------|-------|-------|
|                   | A                                                                              | B     | C     | D     | E     | F     | G     |
| \$500             | 16.5%                                                                          | 14.7% | 12.3% | 10.8% | 8.9%  | 7.3%  | 5.8%  |
| \$1,000           | 20.5%                                                                          | 18.0% | 15.1% | 13.1% | 10.7% | 8.7%  | 6.7%  |
| \$1,500           | 23.3%                                                                          | 20.5% | 17.2% | 14.9% | 12.1% | 9.8%  | 7.6%  |
| \$2,000           | 25.5%                                                                          | 22.5% | 18.9% | 16.3% | 13.3% | 10.9% | 8.3%  |
| \$2,500           | 27.3%                                                                          | 24.2% | 20.3% | 17.6% | 14.3% | 11.7% | 9.0%  |
| \$3,000           | 28.9%                                                                          | 25.6% | 21.6% | 18.7% | 15.3% | 12.5% | 9.6%  |
| \$3,500           | 30.4%                                                                          | 26.9% | 22.7% | 19.8% | 16.1% | 13.3% | 10.2% |
| \$4,000           | 31.6%                                                                          | 28.1% | 23.8% | 20.7% | 16.9% | 14.1% | 10.7% |
| \$4,500           | 32.8%                                                                          | 29.2% | 24.7% | 21.6% | 17.7% | 14.7% | 11.2% |
| \$5,000           | 33.8%                                                                          | 30.2% | 25.7% | 22.4% | 18.3% | 15.3% | 11.7% |

| Deductible Amount | Deductible Program Without Coinsurance<br>Loss Elimination Ratios<br>HAZARD GROUP |       |       |       |       |       |      |
|-------------------|-----------------------------------------------------------------------------------|-------|-------|-------|-------|-------|------|
|                   | A                                                                                 | B     | C     | D     | E     | F     | G    |
| \$500             | 7.7%                                                                              | 6.4%  | 4.9%  | 4.0%  | 3.1%  | 2.1%  | 1.5% |
| \$1,000           | 12.6%                                                                             | 10.6% | 8.4%  | 6.9%  | 5.3%  | 3.8%  | 2.7% |
| \$1,500           | 16.1%                                                                             | 13.7% | 11.0% | 9.1%  | 7.1%  | 5.2%  | 3.8% |
| \$2,000           | 18.9%                                                                             | 16.2% | 13.1% | 10.9% | 8.6%  | 6.5%  | 4.7% |
| \$2,500           | 21.2%                                                                             | 18.3% | 14.9% | 12.5% | 9.8%  | 7.6%  | 5.5% |
| \$3,000           | 23.2%                                                                             | 20.1% | 16.5% | 13.9% | 11.0% | 8.6%  | 6.3% |
| \$3,500           | 25.0%                                                                             | 21.7% | 17.9% | 15.2% | 12.1% | 9.6%  | 7.0% |
| \$4,000           | 26.5%                                                                             | 23.2% | 19.2% | 16.4% | 13.0% | 10.5% | 7.7% |
| \$4,500           | 28.0%                                                                             | 24.6% | 20.4% | 17.5% | 14.0% | 11.3% | 8.3% |
| \$5,000           | 29.3%                                                                             | 25.8% | 21.6% | 18.5% | 14.8% | 12.1% | 8.9% |

**Basis of premium** applicable in accordance with the **Basic Manual** notes for Code 7370 -- "Taxicab Co.":  
Employee operated vehicle..... \$87,900  
Leased or rented vehicle..... \$58,600

**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"..... \$4,500

**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..... \$4,500

**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..... \$950

**Terrorism - (Advisory Loss Cost) ..... 0.005**

Effective January 1, 2024

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..... 107%

(Multiply a Non-F classification loss cost by a factor of 2.07 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 (1.037).)

**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, 2024

#### 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

Page S1

Original Printing

Effective January 1, 2024

## 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       | 1.63   | 673      | 2065       | 0.94  | 456      | 2797       | 1.08 | 500      | 3336       | 1.18 | 532      | 4114       | 1.34 | 582      |
| 0008       | 1.59   | 661      | 2070       | 2.93  | 1083     | 2799       | 2.22 | 859      | 3365       | 1.93 | 768      | 4130       | 1.50 | 633      |
| 0016       | 2.53   | 957      | 2081       | 1.40  | 601      | 2802       | 2.26 | 872      | 3372       | 1.40 | 601      | 4131       | 2.55 | 963      |
| 0034       | 1.78   | 721      | 2089       | 1.48  | 626      | 2835       | 1.26 | 557      | 3373       | 2.20 | 853      | 4133       | 1.26 | 557      |
| 0035       | 1.25   | 554      | 2095       | 1.65  | 680      | 2836       | 1.53 | 642      | 3383       | 0.70 | 381      | 4149       | 0.38 | 280      |
| 0036       | 2.04   | 803      | 2105       | 1.75  | 711      | 2841       | 1.75 | 711      | 3385       | 0.53 | 327      | 4206       | 1.40 | 601      |
| 0037       | 2.08   | 815      | 2110       | 1.89  | 755      | 2881       | 1.56 | 651      | 3400       | 1.80 | 727      | 4207       | 0.97 | 466      |
| 0042       | 2.27   | 875      | 2111       | 1.19  | 535      | 2883       | 1.23 | 547      | 3507       | 1.18 | 532      | 4239       | 1.58 | 658      |
| 0050       | 3.46   | 1250     | 2112       | 2.01  | 793      | 2915       | 1.53 | 642      | 3515       | 0.99 | 472      | 4240       | 1.34 | 582      |
| 0059D      | —      | —        | 2114       | 1.16  | 525      | 2916       | 1.53 | 642      | 3548       | 0.75 | 396      | 4243       | 1.23 | 547      |
| 0065D      | —      | —        | 2121       | 0.68  | 374      | 2923       | 1.10 | 507      | 3559       | 1.24 | 551      | 4244       | 1.38 | 595      |
| 0066D      | —      | —        | 2130       | 1.02  | 481      | 2960       | 2.21 | 856      | 3574       | 0.56 | 336      | 4250       | 1.02 | 481      |
| 0067D      | —      | —        | 2131       | 0.81  | 415      | 3004       | 0.57 | 340      | 3581       | 0.48 | 311      | 4251       | 1.50 | 633      |
| 0079       | 1.51   | 636      | 2143       | 1.02  | 481      | 3018       | 1.42 | 607      | 3612       | 0.99 | 472      | 4263       | 2.01 | 793      |
| 0083       | 3.12   | 1143     | 2157       | 2.10  | 822      | 3022       | 1.80 | 727      | 3620       | 1.21 | 541      | 4273       | 1.10 | 507      |
| 0106       | 4.12   | 1458     | 2172       | 0.75  | 396      | 3027       | 1.37 | 592      | 3629       | 1.00 | 475      | 4279       | 1.37 | 592      |
| 0113       | 2.07   | 812      | 2174       | 1.34  | 582      | 3028       | 1.46 | 620      | 3632       | 1.08 | 500      | 4282       | —    | —        |
| 0170       | 1.31   | 573      | 2211       | 3.95  | 1404     | 3030       | 2.21 | 856      | 3634       | 0.83 | 421      | 4283       | 0.81 | 415      |
| 0251       | 2.05   | 806      | 2220       | 1.37  | 592      | 3040       | 2.42 | 922      | 3635       | 0.86 | 431      | 4299       | 1.08 | 500      |
| 0401       | 5.72   | A        | 2286       | —     | —        | 3041       | 1.73 | 705      | 3638       | 0.83 | 421      | 4304       | 2.63 | 988      |
| 0766N      | 0.23   | —        | 2288       | 2.61  | 982      | 3042       | 1.53 | 642      | 3642       | 0.81 | 415      | 4307       | 0.80 | 412      |
| 0771N      | 0.21   | —        | 2302       | 0.92  | 450      | 3064       | 1.72 | 702      | 3643       | 0.97 | 466      | 4351       | 0.53 | 327      |
| 0908P      | 101.00 | 261      | 2305       | 1.27  | 560      | 3076       | 1.51 | 636      | 3647       | 1.37 | 592      | 4352       | 0.70 | 381      |
| 0913P      | 268.00 | 428      | 2361       | 0.92  | 450      | 3081D      | 2.08 | 815      | 3648       | 0.59 | 346      | 4360       | —    | —        |
| 1005*      | 2.46   | 935      | 2362       | 1.18  | 532      | 3082D      | 1.83 | 736      | 3681       | 0.45 | 302      | 4361       | 0.52 | 324      |
| 1016*      | 6.98   | 1500     | 2380       | 1.15  | 522      | 3085D      | 2.18 | 847      | 3685       | 0.46 | 305      | 4410       | 1.37 | 592      |
| 1164D      | 1.33   | 579      | 2388       | 0.73  | 390      | 3110       | 1.81 | 730      | 3719       | 0.37 | 277      | 4420       | 1.34 | 582      |
| 1165D      | 1.21   | 541      | 2402       | 1.13  | 516      | 3111       | 1.10 | 507      | 3724       | 1.75 | 711      | 4431       | 0.75 | 396      |
| 1320       | 1.21   | 541      | 2413       | 1.15  | 522      | 3113       | 0.75 | 396      | 3726       | 1.55 | 648      | 4432       | 0.56 | 336      |
| 1322       | 3.05   | 1121     | 2416       | 1.21  | 541      | 3114       | 1.23 | 547      | 3803       | 1.26 | 557      | 4452       | 1.35 | 585      |
| 1430       | 1.42   | 607      | 2417       | 0.64  | 362      | 3118       | 0.83 | 421      | 3807       | 0.75 | 396      | 4459       | 1.40 | 601      |
| 1438       | 1.70   | 696      | 2501       | 1.40  | 601      | 3119       | 0.46 | 305      | 3808       | 1.32 | 576      | 4470       | 1.27 | 560      |
| 1452       | 1.19   | 535      | 2503       | 0.51  | 321      | 3122       | 0.83 | 421      | 3821       | 3.09 | 1133     | 4484       | 1.37 | 592      |
| 1463       | 4.49   | 1500     | 2534       | —     | —        | 3126       | 0.95 | 459      | 3822       | 2.32 | 891      | 4493       | 1.16 | 525      |
| 1472       | 1.23   | 547      | 2570       | 1.50  | 633      | 3131       | 0.67 | 371      | 3824       | 1.54 | 645      | 4511       | 0.36 | 273      |
| 1604       | 2.25   | 869      | 2585       | 1.64  | 677      | 3132       | 1.32 | 576      | 3826       | 0.32 | 261      | 4557       | 1.08 | 500      |
| 1624D      | 1.34   | 582      | 2586       | 1.73  | 705      | 3145       | 1.00 | 475      | 3827       | 0.83 | 421      | 4558       | 0.84 | 425      |
| 1642       | 1.69   | 692      | 2587       | 1.44  | 614      | 3146       | 1.05 | 491      | 3830       | 0.65 | 365      | 4568       | 1.11 | 510      |
| 1654       | 2.38   | 910      | 2589       | 0.92  | 450      | 3169       | 1.03 | 484      | 3851       | 0.94 | 456      | 4581       | 0.48 | 311      |
| 1699       | 1.21   | 541      | 2600       | 2.13  | 831      | 3179       | 0.92 | 450      | 3865       | 1.51 | 636      | 4583       | 1.94 | 771      |
| 1701       | 1.42   | 607      | 2623       | 2.69  | 1007     | 3180       | 1.34 | 582      | 3881       | 2.47 | 938      | 4611       | 0.35 | 270      |
| 1710D      | 1.77   | 718      | 2651       | 0.80  | 412      | 3188       | 0.86 | 431      | 4000       | 2.65 | 995      | 4635       | 1.05 | 491      |
| 1747       | 1.38   | 595      | 2660       | 1.35  | 585      | 3220       | 0.92 | 450      | 4021       | 1.96 | 777      | 4653       | 1.05 | 491      |
| 1748       | 3.41   | 1234     | 2670       | —     | —        | 3224       | 1.72 | 702      | 4024D      | 2.18 | 847      | 4665       | 3.17 | 1159     |
| 1803D      | 2.71   | 1014     | 2683       | —     | —        | 3227       | 1.34 | 582      | 4034       | 2.94 | 1086     | 4670       | —    | —        |
| 1860       | —      | —        | 2688       | 0.97  | 466      | 3240       | —    | —        | 4036       | 1.26 | 557      | 4683       | 1.59 | 661      |
| 1924       | 1.23   | 547      | 2701       | 5.98  | 1500     | 3241       | 1.29 | 566      | 4038       | 1.07 | 497      | 4686       | 1.35 | 585      |
| 1925       | 1.48   | 626      | 2702       | 10.09 | 1500     | 3255       | 1.38 | 595      | 4053       | —    | —        | 4692       | 0.41 | 289      |
| 2002       | 1.58   | 658      | 2709       | 3.99  | 1417     | 3257       | 1.24 | 551      | 4061       | —    | —        | 4693       | 0.41 | 289      |
| 2003       | 2.36   | 903      | 2710       | 5.03  | 1500     | 3270       | 1.08 | 500      | 4062       | 2.75 | 1026     | 4703       | 0.70 | 381      |
| 2014       | 2.04   | 803      | 2714       | 2.24  | 866      | 3300       | 2.85 | 1058     | 4101       | 1.03 | 484      | 4716       | —    | —        |
| 2016       | 1.26   | 557      | 2731       | 1.93  | 768      | 3303       | 1.43 | 610      | 4109       | 0.22 | 229      | 4717       | 1.07 | 497      |
| 2021       | 2.32   | 891      | 2735       | 2.18  | 847      | 3307       | 1.13 | 516      | 4110       | 0.49 | 314      | 4720       | 0.97 | 466      |
| 2039       | 1.40   | 601      | 2759       | 3.12  | 1143     | 3315       | 1.32 | 576      | 4111       | 0.95 | 459      | 4740       | 0.41 | 289      |
| 2041       | 1.83   | 736      | 2790       | 1.11  | 510      | 3334       | 1.35 | 585      | 4113       | —    | —        | 4741       | 1.18 | 532      |

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

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

## INDIANA

Page S2

Original Printing

## WORKERS COMPENSATION AND EMPLOYERS LIABILITY

Effective January 1, 2024

## 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 |
|------------|------|----------|------------|------|----------|------------|--------|----------|------------|------|----------|------------|------|----------|
| 4751       | 1.37 | 592      | 6005       | 1.78 | 721      | 7231       | 4.17   | 1474     | 8017       | 0.77 | 403      | 8734M      | 0.19 | 220      |
| 4766N      | 1.70 | 768      | 6018       | 1.18 | 532      | 7232       | 3.70   | 1326     | 8018       | 1.76 | 714      | 8737M      | 0.17 | 214      |
| 4771N      | 1.18 | 598      | 6045       | 1.96 | 777      | 7309F      | 5.02   | 1500     | 8021       | 1.22 | 544      | 8738M      | 0.34 | 267      |
| 4777       | 1.40 | 601      | 6204       | 2.57 | 970      | 7313F      | 2.04   | 803      | 8031       | 1.22 | 544      | 8742       | 0.14 | 204      |
| 4825       | 0.37 | 277      | 6206       | 1.01 | 478      | 7317F      | 4.28   | 1500     | 8032       | 1.06 | 494      | 8745       | 1.94 | 771      |
| 4828       | 1.18 | 532      | 6213       | 0.80 | 412      | 7327F      | 11.37  | 1500     | 8033       | 1.35 | 585      | 8748       | 0.25 | 239      |
| 4829       | 0.68 | 374      | 6214       | 0.63 | 358      | 7333M      | 1.31   | 573      | 8037       | 0.95 | 459      | 8755       | 0.17 | 214      |
| 4902       | 1.07 | 497      | 6216       | 1.89 | 755      | 7335M      | 1.46   | 620      | 8039       | 0.83 | 421      | 8799       | 0.37 | 277      |
| 4923       | 0.67 | 371      | 6217       | 1.62 | 670      | 7337M      | 2.65   | 995      | 8044       | 1.27 | 560      | 8800       | 1.02 | 481      |
| 5020       | 2.10 | 822      | 6229       | 1.90 | 759      | 7350F      | 4.84   | 1500     | 8045       | 0.42 | 292      | 8803       | 0.04 | 173      |
| 5022       | 2.90 | 1074     | 6233       | 0.83 | 421      | 7360       | 2.16   | 840      | 8046       | 1.47 | 623      | 8805M      | 0.12 | 198      |
| 5037       | 3.00 | 1105     | 6235       | 2.97 | 1096     | 7370       | 2.82   | 1048     | 8047       | 0.45 | 302      | 8810       | 0.09 | 188      |
| 5040       | 3.57 | 1285     | 6236       | 2.15 | 837      | 7380       | 2.35   | 900      | 8058       | 1.38 | 595      | 8814M      | 0.11 | 195      |
| 5057       | 1.39 | 598      | 6237       | 0.58 | 343      | 7382       | 2.05   | 806      | 8072       | 0.41 | 289      | 8815M      | 0.22 | 229      |
| 5059       | 6.47 | 1500     | 6251D      | 1.84 | 740      | 7390       | 2.26   | 872      | 8102       | 0.92 | 450      | 8820       | 0.06 | 179      |
| 5102       | 2.59 | 976      | 6252D      | 1.26 | 557      | 7394M      | 1.45   | 617      | 8103       | 1.43 | 610      | 8824       | 1.05 | 491      |
| 5146       | 1.84 | 740      | 6306       | 1.69 | 692      | 7395M      | 1.61   | 667      | 8106       | 1.98 | 784      | 8825       | —    | —        |
| 5160       | 0.93 | 453      | 6319       | 1.03 | 484      | 7398M      | 2.92   | 1080     | 8107       | 1.35 | 585      | 8826       | 1.02 | 481      |
| 5183       | 1.04 | 488      | 6325       | 1.66 | 683      | 7402       | 0.09   | 188      | 8111       | 1.12 | 513      | 8829       | —    | —        |
| 5188       | 1.32 | 576      | 6400       | 1.90 | 759      | 7403       | 1.61   | 667      | 8116       | 1.25 | 554      | 8831       | 0.67 | 371      |
| 5190       | 1.03 | 484      | 6503       | 0.94 | 456      | 7405N      | 0.56   | 396      | 8203       | 3.33 | 1209     | 8832       | 0.17 | 214      |
| 5191       | 0.57 | 340      | 6504       | 1.42 | 607      | 7420       | 4.75   | 1500     | 8204       | 2.43 | 925      | 8833       | 0.49 | 314      |
| 5192       | 1.86 | 746      | 6702M*     | 1.85 | 743      | 7421       | 0.41   | 289      | 8209       | 1.98 | 784      | 8835       | 1.19 | 535      |
| 5213       | 2.53 | 957      | 6703M*     | 3.72 | 1332     | 7422       | 0.53   | 327      | 8215       | 1.65 | 680      | 8842       | 1.78 | 721      |
| 5215       | 2.30 | 885      | 6704M*     | 2.05 | 806      | 7425       | 1.02   | 481      | 8227       | 1.79 | 724      | 8855       | 0.08 | 185      |
| 5221       | 1.85 | 743      | 6801F      | 4.09 | 1448     | 7431N      | 0.37   | 314      | 8232       | 2.32 | 891      | 8856       | 0.28 | 248      |
| 5222       | 3.28 | 1193     | 6811       | 3.11 | 1140     | 7445N      | 0.19   | —        | 8233       | 1.49 | 629      | 8864       | 0.74 | 393      |
| 5223       | 1.87 | 749      | 6824F      | 4.84 | 1500     | 7453N      | 0.12   | —        | 8235       | 1.98 | 784      | 8868       | 0.28 | 248      |
| 5348       | 1.59 | 661      | 6826F      | 2.72 | 1017     | 7502       | 0.92   | 450      | 8263       | 3.74 | 1338     | 8869       | 0.63 | 358      |
| 5402       | 2.30 | 885      | 6834       | 1.15 | 522      | 7515       | 0.42   | 292      | 8264       | 2.21 | 856      | 8871       | 0.04 | 173      |
| 5403       | 2.27 | 875      | 6836       | 1.84 | 740      | 7520       | 1.26   | 557      | 8265       | 2.59 | 976      | 8901       | 0.11 | 195      |
| 5437       | 1.95 | 774      | 6843F      | 5.55 | 1500     | 7538       | 1.47   | 623      | 8279       | 4.01 | 1423     | 9012       | 0.54 | 330      |
| 5443       | 1.20 | 538      | 6845F      | 2.98 | 1099     | 7539       | 0.72   | 387      | 8288       | 3.82 | 1363     | 9014       | 1.34 | 582      |
| 5445       | 1.82 | 733      | 6854       | 2.75 | 1026     | 7540       | 1.42   | 607      | 8291       | 1.53 | 642      | 9015       | 1.43 | 610      |
| 5462       | 2.56 | 966      | 6872F      | 5.19 | 1500     | 7580       | 1.40   | 601      | 8292       | 1.56 | 651      | 9016       | 1.46 | 620      |
| 5472       | 2.56 | 966      | 6874F      | 7.85 | 1500     | 7590       | 1.96   | 777      | 8293       | 3.38 | 1225     | 9019       | 1.51 | 636      |
| 5473       | 4.52 | 1500     | 6882       | 1.58 | 658      | 7600       | 2.24   | 866      | 8304       | 2.74 | 1023     | 9033       | 1.00 | 475      |
| 5474       | 1.99 | 787      | 6884       | 2.49 | 944      | 7605       | 1.04   | 488      | 8350       | 2.64 | 992      | 9040       | 1.76 | 714      |
| 5478       | 1.38 | 595      | 7016M      | 1.42 | 607      | 7610       | 0.34   | 267      | 8380       | 1.25 | 554      | 9044       | 0.76 | 399      |
| 5479       | 2.25 | 869      | 7024M      | 1.58 | 658      | 7698       | 2.37   | 907      | 8381       | 0.90 | 444      | 9052       | 0.87 | 434      |
| 5480       | 2.96 | 1092     | 7038M      | 2.87 | 1064     | 7699       | 1.49   | 629      | 8385       | 1.25 | 554      | 9058       | 0.86 | 431      |
| 5491       | 0.90 | 444      | 7046M      | 3.46 | 1250     | 7705       | 2.79   | 1039     | 8392       | 1.12 | 513      | 9060       | 0.80 | 412      |
| 5506       | 3.02 | 1111     | 7047M      | 2.86 | 1061     | 7710       | 2.59   | 976      | 8393       | 0.83 | 421      | 9061       | 0.70 | 381      |
| 5507       | 1.52 | 639      | 7050M      | 5.78 | 1500     | 7711       | 2.59   | 976      | 8500       | 2.64 | 992      | 9062       | 0.80 | 412      |
| 5508       | —    | —        | 7090M      | 3.19 | 1165     | 7720       | 1.46   | 620      | 8601       | 0.17 | 214      | 9063       | 0.47 | 308      |
| 5535       | 2.91 | 1077     | 7098M      | 3.84 | 1370     | 7725       | 1.17   | 529      | 8602       | 0.85 | 428      | 9077F      | 4.10 | 1452     |
| 5537       | 1.52 | 639      | 7099M      | 6.96 | 1500     | 7732P      | 114.00 | 274      | 8603       | 0.05 | 176      | 9082       | 0.66 | 368      |
| 5551       | 4.61 | 1500     | 7133       | 1.53 | 642      | 7855       | 1.52   | 639      | 8606       | 0.90 | 444      | 9083       | 0.61 | 352      |
| 5606       | 0.46 | 305      | 7151M      | 1.86 | 746      | 8001       | 1.27   | 560      | 8709F      | 2.05 | 806      | 9084       | 0.64 | 362      |
| 5610       | 1.89 | 755      | 7152M      | 3.75 | 1341     | 8002       | 1.06   | 494      | 8719       | 1.11 | 510      | 9088a      | a    | a        |
| 5645       | 3.66 | 1313     | 7153M      | 2.07 | 812      | 8006       | 1.06   | 494      | 8720       | 0.67 | 371      | 9089       | 0.48 | 311      |
| 5703       | 3.94 | 1401     | 7219       | 3.10 | 1137     | 8008       | 0.82   | 418      | 8721       | 0.15 | 207      | 9093       | 0.70 | 381      |
| 5705       | 5.64 | 1500     | 7222       | 3.14 | 1149     | 8010       | 0.93   | 453      | 8723       | 0.08 | 185      | 9101       | 1.91 | 762      |
| 5951       | 0.22 | 229      | 7225       | 3.39 | 1228     | 8013       | 0.19   | 220      | 8725       | 1.11 | 510      | 9102       | 1.70 | 696      |
| 6003       | 2.84 | 1055     | 7230       | 4.06 | 1439     | 8015       | 0.42   | 292      | 8726F      | 1.17 | 529      | 9154       | 0.73 | 390      |

## 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.



WORKERS COMPENSATION AND EMPLOYERS LIABILITY

Effective January 1, 2024

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

| CLASS<br>CODE | RATE | MIN<br>PREM | CLASS<br>CODE | RATE | MIN<br>PREM | CLASS<br>CODE | RATE | MIN<br>PREM | CLASS<br>CODE | RATE | MIN<br>PREM | CLASS<br>CODE | RATE | MIN<br>PREM |
|---------------|------|-------------|---------------|------|-------------|---------------|------|-------------|---------------|------|-------------|---------------|------|-------------|
| 9156          | 1.29 | 566         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9170          | 4.15 | 1467        |               |      |             |               |      |             |               |      |             |               |      |             |
| 9178          | 3.39 | 1228        |               |      |             |               |      |             |               |      |             |               |      |             |
| 9179          | 6.78 | 1500        |               |      |             |               |      |             |               |      |             |               |      |             |
| 9180          | 3.07 | 1127        |               |      |             |               |      |             |               |      |             |               |      |             |
| 9182          | 1.21 | 541         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9186          | 4.46 | 1500        |               |      |             |               |      |             |               |      |             |               |      |             |
| 9220          | 2.75 | 1026        |               |      |             |               |      |             |               |      |             |               |      |             |
| 9402          | 2.06 | 809         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9403          | 3.33 | 1209        |               |      |             |               |      |             |               |      |             |               |      |             |
| 9410          | 1.21 | 541         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9501          | 1.56 | 651         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9505          | 1.48 | 626         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9516          | 1.44 | 614         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9519          | 1.89 | 755         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9521          | 1.56 | 651         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9522          | 1.18 | 532         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9534          | 1.70 | 696         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9554          | 3.14 | 1149        |               |      |             |               |      |             |               |      |             |               |      |             |
| 9586          | 0.23 | 232         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9600          | 1.07 | 497         |               |      |             |               |      |             |               |      |             |               |      |             |
| 9620          | 0.71 | 384         |               |      |             |               |      |             |               |      |             |               |      |             |

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.

Effective January 1, 2024

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 no longer includes disease loading. A supplemental disease loading may be added, as described in the **Basic Manual** rule, Supplemental disease exposure.
- 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 \$0.62. (For coverage written separately for federal benefits only, \$0.59. For coverage written separately for state benefits only, \$0.03.)
- 1016 Rate includes a non-ratable disease element of \$1.88. (For coverage written separately for federal benefits only, \$1.78. 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 2.448 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.

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

Effective January 1, 2024

## 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..... | \$87,900 |
| Leased or rented vehicle.....  | \$58,600 |

**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"..... \$4,500**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..... \$4,500**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..... \$950**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<br>Premium Reduction Percentages<br>HAZARD GROUP |      |      |      |      |      |      |
|--------------------|----------------------------------------------------------------------|------|------|------|------|------|------|
|                    | A                                                                    | B    | C    | D    | E    | F    | G    |
| \$21,000           | 7.7%                                                                 | 7.1% | 6.3% | 5.7% | 4.8% | 4.2% | 3.4% |

| Deductible Amount | Deductible Program With Coinsurance<br>Premium Reduction Percentages<br>HAZARD GROUP |       |       |       |       |       |      |
|-------------------|--------------------------------------------------------------------------------------|-------|-------|-------|-------|-------|------|
|                   | A                                                                                    | B     | C     | D     | E     | F     | G    |
| \$500             | 12.3%                                                                                | 10.9% | 9.2%  | 8.1%  | 6.7%  | 5.5%  | 4.3% |
| \$1,000           | 15.3%                                                                                | 13.4% | 11.3% | 9.8%  | 8.0%  | 6.5%  | 5.0% |
| \$1,500           | 17.3%                                                                                | 15.3% | 12.8% | 11.1% | 9.1%  | 7.3%  | 5.7% |
| \$2,000           | 19.0%                                                                                | 16.8% | 14.1% | 12.2% | 9.9%  | 8.1%  | 6.2% |
| \$2,500           | 20.4%                                                                                | 18.0% | 15.2% | 13.1% | 10.7% | 8.8%  | 6.7% |
| \$3,000           | 21.6%                                                                                | 19.1% | 16.1% | 14.0% | 11.4% | 9.4%  | 7.2% |
| \$3,500           | 22.7%                                                                                | 20.1% | 17.0% | 14.7% | 12.0% | 9.9%  | 7.6% |
| \$4,000           | 23.5%                                                                                | 21.0% | 17.7% | 15.5% | 12.6% | 10.5% | 8.0% |
| \$4,500           | 24.4%                                                                                | 21.8% | 18.4% | 16.1% | 13.2% | 11.0% | 8.4% |
| \$5,000           | 25.2%                                                                                | 22.5% | 19.2% | 16.7% | 13.6% | 11.4% | 8.7% |

Effective January 1, 2024

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

MISCELLANEOUS VALUES (cont.)

| Deductible Amount | Deductible Program Without Coinsurance<br>Premium Reduction Percentages<br>HAZARD GROUP |       |       |       |       |      |      |
|-------------------|-----------------------------------------------------------------------------------------|-------|-------|-------|-------|------|------|
|                   | A                                                                                       | B     | C     | D     | E     | F    | G    |
| \$500             | 5.7%                                                                                    | 4.8%  | 3.7%  | 3.0%  | 2.3%  | 1.6% | 1.1% |
| \$1,000           | 9.4%                                                                                    | 7.9%  | 6.3%  | 5.1%  | 4.0%  | 2.8% | 2.0% |
| \$1,500           | 12.0%                                                                                   | 10.2% | 8.2%  | 6.8%  | 5.3%  | 3.9% | 2.8% |
| \$2,000           | 14.1%                                                                                   | 12.1% | 9.8%  | 8.1%  | 6.4%  | 4.8% | 3.5% |
| \$2,500           | 15.8%                                                                                   | 13.6% | 11.1% | 9.3%  | 7.3%  | 5.7% | 4.1% |
| \$3,000           | 17.3%                                                                                   | 15.0% | 12.3% | 10.4% | 8.2%  | 6.4% | 4.7% |
| \$3,500           | 18.6%                                                                                   | 16.2% | 13.3% | 11.3% | 9.0%  | 7.2% | 5.2% |
| \$4,000           | 19.8%                                                                                   | 17.3% | 14.3% | 12.2% | 9.7%  | 7.8% | 5.7% |
| \$4,500           | 20.9%                                                                                   | 18.3% | 15.2% | 13.0% | 10.4% | 8.4% | 6.2% |
| \$5,000           | 21.8%                                                                                   | 19.2% | 16.1% | 13.8% | 11.0% | 9.0% | 6.6% |

**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..... 107%

(Multiply a Non-F classification rate by a factor of 2.07 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 (1.037).)

**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, 2024**

#### **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
- Description of the Weighting and Ballast values
- Expected Loss Rates and D-ratios by class code
- 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, 2024

#### 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 experience rating period. This is accomplished through the application of ELR factors to the proposed underlying pure premiums. These ELR factors, calculated by hazard group (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.

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 excess losses to be used in the experience mod calculation.

D-ratios are calculated by hazard group and are based on the latest three years of Unit Statistical Data trended to the midpoint of the proposed experience rating period. A comparison of the resulting D-ratios across hazard groups is done to ensure that they monotonically decrease from hazard group A to hazard group G. If they do not, an adjustment is made by averaging the D-ratios over adjacent hazard groups. The final D-ratio for each classification is the hazard group D-ratio.

An adjustment to the ELR factors is necessary so that the resulting ELRs produce an expected intrastate experience rating off-balance that equals the targeted intrastate experience rating off-balance used in the calculation of the overall rate level change for the state. Preliminary ELR factors are calculated by class code utilizing the appropriate hazard group factors and underlying pure premiums. Intrastate experience rating modifications for the most recent year of rating effective dates available at the time of the production of the filing are calculated based on the preliminary ELRs and D-ratios, and the losses underlying the mod calculations are adjusted for trend and to the appropriate benefit level of the data that will be used for experience ratings in the proposed effective period. The trend is applied separately by frequency and severity using selected values that are appropriate for the time period covered. It should be noted that the loss ratio trends used in other parts of the filing may not match the ELR trends due to possible differences between the experience rating trend periods and the ratemaking trend periods. An average of these intrastate experience modifications is calculated, and an iterative process follows where the ELR factors are adjusted up or down, class ELRs are recalculated, and experience rating modifications are restated until the target average intrastate experience mod is achieved.



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Proposed Rating Values

The final ELR for each classification is calculated as follows:

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

#### Description of the Weighting and Ballast Values

The weighting value (W) and ballast value (B) influence the degree to which an employer's actual losses impact the experience rating modification for employers of various sizes - generally described as excess loss credibility - and are governed by the formulas in Item E-1409.

One element of these formulas is the G-value, which represents the state average claim severity in thousands of dollars and reflects the state accident limitation and the reduction of medical only losses. The state accident limit is used to curtail the impact of large claims on the experience modification and is based on a state-level 95th percentile of lost-time claims so that the limitation is expected to impact the largest 5% of lost-time claims.

The values for W and B are such that larger employers receive higher excess loss credibility in their experience modification calculation than smaller employers.

The ballast value is a stabilizing value designed to control the effect of 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 weighting value for various levels of expected losses is provided in the Table of Weighting Values.

The ballast value for various levels of expected losses is provided in the Table of Ballast Values.

Effective January 1, 2024

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

| CLASS<br>CODE | ELR    | D<br>RATIO | CLASS<br>CODE | ELR  | D<br>RATIO | CLASS<br>CODE | ELR  | D<br>RATIO | CLASS<br>CODE | ELR  | D<br>RATIO | CLASS<br>CODE | ELR  | D<br>RATIO |
|---------------|--------|------------|---------------|------|------------|---------------|------|------------|---------------|------|------------|---------------|------|------------|
| 0005          | 0.96   | 0.42       | 2065          | 0.53 | 0.41       | 2797          | 0.66 | 0.44       | 3336          | 0.67 | 0.41       | 4114          | 0.76 | 0.41       |
| 0008          | 0.93   | 0.42       | 2070          | 1.66 | 0.41       | 2799          | 1.26 | 0.41       | 3365          | 0.95 | 0.34       | 4130          | 0.88 | 0.42       |
| 0016          | 1.33   | 0.37       | 2081          | 0.86 | 0.44       | 2802          | 1.28 | 0.41       | 3372          | 0.79 | 0.41       | 4131          | 1.49 | 0.42       |
| 0034          | 1.01   | 0.41       | 2089          | 0.87 | 0.42       | 2835          | 0.77 | 0.44       | 3373          | 1.29 | 0.42       | 4133          | 0.77 | 0.44       |
| 0035          | 0.71   | 0.41       | 2095          | 0.94 | 0.41       | 2836          | 0.94 | 0.44       | 3383          | 0.41 | 0.42       | 4149          | 0.23 | 0.44       |
| 0036          | 1.20   | 0.42       | 2105          | 1.08 | 0.44       | 2841          | 1.03 | 0.42       | 3385          | 0.31 | 0.42       | 4206          | 0.82 | 0.42       |
| 0037          | 1.09   | 0.37       | 2110          | 1.11 | 0.42       | 2881          | 0.96 | 0.44       | 3400          | 1.05 | 0.42       | 4207          | 0.48 | 0.34       |
| 0042          | 1.29   | 0.41       | 2111          | 0.70 | 0.42       | 2883          | 0.72 | 0.42       | 3507          | 0.67 | 0.41       | 4239          | 0.78 | 0.34       |
| 0050          | 1.82   | 0.37       | 2112          | 1.18 | 0.42       | 2915          | 0.80 | 0.37       | 3515          | 0.56 | 0.41       | 4240          | 0.82 | 0.44       |
| 0059          | —      | —          | 2114          | 0.71 | 0.44       | 2916          | 0.80 | 0.37       | 3548          | 0.44 | 0.42       | 4243          | 0.69 | 0.41       |
| 0065          | —      | —          | 2121          | 0.42 | 0.44       | 2923          | 0.67 | 0.44       | 3559          | 0.70 | 0.41       | 4244          | 0.73 | 0.37       |
| 0066          | —      | —          | 2130          | 0.58 | 0.41       | 2960          | 1.25 | 0.41       | 3574          | 0.33 | 0.42       | 4250          | 0.58 | 0.41       |
| 0067          | —      | —          | 2131          | 0.48 | 0.42       | 3004          | 0.28 | 0.34       | 3581          | 0.28 | 0.42       | 4251          | 0.88 | 0.42       |
| 0079          | 0.86   | 0.41       | 2143          | 0.63 | 0.44       | 3018          | 0.70 | 0.34       | 3612          | 0.56 | 0.41       | 4263          | 1.14 | 0.41       |
| 0083          | 1.77   | 0.41       | 2157          | 1.23 | 0.42       | 3022          | 1.05 | 0.42       | 3620          | 0.63 | 0.37       | 4273          | 0.62 | 0.41       |
| 0106          | 2.04   | 0.34       | 2172          | 0.39 | 0.37       | 3027          | 0.72 | 0.37       | 3629          | 0.57 | 0.41       | 4279          | 0.72 | 0.37       |
| 0113          | 1.21   | 0.42       | 2174          | 0.78 | 0.42       | 3028          | 0.77 | 0.37       | 3632          | 0.61 | 0.41       | 4282          | 0.72 | 0.37       |
| 0170          | 0.77   | 0.42       | 2211          | 2.07 | 0.37       | 3030          | 1.16 | 0.37       | 3634          | 0.47 | 0.41       | 4283          | 0.48 | 0.42       |
| 0251          | 1.16   | 0.41       | 2220          | 0.78 | 0.41       | 3040          | 1.37 | 0.41       | 3635          | 0.49 | 0.41       | 4299          | 0.61 | 0.41       |
| 0401          | 2.82   | 0.34       | 2286          | 0.78 | 0.41       | 3041          | 0.98 | 0.41       | 3638          | 0.49 | 0.42       | 4304          | 1.49 | 0.41       |
| 0766          | —      | —          | 2288          | 1.53 | 0.42       | 3042          | 0.87 | 0.41       | 3642          | 0.48 | 0.42       | 4307          | 0.49 | 0.44       |
| 0771          | —      | —          | 2302          | 0.52 | 0.41       | 3064          | 0.97 | 0.41       | 3643          | 0.51 | 0.37       | 4351          | 0.31 | 0.42       |
| 0908          | 57.31  | 0.41       | 2305          | 0.67 | 0.37       | 3076          | 0.89 | 0.42       | 3647          | 0.78 | 0.41       | 4352          | 0.41 | 0.42       |
| 0913          | 151.76 | 0.41       | 2361          | 0.52 | 0.41       | 3081          | 1.18 | 0.41       | 3648          | 0.36 | 0.44       | 4360          | 0.18 | 0.37       |
| 1005          | 0.83   | 0.31       | 2362          | 0.69 | 0.42       | 3082          | 0.96 | 0.37       | 3681          | 0.26 | 0.42       | 4361          | 0.31 | 0.42       |
| 1016          | 2.31   | 0.31       | 2380          | 0.67 | 0.42       | 3085          | 1.24 | 0.41       | 3685          | 0.27 | 0.42       | 4410          | 0.80 | 0.42       |
| 1164          | 0.60   | 0.31       | 2388          | 0.45 | 0.44       | 3110          | 1.03 | 0.41       | 3719          | 0.17 | 0.31       | 4420          | 0.66 | 0.34       |
| 1165          | 0.55   | 0.31       | 2402          | 0.59 | 0.37       | 3111          | 0.64 | 0.42       | 3724          | 0.79 | 0.31       | 4431          | 0.46 | 0.44       |
| 1320          | 0.60   | 0.34       | 2413          | 0.65 | 0.41       | 3113          | 0.42 | 0.41       | 3726          | 0.70 | 0.31       | 4432          | 0.34 | 0.44       |
| 1322          | 1.38   | 0.31       | 2416          | 0.71 | 0.42       | 3114          | 0.69 | 0.41       | 3803          | 0.74 | 0.42       | 4452          | 0.77 | 0.41       |
| 1430          | 0.74   | 0.37       | 2417          | 0.37 | 0.42       | 3118          | 0.51 | 0.44       | 3807          | 0.44 | 0.42       | 4459          | 0.73 | 0.37       |
| 1438          | 0.89   | 0.37       | 2501          | 0.82 | 0.42       | 3119          | 0.29 | 0.47       | 3808          | 0.75 | 0.41       | 4470          | 0.72 | 0.41       |
| 1452          | 0.63   | 0.37       | 2503          | 0.30 | 0.42       | 3122          | 0.51 | 0.44       | 3821          | 1.62 | 0.37       | 4484          | 0.80 | 0.42       |
| 1463          | 2.02   | 0.31       | 2534          | 0.82 | 0.42       | 3126          | 0.54 | 0.41       | 3822          | 1.36 | 0.42       | 4493          | 0.66 | 0.41       |
| 1472          | 0.64   | 0.37       | 2570          | 0.88 | 0.42       | 3131          | 0.38 | 0.41       | 3824          | 0.90 | 0.42       | 4511          | 0.21 | 0.41       |
| 1604          | 1.19   | 0.37       | 2585          | 0.93 | 0.41       | 3132          | 0.77 | 0.42       | 3826          | 0.18 | 0.41       | 4557          | 0.57 | 0.37       |
| 1624          | 0.66   | 0.34       | 2586          | 1.02 | 0.42       | 3145          | 0.57 | 0.41       | 3827          | 0.49 | 0.42       | 4558          | 0.48 | 0.41       |
| 1642          | 0.88   | 0.37       | 2587          | 0.85 | 0.42       | 3146          | 0.59 | 0.41       | 3830          | 0.37 | 0.41       | 4568          | 0.59 | 0.37       |
| 1654          | 1.25   | 0.37       | 2589          | 0.52 | 0.41       | 3169          | 0.61 | 0.42       | 3851          | 0.55 | 0.42       | 4581          | 0.24 | 0.34       |
| 1699          | 0.63   | 0.37       | 2600          | 1.25 | 0.42       | 3179          | 0.54 | 0.42       | 3865          | 0.93 | 0.44       | 4583          | 0.96 | 0.34       |
| 1701          | 0.70   | 0.34       | 2623          | 1.41 | 0.37       | 3180          | 0.78 | 0.42       | 3881          | 1.40 | 0.41       | 4611          | 0.21 | 0.42       |
| 1710          | 0.93   | 0.37       | 2651          | 0.47 | 0.42       | 3188          | 0.49 | 0.41       | 4000          | 1.31 | 0.34       | 4635          | 0.52 | 0.34       |
| 1747          | 0.73   | 0.37       | 2660          | 0.83 | 0.44       | 3220          | 0.52 | 0.41       | 4021          | 1.11 | 0.41       | 4653          | 0.62 | 0.42       |
| 1748          | 1.78   | 0.37       | 2670          | 0.57 | 0.42       | 3224          | 1.06 | 0.44       | 4024          | 1.14 | 0.37       | 4665          | 1.66 | 0.37       |
| 1803          | 1.42   | 0.37       | 2683          | 0.82 | 0.42       | 3227          | 0.79 | 0.42       | 4034          | 1.54 | 0.37       | 4670          | 0.90 | 0.41       |
| 1860          | 0.72   | 0.37       | 2688          | 0.57 | 0.42       | 3240          | 0.73 | 0.42       | 4036          | 0.66 | 0.37       | 4683          | 0.90 | 0.41       |
| 1924          | 0.72   | 0.42       | 2701          | 2.96 | 0.34       | 3241          | 0.76 | 0.42       | 4038          | 0.66 | 0.44       | 4686          | 0.71 | 0.37       |
| 1925          | 0.84   | 0.41       | 2702          | 4.56 | 0.31       | 3255          | 0.85 | 0.44       | 4053          | 1.56 | 0.41       | 4692          | 0.24 | 0.42       |
| 2002          | 0.92   | 0.42       | 2709          | 1.97 | 0.34       | 3257          | 0.73 | 0.42       | 4061          | 1.56 | 0.41       | 4693          | 0.24 | 0.42       |
| 2003          | 1.33   | 0.41       | 2710          | 2.64 | 0.37       | 3270          | 0.63 | 0.42       | 4062          | 1.56 | 0.41       | 4703          | 0.40 | 0.41       |
| 2014          | 1.07   | 0.37       | 2714          | 1.31 | 0.42       | 3300          | 1.74 | 0.44       | 4101          | 0.59 | 0.41       | 4716          | 0.90 | 0.41       |
| 2016          | 0.74   | 0.42       | 2731          | 1.13 | 0.42       | 3303          | 0.84 | 0.42       | 4109          | 0.13 | 0.42       | 4717          | 0.65 | 0.44       |
| 2021          | 1.31   | 0.41       | 2735          | 1.28 | 0.42       | 3307          | 0.64 | 0.41       | 4110          | 0.29 | 0.42       | 4720          | 0.55 | 0.41       |
| 2039          | 0.82   | 0.42       | 2759          | 1.83 | 0.42       | 3315          | 0.78 | 0.42       | 4111          | 0.56 | 0.42       | 4740          | 0.19 | 0.31       |
| 2041          | 1.07   | 0.42       | 2790          | 0.68 | 0.44       | 3334          | 0.77 | 0.41       | 4113          | 0.56 | 0.42       | 4741          | 0.67 | 0.41       |

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



Effective January 1, 2024

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

| CLASS<br>CODE | ELR  | D<br>RATIO | CLASS<br>CODE | ELR  | D<br>RATIO | CLASS<br>CODE | ELR   | D<br>RATIO | CLASS<br>CODE | ELR  | D<br>RATIO | CLASS<br>CODE | ELR  | D<br>RATIO |
|---------------|------|------------|---------------|------|------------|---------------|-------|------------|---------------|------|------------|---------------|------|------------|
| 4751          | 0.72 | 0.37       | 6005          | 0.93 | 0.37       | 7231          | 2.37  | 0.41       | 8017          | 0.47 | 0.44       | 8734          | 0.10 | 0.37       |
| 4766          | 0.84 | 0.34       | 6018          | 0.62 | 0.37       | 7232          | 1.83  | 0.34       | 8018          | 1.03 | 0.42       | 8737          | 0.09 | 0.37       |
| 4771          | 0.58 | 0.34       | 6045          | 1.03 | 0.37       | 7309F         | 1.59  | 0.27       | 8021          | 0.72 | 0.42       | 8738          | 0.17 | 0.37       |
| 4777          | 0.69 | 0.34       | 6204          | 1.27 | 0.34       | 7313F         | 0.65  | 0.27       | 8031          | 0.72 | 0.42       | 8742          | 0.07 | 0.37       |
| 4825          | 0.19 | 0.37       | 6206          | 0.46 | 0.31       | 7317F         | 1.36  | 0.27       | 8032          | 0.62 | 0.42       | 8745          | 1.10 | 0.41       |
| 4828          | 0.58 | 0.34       | 6213          | 0.36 | 0.31       | 7327F         | 3.62  | 0.27       | 8033          | 0.83 | 0.44       | 8748          | 0.12 | 0.34       |
| 4829          | 0.34 | 0.34       | 6214          | 0.31 | 0.34       | 7333          | 0.60  | 0.31       | 8037          | 0.60 | 0.47       | 8755          | 0.09 | 0.37       |
| 4902          | 0.63 | 0.42       | 6216          | 0.85 | 0.31       | 7335          | 0.66  | 0.31       | 8039          | 0.51 | 0.44       | 8799          | 0.22 | 0.42       |
| 4923          | 0.38 | 0.41       | 6217          | 0.73 | 0.31       | 7337          | 1.16  | 0.31       | 8044          | 0.74 | 0.42       | 8800          | 0.60 | 0.42       |
| 5020          | 1.04 | 0.34       | 6229          | 1.00 | 0.37       | 7350F         | 1.64  | 0.30       | 8045          | 0.25 | 0.42       | 8803          | 0.02 | 0.37       |
| 5022          | 1.31 | 0.31       | 6233          | 0.37 | 0.31       | 7360          | 1.14  | 0.37       | 8046          | 0.86 | 0.42       | 8805          | 0.07 | 0.42       |
| 5037          | 1.36 | 0.31       | 6235          | 1.35 | 0.31       | 7370          | 1.66  | 0.42       | 8047          | 0.26 | 0.42       | 8810          | 0.05 | 0.42       |
| 5040          | 1.62 | 0.31       | 6236          | 1.13 | 0.37       | 7380          | 1.24  | 0.37       | 8058          | 0.81 | 0.42       | 8814          | 0.07 | 0.42       |
| 5057          | 0.63 | 0.31       | 6237          | 0.29 | 0.34       | 7382          | 1.16  | 0.41       | 8072          | 0.25 | 0.44       | 8815          | 0.12 | 0.42       |
| 5059          | 2.92 | 0.31       | 6251          | 0.91 | 0.34       | 7390          | 1.33  | 0.42       | 8102          | 0.54 | 0.42       | 8820          | 0.03 | 0.37       |
| 5102          | 1.28 | 0.34       | 6252          | 0.57 | 0.31       | 7394          | 0.66  | 0.31       | 8103          | 0.81 | 0.41       | 8824          | 0.66 | 0.47       |
| 5146          | 0.97 | 0.37       | 6306          | 0.83 | 0.34       | 7395          | 0.73  | 0.31       | 8106          | 1.04 | 0.37       | 8825          | 0.63 | 0.44       |
| 5160          | 0.42 | 0.31       | 6319          | 0.46 | 0.31       | 7398          | 1.28  | 0.31       | 8107          | 0.67 | 0.34       | 8826          | 0.63 | 0.44       |
| 5183          | 0.52 | 0.34       | 6325          | 0.75 | 0.31       | 7402          | 0.05  | 0.42       | 8111          | 0.64 | 0.41       | 8829          | 0.66 | 0.47       |
| 5188          | 0.65 | 0.34       | 6400          | 1.00 | 0.37       | 7403          | 0.94  | 0.42       | 8116          | 0.71 | 0.41       | 8831          | 0.42 | 0.47       |
| 5190          | 0.51 | 0.34       | 6503          | 0.55 | 0.42       | 7405          | 0.33  | 0.42       | 8203          | 1.89 | 0.41       | 8832          | 0.10 | 0.42       |
| 5191          | 0.30 | 0.37       | 6504          | 0.83 | 0.42       | 7420          | 2.14  | 0.31       | 8204          | 1.38 | 0.41       | 8833          | 0.29 | 0.42       |
| 5192          | 1.06 | 0.41       | 6702          | 0.98 | 0.37       | 7421          | 0.22  | 0.37       | 8209          | 1.16 | 0.42       | 8835          | 0.70 | 0.42       |
| 5213          | 1.14 | 0.31       | 6703          | 1.90 | 0.37       | 7422          | 0.26  | 0.34       | 8215          | 0.86 | 0.37       | 8842          | 1.12 | 0.47       |
| 5215          | 1.21 | 0.37       | 6704          | 1.08 | 0.37       | 7425          | 0.51  | 0.34       | 8227          | 0.89 | 0.34       | 8855          | 0.05 | 0.42       |
| 5221          | 0.92 | 0.34       | 6801F         | 1.47 | 0.32       | 7431          | 0.18  | 0.34       | 8232          | 1.22 | 0.37       | 8856          | 0.16 | 0.42       |
| 5222          | 1.48 | 0.31       | 6811          | 1.63 | 0.37       | 7445          | —     | —          | 8233          | 0.78 | 0.37       | 8864          | 0.46 | 0.44       |
| 5223          | 0.98 | 0.37       | 6824F         | 1.74 | 0.32       | 7453          | —     | —          | 8235          | 1.12 | 0.41       | 8868          | 0.17 | 0.44       |
| 5348          | 0.84 | 0.37       | 6826F         | 0.98 | 0.32       | 7502          | 0.48  | 0.37       | 8263          | 2.12 | 0.41       | 8869          | 0.39 | 0.44       |
| 5402          | 1.35 | 0.42       | 6834          | 0.68 | 0.42       | 7515          | 0.19  | 0.31       | 8264          | 1.16 | 0.37       | 8871          | 0.03 | 0.42       |
| 5403          | 1.12 | 0.34       | 6836          | 1.04 | 0.41       | 7520          | 0.71  | 0.41       | 8265          | 1.28 | 0.34       | 8901          | 0.06 | 0.37       |
| 5437          | 0.96 | 0.34       | 6843F         | 1.76 | 0.27       | 7538          | 0.66  | 0.31       | 8279          | 1.97 | 0.34       | 9012          | 0.28 | 0.37       |
| 5443          | 0.68 | 0.41       | 6845F         | 0.95 | 0.27       | 7539          | 0.35  | 0.34       | 8288          | 2.16 | 0.41       | 9014          | 0.79 | 0.42       |
| 5445          | 0.82 | 0.31       | 6854          | 1.36 | 0.34       | 7540          | 0.64  | 0.31       | 8291          | 0.87 | 0.41       | 9015          | 0.81 | 0.41       |
| 5462          | 1.34 | 0.37       | 6872F         | 1.65 | 0.27       | 7580          | 0.74  | 0.37       | 8292          | 0.92 | 0.42       | 9016          | 0.85 | 0.42       |
| 5472          | 1.16 | 0.31       | 6874F         | 2.49 | 0.27       | 7590          | 1.03  | 0.37       | 8293          | 1.99 | 0.42       | 9019          | 0.79 | 0.37       |
| 5473          | 2.04 | 0.31       | 6882          | 0.78 | 0.34       | 7600          | 1.18  | 0.37       | 8304          | 1.35 | 0.34       | 9033          | 0.57 | 0.41       |
| 5474          | 0.90 | 0.31       | 6884          | 1.24 | 0.34       | 7605          | 0.51  | 0.34       | 8350          | 1.30 | 0.34       | 9040          | 1.08 | 0.44       |
| 5478          | 0.68 | 0.34       | 7016          | 0.64 | 0.31       | 7610          | 0.18  | 0.37       | 8380          | 0.71 | 0.41       | 9044          | 0.46 | 0.44       |
| 5479          | 1.18 | 0.37       | 7024          | 0.72 | 0.31       | 7698          | 1.06  | 0.31       | 8381          | 0.51 | 0.41       | 9052          | 0.54 | 0.44       |
| 5480          | 1.46 | 0.34       | 7038          | 1.29 | 0.31       | 7699          | 0.73  | 0.34       | 8385          | 0.71 | 0.41       | 9058          | 0.54 | 0.47       |
| 5491          | 0.45 | 0.34       | 7046          | 1.57 | 0.31       | 7705          | 1.58  | 0.41       | 8392          | 0.69 | 0.44       | 9060          | 0.49 | 0.44       |
| 5506          | 1.49 | 0.34       | 7047          | 1.27 | 0.31       | 7710          | 1.27  | 0.34       | 8393          | 0.44 | 0.37       | 9061          | 0.43 | 0.44       |
| 5507          | 0.75 | 0.34       | 7050          | 2.52 | 0.31       | 7711          | 1.27  | 0.34       | 8500          | 1.38 | 0.37       | 9062          | 0.49 | 0.44       |
| 5508          | 0.75 | 0.34       | 7090          | 1.43 | 0.31       | 7720          | 0.77  | 0.37       | 8601          | 0.08 | 0.34       | 9063          | 0.29 | 0.44       |
| 5535          | 1.31 | 0.31       | 7098          | 1.74 | 0.31       | 7725          | 0.57  | 0.34       | 8602          | 0.44 | 0.37       | 9077F         | 1.64 | 0.39       |
| 5537          | 0.80 | 0.37       | 7099          | 3.06 | 0.31       | 7732          | 55.70 | 0.34       | 8603          | 0.03 | 0.42       | 9082          | 0.41 | 0.47       |
| 5551          | 2.08 | 0.31       | 7133          | 0.76 | 0.34       | 7855          | 0.80  | 0.37       | 8606          | 0.45 | 0.34       | 9083          | 0.39 | 0.47       |
| 5606          | 0.21 | 0.31       | 7151          | 0.92 | 0.34       | 8001          | 0.74  | 0.42       | 8709F         | 0.65 | 0.27       | 9084          | 0.39 | 0.44       |
| 5610          | 0.99 | 0.37       | 7152          | 1.81 | 0.34       | 8002          | 0.62  | 0.42       | 8719          | 0.55 | 0.34       | 9088          | a    | a          |
| 5645          | 1.65 | 0.31       | 7153          | 1.02 | 0.34       | 8006          | 0.65  | 0.44       | 8720          | 0.33 | 0.34       | 9089          | 0.29 | 0.44       |
| 5703          | 2.07 | 0.37       | 7219          | 1.54 | 0.34       | 8008          | 0.50  | 0.44       | 8721          | 0.08 | 0.37       | 9093          | 0.43 | 0.44       |
| 5705          | 2.96 | 0.37       | 7222          | 1.56 | 0.34       | 8010          | 0.55  | 0.42       | 8723          | 0.04 | 0.41       | 9101          | 1.17 | 0.44       |
| 5951          | 0.13 | 0.42       | 7225          | 1.78 | 0.37       | 8013          | 0.11  | 0.41       | 8725          | 0.58 | 0.37       | 9102          | 0.96 | 0.41       |
| 6003          | 1.40 | 0.34       | 7230          | 2.31 | 0.41       | 8015          | 0.24  | 0.41       | 8726F         | 0.42 | 0.32       | 9154          | 0.43 | 0.42       |

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

Effective January 1, 2024  
TABLE OF EXPECTED LOSS RATES AND DISCOUNT RATIOS  
APPLICABLE TO ALL POLICIES

| CLASS<br>CODE | ELR  | D<br>RATIO | CLASS<br>CODE | ELR | D<br>RATIO | CLASS<br>CODE | ELR | D<br>RATIO | CLASS<br>CODE | ELR | D<br>RATIO | CLASS<br>CODE | ELR | D<br>RATIO |
|---------------|------|------------|---------------|-----|------------|---------------|-----|------------|---------------|-----|------------|---------------|-----|------------|
| 9156          | 0.79 | 0.44       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9170          | 2.05 | 0.34       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9178          | 2.13 | 0.47       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9179          | 4.28 | 0.47       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9180          | 1.73 | 0.41       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9182          | 0.71 | 0.42       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9186          | 2.19 | 0.34       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9220          | 1.56 | 0.41       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9402          | 1.02 | 0.34       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9403          | 1.65 | 0.34       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9410          | 0.71 | 0.42       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9501          | 0.82 | 0.37       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9505          | 0.84 | 0.41       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9516          | 0.82 | 0.41       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9519          | 1.00 | 0.37       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9521          | 0.82 | 0.37       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9522          | 0.72 | 0.44       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9534          | 0.77 | 0.31       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9554          | 1.55 | 0.34       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9586          | 0.14 | 0.44       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9600          | 0.63 | 0.42       |               |     |            |               |     |            |               |     |            |               |     |            |
| 9620          | 0.37 | 0.37       |               |     |            |               |     |            |               |     |            |               |     |            |

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

Effective January 1, 2024  
**TABLE OF WEIGHTING VALUES**  
**APPLICABLE TO ALL POLICIES**

| Expected Losses |    |         | Weighting Values | Expected Losses |    |             | Weighting Values |
|-----------------|----|---------|------------------|-----------------|----|-------------|------------------|
| 0               | -- | 1,503   | 0.14             | 847,612         | -- | 890,245     | 0.49             |
| 1,504           | -- | 4,235   | 0.15             | 890,246         | -- | 935,174     | 0.50             |
| 4,236           | -- | 7,032   | 0.16             | 935,175         | -- | 982,586     | 0.51             |
| 7,033           | -- | 9,898   | 0.17             | 982,587         | -- | 1,032,693   | 0.52             |
| 9,899           | -- | 10,898  | 0.18             | 1,032,694       | -- | 1,085,735   | 0.53             |
| 10,899          | -- | 12,326  | 0.17             | 1,085,736       | -- | 1,141,975   | 0.54             |
| 12,327          | -- | 14,276  | 0.16             | 1,141,976       | -- | 1,201,712   | 0.55             |
| 14,277          | -- | 17,211  | 0.15             | 1,201,713       | -- | 1,265,285   | 0.56             |
| 17,212          | -- | 22,795  | 0.14             | 1,265,286       | -- | 1,333,075   | 0.57             |
| 22,796          | -- | 52,383  | 0.13             | 1,333,076       | -- | 1,405,516   | 0.58             |
| 52,384          | -- | 70,392  | 0.14             | 1,405,517       | -- | 1,483,103   | 0.59             |
| 70,393          | -- | 86,119  | 0.15             | 1,483,104       | -- | 1,566,408   | 0.60             |
| 86,120          | -- | 101,247 | 0.16             | 1,566,409       | -- | 1,656,085   | 0.61             |
| 101,248         | -- | 116,254 | 0.17             | 1,656,086       | -- | 1,752,896   | 0.62             |
| 116,255         | -- | 131,360 | 0.18             | 1,752,897       | -- | 1,857,727   | 0.63             |
| 131,361         | -- | 146,687 | 0.19             | 1,857,728       | -- | 1,971,619   | 0.64             |
| 146,688         | -- | 162,321 | 0.20             | 1,971,620       | -- | 2,095,799   | 0.65             |
| 162,322         | -- | 178,323 | 0.21             | 2,095,800       | -- | 2,231,729   | 0.66             |
| 178,324         | -- | 194,745 | 0.22             | 2,231,730       | -- | 2,381,158   | 0.67             |
| 194,746         | -- | 211,631 | 0.23             | 2,381,159       | -- | 2,546,204   | 0.68             |
| 211,632         | -- | 228,281 | 0.24             | 2,546,205       | -- | 2,729,449   | 0.69             |
| 228,282         | -- | 244,645 | 0.25             | 2,729,450       | -- | 2,934,081   | 0.70             |
| 244,646         | -- | 261,524 | 0.26             | 2,934,082       | -- | 3,164,077   | 0.71             |
| 261,525         | -- | 278,946 | 0.27             | 3,164,078       | -- | 3,424,463   | 0.72             |
| 278,947         | -- | 296,942 | 0.28             | 3,424,464       | -- | 3,721,689   | 0.73             |
| 296,943         | -- | 315,544 | 0.29             | 3,721,690       | -- | 4,064,171   | 0.74             |
| 315,545         | -- | 334,783 | 0.30             | 4,064,172       | -- | 4,463,097   | 0.75             |
| 334,784         | -- | 354,698 | 0.31             | 4,463,098       | -- | 4,933,674   | 0.76             |
| 354,699         | -- | 375,325 | 0.32             | 4,933,675       | -- | 5,497,111   | 0.77             |
| 375,326         | -- | 396,704 | 0.33             | 5,497,112       | -- | 6,183,905   | 0.78             |
| 396,705         | -- | 418,880 | 0.34             | 6,183,906       | -- | 7,039,548   | 0.79             |
| 418,881         | -- | 441,900 | 0.35             | 7,039,549       | -- | 8,135,038   | 0.80             |
| 441,901         | -- | 465,813 | 0.36             | 8,135,039       | -- | 9,587,660   | 0.81             |
| 465,814         | -- | 490,673 | 0.37             | 9,587,661       | -- | 11,606,065  | 0.82             |
| 490,674         | -- | 516,539 | 0.38             | 11,606,066      | -- | 14,600,755  | 0.83             |
| 516,540         | -- | 543,474 | 0.39             | 14,600,756      | -- | 19,506,014  | 0.84             |
| 543,475         | -- | 571,548 | 0.40             | 19,506,015      | -- | 29,006,668  | 0.85             |
| 571,549         | -- | 600,833 | 0.41             | 29,006,669      | -- | 55,250,689  | 0.86             |
| 600,834         | -- | 631,412 | 0.42             | 55,250,690      | -- | 470,713,595 | 0.87             |
| 631,413         | -- | 663,372 | 0.43             | 470,713,596     | -- | AND OVER    | 0.88             |
| 663,373         | -- | 696,809 | 0.44             |                 |    |             |                  |
| 696,810         | -- | 731,831 | 0.45             |                 |    |             |                  |
| 731,832         | -- | 768,551 | 0.46             |                 |    |             |                  |
| 768,552         | -- | 807,098 | 0.47             |                 |    |             |                  |
| 807,099         | -- | 847,611 | 0.48             |                 |    |             |                  |

|                                                                                                    |           |
|----------------------------------------------------------------------------------------------------|-----------|
| (a) G                                                                                              | 6.95      |
| (b) State Per Claim Accident Limitation                                                            | \$146,500 |
| (c) State Multiple Claim Accident Limitation                                                       | \$293,000 |
| (d) USL&HW Per Claim Accident Limitation                                                           | \$286,500 |
| (e) USL&HW Multiple Claim Accident Limitation                                                      | \$573,000 |
| (f) Employers Liability Accident Limitation                                                        | \$55,000  |
| (g) Primary/Excess Loss Split Point                                                                | \$17,500  |
| (h) USL&HW Act -- Expected Loss Factor -- Non-F Classes                                            | 2.00      |
| <i>(Multiply a Non-F classification ELR by the USL&amp;HW Act - Expected Loss Factor of 2.00.)</i> |           |

Effective January 1, 2024

**TABLE OF BALLAST VALUES  
APPLICABLE TO ALL POLICIES**

| Expected Losses |    |           | Ballast Values | Exp cted Lo ses |    | Ballast Values | Exp cted Lo ses |           | Ballast Values |           |         |
|-----------------|----|-----------|----------------|-----------------|----|----------------|-----------------|-----------|----------------|-----------|---------|
| 0               | -- | 250,776   | 31,970         | 2,355,391       | -- | 2,417,427      | 153,595         | 4,526,963 | --             | 4,589,011 | 275,220 |
| 250,777         | -- | 311,704   | 35,445         | 2,417,428       | -- | 2,479,465      | 157,070         | 4,589,012 | --             | 4,651,061 | 278,695 |
| 311,705         | -- | 372,991   | 38,920         | 2,479,466       | -- | 2,541,504      | 160,545         | 4,651,062 | --             | 4,713,110 | 282,170 |
| 372,992         | -- | 434,492   | 42,395         | 2,541,505       | -- | 2,603,544      | 164,020         | 4,713,111 | --             | 4,775,160 | 285,645 |
| 434,493         | -- | 496,127   | 45,870         | 2,603,545       | -- | 2,665,584      | 167,495         | 4,775,161 | --             | 4,837,209 | 289,120 |
| 496,128         | -- | 557,854   | 49,345         | 2,665,585       | -- | 2,727,625      | 170,970         | 4,837,210 | --             | 4,899,259 | 292,595 |
| 557,855         | -- | 619,645   | 52,820         | 2,727,626       | -- | 2,789,667      | 174,445         | 4,899,260 | --             | 4,961,309 | 296,070 |
| 619,646         | -- | 681,483   | 56,295         | 2,789,668       | -- | 2,851,709      | 177,920         | 4,961,310 | --             | 5,023,358 | 299,545 |
| 681,484         | -- | 743,357   | 59,770         | 2,851,710       | -- | 2,913,751      | 181,395         | 5,023,359 | --             | 5,085,408 | 303,020 |
| 743,358         | -- | 805,259   | 63,245         | 2,913,752       | -- | 2,975,794      | 184,870         | 5,085,409 | --             | 5,147,458 | 306,495 |
| 805,260         | -- | 867,181   | 66,720         | 2,975,795       | -- | 3,037,837      | 188,345         | 5,147,459 | --             | 5,209,509 | 309,970 |
| 867,182         | -- | 929,122   | 70,195         | 3,037,838       | -- | 3,099,881      | 191,820         | 5,209,510 | --             | 5,271,559 | 313,445 |
| 929,123         | -- | 991,076   | 73,670         | 3,099,882       | -- | 3,161,925      | 195,295         | 5,271,560 | --             | 5,333,609 | 316,920 |
| 991,077         | -- | 1,053,042 | 77,145         | 3,161,926       | -- | 3,223,970      | 198,770         | 5,333,610 | --             | 5,395,659 | 320,395 |
| 1,053,043       | -- | 1,115,017 | 80,620         | 3,223,971       | -- | 3,286,015      | 202,245         | 5,395,660 | --             | 5,457,710 | 323,870 |
| 1,115,018       | -- | 1,177,001 | 84,095         | 3,286,016       | -- | 3,348,060      | 205,720         | 5,457,711 | --             | 5,519,760 | 327,345 |
| 1,177,002       | -- | 1,238,992 | 87,570         | 3,348,061       | -- | 3,410,105      | 209,195         | 5,519,761 | --             | 5,581,811 | 330,820 |
| 1,238,993       | -- | 1,300,989 | 91,045         | 3,410,106       | -- | 3,472,151      | 212,670         | 5,581,812 | --             | 5,643,862 | 334,295 |
| 1,300,990       | -- | 1,362,990 | 94,520         | 3,472,152       | -- | 3,534,197      | 216,145         | 5,643,863 | --             | 5,705,912 | 337,770 |
| 1,362,991       | -- | 1,424,997 | 97,995         | 3,534,198       | -- | 3,596,244      | 219,620         | 5,705,913 | --             | 5,767,963 | 341,245 |
| 1,424,998       | -- | 1,487,007 | 101,470        | 3,596,245       | -- | 3,658,290      | 223,095         | 5,767,964 | --             | 5,830,014 | 344,720 |
| 1,487,008       | -- | 1,549,021 | 104,945        | 3,658,291       | -- | 3,720,337      | 226,570         | 5,830,015 | --             | 5,892,065 | 348,195 |
| 1,549,022       | -- | 1,611,038 | 108,420        | 3,720,338       | -- | 3,782,384      | 230,045         | 5,892,066 | --             | 5,954,116 | 351,670 |
| 1,611,039       | -- | 1,673,057 | 111,895        | 3,782,385       | -- | 3,844,431      | 233,520         | 5,954,117 | --             | 6,016,167 | 355,145 |
| 1,673,058       | -- | 1,735,079 | 115,370        | 3,844,432       | -- | 3,906,479      | 236,995         | 6,016,168 | --             | 6,078,218 | 358,620 |
| 1,735,080       | -- | 1,797,103 | 118,845        | 3,906,480       | -- | 3,968,526      | 240,470         | 6,078,219 | --             | 6,139,630 | 362,095 |
| 1,797,104       | -- | 1,859,129 | 122,320        | 3,968,527       | -- | 4,030,574      | 243,945         |           |                |           |         |
| 1,859,130       | -- | 1,921,157 | 125,795        | 4,030,575       | -- | 4,092,622      | 247,420         |           |                |           |         |
| 1,921,158       | -- | 1,983,186 | 129,270        | 4,092,623       | -- | 4,154,670      | 250,895         |           |                |           |         |
| 1,983,187       | -- | 2,045,217 | 132,745        | 4,154,671       | -- | 4,216,719      | 254,370         |           |                |           |         |
| 2,045,218       | -- | 2,107,250 | 136,220        | 4,216,720       | -- | 4,278,767      | 257,845         |           |                |           |         |
| 2,107,251       | -- | 2,169,283 | 139,695        | 4,278,768       | -- | 4,340,816      | 261,320         |           |                |           |         |
| 2,169,284       | -- | 2,231,318 | 143,170        | 4,340,817       | -- | 4,402,864      | 264,795         |           |                |           |         |
| 2,231,319       | -- | 2,293,353 | 146,645        | 4,402,865       | -- | 4,464,913      | 268,270         |           |                |           |         |
| 2,293,354       | -- | 2,355,390 | 150,120        | 4,464,914       | -- | 4,526,962      | 271,745         |           |                |           |         |

For Expected Losses greater than \$6,139,630, the Ballast Value can be calculated using the following formula (rounded to the nearest 1):

$$\text{Ballast} = (0.056)(\text{Expected Losses}) + 2876.4(\text{Expected Losses})(6.95) / (\text{Expected Losses} + (600)(6.95))$$

$$G = 6.95$$

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS.

# NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

## INDIANA—UPDATE TO EXPERIENCE RATING PREMIUM ELIGIBILITY AMOUNTS

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

#### 2. State Subject Premium Eligibility Amounts

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

- A 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    | <u>7/1/24 and after</u> | <u>6,500</u>  | <u>3,250</u>  |
|       | <u>7/1/23 - 6/30/24</u> | 6,500         | 3,250         |
|       | <u>7/1/22 - 6/30/23</u> | 6,000         | 3,000         |

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, 2024

#### 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  
*Effective January 1, 2024*

**INDIANA**

**RR 1**

**Original Printing**

**1. Average Cost per Case by Hazard Group**

| A     | B     | C     | D      | E      | F      | G      |
|-------|-------|-------|--------|--------|--------|--------|
| 5,184 | 6,473 | 8,561 | 10,612 | 14,101 | 21,908 | 30,590 |

**Average Cost per Case including ALAE by Hazard Group**

| A     | B     | C     | D      | E      | F      | G      |
|-------|-------|-------|--------|--------|--------|--------|
| 5,655 | 7,057 | 9,326 | 11,552 | 15,329 | 23,801 | 33,206 |

**2. Tax Multipliers**

|                                                                                                 |       |
|-------------------------------------------------------------------------------------------------|-------|
| a. State (non-F Classes)                                                                        | 1.018 |
| b. Federal Classes, or non-F classes<br>where rate is increased by the<br>USL&HW Act Percentage | 1.041 |

**3. Countrywide  
Expected Loss Ratio**

0.585

**Countrywide Expected Loss and  
Allocated Expense Ratio**

0.649

**4. Table of Expense Ratios**

Type A: 2023-01  
Type B: 2023-01

**5.**

**Excess Loss Factors**

(Applicable to New and Renewal Policies)

**Per Accident  
Limitation**

**Hazard Groups**

|              | A     | B     | C     | D     | E     | F     | G     |
|--------------|-------|-------|-------|-------|-------|-------|-------|
| \$10,000     | 0.382 | 0.406 | 0.437 | 0.460 | 0.489 | 0.509 | 0.536 |
| \$15,000     | 0.341 | 0.366 | 0.399 | 0.423 | 0.456 | 0.479 | 0.509 |
| \$20,000     | 0.308 | 0.334 | 0.368 | 0.394 | 0.429 | 0.453 | 0.486 |
| \$25,000     | 0.282 | 0.307 | 0.343 | 0.368 | 0.405 | 0.431 | 0.466 |
| \$30,000     | 0.260 | 0.285 | 0.321 | 0.346 | 0.384 | 0.411 | 0.448 |
| \$35,000     | 0.241 | 0.266 | 0.301 | 0.327 | 0.365 | 0.393 | 0.431 |
| \$40,000     | 0.224 | 0.249 | 0.284 | 0.309 | 0.349 | 0.377 | 0.416 |
| \$50,000     | 0.198 | 0.221 | 0.255 | 0.280 | 0.320 | 0.349 | 0.388 |
| \$75,000     | 0.153 | 0.174 | 0.205 | 0.227 | 0.266 | 0.295 | 0.334 |
| \$100,000    | 0.125 | 0.143 | 0.172 | 0.192 | 0.229 | 0.257 | 0.295 |
| \$125,000    | 0.105 | 0.122 | 0.148 | 0.166 | 0.202 | 0.228 | 0.264 |
| \$150,000    | 0.090 | 0.106 | 0.130 | 0.147 | 0.181 | 0.206 | 0.240 |
| \$175,000    | 0.079 | 0.093 | 0.116 | 0.131 | 0.164 | 0.188 | 0.220 |
| \$200,000    | 0.070 | 0.083 | 0.105 | 0.119 | 0.150 | 0.173 | 0.204 |
| \$225,000    | 0.063 | 0.075 | 0.095 | 0.109 | 0.139 | 0.161 | 0.190 |
| \$250,000    | 0.057 | 0.068 | 0.088 | 0.100 | 0.129 | 0.150 | 0.178 |
| \$275,000    | 0.052 | 0.063 | 0.081 | 0.092 | 0.121 | 0.141 | 0.167 |
| \$300,000    | 0.048 | 0.058 | 0.075 | 0.086 | 0.113 | 0.133 | 0.158 |
| \$325,000    | 0.044 | 0.054 | 0.070 | 0.080 | 0.107 | 0.126 | 0.150 |
| \$350,000    | 0.041 | 0.050 | 0.066 | 0.075 | 0.101 | 0.119 | 0.143 |
| \$375,000    | 0.038 | 0.047 | 0.062 | 0.071 | 0.096 | 0.113 | 0.136 |
| \$400,000    | 0.036 | 0.044 | 0.059 | 0.067 | 0.091 | 0.108 | 0.130 |
| \$425,000    | 0.034 | 0.042 | 0.056 | 0.064 | 0.087 | 0.104 | 0.124 |
| \$450,000    | 0.032 | 0.040 | 0.053 | 0.061 | 0.084 | 0.099 | 0.119 |
| \$475,000    | 0.030 | 0.038 | 0.050 | 0.058 | 0.080 | 0.095 | 0.115 |
| \$500,000    | 0.028 | 0.036 | 0.048 | 0.055 | 0.077 | 0.092 | 0.111 |
| \$600,000    | 0.024 | 0.030 | 0.041 | 0.047 | 0.067 | 0.080 | 0.097 |
| \$700,000    | 0.020 | 0.026 | 0.036 | 0.041 | 0.060 | 0.071 | 0.086 |
| \$800,000    | 0.018 | 0.023 | 0.032 | 0.037 | 0.054 | 0.064 | 0.078 |
| \$900,000    | 0.016 | 0.021 | 0.029 | 0.033 | 0.049 | 0.059 | 0.071 |
| \$1,000,000  | 0.014 | 0.019 | 0.027 | 0.030 | 0.045 | 0.054 | 0.065 |
| \$2,000,000  | 0.007 | 0.010 | 0.015 | 0.017 | 0.027 | 0.033 | 0.039 |
| \$3,000,000  | 0.005 | 0.007 | 0.011 | 0.012 | 0.020 | 0.024 | 0.028 |
| \$4,000,000  | 0.004 | 0.005 | 0.008 | 0.009 | 0.016 | 0.019 | 0.023 |
| \$5,000,000  | 0.003 | 0.004 | 0.007 | 0.008 | 0.013 | 0.016 | 0.019 |
| \$6,000,000  | 0.002 | 0.003 | 0.006 | 0.006 | 0.011 | 0.014 | 0.016 |
| \$7,000,000  | 0.002 | 0.003 | 0.005 | 0.005 | 0.009 | 0.012 | 0.014 |
| \$8,000,000  | 0.002 | 0.002 | 0.004 | 0.005 | 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<br>Limitation | Hazard Groups |       |       |       |       |       |       |
|----------------------------|---------------|-------|-------|-------|-------|-------|-------|
|                            | A             | B     | C     | D     | E     | F     | G     |
| \$10,000                   | 0.423         | 0.449 | 0.481 | 0.506 | 0.536 | 0.557 | 0.585 |
| \$15,000                   | 0.379         | 0.406 | 0.441 | 0.467 | 0.501 | 0.525 | 0.557 |
| \$20,000                   | 0.344         | 0.372 | 0.409 | 0.436 | 0.473 | 0.499 | 0.534 |
| \$25,000                   | 0.316         | 0.343 | 0.381 | 0.409 | 0.447 | 0.475 | 0.512 |
| \$30,000                   | 0.292         | 0.319 | 0.357 | 0.385 | 0.425 | 0.454 | 0.493 |
| \$35,000                   | 0.271         | 0.298 | 0.337 | 0.364 | 0.405 | 0.435 | 0.476 |
| \$40,000                   | 0.254         | 0.280 | 0.318 | 0.346 | 0.387 | 0.418 | 0.459 |
| \$50,000                   | 0.225         | 0.250 | 0.287 | 0.314 | 0.356 | 0.388 | 0.430 |
| \$75,000                   | 0.175         | 0.198 | 0.232 | 0.256 | 0.298 | 0.329 | 0.372 |
| \$100,000                  | 0.144         | 0.164 | 0.195 | 0.217 | 0.257 | 0.288 | 0.329 |
| \$125,000                  | 0.122         | 0.140 | 0.169 | 0.189 | 0.227 | 0.256 | 0.296 |
| \$150,000                  | 0.105         | 0.122 | 0.149 | 0.167 | 0.204 | 0.232 | 0.269 |
| \$175,000                  | 0.093         | 0.108 | 0.134 | 0.150 | 0.186 | 0.212 | 0.248 |
| \$200,000                  | 0.082         | 0.097 | 0.121 | 0.137 | 0.171 | 0.196 | 0.230 |
| \$225,000                  | 0.074         | 0.088 | 0.110 | 0.125 | 0.158 | 0.182 | 0.214 |
| \$250,000                  | 0.067         | 0.080 | 0.102 | 0.115 | 0.147 | 0.170 | 0.201 |
| \$275,000                  | 0.062         | 0.074 | 0.094 | 0.107 | 0.138 | 0.160 | 0.189 |
| \$300,000                  | 0.057         | 0.068 | 0.088 | 0.100 | 0.129 | 0.151 | 0.179 |
| \$325,000                  | 0.053         | 0.064 | 0.082 | 0.093 | 0.122 | 0.143 | 0.170 |
| \$350,000                  | 0.049         | 0.059 | 0.077 | 0.088 | 0.116 | 0.136 | 0.162 |
| \$375,000                  | 0.046         | 0.056 | 0.073 | 0.083 | 0.110 | 0.129 | 0.154 |
| \$400,000                  | 0.043         | 0.053 | 0.069 | 0.078 | 0.105 | 0.123 | 0.147 |
| \$425,000                  | 0.041         | 0.050 | 0.065 | 0.074 | 0.100 | 0.118 | 0.141 |
| \$450,000                  | 0.038         | 0.047 | 0.062 | 0.071 | 0.096 | 0.113 | 0.136 |
| \$475,000                  | 0.036         | 0.045 | 0.059 | 0.068 | 0.092 | 0.109 | 0.131 |
| \$500,000                  | 0.034         | 0.043 | 0.057 | 0.065 | 0.089 | 0.105 | 0.126 |
| \$600,000                  | 0.029         | 0.036 | 0.048 | 0.055 | 0.077 | 0.092 | 0.110 |
| \$700,000                  | 0.025         | 0.031 | 0.042 | 0.048 | 0.068 | 0.082 | 0.098 |
| \$800,000                  | 0.022         | 0.027 | 0.038 | 0.043 | 0.062 | 0.074 | 0.089 |
| \$900,000                  | 0.019         | 0.025 | 0.034 | 0.039 | 0.056 | 0.067 | 0.081 |
| \$1,000,000                | 0.017         | 0.022 | 0.031 | 0.035 | 0.052 | 0.062 | 0.075 |
| \$2,000,000                | 0.009         | 0.012 | 0.017 | 0.019 | 0.031 | 0.037 | 0.044 |
| \$3,000,000                | 0.006         | 0.008 | 0.012 | 0.014 | 0.023 | 0.027 | 0.032 |
| \$4,000,000                | 0.005         | 0.006 | 0.010 | 0.011 | 0.018 | 0.022 | 0.026 |
| \$5,000,000                | 0.004         | 0.005 | 0.008 | 0.009 | 0.015 | 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 | 0.011 | 0.013 | 0.016 |
| \$8,000,000                | 0.002         | 0.003 | 0.005 | 0.005 | 0.009 | 0.012 | 0.014 |
| \$9,000,000                | 0.002         | 0.002 | 0.004 | 0.005 | 0.008 | 0.010 | 0.012 |
| \$10,000,000               | 0.002         | 0.002 | 0.003 | 0.004 | 0.007 | 0.009 | 0.011 |

6.

**Retrospective Development Factors**

| With Loss Limit |             |             | Without Loss Limit |             |             | 4th & Subsequent<br>Adjustment |
|-----------------|-------------|-------------|--------------------|-------------|-------------|--------------------------------|
| 1st<br>Adj.     | 2nd<br>Adj. | 3rd<br>Adj. | 1st<br>Adj.        | 2nd<br>Adj. | 3rd<br>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, 2024**

INDIANA

RR 1

Original Printing

### 1. Average Cost per Case by Hazard Group

| A     | B     | C     | D      | E      | F      | G      |
|-------|-------|-------|--------|--------|--------|--------|
| 5,184 | 6,473 | 8,561 | 10,612 | 14,101 | 21,908 | 30,590 |

### Average Cost per Case including ALAE by Hazard Group

| A     | B     | C     | D      | E      | F      | G      |
|-------|-------|-------|--------|--------|--------|--------|
| 5,655 | 7,057 | 9,326 | 11,552 | 15,329 | 23,801 | 33,206 |

### 2.

#### Excess Loss Pure Premium Factors

(Applicable to New and Renewal Policies)

#### Per Accident Limitation

#### Hazard Groups

|              | A     | B     | C     | D     | E     | F     | G     |
|--------------|-------|-------|-------|-------|-------|-------|-------|
| \$10,000     | 0.520 | 0.553 | 0.595 | 0.626 | 0.666 | 0.693 | 0.729 |
| \$15,000     | 0.464 | 0.498 | 0.543 | 0.577 | 0.621 | 0.652 | 0.693 |
| \$20,000     | 0.420 | 0.455 | 0.502 | 0.536 | 0.583 | 0.617 | 0.662 |
| \$25,000     | 0.384 | 0.419 | 0.467 | 0.501 | 0.551 | 0.586 | 0.635 |
| \$30,000     | 0.353 | 0.388 | 0.436 | 0.471 | 0.523 | 0.560 | 0.610 |
| \$35,000     | 0.328 | 0.362 | 0.410 | 0.445 | 0.498 | 0.535 | 0.587 |
| \$40,000     | 0.306 | 0.339 | 0.387 | 0.421 | 0.475 | 0.513 | 0.566 |
| \$50,000     | 0.269 | 0.301 | 0.348 | 0.381 | 0.435 | 0.475 | 0.529 |
| \$75,000     | 0.208 | 0.236 | 0.279 | 0.309 | 0.362 | 0.401 | 0.455 |
| \$100,000    | 0.170 | 0.195 | 0.234 | 0.261 | 0.312 | 0.350 | 0.401 |
| \$125,000    | 0.143 | 0.166 | 0.202 | 0.226 | 0.275 | 0.311 | 0.360 |
| \$150,000    | 0.123 | 0.144 | 0.177 | 0.200 | 0.246 | 0.281 | 0.327 |
| \$175,000    | 0.107 | 0.127 | 0.158 | 0.179 | 0.224 | 0.256 | 0.300 |
| \$200,000    | 0.095 | 0.113 | 0.143 | 0.162 | 0.205 | 0.236 | 0.278 |
| \$225,000    | 0.085 | 0.102 | 0.130 | 0.148 | 0.189 | 0.219 | 0.259 |
| \$250,000    | 0.077 | 0.093 | 0.119 | 0.136 | 0.176 | 0.204 | 0.242 |
| \$275,000    | 0.070 | 0.085 | 0.110 | 0.126 | 0.164 | 0.192 | 0.228 |
| \$300,000    | 0.065 | 0.079 | 0.102 | 0.117 | 0.154 | 0.181 | 0.215 |
| \$325,000    | 0.060 | 0.073 | 0.096 | 0.109 | 0.146 | 0.171 | 0.204 |
| \$350,000    | 0.056 | 0.068 | 0.090 | 0.103 | 0.138 | 0.162 | 0.194 |
| \$375,000    | 0.052 | 0.064 | 0.085 | 0.097 | 0.131 | 0.154 | 0.185 |
| \$400,000    | 0.049 | 0.060 | 0.080 | 0.092 | 0.125 | 0.147 | 0.177 |
| \$425,000    | 0.046 | 0.057 | 0.076 | 0.087 | 0.119 | 0.141 | 0.169 |
| \$450,000    | 0.043 | 0.054 | 0.072 | 0.083 | 0.114 | 0.135 | 0.163 |
| \$475,000    | 0.041 | 0.051 | 0.069 | 0.079 | 0.109 | 0.130 | 0.156 |
| \$500,000    | 0.039 | 0.049 | 0.066 | 0.075 | 0.105 | 0.125 | 0.151 |
| \$600,000    | 0.032 | 0.041 | 0.056 | 0.064 | 0.091 | 0.109 | 0.131 |
| \$700,000    | 0.028 | 0.035 | 0.049 | 0.056 | 0.081 | 0.097 | 0.117 |
| \$800,000    | 0.024 | 0.031 | 0.044 | 0.050 | 0.073 | 0.088 | 0.106 |
| \$900,000    | 0.022 | 0.028 | 0.040 | 0.045 | 0.067 | 0.080 | 0.096 |
| \$1,000,000  | 0.019 | 0.025 | 0.036 | 0.041 | 0.062 | 0.074 | 0.089 |
| \$2,000,000  | 0.010 | 0.014 | 0.021 | 0.023 | 0.037 | 0.045 | 0.053 |
| \$3,000,000  | 0.007 | 0.010 | 0.015 | 0.016 | 0.027 | 0.033 | 0.039 |
| \$4,000,000  | 0.005 | 0.007 | 0.011 | 0.013 | 0.022 | 0.026 | 0.031 |
| \$5,000,000  | 0.004 | 0.006 | 0.009 | 0.010 | 0.018 | 0.022 | 0.026 |
| \$6,000,000  | 0.003 | 0.005 | 0.008 | 0.009 | 0.015 | 0.019 | 0.022 |
| \$7,000,000  | 0.003 | 0.004 | 0.006 | 0.007 | 0.013 | 0.016 | 0.019 |
| \$8,000,000  | 0.002 | 0.003 | 0.005 | 0.006 | 0.011 | 0.014 | 0.017 |
| \$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 Pure Premium Factors**  
(Applicable to New and Renewal Policies)

| Per Accident<br>Limitation | Hazard Groups |       |       |       |       |       |       |
|----------------------------|---------------|-------|-------|-------|-------|-------|-------|
|                            | A             | B     | C     | D     | E     | F     | G     |
| \$10,000                   | 0.576         | 0.611 | 0.656 | 0.688 | 0.729 | 0.759 | 0.796 |
| \$15,000                   | 0.516         | 0.553 | 0.601 | 0.636 | 0.683 | 0.716 | 0.759 |
| \$20,000                   | 0.469         | 0.506 | 0.557 | 0.593 | 0.644 | 0.679 | 0.727 |
| \$25,000                   | 0.430         | 0.468 | 0.519 | 0.557 | 0.609 | 0.647 | 0.698 |
| \$30,000                   | 0.397         | 0.435 | 0.487 | 0.525 | 0.579 | 0.618 | 0.672 |
| \$35,000                   | 0.370         | 0.406 | 0.458 | 0.496 | 0.552 | 0.593 | 0.648 |
| \$40,000                   | 0.345         | 0.382 | 0.433 | 0.471 | 0.528 | 0.569 | 0.625 |
| \$50,000                   | 0.306         | 0.340 | 0.391 | 0.427 | 0.485 | 0.528 | 0.586 |
| \$75,000                   | 0.239         | 0.269 | 0.316 | 0.349 | 0.406 | 0.448 | 0.507 |
| \$100,000                  | 0.196         | 0.223 | 0.266 | 0.296 | 0.350 | 0.392 | 0.448 |
| \$125,000                  | 0.166         | 0.191 | 0.230 | 0.257 | 0.310 | 0.349 | 0.403 |
| \$150,000                  | 0.143         | 0.167 | 0.203 | 0.228 | 0.278 | 0.316 | 0.367 |
| \$175,000                  | 0.126         | 0.148 | 0.182 | 0.205 | 0.253 | 0.289 | 0.337 |
| \$200,000                  | 0.112         | 0.132 | 0.165 | 0.186 | 0.232 | 0.267 | 0.313 |
| \$225,000                  | 0.101         | 0.120 | 0.150 | 0.170 | 0.215 | 0.248 | 0.292 |
| \$250,000                  | 0.092         | 0.109 | 0.138 | 0.157 | 0.200 | 0.232 | 0.274 |
| \$275,000                  | 0.084         | 0.101 | 0.128 | 0.146 | 0.187 | 0.218 | 0.258 |
| \$300,000                  | 0.077         | 0.093 | 0.119 | 0.136 | 0.176 | 0.205 | 0.244 |
| \$325,000                  | 0.072         | 0.087 | 0.112 | 0.127 | 0.166 | 0.194 | 0.231 |
| \$350,000                  | 0.067         | 0.081 | 0.105 | 0.119 | 0.158 | 0.185 | 0.220 |
| \$375,000                  | 0.062         | 0.076 | 0.099 | 0.113 | 0.150 | 0.176 | 0.210 |
| \$400,000                  | 0.059         | 0.072 | 0.094 | 0.107 | 0.143 | 0.168 | 0.201 |
| \$425,000                  | 0.055         | 0.068 | 0.089 | 0.101 | 0.136 | 0.161 | 0.193 |
| \$450,000                  | 0.052         | 0.064 | 0.085 | 0.096 | 0.131 | 0.154 | 0.185 |
| \$475,000                  | 0.049         | 0.061 | 0.081 | 0.092 | 0.125 | 0.148 | 0.178 |
| \$500,000                  | 0.047         | 0.058 | 0.077 | 0.088 | 0.121 | 0.143 | 0.171 |
| \$600,000                  | 0.039         | 0.049 | 0.066 | 0.075 | 0.105 | 0.125 | 0.150 |
| \$700,000                  | 0.034         | 0.042 | 0.057 | 0.065 | 0.093 | 0.111 | 0.134 |
| \$800,000                  | 0.029         | 0.037 | 0.051 | 0.058 | 0.084 | 0.100 | 0.121 |
| \$900,000                  | 0.026         | 0.033 | 0.046 | 0.052 | 0.077 | 0.092 | 0.110 |
| \$1,000,000                | 0.024         | 0.030 | 0.042 | 0.048 | 0.071 | 0.085 | 0.102 |
| \$2,000,000                | 0.012         | 0.016 | 0.024 | 0.027 | 0.042 | 0.051 | 0.060 |
| \$3,000,000                | 0.008         | 0.011 | 0.017 | 0.019 | 0.031 | 0.037 | 0.044 |
| \$4,000,000                | 0.006         | 0.009 | 0.013 | 0.015 | 0.024 | 0.030 | 0.035 |
| \$5,000,000                | 0.005         | 0.007 | 0.011 | 0.012 | 0.020 | 0.025 | 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 | 0.016 | 0.019 |
| \$9,000,000                | 0.002         | 0.003 | 0.005 | 0.006 | 0.011 | 0.014 | 0.017 |
| \$10,000,000               | 0.002         | 0.003 | 0.005 | 0.005 | 0.009 | 0.012 | 0.015 |

3.

**Retrospective Pure Premium Development Factors**

| With Loss Limit |             |             | Without Loss Limit |             |             | 4th & Subsequent<br>Adjustment |
|-----------------|-------------|-------------|--------------------|-------------|-------------|--------------------------------|
| 1st<br>Adj.     | 2nd<br>Adj. | 3rd<br>Adj. | 1st<br>Adj.        | 2nd<br>Adj. | 3rd<br>Adj. |                                |
| 0.02            | 0.01        | 0.00        | 0.06               | 0.03        | 0.01        | 0.00                           |

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

Type A: 2023-01

| 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  |  | 0.333         | 393,334          | - | 424,799    |  | 0.285                |       |
| 10,056           | - | 10,167 |  | 0.380         | 22,470           | - | 23,037  |  | 0.332         | 424,800          | - | 461,739    |  | 0.284                |       |
| 10,168           | - | 10,282 |  | 0.379         | 23,038           | - | 23,636  |  | 0.331         | 461,740          | - | 505,714    |  | 0.283                |       |
| 10,283           | - | 10,399 |  | 0.379         | 23,637           | - | 24,266  |  | 0.330         | 505,715          | - | 558,947    |  | 0.282                |       |
| 10,400           | - | 10,520 |  | 0.378         | 24,267           | - | 24,931  |  | 0.329         | 558,948          | - | 624,705    |  | 0.281                |       |
| 10,521           | - | 10,643 |  | 0.377         | 24,932           | - | 25,633  |  | 0.328         | 624,706          | - | 707,999    |  | 0.280                |       |
| 10,644           | - | 10,769 |  | 0.376         | 25,634           | - | 26,376  |  | 0.327         | 708,000          | - | 816,923    |  | 0.279                |       |
| 10,770           | - | 10,898 |  | 0.375         | 26,377           | - | 27,164  |  | 0.326         | 816,924          | - | 965,454    |  | 0.278                |       |
| 10,899           | - | 11,030 |  | 0.374         | 27,165           | - | 27,999  |  | 0.325         | 965,455          | - | 1,179,999  |  | 0.277                |       |
| 11,031           | - | 11,165 |  | 0.373         | 28,000           | - | 28,888  |  | 0.324         | 1,180,000        | - | 1,517,142  |  | 0.276                |       |
| 11,166           | - | 11,304 |  | 0.372         | 28,889           | - | 29,836  |  | 0.323         | 1,517,143        | - | 1,824,799  |  | 0.275                |       |
| 11,305           | - | 11,446 |  | 0.371         | 29,837           | - | 30,847  |  | 0.322         | 1,824,800        | - | 1,983,478  |  | 0.274                |       |
| 11,447           | - | 11,592 |  | 0.370         | 30,848           | - | 31,929  |  | 0.321         | 1,983,479        | - | 2,172,380  |  | 0.273                |       |
| 11,593           | - | 11,741 |  | 0.369         | 31,930           | - | 33,090  |  | 0.321         | 2,172,381        | - | 2,401,052  |  | 0.272                |       |
| 11,742           | - | 11,895 |  | 0.368         | 33,091           | - | 34,339  |  | 0.320         | 2,401,053        | - | 2,683,529  |  | 0.271                |       |
| 11,896           | - | 12,052 |  | 0.367         | 34,340           | - | 35,686  |  | 0.319         | 2,683,530        | - | 3,041,333  |  | 0.270                |       |
| 12,053           | - | 12,214 |  | 0.366         | 35,687           | - | 37,142  |  | 0.318         | 3,041,334        | - | 3,509,230  |  | 0.269                |       |
| 12,215           | - | 12,380 |  | 0.365         | 37,143           | - | 38,723  |  | 0.317         | 3,509,231        | - | 4,147,272  |  | 0.268                |       |
| 12,381           | - | 12,551 |  | 0.364         | 38,724           | - | 40,444  |  | 0.316         | 4,147,273        | - | 5,068,888  |  | 0.267                |       |
| 12,552           | - | 12,727 |  | 0.363         | 40,445           | - | 42,325  |  | 0.315         | 5,068,889        | - | 6,517,142  |  | 0.266                |       |
| 12,728           | - | 12,907 |  | 0.362         | 42,326           | - | 44,390  |  | 0.314         | 6,517,143        | - | 9,123,999  |  | 0.265                |       |
| 12,908           | - | 13,093 |  | 0.361         | 44,391           | - | 46,666  |  | 0.313         | 9,124,000        | - | 15,206,666 |  | 0.264                |       |
| 13,094           | - | 13,284 |  | 0.360         | 46,667           | - | 49,189  |  | 0.312         | 15,206,667       | - | 45,619,999 |  | 0.264                |       |
| 13,285           | - | 13,481 |  | 0.359         | 49,190           | - | 51,999  |  | 0.311         | 45,620,000       | - | And Above  |  | 0.263                |       |
| 13,482           | - | 13,684 |  | 0.358         | 52,000           | - | 55,151  |  | 0.310         |                  |   |            |  |                      |       |
| 13,685           | - | 13,893 |  | 0.357         | 55,152           | - | 58,709  |  | 0.309         |                  |   |            |  |                      |       |
| 13,894           | - | 14,108 |  | 0.356         | 58,710           | - | 62,758  |  | 0.308         |                  |   |            |  |                      |       |
| 14,109           | - | 14,330 |  | 0.355         | 62,759           | - | 67,407  |  | 0.307         |                  |   |            |  |                      |       |
| 14,331           | - | 14,559 |  | 0.354         | 67,408           | - | 72,799  |  | 0.306         |                  |   |            |  |                      |       |
| 14,560           | - | 14,796 |  | 0.353         | 72,800           | - | 79,130  |  | 0.305         |                  |   |            |  |                      |       |
| 14,797           | - | 15,041 |  | 0.352         | 79,131           | - | 86,666  |  | 0.304         |                  |   |            |  |                      |       |
| 15,042           | - | 15,294 |  | 0.351         | 86,667           | - | 95,789  |  | 0.303         |                  |   |            |  |                      |       |
| 15,295           | - | 15,555 |  | 0.350         | 95,790           | - | 107,058 |  | 0.302         |                  |   |            |  |                      |       |
| 15,556           | - | 15,826 |  | 0.350         | 107,059          | - | 121,333 |  | 0.301         |                  |   |            |  |                      |       |
| 15,827           | - | 16,106 |  | 0.349         | 121,334          | - | 139,999 |  | 0.300         |                  |   |            |  |                      |       |
| 16,107           | - | 16,396 |  | 0.348         | 140,000          | - | 165,454 |  | 0.299         |                  |   |            |  |                      |       |
| 16,397           | - | 16,697 |  | 0.347         | 165,455          | - | 200,377 |  | 0.298         |                  |   |            |  |                      |       |
| 16,698           | - | 17,009 |  | 0.346         | 200,378          | - | 208,235 |  | 0.297         |                  |   |            |  |                      |       |
| 17,010           | - | 17,333 |  | 0.345         | 208,236          | - | 216,734 |  | 0.296         |                  |   |            |  |                      |       |
| 17,334           | - | 17,669 |  | 0.344         | 216,735          | - | 225,957 |  | 0.295         |                  |   |            |  |                      |       |
| 17,670           | - | 18,019 |  | 0.343         | 225,958          | - | 235,999 |  | 0.294         |                  |   |            |  |                      |       |
| 18,020           | - | 18,383 |  | 0.342         | 236,000          | - | 246,976 |  | 0.293         |                  |   |            |  |                      |       |
| 18,384           | - | 18,762 |  | 0.341         | 246,977          | - | 259,024 |  | 0.293         |                  |   |            |  |                      |       |
| 18,763           | - | 19,157 |  | 0.340         | 259,025          | - | 272,307 |  | 0.292         |                  |   |            |  |                      |       |
| 19,158           | - | 19,569 |  | 0.339         | 272,308          | - | 287,027 |  | 0.291         |                  |   |            |  |                      |       |
| 19,570           | - | 19,999 |  | 0.338         | 287,028          | - | 303,428 |  | 0.290         |                  |   |            |  |                      |       |
| 20,000           | - | 20,449 |  | 0.337         | 303,429          | - | 321,818 |  | 0.289         | First            | - | 10,000     |  | 0.0%                 |       |
| 20,450           | - | 20,919 |  | 0.336         | 321,819          | - | 342,580 |  | 0.288         | Next             | - | 190,000    |  | 9.1%                 |       |
| 20,920           | - | 21,411 |  | 0.335         | 342,581          | - | 366,206 |  | 0.287         | Next             | - | 1,550,000  |  | 11.3%                |       |
| 21,412           | - | 21,927 |  | 0.334         | 366,207          | - | 393,333 |  | 0.286         | Over             | - | 1,750,000  |  | 12.3%                |       |
|                  |   |        |  |               |                  |   |         |  |               |                  |   |            |  | Expected Loss Ratio: | 0.585 |
|                  |   |        |  |               |                  |   |         |  |               |                  |   |            |  | Tax Multiplier:      | 1.035 |

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

Type B: 2023-01

| 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     |  | 0.379         |
| 10,737               | - 10,967     |  | 0.378         |
| 10,968               | - 11,208     |  | 0.377         |
| 11,209               | - 11,460     |  | 0.376         |
| 11,461               | - 11,724     |  | 0.375         |
| 11,725               | - 11,999     |  | 0.374         |
| 12,000               | - 12,289     |  | 0.373         |
| 12,290               | - 12,592     |  | 0.372         |
| 12,593               | - 12,911     |  | 0.371         |
| 12,912               | - 13,246     |  | 0.370         |
| 13,247               | - 13,599     |  | 0.369         |
| 13,600               | - 13,972     |  | 0.368         |
| 13,973               | - 14,366     |  | 0.367         |
| 14,367               | - 14,782     |  | 0.366         |
| 14,783               | - 15,223     |  | 0.365         |
| 15,224               | - 15,692     |  | 0.364         |
| 15,693               | - 16,190     |  | 0.363         |
| 16,191               | - 16,721     |  | 0.362         |
| 16,722               | - 17,288     |  | 0.361         |
| 17,289               | - 17,894     |  | 0.360         |
| 17,895               | - 18,545     |  | 0.359         |
| 18,546               | - 19,245     |  | 0.358         |
|                      |              |  |               |
| WC Premium Range     |              |  | Expense Ratio |
| From                 | To           |  |               |
| 19,246               | - 19,999     |  | 0.357         |
| 20,000               | - 20,816     |  | 0.356         |
| 20,817               | - 21,702     |  | 0.355         |
| 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     |  | 0.350         |
| 29,143               | - 30,909     |  | 0.349         |
| 30,910               | - 32,903     |  | 0.348         |
| 32,904               | - 35,172     |  | 0.347         |
| 35,173               | - 37,777     |  | 0.346         |
| 37,778               | - 40,799     |  | 0.345         |
| 40,800               | - 44,347     |  | 0.344         |
| 44,348               | - 48,571     |  | 0.343         |
| 48,572               | - 53,684     |  | 0.342         |
| 53,685               | - 59,999     |  | 0.341         |
| 60,000               | - 67,999     |  | 0.340         |
| 68,000               | - 78,461     |  | 0.339         |
| 78,462               | - 92,727     |  | 0.338         |
| 92,728               | - 113,333    |  | 0.337         |
| 113,334              | - 145,714    |  | 0.336         |
| 145,715              | - 200,606    |  | 0.335         |
| 200,607              | - 213,548    |  | 0.334         |
|                      |              |  |               |
| WC Premium Range     |              |  | Expense Ratio |
| From                 | To           |  |               |
| 213,549              | - 228,275    |  | 0.333         |
| 228,276              | - 245,185    |  | 0.332         |
| 245,186              | - 264,799    |  | 0.331         |
| 264,800              | - 287,826    |  | 0.330         |
| 287,827              | - 315,238    |  | 0.329         |
| 315,239              | - 348,421    |  | 0.328         |
| 348,422              | - 389,411    |  | 0.327         |
| 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  |  | 0.321         |
| 1,809,566            | - 1,981,904  |  | 0.320         |
| 1,981,905            | - 2,190,526  |  | 0.319         |
| 2,190,527            | - 2,448,235  |  | 0.318         |
| 2,448,236            | - 2,774,666  |  | 0.317         |
| 2,774,667            | - 3,201,538  |  | 0.316         |
| 3,201,539            | - 3,783,636  |  | 0.315         |
| 3,783,637            | - 4,624,444  |  | 0.314         |
| 4,624,445            | - 5,945,714  |  | 0.313         |
| 5,945,715            | - 8,323,999  |  | 0.312         |
| 8,324,000            | - 13,873,333 |  | 0.311         |
| 13,873,334           | - 41,619,999 |  | 0.310         |
| 41,620,000           | - And Above  |  | 0.309         |
|                      |              |  |               |
| 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: |              |  | 0.585         |
| Tax Multiplier:      |              |  | 1.035         |

## Type A: 2023-01

| WC Premium Range              |   |        |       | Expense | WC Premium Range |         |       |            | Expense | WC Premium Range |       |    |  | Expense |
|-------------------------------|---|--------|-------|---------|------------------|---------|-------|------------|---------|------------------|-------|----|--|---------|
| From                          |   | To     |       | Ratio   | From             |         | To    |            | Ratio   | From             |       | To |  | Ratio   |
| 0                             | - | 10,055 | 0.318 | 21,928  | -                | 22,469  | 0.269 | 393,334    | -       | 424,799          | 0.221 |    |  |         |
| 10,056                        | - | 10,167 | 0.317 | 22,470  | -                | 23,037  | 0.268 | 424,800    | -       | 461,739          | 0.220 |    |  |         |
| 10,168                        | - | 10,282 | 0.316 | 23,038  | -                | 23,636  | 0.267 | 461,740    | -       | 505,714          | 0.219 |    |  |         |
| 10,283                        | - | 10,399 | 0.315 | 23,637  | -                | 24,266  | 0.266 | 505,715    | -       | 558,947          | 0.218 |    |  |         |
| 10,400                        | - | 10,520 | 0.314 | 24,267  | -                | 24,931  | 0.265 | 558,948    | -       | 624,705          | 0.217 |    |  |         |
| 10,521                        | - | 10,643 | 0.313 | 24,932  | -                | 25,633  | 0.265 | 624,706    | -       | 707,999          | 0.216 |    |  |         |
| 10,644                        | - | 10,769 | 0.312 | 25,634  | -                | 26,376  | 0.264 | 708,000    | -       | 816,923          | 0.215 |    |  |         |
| 10,770                        | - | 10,898 | 0.311 | 26,377  | -                | 27,164  | 0.263 | 816,924    | -       | 965,454          | 0.214 |    |  |         |
| 10,899                        | - | 11,030 | 0.310 | 27,165  | -                | 27,999  | 0.262 | 965,455    | -       | 1,179,999        | 0.213 |    |  |         |
| 11,031                        | - | 11,165 | 0.309 | 28,000  | -                | 28,888  | 0.261 | 1,180,000  | -       | 1,517,142        | 0.212 |    |  |         |
| 11,166                        | - | 11,304 | 0.308 | 28,889  | -                | 29,836  | 0.260 | 1,517,143  | -       | 1,824,799        | 0.211 |    |  |         |
| 11,305                        | - | 11,446 | 0.307 | 29,837  | -                | 30,847  | 0.259 | 1,824,800  | -       | 1,983,478        | 0.210 |    |  |         |
| 11,447                        | - | 11,592 | 0.306 | 30,848  | -                | 31,929  | 0.258 | 1,983,479  | -       | 2,172,380        | 0.209 |    |  |         |
| 11,593                        | - | 11,741 | 0.305 | 31,930  | -                | 33,090  | 0.257 | 2,172,381  | -       | 2,401,052        | 0.208 |    |  |         |
| 11,742                        | - | 11,895 | 0.304 | 33,091  | -                | 34,339  | 0.256 | 2,401,053  | -       | 2,683,529        | 0.208 |    |  |         |
| 11,896                        | - | 12,052 | 0.303 | 34,340  | -                | 35,686  | 0.255 | 2,683,530  | -       | 3,041,333        | 0.207 |    |  |         |
| 12,053                        | - | 12,214 | 0.302 | 35,687  | -                | 37,142  | 0.254 | 3,041,334  | -       | 3,509,230        | 0.206 |    |  |         |
| 12,215                        | - | 12,380 | 0.301 | 37,143  | -                | 38,723  | 0.253 | 3,509,231  | -       | 4,147,272        | 0.205 |    |  |         |
| 12,381                        | - | 12,551 | 0.300 | 38,724  | -                | 40,444  | 0.252 | 4,147,273  | -       | 5,068,888        | 0.204 |    |  |         |
| 12,552                        | - | 12,727 | 0.299 | 40,445  | -                | 42,325  | 0.251 | 5,068,889  | -       | 6,517,142        | 0.203 |    |  |         |
| 12,728                        | - | 12,907 | 0.298 | 42,326  | -                | 44,390  | 0.250 | 6,517,143  | -       | 9,123,999        | 0.202 |    |  |         |
| 12,908                        | - | 13,093 | 0.297 | 44,391  | -                | 46,666  | 0.249 | 9,124,000  | -       | 15,206,666       | 0.201 |    |  |         |
| 13,094                        | - | 13,284 | 0.296 | 46,667  | -                | 49,189  | 0.248 | 15,206,667 | -       | 45,619,999       | 0.200 |    |  |         |
| 13,285                        | - | 13,481 | 0.295 | 49,190  | -                | 51,999  | 0.247 | 45,620,000 | -       | And Above        | 0.199 |    |  |         |
| 13,482                        | - | 13,684 | 0.294 | 52,000  | -                | 55,151  | 0.246 |            |         |                  |       |    |  |         |
| 13,685                        | - | 13,893 | 0.294 | 55,152  | -                | 58,709  | 0.245 |            |         |                  |       |    |  |         |
| 13,894                        | - | 14,108 | 0.293 | 58,710  | -                | 62,758  | 0.244 |            |         |                  |       |    |  |         |
| 14,109                        | - | 14,330 | 0.292 | 62,759  | -                | 67,407  | 0.243 |            |         |                  |       |    |  |         |
| 14,331                        | - | 14,559 | 0.291 | 67,408  | -                | 72,799  | 0.242 |            |         |                  |       |    |  |         |
| 14,560                        | - | 14,796 | 0.290 | 72,800  | -                | 79,130  | 0.241 |            |         |                  |       |    |  |         |
| 14,797                        | - | 15,041 | 0.289 | 79,131  | -                | 86,666  | 0.240 |            |         |                  |       |    |  |         |
| 15,042                        | - | 15,294 | 0.288 | 86,667  | -                | 95,789  | 0.239 |            |         |                  |       |    |  |         |
| 15,295                        | - | 15,555 | 0.287 | 95,790  | -                | 107,058 | 0.238 |            |         |                  |       |    |  |         |
| 15,556                        | - | 15,826 | 0.286 | 107,059 | -                | 121,333 | 0.237 |            |         |                  |       |    |  |         |
| 15,827                        | - | 16,106 | 0.285 | 121,334 | -                | 139,999 | 0.237 |            |         |                  |       |    |  |         |
| 16,107                        | - | 16,396 | 0.284 | 140,000 | -                | 165,454 | 0.236 |            |         |                  |       |    |  |         |
| 16,397                        | - | 16,697 | 0.283 | 165,455 | -                | 200,377 | 0.235 |            |         |                  |       |    |  |         |
| 16,698                        | - | 17,009 | 0.282 | 200,378 | -                | 208,235 | 0.234 |            |         |                  |       |    |  |         |
| 17,010                        | - | 17,333 | 0.281 | 208,236 | -                | 216,734 | 0.233 |            |         |                  |       |    |  |         |
| 17,334                        | - | 17,669 | 0.280 | 216,735 | -                | 225,957 | 0.232 |            |         |                  |       |    |  |         |
| 17,670                        | - | 18,019 | 0.279 | 225,958 | -                | 235,999 | 0.231 |            |         |                  |       |    |  |         |
| 18,020                        | - | 18,383 | 0.278 | 236,000 | -                | 246,976 | 0.230 |            |         |                  |       |    |  |         |
| 18,384                        | - | 18,762 | 0.277 | 246,977 | -                | 259,024 | 0.229 |            |         |                  |       |    |  |         |
| 18,763                        | - | 19,157 | 0.276 | 259,025 | -                | 272,307 | 0.228 |            |         |                  |       |    |  |         |
| 19,158                        | - | 19,569 | 0.275 | 272,308 | -                | 287,027 | 0.227 |            |         |                  |       |    |  |         |
| 19,570                        | - | 19,999 | 0.274 | 287,028 | -                | 303,428 | 0.226 |            |         |                  |       |    |  |         |
| 20,000                        | - | 20,449 | 0.273 | 303,429 | -                | 321,818 | 0.225 | First      | -       | 10,000           | 0.0%  |    |  |         |
| 20,450                        | - | 20,919 | 0.272 | 321,819 | -                | 342,580 | 0.224 | Next       | -       | 190,000          | 9.1%  |    |  |         |
| 20,920                        | - | 21,411 | 0.271 | 342,581 | -                | 366,206 | 0.223 | Next       | -       | 1,550,000        | 11.3% |    |  |         |
| 21,412                        | - | 21,927 | 0.270 | 366,207 | -                | 393,333 | 0.222 | Over       | -       | 1,750,000        | 12.3% |    |  |         |
| Expected Loss and ALAE Ratio: |   |        |       |         |                  |         |       |            |         |                  | 0.649 |    |  |         |
| Tax Multiplier:               |   |        |       |         |                  |         |       |            |         |                  | 1.03% |    |  |         |

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

Type B: 2023-01

| WC Premium Range              |           |            | Expense Ratio |
|-------------------------------|-----------|------------|---------------|
| From                          | To        |            |               |
| 0                             | -         | 10,099     | 0.318         |
| 10,100                        | -         | 10,303     | 0.317         |
| 10,304                        | -         | 10,515     | 0.316         |
| 10,516                        | -         | 10,736     | 0.315         |
| 10,737                        | -         | 10,967     | 0.314         |
| 10,968                        | -         | 11,208     | 0.313         |
| 11,209                        | -         | 11,460     | 0.312         |
| 11,461                        | -         | 11,724     | 0.311         |
| 11,725                        | -         | 11,999     | 0.310         |
| 12,000                        | -         | 12,289     | 0.309         |
| 12,290                        | -         | 12,592     | 0.308         |
| 12,593                        | -         | 12,911     | 0.307         |
| 12,912                        | -         | 13,246     | 0.306         |
| 13,247                        | -         | 13,599     | 0.305         |
| 13,600                        | -         | 13,972     | 0.304         |
| 13,973                        | -         | 14,366     | 0.303         |
| 14,367                        | -         | 14,782     | 0.302         |
| 14,783                        | -         | 15,223     | 0.301         |
| 15,224                        | -         | 15,692     | 0.300         |
| 15,693                        | -         | 16,190     | 0.299         |
| 16,191                        | -         | 16,721     | 0.298         |
| 16,722                        | -         | 17,288     | 0.297         |
| 17,289                        | -         | 17,894     | 0.296         |
| 17,895                        | -         | 18,545     | 0.295         |
| 18,546                        | -         | 19,245     | 0.294         |
| 19,246                        | -         | 19,999     | 0.294         |
| 20,000                        | -         | 20,816     | 0.293         |
| 20,817                        | -         | 21,702     | 0.292         |
| 21,703                        | -         | 22,666     | 0.291         |
| 22,667                        | -         | 23,720     | 0.290         |
| 23,721                        | -         | 24,878     | 0.289         |
| 24,879                        | -         | 26,153     | 0.288         |
| 26,154                        | -         | 27,567     | 0.287         |
| 27,568                        | -         | 29,142     | 0.286         |
| 29,143                        | -         | 30,909     | 0.285         |
| 30,910                        | -         | 32,903     | 0.284         |
| 32,904                        | -         | 35,172     | 0.283         |
| 35,173                        | -         | 37,777     | 0.282         |
| 37,778                        | -         | 40,799     | 0.281         |
| 40,800                        | -         | 44,347     | 0.280         |
| 44,348                        | -         | 48,571     | 0.279         |
| 48,572                        | -         | 53,684     | 0.278         |
| 53,685                        | -         | 59,999     | 0.277         |
| 60,000                        | -         | 67,999     | 0.276         |
| 68,000                        | -         | 78,461     | 0.275         |
| 78,462                        | -         | 92,727     | 0.274         |
| 92,728                        | -         | 113,333    | 0.273         |
| 113,334                       | -         | 145,714    | 0.272         |
| 145,715                       | -         | 200,606    | 0.271         |
| 200,607                       | -         | 213,548    | 0.270         |
| 213,549                       | -         | 228,275    | 0.269         |
| 228,276                       | -         | 245,185    | 0.268         |
| 245,186                       | -         | 264,799    | 0.267         |
| 264,800                       | -         | 287,826    | 0.266         |
| 287,827                       | -         | 315,238    | 0.265         |
| 315,239                       | -         | 348,421    | 0.265         |
| 348,422                       | -         | 389,411    | 0.264         |
| 389,412                       | -         | 441,333    | 0.263         |
| 441,334                       | -         | 509,230    | 0.262         |
| 509,231                       | -         | 601,818    | 0.261         |
| 601,819                       | -         | 735,555    | 0.260         |
| 735,556                       | -         | 945,714    | 0.259         |
| 945,715                       | -         | 1,323,999  | 0.258         |
| 1,324,000                     | -         | 1,809,565  | 0.257         |
| 1,809,566                     | -         | 1,981,904  | 0.256         |
| 1,981,905                     | -         | 2,190,526  | 0.255         |
| 2,190,527                     | -         | 2,448,235  | 0.254         |
| 2,448,236                     | -         | 2,774,666  | 0.253         |
| 2,774,667                     | -         | 3,201,538  | 0.252         |
| 3,201,539                     | -         | 3,783,636  | 0.251         |
| 3,783,637                     | -         | 4,624,444  | 0.250         |
| 4,624,445                     | -         | 5,945,714  | 0.249         |
| 5,945,715                     | -         | 8,323,999  | 0.248         |
| 8,324,000                     | -         | 13,873,333 | 0.247         |
| 13,873,334                    | -         | 41,619,999 | 0.246         |
| 41,620,000                    | -         | And Above  | 0.245         |
| 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, 2024

#### 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, 2024

#### 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 in the exhibits on the next few pages.

##### Determination of the Loss Base

In analyzing losses for the purpose of Aggregate Ratemaking, NCCI reviews both “paid” and “paid plus case” loss data, which are (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.

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

##### 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 most recent five policy year and calendar-accident year projected loss ratios are shown below. Policy year data is given greater consideration by NCCI because policy year data reflects the best match between exposure and losses.

| Policy<br><u>Year</u> | Loss<br><u>Ratio</u> | Calendar-<br><u>Accident Year</u> | Loss<br><u>Ratio</u> |
|-----------------------|----------------------|-----------------------------------|----------------------|
| 2017                  | 0.989                | 2018                              | 1.036                |
| 2018                  | 1.053                | 2019                              | 1.021                |
| 2019                  | 0.970                | 2020                              | 0.878                |
| 2020                  | 0.881                | 2021                              | 0.905                |
| 2021                  | 0.907                | 2022                              | 0.881                |

*Note the following regarding the projected loss ratios:*

- Based on NCCI’s Financial Call data reported through 12/31/2022, on-leveled, developed to an ultimate report, and trended to the prospective period. Projected losses do not include the change in expenses and standard earned premium at Designated Statistical Reporting (DSR) level is adjusted to a pure premium level.
- The Calendar-Accident Year analysis was not conducted separately; the displayed loss ratios are trended using the policy year loss ratio selections underlying this filing.
- Calendar-Accident Year 2019–2022 loss ratios include a premium audit adjustment due to changes in audit activity primarily attributable to the COVID-19 pandemic-related recession.





## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Exhibit I – Determination of Indicated Rate Level Change

The Indiana loss ratio experience for the most recent policy years shows improvement compared to the recent history and is likely impacted by pandemic-related effects. This favorable experience is most noticeably observed in Calendar-Accident Year 2020, which was at the height of the pandemic, as well as in Policy Year 2020. Pandemic-related effects have generally helped to increase workplace safety. For example, the shift to remote work and reduced business travel are likely contributing to the improved loss ratio experience observed in Indiana in recent years. Additionally, there has been a long-term pattern of improved workplace safety as well as an increase in the use of automation, both of which continue to put downward pressure on lost-time claim frequency. Other pandemic-related effects that are expected to persist into the future include shifting job duties, many which have reduced person-to-person interaction. However, some pandemic-related effects impacting Policy Year 2020 may not persist and in fact appeared to reverse course in Policy Year 2021. For example:

- Large loss activity. The presence of large losses—defined as those with reported paid plus case amounts exceeding \$500,000—are relatively less in Policy Year 2020 when compared to prior years at the same maturity. The volume of large loss dollars in Policy Year 2021, however, is significantly higher than the historical average, and is similar to the level in Policy Year 2018 which was also an outlier year in terms of large losses (see loss ratio chart on prior page).
- Reported decline in less severe injuries. In Indiana, medical-only claims decreased by approximately 20% in Policy Year 2020, but turned back up in Policy Year 2021, increasing by 5%. Given the changes to the workplace described above, it is not clear as to whether the share of medical-only claims will necessarily return to pre-pandemic levels.
- Economic Recovery. Employment levels have recovered from the lows observed in 2020, and either meet or exceed the pre-pandemic levels through 2022. For Trade, Transportation, and Upkeep—which is the largest supersector<sup>1</sup> in Indiana in terms of premium volume—employment levels returned to pre-pandemic levels in 2021 and further increased in 2022. Construction, the next largest supersector in the state, did not experience a notable change in its employment pattern during and emerging out of the pandemic. Natural Resources and Manufacturing also returned to its pre-pandemic employment levels in 2022. These three supersectors comprise approximately 75% of workers compensation premium in Indiana.

The experience in Policy Year 2021 remains favorable in the face of the higher-than-average large loss volume and rebound in both medical-only claims and employment levels. In addition, the magnitude of the Policy Year 2021 loss ratio is consistent with Calendar-Accident Years 2021 and

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<sup>1</sup> For this analysis, individual class codes are assigned to one of six supersectors: Construction, Healthcare, Leisure and Hospitality, Natural Resources and Manufacturing, Office, and Trade, Transportation, & Upkeep.



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Exhibit I – Determination of Indicated Rate Level Change

2022, suggesting that this improvement in experience will persist. Hence, while some pandemic-related factors impacting PY 2020 may not persist, the improvement in experience that emerged in that year is consistent with subsequent years and therefore its resulting loss ratio does not appear to be anomalous.

In this filing, data for the two 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. The experience period was temporarily expanded to the most recent three policy years in last year's filing given the uncertainty in whether the improvement in Policy Year 2020 would persist into the future. As the improvement in loss ratio experience is persisting, a return to the historical two policy year experience period was deemed appropriate. Note that if a three-year experience period was maintained, the proposed trend factors would be revisited, which could lead to nearly the identical indicated overall rate level change (assuming a medical trend factor of -4.0% was applied instead of -3.0%).



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Exhibit I – Determination of Indicated Rate Level Change

##### Determination of Indicated Rate Level Change

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

1. Standard earned premium at Designated Statistical Reporting (DSR) level is developed to ultimate, on-leveled to the current approved advisory rate level, and adjusted to a pure premium 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.



## INDIANA

### EXHIBIT I

#### Determination of Indicated Rate Level Change

##### Section A - Policy Year 2021 Experience

###### Premium:

|                                                                   |               |
|-------------------------------------------------------------------|---------------|
| (1) Standard Earned Premium Developed to Ultimate (Appendix A-II) | \$683,533,822 |
| (2) Premium On-level Factor (Appendix A-I)                        | 0.538         |
| (3) Pure Premium Available for Benefit Costs = (1) x (2)          | \$367,741,196 |

###### Indemnity Benefit Cost:

|                                                                                    |               |
|------------------------------------------------------------------------------------|---------------|
| (4) Limited Indemnity Losses Developed to Ultimate (Appendix A-II)                 | \$111,427,722 |
| (5) Indemnity Loss On-level Factor (Appendix A-I)                                  | 1.016         |
| (6) Adjusted Limited Indemnity Losses = (4) x (5)                                  | \$113,210,566 |
| (7) Adjusted Limited Indemnity Cost Ratio excluding Trend and Benefits = (6) / (3) | 0.308         |
| (8) Factor to Reflect Indemnity Trend (Appendix A-III)                             | 0.899         |
| (9) Projected Limited Indemnity Cost Ratio = (7) x (8)                             | 0.277         |
| (10) Factor to Adjust Indemnity Cost Ratio to an Unlimited Basis (Appendix A-II)   | 1.008         |
| (11) Projected Indemnity Cost Ratio = (9) x (10)                                   | 0.279         |
| (12) Factor to Reflect Proposed Changes in Indemnity Benefits (Appendix C)         | 1.014         |
| (13) Projected Indemnity Cost Ratio including Benefit Changes = (11) x (12)        | 0.283         |

###### Medical Benefit Cost:

|                                                                                    |               |
|------------------------------------------------------------------------------------|---------------|
| (14) Limited Medical Losses Developed to Ultimate (Appendix A-II)                  | \$261,124,945 |
| (15) Medical Loss On-level Factor (Appendix A-I)                                   | 0.943         |
| (16) Adjusted Limited Medical Losses = (14) x (15)                                 | \$246,240,823 |
| (17) Adjusted Limited Medical Cost Ratio excluding Trend and Benefits = (16) / (3) | 0.670         |
| (18) Factor to Reflect Medical Trend (Appendix A-III)                              | 0.913         |
| (19) Projected Limited Medical Cost Ratio = (17) x (18)                            | 0.612         |
| (20) Factor to Adjust Medical Cost Ratio to an Unlimited Basis (Appendix A-II)     | 1.008         |
| (21) Projected Medical Cost Ratio = (19) x (20)                                    | 0.617         |
| (22) Factor to Reflect Proposed Changes in Medical Benefits (Appendix C)           | 1.011         |
| (23) Projected Medical Cost Ratio including Benefit Changes = (21) x (22)          | 0.624         |

###### Total Benefit Cost:

|                                                                             |       |
|-----------------------------------------------------------------------------|-------|
| (24) Indicated Change Based on Experience, Trend and Benefits = (13) + (23) | 0.907 |
|-----------------------------------------------------------------------------|-------|



## INDIANA

### EXHIBIT I

#### Determination of Indicated Rate Level Change

##### Section B - Policy Year 2020 Experience

###### Premium:

|                                                                   |               |
|-------------------------------------------------------------------|---------------|
| (1) Standard Earned Premium Developed to Ultimate (Appendix A-II) | \$638,486,630 |
| (2) Premium On-level Factor (Appendix A-I)                        | 0.539         |
| (3) Pure Premium Available for Benefit Costs = (1) x (2)          | \$344,144,294 |

###### Indemnity Benefit Cost:

|                                                                                    |               |
|------------------------------------------------------------------------------------|---------------|
| (4) Limited Indemnity Losses Developed to Ultimate (Appendix A-II)                 | \$106,642,945 |
| (5) Indemnity Loss On-level Factor (Appendix A-I)                                  | 1.016         |
| (6) Adjusted Limited Indemnity Losses = (4) x (5)                                  | \$108,349,232 |
| (7) Adjusted Limited Indemnity Cost Ratio excluding Trend and Benefits = (6) / (3) | 0.315         |
| (8) Factor to Reflect Indemnity Trend (Appendix A-III)                             | 0.867         |
| (9) Projected Limited Indemnity Cost Ratio = (7) x (8)                             | 0.273         |
| (10) Factor to Adjust Indemnity Cost Ratio to an Unlimited Basis (Appendix A-II)   | 1.008         |
| (11) Projected Indemnity Cost Ratio = (9) x (10)                                   | 0.275         |
| (12) Factor to Reflect Proposed Changes in Indemnity Benefits (Appendix C)         | 1.014         |
| (13) Projected Indemnity Cost Ratio including Benefit Changes = (11) x (12)        | 0.279         |

###### Medical Benefit Cost:

|                                                                                    |               |
|------------------------------------------------------------------------------------|---------------|
| (14) Limited Medical Losses Developed to Ultimate (Appendix A-II)                  | \$242,548,439 |
| (15) Medical Loss On-level Factor (Appendix A-I)                                   | 0.947         |
| (16) Adjusted Limited Medical Losses = (14) x (15)                                 | \$229,693,372 |
| (17) Adjusted Limited Medical Cost Ratio excluding Trend and Benefits = (16) / (3) | 0.667         |
| (18) Factor to Reflect Medical Trend (Appendix A-III)                              | 0.885         |
| (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)           | 1.011         |
| (23) Projected Medical Cost Ratio including Benefit Changes = (21) x (22)          | 0.602         |

###### Total Benefit Cost:

|                                                                             |       |
|-----------------------------------------------------------------------------|-------|
| (24) Indicated Change Based on Experience, Trend and Benefits = (13) + (23) | 0.881 |
|-----------------------------------------------------------------------------|-------|



## INDIANA

### EXHIBIT I

#### Determination of Indicated Rate Level Change

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

|                                                                                               |       |
|-----------------------------------------------------------------------------------------------|-------|
| (1) Policy Year 2021 Indicated Change Based on Experience, Trend, and Benefits                | 0.907 |
| (2) Policy Year 2020 Indicated Change Based on Experience, Trend, and Benefits                | 0.881 |
| (3) Indicated Change Based on Experience, Trend, and Benefits*<br>= (1) x 50.0% + (2) x 50.0% | 0.894 |

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

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

|                                                                                                    |       |
|----------------------------------------------------------------------------------------------------|-------|
| (1) Indicated Rate Level Change                                                                    | 0.894 |
| (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) | 0.895 |

##### Section E - Application of the Change in Taxes

|                                                                          |       |
|--------------------------------------------------------------------------|-------|
| (1) Indicated Rate Level Change                                          | 0.895 |
| (2) Effect of the Change in Taxes (Exhibit II)                           | 1.000 |
| (3) Indicated Change Modified to Reflect the Change in Taxes = (1) x (2) | 0.895 |

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

|                                                                                                         |       |
|---------------------------------------------------------------------------------------------------------|-------|
| (1) Indicated Rate Level Change                                                                         | 0.895 |
| (2) Effect of the Change in the Profit and Contingency Provision (Exhibit II)                           | 0.986 |
| (3) Indicated Change Modified to Reflect the Change in the Profit and Contingency Provision = (1) x (2) | 0.882 |



## INDIANA

### EXHIBIT I

#### Determination of Indicated Rate Level Change

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

|                                                                                        |       |
|----------------------------------------------------------------------------------------|-------|
| (1) Indicated Rate Level Change                                                        | 0.882 |
| (2) Effect of the Change in Loss-based Expenses (Exhibit II)                           | 1.000 |
| (3) Indicated Change Modified to Reflect the Change in Loss-based Expenses = (1) x (2) | 0.882 |

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

Industry Group Differentials (Appendix A-IV):

|                   |       |
|-------------------|-------|
| Manufacturing     | 1.004 |
| Contracting       | 0.988 |
| Office & Clerical | 1.003 |
| Goods & Services  | 0.981 |
| Miscellaneous     | 1.034 |

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)<br>Final Overall<br>Rate<br>Level Change | (2)<br>Industry<br>Group<br>Differential | (3) = (1) x (2)<br>Final Rate<br>Level Change<br>by Industry Group |          |
|-------------------|----------------------------------------------|------------------------------------------|--------------------------------------------------------------------|----------|
| Manufacturing     | 0.882                                        | 1.004                                    | 0.886                                                              | (-11.4%) |
| Contracting       | 0.882                                        | 0.988                                    | 0.871                                                              | (-12.9%) |
| Office & Clerical | 0.882                                        | 1.003                                    | 0.885                                                              | (-11.5%) |
| Goods & Services  | 0.882                                        | 0.981                                    | 0.865                                                              | (-13.5%) |
| Miscellaneous     | 0.882                                        | 1.034                                    | 0.912                                                              | (-8.8%)  |
| Overall           | 0.882                                        | 1.000                                    | 0.882                                                              | (-11.8%) |



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### 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.

Note: In this year's filing, the rounding methodology used in the analysis and selection of the production and general expense provisions was altered to match that of the other standard NCCI methodologies outlined in the filing.

**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. In determining the P&C provision, NCCI reviews both a static and a dynamic P&C estimate as indicated by IRR model. The static estimate takes into





## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Exhibit II – Workers Compensation Expense Program

account current interest rates, while the dynamic estimate incorporates projections of future interest rate levels. The P&C selection is based on a review of both of these estimates, while also considering stability in this filing component. This filing proposes a decrease to the P&C provision from 1.5% to 0.5%, which considers the notable shift in interest rates from previous years.

**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



## Indiana

### **Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024**

#### **Exhibit II – Workers Compensation Expense Program**

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.



## INDIANA

### 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<br>Provisions<br>Underlying<br><u>Current Rates</u> | Expense<br>Provisions<br>Underlying<br><u>Proposed Rates</u> |
|-----------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------|
| (1) Expense Constant                                            | \$160                                                       | \$160                                                        |
| (2) Production Expense                                          | 18.2%                                                       | 18.3%                                                        |
| (3) General Expense                                             | 6.1%                                                        | 6.1%                                                         |
| (4) Taxes, Licenses and Fees<br>(other than Federal Income Tax) |                                                             |                                                              |
| Premium Tax                                                     | 1.3%                                                        | 1.3%                                                         |
| Miscellaneous                                                   | 0.3%                                                        | 0.3%                                                         |
| Insurance Guaranty Association                                  | <u>0.1%</u>                                                 | <u>0.1%</u>                                                  |
| <b>Total</b>                                                    | <b>1.7%</b>                                                 | <b>1.7%</b>                                                  |
| (5) Profit and Contingency Provision                            | 1.5%                                                        | 0.5%                                                         |
| (6) Total Overhead Provisions<br>(2)+(3)+(4)+(5)                | 27.5%                                                       | 26.6%                                                        |
| (7) Target Cost Ratio<br>[100% - (6)]                           | 72.5%                                                       | 73.4%                                                        |
| (8) Loss Adjustment Expense                                     | 17.6%                                                       | 17.6%                                                        |
| (9) Loss-based Assessment                                       | 0.1%                                                        | 0.1%                                                         |
| (10) Permissible Loss Ratio<br>(7) / [1+(8)+(9)]                | 61.6%                                                       | 62.4%                                                        |



# INDIANA

## EXHIBIT II

### Section B - Calculation of Change in Expense Provisions

|                                                                   | A                                 | B                                                                  | C                                           | D                                                                      |
|-------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------------|---------------------------------------------|------------------------------------------------------------------------|
|                                                                   | <u>Current</u><br><u>Expenses</u> | <u>Col. A with</u><br><u>Proposed Prod</u><br><u>&amp; Gen Exp</u> | <u>Col. B with</u><br><u>Proposed Taxes</u> | <u>Col. C with</u><br><u>Proposed Profit</u><br><u>and Contingency</u> |
| (1) Production Expense                                            | 18.2%                             | 18.3%                                                              | 18.3%                                       | 18.3%                                                                  |
| (2) General Expense                                               | 6.1%                              | 6.1%                                                               | 6.1%                                        | 6.1%                                                                   |
| (3) Taxes                                                         | 1.7%                              | 1.7%                                                               | 1.7%                                        | 1.7%                                                                   |
| (4) Profit and Contingency Provision                              | <u>1.5%</u>                       | <u>1.5%</u>                                                        | <u>1.5%</u>                                 | <u>0.5%</u>                                                            |
| (5) Total Provisions<br>(1)+(2)+(3)+(4)                           | 27.5%                             | 27.6%                                                              | 27.6%                                       | 26.6%                                                                  |
| (6) TCR<br>(100%-(5))                                             | 72.5%                             | 72.4%                                                              | 72.4%                                       | 73.4%                                                                  |
| (7) Loss Based Expenses                                           | 17.7%                             | 17.7%                                                              | 17.7%                                       | 17.7%                                                                  |
| (8) Change in Production and General Expense<br>(6A) / (6B)       |                                   |                                                                    | 1.001                                       | +0.1%                                                                  |
| (9) Change in Taxes and Assessments<br>(6B) / (6C)                |                                   |                                                                    | 1.000                                       | 0.0%                                                                   |
| (10) Change in Profit and Contingency Provision<br>(6C) / (6D)    |                                   |                                                                    | 0.986                                       | -1.4%                                                                  |
| (11) Change in Loss Based Expenses<br>[1.0 + (7B)] / [1.0 + (7A)] |                                   |                                                                    | 1.000                                       | 0.0%                                                                   |



## INDIANA

### 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.



# INDIANA

## 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. All figures below obtained from the Insurance Expense Exhibit (IEE) include data for stock and mutual companies.

|                                                                                                                                                       | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|
| (1) Direct Earned Premium<br>(NAIC Insurance Expense Exhibit Data)                                                                                    | 44,697,279  | 44,738,409  | 49,079,544  |
| (1a) Effect of Premium Discounts                                                                                                                      | 0.930       | 0.930       | 0.930       |
| (1b) Effect of Schedule Rating                                                                                                                        | 0.957       | 0.960       | 0.961       |
| (1c) Effect of Carrier Deviations                                                                                                                     | 1.076       | 1.079       | 1.077       |
| (1d) Effect of Deductibles                                                                                                                            | 0.742       | 0.739       | 0.739       |
| (1e) Expense Constant Offset                                                                                                                          | 0.990       | 0.989       | 0.989       |
| (2) Gross Adjusted Premium<br>(STD Premium @ NCCI Level Excl. Expense Constant)<br>$\{(1) / [(1a) \times (1b) \times (1c) \times (1d)]\} \times (1e)$ | 62,273,778  | 62,152,237  | 68,238,635  |
| (3) Direct General Expenses Incurred<br>(NAIC Insurance Expense Exhibit Data)                                                                         | 3,321,770   | 3,346,906   | 3,599,629   |
| (3a) Proportion of Expense Constant Attributable to<br>General Expenses                                                                               | 0.406       | 0.406       | 0.406       |
| (4) General Expenses Incurred<br>(Excluding Expense Constant Revenue)<br>$(3) - (2) \times [1 - (1e)] / (1e) \times (3a)$                             | 3,066,385   | 3,066,247   | 3,291,486   |
| (5) Ratio of General Expense to Premium<br>(Excluding Expense Constant Revenue)<br>$(4) / (2)$                                                        | 4.9%        | 4.9%        | 4.8%        |
| (6) General Expense Gradations<br>(General Expenses in Average Premium Discount)                                                                      | 1.2%        | 1.2%        | 1.2%        |
| (7) General Expense Provision<br>$(5) + (6)$                                                                                                          | 6.1%        | 6.1%        | 6.0%        |
| (8) Selected General Expense Provision                                                                                                                |             |             | <b>6.1%</b> |



## INDIANA

### EXHIBIT II

#### Section E - Derivation of Production Expense Provisions

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

|                                                                                                                                         | <u>2020</u> | <u>2021</u> | <u>2022</u>  |
|-----------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|--------------|
| (1) Direct Written Premium<br>(NAIC Insurance Expense Exhibit Data)                                                                     | 44,395,749  | 45,045,328  | 49,871,770   |
| (1a) Effect of Premium Discounts                                                                                                        | 0.931       | 0.930       | 0.930        |
| (1b) Effect of Schedule Rating                                                                                                          | 0.959       | 0.961       | 0.961        |
| (1c) Effect of Carrier Deviations                                                                                                       | 1.080       | 1.078       | 1.075        |
| (1d) Effect of Deductibles                                                                                                              | 0.740       | 0.739       | 0.739        |
| (1e) Expense Constant Offset                                                                                                            | 0.989       | 0.989       | 0.989        |
| (2) Pool Written Premium<br>(Summary of NCCI Managed Pools -<br>Combined Stock and Mutual Company Data)                                 | 900,966     | 857,108     | 921,787      |
| (3) Adjusted Direct Written Premium<br>(STD Premium Excl. Pool Written Premium)<br>[(1)-(2)] / (1a) x (1e)                              | 46,204,447  | 46,991,559  | 52,055,412   |
| (4) Gross Direct Written Premium<br>(STD Premium @ NCCI Level Incl. Pool Written Premium)<br>{(1) / [(1a) x (1b) x (1c) x (1d)]} x (1e) | 61,533,825  | 62,571,492  | 69,469,126   |
| (5) Direct Commission & Brokerage Incurred<br>(NAIC Insurance Expense Exhibit Data)                                                     | 3,982,263   | 4,279,676   | 4,675,886    |
| (6) Pool Producer Fees<br>(Summary of NCCI Managed Pools -<br>Combined Stock and Mutual Company Data)                                   | 29,463      | 28,272      | 31,610       |
| (7) Direct Other Acquisition Expenses Incurred<br>(NAIC Insurance Expense Exhibit Data)                                                 | 2,128,770   | 2,101,949   | 2,401,715    |
| (7a) Proportion of Expense Constant Attributable to<br>Production Expenses                                                              | 0.531       | 0.531       | 0.531        |
| (8) Other Acquisition Expenses Incurred<br>(Excluding Expense Constant Revenue)<br>(7) - (4) x [1-(1e)]/(1e) x (7a)                     | 1,765,353   | 1,732,404   | 1,991,433    |
| (9) Ratio of Other Acq. Expenses to Premium<br>(Excluding Expense Constant Revenue)<br>(8)/(4)                                          | 2.9%        | 2.8%        | 2.9%         |
| (10) Direct Commission & Brokerage Provision<br>[(5)-(6)]/(3)                                                                           | 8.6%        | 9.0%        | 8.9%         |
| (11) Production Expense Gradations<br>(Production Expenses in Average Premium Discount)                                                 | 6.6%        | 6.6%        | 6.6%         |
| (12) Production Expense Provision<br>(9)+(10)+(11)                                                                                      | 18.1%       | 18.4%       | 18.4%        |
| (13) Selected Production Expense Provision                                                                                              |             |             | <b>18.3%</b> |



# INDIANA

## EXHIBIT II

### Section F - Insurance Guaranty Association—Workers Compensation Account Assessment

#### Assessments Levied in Calendar Year 2022

| <u>Base Year</u>  | <u>Amount</u> | <u>Base</u> | <u>Rate</u> |
|-------------------|---------------|-------------|-------------|
| 2021              | -             | 780,266,918 | 0.00%       |
| CY 2022 Provision |               |             | 0.00%       |

#### Assessments Levied in Calendar Year 2021

| <u>Base Year</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>Base Year</u>  | <u>Amount</u> | <u>Base</u> | <u>Rate</u> |
|-------------------|---------------|-------------|-------------|
| 2019              | -             | 815,932,437 | 0.00%       |
| CY 2020 Provision |               |             | 0.00%       |

#### Assessments Levied in Calendar Year 2019

| <u>Base Year</u>  | <u>Amount</u> | <u>Base</u> | <u>Rate</u> |
|-------------------|---------------|-------------|-------------|
| 2018              | -             | 817,456,304 | 0.00%       |
| CY 2019 Provision |               |             | 0.00%       |

#### Assessments Levied in Calendar Year 2018

| <u>Base Year</u>          | <u>Amount</u> | <u>Base</u> | <u>Rate</u>  |
|---------------------------|---------------|-------------|--------------|
| 2017                      | -             | 823,619,704 | 0.00%        |
| 2016                      | 4,250,000     | 883,307,548 | 0.48%        |
| 2013                      | 500,000       | 832,451,992 | 0.06%        |
| CY 2018 Provision         |               |             | 0.54%        |
| <b>Selected Provision</b> |               |             | <b>0.10%</b> |





## INDIANA

### 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)<br>Current | (2)<br>Proposed |
|------------------------------------------------------------------------------------------------|----------------|-----------------|
| (a) Loss Adjustment Expense (LAE)                                                              | 17.6%          | 17.6%           |
| (b) INSafe                                                                                     | 0.1%           | 0.1%            |
| Effect of change in loss-based expenses<br>= [1.000 + (2a) + (2b)] / [1.000 + (1a) + (1b)] - 1 |                | 1.000<br>(0.0%) |



## INDIANA

### 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)<br>Current<br>Approved | (2)<br>Proposed |
|--------------------|----------------------------|-----------------|
| AOE                | 9.4%                       | <b>9.4%</b>     |
| DCCE               | 8.2%                       | <b>8.2%</b>     |
| Total LAE          | 17.6%                      | <b>17.6%</b>    |

$$\begin{array}{rcl} \text{Proposed Change in Indiana LAE Provision} & & 1.000 \\ = [1.0 + (2)] / [1.0 + (1)] - 1 & & \mathbf{0.0\%} \end{array}$$

##### 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<br><u>Ratio</u> |
|-------------------------|------------------------------|
| 2018                    | 9.1%                         |
| 2019                    | 9.6%                         |
| 2020                    | 10.2%                        |
| 2021                    | 9.6%                         |
| 2022                    | 9.3%                         |
| Countrywide Selected    | 9.4%                         |
| <b>Indiana Selected</b> | <b>9.4%</b>                  |



## INDIANA

### EXHIBIT II

#### Workers Compensation Loss-based Expense Provision

##### Section G - (D) - Selection of DCCE Provision

| <u>Policy Year</u>      | (1)<br>Reported Ratio of<br>Paid DCCE to<br>Paid Losses | (2)<br>Age to Ultimate<br>Development<br><u>Factor</u> | (3)<br>Ultimate DCCE<br><u>Ratio</u> |
|-------------------------|---------------------------------------------------------|--------------------------------------------------------|--------------------------------------|
| 2017                    | 8.0%                                                    | 1.005                                                  | 8.0%                                 |
| 2018                    | 7.8%                                                    | 1.006                                                  | 7.8%                                 |
| 2019                    | 7.9%                                                    | 1.039                                                  | 8.2%                                 |
| 2020                    | 7.3%                                                    | 1.114                                                  | 8.1%                                 |
| 2021                    | 6.8%                                                    | 1.221                                                  | 8.3%                                 |
| <b>Indiana Selected</b> |                                                         |                                                        | <b>8.2%</b>                          |

(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)<br><u>To Next Report</u> | (2)<br><u>DCCE Ratio Development</u><br><u>To Ultimate</u> |
|---------------|------------------------------|------------------------------------------------------------|
| 1st           | 1.096                        | 1.221                                                      |
| 2nd           | 1.072                        | 1.114                                                      |
| 3rd           | 1.033                        | 1.039                                                      |
| 4th           | 1.001                        | 1.006                                                      |
| 5th           | 1.003                        | 1.005                                                      |
| 6th           | 1.001                        | 1.002                                                      |
| 7th           | 1.000                        | 1.001                                                      |
| 8th           | 1.000                        | 1.001                                                      |
| 9th           | 0.998                        | 1.001                                                      |
| 10th          | 1.001                        | 1.003                                                      |
| 11th          | 1.003                        | 1.002                                                      |
| 12th          | 1.000                        | 0.999                                                      |
| 13th          | 1.001                        | 0.999                                                      |
| 14th          | 1.000                        | 0.998                                                      |
| 15th          | 1.001                        | 0.998                                                      |
| 16th          | 1.001                        | 0.997                                                      |
| 17th          | 0.996                        | 0.996                                                      |
| 18th          | 1.000                        | 1.000                                                      |
| 19th          |                              | 1.000*                                                     |

(1) Section G - (F)

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

\*Selection



# INDIANA

## 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> |
|------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 12/31/2021       | 1.100          | 1.067          | 1.043          | 0.994          | 0.997          | 1.001          |
| 12/31/2022       | 1.092          | 1.076          | 1.023          | 1.007          | 1.008          | 1.000          |
| Average          | 1.096          | 1.072          | 1.033          | 1.001          | 1.003          | 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> |
|------------------|----------------|----------------|-----------------|------------------|------------------|------------------|
| 12/31/2021       | 0.998          | 0.999          | 0.997           | 1.001            | 1.002            | 1.001            |
| 12/31/2022       | 1.002          | 1.000          | 0.999           | 1.000            | 1.003            | 0.999            |
| Average          | 1.000          | 1.000          | 0.998           | 1.001            | 1.003            | 1.000            |

| <u>Valuation</u> | <u>13th/14th</u> | <u>14th/15th</u> | <u>15th/16th</u> | <u>16th/17th</u> | <u>17th/18th</u> | <u>18th/19th</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 12/31/2021       | 1.001            | 1.000            | 1.002            | 1.001            | 0.998            | 1.000            |
| 12/31/2022       | 1.000            | 0.999            | 1.000            | 1.001            | 0.993            | 0.999            |
| Average          | 1.001            | 1.000            | 1.001            | 1.001            | 0.996            | 1.000            |



## INDIANA

### 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>Base Year</u>                                 | <u>Assessment on<br/>Indemnity Losses</u> |
|--------------------------------------------------|-------------------------------------------|
| 2009                                             | 0.75%                                     |
| 2010                                             | 0.00%                                     |
| 2011                                             | 0.00%                                     |
| 2012                                             | 0.00%                                     |
| 2013                                             | 0.00%                                     |
| 2014                                             | 0.75%                                     |
| 2015                                             | 0.00%                                     |
| 2016                                             | 0.00%                                     |
| 2017                                             | 0.00%                                     |
| 2018                                             | 0.75%                                     |
| 2019                                             | 0.00%                                     |
| 2020                                             | 0.00%                                     |
| 2021                                             | 0.00%                                     |
| 2022                                             | 0.75%                                     |
| 2023                                             | 0.00%                                     |
| (1) 10-Year Average                              | 0.23%                                     |
| (2) Indemnity Share of Losses                    | 31.0%                                     |
| <b>(3) Selected INSafe Provision = (1) x (2)</b> | <b>0.1%</b>                               |



**INDIANA  
EXHIBIT II**

**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 2023.
- 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 2023, with forecasts from May of that year. The starting point for the Dynamic estimates is January 1, 2024.

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

**TABLE 1: IRR MODEL INPUTS AND RESULTS**

|                       |                                                                           |                                             |
|-----------------------|---------------------------------------------------------------------------|---------------------------------------------|
| <b><u>Inputs:</u></b> |                                                                           |                                             |
| (1)                   | Expenses and Taxes as a Percentage of Net Premium at NCCI Level . . . . . | 20.70%                                      |
| (2)                   | Reserve-to-Surplus Ratio . . . . .                                        | 1.89                                        |
| (3)                   | Cash Flow Patterns . . . . .                                              | See Table 2                                 |
|                       |                                                                           | <b><u>Static</u></b> <b><u>Dynamic*</u></b> |
| (4)                   | Return on Investments . . . . .                                           | 4.51%      4.61% - 3.91%                    |
| (5)                   | Weighted Average Cost of Capital . . . . .                                | 9.82%      10.06% - 9.51%                   |
| <b><u>Results</u></b> |                                                                           |                                             |
|                       |                                                                           | <b><u>Static</u></b> <b><u>Dynamic</u></b>  |
| (6)                   | <b>Indicated Profit and Contingency Provision</b> . . . . .               | <b>1.02%</b> <b>-0.49%</b>                  |
| (7)                   | Loss and Loss Adjustment Expense Provision [100% - (6) - (1)] . . . . .   | 80.32%      79.79%                          |

**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 2022 Aggregates & Averages, for Commercial Casualty Composite, as the weighted average of Loss, LAE, and Unearned Premium Reserves to Policyholder Surplus, for years 2017 - 2021.

\* See Table 3 for details by time period.



# INDIANA

## EXHIBIT II

### Section H - Internal Rate of Return Analysis

**TABLE 2: CASH FLOW PATTERNS (CUMULATIVE)**

|       | (1)<br>Policy-Year<br>Collected<br>Premium | (2)<br>Earned<br>Premium | (3)<br>Written<br>Premium | (4)<br>Expenses<br>and Taxes | (5)<br>Paid<br>Losses<br>and LAE |
|-------|--------------------------------------------|--------------------------|---------------------------|------------------------------|----------------------------------|
| 0.00  | -                                          | -                        | -                         | -                            | -                                |
| 0.25  | 13.87%                                     | 3.70%                    | 29.60%                    | 13.80%                       | 1.12%                            |
| 0.50  | 30.54%                                     | 14.09%                   | 53.50%                    | 30.39%                       | 4.27%                            |
| 0.75  | 52.29%                                     | 30.38%                   | 76.80%                    | 52.04%                       | 9.20%                            |
| 1.00  | 76.15%                                     | 52.48%                   | 100.00%                   | 76.27%                       | 15.90%                           |
| 1.25  | 88.90%                                     | 73.78%                   |                           | 88.95%                       | 27.33%                           |
| 1.50  | 96.85%                                     | 88.39%                   |                           | 96.87%                       | 38.75%                           |
| 1.75  | 100.00%                                    | 97.10%                   |                           | 100.00%                      | 50.18%                           |
| 2.00  |                                            | 100.00%                  |                           |                              | 61.60%                           |
| 2.25  |                                            |                          |                           |                              | 66.33%                           |
| 2.50  |                                            |                          |                           |                              | 71.05%                           |
| 2.75  |                                            |                          |                           |                              | 75.78%                           |
| 3.00  |                                            |                          |                           |                              | 80.50%                           |
| 3.25  |                                            |                          |                           |                              | 82.30%                           |
| 3.50  |                                            |                          |                           |                              | 84.10%                           |
| 3.75  |                                            |                          |                           |                              | 85.90%                           |
| 4.00  |                                            |                          |                           |                              | 87.70%                           |
| 4.25  |                                            |                          |                           |                              | 88.58%                           |
| 4.50  |                                            |                          |                           |                              | 89.45%                           |
| 4.75  |                                            |                          |                           |                              | 90.33%                           |
| 5.00  |                                            |                          |                           |                              | 91.20%                           |
| 6.00  |                                            |                          |                           |                              | 94.30%                           |
| 7.00  |                                            |                          |                           |                              | 95.40%                           |
| 8.00  |                                            |                          |                           |                              | 96.00%                           |
| 9.00  |                                            |                          |                           |                              | 96.40%                           |
| 10.00 |                                            |                          |                           |                              | 96.60%                           |
| 11.00 |                                            |                          |                           |                              | 97.10%                           |
| 12.00 |                                            |                          |                           |                              | 97.20%                           |
| 13.00 |                                            |                          |                           |                              | 97.20%                           |
| 14.00 |                                            |                          |                           |                              | 97.50%                           |
| 15.00 |                                            |                          |                           |                              | 97.70%                           |
| 16.00 |                                            |                          |                           |                              | 97.80%                           |
| 17.00 |                                            |                          |                           |                              | 97.80%                           |
| 18.00 |                                            |                          |                           |                              | 97.80%                           |
| 19.00 |                                            |                          |                           |                              | 98.30%                           |
| 20.00 |                                            |                          |                           |                              | 98.40%                           |
| 21.00 |                                            |                          |                           |                              | 98.40%                           |
| 22.00 |                                            |                          |                           |                              | 98.50%                           |
| 23.00 |                                            |                          |                           |                              | 98.70%                           |
| 24.00 |                                            |                          |                           |                              | 98.70%                           |
| 25.00 |                                            |                          |                           |                              | 99.00%                           |
| 26.00 |                                            |                          |                           |                              | 99.20%                           |
| 27.00 |                                            |                          |                           |                              | 99.20%                           |
| 28.00 |                                            |                          |                           |                              | 99.30%                           |
| 29.00 |                                            |                          |                           |                              | 99.30%                           |
| 30.00 |                                            |                          |                           |                              | 99.30%                           |
| 31.00 |                                            |                          |                           |                              | 99.40%                           |
| 32.00 |                                            |                          |                           |                              | 99.56%                           |
| 33.00 |                                            |                          |                           |                              | 99.71%                           |
| 34.00 |                                            |                          |                           |                              | 99.86%                           |
| 35.00 |                                            |                          |                           |                              | 100.00%                          |

**TABLE 3: DYNAMIC ESTIMATE  
INPUTS**

|       | (1)<br>Return on<br>Investments | (2)<br>Weighted<br>Average Cost<br>of Capital |
|-------|---------------------------------|-----------------------------------------------|
| 0.00  | -                               | -                                             |
| 0.25  | 4.61%                           | 10.06%                                        |
| 0.50  | 4.59%                           | 10.05%                                        |
| 0.75  | 4.49%                           | 9.93%                                         |
| 1.00  | 4.47%                           | 9.85%                                         |
| 1.25  | 4.41%                           | 9.79%                                         |
| 1.50  | 4.39%                           | 9.74%                                         |
| 1.75  | 4.34%                           | 9.70%                                         |
| 2.00  | 4.32%                           | 9.67%                                         |
| 2.25  | 4.27%                           | 9.67%                                         |
| 2.50  | 4.27%                           | 9.72%                                         |
| 2.75  | 4.03%                           | 9.72%                                         |
| 3.00  | 4.03%                           | 9.70%                                         |
| 3.25  | 4.03%                           | 9.71%                                         |
| 3.50  | 4.03%                           | 9.72%                                         |
| 3.75  | 4.03%                           | 9.72%                                         |
| 4.00  | 4.03%                           | 9.73%                                         |
| 4.25  | 4.03%                           | 9.73%                                         |
| 4.50  | 4.03%                           | 9.71%                                         |
| 4.75  | 4.03%                           | 9.71%                                         |
| 5.00  | 4.02%                           | 9.70%                                         |
| 6.00  | 4.00%                           | 9.67%                                         |
| 7.00  | 3.99%                           | 9.62%                                         |
| 8.00  | 3.95%                           | 9.59%                                         |
| 9.00  | 3.92%                           | 9.58%                                         |
| 10.00 | 3.93%                           | 9.57%                                         |
| 11.00 | 3.94%                           | 9.55%                                         |
| 12.00 | 3.94%                           | 9.54%                                         |
| 13.00 | 3.95%                           | 9.54%                                         |
| 14.00 | 3.95%                           | 9.53%                                         |
| 15.00 | 3.95%                           | 9.52%                                         |
| 16.00 | 3.91%                           | 9.52%                                         |
| 17.00 | 3.92%                           | 9.53%                                         |
| 18.00 | 3.93%                           | 9.54%                                         |
| 19.00 | 3.94%                           | 9.55%                                         |
| 20.00 | 3.93%                           | 9.54%                                         |
| 21.00 | 3.93%                           | 9.53%                                         |
| 22.00 | 3.92%                           | 9.53%                                         |
| 23.00 | 3.92%                           | 9.52%                                         |
| 24.00 | 3.92%                           | 9.52%                                         |
| 25.00 | 3.92%                           | 9.51%                                         |
| 26.00 | 3.91%                           | 9.51%                                         |
| 27.00 | 3.91%                           | 9.51%                                         |
| 28.00 | 3.91%                           | 9.51%                                         |
| 29.00 | 3.91%                           | 9.51%                                         |
| 30.00 | 3.91%                           | 9.51%                                         |
| 31.00 | 3.91%                           | 9.51%                                         |
| 32.00 | 3.91%                           | 9.51%                                         |
| 33.00 | 3.91%                           | 9.51%                                         |
| 34.00 | 3.91%                           | 9.51%                                         |
| 35.00 | 3.91%                           | 9.51%                                         |

**Table 2 Notes:**

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.





**INDIANA**  
**EXHIBIT II**  
**Section H - Internal Rate of Return Analysis**

**Calculation Details**

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

List of Tables

Static Estimate

Table 4: Derivation of Insurance Cash Flows

Table 5: Derivation of Cash Flows to the Capital Providers

Dynamic Estimate

Table 6: Derivation of Insurance Cash Flows

Table 7: Derivation of Cash Flows to the Capital Providers

Appendices

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

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

Table A.2: Calculation of Return on Investments

Appendix B: Federal Income Tax Incurred from Insurance Operations

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

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

Appendix C: Reserve-to-Surplus Ratio

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



**INDIANA**  
**EXHIBIT II**  
**Section H - Internal Rate of Return Analysis**

**Calculation Details - Static Estimate**

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

| Time  | (1)<br>Collected<br>Premium<br>Factor | (2)<br>Expense<br>and Taxes<br>Factor | (3)<br>Paid Losses<br>and LAE<br>Factor | (4)<br>Federal<br>Income Tax<br>Factor | (5)<br>Insurance<br>Cash flow<br>Factor |
|-------|---------------------------------------|---------------------------------------|-----------------------------------------|----------------------------------------|-----------------------------------------|
| 0.00  | -                                     | -                                     | -                                       | -                                      | -                                       |
| 0.25  | 0.1387                                | 0.0286                                | 0.0090                                  | 0.0046                                 | 0.0965                                  |
| 0.50  | 0.3054                                | 0.0629                                | 0.0343                                  | 0.0093                                 | 0.1989                                  |
| 0.75  | 0.5229                                | 0.1077                                | 0.0739                                  | 0.0139                                 | 0.3273                                  |
| 1.00  | 0.7615                                | 0.1579                                | 0.1277                                  | 0.0186                                 | 0.4573                                  |
| 1.25  | 0.8890                                | 0.1841                                | 0.2195                                  | 0.0151                                 | 0.4703                                  |
| 1.50  | 0.9685                                | 0.2005                                | 0.3112                                  | 0.0117                                 | 0.4451                                  |
| 1.75  | 1.0000                                | 0.2070                                | 0.4030                                  | 0.0082                                 | 0.3818                                  |
| 2.00  | 1.0000                                | 0.2070                                | 0.4948                                  | 0.0048                                 | 0.2934                                  |
| 2.25  | 1.0000                                | 0.2070                                | 0.5327                                  | 0.0040                                 | 0.2562                                  |
| 2.50  | 1.0000                                | 0.2070                                | 0.5707                                  | 0.0033                                 | 0.2190                                  |
| 2.75  | 1.0000                                | 0.2070                                | 0.6086                                  | 0.0025                                 | 0.1818                                  |
| 3.00  | 1.0000                                | 0.2070                                | 0.6466                                  | 0.0018                                 | 0.1447                                  |
| 3.25  | 1.0000                                | 0.2070                                | 0.6610                                  | 0.0014                                 | 0.1305                                  |
| 3.50  | 1.0000                                | 0.2070                                | 0.6755                                  | 0.0011                                 | 0.1164                                  |
| 3.75  | 1.0000                                | 0.2070                                | 0.6900                                  | 0.0008                                 | 0.1023                                  |
| 4.00  | 1.0000                                | 0.2070                                | 0.7044                                  | 0.0004                                 | 0.0882                                  |
| 4.25  | 1.0000                                | 0.2070                                | 0.7114                                  | 0.0002                                 | 0.0813                                  |
| 4.50  | 1.0000                                | 0.2070                                | 0.7185                                  | 0.0001                                 | 0.0745                                  |
| 4.75  | 1.0000                                | 0.2070                                | 0.7255                                  | (0.0001)                               | 0.0676                                  |
| 5.00  | 1.0000                                | 0.2070                                | 0.7325                                  | (0.0003)                               | 0.0608                                  |
| 6.00  | 1.0000                                | 0.2070                                | 0.7574                                  | (0.0009)                               | 0.0365                                  |
| 7.00  | 1.0000                                | 0.2070                                | 0.7663                                  | (0.0012)                               | 0.0279                                  |
| 8.00  | 1.0000                                | 0.2070                                | 0.7711                                  | (0.0014)                               | 0.0233                                  |
| 9.00  | 1.0000                                | 0.2070                                | 0.7743                                  | (0.0015)                               | 0.0202                                  |
| 10.00 | 1.0000                                | 0.2070                                | 0.7759                                  | (0.0016)                               | 0.0187                                  |
| 11.00 | 1.0000                                | 0.2070                                | 0.7799                                  | (0.0017)                               | 0.0148                                  |
| 12.00 | 1.0000                                | 0.2070                                | 0.7807                                  | (0.0018)                               | 0.0141                                  |
| 13.00 | 1.0000                                | 0.2070                                | 0.7807                                  | (0.0019)                               | 0.0142                                  |
| 14.00 | 1.0000                                | 0.2070                                | 0.7831                                  | (0.0020)                               | 0.0118                                  |
| 15.00 | 1.0000                                | 0.2070                                | 0.7847                                  | (0.0020)                               | 0.0103                                  |
| 16.00 | 1.0000                                | 0.2070                                | 0.7855                                  | (0.0021)                               | 0.0095                                  |
| 17.00 | 1.0000                                | 0.2070                                | 0.7855                                  | (0.0021)                               | 0.0096                                  |
| 18.00 | 1.0000                                | 0.2070                                | 0.7855                                  | (0.0021)                               | 0.0096                                  |
| 19.00 | 1.0000                                | 0.2070                                | 0.7896                                  | (0.0021)                               | 0.0056                                  |
| 20.00 | 1.0000                                | 0.2070                                | 0.7904                                  | (0.0021)                               | 0.0048                                  |
| 21.00 | 1.0000                                | 0.2070                                | 0.7904                                  | (0.0021)                               | 0.0048                                  |
| 22.00 | 1.0000                                | 0.2070                                | 0.7912                                  | (0.0021)                               | 0.0039                                  |
| 23.00 | 1.0000                                | 0.2070                                | 0.7928                                  | (0.0021)                               | 0.0023                                  |
| 24.00 | 1.0000                                | 0.2070                                | 0.7928                                  | (0.0021)                               | 0.0023                                  |
| 25.00 | 1.0000                                | 0.2070                                | 0.7952                                  | (0.0021)                               | (0.0001)                                |
| 26.00 | 1.0000                                | 0.2070                                | 0.7968                                  | (0.0021)                               | (0.0017)                                |
| 27.00 | 1.0000                                | 0.2070                                | 0.7968                                  | (0.0021)                               | (0.0017)                                |
| 28.00 | 1.0000                                | 0.2070                                | 0.7976                                  | (0.0021)                               | (0.0025)                                |
| 29.00 | 1.0000                                | 0.2070                                | 0.7976                                  | (0.0021)                               | (0.0025)                                |
| 30.00 | 1.0000                                | 0.2070                                | 0.7976                                  | (0.0021)                               | (0.0025)                                |
| 31.00 | 1.0000                                | 0.2070                                | 0.7984                                  | (0.0021)                               | (0.0033)                                |
| 32.00 | 1.0000                                | 0.2070                                | 0.7997                                  | (0.0021)                               | (0.0045)                                |
| 33.00 | 1.0000                                | 0.2070                                | 0.8009                                  | (0.0021)                               | (0.0058)                                |
| 34.00 | 1.0000                                | 0.2070                                | 0.8021                                  | (0.0021)                               | (0.0069)                                |
| 35.00 | 1.0000                                | 0.2070                                | 0.8032                                  | (0.0021)                               | (0.0081)                                |

**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)]



INDIANA

EXHIBIT II

Section H - Internal Rate of Return Analysis

Calculation Details - Static Estimate (continued)

TABLE 5: DERIVATION OF CASH FLOWS TO THE CAPITAL PROVIDERS (STATIC ESTIMATE)

| Time  | (1)<br>Unearned Premium,<br>Unpaid Loss<br>and Unpaid LAE<br>Reserve Factor | (2)<br>Factor for<br>Surplus<br>Allocated to<br>Reserves | (3)<br>Total Invested<br>Funds<br>Factor | (4)<br>Income from<br>Invested Funds<br>Factor | (5)<br>Capital<br>Provider<br>Equity<br>Factor | (6)<br>Capital<br>Provider<br>Cash Flow<br>Factor | (7)<br>Discounted<br>Capital<br>Provider Cash<br>Flow Factor |
|-------|-----------------------------------------------------------------------------|----------------------------------------------------------|------------------------------------------|------------------------------------------------|------------------------------------------------|---------------------------------------------------|--------------------------------------------------------------|
| 0.00  | -                                                                           | -                                                        | -                                        | -                                              | -                                              | -                                                 | -                                                            |
| 0.25  | 0.2797                                                                      | 0.1480                                                   | 0.2704                                   | 0.0015                                         | (0.1724)                                       | (0.1724)                                          | (0.1704)                                                     |
| 0.50  | 0.4730                                                                      | 0.2503                                                   | 0.4937                                   | 0.0057                                         | (0.2890)                                       | (0.1166)                                          | (0.1125)                                                     |
| 0.75  | 0.6343                                                                      | 0.3356                                                   | 0.7248                                   | 0.0125                                         | (0.3850)                                       | (0.0960)                                          | (0.0905)                                                     |
| 1.00  | 0.7690                                                                      | 0.4069                                                   | 0.9374                                   | 0.0217                                         | (0.4583)                                       | (0.0734)                                          | (0.0676)                                                     |
| 1.25  | 0.6353                                                                      | 0.3362                                                   | 0.8605                                   | 0.0317                                         | (0.3585)                                       | 0.0998                                            | 0.0898                                                       |
| 1.50  | 0.5148                                                                      | 0.2724                                                   | 0.7557                                   | 0.0407                                         | (0.2700)                                       | 0.0886                                            | 0.0779                                                       |
| 1.75  | 0.4059                                                                      | 0.2148                                                   | 0.6207                                   | 0.0483                                         | (0.1906)                                       | 0.0794                                            | 0.0682                                                       |
| 2.00  | 0.3084                                                                      | 0.1632                                                   | 0.4716                                   | 0.0544                                         | (0.1238)                                       | 0.0668                                            | 0.0560                                                       |
| 2.25  | 0.2705                                                                      | 0.1431                                                   | 0.4136                                   | 0.0593                                         | (0.0981)                                       | 0.0257                                            | 0.0211                                                       |
| 2.50  | 0.2325                                                                      | 0.1230                                                   | 0.3556                                   | 0.0636                                         | (0.0730)                                       | 0.0251                                            | 0.0201                                                       |
| 2.75  | 0.1946                                                                      | 0.1030                                                   | 0.2975                                   | 0.0672                                         | (0.0485)                                       | 0.0245                                            | 0.0191                                                       |
| 3.00  | 0.1566                                                                      | 0.0829                                                   | 0.2395                                   | 0.0702                                         | (0.0247)                                       | 0.0238                                            | 0.0182                                                       |
| 3.25  | 0.1422                                                                      | 0.0752                                                   | 0.2174                                   | 0.0727                                         | (0.0142)                                       | 0.0105                                            | 0.0079                                                       |
| 3.50  | 0.1277                                                                      | 0.0676                                                   | 0.1953                                   | 0.0750                                         | (0.0039)                                       | 0.0103                                            | 0.0075                                                       |
| 3.75  | 0.1133                                                                      | 0.0599                                                   | 0.1732                                   | 0.0770                                         | 0.0061                                         | 0.0100                                            | 0.0071                                                       |
| 4.00  | 0.0988                                                                      | 0.0523                                                   | 0.1511                                   | 0.0788                                         | 0.0159                                         | 0.0098                                            | 0.0068                                                       |
| 4.25  | 0.0918                                                                      | 0.0486                                                   | 0.1403                                   | 0.0804                                         | 0.0214                                         | 0.0055                                            | 0.0037                                                       |
| 4.50  | 0.0847                                                                      | 0.0448                                                   | 0.1296                                   | 0.0819                                         | 0.0268                                         | 0.0054                                            | 0.0036                                                       |
| 4.75  | 0.0777                                                                      | 0.0411                                                   | 0.1188                                   | 0.0833                                         | 0.0321                                         | 0.0053                                            | 0.0034                                                       |
| 5.00  | 0.0707                                                                      | 0.0374                                                   | 0.1081                                   | 0.0846                                         | 0.0373                                         | 0.0052                                            | 0.0033                                                       |
| 6.00  | 0.0458                                                                      | 0.0242                                                   | 0.0700                                   | 0.0886                                         | 0.0551                                         | 0.0178                                            | 0.0107                                                       |
| 7.00  | 0.0369                                                                      | 0.0195                                                   | 0.0565                                   | 0.0915                                         | 0.0629                                         | 0.0078                                            | 0.0042                                                       |
| 8.00  | 0.0321                                                                      | 0.0170                                                   | 0.0491                                   | 0.0938                                         | 0.0680                                         | 0.0051                                            | 0.0025                                                       |
| 9.00  | 0.0289                                                                      | 0.0153                                                   | 0.0442                                   | 0.0960                                         | 0.0720                                         | 0.0040                                            | 0.0018                                                       |
| 10.00 | 0.0273                                                                      | 0.0144                                                   | 0.0418                                   | 0.0979                                         | 0.0748                                         | 0.0029                                            | 0.0012                                                       |
| 11.00 | 0.0233                                                                      | 0.0123                                                   | 0.0356                                   | 0.0996                                         | 0.0788                                         | 0.0040                                            | 0.0015                                                       |
| 12.00 | 0.0225                                                                      | 0.0119                                                   | 0.0344                                   | 0.1012                                         | 0.0809                                         | 0.0021                                            | 0.0007                                                       |
| 13.00 | 0.0225                                                                      | 0.0119                                                   | 0.0344                                   | 0.1028                                         | 0.0825                                         | 0.0016                                            | 0.0005                                                       |
| 14.00 | 0.0201                                                                      | 0.0106                                                   | 0.0307                                   | 0.1042                                         | 0.0854                                         | 0.0028                                            | 0.0008                                                       |
| 15.00 | 0.0185                                                                      | 0.0098                                                   | 0.0282                                   | 0.1056                                         | 0.0876                                         | 0.0022                                            | 0.0006                                                       |
| 16.00 | 0.0177                                                                      | 0.0093                                                   | 0.0270                                   | 0.1068                                         | 0.0893                                         | 0.0017                                            | 0.0004                                                       |
| 17.00 | 0.0177                                                                      | 0.0093                                                   | 0.0270                                   | 0.1080                                         | 0.0906                                         | 0.0012                                            | 0.0003                                                       |
| 18.00 | 0.0177                                                                      | 0.0093                                                   | 0.0270                                   | 0.1093                                         | 0.0918                                         | 0.0012                                            | 0.0002                                                       |
| 19.00 | 0.0137                                                                      | 0.0072                                                   | 0.0209                                   | 0.1103                                         | 0.0950                                         | 0.0032                                            | 0.0006                                                       |
| 20.00 | 0.0129                                                                      | 0.0068                                                   | 0.0197                                   | 0.1113                                         | 0.0964                                         | 0.0013                                            | 0.0002                                                       |
| 21.00 | 0.0129                                                                      | 0.0068                                                   | 0.0197                                   | 0.1121                                         | 0.0972                                         | 0.0009                                            | 0.0001                                                       |
| 22.00 | 0.0120                                                                      | 0.0064                                                   | 0.0184                                   | 0.1130                                         | 0.0985                                         | 0.0013                                            | 0.0002                                                       |
| 23.00 | 0.0104                                                                      | 0.0055                                                   | 0.0160                                   | 0.1138                                         | 0.1002                                         | 0.0016                                            | 0.0002                                                       |
| 24.00 | 0.0104                                                                      | 0.0055                                                   | 0.0160                                   | 0.1145                                         | 0.1009                                         | 0.0007                                            | 0.0001                                                       |
| 25.00 | 0.0080                                                                      | 0.0042                                                   | 0.0123                                   | 0.1151                                         | 0.1028                                         | 0.0019                                            | 0.0002                                                       |
| 26.00 | 0.0064                                                                      | 0.0034                                                   | 0.0098                                   | 0.1156                                         | 0.1042                                         | 0.0014                                            | 0.0001                                                       |
| 27.00 | 0.0064                                                                      | 0.0034                                                   | 0.0098                                   | 0.1161                                         | 0.1046                                         | 0.0004                                            | 0.0000                                                       |
| 28.00 | 0.0056                                                                      | 0.0030                                                   | 0.0086                                   | 0.1165                                         | 0.1054                                         | 0.0008                                            | 0.0001                                                       |
| 29.00 | 0.0056                                                                      | 0.0030                                                   | 0.0086                                   | 0.1169                                         | 0.1058                                         | 0.0004                                            | 0.0000                                                       |
| 30.00 | 0.0056                                                                      | 0.0030                                                   | 0.0086                                   | 0.1173                                         | 0.1062                                         | 0.0004                                            | 0.0000                                                       |
| 31.00 | 0.0048                                                                      | 0.0025                                                   | 0.0074                                   | 0.1176                                         | 0.1070                                         | 0.0008                                            | 0.0000                                                       |
| 32.00 | 0.0035                                                                      | 0.0019                                                   | 0.0054                                   | 0.1179                                         | 0.1080                                         | 0.0010                                            | 0.0001                                                       |
| 33.00 | 0.0023                                                                      | 0.0012                                                   | 0.0035                                   | 0.1181                                         | 0.1088                                         | 0.0009                                            | 0.0000                                                       |
| 34.00 | 0.0011                                                                      | 0.0006                                                   | 0.0017                                   | 0.1182                                         | 0.1096                                         | 0.0007                                            | 0.0000                                                       |
| 35.00 | -                                                                           | -                                                        | -                                        | 0.1183                                         | 0.1102                                         | 0.0006                                            | 0.0000                                                       |

Column Notes:

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



**INDIANA**  
**EXHIBIT II**  
**Section H - Internal Rate of Return Analysis**  
**Calculation Details - Dynamic Estimate**

**TABLE 6: DERIVATION OF INSURANCE CASH FLOW (DYNAMIC ESTIMATE)**

| Time  | (1)<br>Collected<br>Premium<br>Factor | (2)<br>Expense<br>and Taxes<br>Factor | (3)<br>Paid Losses<br>and LAE<br>Factor | (4)<br>Federal<br>Income Tax<br>Factor | (5)<br>Insurance<br>Cash flow<br>Factor |
|-------|---------------------------------------|---------------------------------------|-----------------------------------------|----------------------------------------|-----------------------------------------|
| 0.00  | -                                     | -                                     | -                                       | -                                      | -                                       |
| 0.25  | 0.1387                                | 0.0286                                | 0.0089                                  | 0.0048                                 | 0.0964                                  |
| 0.50  | 0.3054                                | 0.0629                                | 0.0341                                  | 0.0095                                 | 0.1989                                  |
| 0.75  | 0.5229                                | 0.1077                                | 0.0734                                  | 0.0143                                 | 0.3274                                  |
| 1.00  | 0.7615                                | 0.1579                                | 0.1269                                  | 0.0191                                 | 0.4577                                  |
| 1.25  | 0.8890                                | 0.1841                                | 0.2180                                  | 0.0158                                 | 0.4711                                  |
| 1.50  | 0.9685                                | 0.2005                                | 0.3092                                  | 0.0125                                 | 0.4463                                  |
| 1.75  | 1.0000                                | 0.2070                                | 0.4003                                  | 0.0092                                 | 0.3835                                  |
| 2.00  | 1.0000                                | 0.2070                                | 0.4915                                  | 0.0059                                 | 0.2957                                  |
| 2.25  | 1.0000                                | 0.2070                                | 0.5292                                  | 0.0051                                 | 0.2587                                  |
| 2.50  | 1.0000                                | 0.2070                                | 0.5669                                  | 0.0044                                 | 0.2217                                  |
| 2.75  | 1.0000                                | 0.2070                                | 0.6046                                  | 0.0036                                 | 0.1848                                  |
| 3.00  | 1.0000                                | 0.2070                                | 0.6423                                  | 0.0029                                 | 0.1478                                  |
| 3.25  | 1.0000                                | 0.2070                                | 0.6567                                  | 0.0025                                 | 0.1338                                  |
| 3.50  | 1.0000                                | 0.2070                                | 0.6710                                  | 0.0022                                 | 0.1198                                  |
| 3.75  | 1.0000                                | 0.2070                                | 0.6854                                  | 0.0019                                 | 0.1058                                  |
| 4.00  | 1.0000                                | 0.2070                                | 0.6997                                  | 0.0015                                 | 0.0917                                  |
| 4.25  | 1.0000                                | 0.2070                                | 0.7067                                  | 0.0013                                 | 0.0849                                  |
| 4.50  | 1.0000                                | 0.2070                                | 0.7137                                  | 0.0012                                 | 0.0781                                  |
| 4.75  | 1.0000                                | 0.2070                                | 0.7207                                  | 0.0010                                 | 0.0713                                  |
| 5.00  | 1.0000                                | 0.2070                                | 0.7277                                  | 0.0008                                 | 0.0645                                  |
| 6.00  | 1.0000                                | 0.2070                                | 0.7524                                  | 0.0002                                 | 0.0404                                  |
| 7.00  | 1.0000                                | 0.2070                                | 0.7612                                  | (0.0001)                               | 0.0319                                  |
| 8.00  | 1.0000                                | 0.2070                                | 0.7660                                  | (0.0002)                               | 0.0273                                  |
| 9.00  | 1.0000                                | 0.2070                                | 0.7692                                  | (0.0004)                               | 0.0242                                  |
| 10.00 | 1.0000                                | 0.2070                                | 0.7708                                  | (0.0005)                               | 0.0227                                  |
| 11.00 | 1.0000                                | 0.2070                                | 0.7747                                  | (0.0006)                               | 0.0189                                  |
| 12.00 | 1.0000                                | 0.2070                                | 0.7755                                  | (0.0007)                               | 0.0182                                  |
| 13.00 | 1.0000                                | 0.2070                                | 0.7755                                  | (0.0008)                               | 0.0182                                  |
| 14.00 | 1.0000                                | 0.2070                                | 0.7779                                  | (0.0008)                               | 0.0159                                  |
| 15.00 | 1.0000                                | 0.2070                                | 0.7795                                  | (0.0009)                               | 0.0144                                  |
| 16.00 | 1.0000                                | 0.2070                                | 0.7803                                  | (0.0010)                               | 0.0136                                  |
| 17.00 | 1.0000                                | 0.2070                                | 0.7803                                  | (0.0010)                               | 0.0136                                  |
| 18.00 | 1.0000                                | 0.2070                                | 0.7803                                  | (0.0010)                               | 0.0136                                  |
| 19.00 | 1.0000                                | 0.2070                                | 0.7843                                  | (0.0010)                               | 0.0097                                  |
| 20.00 | 1.0000                                | 0.2070                                | 0.7851                                  | (0.0010)                               | 0.0089                                  |
| 21.00 | 1.0000                                | 0.2070                                | 0.7851                                  | (0.0010)                               | 0.0089                                  |
| 22.00 | 1.0000                                | 0.2070                                | 0.7859                                  | (0.0010)                               | 0.0081                                  |
| 23.00 | 1.0000                                | 0.2070                                | 0.7875                                  | (0.0010)                               | 0.0065                                  |
| 24.00 | 1.0000                                | 0.2070                                | 0.7875                                  | (0.0010)                               | 0.0065                                  |
| 25.00 | 1.0000                                | 0.2070                                | 0.7899                                  | (0.0010)                               | 0.0041                                  |
| 26.00 | 1.0000                                | 0.2070                                | 0.7915                                  | (0.0010)                               | 0.0025                                  |
| 27.00 | 1.0000                                | 0.2070                                | 0.7915                                  | (0.0010)                               | 0.0025                                  |
| 28.00 | 1.0000                                | 0.2070                                | 0.7923                                  | (0.0010)                               | 0.0017                                  |
| 29.00 | 1.0000                                | 0.2070                                | 0.7923                                  | (0.0010)                               | 0.0017                                  |
| 30.00 | 1.0000                                | 0.2070                                | 0.7923                                  | (0.0010)                               | 0.0017                                  |
| 31.00 | 1.0000                                | 0.2070                                | 0.7931                                  | (0.0010)                               | 0.0009                                  |
| 32.00 | 1.0000                                | 0.2070                                | 0.7944                                  | (0.0010)                               | (0.0004)                                |
| 33.00 | 1.0000                                | 0.2070                                | 0.7956                                  | (0.0010)                               | (0.0016)                                |
| 34.00 | 1.0000                                | 0.2070                                | 0.7968                                  | (0.0010)                               | (0.0028)                                |
| 35.00 | 1.0000                                | 0.2070                                | 0.7979                                  | (0.0010)                               | (0.0039)                                |

**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, 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)]



# INDIANA

## EXHIBIT II

### Section H - Internal Rate of Return Analysis

#### Calculation Details - Dynamic Estimate (continued)

TABLE 7: DERIVATION OF CASH FLOWS TO THE CAPITAL PROVIDERS (DYNAMIC ESTIMATE)

| Time  | (1)<br>Unearned Premium,<br>Unpaid Loss<br>and Unpaid LAE<br>Reserve Factor | (2)<br>Factor for<br>Surplus<br>Allocated to<br>Reserves | (3)<br>Total<br>Invested<br>Funds<br>Factor | (4)<br>Income from<br>Invested<br>Funds<br>Factor | (5)<br>Capital<br>Provider<br>Equity<br>Factor | (6)<br>Capital<br>Provider<br>Cash Flow<br>Factor | (7)<br>Cumulative<br>Discount<br>Factor | (8)<br>Discounted<br>Capital<br>Provider Cash<br>Flow Factor |
|-------|-----------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------|---------------------------------------------------|------------------------------------------------|---------------------------------------------------|-----------------------------------------|--------------------------------------------------------------|
| 0.00  | -                                                                           | -                                                        | -                                           | -                                                 | -                                              | -                                                 | -                                       | -                                                            |
| 0.25  | 0.2796                                                                      | 0.1479                                                   | 0.2702                                      | 0.0015                                            | (0.1723)                                       | (0.1723)                                          | 0.9881                                  | (0.1702)                                                     |
| 0.50  | 0.4725                                                                      | 0.2500                                                   | 0.4929                                      | 0.0058                                            | (0.2881)                                       | (0.1159)                                          | 0.9647                                  | (0.1118)                                                     |
| 0.75  | 0.6332                                                                      | 0.3350                                                   | 0.7231                                      | 0.0125                                            | (0.3831)                                       | (0.0950)                                          | 0.9422                                  | (0.0895)                                                     |
| 1.00  | 0.7671                                                                      | 0.4059                                                   | 0.9344                                      | 0.0217                                            | (0.4551)                                       | (0.0720)                                          | 0.9203                                  | (0.0663)                                                     |
| 1.25  | 0.6329                                                                      | 0.3349                                                   | 0.8567                                      | 0.0314                                            | (0.3543)                                       | 0.1008                                            | 0.8991                                  | 0.0906                                                       |
| 1.50  | 0.5122                                                                      | 0.2710                                                   | 0.7517                                      | 0.0401                                            | (0.2653)                                       | 0.0890                                            | 0.8784                                  | 0.0782                                                       |
| 1.75  | 0.4034                                                                      | 0.2134                                                   | 0.6169                                      | 0.0474                                            | (0.1860)                                       | 0.0793                                            | 0.8583                                  | 0.0680                                                       |
| 2.00  | 0.3064                                                                      | 0.1621                                                   | 0.4685                                      | 0.0531                                            | (0.1197)                                       | 0.0663                                            | 0.8387                                  | 0.0556                                                       |
| 2.25  | 0.2687                                                                      | 0.1422                                                   | 0.4109                                      | 0.0577                                            | (0.0944)                                       | 0.0253                                            | 0.8196                                  | 0.0207                                                       |
| 2.50  | 0.2310                                                                      | 0.1222                                                   | 0.3532                                      | 0.0618                                            | (0.0697)                                       | 0.0247                                            | 0.8008                                  | 0.0198                                                       |
| 2.75  | 0.1933                                                                      | 0.1023                                                   | 0.2956                                      | 0.0650                                            | (0.0458)                                       | 0.0239                                            | 0.7825                                  | 0.0187                                                       |
| 3.00  | 0.1556                                                                      | 0.0823                                                   | 0.2379                                      | 0.0676                                            | (0.0224)                                       | 0.0233                                            | 0.7645                                  | 0.0178                                                       |
| 3.25  | 0.1412                                                                      | 0.0747                                                   | 0.2159                                      | 0.0699                                            | (0.0123)                                       | 0.0102                                            | 0.7470                                  | 0.0076                                                       |
| 3.50  | 0.1269                                                                      | 0.0671                                                   | 0.1940                                      | 0.0719                                            | (0.0023)                                       | 0.0100                                            | 0.7299                                  | 0.0073                                                       |
| 3.75  | 0.1125                                                                      | 0.0595                                                   | 0.1720                                      | 0.0737                                            | 0.0075                                         | 0.0097                                            | 0.7132                                  | 0.0070                                                       |
| 4.00  | 0.0981                                                                      | 0.0519                                                   | 0.1501                                      | 0.0753                                            | 0.0170                                         | 0.0095                                            | 0.6968                                  | 0.0066                                                       |
| 4.25  | 0.0912                                                                      | 0.0482                                                   | 0.1394                                      | 0.0768                                            | 0.0223                                         | 0.0053                                            | 0.6808                                  | 0.0036                                                       |
| 4.50  | 0.0842                                                                      | 0.0445                                                   | 0.1287                                      | 0.0781                                            | 0.0275                                         | 0.0052                                            | 0.6652                                  | 0.0035                                                       |
| 4.75  | 0.0772                                                                      | 0.0408                                                   | 0.1180                                      | 0.0793                                            | 0.0326                                         | 0.0051                                            | 0.6500                                  | 0.0033                                                       |
| 5.00  | 0.0702                                                                      | 0.0372                                                   | 0.1074                                      | 0.0804                                            | 0.0376                                         | 0.0050                                            | 0.6351                                  | 0.0032                                                       |
| 6.00  | 0.0455                                                                      | 0.0241                                                   | 0.0695                                      | 0.0840                                            | 0.0549                                         | 0.0173                                            | 0.5995                                  | 0.0104                                                       |
| 7.00  | 0.0367                                                                      | 0.0194                                                   | 0.0561                                      | 0.0865                                            | 0.0622                                         | 0.0074                                            | 0.5469                                  | 0.0040                                                       |
| 8.00  | 0.0319                                                                      | 0.0169                                                   | 0.0488                                      | 0.0886                                            | 0.0670                                         | 0.0048                                            | 0.4990                                  | 0.0024                                                       |
| 9.00  | 0.0287                                                                      | 0.0152                                                   | 0.0439                                      | 0.0904                                            | 0.0707                                         | 0.0037                                            | 0.4554                                  | 0.0017                                                       |
| 10.00 | 0.0271                                                                      | 0.0144                                                   | 0.0415                                      | 0.0921                                            | 0.0733                                         | 0.0026                                            | 0.4157                                  | 0.0011                                                       |
| 11.00 | 0.0231                                                                      | 0.0122                                                   | 0.0354                                      | 0.0936                                            | 0.0771                                         | 0.0037                                            | 0.3794                                  | 0.0014                                                       |
| 12.00 | 0.0223                                                                      | 0.0118                                                   | 0.0342                                      | 0.0949                                            | 0.0789                                         | 0.0019                                            | 0.3464                                  | 0.0006                                                       |
| 13.00 | 0.0223                                                                      | 0.0118                                                   | 0.0342                                      | 0.0963                                            | 0.0803                                         | 0.0014                                            | 0.3162                                  | 0.0004                                                       |
| 14.00 | 0.0199                                                                      | 0.0106                                                   | 0.0305                                      | 0.0976                                            | 0.0830                                         | 0.0026                                            | 0.2887                                  | 0.0008                                                       |
| 15.00 | 0.0184                                                                      | 0.0097                                                   | 0.0281                                      | 0.0987                                            | 0.0850                                         | 0.0021                                            | 0.2636                                  | 0.0005                                                       |
| 16.00 | 0.0176                                                                      | 0.0093                                                   | 0.0268                                      | 0.0998                                            | 0.0866                                         | 0.0015                                            | 0.2407                                  | 0.0004                                                       |
| 17.00 | 0.0176                                                                      | 0.0093                                                   | 0.0268                                      | 0.1008                                            | 0.0876                                         | 0.0011                                            | 0.2197                                  | 0.0002                                                       |
| 18.00 | 0.0176                                                                      | 0.0093                                                   | 0.0268                                      | 0.1019                                            | 0.0887                                         | 0.0011                                            | 0.2006                                  | 0.0002                                                       |
| 19.00 | 0.0136                                                                      | 0.0072                                                   | 0.0207                                      | 0.1028                                            | 0.0918                                         | 0.0031                                            | 0.1831                                  | 0.0006                                                       |
| 20.00 | 0.0128                                                                      | 0.0068                                                   | 0.0195                                      | 0.1036                                            | 0.0930                                         | 0.0012                                            | 0.1672                                  | 0.0002                                                       |
| 21.00 | 0.0128                                                                      | 0.0068                                                   | 0.0195                                      | 0.1044                                            | 0.0937                                         | 0.0008                                            | 0.1526                                  | 0.0001                                                       |
| 22.00 | 0.0120                                                                      | 0.0063                                                   | 0.0183                                      | 0.1051                                            | 0.0949                                         | 0.0012                                            | 0.1393                                  | 0.0002                                                       |
| 23.00 | 0.0104                                                                      | 0.0055                                                   | 0.0159                                      | 0.1058                                            | 0.0964                                         | 0.0015                                            | 0.1272                                  | 0.0002                                                       |
| 24.00 | 0.0104                                                                      | 0.0055                                                   | 0.0159                                      | 0.1064                                            | 0.0971                                         | 0.0006                                            | 0.1162                                  | 0.0001                                                       |
| 25.00 | 0.0080                                                                      | 0.0042                                                   | 0.0122                                      | 0.1070                                            | 0.0989                                         | 0.0018                                            | 0.1061                                  | 0.0002                                                       |
| 26.00 | 0.0064                                                                      | 0.0034                                                   | 0.0098                                      | 0.1074                                            | 0.1002                                         | 0.0013                                            | 0.0969                                  | 0.0001                                                       |
| 27.00 | 0.0064                                                                      | 0.0034                                                   | 0.0098                                      | 0.1078                                            | 0.1005                                         | 0.0004                                            | 0.0885                                  | 0.0000                                                       |
| 28.00 | 0.0056                                                                      | 0.0030                                                   | 0.0085                                      | 0.1081                                            | 0.1013                                         | 0.0008                                            | 0.0808                                  | 0.0001                                                       |
| 29.00 | 0.0056                                                                      | 0.0030                                                   | 0.0085                                      | 0.1085                                            | 0.1017                                         | 0.0003                                            | 0.0738                                  | 0.0000                                                       |
| 30.00 | 0.0056                                                                      | 0.0030                                                   | 0.0085                                      | 0.1088                                            | 0.1020                                         | 0.0003                                            | 0.0674                                  | 0.0000                                                       |
| 31.00 | 0.0048                                                                      | 0.0025                                                   | 0.0073                                      | 0.1091                                            | 0.1027                                         | 0.0007                                            | 0.0615                                  | 0.0000                                                       |
| 32.00 | 0.0035                                                                      | 0.0019                                                   | 0.0054                                      | 0.1094                                            | 0.1036                                         | 0.0009                                            | 0.0562                                  | 0.0001                                                       |
| 33.00 | 0.0023                                                                      | 0.0012                                                   | 0.0035                                      | 0.1095                                            | 0.1045                                         | 0.0008                                            | 0.0513                                  | 0.0000                                                       |
| 34.00 | 0.0011                                                                      | 0.0006                                                   | 0.0017                                      | 0.1096                                            | 0.1052                                         | 0.0007                                            | 0.0468                                  | 0.0000                                                       |
| 35.00 | -                                                                           | -                                                        | -                                           | 0.1097                                            | 0.1058                                         | 0.0006                                            | 0.0428                                  | 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



# INDIANA

## EXHIBIT II

### Section H - Internal Rate of Return Analysis

#### APPENDIX A: CALCULATION OF WEIGHTED AVERAGE COST OF CAPITAL AND RETURN ON INVESTMENTS

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

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

|                                               | Static | IRR Model Time (yrs) |        |        |
|-----------------------------------------------|--------|----------------------|--------|--------|
|                                               |        | 1.00                 | 2.00   | 5.00   |
| (1) 5 year US T-note Yield                    | 3.80%  | 3.81%                | 3.59%  | 3.61%  |
| (2) US Equity Market Risk Premium             | 7.92%  |                      |        |        |
| (3) Beta for Property/Casualty (P/C) Insurers | 0.89   |                      |        |        |
| (4) Equity Cost of Capital for P/C Insurers   | 10.85% | 10.85%               | 10.64% | 10.66% |
| (5) Share of Equity Capital for P/C Insurers  | 85%    |                      |        |        |
| (6) Debt Cost of Capital for P/C Insurers     | 4.00%  | 4.15%                | 4.15%  | 4.26%  |
| (7) Weighted Average Cost of Capital (WACC)   | 9.82%  | 9.85%                | 9.67%  | 9.70%  |

#### 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)]



**INDIANA**  
**EXHIBIT II**  
**Section H - Internal Rate of Return Analysis**

**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                                 | 72.9%                |                                      |                  |                 |                      |              |              |              |
| Government Direct Obligations                   | 7.0%                 |                                      |                  |                 |                      |              |              |              |
| < 1yr                                           | 2.5%                 | 6 mo US T-bill                       | 0.50 yrs         | 21.00%          | 3.94%                | 3.22%        | 2.48%        | 2.06%        |
| 1 – 5 yrs                                       | 2.8%                 | 2.5 yr US T-note                     | 2.50 yrs         | 21.00%          | 3.33%                | 3.28%        | 3.28%        | 2.58%        |
| 5 – 10 yrs                                      | 1.1%                 | 7.5 yr US T-note                     | 7.50 yrs         | 21.00%          | 2.94%                | 3.16%        | 3.16%        | 3.16%        |
| 10 – 20 yrs                                     | 0.2%                 | 15 yr US T-note                      | 15.00 yrs        | 21.00%          | 2.98%                | 3.26%        | 3.26%        | 3.26%        |
| > 20 yrs                                        | 0.3%                 | 20 yr US T-note                      | 20.00 yrs        | 21.00%          | 3.08%                | 3.42%        | 3.42%        | 3.42%        |
| Collateralized Securities                       | 7.6%                 |                                      |                  |                 |                      |              |              |              |
| < 1yr                                           | 1.2%                 | 6 mo US T-bill + 50 basis points     | 0.50 yrs         | 21.00%          | 4.33%                | 3.62%        | 2.87%        | 2.46%        |
| 1 – 5 yrs                                       | 3.1%                 | 2.5 yr US T-note + 50 basis points   | 2.50 yrs         | 21.00%          | 3.72%                | 3.67%        | 3.67%        | 2.98%        |
| 5 – 10 yrs                                      | 2.1%                 | 7.5 yr US T-note + 50 basis points   | 7.50 yrs         | 21.00%          | 3.34%                | 3.55%        | 3.55%        | 3.55%        |
| 10 – 20 yrs                                     | 0.9%                 | 15 yr US T-note + 50 basis points    | 15.00 yrs        | 21.00%          | 3.38%                | 3.65%        | 3.65%        | 3.65%        |
| > 20 yrs                                        | 0.2%                 | 20 yr US T-note + 50 basis points    | 20.00 yrs        | 21.00%          | 3.48%                | 3.81%        | 3.81%        | 3.81%        |
| Tax-exempt Bonds                                | 18.2%                |                                      |                  |                 |                      |              |              |              |
| < 1yr                                           | 1.4%                 | 6 mo US T-bill + Tax-exempt spread   | 0.50 yrs         | 5.25%           | 4.83%                | 3.97%        | 3.08%        | 2.58%        |
| 1 – 5 yrs                                       | 5.6%                 | 2.5 yr US T-note + Tax-exempt spread | 2.50 yrs         | 5.25%           | 4.15%                | 4.09%        | 4.09%        | 3.26%        |
| 5 – 10 yrs                                      | 4.5%                 | 7.5 yr US T-note + Tax-exempt spread | 7.50 yrs         | 5.25%           | 3.70%                | 3.96%        | 3.96%        | 3.96%        |
| 10 – 20 yrs                                     | 5.3%                 | 15 yr US T-note + Tax-exempt spread  | 15.00 yrs        | 5.25%           | 3.86%                | 4.19%        | 4.19%        | 4.19%        |
| > 20 yrs                                        | 1.5%                 | 20 yr US T-note + Tax-exempt spread  | 20.00 yrs        | 5.25%           | 4.07%                | 4.47%        | 4.47%        | 4.47%        |
| Industrial and Hybrid Securities (unaffiliated) | 39.8%                |                                      |                  |                 |                      |              |              |              |
| < 1yr                                           | 4.6%                 | 6 mo US T-bill + Corp spread         | 0.50 yrs         | 21.00%          | 4.43%                | 3.71%        | 2.97%        | 2.55%        |
| 1 – 5 yrs                                       | 17.6%                | 2.5 yr US T-note + Corp spread       | 2.50 yrs         | 21.00%          | 4.05%                | 4.01%        | 4.01%        | 3.30%        |
| 5 – 10 yrs                                      | 13.6%                | 7.5 yr US T-note + Corp spread       | 7.50 yrs         | 21.00%          | 4.00%                | 4.21%        | 4.21%        | 4.21%        |
| 10 – 20 yrs                                     | 2.4%                 | 15 yr US T-note + Corp spread        | 15.00 yrs        | 21.00%          | 4.16%                | 4.43%        | 4.43%        | 4.43%        |
| > 20 yrs                                        | 1.7%                 | 20 yr US T-note + Corp spread        | 20.00 yrs        | 21.00%          | 4.28%                | 4.59%        | 4.59%        | 4.59%        |
| Industrial and Hybrid Securities (affiliated)   | 0.3%                 |                                      |                  |                 |                      |              |              |              |
| < 1yr                                           | 0.1%                 | 6 mo US T-bill + Corp spread         | 0.50 yrs         | 5.25%           | 5.31%                | 4.45%        | 3.56%        | 3.06%        |
| 1 – 5 yrs                                       | 0.2%                 | 2.5 yr US T-note + Corp spread       | 2.50 yrs         | 5.25%           | 4.86%                | 4.80%        | 4.80%        | 3.96%        |
| 5 – 10 yrs                                      | 0.0%                 | 7.5 yr US T-note + Corp spread       | 7.50 yrs         | 5.25%           | 4.79%                | 5.05%        | 5.05%        | 5.05%        |
| 10 – 20 yrs                                     | 0.0%                 | 15 yr US T-note + Corp spread        | 15.00 yrs        | 5.25%           | 4.99%                | 5.31%        | 5.31%        | 5.31%        |
| > 20 yrs                                        | 0.0%                 | 20 yr US T-note + Corp spread        | 20.00 yrs        | 5.25%           | 5.13%                | 5.51%        | 5.51%        | 5.51%        |
| Stocks, of which                                | 11.9%                |                                      |                  |                 |                      |              |              |              |
| Preferred Stock                                 | 0.5%                 | 5 year US T-note + 396 basis points  | 0.25 yrs         | 13.13%          | 6.74%                | 6.75%        | 6.56%        | 6.58%        |
| Common Stock                                    | 11.4%                | 5 year US T-note + 792 basis points  | 0.25 yrs         | 18.40%          | 9.57%                | 9.57%        | 9.40%        | 9.41%        |
| Mortgage Loans                                  | 2.6%                 |                                      |                  |                 |                      |              |              |              |
| Real Estate                                     | 0.5%                 |                                      |                  |                 |                      |              |              |              |
| Cash & Short-Term Investment                    | 5.0%                 | 3 month US T-bill                    | 0.25 yrs         | 21.00%          | 3.84%                | 2.99%        | 2.22%        | 1.94%        |
| All Other Assets*                               | 7.1%                 |                                      |                  |                 |                      |              |              |              |
| Post-Tax Return on Invested Funds, pre-Expense: |                      |                                      |                  |                 | 4.69%                | 4.64%        | 4.49%        | 4.20%        |
| Investment Expense**:                           |                      |                                      |                  |                 | -0.17%               | -0.17%       | -0.17%       | -0.17%       |
| Post-Tax Return on Invested Funds:              |                      |                                      |                  |                 | <b>4.51%</b>         | <b>4.47%</b> | <b>4.32%</b> | <b>4.02%</b> |

**Table Notes:**

- (1) 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.
- (2) Bond and total portfolio distributions are 3-year averages for 2019-2021, 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 2019-2021, 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.
- (3) 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.
- (4) 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.
- (5) It is assumed that investment returns, except dividends and tax exempt municipal bond income, are taxed at 21%.  
It is assumed that 50% of dividends received are tax exempt. In accordance with the "pro-rata" provision, it is assumed that 25% of otherwise exempt municipal bond income and dividends are taxed at 21%. For common stock, the portion of income attributable to capital appreciation is assumed to equal 66.9% while the income portion is 33.1%. The percentages are obtained from Kroll, LLC  
S&P Summary Statistics of Annual Returns: large cap stocks, arithmetic mean.
- (6) Static estimates of US Treasury yields are constant maturity yields from the first quarter of 2023.
- (7)-(9) Applies only to the dynamic estimate of the return on invested funds. Forward estimates of US Treasury yields at various maturities are from Moody's.

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

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

Total investment expense for 2021 is from the Annual Statement, Exhibit of Net Investment Income.

Average cash and invested assets for 2020 and 2021 are from Best's Aggregates and Averages (Property-Casualty), Assets for Commercial Casualty Composite.





# INDIANA

## EXHIBIT II

### Section H - Internal Rate of Return Analysis

#### APPENDIX B: FEDERAL INCOME TAX INCURRED FROM INSURANCE OPERATIONS

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 B.1: FEDERAL INCOME TAX CALCULATION (STATIC ESTIMATE)

| Time  | (1)<br>Written<br>Premium<br>Factor | (2)<br>Unearned<br>Premium<br>Factor | (3)<br>Expense<br>and Taxes<br>Factor | (4)<br>Discount<br>Factor | (5)<br>Paid<br>Losses<br>and LAE<br>Factor | (6)<br>AY1 Paid<br>Losses<br>and LAE<br>Factor | (7)<br>AY2 Paid<br>Losses<br>and LAE<br>Factor | (8)<br>Discounted<br>AY1 Unpaid<br>Losses & LAE<br>Factor | (9)<br>Discounted<br>AY2 Unpaid<br>Losses & LAE<br>Factor | (10)<br>Federal<br>Income<br>Tax<br>Factor |
|-------|-------------------------------------|--------------------------------------|---------------------------------------|---------------------------|--------------------------------------------|------------------------------------------------|------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------|
| 0.00  | -                                   | -                                    | -                                     | -                         | -                                          | -                                              | -                                              | -                                                         | -                                                         | -                                          |
| 1.00  | 1.0000                              | 0.4753                               | 0.1579                                | 0.8973                    | 0.1277                                     | 0.1277                                         | -                                              | 0.2458                                                    | -                                                         | 0.0186                                     |
| 2.00  | 1.0000                              | -                                    | 0.2070                                | 0.8836                    | 0.4948                                     | 0.3072                                         | 0.1875                                         | 0.0834                                                    | 0.1921                                                    | 0.0048                                     |
| 3.00  | 1.0000                              | -                                    | 0.2070                                | 0.8782                    | 0.6466                                     | 0.3313                                         | 0.3153                                         | 0.0617                                                    | 0.0763                                                    | 0.0018                                     |
| 4.00  | 1.0000                              | -                                    | 0.2070                                | 0.8738                    | 0.7044                                     | 0.3626                                         | 0.3418                                         | 0.0340                                                    | 0.0525                                                    | 0.0004                                     |
| 5.00  | 1.0000                              | -                                    | 0.2070                                | 0.8766                    | 0.7325                                     | 0.3681                                         | 0.3645                                         | 0.0294                                                    | 0.0325                                                    | (0.0003)                                   |
| 6.00  | 1.0000                              | -                                    | 0.2070                                | 0.8711                    | 0.7574                                     | 0.3840                                         | 0.3734                                         | 0.0153                                                    | 0.0247                                                    | (0.0009)                                   |
| 7.00  | 1.0000                              | -                                    | 0.2070                                | 0.8766                    | 0.7663                                     | 0.3827                                         | 0.3836                                         | 0.0166                                                    | 0.0157                                                    | (0.0012)                                   |
| 8.00  | 1.0000                              | -                                    | 0.2070                                | 0.8905                    | 0.7711                                     | 0.3870                                         | 0.3841                                         | 0.0130                                                    | 0.0153                                                    | (0.0014)                                   |
| 9.00  | 1.0000                              | -                                    | 0.2070                                | 0.9036                    | 0.7743                                     | 0.3872                                         | 0.3871                                         | 0.0130                                                    | 0.0130                                                    | (0.0015)                                   |
| 10.00 | 1.0000                              | -                                    | 0.2070                                | 0.9121                    | 0.7759                                     | 0.3883                                         | 0.3876                                         | 0.0121                                                    | 0.0127                                                    | (0.0016)                                   |
| 11.00 | 1.0000                              | -                                    | 0.2070                                | 0.9239                    | 0.7799                                     | 0.3908                                         | 0.3891                                         | 0.0100                                                    | 0.0114                                                    | (0.0017)                                   |
| 12.00 | 1.0000                              | -                                    | 0.2070                                | 0.9360                    | 0.7807                                     | 0.3901                                         | 0.3906                                         | 0.0107                                                    | 0.0102                                                    | (0.0018)                                   |
| 13.00 | 1.0000                              | -                                    | 0.2070                                | 0.9482                    | 0.7807                                     | 0.3905                                         | 0.3903                                         | 0.0106                                                    | 0.0106                                                    | (0.0019)                                   |
| 14.00 | 1.0000                              | -                                    | 0.2070                                | 0.9606                    | 0.7831                                     | 0.3921                                         | 0.3910                                         | 0.0091                                                    | 0.0100                                                    | (0.0020)                                   |
| 15.00 | 1.0000                              | -                                    | 0.2070                                | 0.9732                    | 0.7847                                     | 0.3925                                         | 0.3922                                         | 0.0089                                                    | 0.0090                                                    | (0.0020)                                   |
| 16.00 | 1.0000                              | -                                    | 0.2070                                | 0.9859                    | 0.7855                                     | 0.3929                                         | 0.3926                                         | 0.0086                                                    | 0.0087                                                    | (0.0021)                                   |
| 17.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7855                                     | 0.3927                                         | 0.3928                                         | 0.0088                                                    | 0.0086                                                    | (0.0021)                                   |
| 18.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7855                                     | 0.3928                                         | 0.3927                                         | 0.0087                                                    | 0.0088                                                    | (0.0021)                                   |
| 19.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7896                                     | 0.3958                                         | 0.3938                                         | 0.0058                                                    | 0.0077                                                    | (0.0021)                                   |
| 20.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7904                                     | 0.3949                                         | 0.3955                                         | 0.0066                                                    | 0.0061                                                    | (0.0021)                                   |
| 21.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7904                                     | 0.3953                                         | 0.3950                                         | 0.0062                                                    | 0.0065                                                    | (0.0021)                                   |
| 22.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7912                                     | 0.3957                                         | 0.3955                                         | 0.0058                                                    | 0.0061                                                    | (0.0021)                                   |
| 23.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7928                                     | 0.3967                                         | 0.3960                                         | 0.0048                                                    | 0.0055                                                    | (0.0021)                                   |
| 24.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7928                                     | 0.3962                                         | 0.3966                                         | 0.0053                                                    | 0.0050                                                    | (0.0021)                                   |
| 25.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7952                                     | 0.3983                                         | 0.3969                                         | 0.0033                                                    | 0.0046                                                    | (0.0021)                                   |
| 26.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7968                                     | 0.3984                                         | 0.3983                                         | 0.0031                                                    | 0.0032                                                    | (0.0021)                                   |
| 27.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7968                                     | 0.3984                                         | 0.3984                                         | 0.0032                                                    | 0.0031                                                    | (0.0021)                                   |
| 28.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7976                                     | 0.3990                                         | 0.3986                                         | 0.0026                                                    | 0.0030                                                    | (0.0021)                                   |
| 29.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7976                                     | 0.3987                                         | 0.3989                                         | 0.0029                                                    | 0.0027                                                    | (0.0021)                                   |
| 30.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7976                                     | 0.3988                                         | 0.3987                                         | 0.0027                                                    | 0.0028                                                    | (0.0021)                                   |
| 31.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7984                                     | 0.3994                                         | 0.3990                                         | 0.0022                                                    | 0.0025                                                    | (0.0021)                                   |
| 32.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7997                                     | 0.4001                                         | 0.3996                                         | 0.0015                                                    | 0.0020                                                    | (0.0021)                                   |
| 33.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.8009                                     | 0.4006                                         | 0.4003                                         | 0.0009                                                    | 0.0013                                                    | (0.0021)                                   |
| 34.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.8021                                     | 0.4012                                         | 0.4008                                         | 0.0004                                                    | 0.0007                                                    | (0.0021)                                   |
| 35.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.8032                                     | 0.4016                                         | 0.4016                                         | -                                                         | -                                                         | (0.0021)                                   |

#### Column Notes:

- (1) is Written Premium by time period, expressed as a factor, = Table 2 col (3)
- (2) is Written Premium minus Earned Premium by time period, expressed as a factor, = Table 2 col (3) - Table 2 col (2)
- (3) is Expenses and Taxes by time period, expressed as a factor, = Table 1 row (1) x Table 2 col (4)
- (4) is from Internal Revenue Bulletin, 2023-03, Rev. Proc. 2023-10, dated January 17, 2023
- (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,  
= [col (6, Time 35) - (6)] x (4)
- (9) is the discounted difference between AY2 Losses and LAE that will ultimately be paid, and the amount already paid,  
= [col (7, Time 35) - (7)] x 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)] }





# INDIANA

## EXHIBIT II

### Section H - Internal Rate of Return Analysis

#### APPENDIX B: FEDERAL INCOME TAX INCURRED FROM INSURANCE OPERATIONS (CONTINUED)

TABLE B.2: FEDERAL INCOME TAX CALCULATION (DYNAMIC ESTIMATE)

| Time  | (1)<br>Written<br>Premium<br>Factor | (2)<br>Unearned<br>Premium<br>Factor | (3)<br>Expense<br>and Taxes<br>Factor | (4)<br>Discount<br>Factor | (5)<br>Paid<br>Losses<br>and LAE<br>Factor | (6)<br>AY1 Paid<br>Losses<br>and LAE<br>Factor | (7)<br>AY2 Paid<br>Losses<br>and LAE<br>Factor | (8)<br>Discounted<br>AY1 Unpaid<br>Losses & LAE<br>Factor | (9)<br>Discounted<br>AY2 Unpaid<br>Losses & LAE<br>Factor | (10)<br>Federal<br>Income<br>Tax<br>Factor |
|-------|-------------------------------------|--------------------------------------|---------------------------------------|---------------------------|--------------------------------------------|------------------------------------------------|------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------|
| 0.00  | -                                   | -                                    | -                                     | -                         | -                                          | -                                              | -                                              | -                                                         | -                                                         | -                                          |
| 1.00  | 1.0000                              | 0.4753                               | 0.1579                                | 0.8973                    | 0.1269                                     | 0.1269                                         | -                                              | 0.2441                                                    | -                                                         | 0.0191                                     |
| 2.00  | 1.0000                              | -                                    | 0.2070                                | 0.8836                    | 0.4915                                     | 0.3052                                         | 0.1863                                         | 0.0828                                                    | 0.1908                                                    | 0.0059                                     |
| 3.00  | 1.0000                              | -                                    | 0.2070                                | 0.8782                    | 0.6423                                     | 0.3291                                         | 0.3132                                         | 0.0613                                                    | 0.0758                                                    | 0.0029                                     |
| 4.00  | 1.0000                              | -                                    | 0.2070                                | 0.8738                    | 0.6997                                     | 0.3602                                         | 0.3395                                         | 0.0338                                                    | 0.0522                                                    | 0.0015                                     |
| 5.00  | 1.0000                              | -                                    | 0.2070                                | 0.8766                    | 0.7277                                     | 0.3656                                         | 0.3620                                         | 0.0292                                                    | 0.0322                                                    | 0.0008                                     |
| 6.00  | 1.0000                              | -                                    | 0.2070                                | 0.8711                    | 0.7524                                     | 0.3815                                         | 0.3709                                         | 0.0152                                                    | 0.0246                                                    | 0.0002                                     |
| 7.00  | 1.0000                              | -                                    | 0.2070                                | 0.8766                    | 0.7612                                     | 0.3801                                         | 0.3810                                         | 0.0165                                                    | 0.0156                                                    | (0.0001)                                   |
| 8.00  | 1.0000                              | -                                    | 0.2070                                | 0.8905                    | 0.7660                                     | 0.3844                                         | 0.3816                                         | 0.0129                                                    | 0.0152                                                    | (0.0002)                                   |
| 9.00  | 1.0000                              | -                                    | 0.2070                                | 0.9036                    | 0.7692                                     | 0.3847                                         | 0.3845                                         | 0.0129                                                    | 0.0129                                                    | (0.0004)                                   |
| 10.00 | 1.0000                              | -                                    | 0.2070                                | 0.9121                    | 0.7708                                     | 0.3857                                         | 0.3850                                         | 0.0120                                                    | 0.0126                                                    | (0.0005)                                   |
| 11.00 | 1.0000                              | -                                    | 0.2070                                | 0.9239                    | 0.7747                                     | 0.3882                                         | 0.3866                                         | 0.0099                                                    | 0.0113                                                    | (0.0006)                                   |
| 12.00 | 1.0000                              | -                                    | 0.2070                                | 0.9360                    | 0.7755                                     | 0.3876                                         | 0.3880                                         | 0.0107                                                    | 0.0101                                                    | (0.0007)                                   |
| 13.00 | 1.0000                              | -                                    | 0.2070                                | 0.9482                    | 0.7755                                     | 0.3879                                         | 0.3877                                         | 0.0105                                                    | 0.0106                                                    | (0.0008)                                   |
| 14.00 | 1.0000                              | -                                    | 0.2070                                | 0.9606                    | 0.7779                                     | 0.3895                                         | 0.3884                                         | 0.0091                                                    | 0.0100                                                    | (0.0008)                                   |
| 15.00 | 1.0000                              | -                                    | 0.2070                                | 0.9732                    | 0.7795                                     | 0.3899                                         | 0.3896                                         | 0.0088                                                    | 0.0089                                                    | (0.0009)                                   |
| 16.00 | 1.0000                              | -                                    | 0.2070                                | 0.9859                    | 0.7803                                     | 0.3903                                         | 0.3900                                         | 0.0085                                                    | 0.0087                                                    | (0.0010)                                   |
| 17.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7803                                     | 0.3901                                         | 0.3902                                         | 0.0087                                                    | 0.0086                                                    | (0.0010)                                   |
| 18.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7803                                     | 0.3902                                         | 0.3901                                         | 0.0086                                                    | 0.0087                                                    | (0.0010)                                   |
| 19.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7843                                     | 0.3931                                         | 0.3912                                         | 0.0057                                                    | 0.0077                                                    | (0.0010)                                   |
| 20.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7851                                     | 0.3923                                         | 0.3929                                         | 0.0066                                                    | 0.0060                                                    | (0.0010)                                   |
| 21.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7851                                     | 0.3927                                         | 0.3924                                         | 0.0062                                                    | 0.0064                                                    | (0.0010)                                   |
| 22.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7859                                     | 0.3931                                         | 0.3928                                         | 0.0058                                                    | 0.0060                                                    | (0.0010)                                   |
| 23.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7875                                     | 0.3941                                         | 0.3934                                         | 0.0048                                                    | 0.0054                                                    | (0.0010)                                   |
| 24.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7875                                     | 0.3936                                         | 0.3939                                         | 0.0053                                                    | 0.0050                                                    | (0.0010)                                   |
| 25.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7899                                     | 0.3956                                         | 0.3943                                         | 0.0033                                                    | 0.0046                                                    | (0.0010)                                   |
| 26.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7915                                     | 0.3958                                         | 0.3957                                         | 0.0031                                                    | 0.0032                                                    | (0.0010)                                   |
| 27.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7915                                     | 0.3957                                         | 0.3958                                         | 0.0032                                                    | 0.0031                                                    | (0.0010)                                   |
| 28.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7923                                     | 0.3964                                         | 0.3959                                         | 0.0025                                                    | 0.0030                                                    | (0.0010)                                   |
| 29.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7923                                     | 0.3960                                         | 0.3963                                         | 0.0029                                                    | 0.0027                                                    | (0.0010)                                   |
| 30.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7923                                     | 0.3962                                         | 0.3961                                         | 0.0027                                                    | 0.0028                                                    | (0.0010)                                   |
| 31.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7931                                     | 0.3967                                         | 0.3964                                         | 0.0022                                                    | 0.0025                                                    | (0.0010)                                   |
| 32.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7944                                     | 0.3974                                         | 0.3970                                         | 0.0015                                                    | 0.0020                                                    | (0.0010)                                   |
| 33.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7956                                     | 0.3980                                         | 0.3976                                         | 0.0009                                                    | 0.0013                                                    | (0.0010)                                   |
| 34.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7968                                     | 0.3986                                         | 0.3982                                         | 0.0004                                                    | 0.0007                                                    | (0.0010)                                   |
| 35.00 | 1.0000                              | -                                    | 0.2070                                | 0.9868                    | 0.7979                                     | 0.3989                                         | 0.3989                                         | -                                                         | -                                                         | (0.0010)                                   |

#### Column Notes:

- (1) is Written Premium by time period, expressed as a factor, = Table 2 col (3)
- (2) is Written Premium minus Earned Premium by time period, expressed as a factor, = Table 2 col (3) - Table 2 col (2)
- (3) is Expenses and Taxes by time period, expressed as a factor, = Table 1 row (1) x Table 2 col (4)
- (4) is from Internal Revenue Bulletin, 2023-03, Rev. Proc. 2023-10, dated January 17, 2023
- (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,  

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

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

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



INDIANA

EXHIBIT II

Section H - Internal Rate of Return Analysis

APPENDIX C: RESERVE-TO-SURPLUS RATIO

in 000's

|             | (1)              | (2)                                  | (3)                 | (4)                     | (5)                                                             | (6)                                                                 |
|-------------|------------------|--------------------------------------|---------------------|-------------------------|-----------------------------------------------------------------|---------------------------------------------------------------------|
| Year<br>End | Unpaid<br>Losses | Unpaid Loss<br>Adjustment<br>Expense | Unearned<br>Premium | Policyholder<br>Surplus | Ratio excl.<br>Unearned<br>Premium<br>$\frac{\{(1)+(2)\}}{(4)}$ | Ratio incl.<br>Unearned<br>Premium<br>$\frac{\{(1)+(2)+(3)\}}{(4)}$ |
| 2021        | 228,459,570      | 48,775,145                           | 98,954,979          | 199,495,575             | 1.39                                                            | 1.89                                                                |
| 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                                                                |
| 2017 - 2021 | 1,036,511,747    | 226,924,196                          | 440,228,410         | 902,849,555             | 1.40                                                            | 1.89                                                                |

Selected Ratio including Unearned Premium: 1.89

Source: Columns (1) - (4) for the latest year are taken from Liabilities, Surplus and Other Funds in Best's 2022 Aggregates & Averages, for Commercial Casualty Composite.



## INDIANA

### EXHIBIT II

#### Section I - Table of Premium Discounts

| <u>Division of Standard Premium</u> |             | <u>Type A<br/>Discounts</u> | <u>Type B<br/>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.



# INDIANA

## EXHIBIT II

### Section J - Average Expense Provisions

Reproduced below are the graduated expense provisions by policy size.

#### Gradation of Standard Premium

| Division of Premium                                                             |             | Expense Gradations |         |           |
|---------------------------------------------------------------------------------|-------------|--------------------|---------|-----------|
|                                                                                 |             | Production*        | General | Discounts |
| First                                                                           | \$10,000    | 18.3%              | 6.1%    | ---       |
| Next                                                                            | \$190,000   | 10.8%              | 5.1%    | 9.1%      |
| Next                                                                            | \$1,550,000 | 9.3%               | 4.5%    | 11.3%     |
| Over                                                                            | \$1,750,000 | 9.3%               | 3.6%    | 12.3%     |
| Proposed Average:                                                               |             | 11.7%              | 4.9%    |           |
| Proposed Average Expense Gradation:<br>(Expense for 1st \$10,000 - Avg Expense) |             | 6.6%               | 1.2%    |           |

Average Premium Discount:

$$[Avg\ Exp\ Grad] / [1 - Taxes - P\&C] = [6.6\% + 1.2\%] / [1 - 1.7\% - 0.5\%] = 8.0\%$$

#### Composition of Standard Premium:

|                          |                    |                |               |              |                                                                 |                                                           |
|--------------------------|--------------------|----------------|---------------|--------------|-----------------------------------------------------------------|-----------------------------------------------------------|
| Benefit & Loss Adj. Cost | Production (18.3%) | General (6.1%) | Profit (0.5%) | Taxes (1.7%) | } Premium After Discounts (92.1%)                               | } Standard Premium -- Excluding Expense Constant (100.0%) |
| 73.4%                    | 11.7%              | 4.9%           | 0.5%          | 1.6%         |                                                                 |                                                           |
|                          | 6.6%               | 1.2%           | 0.0%          | 0.1%         |                                                                 |                                                           |
|                          |                    |                |               |              | } -- Discount (7.9%)                                            |                                                           |
|                          |                    |                |               |              | } -- Premium from \$160 expense constant. (1.1% = 1/0.989 - 1)^ |                                                           |

#### Notes

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

^ The 0.989 offset is for the \$160 expense constant.



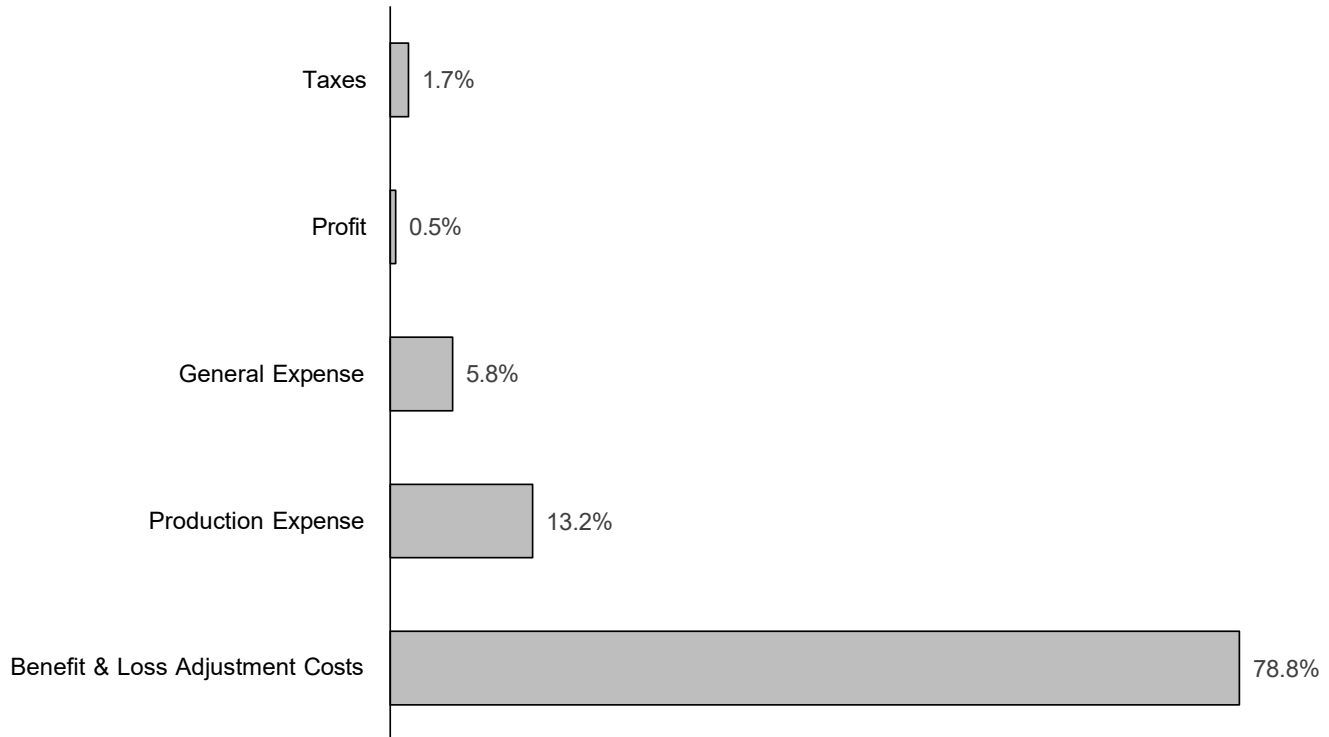
## INDIANA

### 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 | 78.8%         | = | (73.4%) / 93.2%        |
| Production Expense              | 13.2%         | = | (11.7% + 0.6%) / 93.2% |
| General Expense                 | 5.8%          | = | (4.9% + 0.5%) / 93.2%  |
| Profit                          | 0.5%          | = | (0.5% + 0.0%) / 93.2%  |
| Taxes                           | <u>1.7%</u>   | = | (1.6% + 0.0%) / 93.2%  |
| <b>Total</b>                    | <b>100.0%</b> |   |                        |



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### 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 expected during the proposed filing effective period. Additional details on this adjustment factor are provided in the sub-section below.
- 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.

##### Experience Rating Off-Balance Adjustment Factor

The term “off-balance” refers to the average experience rating modification factor (E-mod) across all employers for a given time period. Historical off-balance values are calculated as a weighted average—using expected losses as weights—of the following:

- E-mods for intrastate rated employers
- E-mods for interstate rated employers
- A unity factor for all non-rated employers

NCCI reviews changes in each state’s average off-balance annually. The historical data review combined with the experience rating parameters included in the latest approved filing provide all necessary information to adjust historical premiums to reflect any changes in the off-balance values



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Appendix A – Factors Underlying the Proposed Rate Level Change

over time. Specifically, the premiums in the financial data experience period are adjusted to the off-balance expected in the proposed filing period. This adjustment can be seen in the premium on-level adjustment factors provided in Appendix A-I.

The key components used to estimate the off-balance for the proposed filing include:

- A targeted off-balance of 0.960 for all intrastate rated employers. A targeted intrastate E-mod slightly below unity is desirable because employers who qualify for experience rating typically have better loss experience, on average, than non-rated employers. The choice of an intrastate target is premium-neutral on a statewide basis while promoting rate adequacy for non-rated employers.
- The average E-mod for interstate rated employers is estimated based on the E-mod experience rating data for all interstate rated employers compiled within the most recent twelve months. Unlike intrastate rated employers, interstate employers have exposure in multiple states, where each state's data and underlying experience rating parameters are used to determine the employer's interstate E-mod. Because E-mods for interstate employers are influenced by experience rating values for multiple states, NCCI's standard approach is to assume that the interstate off-balance during the proposed filing period is best approximated by the interstate off-balance observed over the most recent twelve months of E-mod data available at the time of the analysis.



# INDIANA

## APPENDIX A-I

### Determination of Policy Year On-level Factors

#### Section A - Factor Adjusting 2021 Policy Year Assigned Risk Premium to Present Assigned Risk Level

|             | (1)                     | (2)                 | (3)    | (4)                | (5)                                             | (6)                                          | (7)                            | (8)                                            |
|-------------|-------------------------|---------------------|--------|--------------------|-------------------------------------------------|----------------------------------------------|--------------------------------|------------------------------------------------|
|             | Rate<br>Level<br>Change | Cumulative<br>Index | Weight | Product<br>(2)x(3) | Adj. Factor<br>Present Index/<br>Sum Column (4) | Adj. For<br>Expense<br>Constant<br>Removal @ | Adj. For<br>Expense<br>Removal | Premium<br>Adjustment<br>Factor<br>(5)x(6)x(7) |
| Date        |                         |                     |        |                    |                                                 |                                              |                                |                                                |
| NR 01/01/21 | Base                    | 1.000               | 1.000  | 1.000              | 0.897                                           | 0.967                                        | 0.616                          | 0.534                                          |
| NR 01/01/22 | 1.000                   | 1.000               |        |                    |                                                 |                                              |                                |                                                |
| NR 01/01/23 | 0.897                   | 0.897               |        |                    |                                                 |                                              |                                |                                                |
|             |                         |                     |        | <u>1.000</u>       |                                                 |                                              |                                |                                                |

#### Section B - Factor Adjusting 2021 Policy Year Voluntary Premium to Present Voluntary Level

|             | (1)                     | (2)                 | (3)    | (4)                | (5)                                             | (6)                                          | (7)                            | (8)                                            |
|-------------|-------------------------|---------------------|--------|--------------------|-------------------------------------------------|----------------------------------------------|--------------------------------|------------------------------------------------|
|             | Rate<br>Level<br>Change | Cumulative<br>Index | Weight | Product<br>(2)x(3) | Adj. Factor<br>Present Index/<br>Sum Column (4) | Adj. For<br>Expense<br>Constant<br>Removal @ | Adj. For<br>Expense<br>Removal | Premium<br>Adjustment<br>Factor<br>(5)x(6)x(7) |
| Date        |                         |                     |        |                    |                                                 |                                              |                                |                                                |
| NR 01/01/21 | Base                    | 1.000               | 1.000  | 1.000              | 0.897                                           | 0.982                                        | 0.616                          | 0.543                                          |
| NR 01/01/22 | 1.000                   | 1.000               |        |                    |                                                 |                                              |                                |                                                |
| NR 01/01/23 | 0.897                   | 0.897               |        |                    |                                                 |                                              |                                |                                                |
|             |                         |                     |        | <u>1.000</u>       |                                                 |                                              |                                |                                                |

#### Section C - Factor Adjusting 2021 Policy Year Assigned Risk Premium and Voluntary Premium to Present Statewide Level

|                                                                   |       |
|-------------------------------------------------------------------|-------|
| (1) Assigned Risk Market Share PY 2021                            | 0.065 |
| (2) Voluntary Market Share PY 2021                                | 0.935 |
| (3) Assigned Risk Standard Premium Adjustment Factor (See Sec. A) | 0.534 |
| (4) Voluntary Standard Premium Adjustment Factor (See Sec. B)     | 0.543 |
| (5) Premium Adjustment Factor = [(1)x(3)]/1.174+(2)x(4) #         | 0.538 |
| (6) Experience Rating Off-balance Adjustment Factor*              | 1.000 |
| (7) Final Premium Adjustment Factor = (5)x(6)                     | 0.538 |

NR New and renewal business.

@ Eliminates premium derived from expense constants.

# Current premium index (assigned risk-to-voluntary) = 1.174

\* = 1.000 = 0.956 / 0.956 = (Targeted Off-balance) / (Off-balance for Policy Year 2021)





# INDIANA

## APPENDIX A-I

### Determination of Policy Year On-level Factors

#### Section D - Factor Adjusting 2021 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) |
| 01/01/21 | Base                 | 1.000            | 0.344  | 0.344           | 1.016                                     |
| 10/01/21 | 1.000                | 1.000            | 0.231  | 0.231           |                                           |
| 01/01/22 | 1.000                | 1.000            | 0.425  | 0.425           |                                           |
| 01/01/23 | 1.000                | 1.000            |        |                 |                                           |
| 07/01/23 | 1.016                | 1.016            |        |                 |                                           |
|          |                      |                  |        | 1.000           |                                           |

#### Section E - Factor Adjusting 2021 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) |
| 01/01/21 | Base                 | 1.000            | 0.344  | 0.344           | 0.943                                     |
| 10/01/21 | 1.001                | 1.001            | 0.231  | 0.231           |                                           |
| 01/01/22 | 1.001                | 1.002            | 0.425  | 0.426           |                                           |
| 01/01/23 | 0.942                | 0.944            |        |                 |                                           |
| 07/01/23 | 1.000                | 0.944            |        |                 |                                           |
|          |                      |                  |        | 1.001           |                                           |



## INDIANA

### APPENDIX A-I

#### Determination of Policy Year On-level Factors

##### Section F - Factor Adjusting 2020 Policy Year Assigned Risk Premium to Present Assigned Risk Level

|             | (1)                     | (2)                 | (3)    | (4)                | (5)                                             | (6)                                          | (7)                            | (8)                                            |
|-------------|-------------------------|---------------------|--------|--------------------|-------------------------------------------------|----------------------------------------------|--------------------------------|------------------------------------------------|
|             | Rate<br>Level<br>Change | Cumulative<br>Index | Weight | Product<br>(2)x(3) | Adj. Factor<br>Present Index/<br>Sum Column (4) | Adj. For<br>Expense<br>Constant<br>Removal @ | Adj. For<br>Expense<br>Removal | Premium<br>Adjustment<br>Factor<br>(5)x(6)x(7) |
| Date        |                         |                     |        |                    |                                                 |                                              |                                |                                                |
| NR 01/01/20 | Base                    | 1.000               | 1.000  | 1.000              | 0.897                                           | 0.966                                        | 0.616                          | 0.534                                          |
| NR 01/01/21 | 1.000                   | 1.000               |        |                    |                                                 |                                              |                                |                                                |
| NR 01/01/22 | 1.000                   | 1.000               |        |                    |                                                 |                                              |                                |                                                |
| NR 01/01/23 | 0.897                   | 0.897               |        |                    |                                                 |                                              |                                |                                                |
|             |                         |                     |        | 1.000              |                                                 |                                              |                                |                                                |

##### Section G - Factor Adjusting 2020 Policy Year Voluntary Premium to Present Voluntary Level

|             | (1)                     | (2)                 | (3)    | (4)                | (5)                                             | (6)                                          | (7)                            | (8)                                            |
|-------------|-------------------------|---------------------|--------|--------------------|-------------------------------------------------|----------------------------------------------|--------------------------------|------------------------------------------------|
|             | Rate<br>Level<br>Change | Cumulative<br>Index | Weight | Product<br>(2)x(3) | Adj. Factor<br>Present Index/<br>Sum Column (4) | Adj. For<br>Expense<br>Constant<br>Removal @ | Adj. For<br>Expense<br>Removal | Premium<br>Adjustment<br>Factor<br>(5)x(6)x(7) |
| Date        |                         |                     |        |                    |                                                 |                                              |                                |                                                |
| NR 01/01/20 | Base                    | 1.000               | 1.000  | 1.000              | 0.897                                           | 0.982                                        | 0.616                          | 0.543                                          |
| NR 01/01/21 | 1.000                   | 1.000               |        |                    |                                                 |                                              |                                |                                                |
| NR 01/01/22 | 1.000                   | 1.000               |        |                    |                                                 |                                              |                                |                                                |
| NR 01/01/23 | 0.897                   | 0.897               |        |                    |                                                 |                                              |                                |                                                |
|             |                         |                     |        | 1.000              |                                                 |                                              |                                |                                                |

##### Section H - 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. F) | 0.534 |
| (4) Voluntary Standard Premium Adjustment Factor (See Sec. G)     | 0.543 |
| (5) Premium Adjustment Factor = [(1)x(3)]/1.174+(2)x(4) #         | 0.538 |
| (6) Experience Rating Off-balance Adjustment Factor*              | 1.001 |
| (7) Final Premium Adjustment Factor = (5)x(6)                     | 0.539 |

NR New and renewal business.

@ Eliminates premium derived from expense constants.

# Current premium index (assigned risk-to-voluntary) = 1.174

\* = 1.001 = 0.956 / 0.955 = (Targeted Off-balance) / (Off-balance for Policy Year 2020)



# INDIANA

## APPENDIX A-I

### Determination of Policy Year On-level Factors

#### Section I - Factor Adjusting 2020 Policy Year Indemnity Losses to Present Benefit Level

|          | (1)                        | (2)                 | (3)    | (4)                | (5)                                             |
|----------|----------------------------|---------------------|--------|--------------------|-------------------------------------------------|
| Date     | Benefit<br>Level<br>Change | Cumulative<br>Index | Weight | Product<br>(2)x(3) | Adj. Factor<br>Present Index/<br>Sum Column (4) |
| 01/01/20 | Base                       | 1.000               | 0.344  | 0.344              | 1.016                                           |
| 10/01/20 | 1.000                      | 1.000               | 0.231  | 0.231              |                                                 |
| 01/01/21 | 1.000                      | 1.000               | 0.406  | 0.406              |                                                 |
| 10/01/21 | 1.000                      | 1.000               | 0.019  | 0.019              |                                                 |
| 01/01/22 | 1.000                      | 1.000               |        |                    |                                                 |
| 01/01/23 | 1.000                      | 1.000               |        |                    |                                                 |
| 07/01/23 | 1.016                      | 1.016               |        |                    |                                                 |
|          |                            |                     |        | <u>1.000</u>       |                                                 |

#### Section J - Factor Adjusting 2020 Policy Year Medical Losses to Present Benefit Level

|          | (1)                        | (2)                 | (3)    | (4)                | (5)                                             |
|----------|----------------------------|---------------------|--------|--------------------|-------------------------------------------------|
| Date     | Benefit<br>Level<br>Change | Cumulative<br>Index | Weight | Product<br>(2)x(3) | Adj. Factor<br>Present Index/<br>Sum Column (4) |
| 01/01/20 | Base                       | 1.000               | 0.344  | 0.344              | 0.947                                           |
| 10/01/20 | 1.002                      | 1.002               | 0.231  | 0.231              |                                                 |
| 01/01/21 | 1.005                      | 1.007               | 0.406  | 0.409              |                                                 |
| 10/01/21 | 1.001                      | 1.008               | 0.019  | 0.019              |                                                 |
| 01/01/22 | 1.001                      | 1.009               |        |                    |                                                 |
| 01/01/23 | 0.942                      | 0.950               |        |                    |                                                 |
| 07/01/23 | 1.000                      | 0.950               |        |                    |                                                 |
|          |                            |                     |        | <u>1.003</u>       |                                                 |



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### 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. It is calculated as one percent of the total volume of premium from the most recent two years underlying the experience period used in the currently approved filing. The base threshold is then 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.

##### Premium Development

Premium at an ultimate report is estimated by incorporating a review of historical patterns of premium development over time—primarily due to payroll audits. 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.

In this filing, a three-year average of historical premium development factors was selected to strike a balance between responsiveness to recently observed changes and maintaining stability in the selected development factors from one filing to the next.

##### Loss Development

Loss development factors are needed since total paid losses and case reserve estimates on a given claim change over time until the claim is finally closed. For indemnity and medical loss development, link ratios calculated from limited losses are used from 1<sup>st</sup> report through the 19<sup>th</sup>



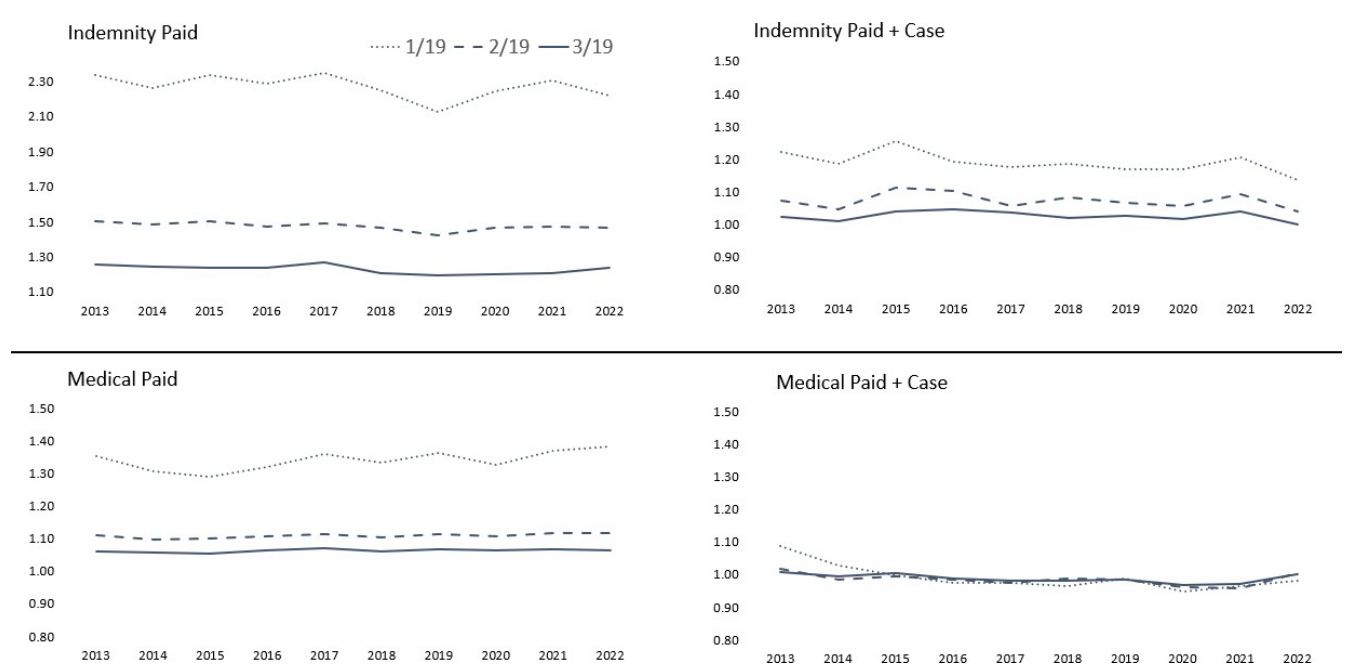
## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Appendix A – Factors Underlying the Proposed Rate Level Change

report. For indemnity and medical loss development past the 19<sup>th</sup> report, a 19<sup>th</sup>-to-ultimate “tail” factor is used to reflect all future expected loss emergence. The loss development factors are calculated based on how paid losses and case reserve estimates change over time for claims in older years.

The graphs below display the age-to-19<sup>th</sup> cumulative loss development factors over the last ten valuations.



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

- A two-year average of historical paid loss development factors through a 19<sup>th</sup> report
- A five-year average of historical paid plus case loss development factors through a 19<sup>th</sup> report

As can be seen in the graphs above, the latest valuation of development factors are generally consistent with those from historical periods for both indemnity and medical paid development as well as indemnity and medical paid plus case development and shows no clear deviation from historical values. Therefore, there was no change in these selected development averages compared to last year's filing.

The development factor selections were made to strike a balance between responsiveness to recently observed changes and maintaining stability in the selected development factors from one



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Appendix A – Factors Underlying the Proposed Rate Level Change

filing to the next. A shorter-term average was selected for paid losses to capture more recent changes in paid development patterns over time, while a longer-term average was selected for paid plus case losses to limit the amount of volatility from year to year.

##### 19<sup>th</sup>-to-Ultimate Tail Factor

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 19<sup>th</sup>-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 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 19<sup>th</sup>-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.



## INDIANA

### APPENDIX A-II

#### Determination of Premium and Losses Developed to an Ultimate Report

##### Section A - Premium and Loss Summary Valued as of 12/31/2022

###### Policy Year 2021

|                                                                                    |               |
|------------------------------------------------------------------------------------|---------------|
| (1) Standard Earned Premium                                                        | \$678,782,346 |
| (2) Factor to Develop Premium to Ultimate                                          | 1.007         |
| (3) Standard Earned Premium Developed to Ultimate = (1)x(2)                        | \$683,533,822 |
| (4) Limited Indemnity Paid Losses                                                  | \$48,915,130  |
| (5) Limited Indemnity Paid Development Factor to Ultimate                          | 2.275         |
| (6) Limited Indemnity Paid Losses Developed to Ultimate = (4)x(5)                  | \$111,281,921 |
| (7) Limited Indemnity Paid+Case Losses                                             | \$94,875,444  |
| (8) Limited Indemnity Paid+Case Development Factor to Ultimate                     | 1.176         |
| (9) Limited Indemnity Paid+Case Losses Developed to Ultimate = (7)x(8)             | \$111,573,522 |
| (10) Policy Year 2021 Limited Indemnity Losses Developed to Ultimate = [(6)+(9)]/2 | \$111,427,722 |
| (11) Limited Medical Paid Losses                                                   | \$183,974,774 |
| (12) Limited Medical Paid Development Factor to Ultimate                           | 1.398         |
| (13) Limited Medical Paid Losses Developed to Ultimate = (11)x(12)                 | \$257,196,734 |
| (14) Limited Medical Paid+Case Losses                                              | \$272,408,177 |
| (15) Limited Medical Paid+Case Development Factor to Ultimate                      | 0.973         |
| (16) Limited Medical Paid+Case Losses Developed to Ultimate = (14)x(15)            | \$265,053,156 |
| (17) Policy Year 2021 Limited Medical Losses Developed to Ultimate = [(13)+(16)]/2 | \$261,124,945 |

###### Policy Year 2020

|                                                                                    |               |
|------------------------------------------------------------------------------------|---------------|
| (1) Standard Earned Premium                                                        | \$638,486,630 |
| (2) Factor to Develop Premium to Ultimate                                          | 1.000         |
| (3) Standard Earned Premium Developed to Ultimate = (1)x(2)                        | \$638,486,630 |
| (4) Limited Indemnity Paid Losses                                                  | \$72,989,242  |
| (5) Limited Indemnity Paid Development Factor to Ultimate                          | 1.478         |
| (6) Limited Indemnity Paid Losses Developed to Ultimate = (4)x(5)                  | \$107,878,100 |
| (7) Limited Indemnity Paid+Case Losses                                             | \$98,419,972  |
| (8) Limited Indemnity Paid+Case Development Factor to Ultimate                     | 1.071         |
| (9) Limited Indemnity Paid+Case Losses Developed to Ultimate = (7)x(8)             | \$105,407,790 |
| (10) Policy Year 2020 Limited Indemnity Losses Developed to Ultimate = [(6)+(9)]/2 | \$106,642,945 |
| (11) Limited Medical Paid Losses                                                   | \$213,331,202 |
| (12) Limited Medical Paid Development Factor to Ultimate                           | 1.136         |
| (13) Limited Medical Paid Losses Developed to Ultimate = (11)x(12)                 | \$242,344,245 |
| (14) Limited Medical Paid+Case Losses                                              | \$246,950,796 |
| (15) Limited Medical Paid+Case Development Factor to Ultimate                      | 0.983         |
| (16) Limited Medical Paid+Case Losses Developed to Ultimate = (14)x(15)            | \$242,752,632 |
| (17) Policy Year 2020 Limited Medical Losses Developed to Ultimate = [(13)+(16)]/2 | \$242,548,439 |



INDIANA

APPENDIX A-II

Determination of Premium and Losses Developed to an Ultimate Report

Section B - Premium Development Factors

| <u>Policy<br/>Year</u> | <u>1st/2nd</u> | <u>Policy<br/>Year</u> | <u>2nd/3rd</u> | <u>Policy<br/>Year</u> | <u>3rd/4th</u> | <u>Policy<br/>Year</u> | <u>4th/5th</u> |
|------------------------|----------------|------------------------|----------------|------------------------|----------------|------------------------|----------------|
| 2018                   | 1.008          | 2017                   | 1.001          | 2016                   | 1.001          | 2015                   | 0.999          |
| 2019                   | 0.999          | 2018                   | 1.000          | 2017                   | 1.000          | 2016                   | 1.000          |
| 2020                   | 1.015          | 2019                   | 0.999          | 2018                   | 1.000          | 2017                   | 1.000          |
| Average                | 1.007          | 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> |
|----------------|----------------|----------------|----------------|
| 1.007          | 1.000          | 1.000          | 1.000          |





# INDIANA

## APPENDIX A-II

### Determination of Premium and Losses Developed to an Ultimate Report

#### Section C - Limited Indemnity Paid Loss Development Factors

| <u>Policy Year</u> | <u>1st/2nd</u>   | <u>Policy Year</u> | <u>2nd/3rd</u>   | <u>Policy Year</u> | <u>3rd/4th</u>   | <u>Policy Year</u> | <u>4th/5th</u>   |
|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|
| 2019               | 1.566            | 2018               | 1.218            | 2017               | 1.082            | 2016               | 1.058            |
| 2020               | 1.511            | 2019               | 1.184            | 2018               | 1.107            | 2017               | 1.056            |
| Average            | 1.539            | Average            | 1.201            | Average            | 1.095            | Average            | 1.057            |
| <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>   |
| 2015               | 1.020            | 2014               | 1.015            | 2013               | 1.007            | 2012               | 1.004            |
| 2016               | 1.022            | 2015               | 1.014            | 2014               | 1.005            | 2013               | 1.006            |
| Average            | 1.021            | Average            | 1.015            | Average            | 1.006            | Average            | 1.005            |
| <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> |
| 2011               | 1.003            | 2010               | 1.002            | 2009               | 1.000            | 2008               | 1.000            |
| 2012               | 1.007            | 2011               | 0.999            | 2010               | 1.000            | 2009               | 1.005            |
| Average            | 1.005            | Average            | 1.001            | Average            | 1.000            | Average            | 1.003            |
| <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> |
| 2007               | 1.002            | 2006               | 1.000            | 2005               | 1.000            | 2004               | 1.000            |
| 2008               | 1.000            | 2007               | 1.000            | 2006               | 1.000            | 2005               | 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> |                    |                  |                    |                  |
| 2003               | 1.000            | 2002               | 1.000            |                    |                  |                    |                  |
| 2004               | 1.000            | 2003               | 1.000            |                    |                  |                    |                  |
| Average            | 1.000            | Average            | 1.000            |                    |                  |                    |                  |



# INDIANA

## APPENDIX A-II

### Determination of Premium and Losses Developed to an Ultimate Report

#### Section D - Limited Medical Paid Loss Development Factors

| <u>Policy Year</u> | <u>1st/2nd</u>   | <u>Policy Year</u> | <u>2nd/3rd</u>   | <u>Policy Year</u> | <u>3rd/4th</u>   | <u>Policy Year</u> | <u>4th/5th</u>   |
|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|
| 2019               | 1.223            | 2018               | 1.049            | 2017               | 1.012            | 2016               | 1.022            |
| 2020               | 1.238            | 2019               | 1.049            | 2018               | 1.020            | 2017               | 1.011            |
| Average            | 1.231            | Average            | 1.049            | Average            | 1.016            | Average            | 1.017            |
| <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>   |
| 2015               | 1.008            | 2014               | 1.003            | 2013               | 1.002            | 2012               | 1.003            |
| 2016               | 1.007            | 2015               | 1.002            | 2014               | 1.001            | 2013               | 1.002            |
| Average            | 1.008            | Average            | 1.003            | 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> |
| 2011               | 1.004            | 2010               | 1.002            | 2009               | 1.000            | 2008               | 1.001            |
| 2012               | 1.002            | 2011               | 1.002            | 2010               | 0.999            | 2009               | 1.003            |
| Average            | 1.003            | Average            | 1.002            | Average            | 1.000            | Average            | 1.002            |
| <u>Policy Year</u> | <u>13th/14th</u> | <u>Policy Year</u> | <u>14th/15th</u> | <u>Policy Year</u> | <u>15th/16th</u> | <u>Policy Year</u> | <u>16th/17th</u> |
| 2007               | 1.002            | 2006               | 1.001            | 2005               | 1.001            | 2004               | 1.001            |
| 2008               | 1.001            | 2007               | 1.001            | 2006               | 1.001            | 2005               | 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> |                    |                  |                    |                  |
| 2003               | 1.002            | 2002               | 1.000            |                    |                  |                    |                  |
| 2004               | 1.010            | 2003               | 1.001            |                    |                  |                    |                  |
| Average            | 1.006            | Average            | 1.001            |                    |                  |                    |                  |



**INDIANA**  
**APPENDIX A-II**

**Determination of Premium and Losses Developed to an Ultimate Report**

**Section E - Limited Indemnity Paid + Case Loss Development Factors**

| <u>Policy Year</u> | <u>1st/2nd</u>   | <u>Policy Year</u> | <u>2nd/3rd</u>   | <u>Policy Year</u> | <u>3rd/4th</u>   | <u>Policy Year</u> | <u>4th/5th</u>   |
|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|
| 2016               | 1.095            | 2015               | 1.063            | 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               | 1.103            | 2018               | 1.053            | 2017               | 1.015            | 2016               | 1.011            |
| 2020               | 1.091            | 2019               | 1.040            | 2018               | 1.016            | 2017               | 0.995            |
| Average            | 1.098            | Average            | 1.047            | Average            | 1.017            | Average            | 1.002            |
| <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>   |
| 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            |
| 2016               | 1.002            | 2015               | 0.998            | 2014               | 0.999            | 2013               | 1.002            |
| Average            | 1.000            | Average            | 1.004            | 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> |
| 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            |
| 2012               | 0.987            | 2011               | 0.998            | 2010               | 1.000            | 2009               | 1.003            |
| Average            | 0.998            | Average            | 0.999            | Average            | 1.000            | 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> |
| 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            |
| 2008               | 1.000            | 2007               | 1.000            | 2006               | 1.000            | 2005               | 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> |                    |                  |                    |                  |
| 2000               | 1.000            | 1999               | 1.000            |                    |                  |                    |                  |
| 2001               | 1.000            | 2000               | 1.000            |                    |                  |                    |                  |
| 2002               | 1.000            | 2001               | 1.000            |                    |                  |                    |                  |
| 2003               | 1.000            | 2002               | 1.000            |                    |                  |                    |                  |
| 2004               | 1.000            | 2003               | 1.000            |                    |                  |                    |                  |
| Average            | 1.000            | Average            | 1.000            |                    |                  |                    |                  |



**INDIANA**  
**APPENDIX A-II**

**Determination of Premium and Losses Developed to an Ultimate Report**

**Section F - Limited Medical Paid + Case Loss Development Factors**

| <u>Policy Year</u> | <u>1st/2nd</u>   | <u>Policy Year</u> | <u>2nd/3rd</u>   | <u>Policy Year</u> | <u>3rd/4th</u>   | <u>Policy Year</u> | <u>4th/5th</u>   |
|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|
| 2016               | 0.975            | 2015               | 1.008            | 2014               | 0.983            | 2013               | 0.994            |
| 2017               | 1.003            | 2016               | 1.002            | 2015               | 0.996            | 2014               | 0.996            |
| 2018               | 0.987            | 2017               | 0.993            | 2016               | 0.989            | 2015               | 0.987            |
| 2019               | 1.006            | 2018               | 0.988            | 2017               | 0.987            | 2016               | 0.997            |
| 2020               | 0.979            | 2019               | 1.003            | 2018               | 0.989            | 2017               | 0.998            |
| Average            | 0.990            | Average            | 0.999            | Average            | 0.989            | 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>   |
| 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               | 0.979            | 2014               | 1.000            | 2013               | 0.999            | 2012               | 1.002            |
| 2016               | 1.000            | 2015               | 0.997            | 2014               | 1.000            | 2013               | 1.003            |
| Average            | 0.994            | Average            | 0.998            | Average            | 1.000            | 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> |
| 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               | 0.998            | 2009               | 1.002            | 2008               | 0.998            | 2007               | 1.001            |
| 2011               | 1.003            | 2010               | 1.001            | 2009               | 1.000            | 2008               | 1.002            |
| 2012               | 1.009            | 2011               | 1.000            | 2010               | 1.000            | 2009               | 1.000            |
| Average            | 1.002            | Average            | 1.000            | Average            | 1.000            | 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> |
| 2004               | 1.001            | 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               | 0.999            | 2004               | 1.000            |
| 2008               | 1.000            | 2007               | 0.999            | 2006               | 1.002            | 2005               | 1.003            |
| Average            | 1.001            | Average            | 1.000            | Average            | 1.000            | Average            | 1.001            |
|                    |                  |                    |                  |                    |                  |                    |                  |
| <u>Policy Year</u> | <u>17th/18th</u> | <u>Policy Year</u> | <u>18th/19th</u> |                    |                  |                    |                  |
| 2000               | 0.999            | 1999               | 1.002            |                    |                  |                    |                  |
| 2001               | 1.000            | 2000               | 1.002            |                    |                  |                    |                  |
| 2002               | 1.000            | 2001               | 1.002            |                    |                  |                    |                  |
| 2003               | 1.001            | 2002               | 1.000            |                    |                  |                    |                  |
| 2004               | 1.000            | 2003               | 1.000            |                    |                  |                    |                  |
| Average            | 1.000            | Average            | 1.001            |                    |                  |                    |                  |



# INDIANA

## 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 Year                                                 | <u>Losses for Policy Year</u><br>19th Report | <u>Losses for Policy Year</u><br>20th Report | <u>Losses for All Prior Policy Years</u><br>Previous | <u>Losses for All Prior Policy Years</u><br>Current | Factor to<br>Adjust Losses<br>for Prior Policy Years | Indicated<br>19th-to-Ult Development<br>for Policy Year |
| 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                                        | 1,684,206,979                                       | 1.100                                                | 1.002                                                   |
| 1998                                                        | 98,688,815                                   | 98,688,413                                   | 1,770,287,820                                        | 1,770,592,014                                       | 0.968                                                | 1.003                                                   |
| 1999                                                        | 97,604,079                                   | 97,604,079                                   | 1,762,343,194                                        | 1,762,383,035                                       | 0.941                                                | 1.000                                                   |
| 2000                                                        | 100,489,307                                  | 100,547,978                                  | 1,808,451,240                                        | 1,808,838,664                                       | 0.883                                                | 1.005                                                   |
| 2001                                                        | 106,755,436                                  | 106,736,446                                  | 1,962,557,669                                        | 1,962,630,059                                       | 0.819                                                | 1.001                                                   |
| 2002                                                        | 107,739,330                                  | 107,739,330                                  | 2,072,358,154                                        | 2,072,756,417                                       | 0.813                                                | 1.005                                                   |
| Selected Indemnity 19th-to-Ultimate Loss Development Factor |                                              |                                              |                                                      |                                                     |                                                      | 1.005                                                   |

##### Medical Paid+Case Data for Matching Companies

| (8)                                                       | (9)                                          | (10)                                         | (11)                                                 | (12)                                                | (13)                                                 | (14)                                                    |
|-----------------------------------------------------------|----------------------------------------------|----------------------------------------------|------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------|---------------------------------------------------------|
| Policy Year                                               | <u>Losses for Policy Year</u><br>19th Report | <u>Losses for Policy Year</u><br>20th Report | <u>Losses for All Prior Policy Years</u><br>Previous | <u>Losses for All Prior Policy Years</u><br>Current | Factor to<br>Adjust Losses<br>for Prior Policy Years | Indicated<br>19th-to-Ult Development<br>for Policy Year |
| 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                                        | 2,399,015,810                                       | 0.969                                                | 1.006                                                   |
| 1998                                                      | 190,873,606                                  | 190,768,779                                  | 2,569,547,582                                        | 2,569,640,250                                       | 0.895                                                | 1.000                                                   |
| 1999                                                      | 167,972,475                                  | 168,042,434                                  | 2,652,389,715                                        | 2,652,352,028                                       | 1.016                                                | 1.000                                                   |
| 2000                                                      | 178,783,088                                  | 179,386,206                                  | 2,741,400,022                                        | 2,742,074,146                                       | 0.935                                                | 1.007                                                   |
| 2001                                                      | 189,323,591                                  | 189,656,311                                  | 3,003,431,549                                        | 3,003,475,702                                       | 0.869                                                | 1.002                                                   |
| 2002                                                      | 215,660,808                                  | 215,675,372                                  | 3,198,808,839                                        | 3,199,150,356                                       | 0.786                                                | 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.



## INDIANA

### APPENDIX A-II

#### 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<br>19th Report | Medical Paid-to-Paid + Case Ratio<br>19th Report |
|-------------|----------------------------------------------------|--------------------------------------------------|
| 1999        | 0.995                                              | 0.997                                            |
| 2000        | 0.999                                              | 0.996                                            |
| 2001        | 1.000                                              | 0.991                                            |
| 2002        | 1.000                                              | 0.995                                            |
| 2003        | 1.000                                              | 0.988                                            |
| Selected    | 0.998                                              | 0.990                                            |

|                                                                                             | Indemnity | Medical |
|---------------------------------------------------------------------------------------------|-----------|---------|
| (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                 | 0.650     | 0.650   |
| (3) Limited Paid+Case 19th-to-Ultimate Loss Development Factor = $[(1) - 1] \times (2) + 1$ | 1.003     | 1.003   |
| (4) Limited Paid-to-Paid+Case Ratio                                                         | 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)<br>Indemnity Paid Loss Development |                |             | (3)<br>Medical Paid Loss Development |                |             |
|----------------------------------------|----------------|-------------|--------------------------------------|----------------|-------------|
| Report                                 | to Next Report | to Ultimate | Report                               | to Next Report | to Ultimate |
| 1st                                    | 1.539          | 2.275       | 1st                                  | 1.231          | 1.398       |
| 2nd                                    | 1.201          | 1.478       | 2nd                                  | 1.049          | 1.136       |
| 3rd                                    | 1.095          | 1.231       | 3rd                                  | 1.016          | 1.083       |
| 4th                                    | 1.057          | 1.124       | 4th                                  | 1.017          | 1.066       |
| 5th                                    | 1.021          | 1.063       | 5th                                  | 1.008          | 1.048       |
| 6th                                    | 1.015          | 1.041       | 6th                                  | 1.003          | 1.040       |
| 7th                                    | 1.006          | 1.026       | 7th                                  | 1.002          | 1.037       |
| 8th                                    | 1.005          | 1.020       | 8th                                  | 1.003          | 1.035       |
| 9th                                    | 1.005          | 1.015       | 9th                                  | 1.003          | 1.032       |
| 10th                                   | 1.001          | 1.010       | 10th                                 | 1.002          | 1.029       |
| 11th                                   | 1.000          | 1.009       | 11th                                 | 1.000          | 1.027       |
| 12th                                   | 1.003          | 1.009       | 12th                                 | 1.002          | 1.027       |
| 13th                                   | 1.001          | 1.006       | 13th                                 | 1.002          | 1.025       |
| 14th                                   | 1.000          | 1.005       | 14th                                 | 1.001          | 1.023       |
| 15th                                   | 1.000          | 1.005       | 15th                                 | 1.001          | 1.022       |
| 16th                                   | 1.000          | 1.005       | 16th                                 | 1.001          | 1.021       |
| 17th                                   | 1.000          | 1.005       | 17th                                 | 1.006          | 1.020       |
| 18th                                   | 1.000          | 1.005       | 18th                                 | 1.001          | 1.014       |
| 19th                                   | 1.005          |             | 19th                                 |                | 1.013       |

Section H

Section H

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

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



**INDIANA**  
**APPENDIX A-II**

**Determination of Premium and Losses Developed to an Ultimate Report**

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

| Report | (1)                                                                  | (2)                |
|--------|----------------------------------------------------------------------|--------------------|
|        | <u>Indemnity Paid+Case Loss Development</u><br><u>to Next Report</u> | <u>to Ultimate</u> |
| 1st    | 1.098                                                                | 1.176              |
| 2nd    | 1.047                                                                | 1.071              |
| 3rd    | 1.017                                                                | 1.023              |
| 4th    | 1.002                                                                | 1.006              |
| 5th    | 1.000                                                                | 1.004              |
| 6th    | 1.004                                                                | 1.004              |
| 7th    | 0.999                                                                | 1.000              |
| 8th    | 1.000                                                                | 1.001              |
| 9th    | 0.998                                                                | 1.001              |
| 10th   | 0.999                                                                | 1.003              |
| 11th   | 1.000                                                                | 1.004              |
| 12th   | 1.001                                                                | 1.004              |
| 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)                                                             | (4)                |
|--------|-----------------------------------------------------------------|--------------------|
|        | <u>Medical Paid+Case Loss Developm</u><br><u>to Next Report</u> | <u>to Ultimate</u> |
| 1st    | 0.990                                                           | 0.973              |
| 2nd    | 0.999                                                           | 0.983              |
| 3rd    | 0.989                                                           | 0.984              |
| 4th    | 0.994                                                           | 0.995              |
| 5th    | 0.994                                                           | 1.001              |
| 6th    | 0.998                                                           | 1.007              |
| 7th    | 1.000                                                           | 1.009              |
| 8th    | 1.000                                                           | 1.009              |
| 9th    | 1.002                                                           | 1.009              |
| 10th   | 1.000                                                           | 1.007              |
| 11th   | 1.000                                                           | 1.007              |
| 12th   | 1.001                                                           | 1.007              |
| 13th   | 1.001                                                           | 1.006              |
| 14th   | 1.000                                                           | 1.005              |
| 15th   | 1.000                                                           | 1.005              |
| 16th   | 1.001                                                           | 1.005              |
| 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).



## INDIANA

### 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*                                       | 7,511,963 |
| (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<br>Year | Policy Year<br>Detrended<br>Limit |
|--------------------|-----------------------------------|
| 2021               | 6,501,082                         |
| 2020               | 6,062,382                         |
| 2019               | 5,727,988                         |
| 2018               | 5,524,018                         |
| 2017               | 5,373,701                         |
| 2016               | 5,195,010                         |
| 2015               | 5,071,122                         |
| 2014               | 4,949,155                         |
| 2013               | 4,822,313                         |
| 2012               | 4,747,752                         |
| 2011               | 4,654,223                         |
| 2010               | 4,531,863                         |
| 2009               | 4,407,844                         |
| 2008               | 4,376,917                         |
| 2007               | 4,334,511                         |
| 2006               | 4,225,883                         |
| 2005               | 4,103,450                         |
| 2004               | 4,000,513                         |
| 2003               | 3,877,434                         |
| 2002               | 3,757,065                         |
| 2001               | 3,663,888                         |
| 2000               | 3,578,501                         |
| 1999               | 3,478,764                         |

\* December 3, 2024 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, 2024

#### 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 severity figures.

While claim frequency and severity are reviewed separately, NCCI selects annual indemnity and medical loss ratio trend factors in Indiana. Loss ratios are relied upon as they are less impacted by shifts in the industry mix since these impacts to frequency and severity tend to offset one another. Additionally, loss ratios do not require an adjustment to a common wage level since the wage adjustment to frequency and severities cancel each other out. 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, chosen experience period, and prior trend approach and selection.

The trend lengths displayed on the following exhibits are calculated by comparing the average accident date, or midpoint, for the effective period of the proposed rates and loss costs to each average accident date 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, 2024

#### 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 midpoints of the experience period years 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 NCCI trend selections explicitly incorporate considerations for the following:

- Smoothing large changes in PY 2014 loss ratios, potentially related to the effects of enacted House Enrolled Act 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-related influences on Policy Year 2020

##### *Policy Year 2014:*

The significant decreases in the indemnity and medical severities in Policy Year 2014 coincide with the enactment of House Enrolled Act 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 decreased by more than 10%. 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 also emerged. Consistent with previous analyses, NCCI reduced the effect of these loss ratio changes in its trend analysis. Specifically, the Policy Year 2014 indemnity and medical loss ratio changes were both reduced by 50% (e.g., the medical change was tempered from -17.2% to -8.6%).

##### *Policy Year 2020:*

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 national



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Appendix A – Factors Underlying the Proposed Rate Level Change

average and ending the year at 5.0%. As noted in Exhibit I, employment levels representing the vast majority of Indiana workers compensation premium have already rebounded. 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 Policy Year 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 3% 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 a lower volume of large losses, both of which have rebounded in Policy Year 2021. Some of the improvement observed in the Policy Year 2020 loss ratio is expected to continue going forward as the COVID-19 pandemic may have permanently altered aspects of the workplace and economy. For example, remote work and reduced business travel affecting some sectors, changes in job duties and workplaces, and changes in the mix of business are likely to persist into the future. In addition, the share of short-tenured workers in some industries appeared to have increased during the pandemic, which NCCI studies have shown to be associated with both higher injury frequency and claim costs. However, hiring and separation rates have since fallen nearly to pre-pandemic levels. This could lead to the share of short-tenured workers declining in 2023 toward historical averages.

Given the above influences on Policy Year 2020, the change in the loss ratio from Policy Year 2019 to 2020 was deemed to be less predictive in projecting future loss ratio, frequency, and severity changes. As a result, and consistent with last year's filing and the abovementioned handling of Policy Year 2014, NCCI reduced the effect of the loss ratio change for Policy Year 2020 in its trend analysis. Specifically, the indemnity and medical loss ratio changes for this year were both reduced by 50%.

On the following pages, NCCI displays exponential trend fits on an unadjusted basis and with adjustments to reflect the above tempering for Policy Years 2014 and 2020.

The selected annual loss ratio trends are based more heavily on longer-term exponential adjusted trend fits to mitigate some of the significant year-to-year fluctuations in the data, though NCCI does note that the rate of decline in the lost-time claim frequency appears to have slowed to some extent



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Appendix A – Factors Underlying the Proposed Rate Level Change

since Policy Year 2016. The reliance on longer-term loss ratio trend fits also aligns with reverting back to a two policy year experience period given the significant improvement seen in these years and continued—though reduced—presence of uncertainty in how workplaces and the economy will evolve over the next few years.

See Appendix A-III for additional trend information.



**INDIANA**  
**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  
-3.0%

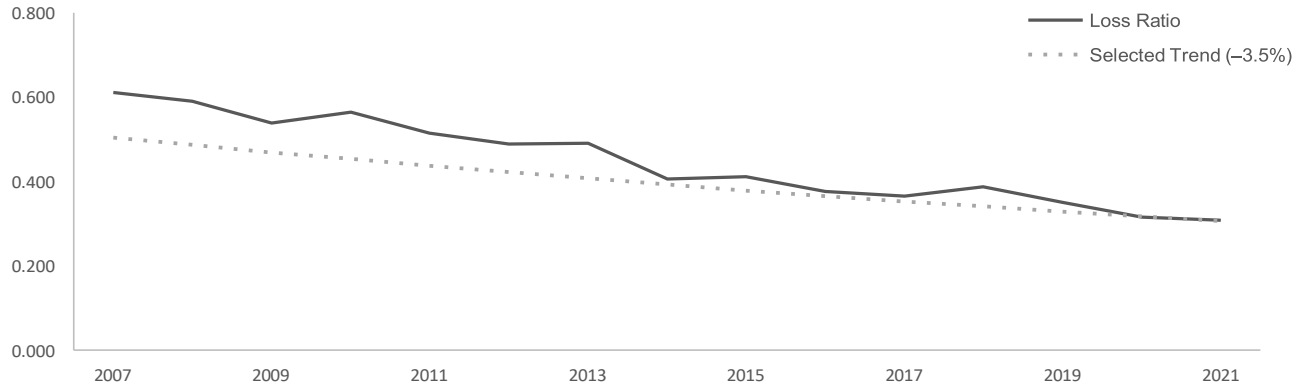
(2) Length of Trend Period from Midpoint of Policy Year to Midpoint of Effective Period:

Trend Length: PY 2021      PY 2020  
3.001      4.001

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

Indemnity: PY 2021      PY 2020  
0.899      0.867  
Medical: 0.913      0.885

**Section B - Indemnity Loss Ratio Trend Data**



| Policy Year | Indemnity Loss Ratio <sup>^</sup> | Annual Percent Change | # of Years in Fit | Exponential Fits | Adjusted Fits* |
|-------------|-----------------------------------|-----------------------|-------------------|------------------|----------------|
| 2007        | 0.611                             |                       |                   |                  |                |
| 2008        | 0.590                             | -3.4%                 |                   |                  |                |
| 2009        | 0.538                             | -8.8%                 |                   |                  |                |
| 2010        | 0.564                             | 4.8%                  |                   |                  |                |
| 2011        | 0.515                             | -8.7%                 | 15                | -4.9%            | -3.7%          |
| 2012        | 0.489                             | -5.0%                 | 14                | -4.9%            | -3.6%          |
| 2013        | 0.491                             | 0.4%                  | 13                | -4.9%            | -3.5%          |
| 2014        | 0.405                             | -17.5%                | 12                | -5.1%            | -3.7%          |
| 2015        | 0.411                             | 1.5%                  | 11                | -4.9%            | -3.4%          |
| 2016        | 0.377                             | -8.3%                 | 10                | -4.9%            | -3.4%          |
| 2017        | 0.365                             | -3.2%                 | 9                 | -4.7%            | -3.5%          |
| 2018        | 0.387                             | 6.0%                  | 8                 | -4.0%            | -3.2%          |
| 2019        | 0.350                             | -9.6%                 | 7                 | -4.4%            | -3.5%          |
| 2020        | 0.315                             | -10.0%                | 6                 | -4.3%            | -3.2%          |
| 2021        | 0.308                             | -2.2%                 | 5                 | -5.3%            | -3.8%          |

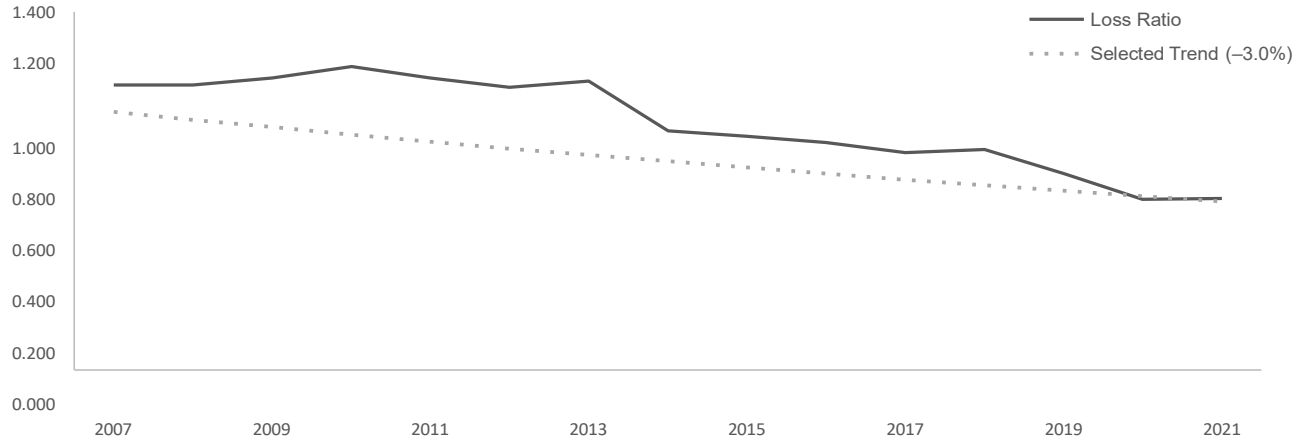
<sup>^</sup>Based on an average of paid and paid+case losses

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



**INDIANA**  
**APPENDIX A-III**  
**Policy Year Trend Factors**

**Section C - Medical Loss Ratio Trend Data**



| Policy Year | Medical Loss Ratio^ | Annual Percent Change | # of Years in Fit | Exponential Fits | Adjusted Fits* |
|-------------|---------------------|-----------------------|-------------------|------------------|----------------|
| 2007        | 1.115               |                       | 15                | -4.0%            | -2.7%          |
| 2008        | 1.114               | -0.1%                 | 14                | -4.4%            | -3.0%          |
| 2009        | 1.140               | 2.3%                  | 13                | -4.8%            | -3.4%          |
| 2010        | 1.186               | 4.0%                  | 12                | -5.2%            | -3.7%          |
| 2011        | 1.141               | -3.8%                 | 11                | -5.4%            | -3.8%          |
| 2012        | 1.104               | -3.2%                 | 10                | -5.5%            | -4.0%          |
| 2013        | 1.130               | 2.4%                  | 9                 | -5.6%            | -4.2%          |
| 2014        | 0.936               | -17.2%                | 8                 | -5.0%            | -4.1%          |
| 2015        | 0.913               | -2.5%                 | 7                 | -5.6%            | -4.4%          |
| 2016        | 0.890               | -2.5%                 | 6                 | -6.3%            | -4.7%          |
| 2017        | 0.849               | -4.6%                 | 5                 | -7.1%            | -5.0%          |
| 2018        | 0.863               | 1.6%                  |                   |                  |                |
| 2019        | 0.767               | -11.1%                |                   |                  |                |
| 2020        | 0.667               | -13.0%                |                   |                  |                |
| 2021        | 0.670               | 0.4%                  |                   |                  |                |

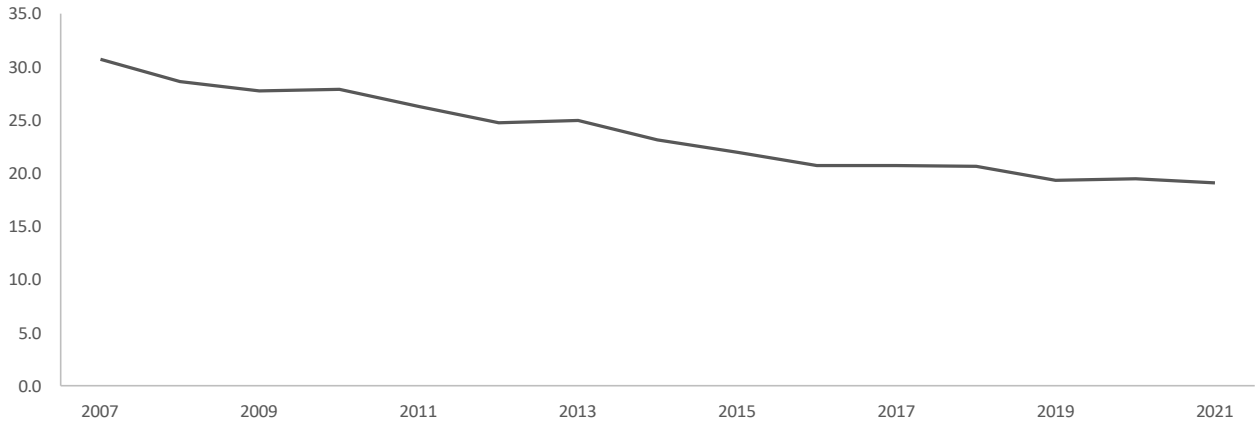
^Based on an average of paid and paid+case losses

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



**INDIANA**  
**APPENDIX A-III**  
**Policy Year Trend Factors**

**Section D - Frequency Trend Data**



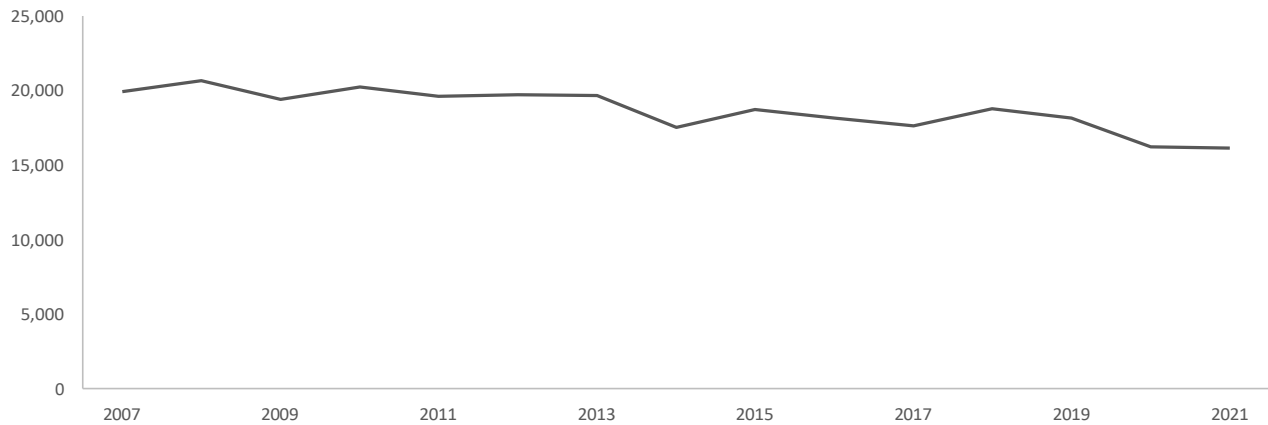
| Policy Year | Claim Frequency† | Annual Percent Change | # of Years in Fit | Exponential Fits |
|-------------|------------------|-----------------------|-------------------|------------------|
| 2007        | 30.706           | -                     |                   |                  |
| 2008        | 28.595           | -6.9%                 |                   |                  |
| 2009        | 27.735           | -3.0%                 |                   |                  |
| 2010        | 27.902           | 0.6%                  |                   |                  |
| 2011        | 26.284           | -5.8%                 | 15                | -3.5%            |
| 2012        | 24.760           | -5.8%                 | 14                | -3.4%            |
| 2013        | 24.955           | 0.8%                  | 13                | -3.4%            |
| 2014        | 23.103           | -7.4%                 | 12                | -3.4%            |
| 2015        | 21.940           | -5.0%                 | 11                | -3.2%            |
| 2016        | 20.744           | -5.5%                 | 10                | -3.1%            |
| 2017        | 20.717           | -0.1%                 | 9                 | -3.0%            |
| 2018        | 20.637           | -0.4%                 | 8                 | -2.5%            |
| 2019        | 19.329           | -6.3%                 | 7                 | -2.2%            |
| 2020        | 19.442           | 0.6%                  | 6                 | -1.9%            |
| 2021        | 19.079           | -1.9%                 | 5                 | -2.2%            |

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



**INDIANA**  
**APPENDIX A-III**  
**Policy Year Trend Factors**

**Section E - Indemnity Severity Trend Data**



| Policy Year | Indemnity Severity^ | Annual Percent Change | # of Years in Fit | Exponential Fits |
|-------------|---------------------|-----------------------|-------------------|------------------|
| 2007        | 19,902              | -                     |                   |                  |
| 2008        | 20,659              | 3.8%                  |                   |                  |
| 2009        | 19,394              | -6.1%                 |                   |                  |
| 2010        | 20,215              | 4.2%                  |                   |                  |
| 2011        | 19,594              | -3.1%                 | 15                | -1.4%            |
| 2012        | 19,729              | 0.7%                  | 14                | -1.6%            |
| 2013        | 19,640              | -0.5%                 | 13                | -1.6%            |
| 2014        | 17,540              | -10.7%                | 12                | -1.7%            |
| 2015        | 18,704              | 6.6%                  | 11                | -1.7%            |
| 2016        | 18,172              | -2.8%                 | 10                | -1.8%            |
| 2017        | 17,635              | -3.0%                 | 9                 | -1.7%            |
| 2018        | 18,792              | 6.6%                  | 8                 | -1.5%            |
| 2019        | 18,129              | -3.5%                 | 7                 | -2.3%            |
| 2020        | 16,205              | -10.6%                | 6                 | -2.5%            |
| 2021        | 16,136              | -0.4%                 | 5                 | -3.2%            |

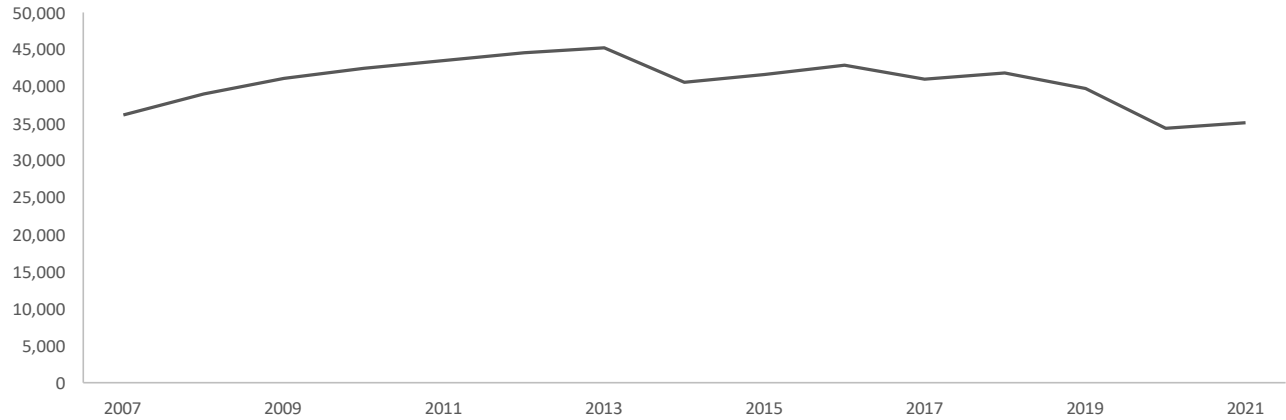
^Adjusted to a common wage level, based on an average of paid and paid+case losses





**INDIANA**  
**APPENDIX A-III**  
**Policy Year Trend Factors**

**Section F - Medical Severity Trend Data**



| Policy Year | Medical Severity <sup>^</sup> | Annual Percent Change | # of Years in Fit | Exponential Fits |
|-------------|-------------------------------|-----------------------|-------------------|------------------|
| 2007        | 36,141                        | -                     |                   |                  |
| 2008        | 38,979                        | 7.9%                  |                   |                  |
| 2009        | 41,102                        | 5.4%                  |                   |                  |
| 2010        | 42,470                        | 3.3%                  |                   |                  |
| 2011        | 43,457                        | 2.3%                  | 15                | -0.5%            |
| 2012        | 44,568                        | 2.6%                  | 14                | -1.0%            |
| 2013        | 45,225                        | 1.5%                  | 13                | -1.5%            |
| 2014        | 40,531                        | -10.4%                | 12                | -1.9%            |
| 2015        | 41,572                        | 2.6%                  | 11                | -2.2%            |
| 2016        | 42,882                        | 3.2%                  | 10                | -2.5%            |
| 2017        | 40,969                        | -4.5%                 | 9                 | -2.7%            |
| 2018        | 41,851                        | 2.2%                  | 8                 | -2.6%            |
| 2019        | 39,714                        | -5.1%                 | 7                 | -3.4%            |
| 2020        | 34,355                        | -13.5%                | 6                 | -4.4%            |
| 2021        | 35,097                        | 2.2%                  | 5                 | -4.9%            |

<sup>^</sup>Adjusted to a common wage level, based on an average of paid and paid+case losses



## INDIANA

### 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)<br>Latest Year<br>Current Expected<br>Losses Prior to<br>Adjustment for<br>Change in<br>Off-Balance | (2)<br>Five Year<br>Current Expected<br>Losses Prior to<br>Adjustment for<br>Change in<br>Off-Balance | (3)<br>Five Year<br>Proposed Expected<br>Losses Prior to<br>Adjustment for<br>Change in<br>Off-Balance | (4)<br>Current<br>Ratio of<br>Manual to<br>Standard<br>Premium | (5)<br>Proposed<br>Ratio of<br>Manual to<br>Standard<br>Premium |
|-------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------|
| Manufacturing     | 177,131,739                                                                                             | 842,084,572                                                                                           | 751,737,867                                                                                            | 1.158                                                          | 1.168                                                           |
| Contracting       | 106,875,508                                                                                             | 487,692,373                                                                                           | 435,899,233                                                                                            | 1.130                                                          | 1.125                                                           |
| Office & Clerical | 64,098,021                                                                                              | 291,922,458                                                                                           | 260,608,394                                                                                            | 1.138                                                          | 1.131                                                           |
| Goods & Services  | 223,727,610                                                                                             | 986,677,682                                                                                           | 880,785,017                                                                                            | 1.074                                                          | 1.069                                                           |
| Miscellaneous     | 127,922,950                                                                                             | 575,434,827                                                                                           | 514,631,070                                                                                            | 1.074                                                          | 1.073                                                           |
| Statewide         | 699,755,829                                                                                             | 3,183,811,914                                                                                         | 2,843,661,581                                                                                          |                                                                |                                                                 |

| Industry Group    | (6)<br>Latest Year<br>Current Expected<br>Losses Adjusted<br>for Change in<br>Off-Balance<br>(1)x(4)/(5) | (7)<br>Five Year<br>Current Expected<br>Losses Adjusted<br>for Change in<br>Off-Balance<br>(2)x(4)/(5) | (8)<br>Five Year<br>Proposed Expected<br>Losses Adjusted<br>for Change in<br>Off-Balance<br>(3)x(4)/(5) | (9)<br>Current/<br>Proposed<br>(7)/(8) | (10)<br>Adjustment to<br>Proposed for<br>Current<br>Relativity<br>(9)IG/(9)SW |
|-------------------|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------------------------------------------|
| Manufacturing     | 175,615,200                                                                                              | 834,874,944                                                                                            | 745,301,755                                                                                             | 1.120                                  | 1.000                                                                         |
| Contracting       | 107,350,510                                                                                              | 489,859,895                                                                                            | 437,836,563                                                                                             | 1.119                                  | 0.999                                                                         |
| Office & Clerical | 64,494,737                                                                                               | 293,729,229                                                                                            | 262,221,354                                                                                             | 1.120                                  | 1.000                                                                         |
| Goods & Services  | 224,774,044                                                                                              | 991,292,639                                                                                            | 884,904,685                                                                                             | 1.120                                  | 1.000                                                                         |
| Miscellaneous     | 128,042,170                                                                                              | 575,971,113                                                                                            | 515,110,689                                                                                             | 1.118                                  | 0.998                                                                         |
| Statewide         | 700,276,661                                                                                              | 3,185,727,820                                                                                          | 2,845,375,046                                                                                           | 1.120                                  |                                                                               |



## INDIANA

### 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)<br>Converted<br>Indicated<br>Balanced Losses | (12)<br>Indicated/<br>Expected Ratio<br>(11)/[(8)x(10)] | (13)<br>Indicated<br>Differential<br>(12)IG/(12)SW | (14)<br>Lost-Time<br>Claim Counts |
|-------------------|---------------------------------------------------|---------------------------------------------------------|----------------------------------------------------|-----------------------------------|
| Manufacturing     | 748,727,044                                       | 1.005                                                   | 1.004                                              | 17,678                            |
| Contracting       | 431,472,025                                       | 0.986                                                   | 0.985                                              | 7,354                             |
| Office & Clerical | 263,697,898                                       | 1.006                                                   | 1.005                                              | 5,669                             |
| Goods & Services  | 869,286,336                                       | 0.982                                                   | 0.981                                              | 22,761                            |
| Miscellaneous     | 533,006,286                                       | 1.037                                                   | 1.036                                              | 10,800                            |
| Statewide         | 2,846,189,589                                     | 1.001                                                   |                                                    |                                   |

| Industry Group    | (15)<br>Full Credibility<br>Standard<br>for Lost-Time<br>Claim Counts | (16)<br>Credibility<br>Minimum of<br>1.000 and<br>((14)/(15))^0.5 | (17)<br>Credibility Weighted<br>Indicated/Expected<br>Ratio<br>[(16)IGx(12)IG] +<br>[1-(16)IG]x(12)SW* | (18)<br>Final<br>Industry Group<br>Differential<br>(17)IG/(17)SW |
|-------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Manufacturing     | 12,000                                                                | 1.00                                                              | 1.005                                                                                                  | 1.004                                                            |
| Contracting       | 12,000                                                                | 0.78                                                              | 0.989                                                                                                  | 0.988                                                            |
| Office & Clerical | 12,000                                                                | 0.69                                                              | 1.004                                                                                                  | 1.003                                                            |
| Goods & Services  | 12,000                                                                | 1.00                                                              | 0.982                                                                                                  | 0.981                                                            |
| Miscellaneous     | 12,000                                                                | 0.95                                                              | 1.035                                                                                                  | 1.034                                                            |
| Statewide         |                                                                       |                                                                   | 1.001                                                                                                  | 1.000                                                            |

\*Statewide ratio (column 17) =  $\sum_{IG} [(6)x(17)] \div \sum_{IG} (6)$



## Indiana

### 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).



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Appendix B – Calculations Underlying the Advisory Rate Change by Classification

NCCI separately determines 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



## INDIANA

### 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 |
| 7/16-6/17     | 1.014             | 1.003                 | 1.015             | 1.002                 |
| 7/17-6/18     | 1.027             | 1.008                 | 1.013             | 1.000                 |
| 7/18-6/19     | 1.059             | 1.028                 | 1.002             | 0.998                 |
| 7/19-6/20     | 1.161             | 1.075                 | 1.002             | 0.997                 |
| 7/20-6/21     | 1.442             | 1.176                 | 1.003             | 0.999                 |

\*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 |
|---------------|-----------|---------|
| 7/16-6/17     | 0.766     | 0.796   |
| 7/17-6/18     | 0.794     | 0.821   |
| 7/18-6/19     | 0.823     | 0.846   |
| 7/19-6/20     | 0.853     | 0.873   |
| 7/20-6/21     | 0.883     | 0.900   |

##### 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 |
|---------------|-------|------------------------|--------------------------|------------------------|---------|
| 7/16-6/17     | 1.030 | 1.052                  | 1.042                    | 1.019                  | 0.974   |
| 7/17-6/18     | 1.030 | 1.052                  | 1.042                    | 1.019                  | 0.966   |
| 7/18-6/19     | 1.024 | 1.052                  | 1.042                    | 1.019                  | 0.965   |
| 7/19-6/20     | 1.017 | 1.052                  | 1.042                    | 1.019                  | 0.960   |
| 7/20-6/21     | 1.017 | 1.052                  | 1.042                    | 1.019                  | 0.954   |



## INDIANA

### APPENDIX B-I

#### 4. Primary Conversion Factors: Indicated Pure Premiums

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

| Policy Period | Fatal (L) | Fatal (NL) | P.T.* | P.P. (L) | P.P. (NL) | T.T. (L) | T.T. (NL) | Medical (L) | Medical (NL) |
|---------------|-----------|------------|-------|----------|-----------|----------|-----------|-------------|--------------|
| 7/16-6/17     | 0.800     | 0.791      | 0.817 | 0.809    | 0.801     | 0.791    | 0.783     | 0.787       | 0.777        |
| 7/17-6/18     | 0.840     | 0.824      | 0.858 | 0.850    | 0.834     | 0.831    | 0.816     | 0.803       | 0.793        |
| 7/18-6/19     | 0.892     | 0.866      | 0.917 | 0.908    | 0.882     | 0.888    | 0.862     | 0.818       | 0.815        |
| 7/19-6/20     | 1.007     | 0.933      | 1.042 | 1.032    | 0.955     | 1.009    | 0.934     | 0.840       | 0.836        |
| 7/20-6/21     | 1.295     | 1.056      | 1.339 | 1.327    | 1.082     | 1.297    | 1.058     | 0.861       | 0.858        |

\* 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)<br>Excess Ratios               | 0.040 | 0.052 | 0.071 | 0.082 | 0.117 | 0.140 | 0.170 |
| (2)<br>Excess Factors<br>1/(1-(1)) | 1.042 | 1.055 | 1.076 | 1.089 | 1.133 | 1.163 | 1.205 |

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.



## INDIANA

### APPENDIX B-I

#### Section A-3 – Calculation of Secondary Conversion Factors

##### 1. Factors to Adjust for Proposed Industry Group Differentials

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

|                              | Manufacturing | Contracting | Office and Clerical | Goods and Services | Miscellaneous |
|------------------------------|---------------|-------------|---------------------|--------------------|---------------|
| (1) Indicated Differentials* | 1.004         | 0.985       | 1.005               | 0.981              | 1.036         |
| (2) Final Differentials**    | 1.004         | 0.988       | 1.003               | 0.981              | 1.034         |
| (3) Adjustment (2)/(1)       | 1.000         | 1.003       | 0.998               | 1.000              | 0.998         |

\*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)<br>Adjustment of<br>Indicated Losses<br>to Pure Premium<br>at Proposed<br>Level | (2)<br>Current Ratio of<br>Manual to<br>Standard<br>Premium | (3)<br>Proposed Ratio of<br>Manual to<br>Standard<br>Premium | (4)<br>Off-balance<br>Adjustment<br>(2)/(3) | (5)<br>Balancing<br>Indicated to<br>Expected Losses<br>(1)x(4) |
|---------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------|----------------------------------------------------------------|
| 7/16-6/17     | 0.961                                                                               | 1.112                                                       | 1.114                                                        | 0.998                                       | 0.959                                                          |
| 7/17-6/18     | 0.921                                                                               | 1.112                                                       | 1.116                                                        | 0.996                                       | 0.917                                                          |
| 7/18-6/19     | 0.942                                                                               | 1.111                                                       | 1.117                                                        | 0.995                                       | 0.937                                                          |
| 7/19-6/20     | 1.006                                                                               | 1.110                                                       | 1.104                                                        | 1.005                                       | 1.011                                                          |
| 7/20-6/21     | 1.009                                                                               | 1.110                                                       | 1.100                                                        | 1.009                                       | 1.018                                                          |

##### 3. Adjustment for Experience Change

A factor of 0.894 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 |
|---------------|---------------|-------------|---------------------|--------------------|---------------|
| 7/16-6/17     | 1.177         | 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         |
| 7/20-6/21     | 1.177         | 1.177       | 1.177               | 1.177              | 1.177         |





**INDIANA**  
**APPENDIX B-I**

**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 |
|---------------|---------------|-------------|---------------------|--------------------|---------------|
| 7/16-6/17     | 1.009         | 1.012       | 1.007               | 1.009              | 1.007         |
| 7/17-6/18     | 0.965         | 0.968       | 0.963               | 0.965              | 0.963         |
| 7/18-6/19     | 0.986         | 0.989       | 0.984               | 0.986              | 0.984         |
| 7/19-6/20     | 1.063         | 1.067       | 1.061               | 1.063              | 1.061         |
| 7/20-6/21     | 1.071         | 1.074       | 1.069               | 1.071              | 1.069         |



## INDIANA

### 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 0.894 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 0.982, 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, 2022                                              | 1.000     | 1.002   |
| January 1, 2023                                              | 1.000     | 1.009   |
| July 1, 2023 (Relativity adjustment to reflect full effects) | 1.002     | 0.999   |
| July 1, 2024 (Prorated to January 1, 2024)                   | 1.014     | 1.000   |
| Combined Benefit Adjustment                                  | 1.016     | 1.010   |

##### 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    | 1.002       | 1.000   | 1.002        | 1.000   |
| (3) = (1) + (2) – 1.000      | 1.178       | 1.176   | 1.178        | 1.176   |
| (4) Overall Change (3b)/(3a) |             |         | 1.000        | 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)<br>Current Ratio of<br>Manual to Standard<br>Premium | (2)<br>Proposed Ratio of<br>Manual to Standard<br>Premium | (3)<br>Off-balance<br>Adjustment<br>(1)/(2) |
|-------------------|----------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------|
| Manufacturing     | 1.158                                                    | 1.168                                                     | 0.991                                       |
| Contracting       | 1.130                                                    | 1.125                                                     | 1.004                                       |
| Office & Clerical | 1.138                                                    | 1.131                                                     | 1.006                                       |
| Goods & Services  | 1.074                                                    | 1.069                                                     | 1.005                                       |
| Miscellaneous     | 1.074                                                    | 1.073                                                     | 1.001                                       |



## INDIANA

### APPENDIX B-I

#### 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)<br>Final<br>Differential* | (2)<br>Adjustment to Proposed for<br>Current Relativities** | (3)<br>Adjusted Differential<br>(1)x(2) |
|-------------------|-------------------------------|-------------------------------------------------------------|-----------------------------------------|
| Manufacturing     | 1.004                         | 1.000                                                       | 1.004                                   |
| Contracting       | 0.988                         | 0.999                                                       | 0.987                                   |
| Office & Clerical | 1.003                         | 1.000                                                       | 1.003                                   |
| Goods & Services  | 0.981                         | 1.000                                                       | 0.981                                   |
| Miscellaneous     | 1.034                         | 0.998                                                       | 1.032                                   |

\*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     | 0.903     | 0.883   |
| Contracting       | 0.900     | 0.879   |
| Office & Clerical | 0.916     | 0.895   |
| Goods & Services  | 0.895     | 0.874   |
| Miscellaneous     | 0.938     | 0.916   |



## INDIANA

### APPENDIX B-I

#### Section C – Calculation of National Pure Premiums

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

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

#### Section D – Calculation of Derived by Formula Pure Premiums

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

As for the preceding pure premiums, separate computations are performed for each partial pure premium: indemnity and medical. Each partial formula pure premium is derived by the weighting of the indicated, present on rate level and national partial pure premiums. The weight assigned to the policy year indicated pure premium varies in one-percent intervals from zero percent to one hundred percent, depending upon the volume of expected losses (i.e. the product of the underlying pure premiums and the payroll in hundreds). To achieve full state credibility, a classification must have expected losses of at least: \$22,654,975 for indemnity and \$24,748,275 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.



## INDIANA

### APPENDIX B-II

#### Adjustments to Obtain Rates

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

##### 1. Test Correction Factor

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

The factors referred to above are set out as follows:

|                   | Test Correction Factor |
|-------------------|------------------------|
| Manufacturing     | 1.0212                 |
| Contracting       | 1.0085                 |
| Office & Clerical | 0.9834                 |
| Goods & Services  | 0.9917                 |
| Miscellaneous     | 1.0120                 |

##### 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     | 1.168                                |
| Contracting       | 1.125                                |
| Office & Clerical | 1.131                                |
| Goods & Services  | 1.069                                |
| Miscellaneous     | 1.073                                |

##### 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 0.734 (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.



**INDIANA**  
**APPENDIX B-II**

**4. 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 12% above to 38% below |
| Office & Clerical | from 14% above to 36% below |
| Goods & Services  | from 12% above to 38% below |
| Miscellaneous     | from 16% above to 34% 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

7711

List of Classifications Limited by the Lower Swing

8803    8871



## INDIANA

### APPENDIX B-III

#### Derivation of Proposed Rate - Code 8810

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

#### LIMITED LOSSES (Workers Compensation Statistical Plan)

| Policy Period       | Fatal Likely | Fatal Not-Likely | Permanent Total | Permanent Partial Likely | Permanent Partial Not-Likely | Temporary Total Likely | Temporary Total Not-Likely | Medical Likely | Medical Not-Likely |
|---------------------|--------------|------------------|-----------------|--------------------------|------------------------------|------------------------|----------------------------|----------------|--------------------|
| 07/01/16 - 06/30/17 | 0            | 500,000          | 0               | 311,333                  | 1,566,629                    | 373,243                | 1,138,507                  | 1,484,939      | 11,502,329         |
| 07/01/17 - 06/30/18 | 0            | 0                | 0               | 764,041                  | 1,427,400                    | 289,896                | 1,203,150                  | 1,818,161      | 10,945,026         |
| 07/01/18 - 06/30/19 | 60,000       | 800,000          | 0               | 1,191,485                | 2,360,152                    | 529,529                | 1,027,926                  | 3,244,368      | 12,411,656         |
| 07/01/19 - 06/30/20 | 0            | 250,000          | 0               | 471,019                  | 1,174,386                    | 625,282                | 1,078,541                  | 1,827,389      | 8,240,879          |
| 07/01/20 - 06/30/21 | 0            | 0                | 0               | 328,158                  | 1,069,628                    | 617,903                | 1,256,359                  | 2,175,773      | 9,332,835          |

#### 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 |
|---------------------|--------------|------------------|-----------------|--------------------------|------------------------------|------------------------|----------------------------|----------------|--------------------|
| 07/01/16 - 06/30/17 | 0.800        | 0.791            | 0.817           | 0.809                    | 0.801                        | 0.791                  | 0.783                      | 0.787          | 0.777              |
| 07/01/17 - 06/30/18 | 0.840        | 0.824            | 0.858           | 0.850                    | 0.834                        | 0.831                  | 0.816                      | 0.803          | 0.793              |
| 07/01/18 - 06/30/19 | 0.892        | 0.866            | 0.917           | 0.908                    | 0.882                        | 0.888                  | 0.862                      | 0.818          | 0.815              |
| 07/01/19 - 06/30/20 | 1.007        | 0.933            | 1.042           | 1.032                    | 0.955                        | 1.009                  | 0.934                      | 0.840          | 0.836              |
| 07/01/20 - 06/30/21 | 1.295        | 1.056            | 1.339           | 1.327                    | 1.082                        | 1.297                  | 1.058                      | 0.861          | 0.858              |

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

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

|               |                 |
|---------------|-----------------|
|               | HAZARD GROUP: C |
| Excess Factor | 1.076           |

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

|                  |     |
|------------------|-----|
| Redistribution % | 40% |
|------------------|-----|



## INDIANA

### APPENDIX B-III

#### Derivation of Proposed Rate - Code 8810

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

| Policy Period       | Fatal Likely | Fatal Not-Likely | Permanent Total | Permanent Partial Likely | Permanent Partial Not-Likely | Temporary Total Likely | Temporary Total Not-Likely | Medical Likely | Medical Not-Likely |
|---------------------|--------------|------------------|-----------------|--------------------------|------------------------------|------------------------|----------------------------|----------------|--------------------|
| 07/01/16 - 06/30/17 | 0            | 413,636          | 0               | 263,417                  | 1,312,413                    | 308,773                | 932,329                    | 1,274,687      | 9,698,060          |
| 07/01/17 - 06/30/18 | 0            | 0                | 0               | 679,215                  | 1,245,041                    | 251,951                | 1,026,790                  | 1,598,782      | 9,409,147          |
| 07/01/18 - 06/30/19 | 55,974       | 724,569          | 0               | 1,131,478                | 2,177,110                    | 491,784                | 926,703                    | 2,905,804      | 11,000,494         |
| 07/01/19 - 06/30/20 | 0            | 243,946          | 0               | 508,382                  | 1,172,968                    | 659,841                | 1,053,550                  | 1,686,469      | 7,488,116          |
| 07/01/20 - 06/30/21 | 0            | 0                | 0               | 455,435                  | 1,210,408                    | 838,170                | 1,390,181                  | 2,054,325      | 8,695,577          |

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

| Policy Period       | INDUSTRY GROUP:<br>Office and Clerical |
|---------------------|----------------------------------------|
| 07/01/16 - 06/30/17 | 1.007                                  |
| 07/01/17 - 06/30/18 | 0.963                                  |
| 07/01/18 - 06/30/19 | 0.984                                  |
| 07/01/19 - 06/30/20 | 1.061                                  |
| 07/01/20 - 06/30/21 | 1.069                                  |

#### 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      |
|------------------------|-----------------|------------------|----------------------|----------------|--------------------|-----------------|---------------|------------|
| 07/01/16 - 06/30/17    | 24,741,233,116  | 576,195          | 2,676,987            | 1,283,610      | 9,765,946          | 3,253,182       | 11,049,556    | 14,302,738 |
| 07/01/17 - 06/30/18    | 25,508,296,676  | 896,713          | 2,187,773            | 1,539,627      | 9,061,009          | 3,084,486       | 10,600,636    | 13,685,122 |
| 07/01/18 - 06/30/19    | 26,351,076,244  | 1,652,368        | 3,767,128            | 2,859,311      | 10,824,486         | 5,419,496       | 13,683,797    | 19,103,293 |
| 07/01/19 - 06/30/20    | 26,651,713,949  | 1,239,485        | 2,621,162            | 1,789,344      | 7,944,891          | 3,860,647       | 9,734,235     | 13,594,882 |
| 07/01/20 - 06/30/21    | 28,092,121,474  | 1,382,864        | 2,780,030            | 2,196,073      | 9,295,572          | 4,162,894       | 11,491,645    | 15,654,539 |
| Total                  | 131,344,441,459 | 5,747,625        | 14,033,080           | 9,667,965      | 46,891,904         | 19,780,705      | 56,559,869    | 76,340,574 |
| INDICATED PURE PREMIUM |                 |                  |                      |                |                    | 0.015           | 0.043         | 0.06       |

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                                                           | 0.017     | 0.043   | 0.06  |
| Conversion Factors (App. B-I, Section B)                                                        | 0.916     | 0.895   | xxx   |
| <b>PURE PREMIUMS PRESENT ON RATE LEVEL<br/>(Underlying Pure Premiums) x (Conversion Factor)</b> | 0.016     | 0.038   | 0.05  |





## INDIANA

### APPENDIX B-III

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

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

|                                                                                                          | <u>Indemnity</u> | <u>Medical</u> | <u>Total</u> |
|----------------------------------------------------------------------------------------------------------|------------------|----------------|--------------|
| 1. Indicated Pure Premium                                                                                | 0.015            | 0.043          | 0.06         |
| 2. Pure Premium Indicated by National Relativity                                                         | 0.014            | 0.036          | 0.05         |
| 3. Pure Premium Present on Rate Level                                                                    | 0.016            | 0.038          | 0.05         |
| 4. State Credibilities                                                                                   | 95%              | 100%           | xxx          |
| 5. National Credibilities                                                                                | 2%               | 0%             | xxx          |
| 6. Residual Credibilities = 100% - (4) - (5)                                                             | 3%               | 0%             | xxx          |
| 7. Derived by Formula Pure Premiums<br>= (1) x (4) + (2) x (5) + (3) x (6)                               | 0.015            | 0.043          | 0.06         |
| 8. Test Correction Factor                                                                                | 0.9834           | 0.9834         | xxx          |
| 9. Underlying Pure Premiums = (7) x (8) *                                                                | 0.018            | 0.042          | 0.06         |
| 10. Ratio of Manual to Standard Premium                                                                  |                  |                | 1.131        |
| 11. Target Cost Ratio                                                                                    |                  |                | 0.734        |
| 12. Rate = (9) x (10) / (11)                                                                             |                  |                | 0.09         |
| 13. Rate Within Swing Limits                                                                             |                  |                | 0.09         |
| Current Rate x Swing Limits                                                                              |                  |                |              |
| a) Lower bound = 0.10 x 0.640 = 0.07                                                                     |                  |                |              |
| b) Upper bound = 0.10 x 1.140 = 0.11                                                                     |                  |                |              |
| 14. Pure Premiums Underlying Proposed Rate*<br>= ((14TOT) / (9TOT)) x (9) ; (14TOT) = (13) x (11) / (10) | 0.018            | 0.042          | 0.06         |
| 15. Miscellaneous Loadings                                                                               |                  |                | 0.00         |
| 16. Final Loaded Rate                                                                                    |                  |                | 0.09         |

\* 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 \$17,668,747 of payroll, the overall rate level change in Indiana is -11.0%.

#### 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 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:

| <b>Class Code</b> | <b>Countrywide Relativity**</b> |
|-------------------|---------------------------------|
| 6006              | 1.686                           |
| 6801*             | 1.000                           |
| 6824              | 1.184                           |
| 6825              | 0.351                           |
| 6826              | 0.666                           |
| 6828*             | 1.000                           |
| 6829*             | 1.000                           |
| 6843              | 1.358                           |
| 6845              | 0.729                           |
| 6872              | 1.268                           |
| 6873*             | 1.000                           |
| 6874              | 1.592                           |
| 7309              | 1.227                           |
| 7313              | 0.498                           |
| 7317              | 0.946                           |
| 7327              | 2.518                           |
| 7350              | 1.023                           |
| 8709              | 0.385                           |
| 8726              | 0.264                           |
| 9077*             | 1.000                           |

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

\*\*The relativities have been locked into the values from the prior filing

#### 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

|      |      |      |      |
|------|------|------|------|
| 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                                            |                  |                | 2.76         |
| 2. State Act Pure Premium Relativity Factor                                    |                  |                | 0.682        |
| 3. Countrywide State Act Weight                                                |                  |                | 24%          |
| <b>4. Primary Base Pure Premium</b><br>= [(1) x (2) x (3)] + [(1) x (1 - (3))] |                  |                | <b>2.55</b>  |
| 5. Countrywide Weights                                                         | 51%              | 49%            | 100%         |
| 6. Trend Factors                                                               | 0.967            | 0.972          | xx           |
| 7. Weighted Benefits                                                           | 1.004            | 1.003          | xx           |
| 8. Weighted Loss-Based Expenses                                                | 1.237            | 1.176          | xx           |
| <b>9. Secondary Base Pure Premium</b><br>= (4tot) x (5) x (6) x (7) x (8)      | 1.562            | 1.433          | <b>3.00</b>  |
| 10. Additional Offsets                                                         |                  |                | 1.000        |
| 11. Expense Allowance                                                          |                  |                | 0.734        |
| <b>12. Final Base Rate</b><br>= (9) x (10) / (11)                              |                  |                | <b>4.09</b>  |



## 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                           | 4.09  |
| 2. Countrywide Class Code 6872 Relativity (Section II) | 1.268 |
| 3. Rate<br>= (1) x (2)                                 | 5.19  |
| 4. Rate Within Swing Limits                            | 5.19  |
| Current Rate x Swing Limits                            |       |
| a) Lower bound = $5.67 \times 0.75 = 4.26$             |       |
| a) Upper bound = $5.67 \times 1.25 = 7.08$             |       |
| 5. Miscellaneous Loadings                              | 0.00  |
| 6. Final Loaded Rate                                   | 5.19  |



## 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 * | 8.0% |
| 2.) Assessment Rate on Total Losses #     | 4.5% |

\* 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.

For benefits provided under the Federal Coal Mine Health & Safety Act (federal benefits), the expected number of claims is based on data from the U.S. Department of Labor's Federal Black Lung Database. Estimating the expected number of claims entitled to federal benefits for an individual jurisdiction is difficult due to the scarcity of historical data. Therefore, data pooled across multiple states is relied upon to develop a credible level of experience. The following changes were made to the analysis this year:

- One state was removed from the pooled data used in the countrywide federal cost calculation due to a substantively higher incidence rate of federal disease claims relative to the other states.
- Another state no longer has active coal mines and therefore was removed since it only contributes additional claims with no corresponding exposure.
- Selected indemnity escalation values to reflect updated wage growth.
- Selected updated medical escalation values based on a review of the projected chain-weighted personal healthcare price index published by the Centers for Medicare and Medicaid Services.
- Selected updated state claim frequency and severity values based on a review of the latest data.

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-V

#### Coal Mine Occupational Disease Proposed Underground and Surface Rates

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

|                                                                    |               |
|--------------------------------------------------------------------|---------------|
| 1. Estimated Number of Claims per Year                             | 2             |
| 2. Estimated Average Cost per Claim                                | \$150,000     |
| 3. Estimated Cost of State Act Disease Claims per Year = (1) x (2) | \$300,000     |
| 4. Estimated Coal Miner Payroll                                    | \$728,299,709 |
| 5. State OD Pure Premium per \$100 of Payroll = (3) / (4) x 100    | 0.04          |

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

|                                                                      |               |
|----------------------------------------------------------------------|---------------|
| 6. Estimated Entitlements for Claims Filed by Living Miners          | 10            |
| 7. Average Cost per Case for Living Miners                           | \$534,961     |
| 8. Cost of Claims Filed by Living Miners = (6) x (7)                 | \$5,349,610   |
| 9. Estimated Entitlements for Claims Filed by Living Widows          | 1.0           |
| 10. Average Cost per Case for Living Widows                          | \$339,273     |
| 11. Cost of Claims Filed by Living Widows = (9) x (10)               | \$339,273     |
| 12. Total Cost of Federal Claims (8) + (11)                          | \$5,688,883   |
| 13. Estimated Coal Miner Payroll                                     | \$690,958,987 |
| 14. Federal OD Pure Premium per \$100 of Payroll = (12) / (13) x 100 | 0.82          |

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

|                                                                 |       |
|-----------------------------------------------------------------|-------|
| 15. Code 1016 OD Costs Relative to Code 1005 Costs              | 3.000 |
| 16. Distribution of Coal Mining Payroll***                      |       |
| a) 1005 Payroll as % of Total Coal Mining Payroll               | 40.2% |
| b) 1016 Payroll as % of Total Coal Mining Payroll               | 59.8% |
| 17. Proposed State OD Pure Premiums                             |       |
| a) 1005 State OD Pure Premium = (5) / [(16a) + (16b) x (15)]    | 0.02  |
| b) 1016 State OD Pure Premium = (17a) x (15)                    | 0.06  |
| 18. Proposed Federal OD Pure Premiums                           |       |
| a) 1005 Federal OD Pure Premium = (14) / [(16a) + (16b) x (15)] | 0.37  |
| b) 1016 Federal OD Pure Premium = (18a) x (15)                  | 1.11  |
| 19. Loss-Based Expense Provision                                | 1.177 |
| 20. Target Cost Ratio                                           | 0.734 |
| 21. Proposed State OD Rates                                     |       |
| a) 1005 State OD Rate = (17a) x ((19) / (20))                   | 0.03  |
| b) 1016 State OD Rate = (17b) x ((19) / (20))                   | 0.10  |
| 22. Proposed Federal OD Rates                                   |       |
| a) 1005 Federal OD Rate = (18a) x ((19) / (20))                 | 0.59  |
| b) 1016 Federal OD Rate = (18b) x ((19) / (20))                 | 1.78  |

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

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

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





## 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 0.734 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, 2024

#### 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 – Phase 2

For indemnity benefits, note that only the July 1, 2024 changes contained in HEA 1153 are reflected in this filing document. Future changes in indemnity benefit levels related to this legislation will be incorporated in subsequent years' advisory rate filing submissions. In addition, as the effective date of this advisory rate filing is January 1, 2024, but the effective date of the indemnity benefit level changes is July 1, 2024, the impact of this second phase of indemnity benefit level changes has been prorated. This calculation is displayed in Appendix C-II.



## INDIANA

### APPENDIX C-I

#### ANALYSIS OF INDIANA MEDICAL FEE SCHEDULE CHANGES EFFECTIVE OCTOBER 1, 2022 AND JANUARY 1, 2023

NCCI estimates that the changes to the medical fee schedule in Indiana, effective October 1, 2022 will result in an impact of +0.1% on overall workers compensation system costs.

NCCI estimates that the changes to the medical fee schedule in Indiana, effective January 1, 2023 will result in an impact of +0.6% on overall workers compensation system costs.

#### SUMMARY OF CHANGES

- Maximum reimbursement for Hospital Inpatient services was updated to 200% of Medicare's 2023 Inpatient Prospective Payment System (IPPS), effective October 1, 2022. Previously, maximum reimbursement for Hospital Inpatient services was 200% of Medicare's 2022 IPPS.
- Maximum reimbursement for Hospital Outpatient services was updated to 200% of Medicare's 2023 Outpatient Prospective Payment System (OPPS), effective January 1, 2023. Previously, maximum reimbursement for Hospital Outpatient services was 200% of Medicare's 2022 OPPS.
- Enacted House Enrolled Act 1153 implemented a medical fee schedule for Ambulatory Surgical Center (ASC) services based on 200% of Medicare's 2023 ASC payment rates, effective January 1, 2023.<sup>1</sup>

#### 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.

---

<sup>1</sup> The impact due to the ASC fee schedule implementation was analyzed previously and included in the January 1, 2023 Indiana advisory rates, loss costs, and assigned risk rates filing. However, that analysis was based on Medicare's 2022 ASC payment rates since the 2023 ASC payment rates were not available at the time of the original analysis. The ASC impact quantified in this analysis reflects the update from 200% of Medicare's 2022 ASC payment rates to 200% of Medicare's 2023 ASC payment rates.



## INDIANA

### APPENDIX C-I

#### **ANALYSIS OF INDIANA MEDICAL FEE SCHEDULE CHANGES EFFECTIVE OCTOBER 1, 2022 AND JANUARY 1, 2023**

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.
  - 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.

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 2021. 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, 2019, and 2020 projected to the effective date of the benefit changes.



## INDIANA

### APPENDIX C-I

#### ANALYSIS OF INDIANA MEDICAL FEE SCHEDULE CHANGES EFFECTIVE OCTOBER 1, 2022 AND JANUARY 1, 2023

##### SUMMARY OF IMPACTS

The impact from the hospital inpatient fee schedule changes in Indiana, effective October 1, 2022, is summarized below.

|                    | (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 |
| Hospital Inpatient | +1.8%                     | 9.3%                   | <b>+0.2%</b>            | 69%                                       | <b>+0.1%</b>            |

The impacts from the fee schedule changes in Indiana, effective January 1, 2023, are summarized below.

|                                                            | (A)                       | (B)                    | (C) = (A) x (B)         |
|------------------------------------------------------------|---------------------------|------------------------|-------------------------|
| Type of Service                                            | Impact on Type of Service | Share of Medical Costs | Impact on Medical Costs |
| Hospital Outpatient                                        | +1.9%                     | 17.6%                  | +0.3%                   |
| ASC                                                        | +4.8%                     | 12.0%                  | +0.6%                   |
|                                                            |                           |                        |                         |
| <b>Combined Impact on Medical Costs (D) = Total of (C)</b> |                           |                        | <b>+0.9%</b>            |
| Medical Costs as a Share of Overall Costs (E)              |                           |                        | 69%                     |
| <b>Combined Impact on Overall Costs (F) = (D) x (E)</b>    |                           |                        | <b>+0.6%</b>            |

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 MEDICAL FEE SCHEDULE CHANGES EFFECTIVE OCTOBER 1, 2022 AND JANUARY 1, 2023

#### APPENDIX

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

| Type of Service     | (A)<br>Change in<br>MARs for<br>Costs Subject<br>to the FS | (B)<br>Share of<br>Costs<br>Subject to<br>the FS | (C) = (A) x (B)<br>Change in<br>MARs by<br>Type of<br>Service | (D) = (C) x 80%<br><br>Impact after<br>Price Realization |
|---------------------|------------------------------------------------------------|--------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------|
| Hospital Inpatient  | +2.8%                                                      | 76.9%                                            | +2.2%                                                         | +1.8%                                                    |
| Hospital Outpatient | +2.6%                                                      | 91.1%                                            | +2.4%                                                         | +1.9%                                                    |

| Type of<br>Service | (A)<br><br>Change due to the<br>2023 Medicare Update<br>for Costs Subject to<br>the FS | (B)<br><br>Share of Costs<br>Subject to the<br>FS<br>Implementation | (C) = (A) x (B)<br><br>Impact of the FS<br>Implementation | (D) = (C) x 100%<br><br>Impact after<br>Price<br>Realization <sup>2</sup> |
|--------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------------------------|
| ASC                | +5.2%                                                                                  | 92.5%                                                               | +4.8%                                                     | +4.8%                                                                     |

<sup>2</sup> For consistency with the original analysis, which was included in the January 1, 2023 Indiana advisory rates, loss costs, and assigned risk rates filing, no price realization factor was applied for the ASC fee schedule implementation.



## APPENDIX C-II

## ANALYSIS OF INDIANA HOUSE ENROLLED ACT 1153 PHASE 2

Effective July 1, 2024

Phase 2 of Indiana House Enrolled Act (HEA) 1153 increases Permanent Partial Impairment (PPI) awards and maximum indemnity benefits effective July 1, 2024. NCCI estimates that the increase in indemnity benefits on July 1, 2024, will result in an impact of +0.5% on overall workers compensation (WC) system costs in Indiana.

**SUMMARY OF INDIANA HEA 1153**

HEA 1153 increases indemnity benefits in four phases. The first phase took effect July 1, 2023. The remaining indemnity benefit increases will continue to take effect in three additional phases, with benefits increasing annually on July 1 of 2024, 2025 and 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 <sup>1</sup> | 7/1/2024  | 7/1/2025  | 7/1/2026  |
|-------------------------------------|----------------------|-----------|-----------|-----------|
| MAXIMUM COMPENSABLE WEEKLY WAGE     | \$1,205              | \$1,241   | \$1,278   | \$1,316   |
| MAXIMUM AGGREGATE INDEMNITY BENEFIT | \$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 | 7/1/2024 | 7/1/2025 | 7/1/2026 |
|-----------------------|---------|----------|----------|----------|
| 1 TO 10               | \$1,803 | \$1,857  | \$1,913  | \$1,970  |
| 11 TO 35              | \$2,011 | \$2,071  | \$2,133  | \$2,197  |
| 36 TO 50              | \$3,282 | \$3,380  | \$3,481  | \$3,585  |
| 51 TO 100             | \$4,182 | \$4,307  | \$4,436  | \$4,569  |

Only the impact of the changes effective July 1, 2024 will be shown in this analysis. The impacts of each additional phase will be reflected in future Indiana Compensation Rating Bureau (ICRB) rate filings as determined to be appropriate by the ICRB and are 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.

<sup>1</sup> In this document, "current" indicates benefit levels that became effective on July 1, 2023.



## APPENDIX C-II

## ANALYSIS OF INDIANA HOUSE ENROLLED ACT 1153 PHASE 2

Effective July 1, 2024

**ACTUARIAL ANALYSIS**

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 an Indiana distribution<sup>2</sup> 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 changes to be effective July 1, 2024 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 ratings<sup>3</sup> increased by 3% effective July 1, 2024. This increase was then multiplied by the PPI award share of permanent partial disability (PPD) and permanent total disability (PTD) indemnity costs<sup>4</sup> to determine the direct impact on these injury types.

Studies<sup>5</sup> 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 costs<sup>6</sup> and then summed across all injury types. The changes effective July 1, 2024 are expected to increase total indemnity benefit costs by +1.7%. Since indemnity benefits are projected to comprise approximately 31%<sup>7</sup> of total WC benefit costs in Indiana, the impact of the changes on overall WC system costs in Indiana is +0.5%.

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<sup>2</sup> Based on NCCI Indemnity Data Call data for Accident Years 2020-2022.

<sup>3</sup> As well as the benefit maximums described in the prior paragraph.

<sup>4</sup> 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 claim costs 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.

<sup>5</sup> 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.

<sup>6</sup> 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, 2020, at the current benefit level and developed to an ultimate basis by injury type.

<sup>7</sup> Based on NCCI Financial Call data for Policy Years 2019 and 2020, projected to July 1, 2024.



## INDIANA



### APPENDIX C-II

#### ANALYSIS OF INDIANA HOUSE ENROLLED ACT 1153 PHASE 2

*Effective July 1, 2024*

The estimated impacts of the changes to overall WC system costs in Indiana effective July 1, 2024, are summarized in the table below:

| INJURY TYPE                                                                                         | SHARE OF INDEMNITY COSTS | (A)<br>IMPACT BY INJURY TYPE |
|-----------------------------------------------------------------------------------------------------|--------------------------|------------------------------|
| FATAL                                                                                               | 4.7%                     | +0.9%                        |
| PTD                                                                                                 | 2.0%                     | +3.1%                        |
| PPD                                                                                                 | 52.5%                    | +2.3%                        |
| TTD                                                                                                 | 40.8%                    | +1.0%                        |
| (B) COMBINED IMPACT ON INDEMNITY COSTS<br>= (A) WEIGHTED BY ITS RESPECTIVE SHARE OF INDEMNITY COSTS |                          | +1.7%                        |
| (C) INDEMNITY SHARE OF OVERALL COSTS                                                                |                          | 31.0%                        |
| (D) COMBINED IMPACT ON OVERALL COSTS<br>= (B) x (C)                                                 |                          | +0.5%                        |



## INDIANA

### APPENDIX C-II

#### Pro-Rated Impact of HEA 1153 Phase 2 on Indemnity Losses

| Effective Month (A) | Premium Distribution (B) | Months Before 7/1/2024 (C) | Months After 7/1/2024 (D) | % Impacted (E)<br>= (D)/12 | Impact by Month (F)<br>= (E) x (G) |
|---------------------|--------------------------|----------------------------|---------------------------|----------------------------|------------------------------------|
| 1/1/2024            | 15.5%                    | 6                          | 6                         | 50.0%                      | 0.9%                               |
| 2/1/2024            | 5.6%                     | 5                          | 7                         | 58.3%                      | 1.0%                               |
| 3/1/2024            | 8.5%                     | 4                          | 8                         | 66.7%                      | 1.1%                               |
| 4/1/2024            | 8.5%                     | 3                          | 9                         | 75.0%                      | 1.3%                               |
| 5/1/2024            | 7.1%                     | 2                          | 10                        | 83.3%                      | 1.4%                               |
| 6/1/2024            | 8.3%                     | 1                          | 11                        | 91.7%                      | 1.6%                               |
| 7/1/2024            | 10.1%                    | 0                          | 12                        | 100.0%                     | 1.7%                               |
| 8/1/2024            | 6.2%                     | 0                          | 12                        | 100.0%                     | 1.7%                               |
| 9/1/2024            | 7.0%                     | 0                          | 12                        | 100.0%                     | 1.7%                               |
| 10/1/2024           | 8.8%                     | 0                          | 12                        | 100.0%                     | 1.7%                               |
| 11/1/2024           | 6.0%                     | 0                          | 12                        | 100.0%                     | 1.7%                               |
| 12/1/2024           | 8.4%                     | 0                          | 12                        | 100.0%                     | 1.7%                               |

(G) Full Impact of HEA 1153 on Indemnity Losses: 1.7%

(H) Pro-Rated Impact of HEA 1153 on Indemnity Losses: **1.4%**  
= Sum of (B) x (F)



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Part 4 Additional Information

- Definitions
- Key Contacts



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### 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.

**Policy Year:**

- The one-year period beginning with the effective date or anniversary of a policy.



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Definitions

- 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.



## Indiana

### Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2024

#### Key Contacts

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