



NCOIL STATE OF THE LINE

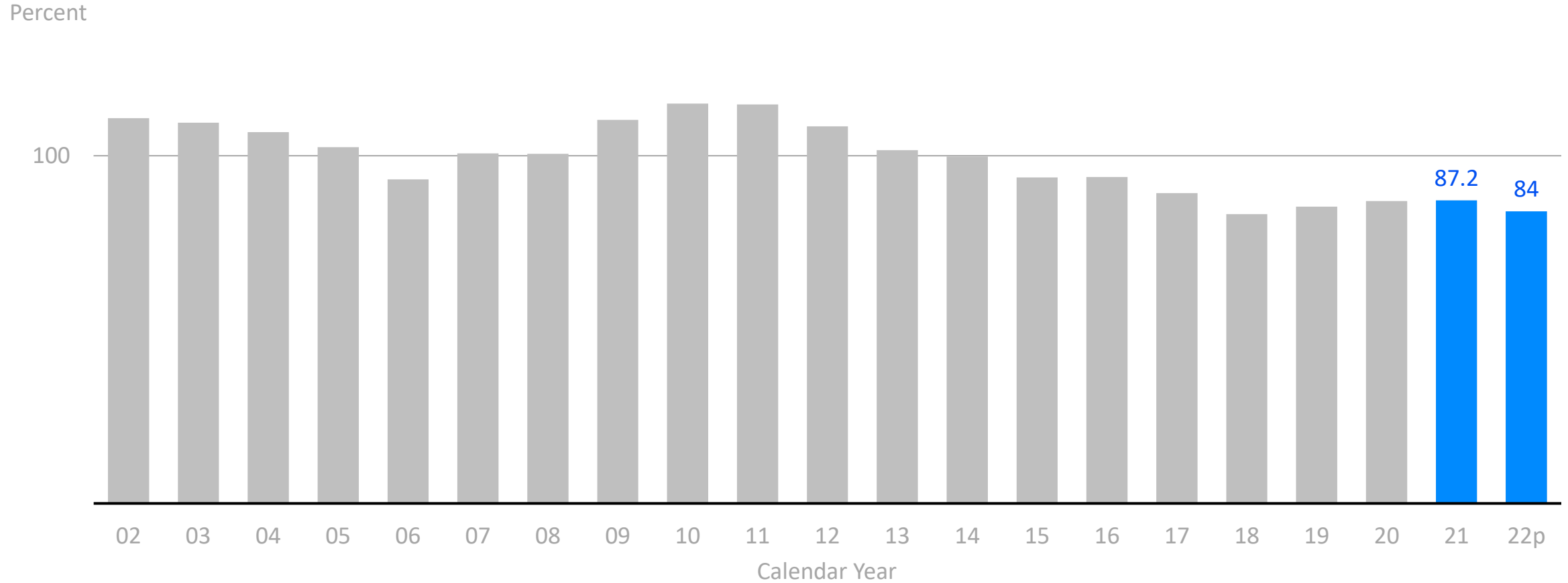
Jeff Eddinger
Senior Division Executive, NCCI



WORKERS COMPENSATION RESULTS

WC Net Combined Ratio

Private Carriers

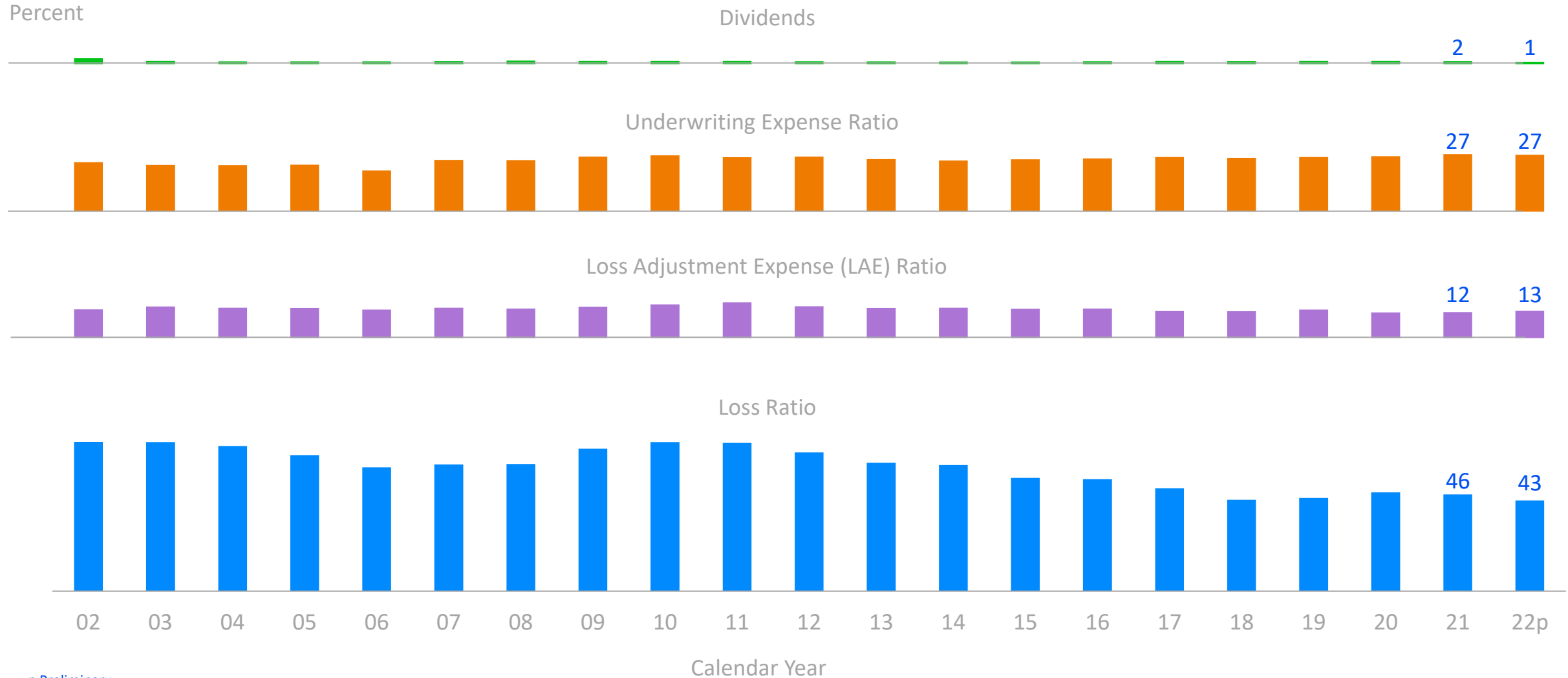


p Preliminary
Source: NAIC's Annual Statement data



WC Net Combined Ratio by Component

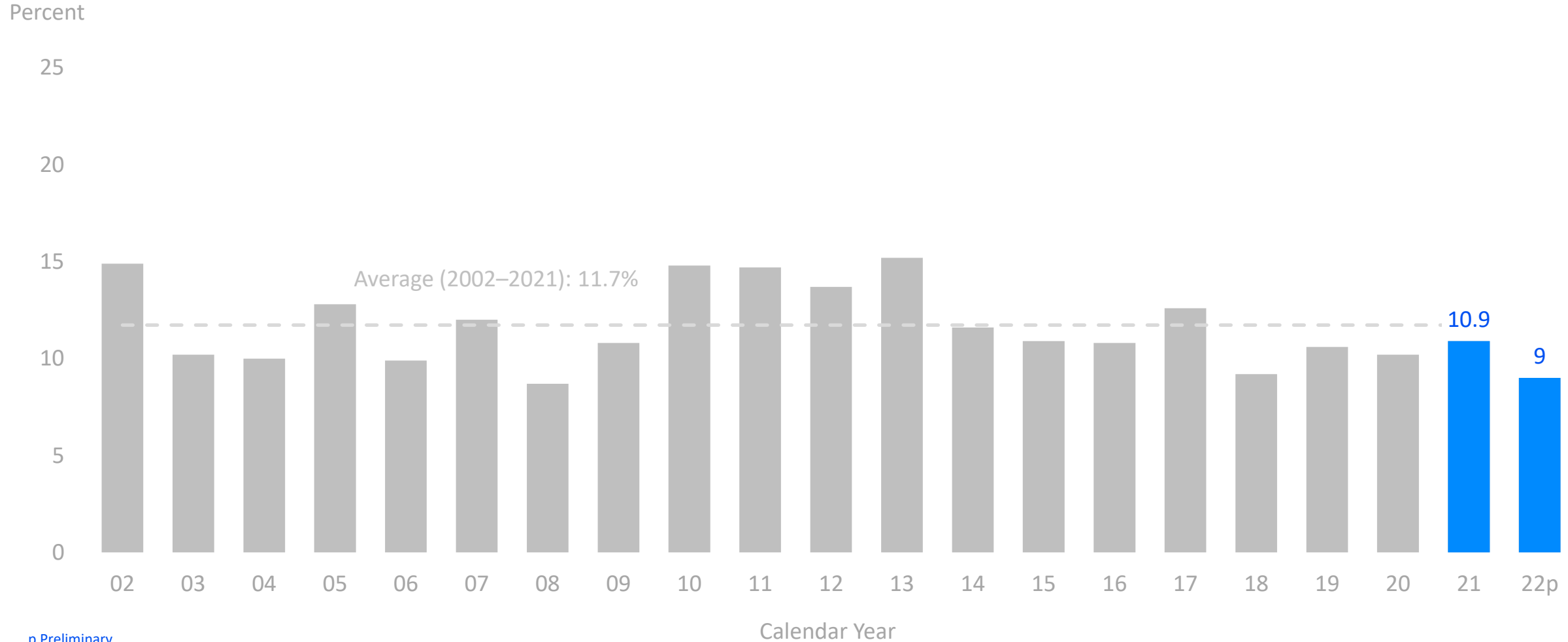
Private Carriers



p Preliminary
Source: NAIC's Annual Statement data

WC Investment Gain on Insurance Transactions

Ratio to Net Earned Premium, Private Carriers



p Preliminary

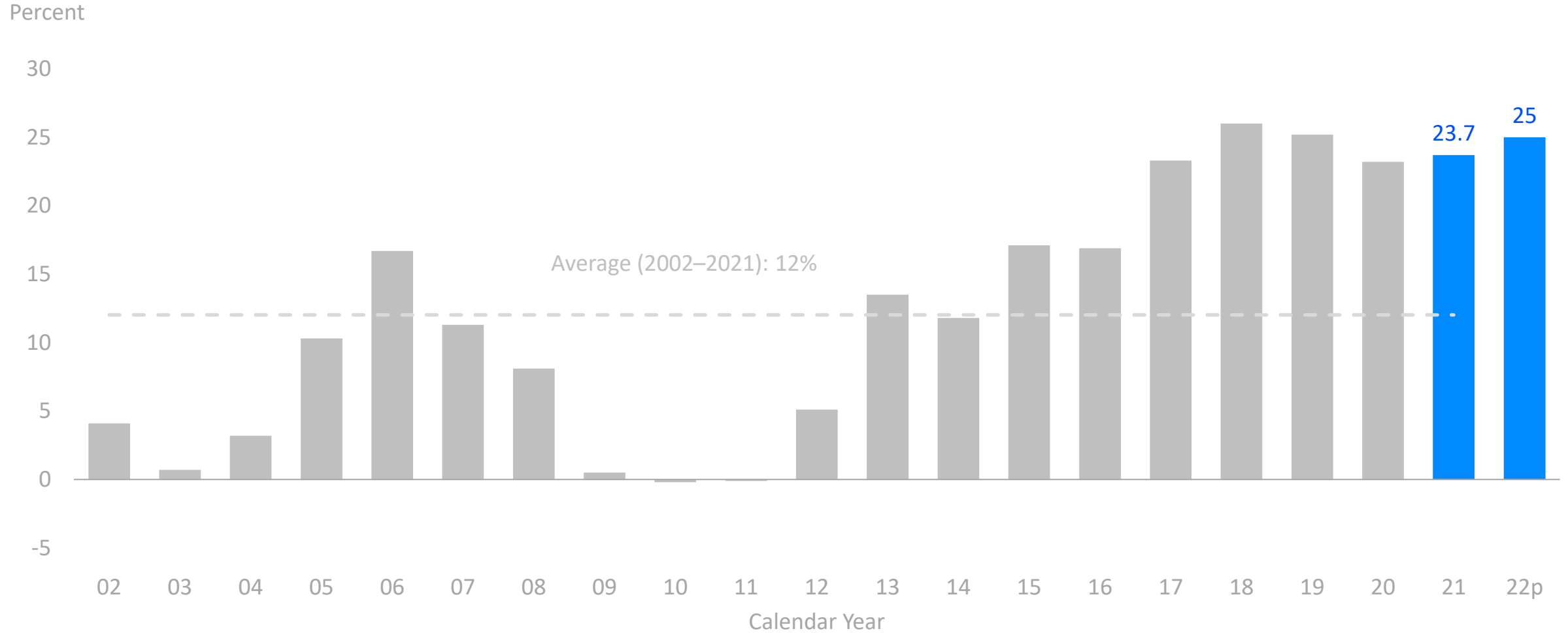
Source: NAIC's Annual Statement data

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)

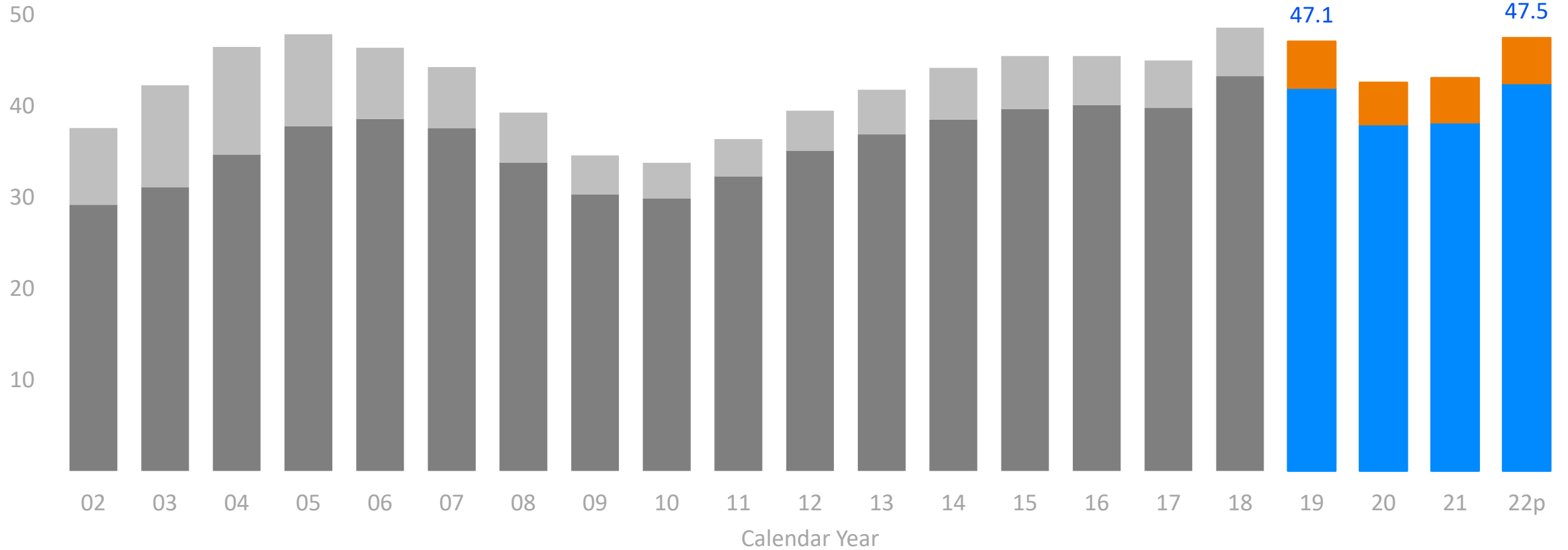
2013 is adjusted to exclude a material realized gain resulting from a single company transaction that involved corporate restructuring; unadjusted value is 17.7

WORKERS COMPENSATION (WC) PREMIUM

WC Net Written Premium

Private Carriers and State Funds

\$ Billions



p Preliminary

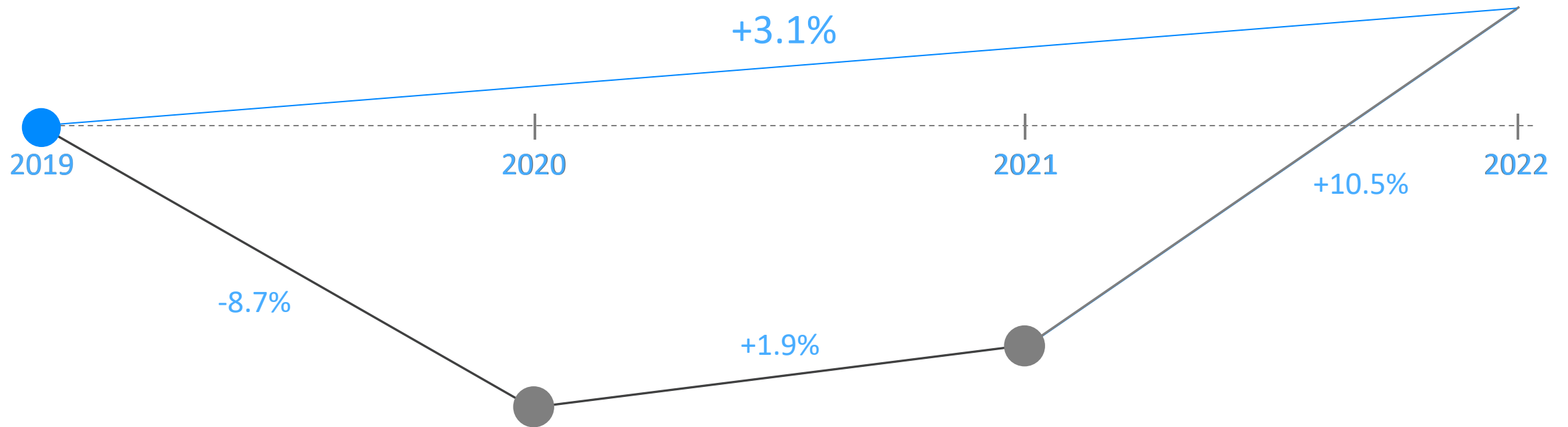
Source: NAIC's Annual Statement data

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



WC Direct Written Premium Change—2019 to 2022

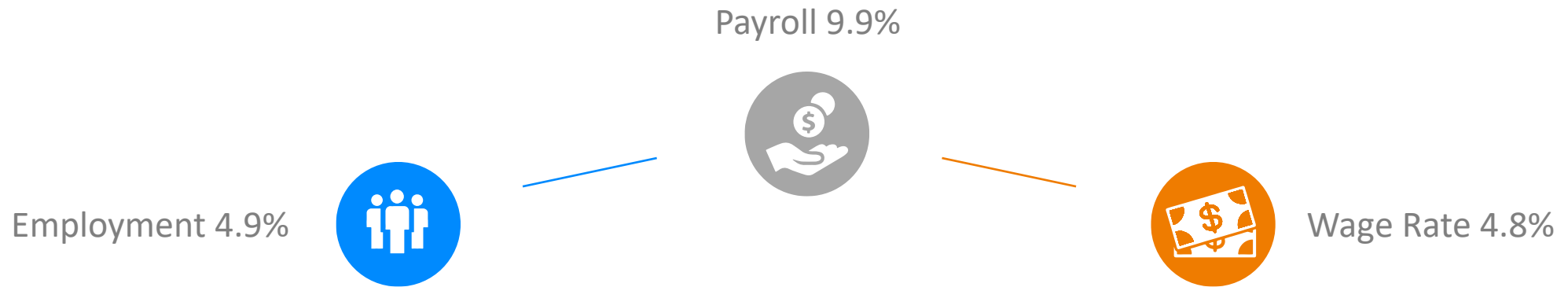
Private Carriers



Source: NAIC's Annual Statement Statutory Page 14 (2019–2022)

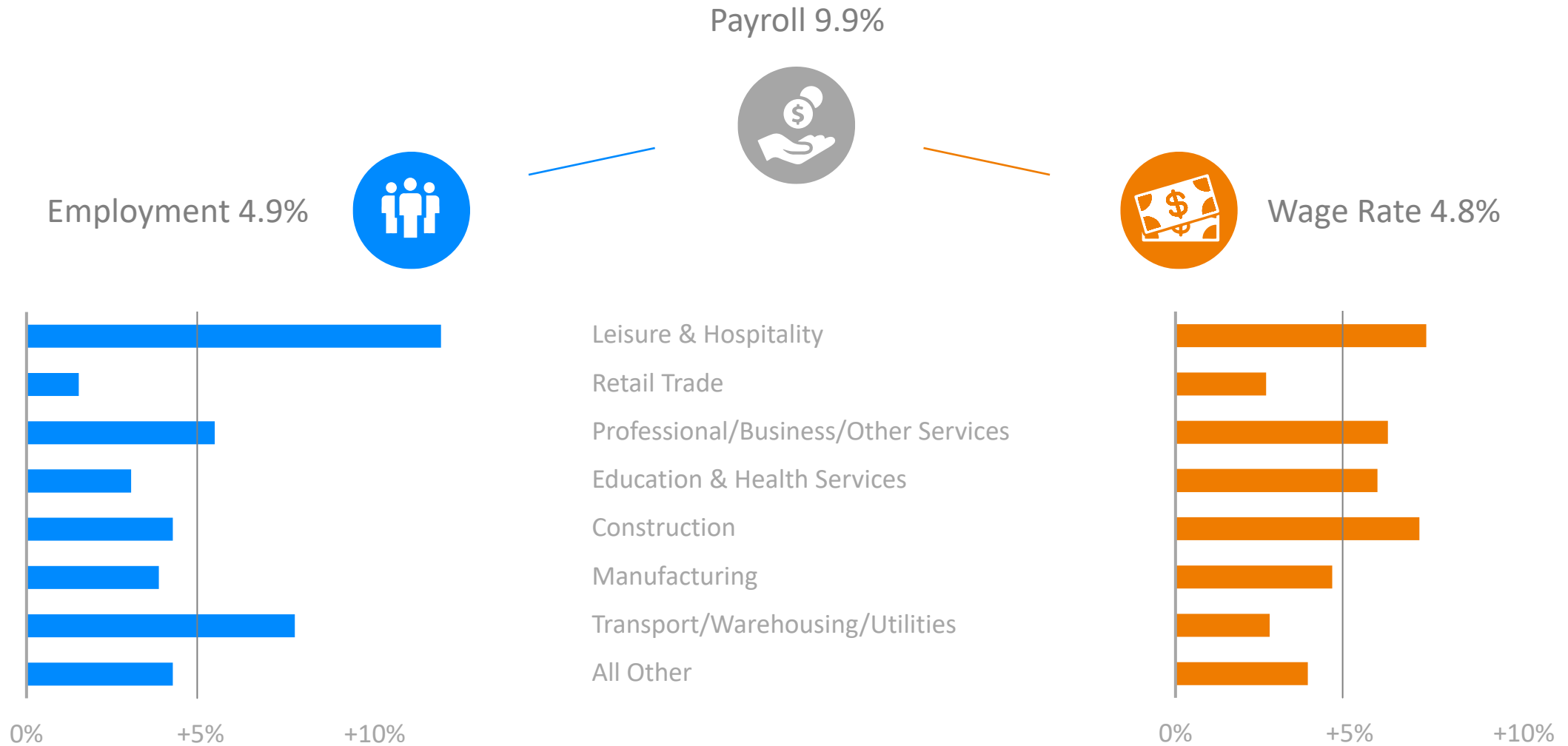


Changes in Payroll by Component—2021 to 2022



Sources: US Bureau of Labor Statistics; US Bureau of Economic Analysis; NCCI

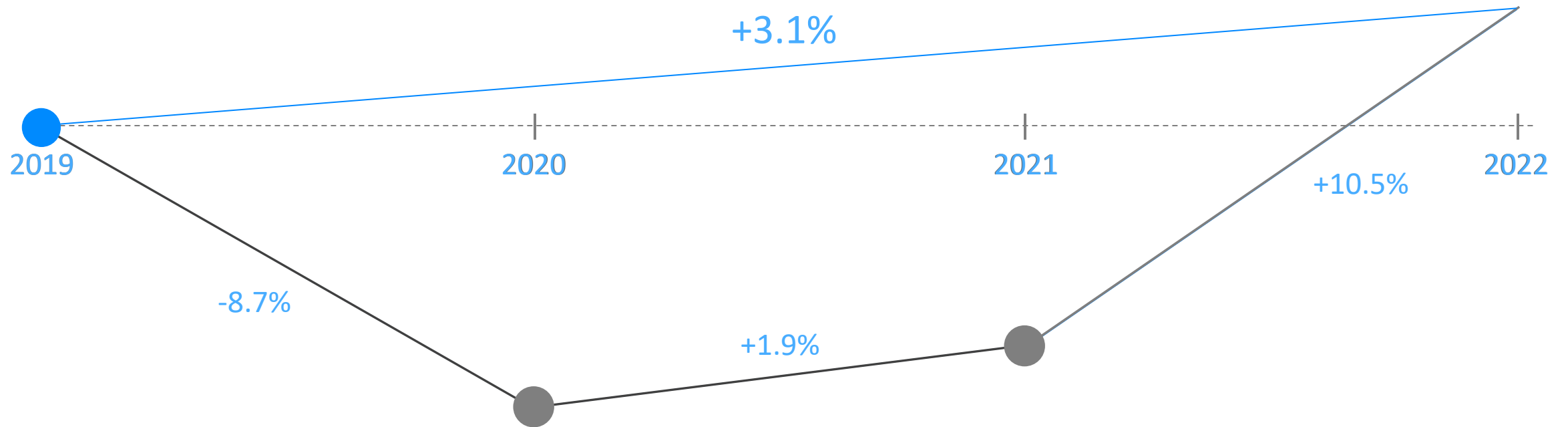
Changes in Payroll by Component—2021 to 2022



Sources: US Bureau of Labor Statistics; US Bureau of Economic Analysis; NCCI

WC Direct Written Premium Change—2019 to 2022

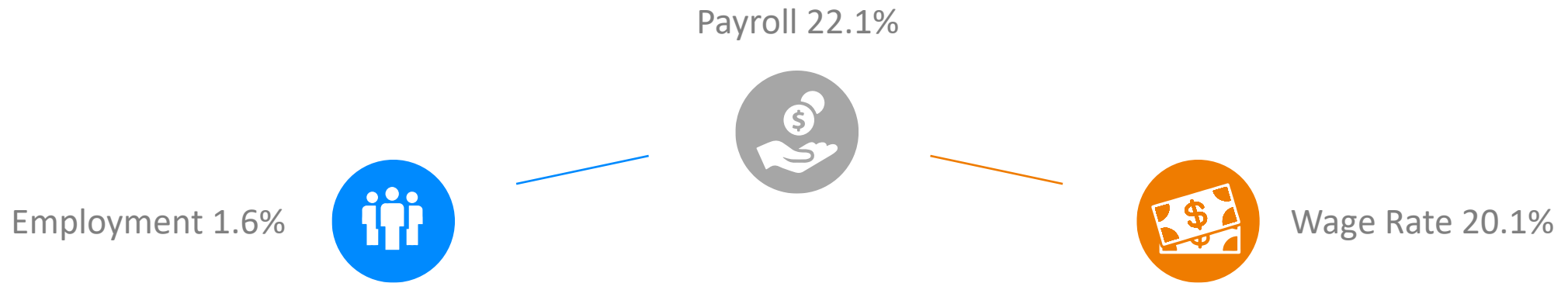
Private Carriers



Source: NAIC's Annual Statement Statutory Page 14 (2019–2022)



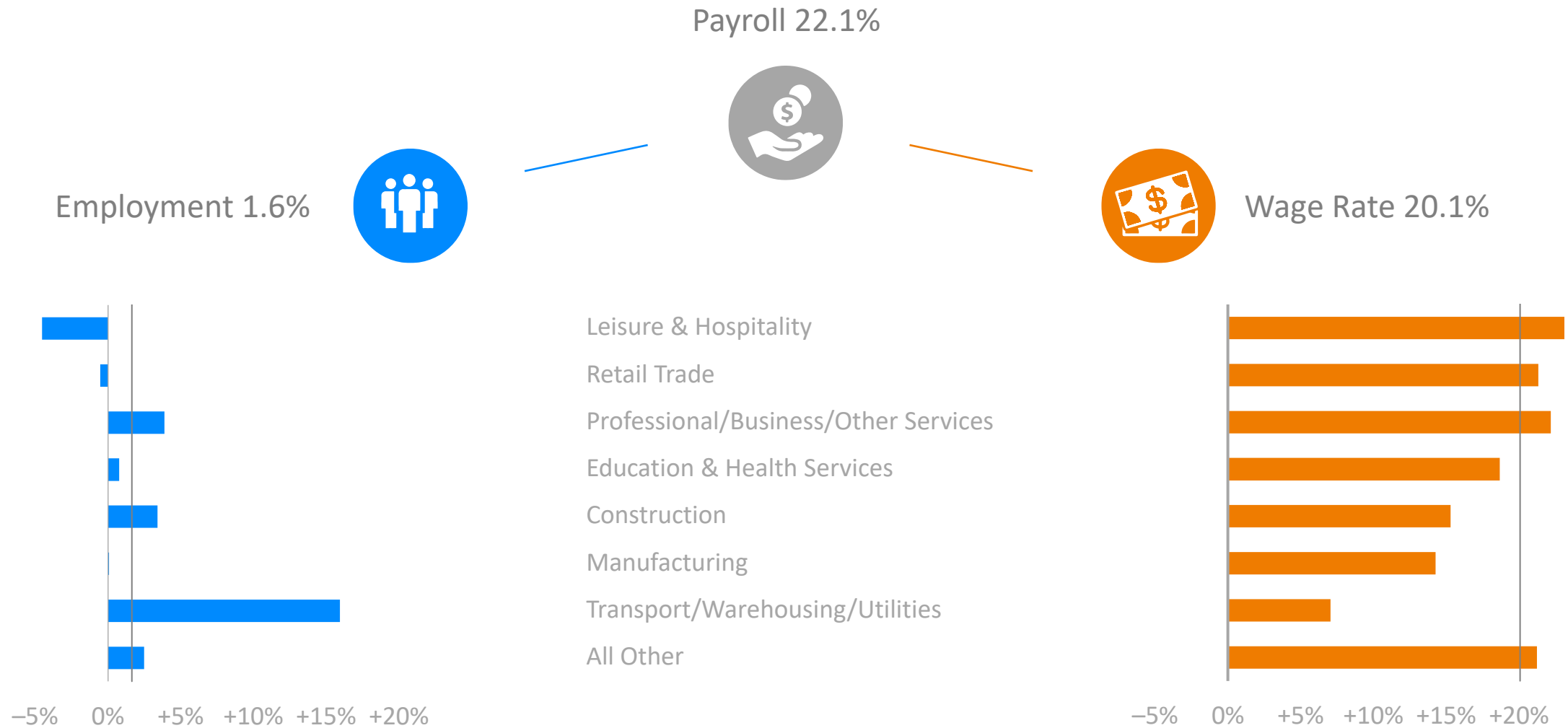
Changes in Payroll by Component—2019 to 2022



Sources: US Bureau of Labor Statistics; US Bureau of Economic Analysis; NCCI

Changes in Payroll by Component—2019 to 2022

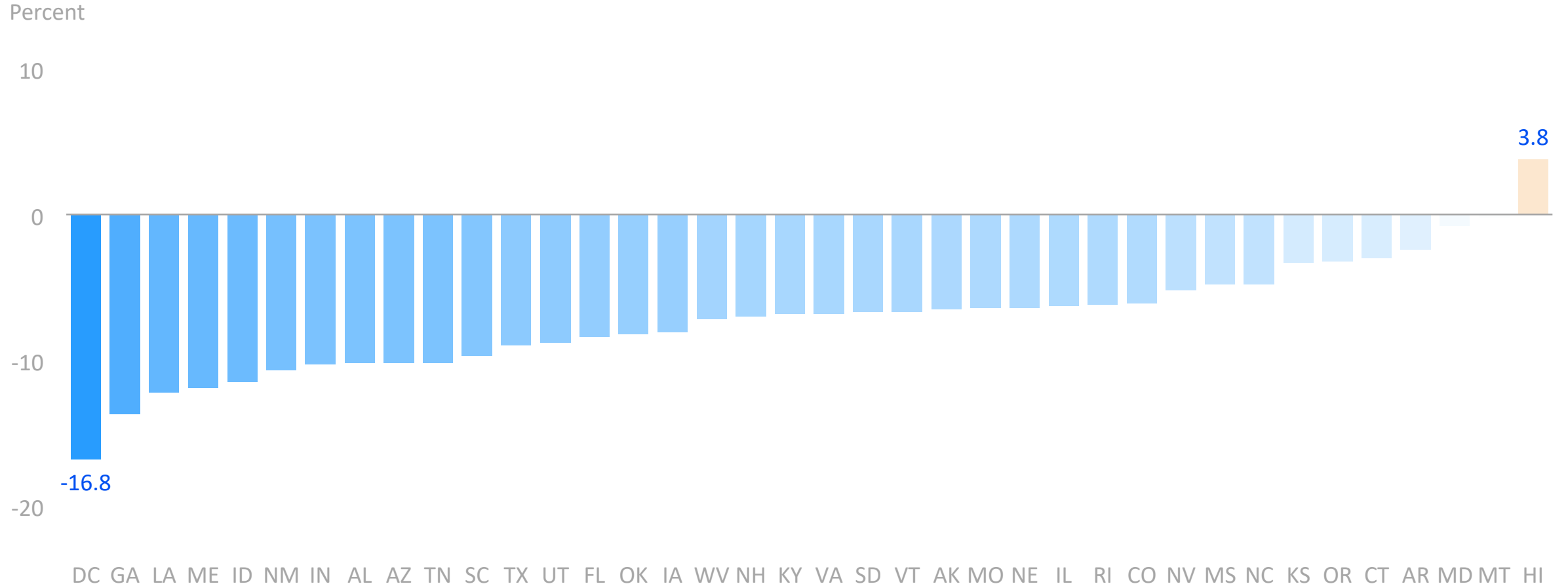
Forecast Changes



Sources: US Bureau of Labor Statistics; US Bureau of Economic Analysis; NCCI

Most Recent Changes in Bureau Premium Level

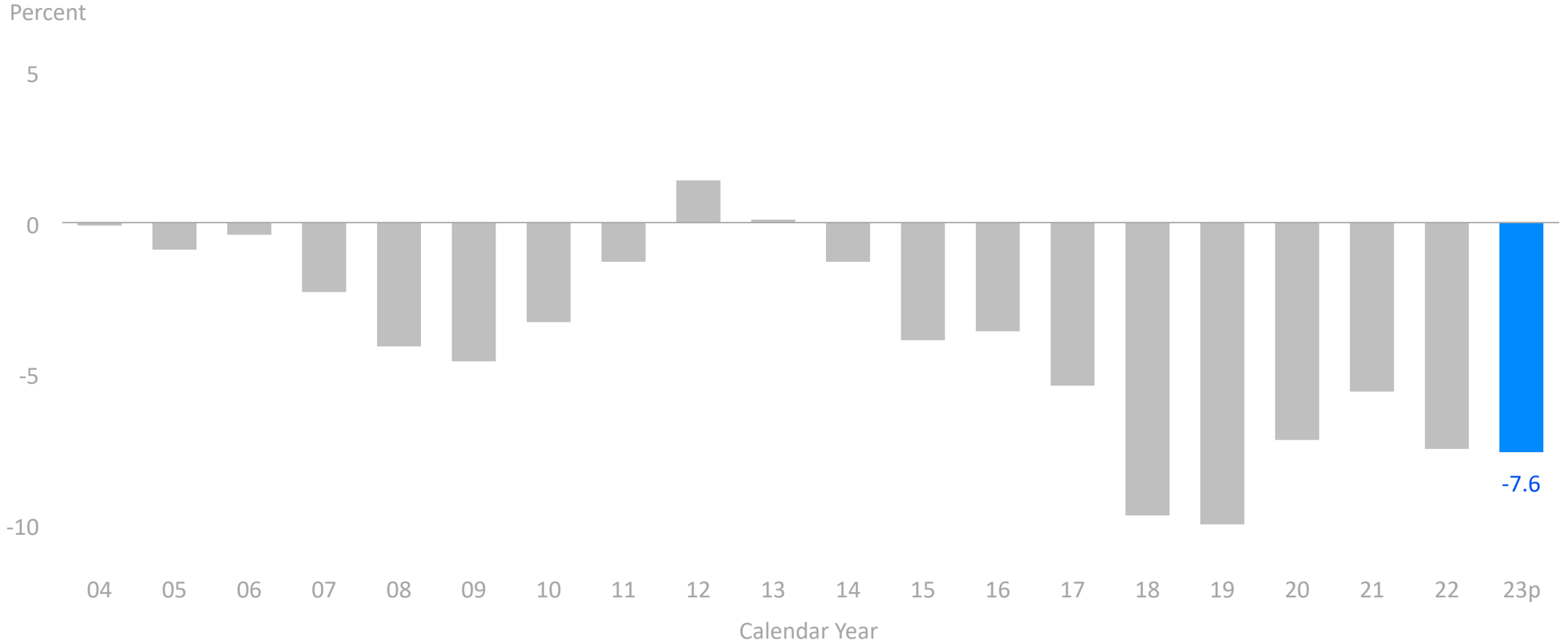
Voluntary Market, Excludes Law-Only Filings



Premium level changes in advisory rates, loss costs, and rating values, as of 5/5/2023, as filed by the applicable rating organization, relative to those previously approved
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

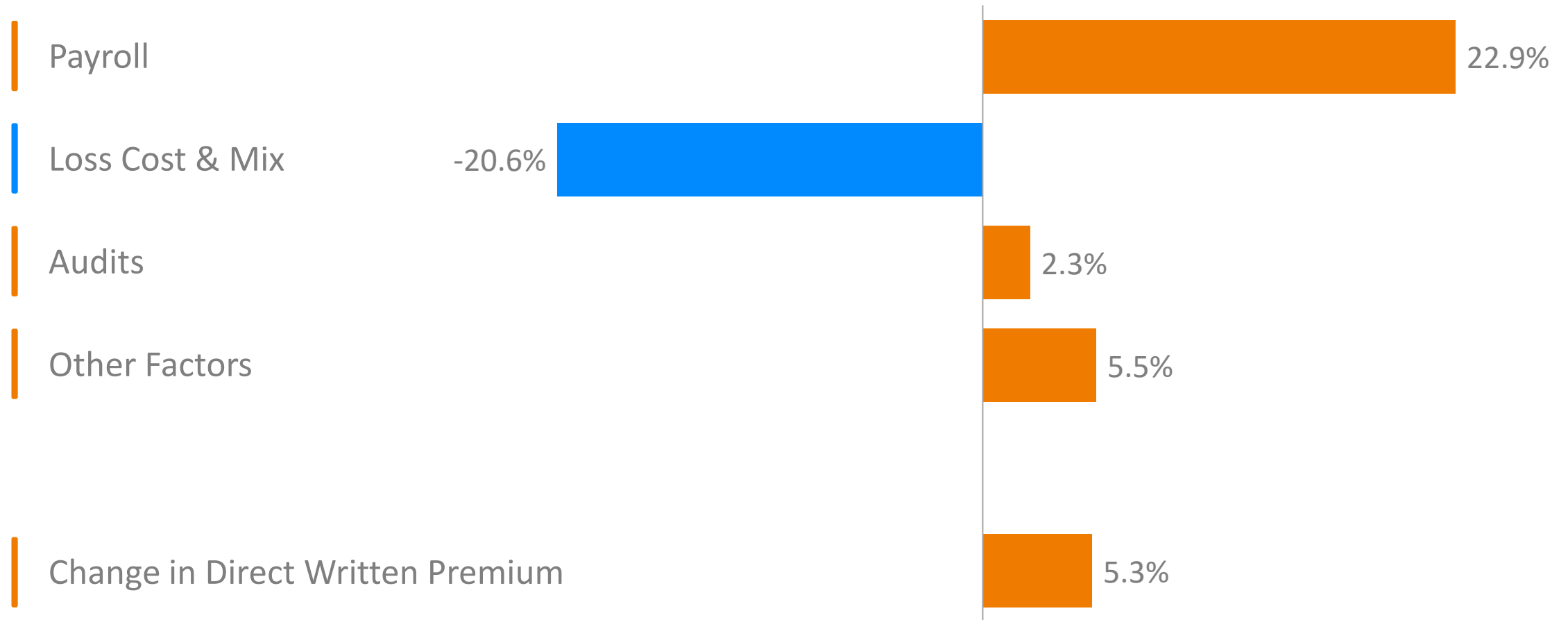
Values reflect changes in average premium levels between years, based on approved changes in advisory rates, loss costs, assigned risk rates, and rating values, as of 5/5/2023

IN and NC are filed in cooperation with state rating bureaus

WC Direct Written Premium Change by Component

Private Carriers—NCCI States

2019 vs. 2022



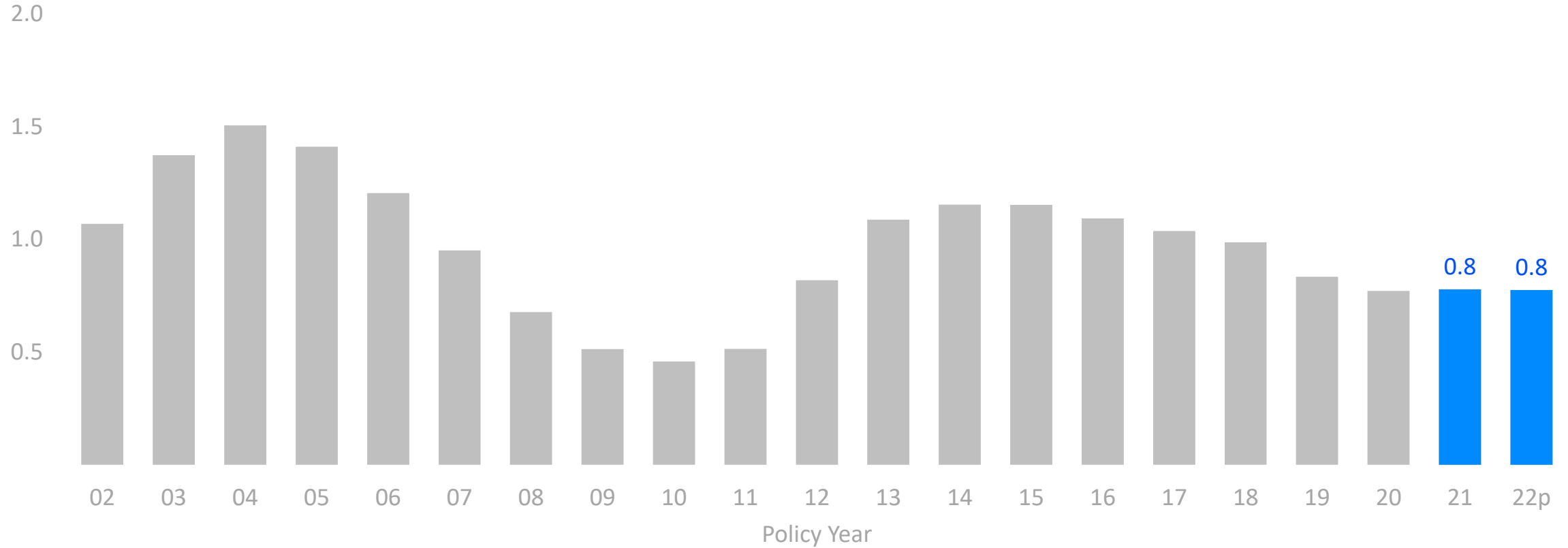
Sources: Direct Written Premium Change: NAIC's Annual Statement Statutory Page 14 for all states where NCCI provides ratemaking services
Components: NCCI's Policy data



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**

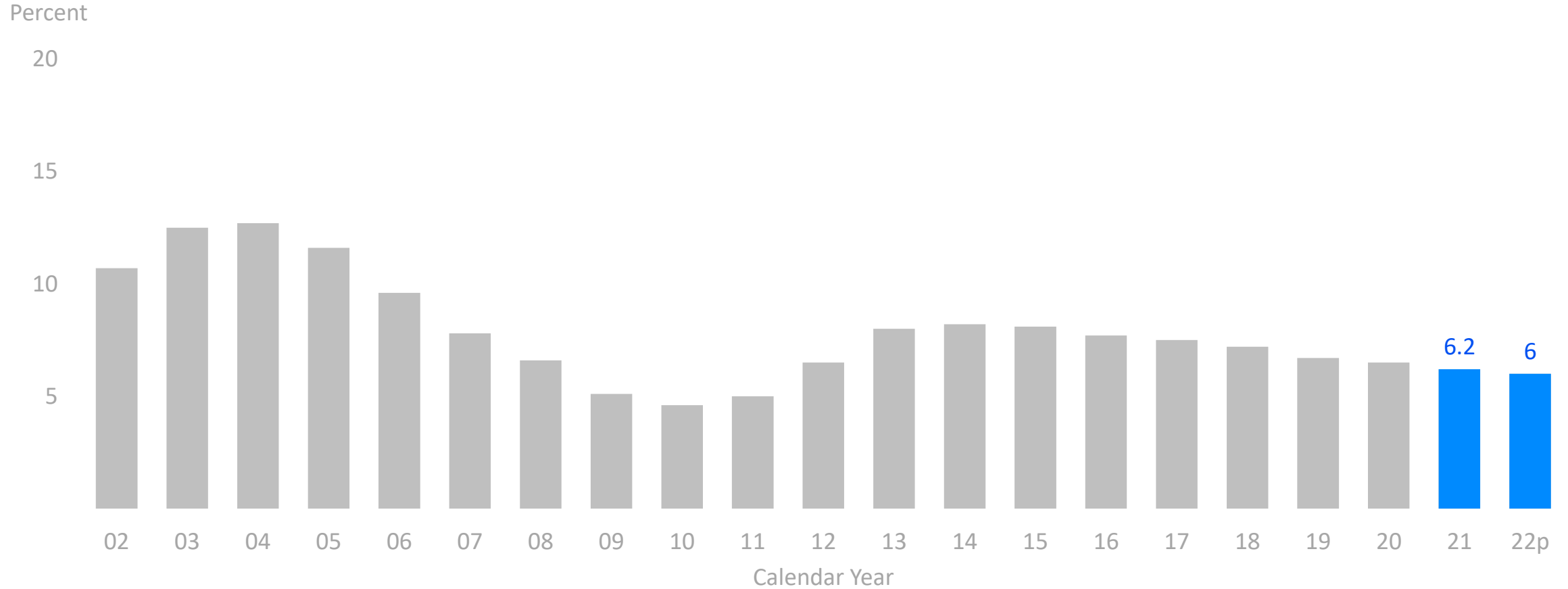
Includes Pool Data for all NCCI-serviced WC Residual Market Pool states, valued as of 12/31/2022

Tennessee Reinsurance Mechanism premium is not included



WC Residual Market Share

NCCI-Serviced WC Residual Market Pools



p Preliminary

Source: NCCI's *Residual Market Management Summary*

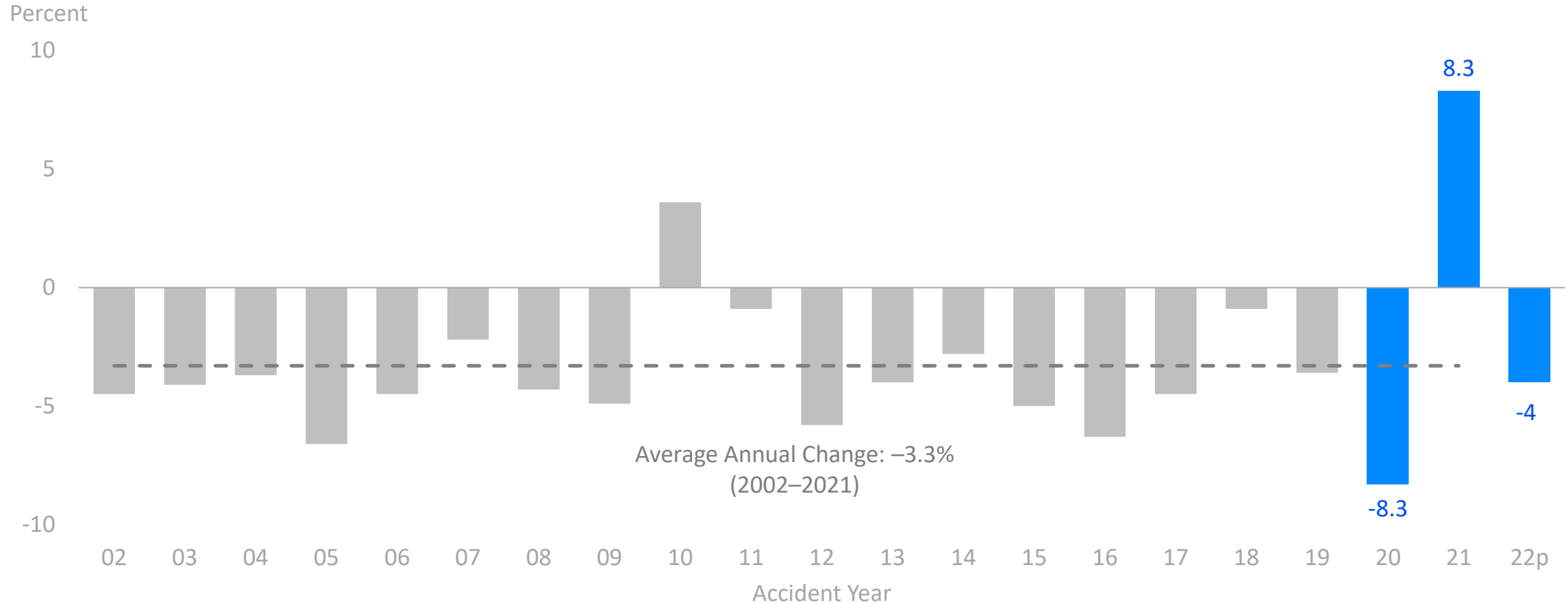
Includes Pool and direct assignment data for all NCCI-serviced WC Residual Market Pool states



WORKERS COMPENSATION LOSS DRIVERS

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 2019–2022 are adjusted to reflect the impact of changes in audit activity

p Preliminary, based on data valued as of 12/31/2022; excludes COVID-19 claims

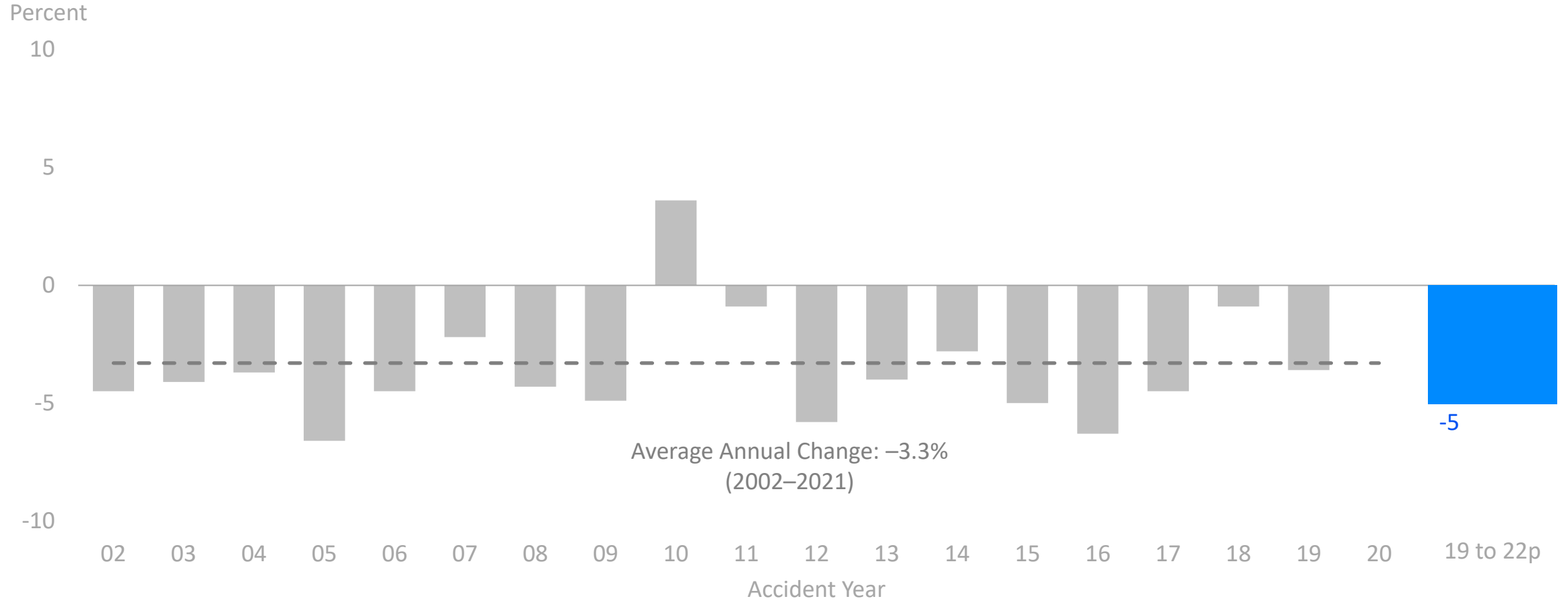
Source: NCCI's Financial Call data, developed to ultimate, premium adjusted to current wage and voluntary pure premium level, excludes high-deductible policies; based on data through 12/31/2021

Includes all states where NCCI provides ratemaking services; 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



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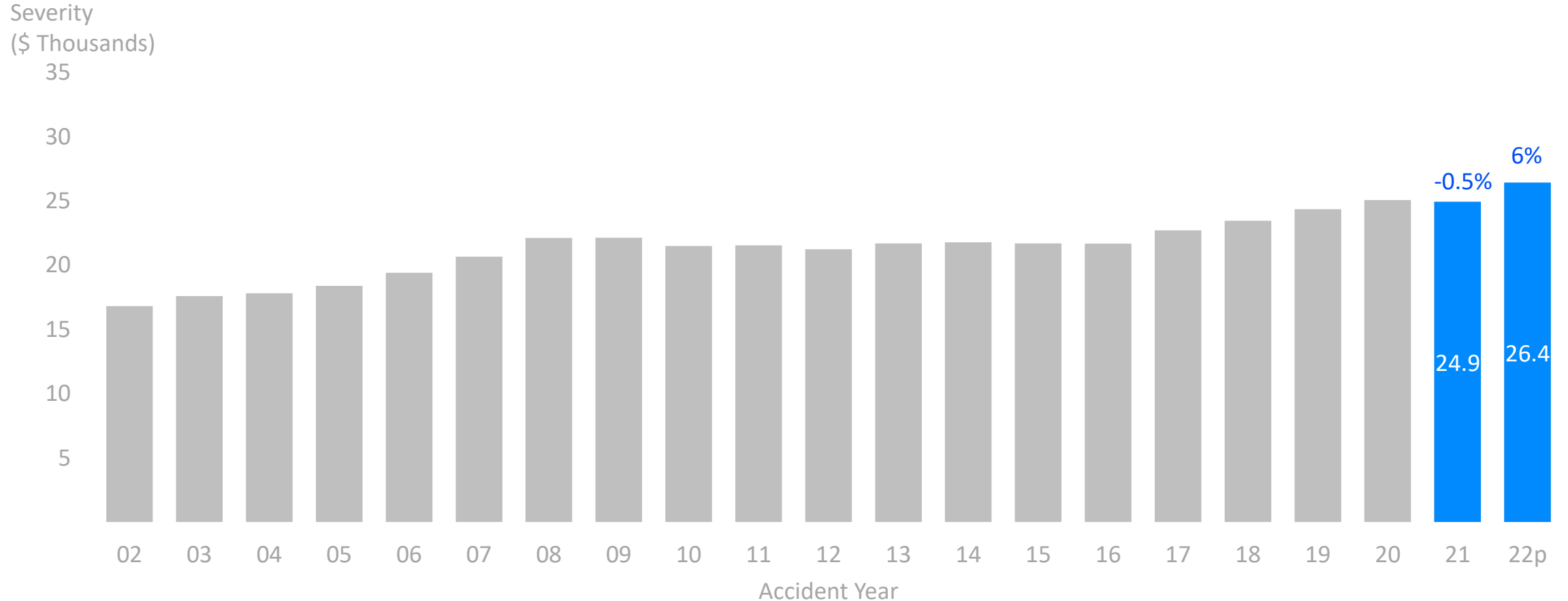
Source: NCCI's Financial Call data, developed to ultimate, premium adjusted to current wage and voluntary pure premium level, excludes high-deductible policies; based on data through 12/31/2021

Includes all states where NCCI provides ratemaking services; 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



p Preliminary, based on data valued as of 12/31/2022; excludes COVID-19 claims

Source: NCCI's Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2021

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 2007, and WV is excluded through 2011



WC Average Indemnity Claim Severity

Private Carriers and State Funds—NCCI States, Excludes COVID-19 Claims

Severity
(\$ Thousands)

35

30

25

20

15

10

5

Average Annual Change
2019–2022p: +2%

24.4

26.4

02

03

04

05

06

07

08

09

10

11

12

13

14

15

16

17

18

19

20

21

22p

Accident Year

p Preliminary, based on data valued as of 12/31/2022; excludes COVID-19 claims

Source: NCCI's Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2021

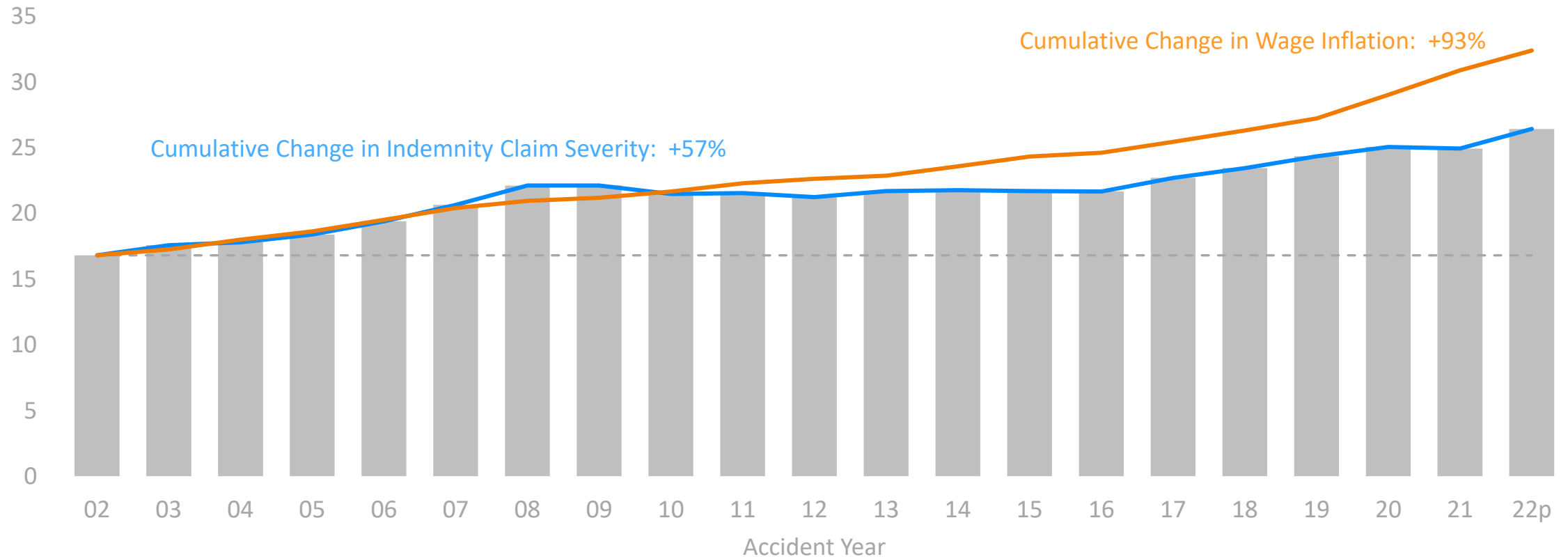
Values displayed reflect the methodology underlying the most recent rate/loss cost filing

Includes all states where NCCI provides ratemaking services; NV is excluded through 2003, TX is excluded through 2007, and WV is excluded through 2011



WC Average Indemnity Claim Severity

Private Carriers and State Funds—NCCI States, Excludes COVID-19 Claims



p Preliminary, based on data valued as of 12/31/2022; excludes COVID-19 claims

Sources: US Average Weekly Wage: 2002–2007 and 2012–2019 Quarterly Census of Employment and Wages (QCEW), US Bureau of Labor Statistics (BLS); 2008–2011 and 2020–2021 NCCI and QCEW; 2022p NCCI and Moody's Analytics

Severity: NCCI's Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2021

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

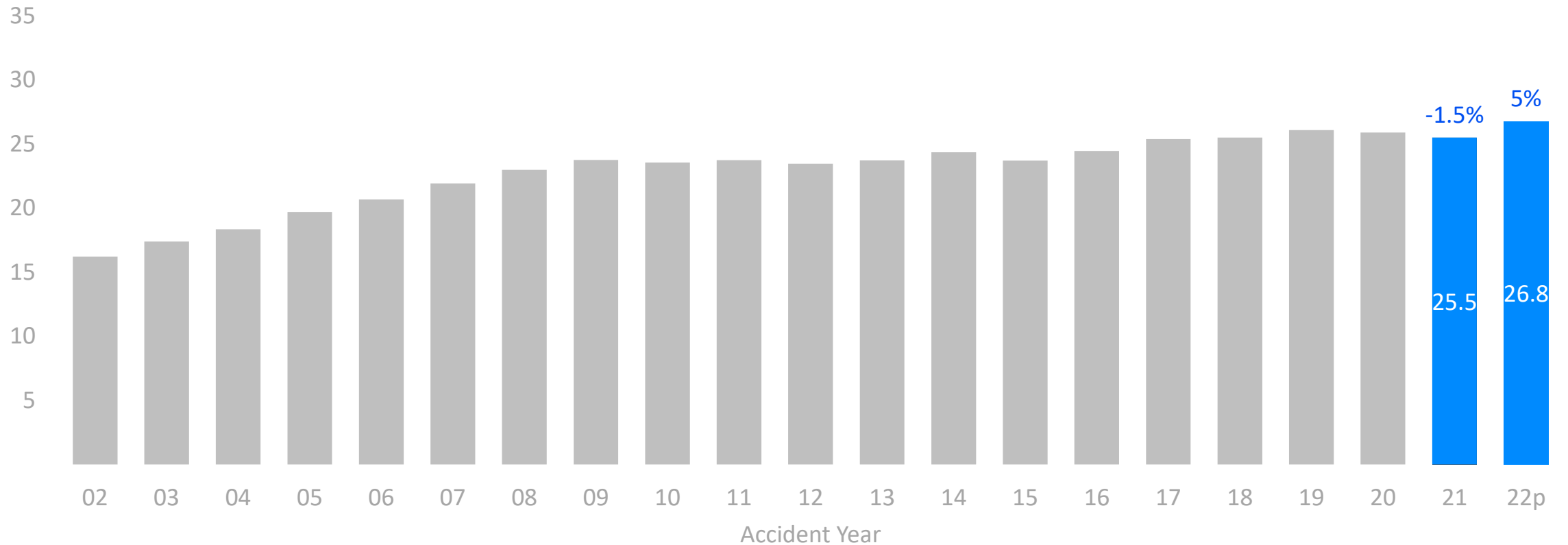
Includes all states where NCCI provides ratemaking services; NV is excluded through 2003, TX is excluded through 2007, and WV is excluded through 2011



WC Average Medical Lost-Time Claim Severity

Private Carriers and State Funds—NCCI States, Excludes COVID-19 Claims

Severity
(\$ Thousands)



p Preliminary, based on data valued as of 12/31/2022; excludes COVID-19 claims

Source: NCCI's Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2021

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

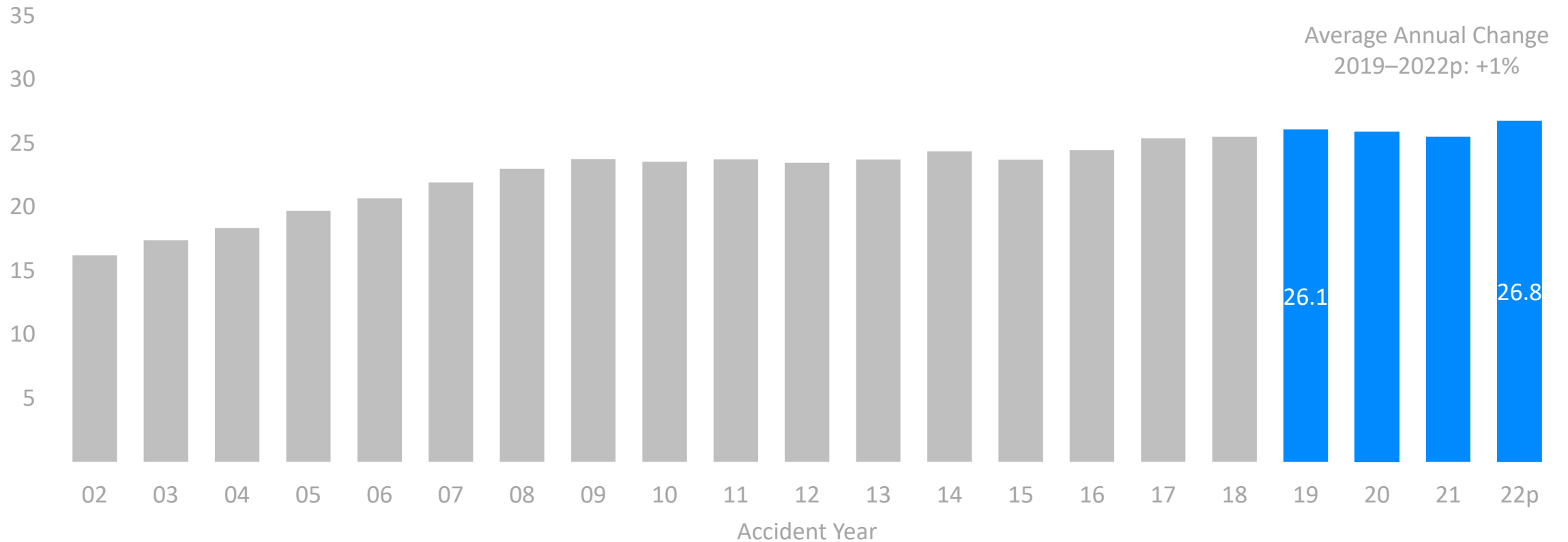
Includes all states where NCCI provides ratemaking services; NV is excluded through 2003, TX is excluded through 2007, and WV is excluded through 2011



WC Average Medical Lost-Time Claim Severity

Private Carriers and State Funds—NCCI States, Excludes COVID-19 Claims

Severity
(\$ Thousands)



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Source: NCCI's Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2021

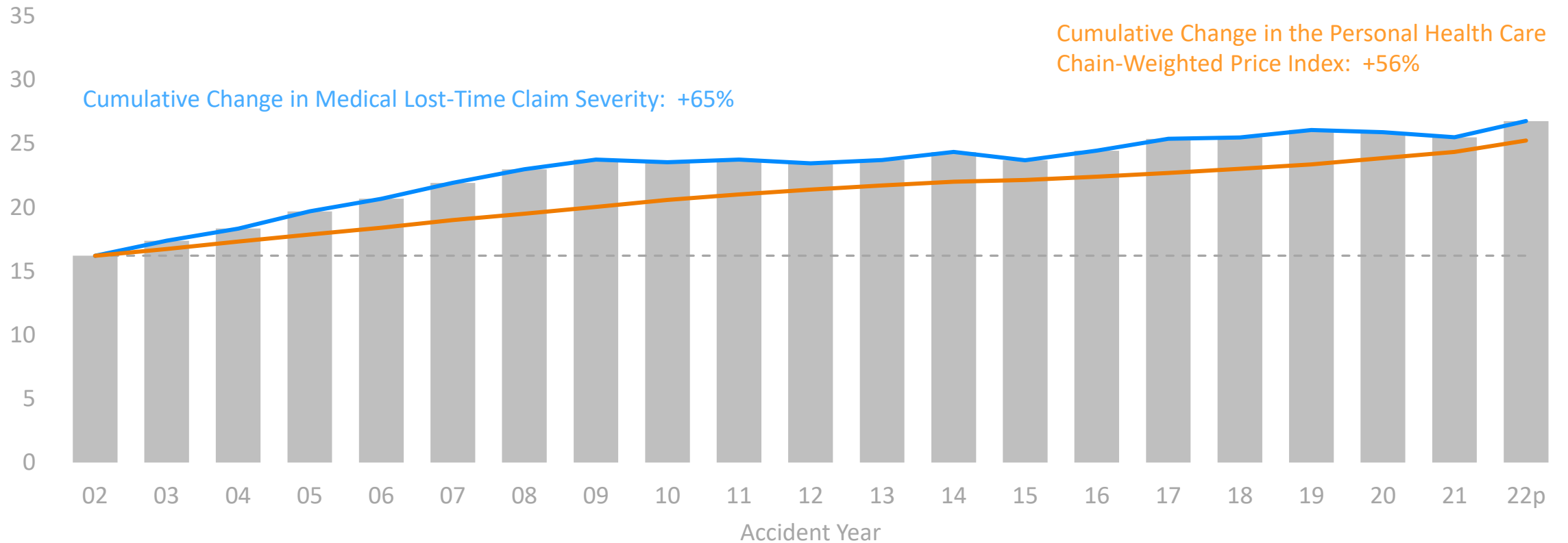
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Includes all states where NCCI provides ratemaking services; NV is excluded through 2003, TX is excluded through 2007, and WV is excluded through 2011



WC Average Medical Lost-Time Claim Severity

Private Carriers and State Funds—NCCI States, Excludes COVID-19 Claims



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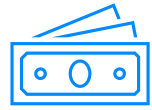
Includes all states where NCCI provides ratemaking services; NV is excluded through 2003, TX is excluded through 2007, and WV is excluded through 2011

PHC Chain-Weighted Price Index: 2002–2022 Centers for Medicare & Medicaid Services (CMS)



COVID-19

The Direct Impact of COVID-19—Accident Years 2020–2022



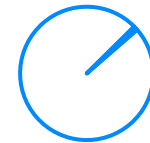
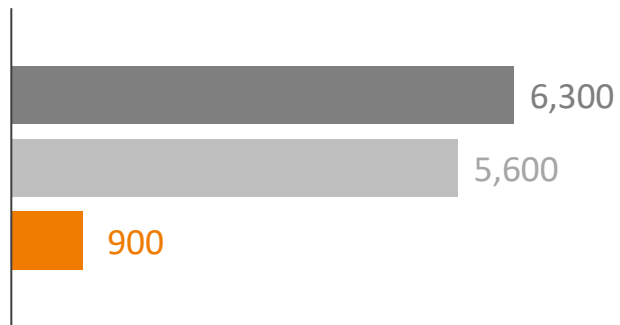
\$628M in losses



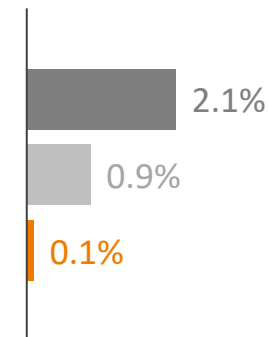
118,000 claims



\$5,300 average severity



1% of total losses



Source: NCCI's Financial Call data evaluated as of 12/31/2022

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2022 Workers Compensation Insights

Net written premium increased by **11%**

Reported combined ratios:

CY 2022
84%

AY 2022
97%

\$17B
reserve
redundancy

Claim frequency decreased by **4%**

Excluding COVID-19 claims:

Indemnity severity increased by **6%**

Medical severity increased by **5%**

QUESTIONS?