

NCCI Proposes Increase to Iowa Workers' Compensation Rates

The National Council on Compensation Insurance, Inc. (NCCI) delivered its annual workers compensation insurance rate filing to the Iowa Insurance Division. NCCI proposed an overall average rate increase of 2.7%. With a reduction in the expense constant from \$260 to \$160 and changes to minimum premiums, the overall average premium increase is 2.2% for voluntary and assigned risk markets, effective January 1, 2016

<i>Components</i>	<i>Voluntary and Assigned Risk Rate Impact</i>
Change in Experience and Trend	+0.8%
Change in Benefits	0.0%
Offset for Change in Minimum Premiums	-0.1%
Offset for Change in Expense Constant	+0.6%
Change in Loss Adjustment Expense	-0.3%
Change in Expense Provisions	+0.3%
Change in Taxes	0.0%
Change in Profit and Contingency	+1.4%
Overall Rate Change	+2.7%
Overall Premium Change	+2.2%

Key observations of the rate filing include:

- * Claim frequency declines flattened out in policy year 2013
- * Medical costs continue to outpace wages
- * The expense constant is being reduced from \$260 to \$160
- * Minimum premiums are increasing by \$100 for some classes, from \$800 to \$900
- * Interest rates have remained near historic lows for several years, which has prompted NCCI to request an increase in the profit and contingency provision from 2.5% to 3.5%.

If approved as filed, the overall average rate level change for each industry group will be as follows:

<i>Industry Group</i>	<i>1-1-2016</i>
Manufacturing	+5.5%
Contracting	+1.2%
Office and Clerical	+1.6%
Goods and Services	+2.0%
Miscellaneous	+2.3%
Total	+2.7%

These changes await consideration by the Iowa Insurance Division.