July 22nd, 2026

CIRCULAR 2026-05

To: ICRB Members

On 7/22/2026 the Indiana Department of Insurance approved the following filing for use in Indiana.

Item R-1425—2026 Update to the Retrospective Rating Plan Parameters – ELPPFS, ELAEPPFS, and Average Cost per Case Values

Purpose
This item revises the following values in NCCI's ***Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Retrospective Rating Plan Manual):***

- Excess Loss Pure Premium Factors (ELPPFS) and Excess Loss and Allocated Expense Pure Premium Factors (ELAEPPFS)
- State average cost per case values by hazard group underlying the proposed ELPPFS and ELAEPPFs

For more details, please refer to the filing below.

Sincerely,

Scott Lerew

Scott Lerew
Vice President

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FILING MEMORANDUM

ITEM R-1425—2026 UPDATE TO THE RETROSPECTIVE RATING PLAN PARAMETERS--ELPPFS, ELAEPPFS, AND AVERAGE COST PER CASE VALUES

PURPOSE

This item revises the following values in NCCI's ***Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Retrospective Rating Plan Manual)***:

- Excess Loss Pure Premium Factors (ELPPFs) and Excess Loss and Allocated Expense Pure Premium Factors (ELAEPPFs)
- State average cost per case values by hazard group underlying the proposed ELPPFs and ELAEPPFs

BACKGROUND

A retrospective rating plan adjusts the premium for an employer's policy on the basis of losses incurred during the term of that policy. At the simplest level, an employer's retrospective rating premium (RRP) is determined by the formula, RRP = (BP + LCF * L) * TM, where:

RRP	=	Retrospective Rating Premium, subject to minimum and maximum amounts
BP	=	Basic Premium
LCF	=	Loss Conversion Factor, generally reflecting loss adjustment expense
L	=	Actual Incurred Loss during the effective policy period
TM	=	Tax Multiplier

The RRP is not known until after the policy expires and the actual losses are fully developed. The basic premium contains provisions for the expenses of the carrier. It also includes a net aggregate loss factor, which results from the maximum and minimum limitations on the RRP. The net aggregate loss factor reflects the charge to compensate for the possibility that the RRP will exceed the maximum premium amount. It also reflects the savings resulting from the possibility that the RRP will be less than the minimum premium amount. The net aggregate loss factor accounts for the difference between the provision for the maximum and the savings from the minimum.

To determine policy size, refer to the look-up table in the ***Retrospective Rating Plan Manual*** Appendix A—Table of Expected Claim Count Groups, which is based on a calculation of the expected number of claims for the policy. To provide consistency to the derivation of the expected number of claims, the average cost per case values by hazard group that underlie the proposed ELPPFs and ELAEPPFs are included in this filing.

For an illustration of how the expected number of claims is computed, refer to line 7 of the Basic Premium Factor Calculation Example in Appendix D of NCCI's ***Retrospective Rating Plan Manual***.

ELPPFs and ELAEPPFs

The Retrospective Rating Plan contains an optional provision—an individual loss limitation—that limits the loss amount arising out of any one accident that will be used to calculate retrospective premium adjustments. The charge for limiting losses is determined by applying an Excess Loss Factor (ELF) or an Excess Loss and Allocated Expense Factor (ELAEF). The ELFs and ELAEFs vary by loss limitation, state, and hazard group.

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The variation in ELFs and ELAEFs among hazard groups reflects the varying degrees of severity exposure to occupational hazards inherent to operations associated with each classification.

In states where loss costs are developed, NCCI files ELPPFs and ELAEPPFs instead of ELFs and ELAEFs. Carriers convert these two factors into ELFs and ELAEFs. The differences between ELPPFs and ELAEPPFs are:

- ELPPFs represent the expected amount of losses above a given limit (excess losses) relative to the loss cost portion of the premium. ELPPFs do not consider the inclusion of allocated loss adjustment expense (ALAE) as part of incurred losses. Carriers convert ELPPFs to ELFs.

  ELPPF = Excess Losses / Loss Cost Premium
- ELAEPPFs, which apply when the definition of loss includes Allocated Loss Adjustment Expenses (ALAE), represent the expected amount of losses and ALAE above a given limit (excess losses including ALAE) relative to the loss cost portion of the premium. These optional values are provided for loss cost states where permitted. Refer to the Exhibit Comments and Implementation Summary of this memorandum for a list of states where ELAEPPFs are not provided. Carriers convert ELAEPPFs to ELAEFs.

  ELAEPPF = Excess Losses and Allocated Loss Adjustment Expenses / Loss Cost Premium

ELPPFs and ELAEPPFs are updated regularly for two reasons:

1. ELPPFs and ELAEPPFs are computed from excess ratios, which reflect the expected percentage of losses above a given loss limit. For any fixed limit, inflation will increase the percentage of losses above that limit. Therefore, ELPPFs and ELAEPPFs are regularly updated to accurately reflect the effect of inflation on those losses.
2. Overall excess ratios are computed as a weighted average of claim group excess ratios. Thus, excess ratios, and consequently ELPPFs and ELAEPPFs, are updated regularly for changes in the mix of losses across claim groups.

The proposed state ELPPFs and ELAEPPFs are based on the latest five years of Unit Statistical (Unit) Data and actuarial assumptions that generally underlie the latest approved NCCI experience filings. Reported COVID-19-related claims have been excluded from the data on which this filing is based. No explicit adjustment for the COVID-19 pandemic has been made in this year’s analysis.

PROPOSAL

This item proposes to:

- Update the ELPPFs and ELAEPPFs that are used with an optional loss limitation in NCCI’s ***Retrospective Rating Plan Manual***. Exhibits 1 and 2 contain the proposed ELPPFs and ELAEPPFs.
- Update the average cost per case values for use in determining the expected number of claims for the countrywide ***Table of Aggregate Loss Factors***. These values are included as Exhibits 3A and 3B.

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IMPACT

ELPPFs and ELAEPPFs

The values proposed in this item are based on the latest filed information available as of April 28, 2026.

The proposed ELPPFs and ELAEPPFs are necessary to maintain the aggregate expected balance between the retrospectively rated premium and the guaranteed cost premium. If the ELPPFs and ELAEPPFs are not updated, there will be a natural erosion of rate adequacy over time caused by inflation acting to increase the percentage of losses over any fixed loss limit.

This proposal to adjust the ELPPFs and ELAEPPFs may increase or decrease premium for an employer that chooses to purchase an individual loss limitation, depending on which limit is purchased.

The proposed ELPPFs and ELAEPPFs also reflect an updated mix of loss weights and average costs per case by hazard group and claim group. Because retrospectively rated policies represent a small percentage of a state’s premium, changes are expected to have a negligible impact on overall statewide premium levels.

Average Cost per Case Values

The updated average cost per case values included as Exhibits 3A and 3B are necessary to maintain the correspondence between the average cost per case values underlying the ELPPFs and ELAEPPFs and those used for the countrywide ***Table of Aggregate Loss Factors***. If the values are not updated, there will be a natural erosion in the performance of the countrywide ***Table of Aggregate Loss Factors***. Changes are expected to have a negligible impact on overall statewide premium levels.

IMPLEMENTATION

This item is applicable to new and renewal voluntary policies only and will become effective with each state’s anticipated loss cost/rate filing effective on and after January 1, 2027. For example, this item will be effective January 1, 2027, for loss cost/rate filings that have an anticipated January 1, 2027, effective date. Similarly, this item will be effective July 1, 2027, for loss cost/rate filings that have an anticipated July 1, 2027, effective date.

If there is no loss cost/rate filing for a state in a given year, this item will take effect on that state’s regular loss cost/rate effective date. The regular loss cost/rate effective date is one year later than the date of the state’s previous year’s effective date.

Effective Dates by State

The following chart shows the effective dates for each state:

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State	Effective Date
Alabama	March 1, 2027
Alaska	January 1, 2027
Arkansas	July 1, 2027
Colorado	January 1, 2027
Connecticut	January 1, 2027
District of Columbia	January 1, 2027
Georgia	March 1, 2027
Hawaii	The effective date will be determined upon regulatory approval of the individual carrier's election to adopt this change.
Illinois	January 1, 2027
Indiana	January 1, 2027
Kansas	January 1, 2027
Kentucky	January 1, 2027
Louisiana	May 1, 2027
Maine	April 1, 2027
Maryland	January 1, 2027
Mississippi	March 1, 2027
Missouri	January 1, 2027
Montana	July 1, 2027
Nebraska	February 1, 2027
Nevada	March 1, 2027
New Hampshire	January 1, 2027
New Mexico	January 1, 2027
North Carolina	April 1, 2027
Oklahoma	January 1, 2027
Oregon	January 1, 2027
Rhode Island	August 1, 2027

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State	Effective Date
South Carolina	April 1, 2027
South Dakota	July 1, 2027
Tennessee	March 1, 2027
Texas	July 1, 2027
Utah	February 1, 2027
Vermont	April 1, 2027
West Virginia	January 1, 2027

EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

Exhibit	Exhibit Comments
1	Displays the revised state ELPPFs in NCCI's ***Retrospective Rating Plan Manual***.
2	• Displays the revised state ELAEPPFs in NCCI's ***Retrospective Rating Plan Manual*** • Applies in all states in this item except GA, IL, KY, LA, MD, OR, and SD
3A	Displays the revised state average cost per case values by hazard group in NCCI's ***Retrospective Rating Plan Manual***.
3B	• Displays the revised state average cost per case values including ALAE by hazard group in NCCI's ***Retrospective Rating Plan Manual*** • Applies in all states in this item except GA, IL, KY, LA, MD, OR, and SD

ITEM R-1425—2026 UPDATE TO THE RETROSPECTIVE RATING PLAN PARAMETERS—ELPPFs, ELAEPPFs, AND AVERAGE COST PER CASE VALUES

EXHIBIT 1
RETROSPECTIVE RATING PLAN MANUAL
INDIANA STATE SPECIAL RATING VALUES
EXCESS LOSS PURE PREMIUM FACTORS

Per Accident Limitation	Hazard Groups						
	A	B	C	D	E	F	G
$10,000	0.536	0.570	0.604	0.633	0.668	0.692	0.732
$15,000	0.480	0.516	0.553	0.584	0.624	0.652	0.698
$20,000	0.436	0.473	0.513	0.545	0.588	0.618	0.669
$25,000	0.400	0.437	0.478	0.511	0.557	0.588	0.642
$30,000	0.370	0.407	0.448	0.481	0.529	0.562	0.619
$35,000	0.344	0.380	0.422	0.455	0.505	0.539	0.597
$40,000	0.321	0.357	0.399	0.431	0.482	0.517	0.577
$50,000	0.284	0.319	0.360	0.392	0.443	0.480	0.541
$75,000	0.221	0.252	0.291	0.319	0.371	0.408	0.470
$100,000	0.181	0.209	0.245	0.271	0.321	0.356	0.416
$125,000	0.153	0.179	0.212	0.236	0.284	0.318	0.375
$150,000	0.132	0.156	0.187	0.209	0.255	0.288	0.342
$175,000	0.116	0.138	0.168	0.188	0.232	0.264	0.315
$200,000	0.103	0.123	0.152	0.170	0.213	0.244	0.292
$225,000	0.092	0.112	0.138	0.156	0.198	0.226	0.273
$250,000	0.084	0.102	0.127	0.144	0.184	0.212	0.256
$275,000	0.076	0.093	0.118	0.133	0.172	0.199	0.242
$300,000	0.070	0.086	0.109	0.124	0.162	0.188	0.228
$325,000	0.065	0.080	0.102	0.116	0.153	0.178	0.217
$350,000	0.060	0.075	0.096	0.109	0.145	0.169	0.206
$375,000	0.056	0.070	0.091	0.103	0.138	0.161	0.197
$400,000	0.053	0.066	0.086	0.097	0.131	0.154	0.188
$425,000	0.050	0.062	0.081	0.092	0.125	0.147	0.181
$450,000	0.047	0.059	0.077	0.088	0.120	0.141	0.173
$475,000	0.044	0.056	0.074	0.084	0.115	0.136	0.167
$500,000	0.042	0.053	0.070	0.080	0.111	0.131	0.161
$600,000	0.035	0.045	0.060	0.068	0.096	0.114	0.140
$700,000	0.030	0.039	0.052	0.060	0.085	0.102	0.125
$800,000	0.026	0.034	0.047	0.053	0.077	0.092	0.113
$900,000	0.023	0.030	0.042	0.048	0.071	0.084	0.103
$1,000,000	0.021	0.028	0.039	0.044	0.065	0.078	0.095
$2,000,000	0.011	0.015	0.022	0.025	0.039	0.047	0.055
$3,000,000	0.007	0.010	0.016	0.018	0.029	0.035	0.040
$4,000,000	0.005	0.008	0.012	0.014	0.023	0.028	0.032
$5,000,000	0.004	0.006	0.010	0.011	0.019	0.023	0.027
$6,000,000	0.003	0.005	0.008	0.009	0.016	0.020	0.023
$7,000,000	0.003	0.004	0.007	0.008	0.013	0.017	0.020
$8,000,000	0.002	0.004	0.006	0.007	0.012	0.015	0.017
$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	0.011	0.013

ITEM R-1425—2026 UPDATE TO THE RETROSPECTIVE RATING PLAN PARAMETERS—ELPPFs, ELAEPPFs, AND AVERAGE COST PER CASE VALUES

EXHIBIT 2
RETROSPECTIVE RATING PLAN MANUAL
INDIANA STATE SPECIAL RATING VALUES
EXCESS LOSS AND ALLOCATED EXPENSE PURE PREMIUM FACTORS

Per Accident Limitation	Hazard Groups A	B	C	D	E	F	G
$10,000	0.598	0.633	0.670	0.700	0.737	0.763	0.804
$15,000	0.538	0.576	0.616	0.649	0.692	0.721	0.769
$20,000	0.491	0.530	0.573	0.607	0.653	0.685	0.739
$25,000	0.452	0.492	0.536	0.571	0.620	0.654	0.711
$30,000	0.419	0.459	0.504	0.539	0.591	0.626	0.686
$35,000	0.390	0.430	0.476	0.511	0.564	0.601	0.663
$40,000	0.366	0.405	0.450	0.486	0.540	0.578	0.642
$50,000	0.325	0.363	0.408	0.442	0.498	0.537	0.604
$75,000	0.255	0.290	0.332	0.363	0.419	0.459	0.527
$100,000	0.211	0.242	0.281	0.310	0.364	0.403	0.469
$125,000	0.179	0.207	0.244	0.270	0.323	0.360	0.423
$150,000	0.155	0.182	0.216	0.240	0.291	0.327	0.387
$175,000	0.137	0.161	0.194	0.217	0.265	0.300	0.357
$200,000	0.122	0.145	0.176	0.197	0.244	0.277	0.332
$225,000	0.110	0.132	0.161	0.181	0.226	0.258	0.310
$250,000	0.100	0.120	0.149	0.167	0.211	0.242	0.292
$275,000	0.092	0.111	0.138	0.155	0.198	0.228	0.275
$300,000	0.085	0.103	0.128	0.145	0.186	0.215	0.261
$325,000	0.079	0.096	0.120	0.136	0.176	0.204	0.248
$350,000	0.073	0.089	0.113	0.128	0.167	0.194	0.236
$375,000	0.068	0.084	0.107	0.121	0.159	0.185	0.225
$400,000	0.064	0.079	0.101	0.114	0.151	0.177	0.216
$425,000	0.061	0.075	0.096	0.109	0.145	0.169	0.207
$450,000	0.057	0.071	0.091	0.103	0.139	0.163	0.199
$475,000	0.054	0.067	0.087	0.099	0.133	0.156	0.192
$500,000	0.051	0.064	0.083	0.094	0.128	0.151	0.185
$600,000	0.043	0.054	0.071	0.081	0.112	0.132	0.162
$700,000	0.037	0.047	0.062	0.070	0.099	0.117	0.144
$800,000	0.032	0.041	0.055	0.063	0.089	0.106	0.130
$900,000	0.028	0.037	0.050	0.056	0.082	0.097	0.119
$1,000,000	0.026	0.033	0.046	0.051	0.075	0.090	0.110
$2,000,000	0.013	0.017	0.025	0.028	0.044	0.053	0.063
$3,000,000	0.009	0.012	0.018	0.020	0.033	0.039	0.046
$4,000,000	0.007	0.009	0.014	0.016	0.026	0.031	0.036
$5,000,000	0.005	0.007	0.011	0.013	0.021	0.026	0.030
$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	0.022
$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	0.017
$10,000,000	0.002	0.003	0.005	0.006	0.010	0.013	0.015

ITEM R-1425—2026 UPDATE TO THE RETROSPECTIVE RATING PLAN PARAMETERS—ELPPFs, ELAEPPFs, AND AVERAGE COST PER CASE VALUES

EXHIBIT 3A
RETROSPECTIVE RATING PLAN MANUAL
STATE SPECIAL RATING VALUES
AVERAGE COST PER CASE

	Hazard Groups						
State	**A**	**B**	**C**	**D**	**E**	**F**	**G**
AK	9,508	12,745	14,709	18,466	24,119	30,990	42,181
AL	10,814	13,031	16,381	20,488	27,132	38,154	47,431
AR	6,305	8,542	9,723	12,948	18,700	30,937	41,022
CO	5,893	8,140	11,217	13,099	17,597	23,683	31,898
CT	12,351	16,190	21,390	25,194	36,358	45,123	58,750
DC	15,306	20,165	23,314	32,407	42,845	36,477	47,633
GA	9,833	11,854	16,684	19,496	25,798	38,941	51,458
HI	20,980	27,231	30,151	34,067	43,598	50,174	60,250
IL	13,907	17,976	24,190	29,618	40,060	53,409	75,187
IN	5,884	7,291	9,394	11,512	15,370	23,364	33,785
KS	6,171	8,179	10,997	15,386	20,675	31,142	41,120
KY	7,021	8,408	12,108	15,471	23,963	32,868	51,504
LA	16,869	20,937	28,402	38,957	44,871	66,048	72,470
MD	8,338	10,671	14,761	18,769	26,142	34,034	42,027
ME	5,815	7,228	8,890	10,401	13,446	18,267	21,716
MO	10,256	13,229	18,648	23,653	32,001	47,298	62,339
MS	10,163	12,439	16,470	18,167	25,241	39,367	50,813
MT	9,683	12,837	16,605	19,676	23,318	37,712	47,174
NC	9,149	11,172	16,387	20,370	29,705	46,393	66,946
NE	8,913	11,340	15,641	18,719	25,671	39,073	48,800
NH	8,319	11,221	13,272	16,236	22,046	26,454	36,978
NM	8,153	10,686	12,994	17,176	21,803	35,628	48,526
NV	7,146	10,097	12,038	15,870	20,547	28,023	36,140
OK	6,990	10,606	12,488	15,377	20,210	32,615	49,494
OR	6,631	8,704	11,469	12,789	15,503	20,000	26,586
RI	11,796	14,461	17,873	22,375	28,447	34,710	45,016
SC	13,427	17,015	23,792	30,777	40,246	59,473	82,483
SD	7,094	8,751	11,572	14,737	20,633	32,896	42,728
TN	5,889	8,304	11,054	13,138	18,656	28,507	36,921
TX	4,240	6,354	8,651	9,194	15,181	21,500	27,811
UT	4,568	5,508	7,760	8,795	12,959	19,500	22,389
VT	11,205	13,719	18,486	20,890	30,021	38,943	52,471
WV	5,369	7,502	8,842	11,558	15,006	22,489	30,610

ITEM R-1425—2026 UPDATE TO THE RETROSPECTIVE RATING PLAN PARAMETERS—ELPPFs, ELAEPPFs, AND AVERAGE COST PER CASE VALUES

EXHIBIT 3B
RETROSPECTIVE RATING PLAN MANUAL
STATE SPECIAL RATING VALUES
AVERAGE COST PER CASE INCLUDING ALAE

	Hazard Groups						
State	**A**	**B**	**C**	**D**	**E**	**F**	**G**
AK	10,816	14,480	16,690	20,929	27,263	34,991	47,584
AL	12,103	14,568	18,283	22,843	30,179	42,390	52,707
AR	6,921	9,365	10,649	14,163	20,393	33,688	44,644
CO	6,419	8,859	12,191	14,228	19,075	25,649	34,534
CT	14,004	18,339	24,205	28,498	41,035	50,886	66,243
DC	17,027	22,404	25,877	35,949	47,415	40,350	52,675
HI	23,594	30,610	33,887	38,271	48,937	56,290	67,588
IN	6,456	7,993	10,292	12,605	16,805	25,531	36,887
KS	6,848	9,062	12,173	17,016	22,820	34,333	45,319
ME	6,199	7,703	9,470	11,074	14,302	19,420	23,082
MO	11,417	14,708	20,706	26,241	35,424	52,296	68,897
MS	11,425	13,978	18,487	20,383	28,270	44,050	56,854
MT	10,143	13,445	17,380	20,582	24,367	39,379	49,251
NC	10,149	12,378	18,131	22,523	32,757	51,103	73,719
NE	9,707	12,342	17,002	20,333	27,822	42,298	52,806
NH	9,207	12,405	14,665	17,926	24,303	29,141	40,717
NM	8,915	11,677	14,187	18,740	23,746	38,764	52,779
NV	7,890	11,133	13,257	17,462	22,552	30,723	39,608
OK	7,771	11,774	13,848	17,031	22,317	35,961	54,536
RI	13,580	16,641	20,554	25,716	32,644	39,804	51,610
SC	15,061	19,068	26,625	34,422	44,897	66,282	91,916
TN	6,529	9,197	12,229	14,526	20,582	31,416	40,676
TX	4,772	7,136	9,701	10,289	16,916	23,895	30,862
UT	5,141	6,187	8,696	9,847	14,456	21,711	24,923
VT	12,104	14,813	19,947	22,537	32,344	41,936	56,496
WV	6,141	8,571	10,090	13,169	17,053	25,507	34,683