

California Workers' Compensation Legislation

Presented to the National Council
of Insurance Legislators (NCOIL)
Workers' Compensation Insurance Committee

March 10, 2023

Kristen Marsh | Senior Vice President and Chief Legal Officer

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Workers' Compensation Insurance Rating Bureau of California

1901 Harrison Street, 17th Floor
Oakland, CA 94612
888.CA.WCIRB (888.229.2472)

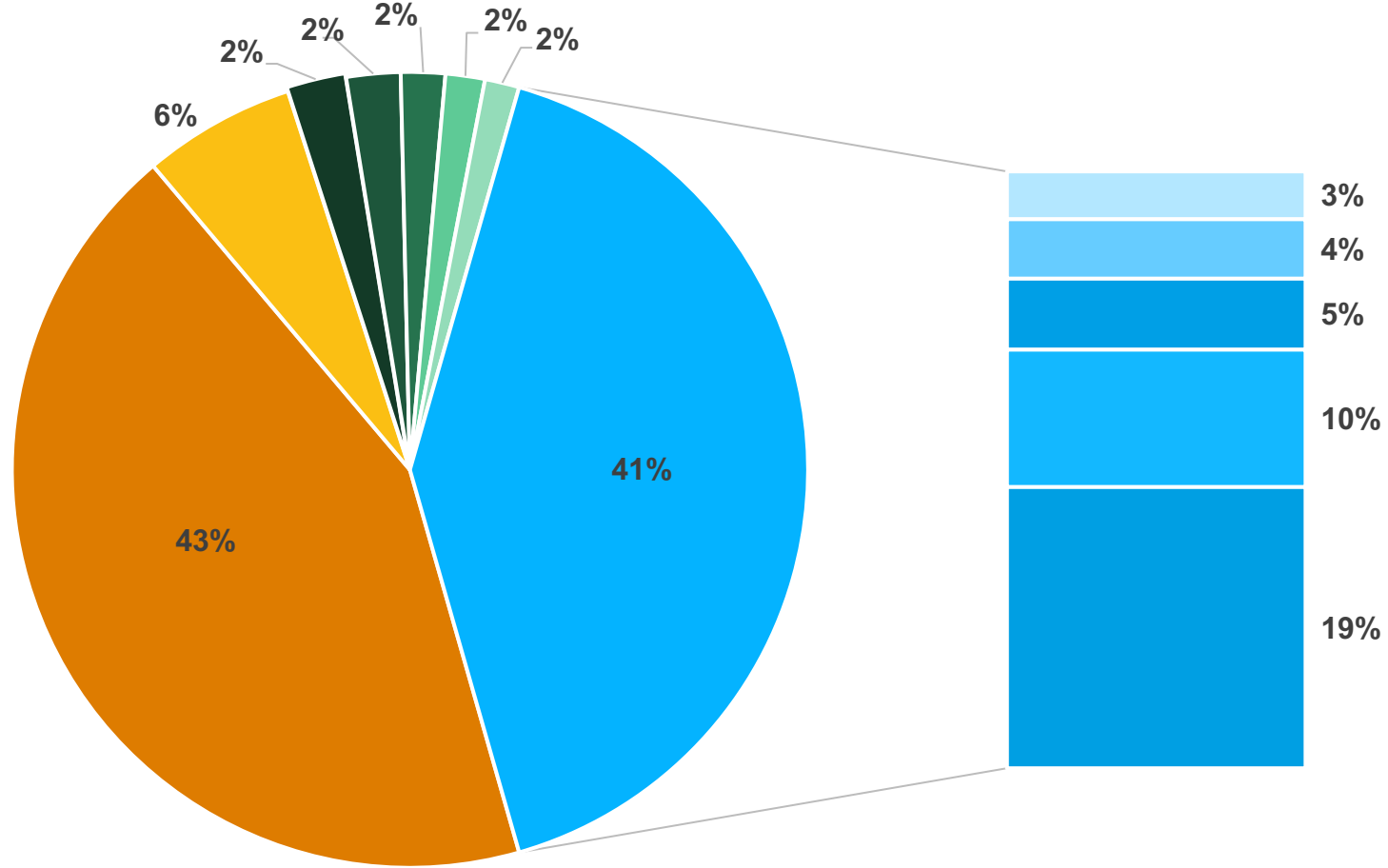


Introduction



Rating Bureau Universe

Share of Workers' Compensation Direct Earned Premiums



■ NCCI 35 states 43%

■ Mono 4 states 6%

■ NC

■ MA

■ MI

■ MN

■ IN

■ WI

■ NJ

■ PA/DE

■ NY

■ CA

11 states
51%

5 states

Source: 2021 NAIC Market share report for Calendar Year 2020 and monopolistic state fund published financial statements.



California Workers' Compensation Legislation



2022 California Workers' Compensation Legislation

➤ **AB 1681**

- Expands Ability to Meet with California Department of Insurance Regarding Fraud

➤ **AB 1751**

- COVID-19 Presumption: Extended to January 1, 2024

➤ **AB 2148**

- Indemnity Payments Distributed on Prepaid Cards: Extended to January 1, 2024

➤ **AB 2848**

- Report on Provision of Medical Treatment Within 30 Days

➤ **SB 216**

- Contractors Required to Obtain Workers' Compensation Insurance Expanded to Include HVAC, Asbestos Abatement and Tree Service Contractors

2022 California Workers' Compensation Legislation

➤ **SB 1002**

➤ **SB 1127**

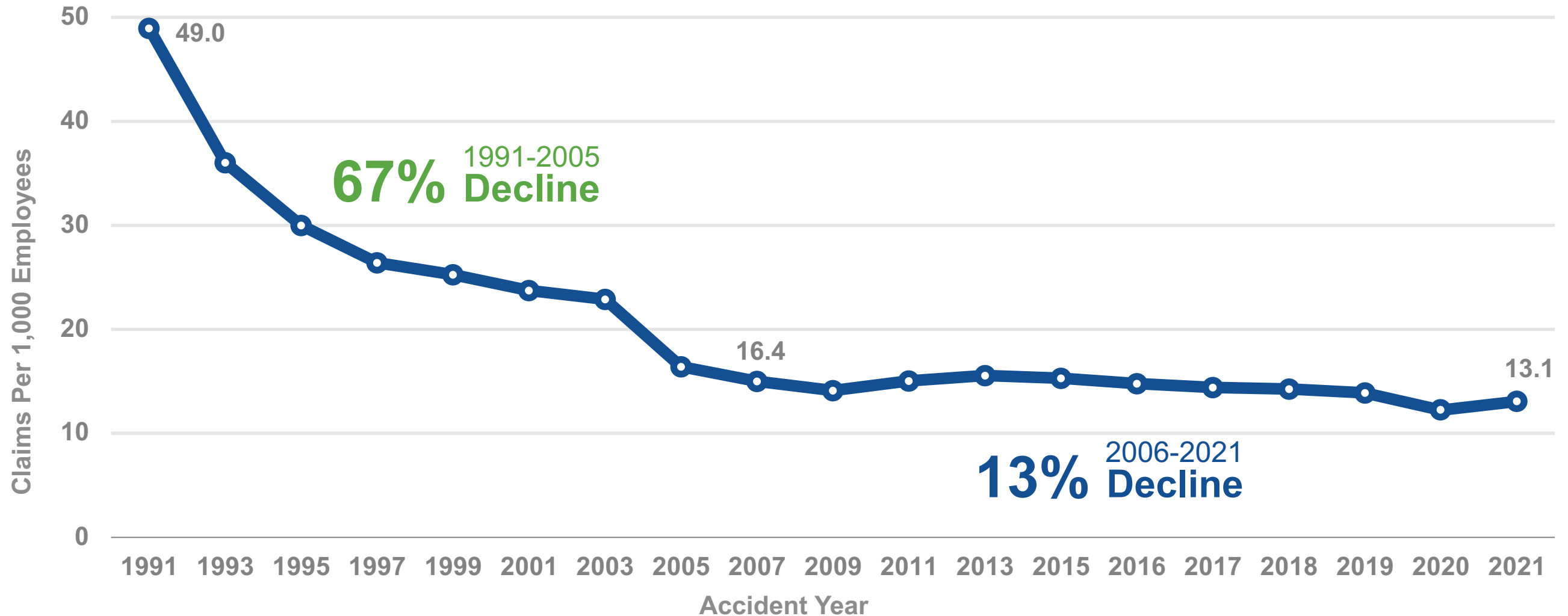
➤ **SB 1242**

➤ **AB 334**

➤ **SB 284**

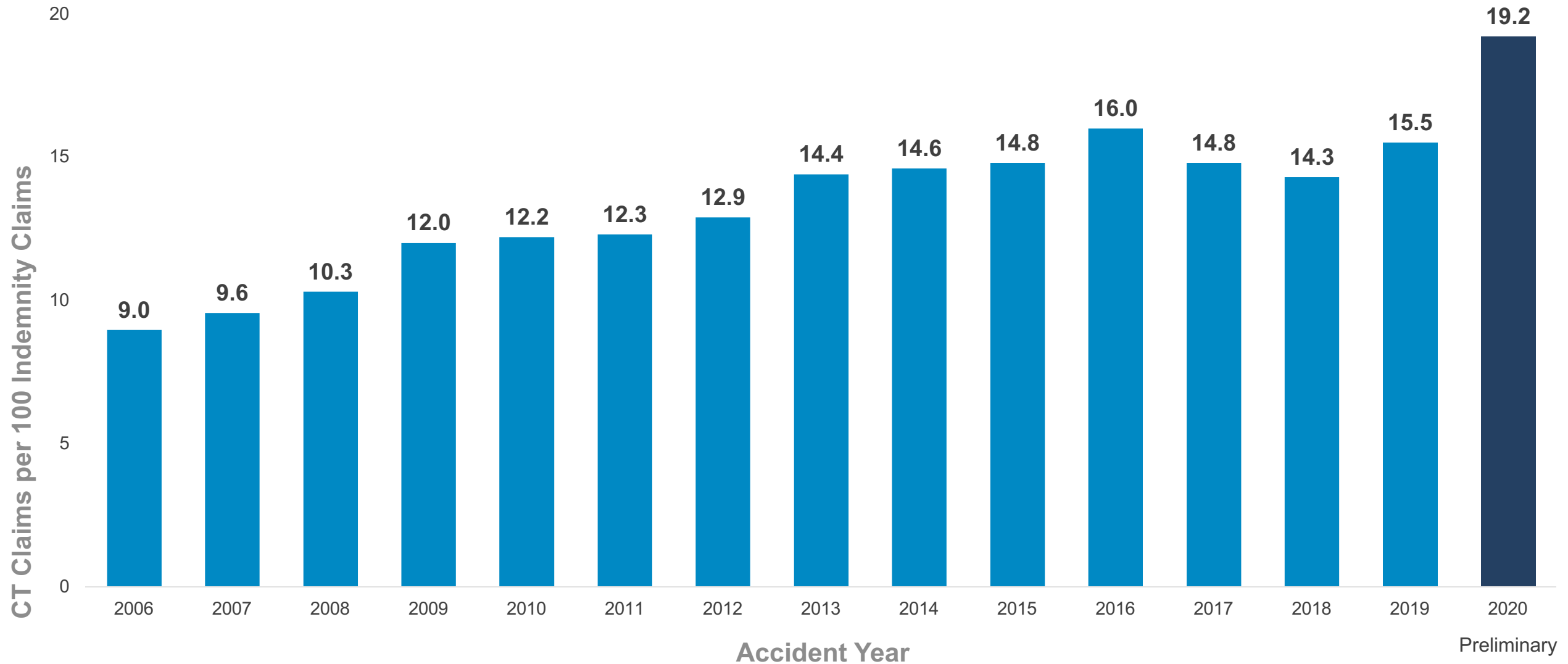
- Licensed Clinical Social Worker Included as Treatment
- Amends Investigatory Period for Law Enforcement and First Responders Subject to Presumption; Increases Compensable Weeks for Firefighters and Peace Officers' Cancer Claims; Increases Fine for Unreasonable Delay of Benefits
- Fraud Reporting to California Department of Insurance
- Skin Cancer Presumption Expanded to Peace Officers of Department of Fish and Wildlife and Department of Parks and Recreation (Vetoed)
- Post-Traumatic Stress Presumption (Sunsets January 1, 2025) Expansion to Additional Firefighter and Peace Officers (Vetoed)

Indemnity Claims per 1,000 Employees



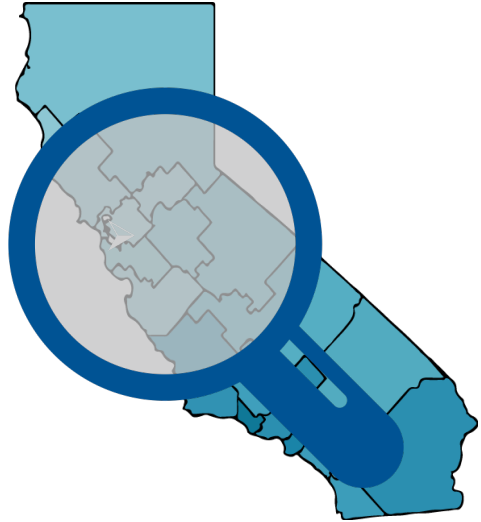
Source:
• WCIRB unit statistical data (through 2019) and aggregate financial data calls (2020 and 2021)
• COVID-19 claims are excluded from accident years 2020 and 2021

Cumulative Trauma Claims per 100 Indemnity Claims



Source: WCIRB unit statistical reports.

The “Watch List”



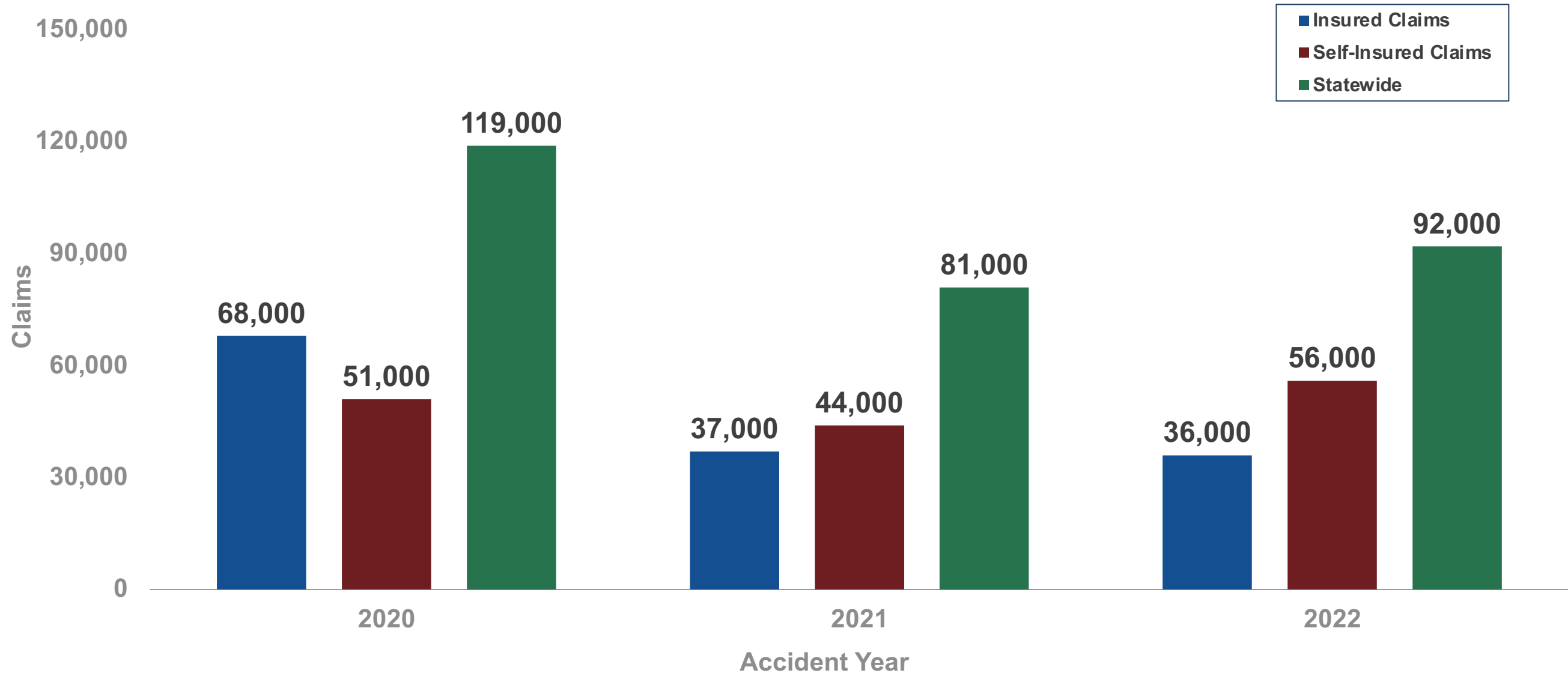
Medical Inflation

- Medical ‘deflation’ drove record rate reductions the past 10 years but has been moderately increasing the past 5 years.
- General inflation in the economy is at a 40-year high. When will workers’ comp feel greater inflationary effects?
- California is particularly susceptible to medical inflation given its slow rate of claims settlement compared to other states.

“Long COVID”

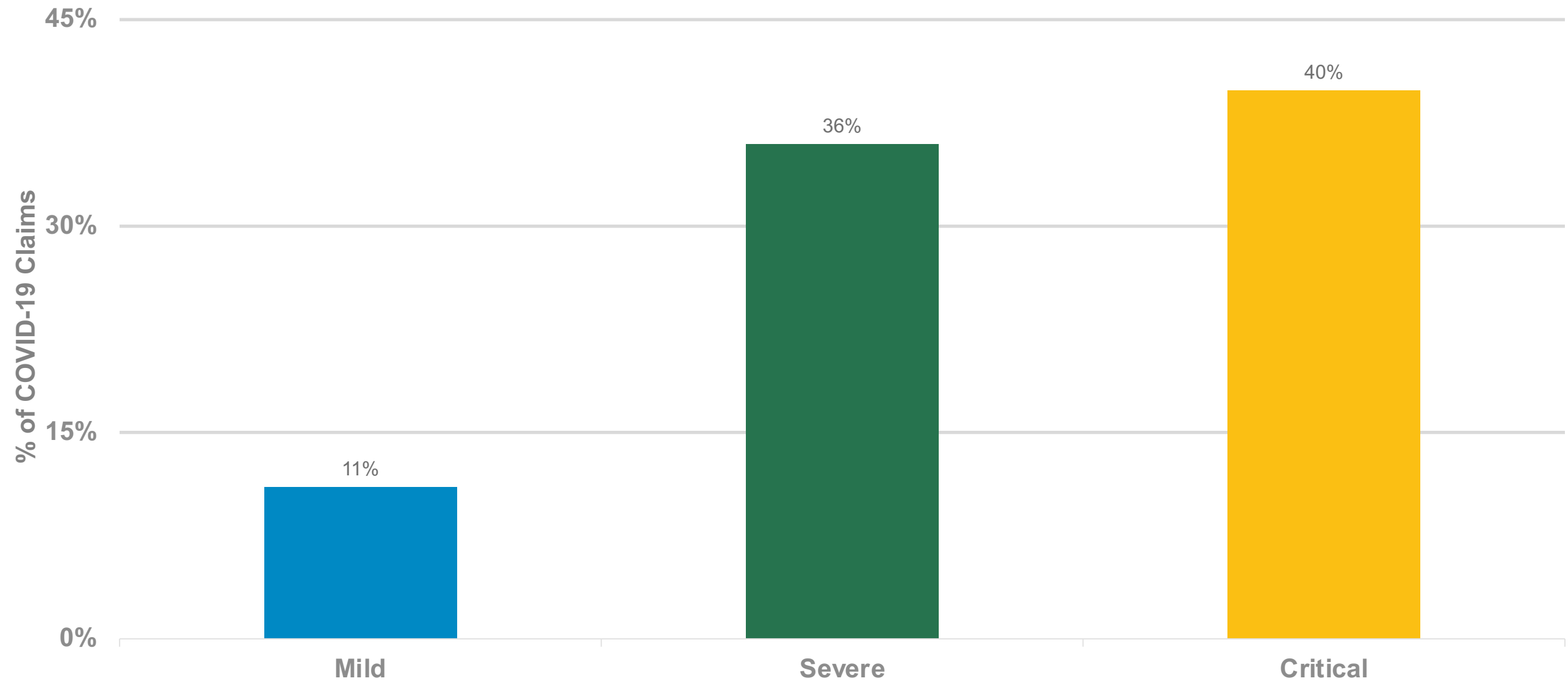
- “Long COVID” symptoms and resulting potential workers’ compensation claims are the great unknown exposure that is yet unquantifiable and not in the rate level today.

COVID-19 Workers' Compensation Claims



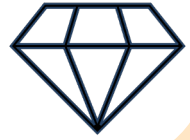
Source: Division of Workers' Compensation and California Department of Public Health.

Share of COVID-19 Claims with Treatment for Long COVID Symptoms Four Months after Acute Care



Source: WCIRB medical transaction data on accident year 2020 claims.

WCIRB 2023 Research Agenda – Highlights



Ratemaking Research

- Pandemic Impacts
- Loss Limitations for Class Ratemaking
- Claim Frequency Modeling
- Retro/Large Deductible Values
- Expected Loss Rate Methodology
- Paid and Loss Development Methods



Medical Research

- Telehealth
- Long COVID
- Workplace Violence Injuries
- Updated Fee Schedule Valuations



Claims & Economic Research

- State of the System 2023
- Employee Tenure and Claims Frequency
- Economic Impacts on Workers' Compensation



Classification Research

- Telecommuting Employees
- Electronics Industry
- Food Manufacturing Industry
- Dual Wage Threshold Updates



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