

SERFF Tracking Number: INCR-126955897 State: Indiana
Filing Company: Indiana Compensation Rating Bureau State Tracking Number:
Company Tracking Number: B-1420 AMENDMENT
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
Product Name: B-1420 Amendment
Project Name/Number: Executive Officer Minimum Payroll Transition Program/

Filing at a Glance

Company: Indiana Compensation Rating Bureau

Product Name: B-1420 Amendment SERFF Tr Num: INCR-126955897 State: Indiana
TOI: 16.0 Workers Compensation SERFF Status: Closed-Filed State Tr Num:
Sub-TOI: 16.0004 Standard WC Co Tr Num: B-1420 AMENDMENT State Status:
Filing Type: Rate Co Status: Reviewer(s):
Author: Ron Cooper Disposition Date: 12/20/2010
Date Submitted: 12/20/2010 Disposition Status: Filed
Effective Date Requested (New): 01/01/2011 Effective Date (New):
Effective Date Requested (Renewal): 01/01/2011 Effective Date (Renewal):

General Information

Project Name: Executive Officer Minimum Payroll Transition Program Status of Filing in Domicile: Pending
Project Number: Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 12/20/2010 Company Status Changed:
State Status Changed: Deemer Date:
Created By: Ron Cooper Submitted By: Ron Cooper
Corresponding Filing Tracking Number:
Filing Description:

This filing proposes to revise the minimum payroll value for executive officers, amending the value originally filed in the January 1, 2011 advisory rate filing. The value was calculated in accordance with Item Filing B-1420. The filing proposes a three year transition program beginning January 1, 2011 to ease the impact on small employers who are incorporated.

Company and Contact

Filing Contact Information

Ron Cooper, President rcooper@icrb.net
5920 Castleway W Dr 317-842-2800 [Phone] 301 [Ext]
Indianapolis, IN 46250

Filing Company Information

Indiana Compensation Rating Bureau CoCode: State of Domicile: Indiana

SERFF Tracking Number:	INCR-126955897	State:	Indiana
Filing Company:	Indiana Compensation Rating Bureau	State Tracking Number:	
Company Tracking Number:	B-1420 AMENDMENT		
TOI:	16.0 Workers Compensation	Sub-TOI:	16.0004 Standard WC
Product Name:	B-1420 Amendment		
Project Name/Number:	Executive Officer Minimum Payroll Transition Program/ 5920 Castleway W Dr	Group Code:	Company Type: Rating Organization
	Indianapolis, IN 46250	Group Name: ICRB	State ID Number:
	(317) 842-2800 ext. 301[Phone]	FEIN Number: 35-0837318	

Filing Fees

Fee Required?	No
Retaliatory?	No
Fee Explanation:	
Per Company:	Yes

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Bob Reeder	12/20/2010	12/20/2010

<i>SERFF Tracking Number:</i>	<i>INCR-126955897</i>	<i>State:</i>	<i>Indiana</i>
<i>Filing Company:</i>	<i>Indiana Compensation Rating Bureau</i>	<i>State Tracking Number:</i>	
<i>Company Tracking Number:</i>	<i>B-1420 AMENDMENT</i>		
<i>TOI:</i>	<i>16.0 Workers Compensation</i>	<i>Sub-TOI:</i>	<i>16.0004 Standard WC</i>
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<i>Project Name/Number:</i>	<i>Executive Officer Minimum Payroll Transition Program/</i>		

Disposition

Disposition Date: 12/20/2010

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Rate data does NOT apply to filing.

<i>SERFF Tracking Number:</i>	<i>INCR-126955897</i>	<i>State:</i>	<i>Indiana</i>
<i>Filing Company:</i>	<i>Indiana Compensation Rating Bureau</i>	<i>State Tracking Number:</i>	
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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	80 Filing Description/Cover Letter/NAIC Transmittal		Yes
Supporting Document	82 Actuarial Support		Yes

SERFF Tracking Number: INCR-126955897 State: Indiana
Filing Company: Indiana Compensation Rating Bureau State Tracking Number:
Company Tracking Number: B-1420 AMENDMENT
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Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: 80 Filing Description/Cover Letter/NAIC Transmittal		
Comments: Please see attached cover letter and exhibits for filing contents.		
Attachment: Exec Officer Min Pay Transition 12-20-10.pdf		

	Item Status:	Status Date:
Satisfied - Item: 82 Actuarial Support		
Comments:		
Attachment: B-1420 Revisions to BM Rule 2-E-1-B FILED 08-20-10.pdf		



December 20, 2010

Steve Robertson
Commissioner of Insurance
Indiana Department of Insurance
311 W. Washington St., Suite 300
Indianapolis, IN 46204-2787

RE: Executive Officer Minimum Payroll Transition Program

Dear Commissioner Robertson:

One of the values in the ICRB annual rate filing, effective on January 1, 2011, provides for a minimum payroll amount applicable to executive officers based on the previously approved Item B-1420. The filing changed the minimum from the 2010 value of \$365 to the 2011 value for the Indiana statutory State Average Weekly Wage (SAWW) of \$1,000 (as adjusted to the nearest \$50). The amount is advisory for voluntary business and mandatory for assigned risk business.

Based on [Item B-1420](#), effective January 1, 2011, the minimum and maximum payroll for executive officer's is based on the statutory SAWW. Excerpt from Item B-1420:

The minimum payroll limitation formula was based on half (a factor of 0.5) the average weekly wage in most states. Because executive officers' salaries and bonuses continue to increase, the weekly minimum individual payroll set by B-1171 no longer reflects adequate payroll exposure for executive officers. According to recent surveys performed, only a small portion of executive officers' payroll is written at the weekly minimum individual payroll.

NCCI has determined that the weekly minimum individual payroll for executive officers should be equal to the state average weekly wage (SAWW) that is used for determination of benefits. Increasing the weekly minimum individual payroll limitation will align the premium paid more closely to the benefits provided.

Feedback from several employers and agents indicate that this change could create a financial hardship for small employers who are incorporated. In response to this feedback, the ICRB proposes to amend this value in the Indiana 2011 rate filing.

We propose a three year transition program to ease the impact of the change to the executive officer minimum payroll amount as follows:

Year	SAWW	Percent	Value
2011	\$ 975	60%	\$ 585
2012	\$ 975	80%	\$ 780
2013	\$ 975	100%	\$ 975

Note: SAWW based on current statutory amount per IC § 22-3-3-22 and may change in future years.

Accordingly, the first year amount would change from the currently filed \$1,000 amount to \$585. The amounts for years two and three of the transition will be reviewed prior to annual rate filings and adjusted according to the indicated change in the SAWW subject to the transition program factor.

The overall statewide premium impact of this change is negligible. As most of January 2011 policy renewals have been processed by carriers, the small number of affected policies already issued may be changed by endorsement and subject to adjustment at audit, and/or based upon each carrier's business decision.

In order to implement this item, the attached exhibits detail the changes required in NCCI's *Basic Manual*, Indiana January 1, 2011 Miscellaneous Values pages.

We make this filing on behalf of the members and subscribers of the Indiana Compensation Rating Bureau. I respectfully request that this filing be processed as soon as possible for implementation prior to the effective date of January 1, 2011.

Sincerely,



Ronald W. Cooper, CWCP
President

Effective January 1, 2011

MISCELLANEOUS VALUES - ADVISORY RATES

Basis of premium applicable in accordance with **Basic Manual** footnote instructions for Code 7370 --

"Taxicab Co.":

Employee operated vehicle.....	\$55,881.00
Leased or rented vehicle.....	\$37,254.00

Catastrophe (other than Certified Acts of Terrorism) - (Advisory Rate) 0.01**Expense Constant** applicable in accordance with **Basic Manual** Rule 3-A-11..... \$250.00**Maximum Payroll** applicable in accordance with the **Basic Manual** footnote instructions for Code

9178 -- "Athletic Sports or Park: Non-Contact Sports," Code 9179 -- "Athletic Sports or Park:

Contact Sports," and Code 9186 -- "Carnival--Traveling" \$2,900.00

Maximum Payroll applicable in accordance with **Basic Manual** Rule 2-E-1 -- "Executive Officers"..... \$3,900.00**Minimum Payroll** applicable in accordance with **Basic Manual** Rule 2-E-1 -- "Executive Officers"..... \$585.00**Per Passenger Seat Surcharge** - In accordance with **Basic Manual** footnote instructions for Code 7421, the surcharge is

Maximum surcharge per aircraft.....	\$1,000.00
Per passenger seat.....	\$100.00

Premium Determination for Partners, Sole Proprietors, and Members or Managers of Limited**Liability Companies** in accordance with **Basic Manual** Rule 2-E, as amended in Indiana Special

Rules..... \$50,700.00

Premium Discount Percentages-(See **Basic Manual** Rule 3-A-19.) 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	a	9.1%	5.1%
Next	1,550,000	b	11.3%	6.5%
Over	1,750,000	c	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:

Deductible Amount	With Coinsurance Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
\$0	6.5%	5.8%	5.4%	4.9%	4.4%	3.7%	3.1%
\$500	10.9%	9.2%	8.4%	7.4%	6.6%	5.2%	4.3%
\$1,000	13.5%	11.4%	10.3%	9.1%	8.1%	6.3%	5.2%
\$1,500	15.1%	12.8%	11.6%	10.3%	9.1%	7.0%	5.8%
\$2,000	16.3%	13.9%	12.6%	11.1%	9.8%	7.6%	6.3%
\$2,500	17.3%	14.8%	13.4%	11.9%	10.5%	8.1%	6.7%
\$3,000	18.2%	15.6%	14.1%	12.5%	11.1%	8.6%	7.1%
\$3,500	19.0%	16.3%	14.8%	13.1%	11.6%	9.1%	7.5%
\$4,000	19.8%	16.9%	15.4%	13.7%	12.1%	9.5%	7.8%
\$4,500	20.5%	17.5%	15.9%	14.2%	12.6%	9.9%	8.2%
\$5,000	21.1%	18.1%	16.5%	14.7%	13.0%	10.2%	8.5%

Effective January 1, 2011

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

MISCELLANEOUS VALUES

Basis of premium applicable in accordance with **Basic Manual** footnote instructions for Code 7370 --

"Taxicab Co.":

Employee operated vehicle.....	\$55,881.00
Leased or rented vehicle.....	\$37,254.00

Catastrophe (other than Certified Acts of Terrorism) - (Assigned Risk)..... 0.01**Expense Constant** applicable in accordance with **Basic Manual** Rule 3-A-11..... \$250.00**Loss Sensitive Rating Plan (LSRP)** - The factors which are used in the calculation of the LSRP are as follows:

Basic Premium Factor	0.30	Loss Development Factors	
Minimum Premium Factor	0.75	1st Adjustment	0.07
Maximum Premium Factor	1.75	2nd Adjustment	0.04
Loss Conversion Factor	1.172	3rd Adjustment	0.03
Tax Multiplier	1.016	4th Adjustment	0

Maximum Payroll applicable in accordance with the **Basic Manual** footnote instructions for Code

9178 -- "Athletic Sports or Park: Non-Contact Sports," Code 9179 -- "Athletic Sports or Park:

Contact Sports," and Code 9186 -- "Carnival--Traveling" \$2,900.00

Maximum Payroll applicable in accordance with **Basic Manual** Rule 2-E-1 -- "Executive Officers" \$3,900.00**Minimum Payroll** applicable in accordance with **Basic Manual** Rule 2-E-1 -- "Executive Officers" \$585.00**Per Passenger Seat Surcharge** - In accordance with **Basic Manual** footnote instructions for Code 7421, the surcharge is:

Maximum surcharge per aircraft.....	\$1,000.00
Per passenger seat.....	\$100.00

Premium Determination for Partners, Sole Proprietors, and Members or Managers of Limited Liability**Companies** in accordance with **Basic Manual** Rule 2-E, as amended in Indiana Special

Rules..... \$50,700.00

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

Deductible Amount	With Coinsurance Premium Reduction Percentages HAZARD GROUP						
	A	B	C	D	E	F	G
\$0	6.5%	5.8%	5.4%	4.9%	4.4%	3.7%	3.1%
\$500	10.9%	9.2%	8.4%	7.4%	6.6%	5.2%	4.3%
\$1,000	13.5%	11.4%	10.3%	9.1%	8.1%	6.3%	5.2%
\$1,500	15.1%	12.8%	11.6%	10.3%	9.1%	7.0%	5.8%
\$2,000	16.3%	13.9%	12.6%	11.1%	9.8%	7.6%	6.3%
\$2,500	17.3%	14.8%	13.4%	11.9%	10.5%	8.1%	6.7%
\$3,000	18.2%	15.6%	14.1%	12.5%	11.1%	8.6%	7.1%
\$3,500	19.0%	16.3%	14.8%	13.1%	11.6%	9.1%	7.5%
\$4,000	19.8%	16.9%	15.4%	13.7%	12.1%	9.5%	7.8%
\$4,500	20.5%	17.5%	15.9%	14.2%	12.6%	9.9%	8.2%
\$5,000	21.1%	18.1%	16.5%	14.7%	13.0%	10.2%	8.5%

Effective January 1, 2011

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.

Deductible Amount	With Coinsurance Loss Elimination Ratios HAZARD GROUP						
	A	B	C	D	E	F	G
\$0	11.7%	10.3%	9.6%	8.8%	7.9%	6.6%	5.5%
\$500	19.5%	16.5%	14.9%	13.3%	11.8%	9.3%	7.7%
\$1,000	24.1%	20.4%	18.4%	16.3%	14.4%	11.2%	9.2%
\$1,500	26.9%	22.9%	20.7%	18.3%	16.2%	12.5%	10.3%
\$2,000	29.0%	24.8%	22.4%	19.8%	17.6%	13.6%	11.2%
\$2,500	30.9%	26.4%	23.9%	21.1%	18.7%	14.5%	12.0%
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\$3,500	33.9%	29.0%	26.3%	23.4%	20.7%	16.2%	13.4%
\$4,000	35.3%	30.2%	27.4%	24.4%	21.6%	16.9%	14.0%
\$4,500	36.5%	31.3%	28.4%	25.3%	22.5%	17.6%	14.6%
\$5,000	37.7%	32.3%	29.4%	26.2%	23.3%	18.3%	15.1%

Deductible Amount	Without Coinsurance Loss Elimination Ratios HAZARD GROUP						
	A	B	C	D	E	F	G
\$500	9.8%	7.7%	6.7%	5.7%	4.9%	3.4%	2.7%
\$1,000	15.5%	12.6%	11.1%	9.4%	8.1%	5.8%	4.7%
\$1,500	19.0%	15.8%	13.9%	11.9%	10.4%	7.5%	6.1%
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\$2,500	24.0%	20.1%	17.9%	15.5%	13.5%	10.0%	8.1%
\$3,000	26.0%	21.8%	19.5%	17.0%	14.8%	11.0%	9.0%
\$3,500	27.9%	23.4%	21.0%	18.3%	16.0%	12.0%	9.8%
\$4,000	29.5%	24.9%	22.3%	19.5%	17.2%	12.9%	10.6%
\$4,500	31.1%	26.2%	23.6%	20.7%	18.2%	13.8%	11.3%
\$5,000	32.5%	27.5%	24.8%	21.8%	19.2%	14.6%	12.0%

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

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7421, the surcharge is:

Maximum surcharge per aircraft.....	\$1,000.00
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Premium Determination for Partners, Sole Proprietors, and Members or Managers of Limited

Liability Companies in accordance with **Basic Manual** Rule 2-E, as amended in Indiana Special Rules..... \$50,700.00