



Indiana

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

Proposed Effective January 1, 2026



September 15, 2025
Honorable Holly W. Lambert
Commissioner of Insurance
Indiana Department of Insurance
311 W. Washington St., Suite 300
Indianapolis, IN 46204-2787

**Re: Indiana Workers Compensation Advisory Rates, Loss Costs, Assigned Risk Rates, and Rating Values
Filing Proposed Effective January 1, 2026**

Dear Commissioner Lambert:

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

This filing proposes a change of -6.1% to the overall voluntary loss cost level and -5.8% to the overall voluntary and assigned risk rate level to become effective on January 1, 2026, for new and renewal business.

This filing also proposes extending loss costs, rates, and Expected Loss Rates (ELRs) to three decimal places for all classification codes and statistical codes. This proposed change enables NCCI to recommend more precise and responsive changes by individual classification. The proposed change is expected to be premium neutral on an overall basis for the statewide, voluntary, and assigned risk markets.

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

Sincerely,

Paul E. Keathley, CAWC
President, ICRB

Actuarial content prepared by:

Dan Clayman, FCAS, MAAA
Director and Actuary, NCCI

Enclosure



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Actuarial Certification

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

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

A handwritten signature in cursive script that reads "Daniel Clayman".

Dan Clayman, FCAS, MAAA
Director and Actuary
Actuarial and Economic Services



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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, 2026. 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-based 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, 2026. 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



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indemnity and medical benefit changes. These ratemaking methodologies are unchanged from the prior filing and continue to remain appropriate for use in this filing.

Data Sources

Key Dates

Financial Data Valuation Date	December 31, 2024
Financial Call Data Cutoff Date	June 22, 2025
Unit Statistical Plan Data Cutoff Date	June 26, 2025
Filing Preparation Date	August 7, 2025

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.



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In this year's filing, data for all carrier 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. Terrorism, industrial accidents, natural disasters, pandemics, and other perils all have the potential to be catastrophic in terms of the costs they impose on the workers compensation system. NCCI's ratemaking methodology excludes catastrophe-related losses from the calculation of loss costs and rates since these events are not considered to be predictive of future experience. Future catastrophic experience is contemplated through the terrorism and catastrophe provisions. In line with previous filings, NCCI continues to exclude COVID-19 claims with accident dates between December 1, 2019 and June 30, 2023 from Financial Call Data and Unit Statistical Plan Data for use in ratemaking.

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

Risks and Uncertainty

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

- Projection of future loss development
- Selection of loss ratio trends
- Unanticipated changes to wage or medical inflation
- Potential impact of changes to laws and/or regulations
- Unforeseen changes in future economic conditions, including any unexpected changes to the labor market

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.



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Part 3 Supporting Exhibits

- Exhibit I: Determination of the Indicated Rate Level Change
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Part 1 Filing Overview

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- Summary of Selections
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Executive Summary

Based on its review of the most recently available data, NCCI has proposed the following overall average workers compensation advisory rate, loss cost, and assigned risk rate level changes in Indiana to become effective January 1, 2026.

Summary of Overall Indications

Proposed Change in Overall Advisory Loss Cost Level	– 6.1%
Proposed Change in Overall Advisory Rate Level	– 5.8%
Proposed Change in Overall Assigned Risk Rate Level	– 5.8%

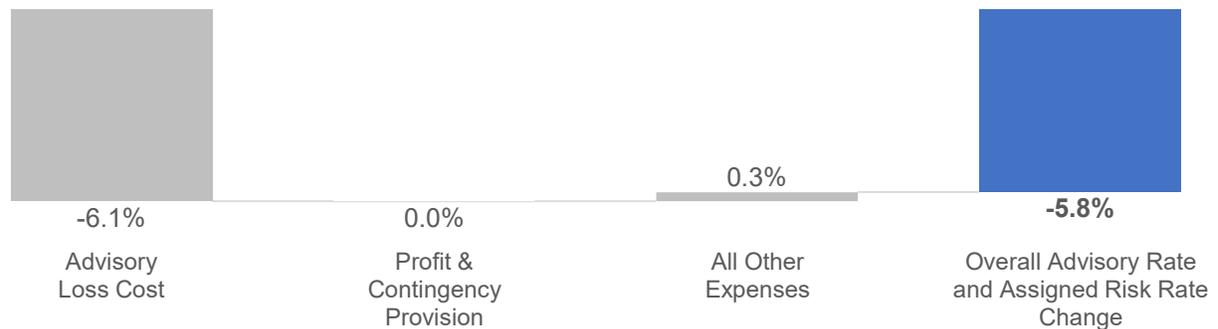
Breakdown of the Change in Key Components

Below are the changes in the key components underlying the overall advisory rate, loss cost, and assigned risk rate level indications. The impact of these components are combined multiplicatively to produce the overall change. The overall change varies by classification code, each of which belongs to one of five Industry Groups.

Advisory Loss Cost



Advisory Rate & Assigned Risk Rate



The key components shown above are described in detail on the following pages.



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Executive Summary

Key Component Overview

Experience and Development

- The filing is based on premium and loss experience for Policy Years 2022 and 2023 evaluated as of December 31, 2024. This most recent financial data experience shows continued improvement when compared to the experience evaluated as of December 31, 2023. 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.
 - Both Policy Years 2022 and 2023 demonstrate favorable experience. The use of the two most recently available full policy years appropriately balances stability and responsiveness. This methodology is consistent with prior filings in Indiana.
- In this filing, the reported loss amounts are projected to an ultimate basis using a 2-year average for paid losses, a 5-year average for indemnity paid plus case losses, and a 3-year average for medical paid plus case losses. This is a change from the previous filing which relied on a 5-year average for all paid plus case losses. A 3-year average for medical paid plus case losses was selected to be more responsive to recent increasing development patterns. Refer to Appendix A-II for considerations underlying the Development selection.

Trend

- 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 experienced moderate long-term declines, with both figures exhibiting year-to-year volatility. Exponential fits adjusted to smooth this volatility were reviewed to support the selected trend factors.
- A review of exponential fits supported decreasing the selected indemnity loss ratio trend from -4.0% to -4.5% and decreasing the selected medical loss ratio trend from -4.0% to -5.0%. These selections consider both the unadjusted medium-term exponential trend fits and the longer-term alternative exponential trend fits, both of which support decreasing the currently approved trend factors. Refer to Appendix A-III for considerations underlying the Trend selection.

Other Items of Note

- The primary driver of the proposed change is attributable to improved experience.
- This filing proposes no change to the profit and contingency provision of 0.0%, which considers various assumptions related to future interest rates along with other model parameters.
- The benefit changes reflect the impact of recent updates to the Indiana medical fee schedule, as well as the impact of the fourth step of House Enrolled Act 1153.



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Executive Summary

- 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 the decimal extension of loss costs, rates, and expected loss rates. Please refer to the Additional Proposed Changes section for additional information.



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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")



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Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2026

Summary of Selections

The following is a summary of selections underlying the advisory rates, loss costs, and assigned risk rates proposed to be effective January 1, 2026, along with the selections underlying the currently approved filing effective January 1, 2025.

<u>Advisory Rates and Loss Costs</u>	<u>Currently Approved January 1, 2025</u>	<u>Proposed Effective January 1, 2026</u>
Experience Period	Policy Years 2021 and 2022	Policy Years 2022 and 2023
Premium Development	3-yr avg	3-yr avg*
Loss Experience Base	Avg Paid and P+C	Avg Paid and P+C
Loss Development - Paid	2-yr avg	2-yr avg
Loss Development - Paid+Case (Indemnity / Medical)	5-yr avg / 5-yr avg	5-yr avg / 3-yr avg
Tail Factor – Indemnity	1.005	1.005
Tail Factor – Medical	1.005	1.005
Trend Factor – Indemnity Loss Ratio	0.960	0.955
Trend Factor – Medical Loss Ratio	0.960	0.950
Base Threshold for Limiting Losses	\$7,118,855	\$6,880,552
Excess Ratio	0.9%	1.0%
Loss-based Expense Provision	18.4%	18.7%
Production and General Expenses	24.6%	24.8%
Premium Taxes and Assessments	1.7%	1.7%
Profit and Contingencies Provision	0.0%	0.0%
Classification Swing Limits (applied by Industry Group)	+/-25%	+/-25%

* A 5-year average, excluding the maximum and minimum values was used for the 1st:2nd premium development factor.

<u>Assigned Risk Rates</u>	<u>Currently Approved January 1, 2025</u>	<u>Proposed Effective January 1, 2026</u>
Factor to Convert Advisory Rates to Assigned Risk Rates	1.000	1.000
Premium Surcharge	30% on premium excess of \$2,750	30% on premium excess of \$2,750



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Additional Proposed Changes

Decimal Extension of Loss Costs, Rates, and Expected Loss Rates

This filing proposes extending the decimal precision of loss costs, rates, and Expected Loss Rates (ELRs) from two to three decimal places. This change allows for more precise adjustments. This will be particularly beneficial for classification codes with lower loss costs or rates. The primary goal is to minimize rounding constraints that may affect certain class codes.

For example, under the previous two-decimal system, the smallest possible adjustment for a loss cost/rate of 0.04 was 0.01, resulting in a 25% change. By extending to three decimals, more granular adjustments are possible, such as a change of 0.001, which represents a 2.5% adjustment in this example.

The methodology for determining loss costs, rates, and ELRs is unchanged. To remain consistent with the current methodology, intermediate values, such as indemnity and medical pure premiums, have been extended by one decimal place, from three to four. This ensures consistency with current ratemaking procedures where certain intermediate calculations retain an additional decimal place compared to the final loss costs, rates, and ELRs.

Additionally, certain miscellaneous values, provisions, and charges provided in the Footnotes and Advisory Miscellaneous Values pages will be extended to three decimal places to support calculations. Factors that are applied to loss costs, rates, ELRs or premium, such as experience modifications, D-ratios, and United States Longshore and Harbor Workers Coverage factors, are not changing due to this initiative. These factors are generally of a higher magnitude, making an adjustment to extend the decimal precision of these values unnecessary at this time.

This change is premium-neutral on both a statewide and industry group basis.



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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:

- The proposed rates, loss costs, and expected loss rates (ELRs) are calculated to three decimal places.
- As a result of Item R-1424, the Retrospective Rating Plan parameters have been updated.



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Proposed Advisory Rates and Loss Costs for Inclusion in the Basic Manual

The following pages include proposed:

- Table of payroll-weighted class codes
- 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



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Table of Payroll-Weighted Class Codes

This exhibit is included to display combined experience for indicated groupings of classes in the determination of rates.

Rates for these groups are calculated by payroll-weighting the indicated rates of the class codes using the latest policy period of payroll included in this filing. If swing limits are applied to a class code's rate, preventing it from achieving the payroll-weighted rate, it is noted in the table below with an "Upper" or "Lower" to indicate which limit was applied because of payroll-weighting.

The class codes below also have a footnote indicating a non-standard calculation in the Individual Classification Exhibit that accompanies this filing.

Class Code	Swing Limit Applied
7710	-
7711	-

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Effective January 1, 2026

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	1.287	565	2070	2.769	1032	2802	1.896	757	3372	1.311	573	4206	1.147	521
0008	1.361	589	2081	1.253	555	2835	1.077	499	3373	1.734	706	4207	0.972	466
0016	1.998	789	2089	1.322	576	2836	1.269	560	3383	0.675	373	4239	1.326	578
0034	1.449	616	2095	1.369	591	2841	1.401	601	3385	0.604	350	4240	1.114	511
0035	1.129	516	2105	1.735	707	2881	1.228	547	3400	1.665	684	4243	1.046	489
0036	1.816	732	2110	2.023	797	2883	1.027	484	3507	1.078	500	4244	1.332	580
0037	1.908	761	2111	1.247	553	2915	1.285	565	3515	0.855	429	4250	0.869	434
0042	2.097	821	2112	1.692	693	2916	1.485	628	3548	0.640	362	4251	1.176	530
0050	2.726	1019	2114	0.993	473	2923	1.077	499	3559	1.231	548	4263	1.763	715
0059	-	-	2121	0.656	367	2960	2.156	839	3574	0.490	314	4273	1.128	515
0065	-	-	2130	0.776	404	3004	0.527	326	3581	0.427	295	4279	1.391	598
0066	-	-	2131	0.834	423	3018	1.202	539	3612	0.852	428	4283	0.832	422
0067	-	-	2143	0.871	434	3022	1.462	621	3620	0.977	468	4299	0.913	448
0079	1.221	545	2157	1.901	759	3027	1.237	550	3629	0.868	433	4304	2.214	857
0083	2.478	941	2172	0.741	393	3028	1.414	605	3632	0.926	452	4307	0.749	396
0106	3.264	1188	2174	1.300	570	3030	1.845	741	3634	0.826	420	4351	0.445	300
0113	1.458	619	2211	4.729	1500	3040	1.943	772	3635	0.774	404	4352	0.582	343
0170	1.077	499	2220	1.173	529	3041	1.502	633	3638	0.752	397	4361	0.425	294
0251	1.674	687	2286	-	-	3042	1.175	530	3642	0.612	353	4410	1.176	530
0401	4.719	A	2288	2.646	993	3064	1.592	661	3643	0.917	449	4420	1.265	558
0766N	0.215	-	2302	0.885	439	3076	1.380	595	3647	1.273	561	4431	0.607	351
0771N	0.169	-	2305	1.289	566	3081	1.888	755	3648	0.517	323	4432	0.603	350
0908P	79.000	239	2361	0.882	438	3082	1.902	759	3681	0.336	266	4452	1.117	512
0913P	227.000	387	2362	1.078	500	3085	2.147	836	3685	0.437	298	4459	1.274	561
1005*	2.134	832	2380	1.049	490	3110	1.504	634	3719	0.389	283	4470	1.085	502
1016*	6.560	1500	2388	0.721	387	3111	1.059	494	3724	1.631	674	4484	1.142	520
1164	1.310	573	2402	0.868	433	3113	0.622	356	3726	1.198	537	4493	1.091	504
1165	1.030	484	2413	0.914	448	3114	1.107	509	3803	1.321	576	4511	0.314	259
1320	1.068	496	2416	1.041	488	3118	0.791	409	3807	0.630	358	4557	1.130	516
1322	2.897	1073	2417	0.522	324	3119	0.419	292	3808	1.287	565	4558	0.866	433
1430	1.330	579	2501	1.223	545	3122	0.718	386	3821	2.588	975	4568	1.012	479
1438	1.440	614	2503	0.482	312	3126	0.837	424	3822	1.787	723	4581	0.394	284
1452	0.954	461	2570	1.424	609	3131	0.593	347	3824	1.216	543	4583	1.825	735
1463	3.360	1218	2585	1.374	593	3132	1.057	493	3826	0.283	249	4611	0.323	262
1472	1.133	517	2586	1.875	751	3145	0.948	459	3827	0.926	452	4635	1.014	479
1604	2.075	814	2587	1.252	554	3146	0.932	454	3830	0.644	363	4653	0.967	465
1624	1.323	577	2589	0.836	423	3169	1.006	477	3851	0.948	459	4665	2.876	1066
1642	1.568	654	2600	1.869	749	3179	0.778	405	3865	1.318	575	4683	1.637	676
1654	1.899	758	2623	2.314	889	3180	1.125	514	3881	1.710	699	4686	1.289	566
1699	1.155	524	2651	0.654	366	3188	0.763	400	4000	2.436	927	4692	0.339	267
1701	1.202	539	2660	1.162	526	3220	0.765	401	4021	1.724	703	4693	0.405	288
1710	1.680	689	2670	-	-	3224	1.390	598	4024	2.176	845	4703	0.665	369
1747	1.424	609	2683	-	-	3227	1.060	494	4034	2.826	1050	4717	1.051	491
1748	2.555	965	2688	0.869	434	3240	-	-	4036	1.009	478	4720	0.913	448
1803	2.132	832	2701	4.946	1500	3241	1.400	601	4038	0.932	454	4740	0.350	270
1924	1.215	543	2702	7.430	1500	3255	1.228	547	4062	1.904	760	4741	1.144	520
1925	1.175	530	2709	3.152	1153	3257	1.231	548	4101	1.248	553	4751	1.155	524
2002	1.502	633	2710	3.768	1347	3270	0.934	454	4109	0.204	224	4766N	1.578	725
2003	2.039	802	2714	2.201	853	3300	1.729	705	4110	0.492	315	4771N	0.959	515
2014	2.087	817	2731	1.939	771	3303	1.443	615	4111	0.926	452	4777	1.980	784
2016	1.221	545	2735	2.087	817	3307	1.019	481	4114	1.247	553	4825	0.379	279
2021	1.647	679	2759	2.516	953	3315	1.171	529	4130	1.547	647	4828	0.996	474
2039	1.279	563	2790	0.987	471	3334	1.263	558	4131	2.491	945	4829	0.683	375
2041	1.573	655	2797	0.962	463	3336	0.969	465	4133	1.212	542	4902	0.932	454
2065	0.819	418	2799	2.199	853	3365	1.629	673	4149	0.334	265	4923	0.821	419

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

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CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
5020	1.734	706	6233	0.831	422	7360	1.954	776	8046	1.330	579	8805M	0.099	191
5022	2.241	866	6235	1.902	759	7370	2.444	930	8047	0.429	295	8810	0.073	183
5037	2.412	920	6236	1.766	716	7380	2.084	816	8058	1.150	522	8814M	0.089	188
5040	2.629	988	6237	0.548	333	7382	2.087	817	8072	0.355	272	8815M	0.178	216
5057	1.080	500	6251	2.315	889	7390	2.088	818	8102	0.756	398	8820	0.056	178
5059	4.617	1500	6252	1.172	529	7394M	1.424	609	8103	1.156	524	8824	0.900	444
5102	2.267	874	6306	1.540	645	7395M	1.582	658	8106	1.803	728	8826	0.917	449
5146	1.528	641	6319	0.946	458	7398M	2.852	1058	8107	1.124	514	8831	0.622	356
5160	0.760	399	6325	1.277	562	7402	0.076	184	8111	1.000	475	8832	0.174	215
5183	0.924	451	6400	1.560	651	7403	1.388	597	8116	1.008	478	8833	0.472	309
5188	1.345	584	6503	0.826	420	7405N	0.405	330	8203	2.730	1020	8835	0.942	457
5190	0.901	444	6504	1.245	552	7420	4.278	1500	8204	2.002	791	8842	1.487	628
5191	0.545	332	6702M*	1.516	638	7421	0.295	253	8209	1.813	731	8855	0.059	179
5192	1.784	722	6703M*	3.038	1117	7422	0.408	289	8215	1.410	604	8856	0.227	232
5213	1.955	776	6704M*	1.685	691	7425	0.757	398	8227	1.390	598	8864	0.691	378
5215	1.937	770	6801F	3.386	1227	7431N	0.281	278	8232	2.042	803	8868	0.283	249
5221	1.399	601	6811	2.271	875	7445N	0.135	-	8233	1.562	652	8869	0.579	342
5222	2.500	948	6824F	3.660	1313	7453N	0.094	-	8235	1.914	763	8871	0.022	167
5223	1.452	617	6826F	1.876	751	7502	1.009	478	8263	2.691	1008	8901	0.083	186
5348	1.334	580	6834	0.982	469	7515	0.324	262	8264	1.952	775	9012	0.487	313
5402	2.238	865	6836	1.300	570	7520	1.024	483	8265	2.207	855	9014	1.203	539
5403	2.165	842	6843F	4.114	1456	7538	1.428	610	8279	3.427	1240	9015	1.388	597
5437	1.676	688	6845F	4.023	1427	7539	0.710	384	8288	3.098	1136	9016	1.310	573
5443	1.105	508	6854	2.118	827	7540	1.230	547	8291	1.379	594	9019	1.298	569
5445	1.564	653	6872F	4.520	1500	7580	1.078	500	8292	1.120	513	9033	0.929	453
5462	2.184	848	6874F	4.544	1500	7590	1.701	696	8293	2.831	1052	9040	1.458	619
5472	1.969	780	6882	1.256	556	7600	1.844	741	8304	2.327	893	9044	0.704	382
5473	3.330	1209	6884	2.128	830	7605	0.906	445	8350	2.204	854	9052	0.724	388
5474	1.925	766	7016M	1.325	577	7610	0.287	250	8380	1.082	501	9058	0.716	386
5478	1.084	501	7024M	1.472	624	7698	1.901	759	8381	0.836	423	9060	0.690	377
5479	1.997	789	7038M	2.433	926	7699	1.286	565	8385	1.119	512	9061	0.598	348
5480	2.312	888	7046M	3.198	1167	7705	2.657	997	8392	0.940	456	9062	0.694	379
5491	0.846	426	7047M	2.654	996	7710	2.702	1011	8393	0.667	370	9063	0.430	295
5506	2.653	996	7050M	4.874	1500	7711	2.702	1011	8500	2.205	855	9077F	3.386	1227
5507	1.433	611	7090M	2.703	1011	7720	1.263	558	8601	0.200	223	9082	0.542	331
5535	2.506	949	7098M	3.553	1279	7725	1.044	489	8602	0.797	411	9083	0.530	327
5537	1.236	549	7099M	6.406	1500	7732P	98.000	258	8603	0.041	173	9084	0.562	337
5551	4.160	1470	7133	1.272	561	7855	1.248	553	8606	0.680	374	9088a	a	a
5606	0.388	282	7151M	1.545	647	8001	1.133	517	8709F	1.236	549	9089	0.427	295
5610	1.417	606	7152M	3.096	1135	8002	1.033	485	8719	0.895	442	9093	0.668	370
5645	2.962	1093	7153M	1.717	701	8006	0.923	451	8720	0.535	329	9101	1.616	669
5703	3.218	1174	7219	2.708	1013	8008	0.677	373	8721	0.124	199	9102	1.377	594
5705	4.302	1500	7222	2.786	1038	8010	0.907	446	8723	0.051	176	9154	0.650	365
5951	0.215	228	7225	2.641	992	8013	0.130	201	8725	1.201	538	9156	1.278	563
6003	2.185	848	7230	3.665	1314	8015	0.506	319	8726F	0.728	389	9170	3.912	1392
6005	1.433	611	7231	4.043	1434	8017	0.717	386	8734M	0.149	207	9178	3.143	1150
6018	1.119	512	7232	3.260	1187	8018	1.519	638	8737M	0.134	202	9179	5.341	1500
6045	1.592	661	7309F	4.520	1500	8021	1.011	478	8738M	0.268	244	9180	2.230	862
6204	2.214	857	7313F	1.991	787	8031	0.939	456	8742	0.110	195	9182	0.984	470
6206	1.404	602	7317F	3.047	1120	8032	1.004	476	8745	1.792	724	9186	3.731	1335
6213	0.710	384	7327F	6.398	1500	8033	1.190	535	8748	0.194	221	9220	2.305	886
6214	0.547	332	7333M	1.281	564	8037	0.866	433	8755	0.141	204	9402	1.631	674
6216	1.635	675	7335M	1.423	608	8039	0.751	397	8799	0.334	265	9403	3.034	1116
6217	1.531	642	7337M	2.566	968	8044	1.085	502	8800	1.079	500	9410	1.101	507
6229	1.458	619	7350F	3.880	1382	8045	0.410	289	8803	0.024	168	9501	1.448	616

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WORKERS COMPENSATION AND EMPLOYERS LIABILITY

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CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
9505	1.337	581												
9516	1.135	518												
9519	1.714	700												
9521	1.208	541												
9522	1.001	475												
9534	1.734	706												
9554	2.921	1080												
9586	0.188	219												
9600	0.909	446												
9620	0.697	380												

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APPLICABLE TO ADVISORY RATES ONLY

FOOTNOTES

- a Rate for each individual risk must be obtained from NCCI Customer Service or the Indiana Compensation Rating Bureau (ICRB).
- A Minimum Premium \$100 per ginning location for policy minimum premium computation.
- 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 \$0.630. (For coverage written separately for federal benefits only, \$0.598. For coverage written separately for state benefits only, \$0.032.)
- 1016 Rate includes a non-ratable disease element of \$1.890. (For coverage written separately for federal benefits only, \$1.793. For coverage written separately for state benefits only, \$0.097.)
- 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 2.434 and elr x 2.363.
- 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

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MISCELLANEOUS VALUES - ADVISORY RATES

Basis of premium applicable in accordance with the Basic Manual notes for Code 7370 -- "Taxicab Co.":	
Employee operated vehicle.....	\$95,000
Leased or rented vehicle.....	\$63,300
Catastrophe (other than Certified Acts of Terrorism) - (Advisory Rate)	0.010
Expense Constant applicable in accordance with the Basic Manual rule.....	\$160
Maximum Minimum Premium	\$1,500
Maximum Weekly Payroll applicable in accordance with the Basic Manual notes for Code 9178 -- "Athletic Sports or Park: Noncontact Sports," and Code 9179 -- "Athletic Sports or Park: Contact Sports".....	\$4,900
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.....	\$4,900
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.....	\$1,050

Premium Discount Percentages - (See the **Basic Manual** rule, Premium discount.) Premium discounts are not mandatory in Indiana. The following premium discounts are applicable to Standard Premiums:

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

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

Coinsurance Amount	Coinsurance Program Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
	\$21,000	7.4%	6.7%	6.0%	5.4%	4.6%	4.0%

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MISCELLANEOUS VALUES - ADVISORY RATES(cont.)

Deductible Amount	Deductible Program With Coinsurance Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
	\$500	11.5%	10.1%	8.7%	7.6%	6.2%	5.2%
\$1,000	14.2%	12.4%	10.6%	9.2%	7.5%	6.1%	4.7%
\$1,500	16.1%	14.2%	12.0%	10.5%	8.5%	7.0%	5.2%
\$2,000	17.7%	15.5%	13.2%	11.5%	9.3%	7.6%	5.7%
\$2,500	19.0%	16.7%	14.2%	12.4%	10.0%	8.3%	6.2%
\$3,000	20.1%	17.7%	15.1%	13.2%	10.7%	8.9%	6.6%
\$3,500	21.1%	18.6%	16.0%	13.9%	11.3%	9.4%	7.0%
\$4,000	22.0%	19.4%	16.7%	14.6%	11.8%	9.9%	7.4%
\$4,500	22.9%	20.2%	17.4%	15.2%	12.4%	10.4%	7.7%
\$5,000	23.6%	20.9%	18.0%	15.7%	12.8%	10.8%	8.1%

Deductible Amount	Deductible Program Without Coinsurance Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
	\$500	5.2%	4.3%	3.4%	2.8%	2.1%	1.5%
\$1,000	8.5%	7.2%	5.8%	4.8%	3.6%	2.7%	1.8%
\$1,500	10.9%	9.3%	7.5%	6.3%	4.9%	3.7%	2.6%
\$2,000	12.9%	11.0%	9.1%	7.6%	5.9%	4.5%	3.2%
\$2,500	14.5%	12.5%	10.3%	8.7%	6.8%	5.3%	3.8%
\$3,000	15.9%	13.7%	11.4%	9.7%	7.7%	6.1%	4.3%
\$3,500	17.2%	14.9%	12.5%	10.6%	8.4%	6.7%	4.8%
\$4,000	18.3%	15.9%	13.4%	11.4%	9.1%	7.4%	5.2%
\$4,500	19.3%	16.8%	14.2%	12.3%	9.7%	8.0%	5.7%
\$5,000	20.3%	17.7%	15.1%	12.9%	10.3%	8.5%	6.1%

Terrorism - (Advisory Rate)..... 0.010

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.

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CLASS CODE	LOSS COST												
0005	0.946	2070	2.035	2802	1.394	3372	0.964	4206	0.843	5020	1.274	6233	0.611
0008	1.000	2081	0.921	2835	0.792	3373	1.274	4207	0.714	5022	1.647	6235	1.398
0016	1.469	2089	0.972	2836	0.933	3383	0.496	4239	0.975	5037	1.773	6236	1.298
0034	1.065	2095	1.006	2841	1.030	3385	0.444	4240	0.819	5040	1.932	6237	0.403
0035	0.830	2105	1.275	2881	0.903	3400	1.224	4243	0.769	5057	0.794	6251	1.702
0036	1.335	2110	1.487	2883	0.755	3507	0.792	4244	0.979	5059	3.393	6252	0.861
0037	1.402	2111	0.917	2915	0.944	3515	0.628	4250	0.639	5102	1.666	6306	1.132
0042	1.541	2112	1.244	2916	1.091	3548	0.470	4251	0.864	5146	1.123	6319	0.695
0050	2.004	2114	0.730	2923	0.792	3559	0.905	4263	1.296	5160	0.559	6325	0.939
0059	-	2121	0.482	2960	1.585	3574	0.360	4273	0.829	5183	0.679	6400	1.147
0065	-	2130	0.570	3004	0.387	3581	0.314	4279	1.022	5188	0.989	6503	0.607
0066	-	2131	0.613	3018	0.883	3612	0.626	4283	0.612	5190	0.662	6504	0.915
0067	-	2143	0.640	3022	1.075	3620	0.718	4299	0.671	5191	0.401	6702M*	1.114
0079	0.897	2157	1.397	3027	0.909	3629	0.638	4304	1.627	5192	1.311	6703M*	2.233
0083	1.821	2172	0.545	3028	1.039	3632	0.681	4307	0.551	5213	1.437	6704M*	1.238
0106	2.399	2174	0.956	3030	1.356	3634	0.607	4351	0.327	5215	1.424	6801F	2.489
0113	1.072	2211	3.476	3040	1.428	3635	0.569	4352	0.428	5221	1.028	6811	1.669
0170	0.792	2220	0.862	3041	1.104	3638	0.553	4361	0.312	5222	1.838	6824F	2.690
0251	1.230	2286	-	3042	0.864	3642	0.450	4410	0.864	5223	1.067	6826F	1.379
0401	3.468	2288	1.945	3064	1.170	3643	0.674	4420	0.930	5348	0.980	6834	0.722
0766N	0.158	2302	0.650	3076	1.014	3647	0.936	4431	0.446	5402	1.645	6836	0.956
0771N	0.124	2305	0.947	3081	1.388	3648	0.380	4432	0.443	5403	1.591	6843F	3.024
0908P	58.000	2361	0.648	3082	1.398	3681	0.247	4452	0.821	5437	1.232	6845F	2.957
0913P	167.000	2362	0.792	3085	1.578	3685	0.321	4459	0.936	5443	0.812	6854	1.557
1005*	1.569	2380	0.771	3110	1.105	3719	0.286	4470	0.797	5445	1.150	6872F	3.322
1016*	4.821	2388	0.530	3111	0.778	3724	1.199	4484	0.839	5462	1.605	6874F	3.340
1164	0.963	2402	0.638	3113	0.457	3726	0.881	4493	0.802	5472	1.447	6882	0.923
1165	0.757	2413	0.672	3114	0.814	3803	0.971	4511	0.231	5473	2.448	6884	1.564
1320	0.785	2416	0.765	3118	0.581	3807	0.463	4557	0.831	5474	1.415	7016M	0.974
1322	2.129	2417	0.384	3119	0.308	3808	0.946	4558	0.637	5478	0.797	7024M	1.082
1430	0.978	2501	0.899	3122	0.528	3821	1.902	4568	0.744	5479	1.468	7038M	1.788
1438	1.058	2503	0.354	3126	0.615	3822	1.313	4581	0.290	5480	1.699	7046M	2.351
1452	0.701	2570	1.047	3131	0.436	3824	0.894	4583	1.341	5491	0.622	7047M	1.951
1463	2.470	2585	1.010	3132	0.777	3826	0.208	4611	0.237	5506	1.950	7050M	3.582
1472	0.833	2586	1.378	3145	0.697	3827	0.681	4635	0.745	5507	1.053	7090M	1.987
1604	1.525	2587	0.920	3146	0.685	3830	0.473	4653	0.711	5535	1.842	7098M	2.611
1624	0.972	2589	0.614	3169	0.739	3851	0.697	4665	2.114	5537	0.908	7099M	4.708
1642	1.152	2600	1.374	3179	0.572	3865	0.969	4683	1.203	5551	3.058	7133	0.935
1654	1.396	2623	1.701	3180	0.827	3881	1.257	4686	0.947	5606	0.285	7151M	1.136
1699	0.849	2651	0.481	3188	0.561	4000	1.790	4692	0.249	5610	1.041	7152M	2.276
1701	0.883	2660	0.854	3220	0.562	4021	1.267	4693	0.298	5645	2.177	7153M	1.262
1710	1.235	2670	-	3224	1.022	4024	1.599	4703	0.489	5703	2.365	7219	1.990
1747	1.047	2683	-	3227	0.779	4034	2.077	4717	0.772	5705	3.162	7222	2.048
1748	1.878	2688	0.639	3240	-	4036	0.742	4720	0.671	5951	0.158	7225	1.941
1803	1.567	2701	3.635	3241	1.029	4038	0.685	4740	0.257	6003	1.606	7230	2.694
1924	0.893	2702	5.461	3255	0.903	4062	1.399	4741	0.841	6005	1.053	7231	2.972
1925	0.864	2709	2.317	3257	0.905	4101	0.917	4751	0.849	6018	0.822	7232	2.396
2002	1.104	2710	2.769	3270	0.686	4109	0.150	4766N	1.160	6045	1.170	7309F	3.322
2003	1.499	2714	1.618	3300	1.271	4110	0.362	4771N	0.705	6204	1.627	7313F	1.463
2014	1.534	2731	1.425	3303	1.061	4111	0.681	4777	1.455	6206	1.032	7317F	2.240
2016	0.897	2735	1.534	3307	0.749	4114	0.917	4825	0.279	6213	0.522	7327F	4.703
2021	1.211	2759	1.849	3315	0.861	4130	1.137	4828	0.732	6214	0.402	7333M	0.942
2039	0.940	2790	0.725	3334	0.928	4131	1.831	4829	0.502	6216	1.202	7335M	1.046
2041	1.156	2797	0.707	3336	0.712	4133	0.891	4902	0.685	6217	1.125	7337M	1.886
2065	0.602	2799	1.616	3365	1.197	4149	0.245	4923	0.603	6229	1.072	7350F	2.852

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

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

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

INDIANA

ADVISORY LOSS COSTS - NOT RATES

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

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CLASS CODE	LOSS COST												
7360	1.436	8046	0.978	8805M	0.073	9505	0.983						
7370	1.796	8047	0.315	8810	0.054	9516	0.834						
7380	1.532	8058	0.845	8814M	0.065	9519	1.260						
7382	1.534	8072	0.261	8815M	0.131	9521	0.888						
7390	1.535	8102	0.556	8820	0.041	9522	0.736						
7394M	1.047	8103	0.850	8824	0.662	9534	1.274						
7395M	1.163	8106	1.325	8826	0.674	9554	2.147						
7398M	2.096	8107	0.826	8831	0.457	9586	0.138						
7402	0.056	8111	0.735	8832	0.128	9600	0.668						
7403	1.020	8116	0.741	8833	0.347	9620	0.512						
7405N	0.298	8203	2.007	8835	0.692								
7420	3.144	8204	1.471	8842	1.093								
7421	0.217	8209	1.333	8855	0.043								
7422	0.300	8215	1.036	8856	0.167								
7425	0.556	8227	1.022	8864	0.508								
7431N	0.207	8232	1.501	8868	0.208								
7445N	0.099	8233	1.148	8869	0.426								
7453N	0.069	8235	1.407	8871	0.016								
7502	0.742	8263	1.978	8901	0.061								
7515	0.238	8264	1.435	9012	0.358								
7520	0.753	8265	1.622	9014	0.884								
7538	1.050	8279	2.519	9015	1.020								
7539	0.522	8288	2.277	9016	0.963								
7540	0.904	8291	1.014	9019	0.954								
7580	0.792	8292	0.823	9033	0.683								
7590	1.250	8293	2.081	9040	1.072								
7600	1.355	8304	1.710	9044	0.517								
7605	0.666	8350	1.620	9052	0.532								
7610	0.211	8380	0.795	9058	0.526								
7698	1.397	8381	0.614	9060	0.507								
7699	0.945	8385	0.822	9061	0.440								
7705	1.953	8392	0.691	9062	0.510								
7710	1.986	8393	0.490	9063	0.316								
7711	1.986	8500	1.621	9077F	2.489								
7720	0.928	8601	0.147	9082	0.398								
7725	0.767	8602	0.586	9083	0.390								
7732P	72.000	8603	0.030	9084	0.413								
7855	0.917	8606	0.500	9088a	a								
8001	0.833	8709F	0.908	9089	0.314								
8002	0.759	8719	0.658	9093	0.491								
8006	0.678	8720	0.393	9101	1.188								
8008	0.498	8721	0.091	9102	1.012								
8010	0.667	8723	0.037	9154	0.478								
8013	0.096	8725	0.883	9156	0.939								
8015	0.372	8726F	0.535	9170	2.875								
8017	0.527	8734M	0.110	9178	2.310								
8018	1.116	8737M	0.098	9179	3.926								
8021	0.743	8738M	0.197	9180	1.639								
8031	0.690	8742	0.081	9182	0.723								
8032	0.738	8745	1.317	9186	2.742								
8033	0.875	8748	0.143	9220	1.694								
8037	0.637	8755	0.104	9402	1.199								
8039	0.552	8799	0.245	9403	2.230								
8044	0.797	8800	0.793	9410	0.809								
8045	0.301	8803	0.018	9501	1.064								

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.

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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).
- 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 \$0.464. (For coverage written separately for federal benefits only, \$0.440. For coverage written separately for state benefits only, \$0.024.)
- 1016 Advisory loss cost includes a non-ratable disease element of \$1.389. (For coverage written separately for federal benefits only, \$1.318. For coverage written separately for state benefits only, \$0.071.)
- 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 2.434 and elr x 2.363.
- 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

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MISCELLANEOUS VALUES - ADVISORY LOSS COSTS

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

Coinsurance Amount	Coinsurance Program Loss Elimination Ratios HAZARD GROUP						
	A	B	C	D	E	F	G
\$21,000	10.0%	9.1%	8.1%	7.3%	6.2%	5.4%	4.3%

Deductible Amount	Deductible Program With Coinsurance Loss Elimination Ratios HAZARD GROUP						
	A	B	C	D	E	F	G
\$500	15.6%	13.7%	11.8%	10.4%	8.4%	7.0%	5.4%
\$1,000	19.2%	16.9%	14.3%	12.5%	10.1%	8.3%	6.3%
\$1,500	21.8%	19.2%	16.3%	14.2%	11.5%	9.4%	7.1%
\$2,000	24.0%	21.0%	17.9%	15.6%	12.6%	10.3%	7.7%
\$2,500	25.8%	22.6%	19.3%	16.8%	13.6%	11.2%	8.4%
\$3,000	27.3%	24.0%	20.5%	17.9%	14.5%	12.0%	8.9%
\$3,500	28.6%	25.3%	21.6%	18.8%	15.3%	12.7%	9.5%
\$4,000	29.8%	26.3%	22.6%	19.7%	16.0%	13.4%	10.0%
\$4,500	31.0%	27.3%	23.5%	20.6%	16.8%	14.1%	10.5%
\$5,000	32.0%	28.3%	24.4%	21.3%	17.4%	14.6%	10.9%

Deductible Amount	Deductible Program Without Coinsurance Loss Elimination Ratios HAZARD GROUP						
	A	B	C	D	E	F	G
\$500	7.0%	5.8%	4.6%	3.8%	2.8%	2.0%	1.4%
\$1,000	11.5%	9.7%	7.8%	6.5%	4.9%	3.6%	2.5%
\$1,500	14.8%	12.6%	10.2%	8.6%	6.6%	5.0%	3.5%
\$2,000	17.5%	14.9%	12.3%	10.3%	8.0%	6.1%	4.3%
\$2,500	19.7%	16.9%	14.0%	11.8%	9.2%	7.2%	5.1%
\$3,000	21.6%	18.6%	15.5%	13.2%	10.4%	8.2%	5.8%
\$3,500	23.3%	20.2%	16.9%	14.4%	11.4%	9.1%	6.5%
\$4,000	24.8%	21.5%	18.1%	15.5%	12.3%	10.0%	7.1%
\$4,500	26.2%	22.8%	19.3%	16.6%	13.2%	10.8%	7.7%
\$5,000	27.5%	24.0%	20.4%	17.5%	14.0%	11.5%	8.3%

Basis of premium applicable in accordance with the <i>Basic Manual</i> notes for Code 7370 -- "Taxicab Co.":	
Employee operated vehicle.....	\$95,000
Leased or rented vehicle.....	\$63,300
Catastrophe (other than Certified Acts of Terrorism) - (Advisory Loss Cost)	0.010
Maximum Weekly Payroll applicable in accordance with the <i>Basic Manual</i> notes for Code 9178 -- "Athletic Sports or Park: Noncontact Sports," and Code 9179 -- "Athletic Sports or Park: Contact Sports".....	\$4,900
Maximum Weekly Payroll for Executive Officers, Partners, Sole Proprietors, and Members or Managers of Limited Liability Companies in accordance with the <i>Basic Manual</i> 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.....	\$4,900
Minimum Weekly Payroll for Executive Officers, Partners, Sole Proprietors, and Members or Managers of Limited Liability Companies in accordance with the <i>Basic Manual</i> 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.....	\$1,050
Terrorism - (Advisory Loss Cost)	0.005

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MISCELLANEOUS VALUES - ADVISORY LOSS COSTS (cont.)

United States Longshore and Harbor Workers' Compensation Coverage Percentage applicable only in connection with the Basic Manual rule, Federal coverages..... 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, 2026

Proposed Assigned Risk Rates for Inclusion in the Residual Market Manual

The following pages include proposed:

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

WORKERS COMPENSATION AND EMPLOYERS LIABILITY

INDIANA

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APPLICABLE TO ASSIGNED RISK POLICIES ONLY

CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
0005	1.287	565	2070	2.769	1032	2802	1.896	757	3372	1.311	573	4206	1.147	521
0008	1.361	589	2081	1.253	555	2835	1.077	499	3373	1.734	706	4207	0.972	466
0016	1.998	789	2089	1.322	576	2836	1.269	560	3383	0.675	373	4239	1.326	578
0034	1.449	616	2095	1.369	591	2841	1.401	601	3385	0.604	350	4240	1.114	511
0035	1.129	516	2105	1.735	707	2881	1.228	547	3400	1.665	684	4243	1.046	489
0036	1.816	732	2110	2.023	797	2883	1.027	484	3507	1.078	500	4244	1.332	580
0037	1.908	761	2111	1.247	553	2915	1.285	565	3515	0.855	429	4250	0.869	434
0042	2.097	821	2112	1.692	693	2916	1.485	628	3548	0.640	362	4251	1.176	530
0050	2.726	1019	2114	0.993	473	2923	1.077	499	3559	1.231	548	4263	1.763	715
0059	-	-	2121	0.656	367	2960	2.156	839	3574	0.490	314	4273	1.128	515
0065	-	-	2130	0.776	404	3004	0.527	326	3581	0.427	295	4279	1.391	598
0066	-	-	2131	0.834	423	3018	1.202	539	3612	0.852	428	4283	0.832	422
0067	-	-	2143	0.871	434	3022	1.462	621	3620	0.977	468	4299	0.913	448
0079	1.221	545	2157	1.901	759	3027	1.237	550	3629	0.868	433	4304	2.214	857
0083	2.478	941	2172	0.741	393	3028	1.414	605	3632	0.926	452	4307	0.749	396
0106	3.264	1188	2174	1.300	570	3030	1.845	741	3634	0.826	420	4351	0.445	300
0113	1.458	619	2211	4.729	1500	3040	1.943	772	3635	0.774	404	4352	0.582	343
0170	1.077	499	2220	1.173	529	3041	1.502	633	3638	0.752	397	4361	0.425	294
0251	1.674	687	2286	-	-	3042	1.175	530	3642	0.612	353	4410	1.176	530
0401	4.719	A	2288	2.646	993	3064	1.592	661	3643	0.917	449	4420	1.265	558
0766N	0.215	-	2302	0.885	439	3076	1.380	595	3647	1.273	561	4431	0.607	351
0771N	0.169	-	2305	1.289	566	3081	1.888	755	3648	0.517	323	4432	0.603	350
0908P	79.000	239	2361	0.882	438	3082	1.902	759	3681	0.336	266	4452	1.117	512
0913P	227.000	387	2362	1.078	500	3085	2.147	836	3685	0.437	298	4459	1.274	561
1005*	2.134	832	2380	1.049	490	3110	1.504	634	3719	0.389	283	4470	1.085	502
1016*	6.560	1500	2388	0.721	387	3111	1.059	494	3724	1.631	674	4484	1.142	520
1164	1.310	573	2402	0.868	433	3113	0.622	356	3726	1.198	537	4493	1.091	504
1165	1.030	484	2413	0.914	448	3114	1.107	509	3803	1.321	576	4511	0.314	259
1320	1.068	496	2416	1.041	488	3118	0.791	409	3807	0.630	358	4557	1.130	516
1322	2.897	1073	2417	0.522	324	3119	0.419	292	3808	1.287	565	4558	0.866	433
1430	1.330	579	2501	1.223	545	3122	0.718	386	3821	2.588	975	4568	1.012	479
1438	1.440	614	2503	0.482	312	3126	0.837	424	3822	1.787	723	4581	0.394	284
1452	0.954	461	2570	1.424	609	3131	0.593	347	3824	1.216	543	4583	1.825	735
1463	3.360	1218	2585	1.374	593	3132	1.057	493	3826	0.283	249	4611	0.323	262
1472	1.133	517	2586	1.875	751	3145	0.948	459	3827	0.926	452	4635	1.014	479
1604	2.075	814	2587	1.252	554	3146	0.932	454	3830	0.644	363	4653	0.967	465
1624	1.323	577	2589	0.836	423	3169	1.006	477	3851	0.948	459	4665	2.876	1066
1642	1.568	654	2600	1.869	749	3179	0.778	405	3865	1.318	575	4683	1.637	676
1654	1.899	758	2623	2.314	889	3180	1.125	514	3881	1.710	699	4686	1.289	566
1699	1.155	524	2651	0.654	366	3188	0.763	400	4000	2.436	927	4692	0.339	267
1701	1.202	539	2660	1.162	526	3220	0.765	401	4021	1.724	703	4693	0.405	288
1710	1.680	689	2670	-	-	3224	1.390	598	4024	2.176	845	4703	0.665	369
1747	1.424	609	2683	-	-	3227	1.060	494	4034	2.826	1050	4717	1.051	491
1748	2.555	965	2688	0.869	434	3240	-	-	4036	1.009	478	4720	0.913	448
1803	2.132	832	2701	4.946	1500	3241	1.400	601	4038	0.932	454	4740	0.350	270
1924	1.215	543	2702	7.430	1500	3255	1.228	547	4062	1.904	760	4741	1.144	520
1925	1.175	530	2709	3.152	1153	3257	1.231	548	4101	1.248	553	4751	1.155	524
2002	1.502	633	2710	3.768	1347	3270	0.934	454	4109	0.204	224	4766N	1.578	725
2003	2.039	802	2714	2.201	853	3300	1.729	705	4110	0.492	315	4771N	0.959	515
2014	2.087	817	2731	1.939	771	3303	1.443	615	4111	0.926	452	4777	1.980	784
2016	1.221	545	2735	2.087	817	3307	1.019	481	4114	1.247	553	4825	0.379	279
2021	1.647	679	2759	2.516	953	3315	1.171	529	4130	1.547	647	4828	0.996	474
2039	1.279	563	2790	0.987	471	3334	1.263	558	4131	2.491	945	4829	0.683	375
2041	1.573	655	2797	0.962	463	3336	0.969	465	4133	1.212	542	4902	0.932	454
2065	0.819	418	2799	2.199	853	3365	1.629	673	4149	0.334	265	4923	0.821	419

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Effective January 1, 2026

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
5020	1.734	706	6233	0.831	422	7360	1.954	776	8046	1.330	579	8805M	0.099	191
5022	2.241	866	6235	1.902	759	7370	2.444	930	8047	0.429	295	8810	0.073	183
5037	2.412	920	6236	1.766	716	7380	2.084	816	8058	1.150	522	8814M	0.089	188
5040	2.629	988	6237	0.548	333	7382	2.087	817	8072	0.355	272	8815M	0.178	216
5057	1.080	500	6251	2.315	889	7390	2.088	818	8102	0.756	398	8820	0.056	178
5059	4.617	1500	6252	1.172	529	7394M	1.424	609	8103	1.156	524	8824	0.900	444
5102	2.267	874	6306	1.540	645	7395M	1.582	658	8106	1.803	728	8826	0.917	449
5146	1.528	641	6319	0.946	458	7398M	2.852	1058	8107	1.124	514	8831	0.622	356
5160	0.760	399	6325	1.277	562	7402	0.076	184	8111	1.000	475	8832	0.174	215
5183	0.924	451	6400	1.560	651	7403	1.388	597	8116	1.008	478	8833	0.472	309
5188	1.345	584	6503	0.826	420	7405N	0.405	330	8203	2.730	1020	8835	0.942	457
5190	0.901	444	6504	1.245	552	7420	4.278	1500	8204	2.002	791	8842	1.487	628
5191	0.545	332	6702M*	1.516	638	7421	0.295	253	8209	1.813	731	8855	0.059	179
5192	1.784	722	6703M*	3.038	1117	7422	0.408	289	8215	1.410	604	8856	0.227	232
5213	1.955	776	6704M*	1.685	691	7425	0.757	398	8227	1.390	598	8864	0.691	378
5215	1.937	770	6801F	3.386	1227	7431N	0.281	278	8232	2.042	803	8868	0.283	249
5221	1.399	601	6811	2.271	875	7445N	0.135	-	8233	1.562	652	8869	0.579	342
5222	2.500	948	6824F	3.660	1313	7453N	0.094	-	8235	1.914	763	8871	0.022	167
5223	1.452	617	6826F	1.876	751	7502	1.009	478	8263	2.691	1008	8901	0.083	186
5348	1.334	580	6834	0.982	469	7515	0.324	262	8264	1.952	775	9012	0.487	313
5402	2.238	865	6836	1.300	570	7520	1.024	483	8265	2.207	855	9014	1.203	539
5403	2.165	842	6843F	4.114	1456	7538	1.428	610	8279	3.427	1240	9015	1.388	597
5437	1.676	688	6845F	4.023	1427	7539	0.710	384	8288	3.098	1136	9016	1.310	573
5443	1.105	508	6854	2.118	827	7540	1.230	547	8291	1.379	594	9019	1.298	569
5445	1.564	653	6872F	4.520	1500	7580	1.078	500	8292	1.120	513	9033	0.929	453
5462	2.184	848	6874F	4.544	1500	7590	1.701	696	8293	2.831	1052	9040	1.458	619
5472	1.969	780	6882	1.256	556	7600	1.844	741	8304	2.327	893	9044	0.704	382
5473	3.330	1209	6884	2.128	830	7605	0.906	445	8350	2.204	854	9052	0.724	388
5474	1.925	766	7016M	1.325	577	7610	0.287	250	8380	1.082	501	9058	0.716	386
5478	1.084	501	7024M	1.472	624	7698	1.901	759	8381	0.836	423	9060	0.690	377
5479	1.997	789	7038M	2.433	926	7699	1.286	565	8385	1.119	512	9061	0.598	348
5480	2.312	888	7046M	3.198	1167	7705	2.657	997	8392	0.940	456	9062	0.694	379
5491	0.846	426	7047M	2.654	996	7710	2.702	1011	8393	0.667	370	9063	0.430	295
5506	2.653	996	7050M	4.874	1500	7711	2.702	1011	8500	2.205	855	9077F	3.386	1227
5507	1.433	611	7090M	2.703	1011	7720	1.263	558	8601	0.200	223	9082	0.542	331
5535	2.506	949	7098M	3.553	1279	7725	1.044	489	8602	0.797	411	9083	0.530	327
5537	1.236	549	7099M	6.406	1500	7732P	98.000	258	8603	0.041	173	9084	0.562	337
5551	4.160	1470	7133	1.272	561	7855	1.248	553	8606	0.680	374	9088a	a	a
5606	0.388	282	7151M	1.545	647	8001	1.133	517	8709F	1.236	549	9089	0.427	295
5610	1.417	606	7152M	3.096	1135	8002	1.033	485	8719	0.895	442	9093	0.668	370
5645	2.962	1093	7153M	1.717	701	8006	0.923	451	8720	0.535	329	9101	1.616	669
5703	3.218	1174	7219	2.708	1013	8008	0.677	373	8721	0.124	199	9102	1.377	594
5705	4.302	1500	7222	2.786	1038	8010	0.907	446	8723	0.051	176	9154	0.650	365
5951	0.215	228	7225	2.641	992	8013	0.130	201	8725	1.201	538	9156	1.278	563
6003	2.185	848	7230	3.665	1314	8015	0.506	319	8726F	0.728	389	9170	3.912	1392
6005	1.433	611	7231	4.043	1434	8017	0.717	386	8734M	0.149	207	9178	3.143	1150
6018	1.119	512	7232	3.260	1187	8018	1.519	638	8737M	0.134	202	9179	5.341	1500
6045	1.592	661	7309F	4.520	1500	8021	1.011	478	8738M	0.268	244	9180	2.230	862
6204	2.214	857	7313F	1.991	787	8031	0.939	456	8742	0.110	195	9182	0.984	470
6206	1.404	602	7317F	3.047	1120	8032	1.004	476	8745	1.792	724	9186	3.731	1335
6213	0.710	384	7327F	6.398	1500	8033	1.190	535	8748	0.194	221	9220	2.305	886
6214	0.547	332	7333M	1.281	564	8037	0.866	433	8755	0.141	204	9402	1.631	674
6216	1.635	675	7335M	1.423	608	8039	0.751	397	8799	0.334	265	9403	3.034	1116
6217	1.531	642	7337M	2.566	968	8044	1.085	502	8800	1.079	500	9410	1.101	507
6229	1.458	619	7350F	3.880	1382	8045	0.410	289	8803	0.024	168	9501	1.448	616

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

INDIANA

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Effective January 1, 2026

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
9505	1.337	581												
9516	1.135	518												
9519	1.714	700												
9521	1.208	541												
9522	1.001	475												
9534	1.734	706												
9554	2.921	1080												
9586	0.188	219												
9600	0.909	446												
9620	0.697	380												

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, 2026

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.
- 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 \$0.630. (For coverage written separately for federal benefits only, \$0.598. For coverage written separately for state benefits only, \$0.032.)
- 1016 Rate includes a non-ratable disease element of \$1.890. (For coverage written separately for federal benefits only, \$1.793. For coverage written separately for state benefits only, \$0.097.)
- 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 2.434 and elr x 2.363.
- 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

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APPLICABLE TO ASSIGNED RISK POLICIES ONLY

MISCELLANEOUS VALUES

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

Employee operated vehicle.....	\$95,000
Leased or rented vehicle.....	\$63,300

Catastrophe (other than Certified Acts of Terrorism) - (Assigned Risk)..... 0.010

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	0.03
Maximum Premium Factor	1.75	2nd Adjustment	0.01
Loss Conversion Factor	1.186	3rd Adjustment	0.00
Tax Multiplier	1.018	4th Adjustment	0

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"..... \$4,900

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..... \$4,900

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..... \$1,050

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

Coinsurance Amount	Coinsurance Program Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
	\$21,000	7.4%	6.7%	6.0%	5.4%	4.6%	4.0%

Deductible Amount	Deductible Program With Coinsurance Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
	\$500	11.5%	10.1%	8.7%	7.6%	6.2%	5.2%
\$1,000	14.2%	12.4%	10.6%	9.2%	7.5%	6.1%	4.7%
\$1,500	16.1%	14.2%	12.0%	10.5%	8.5%	7.0%	5.2%
\$2,000	17.7%	15.5%	13.2%	11.5%	9.3%	7.6%	5.7%
\$2,500	19.0%	16.7%	14.2%	12.4%	10.0%	8.3%	6.2%
\$3,000	20.1%	17.7%	15.1%	13.2%	10.7%	8.9%	6.6%
\$3,500	21.1%	18.6%	16.0%	13.9%	11.3%	9.4%	7.0%
\$4,000	22.0%	19.4%	16.7%	14.6%	11.8%	9.9%	7.4%
\$4,500	22.9%	20.2%	17.4%	15.2%	12.4%	10.4%	7.7%
\$5,000	23.6%	20.9%	18.0%	15.7%	12.8%	10.8%	8.1%

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APPLICABLE TO ASSIGNED RISK POLICIES ONLY

MISCELLANEOUS VALUES (cont.)

Deductible Amount	Deductible Program Without Coinsurance Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
	\$500	5.2%	4.3%	3.4%	2.8%	2.1%	1.5%
\$1,000	8.5%	7.2%	5.8%	4.8%	3.6%	2.7%	1.8%
\$1,500	10.9%	9.3%	7.5%	6.3%	4.9%	3.7%	2.6%
\$2,000	12.9%	11.0%	9.1%	7.6%	5.9%	4.5%	3.2%
\$2,500	14.5%	12.5%	10.3%	8.7%	6.8%	5.3%	3.8%
\$3,000	15.9%	13.7%	11.4%	9.7%	7.7%	6.1%	4.3%
\$3,500	17.2%	14.9%	12.5%	10.6%	8.4%	6.7%	4.8%
\$4,000	18.3%	15.9%	13.4%	11.4%	9.1%	7.4%	5.2%
\$4,500	19.3%	16.8%	14.2%	12.3%	9.7%	8.0%	5.7%
\$5,000	20.3%	17.7%	15.1%	12.9%	10.3%	8.5%	6.1%

Terrorism - (Assigned Risk)..... 0.010

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, 2026

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



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 split point is based on the average claim costs in the state, promoting an equitable determination of primary and excess losses. To reflect changes in claim costs and preserve alignment with other experience rating parameters, the split point is reviewed annually and may be adjusted to maintain an average D-ratio of approximately 40%, the average D-ratio utilized when the credibility parameters underlying the weight and ballast values were last recalibrated. Utilizing a consistent average D-ratio promotes similar experience rating plan performance across states with varying cost levels.

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, 2026

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, 2026

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

CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO
0005	0.703	0.43	2070	1.462	0.42	2802	1.000	0.42	3372	0.692	0.42	4206	0.627	0.43
0008	0.744	0.43	2081	0.717	0.45	2835	0.617	0.45	3373	0.948	0.43	4207	0.445	0.36
0016	0.974	0.39	2089	0.723	0.43	2836	0.727	0.45	3383	0.369	0.43	4239	0.606	0.36
0034	0.764	0.42	2095	0.722	0.42	2841	0.765	0.43	3385	0.330	0.43	4240	0.637	0.45
0035	0.595	0.42	2105	0.994	0.45	2881	0.703	0.45	3400	0.910	0.43	4243	0.552	0.42
0036	0.994	0.43	2110	1.105	0.43	2883	0.561	0.43	3507	0.569	0.42	4244	0.649	0.39
0037	0.931	0.39	2111	0.682	0.43	2915	0.627	0.39	3515	0.451	0.42	4250	0.459	0.42
0042	1.107	0.42	2112	0.925	0.43	2916	0.724	0.39	3548	0.350	0.43	4251	0.643	0.43
0050	1.330	0.39	2114	0.569	0.45	2923	0.616	0.45	3559	0.649	0.42	4263	0.929	0.42
0059	-	-	2121	0.376	0.45	2960	1.138	0.42	3574	0.268	0.43	4273	0.595	0.42
0065	-	-	2130	0.410	0.42	3004	0.241	0.36	3581	0.234	0.43	4279	0.679	0.39
0066	-	-	2131	0.456	0.43	3018	0.550	0.36	3612	0.449	0.42	4283	0.455	0.43
0067	-	-	2143	0.499	0.45	3022	0.800	0.43	3620	0.477	0.39	4299	0.481	0.42
0079	0.644	0.42	2157	1.040	0.43	3027	0.604	0.39	3629	0.457	0.42	4304	1.168	0.42
0083	1.307	0.42	2172	0.362	0.39	3028	0.690	0.39	3632	0.488	0.42	4307	0.429	0.45
0106	1.494	0.36	2174	0.710	0.43	3030	0.900	0.39	3634	0.435	0.42	4351	0.243	0.43
0113	0.797	0.43	2211	2.306	0.39	3040	1.025	0.42	3635	0.408	0.42	4352	0.318	0.43
0170	0.589	0.43	2220	0.619	0.42	3041	0.793	0.42	3638	0.411	0.43	4361	0.232	0.43
0251	0.883	0.42	2286	0.619	0.42	3042	0.620	0.42	3642	0.335	0.43	4410	0.643	0.43
0401	2.156	0.36	2288	1.445	0.43	3064	0.840	0.42	3643	0.448	0.39	4420	0.579	0.36
0766	-	-	2302	0.467	0.42	3076	0.754	0.43	3647	0.672	0.42	4431	0.348	0.45
0771	-	-	2305	0.628	0.39	3081	0.996	0.42	3648	0.296	0.45	4432	0.345	0.45
0908	41.553	0.42	2361	0.465	0.42	3082	0.928	0.39	3681	0.183	0.43	4452	0.589	0.42
0913	119.683	0.42	2362	0.589	0.43	3085	1.132	0.42	3685	0.239	0.43	4459	0.621	0.39
1005	0.624	0.32	2380	0.574	0.43	3110	0.793	0.42	3719	0.161	0.32	4470	0.572	0.42
1016	1.937	0.32	2388	0.413	0.45	3111	0.579	0.43	3724	0.675	0.32	4484	0.624	0.43
1164	0.542	0.32	2402	0.423	0.39	3113	0.328	0.42	3726	0.496	0.32	4493	0.575	0.42
1165	0.427	0.32	2413	0.482	0.42	3114	0.584	0.42	3803	0.722	0.43	4511	0.166	0.42
1320	0.489	0.36	2416	0.569	0.43	3118	0.453	0.45	3807	0.345	0.43	4557	0.551	0.39
1322	1.200	0.32	2417	0.285	0.43	3119	0.249	0.46	3808	0.680	0.42	4558	0.457	0.42
1430	0.649	0.39	2501	0.669	0.43	3122	0.412	0.45	3821	1.262	0.39	4568	0.494	0.39
1438	0.702	0.39	2503	0.264	0.43	3126	0.442	0.42	3822	0.976	0.43	4581	0.180	0.36
1452	0.466	0.39	2570	0.779	0.43	3131	0.313	0.42	3824	0.665	0.43	4583	0.835	0.36
1463	1.390	0.32	2585	0.725	0.42	3132	0.577	0.43	3826	0.149	0.42	4611	0.177	0.43
1472	0.553	0.39	2586	1.025	0.43	3145	0.500	0.42	3827	0.507	0.43	4635	0.464	0.36
1604	1.015	0.39	2587	0.685	0.43	3146	0.491	0.42	3830	0.340	0.42	4653	0.530	0.43
1624	0.605	0.36	2589	0.441	0.42	3169	0.550	0.43	3851	0.518	0.43	4665	1.403	0.39
1642	0.765	0.39	2600	1.023	0.43	3179	0.425	0.43	3865	0.755	0.45	4683	0.864	0.42
1654	0.927	0.39	2623	1.128	0.39	3180	0.614	0.43	3881	0.902	0.42	4686	0.629	0.39
1699	0.563	0.39	2651	0.357	0.43	3188	0.403	0.42	4000	1.116	0.36	4692	0.185	0.43
1701	0.550	0.36	2660	0.665	0.45	3220	0.404	0.42	4021	0.909	0.42	4693	0.222	0.43
1710	0.819	0.39	2670	0.475	0.43	3224	0.797	0.45	4024	1.062	0.39	4703	0.351	0.42
1747	0.694	0.39	2683	0.669	0.43	3227	0.580	0.43	4034	1.379	0.39	4717	0.602	0.45
1748	1.244	0.39	2688	0.475	0.43	3240	0.673	0.43	4036	0.492	0.39	4720	0.481	0.42
1803	1.040	0.39	2701	2.266	0.36	3241	0.766	0.43	4038	0.534	0.45	4740	0.145	0.32
1924	0.664	0.43	2702	3.076	0.32	3255	0.703	0.45	4062	1.004	0.42	4741	0.604	0.42
1925	0.620	0.42	2709	1.444	0.36	3257	0.673	0.43	4101	0.658	0.42	4751	0.563	0.39
2002	0.822	0.43	2710	1.837	0.39	3270	0.510	0.43	4109	0.112	0.43	4766	0.722	0.36
2003	1.076	0.42	2714	1.202	0.43	3300	0.989	0.45	4110	0.269	0.43	4771	0.439	0.36
2014	1.019	0.39	2731	1.060	0.43	3303	0.788	0.43	4111	0.507	0.43	4777	0.904	0.36
2016	0.669	0.43	2735	1.141	0.43	3307	0.537	0.42	4114	0.658	0.42	4825	0.185	0.39
2021	0.868	0.42	2759	1.376	0.43	3315	0.640	0.43	4130	0.846	0.43	4828	0.456	0.36
2039	0.700	0.43	2790	0.565	0.45	3334	0.668	0.42	4131	1.362	0.43	4829	0.313	0.36
2041	0.859	0.43	2797	0.552	0.45	3336	0.511	0.42	4133	0.693	0.45	4902	0.509	0.43
2065	0.433	0.42	2799	1.161	0.42	3365	0.746	0.36	4149	0.192	0.45	4923	0.433	0.42

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

Effective January 1, 2026

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

CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO	CLASS CODE	ELR	D RATIO
5020	0.794	0.36	6233	0.344	0.32	7360	0.954	0.39	8046	0.727	0.43	8805	0.054	0.43
5022	0.928	0.32	6235	0.788	0.32	7370	1.337	0.43	8047	0.235	0.43	8810	0.040	0.43
5037	1.000	0.32	6236	0.863	0.39	7380	1.018	0.39	8058	0.629	0.43	8814	0.049	0.43
5040	1.089	0.32	6237	0.251	0.36	7382	1.101	0.42	8072	0.203	0.45	8815	0.095	0.43
5057	0.447	0.32	6251	1.060	0.36	7390	1.143	0.43	8102	0.414	0.43	8820	0.027	0.39
5059	1.910	0.32	6252	0.486	0.32	7394	0.591	0.32	8103	0.610	0.42	8824	0.533	0.46
5102	1.037	0.36	6306	0.705	0.36	7395	0.657	0.32	8106	0.880	0.39	8826	0.525	0.45
5146	0.746	0.39	6319	0.392	0.32	7398	1.150	0.32	8107	0.515	0.36	8831	0.367	0.46
5160	0.315	0.32	6325	0.528	0.32	7402	0.042	0.43	8111	0.528	0.42	8832	0.095	0.43
5183	0.423	0.36	6400	0.761	0.39	7403	0.760	0.43	8116	0.532	0.42	8833	0.258	0.43
5188	0.616	0.36	6503	0.452	0.43	7405	0.222	0.43	8203	1.441	0.42	8835	0.515	0.43
5190	0.412	0.36	6504	0.681	0.43	7420	1.770	0.32	8204	1.056	0.42	8842	0.880	0.46
5191	0.266	0.39	6702	0.739	0.39	7421	0.144	0.39	8209	0.992	0.43	8855	0.032	0.43
5192	0.942	0.42	6703	1.439	0.39	7422	0.187	0.36	8215	0.688	0.39	8856	0.124	0.43
5213	0.810	0.32	6704	0.822	0.39	7425	0.347	0.36	8227	0.636	0.36	8864	0.395	0.45
5215	0.946	0.39	6801F	1.368	0.34	7431	0.129	0.36	8232	0.997	0.39	8868	0.162	0.45
5221	0.641	0.36	6811	1.107	0.39	7445	-	-	8233	0.765	0.39	8869	0.332	0.45
5222	1.035	0.32	6824F	1.479	0.34	7453	-	-	8235	1.011	0.42	8871	0.012	0.43
5223	0.709	0.39	6826F	0.758	0.34	7502	0.493	0.39	8263	1.419	0.42	8901	0.041	0.39
5348	0.651	0.39	6834	0.537	0.43	7515	0.134	0.32	8264	0.952	0.39	9012	0.238	0.39
5402	1.224	0.43	6836	0.686	0.42	7520	0.540	0.42	8265	1.010	0.36	9014	0.658	0.43
5403	0.991	0.36	6843F	1.462	0.27	7538	0.591	0.32	8279	1.566	0.36	9015	0.732	0.42
5437	0.768	0.36	6845F	1.430	0.27	7539	0.325	0.36	8288	1.633	0.42	9016	0.715	0.43
5443	0.584	0.42	6854	0.969	0.36	7540	0.509	0.32	8291	0.728	0.42	9019	0.633	0.39
5445	0.648	0.32	6872F	1.606	0.27	7580	0.526	0.39	8292	0.613	0.43	9033	0.490	0.42
5462	1.066	0.39	6874F	1.615	0.27	7590	0.829	0.39	8293	1.550	0.43	9040	0.835	0.45
5472	0.816	0.32	6882	0.575	0.36	7600	0.901	0.39	8304	1.064	0.36	9044	0.403	0.45
5473	1.378	0.32	6884	0.979	0.36	7605	0.414	0.36	8350	1.009	0.36	9052	0.415	0.45
5474	0.797	0.32	7016	0.550	0.32	7610	0.140	0.39	8380	0.571	0.42	9058	0.424	0.46
5478	0.497	0.36	7024	0.611	0.32	7698	0.781	0.32	8381	0.441	0.42	9060	0.395	0.45
5479	0.975	0.39	7038	1.004	0.32	7699	0.584	0.36	8385	0.590	0.42	9061	0.343	0.45
5480	1.059	0.36	7046	1.325	0.32	7705	1.402	0.42	8392	0.539	0.45	9062	0.398	0.45
5491	0.387	0.36	7047	1.069	0.32	7710	1.234	0.36	8393	0.325	0.39	9063	0.246	0.45
5506	1.213	0.36	7050	1.951	0.32	7711	1.234	0.36	8500	1.075	0.39	9077F	1.536	0.40
5507	0.656	0.36	7090	1.115	0.32	7720	0.615	0.39	8601	0.091	0.36	9082	0.321	0.46
5535	1.037	0.32	7098	1.472	0.32	7725	0.474	0.36	8602	0.389	0.39	9083	0.314	0.46
5537	0.603	0.39	7099	2.576	0.32	7732	44.568	0.36	8603	0.022	0.43	9084	0.322	0.45
5551	1.721	0.32	7133	0.582	0.36	7855	0.609	0.39	8606	0.311	0.36	9088	a	a
5606	0.160	0.32	7151	0.706	0.36	8001	0.619	0.43	8709F	0.439	0.27	9089	0.245	0.45
5610	0.692	0.39	7152	1.375	0.36	8002	0.564	0.43	8719	0.409	0.36	9093	0.383	0.45
5645	1.227	0.32	7153	0.785	0.36	8006	0.529	0.45	8720	0.245	0.36	9101	0.924	0.45
5703	1.569	0.39	7219	1.243	0.36	8008	0.387	0.45	8721	0.061	0.39	9102	0.726	0.42
5705	2.099	0.39	7222	1.277	0.36	8010	0.496	0.43	8723	0.027	0.42	9154	0.355	0.43
5951	0.118	0.43	7225	1.291	0.39	8013	0.069	0.42	8725	0.585	0.39	9156	0.732	0.45
6003	1.000	0.36	7230	1.937	0.42	8015	0.266	0.42	8726F	0.294	0.34	9170	1.791	0.36
6005	0.699	0.39	7231	2.137	0.42	8017	0.411	0.45	8734	0.073	0.39	9178	1.854	0.46
6018	0.547	0.39	7232	1.497	0.36	8018	0.830	0.43	8737	0.065	0.39	9179	3.157	0.46
6045	0.777	0.39	7309F	1.606	0.27	8021	0.553	0.43	8738	0.128	0.39	9180	1.174	0.42
6204	1.014	0.36	7313F	0.707	0.27	8031	0.513	0.43	8742	0.054	0.39	9182	0.537	0.43
6206	0.581	0.32	7317F	1.083	0.27	8032	0.549	0.43	8745	0.945	0.42	9186	1.701	0.36
6213	0.294	0.32	7327F	2.274	0.27	8033	0.681	0.45	8748	0.089	0.36	9220	1.216	0.42
6214	0.250	0.36	7333	0.531	0.32	8037	0.513	0.46	8755	0.069	0.39	9402	0.747	0.36
6216	0.677	0.32	7335	0.591	0.32	8039	0.430	0.45	8799	0.183	0.43	9403	1.390	0.36
6217	0.634	0.32	7337	1.034	0.32	8044	0.594	0.43	8800	0.590	0.43	9410	0.602	0.43
6229	0.711	0.39	7350F	1.476	0.31	8045	0.224	0.43	8803	0.012	0.39	9501	0.706	0.39

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

Effective January 1, 2026

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

CLASS CODE	ELR	D RATIO												
9505	0.705	0.42												
9516	0.599	0.42												
9519	0.838	0.39												
9521	0.590	0.39												
9522	0.574	0.45												
9534	0.718	0.32												
9554	1.336	0.36												
9586	0.108	0.45												
9600	0.498	0.43												
9620	0.340	0.39												

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

Effective January 1, 2026
TABLE OF WEIGHTING VALUES
APPLICABLE TO ALL POLICIES

Expected Losses			Weighting Values	Expected Losses			Weighting Values
0	--	1,579	0.14	890,297	--	935,078	0.49
1,580	--	4,448	0.15	935,079	--	982,269	0.50
4,449	--	7,387	0.16	982,270	--	1,032,069	0.51
7,388	--	10,396	0.17	1,032,070	--	1,084,699	0.52
10,397	--	11,447	0.18	1,084,700	--	1,140,412	0.53
11,448	--	12,946	0.17	1,140,413	--	1,199,485	0.54
12,947	--	14,995	0.16	1,199,486	--	1,262,230	0.55
14,996	--	18,077	0.15	1,262,231	--	1,329,005	0.56
18,078	--	23,943	0.14	1,329,006	--	1,400,208	0.57
23,944	--	55,021	0.13	1,400,209	--	1,476,297	0.58
55,022	--	73,937	0.14	1,476,298	--	1,557,792	0.59
73,938	--	90,456	0.15	1,557,793	--	1,645,292	0.60
90,457	--	106,346	0.16	1,645,293	--	1,739,485	0.61
106,347	--	122,109	0.17	1,739,486	--	1,841,171	0.62
122,110	--	137,975	0.18	1,841,172	--	1,951,282	0.63
137,976	--	154,074	0.19	1,951,283	--	2,070,909	0.64
154,075	--	170,496	0.20	2,070,910	--	2,201,343	0.65
170,497	--	187,304	0.21	2,201,344	--	2,344,118	0.66
187,305	--	204,552	0.22	2,344,119	--	2,501,072	0.67
204,553	--	222,288	0.23	2,501,073	--	2,674,430	0.68
222,289	--	239,778	0.24	2,674,431	--	2,866,903	0.69
239,779	--	256,966	0.25	2,866,904	--	3,081,841	0.70
256,967	--	274,694	0.26	3,081,842	--	3,323,419	0.71
274,695	--	292,994	0.27	3,323,420	--	3,596,918	0.72
292,995	--	311,896	0.28	3,596,919	--	3,909,113	0.73
311,897	--	331,434	0.29	3,909,114	--	4,268,842	0.74
331,435	--	351,643	0.30	4,268,843	--	4,687,858	0.75
351,644	--	372,560	0.31	4,687,859	--	5,182,132	0.76
372,561	--	394,226	0.32	5,182,133	--	5,773,944	0.77
394,227	--	416,682	0.33	5,773,945	--	6,495,325	0.78
416,683	--	439,975	0.34	6,495,326	--	7,394,058	0.79
439,976	--	464,154	0.35	7,394,059	--	8,544,716	0.80
464,155	--	489,271	0.36	8,544,717	--	10,070,491	0.81
489,272	--	515,383	0.37	10,070,492	--	12,190,543	0.82
515,384	--	542,552	0.38	12,190,544	--	15,336,045	0.83
542,553	--	570,844	0.39	15,336,046	--	20,488,332	0.84
570,845	--	600,331	0.40	20,488,333	--	30,467,436	0.85
600,332	--	631,091	0.41	30,467,437	--	58,033,098	0.86
631,092	--	663,210	0.42	58,033,099	--	494,418,597	0.87
663,211	--	696,779	0.43	494,418,598	--	AND OVER	0.88
696,780	--	731,901	0.44				
731,902	--	768,685	0.45				
768,686	--	807,255	0.46				
807,256	--	847,743	0.47				
847,744	--	890,296	0.48				

(a) G	7.30
(b) State Per Claim Accident Limitation	\$148,500
(c) State Multiple Claim Accident Limitation	\$297,000
(d) USL&HW Per Claim Accident Limitation	\$298,500
(e) USL&HW Multiple Claim Accident Limitation	\$597,000
(f) Employers Liability Accident Limitation	\$55,000
(g) Primary/Excess Loss Split Point	\$18,500
(h) USL&HW Act—Expected Loss Factor—Non-F Classes	2.00
<i>(Multiply a Non-F classification ELR by the USL&HW Act—Expected Loss Factor of 2.00.)</i>	

Effective January 1, 2026

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

Expected Losses	Ballast Values	Expected Losses	Ballast Values	Expected Losses	Ballast Values
0 -- 263,405	33,580	2,474,007 -- 2,539,168	161,330	4,754,940 -- 4,820,113	289,080
263,406 -- 327,401	37,230	2,539,169 -- 2,604,330	164,980	4,820,114 -- 4,885,287	292,730
327,402 -- 391,775	40,880	2,604,331 -- 2,669,494	168,630	4,885,288 -- 4,950,461	296,380
391,776 -- 456,373	44,530	2,669,495 -- 2,734,658	172,280	4,950,462 -- 5,015,635	300,030
456,374 -- 521,112	48,180	2,734,659 -- 2,799,822	175,930	5,015,636 -- 5,080,810	303,680
521,113 -- 585,947	51,830	2,799,823 -- 2,864,988	179,580	5,080,811 -- 5,145,984	307,330
585,948 -- 650,850	55,480	2,864,989 -- 2,930,153	183,230	5,145,985 -- 5,211,159	310,980
650,851 -- 715,803	59,130	2,930,154 -- 2,995,320	186,880	5,211,160 -- 5,276,333	314,630
715,804 -- 780,793	62,780	2,995,321 -- 3,060,487	190,530	5,276,334 -- 5,341,508	318,280
780,794 -- 845,811	66,430	3,060,488 -- 3,125,654	194,180	5,341,509 -- 5,406,683	321,930
845,812 -- 910,853	70,080	3,125,655 -- 3,190,822	197,830	5,406,684 -- 5,471,858	325,580
910,854 -- 975,912	73,730	3,190,823 -- 3,255,990	201,480	5,471,859 -- 5,537,033	329,230
975,913 -- 1,040,986	77,380	3,255,991 -- 3,321,159	205,130	5,537,034 -- 5,602,208	332,880
1,040,987 -- 1,106,073	81,030	3,321,160 -- 3,386,328	208,780	5,602,209 -- 5,667,383	336,530
1,106,074 -- 1,171,169	84,680	3,386,329 -- 3,451,498	212,430	5,667,384 -- 5,732,559	340,180
1,171,170 -- 1,236,275	88,330	3,451,499 -- 3,516,667	216,080	5,732,560 -- 5,797,734	343,830
1,236,276 -- 1,301,387	91,980	3,516,668 -- 3,581,837	219,730	5,797,735 -- 5,862,909	347,480
1,301,388 -- 1,366,506	95,630	3,581,838 -- 3,647,008	223,380	5,862,910 -- 5,928,085	351,130
1,366,507 -- 1,431,630	99,280	3,647,009 -- 3,712,179	227,030	5,928,086 -- 5,993,260	354,780
1,431,631 -- 1,496,759	102,930	3,712,180 -- 3,777,349	230,680	5,993,261 -- 6,058,436	358,430
1,496,760 -- 1,561,892	106,580	3,777,350 -- 3,842,521	234,330	6,058,437 -- 6,123,612	362,080
1,561,893 -- 1,627,029	110,230	3,842,522 -- 3,907,692	237,980	6,123,613 -- 6,188,788	365,730
1,627,030 -- 1,692,169	113,880	3,907,693 -- 3,972,864	241,630	6,188,789 -- 6,253,963	369,380
1,692,170 -- 1,757,312	117,530	3,972,865 -- 4,038,036	245,280	6,253,964 -- 6,319,139	373,030
1,757,313 -- 1,822,457	121,180	4,038,037 -- 4,103,208	248,930	6,319,140 -- 6,384,315	376,680
1,822,458 -- 1,887,605	124,830	4,103,209 -- 4,168,380	252,580	6,384,316 -- 6,448,820	380,330
1,887,606 -- 1,952,754	128,480	4,168,381 -- 4,233,553	256,230		
1,952,755 -- 2,017,906	132,130	4,233,554 -- 4,298,725	259,880		
2,017,907 -- 2,083,059	135,780	4,298,726 -- 4,363,898	263,530		
2,083,060 -- 2,148,214	139,430	4,363,899 -- 4,429,071	267,180		
2,148,215 -- 2,213,370	143,080	4,429,072 -- 4,494,245	270,830		
2,213,371 -- 2,278,527	146,730	4,494,246 -- 4,559,418	274,480		
2,278,528 -- 2,343,686	150,380	4,559,419 -- 4,624,591	278,130		
2,343,687 -- 2,408,846	154,030	4,624,592 -- 4,689,765	281,780		
2,408,847 -- 2,474,006	157,680	4,689,766 -- 4,754,939	285,430		

For Expected Losses greater than \$6,448,820, the Ballast Value can be calculated using the following formula (rounded to the nearest 1):

$$\text{Ballast} = (0.056)(\text{Expected Losses}) + 2876.4(\text{Expected Losses})(7.30) / (\text{Expected Losses} + (600)(7.30))$$

G = 7.30

INDIANA—UPDATE TO EXPERIENCE RATING SUBJECT PREMIUM ELIGIBILITY AMOUNTS

Experience Rating Plan Manual

Subject premium eligibility amounts

Rule ID: ER-ELIT-SEE7E

Effective Date: July 1, 2025

A risk's rating effective date determines the applicable minimum subject premium eligibility amount to qualify for experience rating based on (a) subject premium from the most recent 24 months of the experience period, or (b) average annual subject premium if using more than 24 months of experience in the experience period.

Subject premium eligibility amounts table for Indiana

Rating effective date	Minimum subject premium eligibility amount based on subject premium from the most recent 24 months of the experience period (\$)	Minimum subject premium eligibility amount based on average annual subject premium if using more than 24 months of experience in the experience period (\$)
<u>07/01/2026 and after</u>	<u>7,000</u>	<u>3,500</u>
07/01/2025 to 06/30/2026	7,000	3,500
07/01/2024 to 06/30/2025	6,500	3,250

Note: This exhibit revises the Indiana experience rating subject premium eligibility amounts shown in the Subject premium eligibility amounts table for Indiana in NCCI's *Experience Rating Plan Manual* for Indiana. The subject premium eligibility amounts are applicable to all policies.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2026

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**

**INDIANA
RR 1
Original**

Effective January 1, 2026

1. Average Cost per Case by Hazard Group

A	B	C	D	E	F	G
5,815	7,117	9,315	11,393	15,356	23,495	33,257

Average Cost per Case including ALAE by Hazard Group

A	B	C	D	E	F	G
6,362	7,781	10,176	12,438	16,741	25,598	36,202

2. Tax Multipliers

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

3. Countrywide Expected Loss Ratio
0.598

Countrywide Expected Loss and Allocated Expense Ratio
0.664

4. Table of Expense Ratios

Type A: 2025-01
Type B: 2025-01

5. Excess Loss Factors

(Applicable to New and Renewal Policies)

Per Accident Limitation	Hazard Groups						
	A	B	C	D	E	F	G
\$10,000	0.391	0.416	0.442	0.463	0.491	0.510	0.537
\$15,000	0.350	0.376	0.405	0.428	0.460	0.481	0.512
\$20,000	0.317	0.345	0.375	0.399	0.433	0.456	0.491
\$25,000	0.291	0.319	0.350	0.374	0.410	0.435	0.472
\$30,000	0.269	0.297	0.328	0.353	0.390	0.416	0.454
\$35,000	0.250	0.277	0.309	0.334	0.372	0.398	0.438
\$40,000	0.233	0.261	0.292	0.317	0.355	0.383	0.423
\$50,000	0.206	0.232	0.264	0.287	0.327	0.355	0.397
\$75,000	0.161	0.184	0.213	0.235	0.274	0.302	0.345
\$100,000	0.132	0.153	0.180	0.199	0.237	0.265	0.306
\$125,000	0.111	0.130	0.155	0.173	0.210	0.236	0.275
\$150,000	0.096	0.114	0.137	0.154	0.189	0.214	0.251
\$175,000	0.084	0.100	0.123	0.138	0.172	0.196	0.231
\$200,000	0.075	0.090	0.111	0.125	0.158	0.181	0.215
\$225,000	0.067	0.081	0.101	0.115	0.146	0.168	0.201
\$250,000	0.061	0.074	0.093	0.106	0.136	0.158	0.188
\$275,000	0.056	0.068	0.086	0.098	0.127	0.148	0.178
\$300,000	0.051	0.063	0.080	0.091	0.120	0.140	0.168
\$325,000	0.047	0.058	0.075	0.085	0.113	0.132	0.160
\$350,000	0.044	0.055	0.070	0.080	0.107	0.126	0.152
\$375,000	0.041	0.051	0.066	0.076	0.102	0.120	0.145
\$400,000	0.038	0.048	0.063	0.072	0.097	0.114	0.139
\$425,000	0.036	0.045	0.060	0.068	0.093	0.110	0.133
\$450,000	0.034	0.043	0.057	0.065	0.089	0.105	0.128
\$475,000	0.032	0.041	0.054	0.062	0.085	0.101	0.123
\$500,000	0.031	0.039	0.052	0.059	0.082	0.097	0.118
\$600,000	0.025	0.033	0.044	0.050	0.071	0.085	0.104
\$700,000	0.022	0.028	0.039	0.044	0.063	0.076	0.092
\$800,000	0.019	0.025	0.034	0.039	0.057	0.068	0.083
\$900,000	0.017	0.022	0.031	0.035	0.052	0.063	0.076
\$1,000,000	0.015	0.020	0.028	0.032	0.048	0.058	0.070
\$2,000,000	0.008	0.011	0.016	0.018	0.029	0.035	0.041
\$3,000,000	0.005	0.008	0.011	0.013	0.021	0.026	0.030
\$4,000,000	0.004	0.006	0.009	0.010	0.017	0.020	0.024
\$5,000,000	0.003	0.005	0.007	0.008	0.014	0.017	0.020
\$6,000,000	0.003	0.004	0.006	0.007	0.012	0.014	0.017
\$7,000,000	0.002	0.003	0.005	0.006	0.010	0.012	0.015
\$8,000,000	0.002	0.003	0.004	0.005	0.009	0.011	0.013
\$9,000,000	0.002	0.002	0.004	0.004	0.008	0.010	0.011
\$10,000,000	0.001	0.002	0.003	0.004	0.007	0.008	0.010

INDIANA
RR 2
Original

RETROSPECTIVE RATING PLAN MANUAL
STATE SPECIAL RATING VALUES

Effective January 1, 2026

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

Per Accident Limitation	Hazard Groups						
	A	B	C	D	E	F	G
\$10,000	0.434	0.461	0.489	0.511	0.540	0.560	0.588
\$15,000	0.390	0.419	0.450	0.474	0.507	0.530	0.563
\$20,000	0.356	0.385	0.418	0.443	0.479	0.504	0.540
\$25,000	0.327	0.357	0.391	0.417	0.455	0.481	0.520
\$30,000	0.303	0.333	0.367	0.394	0.433	0.461	0.502
\$35,000	0.283	0.313	0.347	0.373	0.414	0.442	0.485
\$40,000	0.265	0.294	0.329	0.355	0.396	0.426	0.469
\$50,000	0.235	0.264	0.297	0.323	0.366	0.396	0.441
\$75,000	0.184	0.210	0.242	0.266	0.308	0.339	0.385
\$100,000	0.152	0.175	0.205	0.226	0.267	0.298	0.342
\$125,000	0.129	0.150	0.178	0.198	0.237	0.266	0.309
\$150,000	0.112	0.132	0.158	0.176	0.214	0.242	0.283
\$175,000	0.099	0.117	0.141	0.158	0.195	0.222	0.261
\$200,000	0.088	0.105	0.128	0.144	0.179	0.205	0.243
\$225,000	0.080	0.095	0.117	0.132	0.166	0.191	0.227
\$250,000	0.072	0.087	0.108	0.122	0.155	0.179	0.213
\$275,000	0.066	0.080	0.100	0.114	0.145	0.169	0.201
\$300,000	0.061	0.075	0.094	0.106	0.137	0.159	0.191
\$325,000	0.057	0.069	0.088	0.099	0.129	0.151	0.181
\$350,000	0.053	0.065	0.082	0.094	0.123	0.144	0.173
\$375,000	0.049	0.061	0.078	0.088	0.117	0.137	0.165
\$400,000	0.046	0.057	0.074	0.084	0.111	0.131	0.158
\$425,000	0.044	0.054	0.070	0.080	0.107	0.125	0.152
\$450,000	0.041	0.051	0.067	0.076	0.102	0.120	0.146
\$475,000	0.039	0.049	0.064	0.072	0.098	0.116	0.140
\$500,000	0.037	0.047	0.061	0.069	0.094	0.112	0.135
\$600,000	0.031	0.039	0.052	0.059	0.082	0.098	0.119
\$700,000	0.027	0.034	0.045	0.052	0.073	0.087	0.106
\$800,000	0.023	0.030	0.040	0.046	0.066	0.079	0.096
\$900,000	0.021	0.027	0.037	0.041	0.060	0.072	0.087
\$1,000,000	0.019	0.024	0.033	0.038	0.055	0.066	0.081
\$2,000,000	0.010	0.013	0.019	0.021	0.033	0.039	0.047
\$3,000,000	0.007	0.009	0.013	0.015	0.024	0.029	0.034
\$4,000,000	0.005	0.007	0.010	0.012	0.019	0.023	0.027
\$5,000,000	0.004	0.005	0.008	0.009	0.016	0.019	0.022
\$6,000,000	0.003	0.004	0.007	0.008	0.013	0.016	0.019
\$7,000,000	0.003	0.004	0.006	0.007	0.011	0.014	0.017
\$8,000,000	0.002	0.003	0.005	0.006	0.010	0.012	0.015
\$9,000,000	0.002	0.003	0.004	0.005	0.009	0.011	0.013
\$10,000,000	0.002	0.002	0.004	0.004	0.008	0.010	0.011

6.

Retrospective Development Factors

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

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

**INDIANA
RR 1
Original**

Effective January 1, 2026

1. Average Cost per Case by Hazard Group

A	B	C	D	E	F	G
5,815	7,117	9,315	11,393	15,356	23,495	33,257

Average Cost per Case including ALAE by Hazard Group

A	B	C	D	E	F	G
6,362	7,781	10,176	12,438	16,741	25,598	36,202

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	0.533	0.568	0.604	0.633	0.671	0.696	0.734
\$15,000	0.477	0.514	0.553	0.584	0.627	0.656	0.700
\$20,000	0.433	0.471	0.513	0.545	0.591	0.623	0.670
\$25,000	0.397	0.435	0.478	0.511	0.560	0.593	0.644
\$30,000	0.367	0.405	0.448	0.482	0.532	0.567	0.620
\$35,000	0.341	0.379	0.422	0.455	0.508	0.544	0.598
\$40,000	0.319	0.356	0.399	0.432	0.485	0.523	0.578
\$50,000	0.282	0.317	0.360	0.392	0.446	0.485	0.542
\$75,000	0.219	0.251	0.291	0.320	0.374	0.413	0.471
\$100,000	0.180	0.208	0.245	0.272	0.323	0.361	0.417
\$125,000	0.152	0.178	0.212	0.237	0.286	0.323	0.376
\$150,000	0.131	0.155	0.187	0.210	0.257	0.292	0.343
\$175,000	0.115	0.137	0.167	0.188	0.234	0.268	0.316
\$200,000	0.102	0.123	0.151	0.171	0.215	0.247	0.293
\$225,000	0.092	0.111	0.138	0.156	0.199	0.230	0.274
\$250,000	0.083	0.101	0.127	0.144	0.186	0.215	0.257
\$275,000	0.076	0.093	0.118	0.134	0.174	0.202	0.242
\$300,000	0.070	0.086	0.109	0.125	0.163	0.191	0.229
\$325,000	0.064	0.080	0.102	0.117	0.154	0.181	0.218
\$350,000	0.060	0.074	0.096	0.110	0.146	0.172	0.207
\$375,000	0.056	0.070	0.091	0.103	0.139	0.163	0.198
\$400,000	0.052	0.066	0.086	0.098	0.132	0.156	0.189
\$425,000	0.049	0.062	0.081	0.093	0.126	0.149	0.182
\$450,000	0.047	0.059	0.077	0.088	0.121	0.143	0.174
\$475,000	0.044	0.056	0.074	0.084	0.116	0.138	0.168
\$500,000	0.042	0.053	0.071	0.081	0.112	0.133	0.162
\$600,000	0.035	0.045	0.060	0.069	0.097	0.116	0.141
\$700,000	0.030	0.039	0.053	0.060	0.086	0.103	0.126
\$800,000	0.026	0.034	0.047	0.053	0.078	0.093	0.114
\$900,000	0.023	0.030	0.042	0.048	0.071	0.085	0.104
\$1,000,000	0.021	0.028	0.039	0.044	0.066	0.079	0.096
\$2,000,000	0.011	0.015	0.022	0.025	0.039	0.047	0.056
\$3,000,000	0.007	0.010	0.016	0.018	0.029	0.035	0.041
\$4,000,000	0.006	0.008	0.012	0.014	0.023	0.028	0.033
\$5,000,000	0.004	0.006	0.010	0.011	0.019	0.023	0.027
\$6,000,000	0.004	0.005	0.008	0.009	0.016	0.020	0.023
\$7,000,000	0.003	0.004	0.007	0.008	0.014	0.017	0.020
\$8,000,000	0.002	0.004	0.006	0.007	0.012	0.015	0.018
\$9,000,000	0.002	0.003	0.005	0.006	0.010	0.013	0.015
\$10,000,000	0.002	0.003	0.004	0.005	0.009	0.012	0.014

INDIANA
RR 2
Original

RETROSPECTIVE RATING PLAN MANUAL
STATE SPECIAL RATING VALUES

Effective January 1, 2026

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

Per Accident Limitation	Hazard Groups						
	A	B	C	D	E	F	G
\$10,000	0.592	0.628	0.666	0.697	0.736	0.763	0.802
\$15,000	0.532	0.571	0.613	0.646	0.691	0.722	0.767
\$20,000	0.485	0.525	0.570	0.604	0.653	0.687	0.736
\$25,000	0.446	0.487	0.533	0.568	0.620	0.656	0.709
\$30,000	0.413	0.454	0.501	0.537	0.591	0.628	0.684
\$35,000	0.385	0.426	0.473	0.509	0.564	0.603	0.661
\$40,000	0.361	0.401	0.448	0.484	0.540	0.580	0.640
\$50,000	0.321	0.359	0.406	0.441	0.498	0.540	0.601
\$75,000	0.251	0.286	0.330	0.362	0.420	0.462	0.525
\$100,000	0.207	0.239	0.279	0.309	0.364	0.406	0.467
\$125,000	0.176	0.205	0.243	0.270	0.323	0.363	0.422
\$150,000	0.153	0.180	0.215	0.240	0.291	0.330	0.385
\$175,000	0.135	0.160	0.193	0.216	0.266	0.302	0.356
\$200,000	0.120	0.143	0.175	0.197	0.245	0.280	0.331
\$225,000	0.109	0.130	0.160	0.180	0.227	0.261	0.309
\$250,000	0.099	0.119	0.148	0.167	0.212	0.244	0.291
\$275,000	0.091	0.110	0.137	0.155	0.198	0.230	0.274
\$300,000	0.083	0.102	0.128	0.144	0.187	0.217	0.260
\$325,000	0.077	0.095	0.120	0.136	0.176	0.206	0.247
\$350,000	0.072	0.088	0.112	0.128	0.167	0.196	0.236
\$375,000	0.067	0.083	0.106	0.120	0.159	0.187	0.225
\$400,000	0.063	0.078	0.100	0.114	0.152	0.178	0.215
\$425,000	0.060	0.074	0.095	0.108	0.145	0.171	0.207
\$450,000	0.056	0.070	0.091	0.103	0.139	0.164	0.199
\$475,000	0.053	0.067	0.087	0.099	0.134	0.158	0.191
\$500,000	0.051	0.063	0.083	0.094	0.129	0.152	0.185
\$600,000	0.042	0.053	0.071	0.081	0.112	0.133	0.162
\$700,000	0.036	0.046	0.062	0.070	0.099	0.119	0.144
\$800,000	0.032	0.041	0.055	0.063	0.090	0.107	0.130
\$900,000	0.028	0.036	0.050	0.056	0.082	0.098	0.119
\$1,000,000	0.025	0.033	0.045	0.051	0.076	0.091	0.110
\$2,000,000	0.013	0.017	0.025	0.028	0.045	0.054	0.064
\$3,000,000	0.009	0.012	0.018	0.020	0.033	0.040	0.046
\$4,000,000	0.007	0.009	0.014	0.016	0.026	0.032	0.037
\$5,000,000	0.005	0.007	0.011	0.013	0.021	0.026	0.031
\$6,000,000	0.004	0.006	0.009	0.011	0.018	0.022	0.026
\$7,000,000	0.004	0.005	0.008	0.009	0.015	0.019	0.023
\$8,000,000	0.003	0.004	0.007	0.008	0.013	0.017	0.020
\$9,000,000	0.003	0.004	0.006	0.007	0.012	0.015	0.018
\$10,000,000	0.002	0.003	0.005	0.006	0.010	0.013	0.016

3.

Retrospective Pure Premium Development Factors

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

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

Type A: 2025-01

WC Premium Range From	To	Expense Ratio	WC Premium Range From	To	Expense Ratio	WC Premium Range From	To	Expense Ratio
0	- 10,055	0.366	21,928	- 22,469	0.318	393,334	- 424,799	0.270
10,056	- 10,167	0.365	22,470	- 23,037	0.317	424,800	- 461,739	0.269
10,168	- 10,282	0.364	23,038	- 23,636	0.316	461,740	- 505,714	0.268
10,283	- 10,399	0.363	23,637	- 24,266	0.315	505,715	- 558,947	0.267
10,400	- 10,520	0.362	24,267	- 24,931	0.314	558,948	- 624,705	0.266
10,521	- 10,643	0.361	24,932	- 25,633	0.313	624,706	- 707,999	0.265
10,644	- 10,769	0.360	25,634	- 26,376	0.312	708,000	- 816,923	0.264
10,770	- 10,898	0.359	26,377	- 27,164	0.311	816,924	- 965,454	0.263
10,899	- 11,030	0.358	27,165	- 27,999	0.310	965,455	- 1,179,999	0.262
11,031	- 11,165	0.357	28,000	- 28,888	0.309	1,180,000	- 1,517,142	0.261
11,166	- 11,304	0.356	28,889	- 29,836	0.308	1,517,143	- 1,824,799	0.260
11,305	- 11,446	0.355	29,837	- 30,847	0.307	1,824,800	- 1,983,478	0.259
11,447	- 11,592	0.354	30,848	- 31,929	0.306	1,983,479	- 2,172,380	0.258
11,593	- 11,741	0.353	31,930	- 33,090	0.305	2,172,381	- 2,401,052	0.257
11,742	- 11,895	0.352	33,091	- 34,339	0.304	2,401,053	- 2,683,529	0.256
11,896	- 12,052	0.351	34,340	- 35,686	0.303	2,683,530	- 3,041,333	0.255
12,053	- 12,214	0.350	35,687	- 37,142	0.302	3,041,334	- 3,509,230	0.254
12,215	- 12,380	0.349	37,143	- 38,723	0.301	3,509,231	- 4,147,272	0.253
12,381	- 12,551	0.349	38,724	- 40,444	0.300	4,147,273	- 5,068,888	0.252
12,552	- 12,727	0.348	40,445	- 42,325	0.299	5,068,889	- 6,517,142	0.251
12,728	- 12,907	0.347	42,326	- 44,390	0.298	6,517,143	- 9,123,999	0.250
12,908	- 13,093	0.346	44,391	- 46,666	0.297	9,124,000	- 15,206,666	0.249
13,094	- 13,284	0.345	46,667	- 49,189	0.296	15,206,667	- 45,619,999	0.248
13,285	- 13,481	0.344	49,190	- 51,999	0.296	45,620,000	- And Above	0.247
13,482	- 13,684	0.343	52,000	- 55,151	0.295			
13,685	- 13,893	0.342	55,152	- 58,709	0.294			
13,894	- 14,108	0.341	58,710	- 62,758	0.293			
14,109	- 14,330	0.340	62,759	- 67,407	0.292			
14,331	- 14,559	0.339	67,408	- 72,799	0.291			
14,560	- 14,796	0.338	72,800	- 79,130	0.290			
14,797	- 15,041	0.337	79,131	- 86,666	0.289			
15,042	- 15,294	0.336	86,667	- 95,789	0.288			
15,295	- 15,555	0.335	95,790	- 107,058	0.287			
15,556	- 15,826	0.334	107,059	- 121,333	0.286			
15,827	- 16,106	0.333	121,334	- 139,999	0.285			
16,107	- 16,396	0.332	140,000	- 165,454	0.284			
16,397	- 16,697	0.331	165,455	- 200,377	0.283			
16,698	- 17,009	0.330	200,378	- 208,235	0.282			
17,010	- 17,333	0.329	208,236	- 216,734	0.281			
17,334	- 17,669	0.328	216,735	- 225,957	0.280			
17,670	- 18,019	0.327	225,958	- 235,999	0.279			
18,020	- 18,383	0.326	236,000	- 246,976	0.278			
18,384	- 18,762	0.325	246,977	- 259,024	0.277			
18,763	- 19,157	0.324	259,025	- 272,307	0.276			
19,158	- 19,569	0.323	272,308	- 287,027	0.275			
19,570	- 19,999	0.323	287,028	- 303,428	0.274			
20,000	- 20,449	0.322	303,429	- 321,818	0.273	First	- 10,000	0.0%
20,450	- 20,919	0.321	321,819	- 342,580	0.272	Next	- 190,000	9.1%
20,920	- 21,411	0.320	342,581	- 366,206	0.271	Next	- 1,550,000	11.3%
21,412	- 21,927	0.319	366,207	- 393,333	0.270	Over	- 1,750,000	12.3%
						Expected Loss Ratio:		0.598
						Tax Multiplier:		1.038

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

Type B: 2025-01

WC Premium Range		Expense Ratio
From	To	
0	- 10,099	0.366
10,100	- 10,303	0.365
10,304	- 10,515	0.364
10,516	- 10,736	0.363
10,737	- 10,967	0.362
10,968	- 11,208	0.361
11,209	- 11,460	0.360
11,461	- 11,724	0.359
11,725	- 11,999	0.358
12,000	- 12,289	0.357
12,290	- 12,592	0.356
12,593	- 12,911	0.355
12,912	- 13,246	0.354
13,247	- 13,599	0.353
13,600	- 13,972	0.352
13,973	- 14,366	0.351
14,367	- 14,782	0.350
14,783	- 15,223	0.349
15,224	- 15,692	0.349
15,693	- 16,190	0.348
16,191	- 16,721	0.347
16,722	- 17,288	0.346
17,289	- 17,894	0.345
17,895	- 18,545	0.344
18,546	- 19,245	0.343

WC Premium Range		Expense Ratio
From	To	
19,246	- 19,999	0.342
20,000	- 20,816	0.341
20,817	- 21,702	0.340
21,703	- 22,666	0.339
22,667	- 23,720	0.338
23,721	- 24,878	0.337
24,879	- 26,153	0.336
26,154	- 27,567	0.335
27,568	- 29,142	0.334
29,143	- 30,909	0.333
30,910	- 32,903	0.332
32,904	- 35,172	0.331
35,173	- 37,777	0.330
37,778	- 40,799	0.329
40,800	- 44,347	0.328
44,348	- 48,571	0.327
48,572	- 53,684	0.326
53,685	- 59,999	0.325
60,000	- 67,999	0.324
68,000	- 78,461	0.323
78,462	- 92,727	0.323
92,728	- 113,333	0.322
113,334	- 145,714	0.321
145,715	- 200,606	0.320
200,607	- 213,548	0.319

WC Premium Range		Expense Ratio
From	To	
213,549	- 228,275	0.318
228,276	- 245,185	0.317
245,186	- 264,799	0.316
264,800	- 287,826	0.315
287,827	- 315,238	0.314
315,239	- 348,421	0.313
348,422	- 389,411	0.312
389,412	- 441,333	0.311
441,334	- 509,230	0.310
509,231	- 601,818	0.309
601,819	- 735,555	0.308
735,556	- 945,714	0.307
945,715	- 1,323,999	0.306
1,324,000	- 1,809,565	0.305
1,809,566	- 1,981,904	0.304
1,981,905	- 2,190,526	0.303
2,190,527	- 2,448,235	0.302
2,448,236	- 2,774,666	0.301
2,774,667	- 3,201,538	0.300
3,201,539	- 3,783,636	0.299
3,783,637	- 4,624,444	0.298
4,624,445	- 5,945,714	0.297
5,945,715	- 8,323,999	0.296
8,324,000	- 13,873,333	0.296
13,873,334	- 41,619,999	0.295
41,620,000	- And Above	0.294
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:		0.598
Tax Multiplier:		1.038

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

Type B: 2025-01

WC Premium Range		Expense
From	To	Ratio
0	- 10,099	0.300
10,100	- 10,303	0.299
10,304	- 10,515	0.298
10,516	- 10,736	0.297
10,737	- 10,967	0.296
10,968	- 11,208	0.295
11,209	- 11,460	0.294
11,461	- 11,724	0.293
11,725	- 11,999	0.292
12,000	- 12,289	0.291
12,290	- 12,592	0.290
12,593	- 12,911	0.289
12,912	- 13,246	0.288
13,247	- 13,599	0.287
13,600	- 13,972	0.286
13,973	- 14,366	0.285
14,367	- 14,782	0.284
14,783	- 15,223	0.283
15,224	- 15,692	0.282
15,693	- 16,190	0.281
16,191	- 16,721	0.280
16,722	- 17,288	0.279
17,289	- 17,894	0.278
17,895	- 18,545	0.277
18,546	- 19,245	0.276

WC Premium Range		Expense
From	To	Ratio
19,246	- 19,999	0.275
20,000	- 20,816	0.274
20,817	- 21,702	0.274
21,703	- 22,666	0.273
22,667	- 23,720	0.272
23,721	- 24,878	0.271
24,879	- 26,153	0.270
26,154	- 27,567	0.269
27,568	- 29,142	0.268
29,143	- 30,909	0.267
30,910	- 32,903	0.266
32,904	- 35,172	0.265
35,173	- 37,777	0.264
37,778	- 40,799	0.263
40,800	- 44,347	0.262
44,348	- 48,571	0.261
48,572	- 53,684	0.260
53,685	- 59,999	0.259
60,000	- 67,999	0.258
68,000	- 78,461	0.257
78,462	- 92,727	0.256
92,728	- 113,333	0.255
113,334	- 145,714	0.254
145,715	- 200,606	0.253
200,607	- 213,548	0.252

WC Premium Range		Expense
From	To	Ratio
213,549	- 228,275	0.251
228,276	- 245,185	0.250
245,186	- 264,799	0.249
264,800	- 287,826	0.248
287,827	- 315,238	0.248
315,239	- 348,421	0.247
348,422	- 389,411	0.246
389,412	- 441,333	0.245
441,334	- 509,230	0.244
509,231	- 601,818	0.243
601,819	- 735,555	0.242
735,556	- 945,714	0.241
945,715	- 1,323,999	0.240
1,324,000	- 1,809,565	0.239
1,809,566	- 1,981,904	0.238
1,981,905	- 2,190,526	0.237
2,190,527	- 2,448,235	0.236
2,448,236	- 2,774,666	0.235
2,774,667	- 3,201,538	0.234
3,201,539	- 3,783,636	0.233
3,783,637	- 4,624,444	0.232
4,624,445	- 5,945,714	0.231
5,945,715	- 8,323,999	0.230
8,324,000	- 13,873,333	0.229
13,873,334	- 41,619,999	0.228
41,620,000	- And Above	0.227
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:		0.664
Tax Multiplier:		1.038



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2026

Part 3 Supporting Exhibits

- Exhibit I: Determination of 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, 2026

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 the predictiveness of the experience period years, 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. 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.

<u>Policy Year</u>	<u>Loss Ratio</u>	<u>Calendar-Accident Year</u>	<u>Loss Ratio</u>
2019	1.010	2020	0.915
2020	0.946	2021	0.954
2021	0.954	2022	0.939
2022	0.947	2023	0.954
2023	0.925	2024	0.865

Note the following regarding the projected loss ratios:

- Based on NCCI’s Financial Call data reported through 12/31/2024, on-leveled, developed to an ultimate report, and trended to the prospective period. Projected loss ratios do not include the change in expenses and standard earned premium at the Designated Statistical Reporting (DSR) level is adjusted to a pure premium level.
- The selected trends for the experience period (i.e., Policy Years 2022 and 2023) underlie the loss ratios shown for all years – these trends may be less appropriate for non-experience period years.
- 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 2020–2023 loss ratios include a premium audit adjustment due to changes in audit activity.



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2026

Exhibit I – Determination of Indicated Rate Level Change

The policy year loss ratios are generally consistent in this time period, and the loss ratios in the selected experience period, Policy Years 2022 and 2023, demonstrate continued improvement. Policy Years 2022 and 2023 are also generally consistent with the calendar-accident year experience, though calendar-accident year 2024 exhibits even greater improvement.

In the workers compensation system, there has been a long-term pattern of improved workplace safety and an increasing integration of automation. These factors have put downward pressure on the frequency of lost-time claims. Additionally, in Indiana, the medical fee schedule has effectively controlled costs relative to changes in workers' wages since its implementation in 2014. Generally, the volume of large loss activity in the most recent policy years is consistent with the level observed in historical periods and the distribution of claim types has remained consistent in recent years. These factors have contributed to the improvement in the latest observed loss ratio experience, which is expected to continue.

The economic environment in Indiana has remained positive. Between 2020 and 2024, wages increased by more than 5% per year on average. These changes outpaced the rate of medical inflation within the workers compensation system, contributing to medical loss ratio decreases for the most recent policy years. The outlook of the prospective period for the Indiana labor market is similar to what was observed in 2022 and 2023. While the unemployment rate has risen slightly recently, the increase is driven by labor force growth and strong levels of net migration. Overall, the consistent decline in lost-time claim frequency, coupled with increasing wages, has led to downward pressure on loss costs and rates in Indiana.

NCCI has also reviewed employment by economic supersector¹ in Indiana (source: BLS CES). Employment levels remained relatively consistent across supersectors in recent years, with a slight increase to Construction, which is the second-largest supersector, by premium volume, in Indiana. The anticipated workforce composition during the effective period of this filing is expected to closely resemble the industry composition seen in the historical data. This implies that the recent data can be used as a reliable predictor of future experience.

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. This method is consistent with the previous filing in Indiana.

¹ 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, 2026

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.



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EXHIBIT I

Determination of Indicated Rate Level Change

Section A - Policy Year 2023 Experience

Premium:

(1) Standard Earned Premium Developed to Ultimate (Appendix A-II)	\$710,505,765
(2) Premium On-level Factor (Appendix A-I)	0.502
(3) Pure Premium Available for Benefit Costs = (1) x (2)	\$356,673,894

Indemnity Benefit Cost:

(4) Limited Indemnity Losses Developed to Ultimate (Appendix A-II)	\$117,887,468
(5) Indemnity Loss On-level Factor (Appendix A-I)	1.035
(6) Adjusted Limited Indemnity Losses = (4) x (5)	\$122,013,529
(7) Adjusted Limited Indemnity Cost Ratio excluding Trend and Benefits = (6) / (3)	0.342
(8) Factor to Reflect Indemnity Trend (Appendix A-III)	0.871
(9) Projected Limited Indemnity Cost Ratio = (7) x (8)	0.298
(10) Factor to Adjust Indemnity Cost Ratio to an Unlimited Basis (Appendix A-II)	1.010
(11) Projected Indemnity Cost Ratio = (9) x (10)	0.301
(12) Factor to Reflect Proposed Changes in Indemnity Benefits (Appendix C)	1.014
(13) Projected Indemnity Cost Ratio including Benefit Changes = (11) x (12)	0.305

Medical Benefit Cost:

(14) Limited Medical Losses Developed to Ultimate (Appendix A-II)	\$248,897,639
(15) Medical Loss On-level Factor (Appendix A-I)	1.004
(16) Adjusted Limited Medical Losses = (14) x (15)	\$249,893,230
(17) Adjusted Limited Medical Cost Ratio excluding Trend and Benefits = (16) / (3)	0.701
(18) Factor to Reflect Medical Trend (Appendix A-III)	0.857
(19) Projected Limited Medical Cost Ratio = (17) x (18)	0.601
(20) Factor to Adjust Medical Cost Ratio to an Unlimited Basis (Appendix A-II)	1.010
(21) Projected Medical Cost Ratio = (19) x (20)	0.607
(22) Factor to Reflect Proposed Changes in Medical Benefits (Appendix C)	1.022
(23) Projected Medical Cost Ratio including Benefit Changes = (21) x (22)	0.620

Total Benefit Cost:

(24) Indicated Change Based on Experience, Trend and Benefits = (13) + (23)	0.925
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EXHIBIT I

Determination of Indicated Rate Level Change

Section B - Policy Year 2022 Experience

Premium:

(1) Standard Earned Premium Developed to Ultimate (Appendix A-II)	\$747,405,798
(2) Premium On-level Factor (Appendix A-I)	0.446
(3) Pure Premium Available for Benefit Costs = (1) x (2)	\$333,342,986

Indemnity Benefit Cost:

(4) Limited Indemnity Losses Developed to Ultimate (Appendix A-II)	\$118,153,479
(5) Indemnity Loss On-level Factor (Appendix A-I)	1.050
(6) Adjusted Limited Indemnity Losses = (4) x (5)	\$124,061,153
(7) Adjusted Limited Indemnity Cost Ratio excluding Trend and Benefits = (6) / (3)	0.372
(8) Factor to Reflect Indemnity Trend (Appendix A-III)	0.832
(9) Projected Limited Indemnity Cost Ratio = (7) x (8)	0.310
(10) Factor to Adjust Indemnity Cost Ratio to an Unlimited Basis (Appendix A-II)	1.010
(11) Projected Indemnity Cost Ratio = (9) x (10)	0.313
(12) Factor to Reflect Proposed Changes in Indemnity Benefits (Appendix C)	1.014
(13) Projected Indemnity Cost Ratio including Benefit Changes = (11) x (12)	0.317

Medical Benefit Cost:

(14) Limited Medical Losses Developed to Ultimate (Appendix A-II)	\$254,663,441
(15) Medical Loss On-level Factor (Appendix A-I)	0.981
(16) Adjusted Limited Medical Losses = (14) x (15)	\$249,824,836
(17) Adjusted Limited Medical Cost Ratio excluding Trend and Benefits = (16) / (3)	0.749
(18) Factor to Reflect Medical Trend (Appendix A-III)	0.814
(19) Projected Limited Medical Cost Ratio = (17) x (18)	0.610
(20) Factor to Adjust Medical Cost Ratio to an Unlimited Basis (Appendix A-II)	1.010
(21) Projected Medical Cost Ratio = (19) x (20)	0.616
(22) Factor to Reflect Proposed Changes in Medical Benefits (Appendix C)	1.022
(23) Projected Medical Cost Ratio including Benefit Changes = (21) x (22)	0.630

Total Benefit Cost:

(24) Indicated Change Based on Experience, Trend and Benefits = (13) + (23)	0.947
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INDIANA

EXHIBIT I

Determination of Indicated Rate Level Change

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

(1) Policy Year 2023 Indicated Change Based on Experience, Trend, and Benefits	0.925
(2) Policy Year 2022 Indicated Change Based on Experience, Trend, and Benefits	0.947
(3) Indicated Change Based on Experience, Trend, and Benefits* = [(1) + (2)] / 2	0.936

* 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	0.936
(2) Effect of the Change in Production and General Expenses (Exhibit II)	1.003
(3) Indicated Change Modified to Reflect the Change in Production and General Expenses = (1) x (2)	0.939

Section E - Application of the Change in Taxes

(1) Indicated Rate Level Change	0.939
(2) Effect of the Change in Taxes (Exhibit II)	1.000
(3) Indicated Change Modified to Reflect the Change in Taxes = (1) x (2)	0.939

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

(1) Indicated Rate Level Change	0.939
(2) Effect of the Change in the Profit and Contingency Provision (Exhibit II)	1.000
(3) Indicated Change Modified to Reflect the Change in the Profit and Contingency Provision = (1) x (2)	0.939



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EXHIBIT I

Determination of Indicated Rate Level Change

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

(1) Indicated Rate Level Change	0.939
(2) Effect of the Change in Loss-based Expenses (Exhibit II)	1.003
(3) Indicated Change Modified to Reflect the Change in Loss-based Expenses = (1) x (2)	0.942

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

Industry Group Differentials (Appendix A-IV):

Manufacturing	1.007
Contracting	0.988
Office & Clerical	1.023
Goods & Services	0.993
Miscellaneous	1.002

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

Industry Group	(1) Final Overall Rate Level Change	(2) Industry Group Differential	(3) = (1) x (2) Final Rate Level Change by Industry Group	
Manufacturing	0.942	1.007	0.949	(-5.1%)
Contracting	0.942	0.988	0.931	(-6.9%)
Office & Clerical	0.942	1.023	0.964	(-3.6%)
Goods & Services	0.942	0.993	0.935	(-6.5%)
Miscellaneous	0.942	1.002	0.944	(-5.6%)
Overall	0.942	1.000	0.942	(-5.8%)



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2026

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. After a review of the underlying data and changes in expense to premium ratios over time, a selection is made for the Production and General expenses considering the balance of stability and responsiveness.

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 three P&C estimates as indicated by the IRR model—Static-Avg, Static-Spot, and Dynamic. The dynamic estimate incorporates projections of future interest rate levels, while both static estimates hold interest rates fixed over time with varying degrees of responsiveness. The static-spot estimate utilizes the latest observed US Treasury Rate, while the static-avg estimate utilizes longer-term averages for various inputs of the IRR model to emphasize the stability of the results from year-to-year. In this year's filing, NCCI has updated the input for the Equity Market Risk Premium in the



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2026

Exhibit II – Workers Compensation Expense Program

static-spot and dynamic estimates from a 30-year average to an all-year average to promote stability in this value. Please refer to the Internal Rate of Return Analysis section of Exhibit II for additional information.

The P&C selection is based on a review of all three estimation approaches, while also considering stability in this filing component. This filing proposes no change to the P&C provision of 0.0% which considers various assumptions related to future interest rates along with other model parameters.

Loss Adjustment Expense Provision: The proposed advisory 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.

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, a division of the Indiana Department of Labor responsible for ensuring workplace health and safety, periodically levies an assessment on indemnity benefits paid by insurance carriers. The proposed rates include a provision for this assessment based on the historical frequency of these assessments and the estimated indemnity share of workers compensation benefits.

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



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EXHIBIT II

Section A - Comparison of Proposed and Current Expense Provisions

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

	Expense Provisions Underlying <u>Current Rates</u>	Expense Provisions Underlying <u>Proposed Rates</u>
(1) Expense Constant	\$160	\$160
(2) Production Expense	18.5%	18.5%
(3) General Expense	6.1%	6.3%
(4) Taxes, Licenses and Fees (other than Federal Income Tax)		
Premium Tax	1.3%	1.3%
Miscellaneous	0.3%	0.3%
Insurance Guaranty Association	0.1%	0.1%
Total	1.7%	1.7%
(5) Profit and Contingency Provision	0.0%	0.0%
(6) Total Overhead Provisions (2)+(3)+(4)+(5)	26.3%	26.5%
(7) Target Cost Ratio [100% - (6)]	73.7%	73.5%
(8) Loss Adjustment Expense	18.3%	18.6%
(9) Loss-based Assessment	0.1%	0.1%
(10) Permissible Loss Ratio (7) / [1+(8)+(9)]	62.2%	61.9%



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EXHIBIT II

Section B - Calculation of Change in Expense Provisions

	A Current Expenses	B Col. A with Proposed Prod & Gen Exp	C Col. B with Proposed Taxes	D Col. C with Proposed Profit and Contingency
(1) Production Expense	18.5%	18.5%	18.5%	18.5%
(2) General Expense	6.1%	6.3%	6.3%	6.3%
(3) Taxes	1.7%	1.7%	1.7%	1.7%
(4) Profit and Contingency Provision	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
(5) Total Provisions (1)+(2)+(3)+(4)	26.3%	26.5%	26.5%	26.5%
(6) TCR (100%-(5))	73.7%	73.5%	73.5%	73.5%
(7) Loss Based Expenses	18.4%	18.7%	18.7%	18.7%
(8) Change in Production and General Expense (6A) / (6B)			1.003	+0.3%
(9) Change in Taxes and Assessments (6B) / (6C)			1.000	0.0%
(10) Change in Profit and Contingency Provision (6C) / (6D)			1.000	0.0%
(11) Change in Loss Based Expenses [1.0 + (7B)] / [1.0 + (7A)]			1.003	+0.3%



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Section C - Countrywide Expense Program

NCCI annually reviews expense provisions underlying workers compensation rates.

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

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

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

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



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EXHIBIT II

Section D - Derivation of General Expense Provisions

The data below (amounts in thousands) illustrates that the combination of a 6.3% 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>2022</u>	<u>2023</u>	<u>2024</u>
(1) Direct Earned Premium <i>(NAIC Insurance Expense Exhibit Data)</i>	49,079,544	50,927,960	50,758,098
(1a) Effect of Premium Discounts	0.931	0.931	0.931
(1b) Effect of Schedule Rating	0.960	0.964	0.969
(1c) Effect of Carrier Deviations	1.086	1.089	1.109
(1d) Effect of Deductibles	0.738	0.748	0.754
(1e) Expense Constant Offset	0.989	0.989	0.989
(2) Gross Adjusted Premium <i>(STD Premium @ NCCI Level Excl. Expense Constant)</i> $\{(1) / [(1a) \times (1b) \times (1c) \times (1d)]\} \times (1e)$	67,762,545	68,896,376	66,546,510
(3) Direct General Expenses Incurred <i>(NAIC Insurance Expense Exhibit Data)</i>	3,599,629	3,715,417	3,967,606
(3a) Proportion of Expense Constant Attributable to General Expenses	0.406	0.406	0.406
(4) General Expenses Incurred <i>(Excluding Expense Constant Revenue)</i> $(3) - (2) \times [1 - (1e)] / (1e) \times (3a)$	3,293,636	3,404,304	3,667,104
(5) Ratio of General Expense to Premium <i>(Excluding Expense Constant Revenue)</i> $(4) / (2)$	4.9%	4.9%	5.5%
(6) General Expense Gradations <i>(General Expenses in Average Premium Discount)</i>	1.2%	1.2%	1.2%
(7) General Expense Provision $(5) + (6)$	6.1%	6.1%	6.7%
(8) Selected General Expense Provision			6.3%



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EXHIBIT II

Section E - Derivation of Production Expense Provisions

The data below (amounts in thousands) illustrates that the combination of a 18.5% 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>2022</u>	<u>2023</u>	<u>2024</u>
(1) Direct Written Premium <i>(NAIC Insurance Expense Exhibit Data)</i>	49,871,770	51,240,473	50,777,672
(1a) Effect of Premium Discounts	0.931	0.931	0.931
(1b) Effect of Schedule Rating	0.960	0.967	0.971
(1c) Effect of Carrier Deviations	1.085	1.092	1.120
(1d) Effect of Deductibles	0.741	0.754	0.754
(1e) Expense Constant Offset	0.989	0.988	0.988
(2) Pool Written Premium <i>(Summary of NCCI Managed Pools - Combined Stock and Mutual Company Data)</i>	921,787	831,752	800,895
(3) Adjusted Direct Written Premium <i>(STD Premium Excl. Pool Written Premium)</i> [(1)-(2)] / (1a) x (1e)	51,999,499	53,494,969	53,036,580
(4) Gross Direct Written Premium <i>(STD Premium @ NCCI Level Incl. Pool Written Premium)</i> {(1) / [(1a) x (1b) x (1c) x (1d)]} x (1e)	68,640,781	68,296,734	65,716,050
(5) Direct Commission & Brokerage Incurred <i>(NAIC Insurance Expense Exhibit Data)</i>	4,675,886	4,851,822	4,781,094
(6) Pool Producer Fees <i>(Summary of NCCI Managed Pools - Combined Stock and Mutual Company Data)</i>	31,610	27,270	25,248
(7) Direct Other Acquisition Expenses Incurred <i>(NAIC Insurance Expense Exhibit Data)</i>	2,401,715	2,459,816	2,567,003
(7a) Proportion of Expense Constant Attributable to Production Expenses	0.531	0.531	0.531
(8) Other Acquisition Expenses Incurred <i>(Excluding Expense Constant Revenue)</i> (7) - (4) x [1-(1e)]/(1e) x (7a)	1,996,325	2,019,344	2,143,174
(9) Ratio of Other Acq. Expenses to Premium <i>(Excluding Expense Constant Revenue)</i> (8)/(4)	2.9%	3.0%	3.3%
(10) Direct Commission & Brokerage Provision [(5)-(6)]/(3)	8.9%	9.0%	9.0%
(11) Production Expense Gradations <i>(Production Expenses in Average Premium Discount)</i>	6.6%	6.5%	6.5%
(12) Production Expense Provision (9)+(10)+(11)	18.4%	18.5%	18.8%
(13) Selected Production Expense Provision			18.5%



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EXHIBIT II

Section F - Insurance Guaranty Association—Workers Compensation Account Assessment

Historical Insurance Guaranty Association assessments, by calendar year levied, are shown in the table below. NCCI's selection of 0.1% takes into account the history of assessments levied and promotes stability over a longer-term.

Year		Amount		
<u>Levied</u>	<u>Base</u>	<u>Levied</u>	<u>Base</u>	<u>Rate</u>
2024	2023	-	881,518,238	0.00%
2023	2022	-	854,961,227	0.00%
2022	2021	-	780,266,918	0.00%
2021	2020	-	774,324,871	0.00%
2020	2019	-	815,932,437	0.00%
2019	2018	-	817,456,304	0.00%
2018	2017	-	823,619,704	0.00%
	2016	4,250,000	883,307,548	0.48%
	2013	500,000	832,451,992	0.06%
2017	2016	-	873,665,614	0.00%
	2015	525,000	905,664,149	0.06%
	2013	1,250,000	843,823,715	0.15%
2016	2015	-	905,664,149	0.00%
2015	2014	-	866,367,147	0.00%
Selected Provision				0.10%



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EXHIBIT II

Workers Compensation Loss-based Expense Provision

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

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

	(1) Current	(2) Proposed
(a) Loss Adjustment Expense (LAE)	18.3%	18.6%
(b) INSafe	0.1%	0.1%
Effect of change in loss-based expenses = [1.000 + (2a) + (2b)] / [1.000 + (1a) + (1b)] - 1		1.003 (+0.3%)



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EXHIBIT II

Workers Compensation Loss-based Expense Provision

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

NCCI proposes a 18.6% loss adjustment expense allowance as a percentage of losses.

Indiana Provisions	(1) Current Approved	(2) Proposed
AOE	9.8%	9.8%
DCCE	8.5%	8.8%
Total LAE	18.3%	18.6%

Proposed Change in Indiana LAE Provision	1.003
= $[1.0 + (2)] / [1.0 + (1)] - 1$	0.3%

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 9.8%.

<u>Accident Year</u>	Ultimate AOE <u>Ratio</u>
2020	10.4%
2021	10.1%
2022	9.8%
2023	9.7%
2024	9.9%
Countrywide Selected	9.8%
Indiana Selected	9.8%



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EXHIBIT II

Workers Compensation Loss-based Expense Provision

Section G - (D) - Selection of DCCE Provision

Policy Year	(1) Reported Ratio of Paid DCCE to Paid Losses	(2) Age to Ultimate Development Factor	(3) Ultimate DCCE Ratio
2019	8.3%	1.011	8.4%
2020	7.9%	1.029	8.1%
2021	8.1%	1.057	8.6%
2022	8.1%	1.129	9.1%
2023	7.2%	1.228	8.8%
Indiana Selected			8.8%

(2) Section G - (E)

(3) = (1) x (2)

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

Report	(1) DCCE Ratio Development To Next Report	(2) To Ultimate
1st	1.088	1.228
2nd	1.068	1.129
3rd	1.027	1.057
4th	1.018	1.029
5th	1.004	1.011
6th	1.000	1.007
7th	1.001	1.007
8th	1.000	1.006
9th	1.000	1.006
10th	0.999	1.006
11th	1.002	1.007
12th	1.001	1.005
13th	1.001	1.004
14th	1.002	1.003
15th	1.001	1.001
16th	1.000	1.000
17th	1.000	1.000
18th	1.000	1.000
19th		1.000*

(1) Section G - (F)

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

*Selection



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EXHIBIT II

Workers Compensation Loss-based Expense Provision

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

<u>Valuation</u>	<u>1st/2nd</u>	<u>2nd/3rd</u>	<u>3rd/4th</u>	<u>4th/5th</u>	<u>5th/6th</u>	<u>6th/7th</u>
12/31/2023	1.087	1.048	1.023	1.019	1.004	1.001
12/31/2024	1.089	1.088	1.030	1.017	1.004	0.998
Average	1.088	1.068	1.027	1.018	1.004	1.000

<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>
12/31/2023	1.004	0.999	1.001	1.000	1.004	1.001
12/31/2024	0.998	1.001	0.999	0.998	0.999	1.000
Average	1.001	1.000	1.000	0.999	1.002	1.001

<u>Valuation</u>	<u>13th/14th</u>	<u>14th/15th</u>	<u>15th/16th</u>	<u>16th/17th</u>	<u>17th/18th</u>	<u>18th/19th</u>
12/31/2023	1.001	1.001	0.999	1.000	1.000	1.000
12/31/2024	1.000	1.002	1.002	0.999	1.000	1.000
Average	1.001	1.002	1.001	1.000	1.000	1.000



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EXHIBIT II

Workers Compensation Loss-based Expense Provision

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

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

<u>Year Levied</u>	<u>Assessment on Indemnity Losses</u>
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%
2024	0.75%
2025	0.00%
<hr/>	
(1) 10-Year Average	0.23%
(2) Indemnity Share of Losses	33%
(3) Selected INSafe Provision = (1) x (2)	0.1%



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Section H - Internal Rate of Return Analysis

Overview

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

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

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

IRR Model Inputs and Results

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

- The "Static" estimate(s) of the P&C provision assume that the RoI and the WACC do not change over time. The 'Static-Avg' estimate assumes a longer-term average compared to the 'Static-Spot' estimate for certain financial inputs impacting the WACC and RoI. The Static-Spot estimate assumes the current US treasury rate, while the Static-Average assumes a rolling 5-year average. The RoI and the WACC for both static estimates are derived using data through the first quarter of 2025.
- The "Dynamic" estimate uses similar assumptions as the Static-Spot, but assumes that the RoI and WACC vary over time. Dynamic estimates are derived using data through the first quarter of 2025, with forecasts from May of that year. The starting point for the Dynamic estimate is January 1, 2026.

The following table summarizes the inputs and results of the model under each scenario.

TABLE 1: IRR MODEL INPUTS AND RESULTS

<u>Inputs:</u>				
(1)	Expenses and Taxes as a Percentage of Net Premium at NCCI Level			21.30%
(2)	Reserve-to-Surplus Ratio			1.92
(3)	Cash Flow Patterns			See Table 2
		<u>Static - Avg</u>	<u>Static - Spot</u>	<u>Dynamic*</u>
(4)	Return on Investments	3.35%	4.62%	3.99% - 4.27%
(5)	Weighted Average Cost of Capital	9.02%	10.57%	9.99% - 10.29%
<u>Results</u>				
		<u>Static - Avg</u>	<u>Static - Spot</u>	<u>Dynamic</u>
(6)	Indicated Profit and Contingency Provision	1.06%	-0.46%	0.27%
(7)	Loss and Loss Adjustment Expense Provision	77.64%	79.16%	78.43%
	= [100% - (6) - (1)]			

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 2024 Aggregates & Averages, for Commercial Casualty Composite, as the weighted average of Loss, LAE, and Unearned Premium Reserves to Policyholder Surplus, for years 2019 - 2023.

* See table 3 for details by time period.



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Section H - Internal Rate of Return Analysis

TABLE 2: CASH FLOW PATTERNS (CUMULATIVE)

Time	(1) Policy-Year Collected Premium	(2) Earned Premium	(3) Written Premium	(4) Expenses and Taxes	(5) Paid Losses and LAE
0.00	-	-	-	-	-
0.25	14.09%	3.74%	29.90%	14.02%	1.14%
0.50	31.07%	14.26%	54.30%	30.92%	4.35%
0.75	52.59%	30.65%	76.80%	52.34%	9.35%
1.00	76.49%	52.75%	100.00%	76.60%	16.10%
1.25	89.08%	74.01%		89.13%	27.30%
1.50	96.91%	88.49%		96.92%	38.50%
1.75	100.00%	97.10%		100.00%	49.70%
2.00		100.00%			60.90%
2.25					65.88%
2.50					70.85%
2.75					75.83%
3.00					80.80%
3.25					82.65%
3.50					84.50%
3.75					86.35%
4.00					88.20%
4.25					89.23%
4.50					90.25%
4.75					91.28%
5.00					92.30%
6.00					94.20%
7.00					95.40%
8.00					96.40%
9.00					96.90%
10.00					97.20%
11.00					97.30%
12.00					97.50%
13.00					97.80%
14.00					97.90%
15.00					98.10%
16.00					98.10%
17.00					98.20%
18.00					98.30%
19.00					98.40%
20.00					98.50%
21.00					98.50%
22.00					98.60%
23.00					98.60%
24.00					98.80%
25.00					98.80%
26.00					98.90%
27.00					99.10%
28.00					99.40%
29.00					99.40%
30.00					99.40%
31.00					99.50%
32.00					99.64%
33.00					99.76%
34.00					99.89%
35.00					100.00%

**TABLE 3: DYNAMIC ESTIMATE
INPUTS**

Time	(1) Return on Investments	(2) Weighted Average Cost of Capital
0.00	-	-
0.25	4.27%	10.23%
0.50	4.26%	10.26%
0.75	4.21%	10.27%
1.00	4.21%	10.29%
1.25	4.21%	10.29%
1.50	4.21%	10.29%
1.75	4.21%	10.29%
2.00	4.21%	10.29%
2.25	4.21%	10.29%
2.50	4.21%	10.29%
2.75	4.17%	10.28%
3.00	4.17%	10.27%
3.25	4.17%	10.26%
3.50	4.16%	10.24%
3.75	4.16%	10.22%
4.00	4.15%	10.19%
4.25	4.14%	10.17%
4.50	4.13%	10.14%
4.75	4.13%	10.13%
5.00	4.12%	10.12%
6.00	4.07%	10.08%
7.00	4.06%	10.02%
8.00	4.03%	9.99%
9.00	4.00%	9.99%
10.00	4.00%	10.00%
11.00	4.00%	10.01%
12.00	4.01%	10.01%
13.00	4.01%	10.01%
14.00	4.01%	10.00%
15.00	4.01%	10.00%
16.00	4.01%	10.01%
17.00	4.01%	10.02%
18.00	4.01%	10.02%
19.00	4.01%	10.02%
20.00	4.01%	10.01%
21.00	4.00%	10.01%
22.00	4.00%	10.01%
23.00	4.00%	10.00%
24.00	3.99%	10.00%
25.00	3.99%	10.00%
26.00	3.99%	10.00%
27.00	3.99%	10.00%
28.00	3.99%	10.00%
29.00	3.99%	10.00%
30.00	3.99%	10.00%
31.00	3.99%	10.00%
32.00	3.99%	10.00%
33.00	3.99%	10.00%
34.00	3.99%	10.00%
35.00	3.99%	10.00%

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.



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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-Average (Static-Avg) Estimate

Table 4: Derivation of Insurance Cash Flows

Table 5: Derivation of Cash Flows to the Capital Providers

Static-Spot Estimate

Table 6: Derivation of Insurance Cash Flows

Table 7: Derivation of Cash Flows to the Capital Providers

Dynamic Estimate

Table 8: Derivation of Insurance Cash Flows

Table 9: 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-Avg Estimate)

Table B.2: Federal Income Tax Calculation (Static-Spot Estimate)

Table B.3: Federal Income Tax Calculation (Dynamic Estimate)

Appendix C: Reserve-to-Surplus Ratio

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



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EXHIBIT II

Section H - Internal Rate of Return Analysis

Calculation Details - Static-Avg Estimate

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

Time	(1) Collected Premium Factor	(2) Expense and Taxes Factor	(3) Paid Losses and LAE Factor	(4) Federal Income Tax Factor	(5) Insurance Cash flow Factor
0.00	-	-	-	-	-
0.25	0.1409	0.0299	0.0089	0.0054	0.0968
0.50	0.3107	0.0659	0.0338	0.0107	0.2003
0.75	0.5259	0.1115	0.0726	0.0161	0.3257
1.00	0.7649	0.1632	0.1250	0.0215	0.4553
1.25	0.8908	0.1898	0.2120	0.0186	0.4704
1.50	0.9691	0.2064	0.2989	0.0158	0.4479
1.75	1.0000	0.2130	0.3859	0.0130	0.3881
2.00	1.0000	0.2130	0.4728	0.0102	0.3040
2.25	1.0000	0.2130	0.5115	0.0093	0.2663
2.50	1.0000	0.2130	0.5501	0.0084	0.2286
2.75	1.0000	0.2130	0.5887	0.0075	0.1908
3.00	1.0000	0.2130	0.6273	0.0066	0.1531
3.25	1.0000	0.2130	0.6417	0.0062	0.1391
3.50	1.0000	0.2130	0.6561	0.0058	0.1252
3.75	1.0000	0.2130	0.6704	0.0054	0.1112
4.00	1.0000	0.2130	0.6848	0.0050	0.0972
4.25	1.0000	0.2130	0.6927	0.0048	0.0895
4.50	1.0000	0.2130	0.7007	0.0045	0.0818
4.75	1.0000	0.2130	0.7087	0.0043	0.0741
5.00	1.0000	0.2130	0.7166	0.0041	0.0663
6.00	1.0000	0.2130	0.7314	0.0036	0.0520
7.00	1.0000	0.2130	0.7407	0.0033	0.0430
8.00	1.0000	0.2130	0.7484	0.0030	0.0355
9.00	1.0000	0.2130	0.7523	0.0028	0.0318
10.00	1.0000	0.2130	0.7547	0.0027	0.0296
11.00	1.0000	0.2130	0.7554	0.0027	0.0289
12.00	1.0000	0.2130	0.7570	0.0026	0.0274
13.00	1.0000	0.2130	0.7593	0.0025	0.0252
14.00	1.0000	0.2130	0.7601	0.0024	0.0245
15.00	1.0000	0.2130	0.7616	0.0023	0.0230
16.00	1.0000	0.2130	0.7616	0.0023	0.0231
17.00	1.0000	0.2130	0.7624	0.0023	0.0223
18.00	1.0000	0.2130	0.7632	0.0023	0.0215
19.00	1.0000	0.2130	0.7640	0.0023	0.0208
20.00	1.0000	0.2130	0.7648	0.0023	0.0200
21.00	1.0000	0.2130	0.7648	0.0023	0.0200
22.00	1.0000	0.2130	0.7655	0.0023	0.0192
23.00	1.0000	0.2130	0.7655	0.0023	0.0192
24.00	1.0000	0.2130	0.7671	0.0023	0.0177
25.00	1.0000	0.2130	0.7671	0.0023	0.0177
26.00	1.0000	0.2130	0.7679	0.0023	0.0169
27.00	1.0000	0.2130	0.7694	0.0022	0.0153
28.00	1.0000	0.2130	0.7717	0.0022	0.0130
29.00	1.0000	0.2130	0.7717	0.0022	0.0130
30.00	1.0000	0.2130	0.7717	0.0022	0.0130
31.00	1.0000	0.2130	0.7725	0.0022	0.0122
32.00	1.0000	0.2130	0.7736	0.0022	0.0112
33.00	1.0000	0.2130	0.7746	0.0022	0.0102
34.00	1.0000	0.2130	0.7755	0.0022	0.0093
35.00	1.0000	0.2130	0.7764	0.0022	0.0084

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



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EXHIBIT II

Section H - Internal Rate of Return Analysis

Calculation Details - Static-Avg Estimate (continued)

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

Time	(1) Unearned Premium, Unpaid Loss and Unpaid LAE Reserve Factor	(2) Factor for Surplus Allocated to Reserves	(3) Total Invested Funds Factor	(4) Income from Invested Funds Factor	(5) Capital Provider Equity Factor	(6) Capital Provider Cash Flow Factor	(7) Discounted Capital Provider Cash Flow Factor
0.00	-	-	-	-	-	-	-
0.25	0.2818	0.1468	0.2704	0.0011	(0.1725)	(0.1725)	(0.1707)
0.50	0.4773	0.2486	0.4936	0.0043	(0.2890)	(0.1165)	(0.1128)
0.75	0.6268	0.3265	0.7112	0.0093	(0.3763)	(0.0872)	(0.0826)
1.00	0.7570	0.3943	0.9162	0.0160	(0.4450)	(0.0687)	(0.0637)
1.25	0.6225	0.3242	0.8376	0.0233	(0.3440)	0.1010	0.0916
1.50	0.5032	0.2621	0.7344	0.0298	(0.2567)	0.0872	0.0775
1.75	0.3970	0.2068	0.6038	0.0353	(0.1804)	0.0764	0.0664
2.00	0.3036	0.1581	0.4617	0.0397	(0.1180)	0.0624	0.0531
2.25	0.2649	0.1380	0.4029	0.0433	(0.0934)	0.0246	0.0205
2.50	0.2263	0.1179	0.3442	0.0464	(0.0693)	0.0241	0.0196
2.75	0.1877	0.0978	0.2855	0.0490	(0.0456)	0.0236	0.0188
3.00	0.1491	0.0776	0.2267	0.0511	(0.0225)	0.0231	0.0181
3.25	0.1347	0.0702	0.2049	0.0529	(0.0128)	0.0097	0.0074
3.50	0.1203	0.0627	0.1830	0.0545	(0.0034)	0.0095	0.0071
3.75	0.1060	0.0552	0.1612	0.0559	0.0059	0.0093	0.0068
4.00	0.0916	0.0477	0.1393	0.0572	0.0151	0.0091	0.0065
4.25	0.0837	0.0436	0.1272	0.0583	0.0205	0.0055	0.0038
4.50	0.0757	0.0394	0.1151	0.0593	0.0259	0.0054	0.0037
4.75	0.0677	0.0353	0.1030	0.0602	0.0312	0.0053	0.0035
5.00	0.0598	0.0311	0.0909	0.0610	0.0364	0.0052	0.0034
6.00	0.0450	0.0235	0.0685	0.0636	0.0472	0.0108	0.0067
7.00	0.0357	0.0186	0.0543	0.0657	0.0544	0.0072	0.0041
8.00	0.0280	0.0146	0.0425	0.0673	0.0603	0.0060	0.0031
9.00	0.0241	0.0125	0.0366	0.0687	0.0639	0.0035	0.0017
10.00	0.0217	0.0113	0.0331	0.0698	0.0664	0.0025	0.0011
11.00	0.0210	0.0109	0.0319	0.0709	0.0679	0.0016	0.0006
12.00	0.0194	0.0101	0.0295	0.0719	0.0699	0.0019	0.0007
13.00	0.0171	0.0089	0.0260	0.0729	0.0721	0.0022	0.0008
14.00	0.0163	0.0085	0.0248	0.0737	0.0734	0.0013	0.0004
15.00	0.0148	0.0077	0.0224	0.0745	0.0751	0.0017	0.0005
16.00	0.0148	0.0077	0.0224	0.0753	0.0759	0.0008	0.0002
17.00	0.0140	0.0073	0.0213	0.0760	0.0770	0.0012	0.0003
18.00	0.0132	0.0069	0.0201	0.0767	0.0781	0.0011	0.0002
19.00	0.0124	0.0065	0.0189	0.0773	0.0792	0.0011	0.0002
20.00	0.0116	0.0061	0.0177	0.0780	0.0802	0.0010	0.0002
21.00	0.0116	0.0061	0.0177	0.0786	0.0808	0.0006	0.0001
22.00	0.0109	0.0057	0.0165	0.0791	0.0818	0.0010	0.0002
23.00	0.0109	0.0057	0.0165	0.0797	0.0824	0.0006	0.0001
24.00	0.0093	0.0049	0.0142	0.0802	0.0837	0.0013	0.0002
25.00	0.0093	0.0049	0.0142	0.0807	0.0842	0.0005	0.0001
26.00	0.0085	0.0044	0.0130	0.0811	0.0850	0.0009	0.0001
27.00	0.0070	0.0036	0.0106	0.0815	0.0862	0.0012	0.0001
28.00	0.0047	0.0024	0.0071	0.0818	0.0878	0.0015	0.0001
29.00	0.0047	0.0024	0.0071	0.0821	0.0880	0.0002	0.0000
30.00	0.0047	0.0024	0.0071	0.0823	0.0882	0.0002	0.0000
31.00	0.0039	0.0020	0.0059	0.0825	0.0889	0.0006	0.0000
32.00	0.0028	0.0015	0.0043	0.0827	0.0896	0.0007	0.0000
33.00	0.0018	0.0010	0.0028	0.0828	0.0902	0.0006	0.0000
34.00	0.0009	0.0005	0.0014	0.0829	0.0908	0.0006	0.0000
35.00	-	-	-	0.0829	0.0913	0.0005	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-Avg) 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-Avg)] 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-Avg)], expressed as a factor



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EXHIBIT II**

Section H - Internal Rate of Return Analysis

Calculation Details - Static-Spot Estimate

TABLE 6: DERIVATION OF INSURANCE CASH FLOW (STATIC-SPOT ESTIMATE)

Time	(1) Collected Premium Factor	(2) Expense and Taxes Factor	(3) Paid Losses and LAE Factor	(4) Federal Income Tax Factor	(5) Insurance Cash flow Factor
0.00	-	-	-	-	-
0.25	0.1409	0.0299	0.0090	0.0050	0.0970
0.50	0.3107	0.0659	0.0345	0.0100	0.2004
0.75	0.5259	0.1115	0.0740	0.0150	0.3254
1.00	0.7649	0.1632	0.1274	0.0200	0.4543
1.25	0.8908	0.1898	0.2161	0.0168	0.4681
1.50	0.9691	0.2064	0.3048	0.0136	0.4443
1.75	1.0000	0.2130	0.3934	0.0104	0.3832
2.00	1.0000	0.2130	0.4821	0.0071	0.2978
2.25	1.0000	0.2130	0.5214	0.0062	0.2593
2.50	1.0000	0.2130	0.5608	0.0053	0.2209
2.75	1.0000	0.2130	0.6002	0.0044	0.1824
3.00	1.0000	0.2130	0.6396	0.0035	0.1440
3.25	1.0000	0.2130	0.6542	0.0031	0.1297
3.50	1.0000	0.2130	0.6689	0.0027	0.1155
3.75	1.0000	0.2130	0.6835	0.0023	0.1012
4.00	1.0000	0.2130	0.6982	0.0019	0.0870
4.25	1.0000	0.2130	0.7063	0.0016	0.0791
4.50	1.0000	0.2130	0.7144	0.0014	0.0712
4.75	1.0000	0.2130	0.7225	0.0011	0.0634
5.00	1.0000	0.2130	0.7306	0.0009	0.0555
6.00	1.0000	0.2130	0.7457	0.0005	0.0409
7.00	1.0000	0.2130	0.7552	0.0002	0.0317
8.00	1.0000	0.2130	0.7631	(0.0001)	0.0241
9.00	1.0000	0.2130	0.7670	(0.0003)	0.0203
10.00	1.0000	0.2130	0.7694	(0.0005)	0.0181
11.00	1.0000	0.2130	0.7702	(0.0005)	0.0173
12.00	1.0000	0.2130	0.7718	(0.0006)	0.0158
13.00	1.0000	0.2130	0.7741	(0.0007)	0.0136
14.00	1.0000	0.2130	0.7749	(0.0008)	0.0128
15.00	1.0000	0.2130	0.7765	(0.0008)	0.0113
16.00	1.0000	0.2130	0.7765	(0.0009)	0.0114
17.00	1.0000	0.2130	0.7773	(0.0009)	0.0106
18.00	1.0000	0.2130	0.7781	(0.0009)	0.0098
19.00	1.0000	0.2130	0.7789	(0.0009)	0.0090
20.00	1.0000	0.2130	0.7797	(0.0009)	0.0082
21.00	1.0000	0.2130	0.7797	(0.0009)	0.0082
22.00	1.0000	0.2130	0.7805	(0.0009)	0.0074
23.00	1.0000	0.2130	0.7805	(0.0009)	0.0074
24.00	1.0000	0.2130	0.7821	(0.0009)	0.0059
25.00	1.0000	0.2130	0.7821	(0.0009)	0.0059
26.00	1.0000	0.2130	0.7829	(0.0009)	0.0051
27.00	1.0000	0.2130	0.7844	(0.0009)	0.0035
28.00	1.0000	0.2130	0.7868	(0.0009)	0.0011
29.00	1.0000	0.2130	0.7868	(0.0009)	0.0011
30.00	1.0000	0.2130	0.7868	(0.0009)	0.0011
31.00	1.0000	0.2130	0.7876	(0.0009)	0.0003
32.00	1.0000	0.2130	0.7887	(0.0009)	(0.0007)
33.00	1.0000	0.2130	0.7897	(0.0010)	(0.0017)
34.00	1.0000	0.2130	0.7907	(0.0010)	(0.0027)
35.00	1.0000	0.2130	0.7916	(0.0010)	(0.0036)

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



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EXHIBIT II

Section H - Internal Rate of Return Analysis

Calculation Details - Static-Spot Estimate (continued)

TABLE 7: DERIVATION OF CASH FLOWS TO THE CAPITAL PROVIDERS (STATIC-SPOT ESTIMATE)

Time	(1) Unearned Premium, Unpaid Loss and Unpaid LAE Reserve Factor	(2) Factor for Surplus Allocated to Reserves	(3) Total Invested Funds Factor	(4) Income from Invested Funds Factor	(5) Capital Provider Equity Factor	(6) Capital Provider Cash Flow Factor	(7) Discounted Capital Provider Cash Flow Factor
0.00	-	-	-	-	-	-	-
0.25	0.2822	0.1470	0.2710	0.0015	(0.1725)	(0.1725)	(0.1704)
0.50	0.4788	0.2494	0.4959	0.0059	(0.2896)	(0.1171)	(0.1128)
0.75	0.6301	0.3282	0.7161	0.0128	(0.3780)	(0.0884)	(0.0830)
1.00	0.7626	0.3972	0.9247	0.0221	(0.4483)	(0.0703)	(0.0644)
1.25	0.6296	0.3279	0.8484	0.0321	(0.3482)	0.1002	0.0894
1.50	0.5108	0.2660	0.7460	0.0412	(0.2604)	0.0877	0.0764
1.75	0.4042	0.2105	0.6147	0.0489	(0.1826)	0.0779	0.0661
2.00	0.3095	0.1612	0.4707	0.0551	(0.1179)	0.0647	0.0536
2.25	0.2701	0.1407	0.4108	0.0601	(0.0914)	0.0264	0.0214
2.50	0.2307	0.1202	0.3509	0.0644	(0.0657)	0.0258	0.0203
2.75	0.1914	0.0997	0.2910	0.0680	(0.0406)	0.0251	0.0193
3.00	0.1520	0.0792	0.2311	0.0710	(0.0162)	0.0244	0.0183
3.25	0.1373	0.0715	0.2089	0.0735	(0.0057)	0.0105	0.0077
3.50	0.1227	0.0639	0.1866	0.0757	0.0046	0.0103	0.0073
3.75	0.1080	0.0563	0.1643	0.0777	0.0146	0.0100	0.0070
4.00	0.0934	0.0486	0.1421	0.0794	0.0244	0.0098	0.0066
4.25	0.0853	0.0444	0.1297	0.0810	0.0304	0.0060	0.0040
4.50	0.0772	0.0402	0.1174	0.0824	0.0362	0.0059	0.0038
4.75	0.0691	0.0360	0.1050	0.0836	0.0420	0.0057	0.0036
5.00	0.0610	0.0317	0.0927	0.0848	0.0476	0.0056	0.0034
6.00	0.0459	0.0239	0.0698	0.0885	0.0596	0.0120	0.0069
7.00	0.0364	0.0190	0.0554	0.0914	0.0677	0.0081	0.0042
8.00	0.0285	0.0148	0.0433	0.0937	0.0744	0.0067	0.0032
9.00	0.0245	0.0128	0.0373	0.0956	0.0785	0.0041	0.0018
10.00	0.0222	0.0115	0.0337	0.0972	0.0815	0.0030	0.0012
11.00	0.0214	0.0111	0.0325	0.0987	0.0835	0.0020	0.0007
12.00	0.0198	0.0103	0.0301	0.1002	0.0859	0.0024	0.0007
13.00	0.0174	0.0091	0.0265	0.1015	0.0885	0.0026	0.0008
14.00	0.0166	0.0087	0.0253	0.1027	0.0902	0.0017	0.0004
15.00	0.0150	0.0078	0.0229	0.1038	0.0922	0.0020	0.0005
16.00	0.0150	0.0078	0.0229	0.1048	0.0933	0.0011	0.0002
17.00	0.0142	0.0074	0.0217	0.1059	0.0948	0.0015	0.0003
18.00	0.0135	0.0070	0.0205	0.1068	0.0962	0.0014	0.0002
19.00	0.0127	0.0066	0.0193	0.1077	0.0975	0.0013	0.0002
20.00	0.0119	0.0062	0.0181	0.1086	0.0988	0.0013	0.0002
21.00	0.0119	0.0062	0.0181	0.1094	0.0996	0.0008	0.0001
22.00	0.0111	0.0058	0.0169	0.1102	0.1008	0.0012	0.0001
23.00	0.0111	0.0058	0.0169	0.1110	0.1016	0.0008	0.0001
24.00	0.0095	0.0049	0.0144	0.1117	0.1032	0.0016	0.0001
25.00	0.0095	0.0049	0.0144	0.1124	0.1038	0.0007	0.0001
26.00	0.0087	0.0045	0.0132	0.1131	0.1049	0.0011	0.0001
27.00	0.0071	0.0037	0.0108	0.1136	0.1063	0.0014	0.0001
28.00	0.0047	0.0025	0.0072	0.1140	0.1079	0.0017	0.0001
29.00	0.0047	0.0025	0.0072	0.1144	0.1083	0.0003	0.0000
30.00	0.0047	0.0025	0.0072	0.1147	0.1086	0.0003	0.0000
31.00	0.0040	0.0021	0.0060	0.1150	0.1093	0.0007	0.0000
32.00	0.0029	0.0015	0.0044	0.1152	0.1101	0.0008	0.0000
33.00	0.0019	0.0010	0.0028	0.1154	0.1108	0.0007	0.0000
34.00	0.0009	0.0005	0.0014	0.1155	0.1114	0.0006	0.0000
35.00	-	-	-	0.1155	0.1119	0.0005	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-Spot) 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-Spot)] 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 the Capital Provider Cash Flow (6) discounted by the Weighted Average Cost of Capital [Table 1 row (5, Static-Spot)], expressed as a factor



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EXHIBIT II

Section H - Internal Rate of Return Analysis

Calculation Details - Dynamic Estimate

TABLE 8: DERIVATION OF INSURANCE CASH FLOW (DYNAMIC ESTIMATE)

Time	(1) Collected Premium Factor	(2) Expense and Taxes Factor	(3) Paid Losses and LAE Factor	(4) Federal Income Tax Factor	(5) Insurance Cash flow Factor
0.00	-	-	-	-	-
0.25	0.1409	0.0299	0.0089	0.0052	0.0969
0.50	0.3107	0.0659	0.0341	0.0103	0.2003
0.75	0.5259	0.1115	0.0734	0.0155	0.3255
1.00	0.7649	0.1632	0.1263	0.0207	0.4548
1.25	0.8908	0.1898	0.2141	0.0177	0.4692
1.50	0.9691	0.2064	0.3019	0.0146	0.4461
1.75	1.0000	0.2130	0.3898	0.0116	0.3856
2.00	1.0000	0.2130	0.4776	0.0086	0.3008
2.25	1.0000	0.2130	0.5166	0.0077	0.2627
2.50	1.0000	0.2130	0.5557	0.0068	0.2246
2.75	1.0000	0.2130	0.5947	0.0059	0.1865
3.00	1.0000	0.2130	0.6337	0.0050	0.1484
3.25	1.0000	0.2130	0.6482	0.0046	0.1342
3.50	1.0000	0.2130	0.6627	0.0042	0.1201
3.75	1.0000	0.2130	0.6772	0.0038	0.1060
4.00	1.0000	0.2130	0.6917	0.0034	0.0919
4.25	1.0000	0.2130	0.6998	0.0031	0.0841
4.50	1.0000	0.2130	0.7078	0.0029	0.0763
4.75	1.0000	0.2130	0.7158	0.0027	0.0685
5.00	1.0000	0.2130	0.7239	0.0024	0.0607
6.00	1.0000	0.2130	0.7388	0.0020	0.0462
7.00	1.0000	0.2130	0.7482	0.0017	0.0371
8.00	1.0000	0.2130	0.7560	0.0014	0.0296
9.00	1.0000	0.2130	0.7600	0.0012	0.0259
10.00	1.0000	0.2130	0.7623	0.0011	0.0236
11.00	1.0000	0.2130	0.7631	0.0010	0.0229
12.00	1.0000	0.2130	0.7647	0.0009	0.0214
13.00	1.0000	0.2130	0.7670	0.0008	0.0192
14.00	1.0000	0.2130	0.7678	0.0008	0.0184
15.00	1.0000	0.2130	0.7694	0.0007	0.0169
16.00	1.0000	0.2130	0.7694	0.0006	0.0170
17.00	1.0000	0.2130	0.7702	0.0006	0.0162
18.00	1.0000	0.2130	0.7709	0.0006	0.0154
19.00	1.0000	0.2130	0.7717	0.0006	0.0147
20.00	1.0000	0.2130	0.7725	0.0006	0.0139
21.00	1.0000	0.2130	0.7725	0.0006	0.0139
22.00	1.0000	0.2130	0.7733	0.0006	0.0131
23.00	1.0000	0.2130	0.7733	0.0006	0.0131
24.00	1.0000	0.2130	0.7749	0.0006	0.0115
25.00	1.0000	0.2130	0.7749	0.0006	0.0115
26.00	1.0000	0.2130	0.7756	0.0006	0.0108
27.00	1.0000	0.2130	0.7772	0.0006	0.0092
28.00	1.0000	0.2130	0.7796	0.0006	0.0068
29.00	1.0000	0.2130	0.7796	0.0006	0.0068
30.00	1.0000	0.2130	0.7796	0.0006	0.0068
31.00	1.0000	0.2130	0.7803	0.0006	0.0061
32.00	1.0000	0.2130	0.7814	0.0006	0.0050
33.00	1.0000	0.2130	0.7824	0.0006	0.0040
34.00	1.0000	0.2130	0.7834	0.0006	0.0031
35.00	1.0000	0.2130	0.7843	0.0006	0.0022

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)]



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Calculation Details - Dynamic Estimate (continued)

TABLE 9: DERIVATION OF CASH FLOWS TO THE CAPITAL PROVIDERS (DYNAMIC ESTIMATE)

Time	(1) Unearned Premium, Unpaid Loss and Unpaid LAE Reserve Factor	(2) Factor for Surplus Allocated to Reserves	(3) Total Invested Funds Factor	(4) Income from Invested Funds Factor	(5) Capital Provider Equity Factor	(6) Capital Provider Cash Flow Factor	(7) Cumulative Discount Factor	(8) Discounted Capital Provider Cash Flow Factor
0.00	-	-	-	-	-	-	-	-
0.25	0.2820	0.1469	0.2708	0.0014	(0.1724)	(0.1724)	0.9879	(0.1703)
0.50	0.4781	0.2490	0.4948	0.0054	(0.2890)	(0.1166)	0.9641	(0.1124)
0.75	0.6285	0.3273	0.7138	0.0117	(0.3765)	(0.0875)	0.9408	(0.0823)
1.00	0.7599	0.3958	0.9206	0.0202	(0.4457)	(0.0691)	0.9180	(0.0635)
1.25	0.6262	0.3262	0.8432	0.0293	(0.3447)	0.1010	0.8958	0.0905
1.50	0.5072	0.2641	0.7404	0.0375	(0.2568)	0.0879	0.8742	0.0768
1.75	0.4007	0.2087	0.6095	0.0445	(0.1794)	0.0775	0.8530	0.0661
2.00	0.3066	0.1597	0.4664	0.0501	(0.1155)	0.0639	0.8324	0.0532
2.25	0.2676	0.1394	0.4070	0.0546	(0.0898)	0.0258	0.8122	0.0209
2.50	0.2286	0.1191	0.3477	0.0585	(0.0646)	0.0251	0.7926	0.0199
2.75	0.1896	0.0987	0.2883	0.0618	(0.0401)	0.0245	0.7734	0.0189
3.00	0.1506	0.0784	0.2290	0.0644	(0.0162)	0.0239	0.7548	0.0180
3.25	0.1361	0.0709	0.2069	0.0667	(0.0060)	0.0102	0.7366	0.0075
3.50	0.1216	0.0633	0.1849	0.0687	0.0039	0.0100	0.7188	0.0072
3.75	0.1071	0.0558	0.1628	0.0704	0.0137	0.0097	0.7016	0.0068
4.00	0.0925	0.0482	0.1407	0.0720	0.0232	0.0095	0.6847	0.0065
4.25	0.0845	0.0440	0.1285	0.0734	0.0289	0.0058	0.6684	0.0039
4.50	0.0765	0.0398	0.1163	0.0746	0.0346	0.0057	0.6524	0.0037
4.75	0.0684	0.0356	0.1041	0.0757	0.0402	0.0055	0.6369	0.0035
5.00	0.0604	0.0315	0.0918	0.0767	0.0456	0.0054	0.6217	0.0034
6.00	0.0455	0.0237	0.0692	0.0800	0.0571	0.0115	0.5855	0.0067
7.00	0.0361	0.0188	0.0549	0.0825	0.0648	0.0077	0.5322	0.0041
8.00	0.0282	0.0147	0.0429	0.0845	0.0711	0.0064	0.4838	0.0031
9.00	0.0243	0.0127	0.0370	0.0861	0.0750	0.0038	0.4399	0.0017
10.00	0.0220	0.0114	0.0334	0.0875	0.0777	0.0028	0.3999	0.0011
11.00	0.0212	0.0110	0.0322	0.0888	0.0795	0.0018	0.3635	0.0007
12.00	0.0196	0.0102	0.0298	0.0900	0.0817	0.0021	0.3304	0.0007
13.00	0.0173	0.0090	0.0262	0.0912	0.0841	0.0024	0.3003	0.0007
14.00	0.0165	0.0086	0.0250	0.0922	0.0856	0.0015	0.2730	0.0004
15.00	0.0149	0.0078	0.0227	0.0932	0.0874	0.0018	0.2482	0.0005
16.00	0.0149	0.0078	0.0227	0.0941	0.0884	0.0010	0.2256	0.0002
17.00	0.0141	0.0074	0.0215	0.0949	0.0897	0.0013	0.2051	0.0003
18.00	0.0133	0.0069	0.0203	0.0958	0.0910	0.0013	0.1864	0.0002
19.00	0.0125	0.0065	0.0191	0.0966	0.0922	0.0012	0.1694	0.0002
20.00	0.0118	0.0061	0.0179	0.0973	0.0933	0.0012	0.1540	0.0002
21.00	0.0118	0.0061	0.0179	0.0980	0.0940	0.0007	0.1400	0.0001
22.00	0.0110	0.0057	0.0167	0.0987	0.0951	0.0011	0.1273	0.0001
23.00	0.0110	0.0057	0.0167	0.0994	0.0958	0.0007	0.1157	0.0001
24.00	0.0094	0.0049	0.0143	0.1000	0.0972	0.0014	0.1052	0.0002
25.00	0.0094	0.0049	0.0143	0.1006	0.0978	0.0006	0.0956	0.0001
26.00	0.0086	0.0045	0.0131	0.1011	0.0988	0.0010	0.0869	0.0001
27.00	0.0071	0.0037	0.0107	0.1016	0.1001	0.0013	0.0790	0.0001
28.00	0.0047	0.0025	0.0072	0.1020	0.1017	0.0016	0.0719	0.0001
29.00	0.0047	0.0025	0.0072	0.1023	0.1019	0.0003	0.0653	0.0000
30.00	0.0047	0.0025	0.0072	0.1025	0.1022	0.0003	0.0594	0.0000
31.00	0.0039	0.0020	0.0060	0.1028	0.1029	0.0007	0.0540	0.0000
32.00	0.0029	0.0015	0.0043	0.1030	0.1037	0.0008	0.0491	0.0000
33.00	0.0018	0.0010	0.0028	0.1031	0.1043	0.0007	0.0446	0.0000
34.00	0.0009	0.0005	0.0014	0.1032	0.1049	0.0006	0.0406	0.0000
35.00	-	-	-	0.1033	0.1054	0.0005	0.0369	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 8 col (5) + (4) - (3)
- (6) is the difference between Capital Provider Equity (5) at the current and previous time periods, expressed as a factor
- (7) is derived from the respective Weighted Average Cost of Capital [Table 3 col (2)] for each time period, expressed as a factor
- (8) is the Capital Provider Cash Flow (6) discounted by the Cumulative Discount Factor (7), expressed as a factor



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Section H - Internal Rate of Return Analysis

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 estimates are shown for 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		Dynamic - IRR Model Time (yrs)		
	Avg	Spot	1.00	2.00	5.00
(1) 5 year US T-note Yield	2.67%	4.25%	3.95%	3.96%	3.77%
(2) US Equity Market Risk Premium	8.02%	8.02%	8.02%	8.02%	8.02%
(3) Beta for Property/Casualty (P/C) Insurers	0.88	0.88	0.88	0.88	0.88
(4) Equity Cost of Capital for P/C Insurers	9.72%	11.31%	11.00%	11.01%	10.83%
(5) Share of Equity Capital for P/C Insurers	89%	89%	89%	89%	89%
(6) Debt Cost of Capital for P/C Insurers	3.33%	4.60%	4.46%	4.49%	4.34%
(7) Weighted Average Cost of Capital (WACC)	9.02%	10.57%	10.29%	10.29%	10.12%

Row Notes:

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



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

TABLE A.2. CALCULATION OF RETURN ON INVESTMENTS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Security Description	Investment Portfolio	Yield Curve, Maturity and Spread	Roll-over Period	Income Tax Rate	Post-tax Return				
					Static		Dynamic - IRR Model Time (yrs)		
					Avg	Spot	1.00	2.00	5.00
Bonds, of which	73.3%								
Government Direct Obligations	8.4%								
< 1yr	2.5%	6 mo US T-bill	0.50 yrs	21.00%	2.28%	3.42%	2.45%	2.39%	2.23%
1 – 5 yrs	3.8%	2.5 yr US T-note	2.50 yrs	21.00%	2.10%	3.29%	2.96%	2.96%	2.84%
5 – 10 yrs	1.5%	7.5 yr US T-note	7.50 yrs	21.00%	2.20%	3.45%	3.19%	3.19%	3.19%
10 – 20 yrs	0.3%	15 yr US T-note	15.00 yrs	21.00%	2.40%	3.64%	3.42%	3.42%	3.42%
> 20 yrs	0.3%	20 yr US T-note	20.00 yrs	21.00%	2.55%	3.76%	3.59%	3.59%	3.59%
Collateralized Securities	7.7%								
< 1yr	0.9%	6 mo US T-bill + 50 basis points	0.50 yrs	21.00%	2.67%	3.81%	2.84%	2.79%	2.62%
1 – 5 yrs	2.6%	2.5 yr US T-note + 50 basis points	2.50 yrs	21.00%	2.49%	3.68%	3.35%	3.35%	3.24%
5 – 10 yrs	2.0%	7.5 yr US T-note + 50 basis points	7.50 yrs	21.00%	2.59%	3.85%	3.58%	3.58%	3.58%
10 – 20 yrs	1.5%	15 yr US T-note + 50 basis points	15.00 yrs	21.00%	2.79%	4.03%	3.82%	3.82%	3.82%
> 20 yrs	0.6%	20 yr US T-note + 50 basis points	20.00 yrs	21.00%	2.94%	4.15%	3.98%	3.98%	3.98%
Tax-exempt Bonds	15.3%								
< 1yr	1.1%	6 mo US T-bill + Tax-exempt spread	0.50 yrs	5.25%	2.71%	4.07%	2.91%	2.84%	2.65%
1 – 5 yrs	4.0%	2.5 yr US T-note + Tax-exempt spread	2.50 yrs	5.25%	2.56%	3.99%	3.59%	3.59%	3.45%
5 – 10 yrs	3.6%	7.5 yr US T-note + Tax-exempt spread	7.50 yrs	5.25%	2.71%	4.21%	3.90%	3.90%	3.90%
10 – 20 yrs	5.3%	15 yr US T-note + Tax-exempt spread	15.00 yrs	5.25%	3.09%	4.57%	4.31%	4.31%	4.31%
> 20 yrs	1.4%	20 yr US T-note + Tax-exempt spread	20.00 yrs	5.25%	3.39%	4.82%	4.61%	4.61%	4.61%
Industrial and Hybrid Securities (unaffiliated)	41.8%								
< 1yr	3.8%	6 mo US T-bill + Corp spread	0.50 yrs	21.00%	2.75%	3.89%	2.92%	2.87%	2.70%
1 – 5 yrs	18.8%	2.5 yr US T-note + Corp spread	2.50 yrs	21.00%	2.80%	3.99%	3.66%	3.66%	3.54%
5 – 10 yrs	14.4%	7.5 yr US T-note + Corp spread	7.50 yrs	21.00%	3.22%	4.47%	4.21%	4.21%	4.21%
10 – 20 yrs	2.8%	15 yr US T-note + Corp spread	15.00 yrs	21.00%	3.54%	4.77%	4.55%	4.55%	4.55%
> 20 yrs	2.0%	20 yr US T-note + Corp spread	20.00 yrs	21.00%	3.70%	4.90%	4.72%	4.72%	4.72%
Industrial and Hybrid Securities (affiliated)	0.1%								
< 1yr	0.0%	6 mo US T-bill + Corp spread	0.50 yrs	5.25%	3.30%	4.67%	3.51%	3.44%	3.24%
1 – 5 yrs	0.0%	2.5 yr US T-note + Corp spread	2.50 yrs	5.25%	3.35%	4.78%	4.39%	4.39%	4.25%
5 – 10 yrs	0.0%	7.5 yr US T-note + Corp spread	7.50 yrs	5.25%	3.86%	5.36%	5.05%	5.05%	5.05%
10 – 20 yrs	0.0%	15 yr US T-note + Corp spread	15.00 yrs	5.25%	4.24%	5.72%	5.46%	5.46%	5.46%
> 20 yrs	0.0%	20 yr US T-note + Corp spread	20.00 yrs	5.25%	4.43%	5.88%	5.66%	5.66%	5.66%
Stocks, of which	11.3%								
Preferred Stock	0.5%	5 year US T-note + 401 basis points	0.25 yrs	13.13%	5.80%	7.18%	6.91%	6.92%	6.76%
Common Stock	10.8%	5 year US T-note + 802 basis points	0.25 yrs	18.51%	8.71%	10.00%	9.75%	9.76%	9.61%
Mortgage Loans	2.6%								
Real Estate	0.5%								
Cash & Short-Term Investment	5.2%	3 month US T-bill	0.25 yrs	21.00%	2.23%	3.47%	2.33%	2.28%	2.11%
All Other Assets*	7.2%								
Post-Tax Return on Invested Funds, pre-Expense:					3.54%	4.81%	4.41%	4.40%	4.31%
Investment Expense**:					-0.19%	-0.19%	-0.19%	-0.19%	-0.19%
Post-Tax Return on Invested Funds:					3.35%	4.62%	4.21%	4.21%	4.12%

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 2021-2023, 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 2021-2023, 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-ration" provision, it is assumed that 25% of otherwise exempt municipal bond income and dividends are taxed at 21%. For common stock, the portion of income attributable to capital appreciation is assumed to equal 68.3% while the income portion is 31.7%. The percentages are obtained from the SBI Summary Statistics of Annual Returns: large cap stocks, arithmetic mean.
- (6)-(7) Static estimates of US Treasury yields are constant maturity yields from the first quarter of 2025.
- (8)-(10) 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 2023 is from the Annual Statement, Exhibit of Net Investment Income.

Average cash and invested assets for 2022 and 2023 are from Best's Aggregates and Averages (Property-Casualty), Assets for Commercial Casualty Composite.



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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 Static and the 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-AVG ESTIMATE)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Time	Written Premium Factor	Unearned Premium Factor	Expense and Taxes Factor	Discount Factor	Paid Losses and LAE Factor	AY1 Paid Losses and LAE Factor	AY2 Paid Losses and LAE Factor	Discounted AY1 Unpaid Losses & LAE Factor	Discounted AY2 Unpaid Losses & LAE Factor	Federal Income Tax Factor
0.00	-	-	-	-	-	-	-	-	-	-
1.00	1.0000	0.4725	0.1632	0.8803	0.1250	0.1250	-	0.2317	-	0.0215
2.00	1.0000	-	0.2130	0.8643	0.4728	0.2921	0.1807	0.0830	0.1827	0.0102
3.00	1.0000	-	0.2130	0.8580	0.6273	0.3244	0.3029	0.0547	0.0737	0.0066
4.00	1.0000	-	0.2130	0.8528	0.6848	0.3514	0.3334	0.0314	0.0470	0.0050
5.00	1.0000	-	0.2130	0.8559	0.7166	0.3618	0.3548	0.0226	0.0284	0.0041
6.00	1.0000	-	0.2130	0.8493	0.7314	0.3676	0.3637	0.0175	0.0209	0.0036
7.00	1.0000	-	0.2130	0.8556	0.7407	0.3717	0.3690	0.0141	0.0163	0.0033
8.00	1.0000	-	0.2130	0.8715	0.7484	0.3755	0.3730	0.0111	0.0130	0.0030
9.00	1.0000	-	0.2130	0.8868	0.7523	0.3765	0.3758	0.0104	0.0108	0.0028
10.00	1.0000	-	0.2130	0.8967	0.7547	0.3777	0.3769	0.0094	0.0100	0.0027
11.00	1.0000	-	0.2130	0.9104	0.7554	0.3777	0.3777	0.0096	0.0094	0.0027
12.00	1.0000	-	0.2130	0.9244	0.7570	0.3789	0.3781	0.0086	0.0092	0.0026
13.00	1.0000	-	0.2130	0.9388	0.7593	0.3800	0.3793	0.0077	0.0083	0.0025
14.00	1.0000	-	0.2130	0.9534	0.7601	0.3800	0.3800	0.0078	0.0077	0.0024
15.00	1.0000	-	0.2130	0.9682	0.7616	0.3812	0.3804	0.0068	0.0074	0.0023
16.00	1.0000	-	0.2130	0.9832	0.7616	0.3806	0.3810	0.0074	0.0070	0.0023
17.00	1.0000	-	0.2130	0.9843	0.7624	0.3815	0.3809	0.0066	0.0072	0.0023
18.00	1.0000	-	0.2130	0.9843	0.7632	0.3816	0.3816	0.0064	0.0065	0.0023
19.00	1.0000	-	0.2130	0.9843	0.7640	0.3822	0.3818	0.0059	0.0063	0.0023
20.00	1.0000	-	0.2130	0.9843	0.7648	0.3825	0.3823	0.0056	0.0058	0.0023
21.00	1.0000	-	0.2130	0.9843	0.7648	0.3823	0.3824	0.0058	0.0057	0.0023
22.00	1.0000	-	0.2130	0.9843	0.7655	0.3830	0.3825	0.0051	0.0056	0.0023
23.00	1.0000	-	0.2130	0.9843	0.7655	0.3827	0.3829	0.0055	0.0052	0.0023
24.00	1.0000	-	0.2130	0.9843	0.7671	0.3840	0.3831	0.0041	0.0050	0.0023
25.00	1.0000	-	0.2130	0.9843	0.7671	0.3833	0.3838	0.0048	0.0044	0.0023
26.00	1.0000	-	0.2130	0.9843	0.7679	0.3842	0.3836	0.0039	0.0045	0.0023
27.00	1.0000	-	0.2130	0.9843	0.7694	0.3849	0.3845	0.0032	0.0037	0.0022
28.00	1.0000	-	0.2130	0.9843	0.7717	0.3863	0.3854	0.0018	0.0027	0.0022
29.00	1.0000	-	0.2130	0.9843	0.7717	0.3856	0.3861	0.0025	0.0021	0.0022
30.00	1.0000	-	0.2130	0.9843	0.7717	0.3860	0.3858	0.0022	0.0024	0.0022
31.00	1.0000	-	0.2130	0.9843	0.7725	0.3864	0.3861	0.0018	0.0020	0.0022
32.00	1.0000	-	0.2130	0.9843	0.7736	0.3870	0.3866	0.0012	0.0016	0.0022
33.00	1.0000	-	0.2130	0.9843	0.7746	0.3874	0.3871	0.0008	0.0010	0.0022
34.00	1.0000	-	0.2130	0.9843	0.7755	0.3879	0.3876	0.0003	0.0006	0.0022
35.00	1.0000	-	0.2130	0.9843	0.7764	0.3882	0.3882	-	-	0.0022

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, 2025-11, Rev. Proc. 2025-15, dated March 10, 2025
- (5) is Paid Losses and LAE by time period, expressed as a factor, = Table 1 row (7, Static-Avg) 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:

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

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

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

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

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



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EXHIBIT II

Section H - Internal Rate of Return Analysis

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

TABLE B.2: FEDERAL INCOME TAX CALCULATION (STATIC-SPOT ESTIMATE)

Time	(1) Written Premium Factor	(2) Unearned Premium Factor	(3) Expense and Taxes Factor	(4) Discount Factor	(5) Paid Losses and LAE Factor	(6) AY1 Paid Losses and LAE Factor	(7) AY2 Paid Losses and LAE Factor	(8) Discounted AY1 Unpaid Losses & LAE Factor	(9) Discounted AY2 Unpaid Losses & LAE Factor	(10) Federal Income Tax Factor
0.00	-	-	-	-	-	-	-	-	-	-
1.00	1.0000	0.4725	0.1632	0.8803	0.1274	0.1274	-	0.2362	-	0.0200
2.00	1.0000	-	0.2130	0.8643	0.4821	0.2978	0.1842	0.0847	0.1862	0.0071
3.00	1.0000	-	0.2130	0.8580	0.6396	0.3308	0.3088	0.0558	0.0752	0.0035
4.00	1.0000	-	0.2130	0.8528	0.6982	0.3582	0.3399	0.0320	0.0479	0.0019
5.00	1.0000	-	0.2130	0.8559	0.7306	0.3688	0.3618	0.0231	0.0290	0.0009
6.00	1.0000	-	0.2130	0.8493	0.7457	0.3748	0.3708	0.0178	0.0214	0.0005
7.00	1.0000	-	0.2130	0.8556	0.7552	0.3790	0.3762	0.0144	0.0166	0.0002
8.00	1.0000	-	0.2130	0.8715	0.7631	0.3828	0.3802	0.0113	0.0133	(0.0001)
9.00	1.0000	-	0.2130	0.8868	0.7670	0.3839	0.3832	0.0106	0.0110	(0.0003)
10.00	1.0000	-	0.2130	0.8967	0.7694	0.3851	0.3843	0.0096	0.0102	(0.0005)
11.00	1.0000	-	0.2130	0.9104	0.7702	0.3851	0.3851	0.0097	0.0096	(0.0005)
12.00	1.0000	-	0.2130	0.9244	0.7718	0.3863	0.3855	0.0088	0.0094	(0.0006)
13.00	1.0000	-	0.2130	0.9388	0.7741	0.3875	0.3867	0.0078	0.0084	(0.0007)
14.00	1.0000	-	0.2130	0.9534	0.7749	0.3875	0.3875	0.0079	0.0078	(0.0008)
15.00	1.0000	-	0.2130	0.9682	0.7765	0.3887	0.3879	0.0069	0.0075	(0.0008)
16.00	1.0000	-	0.2130	0.9832	0.7765	0.3881	0.3885	0.0076	0.0071	(0.0009)
17.00	1.0000	-	0.2130	0.9843	0.7773	0.3890	0.3884	0.0067	0.0073	(0.0009)
18.00	1.0000	-	0.2130	0.9843	0.7781	0.3891	0.3890	0.0066	0.0067	(0.0009)
19.00	1.0000	-	0.2130	0.9843	0.7789	0.3896	0.3893	0.0061	0.0064	(0.0009)
20.00	1.0000	-	0.2130	0.9843	0.7797	0.3900	0.3897	0.0057	0.0060	(0.0009)
21.00	1.0000	-	0.2130	0.9843	0.7797	0.3898	0.3899	0.0059	0.0058	(0.0009)
22.00	1.0000	-	0.2130	0.9843	0.7805	0.3905	0.3900	0.0052	0.0057	(0.0009)
23.00	1.0000	-	0.2130	0.9843	0.7805	0.3901	0.3904	0.0056	0.0053	(0.0009)
24.00	1.0000	-	0.2130	0.9843	0.7821	0.3915	0.3906	0.0042	0.0051	(0.0009)
25.00	1.0000	-	0.2130	0.9843	0.7821	0.3908	0.3913	0.0049	0.0045	(0.0009)
26.00	1.0000	-	0.2130	0.9843	0.7829	0.3917	0.3911	0.0040	0.0046	(0.0009)
27.00	1.0000	-	0.2130	0.9843	0.7844	0.3925	0.3920	0.0033	0.0037	(0.0009)
28.00	1.0000	-	0.2130	0.9843	0.7868	0.3939	0.3929	0.0019	0.0028	(0.0009)
29.00	1.0000	-	0.2130	0.9843	0.7868	0.3932	0.3936	0.0026	0.0021	(0.0009)
30.00	1.0000	-	0.2130	0.9843	0.7868	0.3935	0.3933	0.0022	0.0025	(0.0009)
31.00	1.0000	-	0.2130	0.9843	0.7876	0.3939	0.3937	0.0018	0.0021	(0.0009)
32.00	1.0000	-	0.2130	0.9843	0.7887	0.3945	0.3941	0.0012	0.0016	(0.0009)
33.00	1.0000	-	0.2130	0.9843	0.7897	0.3950	0.3947	0.0008	0.0011	(0.0010)
34.00	1.0000	-	0.2130	0.9843	0.7907	0.3955	0.3952	0.0003	0.0006	(0.0010)
35.00	1.0000	-	0.2130	0.9843	0.7916	0.3958	0.3958	-	-	(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, 2025-11, Rev. Proc. 2025-15, dated March 10, 2025
- (5) is Paid Losses and LAE by time period, expressed as a factor, = Table 1 row (7, Static-Spot) 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 $\text{Col (6, Time 1)} = \text{Col (5, Time 1)}$ and $\text{Col (6, Time 35)} = \text{Col (7, Time 35)}$
- (8) is the discounted difference between AY1 Losses and LAE that will ultimately be paid, and the amount already paid,

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

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

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



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Section H - Internal Rate of Return Analysis

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

TABLE B.3: FEDERAL INCOME TAX CALCULATION (DYNAMIC ESTIMATE)

Time	(1) Written Premium Factor	(2) Unearned Premium Factor	(3) Expense and Taxes Factor	(4) Discount Factor	(5) Paid Losses and LAE Factor	(6) AY1 Paid Losses and LAE Factor	(7) AY2 Paid Losses and LAE Factor	(8) Discounted AY1 Unpaid Losses & LAE Factor	(9) Discounted AY2 Unpaid Losses & LAE Factor	(10) Federal Income Tax Factor
0.00	-	-	-	-	-	-	-	-	-	-
1.00	1.0000	0.4725	0.1632	0.8803	0.1263	0.1263	-	0.2340	-	0.0207
2.00	1.0000	-	0.2130	0.8643	0.4776	0.2951	0.1825	0.0839	0.1845	0.0086
3.00	1.0000	-	0.2130	0.8580	0.6337	0.3277	0.3060	0.0553	0.0745	0.0050
4.00	1.0000	-	0.2130	0.8528	0.6917	0.3549	0.3368	0.0317	0.0475	0.0034
5.00	1.0000	-	0.2130	0.8559	0.7239	0.3654	0.3584	0.0228	0.0287	0.0024
6.00	1.0000	-	0.2130	0.8493	0.7388	0.3714	0.3674	0.0176	0.0212	0.0020
7.00	1.0000	-	0.2130	0.8556	0.7482	0.3755	0.3727	0.0143	0.0165	0.0017
8.00	1.0000	-	0.2130	0.8715	0.7560	0.3793	0.3767	0.0112	0.0132	0.0014
9.00	1.0000	-	0.2130	0.8868	0.7600	0.3803	0.3796	0.0105	0.0109	0.0012
10.00	1.0000	-	0.2130	0.8967	0.7623	0.3816	0.3807	0.0095	0.0101	0.0011
11.00	1.0000	-	0.2130	0.9104	0.7631	0.3815	0.3816	0.0097	0.0095	0.0010
12.00	1.0000	-	0.2130	0.9244	0.7647	0.3827	0.3819	0.0087	0.0093	0.0009
13.00	1.0000	-	0.2130	0.9388	0.7670	0.3839	0.3831	0.0077	0.0083	0.0008
14.00	1.0000	-	0.2130	0.9534	0.7678	0.3839	0.3839	0.0078	0.0077	0.0008
15.00	1.0000	-	0.2130	0.9682	0.7694	0.3851	0.3843	0.0068	0.0075	0.0007
16.00	1.0000	-	0.2130	0.9832	0.7694	0.3845	0.3849	0.0075	0.0070	0.0006
17.00	1.0000	-	0.2130	0.9843	0.7702	0.3854	0.3848	0.0067	0.0072	0.0006
18.00	1.0000	-	0.2130	0.9843	0.7709	0.3855	0.3854	0.0065	0.0066	0.0006
19.00	1.0000	-	0.2130	0.9843	0.7717	0.3860	0.3857	0.0060	0.0063	0.0006
20.00	1.0000	-	0.2130	0.9843	0.7725	0.3864	0.3861	0.0057	0.0059	0.0006
21.00	1.0000	-	0.2130	0.9843	0.7725	0.3862	0.3863	0.0058	0.0057	0.0006
22.00	1.0000	-	0.2130	0.9843	0.7733	0.3869	0.3864	0.0052	0.0056	0.0006
23.00	1.0000	-	0.2130	0.9843	0.7733	0.3865	0.3868	0.0055	0.0053	0.0006
24.00	1.0000	-	0.2130	0.9843	0.7749	0.3879	0.3870	0.0042	0.0051	0.0006
25.00	1.0000	-	0.2130	0.9843	0.7749	0.3872	0.3877	0.0049	0.0044	0.0006
26.00	1.0000	-	0.2130	0.9843	0.7756	0.3881	0.3875	0.0039	0.0045	0.0006
27.00	1.0000	-	0.2130	0.9843	0.7772	0.3888	0.3884	0.0032	0.0037	0.0006
28.00	1.0000	-	0.2130	0.9843	0.7796	0.3903	0.3893	0.0019	0.0028	0.0006
29.00	1.0000	-	0.2130	0.9843	0.7796	0.3895	0.3900	0.0025	0.0021	0.0006
30.00	1.0000	-	0.2130	0.9843	0.7796	0.3899	0.3897	0.0022	0.0024	0.0006
31.00	1.0000	-	0.2130	0.9843	0.7803	0.3903	0.3900	0.0018	0.0021	0.0006
32.00	1.0000	-	0.2130	0.9843	0.7814	0.3909	0.3905	0.0012	0.0016	0.0006
33.00	1.0000	-	0.2130	0.9843	0.7824	0.3914	0.3911	0.0008	0.0011	0.0006
34.00	1.0000	-	0.2130	0.9843	0.7834	0.3918	0.3915	0.0003	0.0006	0.0006
35.00	1.0000	-	0.2130	0.9843	0.7843	0.3921	0.3921	-	-	0.0006

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, 2025-11, Rev. Proc. 2025-15, dated March 10, 2025
- (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,

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

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

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



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Section H - Internal Rate of Return Analysis

APPENDIX C: RESERVE-TO-SURPLUS RATIO

in 000's

	(1)	(2)	(3)	(4)	(5)	(6)
Year End	Unpaid Losses	Unpaid Loss Adjustment Expense	Unearned Premium	Policyholder Surplus	Ratio excl. Unearned Premium $\frac{\{(1)+(2)\}}{(4)}$	Ratio incl. Unearned Premium $\frac{\{(1)+(2)+(3)\}}{(4)}$
2023	256,372,016	54,377,852	105,513,788	210,558,344	1.48	1.98
2022	244,078,630	51,321,882	96,322,738	200,124,833	1.48	1.96
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
2019 - 2023	1,144,198,955	246,877,111	480,103,046	972,209,966	1.43	1.92

Selected Ratio including Unearned Premium: 1.92

Source: Columns (1) - (4) for the latest year are taken from Liabilities, Surplus and Other Funds in Best's 2024 Aggregates & Averages, for Commercial Casualty Composite.



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EXHIBIT II

Section I - Table of Premium Discounts

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

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



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EXHIBIT II

Section J - Average Expense Provisions

Reproduced below are the graduated expense provisions by policy size.

Gradation of Standard Premium

Division of Premium		Expense Gradations		
		Production*	General	Discounts
First	\$10,000	18.5%	6.3%	---
Next	\$190,000	11.0%	5.3%	9.1%
Next	\$1,550,000	9.5%	4.7%	11.3%
Over	\$1,750,000	9.5%	3.8%	12.3%
Proposed Average:		12.0%	5.1%	
Proposed Average Expense Gradation: (Expense for 1st \$10,000 - Avg Expense)		6.5%	1.2%	

Average Premium Discount:
 $[Avg\ Exp\ Grad] / [1 - Taxes - P\&C] = [6.5\% + 1.2\%] / [1 - 1.7\% - 0.0\%] = 7.8\%$

Composition of Standard Premium:

Benefit & Loss Adj. Cost	Production (18.5%)	General (6.3%)	Profit (0.0%)	Taxes (1.7%)		
73.5%	12.0%	5.1%	0.0%	1.6%	} -- Premium After Discounts (92.2%)	} -- Standard Premium Excluding Expense Constant (100.0%)
	6.5%	1.2%	0.0%	0.1%		
	0.7%	0.5%	0.0%	0.0%	} -- Premium from \$160 expense constant. (1.2% = 1/0.988 - 1)^	

Notes

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

^ The 0.988 offset is for the \$160 expense constant.



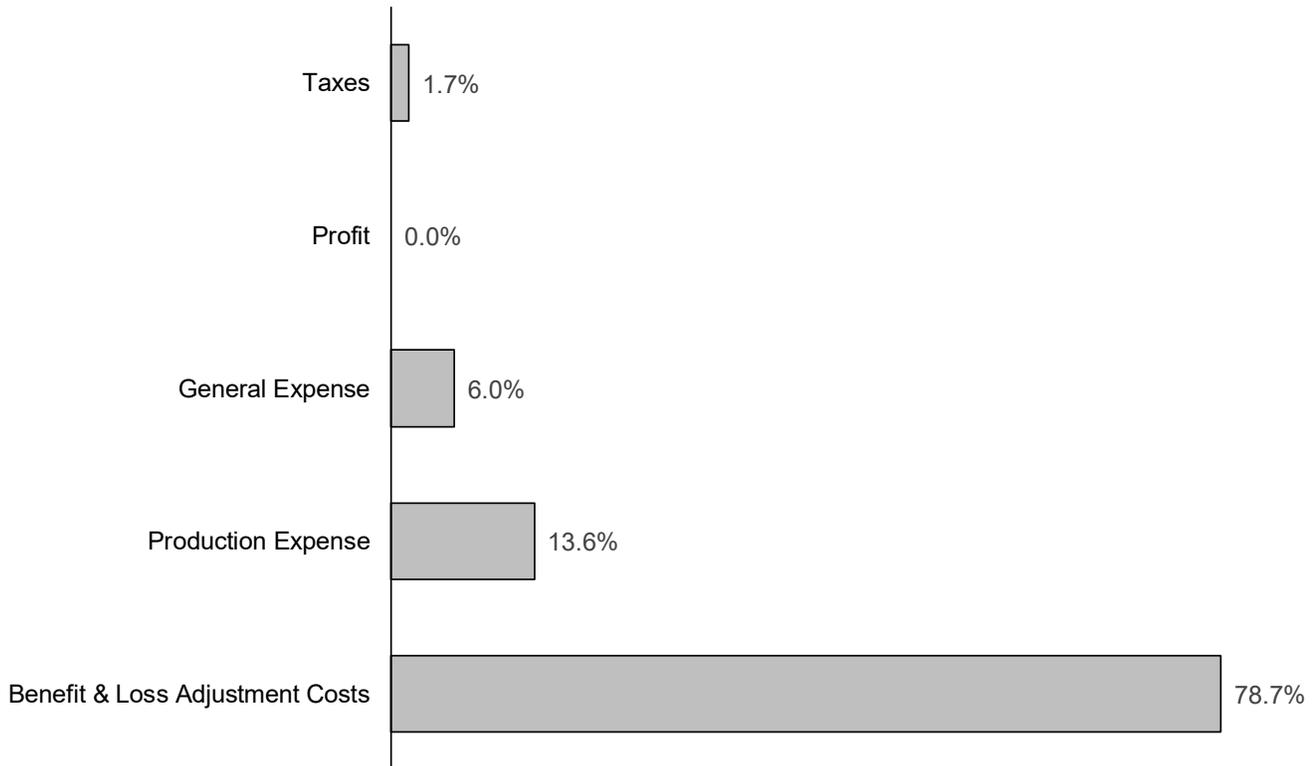
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EXHIBIT II

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

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

Components of Premium



Notes

Benefit & Loss Adjustment Costs	78.7%	=	(73.5%) / 93.4%
Production Expense	13.6%	=	(12.0% + 0.7%) / 93.4%
General Expense	6.0%	=	(5.1% + 0.5%) / 93.4%
Profit	0.0%	=	(0.0% + 0.0%) / 93.4%
Taxes	<u>1.7%</u>	=	(1.6% + 0.0%) / 93.4%
Total	100.0%		



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Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2026

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 capture the difference between the average premium level for the year being on-leveled and the present premium level. The average premium level for the year being on-leveled is calculated using a weighted average based on a monthly premium distribution derived from Indiana Unit Statistical Plan data. Differences in premium level changes specific to the market are addressed through distinct voluntary and assigned risk on-level factors. These factors are weighted together, using market shares as weights, to arrive at the final statewide on-level factor. The following adjustments are applied as part of the premium on-level factor calculation:

- 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.
- Current Premium Index (Assigned Risk-To-Voluntary): This factor reflects the cumulative impact of the current assigned risk standard premium programs. In this filing, a market share of 0% was selected in consideration of Indiana’s statutes and current workers compensation environment. This selection remains unchanged from the prior filing. Through this factor, the impact of assigned risk programs is removed from the premium to align the assigned risk market premium to the advisory rate level.

Selecting a market share mitigates possible policy year-to-year distortions that may result due to changes in the volume of business written in the voluntary or assigned risk market. Maintaining a consistent assigned risk market share over an extended period supports a stable benchmark rate level independent of fluctuations in the assigned risk market’s size.

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

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



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Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2026

Appendix A – Factors Underlying the Proposed Rate Level Change

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 over time. Specifically, the premiums in the financial data experience period are adjusted to the off-balance expected in the proposed filing effective 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 average E-mod of 0.960 for intrastate rated employers is used to estimate the off-balance. A targeted average 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 impact of NCCI’s off-balance adjustment is premium-neutral on a statewide basis while promoting rate adequacy for non-rated employers.
- An average interstate E-mod is used to estimate the off-balance. The average interstate E-mod is estimated based on experience rating data for 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 average interstate E-mod during the proposed filing period is best approximated by the average interstate E-mod observed over the most recent twelve months of E-mod data available at the time of the analysis.



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APPENDIX A-I

Determination of Policy Year On-level Factors

Section A - Factor Adjusting 2023 Policy Year Assigned Risk Premium to Present Assigned Risk Level

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Rate Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)	Adj. For Expense Constant Removal @	Adj. For Expense Removal	Premium Adjustment Factor (5)x(6)x(7)
Date								
NR 01/01/23	Base	1.000	1.000	1.000	0.818	0.966	0.622	0.491
NR 01/01/24	0.882	0.882						
NR 01/01/25	0.928	0.818						
				1.000				

Section B - Factor Adjusting 2023 Policy Year Voluntary Premium to Present Voluntary Level

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Rate Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)	Adj. For Expense Constant Removal @	Adj. For Expense Removal	Premium Adjustment Factor (5)x(6)x(7)
Date								
NR 01/01/23	Base	1.000	1.000	1.000	0.818	0.983	0.622	0.500
NR 01/01/24	0.882	0.882						
NR 01/01/25	0.928	0.818						
				1.000				

Section C - Factor Adjusting 2023 Policy Year Assigned Risk Premium and Voluntary Premium to Present Statewide Level

(1) Assigned Risk Market Share PY 2023	0.059
(2) Voluntary Market Share PY 2023	0.941
(3) Assigned Risk Standard Premium Adjustment Factor (See Sec. A)	0.491
(4) Voluntary Standard Premium Adjustment Factor (See Sec. B)	0.500
(5) Premium Adjustment Factor = [(1)x(3)]/1.173+(2)x(4) #	0.496
(6) Experience Rating Off-balance Adjustment Factor*	1.012
(7) Final Premium Adjustment Factor = (5)x(6)	0.502

NR New and renewal business.

@ Eliminates premium derived from expense constants.

Current premium index (assigned risk-to-voluntary) = 1.173

* = 1.012 = 0.953 / 0.942 = (Targeted Off-balance) / (Off-balance for Policy Year 2023)



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APPENDIX A-I

Determination of Policy Year On-level Factors

Section D - Factor Adjusting 2023 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)
01/01/23	Base	1.000	0.171	0.171	1.035
07/01/23	1.016	1.016	0.176	0.179	
10/01/23	1.000	1.016	0.232	0.236	
01/01/24	1.000	1.016	0.328	0.333	
07/01/24	1.017	1.033	0.093	0.096	
07/01/25	1.017	1.051			
				1.015	

Section E - Factor Adjusting 2023 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)
01/01/23	Base	1.000	0.171	0.171	1.004
07/01/23	1.000	1.000	0.176	0.176	
10/01/23	1.001	1.001	0.232	0.232	
01/01/24	1.007	1.008	0.328	0.331	
07/01/24	1.000	1.008	0.093	0.094	
07/01/25	1.000	1.008			
				1.004	



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APPENDIX A-I

Determination of Policy Year On-level Factors

Section F - Factor Adjusting 2022 Policy Year Assigned Risk Premium to Present Assigned Risk Level

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Rate Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)	Adj. For Expense Constant Removal @	Adj. For Expense Removal	Premium Adjustment Factor (5)x(6)x(7)
NR 01/01/22	Base	1.000	1.000	1.000	0.734	0.968	0.622	0.442
NR 01/01/23	0.897	0.897						
NR 01/01/24	0.882	0.791						
NR 01/01/25	0.928	0.734						
				1.000				

Section G - Factor Adjusting 2022 Policy Year Voluntary Premium to Present Voluntary Level

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Rate Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Present Index/ Sum Column (4)	Adj. For Expense Constant Removal @	Adj. For Expense Removal	Premium Adjustment Factor (5)x(6)x(7)
NR 01/01/22	Base	1.000	1.000	1.000	0.734	0.983	0.622	0.449
NR 01/01/23	0.897	0.897						
NR 01/01/24	0.882	0.791						
NR 01/01/25	0.928	0.734						
				1.000				

Section H - Factor Adjusting 2022 Policy Year Assigned Risk Premium and Voluntary Premium to Present Statewide Level

(1) Assigned Risk Market Share PY 2022	0.064
(2) Voluntary Market Share PY 2022	0.936
(3) Assigned Risk Standard Premium Adjustment Factor (See Sec. F)	0.442
(4) Voluntary Standard Premium Adjustment Factor (See Sec. G)	0.449
(5) Premium Adjustment Factor = [(1)x(3)]/1.173+(2)x(4) #	0.444
(6) Experience Rating Off-balance Adjustment Factor*	1.005
(7) Final Premium Adjustment Factor = (5)x(6)	0.446

NR New and renewal business.

@ Eliminates premium derived from expense constants.

Current premium index (assigned risk-to-voluntary) = 1.173

* = 1.005 = 0.953 / 0.948 = (Targeted Off-balance) / (Off-balance for Policy Year 2022)



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APPENDIX A-I

Determination of Policy Year On-level Factors

Section I - Factor Adjusting 2022 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)
01/01/22	Base	1.000	0.346	0.346	1.050
10/01/22	1.000	1.000	0.232	0.232	
01/01/23	1.000	1.000	0.329	0.329	
07/01/23	1.016	1.016	0.075	0.076	
10/01/23	1.000	1.016	0.018	0.018	
01/01/24	1.000	1.016			
07/01/24	1.017	1.033			
07/01/25	1.017	1.051			
				1.001	

Section J - Factor Adjusting 2022 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)
01/01/22	Base	1.000	0.346	0.346	0.981
10/01/22	1.002	1.002	0.232	0.232	
01/01/23	0.950	0.952	0.329	0.313	
07/01/23	1.000	0.952	0.075	0.071	
10/01/23	1.001	0.953	0.018	0.017	
01/01/24	1.007	0.960			
07/01/24	1.000	0.960			
07/01/25	1.000	0.960			
				0.979	



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Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2026

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 experience period underlying 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 year's filing, NCCI selected a five-year average excluding the highest and lowest values for the 1st to 2nd premium development factor to mitigate the impact of atypical audit activity. A three-year development average was selected for all other premium development age to age factors. These selections were made in order to strike a balance between responsiveness to recently observed changes and maintaining stability in the selected development factors from one filing to the next.



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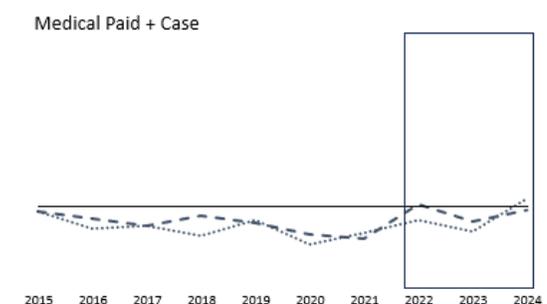
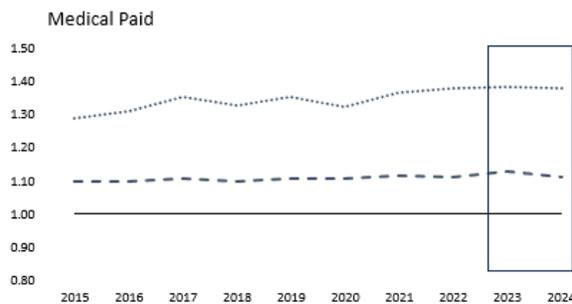
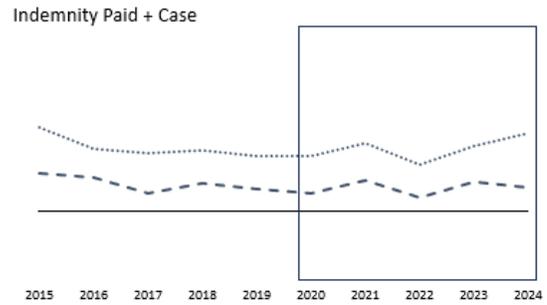
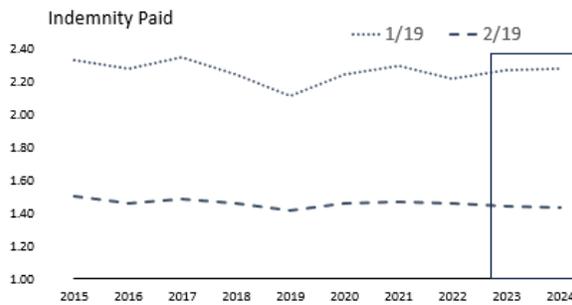
Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2026

Appendix A – Factors Underlying the Proposed Rate Level Change

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 1st report through the 19th report. For indemnity and medical loss development past the 19th report, a 19th-to-ultimate “tail” factor is used to reflect all future expected loss emergence. 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-19th 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 19th report
- A five-year average of historical indemnity paid plus case loss development factors through a 19th report
- A three-year average of historical medical paid plus case loss development factors through a 19th report



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Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2026

Appendix A – Factors Underlying the Proposed Rate Level Change

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 paid plus case development. Therefore, there was no change in these selected development averages compared to last year's filing. For medical paid plus case development, the development factors in the most recent three valuations increased compared to the 2020 and 2021 valuations. In this year's filing, a three-year average was selected to be responsive to this increasing pattern. This is a change from the five-year development average selected in 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 filing to the next.

19th-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 19th-to-ultimate tail factor in Indiana is calculated on a paid plus case basis. Both the indemnity and medical tail factors utilize all available experience for the years prior to the tail attachment point and are calculated for the most recent ten available policy years. The paid plus case 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 19th-to-ultimate loss development factors since it is most reflective of the expected ultimate losses. Since this filing utilizes both paid and paid plus case data, the selected paid plus case tail factors are converted to a paid basis using paid-to-paid plus case conversion ratios. Both the indemnity and medical paid-to-paid plus case conversion ratios were selected based on a review of historical conversion ratios.



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APPENDIX A-II

Determination of Premium and Losses Developed to an Ultimate Report

Section A - Premium and Loss Summary Valued as of 12/31/2024

Policy Year 2023

(1) Standard Earned Premium	\$701,387,725
(2) Factor to Develop Premium to Ultimate	1.013
(3) Standard Earned Premium Developed to Ultimate = (1)x(2)	\$710,505,765
(4) Limited Indemnity Paid Losses	\$53,010,840
(5) Limited Indemnity Paid Development Factor to Ultimate	2.291
(6) Limited Indemnity Paid Losses Developed to Ultimate = (4)x(5)	\$121,447,834
(7) Limited Indemnity Paid+Case Losses	\$95,751,342
(8) Limited Indemnity Paid+Case Development Factor to Ultimate	1.194
(9) Limited Indemnity Paid+Case Losses Developed to Ultimate = (7)x(8)	\$114,327,102
(10) Policy Year 2023 Limited Indemnity Losses Developed to Ultimate = [(6)+(9)]/2	\$117,887,468
(11) Limited Medical Paid Losses	\$172,801,946
(12) Limited Medical Paid Development Factor to Ultimate	1.409
(13) Limited Medical Paid Losses Developed to Ultimate = (11)x(12)	\$243,477,942
(14) Limited Medical Paid+Case Losses	\$256,886,197
(15) Limited Medical Paid+Case Development Factor to Ultimate	0.990
(16) Limited Medical Paid+Case Losses Developed to Ultimate = (14)x(15)	\$254,317,335
(17) Policy Year 2023 Limited Medical Losses Developed to Ultimate = [(13)+(16)]/2	\$248,897,639

Policy Year 2022

(1) Standard Earned Premium	\$748,153,952
(2) Factor to Develop Premium to Ultimate	0.999
(3) Standard Earned Premium Developed to Ultimate = (1)x(2)	\$747,405,798
(4) Limited Indemnity Paid Losses	\$80,136,719
(5) Limited Indemnity Paid Development Factor to Ultimate	1.453
(6) Limited Indemnity Paid Losses Developed to Ultimate = (4)x(5)	\$116,438,653
(7) Limited Indemnity Paid+Case Losses	\$111,609,222
(8) Limited Indemnity Paid+Case Development Factor to Ultimate	1.074
(9) Limited Indemnity Paid+Case Losses Developed to Ultimate = (7)x(8)	\$119,868,304
(10) Policy Year 2022 Limited Indemnity Losses Developed to Ultimate = [(6)+(9)]/2	\$118,153,479
(11) Limited Medical Paid Losses	\$216,558,299
(12) Limited Medical Paid Development Factor to Ultimate	1.140
(13) Limited Medical Paid Losses Developed to Ultimate = (11)x(12)	\$246,876,461
(14) Limited Medical Paid+Case Losses	\$263,504,438
(15) Limited Medical Paid+Case Development Factor to Ultimate	0.996
(16) Limited Medical Paid+Case Losses Developed to Ultimate = (14)x(15)	\$262,450,420
(17) Policy Year 2022 Limited Medical Losses Developed to Ultimate = [(13)+(16)]/2	\$254,663,441



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APPENDIX A-II

Determination of Premium and Losses Developed to an Ultimate Report

Section B - Premium Development Factors

<u>Policy Year</u>	<u>1st/2nd</u>	<u>Policy Year</u>	<u>2nd/3rd</u>	<u>Policy Year</u>	<u>3rd/4th</u>	<u>Policy Year</u>	<u>4th/5th</u>
2018	1.008						
2019	0.999						
2020	1.015	2019	1.000	2018	1.000	2017	1.000
2021	1.023	2020	0.998	2019	1.000	2018	1.000
2022	1.018	2021	1.000	2020	1.000	2019	1.000
Average*	1.014	Average	0.999	Average	1.000	Average	1.000

* Excludes the years with the lowest and highest factors.

Summary of Premium Development Factors

<u>1st/5th</u>	<u>2nd/5th</u>	<u>3rd/5th</u>	<u>4th/5th</u>
1.013	0.999	1.000	1.000



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APPENDIX A-II

Determination of Premium and Losses Developed to an Ultimate Report

Section C - Limited Indemnity Paid Loss Development Factors

Policy Year	<u>1st/2nd</u>	Policy Year	<u>2nd/3rd</u>	Policy Year	<u>3rd/4th</u>	Policy Year	<u>4th/5th</u>
2021	1.571	2020	1.209	2019	1.101	2018	1.040
2022	1.583	2021	1.190	2020	1.092	2019	1.033
Average	1.577	Average	1.200	Average	1.097	Average	1.037
Policy Year	<u>5th/6th</u>	Policy Year	<u>6th/7th</u>	Policy Year	<u>7th/8th</u>	Policy Year	<u>8th/9th</u>
2017	1.018	2016	1.007	2015	1.008	2014	1.007
2018	1.023	2017	1.025	2016	1.009	2015	1.005
Average	1.021	Average	1.016	Average	1.009	Average	1.006
Policy Year	<u>9th/10th</u>	Policy Year	<u>10th/11th</u>	Policy Year	<u>11th/12th</u>	Policy Year	<u>12th/13th</u>
2013	1.002	2012	1.000	2011	1.000	2010	1.001
2014	1.003	2013	1.004	2012	1.001	2011	1.000
Average	1.003	Average	1.002	Average	1.001	Average	1.001
Policy Year	<u>13th/14th</u>	Policy Year	<u>14th/15th</u>	Policy Year	<u>15th/16th</u>	Policy Year	<u>16th/17th</u>
2009	1.000	2008	1.000	2007	1.000	2006	1.000
2010	1.000	2009	1.000	2008	1.000	2007	1.000
Average	1.000	Average	1.000	Average	1.000	Average	1.000
Policy Year	<u>17th/18th</u>	Policy Year	<u>18th/19th</u>				
2005	1.000	2004	1.000				
2006	1.000	2005	1.000				
Average	1.000	Average	1.000				



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APPENDIX A-II

Determination of Premium and Losses Developed to an Ultimate Report

Section D - Limited Medical Paid Loss Development Factors

<u>Policy Year</u>	<u>1st/2nd</u>	<u>Policy Year</u>	<u>2nd/3rd</u>	<u>Policy Year</u>	<u>3rd/4th</u>	<u>Policy Year</u>	<u>4th/5th</u>
2021	1.229	2020	1.057	2019	1.028	2018	1.012
2022	1.243	2021	1.043	2020	1.020	2019	1.012
Average	1.236	Average	1.050	Average	1.024	Average	1.012
<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>
2017	1.008	2016	1.010	2015	0.998	2014	1.001
2018	1.009	2017	1.005	2016	1.007	2015	1.000
Average	1.009	Average	1.008	Average	1.003	Average	1.001
<u>Policy Year</u>	<u>9th/10th</u>	<u>Policy Year</u>	<u>10th/11th</u>	<u>Policy Year</u>	<u>11th/12th</u>	<u>Policy Year</u>	<u>12th/13th</u>
2013	1.000	2012	1.002	2011	1.001	2010	1.001
2014	1.001	2013	1.004	2012	1.002	2011	1.001
Average	1.001	Average	1.003	Average	1.002	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>
2009	1.002	2008	1.000	2007	1.001	2006	1.001
2010	1.001	2009	1.001	2008	1.000	2007	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>				
2005	1.001	2004	1.001				
2006	1.001	2005	1.001				
Average	1.001	Average	1.001				



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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>
2018	1.105	2017	1.041	2016	1.020	2015	1.002
2019	1.103	2018	1.053	2017	1.015	2016	1.010
2020	1.097	2019	1.040	2018	1.016	2017	0.995
2021	1.100	2020	1.059	2019	1.018	2018	1.015
2022	1.155	2021	1.037	2020	1.019	2019	1.002
Average	1.112	Average	1.046	Average	1.018	Average	1.005
<u>Policy Year</u>	<u>5th/6th</u>	<u>Policy Year</u>	<u>6th/7th</u>	<u>Policy Year</u>	<u>7th/8th</u>	<u>Policy Year</u>	<u>8th/9th</u>
2014	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
2017	1.000	2016	0.998	2015	1.000	2014	0.999
2018	1.004	2017	1.007	2016	0.999	2015	1.002
Average	1.001	Average	1.002	Average	0.999	Average	1.001
<u>Policy Year</u>	<u>9th/10th</u>	<u>Policy Year</u>	<u>10th/11th</u>	<u>Policy Year</u>	<u>11th/12th</u>	<u>Policy Year</u>	<u>12th/13th</u>
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
2013	1.000	2012	1.000	2011	1.000	2010	0.999
2014	1.000	2013	1.005	2012	1.000	2011	1.000
Average	0.998	Average	1.001	Average	1.000	Average	1.000
<u>Policy Year</u>	<u>13th/14th</u>	<u>Policy Year</u>	<u>14th/15th</u>	<u>Policy Year</u>	<u>15th/16th</u>	<u>Policy Year</u>	<u>16th/17th</u>
2006	1.000	2005	1.000	2004	1.000	2003	1.000
2007	1.002	2006	1.000	2005	1.000	2004	1.000
2008	1.000	2007	1.000	2006	1.000	2005	1.000
2009	1.000	2008	1.000	2007	1.000	2006	1.000
2010	1.000	2009	1.000	2008	1.000	2007	0.997
Average	1.000	Average	1.000	Average	1.000	Average	0.999
<u>Policy Year</u>	<u>17th/18th</u>	<u>Policy Year</u>	<u>18th/19th</u>				
2002	1.000	2001	1.000				
2003	1.000	2002	1.000				
2004	1.000	2003	1.000				
2005	1.000	2004	1.000				
2006	1.000	2005	1.000				
Average	1.000	Average	1.000				



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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>
2020	0.981	2019	1.003	2018	0.989	2017	0.998
2021	0.986	2020	0.985	2019	0.986	2018	1.010
2022	1.015	2021	0.994	2020	1.000	2019	1.003
Average	0.994	Average	0.994	Average	0.992	Average	1.004
<u>Policy Year</u>	<u>5th/6th</u>	<u>Policy Year</u>	<u>6th/7th</u>	<u>Policy Year</u>	<u>7th/8th</u>	<u>Policy Year</u>	<u>8th/9th</u>
2016	1.000	2015	0.997	2014	1.000	2013	1.003
2017	1.005	2016	1.004	2015	0.994	2014	1.000
2018	1.001	2017	1.000	2016	1.002	2015	0.999
Average	1.002	Average	1.000	Average	0.999	Average	1.001
<u>Policy Year</u>	<u>9th/10th</u>	<u>Policy Year</u>	<u>10th/11th</u>	<u>Policy Year</u>	<u>11th/12th</u>	<u>Policy Year</u>	<u>12th/13th</u>
2012	1.007	2011	1.000	2010	1.000	2009	1.000
2013	1.000	2012	0.999	2011	0.999	2010	0.999
2014	1.000	2013	1.001	2012	1.000	2011	1.003
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>
2008	1.000	2007	0.999	2006	1.003	2005	1.003
2009	1.000	2008	0.999	2007	0.999	2006	0.998
2010	0.998	2009	0.999	2008	1.000	2007	1.000
Average	0.999	Average	0.999	Average	1.001	Average	1.000
<u>Policy Year</u>	<u>17th/18th</u>	<u>Policy Year</u>	<u>18th/19th</u>				
2004	1.000	2003	1.000				
2005	1.001	2004	1.003				
2006	1.000	2005	0.995				
Average	1.000	Average	0.999				



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

Indemnity Paid+Case Data for Matching Companies

(1) Policy Year	(2) Losses for Policy Year 19th Report	(3) Losses for Policy Year 20th Report	(4) Losses for All Prior Policy Years Previous	(5) Losses for All Prior Policy Years Current	(6) Factor to Adjust Losses for Prior Policy Years	(7) Indicated 19th-to-Ult Development for Policy Year
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
2003	108,918,577	108,918,656	2,180,495,747	2,180,628,592	0.815	1.001
2004	107,359,295	107,356,895	2,289,547,248	2,289,625,293	0.817	1.001
Selected Indemnity 19th-to-Ultimate Loss Development Factor						1.005

Medical Paid+Case Data for Matching Companies

(8) Policy Year	(9) Losses for Policy Year 19th Report	(10) Losses for Policy Year 20th Report	(11) Losses for All Prior Policy Years Previous	(12) Losses for All Prior Policy Years Current	(13) Factor to Adjust Losses for Prior Policy Years	(14) Indicated 19th-to-Ult Development for Policy Year
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
2003	223,933,078	224,001,987	3,414,825,728	3,414,738,878	0.755	1.000
2004	230,463,346	230,339,797	3,638,740,865	3,639,642,812	0.761	1.005
Selected Medical 19th-to-Ultimate Loss Development Factor						1.005

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

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

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

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



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

<u>Policy Year</u>	<u>Indemnity Paid-to-Paid + Case Ratio 19th Report</u>	<u>Medical Paid-to-Paid + Case Ratio 19th Report</u>
2001	1.000	0.991
2002	1.000	0.995
2003	1.000	0.992
2004	1.000	0.984
2005	0.997	0.990
Selected	0.998	0.990

Indemnity Tail

(1) Paid+Case 19th-to-Ultimate Loss Development Factor (Section G)	1.005
(2) Factor to Adjust 19th-to-Ultimate Development Factor to a Limited Basis	0.567
(3) Limited Paid+Case 19th-to-Ultimate Loss Development Factor = $[(1) - 1] \times (2) + 1$	1.003
(4) Limited Paid-to-Paid+Case Ratio	0.998
(5) Limited Paid 19th-to-Ultimate Loss Development Factor = (3) / (4)	1.005

Medical Tail

(1) Paid+Case 19th-to-Ultimate Loss Development Factor (Section G)	1.005
(2) Factor to Adjust 19th-to-Ultimate Development Factor to a Limited Basis	0.567
(3) Limited Paid+Case 19th-to-Ultimate Loss Development Factor = $[(1) - 1] \times (2) + 1$	1.003
(4) Limited Paid-to-Paid+Case Ratio	0.990
(5) Limited Paid 19th-to-Ultimate Loss Development Factor = (3) / (4)	1.013



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Section I - Summary of Limited Paid Loss Development Factors

Report	(1) Indemnity Paid Loss Development		Section H	Report	(3) Medical Paid Loss Development		Section H
	to Next Report	to Ultimate			to Next Report	to Ultimate	
1st	1.577	2.291		1st	1.236	1.409	
2nd	1.200	1.453		2nd	1.050	1.140	
3rd	1.097	1.211		3rd	1.024	1.086	
4th	1.037	1.104		4th	1.012	1.061	
5th	1.021	1.065		5th	1.009	1.048	
6th	1.016	1.043		6th	1.008	1.039	
7th	1.009	1.027		7th	1.003	1.031	
8th	1.006	1.018		8th	1.001	1.028	
9th	1.003	1.012		9th	1.001	1.027	
10th	1.002	1.009		10th	1.003	1.026	
11th	1.001	1.007		11th	1.002	1.023	
12th	1.001	1.006		12th	1.001	1.021	
13th	1.000	1.005		13th	1.002	1.020	
14th	1.000	1.005		14th	1.001	1.018	
15th	1.000	1.005		15th	1.001	1.017	
16th	1.000	1.005		16th	1.001	1.016	
17th	1.000	1.005		17th	1.001	1.015	
18th	1.000	1.005		18th	1.001	1.014	
19th	1.005	1.005	Section H	19th	1.013	1.013	Section H

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

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



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

	(1) <u>Indemnity Paid+Case Loss Development</u>			(3) <u>Medical Paid+Case Loss Development</u>			(4) <u>Medical Paid+Case Loss Development</u>				
<u>Report</u>	<u>to Next Report</u>	<u>to Ultimate</u>		<u>Report</u>	<u>to Next Report</u>	<u>to Ultimate</u>		<u>Report</u>	<u>to Next Report</u>	<u>to Ultimate</u>	
1st	1.112	1.194		1st	0.994	0.990		1st	0.994	0.990	
2nd	1.046	1.074		2nd	0.994	0.996		2nd	0.994	0.996	
3rd	1.018	1.027		3rd	0.992	1.002		3rd	0.992	1.002	
4th	1.005	1.009		4th	1.004	1.010		4th	1.004	1.010	
5th	1.001	1.004		5th	1.002	1.006		5th	1.002	1.006	
6th	1.002	1.003		6th	1.000	1.004		6th	1.000	1.004	
7th	0.999	1.001		7th	0.999	1.004		7th	0.999	1.004	
8th	1.001	1.002		8th	1.001	1.005		8th	1.001	1.005	
9th	0.998	1.001		9th	1.002	1.004		9th	1.002	1.004	
10th	1.001	1.003		10th	1.000	1.002		10th	1.000	1.002	
11th	1.000	1.002		11th	1.000	1.002		11th	1.000	1.002	
12th	1.000	1.002		12th	1.001	1.002		12th	1.001	1.002	
13th	1.000	1.002		13th	0.999	1.001		13th	0.999	1.001	
14th	1.000	1.002		14th	0.999	1.002		14th	0.999	1.002	
15th	1.000	1.002		15th	1.001	1.003		15th	1.001	1.003	
16th	0.999	1.002		16th	1.000	1.002		16th	1.000	1.002	
17th	1.000	1.003		17th	1.000	1.002		17th	1.000	1.002	
18th	1.000	1.003		18th	0.999	1.002		18th	0.999	1.002	
19th		1.003	Section H	19th		1.003	Section H	19th		1.003	Section H

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

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



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

(1) Threshold at the Midpoint of the Rate Effective Period*	6,880,552
(2) Statewide Excess Ratio for (1)	0.010
(3) Market Share for Carriers Missing from Large Loss and Catastrophe Call	0.000
(4) Factor to Adjust Limited Losses to an Unlimited Basis = $1.0 / \{1.0 - [(2) \times (1.0 - (3))]\}$	1.010

Section L - Policy Year Large Loss Limits

Experience Year	Policy Year Detrended Limit
2023	6,244,659
2022	6,016,097
2021	5,740,878
2020	5,393,346
2019	5,096,000
2018	4,914,963
2017	4,781,122
2016	4,622,055
2015	4,512,122
2014	4,403,380
2013	4,290,651
2012	4,224,448
2011	4,141,032
2010	4,032,164
2009	3,921,797
2008	3,894,720
2007	3,856,606
2006	3,759,922
2005	3,650,936
2004	3,559,466
2003	3,449,764
2002	3,342,808
2001	3,259,915

* December 2, 2026 is the midpoint of the effective period for which the revised rates are being proposed.



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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). Adjustments are made to the premium, losses, and claim counts underlying the trend analysis. Premium is adjusted to the current rate/loss cost level excluding expense-related premium, developed to ultimate, and adjusted for changes in the level of workers' wages over time using the United States Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW) for Indiana. Similarly, losses are developed to ultimate and adjusted to the current benefit level and a common wage level. Indemnity lost-time claims are developed to ultimate and used in the frequency and severity calculations. Medical-only claim counts are excluded from the trend analysis, but the losses associated with medical-only claims are included. The claim severities and loss ratios in the trend analysis are based on an average of paid and paid plus case losses.

While claim frequency and severity are reviewed separately, NCCI selects annual indemnity and medical loss ratio trend factors in Indiana. Loss ratios do not require an adjustment to a common wage level since the wage adjustment to frequency and severities cancels out. 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. In order to estimate the average annual percentage changes in the loss ratios, exponential curves are fit to the historical data points. Considerations 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, 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



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Appendix A – Factors Underlying the Proposed Rate Level Change

based on an Indiana distribution of policy writings by month and assume a uniform probability of loss over the coverage period.

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 rate and loss cost effective period. Trends based on the most recent 15 policy years are typically reviewed to allow one to evaluate changes over an extended period of time, including both economic and non-economic factors, and to mitigate short-term anomalous year-to-year changes.

In addition to the indicated exponential indemnity and medical loss ratio trend fits, these exhibits also show the exponential trend fits for the underlying frequency and severity components for periods ranging from 5 to 15 years. Note that frequency and severity trends were reviewed but not selected.

While the COVID-19 pandemic may have permanently altered aspects of the workplace and economy, a pattern of improving indemnity and medical loss ratios has been observed over the most recent 15 years in Indiana, beginning prior to the onset of the pandemic. The experience in Policy Year 2023 shows continued improvement. The changes in the loss ratios in the most recent years align with the long-term patterns observed in Indiana, which have been driven by declining claim frequency and moderate severity trends. This provides further evidence that changes to the workplace coming out of the pandemic have resulted in better experience, which is expected to continue.

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

- Smoothing large changes in PY 2014 loss ratios, potentially related to the effects of enacted House Enrolled Act (HEA) 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

The decreases in the indemnity and medical severities in Policy Year 2014 coincide with the enactment of HEA 1320. Most notably, this bill significantly increased certain indemnity benefits (over three years) and implemented hospital inpatient and outpatient medical fee schedules. Despite an explicit quantification of the changes, 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 greater than originally estimated, and that indirect effects from



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Appendix A – Factors Underlying the Proposed Rate Level Change

the legislation may have also emerged. Consistent with prior filings, NCCI considered alternative trend fits that 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 -18.3% to -9.1%). This year, in conjunction with reviewing the alternative fits, NCCI gave additional consideration to unadjusted medium-term exponential fits as more data has become available since the enactment of HEA 1320 (i.e., loss ratio changes after 2014); these fits may be more representative of the prospective trends in the state. Accordingly, the trend selections underlying this filing are positioned between the long-term alternative trend fits and the unadjusted medium-term exponential trend fits to balance stability and responsiveness to the most recent data.

Note that similar adjustments as described above were made in the prior filing's trend analysis for the indemnity and medical loss ratio changes from Policy Year 2019 to Policy Year 2020 since pandemic-related effects may be partially influencing the observed changes, and it was unclear the extent to which these changes would be predictive of future experience. However, indemnity and medical loss ratios are continuing to decline at a marked rate in the most recent data. Other non-pandemic influences may also be contributing to the observed changes in loss ratios from Policy Year 2019 to Policy Year 2020 and continue into the proposed effective period. To balance stability and responsiveness, short-term exponential fits were given less weight in this year's analysis in lieu of an explicit adjustment to the change from Policy Year 2019 to 2020. The consistent favorable policy year and calendar-accident year experience suggests that the loss ratio improvements are predictive of future loss ratio experience.

Indemnity Loss Ratio Considerations

The indemnity loss ratio trend displays a long-term pattern of decline despite the notable volatility referenced above in Policy Years 2014 and 2020. Several other instances of near double-digit changes can be observed in the last 15 policy years, and our latest full policy year, 2023, declined by more than 8% relative to Policy Year 2022. To account for this volatility, mid- to long-term exponential trend fits were generally relied upon to smooth out year-to-year fluctuations. The increasingly favorable experience suggests the long-term trend is likely to be predictive of future experience and persist into the filing effective period.

After a brief dip in 2020, employment levels in supersectors representing the vast majority of Indiana workers compensation premium rebounded quickly. Since then, employment levels have remained consistent across BLS supersectors, and the workforce composition during the effective period of this filing is expected to closely resemble the industry composition seen in the historical data. Meanwhile, average weekly wages accelerated between 2020 and 2024, increasing more than 5% on average over that period according to the US BLS QCEW. This wage inflation has the



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Appendix A – Factors Underlying the Proposed Rate Level Change

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 was fixed between July 2016 and July 2023. This will place downward pressure on the indemnity loss ratio over time. The acceleration of the growth in average weekly wages may be contributing to the pronounced drop in the indemnity loss ratio in recent years.

In light of the above information, the selected annual indemnity loss ratio trend considers both the mid-term unadjusted exponential fits and the long-term alternative exponential fits. The increasingly favorable indemnity loss ratios, driven by declining claim frequency and moderate severity trends, are expected to continue. **An annual loss ratio trend factor of –4.5% was selected for the indemnity loss ratio.**

Medical Loss Ratio Considerations

The above-mentioned acceleration in wage growth can also be expected to impact recent changes in medical loss ratios as wage growth has outpaced medical inflation, as measured by the Chain-Weighted Personal Healthcare (PHC²) index. From 2008 to 2019, wages in Indiana grew at an average annual rate of about 2.5% according to the US BLS QCEW. However, from 2020 to 2024, annual wage growth exceeded the historical average, rising at a rate of more than 5% per year. Looking ahead, forecasts suggest that wage growth in Indiana will moderate to around 3% annually in 2025 and beyond (Moody's Analytics).

While the anticipated 3% annual wage growth remains slightly higher than the 2008 to 2019 timeframe, the latest data and forecasts suggest that the unusually high wage growth seen in 2020-2024 is unlikely to continue. Since payroll serves as the exposure base for determining workers compensation premiums, rising wages lead to higher premiums, which in turn exert downward pressure on medical loss ratios over time. The extent of this effect depends on the rate of wage growth. Therefore, it is important to consider how future wage growth expectations, which differ from historical rates, may influence prospective estimates of medical loss ratio trends.

Another factor influencing historical medical loss ratio changes is the rate of medical inflation. Workers compensation medical costs in Indiana are affected by the general cost of medical services, which typically rise over time. Annual medical inflation rates, as measured by the countrywide PHC index, have fluctuated—dropping from just under 3% in 2008, 2009, and 2010 to below 1% in 2015, and then gradually increasing to approximately 2.5% in 2023. The PHC index is

² The PHC Chain-Weighted Price Index, produced by the Centers for Medicare & Medicaid Services, is a proxy for medical care price inflation that responds to changes in the blend of different medical services over time.



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Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2026

Appendix A – Factors Underlying the Proposed Rate Level Change

projected to see annual increases of around 3% through the prospective rate effective period (Centers for Medicare & Medicaid Services).

Given that historical patterns of wage growth and medical inflation differ from future expectations, NCCI also analyzed medical loss ratio changes adjusted to reflect prospective estimates for wage growth and medical inflation, in addition to the unadjusted medical loss ratio analysis and aforementioned alternative trend analysis that halved the Policy Year 2014 loss ratio change. Specifically, for 2019 and beyond, the historically observed annual changes in medical loss ratios were restated to align with projected estimates of annual wage growth (3%) and medical inflation (3%), rather than relying on the actual historical values as measured by the QCEW and PHC.

Displayed below are the unadjusted policy year medical loss ratios, the associated year-over-year changes, and the adjusted policy year medical loss ratios which reflect these adjustments.

Scenario A: Unadjusted medical loss ratios

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Loss ratio	1.405	1.460	1.399	1.361	1.400	1.144	1.118	1.097	1.046	1.072	0.954	0.838	0.811	0.749	0.701
% Change		+3.9%	-4.2%	-2.7%	+2.9%	-18.3%	-2.3%	-1.9%	-4.6%	+2.5%	-11.0%	-12.2%	-3.2%	-7.6%	-6.4%

Scenario B: Adjusted medical loss ratio changes for 2019 and subsequent to reflect the prospective expectations of wage growth and medical inflation:

	<u>% Change</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
PY PHC Index		+1.7%	+2.0%	+2.2%	+2.5%	+2.8%
PY QCEW AWW ⁺		+3.7%	+5.9%	+6.5%	+4.8%	+3.8%
Adjusted Med L/R Change [*]		-9.3%	-8.8%	+0.8%	-5.6%	-5.5%
Adjusted Loss Ratio [^]		0.972	0.886	0.893	0.843	0.797

⁺ Calendar-Accident Years 2020 and 2021 QCEW AWW values have been adjusted for industry cross sector mix changes as a result of COVID-19-related shifts in employment.

^{*} = (1+ Unadjusted Med L/R % Change) x [(1 + QCEW AWW % Change) / (1 + 3%)] x [(1 + 3%) / (1 + PHC Index % Change)] -1, where 3% and 3% are the prospective wage and medical inflation expectations, respectively.

[^] 2009 - 2018 loss ratios are unadjusted. For 2019 and subsequent, Adjusted Loss Ratio = (Adjusted Med L/R % Change) x (prior year's Adjusted Loss Ratio).

When adjusting Policy Years 2022 to the prospective level, it's important to account for the improvement seen thus far through Policy Year 2023. In contrast, the inflation-adjusted exponential fit analysis is particularly relevant when considering how loss ratios are expected to change prospectively in Policy Years 2024 through 2026. Therefore, both inflation-adjusted and unadjusted exponential fits were relied upon when determining the applicable trend to apply to the entire



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experience period (i.e., Policy Year 2022 and 2023) for this specific inflation-adjusted trend analysis.

The selected annual medical loss ratio trend reflects the considerations outlined above and is based on a combination of the unadjusted loss ratio trends, the alternative trend analysis that halves the observed loss ratio change for Policy Year 2014, and the inflation-adjusted trend analysis. Overall, long-term patterns indicate improving loss ratios, with the unadjusted fits ranging from -7.9% to -5.2%, the alternative fits ranging from -7.9% to -4.3%, and the inflation-adjusted fits ranging from -5.3% to -4.1%. **An annual loss ratio trend factor of -5.0% was selected for the medical loss ratio.** This selection is positioned in between the unadjusted and various alternative trend analyses fits, balancing stability and responsiveness to the most recent data.

Frequency and Severity Trends

Lost-time claim frequency has shown a long-term decline, and the latest full policy year, Policy Year 2023, declined by 9.0% relative to the prior policy year. The indemnity and medical severities exhibit moderate long-term declines on both an adjusted and unadjusted basis. Overall, the trends in claim frequency and severity suggest improving workers compensation experience in Indiana.

On the following pages, NCCI displays exponential trend fits on an unadjusted basis and with the aforementioned adjustments to temper the effect of Policy Year 2014. See Appendix A-III for additional trend information.



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APPENDIX A-III

Policy Year Trend Factors

Section A - Calculation of Annual Loss Ratio Trend Factors

(1) Selected Annual Loss Ratio Trends: Indemnity Medical
-4.5% **-5.0%**

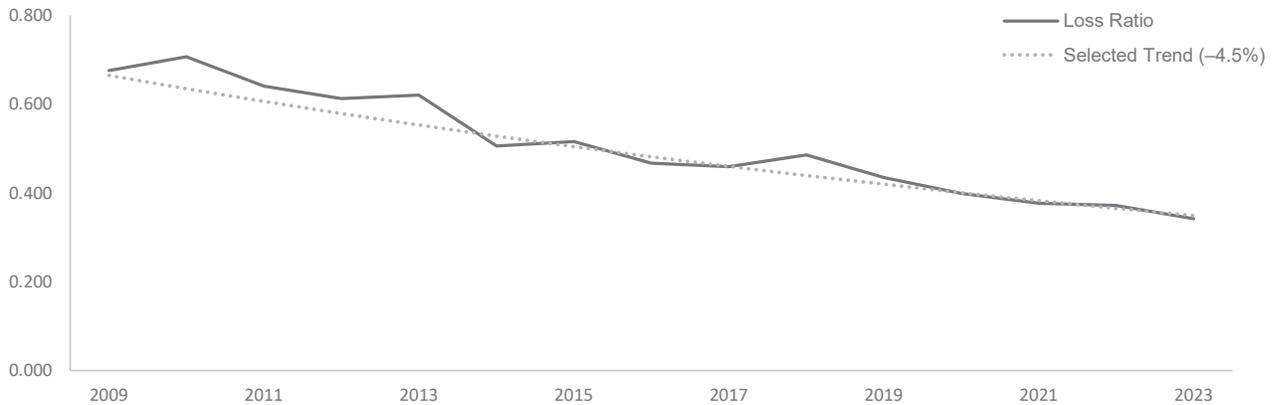
(2) Length of Trend Period from Midpoint of Policy Year to Midpoint of Effective Period:

Trend Length: PY 2023 PY 2022
3.001 4.001

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

Indemnity: PY 2023 PY 2022
0.871 0.832
 Medical: 0.857 0.814

Section B - Indemnity Loss Ratio Trend Data



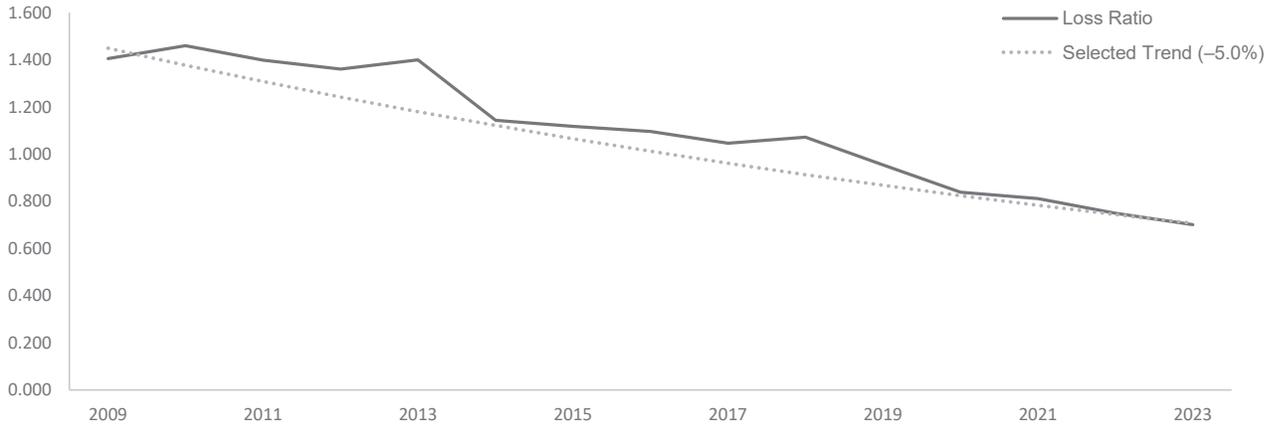
Policy Year	Indemnity Loss Ratio [^]	Annual Percent Change	# of Years in Fit	Exponential Fits	Adjusted Fits*
2009	0.676	-			
2010	0.707	4.6%			
2011	0.641	-9.3%			
2012	0.613	-4.4%			
2013	0.621	1.3%	15	-5.0%	-4.0%
2014	0.506	-18.5%	14	-5.1%	-4.2%
2015	0.516	2.0%	13	-5.0%	-4.1%
2016	0.467	-9.5%	12	-5.0%	-4.2%
2017	0.459	-1.7%	11	-4.9%	-4.4%
2018	0.486	5.9%	10	-4.4%	-4.4%
2019	0.435	-10.5%	9	-4.7%	-4.7%
2020	0.399	-8.3%	8	-4.7%	-4.7%
2021	0.377	-5.5%	7	-5.4%	-5.4%
2022	0.372	-1.3%	6	-6.3%	-6.3%
2023	0.342	-8.1%	5	-5.4%	-5.4%

[^]Based on an average of paid and paid+case losses
^{*}Adjusted fits halve the PY 2013 to 2014 loss ratio change



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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*	Inflation-Adjusted Fits [†]
2009	1.405	-				
2010	1.460	3.9%				
2011	1.399	-4.2%				
2012	1.361	-2.7%				
2013	1.400	2.9%	15	-5.2%	-4.3%	-4.4%
2014	1.144	-18.3%	14	-5.5%	-4.6%	-4.6%
2015	1.118	-2.3%	13	-5.7%	-4.8%	-4.6%
2016	1.097	-1.9%	12	-5.8%	-5.1%	-4.7%
2017	1.046	-4.6%	11	-5.9%	-5.5%	-4.6%
2018	1.072	2.5%	10	-5.6%	-5.6%	-4.1%
2019	0.954	-11.0%	9	-6.1%	-6.1%	-4.3%
2020	0.838	-12.2%	8	-6.6%	-6.6%	-4.6%
2021	0.811	-3.2%	7	-7.2%	-7.2%	-4.8%
2022	0.749	-7.6%	6	-7.9%	-7.9%	-5.3%
2023	0.701	-6.4%	5	-7.0%	-7.0%	-4.4%

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

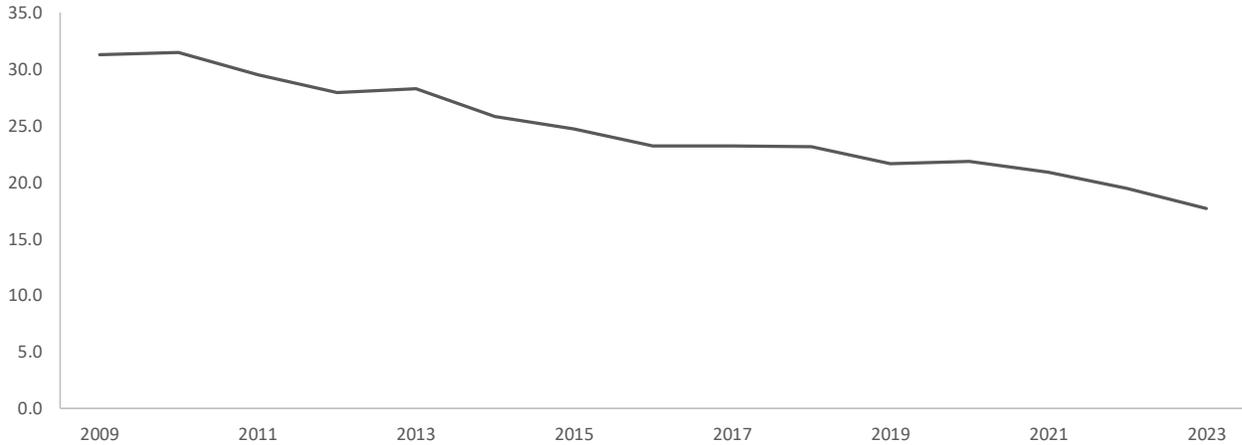
*Adjusted fits halve the PY 2013 to 2014 loss ratio change

[†] Exponential fits adjusted for medical loss ratio changes for PY 2019 and subsequent to reflect the prospective expectations of wage growth and medical inflation



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Policy Year Trend Factors

Section D - Frequency Trend Data



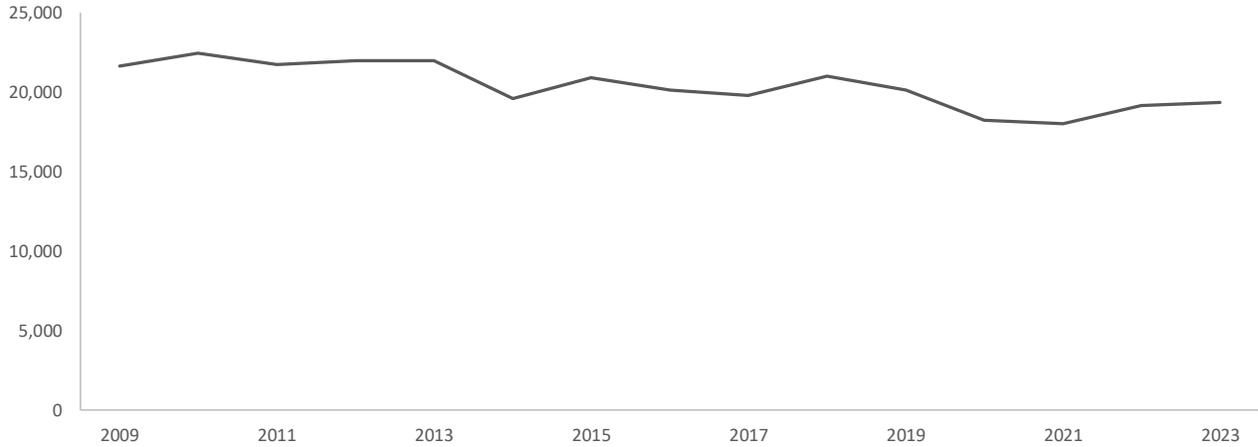
Policy Year	Claim Frequency [^]	Annual Percent Change	# of Years in Fit	Exponential Fits
2009	31.255	-		
2010	31.472	0.7%		
2011	29.476	-6.3%		
2012	27.917	-5.3%		
2013	28.284	1.3%	15	-3.7%
2014	25.823	-8.7%	14	-3.8%
2015	24.729	-4.2%	13	-3.7%
2016	23.195	-6.2%	12	-3.7%
2017	23.210	0.1%	11	-3.7%
2018	23.121	-0.4%	10	-3.5%
2019	21.613	-6.5%	9	-3.5%
2020	21.872	1.2%	8	-3.6%
2021	20.912	-4.4%	7	-4.2%
2022	19.422	-7.1%	6	-4.8%
2023	17.674	-9.0%	5	-5.1%

[^]Per million of on-leveled, wage-adjusted premium



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Policy Year Trend Factors

Section E - Indemnity Severity Trend Data



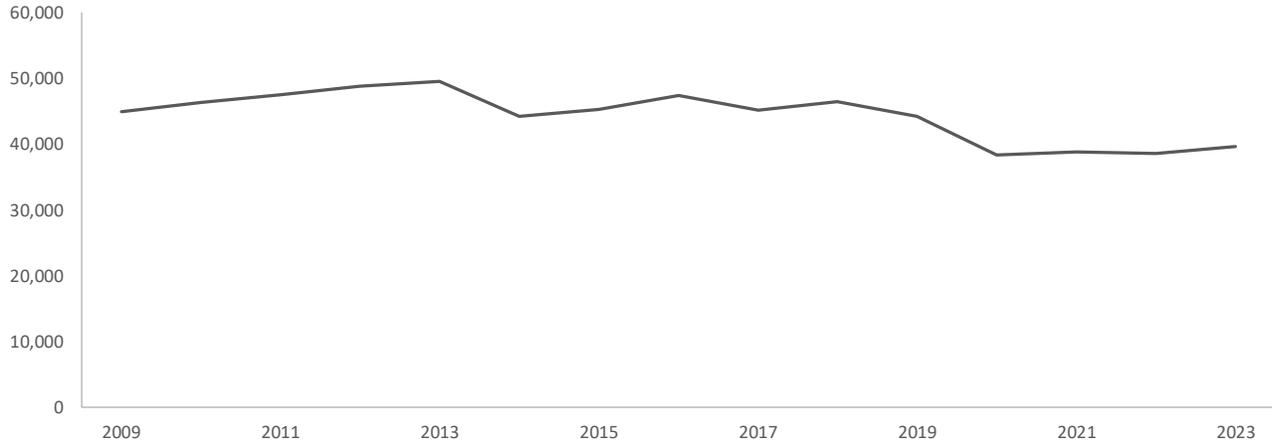
Policy Year	Indemnity Severity [^]	Annual Percent Change	# of Years in Fit	Exponential Fits
2009	21,642	-		
2010	22,452	3.7%		
2011	21,741	-3.2%		
2012	21,972	1.1%		
2013	21,961	-0.1%	15	-1.3%
2014	19,591	-10.8%	14	-1.4%
2015	20,889	6.6%	13	-1.3%
2016	20,152	-3.5%	12	-1.3%
2017	19,800	-1.7%	11	-1.2%
2018	21,029	6.2%	10	-0.9%
2019	20,122	-4.3%	9	-1.3%
2020	18,229	-9.4%	8	-1.2%
2021	18,014	-1.2%	7	-1.3%
2022	19,162	6.4%	6	-1.6%
2023	19,355	1.0%	5	-0.3%

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



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Policy Year Trend Factors

Section F - Medical Severity Trend Data



Policy Year	Medical Severity [^]	Annual Percent Change	# of Years in Fit	Exponential Fits
2009	44,957	-		
2010	46,363	3.1%		
2011	47,462	2.4%		
2012	48,831	2.9%		
2013	49,527	1.4%	15	-1.5%
2014	44,267	-10.6%	14	-1.8%
2015	45,216	2.1%	13	-2.0%
2016	47,344	4.7%	12	-2.2%
2017	45,116	-4.7%	11	-2.3%
2018	46,392	2.8%	10	-2.2%
2019	44,158	-4.8%	9	-2.7%
2020	38,345	-13.2%	8	-3.2%
2021	38,779	1.1%	7	-3.1%
2022	38,573	-0.5%	6	-3.3%
2023	39,640	2.8%	5	-2.1%

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



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APPENDIX A-IV

Derivation of Industry Group Differentials

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

I. Expected Losses

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

Industry Group	(1) Latest Year Current Expected Losses Prior to Adjustment for Change in Off-Balance	(2) Five Year Current Expected Losses Prior to Adjustment for Change in Off-Balance	(3) Five Year Proposed Expected Losses Prior to Adjustment for Change in Off-Balance	(4) Current Ratio of Manual to Standard Premium	(5) Proposed Ratio of Manual to Standard Premium
Manufacturing	175,100,907	776,560,122	729,055,795	1.179	1.181
Contracting	112,973,790	472,780,929	444,162,555	1.120	1.113
Office & Clerical	62,873,073	276,018,134	259,089,910	1.120	1.112
Goods & Services	221,846,227	939,834,260	882,359,345	1.065	1.065
Miscellaneous	129,319,918	561,196,677	527,400,015	1.075	1.072
Statewide	702,113,916	3,026,390,123	2,842,067,621		

Industry Group	(6) Latest Year Current Expected Losses Adjusted for Change in Off-Balance (1)x(4)/(5)	(7) Five Year Current Expected Losses Adjusted for Change in Off-Balance (2)x(4)/(5)	(8) Five Year Proposed Expected Losses Adjusted for Change in Off-Balance (3)x(4)/(5)	(9) Current/ Proposed (7)/(8)	(10) Adjustment to Proposed for Current Relativity (9)IG/(9)SW
Manufacturing	174,804,377	775,245,033	727,821,154	1.065	1.000
Contracting	113,684,317	475,754,394	446,956,030	1.064	0.999
Office & Clerical	63,325,397	278,003,876	260,953,867	1.065	1.000
Goods & Services	221,846,227	939,834,260	882,359,345	1.065	1.000
Miscellaneous	129,681,821	562,767,190	528,875,948	1.064	0.999
Statewide	703,342,139	3,031,604,753	2,846,966,344	1.065	1.000



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APPENDIX A-IV

II. Industry Group Differentials

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

Industry Group	(11) Converted Indicated Balanced Losses	(12) Indicated/ Expected Ratio (11)/[(8)x(10)]	(13) Indicated Differential (12)IG/(12)SW	(14) Lost-Time Claim Counts
Manufacturing	732,555,072	1.007	1.007	16,581
Contracting	439,349,083	0.984	0.984	7,108
Office & Clerical	269,521,146	1.033	1.033	5,645
Goods & Services	876,480,505	0.993	0.993	22,123
Miscellaneous	529,447,264	1.002	1.002	10,793
Statewide	2,847,353,070	1.000		

Industry Group	(15) Full Credibility Standard for Lost-Time Claim Counts	(16) Credibility Minimum of 1.000 and ((14)/(15))^0.5	(17) Credibility Weighted Indicated/Expected Ratio [(16)IGx(12)IG] + [1-(16)IG]x(12)SW*	(18) Final Industry Group Differential (17)IG/(17)SW
Manufacturing	12,000	1.00	1.007	1.007
Contracting	12,000	0.77	0.988	0.988
Office & Clerical	12,000	0.69	1.023	1.023
Goods & Services	12,000	1.00	0.993	0.993
Miscellaneous	12,000	0.95	1.002	1.002
Statewide			1.000	1.000

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



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APPENDIX A-IV

III. Description of Industry Group Differentials

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

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

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

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

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

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



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Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2026

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



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APPENDIX B-I

Distribution of Rate Level Change to Occupational Classification

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

Section A – Calculation of Indicated Pure Premiums

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

Section A-1 – Calculation of Primary Conversion Factors

1. Limited Loss Development Factors*

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

Policy Period	Indemnity		Medical	
	Likely-to-Develop	Not-Likely-to-Develop	Likely-to-Develop	Not-Likely-to-Develop
7/18-6/19	1.013	1.003	1.002	0.999
7/19-6/20	1.031	1.009	1.000	0.998
7/20-6/21	1.064	1.032	0.995	0.996
7/21-6/22	1.174	1.078	0.986	0.993
7/22-6/23	1.492	1.190	1.004	0.988

*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
7/18-6/19	0.709	0.682
7/19-6/20	0.742	0.718
7/20-6/21	0.777	0.755
7/21-6/22	0.814	0.795
7/22-6/23	0.852	0.837

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
7/18-6/19	1.043	1.107	1.091	1.040	0.995
7/19-6/20	1.036	1.107	1.091	1.040	0.990
7/20-6/21	1.036	1.107	1.091	1.040	0.983
7/21-6/22	1.036	1.107	1.091	1.040	0.985
7/22-6/23	1.031	1.095	1.080	1.035	1.022



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APPENDIX B-I

4. Primary Conversion Factors: Indicated Pure Premiums

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

Policy Period	Fatal (L)	Fatal (NL)	P.T.*	P.P. (L)	P.P. (NL)	T.T. (L)	T.T. (NL)	Medical (L)	Medical (NL)
7/18-6/19	0.749	0.742	0.795	0.784	0.776	0.747	0.740	0.680	0.678
7/19-6/20	0.793	0.776	0.847	0.835	0.817	0.796	0.779	0.711	0.709
7/20-6/21	0.856	0.831	0.915	0.902	0.875	0.860	0.834	0.738	0.739
7/21-6/22	0.990	0.909	1.058	1.043	0.957	0.994	0.913	0.772	0.778
7/22-6/23	1.311	1.045	1.392	1.373	1.095	1.316	1.049	0.859	0.845

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

Section A-2 – Expected Excess Provision and Redistribution

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

Hazard Group	A	B	C	D	E	F	G
(1) Excess Ratios	0.044	0.057	0.077	0.089	0.126	0.150	0.184
(2) Excess Factors 1/(1-(1))	1.046	1.060	1.083	1.098	1.144	1.176	1.225

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



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APPENDIX B-I

Section A-3 – Calculation of Secondary Conversion Factors

1. Factors to Adjust for Proposed Industry Group Differentials

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

	Manufacturing	Contracting	Office and Clerical	Goods and Services	Miscellaneous
(1) Indicated Differentials*	1.007	0.984	1.033	0.993	1.002
(2) Final Differentials**	1.007	0.988	1.023	0.993	1.002
(3) Adjustment (2)/(1)	1.000	1.004	0.990	1.000	1.000

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

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

2. Factors to Balance Indicated to Expected Losses

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

Policy Period	(1) Adjustment of Indicated Losses to Pure Premium at Proposed Level	(2) Current Ratio of Manual to Standard Premium	(3) Proposed Ratio of Manual to Standard Premium	(4) Off-balance Adjustment (2)/(3)	(5) Balancing Indicated to Expected Losses (1)x(4)
7/18-6/19	0.902	1.111	1.118	0.994	0.897
7/19-6/20	0.956	1.110	1.104	1.005	0.961
7/20-6/21	0.943	1.110	1.102	1.007	0.950
7/21-6/22	0.987	1.110	1.113	0.997	0.984
7/22-6/23	0.978	1.109	1.103	1.005	0.983

3. Adjustment for Experience Change

A factor of 0.947 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
7/18-6/19	1.187	1.187	1.187	1.187	1.187
7/19-6/20	1.187	1.187	1.187	1.187	1.187
7/20-6/21	1.187	1.187	1.187	1.187	1.187
7/21-6/22	1.187	1.187	1.187	1.187	1.187
7/22-6/23	1.187	1.187	1.187	1.187	1.187



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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
7/18-6/19	1.008	1.012	0.998	1.008	1.008
7/19-6/20	1.080	1.085	1.069	1.080	1.080
7/20-6/21	1.068	1.072	1.057	1.068	1.068
7/21-6/22	1.106	1.111	1.095	1.106	1.106
7/22-6/23	1.105	1.109	1.094	1.105	1.105



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APPENDIX B-I

Section B – Calculation of Present on Rate Level Pure Premiums

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

1. Adjustment for Experience Change

A factor of 0.947 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, 0.982 and 0.964, 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
10/01/2024	1.000	1.004
01/01/2025	1.000	1.018
07/01/2025 (Relativity adjustment to reflect full effects)	1.002	0.999
07/01/2026 (Prorated to January 1, 2026)	1.014	1.000
Combined Benefit Adjustment	1.016	1.021

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	1.183	1.183	1.186	1.186
(2) Loss-based Assessment	1.002	1.000	1.002	1.000
(3) = (1) + (2) – 1.000	1.185	1.183	1.188	1.186
(4) Overall Change (3b)/(3a)			1.003	1.003

5. Adjustment to Obtain Expected Losses

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

Industry Group	(1) Current Ratio of Manual to Standard Premium	(2) Proposed Ratio of Manual to Standard Premium	(3) Off-balance Adjustment (1)/(2)
Manufacturing	1.179	1.181	0.998
Contracting	1.120	1.113	1.006
Office & Clerical	1.120	1.112	1.007
Goods & Services	1.065	1.065	1.000
Miscellaneous	1.075	1.072	1.003



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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) Final Differential*	(2) Adjustment to Proposed for Current Relativities**	(3) Adjusted Differential (1)x(2)
Manufacturing	1.007	1.000	1.007
Contracting	0.988	0.999	0.987
Office & Clerical	1.023	1.000	1.023
Goods & Services	0.993	1.000	0.993
Miscellaneous	1.002	0.999	1.001

*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	0.953	0.940
Contracting	0.941	0.928
Office & Clerical	0.977	0.963
Goods & Services	0.941	0.928
Miscellaneous	0.952	0.939



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APPENDIX B-I

Section C – Calculation of National Pure Premiums

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

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

Section D – Calculation of Derived by Formula Pure Premiums

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

As for the preceding pure premiums, separate computations are performed for each partial pure premium: indemnity and medical. Each partial formula pure premium is derived by the weighting of the indicated, present on rate level and national partial pure premiums. The weight assigned to the policy year indicated pure premium varies in one-percent intervals from zero percent to one hundred percent, depending upon the volume of expected losses (i.e. the product of the underlying pure premiums and the payroll in hundreds). To achieve full state credibility, a classification must have expected losses of at least: \$25,224,320 for indemnity and \$24,652,752 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 three decimal places.



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APPENDIX B-II

Adjustments to Obtain Rates

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

1. Test Correction Factor

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

The factors referred to above are set out as follows:

	Test Correction Factor
Manufacturing	1.0191
Contracting	1.0041
Office & Clerical	1.0093
Goods & Services	0.9995
Miscellaneous	1.0159

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	1.181
Contracting	1.113
Office & Clerical	1.112
Goods & Services	1.065
Miscellaneous	1.072

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 0.735 (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.



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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 20% above to 30% below
Contracting	from 18% above to 32% below
Office & Clerical	from 21% above to 29% below
Goods & Services	from 19% above to 31% below
Miscellaneous	from 19% above to 31% 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.

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.

* A code listed below with an asterisk indicates the code's swing limit was adjusted by 0.001 before being applied; this is only performed when the upper and lower bounds calculated by the swing limit are equal.

List of Classifications Limited by the Upper Swing

List of Classifications Limited by the Lower Swing

4777 6206 7711

4062 8871



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APPENDIX B-III

Derivation of Proposed Rate - Code 8810

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

LIMITED LOSSES (Workers Compensation Statistical Plan)

Policy Period	Fatal Likely	Fatal Not-Likely	Permanent Total	Permanent Partial Likely	Permanent Partial Not-Likely	Temporary Total Likely	Temporary Total Not-Likely	Medical Likely	Medical Not-Likely
07/01/18 - 06/30/19	60,000	775,251	0	1,440,785	2,314,029	371,337	1,021,342	3,253,301	12,350,795
07/01/19 - 06/30/20	0	250,000	0	517,478	1,203,050	604,667	1,137,939	1,565,224	8,063,744
07/01/20 - 06/30/21	0	0	0	599,157	1,158,972	466,257	795,865	2,199,962	7,706,226
07/01/21 - 06/30/22	0	10,000	0	496,133	1,134,474	258,341	1,293,410	1,815,078	8,961,055
07/01/22 - 06/30/23	0	0	0	273,091	1,212,426	841,088	1,277,886	2,859,100	8,579,381

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
07/01/18 - 06/30/19	0.749	0.742	0.795	0.784	0.776	0.747	0.740	0.680	0.678
07/01/19 - 06/30/20	0.793	0.776	0.847	0.835	0.817	0.796	0.779	0.711	0.709
07/01/20 - 06/30/21	0.856	0.831	0.915	0.902	0.875	0.860	0.834	0.738	0.739
07/01/21 - 06/30/22	0.990	0.909	1.058	1.043	0.957	0.994	0.913	0.772	0.778
07/01/22 - 06/30/23	1.311	1.045	1.392	1.373	1.095	1.316	1.049	0.859	0.845

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	1.083

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

Redistribution %	40%
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APPENDIX B-III

Derivation of Proposed Rate - Code 8810

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

Policy Period	Fatal Likely	Fatal Not-Likely	Permanent Total	Permanent Partial Likely	Permanent Partial Not-Likely	Temporary Total Likely	Temporary Total Not-Likely	Medical Likely	Medical Not-Likely
07/01/18 - 06/30/19	47,189	604,029	0	1,186,115	1,885,569	291,274	793,624	2,445,247	9,176,752
07/01/19 - 06/30/20	0	203,710	0	453,722	1,032,090	505,407	930,825	1,236,194	6,262,995
07/01/20 - 06/30/21	0	0	0	567,491	1,064,861	421,052	696,975	1,790,430	6,225,979
07/01/21 - 06/30/22	0	9,545	0	543,368	1,140,035	269,644	1,239,991	1,543,973	7,629,244
07/01/22 - 06/30/23	0	0	0	393,722	1,394,058	1,162,275	1,407,600	2,710,301	7,943,397

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

Policy Period	INDUSTRY GROUP: Office and Clerical
07/01/18 - 06/30/19	0.998
07/01/19 - 06/30/20	1.069
07/01/20 - 06/30/21	1.057
07/01/21 - 06/30/22	1.095
07/01/22 - 06/30/23	1.094

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
07/01/18 - 06/30/19	26,347,916,938	1,521,529	3,276,656	2,440,357	9,158,398	4,798,185	11,598,755	16,396,940
07/01/19 - 06/30/20	26,685,613,305	1,025,309	2,316,122	1,321,491	6,695,142	3,341,431	8,016,633	11,358,064
07/01/20 - 06/30/21	28,353,006,879	1,044,890	1,862,261	1,892,485	6,580,860	2,907,151	8,473,345	11,380,496
07/01/21 - 06/30/22	30,581,762,965	890,248	2,616,580	1,690,650	8,354,022	3,506,828	10,044,672	13,551,500
07/01/22 - 06/30/23	32,119,415,954	1,702,261	3,065,014	2,965,069	8,690,076	4,767,275	11,655,145	16,422,420
Total	144,087,716,041	6,184,237	13,136,633	10,310,052	39,478,498	19,320,870	49,788,550	69,109,420
INDICATED PURE PREMIUM						0.0134	0.0346	0.048

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	0.013	0.037	0.05
Conversion Factors (App. B-I, Section B)	0.977	0.963	xxx
PURE PREMIUMS PRESENT ON RATE LEVEL (Underlying Pure Premiums) x (Conversion Factor)	0.0127	0.0356	0.048



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APPENDIX B-III

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

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

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
1. Indicated Pure Premium	0.0134	0.0346	0.048
2. Pure Premium Indicated by National Relativity	0.0134	0.0309	0.044
3. Pure Premium Present on Rate Level	0.0127	0.0356	0.048
4. State Credibilities	84%	100%	xxx
5. National Credibilities	8%	0%	xxx
6. Residual Credibilities = 100% - (4) - (5)	8%	0%	xxx
7. Derived by Formula Pure Premiums = (1) x (4) + (2) x (5) + (3) x (6)	0.0133	0.0346	0.048
8. Test Correction Factor	1.0093	1.0093	xxx
9. Underlying Pure Premiums = (7) x (8) *	0.0131	0.0349	0.048
10. Ratio of Manual to Standard Premium			1.112
11. Target Cost Ratio			0.735
12. Rate = (9) x (10) / (11)			0.073
13. Rate Within Swing Limits			0.073
Current Rate x Swing Limits			
a) Lower bound = 0.08 x 0.710 = 0.057			
b) Upper bound = 0.08 x 1.210 = 0.096			
14. Pure Premiums Underlying Proposed Rate* = ((14TOT) / (9TOT)) x (9) ; (14TOT) = (13) x (11) / (10)	0.0131	0.0349	0.048
15. Miscellaneous Loadings			0.000
16. Final Loaded Rate			0.073

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



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APPENDIX B-IV

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 \$5,608,745 of payroll, the overall rate level change in Indiana is -12.2%.

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.



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APPENDIX B-IV

II. The F-class code countrywide relativities:

Class Code	Countrywide Relativity**
6006	1.427
6801*	1.000
6824	1.081
6825	0.365
6826	0.554
6828*	1.000
6829*	1.000
6843	1.215
6845	1.188
6872	1.335
6873*	1.000
6874	1.342
7309	1.335
7313	0.588
7317	0.900
7327*	1.000
7350	1.146
8709	0.365
8726	0.215
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
7327



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APPENDIX B-IV

Derivation of State Base Rate

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
1. Overall Countrywide Pure Premium			2.303
2. State Act Pure Premium Relativity Factor			0.707
3. Countrywide State Act Weight			25%
4. Primary Base Pure Premium = [(1) x (2) x (3)] + [(1) x (1 - (3))]			2.134
5. Countrywide Weights	52%	48%	100%
6. Trend Factors	0.958	0.954	xx
7. Weighted Benefits	1.004	1.006	xx
8. Weighted Loss-Based Expenses	1.240	1.186	xx
9. Secondary Base Pure Premium* = (4tot) x (5) x (6) x (7) x (8)	1.3231	1.1659	2.489
10. Additional Offsets			1.000
11. Expense Allowance			0.735
12. Final Base Rate = (9) x (10) / (11)			3.386

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



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APPENDIX B-IV

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	3.386
2. Countrywide Class Code 6872 Relativity (Section II)	1.335
3. Rate = (1) x (2)	4.520
4. Rate Within Swing Limits	4.520
Current Rate x Swing Limits	
a) Lower bound = $5.09 \times 0.75 = 3.818$	
b) Upper bound = $5.09 \times 1.25 = 6.362$	
5. Miscellaneous Loadings	0.000
6. Final Loaded Rate	4.520



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APPENDIX B-IV

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

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

1.) Assessment Rate on Indemnity Losses *	7.1%
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 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.



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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 0.735 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, 2026

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 Update to the Medical Fee Schedule
- Indiana House Enrolled Act (HEA) 1153 – Phase 4

For indemnity benefits, note that only the July 1, 2026 changes contained in HEA 1153 are reflected in this filing document. In addition, as the effective date of this advisory rate filing is January 1, 2026, but the effective date of the indemnity benefit level changes is July 1, 2026, the impact of this fourth 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, 2024 AND JANUARY 1, 2025

NCCI estimates that the changes to the medical fee schedule in Indiana, effective October 1, 2024, will result in an impact of +0.3% on overall workers compensation system costs.

NCCI estimates that the changes to the medical fee schedule in Indiana, effective January 1, 2025, will result in an impact of +1.2% on overall workers compensation system costs.

SUMMARY OF QUANTIFIED CHANGES

The following fee schedule is effective October 1, 2024, revising the prior fee schedule which had been in effect since October 1, 2023.

Hospital Inpatient

- Indiana's hospital inpatient fee schedule is being updated to reflect 200% of Medicare's 2025 Inpatient Prospective Payment System (IPPS). The prior hospital inpatient fee schedule was based on 200% of Medicare's 2024 IPPS.

The following fee schedules are effective January 1, 2025, revising the prior fee schedules which had been in effect since January 1, 2024.

Hospital Outpatient

- Indiana's hospital outpatient fee schedule is being updated to reflect 200% of Medicare's 2025 Outpatient Prospective Payment System (OPPS). The prior hospital outpatient fee schedule was based on 200% of Medicare's 2024 OPPS.

Ambulatory Surgical Centers (ASC)

- Indiana's ASC fee schedule is being updated to reflect 200% of Medicare's 2025 ASC Payment System. The prior ASC fee schedule was based on 200% of Medicare's 2024 ASC Payment System.



INDIANA

APPENDIX C-I

ANALYSIS OF INDIANA MEDICAL FEE SCHEDULE CHANGES EFFECTIVE OCTOBER 1, 2024 AND JANUARY 1, 2025

ACTUARIAL ANALYSIS

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

1. Calculate the percentage change in maximum reimbursements
 - Compare the prior and revised maximum reimbursements by procedure code to determine the percentage change by procedure code. For hospital inpatient services, the prior and revised maximum reimbursements are compared by episode.
 - Calculate the weighted-average percentage change in maximum reimbursements for the fee schedule using observed payments by procedure code as weights. For hospital inpatient services, the observed payments by episode are used as weights. For hospital outpatient services, observed payments are aggregated according to packaging rules, where applicable.
2. Determine the share of costs that are subject to the fee schedule
 - The share is based on a combination of fields, such as procedure code, provider type, and place of service, as reported on the NCCI Medical Data Call, to categorize payments that are subject to the fee schedule.
 - Any potential impact from the share of costs not subject to the fee schedule will be realized in future claim experience.
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.

Note that the values presented in the document are rounded and may not be displayed to full precision.

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 2023. Reported medical experience for COVID-19 claims with accident dates between December 1, 2019 and June 30, 2023 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 unlimited developed, on-leveled, and trended Financial Call data underlying the NCCI experience filing for Indiana effective January 1, 2025.



INDIANA

APPENDIX C-I

**ANALYSIS OF INDIANA MEDICAL FEE SCHEDULE CHANGES
EFFECTIVE OCTOBER 1, 2024 AND JANUARY 1, 2025**

SUMMARY OF IMPACTS

The impact from the fee schedule change in Indiana, effective October 1, 2024, 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	+4.1%	10.0%	+0.4%	68%	+0.3%

The impacts from the fee schedule changes in Indiana, effective January 1, 2025, are summarized below.

Type of Service	(A) Impact on Type of Service	(B) Share of Medical Costs	(C) = (A) x (B) Impact on Medical Costs
Hospital Outpatient	+8.2%	18.8%	+1.5%
ASC	+3.9%	6.6%	+0.3%
Combined Impact on Medical Costs (D) = Total of (C)			+1.8%
Medical Costs as a Share of Overall Costs (E)			68%
Combined Impact on Overall Costs (F) = (D) x (E)			+1.2%

Refer to the appendix for the share of costs subject to the fee schedule by type of service, and the weighted-average change in maximum allowable reimbursement (MAR) by type of service.

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) Change in MARs for Costs Subject to the FS	(B) Share of Costs Subject to the FS	(C) = (A) x (B) Change in MARs by Type of Service	(D) = (C) x 80% Impact after Price Realization
Hospital Inpatient	+7.0%	72.8%	+5.1%	+4.1%
Hospital Outpatient	+11.0%	92.4%	+10.2%	+8.2%
ASC	+5.2%	94.2%	+4.9%	+3.9%



INDIANA

APPENDIX C-II

ANALYSIS OF INDIANA HOUSE ENROLLED ACT 1153 PHASE 4
EFFECTIVE JULY 1, 2026

Phase 4 of Indiana House Enrolled Act (HEA) 1153 increases Permanent Partial Impairment (PPI) awards and maximum indemnity benefits effective July 1, 2026. NCCI estimates that the increase in indemnity benefits on July 1, 2026 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, second and third phases took effect July 1, 2023, July 1, 2024 and July 1, 2025, respectively. The remaining indemnity benefit increase will take effect on July 1, 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 as follows:

Component	Current ¹	7/1/2026
Maximum Compensable Weekly Wage	\$1,278	\$1,316
Maximum Aggregate Indemnity Benefit	\$426,000	\$439,000

- The PPI award per degree of impairment will increase depending on impairment rating, as follows:

Degrees of Impairment	PPI Award per Degree of Impairment	
	Current ¹	7/1/2026
1 to 10	\$1,913	\$1,970
11 to 35	\$2,133	\$2,197
36 to 50	\$3,481	\$3,585
51 to 100	\$4,436	\$4,569

¹ In this document, "current" indicates benefit levels effective on July 1, 2025.



INDIANA

APPENDIX C-II

ANALYSIS OF INDIANA HOUSE ENROLLED ACT 1153 PHASE 4 EFFECTIVE JULY 1, 2026

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 distribution² 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, 2026 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; they 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 ratings³ increased by 3% effective July 1, 2026. This increase was multiplied by the PPI award share of permanent partial disability (PPD) and permanent total disability (PTD) indemnity costs⁴ to determine the direct impact on these injury types.

Studies⁵ 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 the benefit level increases related to HEA 1153 phases one through four, 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 costs⁶ and then summed across all injury types. The changes effective July 1, 2026, are expected to increase total indemnity benefit costs by +1.7%. Since indemnity benefits are projected to comprise approximately 32.0%⁷ of total WC benefit costs in Indiana, the impact of the changes on overall WC system costs in Indiana is +0.5%.

² Based on NCCI Indemnity Data Call data for Accident Years 2022-2024.

³ As well as the benefit maximums described in the prior paragraph.

⁴ 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.

⁵ 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.

⁶ 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, 2022, at the current benefit level and developed to an ultimate basis by injury type.

⁷ Indemnity/Medical loss distribution based on trended and on-leveled financial data from the latest approved NCCI experience filing for Indiana, effective January 1, 2025.



INDIANA

APPENDIX C-II

ANALYSIS OF INDIANA HOUSE ENROLLED ACT 1153 PHASE 4
EFFECTIVE JULY 1, 2026

The estimated impacts of the changes to overall WC system costs in Indiana effective July 1, 2026, are summarized in the table below:

Injury Type	Share of Indemnity Costs	(A) Impact by Injury Type
Fatal	3.6%	+1.0%
PTD	1.5%	+2.6%
PPD	49.2%	+2.3%
TTD ⁸	45.7%	+1.1%
(B) Combined Impact on Total Indemnity Costs = (A) weighted by its respective share of indemnity costs		+1.7%
(C) Indemnity Share of Overall Costs		32.0%
(D) Combined Impact on Overall Costs = (B) x (C)		+0.5%

⁸ TTD = Temporary Total Disability



INDIANA

APPENDIX C-II

Pro-Rated Impact of HEA 1153 Phase 4 on Indemnity Losses

Effective Month (A)	Premium Distribution (B)	Months Before 7/1/2026 (C)	Months After 7/1/2026 (D)	% Impacted (E) = (D)/12	Impact by Month (F) = (E) x (G)
1/1/2026	15.7%	6	6	50.0%	0.9%
2/1/2026	5.5%	5	7	58.3%	1.0%
3/1/2026	8.7%	4	8	66.7%	1.1%
4/1/2026	8.5%	3	9	75.0%	1.3%
5/1/2026	7.5%	2	10	83.3%	1.4%
6/1/2026	8.4%	1	11	91.7%	1.6%
7/1/2026	9.7%	0	12	100.0%	1.7%
8/1/2026	5.8%	0	12	100.0%	1.7%
9/1/2026	7.0%	0	12	100.0%	1.7%
10/1/2026	9.1%	0	12	100.0%	1.7%
11/1/2026	6.2%	0	12	100.0%	1.7%
12/1/2026	7.9%	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, 2026

Part 4 Additional Information

- Definitions
- Key Contacts



Indiana

Advisory Rates, Loss Costs, and Assigned Risk Rates Filing – January 1, 2026

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, 2026

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, 2026

Key Contacts

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