

NCOIL State of the Line

Jeff Eddinger
Senior Division Executive
NCCI



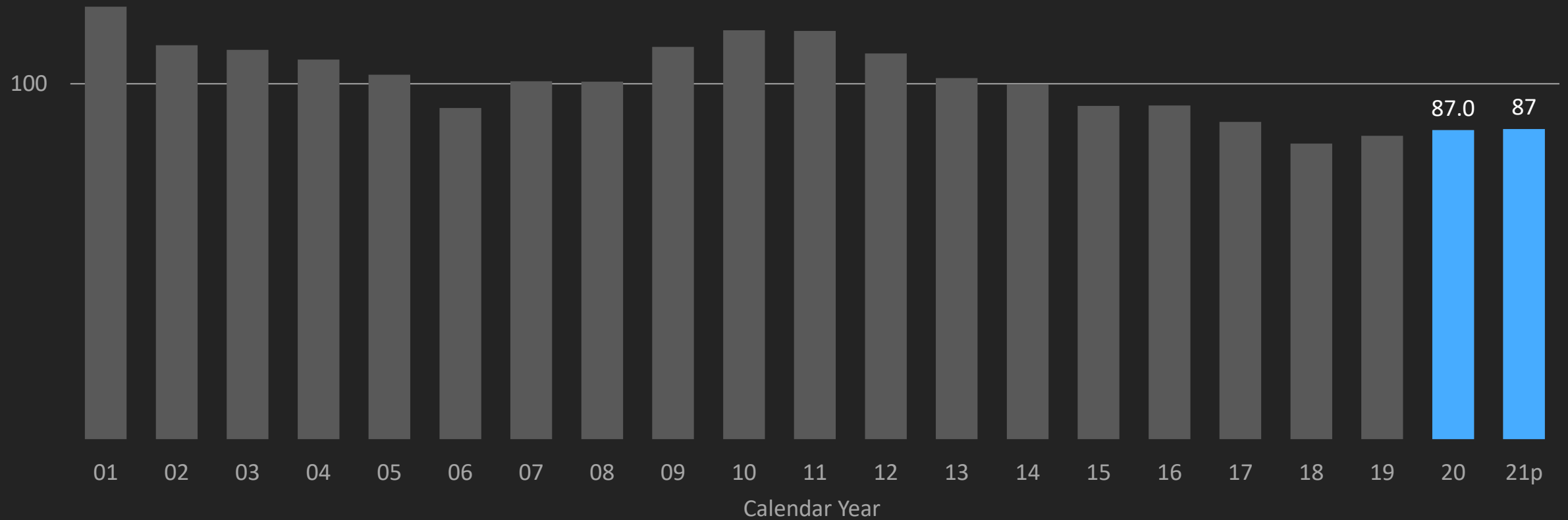
Workers Compensation Results



WC Net Combined Ratio

Private Carriers

Percent



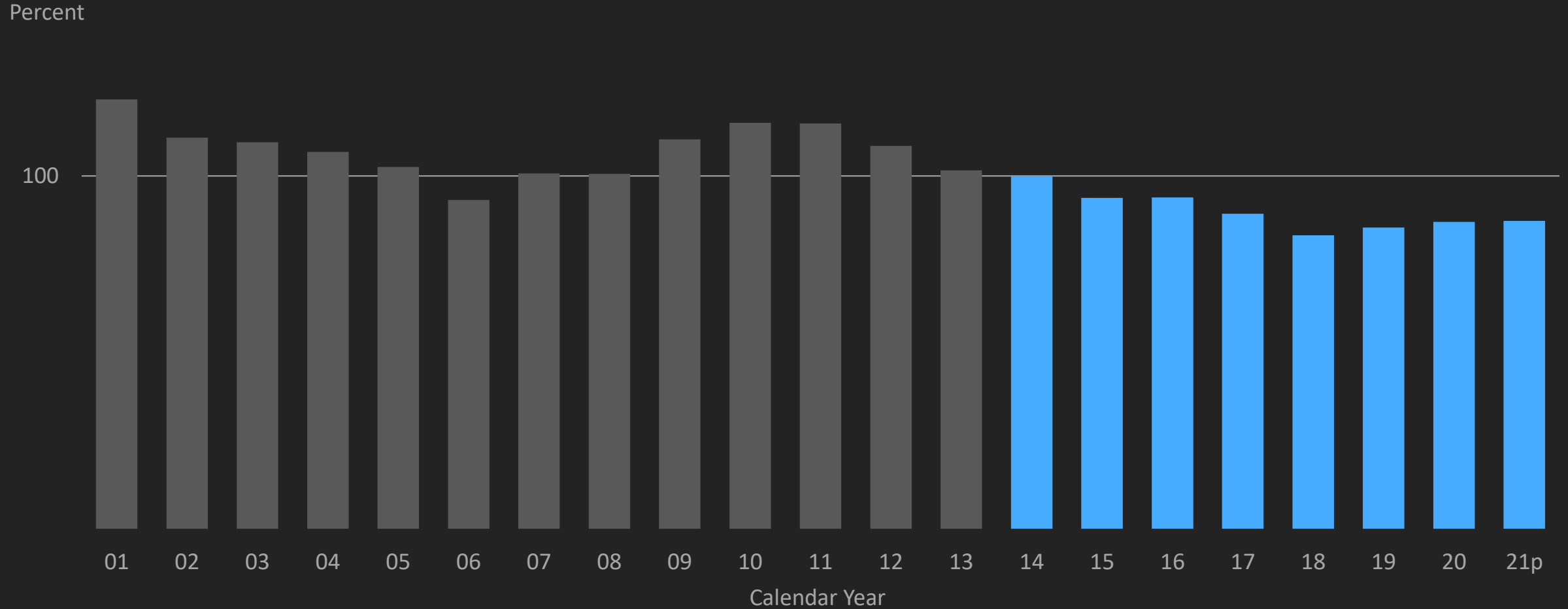
p Preliminary

Source: NAIC's Annual Statement data

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WC Net Combined Ratio

Private Carriers



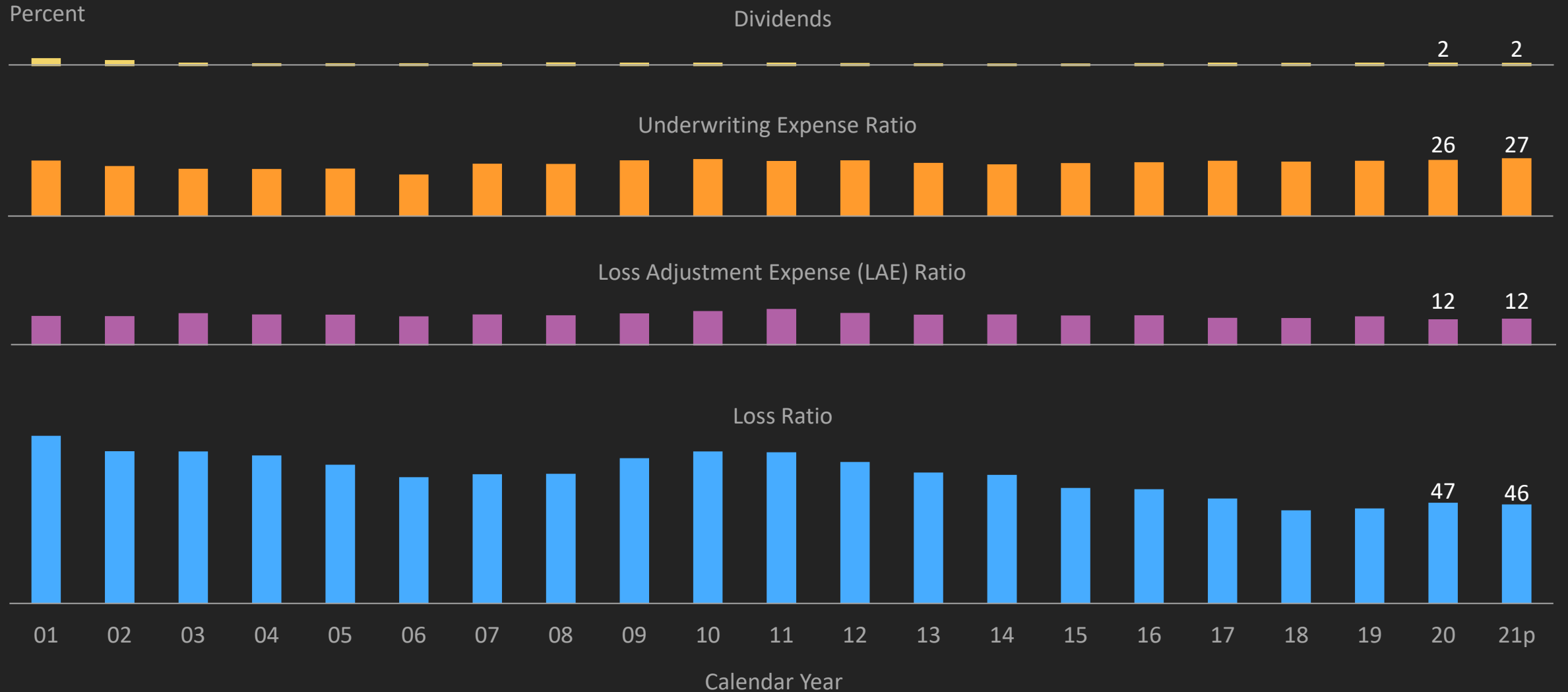
p Preliminary

Source: NAIC's Annual Statement data

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WC Net Combined Ratio by Component

Private Carriers



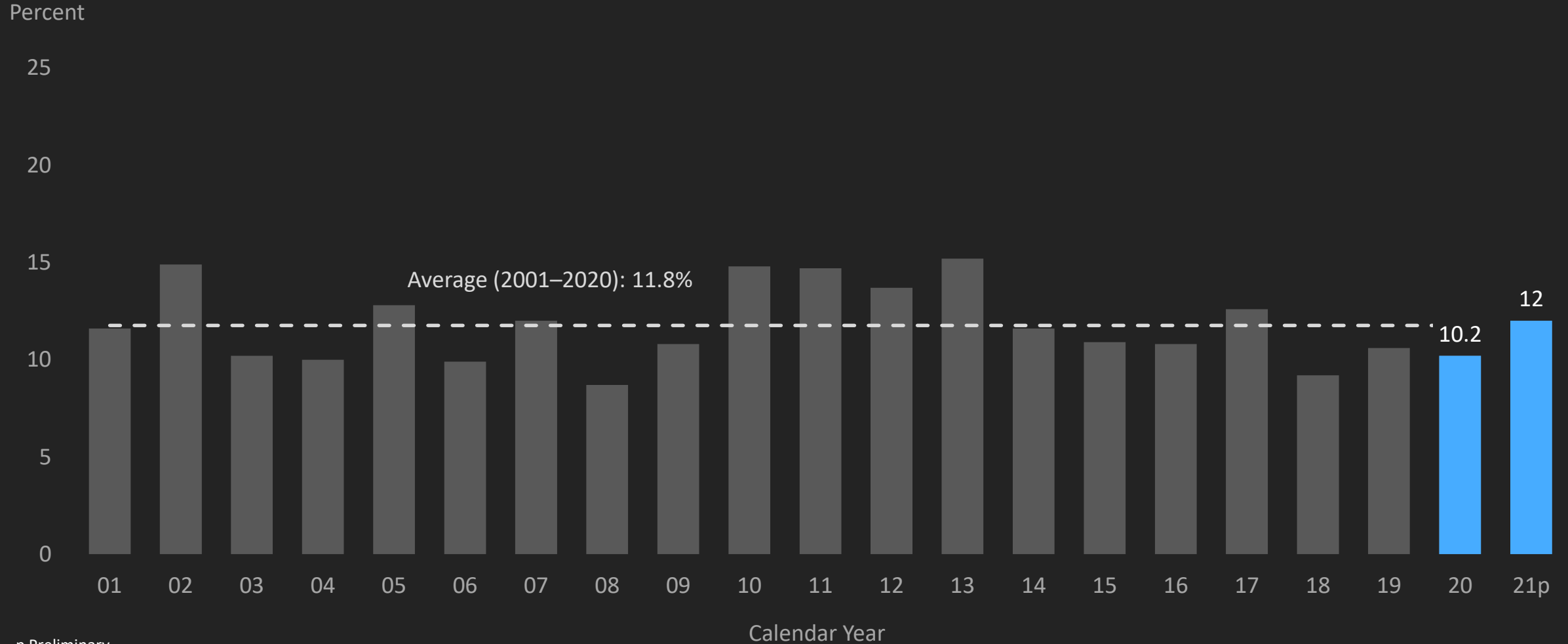
p Preliminary

Source: NAIC's Annual Statement data

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WC Investment Gain on Insurance Transactions

Ratio to Net Earned Premium, Private Carriers



p Preliminary

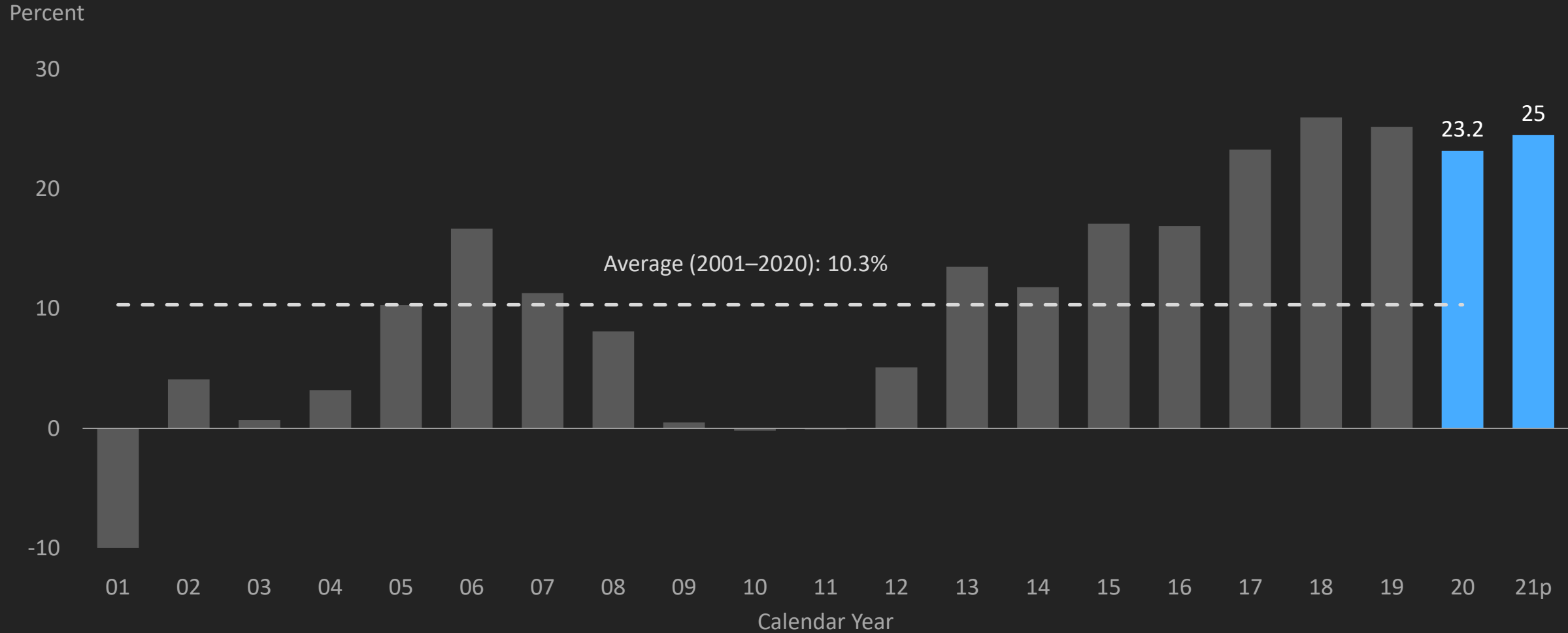
Source: NAIC's Annual Statement data

Investment Gain on Insurance Transactions includes Other Income

2013 is adjusted to exclude a material realized gain resulting from a single company transaction that involved corporate restructuring; unadjusted value is 19.4

WC Pretax Operating Gain

Private Carriers



p Preliminary

Source: NAIC's Annual Statement data

Operating Gain equals 1.00 minus (Combined Ratio less Investment Gain on Insurance Transactions and Other Income)

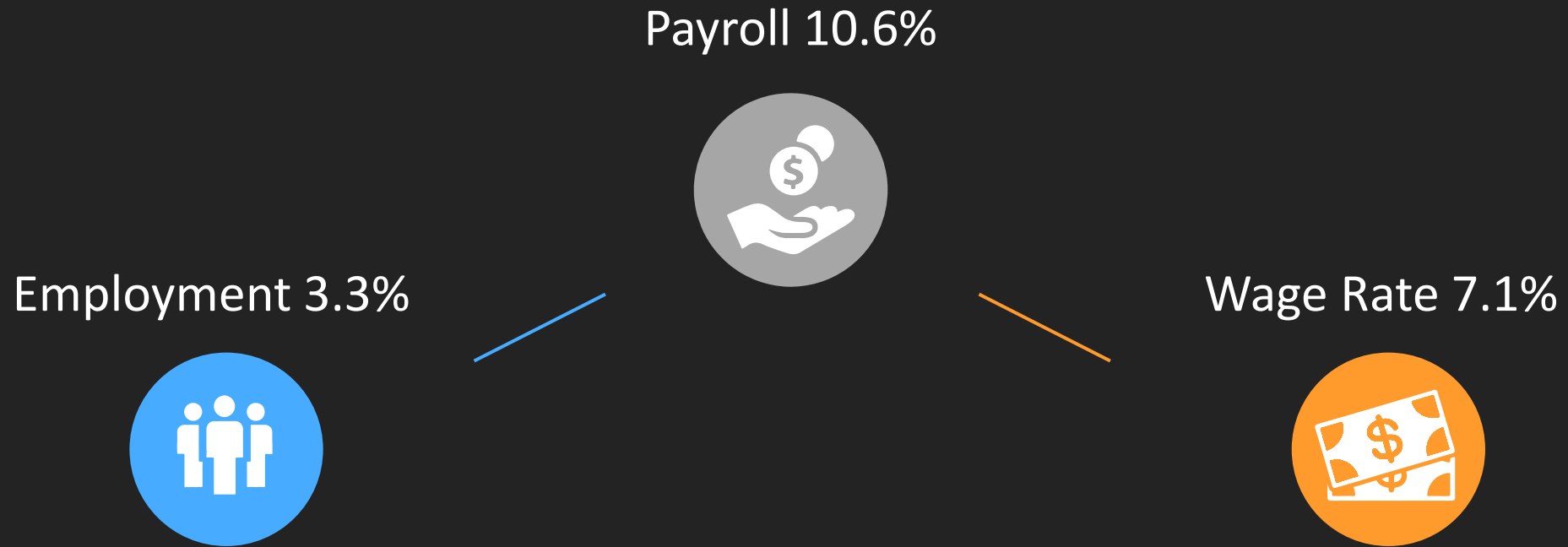
2013 is adjusted to exclude a material realized gain resulting from a single company transaction that involved corporate restructuring; unadjusted value is 17.7

Workers Compensation (WC) Premium



Workplace Environment

Changes in Payroll by Component 2020–2021



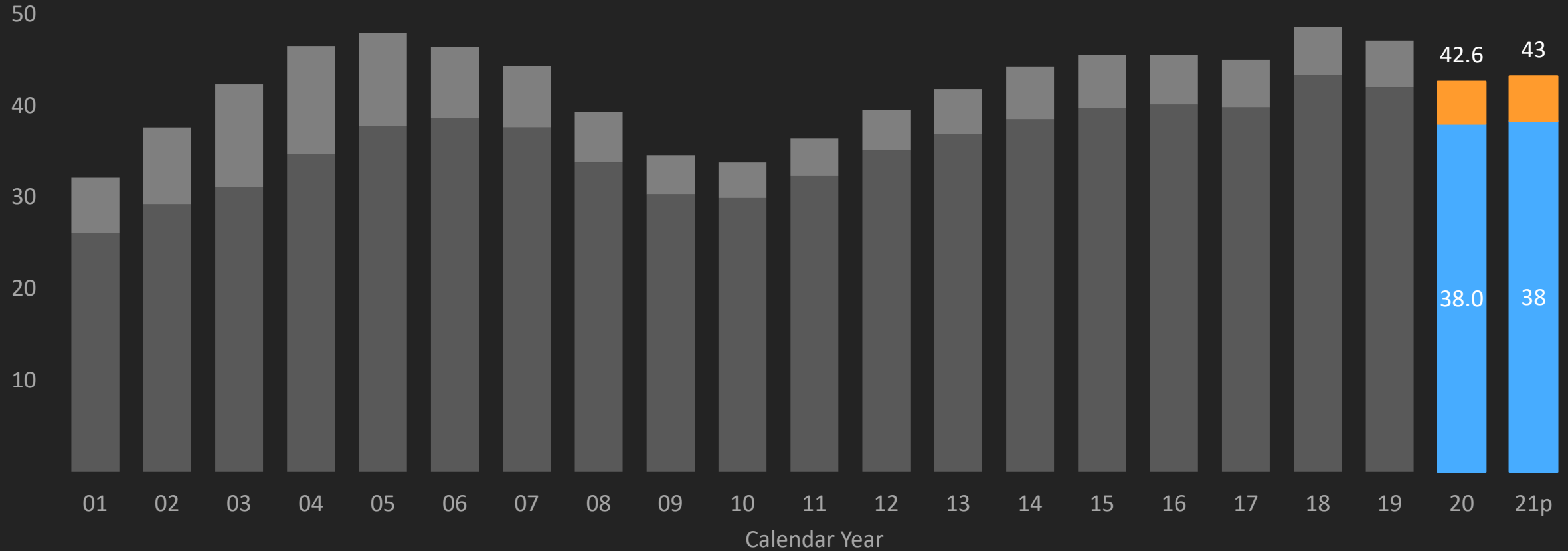
Sources: Moody's Analytics and NCCI

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WC Net Written Premium

Private Carriers and State Funds

\$ Billions



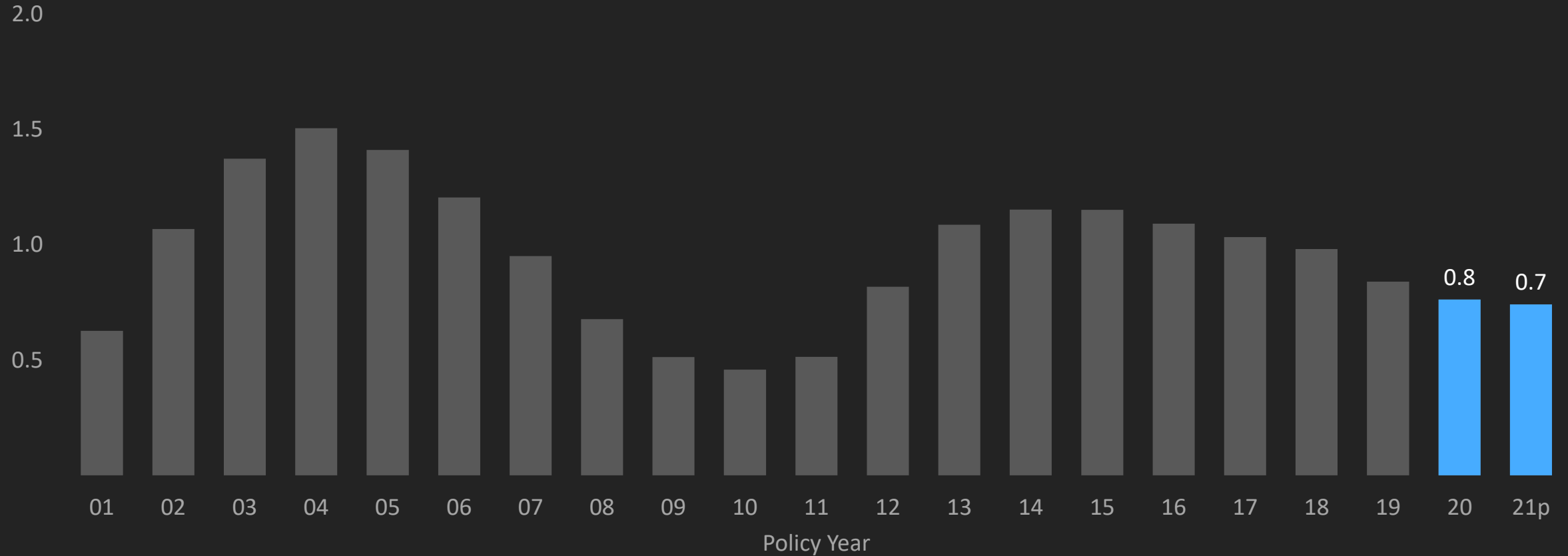
p Preliminary

Source: NAIC's Annual Statement data; includes state insurance fund data for the following states: AZ, CA, CO, HI, ID, KY, LA, MD, MO, MT, NM, OK, OR, RI, TX, and UT
Each calendar year total for state funds includes all funds operating as a state fund in that year

WC Residual Market Premium

NCCI-Serviced WC Residual Market Pools

\$ Billions



p Preliminary, incomplete policy year projected to ultimate

Source: NCCI's **Residual Market Quarterly Results**

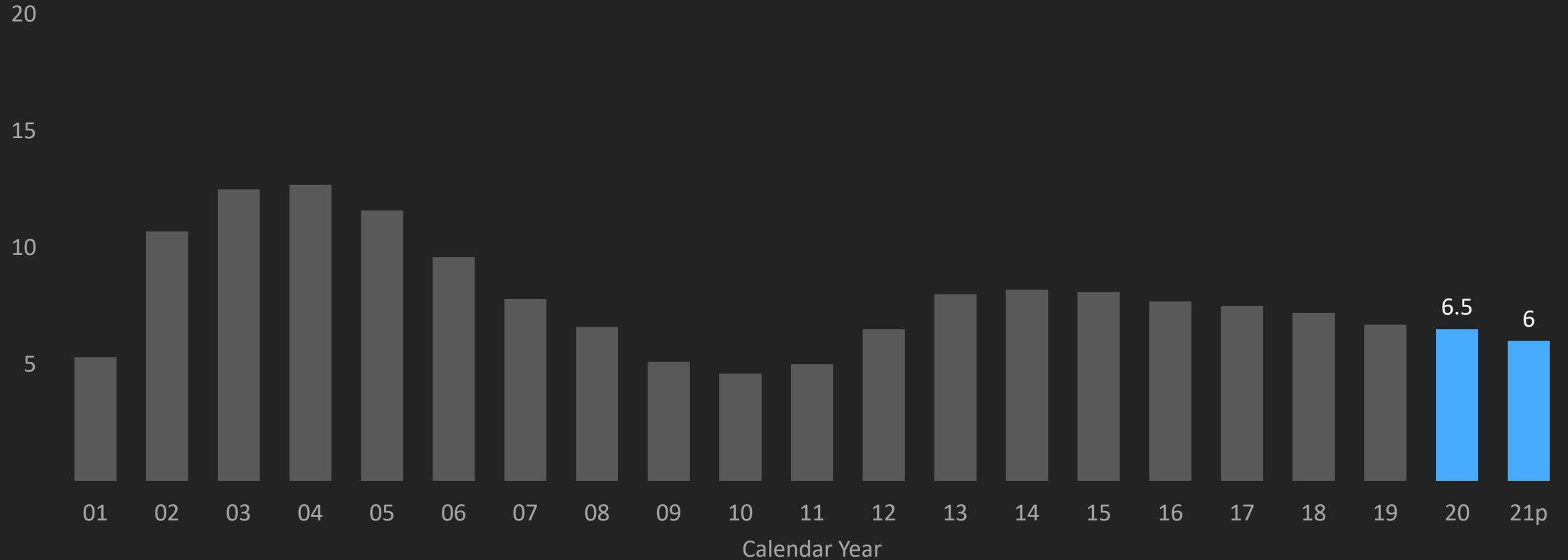
Includes Pool data for all NCCI-serviced WC Residual Market Pool states, valued as of 12/31/2021

Tennessee Reinsurance Mechanism premium is not included

WC Residual Market Share

NCCI-Serviced WC Residual Market Pools

Percent



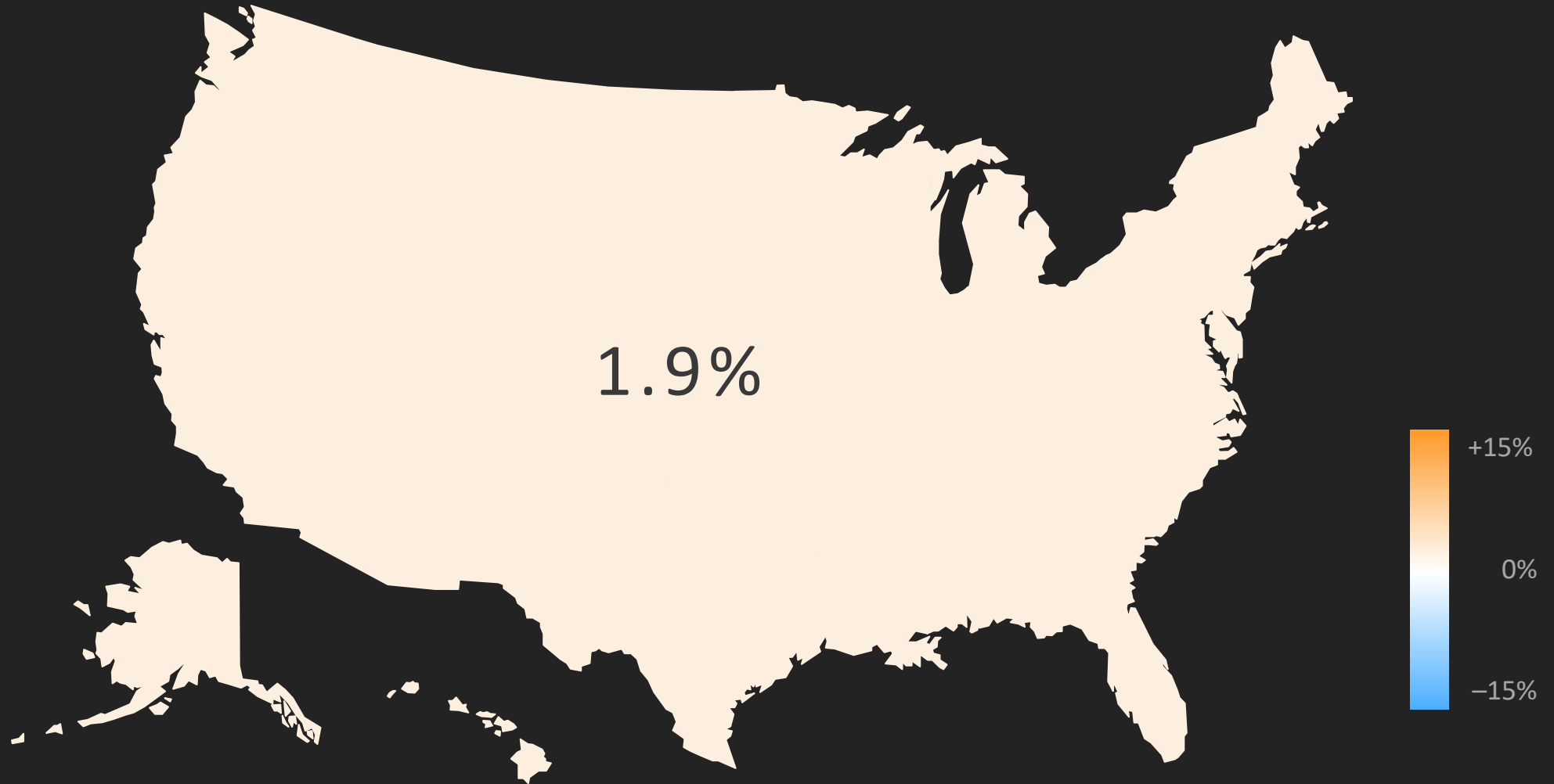
p Preliminary

Source: NCCI's *Residual Market Management Summary*

Includes Pool and direct assignment data for all NCCI-serviced WC Residual Market Pool states

WC Direct Written Premium Change—2021

Private Carriers

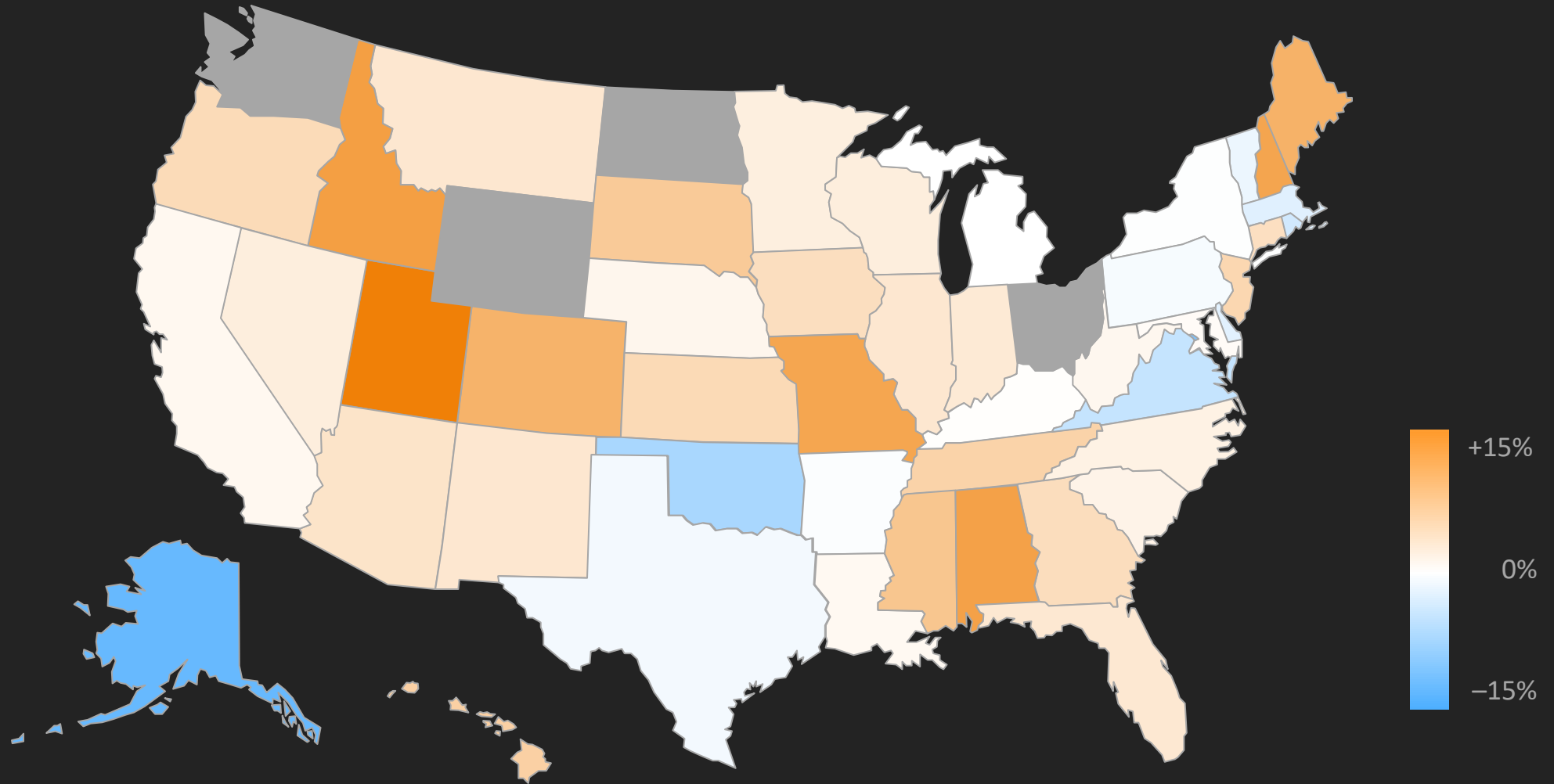


Source: 2020 and 2021 NAIC's Annual Statement Statutory Page 14

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WC Direct Written Premium Change—2021

Private Carriers

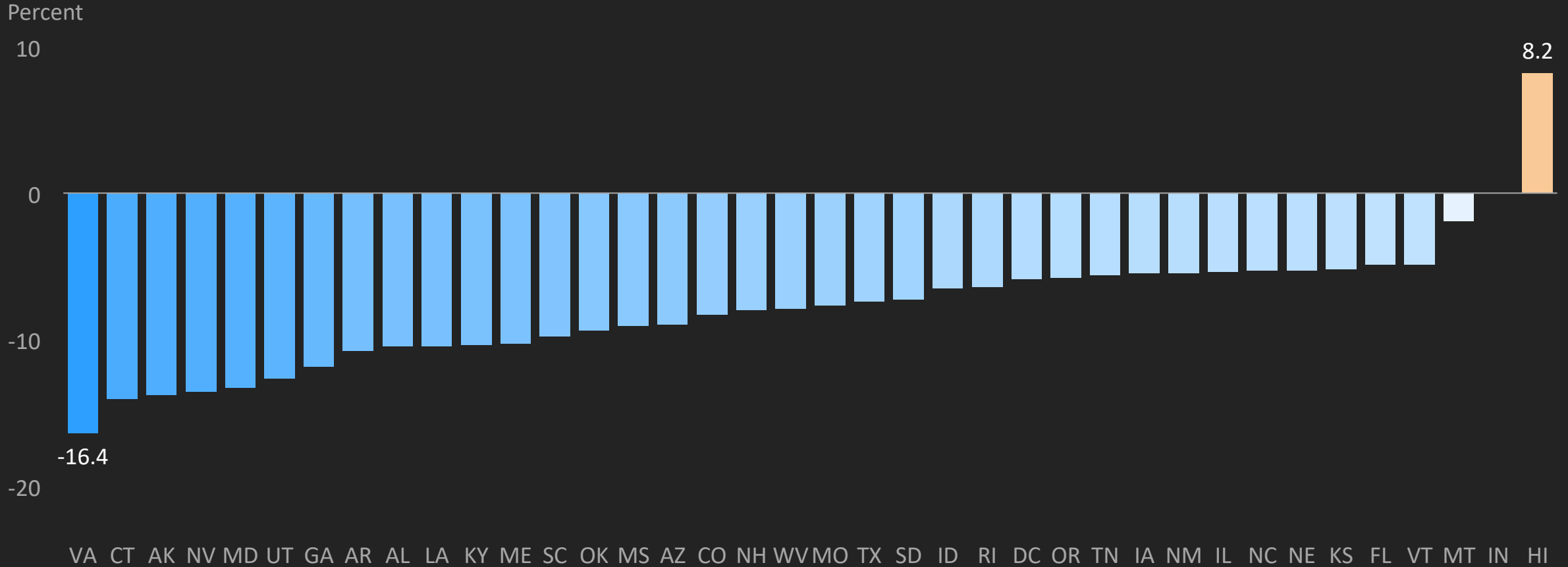


Source: 2020 and 2021 NAIC's Annual Statement Statutory Page 14

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Most Recent Changes in Bureau Premium Level

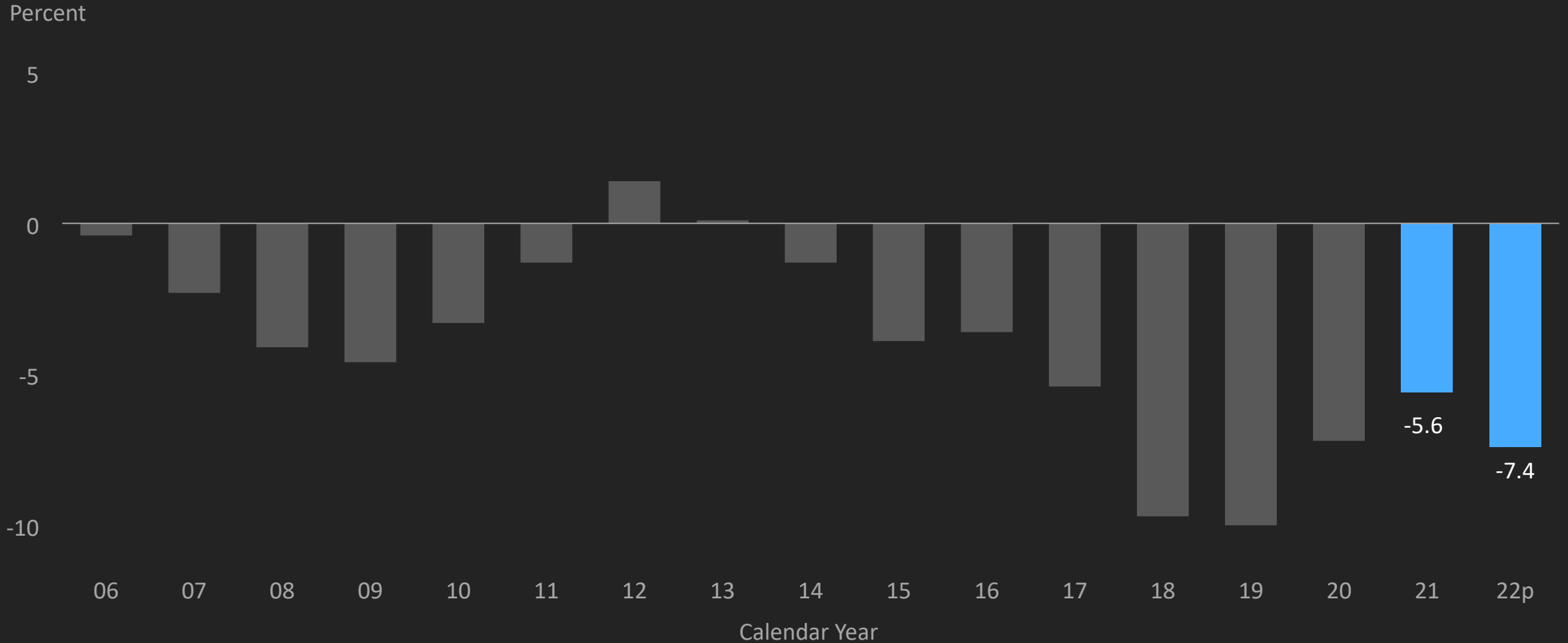
Voluntary Market, Excludes Law-Only Filings



Premium level changes in advisory rates, loss costs, and rating values, as of 4/29/2022, as filed by the applicable rating organization, relative to those previously approved
RI is filed and pending
IN and NC are filed in cooperation with state rating bureaus

WC Approved Changes in Bureau Premium Level

Weighted by Effective Date—NCCI States



p Preliminary

Source: NAIC's Annual Statement Statutory Page 14

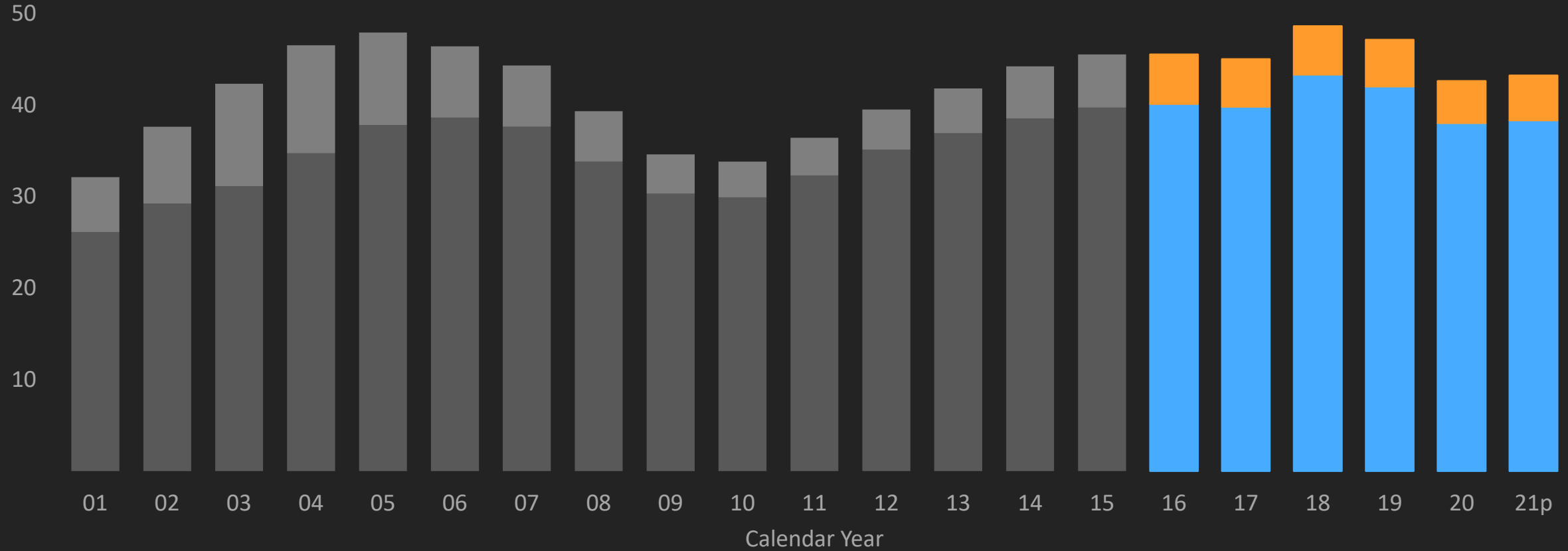
Values reflect changes in average premium levels between years, based on approved changes in advisory rates, loss costs, assigned risk rates, and rating values, as of 4/29/2022

IN and NC are filed in cooperation with state rating bureaus

WC Net Written Premium

Private Carriers and State Funds

\$ Billions



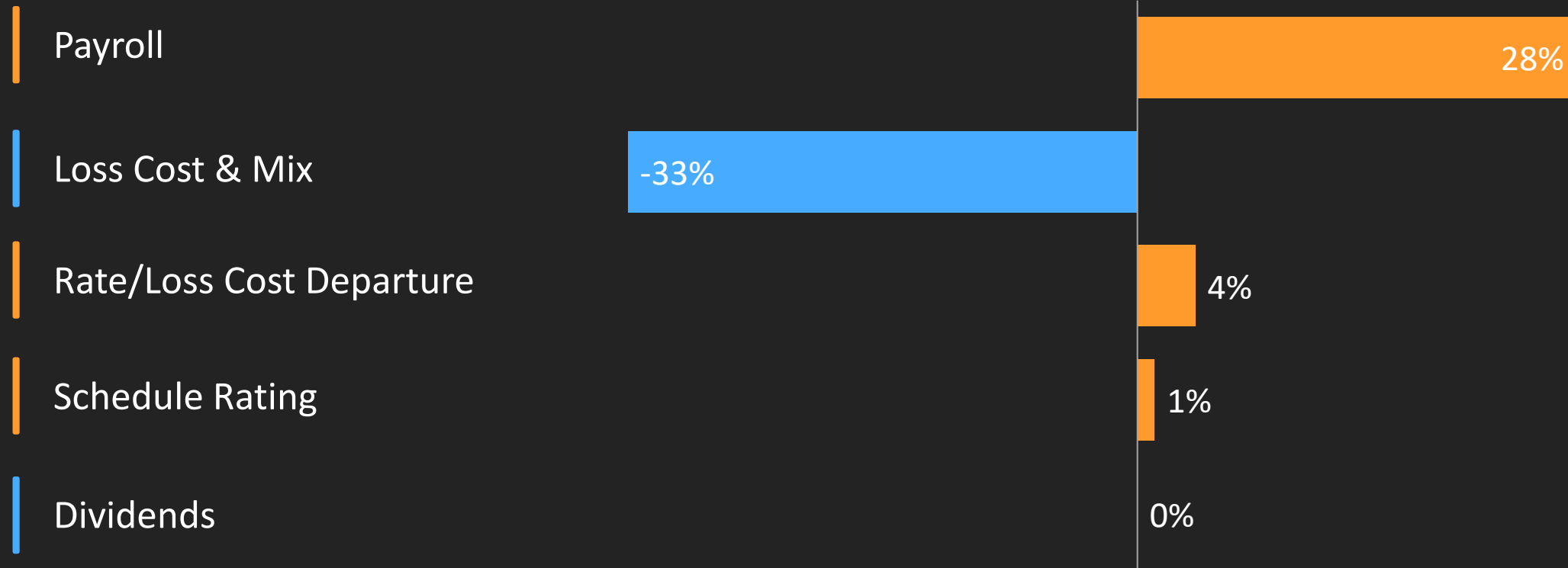
p Preliminary

Source: NAIC's Annual Statement data; includes state insurance fund data for the following states: AZ, CA, CO, HI, ID, KY, LA, MD, MO, MT, NM, OK, OR, RI, TX, and UT
Each calendar year total for state funds includes all funds operating as a state fund in that year

WC Impact on Premium by Component

Private Carriers—NCCI States

2016 vs. 2021



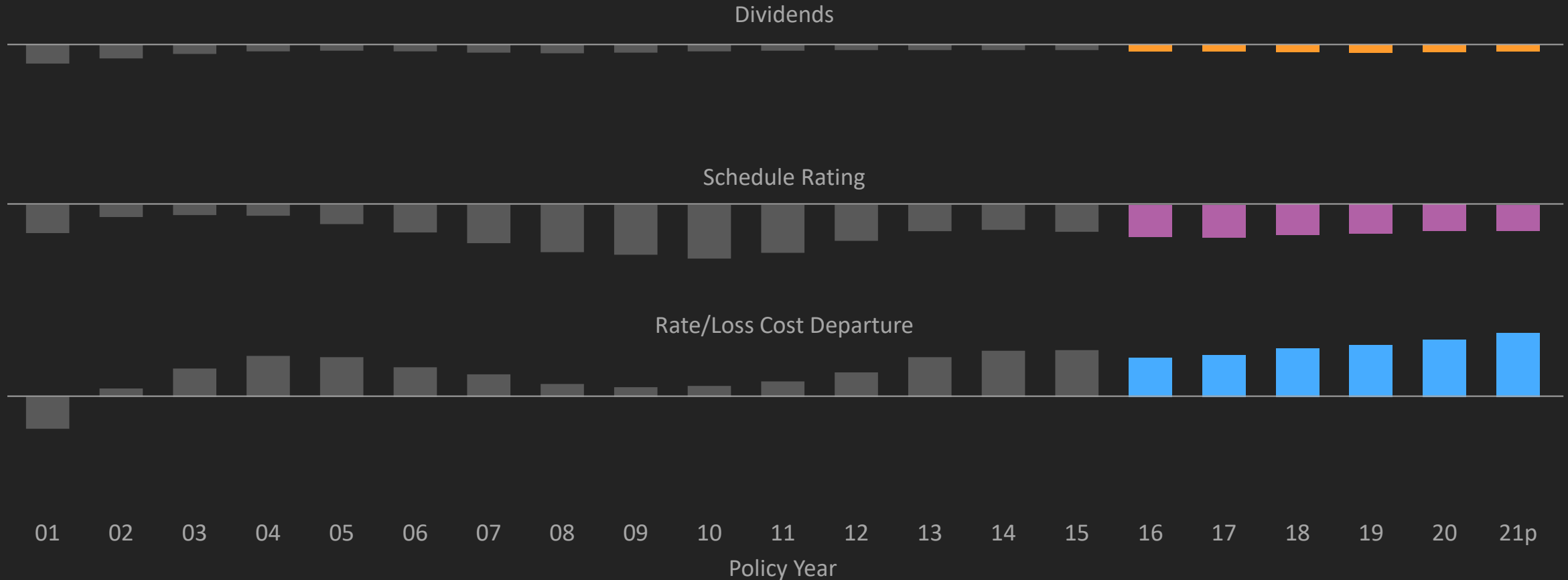
Sources: NCCI's Policy Data, NAIC's Annual Statement Statutory Page 14, NCCI's Financial Call data

Rate/loss cost departure reflects carrier departure from NCCI rate level, which excludes a profit and contingency provision and expense constant

Based on data for all states where NCCI provides ratemaking services; Rate/loss cost departure, Schedule Rating, and Dividends exclude TX

WC Impact of Discounting on Premium by Component

Private Carriers—NCCI States



p Preliminary

Sources: NAIC's Annual Statement Statutory Page 14 and NCCI's Financial Call data

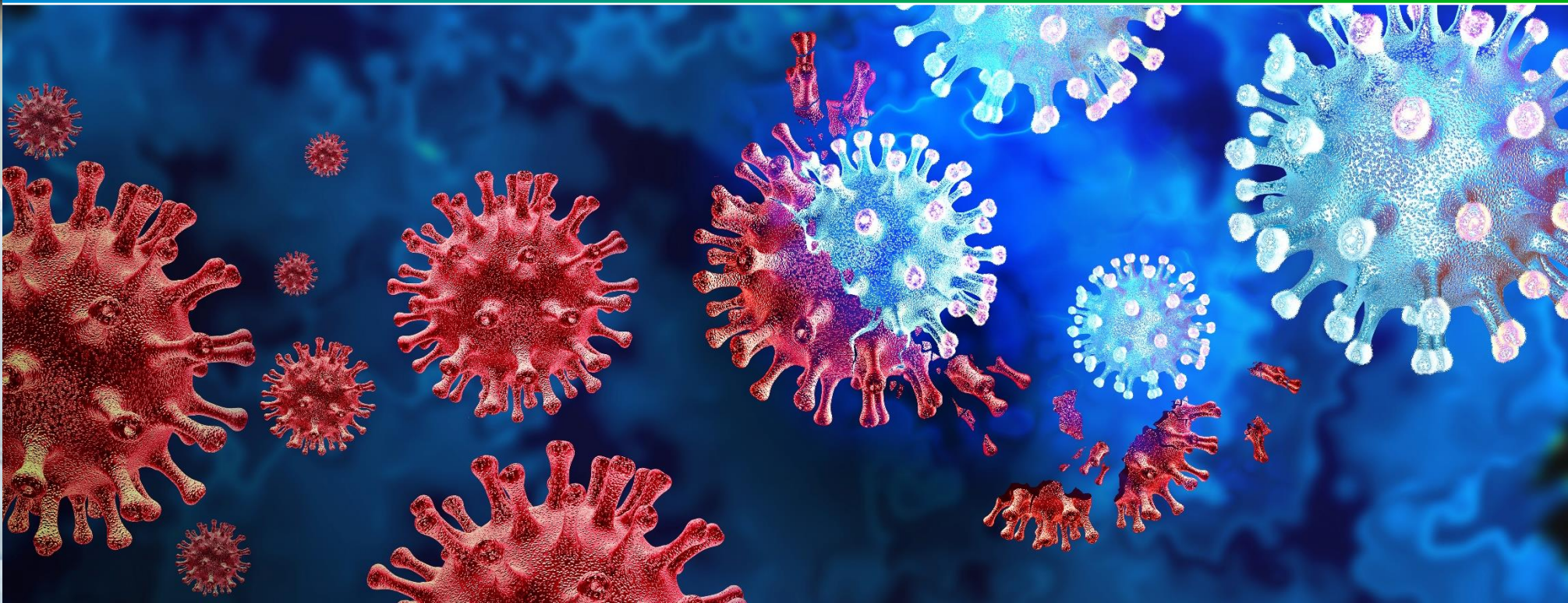
Rate/loss cost departure reflects carrier departure from NCCI rate level, which excludes a profit and contingency provision and expense constant

Based on data for all states where NCCI provides ratemaking services, excluding TX

Workers Compensation Loss Drivers



COVID-19



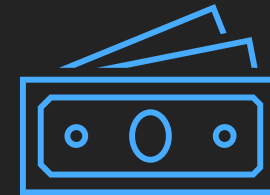
Direct Impact of COVID-19—Accident Years 2020 & 2021

Private Carriers and State Funds—NCCI States

≈60,000 claims



≈500M in losses

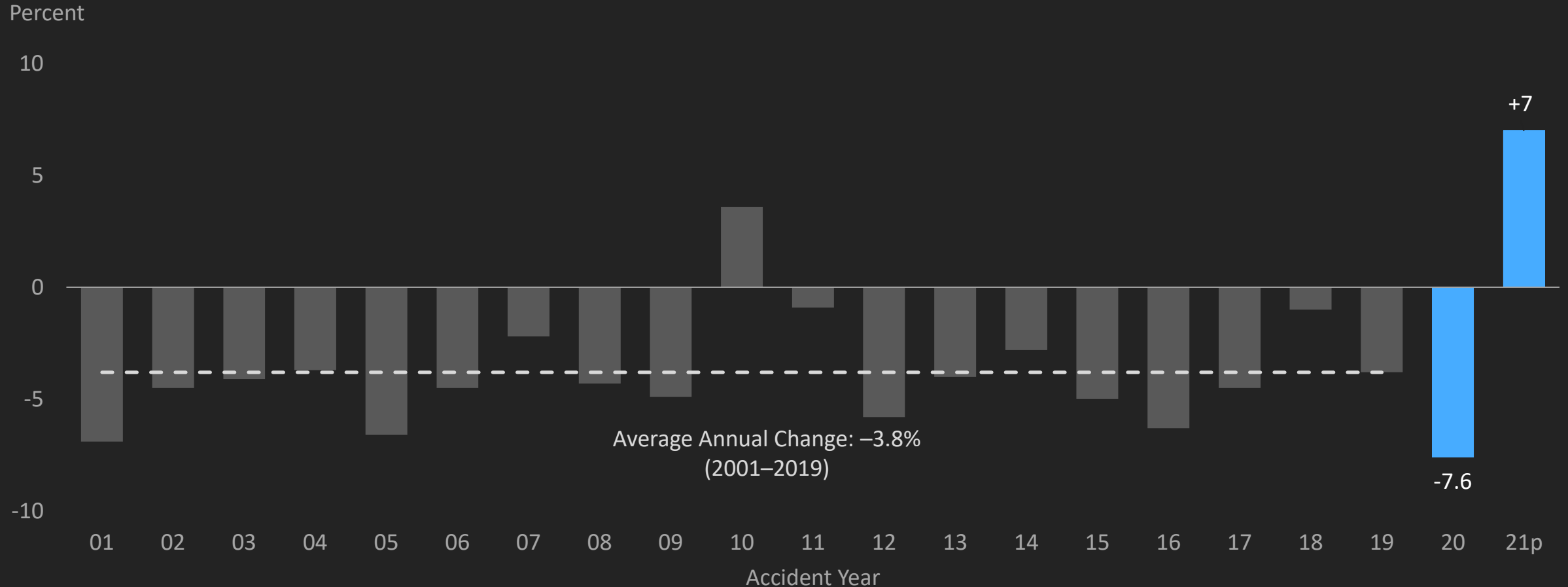


Source: NCCI's Financial Call Data through 12/31/2021, excludes expense only claims

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WC Lost-Time Claim Frequency

Change in Claims per \$1M Pure Premium, Private Carriers and State Funds—NCCI States, excludes COVID-19 claims



2010–2011 and 2019–2021 have been adjusted to reflect the impact of changes in audit activity

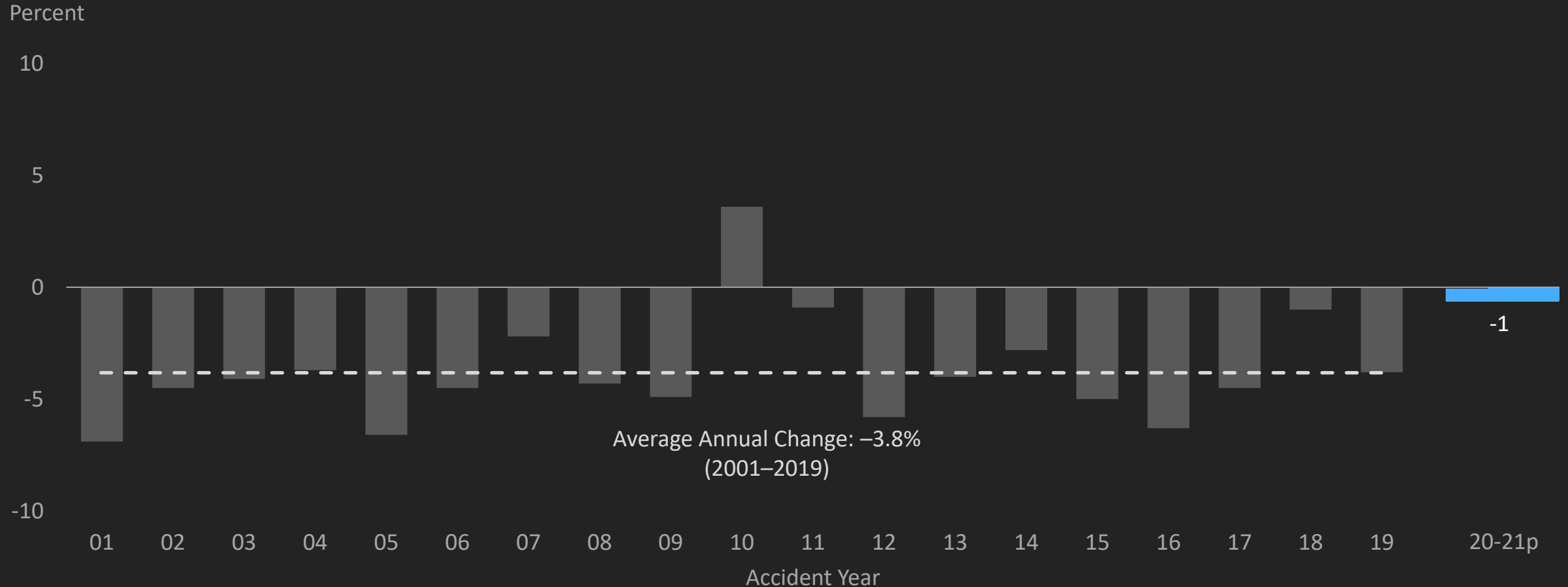
p Preliminary, based on data valued as of 12/31/2021; excludes COVID-19 claims

Source: NCCI's Financial Call data, developed to ultimate, premium adjusted to current wage and voluntary pure premium level, excludes high-deductible policies; based on data through 12/31/2020

Includes all states where NCCI provides ratemaking services; NV is excluded through 2001, TX is excluded through 2006, and WV is excluded through 2011

WC Lost-Time Claim Frequency

Change in Claims per \$1M Pure Premium, Private Carriers and State Funds—NCCI States, excludes COVID-19 claims



2010–2011 and 2019–2021 have been adjusted to reflect the impact of changes in audit activity

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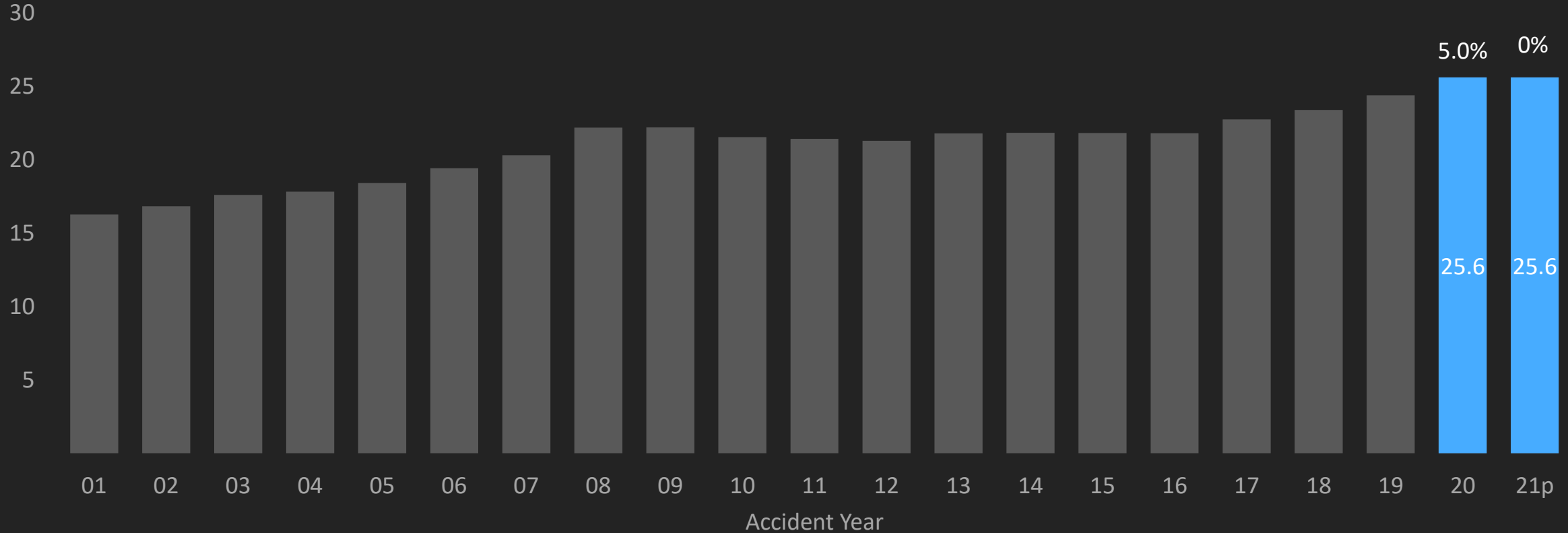
Source: NCCI's Financial Call data, developed to ultimate, premium adjusted to current wage and voluntary pure premium level, excludes high-deductible policies; based on data through 12/31/2020

Includes all states where NCCI provides ratemaking services; NV is excluded through 2001, TX is excluded through 2006, and WV is excluded through 2011

WC Average Indemnity Claim Severity

Private Carriers and State Funds—NCCI States, excludes COVID-19 claims

Severity
(\$ Thousands)



p Preliminary, based on data valued as of 12/31/2021; excludes COVID-19 claims

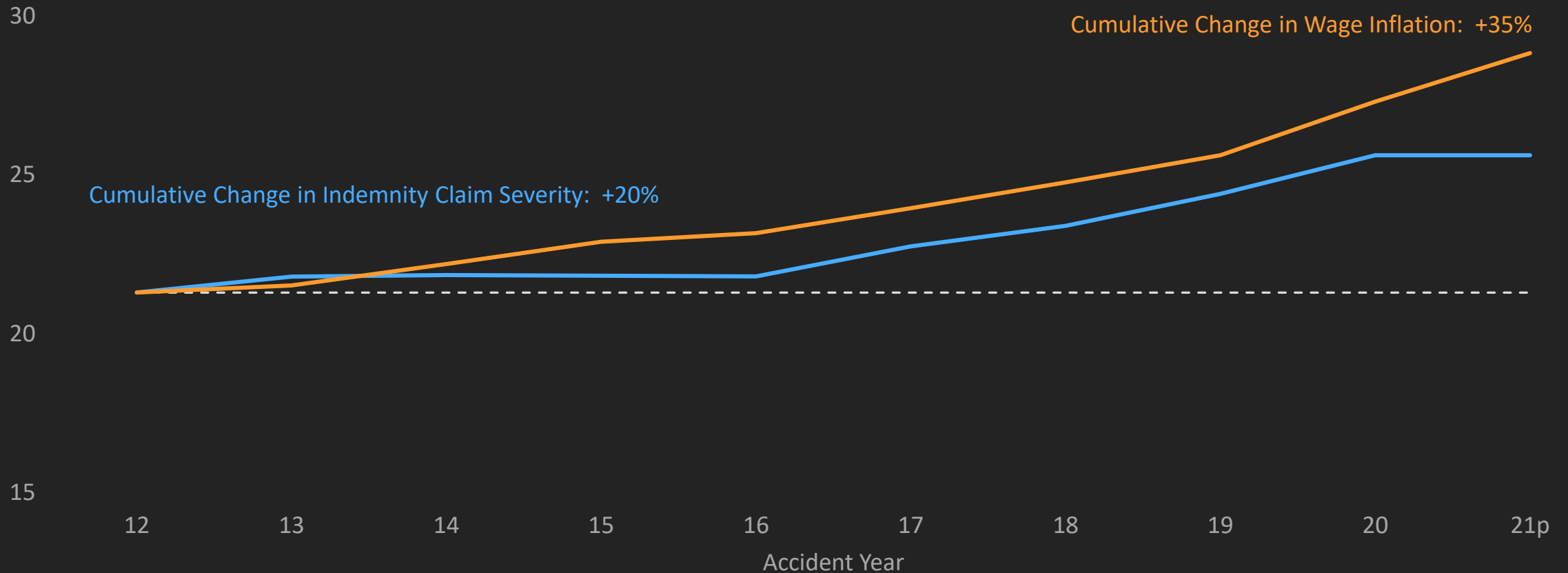
Source: NCCI's Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2020

Values displayed reflect the methodology underlying the most recent rate/loss cost filing

Includes all states where NCCI provides ratemaking services; NV is excluded through 2003, TX is excluded through 2006, and WV is excluded through 2010

WC Average Indemnity Claim Severity

Private Carriers and State Funds—NCCI States, excludes COVID-19 claims



p Preliminary, based on data valued as of 12/31/2021; excludes COVID-19 claims

Sources: US Average Weekly Wage: 2012–2029 Quarterly Census of Employment and Wages (QCEW); 2020 NCCI and QCEW; 2021p NCCI and Moody's Analytics

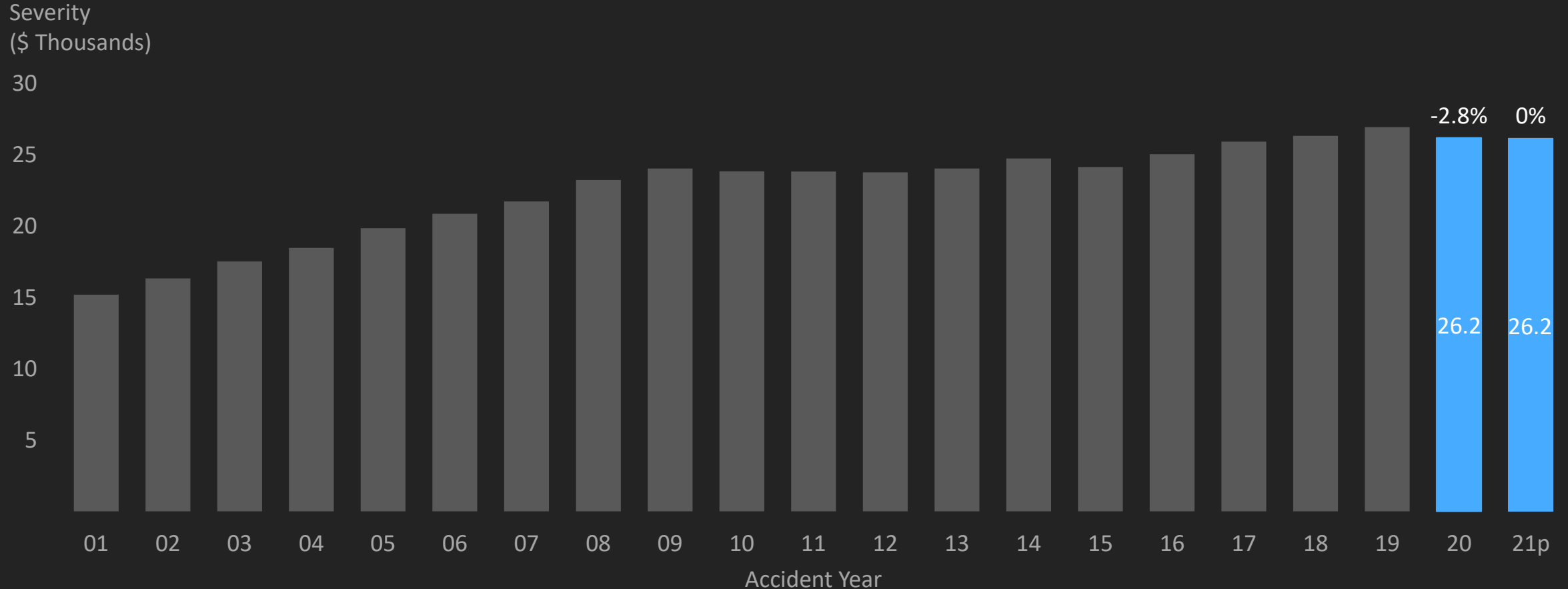
Severity: NCCI's Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2020

Values displayed reflect the methodology underlying the most recent rate/loss cost filing

Includes all states where NCCI provides ratemaking services

WC Average Medical Lost-Time Claim Severity

Private Carriers and State Funds—NCCI States, excludes COVID-19 claims



p Preliminary, based on data valued as of 12/31/2021; excludes COVID-19 claims

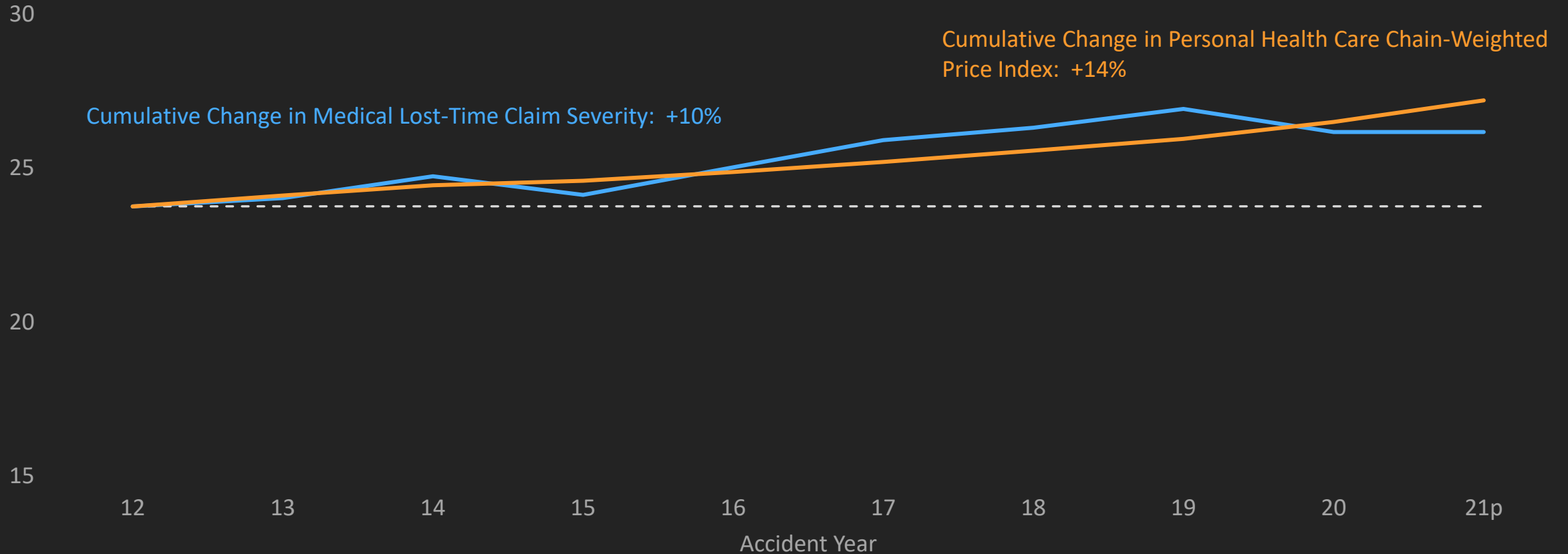
Source: NCCI's Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2020

Values displayed reflect the methodology underlying the most recent rate/loss cost filing

Includes all states where NCCI provides ratemaking services; NV is excluded through 2003, TX is excluded through 2006, and WV is excluded through 2010

WC Average Medical Lost-Time Claim Severity

Private Carriers and State Funds—NCCI States, excludes COVID-19 claims



p Preliminary, based on data valued as of 12/31/2021; excludes COVID-19 claims

Sources: Severity: NCCI's Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2020

Values displayed reflect the methodology underlying the most recent rate/loss cost filing

Includes all states where NCCI provides ratemaking services

PHC Chain-Weighted Price Index: Centers for Medicare & Medicaid Services

2021 Workers Compensation Highlights

Net written premium
increased by

1%



AIS
2022

2021 Workers Compensation Highlights

Reported combined ratios:

CY 2021

87%

AY 2021

102%

2021 Workers Compensation Highlights

≈\$500M

reported

COVID-19 losses

since 2020

AIS
2022

2021 Workers Compensation Highlights

Excluding COVID-19 claims:

Claim frequency
declined by **1%**
since 2019

Indemnity and medical severity
changes remain moderate



Questions?