

ICRB'S 86th ANNUAL REPORT

THE STATE OF WORKERS COMPENSATION IN INDIANA



November 2024



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Paul Keathley
PRESIDENT & CEO

Hello,

It has been a year of change and opportunity at the ICRB. As many of you know, we have had some changes in our leadership team. Jennifer Cox took the role of Director of Finance and Operations in September of 2022. After assuming the interim President role in April of this year, I was hired by our Governing Board as President & CEO in September. We also have a new Vice President, Scott Lerew, and our team is very excited for what the future holds!

We have been busy getting out and building partnerships and relationships with our many stakeholders this year. That will continue to be a focus for the ICRB, and I hope to see many of you in the near future. The ICRB had a booth at the Big I convention in November, and as always this was a great event for our industry and a chance to network with both carrier and agency professionals. The ICRB is focused on increasing our presence and visibility with our stakeholders and we look forward to every opportunity to be of assistance when it comes to your Workers Compensation questions.

Indiana continues to have a very robust Workers Compensation market, as you will see in our report. Written premiums are up by \$65 Million from last year, combined ratios remain very favorable at 87%, and lost time claim frequency has been in a long-term decline.

I am honored to represent the ICRB and proud of our associates, service providers and business partners as we have effectively navigated the changes in our organization. We are all committed to ensuring first-class service, accurate data and quality resources to our many stakeholders throughout the great state of Indiana.

Paul Keathley
317-842-2800 ext. 301
pkeathley@icrb.net

ICRB Mission

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

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

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



LET US HELP YOU
**NAVIGATE THE
COMPLEXITY
OF WORKERS
COMPENSATION**

**INDIANA
COMPENSATION
RATING BUREAU**

www.icrb.net

ICRB Governing Board Members

- Accident Fund Insurance Company of America
- *Allison Sidnam*
- American Home Assurance Company (AIG)
- *Ira Feuerlicht (Chair)*
- Eastern Alliance Insurance Company
- *Frank Baker (Vice Chair)*
- FCCI Insurance Group
- *Rob Smith*
- ICW Group
- *Keith Guccione*
- Indiana Farmers Mutual Insurance Company
- *Craig Evans*
- Indiana Insurance Company (Liberty Mutual)
- *Eddie Herrera*
- Old Republic (Pennsylvania Manufacturers Assoc.)
- *Scott Dahlager*
- Travelers Indemnity Company
- *Lindsay Ladin*
- Westfield Insurance Company
- *Michael Nunney*

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



- Our Core Values

- 1** *Provide exceptional customer service & educational resources*
- 2** *Make neutral and value-based decisions*
- 3** *Build solid relationships with regulators, insurers, agents and employers*
- 4** *Foster a healthy work-life balance through collaboration & innovation*

President/CEO

Paul Keathley

Vice President

Scott Lerew

**Director of Finance and
Operations**

Jennifer Cox

**Classification &
Inspection**

Daniel Geary
Marshall White

Finance Assistant

(open)

Analysts

Rebekah Bennett
Taylor Gore
Mari Kidwell

ICRB Staff

The greatest asset of a company is its people

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



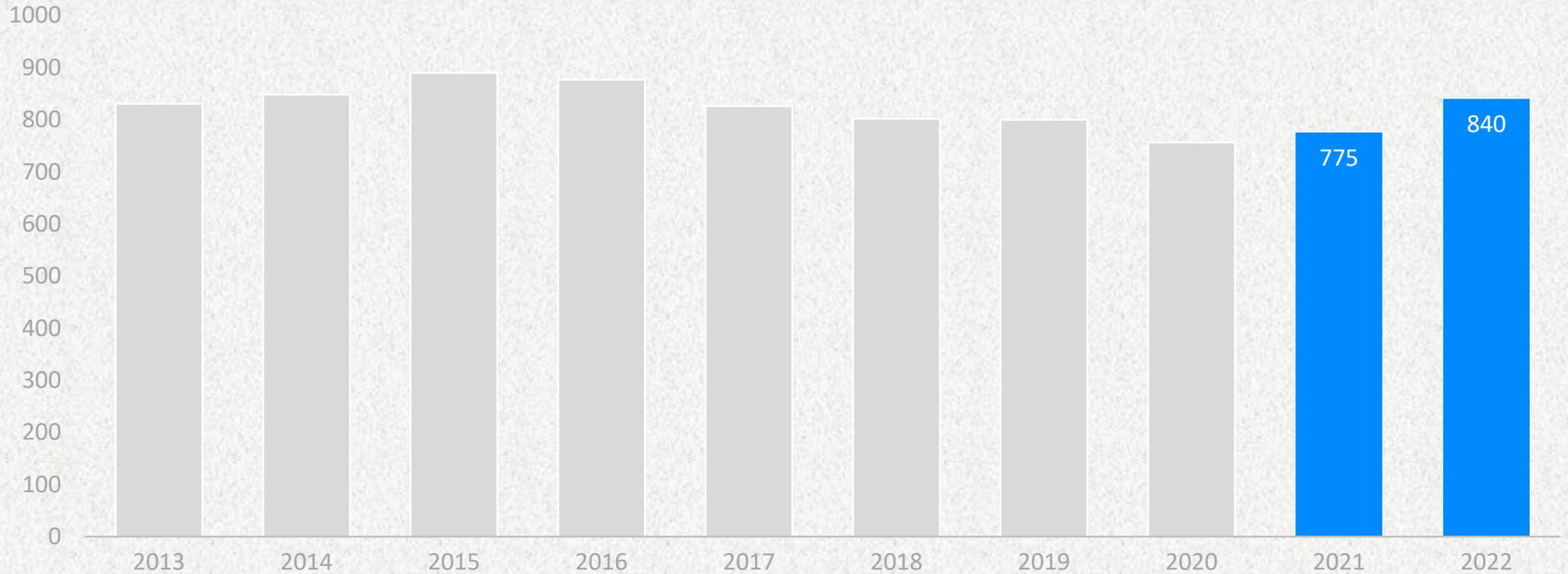
Indiana's Workers Compensation Market

- Written premium volume increased by \$65 Million in the latest year
- Accident year combined ratios continue to show underwriting gains
- Lost-time claim frequency has declined over the long term
- Combined Ratios remain at 87%

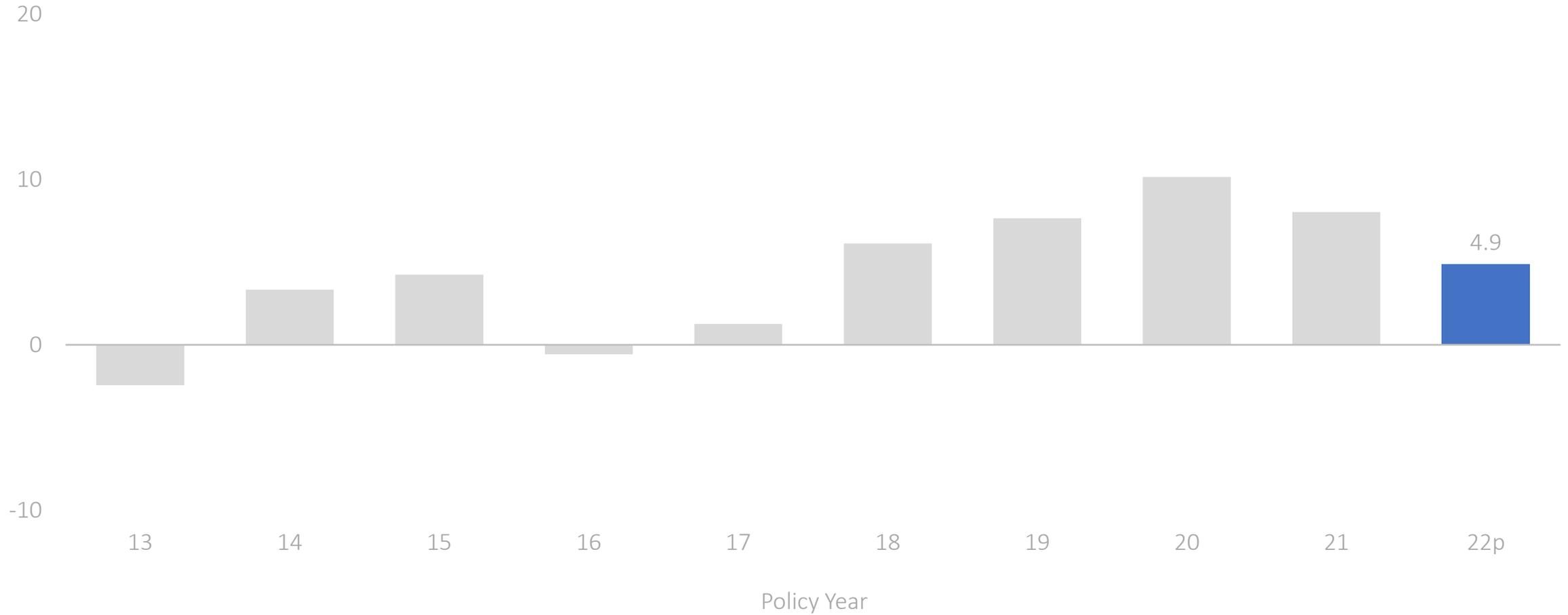
Source: NCCI's Indiana Workers Compensation Outlook and Observations- October 2023

• Indiana Premium Volume

Direct Written Premium in \$ Millions



Impact of Discounting on Workers Compensation Premium in Indiana

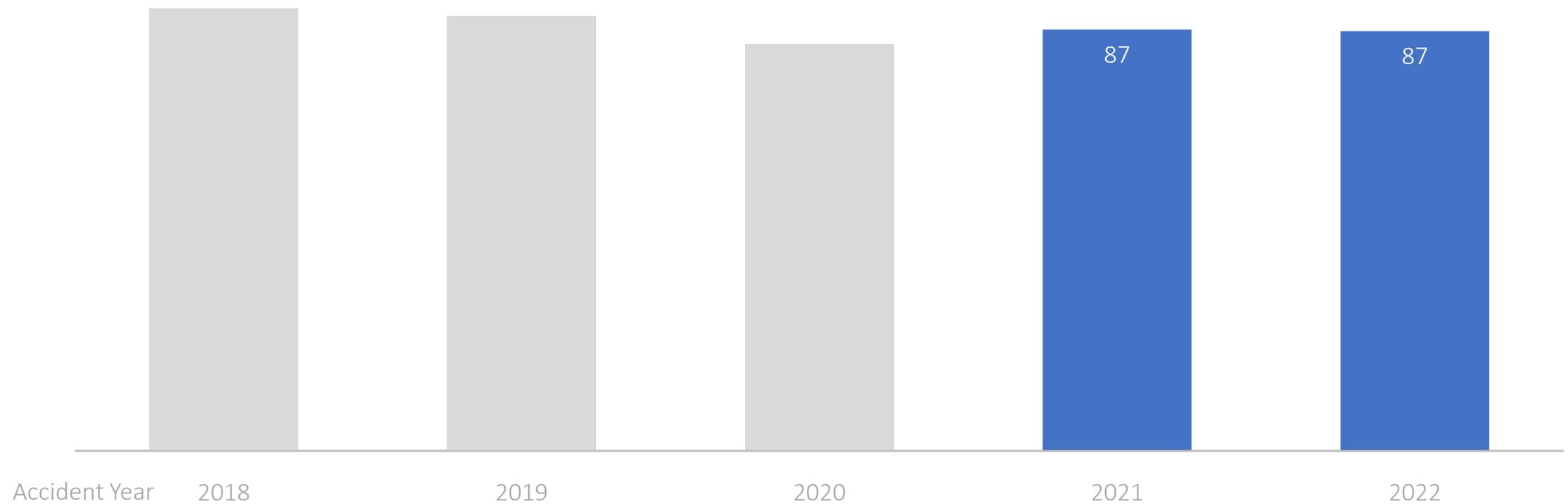


Indiana Combined Ratios

Sources: NCCI's Financial data through 12/31/2022 and NAIC's Annual Statement data

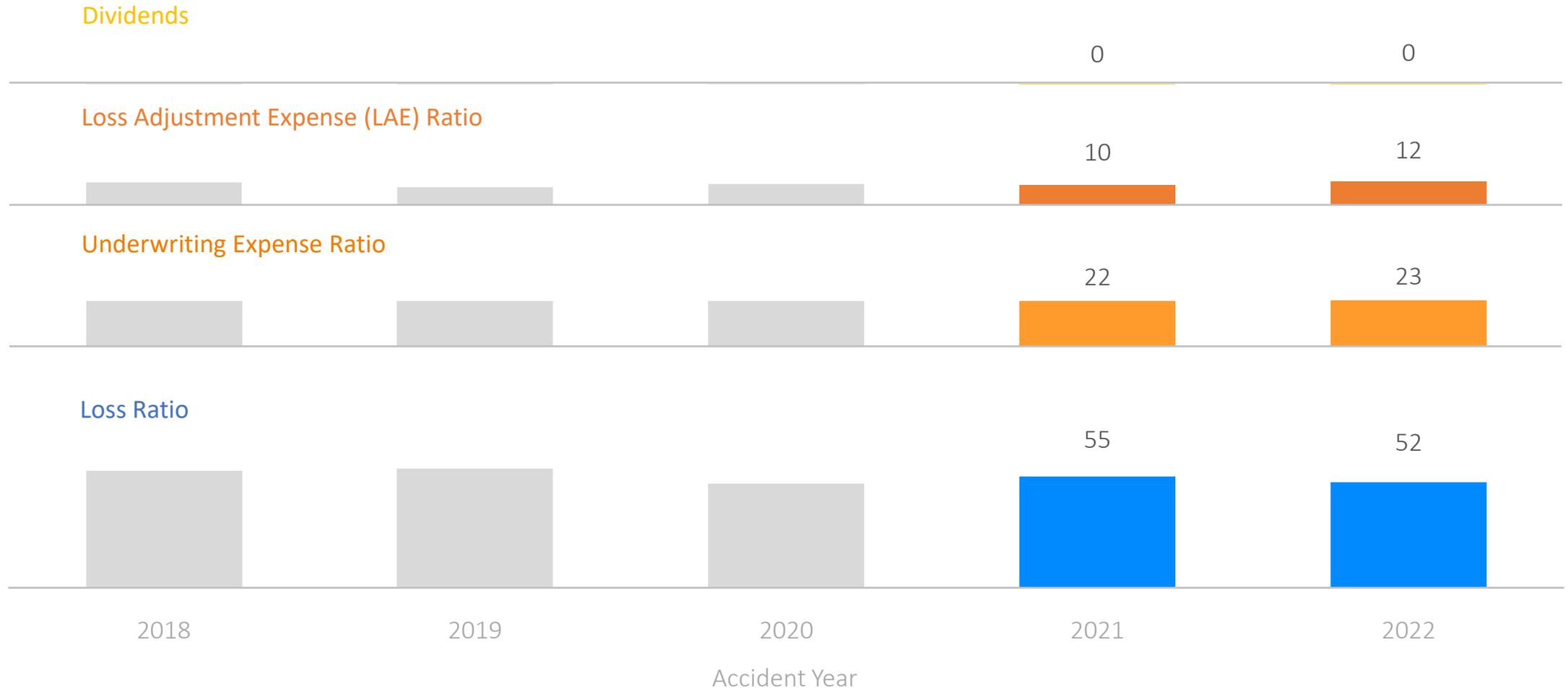
Percent

100



Indiana Combined Ratios by Component

Percent



Sources: NCCI's Financial data through 12/31/2022 and NAIC's Annual Statement data.

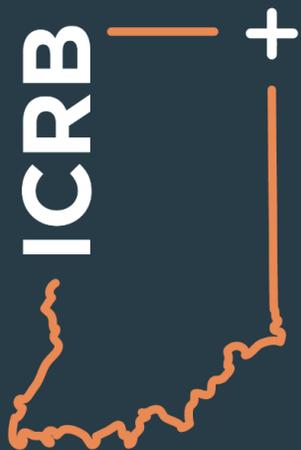
Indiana Intrastate Experience Rating

INDIANA INTRASTATE EXPERIENCE RATING 2022 RATING EFFECTIVE DATES

*2022 Rating
Effective Dates*

Mod Range	Counts	% of Total	Range	Percent
0.01-0.49	2	0.01%		
0.50-0.59	22	0.08%		
0.60-0.69	479	1.76%	0.01 - 0.69	1.85%
0.70-0.79	2,426	8.93%		
0.80-0.89	7,869	28.95%		
0.90-0.99	11,608	42.71%	0.70 - 0.99	80.58%
1.00-1.09	877	3.23%		
1.10-1.19	620	2.28%		
1.20-1.29	712	2.62%		
1.30-1.39	918	3.38%		
1.40-1.49	710	2.61%	1.00 - 1.49	14.12%
1.50-1.59	427	1.57%		
1.60-1.69	202	0.74%		
1.70-1.79	117	0.43%		
1.80-1.89	74	0.27%		
1.90-1.99	35	0.13%		
2.00-2.49	72	0.26%		
2.50-2.99	10	0.04%		
3.00-3.99	1	0.00%		
4.00 and Up	0	0.00%	1.50 & Up	3.45%
TOTAL	27,181	100.00%		100.00%
LOWEST MOD	0.29			
HIGHEST MOD	3.13			
STATISTICAL MODE	0.92			
AVERAGE	0.96			
TOTAL CREDIT MODS	22,406			
TOTAL UNITY MODS	118			
TOTAL DEBIT MODS	4,657			

Top 10 Indiana Workers Compensation Insurers



1. Travelers Group	\$68,053,000
2. AF Group	\$65,671,000
3. Liberty Mutual	\$56,788,000
4. Zurich Insurance	\$36,340,000
5. Chubb INA Group	\$27,311,000
6. Hartford	\$26,622,000
7. Great American	\$21,929,000
8. Amerisure	\$21,677,000
9. Old Republic	\$21,675,000
10. Cincinnati	\$18,860,000

Class Code	Class Code Description	Policy Count*	% of Total Policy Counts	Manual Premium
8810	CLERICAL OFFICE EMPLOYEES NOC	42,886	39.0%	36,853,255
8742	SALESPERSONS OR COLLECTORS - OUTSIDE	18,260	16.6%	12,614,175
8868	COLLEGE - PROFESSIONAL EMPLOYEES & CLERICAL	6,399	5.8%	15,054,283
8832	PHYSICIAN & CLERICAL	5,129	4.7%	11,441,030
9082	RESTAURANT NOC	4,159	3.8%	15,171,946
8380	AUTOMOBILE SERVICE OR REPAIR CENTER & DRIVERS	3,727	3.4%	27,786,221
8017	STORE: RETAIL NOC	3,417	3.1%	14,454,731
9101	COLLEGE - ALL OTHER EMPLOYEES	3,148	2.9%	10,725,764
7380	DRIVERS, CHAUFFEURS, MESSENGERS & THEIR HELPERS NOC-COMMERCIAL	3,138	2.9%	22,784,408
5645	CARPENTRY CONSTRUCTION OF RESIDENTIAL DWELLINGS NOT EXCEEDING THREE STORIES IN HEIGHT	3,086	2.8%	19,684,995
Total Voluntary		109,857		1,193,255,648

Top Ten Class Codes By Policy Count Voluntary Market- Policy Year 2021

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



Top Ten Class Codes by Premium- Assigned Risk Market 2022

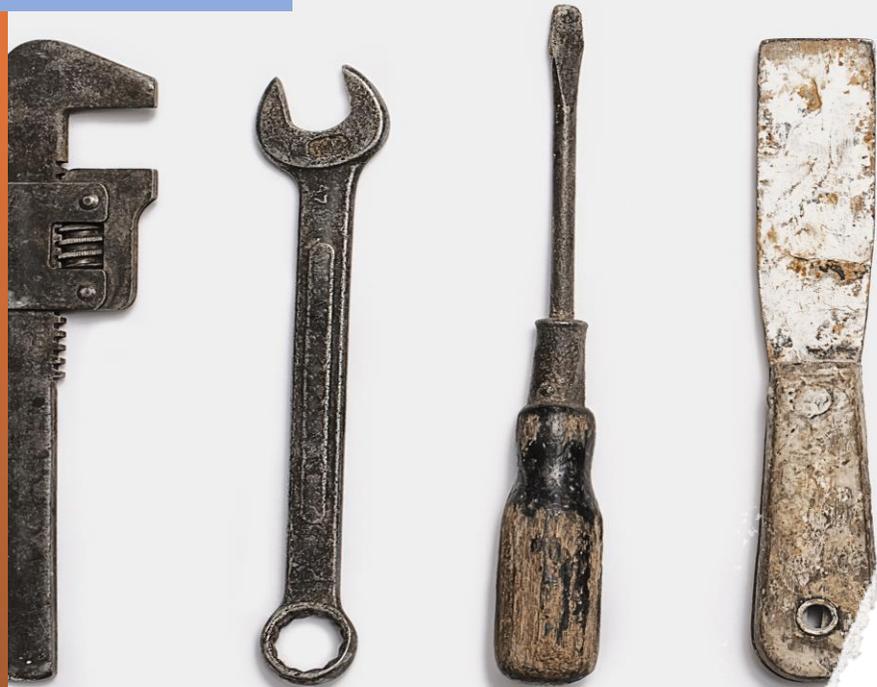
Assigned Risk Market					
Largest Premium					
Rank	Prem	%	Code	Class	Count
1	\$3,933,451	9.1%	5551	Roofing-All Kinds & Drivers	534
2	\$3,350,420	7.8%	5645	Carpentry-Res. 1-3 Stories	723
3	\$2,768,305	6.4%	7219	Trucking NOC-All Empl. & Drivers	441
4	\$1,374,045	3.2%	0106	Tree Pruning,Spraying,Repairing	253
5	\$1,231,146	2.8%	7720	Police Officers and Drivers	109
6	\$806,404	1.9%	9014	Janitorial Svcs. by Contractors	249
7	\$794,897	1.8%	8864	Social Services Organization	112
8	\$778,816	1.8%	5474	Painting NOC & Shop Operations	291
9	\$738,182	1.7%	5403	Carpentry-Res./Comm. >3 Stories	197
10	\$670,165	1.6%	8835	Home,Public,Travel Healthcare Emp.	130
Top 10 Total	\$16,445,831	38%			3,039
State Total	\$43,206,305	100%			





Assigned Risk Premium Market Distribution

Policy Year 2022



Premium Interval	Policy Count	% of Policies	Total Estimated Premium	% of Premium	Average Premium
\$1-\$2499	5,663	63%	\$6,588,993	15%	\$1,164
No surcharge subtotal	5,663	63%	\$6,588,993	15%	
\$2,500-\$9,999	2,432	27%	\$11,840,908	27%	\$4,869
\$10,000-\$49,999	775	9%	\$15,500,295	36%	\$20,000
\$50,000-\$99,999	76	1%	\$5,231,144	12%	\$68,831
\$100,000-\$249,999	27	0%	\$3,726,519	9%	\$138,019
\$250,000+	1	0.0%	\$318,445	1%	\$318,445
With surcharge subtotal	3,311	37%	\$36,617,312	85%	
Totals	8,974	100%	\$43,206,305	100%	\$4,815

Cal Year	AR Share	AR Premium	AR Premium % Change	State Direct Prem Written	Net Underwriting Gain (Loss)	Voluntary Market Premium
1991	17.6%	\$ 102,770,000				
1992	17.3%	\$ 94,570,000	-8%			
1993	14.7%	\$ 92,163,000	-3%			
1994	11.6%	\$ 72,244,000	-22%			
1995	6.4%	\$ 39,123,000	-46%			
1996	4.8%	\$ 25,910,000	-34%			
1997	3.6%	\$ 18,615,000	-28%			
1998	2.7%	\$ 13,629,000	-27%			
1999	2.0%	\$ 10,335,000	-24%	\$ 516,750,000	\$ 5,624,544	
2000	3.0%	\$ 18,230,241	76%	\$ 605,727,245	\$ 8,133,066	
2001	5.6%	\$ 38,228,775	110%	\$ 685,202,838	\$ 866,964	
2002	9.2%	\$ 64,089,267	68%	\$ 699,695,935	\$ 2,305,158	
2003	9.2%	\$ 68,263,390	7%	\$ 739,367,943	\$ (10,164,793)	
2004	8.6%	\$ 64,852,999	-5%	\$ 751,642,124	\$ 2,801,518	
2005	7.9%	\$ 65,231,243	1%	\$ 828,332,577	\$ 17,662,791	\$ 763,101,334
2006	6.4%	\$ 52,376,694	-20%	\$ 823,965,699	\$ (764,767)	\$ 771,589,005
2007	5.6%	\$ 44,614,150	-15%	\$ 798,032,510	\$ 5,664,822	\$ 753,418,360
2008	4.6%	\$ 33,611,682	-25%	\$ 724,922,832	\$ 11,195,751	\$ 691,311,150
2009	4.4%	\$ 28,100,929	-16%	\$ 631,794,246	\$ 3,629,255	\$ 603,693,317
2010	4.2%	\$ 26,488,048	-6%	\$ 626,460,483	\$ (7,149,993)	\$ 599,972,435
2011	4.6%	\$ 32,286,876	22%	\$ 703,203,981	\$ (2,490,178)	\$ 670,917,105
2012	6.2%	\$ 48,974,619	52%	\$ 793,271,837	\$ (909,027)	\$ 744,297,218
2013	7.9%	\$ 66,623,485	36%	\$ 846,081,495	\$ 767,204	\$ 779,458,010
2014	8.4%	\$ 71,240,879	7%	\$ 852,040,609	\$ 6,034,575	\$ 780,799,730
2015	7.3%	\$ 65,273,550	-8%	\$ 890,051,036	\$ 8,937,148	\$ 824,777,486
2016	6.9%	\$ 60,560,892	-7%	\$ 876,183,269	\$ 21,009,821	\$ 815,622,378
2017	6.4%	\$ 52,514,621	-13%	\$ 825,801,646	\$ 8,752,476	\$ 773,287,025
2018	6.0%	\$ 48,419,224	-8%	\$ 801,818,746	\$ 8,465,746	\$ 753,399,522
2019	5.9%	\$ 47,046,065	-3%	\$ 799,364,256	\$ 4,114,297	\$ 752,318,191
2020	5.8%	\$ 43,696,226	-7%	\$ 756,063,622	\$ 11,297,843	\$ 712,367,396
2021	5.6%	\$ 43,386,591	-1%	\$ 775,316,221	\$ 7,036,456	\$ 731,929,630
2022	5.5%	\$ 46,209,794	7%	\$ 839,865,213	\$ 8,924,793	\$ 793,655,419

Assigned Risk Market Share

Assigned Risk Take-Out Credit Program



Year	Risks	Premium	% Change
2010	1,638	\$6,835,200	-22%
2011	1,304	\$6,808,960	0%
2012	1,064	\$5,959,712	-12%
2013	941	\$7,199,922	21%
2014	1,020	\$13,380,777	86%
2015	1,338	\$19,036,914	42%
2016	1,591	\$20,730,287	9%
2017	1,978	\$17,151,059	-17%
2018	2,041	\$13,621,653	-21%
2019	1,886	\$11,101,803	-18%
2020	1,593	\$8,872,256	-20%
2021	1,413	\$8,741,781	-1%
2022	1,446	\$10,928,390	25%
Cum Total	37,708	338,428,542	

Indiana Assigned Risk Servicing Carriers

- These companies are under a 3-year contract term from January 1, 2024 – December 31, 2026

Liberty Mutual Insurance
Company

Travelers Property Casualty
Company of America

Pennsylvania Manufacturers
Association Insurance Company

Accident Fund Insurance
Company of America

COST DRIVERS

CLAIM FREQUENCY

INDEMNITY

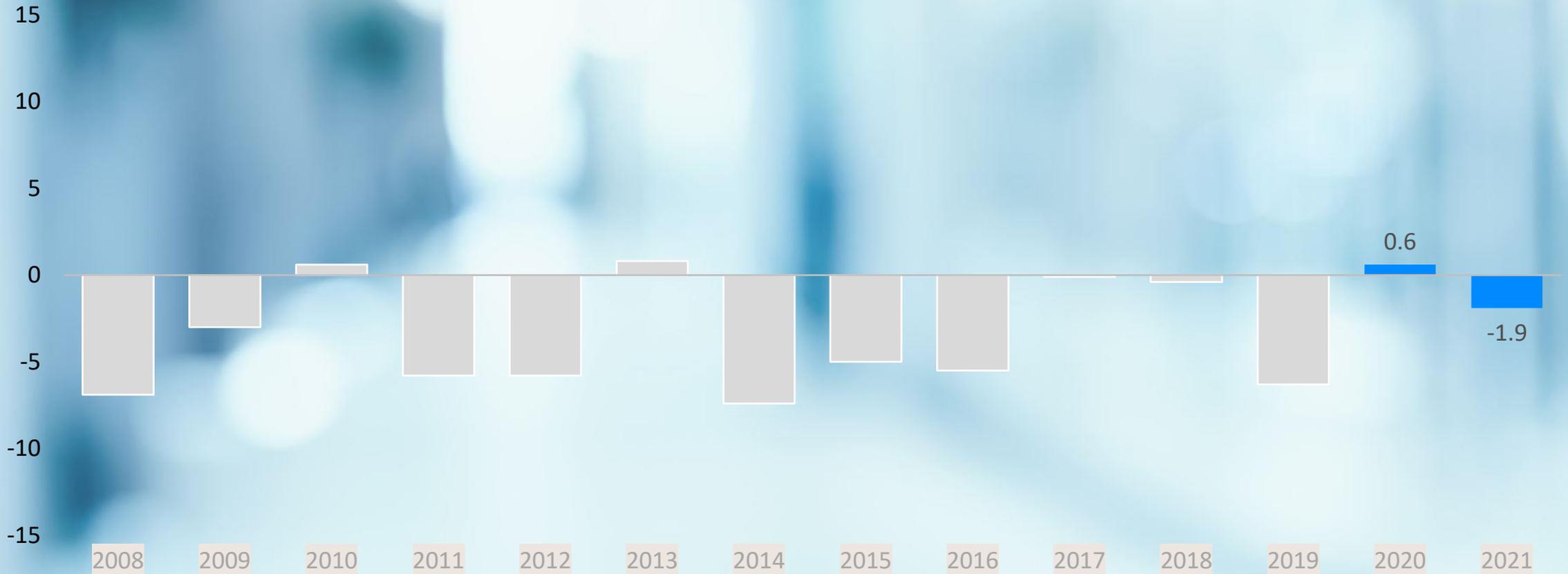
MEDICAL

PHARMA



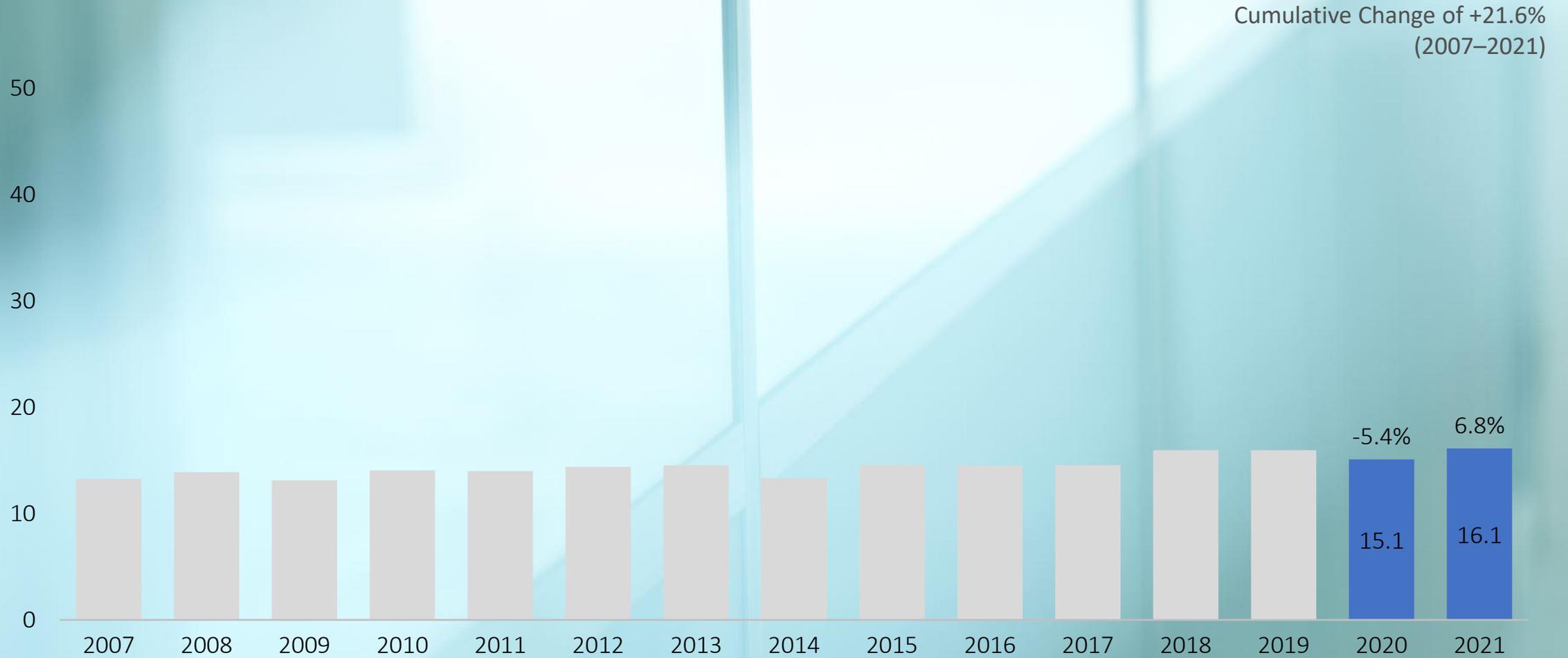
Indiana Change in Claim Frequency

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



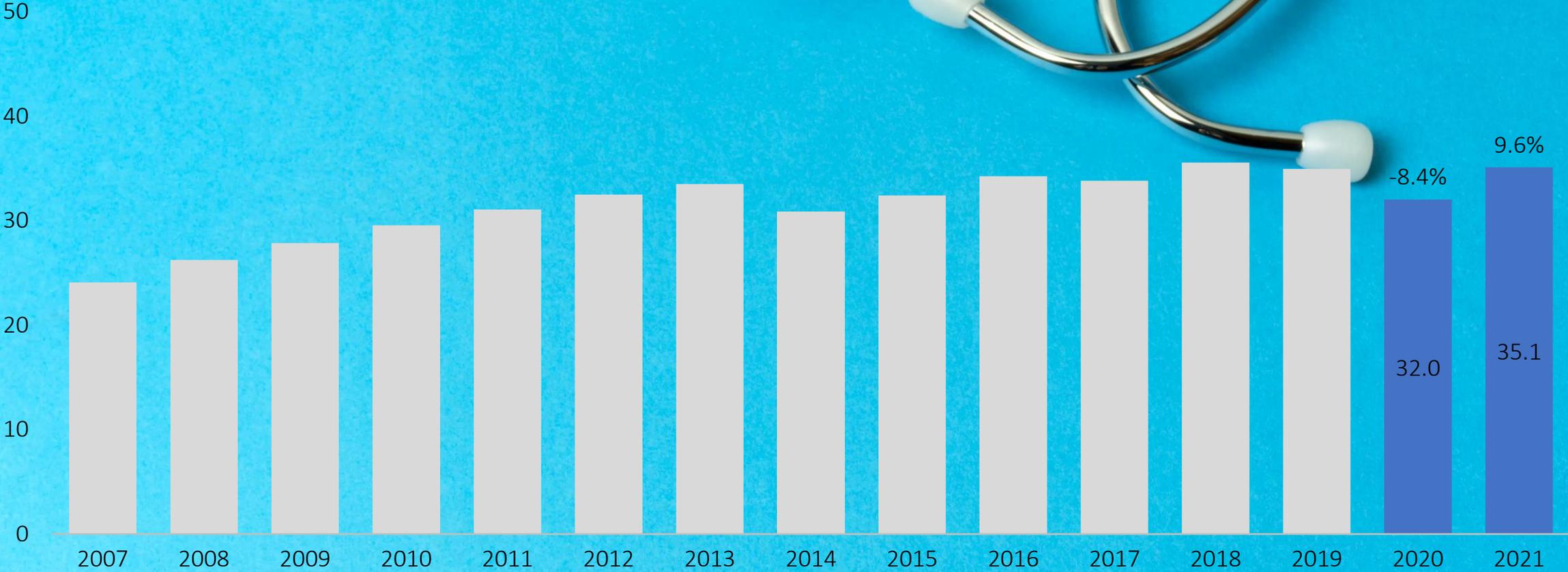
Indiana Average Indemnity Claim Severity

Lost-Time Claim Severity in \$ Thousands



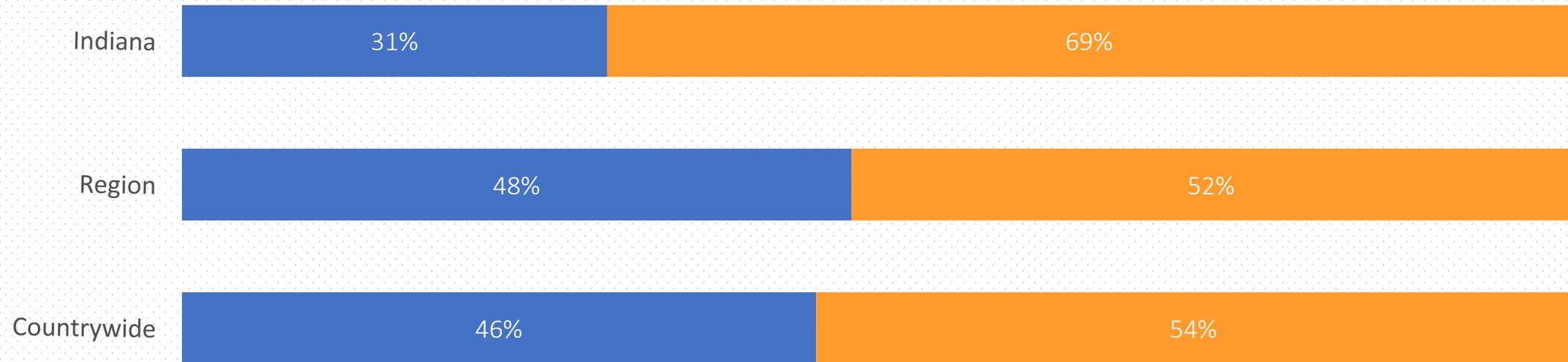
Indiana Average Medical Claim Severity

Medical Claim Severity in \$ Thousands



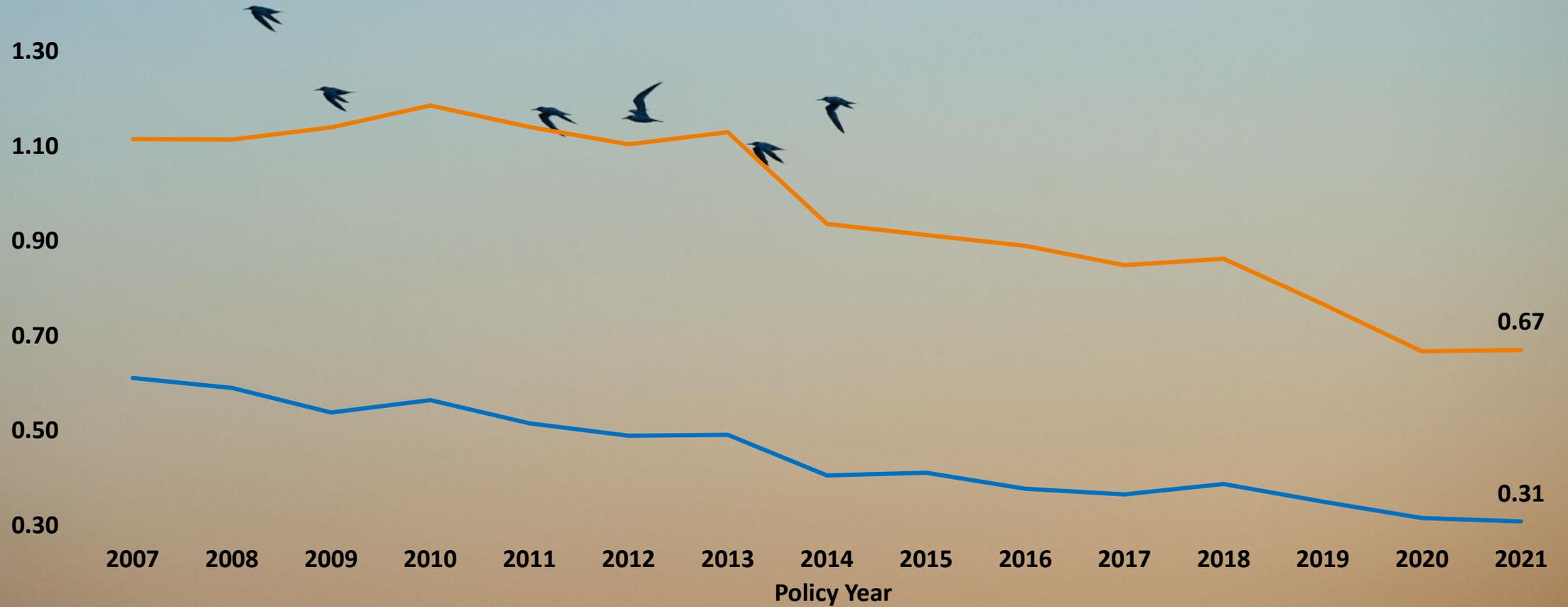
Total Benefit Costs in Indiana

Indemnity vs. Medical



Indiana Loss Ratios

Indemnity vs. Medical



Indiana Claim Frequency

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



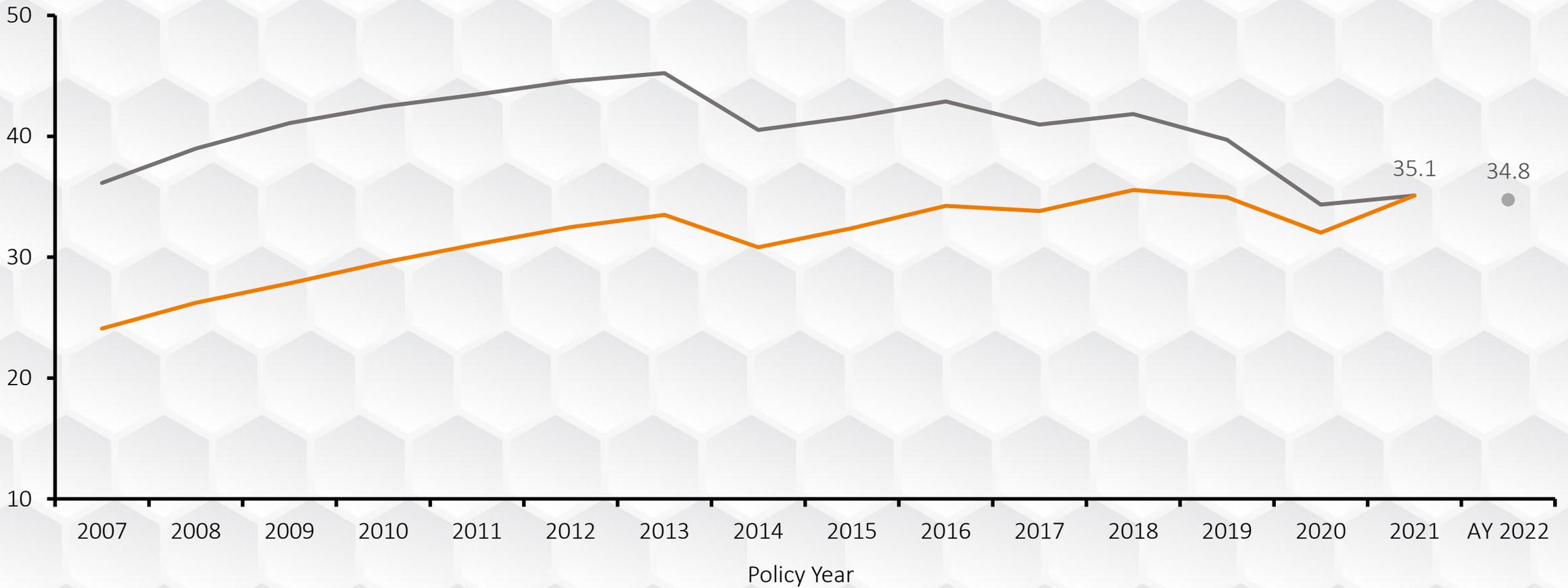
Indiana Average Indemnity Claim Severity

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



Indiana Average Medical Claim Severity

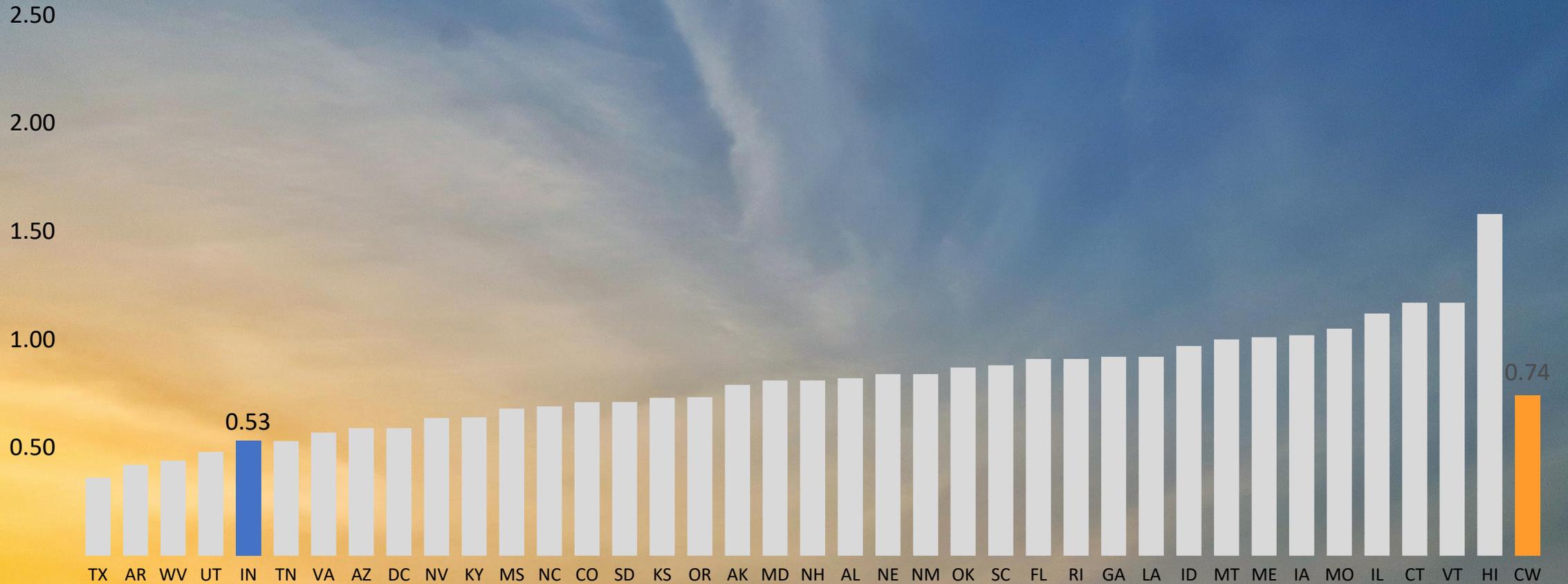
Adjusted to Common Wage Level vs. **Actual**, in \$ Thousands



Based on NCCI's Financial data through 12/31/2022 for lost-time claims at current benefit level and developed to ultimate.
Note that medical-only losses are included in the numerator.

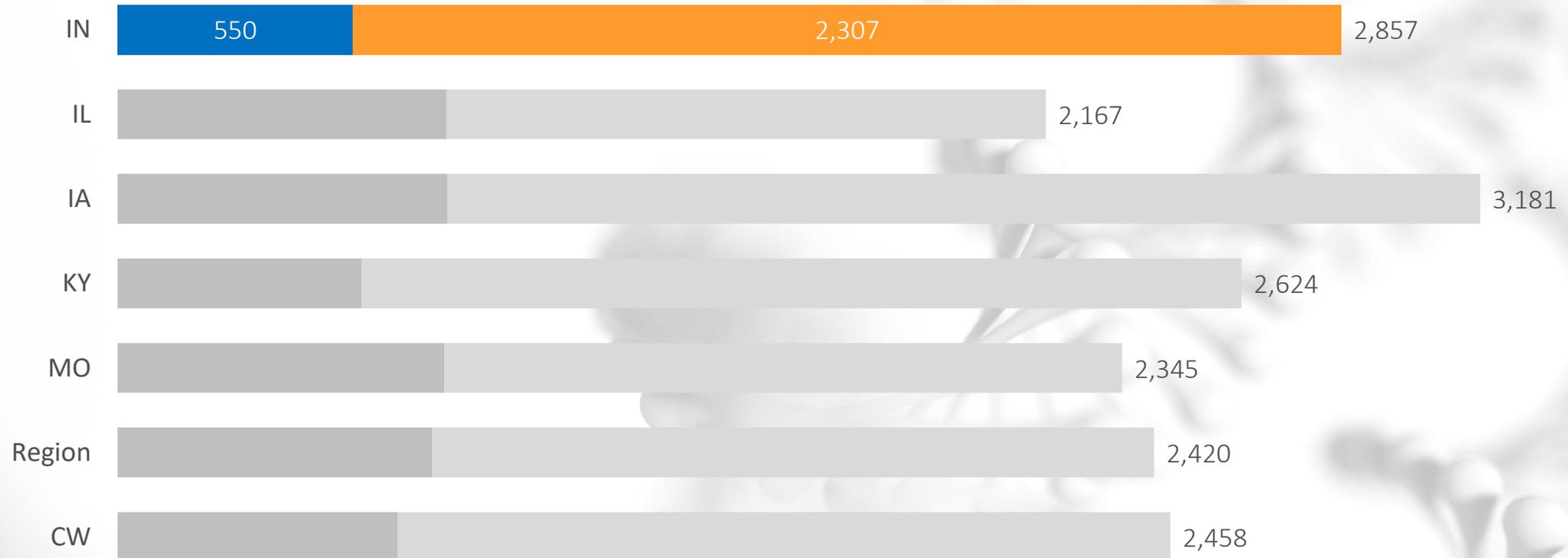
Average Voluntary Pure Loss Costs

Using Indiana Payroll Distribution



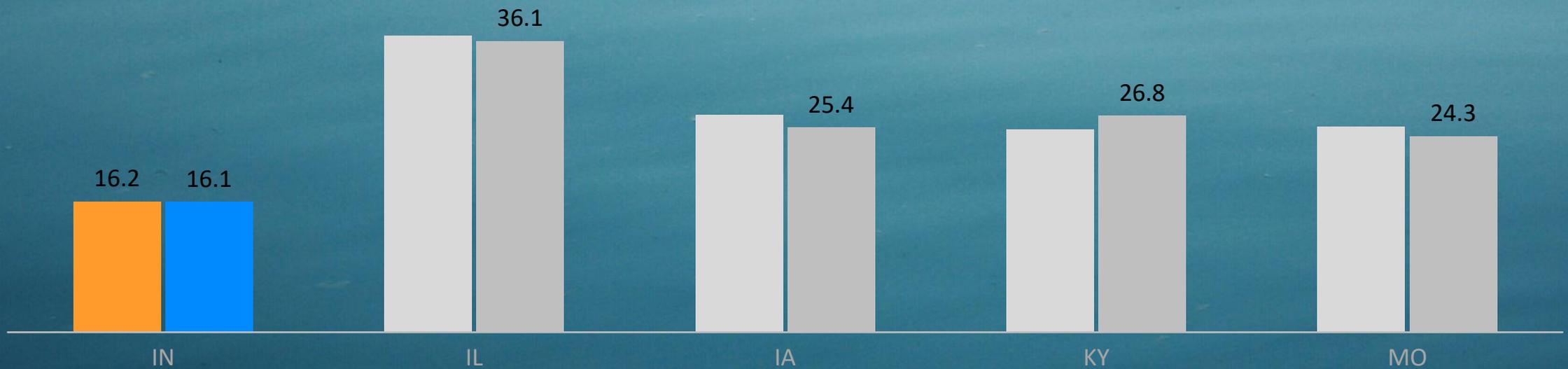
Indiana Average Claim Frequency

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



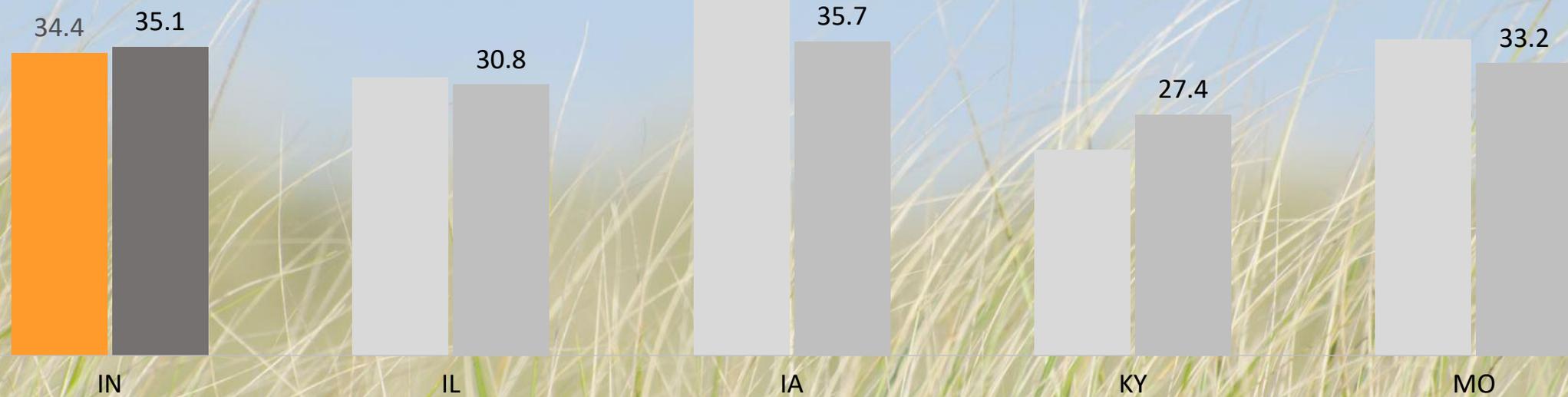
Average Indemnity Claim Severity in the Region

PY 2020 vs. PY 2021, in \$ Thousands



Average Medical Claim Severity in the Region

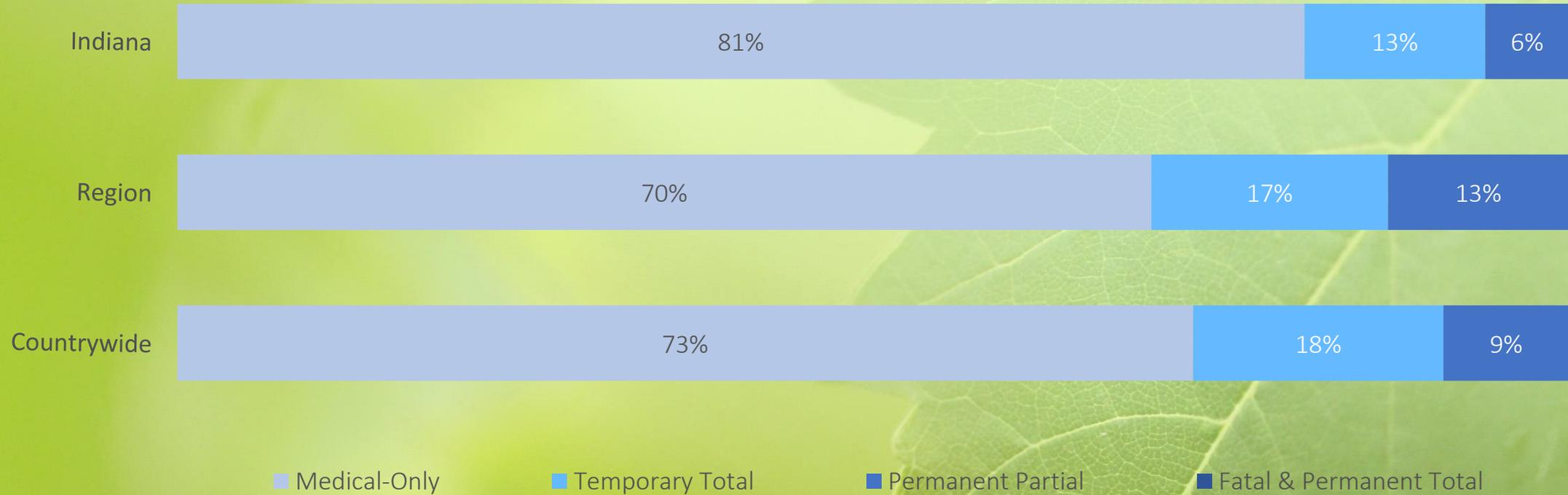
PY 2020 vs. PY 2021, in \$ Thousands



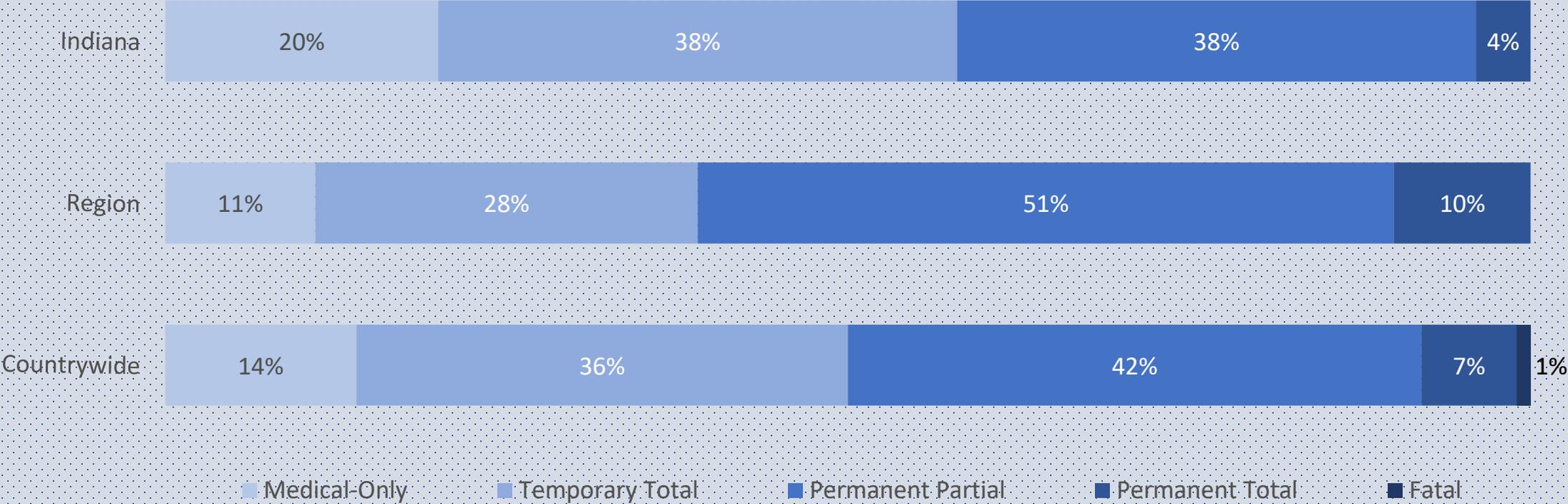
Based on NCCI's Financial data for lost-time claims at current benefit level, adjusted to a common wage level, and developed to ultimate.

Note that medical-only losses are included in the numerator.

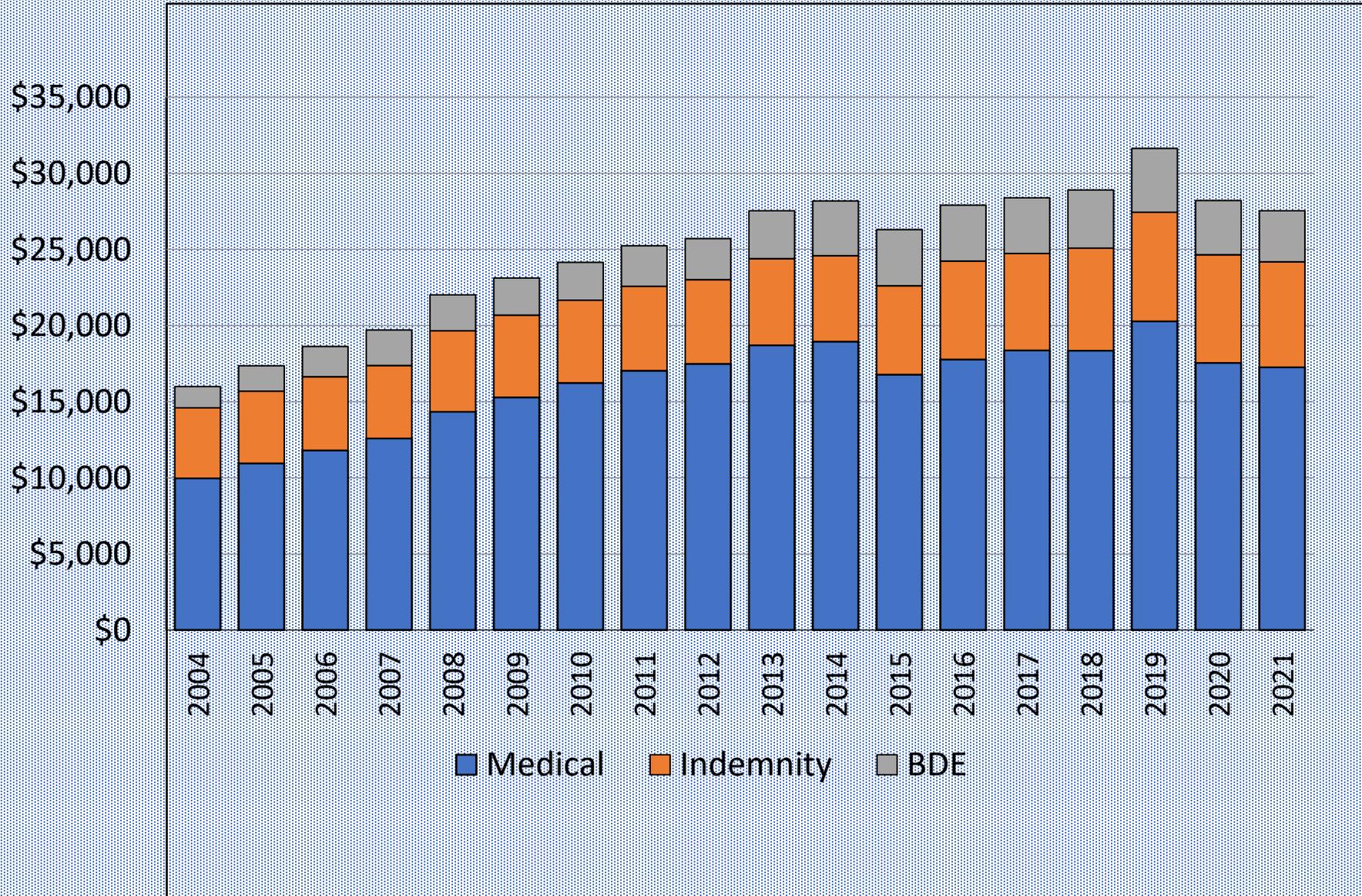
Indiana Distribution of Claims by Injury Type



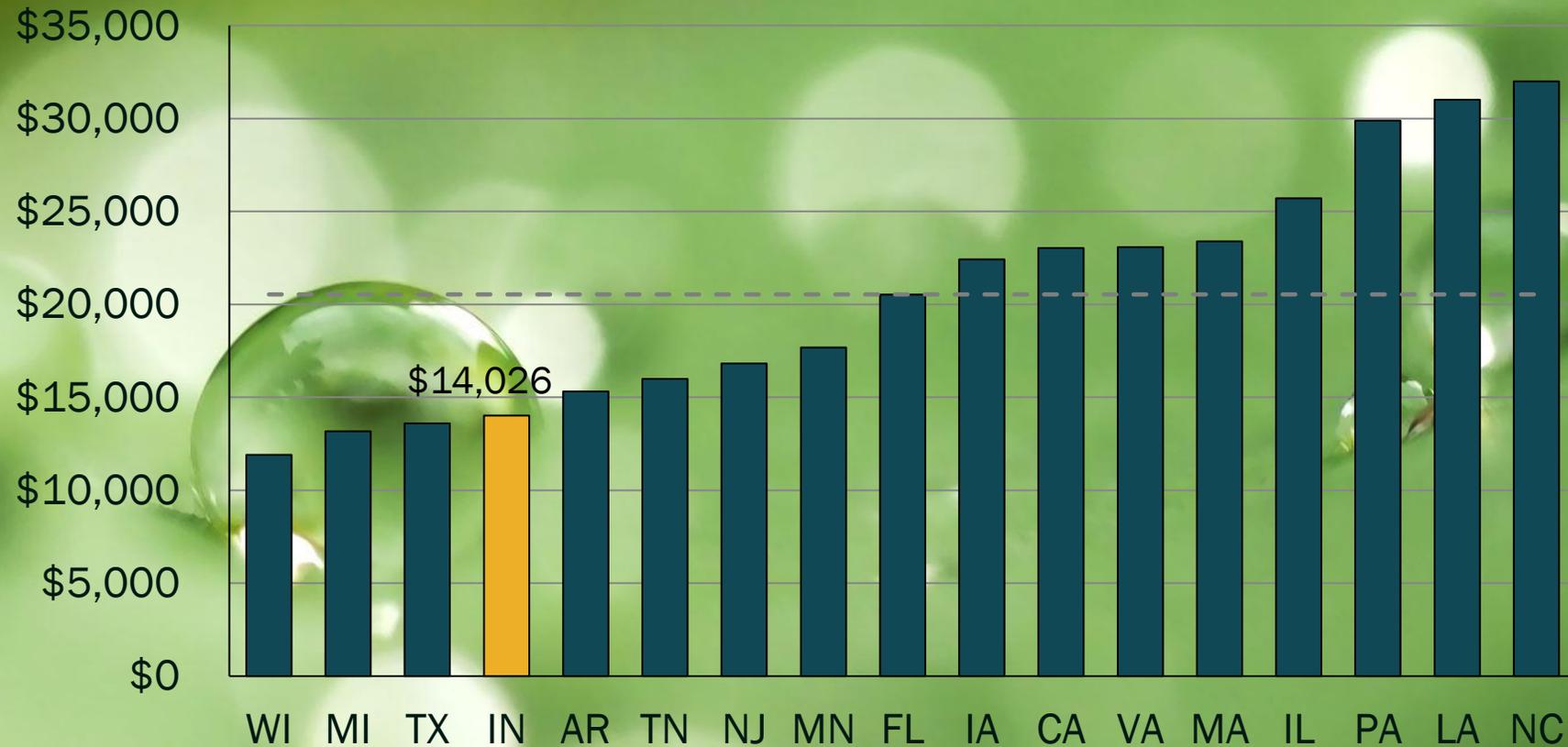
Indiana Medical Loss Distribution by Injury Type



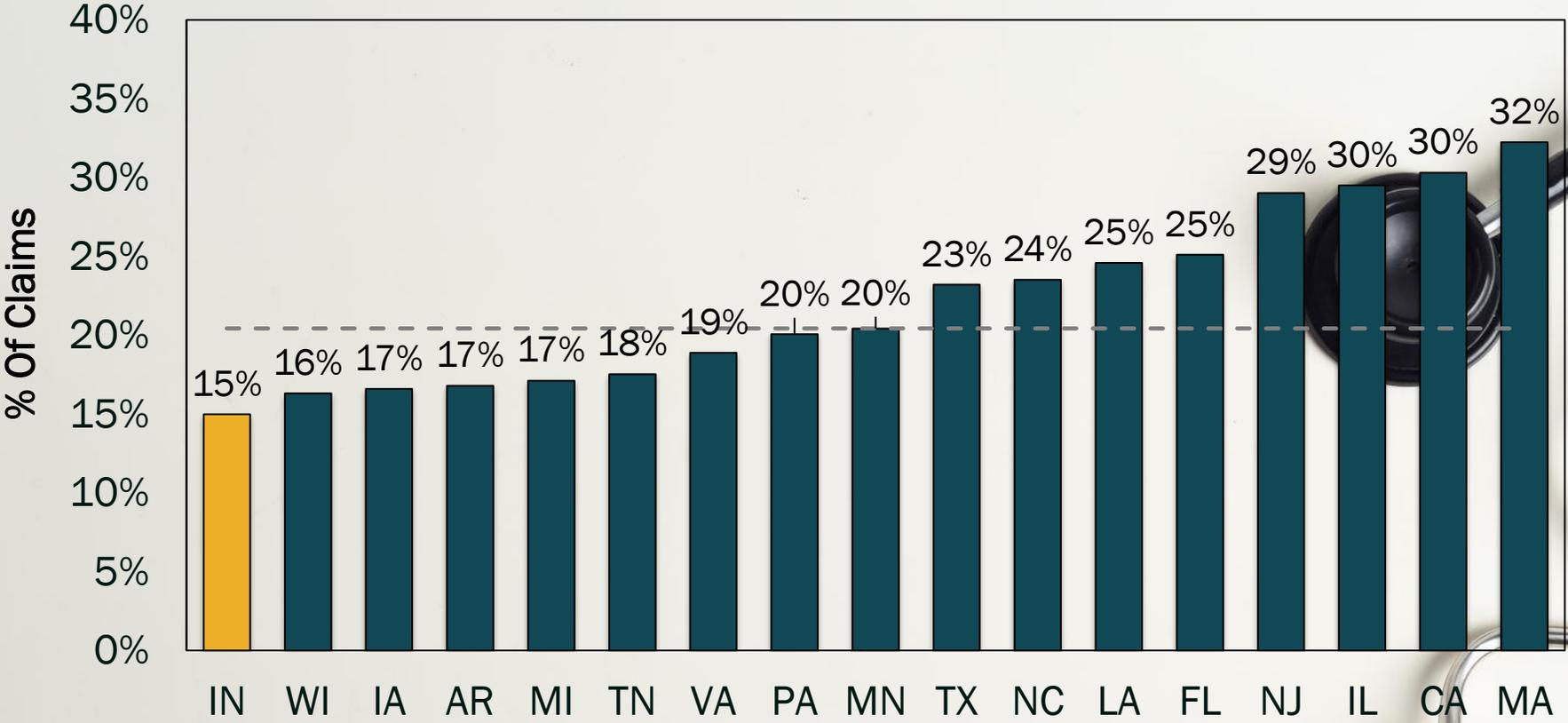
Medical Share of Total Costs Per Claim



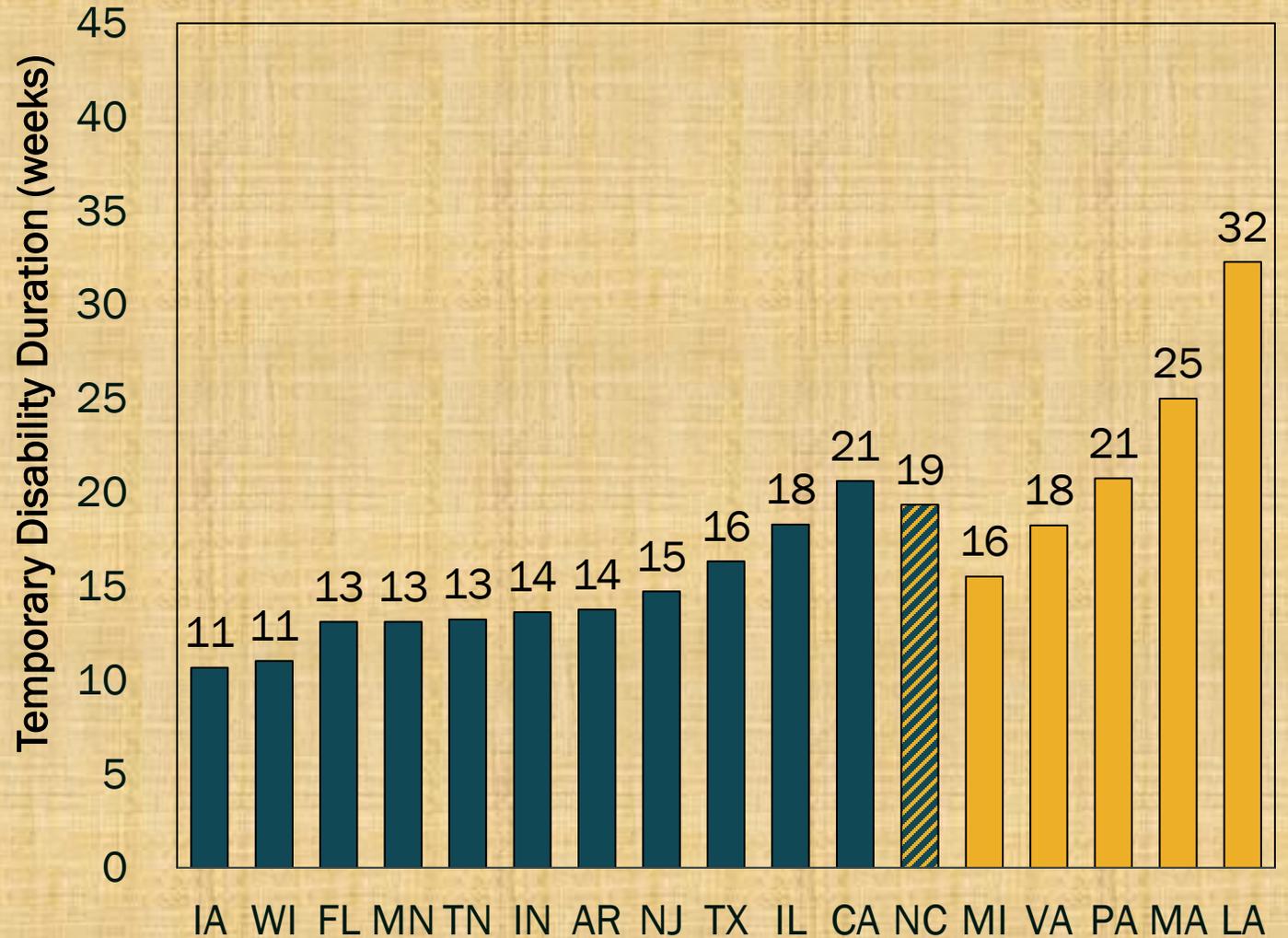
Indiana Average Indemnity Benefits Per Claim



Indiana Had the Lowest % Of Workers With More Than 7 Days Off Work



Regional Duration Of Temporary Disability

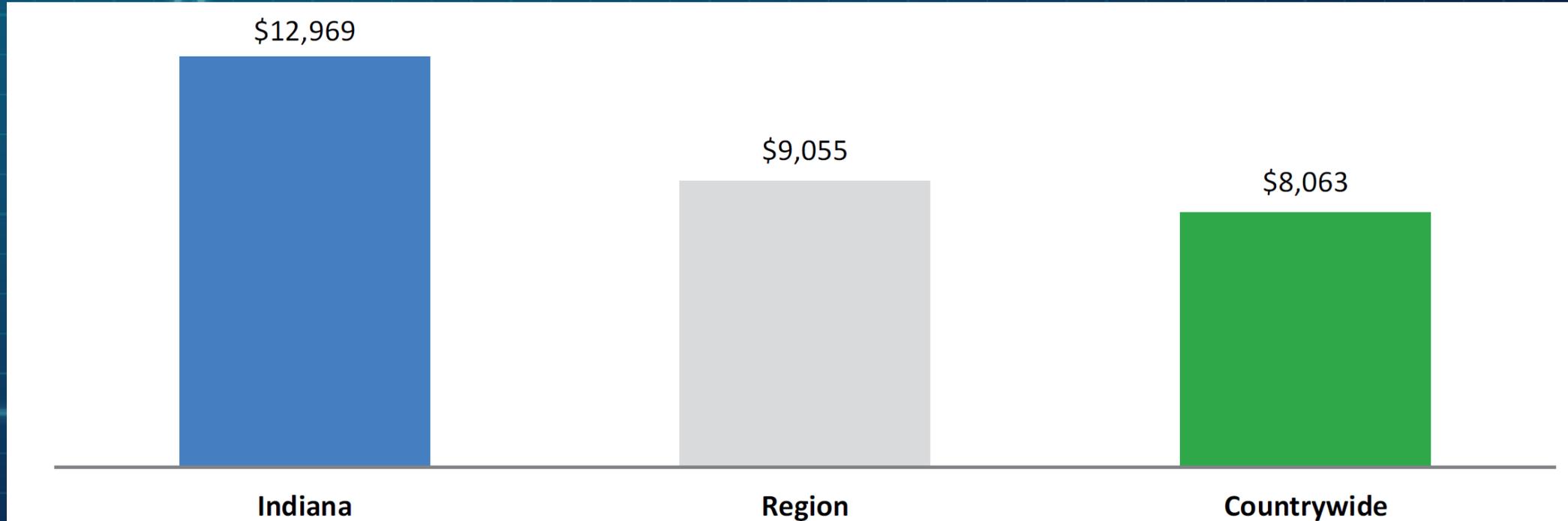


Reimbursement For Workers' Compensation Medical Services in Indiana

Professional Services	<ul style="list-style-type: none">• Fees must be equal to or less than charges by medical providers at the 80th percentile in the same community for like services• Communities are defined by 8 geographic service areas based on zip code districts established by the U.S. Postal Service
Ambulatory Surgery Center (ASC)	<ul style="list-style-type: none">• Fees must be equal to or less than charges by medical providers at the 80th percentile in the same community for like services• Communities are defined by 8 geographic service areas based on zip code districts established by the U.S. Postal Service• Effective January 1, 2023, regulated under a fee schedule set at 200% of Medicare <u>HEA 1153</u> (Public Act 160)
Hospital Inpatient And Outpatient	<ul style="list-style-type: none">• Regulated under a fee schedule set at 200% of Medicare• Effective July 1, 2014

Note: The data underlying this report reflect payments to ASCs based on the reimbursement approach used prior to January 1, 2023. WCRI

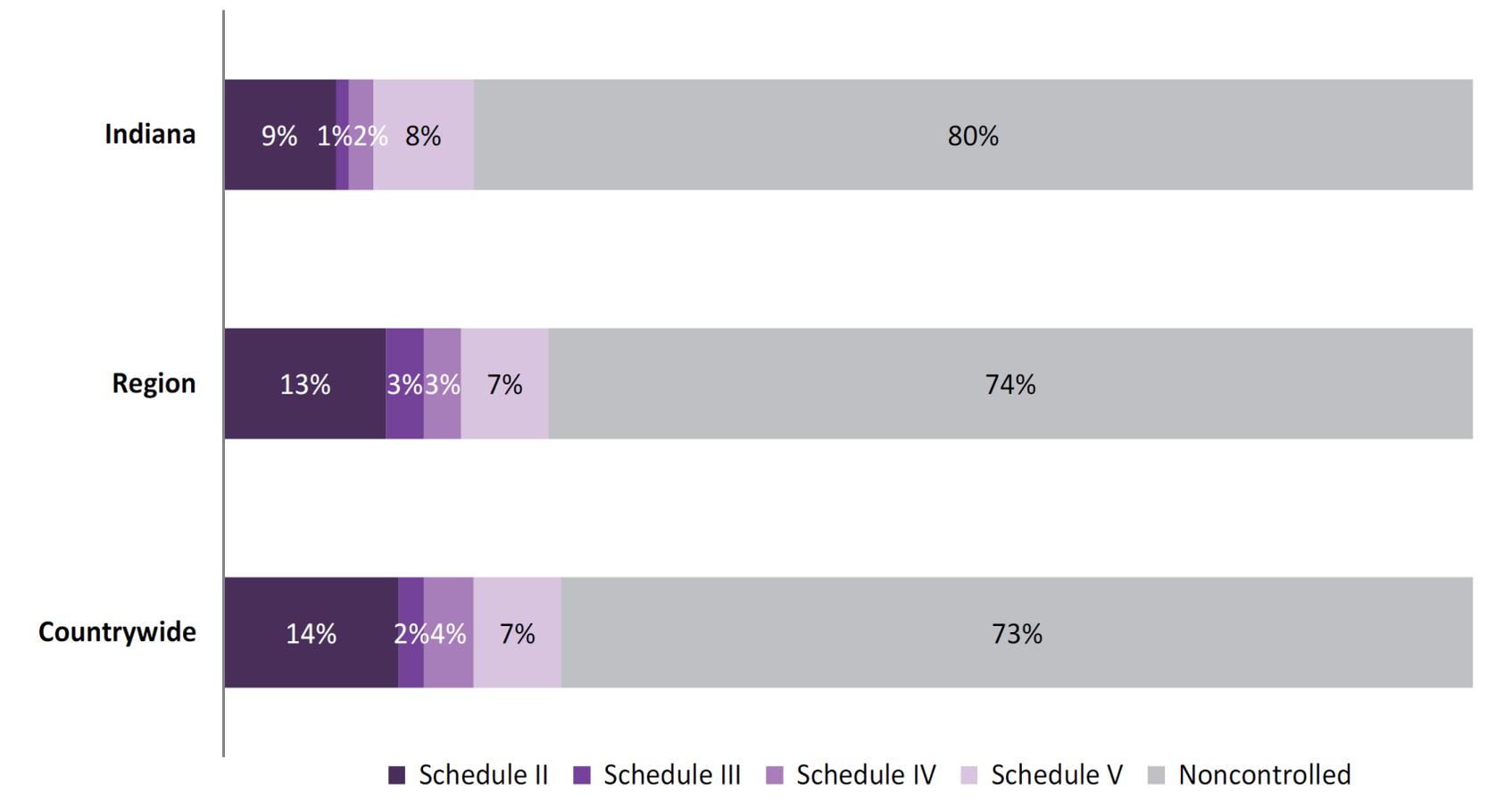
Average Amount Paid per Major Surgery for Ambulatory Surgery Centers



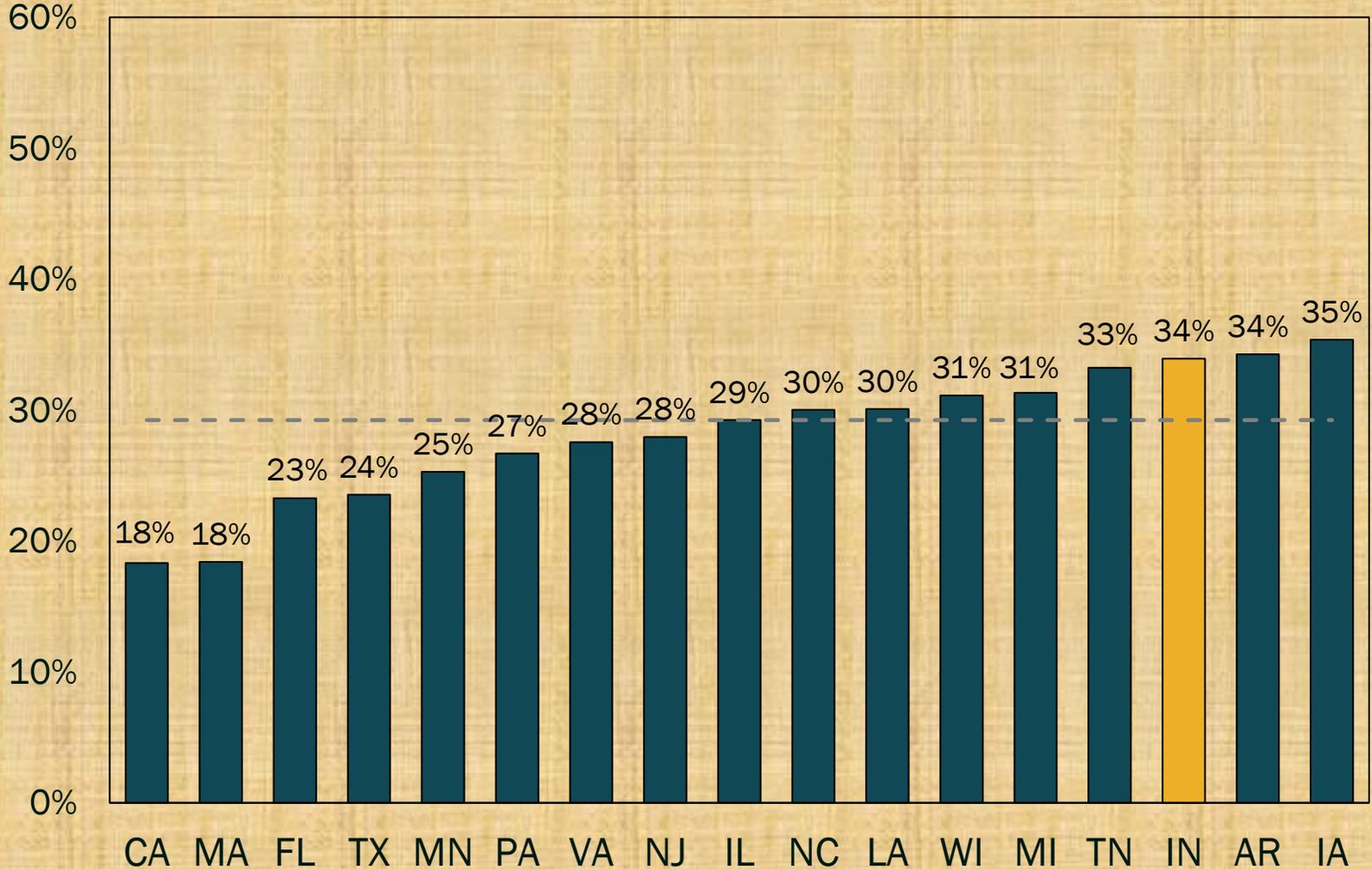
Indiana Nonhospital Payments Per Claim Higher For Most Services

Payments Per Claim Nonhospital Services	IN	Median State	% Difference	IN Relative To Other States
<u>ASC Facility</u>	\$14,892	\$8,167	82%	2nd Highest
Physical Medicine	\$5,928	\$3,453	72%	Highest
Major Surgery	\$4,723	\$2,743	72%	Higher
Pain Management Injections	\$1,180	\$580	103%	Higher
Major Radiology	\$1,033	\$598	73%	Higher
Evaluation & Management	\$935	\$823	14%	Higher
Minor Radiology	\$364	\$175	107%	2nd Highest
<u>Prescription Drugs</u>	\$230	\$324	-32%	Lower
Overall Nonhospital	\$12,263	\$7,232	70%	2nd Highest

Distribution of Prescription Drug Payments



Indiana Overall % Of Claims with Surgery



RATE FILINGS

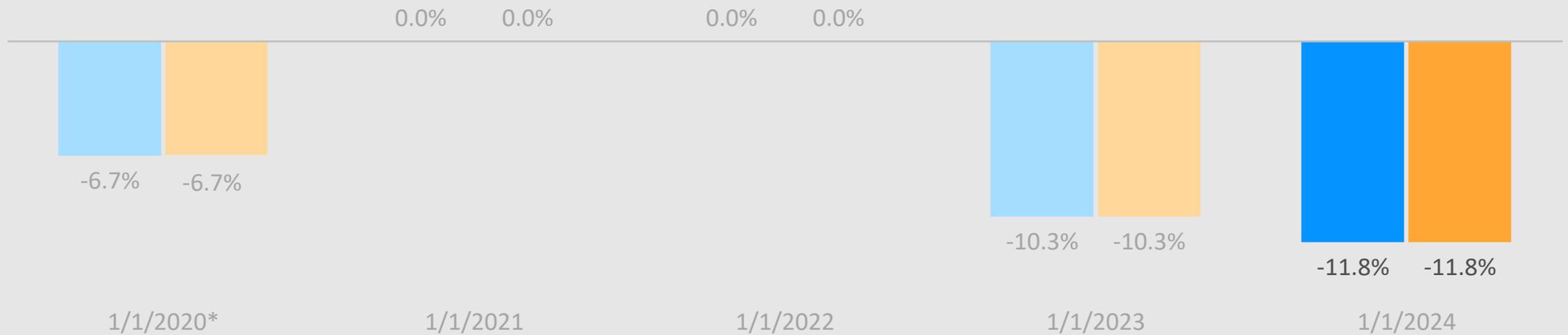
|

FILING ACTIVITY



Indiana Filing Activity

Voluntary Rate and Assigned Risk Rate Changes



Indiana January 1, 2024 Advisory Rate Filing

Change in Experience: -10.6%

Change in Trend: -1.2%

Change in Benefits: +1.2%

Change in Expenses: -1.2%

Overall Advisory Rate Level Change: -11.8%

Approved by the Indiana Department of Insurance 11/6/2023

Indiana January 1, 2024 Rate Filing

Average Changes by Industry Group



2024
Experience
Rating
Changes

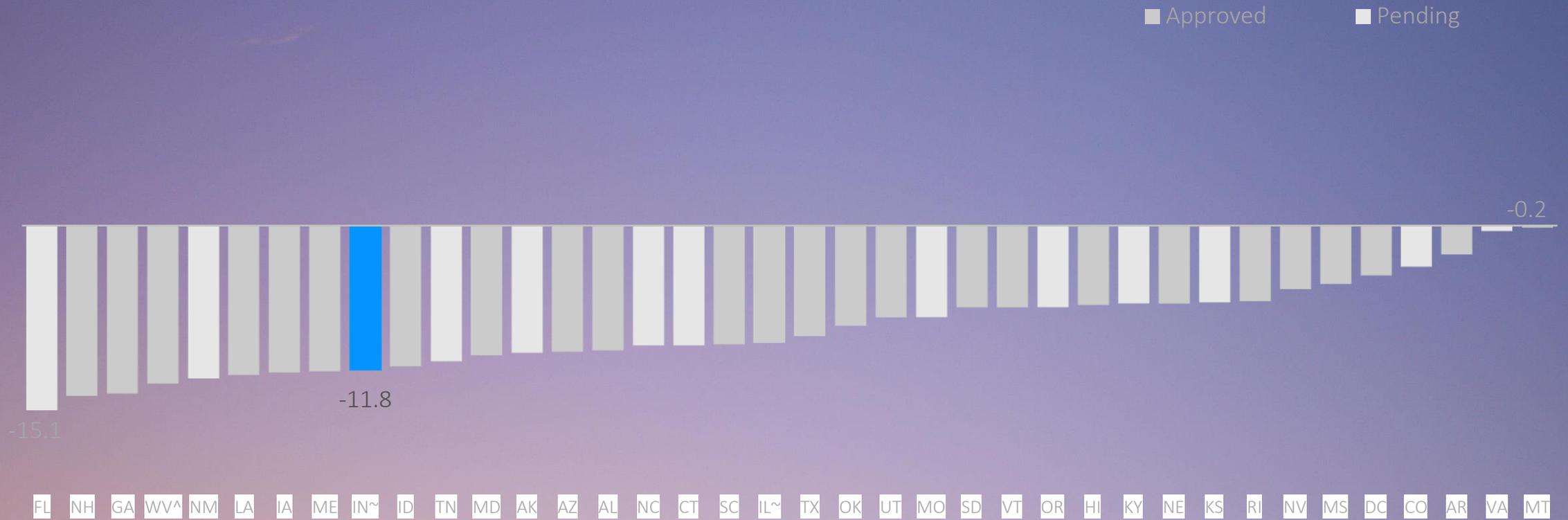
Split Point - \$17,500

State Per Claim Limitation
\$146,500

State Per Accident Limitation
\$293,000

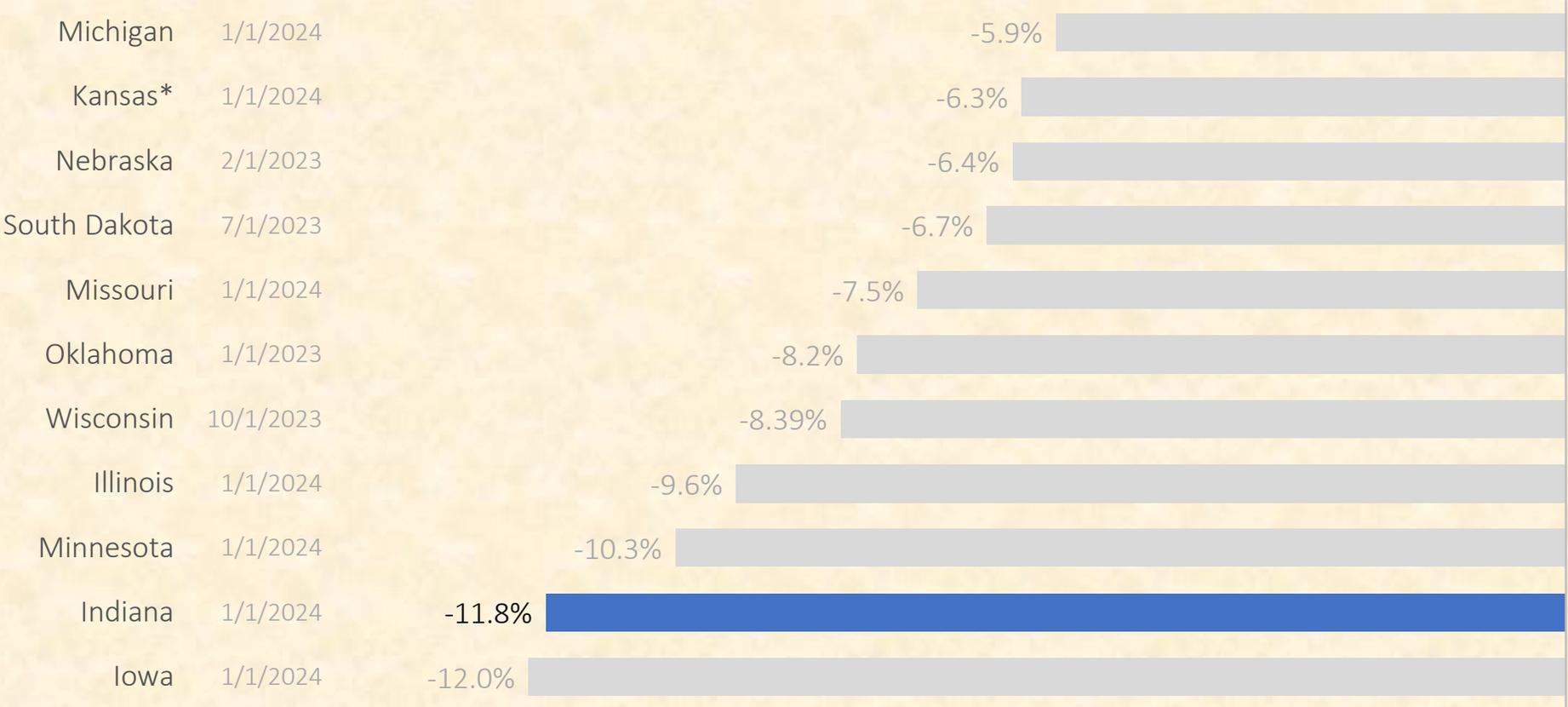
Current NCCI Voluntary Market Loss Cost/Rate Level Changes

Excludes Law-Only Filings



Current Voluntary Market Loss Cost/Rate Changes

Midwestern States



Average Voluntary Pure Loss Costs

Using Indiana Payroll Distribution





INDIANA COMPENSATION RATING BUREAU

ESTD  1935

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