

**Connecticut
Illinois EMCASCO Insurance Company
Small Business Workers Compensation**

Actuarial Memorandum

With this filing, EMC is introducing a new Small Business Program product for Workers Compensation, modernizing our offerings to address the needs of small business customers. This submission includes rates, rules, and forms to be filed in Illinois EMCASCO Insurance Company (IEIC). This product provides coverage options for customers' current and future business needs, allowing EMC to better align rates with exposures.

This product will utilize various forms, rules, and rates that have been approved in other EMC subsidiaries, as well as new rates for some exposures. The rating algorithm has been updated to modernize rating and bring it up to small business industry standards. Utilizing materials across companies and products is both efficient and effective, enabling us to leverage previously approved filings through the regulatory review process.

The proposed rates are based on NCCI's loss costs effective 01/01/2026 that were approved in NCCI Circular CT-2025-02, subject to an IEIC loss cost multiplier of 1.29.

IEIC is proposing a tier structure with this filing. The development of the factors is described in the Actuarial Modeling Memorandum-Tiering.

Since this is a new program, IEIC does not have data to support expense provisions. Expenses are based on projected expenses for Small Business.

The following minimum premium formulas will be used:

- Per Capita Classes: class rate + \$125, subject to a maximum of \$1500
- All Other Classes: (class rate x 320) + \$160, subject to a maximum of \$1500

The Small Business Program product for Workers Compensation will be available for eligible new business and subsequent renewals written in IEIC. Our current Workers Compensation offering will remain available for customers that do not meet the definition of small business, determined by sales, payroll and the number of automobiles owned.

Proposed implementation of the new program will be for policies effective on or after 10/1/2026.