Summary of the Proposed Iowa Workers Compensation Voluntary Rate and Assigned Risk Rate Filing Effective January 1, 2027

The National Council on Compensation Insurance (NCCI)[1] is pleased to provide this summary of the proposed workers compensation insurance voluntary rate and assigned risk rate[2] filing, which was submitted to the Iowa Insurance Division for its review and approval under separate cover on August 19, 2026.

The filing proposes a –2.1% decrease to the current rate level for the voluntary market and a –2.1% decrease to the assigned risk market level, effective January 1, 2027.

Iowa Overview

The current proposed Iowa filing is based on premium and loss experience for Policy Years 2023 and 2024, evaluated as of year-end 2025. Both years show favorable experience. Relying on the two most recently available policy years follows the approach used in previous Iowa filings, balancing consistency with responsiveness.

Claim frequency in Iowa continues to exhibit a long-term decline. The average claim costs in Iowa have remained relatively consistent and have generally tracked with wage growth. Medical costs per claim have decreased in recent years; therefore, NCCI lowered its projections of future medical costs compared with the previous filing. In contrast, indemnity costs per claim have increased slightly in recent years, resulting in higher projections of future indemnity costs. Overall, the trends in claim frequency and severity indicate that decreasing workers compensation costs in Iowa are expected for the upcoming filing year.

The Iowa assigned risk market remains at a consistent level, and although residual market experience continues to be less favorable than that of the voluntary market, it remains similar to that in previous years.

Countrywide Overview for NCCI States

The Calendar Year 2025 combined ratio (a measure of overall underwriting profitability) for workers compensation was 91%, a change from 86% for Calendar Year 2024. The change is primarily due to an increase in the loss and underwriting expense ratios.

In 2025, voluntary market net written premium decreased by 1.5% from 2024. Residual market premium in states where NCCI serves as Plan Administrator also continued to decline—a trend that has persisted since 2014.

Payroll, as the exposure base, is a key component of workers compensation premium. From 2024 to 2025, payroll increased 4.8%, while employment rose just 0.5%. A significant portion of payroll growth appears to have come from higher wages, which were up an average of 4.3% in 2025. Employment growth was largely driven by the health care sector.

---

[1] NCCI is a licensed rating organization authorized to make recommended voluntary rate and assigned risk rate filings on behalf of workers compensation insurance companies in Iowa. NCCI's filings are objectively prepared, using 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.

Claim frequency and severity reflect both the incidence of workplace injuries and the cost of those injuries when they occur. Lost-time claim frequency (claims with days away from work) continues its long-term decline across all NCCI states, decreasing by 2% from 2024 to 2025, after accounting for changes in pay levels. This decline is more moderate than the long-term average and the experience in recent years.

Lost-time medical claim severity in 2025 grew by 4%. Increased utilization of medical services remains the primary driver, though results vary by state based on the mix of services used and applicable medical fee schedules. Lost-time indemnity claim severity in 2025 is also estimated to be 4% higher than in 2024 because indemnity benefits largely reflect wage growth.

Conclusion

Overall, the workers compensation system remained healthy in 2025. Long-term declines in lost-time claim frequency continued to help offset upward pressure on system costs from higher medical and indemnity claim severity. Payroll growth and a combined ratio below 100% are further indicators of the system's overall financial soundness. Collectively, these trends point to a well-functioning workers compensation system, recognizing that results can vary based on industry composition, carrier experience, and state-specific factors.