



March 1, 2006

Circular 2006-05

To: All Members

**Indiana Pool Take-Out Credit Program**  
**Calendar Year 2005**

**Background**

The Take-Out Credit (TOC) Program is a filed program in Indiana. It became effective January 1, 1992. The program encourages carriers to remove (or take out) employers from the residual market. It allows a carrier to obtain credits against its Pool participation base by writing assigned risks voluntarily in the regular market.

For every dollar in premium removed, the carrier gets a dollar credit against its Indiana Pool participation base. The employer must stay out of the residual for at least one policy year. The carrier can earn the credit for up to three years. The credits are applied against a carrier's calendar year voluntary premium. Calendar year voluntary premium is used as the basis for the apportionment of the results (positive or negative) of the residual market.

**Calendar Year 2005 Procedures**

To receive credits for Indiana, carriers must enroll with NCCI by **March 15, 2006**. For carriers that are currently enrolled in the NCCI system and/or received a take-out credit for Calendar Year 2004, you are already enrolled and are not required to enroll in the 2005 Take-Out Credit Program. For more information, please refer to NCCI Circular PLAN-2006-01, dated January 27, 2006 which does a good job of explaining the process and provides sample forms.

As a service to the ICRB, NCCI is processing take-out credit requests for Indiana using its automated system. During the week of April 3, 2006, NCCI will provide enrolled coverage providers with a report listing eligible policies and corresponding take-out credits. Once the requests for take-out credit are received back by the NCCI TOC Administrator (deadline of April 28, 2006), they will be sent to the ICRB to verify and adjust your company's Calendar Year 2005 voluntary market share. This will determine your company's 2005 Indiana Pool participation base.

For more information, visit our website at [www.icrb.net](http://www.icrb.net), click on the "CompClues" colorful logo in the middle of the page. You will see an alphabetical list of documents. Scroll down to the document titled "Take-Out Credit." This document includes NCCI Circular PLAN-2006-01.

Sincerely,

Ronald W. Cooper, CWCP  
President