

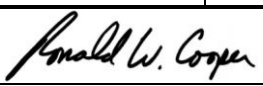
## Property &amp; Casualty Transmittal Document

<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b>	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

<b>3.</b>	<b>Group Name Indiana Compensation Rating Bureau</b>	<b>Group NAIC #</b>			
	Indiana Compensation Rating Bureau	N/A			
<b>4.</b>	<b>Company Name(s)</b>	<b>Domicile</b>	<b>NAIC #</b>	<b>FEIN #</b>	<b>State #</b>
	Indiana Compensation Rating Bureau	IN	N/A	35-0837318	13

<b>5.</b>	<b>Company Tracking Number</b>	<b>RM-01-IN-2008</b>
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## Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

<b>6.</b>	<b>Name and address</b>	<b>Title</b>	<b>Telephone #s</b>	<b>FAX #</b>	<b>e-mail</b>
	Ronald W. Cooper	President	800.622.4208 X 301	317 – 842- 2867	rcooper@icrb.net
<b>7.</b>	Signature of authorized filer				
<b>8.</b>	Please print name of authorized filer		Ronald W. Cooper		

## Filing information (see General Instructions for descriptions of these fields)

<b>9.</b>	<b>Type of Insurance (TOI)</b>	Workers' Compensation
<b>10.</b>	<b>Sub-Type of Insurance (Sub-TOI)</b>	
<b>11.</b>	<b>State Specific Product code(s)(if applicable)[See State Specific Requirements]</b>	
<b>12.</b>	<b>Company Program Title (Marketing title)</b>	
<b>13.</b>	<b>Filing Type</b>	<input type="checkbox"/> Rate/Loss Cost <input checked="" type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
<b>14.</b>	<b>Effective Date(s) Requested</b>	New: <b>October 1, 2008</b> Renewal: <b>October 1, 2008</b>
<b>15.</b>	<b>Reference Filing?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>16.</b>	<b>Reference Organization (if applicable)</b>	
<b>17.</b>	<b>Reference Organization # &amp; Title</b>	
<b>18.</b>	<b>Company's Date of Filing</b>	<b>August 13, 2008</b>
<b>19.</b>	<b>Status of filing in domicile</b>	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

**Property & Casualty Transmittal Document—**

20.	This filing transmittal is part of Company Tracking #	
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<b>21. Filing Description</b>	[This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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The purpose of this filing is to revise the Indiana state exception to Rule 4-C, located in NCCI's Basic Manual for Workers Compensation and Employers Liability Insurance, regarding Loss Sensitive Rating Plan (LSRP) contingency deposit premium. The intent of the Indiana state exception is to have the assigned carrier return any unused portion of the LSRP contingency deposit premium not needed after the first valuation.

<b>22.</b>	<b>Filing Fees</b> (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<div style="height: 60px; border: 1px solid black;"></div> <p><b>Check #:</b> <b>Amount:</b></p> <div style="height: 150px; border: 1px solid black;"></div> <p><b>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</b></p>	

\*\*\*Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)



**FILED**

AUG 21 2008  
STATE OF INDIANA  
DEPT. OF INSURANCE

August 13, 2008

**RECEIVED**

AUG 19 2008  
STATE OF INDIANA  
DEPT. OF INSURANCE

Honorable Jim Atterholt  
Commissioner of Insurance  
Indiana Department of Insurance  
311 West Washington Street, Suite 300  
Indianapolis, IN 46204-2287

**Re: Item RM-01-IN-2008**  
**Revision to Basic Manual Rule 4-C – Loss Sensitive Rating Plan**

Dear Commissioner Atterholt:

This filing is made on behalf of the members and subscribers of the Indiana Compensation Rating Bureau who are now writing or will write workers compensation insurance in Indiana. This filing is to become effective 12:01 a.m., October 1, 2008.

The purpose of this filing is to revise the Indiana state exception to Rule 4-C, located in NCCI's Basic Manual for Workers Compensation and Employers Liability Insurance, regarding Loss Sensitive Rating Plan (LSRP) contingency deposit premium. The intent of the Indiana state exception is to have the assigned carrier return any unused portion of the LSRP contingency deposit premium not needed after the first valuation.

If you have any questions or need additional information, please call me at extension 301.

Sincerely,

Ronald W. Cooper, CWCP  
President

Enc: Filing Memorandum



August 13, 2008

Honorable Jim Atterholt  
Commissioner of Insurance  
Indiana Department of Insurance  
311 West Washington Street, Suite 300  
Indianapolis, IN 46204-2287

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If you have any questions or need additional information, please call me at extension 301.

Sincerely,

Ronald W. Cooper, CWCP  
President

Enc: Filing Memorandum

## FILING MEMORANDUM

### ITEM RM-01-IN-2008—REVISION TO BASIC MANUAL RULE 4-C—LOSS SENSITIVE RATING PLAN

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(To be effective 12:01 a.m. on October 1, 2008, applicable to new and renewal assigned risk policies only.)

#### PURPOSE

This item revises Indiana state exception to Rule 4-C, located in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance*, regarding Loss Sensitive Rating Plan (LSRP) contingency deposit premium.

#### BACKGROUND

*Basic Manual* Rule 4-C was approved in Indiana effective July 1, 2006. The Indiana state exception currently requires that the LSRP contingency deposit premium is held until the first valuation. The assigned carrier applies the LSRP contingency deposit premium to the first valuation. The intent of the Indiana state exception is to have the assigned carrier return any unused portion of the LSRP contingency deposit premium not needed after the first valuation. At the direction of the Indiana Compensation Rating Bureau (ICRB) and in order to clarify the intent of the current Indiana state exception, revisions to the LSRP contingency deposit premium and irrevocable letter of credit (ILOC) in NCCI's *Basic Manual* Rule 4-C-4-b are necessary.

#### PROPOSAL

This item proposes the following revisions to the Indiana LSRP:

- The last bullet included in Rule 4-C-12-b(1)(b) is revised to reduce the time requirement of the automatic renewal clause of the ILOC from four years to one year.
- The valuation procedures for the first valuation of the LSRP premium is revised to clarify that, when additional premium is due, the LSRP contingency deposit premium will be applied to the premium due (if the LSRP contingency deposit premium was paid in cash.) If the deposit was secured with an ILOC, the employer can pay the additional premium due in cash or allow the assigned carrier to call in the ILOC to pay the additional premium due. If a refund is due to the employer at the time of first valuation, the assigned carrier must return the LSRP contingency deposit premium, however paid, to the employer.
- The valuation procedures for the final valuation of the LSRP premium are revised to remove the reference to the LSRP contingency deposit premium since the LSRP contingency deposit premium will be applied or returned after the first valuation.

#### IMPACT

The ICRB does not anticipate any impact to statewide premium as a result of this item.

#### IMPLEMENTATION

The attached exhibits detail the changes proposed to the Indiana state pages of NCCI's *Basic Manual*.

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ITEM RM-01-IN-2008—REVISION TO BASIC MANUAL RULE 4-C—LOSS SENSITIVE RATING PLAN

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**EXHIBIT 1**  
**BASIC MANUAL—2001 EDITION**  
**INDIANA STATE RULE EXCEPTIONS**  
**RULE 4—WORKERS COMPENSATION INSURANCE PLAN RULES**  
**C. LOSS SENSITIVE RATING PLAN (LSRP)**  
**4. TREATMENT OF LSRP DURING THE POLICY**  
**b. LSRP CONTINGENCY DEPOSIT PREMIUM PROCEDURES**  
**(1) LSRP CONTINGENCY DEPOSIT PREMIUM SUBMISSION METHODS**

**(b) Irrevocable Letter of Credit (ILOC)**

Change Rule 4-C-4-b(1)(b) as follows:

When the ILOC is provided as collateral for the LSRP contingency deposit premium in lieu of a check deposit, it must meet the following conditions:

- Must be drawn on a Federal Reserve Bank
- Must be acceptable, clean, unconditional, and irrevocable
- The name must be the same as the named insured on the policy
- The assigned carrier must be named as beneficiary. If the assigned carrier is unknown, then the beneficiary may also be named as "The ICRB and its successors or assigns" or "ICRB servicing carrier."
- Must contain a provision where the assigned carrier is notified by the issuing bank of any alteration, modification, amendment, or waiver of terms and conditions
- Must not be assignable or transferable
- Must have an automatic renewal clause for ~~up to four years~~ **at least one year** per LSRP policy period

Failure by the employer to obtain an ILOC as outlined in Rules 4-C-4-b(2) and (3), will require the employer to tender a check made payable to the assigned carrier within 10 days of the employer informing the assigned carrier that an ILOC could not be obtained.

## ITEM RM-01-IN-2008—REVISION TO BASIC MANUAL RULE 4-C—LOSS SENSITIVE RATING PLAN

EXHIBIT 2  
 BASIC MANUAL—2001 EDITION  
 INDIANA STATE RULE EXCEPTIONS  
 4—WORKERS COMPENSATION INSURANCE PLAN RULES  
 C. LOSS SENSITIVE RATING PLAN (LSRP)  
 12. VALUATION OF THE LOSS SENSITIVE RATING PLAN PREMIUM  
 b. LSRP VALUATION TABLES

**(1) First Valuation of the LSRP Premium:**

Change Rule 4-C-12-b(1) as follows:

If after the first valuation of the LSRP policy is completed and . . .	Then . . .
Additional premium is due to the assigned carrier	<ul style="list-style-type: none"> <li>• The assigned carrier must notify the employer that additional LSRP premium is due.</li> <li>• If the LSRP contingency deposit premium was paid in cash, the assigned carrier will apply the LSRP contingency deposit premium to the additional premium and either return the difference to the employer, or bill the employer for any premium still due after the LSRP contingency deposit premium has been applied.</li> <li>• If the LSRP contingency deposit premium was secured by ILOC, the assigned carrier will give the employer the option of paying the premium in cash within 30 days of the notification to the employer or allowing the assigned carrier to call the ILOC to pay the additional premium due.</li> <li>• <del>The premium will be due to the assigned carrier within 30 days of the notification to the employer</del></li> </ul>
A refund of Return premium is due to the employer	<ul style="list-style-type: none"> <li>• <del>The assigned carrier must hold the LSRP contingency deposit, and return any premium generated by a final audit, as collateral until the first valuation</del></li> <li>• The assigned carrier will return the LSRP contingency deposit premium, however paid, to the employer.</li> <li>• The assigned carrier will provide the employer with a reason for the <del>return</del> refund.</li> </ul>

ITEM RM-01-IN-2008—REVISION TO BASIC MANUAL RULE 4-C—LOSS SENSITIVE RATING PLAN

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EXHIBIT 3  
 BASIC MANUAL—2001 EDITION  
 INDIANA STATE RULE EXCEPTIONS  
 4—WORKERS COMPENSATION INSURANCE PLAN RULES  
 C. LOSS SENSITIVE RATING PLAN (LSRP)  
 12. VALUATION OF THE LOSS SENSITIVE RATING PLAN PREMIUM  
 b. LSRP VALUATION TABLES

(3) Final Valuation of the LSRP

Change Rule 4-C-12-b(3) as follows:

If the fourth or final valuation results in . . .	Then the premium . . .
Additional premium is due to the assigned carrier	<ul style="list-style-type: none"> <li>• <del>Can be offset by the LSRP contingency deposit premium if cash was provided and the employer makes this request</del></li> <li>• <del>May be offset by the assigned carrier by the Irrevocable Letter of Credit that was provided for the LSRP contingency deposit premium</del></li> <li>• Payment of the additional premium will be due to the assigned carrier within 30 days of written notice by the assigned carrier</li> </ul>
A refund of premium is due to the employer. <del>No additional premium</del>	Premium must be returned/refunded to the employer within 10 days after the assigned carrier calculates the LSRP adjustment