



Summary of the Proposed Iowa Workers Compensation Rate and Assigned Risk Rate Filing Effective January 1, 2026

The National Council on Compensation Insurance (NCCI)¹ is pleased to provide this summary of the accompanying proposed workers compensation insurance voluntary and assigned risk rate² filing that was filed under separate cover on August 19, 2025, with the Iowa Insurance Division for its review and approval.

The filing proposes a –2.5% decrease to the current rates for both the voluntary and assigned risk market levels, effective January 1, 2026.

Iowa Overview

The proposed filing is based on premium and loss experience as of year-end 2024 from Policy Years 2022 and 2023, which shows improvement compared to the data used in the January 1, 2025 filing.

The proposed decrease in the voluntary rates and assigned risk rates is largely attributable to favorable experience. NCCI has observed a longer-term trend of improving loss experience in Iowa, primarily driven by a reduction in claim frequency. Benefit costs in the State have increased modestly at or below the level of wage growth.

The filing also includes proposed increases in the expense components incorporated in the voluntary rates and assigned risk rates.

Multistate Overview


The workers compensation system remains healthy. The Calendar Year 2024 combined ratio for workers compensation was under 100% at 86%, a measure of underwriting profitability for the overall system. The net written premium in the voluntary market decreased slightly and the residual market premium in states serviced by NCCI remained approximately the same as last year.

The number of claims occurring, as measured by frequency, and the cost of claims, as measured by severity, continue to be key metrics for the health of the WC system. The frequency of WC lost-time claims continues its long-term decline across all NCCI states. In fact, claim frequency declined at a faster pace in 2024 than the long-term average rate of decline, an indication of safer workplaces and fewer injured workers.

Claim Severity increased for both the medical and wage replacement components in 2024. Medical cost increases were driven in part by some inflationary pressures. However, the primary

¹ NCCI is a licensed rating organization authorized to make recommended rate/assigned risk rate filings on behalf of workers compensation insurance companies in Iowa. NCCI's filings are objectively prepared, utilizing widely accepted actuarial ratemaking methodologies.

² The assigned risk rate is filed for use on policies written through the Assigned Risk Plan, a program established by state insurance regulatory authorities that sets the rules and procedures for providing insurance coverage to parties that are unable to obtain coverage in the voluntary market. For the assigned risk market, NCCI files a full rate that reflects the Servicing Carriers' expenses.



driver of the increase in medical costs was a greater amount of utilization of medical services by injured workers. Physician services account for over 40% of all WC medical services, although the cost of these services only increased by 1.5% over the past three years. The increase in indemnity benefits is primarily driven by an increase in wages.

Decimal Extension of Loss Costs, Rates, and Expected Loss Rates

In this year's filing, NCCI proposes the application of an additional digit from two to three decimal places for more precise adjustments to rates and Expected Loss Rates (ELRs). It will be particularly beneficial for classification codes with lower rates as it will minimize rounding limitations that are currently more likely to impact these class codes. Currently, the smallest change in one of these values has to be at least 0.01, but after the decimal extension, changes can be as small as 0.001. The methodology for determining the filed rates and ELRs is unchanged. The proposed decimal extension is premium-neutral on both a statewide and industry group basis. For more information on decimal extension, visit https://www.ncci.com/Articles/Pages/II_Decimal-Extension-Loss-Costs-Rates-Expected-Loss-Rates.aspx.

Conclusion

The workers compensation system remains healthy. For the last decade, the system has broadly benefited from a steady drop in claim frequency, rising wages, and moderate severity. The changing workforce and evolving economy also continue to impact workers compensation. Overall payroll growth persists, driven by an increase in employment and wage rates year over year. Preliminary data indicates a decrease in workers compensation net written premium in 2024, notwithstanding the growth in payroll. The combination of frequency declines and moderate benefit costs have contributed to reductions in overall WC system costs.