



September 27, 2007

Circular 2007-09

To: All ICRB Members

Re: Servicing Carrier Selection

As introduced in Circular 2007-04, January 31, 2007, the ICRB conducted a competitive bid process to select servicing carriers. A servicing carrier's responsibility is to provide workers compensation insurance coverage for employers who are unable to find coverage in the regular market.

We selected four servicing carriers for a three year term beginning January 1, 2008 and concluding December 31, 2010. They are:

- Continental Western Ins Co (Berkley Group) – 20%
- Liberty Ins Corp (Liberty Mutual Group) – 30%
- Technology Ins Co (AmTrust Group) – 20%
- Travelers Indemnity Co (Travelers Group) – 30%

In arriving at our selection, we considered several factors:

- Scores and ranking of the bidders
- Achieving an overall average price below the current average
- Minimizing disruption to employers currently in the assigned risk market

This selection scenario achieves a total initial price (servicing carrier allowance) of 23.14% compared to the current price of 24.65%. This achieves a price reduction of 1.5 points (a 6% decrease) from the average current price.

Indiana compares favorably to other states. Compared to 23 states where 2007 year servicing carrier allowance (SCA) data are available, Indiana ranks 7th lowest. The countrywide average SCA is 27% and Indiana's SCA is 24.65%. The new Indiana 2008 SCA of 23.14% would move Indiana to 4th lowest. Note: a few other states also have servicing carrier bids for 2008 in process, so the state comparisons could change. However, Indiana will remain one of the lower cost states.

Sincerely,

Ronald W. Cooper, CWCP
President