

State of the Line
Workers Compensation
NCOIL

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Senior Division Executive
NCCI

July 19, 2024

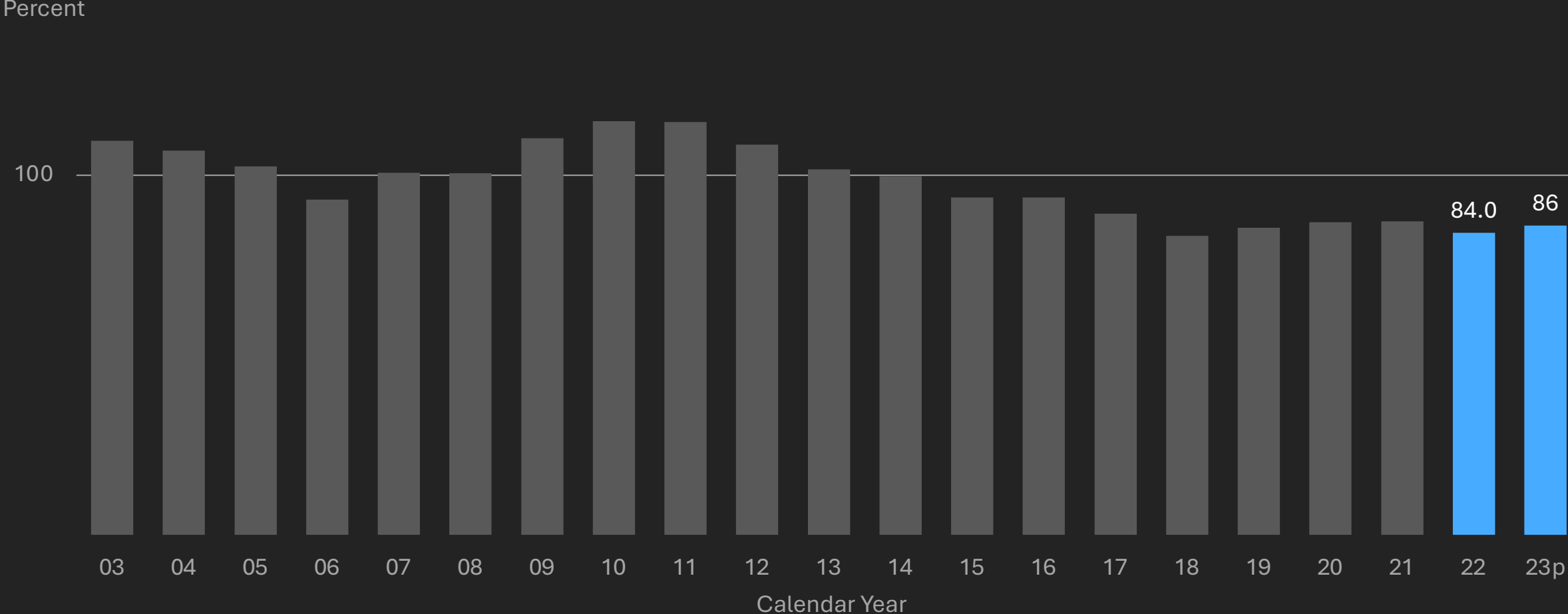


The background features a pattern of light blue 3D cubes scattered across a dark blue gradient band that runs horizontally across the center of the image. The text is centered within this band.

WORKERS COMPENSATION RESULTS

WC Net Combined Ratio

Private Carriers



p Preliminary
Source: NAIC's Annual Statement data

WC Net Combined Ratio by Component

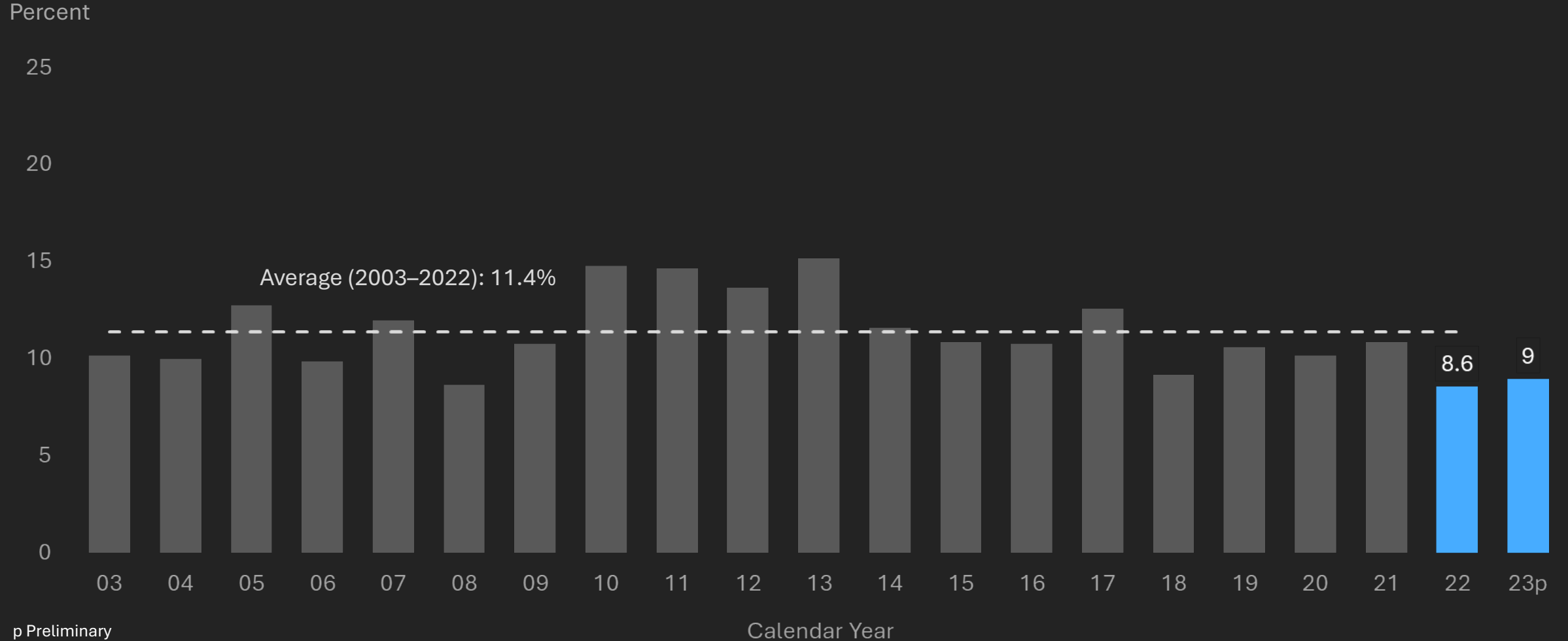
Private Carriers



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

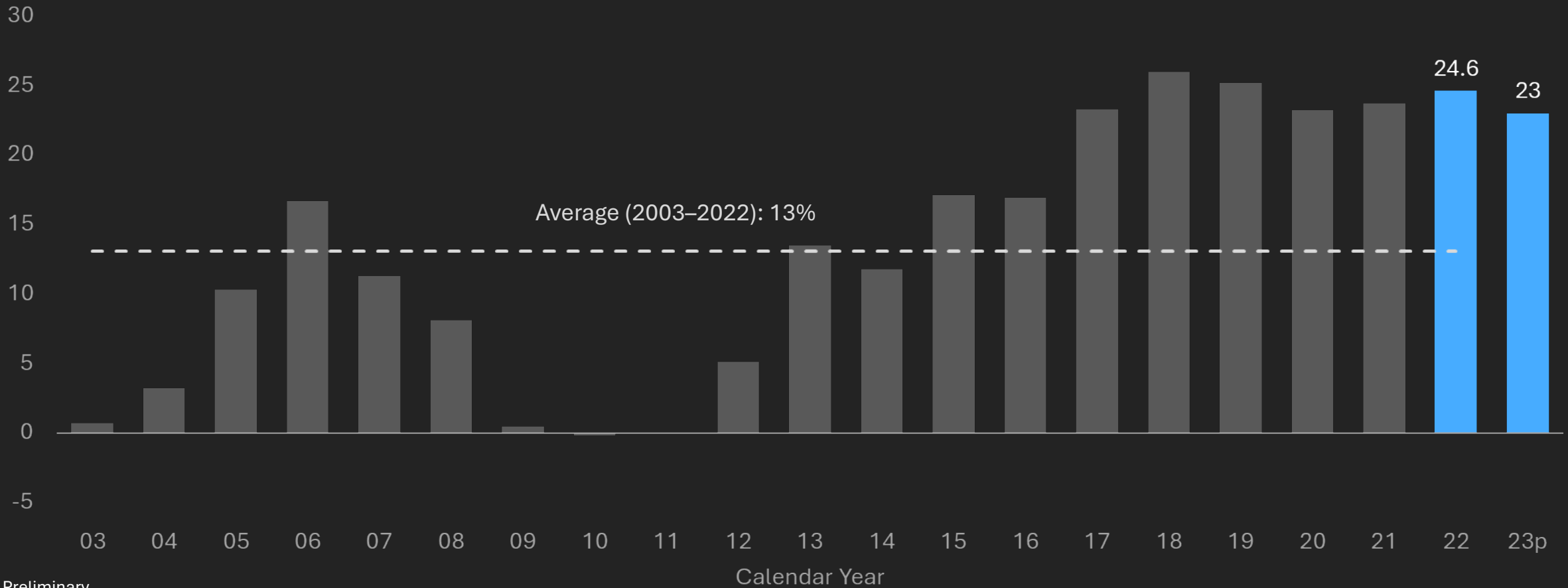
2013 is adjusted to exclude a material realized gain resulting from a single company transaction that involved corporate restructuring; unadjusted value is 19.4

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WC Pretax Operating Gain

Private Carriers

Percent



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

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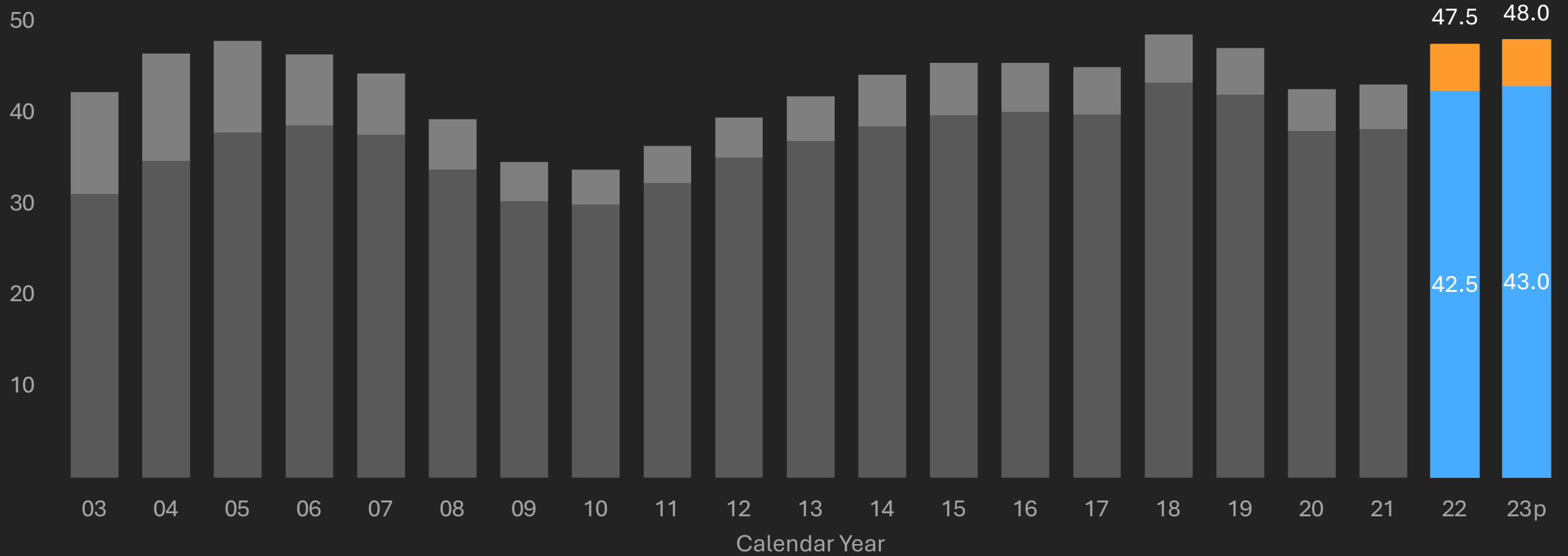
The background features a dark blue horizontal band across the center, with a lighter blue background above and below it. The entire background is filled with a pattern of 3D cubes, some of which are slightly offset or tilted, creating a sense of depth and movement.

WORKERS COMPENSATION PREMIUM

WC Net Written Premium

Private Carriers and State Funds

\$ Billions



p Preliminary

Source: NAIC's Annual Statement data

The following states are included in the respective calendar years in which they operate as state funds: AZ, CA, CO, HI, ID, KY, LA, MD, MO, MT, NM, OK, OR, RI, TX, and UT

Changes in Payroll by Component—2022 to 2023

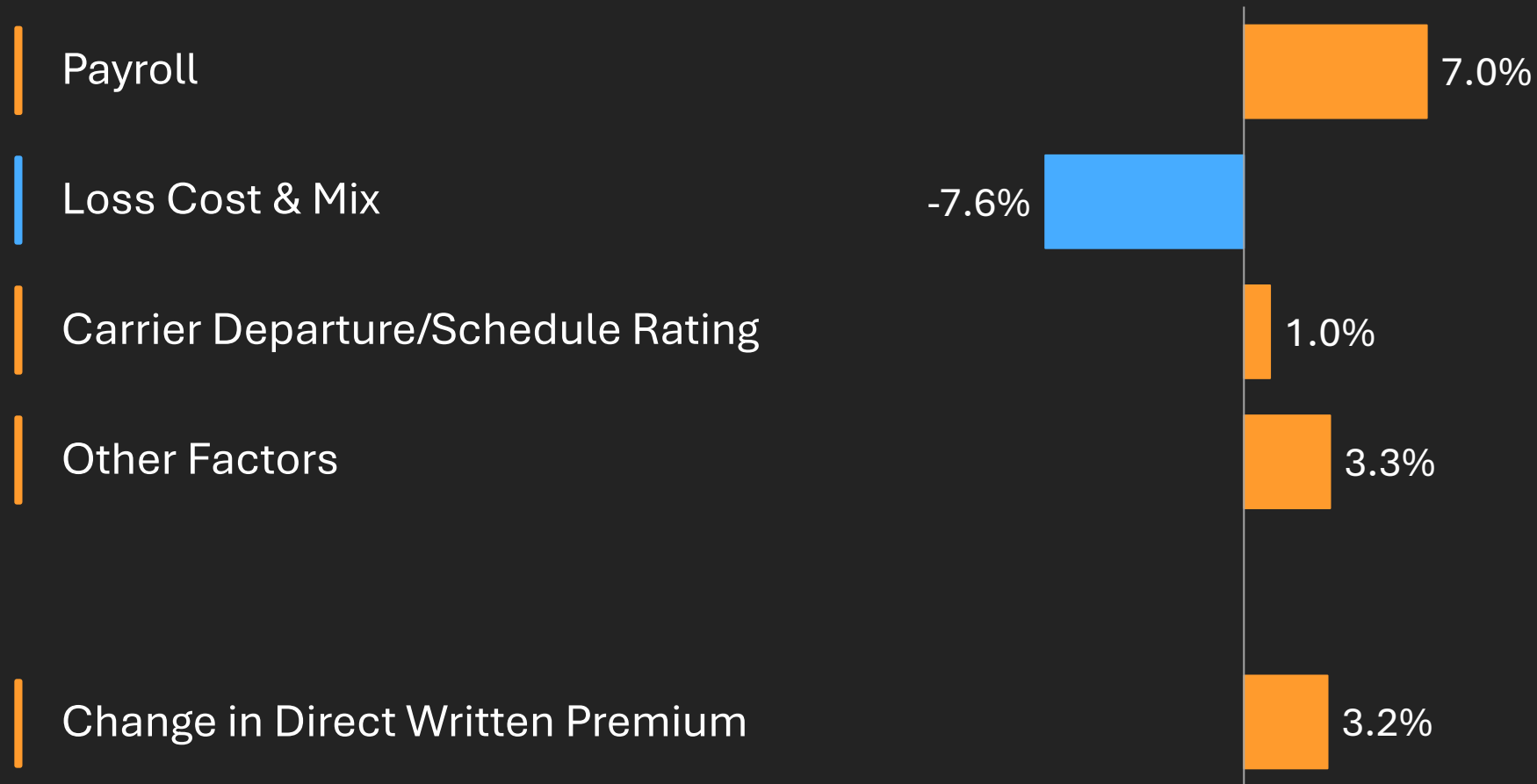


Sources: US Bureau of Labor Statistics (BLS); US Bureau of Economic Analysis (BEA); NCCI

WC Direct Written Premium Change by Component

Private Carriers—NCCI States

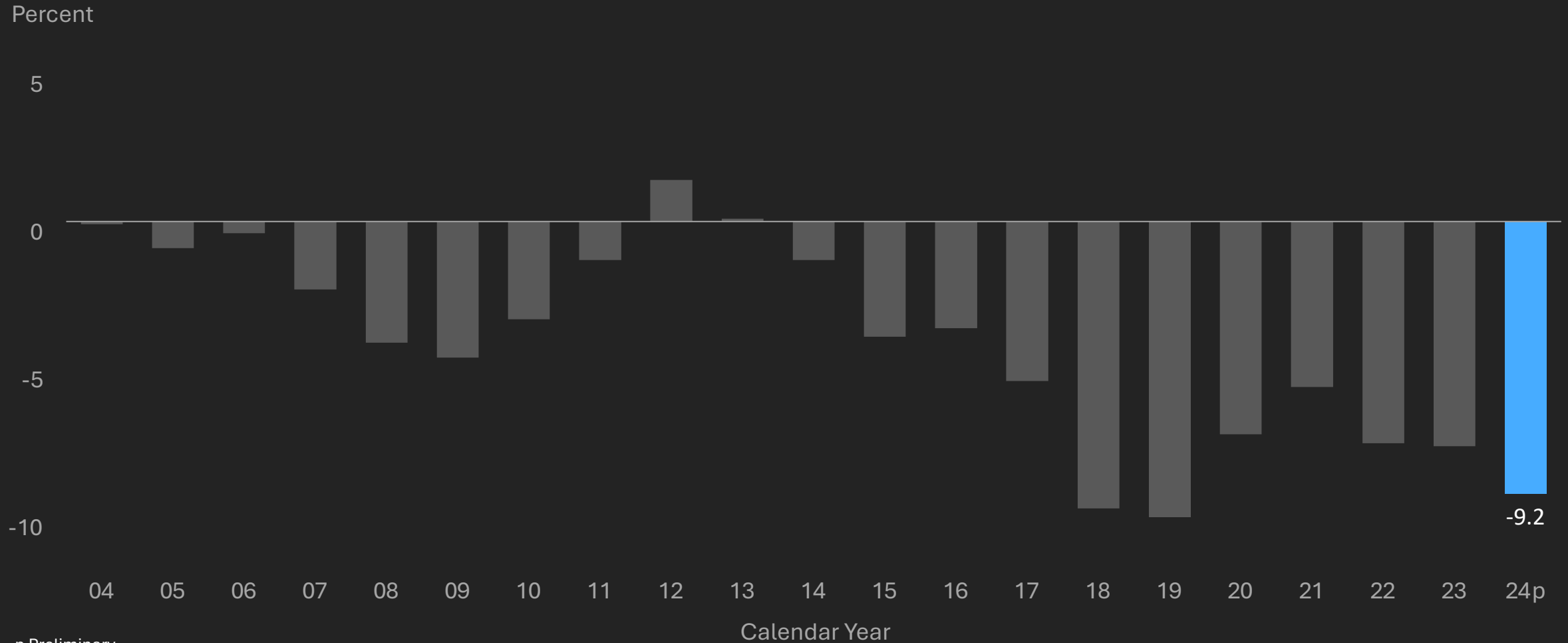
2022 vs. 2023



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 Approved Changes in Bureau Premium Level

Weighted by Effective Date—NCCI States



p Preliminary

Sources: NCCI; weights are based on NAIC's Annual Statement Statutory Page 14

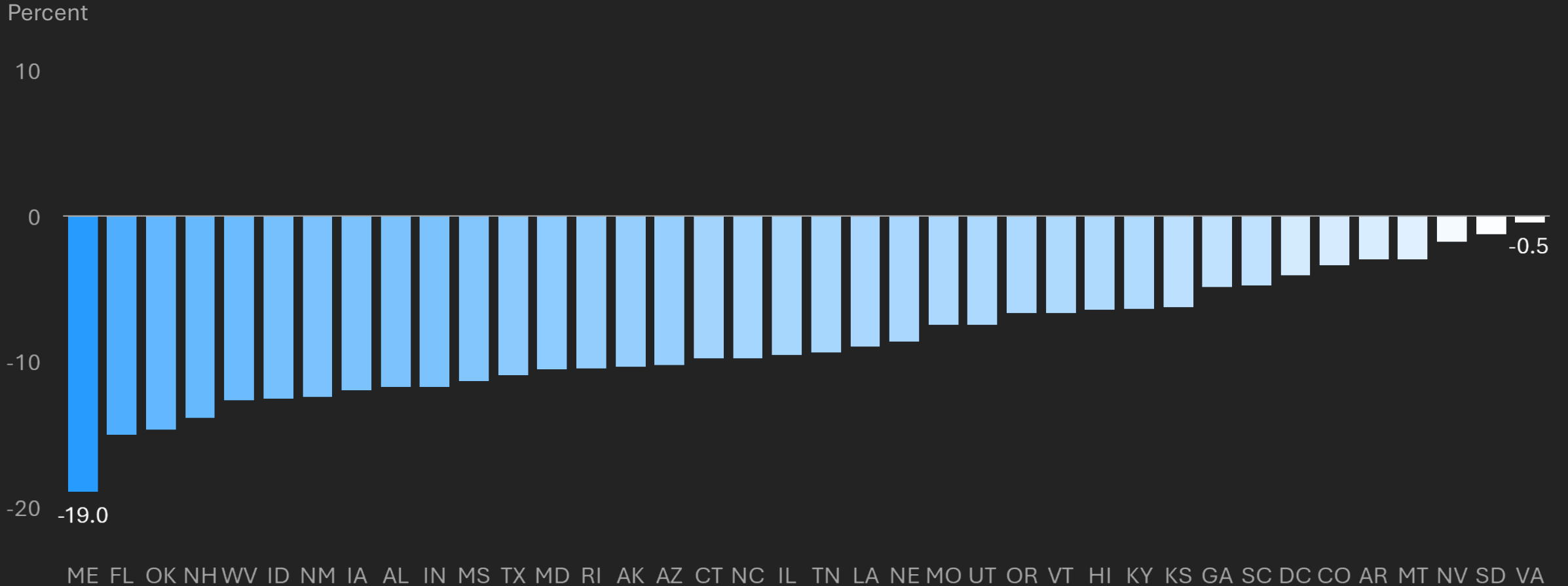
Values reflect changes in average premium levels between years, based on approved changes in advisory rates, loss costs, assigned risk rates, and rating values, as of 5/10/2024

IN and NC are filed in cooperation with state rating bureaus

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Most Recent Changes in Bureau Premium Level

Voluntary Market, Excludes Law-Only Filings

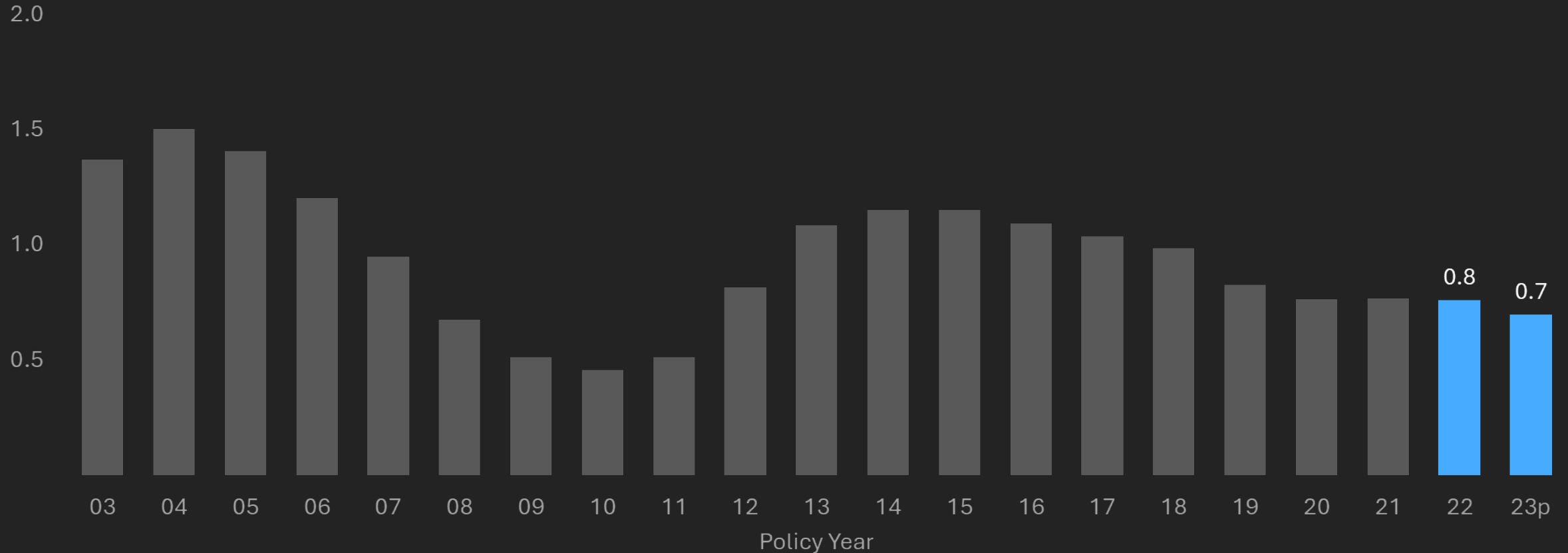


Premium level changes in advisory rates, loss costs, and rating values, as of 5/10/2024, as filed by the applicable rating organization, relative to those previously approved
IN and NC are filed in cooperation with state rating bureaus

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**

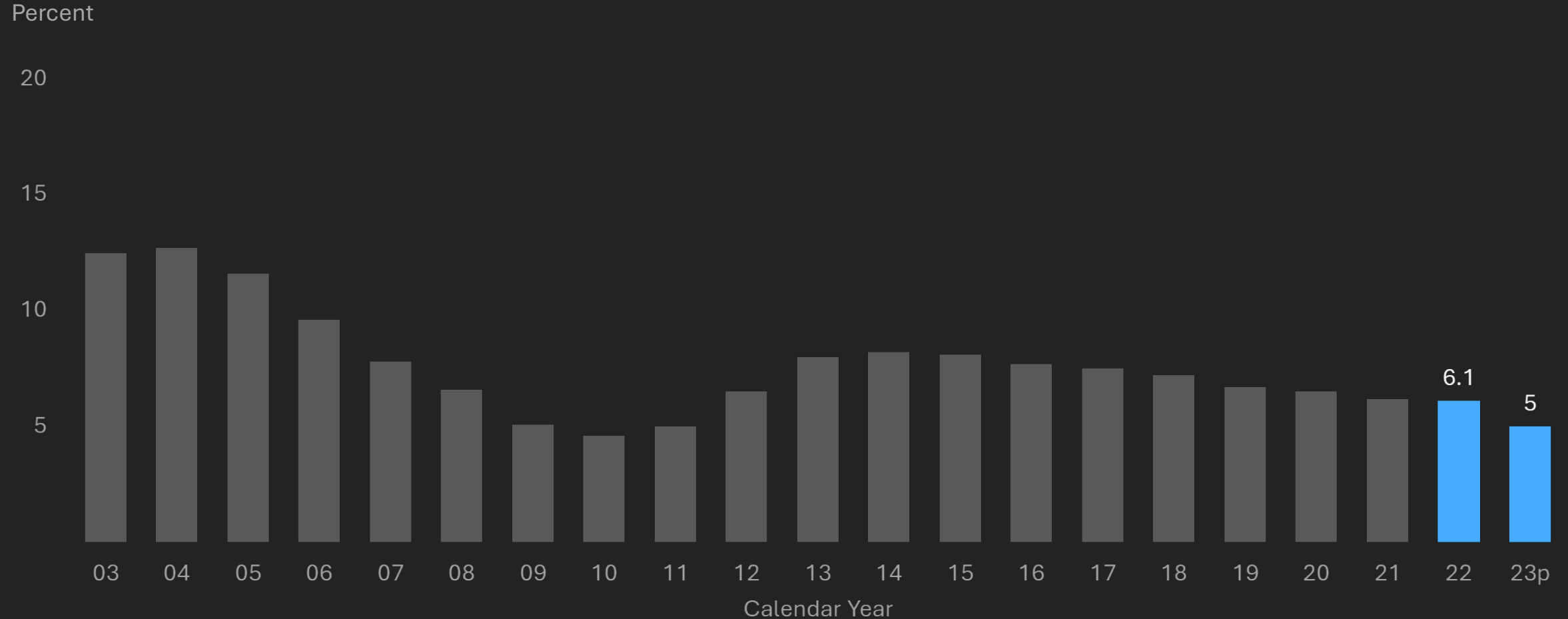
Includes Pool Data for all NCCI-serviced WC Residual Market Pool states, valued as of 12/31/2023

Tennessee Reinsurance Mechanism premium is not included

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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

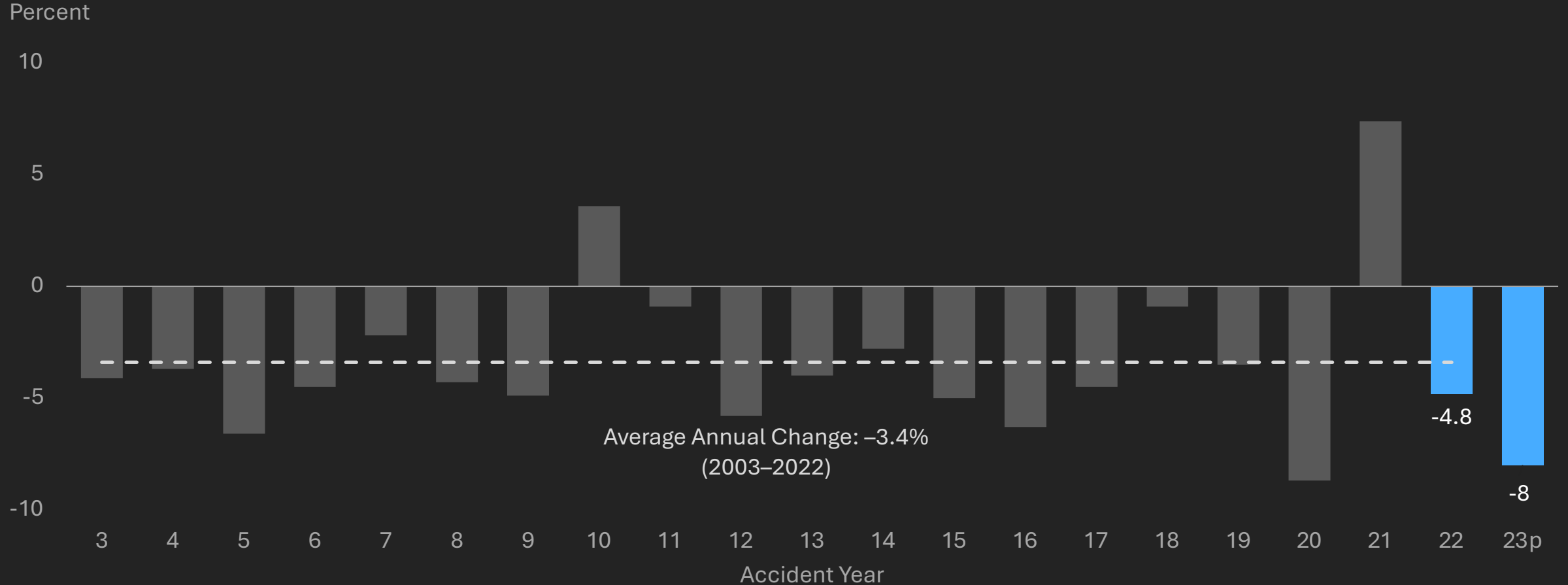
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The background features a dark blue horizontal band across the center, with a lighter blue background above and below. The entire scene is filled with a pattern of 3D cubes, some appearing to rise from the surface and others recede into the distance, creating a sense of depth and texture.

WORKERS COMPENSATION LOSS DRIVERS

WC Lost-Time Claim Frequency

Change in Claims per \$1M Pure Premium, Private Carriers and State Funds—NCCI States



2010–2011 and 2019–2022 are adjusted to reflect the impact of changes in audit activity

p Preliminary, based on data valued as of 12/31/2023; excludes COVID-19 claims through 7/1/2023

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 12/31/2022; excludes COVID-19 claims

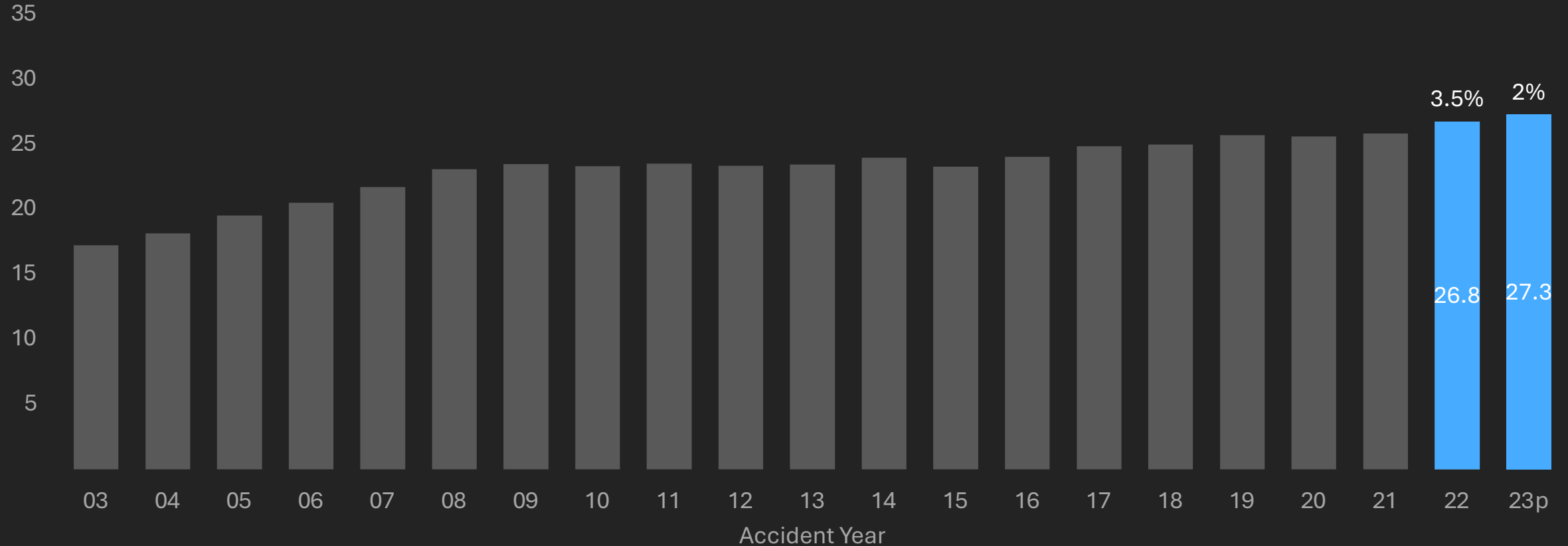
Includes all states where NCCI provides ratemaking services; TX is excluded through 2006 and WV is excluded through 2011

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WC Average Medical Lost-Time Claim Severity

Private Carriers and State Funds—NCCI States

Severity
(\$ Thousands)



p Preliminary, based on data valued as of 12/31/2023; excludes COVID-19 claims through 7/1/2023

Source: NCCI's Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2022; excludes COVID-19 claims

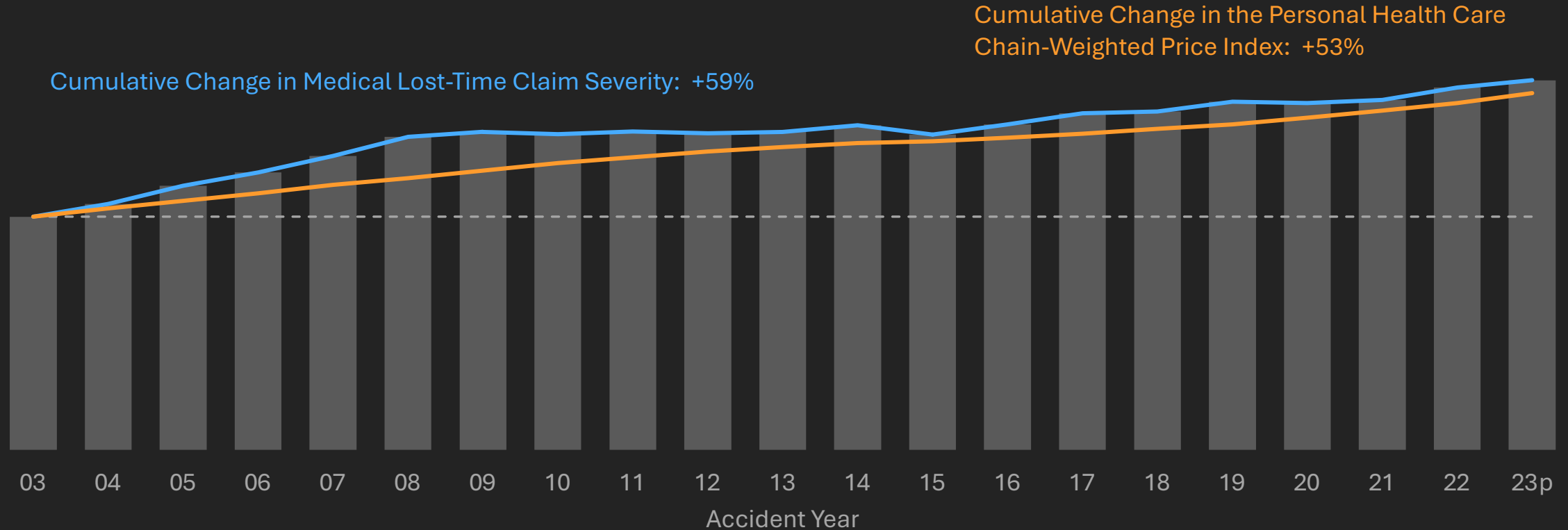
Values displayed reflect the methodology underlying the most recent rate/loss cost filing

Includes all states where NCCI provides ratemaking services; NV is excluded through 2003, TX is excluded through 2008, and WV is excluded through 2012

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WC Average Medical Lost-Time Claim Severity

Private Carriers and State Funds—NCCI States



p Preliminary, based on data valued as of 12/31/2023; excludes COVID-19 claims through 7/1/2023

Sources: Severity: NCCI's Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2022; excludes COVID-19 claims

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 2008, and WV is excluded through 2012

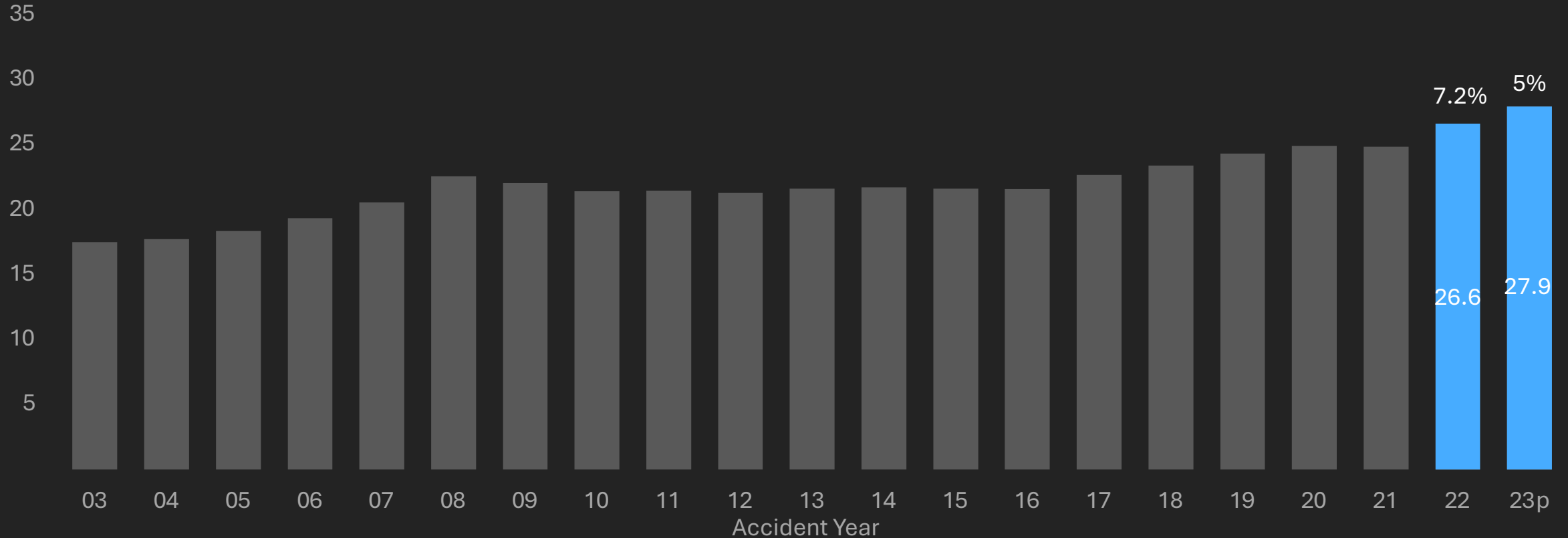
PHC Chain-Weighted Price Index: 2003–2023p Centers for Medicare & Medicaid Services (CMS)

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WC Average Indemnity Claim Severity

Private Carriers and State Funds—NCCI States

Severity
(\$ Thousands)



p Preliminary, based on data valued as of 12/31/2023; excludes COVID-19 claims through 7/1/2023

Source: NCCI's Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2022; excludes COVID-19 claims

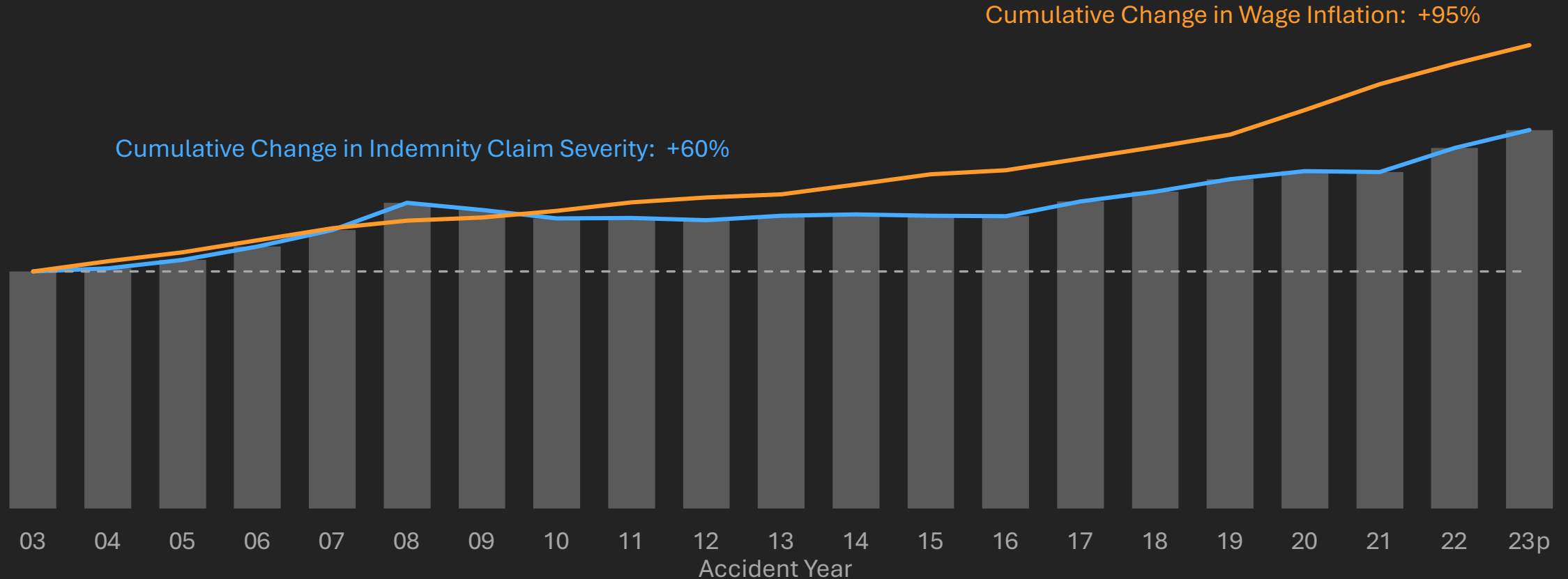
Values displayed reflect the methodology underlying the most recent rate/loss cost filing

Includes all states where NCCI provides ratemaking services; NV is excluded through 2003, TX is excluded through 2008, and WV is excluded through 2012

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WC Average Indemnity Claim Severity

Private Carriers and State Funds—NCCI States



p Preliminary, based on data valued as of 12/31/2023; excludes COVID-19 claims through 7/1/2023

Sources: US Average Weekly Wage: 2003–2007, 2012–2019, and 2022 Quarterly Census of Employment and Wages (QCEW) and US Bureau of Labor Statistics (BLS); 2008–2011 and 2020–2021 NCCI and QCEW; 2023p BLS, US Bureau of Economic Analysis (BEA), and NCCI

Severity: NCCI's Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2022; excludes COVID-19 claims

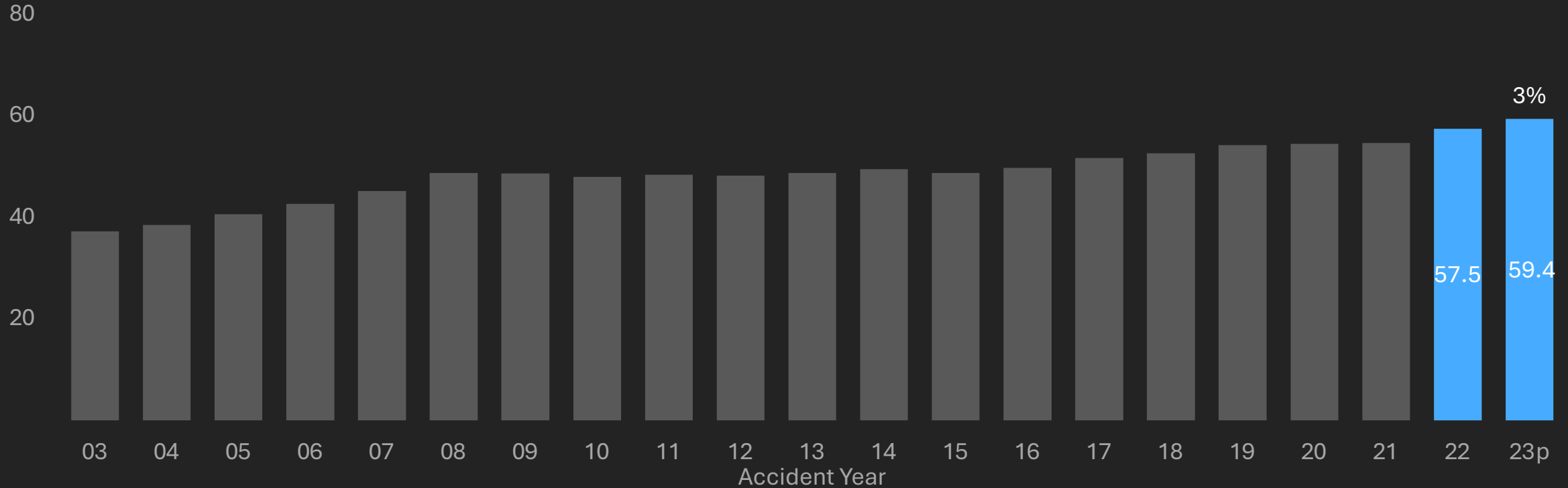
Values displayed reflect the methodology underlying the most recent rate/loss cost filing

Includes all states where NCCI provides ratemaking services; NV is excluded through 2003, TX is excluded through 2008, and WV is excluded through 2012

WC Average Total Claim Severity

Private Carriers and State Funds—NCCI States

Severity
(\$ Thousands)



p Preliminary, based on data valued as of 12/31/2023; excludes COVID-19 claims through 7/1/2023

Source: NCCI's Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2022; excludes COVID-19 claims

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 2008, and WV is excluded through 2012

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2023 Workers Compensation Insights

Lowest combined ratio
compared to other lines



P&C Industry

5% share of the P&C Industry
net written premium

2023 reported combined ratios:

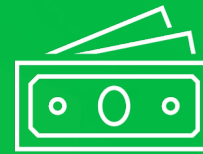
CY 86% AY 98%



Results

\$18 billion
reserve redundancy

1% increase in
net written premium



Premium

Payroll change components:

2.3% Employment **3.9%** Wage Rate

Wage-adjusted changes:

-8%
Claim frequency



Loss Drivers

Unadjusted severity changes:

2% Medical **5%** Indemnity

The background features a dense field of 3D blue cubes of varying heights and orientations, set against a dark blue gradient that is lighter at the top and bottom. The cubes are rendered with soft shadows, giving them a sense of depth and volume.

QUESTIONS?