

Actuarial Committee

Meeting Agenda

Date	Time	Location	Staff Contact
August 3, 2016	9:30 AM	WCIRB California 1221 Broadway, Suite 900 Oakland, CA	David M. Bellusci
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Released: July 27, 2016

To Members of the Actuarial Committee, WCIRB Members and All Interested Parties:

I. Approval of Minutes

Meeting held on June 17, 2016

II. Working Group Meeting Summaries

Actuarial Research Working Group Meeting held June 28, 2016

III. Unfinished Business

- A. AC14-08-06: Reform Adjustments to Loss Development
- B. AC14-08-07: SB 863 Cost Monitoring – Adjustments to Pure Premium Ratemaking
- C. AC16-06-01: 3/31/2016 Experience – Review of Methodologies
- D. AC16-06-03: Review of M CCP Projection Methodology

IV. New Business

- A. AC16-08-01: Third Quarter 2016 Review of Diagnostics
- B. AC16-08-02: 1/1/2017 Filing – Loss Adjustment Expense Review
- C. AC16-08-03: 1/1/2017 Filing – Review of Alternative Loss Projection Methodologies
- D. AC16-08-04: Computation of Industry Average Filed Rates as of 7/1/2016

V. Matters Arising at Time of Meeting

VI. Next Meeting Date: September 1, 2016

VII. Adjournment

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Actuarial Research Working Group

Meeting Summary

To: Participants of the Actuarial Research Working Group
From: Ward Brooks
Date: July 5, 2016

RE: Summary of June 28, 2016 Meeting

Insurer Meeting Participants Were Reminded of the Antitrust Notice

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Discussion Topics

At the meeting, the following topics were discussed.

1. Estimated Potential Impacts by Industry of Minimum Wage Changes

The Group was reminded that at its March 2, 2016 meeting staff presented preliminary results in estimating potential impacts of changes to minimum wage laws by industries and regions. Staff has continued to develop this analysis as part of on-going research into geographic differences and to develop an enhanced Average Wage Data Product for publication planned in December 2016. When developed, staff envisions being able to estimate the impact of changes in minimum wage laws on insured worker population payrolls (exposures) and indemnity benefits by classification (via claimant wages), by industry and region (via linkages developed from geocoding). Appropriate results from the analyses may be integrated into an enhanced Average Wage Data Product.

The Group was reminded that for estimating potential minimum wage change impacts on insured payrolls that staff had developed several data sets and had explored the strengths and weaknesses of the alternatives and the assumptions required of each. The data sets to analyze impacts on insured exposures are based on public data on wages by occupation or industry. Staff noted that insured payrolls (exposures) are *not* the same as the general population's wages due to exclusions used to develop insured exposure. These exclusions vary by industry and over time. The overall exclusion rate has generally ranged from roughly 10% to 15%. The conversion of payroll data to insured exposure data will be based on analyses of observations gathered from the WCIRB's Test Audit program scheduled to be developed later this year and was not reflected in the preliminary results presented to the Group.

Meeting Summary

Date: July 5, 2016

Staff reviewed the data sources evaluated and the proposed methodology to estimate impacts on insured exposures from these data. The Group was informed that staff had selected data from the American Community Survey as the basis for estimating impacts on insured payrolls. Staff reviewed several approaches, highlighting key differences in assumptions.

The Group was reminded that estimated impacts on indemnity benefits can be made using the average weekly wages reported for injured workers, which the WCIRB collects on indemnity claims and also receives on many medical-only claims. Staff noted that the distributions of insured workers' wages and of injured workers' wages were not the same and that the injured worker wage distribution is typically more positively skewed than the insured population. Staff reviewed several approaches to estimating the impacts on injured workers' wages of both wage inflation and changes in minimum wage laws.

Staff informed the Group of the anticipated approaches to be selected, which would be reviewed by the Group again after development of information the relationship between insured payroll and gross payroll.

2. 2016 Study of Geographical Differences

Staff reviewed for the Group enhancements to the exposure and claim geolocating protocols since the last meeting. The Group was informed that staff's review of the protocols was completed for this year and that staff had begun to develop the analytical artifacts for this year's study of geographical differences. Continued review of potential enhancements to the protocols would resume next year.

3. Retrospective Rating Plan Updates

The Group was informed that staff had completed reviewing of a number of the major simulation modules used to develop the Retrospective Rating Plan database. For most modules, findings supported current methodologies. These modules, for which no changes were proposed, included the simulation of Incurred but Not Reported (IBNR) claims; the simulation of catastrophic development; the claim size bins used in the simulations; the simulation of re-openings; and a review of observations of extreme development. Staff informed the Group that for observations of extreme development, medical transactional data was reviewed, including a review by staff with claims adjusting background, to validate that the observations were reasonable.

Staff presented findings for two modules for which staff proposed enhancements—closing rates for late maturities and the number of years to use in the simulations. For closing rates for late maturities—30 years or more post-injury—staff reviewed evidence for higher closing rates over time and a proposed adjustment to the closing rates to reflect this evidence.

For selecting the number of calendar years' observations from which to sample, staff reminded the Group that prior research supported sampling from as many years as possible for later maturities. For more recent maturities, within Unit Statistical report ages, staff reviewed evidence that fewer years might be supported for greater responsiveness. The Group discussed staff's approach at length and requested that staff develop additional information for the Group's review. Staff agreed to develop this information, which would be reviewed by the Group at a future meeting.

The Group was informed that staff would review several other components of the simulation process after other areas of enhancement were completed and simulated ultimate values were developed. These areas included a review of the error-out thresholds for extreme observations and how many years to simulate (the current methodology simulates only 50 years).

Item AC14-08-06 Reform Adjustments to Loss Development

For many years, the WCIRB has based its loss development projection on a methodology that adjusts for the estimated impact of various workers' compensation reforms on paid loss development patterns. During a review of these adjustments at the August 5, 2014 meeting, the Committee recommended that these adjustments continue to be reviewed regularly. Staff's most recent analysis of these adjustments is detailed below.

Indemnity Adjustments

The adjustment to indemnity losses for the impact of SB 863 is based on a 2013 WCIRB report on loss development and the WCIRB's standard approach to adjust for the impact of reforms that become effective on a date of injury basis.¹ Table 1 shows the current adjustments for the impact of SB 863 on indemnity loss development for accident years 2012 through 2014 based on the findings of the report.

Table 1: SB 863 Impact on Indemnity Loss Development		
Accident Year	Current Age in Months	Impact on Age-to-Ult. Development Factor
2012	51	-0.5%
2013	39	+1.2%
2014	27	+6.5%

Several periods of post-SB 863 loss development are now available. Exhibit 1 compares quarterly age-to-age development from accident years 2012 through 2014 with that projected by the WCIRB's post-SB 863 imputed payment patterns or the alternative "latest year unadjusted" factor. Thus far, the development factors implied by the imputed payment patterns are somewhat more accurate overall than the "latest year unadjusted" factor. In addition, many of the SB 863 provisions effecting permanent disability benefits will be paid out over many years and accident year 2014—for which the greatest SB 863 impact is expected—is still relatively immature. As a result, staff recommends continuing the adjustments to paid indemnity development.

The WCIRB's methodology for adjusting indemnity loss development for reforms is based on adjusting pre-reform indemnity payment patterns by type of benefit for the impact of reforms on each benefit type. The WCIRB has not historically adjusted incurred indemnity development for reforms inasmuch as it is much less clear how reforms impact case reserve levels as compared to how they affect payment patterns. At the April 5, 2016 meeting, a Committee member noted the recent divergence between projections based on paid development and those based on incurred development and requested staff review the potential impact of SB 863 on incurred indemnity development.

Staff reviewed the current approach that adjusts indemnity payment patterns by type of benefit for reform impacts to determine if it could be applied to incurred indemnity development. Based on this review, staff determined that it would be very difficult to apply the current approach to incurred indemnity inasmuch as case reserve development patterns by benefit type are not reported to the WCIRB and may be difficult to collect due to the differences in reserving practices across insurers. However, staff believes a reasonable "upper bound" of the impact of SB 863 on incurred indemnity development patterns can be determined by applying the current adjustments to paid indemnity development to incurred indemnity development. Staff has computed an alternative loss development projection based on this approach for the Committee's review (see Exhibit 3 of Item AC16-08-03 of this Agenda).

¹ *Impact of Senate Bill No. 863 on Loss Development Patterns*, WCIRB, August 13, 2013.

Medical Adjustments

The WCIRB's 2013 report on loss development also discussed the potential impact of the various SB 863 reforms on historical medical payment patterns. Based on the findings of the report and the most current SB 863 cost monitoring information,² the WCIRB's current development methodology adjusts pre-2013 medical payments by -4.4% based on the estimated impact of SB 863 provisions related to liens, surgical implant hardware, ambulatory surgical centers, and medical provider network strengthening. The impact of this adjustment on paid medical loss development factors and projected ultimate medical loss ratios is shown on Column B of Exhibits 2 and 3, respectively.

The underlying assumption of this adjustment is that medical payments made after January 1, 2013 on all accident years are approximately 4.4% lower than would have been the case if SB 863 had not been enacted. As discussed at prior meetings, although medical development did not decline in 2013 and was in fact markedly higher, it is not possible to know the extent to which paid medical development would have been different in 2013 had SB 863 not been enacted. In addition, paid medical development has significantly declined beginning in the second half of 2014 and continues to emerge at a lower level (see Exhibits 2.4 and 9.4 of Item AC16-06-01 of this Agenda).

The WCIRB also adjusts paid medical loss development for the impact of the physician fee schedule based on a resource-based relative value scale (RBRVS), for which the first year of the four year transition became effective January 1, 2014. Specifically, pre-2014 medical payments are adjusted by -1.8% for the estimated impact of RBRVS on the 2014 service year based on current cost monitoring results, while pre-2015 medical payments are adjusted by +0.6% and pre-2016 medical payments are adjusted by +0.8% for the estimated impact of RBRVS on the 2015 and 2016 service years based on the WCIRB's prospective estimates. The total impact of these adjustments on paid medical loss development factors and projected ultimate medical loss ratios is shown on Columns C, D, and E of Exhibits 2 and 3, respectively. As shown on Column E of Exhibit 3, the net impact of all the medical loss development adjustments for SB 863 is modest.

As with other SB 863 provisions, the adjustment for RBRVS assumes that medical payments made in 2014 are 1.8% lower while medical payments made in 2015 are 0.6% higher and those made in 2016 are 0.8% higher than they would have been had the new fee schedule not been adopted. As discussed in Item AC14-08-07 of this Agenda based on information from the WCIRB's Medical Data Call, total physician payments per fee schedule claim in both 2014 and 2015 declined rather than increased as initially projected, primarily attributable to reduced utilization of physician services across most categories and more significantly in the special services & reports and pathology & laboratory categories. As a result, staff recommends updating the impact of the 2014 and 2015 service year changes on paid medical development based on the most current cost information from the WCIRB's Medical Data Call. Inasmuch as (a) the changes in the utilization of physician services in 2014 and 2015 may be one-time in nature and (b) it is too early to assess the impact of the RBRVS changes on the 2016 service year, staff recommends continuing to apply the +0.8% adjustment to paid medical development for the 2016 service year changes.

As with indemnity losses, the WCIRB has not historically estimated the impact of reforms on incurred medical loss development patterns inasmuch as it is very difficult to assess to what extent reform changes are reflected in changes in insurer case reserve levels. However, staff has computed an alternative loss development projection for the Committee's review based on incurred medical in which the paid portion of the incurred medical development has been adjusted based on the WCIRB's current reform adjustments while the change in medical case reserves has not been adjusted (see Exhibit 3 of Item AC16-08-03 of this Agenda).

² Adjustments are based on the WCIRB's most current estimates of the impact of SB 863 as reflected in the WCIRB's 2015 SB 863 Cost Monitoring Report published November 16, 2015.

**Comparison of Pre-Reform Indemnity Loss Development Factors
with Imputed and Actual Emergence**

Accident Year 2012									
Age-to-Age Factor									
<u>Methodology</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>
Actual Emergence	1.506	1.361	1.261	1.213	1.164	1.134	1.111	1.091	1.075
Latest Year Unadjusted	1.539	1.361	1.261	1.215	1.168	1.137	1.112	1.091	1.073
Imputed Payment Pattern	1.511	1.350	1.255	1.212	1.169	1.138	1.112	1.091	1.075
Difference from Actual									
<u>Methodology</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>
Latest Year Unadjusted	2.2%	0.0%	0.0%	0.2%	0.3%	0.3%	0.1%	0.0%	-0.2%
Imputed Payment Pattern	0.3%	-0.8%	-0.4%	-0.1%	0.4%	0.3%	0.1%	0.0%	0.0%

Accident Year 2013									
Age-to-Age Factor									
<u>Methodology</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>
Actual Emergence	1.539	1.353	1.263	1.204	1.159	1.141	1.111	1.096	1.075
Latest Year Unadjusted	1.506	1.361	1.261	1.213	1.164	1.134	1.111	1.091	1.075
Imputed Payment Pattern	1.506	1.361	1.261	1.213	1.162	1.133	1.110	1.091	1.078
Difference from Actual									
<u>Methodology</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>
Latest Year Unadjusted	-2.1%	0.6%	-0.2%	0.7%	0.4%	-0.6%	0.0%	-0.5%	0.0%
Imputed Payment Pattern	-2.1%	0.6%	-0.1%	0.8%	0.3%	-0.7%	-0.1%	-0.5%	0.3%

Accident Year 2014									
Age-to-Age Factor									
<u>Methodology</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>
Actual Emergence	1.540	1.364	1.267	1.215	1.170				
Latest Year Unadjusted	1.539	1.353	1.263	1.204	1.159				
Imputed Payment Pattern	1.546	1.357	1.266	1.206	1.166				
Difference from Actual									
<u>Methodology</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>
Latest Year Unadjusted	-0.1%	-0.8%	-0.3%	-0.9%	-0.9%				
Imputed Payment Pattern	0.4%	-0.5%	-0.1%	-0.7%	-0.4%				

Paid Medical Age-to-Age Factors
Comparison of Impacts of Progressive Reform Adjustments

	(A)	(B)	(B) - (A)	(C)	(C) - (B)	(D)	(D) - (C)	(E)	(E) - (D)
Age-to-Age	No Reform	Adjusted for		Adjusted for All in		Adjusted for All in		Adjusted for All in	
Factor	Adjustments	SB 863	Change	(B) and RBRVS	Change	(C) and RBRVS	Change	(D) and RBRVS	Change
		Reforms		Fee Schedule		Fee Schedule		Fee Schedule	
				Effective 1/1/2014		Effective 1/1/2015		Effective 1/1/2016	
27/15	1.938	1.938	0.000	1.938	0.000	1.934	-0.004	1.933	-0.001
39/27	1.391	1.391	0.000	1.394	0.003	1.391	-0.003	1.391	0.000
51/39	1.214	1.216	0.002	1.219	0.003	1.218	-0.001	1.217	-0.001
63/51	1.131	1.134	0.003	1.136	0.002	1.136	0.000	1.135	-0.001
75/63	1.087	1.090	0.003	1.091	0.001	1.090	-0.001	1.090	0.000
87/75	1.062	1.064	0.002	1.065	0.001	1.065	0.000	1.065	0.000
99/87	1.047	1.049	0.002	1.050	0.001	1.050	0.000	1.050	0.000
111/99	1.038	1.040	0.002	1.040	0.000	1.040	0.000	1.040	0.000
123/111	1.037	1.038	0.001	1.039	0.001	1.039	0.000	1.039	0.000
135/123	1.031	1.033	0.002	1.033	0.000	1.033	0.000	1.033	0.000
147/135	1.024	1.026	0.001	1.026	0.000	1.026	0.000	1.026	0.000
159/147	1.021	1.022	0.001	1.022	0.000	1.022	0.000	1.022	0.000
171/159	1.018	1.019	0.001	1.020	0.000	1.020	0.000	1.020	0.000
183/171	1.017	1.018	0.001	1.018	0.000	1.018	0.000	1.018	0.000
195/183	1.016	1.017	0.001	1.017	0.000	1.017	0.000	1.017	0.000
207/195	1.015	1.016	0.001	1.016	0.000	1.016	0.000	1.016	0.000
219/207	1.013	1.014	0.000	1.014	0.000	1.014	0.000	1.014	0.000
219/15	5.616	5.742	0.126	5.804	0.062	5.768	-0.036	5.755	-0.013

(B) Reflects adjustment of -4.4% to payments made before January 1, 2013.

(C) Reflects adjustments of -4.4% to payments made before January 1, 2013 and -1.8% to payments made before January 1, 2014.

(D) Reflects adjustments of -4.4% to payments made before January 1, 2013, -1.8% to payments made before January 1, 2014, and 0.6% to payments made before January 1, 2015.

(E) Reflects adjustments of -4.4% to payments made before January 1, 2013, -1.8% to payments made before January 1, 2014, 0.6% to payments made before January 1, 2015, and 0.8% to payments made before January 1, 2016.

Projected Ultimate Medical Loss Ratios *
Comparison of Impacts of Progressive Reform Adjustments

	(A)	(B)	(B) - (A)	(C)	(C) - (B)	(D)	(D) - (C)	(E)	(E) - (D)
Accident Year	No Reform Adjustments	Adjusted for SB 863 Reforms	Change	Adjusted for All in (B) and RBRVS Fee Schedule Effective 1/1/2014	Change	Adjusted for All in (C) and RBRVS Fee Schedule Effective 1/1/2015	Change	Adjusted for All in (d) and RBRVS Fee Schedule Effective 1/1/2016	Change
2005	0.213	0.212	-0.001	0.211	-0.001	0.212	0.000	0.212	0.000
2006	0.278	0.278	-0.001	0.277	-0.001	0.277	0.000	0.278	0.001
2007	0.397	0.396	-0.001	0.395	-0.001	0.395	0.001	0.396	0.001
2008	0.502	0.502	0.000	0.500	-0.002	0.501	0.001	0.502	0.001
2009	0.593	0.594	0.001	0.593	-0.002	0.594	0.001	0.595	0.002
2010	0.592	0.594	0.003	0.593	-0.001	0.594	0.001	0.596	0.002
2011	0.512	0.517	0.005	0.517	0.000	0.517	0.001	0.519	0.002
2012	0.452	0.459	0.007	0.459	0.001	0.460	0.001	0.461	0.001
2013	0.380	0.388	0.009	0.390	0.002	0.390	0.000	0.392	0.001
2014	0.344	0.352	0.008	0.356	0.004	0.355	-0.001	0.356	0.001

* Each projection reflects paid loss development factors, adjusted for the specified reforms, applied through 219 months, and incurred loss development after 219 months.

(B) Reflects adjustment of -4.4% to payments made before January 1, 2013.

(C) Reflects adjustments of -4.4% to payments made before January 1, 2013 and -1.8% to payments made before January 1, 2014.

(D) Reflects adjustments of -4.4% to payments made before January 1, 2013, -1.8% to payments made before January 1, 2014, and 0.6% to payments made before January 1, 2015.

(E) Reflects adjustments of -4.4% to payments made before January 1, 2013, -1.8% to payments made before January 1, 2014, 0.6% to payments made before January 1, 2015, and 0.8% to payments made before January 1, 2016.

Item AC14-08-07

SB 863 Cost Monitoring – Adjustments to Pure Premium Ratemaking

In the last several pure premium rate filings, the WCIRB has reflected the estimated cost impact of Senate Bill No. 863 (SB 863) on pure premium rates. These estimates were based on the WCIRB's initial prospective cost evaluation of SB 863 as updated in a series of annual retrospective evaluations of emerging post-SB 863 experience. The WCIRB's most recent retrospective evaluation of the cost impact of SB 863 was published on November 13, 2015.¹ The information in the 2015 SB 863 Cost Monitoring Report was reviewed by the Committee at the March 22, 2016 meeting and adjustments to the on-level factors based on that report were reflected in the July 1, 2016 Pure Premium Rate Filing.

At the meeting, staff will review post-SB 863 information that has emerged since the time of the July 1, 2016 Pure Premium Rate Filing with the Committee to determine what recommended adjustments, if any, should be made to the on-level factors and, when applicable, the loss development factors to be reflected in the January 1, 2017 Pure Premium Rate Filing. Staff's initial analysis of some of the some of the post-SB 863 costs emerging since the July 1, 2016 Pure Premium Rate Filing is summarized below.

Provisions Affecting Indemnity Benefits

SB 863 included increases to weekly permanent disability (PD) benefits, a number of changes to the calculation of PD ratings, and other changes affecting indemnity benefits. In its evaluations of SB 863, the WCIRB also included estimates of changes in indemnity claim frequency as a result of the various SB 863 changes affecting indemnity benefits. In the last several pure premium rate filings, the WCIRB has reflected the impact of these changes in indemnity on-level adjustments as well as their estimated impact on paid indemnity loss development patterns.²

In the 2015 SB 863 Cost Monitoring Report, it was noted that the SB 863 provisions impacting indemnity benefits, including the estimated impact on indemnity claim frequency, are emerging at a level generally consistent with the WCIRB's prospective and initial retrospective estimates. It was also noted that inasmuch as PD benefits are paid well into the life of a claim and determination of final PD ratings often do not occur for many years, the cost impact of some SB 863 provisions related to PD benefits (e.g., elimination of certain permanent disability add-ons) will not be known for several years. Preliminary review of data emerging since the issuance of the 2015 SB 863 Cost Monitoring Report does not indicate any change in this assessment.

Provisions Affecting Medical Benefits – 2013 and Later Services

A number of SB 863 provisions, such as changes to liens, surgical implant hardware reimbursements, ambulatory surgical center fees, and medical provider networks (MPNs) affect medical services provided on or after January 1, 2013 regardless of when the injury occurred. In order to reflect the estimated impact of these changes on older accident years and to correct for any potential distortions in paid medical loss development patterns resulting from these changes, the WCIRB has in the last several pure premium rate filings reflected these changes in adjustments to paid medical loss development.³ Specifically, in the July 1, 2016 Pure Premium Rate Filing, the WCIRB reflected an estimated -4.4% adjustment to medical payments made prior to January 1, 2013 to adjust those payments to a basis consistent with payments made on or after January 1, 2013 in the post-SB 863 environment, and computed paid medical loss development factors based on the adjusted amounts.

As noted in the July 1, 2016 Pure Premium Rate Filing and at prior Committee meetings, the number of liens filed in 2015 were far greater than for the prior two years and could result in an erosion of the lien savings projected by the WCIRB and observed immediately following the enactment of SB 863. However,

¹ *Senate Bill No. 863 WCIRB Cost Monitoring Report – 2015 Retrospective Evaluation*, WCIRB, November 13, 2015.

² See *Impact of Senate Bill No. 863 on Loss Development Patterns* (WCIRB, August 13, 2013) for more information.

³ See *Impact of Senate Bill No. 863 on Loss Development Patterns* (WCIRB, August 13, 2013) for more information.

it has also been noted that some of the increased lien filings in 2015 may be temporary and related to both the 18-month and 3-year statutes of limitations on lien filings applying during this transition period. In the first quarter of 2016, lien filings continued at the higher 2015 level (see Exhibit M9.2 of AC16-08-01). Although frictional costs continue to increase, overall medical cost trends continue to be modest and claim settlement rates continue to improve. As a result, staff is not recommending any adjustment to the on-level factors related to SB 863's lien provisions at this time but will continue to monitor lien filing activity with particular attention to the lien filing activity beginning after July 1, 2016 when the transition to the 18-month statute of limitations for lien filings is complete.

Other quantifiable SB 863 changes to medical services provided on or after January 1, 2013 have continued to emerge consistent with the level estimated in the July 1, 2016 Pure Premium Rate Filing. As a result, staff recommends no change to the -4.4% impact on overall medical costs included in the July 1, 2016 Pure Premium Rate Filing.

Provisions Affecting Medical Benefits – 2014 and Later Services

The first year of the four year transition to the physician fee schedule to convert it to a resource-based relative value scale (RBRVS) basis became effective on physician services provided on or after January 1, 2014. As with other SB 863 reforms affecting medical services provided in 2013 and later, the WCIRB in the last several pure premium rate filings has reflected the estimated cost impact of the RBRVS changes in adjustments to paid medical loss development and on-level adjustments. Specifically, in the July 1, 2016 Pure Premium Rate Filing, the WCIRB reflected an estimated -1.8% adjustment to medical payments made prior to January 1, 2014 and an estimated +0.6% adjustment to medical payments made prior to January 1, 2015 for the RBRVS changes, and computed paid medical loss development factors based on the adjusted amounts.⁴

Exhibit 1 shows estimated changes in physician costs by fee schedule component for service years 2014 and 2015 based on medical transaction data through the fourth quarter of 2015. For 2014 services, data is emerging at a level generally consistent with that projected in the July 1, 2016 Pure Premium Rate Filing. For 2015 services, significant declines in pathology & laboratory services as well as lower-than-projected changes in the other fee schedule categories primarily driven by a reduction in the number of physician transactions per claim has resulted in a significant decrease in average physician costs compared to the increase projected in the July 1, 2016 Pure Premium Rate Filing. As a result, staff recommends that projected SB 863 on-level and medical loss development adjustments for 2015 services be updated to reflect the most current medical transaction data (-1.9% on overall medical costs compared to +0.6% reflected in the July 1, 2016 Pure Premium Rate Filing). Inasmuch as the greater than projected savings in 2014 and 2015 physician services are believed to be driven by declines in the utilization of physician services that may or may not continue into the future, the staff does not recommend adjusting the estimates of the RBRVS changes for 2016 and 2017 from the prospective cost estimates until such time as information on emerging 2016 and 2017 cost levels is available.

Changes to Medical Utilization Levels

In the 2015 SB 863 Cost Monitoring Report, it was noted that even after adjusting for the estimated cost impact of quantifiable SB 863 provisions and projected medical severity trends, medical severities still emerged significantly lower than projected. The report also noted that there have been significant reductions in the utilization of medical services since the enactment of SB 863, likely in part attributable to SB 863 provisions related to independent medical review, independent bill review, MPN strengthening, and other provisions affecting medical costs discussed above. Specifically, in the 2015 SB 863 Cost Monitoring Report, the WCIRB estimated an approximate 5% decrease in overall medical severities as a result of changes to medical utilization levels resulting from SB 863. This estimate was subsequently reflected in the July 1, 2016 Pure Premium Rate Filing.

⁴ Inasmuch as no 2016 or 2017 services had yet occurred, the estimated cost impact of these years of the phase-in were reflected in the medical on-level adjustments.

Staff has updated the analysis of overall medical costs to reflect current estimates of the cost impact of SB 863 (including the adjustments to the 2015 RBRVS changes discussed above) as well as updated projected medical costs per indemnity claim. In addition, staff has included the 2012 medical severity change in the analysis inasmuch as further analysis has indicated that accident year 2012 was also significantly impacted by the medical utilization changes following SB 863 (as discussed below). Table 1 compares the updated projections to those reflected in the 2015 SB 863 Cost Monitoring Report. The estimated overall change in medical utilization levels since the enactment of SB 863 is approximately -10%, compared to -5% reflected in the July 1, 2016 Pure Premium Rate Filing.

Table 1 – Change in Accident Year Medical Claim Severities		
	2015 SB 863 Cost Monitoring Report Based on 2012 to 2014	Updated for 1/1/2017 Filing Based on 2011 to 2014
Updated SB 863 Projection	+0.6%	+1.0%
Actual Emergence	-4.5%	-8.5% ⁵
Difference from Projection	-5.1%	-9.4%

At the March 22, 2016 meeting, it was noted that many of the SB 863 provisions impacting the utilization of medical services were effective on a date of service basis and likely impact older accident years. As shown in Table 2, the estimated change in the utilization of medical services was distributed to accident years 2012 through 2014 for on-leveling purposes based on staff's analysis of the decrease in paid medical development from the pre-reform level. Based on an overall adjustment to medical utilization of -10%, the indicated adjustments to the on-level factors for 2012, 2013, and 2014 are approximately -2%, -2%, and -6%, respectively.

Table 2 – Estimated Impact of SB 863 Medical Utilization Change by Accident Year					
Accident Year	Development Period	Decrease from Pre-Reform as a % of AY 2014 Decrease	Cumulative Impact of -5% Medical Util. Change	Cumulative Impact of -10% Medical Util. Change	Incremental Impact of -10% Medical Util. Change
2012	36-to-48	24%	-1%	-2%	-2%
2013	24-to-36	40%	-2%	-4%	-2%
2014	12-to-24	100%	-5%	-10%	-6%

Table 3 shows the current estimated change in on-level medical severity based on March 31, 2016 experience using a -5% overall medical utilization change and the change after reflecting the on-level adjustments shown for a 10% overall decline in medical utilization in Table 2.

Table 3 – Estimated Change in On-level Medical Severity Based on March 31, 2016 Experience		
Accident Year	Adjusted for -5% SB 863 Medical Utilization	Adjusted for -10% SB 863 Medical Utilization
2012	-1.6%	-0.6%
2013	-2.4%	-1.4%
2014	+1.0%	+4.2%

⁵ Based on Exhibit 6.3 of Item AC16-06-01.

Average Physician Costs by Fee Schedule Component

<u>Component</u>	Service & Transaction Year = 2013			Service & Transaction Year = 2014			Service & Transaction Year = 2015		
	<u>Transactions</u> <u>per Claim</u>	<u>Paid per</u> <u>Transaction</u>	<u>Paid per</u> <u>Claim</u>	<u>Transactions</u> <u>per Claim</u>	<u>Paid per</u> <u>Transaction</u>	<u>Paid per</u> <u>Claim</u>	<u>Transactions</u> <u>per Claim</u>	<u>Paid per</u> <u>Transaction</u>	<u>Paid per</u> <u>Claim</u>
Anesthesia	0.1	\$345	\$36	0.1	\$342	\$34	0.1	\$322	\$30
Evaluation & Management	5.4	\$88	\$473	4.8	\$110	\$533	4.8	\$115	\$554
Medicine	12.2	\$35	\$421	10.8	\$38	\$411	10.4	\$41	\$427
Pathology & Laboratory	1.7	\$55	\$93	1.9	\$41	\$77	0.8	\$26	\$22
Radiology	1.4	\$126	\$177	1.4	\$114	\$158	1.3	\$104	\$135
Surgery	0.9	\$362	\$317	0.8	\$399	\$299	0.7	\$399	\$267
Special Services & Reports	4.2	\$50	\$211	3.2	\$41	\$131	2.1	\$59	\$123
Total Physician Fee Schedule	25.8	\$67	\$1,728	22.9	\$72	\$1,645	20.2	\$77	\$1,560

Annual Change

<u>Component</u>	Service & Transaction Year = 2013			Service & Transaction Year = 2014			Service & Transaction Year = 2015		
	<u>Transactions</u> <u>per Claim</u>	<u>Paid per</u> <u>Transaction</u>	<u>Paid per</u> <u>Claim</u>	<u>Transactions</u> <u>per Claim</u>	<u>Paid per</u> <u>Transaction</u>	<u>Paid per</u> <u>Claim</u>	<u>Transactions</u> <u>per Claim</u>	<u>Paid per</u> <u>Transaction</u>	<u>Paid per</u> <u>Claim</u>
Anesthesia	---	---	---	-5.2%	-0.9%	-6.1%	-7.7%	-5.7%	-13.0%
Evaluation & Management	---	---	---	-10.0%	25.2%	12.7%	-0.4%	4.4%	4.0%
Medicine	---	---	---	-10.8%	9.4%	-2.4%	-3.6%	7.8%	3.9%
Pathology & Laboratory	---	---	---	10.1%	-25.3%	-17.7%	-55.5%	-36.1%	-71.6%
Radiology	---	---	---	-1.3%	-9.6%	-10.8%	-5.7%	-9.3%	-14.5%
Surgery	---	---	---	-14.4%	10.2%	-5.7%	-11.0%	0.2%	-10.9%
Special Services & Reports	---	---	---	-24.6%	-17.4%	-37.7%	-34.2%	42.4%	-6.2%
Total Physician Fee Schedule	---	---	---	-11.1%	7.1%	-4.8%	-11.7%	7.5%	-5.2%

Source: WCIRB Medical Data Call

Item AC16-06-01 3/31/2016 Experience – Review of Methodologies

At the June 17, 2016 meeting, the Committee reviewed a preliminary analysis of statewide experience through March 31, 2016. The attached Exhibits 1 through 8 contain an updated analysis of March 31, 2016 experience. In total, almost 100% of the market is included. Wage and loss levels are projected to January 1, 2018—the approximate midpoint of experience on policies incepting in 2017, and premiums were adjusted to the industry average filed pure premium rate level as of January 1, 2016.¹

The updated information differs from that presented at the June 17, 2016 meeting in that this analysis reflects: (a) the inclusion of additional insurer data submissions and insurer data call corrections, (b) updates to the wage level and indemnity claim frequency projections based on UCLA's June 2016 forecasts, (c) updates to several other on-level adjustments, and (d) the change to the medical loss development factors for accident years 2012 and forward to exclude the paid cost of medical cost containment programs that was adopted by the Committee at the June 17, 2016 meeting.

As shown on Exhibit 8, the projected policy year 2016 loss to the industry average filed pure premium ratio based on March 31, 2016 experience is 0.646. (The projected loss ratio reflected in the analysis presented at the June 17, 2016 meeting was 0.638 and the projected loss ratio reflected in the July 1, 2016 Pure Premium Rate Filing was 0.659.)

Additional supplemental information is included in Exhibits 9 through 12.

¹ In the January 1, 2017 Pure Premium Rate Filing, ratios will be adjusted to the July 1, 2016 industry average filed pure premium rate level.

**California Workers' Compensation
Accident Year Experience as of March 31, 2016**

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Indemnity</u>	<u>Indemnity Reserves</u>	<u>Paid Medical**</u>	<u>Medical Reserves</u>	<u>IBNR*</u>	<u>Total Incurred**</u>	<u>Loss Ratio*</u>
1985	2,873,069,049	1,277,140,739	5,032,815	981,096,371	26,328,943	19,027,097	2,308,625,965	0.804
1986	3,508,220,885	1,380,550,001	7,026,016	1,126,259,024	41,516,625	61,566,835	2,616,918,501	0.746
1987	4,374,633,116	1,502,886,161	7,553,772	1,321,116,826	52,166,810	34,913,969	2,918,637,538	0.667
1988	5,173,024,985	1,699,488,088	8,354,382	1,524,172,633	54,274,768	48,908,840	3,335,198,711	0.645
1989	5,676,279,371	1,935,506,623	9,827,644	1,777,523,920	71,434,620	51,277,389	3,845,570,196	0.677
1990	5,705,868,231	2,255,832,375	10,018,634	2,025,449,577	68,420,420	69,403,956	4,429,124,962	0.776
1991	5,872,566,346	2,472,989,689	20,724,368	2,176,215,986	83,345,399	73,273,952	4,826,549,394	0.822
1992	5,692,939,950	1,972,376,981	17,886,778	1,733,678,062	81,096,000	73,542,266	3,878,580,087	0.681
1993	5,942,544,967	1,689,092,715	18,159,495	1,482,898,299	107,934,454	64,410,837	3,362,495,800	0.566
1994	5,034,832,088	1,619,619,213	25,783,368	1,436,391,703	125,339,316	65,564,068	3,272,697,668	0.650
1995	3,790,123,513	1,751,867,434	38,277,880	1,570,737,383	153,862,526	76,287,046	3,591,032,269	0.947
1996	3,748,266,525	1,936,553,663	45,123,058	1,669,079,561	153,542,212	87,456,137	3,891,754,631	1.038
1997	3,928,295,572	2,297,791,213	57,944,985	1,964,853,262	188,210,942	139,259,333	4,648,059,735	1.183
1998	4,333,678,943	2,744,454,788	70,386,131	2,562,006,062	294,878,668	230,137,065	5,901,862,714	1.362
1999	4,551,891,247	3,023,345,268	76,334,548	2,931,227,047	297,118,418	317,315,570	6,645,340,851	1.460
2000	5,923,847,825	3,381,130,661	104,091,283	3,455,602,764	359,947,403	456,877,057	7,757,649,168	1.310
2001	10,112,328,817	4,746,152,607	163,025,340	5,151,353,852	580,138,890	718,568,534	11,359,239,223	1.123
2002	13,432,883,148	4,677,878,338	147,584,979	5,279,280,795	527,504,012	1,029,597,059	11,661,845,183	0.868
2003	19,477,785,340	4,418,164,305	221,455,611	4,824,221,943	560,784,608	1,408,698,877	11,433,325,344	0.587
2004	23,104,564,373	3,102,294,025	196,190,109	3,847,055,787	498,445,070	1,488,790,947	9,132,775,938	0.395
2005	21,406,773,529	2,422,337,638	169,361,768	3,432,215,331	466,870,561	1,241,263,795	7,732,049,093	0.361
2006	17,266,579,534	2,490,684,646	194,929,228	3,514,397,915	509,035,189	924,990,072	7,634,037,050	0.442
2007	13,306,159,616	2,583,769,653	239,280,996	3,720,422,162	588,655,645	988,576,223	8,120,704,679	0.610
2008	10,840,255,465	2,619,910,858	257,822,958	3,695,361,123	603,901,830	810,431,662	7,987,428,431	0.737
2009	9,017,907,435	2,448,405,053	281,862,004	3,470,710,831	616,025,077	773,418,031	7,590,420,996	0.842
2010	9,529,589,971	2,405,554,790	311,683,541	3,445,153,719	641,632,572	968,585,576	7,772,610,198	0.816
2011	10,292,096,107	2,255,817,028	387,553,062	2,963,648,472	785,444,119	1,484,063,250	7,876,525,931	0.765
2012	11,908,578,021	2,115,034,319	480,308,727	2,672,248,321	851,240,249	1,942,538,370	8,061,369,986	0.677
2013	14,331,334,726	1,848,672,734	621,757,418	2,226,299,241	1,016,610,194	3,117,326,518	8,830,666,105	0.616
2014	16,082,002,182	1,320,871,631	832,848,137	1,628,736,156	1,221,676,709	4,694,950,358	9,699,082,991	0.603
2015	17,077,707,943	578,871,462	852,499,927	871,488,553	1,405,414,650	6,203,405,884	9,911,680,476	0.580
2016*	4,370,475,011	16,659,740	97,798,665	26,555,024	221,603,401	1,959,996,527	2,322,613,357	0.531

* Shown for informational purposes only

** Paid medical for accident years 2011 and subsequent exclude the paid cost of medical cost containment programs (MCCP).
Paid medical for accident years 2010 and prior include paid MCCP costs.

Source: WCIRB quarterly experience calls

Incurred Indemnity Loss Development Factors

Accident Year	Age-to-Age (in months)														
	<u>27/15</u>	<u>39/27</u>	<u>51/39</u>	<u>63/51</u>	<u>75/63</u>	<u>87/75</u>	<u>99/87</u>	<u>111/99</u>	<u>123/111</u>	<u>135/123</u>	<u>147/135</u>	<u>159/147</u>	<u>171/159</u>	<u>183/171</u>	<u>195/183</u>
1991															1.003
1992														1.002	1.001
1993													1.002	1.000	1.002
1994												1.001	1.002	0.999	0.999
1995											1.003	1.002	1.003	1.001	1.002
1996										1.002	1.002	1.002	1.000	0.999	1.002
1997									1.006	1.005	1.003	1.002	1.003	1.002	1.001
1998								1.008	1.004	1.002	1.002	1.004	1.004	1.000	1.003
1999							1.011	1.003	1.007	1.004	1.002	1.004	1.003	1.002	1.002
2000						1.014	1.009	1.007	1.005	1.004	1.004	1.003	1.002	1.003	1.002
2001					1.021	1.018	1.014	1.007	1.008	1.007	1.005	1.005	1.003	1.001	
2002				1.032	1.027	1.019	1.010	1.011	1.009	1.006	1.005	1.002	1.001		
2003			1.068	1.047	1.030	1.018	1.020	1.016	1.012	1.008	1.008	1.002			
2004		1.140	1.063	1.042	1.037	1.026	1.025	1.015	1.015	1.007	1.006				
2005	1.400	1.168	1.085	1.063	1.049	1.039	1.022	1.016	1.010	1.005					
2006	1.519	1.188	1.100	1.072	1.051	1.031	1.020	1.012	1.008						
2007	1.562	1.216	1.104	1.066	1.045	1.030	1.022	1.012							
2008	1.618	1.245	1.116	1.063	1.043	1.025	1.018								
2009	1.670	1.233	1.124	1.067	1.043	1.021									
2010	1.665	1.250	1.112	1.062	1.037										
2011	1.657	1.225	1.109	1.053											
2012	1.662	1.218	1.094												
2013	1.604	1.202													
2014	1.626														
Selected (a)	1.626	1.202	1.094	1.053	1.037	1.021	1.018	1.012	1.011	1.007	1.006	1.003	1.002	1.002	1.002
Cumulative	2.567	1.579	1.313	1.200	1.140	1.099	1.077	1.058	1.045	1.034	1.027	1.021	1.017	1.015	1.013

(a) Selections are latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors

Incurred Indemnity Loss Development Factors (Continued)

Accident Year	Age-to-Age (in months)															
	207/195	219/207	231/219	243/231	255/243	267/255	279/267	291/279	303/291	315/303	327/315	339/327	351/339	363/351	375/363	ULT/375Inc (b)
1981										1.000	1.001	1.002	0.999			
1982									1.001	1.001	1.001	1.000	1.002			
1983								1.000	1.001	1.000	1.000	1.001	1.001	1.001	1.001	
1984							1.001	1.000	1.000	1.001	1.001	1.000	1.001	1.001	0.999	
1985						1.001	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.000	
1986					0.999	1.000	1.000	1.001	1.000	1.002	1.002	1.001	1.000	1.000		
1987				1.000	0.999	1.000	1.000	1.000	1.002	1.001	1.000	1.000	1.001			
1988			1.001	1.000	1.001	1.000	1.002	1.002	1.001	1.000	1.000	1.000				
1989		1.001	1.000	1.000	1.001	1.001	1.001	1.000	1.000	1.000	1.001					
1990	1.001	1.000	1.001	1.000	1.000	1.001	1.000	1.000	1.000	1.000						
1991	1.000	1.001	1.001	1.000	1.000	1.000	1.001	1.000	1.000							
1992	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.000								
1993	0.999	1.000	1.001	1.001	1.001	1.001	1.000									
1994	1.001	1.001	1.002	1.001	1.001	1.000										
1995	1.001	1.002	0.999	0.999	1.001											
1996	1.001	1.002	1.001	1.000												
1997	1.001	1.000	1.000													
1998	1.001	1.002														
1999	1.001															
Selected (a)	1.001	1.001	1.000	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000	
Cumulative	1.011	1.010	1.009	1.009	1.009	1.008	1.007	1.007	1.007	1.007	1.007	1.006	1.006	1.005	1.005	1.005

(b) The ULT/375Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors and extrapolated to 80 development years.

Incurred Medical Loss Development Factors

Accident Year	Age-to-Age (in months) (b)														
	<u>27/15</u>	<u>39/27</u>	<u>51/39</u>	<u>63/51</u>	<u>75/63</u>	<u>87/75</u>	<u>99/87</u>	<u>111/99</u>	<u>123/111</u>	<u>135/123</u>	<u>147/135</u>	<u>159/147</u>	<u>171/159</u>	<u>183/171</u>	<u>195/183</u>
1991															1.011
1992														1.004	1.012
1993													1.007	1.019	1.013
1994												1.013	1.006	1.008	1.021
1995											1.011	1.020	1.027	1.016	1.005
1996										1.021	1.017	1.020	1.015	1.013	1.012
1997									1.015	1.024	1.023	1.018	1.009	1.010	1.005
1998								1.022	1.035	1.021	1.020	1.010	1.010	1.013	1.007
1999							1.025	1.035	1.028	1.018	1.017	1.014	1.009	1.012	1.003
2000						1.031	1.041	1.022	1.019	1.022	1.016	1.017	1.012	1.005	0.998
2001					1.038	1.045	1.039	1.035	1.030	1.020	1.018	1.018	1.006	0.997	
2002				1.039	1.056	1.038	1.034	1.028	1.027	1.020	1.013	1.007	0.998		
2003			1.060	1.060	1.051	1.043	1.040	1.036	1.025	1.019	1.009	1.001			
2004		1.130	1.094	1.078	1.056	1.062	1.038	1.032	1.026	1.008	1.004				
2005	1.275	1.141	1.077	1.080	1.074	1.057	1.040	1.027	1.018	1.005					
2006	1.333	1.164	1.095	1.076	1.061	1.049	1.037	1.018	1.007						
2007	1.357	1.171	1.114	1.078	1.069	1.041	1.028	1.015							
2008	1.378	1.189	1.116	1.087	1.058	1.035	1.020								
2009	1.431	1.182	1.133	1.080	1.049	1.025									
2010	1.431	1.212	1.117	1.068	1.036										
2011	1.452	1.185	1.103	1.060											
2012	1.391	1.153	1.079												
2013	1.353	1.120													
2014	1.326														
Selected (a)	1.326	1.120	1.079	1.060	1.036	1.025	1.020	1.015	1.017	1.011	1.009	1.009	1.005	1.005	1.003
Cumulative	2.097	1.582	1.412	1.309	1.235	1.192	1.163	1.140	1.123	1.104	1.093	1.083	1.074	1.068	1.063

(a) Selections are latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors.

(b) Incurred medical loss development factors include the paid cost of medical cost containment programs for accident years 2011 and prior.

Incurred Medical Loss Development Factors (Continued)

Accident Year	Age-to-Age (in months)															ULT/375Inc (c)
	207/195	219/207	231/219	243/231	255/243	267/255	279/267	291/279	303/291	315/303	327/315	339/327	351/339	363/351	375/363	
1981										1.000	1.001	1.003	1.001			
1982									1.002	1.007	1.011	1.002	1.005			
1983								1.008	1.004	1.004	1.003	1.003	1.005	1.003	1.003	
1984							1.003	1.001	1.004	1.002	1.004	1.003	1.000	1.004	0.999	
1985						1.005	1.001	1.001	1.002	1.004	1.004	1.003	1.004	1.000	0.999	
1986					1.001	1.005	1.003	1.006	1.006	1.005	1.005	1.004	1.002	1.001		
1987				1.003	1.001	1.005	1.010	0.999	1.006	1.003	1.005	1.003	1.001			
1988			1.005	1.002	1.006	1.005	1.005	1.001	1.005	1.002	1.003	1.002				
1989		1.003	1.006	1.005	1.008	1.005	1.006	1.007	1.000	1.002	0.999					
1990	1.003	1.003	1.006	1.008	1.005	1.003	1.002	1.004	0.997	1.001						
1991	1.005	1.007	1.006	1.005	1.002	1.004	1.001	1.003	1.001							
1992	1.006	1.009	1.001	1.003	1.005	1.003	1.003	0.999								
1993	1.008	1.005	1.013	1.013	1.001	1.001	0.999									
1994	1.011	1.011	1.005	1.006	1.004	1.000										
1995	1.010	1.012	0.996	1.007	1.000											
1996	1.008	1.007	1.003	1.000												
1997	1.004	1.000	0.995													
1998	1.012	0.999														
1999	1.000															
Selected (a)	1.005	1.002	0.998	1.004	1.002	1.001	1.001	1.002	0.999	1.002	1.002	1.003	1.002	1.002	1.000	
Cumulative	1.061	1.055	1.053	1.055	1.050	1.049	1.047	1.046	1.044	1.045	1.043	1.041	1.037	1.035	1.033	1.033

(c) The ULT/375Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors and extrapolated to 80 development years.

Paid Indemnity Loss Development Factors

Accident Year	Age-to-Age (in months)														
	27/15	39/27	51/39	63/51	75/63	87/75	99/87	111/99	123/111	135/123	147/135	159/147	171/159	183/171	195/183
1991															1.004
1992														1.004	1.003
1993													1.004	1.004	1.004
1994												1.008	1.006	1.005	1.003
1995											1.010	1.008	1.007	1.006	1.004
1996										1.013	1.011	1.009	1.007	1.004	1.005
1997									1.017	1.015	1.011	1.007	1.007	1.006	1.005
1998								1.025	1.018	1.016	1.009	1.009	1.008	1.007	1.006
1999							1.033	1.021	1.018	1.014	1.010	1.009	1.008	1.006	1.006
2000						1.046	1.030	1.022	1.015	1.012	1.010	1.009	1.007	1.007	1.004
2001					1.070	1.045	1.030	1.022	1.016	1.014	1.011	1.011	1.008	1.007	
2002				1.111	1.065	1.043	1.028	1.019	1.018	1.014	1.012	1.009	1.007		
2003			1.206	1.109	1.064	1.039	1.029	1.025	1.022	1.020	1.015	1.010			
2004		1.426	1.191	1.102	1.067	1.045	1.041	1.034	1.026	1.018	1.014				
2005	2.138	1.410	1.200	1.104	1.073	1.057	1.048	1.037	1.025	1.019					
2006	2.211	1.423	1.197	1.121	1.085	1.062	1.045	1.032	1.026						
2007	2.243	1.436	1.211	1.127	1.085	1.061	1.042	1.032							
2008	2.279	1.468	1.234	1.132	1.083	1.054	1.040								
2009	2.369	1.499	1.238	1.135	1.084	1.056									
2010	2.399	1.505	1.240	1.129	1.081										
2011	2.433	1.481	1.227	1.129											
2012	2.424	1.477	1.220												
2013	2.385	1.492													
2014	2.456														
Selected (a)	2.456	1.492	1.220	1.129	1.081	1.056	1.040	1.032	1.026	1.019	1.014	1.010	1.007	1.007	1.005
Cumulative Unadjusted for Impact of SB 863	7.016	2.857	1.915	1.569	1.390	1.286	1.218	1.171	1.135	1.106	1.086	1.071	1.060	1.053	1.046
Cumulative Adjusted for Impact of SB 863 (b)	7.469	3.041	1.938	1.561	1.383	---	---	---	---	---	---	---	---	---	---

(a) Selections are latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors.

(b) The 27-to-ultimate factor for accident year 2014, the 39-to-ultimate factor for accident year 2013, the 51-to-ultimate factor for accident year 2012, and the 63-to-ultimate factor for accident year 2011 have been adjusted by 6.5%, 1.2%, -0.5%, and -0.5% respectively, for the impacts of SB 863 on on indemnity loss development. (See *Impact of Senate Bill No. 863 on Loss Development Patterns*, WCIRB, August 13, 2013.)

Paid Indemnity Loss Development Factors (Continued)

Accident Year	Age-to-Age (in months)															375Inc/375Pd (c)	ULT/375Inc (d)
	207/195	219/207	231/219	243/231	255/243	267/255	279/267	291/279	303/291	315/303	327/315	339/327	351/339	363/351	375/363		
1981										1.002	1.002	1.003	1.000			1.007	
1982									1.003	1.002	1.002	1.001	1.001			1.005	
1983								1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.005	
1984							1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.006	
1985						1.001	1.001	1.001	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.004	
1986					1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001		1.004	
1987				1.001	1.001	1.001	1.001	1.001	1.001	1.002	1.001	1.001	1.001				
1988			1.001	1.002	1.001	1.001	1.002	1.002	1.001	1.001	1.001	1.001					
1989		1.002	1.002	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001						
1990	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001							
1991	1.003	1.002	1.002	1.001	1.001	1.001	1.002	1.001	1.001								
1992	1.003	1.001	1.002	1.002	1.002	1.002	1.001	1.001									
1993	1.002	1.002	1.003	1.002	1.002	1.002	1.001										
1994	1.003	1.004	1.002	1.003	1.003	1.002											
1995	1.004	1.005	1.004	1.003	1.002												
1996	1.004	1.005	1.004	1.003													
1997	1.005	1.004	1.003														
1998	1.006	1.005															
1999	1.005																
Selected (a)	1.005	1.005	1.004	1.003	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.005	
Cumulative	1.040	1.035	1.030	1.026	1.023	1.021	1.018	1.017	1.016	1.015	1.014	1.013	1.012	1.011	1.010		1.005

(c) Three-year averages of the 375Inc/375Pd factors are selected.

(d) The ULT/375Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors and extrapolated to 80 development years.

Paid Medical Loss Development Factors

Unadjusted (a)	Age-to-Age (in months)														
Accident Year	27/15	39/27	51/39	63/51	75/63	87/75	99/87	111/99	123/111	135/123	147/135	159/147	171/159	183/171	195/183
1991															1.009
1992														1.010	1.017
1993													1.013	1.013	1.012
1994												1.018	1.015	1.016	1.012
1995											1.020	1.023	1.019	1.018	1.017
1996										1.026	1.025	1.023	1.022	1.014	1.014
1997									1.032	1.028	1.025	1.020	1.019	1.014	1.014
1998								1.037	1.033	1.032	1.027	1.021	1.017	1.019	1.018
1999							1.042	1.031	1.035	1.030	1.025	1.020	1.016	1.018	1.018
2000						1.051	1.039	1.037	1.030	1.026	1.022	1.020	1.021	1.016	1.012
2001					1.071	1.054	1.046	1.037	1.033	1.026	1.022	1.026	1.019	1.016	
2002				1.099	1.068	1.053	1.043	1.032	1.027	1.024	1.026	1.018	1.015		
2003			1.154	1.100	1.070	1.055	1.045	1.033	1.029	1.033	1.025	1.018			
2004		1.298	1.165	1.121	1.086	1.066	1.047	1.039	1.041	1.031	1.022				
2005	1.727	1.292	1.193	1.123	1.091	1.063	1.053	1.051	1.037	1.029					
2006	1.773	1.342	1.195	1.126	1.085	1.064	1.057	1.040	1.032						
2007	1.851	1.352	1.203	1.120	1.092	1.079	1.051	1.038							
2008	1.826	1.359	1.208	1.134	1.098	1.067	1.047								
2009	1.876	1.385	1.221	1.150	1.095	1.062									
2010	1.926	1.402	1.237	1.133	1.087										
2011	1.957	1.401	1.217	1.131											
2012	1.983	1.398	1.214												
2013	1.939	1.391													
2014	1.938														
Adjusted (b)	Age-to-Age (in months)														
Accident Year	27/15	39/27	51/39	63/51	75/63	87/75	99/87	111/99	123/111	135/123	147/135	159/147	171/159	183/171	195/183
1998															1.019
1999														1.019	1.019
2000													1.023	1.017	1.013
2001												1.028	1.020	1.017	
2002											1.027	1.019	1.016		
2003										1.035	1.027	1.019			
2004									1.043	1.033	1.023				
2005								1.054	1.039	1.030					
2006							1.060	1.043	1.034						
2007						1.082	1.054	1.040							
2008					1.103	1.071	1.050								
2009				1.157	1.100	1.065									
2010			1.248	1.140	1.090										
2011		1.419	1.226	1.135											
2012	2.018	1.410	1.217												
2013	1.950	1.391													
2014	1.933														
Selected (c)	1.933	1.391	1.217	1.135	1.090	1.065	1.050	1.040	1.039	1.033	1.026	1.022	1.020	1.018	1.017
Cumulative	6.735	3.484	2.505	2.058	1.813	1.664	1.562	1.488	1.431	1.377	1.334	1.300	1.272	1.248	1.226

- (a) Paid medical loss development factors include the paid cost of medical cost containment programs for accident years 2011 and prior.
- (b) These factors are adjusted for the following impacts: (i) reduction of historical outstanding medical losses paid prior to January 1, 2013 by the estimated 4.4% cost savings due to applicable SB 863 provisions; (ii) adjustment to historical outstanding medical losses paid prior to January 1, 2014 by an estimated 1.8% decrease in costs, losses paid prior to January 1, 2015 by an estimated 0.6% increase in costs, and losses paid prior to January 1, 2016 by an estimated 0.8% increase in costs due to RBRVS.
- (c) Selections are latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors.

Paid Medical Loss Development Factors (Continued)

Unadjusted (a)	Age-to-Age (in months)																
Accident Year	207/195	219/207	231/219	243/231	255/243	267/255	279/267	291/279	303/291	315/303	327/315	339/327	351/339	363/351	375/363	375Inc/375Pd (d)	ULT/375Inc (e)
1981										1.006	1.005	1.005	1.005			1.057	
1982									1.007	1.007	1.010	1.005	1.006			1.037	
1983							1.004	1.004	1.004	1.004	1.005	1.004	1.004	1.004	1.004	1.038	
1984							1.004	1.003	1.003	1.003	1.004	1.004	1.003	1.003	1.002	1.039	
1985						1.005	1.006	1.004	1.004	1.003	1.004	1.004	1.003	1.003	1.002	1.026	
1986					1.004	1.004	1.004	1.005	1.005	1.005	1.005	1.005	1.006	1.004		1.026	
1987				1.006	1.008	1.005	1.005	1.005	1.005	1.005	1.006	1.005	1.003				
1988			1.005	1.008	1.005	1.005	1.006	1.006	1.004	1.005	1.004	1.003					
1989		1.005	1.006	1.006	1.005	1.005	1.008	1.006	1.006	1.005	1.003						
1990	1.006	1.005	1.005	1.005	1.005	1.006	1.004	1.004	1.004	1.003							
1991	1.008	1.006	1.006	1.006	1.005	1.006	1.006	1.005	1.004								
1992	1.010	1.007	1.007	1.000	1.007	1.007	1.005	1.005									
1993	1.011	1.011	1.011	1.009	1.013	1.010	1.008										
1994	1.013	1.009	1.009	1.012	1.010	1.008											
1995	1.013	1.012	1.016	1.013	1.011												
1996	1.014	1.014	1.014	1.010													
1997	1.015	1.013	1.010														
1998	1.017	1.013															
1999	1.014																
Adjusted (b)	Age-to-Age (in months)																
Accident Year	207/195	219/207	231/219	243/231	255/243	267/255	279/267	291/279	303/291	315/303	327/315	339/327	351/339	363/351	375/363	375Inc/375Pd (d)	ULT/375Inc (e)
1981																1.057	
1982																1.037	
1983																1.038	
1984																1.039	
1985																1.026	
1986																1.026	
1987											1.006	1.005	1.003				
1988										1.005	1.004	1.003					
1989									1.007	1.006	1.003						
1990								1.005	1.004	1.003							
1991							1.006	1.006	1.004								
1992						1.007	1.006	1.005									
1993					1.013	1.011	1.008										
1994				1.012	1.011	1.009											
1995			1.017	1.014	1.012												
1996		1.015	1.015	1.011													
1997	1.016	1.014	1.011														
1998	1.018	1.013															
1999	1.014																
Selected (c)	1.016	1.014	1.014	1.012	1.012	1.009	1.007	1.005	1.005	1.005	1.004	1.004	1.004	1.003	1.003	1.037	
Cumulative	1.206	1.187	1.170	1.154	1.140	1.126	1.116	1.109	1.103	1.097	1.092	1.088	1.083	1.078	1.075		1.033

(d) Six-year averages of the 375Inc/375Pd factors are selected.

(e) The ULT/375Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors and extrapolated to 80 development years.

Selected Indemnity Development Factors - Paid to Age 219, Incurred from Age 219 to Ultimate

Accident Year	Age-to-Age (in months)																	
	27/15	39/27	51/39	63/51	75/63	87/75	99/87	111/99	123/111	135/123	147/135	159/147	171/159	183/171	195/183	207/195	219/207	219Inc/219Pd (c)
1991															1.004	1.003	1.002	1.016
1992														1.004	1.003	1.003	1.001	1.016
1993													1.004	1.004	1.004	1.002	1.002	1.018
1994												1.008	1.006	1.005	1.003	1.003	1.004	1.022
1995											1.010	1.008	1.007	1.006	1.004	1.004	1.005	1.032
1996										1.013	1.011	1.009	1.007	1.004	1.005	1.004	1.005	1.030
1997									1.017	1.015	1.011	1.007	1.007	1.006	1.005	1.005	1.004	1.028
1998								1.025	1.018	1.016	1.009	1.009	1.008	1.007	1.006	1.006	1.005	1.026
1999							1.033	1.021	1.018	1.014	1.010	1.009	1.008	1.006	1.006	1.005		
2000						1.046	1.030	1.022	1.015	1.012	1.010	1.009	1.007	1.007	1.004			
2001					1.070	1.045	1.030	1.022	1.016	1.014	1.011	1.011	1.008	1.007				
2002				1.111	1.065	1.043	1.028	1.019	1.018	1.014	1.012	1.009	1.007					
2003			1.206	1.109	1.064	1.039	1.029	1.025	1.022	1.020	1.015	1.010						
2004		1.426	1.191	1.102	1.067	1.045	1.041	1.034	1.026	1.018	1.014							
2005	2.138	1.410	1.200	1.104	1.073	1.057	1.048	1.037	1.025	1.019								
2006	2.211	1.423	1.197	1.121	1.085	1.062	1.045	1.032	1.026									
2007	2.243	1.436	1.211	1.127	1.085	1.061	1.042	1.032										
2008	2.279	1.468	1.234	1.132	1.083	1.054	1.040											
2009	2.369	1.499	1.238	1.135	1.084	1.056												
2010	2.399	1.505	1.240	1.129	1.081													
2011	2.433	1.481	1.227	1.129														
2012	2.424	1.477	1.220															
2013	2.385	1.492																
2014	2.456																	
Selected (a)	2.456	1.492	1.220	1.129	1.081	1.056	1.040	1.032	1.026	1.019	1.014	1.010	1.007	1.007	1.005	1.005	1.005	1.028
Cumulative Unadjusted for Impact of SB 863	7.065	2.877	1.928	1.580	1.400	1.295	1.226	1.179	1.142	1.114	1.093	1.078	1.068	1.060	1.053	1.047	1.042	
Cumulative Adjusted for Impact of SB 863 (b)	7.521	3.062	1.951	1.572	1.393	---	---	---	---	---	---	---	---	---	---			

- (a) Selections are latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors. Paid development factors are selected to age 219, where an incurred-to-paid ratio is chosen, and subsequently, incurred loss development factors are selected until ultimate.
- (b) The 27-to-ultimate factor for accident year 2014, the 39-to-ultimate factor for accident year 2013, the 51-to-ultimate factor for accident year 2012, and the 63-to-ultimate factor for accident year 2011 have been adjusted by 6.5%, 1.2%, -0.5%, and -0.5% respectively, for the impacts of SB 863 on indemnity loss development.
- (c) A three-year average of the 219Inc/219Pd factor is selected.

Selected Indemnity Development Factors - Paid to Age 219, Incurred from Age 219 to Ultimate (Continued)

Accident Year	<u>231/219</u>	<u>243/231</u>	<u>255/243</u>	<u>267/255</u>	<u>279/267</u>	<u>291/279</u>	<u>303/291</u>	<u>315/303</u>	<u>327/315</u>	<u>339/327</u>	<u>351/339</u>	<u>363/351</u>	<u>375/363</u>	<u>ULT/375Inc (d)</u>
1981								1.000	1.001	1.002	0.999			
1982							1.001	1.001	1.001	1.000	1.002			
1983						1.000	1.001	1.000	1.000	1.001	1.001	1.001	1.001	
1984					1.001	1.000	1.000	1.001	1.001	1.000	1.001	1.001	0.999	
1985				1.001	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.000	
1986			0.999	1.000	1.000	1.001	1.000	1.002	1.002	1.001	1.000	1.000		
1987		1.000	0.999	1.000	1.000	1.000	1.002	1.001	1.000	1.000	1.001			
1988	1.001	1.000	1.001	1.000	1.002	1.002	1.001	1.000	1.000	1.000				
1989	1.000	1.000	1.001	1.001	1.001	1.000	1.000	1.000	1.001					
1990	1.001	1.000	1.000	1.001	1.000	1.000	1.000	1.000						
1991	1.001	1.000	1.000	1.000	1.001	1.000	1.000							
1992	1.001	1.001	1.001	1.001	1.000	1.000								
1993	1.001	1.001	1.001	1.001	1.000									
1994	1.002	1.001	1.001	1.000										
1995	0.999	0.999	1.001											
1996	1.001	1.000												
1997	1.000													
Selected (a)	1.000	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000	
Cumulative	1.009	1.009	1.009	1.008	1.007	1.007	1.007	1.007	1.007	1.006	1.006	1.005	1.005	1.005

(d) The ULT/375Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors and extrapolated to 80 development years.

Selected Medical Development Factors - Paid to Age 219, Incurred from Age 219 to Ultimate

Unadjusted (a)		Age-to-Age (in months)																
Accident Year	27/15	39/27	51/39	63/51	75/63	87/75	99/87	111/99	123/111	135/123	147/135	159/147	171/159	183/171	195/183	207/195	219/207	219Inc/219Pd (d)
1991															1.009	1.008	1.006	1.055
1992														1.010	1.017	1.010	1.007	1.067
1993													1.013	1.013	1.012	1.011	1.011	1.100
1994												1.018	1.015	1.016	1.012	1.013	1.009	1.116
1995											1.020	1.023	1.019	1.018	1.017	1.013	1.012	1.141
1996										1.026	1.025	1.023	1.022	1.014	1.014	1.014	1.014	1.115
1997									1.032	1.028	1.025	1.020	1.019	1.014	1.014	1.015	1.013	1.113
1998								1.037	1.033	1.032	1.027	1.021	1.017	1.019	1.018	1.017	1.013	1.114
1999							1.042	1.031	1.035	1.030	1.025	1.020	1.016	1.018	1.018	1.014		
2000						1.051	1.039	1.037	1.030	1.026	1.022	1.020	1.021	1.016	1.012			
2001					1.071	1.054	1.046	1.037	1.033	1.026	1.022	1.026	1.019	1.016				
2002				1.099	1.068	1.053	1.043	1.032	1.027	1.024	1.026	1.018	1.015					
2003			1.154	1.100	1.070	1.055	1.045	1.033	1.029	1.033	1.025	1.018						
2004		1.298	1.165	1.121	1.086	1.066	1.047	1.039	1.041	1.031	1.022							
2005	1.727	1.292	1.193	1.123	1.091	1.063	1.053	1.051	1.037	1.029								
2006	1.773	1.342	1.195	1.126	1.085	1.064	1.057	1.040	1.032									
2007	1.851	1.352	1.203	1.120	1.092	1.079	1.051	1.038										
2008	1.826	1.359	1.208	1.134	1.098	1.067	1.047											
2009	1.876	1.385	1.221	1.150	1.095	1.062												
2010	1.926	1.402	1.237	1.133	1.087													
2011	1.957	1.401	1.217	1.131														
2012	1.983	1.398	1.214															
2013	1.939	1.391																
2014	1.938																	
Adjusted (b)		Age-to-Age (in months)																
Accident Year	27/15	39/27	51/39	63/51	75/63	87/75	99/87	111/99	123/111	135/123	147/135	159/147	171/159	183/171	195/183	207/195	219/207	219Inc/219Pd (d)
1996																	1.015	1.115
1997																	1.016	1.113
1998															1.019	1.018	1.013	1.114
1999														1.019	1.019	1.014		
2000													1.023	1.017	1.013			
2001												1.028	1.020	1.017				
2002											1.027	1.019	1.016					
2003										1.035	1.027	1.019						
2004									1.043	1.033	1.023							
2005								1.054	1.039	1.030								
2006							1.060	1.043	1.034									
2007						1.082	1.054	1.040										
2008					1.103	1.071	1.050											
2009				1.157	1.100	1.065												
2010			1.248	1.140	1.090													
2011		1.419	1.226	1.135														
2012	2.018	1.410	1.217															
2013	1.950	1.391																
2014	1.933																	
Selected (c)	1.933	1.391	1.217	1.135	1.090	1.065	1.050	1.040	1.039	1.033	1.026	1.022	1.020	1.018	1.017	1.016	1.014	1.114
Cumulative	6.750	3.492	2.510	2.063	1.817	1.667	1.566	1.491	1.434	1.380	1.337	1.303	1.275	1.250	1.229	1.208	1.189	

- (a) Paid medical loss development factors include the paid cost of medical cost containment programs for accident years 2011 and prior.
- (b) These factors are adjusted for the following impacts: (i) reduction of historical outstanding medical losses paid prior to January 1, 2013 by the estimated 4.4% cost savings due to applicable SB 863 provisions; (ii) adjustment to historical outstanding medical losses paid prior to January 1, 2014 by an estimated 1.8% decrease in costs, losses paid prior to January 1, 2015 by an estimated 0.6% increase in costs, and losses paid prior to January 1, 2016 by an estimated 0.8% increase in costs due to RBRVS.
- (c) Selections are latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors. Paid development factors are selected to age 219, where an incurred-to-paid ratio is chosen, and subsequently, incurred loss development factors are selected until ultimate.
- (d) A three-year average of the 219Inc/219Pd factor is selected.

Selected Medical Development Factors - Paid to Age 219, Incurred from Age 219 to Ultimate (Continued)

Accident Year	Age-to-Age (in months)													ULT/375Inc (e)
	231/219	243/231	255/243	267/255	279/267	291/279	303/291	315/303	327/315	339/327	351/339	363/351	375/363	
1983													1.003	
1984												1.004	0.999	
1985											1.004	1.000	0.999	
1986										1.004	1.002	1.001		
1987									1.005	1.003	1.001			
1988								1.002	1.003	1.002				
1989							1.000	1.002	0.999					
1990						1.004	0.997	1.001						
1991					1.001	1.003	1.001							
1992				1.003	1.003	0.999								
1993			1.001	1.001	0.999									
1994		1.006	1.004	1.000										
1995	0.996	1.007	1.000											
1996	1.003	1.000												
1997	0.995													
Selected (c)	0.998	1.004	1.002	1.001	1.001	1.002	0.999	1.002	1.002	1.003	1.002	1.002	1.000	
Cumulative	1.053	1.055	1.050	1.049	1.047	1.046	1.044	1.045	1.043	1.041	1.037	1.035	1.033	1.033

(e) The ULT/375Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors and extrapolated to 80 development years.

**Developed Indemnity Loss Ratios Using Selected Loss Development Factors
Based on Experience as of March 31, 2016**

Accident Year	(1) Paid or Incurred Loss Ratio (a)	Development Factors			Projected Ultimate Loss Ratio (5) = (1) x (4)
		(2) Annual (b)	Cumulative		
			(3) Unadjusted for Impact of SB 863 (b)	(4) Adjusted for Impact of SB 863 (b)	
1985	0.446	1.000	1.005	1.005	0.449
1986	0.396	1.000	1.005	1.005	0.397
1987	0.345	1.000	1.005	1.005	0.347
1988	0.330	1.001	1.006	1.006	0.332
1989	0.343	1.000	1.006	1.006	0.345
1990	0.397	1.000	1.007	1.007	0.400
1991	0.425	1.000	1.007	1.007	0.427
1992	0.350	1.000	1.007	1.007	0.352
1993	0.287	1.000	1.007	1.007	0.289
1994	0.327	1.000	1.007	1.007	0.329
1995	0.472	1.001	1.008	1.008	0.476
1996	0.529	1.001	1.009	1.009	0.533
1997	0.600	1.000	1.009	1.009	0.605
1998	0.650	1.000	1.009	1.009	0.655
1999	0.664	1.005	1.042	1.042	0.692
2000	0.571	1.005	1.047	1.047	0.598
2001	0.469	1.005	1.053	1.053	0.494
2002	0.348	1.007	1.060	1.060	0.369
2003	0.227	1.007	1.068	1.068	0.242
2004	0.134	1.010	1.078	1.078	0.145
2005	0.113	1.014	1.093	1.093	0.124
2006	0.144	1.019	1.114	1.114	0.161
2007	0.194	1.026	1.142	1.142	0.222
2008	0.242	1.032	1.179	1.179	0.285
2009	0.272	1.040	1.226	1.226	0.333
2010	0.252	1.056	1.295	1.295	0.327
2011	0.219	1.081	1.400	1.393	0.305
2012	0.178	1.129	1.580	1.572	0.279
2013	0.129	1.220	1.928	1.951	0.252
2014	0.082	1.492	2.877	3.062	0.252
2015	0.034	2.456	7.065	7.521	0.255

- (a) Based on Exhibit 1. To reflect the selected loss development methodology, reported loss ratios displayed prior to 1999 are on an incurred basis. Subsequent reported loss ratios are on a paid basis.
- (b) See Exhibit 2.5.

**Developed Medical Loss Ratios Using Selected Loss Development Factors
With Adjustment for SB 863
Based on Experience as of March 31, 2016**

	(1)	(2)	(3)	(4)	(5)	(6)
	Adjusted for SB 863					
Accident	Unadjusted	Adjusted	Development Factors		Adjusted	Projected
Year	Paid or Incurred	Paid or Incurred	Annual (c)	Cumulative	Developed	Ultimate
	<u>Loss Ratio (a)</u>	<u>Loss Ratio (b)</u>			<u>Loss Ratio (d)</u>	<u>Loss Ratio</u>
					(2) x (4)	(1) + ((5) - (2))
1985	0.351	0.351	1.001	1.033	0.362	0.362
1986	0.333	0.333	1.000	1.033	0.344	0.344
1987	0.314	0.314	1.002	1.035	0.325	0.325
1988	0.305	0.305	1.002	1.037	0.317	0.317
1989	0.326	0.326	1.003	1.041	0.339	0.339
1990	0.367	0.367	1.002	1.043	0.383	0.383
1991	0.385	0.385	1.002	1.045	0.402	0.402
1992	0.319	0.319	0.999	1.044	0.333	0.333
1993	0.268	0.268	1.002	1.046	0.280	0.280
1994	0.310	0.310	1.001	1.047	0.325	0.325
1995	0.455	0.455	1.001	1.049	0.477	0.477
1996	0.486	0.486	1.002	1.050	0.511	0.511
1997	0.548	0.548	1.004	1.055	0.578	0.578
1998	0.659	0.659	0.998	1.053	0.694	0.694
1999	0.644	0.615	1.014	1.189	0.731	0.760
2000	0.583	0.557	1.016	1.208	0.673	0.699
2001	0.509	0.487	1.017	1.229	0.598	0.621
2002	0.393	0.375	1.018	1.250	0.470	0.487
2003	0.248	0.237	1.020	1.275	0.302	0.313
2004	0.167	0.159	1.022	1.303	0.208	0.215
2005	0.160	0.154	1.026	1.337	0.205	0.212
2006	0.204	0.195	1.033	1.380	0.269	0.278
2007	0.280	0.269	1.039	1.434	0.385	0.396
2008	0.341	0.328	1.040	1.491	0.489	0.502
2009	0.385	0.372	1.050	1.566	0.582	0.595
2010	0.362	0.352	1.065	1.667	0.586	0.596
2011	0.288	0.282	1.090	1.817	0.513	0.519
2012	0.224	0.223	1.135	2.063	0.460	0.461
2013	0.155	0.156	1.217	2.510	0.393	0.392
2014	0.101	0.102	1.391	3.492	0.357	0.356
2015	0.051	0.051	1.933	6.750	0.346	0.346

- (a) Based on Exhibit 1. Paid MCCP costs are excluded from accident years 2011 and subsequent. To reflect the selected loss development methodology, reported loss ratios displayed prior to 1999 are on an incurred basis. Subsequent reported loss ratios are on a paid basis.
- (b) Based on experience evaluated as of March 31, 2016. Reflects an adjustment for SB 863 of -4.4% applied to payments made before January 1, 2013, and adjustments for RBRVS of -1.8% applied to payments made before January 1, 2014, 0.6% applied to payments made before January 1, 2015, and 0.8% applied to payments made before January 1, 2016. No adjustments are applied to the incurred loss ratios.
- (c) Based on Exhibit 2.6. Reflects an adjustment for SB 863 of -4.4% applied to payments made before January 1, 2013, and adjustments for RBRVS of -1.8% applied to payments made before January 1, 2014, 0.6% applied to payments made before January 1, 2015, and 0.8% applied to payments made before January 1, 2016.
- (d) The developed medical loss ratios shown were derived based on an adjustment to reflect an adjustment for SB 863 and RBRVS. They are only for purposes of projecting future medical loss ratios and do not reflect true estimates of ultimate loss ratios for those accident years.

Indemnity Benefit Level Factors					
Accident Year	(1) Annual Benefit Change Prior to Frequency Adjustments (a)	(2) Frequency Adjustments (a)	(3) Annual Impact on Indemnity Benefits Due to Wage Inflation (b)	(4) Annual Cost Impact on Indemnity (c)	(5) Composite Indemnity Adjustment Factor (d)
1985	0.0	0.0	2.0	2.0	1.443
1986	0.0	0.0	1.6	1.6	1.420
1987	0.0	0.0	1.9	1.9	1.394
1988	0.0	0.0	1.5	1.5	1.373
1989	0.0	0.0	1.5	1.5	1.353
1990	2.3	19.9	1.7	24.7	1.085
1991	4.9	14.8	0.8	21.4	0.894
1992	1.8	-8.3	1.6	-5.2	0.942
1993	0.2	-18.1	0.4	-17.6	1.143
1994	-5.1	0.2	0.6	-4.3	1.195
1995	6.3	0.6	1.0	8.0	1.107
1996	5.3	0.4	1.2	7.0	1.034
1997	9.7	0.2	1.6	11.7	0.926
1998	6.5	0.0	1.8	8.4	0.854
1999	5.7	0.0	2.1	7.9	0.792
2000	3.9	0.0	3.1	7.1	0.739
2001	-0.3	0.0	0.2	-0.1	0.740
2002	-0.7	0.0	0.2	-0.5	0.759 (e)
2003	7.3	0.0	1.1	8.5	0.759 (e)
2004	-6.0	-13.7	1.6	-17.6	1.046 (e)
2005	-31.6	-15.3	1.1	-41.5	1.419
2006	5.6	-5.7	1.6	1.2	1.403
2007	1.6	0.0	1.6	3.2	1.359
2008	4.8	0.6	0.7	6.2	1.280
2009	0.4	1.4	0.2	2.0	1.255
2010	0.4	0.0	1.0	1.4	1.238
2011	0.0	0.0	1.6	1.6	1.224 (f)
2012	0.3	0.0	2.1	2.4	1.195 (f)
2013	-0.6	-0.3	0.4	-0.5	1.196
2014	7.0	1.5	1.7	10.4	1.083
2015	0.3	0.0	2.0	2.3	1.058
2016	0.3	0.0	1.5	1.8	
2017	0.5	0.0	2.3	2.8	
1/1/2018	0.2 (Annual 0.4)	0.0	1.0 (Annual 2.0)	1.2	

- (a) Based on WCIRB evaluations of the average impact of legislative changes on the cost of indemnity benefits. These annual changes in benefits reflect the WCIRB's retrospective estimates of the cost impact of recent legislation, including SB 863 as reflected in emerging post-reform costs. The annual cost impacts have been segregated between claim severity and claim frequency impacts.
- (b) These impacts are based on the weekly wages of injured workers and the legislatively scheduled benefits for that year.
- (c) $\{ [\text{Column (1)} / 100 + 1.0] \times [\text{Column (2)} / 100 + 1.0] \times [\text{Column (3)} / 100 + 1.0] - 1.0 \} \times 100$.
- (d) These factors represent the combined impact of the annual benefit changes on claim severity shown in Column (1), claim frequencies shown in Column (2) and wage inflation impact on benefits shown in Column (3), adjusted to the 1/1/2018 level.
- (e) On-level factors for accident years 2002, 2003 and 2004 adjust the portion of permanent disability claims that are estimated to not be subject to the January 1, 2005 PDRS (95% for accident year 2002, 75% for accident year 2003 and 40% for accident year 2004) to the January 1, 2005 PDRS level, and adjust for the corresponding utilization impacts on all 2002, 2003 and 2004 indemnity claims.
- (f) On-level factors for accident years 2011 and 2012 adjust the portion of indemnity losses not impacted by the adjustments to outstanding indemnity claims for the impact of SB 863 (see Exhibit 2.5).

Annual Medical Cost Level Change - Non-Legislative

Accident Year	(1) Proportion of Medical Subject to Fee Schedule (a)	(2) Proportion of Medical Not Subject to Fee Schedule (a)	(3) Impact of Fee Schedule Change on Total Medical (b)	(4) Change in Medical CPI (c)	(5) Impact of CPI Change on Total Medical (d)	(6) Annual Non-Legislative Cost Impact on Total Medical (e)
1985	0.665	0.335	2.3%	6.5%	2.2%	4.5%
1986	0.604	0.396	0.0%	9.1%	3.0%	3.0%
1987	0.610	0.390	0.9%	7.4%	2.9%	3.8%
1988	0.649	0.351	0.8%	7.7%	3.0%	3.8%
1989	0.647	0.353	0.0%	8.6%	3.0%	3.0%
1990	0.661	0.339	0.0%	10.4%	3.7%	3.7%
1991	0.631	0.369	0.0%	10.6%	3.6%	3.6%
1992	0.628	0.372	0.0%	8.1%	3.0%	3.0%
1993	0.565	0.435	0.0%	7.3%	2.7%	2.7%
1994	0.691	0.309	-3.6%	4.3%	1.3% (i)	-2.3%
1995	0.681	0.319	0.0%	3.0%	0.9%	0.9%
1996	0.663	0.337	0.0%	3.0%	1.0%	1.0%
1997	0.643	0.357	0.0%	2.2%	0.7%	0.7%
1998	0.658	0.342	0.0%	2.2%	0.8%	0.8%
1999	0.728	0.272	1.6%	3.3%	0.9% (ii)	2.5%
2000	0.715	0.285	0.5%	4.3%	1.2%	1.7%
2001	0.722	0.278	1.5%	4.8%	1.4%	2.9%
2002	0.635	0.365	0.6%	5.1%	1.4%	2.0%
2003	0.786	0.214	0.0%	4.8%	1.4% (iii)	1.4%
2004	0.952	0.048	0.0%	5.0%	0.0% (iv),(v)	0.0%
2005	0.936	0.064	0.0%	4.8%	0.0% (v)	0.0%
2006	0.926	0.074	0.0%	4.1%	0.3%	0.3%
2007	0.923	0.077	1.4%	5.3%	0.4%	1.8%
2008	0.896	0.104	-0.1%	4.2%	0.3%	0.2%
2009	0.894	0.106	0.0%	3.6%	0.4%	0.4%
2010	0.895	0.105	0.0%	2.8%	0.3%	0.3%
2011	0.969	0.031	0.0%	3.2%	0.3%	0.3%
2012	0.969	0.031	0.0%	2.7%	0.1%	0.1%
2013	0.938	0.062	0.0%	2.6%	0.1%	0.1%
2014	0.928	0.072	0.6%	4.2%	0.3%	0.9%
2015	0.934	0.066	0.1%	3.1%	0.2%	0.3%
2016	0.934	0.066	0.2%	4.3%	0.3%	0.5%
2017	0.934	0.066	0.1%	2.1%	0.1%	0.2%
1/1/2018	0.934	0.066	0.0% (Annual 0.0%)	1.0% (Annual 2.1%)	0.1%	0.1%

- (a) From a Special Carrier Study through 1990. Based on WCIRB's Aggregate Indemnity and Medical Costs Calls for years 1991 through 2012. Based on WCIRB medical transaction data from 2013 onwards. Accident years 2011 and subsequent do not include MCCP costs.
- (b) Based on the WCIRB's evaluation of the cost impact of changes in the medical fee schedules. Includes the 1/1/2014 changes to the physician fee schedule to a resource-based relative value scale (RBRVS) except for the proportion reflected in loss development (See Exhibit 2.4).
- (c) Based on a component of the Consumer Price Index. Projections furnished by the California Department of Finance.
- (d) Adjusted CPI on workers' compensation medical costs that are not subject to fee schedules. The current year impact is the weighted average of 0% and Column (4), with Columns (1) and (2) from prior years as weights. (i) 1993's non-fee proportion is reduced by 13.8% due to the new medical-legal fee schedule enacted in 1994. (ii) 1998's non-fee proportion is reduced by 7.7% due to the Inpatient Hospital Fee Schedule (IHFS) effective 4/1/1999. (iii) 2002's non-fee proportion is reduced by 7.6% due to the new pharmaceutical fee schedule effective 1/1/2003. (iv) 2003's non-fee proportion is reduced by 17.2% due to the outpatient fee schedule effective 1/1/2004. (v) Given the anticipated impact of legislative reform, a 0% inflation rate has been assumed for 2004 and 2005.
- (e) Column (6) = Column (3) + Column (5).

Annual Medical Cost Level Change - Legislative

Accident Year	(1) Annual Legislative Cost Impact on Medical Severity(a)	(2) Annual Legislative Cost Impact on Medical Due to Frequency Changes(b)	(3) Annual Total Legislative Cost Impact on Medical(c)
1985	0.0%	0.0%	0.0%
1986	0.0%	0.0%	0.0%
1987	0.0%	0.0%	0.0%
1988	0.0%	0.0%	0.0%
1989	0.0%	0.0%	0.0%
1990	-0.7%	19.9%	19.1%
1991	-1.6%	14.7%	12.9%
1992	0.5%	-8.4%	-7.9%
1993	-0.7%	-18.1%	-18.7%
1994	-2.6%	0.3%	-2.3%
1995	0.0%	0.5%	0.5%
1996	0.0%	0.4%	0.4%
1997	0.0%	0.2%	0.2%
1998	12.6%	0.0%	12.6%
1999	12.6%	0.0%	12.6%
2000	7.0%	0.0%	7.0%
2001	6.6%	0.0%	6.6%
2002	-5.6%	0.0%	-5.6%
2003	-6.0%	0.0%	-6.0%
2004	-24.4%	-12.5%	-33.9%
2005	0.0%	-13.9%	-13.9%
2006	0.1%	-5.2%	-5.1%
2007	0.1%	0.0%	0.1%
2008	0.2%	0.3%	0.5%
2009	0.0%	1.0%	1.0%
2010	0.0%	0.0%	0.0%
2011	0.0%	0.0%	0.0%
2012	-1.0%	0.0%	-1.0%
2013	-1.0%	-0.2%	-1.2%
2014	-3.0%	1.3%	-1.7%
2015	0.0%	0.0%	0.0%
2016	0.0%	0.0%	0.0%
2017	0.0%	0.0%	0.0%
1/1/2018	0.0%	0.0%	0.0%

(a) These annual cost impacts reflect the WCIRB's retrospective estimates of the cost impact of legislation based on WCIRB cost monitoring results. These factors do not include the estimated - 4.4% impact of 1/1/2013 medical provisions in SB 863, which was reflected in loss development projections.

(b) This reflects the annual percentage impact on medical costs due to changes in the frequency of indemnity claims as a result of benefit changes.

(c) [Column (1) + 1.0] x [Column (2) + 1.0] - 1.0

Total Medical Cost Level Factors

Accident Year	(1) Annual Non-Legislative Cost Impact on Medical (a)	(2) Annual Legislative Cost Impact on Medical(b)	(3) Total Annual Cost Impact on Medical(c)	(4) Composite Medical On-level Factor(d)
1985	4.5%	0.0%	4.5%	1.035
1986	3.0%	0.0%	3.0%	1.005
1987	3.8%	0.0%	3.8%	0.969
1988	3.8%	0.0%	3.8%	0.933
1989	3.0%	0.0%	3.0%	0.906
1990	3.7%	19.1%	23.5%	0.734
1991	3.6%	12.9%	16.9%	0.627
1992	3.0%	-7.9%	-5.2%	0.662
1993	2.7%	-18.7%	-16.5%	0.792
1994	-2.3%	-2.3%	-4.6%	0.830
1995	0.9%	0.5%	1.4%	0.819
1996	1.0%	0.4%	1.4%	0.807
1997	0.7%	0.2%	0.9%	0.800
1998	0.8%	12.6%	13.5%	0.705
1999	2.5%	12.6%	15.4%	0.611
2000	1.7%	7.0%	8.8%	0.561
2001	2.9%	6.6%	9.7%	0.512
2002	2.0%	-5.6%	-3.7%	0.531
2003	1.4%	-6.0%	-4.7%	0.558
2004	0.0%	-33.9%	-33.9%	0.843
2005	0.0%	-13.9%	-13.9%	0.979
2006	0.3%	-5.1%	-4.8%	1.028
2007	1.8%	0.1%	1.9%	1.009
2008	0.2%	0.5%	0.7%	1.002
2009	0.4%	1.0%	1.4%	0.988
2010	0.3%	0.0%	0.3%	0.985
2011	0.3%	0.0%	0.3%	0.982
2012	0.1%	-1.0%	-0.9%	0.991
2013	0.1%	-1.2%	-1.1%	1.002
2014	0.9%	-1.7%	-0.9%	1.017 (e)
2015	0.3%	0.0%	0.3%	1.015 (e)
2016	0.5%	0.0%	0.5%	
2017	0.2%	0.0%	0.2%	
1/1/2018	0.1%	0.0%	0.1%	

(a) See Exhibit 4.2, Column (6).

(b) See Exhibit 4.3, Column (3).

(c) Column (3) = [1.0 + Column (1)] x [1.0 + Column (2)] - 1.0.

(d) These factors adjust the annual impact shown in Column (3) to the 1/1/2018 level.

(e) The on-level factors for accident years 2014 and 2015 include the estimated impact of the January 1, 2014 physician fee schedule for the service years 2016 and subsequent.

Annual Wage Level Changes

<u>Year</u>	<u>Annual Wage Level Change</u>	<u>Factor to a 1/1/2018 Wage Level</u>
1985	5.7	3.127
1986	4.7	2.987
1987	5.6	2.829
1988	4.4	2.709
1989	4.3	2.598
1990	5.0	2.474
1991	2.3	2.418
1992	4.7	2.310
1993	1.2	2.282
1994	1.8	2.242
1995	2.9	2.179
1996	3.4	2.107
1997	4.7	2.013
1998	5.2	1.913
1999	6.2	1.801
2000	9.0	1.653
2001	0.6	1.643
2002	0.5	1.635
2003	3.3	1.582
2004	4.7	1.511
2005	3.1	1.466
2006	4.6	1.402
2007	4.5	1.341
2008	2.1	1.314
2009	0.5	1.307
2010	3.0	1.269
2011	3.1	1.231
2012	4.1	1.182
2013	0.7	1.174
2014	3.2	1.138
2015	3.8	1.096
Projected:		
2016	2.9	
2017	4.5	
1/1/2018	1.9	(Annual = 3.9)

Source: California average annual wage level changes for 1985 to 2018 derived from information published by the UCLA Anderson School of Business as of June 2016.

Premium Adjustment Factors

	(1)	(2a)	(2b)	(2c)	(3)	(4)	(5)	(6)	(7)
Calendar Year	Factor to a 1/1/2018 Wage Level (a)	Ratio of Industry Average Charged Rates to Advisory Pure Premium Rates (b)	Factor to Industry Average Filed Pure Premium Rate Level as of January 1, 2016 (c)	Factor to Adjust Insurer Premium to an Industry Average Filed Pure Premium Rate Level as of January 1, 2016 (d)	Adjustment to Remove Surcharge Premium (e)	Average Experience Modification (f)	Off-Balance Correction in Advisory January 1, 2016 Pure Premium Rates	Factor to Adjust for Impact of Premium Resulting from Audits (g)	Composite Premium Adjustment Factor (h)
1985	3.127	---	---	1.068	0.991	0.984	1.028	---	3.273
1986	2.987	---	---	0.976	0.991	0.983	1.028	---	2.859
1987	2.829	---	---	0.858	0.992	0.983	1.028	---	2.382
1988	2.709	---	---	0.767	0.993	0.963	1.028	---	2.086
1989	2.598	---	---	0.755	0.993	0.945	1.028	---	2.006
1990	2.474	---	---	0.737	0.991	0.942	1.028	---	1.865
1991	2.418	---	---	0.682	0.987	0.939	1.028	---	1.686
1992	2.310	---	---	0.655	0.982	0.940	1.028	---	1.537
1993	2.282	---	---	0.646	0.981	0.949	1.028	---	1.483
1994	2.242	---	---	0.740	0.986	0.948	1.028	---	1.679
1995	2.179	---	---	1.001	0.995	0.958	1.028	---	2.205
1996	2.107	1.023	1.064	1.040	1.000	0.935	1.028	---	2.280
1997	2.013	0.989	1.062	1.074	1.000	0.949	1.028	---	2.215
1998	1.913	0.965	1.106	1.146	1.000	0.959	1.028	---	2.224
1999	1.801	0.972	1.118	1.150	1.000	0.954	1.028	---	2.113
2000	1.653	1.005	1.013	1.008	1.000	0.970	1.028	---	1.671
2001	1.643	1.030	0.892	0.866	1.000	0.969	1.028	---	1.428
2002	1.635	1.157	0.799	0.691	1.000	0.991	1.028	---	1.108
2003	1.582	1.266	0.654	0.517	1.000	1.005	1.028	---	0.791
2004	1.511	1.396	0.665	0.476	1.000	0.981	1.028	---	0.714
2005	1.466	1.470	0.800	0.544	1.000	0.982	1.028	---	0.790
2006	1.402	1.447	1.031	0.713	1.000	0.956	1.028	---	1.016
2007	1.341	1.493	1.405	0.941	1.000	0.931	1.028	0.985	1.299
2008	1.314	1.426	1.672	1.173	1.000	0.946	1.028	0.991	1.570
2009	1.307	1.366	1.648	1.206	1.000	0.937	1.028	1.034	1.693
2010	1.269	1.383	1.615	1.168	1.000	0.941	1.028	1.005	1.540
2011	1.231	1.402	1.613	1.150	1.000	0.982	1.028	---	1.403
2012	1.182	1.225	1.330	1.086	1.000	1.000	1.028	---	1.249
2013	1.174	1.139	1.071	0.940	1.000	0.983	1.028	---	1.093
2014	1.138	1.127	0.987	0.876	1.000	0.962	1.028	---	1.008
2015	1.096	1.109	0.959	0.865	1.000	0.953	1.028	---	0.968

- (a) See Exhibit 5.1.
- (b) Based on WCIRB calendar year experience calls. The industry average charged rates reflect most rating plan adjustments but do not reflect the application of deductible credits or retrospective rating plan adjustments.
- (c) Reflects (1) advisory pure premium rate level changes to bring premium to the advisory January 1, 2016 pure premium rate level and (2) an additional adjustment factor, which is the ratio of the average advisory January 1, 2016 pure premium rate (\$2.42) to the industry average filed pure premium rate as of January 1, 2016 (\$2.57).
- (d) (2b) ÷ (2a). This column adjusts premiums at the industry average charged rate level to the industry average filed pure premium rate level as of January 1, 2016.
- (e) Based on unit statistical data.
- (f) Based on average promulgated experience modifications. Calendar years 1996 through 2000 include adjustments for the impacts of AB 1913 and SB 1217 (1998).
- (g) Based on a comparison of premium reported on a calendar year basis to premium reported on an estimated ultimate policy year basis over the course of two accident years. The factor is applied only for calendar years 2007 to 2010, during which reported premiums were impacted by recessionary economic forces.
- (h) $(1) \times (2c) \times (3) \times (6) \div [(4) \times (5)]$ for calendar years 2007 to 2010. $(1) \times (2c) \times (3) \div [(4) \times (5)]$ for all other calendar years.

2015 Accident Year Indemnity Claim Frequency Model
As of PY 2013 1st Set & June 2016 UCLA

AY	Annual %	Annual Log Differences						
	Changes Intra-	Intra-Class Indemnity Frequency			AY+1		Economic	CalOSHA
	Class Ind Freq	per \$M Exposure at PY 2015 Level			Indemnity	Cumulative	Variables	Dummy
	Total	Total	Cumulative	Non-cum.	Benefit Level	Injury Index	(1st Prin. Comp.)	Variable
1979	0.5%	0.005	-0.053	0.007	0.000	-0.060	0.134	0.000
1980	-6.5%	-0.068	-0.132	-0.066	0.033	-0.066	-0.079	0.000
1981	-3.5%	-0.036	-0.028	-0.036	0.000	0.008	-0.078	0.000
1982	-1.6%	-0.016	0.153	-0.022	0.352	0.175	-0.292	0.000
1983	6.2%	0.060	0.214	0.054	0.081	0.160	0.029	0.000
1984	9.5%	0.091	0.235	0.084	0.000	0.151	0.221	0.000
1985	2.0%	0.020	0.138	0.014	0.000	0.124	0.080	0.000
1986	-2.4%	-0.024	0.039	-0.028	0.000	0.067	0.077	0.000
1987	1.5%	0.015	0.053	0.013	0.000	0.041	0.150	0.000
1988	0.7%	0.007	0.104	0.000	0.000	0.104	0.088	0.000
1989	2.5%	0.024	0.212	0.009	0.046	0.203	0.045	0.000
1990	9.0%	0.087	0.337	0.061	0.071	0.276	-0.120	0.000
1991	0.3%	0.003	0.166	-0.018	0.023	0.184	-0.291	0.000
1992	-11.1%	-0.118	-0.272	-0.098	0.013	-0.174	-0.185	0.068
1993	-14.9%	-0.162	-0.240	-0.153	-0.057	-0.088	-0.022	0.464
1994	-12.8%	-0.136	-0.462	-0.107	0.061	-0.355	0.106	0.173
1995	-4.6%	-0.048	-0.016	-0.050	0.053	0.034	0.092	0.295
1996	-6.8%	-0.070	-0.136	-0.065	0.096	-0.071	0.074	0.000
1997	-3.3%	-0.033	-0.023	-0.034	0.066	0.011	0.137	0.000
1998	-3.8%	-0.038	-0.040	-0.038	0.058	-0.002	0.078	0.000
1999	1.5%	0.014	0.100	0.008	0.040	0.092	0.127	0.000
2000	4.0%	0.039	0.071	0.037	-0.003	0.034	0.066	0.000
2001	-6.9%	-0.072	-0.017	-0.076	-0.007	0.059	-0.100	0.000
2002	-2.8%	-0.029	0.001	-0.031	0.060	0.033	-0.197	0.000
2003	-3.2%	-0.032	-0.009	-0.035	-0.065	0.026	-0.022	0.000
2004	-16.8%	-0.185	-0.212	-0.182	-0.398	-0.030	0.098	0.000
2005	-13.6%	-0.147	-0.299	-0.134	0.051	-0.165	0.143	0.000
2006	-5.7%	-0.059	-0.050	-0.059	0.016	0.009	0.090	0.000
2007	-1.6%	-0.017	0.021	-0.019	0.049	0.040	-0.095	0.000
2008	-2.7%	-0.027	0.038	-0.033	0.006	0.071	-0.320	0.000
2009	-0.2%	-0.002	0.168	-0.018	0.066	0.186	-0.414	0.000
2010	8.9%	0.085	0.132	0.080	0.012	0.052	-0.077	0.000
2011	1.3%	0.013	0.035	0.010	0.003	0.025	0.048	0.000
2012	4.9%	0.047	0.114	0.040	-0.008	0.074	0.122	0.000
2013	1.8%	0.018	0.192	-0.006	0.071	0.198	0.154	0.000
2014*	2.0%	0.020	0.164	-0.005	0.003	0.170	0.170	0.000
2015	-0.1%	-0.001	-0.001	-0.001	0.003	0.000	0.179	0.000
2016	-0.2%	-0.002	-0.002	-0.002	0.003	0.000	0.176	0.000
2017	-1.3%	-0.013	-0.013	-0.013	0.003	0.000	0.066	0.000
2018	-2.2%	-0.023	-0.023	-0.023	0.003	0.000	-0.030	0.000

Y = Hazardousness-Adjusted Noncumulative Indemnity Claim Frequency

Constant	-0.020			
Std Err of Y Est	0.042			
R Squared	0.577			
No. of Observations	36			
Degrees of Freedom	31			
X Coefficient(s)		0.176	0.276	0.101
Std Err of Coef.		0.076	0.063	0.047
				-0.140
				0.080

Notes:

Indemnity Benefit Level variable is leading. The benefit level change for AY 2004 is related to the AY 2003 change in non-cumulative frequency.

The Indemnity Benefit Level change for Ogilvie & Almaraz / Guzman in 2009-2010 is not leading.

The Indemnity Benefit Level variable excludes indemnity benefit utilization, and changes in the death and permanent total benefits.

The Indemnity Benefit Level variable has been revised due to on-leveling reassessments. See Actuarial Committee item AC09-03-03.

For 1993 on, cumulative claims include both cumulative trauma and occupational disease claims. See March 19, 2014 Actuarial Committee Agenda Item III.

Economic variables are historical through 2015; June 2016 UCLA Anderson Forecasts for 2016 on.

Regression is over AY 1979 through AY 2014. AY 2015 through AY 2018 are projections.

The constant term, -0.020, consists of measured offsets that recognize annual changes in real benefit levels relative to nominal benefit levels and long-term economic growth. Without these offsets, the indemnity benefit level and economic variables would project frequency to increase without bound.

*AY 2014 change is based on a comparison of 2014 accidents on 2013 policies to 2013 accidents on 2012 policies.

**Projection of Indemnity Severity Trends by Accident Year
Based on Experience as of March 31, 2016**

Accident Year	(1) Estimated Ultimate Severity	(2) Annual % Change	(3) Indemnity Adjustment Factor(a)	(4) Ultimate On-level Severity (1) x (3)	(5) Annual % Change
1990	9,991	---	1.744	17,421	---
1991	10,937	9.5%	1.649	18,034	3.5%
1992	11,025	0.8%	1.594	17,576	-2.5%
1993	11,996	8.8%	1.585	19,011	8.2%
1994	12,960	8.0%	1.660	21,513	13.2%
1995	14,552	12.3%	1.546	22,500	4.6%
1996	16,294	12.0%	1.451	23,641	5.1%
1997	19,389	19.0%	1.302	25,240	6.8%
1998	21,172	9.2%	1.201	25,422	0.7%
1999	23,303	10.1%	1.113	25,927	2.0%
2000	24,729	6.1%	1.039	25,684	-0.9%
2001	27,141	9.8%	1.040	28,218	9.9%
2002	26,279	-3.2%	1.067	28,050	-0.6%
2003	25,794	-1.8%	1.066	27,509	-1.9%
2004	21,032	-18.5%	1.268	26,675	-3.0%
2005	18,961	-9.8%	1.458	27,651	3.7%
2006	20,732	9.3%	1.359	28,179	1.9%
2007	22,558	8.8%	1.317	29,703	5.4%
2008	24,911	10.4%	1.248	31,081	4.6%
2009	25,946	4.2%	1.240	32,179	3.5%
2010	25,730	-0.8%	1.223	31,470	-2.2%
2011	25,411	-1.2%	1.210	30,744	-2.3%
2012	25,311	-0.4%	1.181	29,903	-2.7%
2013	25,847	2.1%	1.178	30,449	1.8%
2014	28,026	8.4%	1.083	30,344	-0.3%
2015	29,195	4.2%	1.058	30,901	1.8%
(6) Estimated Annual Exponential Trend Based on 2005 to 2015:					0.7%
(7) Estimated Annual Exponential Trend Based on 2010 to 2015:					-0.3%
Selected Indemnity Severity Trend:					0.0%

(a) These adjustment factors are based on Exhibit 4.1, excluding the impact of frequency.

Source: WCIRB experience calls

**Projection of Medical Severity Trends by Accident Year
Based on Experience as of March 31, 2016**

Accident Year	(1) Estimated Ultimate Severity(a)	(2) Annual % Change	(3) Medical Adjustment Factor(b)	(4) Ultimate On-level Severity (1) x (3)	(5) Annual % Change
1990	8,928	---	1.099	9,812	---
1991	9,616	7.7%	1.079	10,371	5.7%
1992	9,657	0.4%	1.042	10,066	-2.9%
1993	10,770	11.5%	1.024	11,030	9.6%
1994	11,917	10.6%	1.077	12,833	16.3%
1995	13,637	14.4%	1.068	14,568	13.5%
1996	14,618	7.2%	1.057	15,458	6.1%
1997	17,515	19.8%	1.050	18,399	19.0%
1998	21,318	21.7%	0.926	19,747	7.3%
1999	24,378	14.4%	0.803	19,577	-0.9%
2000	27,632	13.3%	0.738	20,404	4.2%
2001	32,829	18.8%	0.674	22,126	8.4%
2002	33,411	1.8%	0.700	23,399	5.8%
2003	31,950	-4.4%	0.736	23,510	0.5%
2004	29,682	-7.1%	0.975	28,934	23.1%
2005	30,727	3.5%	0.977	30,007	3.7%
2006	33,909	10.4%	0.974	33,028	10.1%
2007	38,218	12.7%	0.958	36,620	10.9%
2008	41,755	9.3%	0.957	39,951	9.1%
2009	44,308	6.1%	0.957	42,385	6.1%
2010	44,916	1.4%	0.958	43,044	1.6%
2011	41,290 (c)	---	0.962	39,702 (c)	---
2012	39,956	-3.2%	0.978	39,064	-1.6%
2013	38,439	-3.8%	0.992	38,138	-2.4%
2014	37,784	-1.7%	1.019	38,520	1.0%
2015	37,740	-0.1%	1.016	38,333	-0.5%

Selected Medical Severity Trend: 2.5%

- (a) Estimated ultimate severities for all accident years are derived by dividing ultimate medical losses on indemnity claims by ultimate indemnity claim counts. The estimated ultimate
- (b) These adjustment factors are based on Exhibit 4.4, excluding the impact of frequency, and including the impact of SB 863 provisions applicable to outstanding medical losses.
- (c) Severities for accident years 2011 and subsequent do not reflect the cost of medical cost containment programs (MCCP). Severities for accident years 2010 and prior do reflect MCCP costs.

Source: WCIRB experience calls

**Projection of Medical Severity Trends by Accident Year
Adjusted to Remove the Cost of Medical Cost Containment Programs (MCCP)
Based on Experience as of March 31, 2016**

(1) Accident Year	MCCP Included				MCCP Removed Based on WCIRB Aggregate Calendar Year Data Calls (b)			
	(2) Estimated Ultimate Severity (a)	(3) Annual % Change	(4) Ultimate On-Level Severity (c)	(5) Annual % Change	(6) Estimated Ultimate Severity (a)	(7) Annual % Change	(8) Ultimate On-Level Severity (c)	(9) Annual % Change
2005	30,727	---	30,007	---	29,012	---	28,332	---
2006	33,909	10.4%	33,028	10.1%	31,679	9.2%	30,856	8.9%
2007	38,218	12.7%	36,620	10.9%	35,553	12.2%	34,066	10.4%
2008	41,755	9.3%	39,951	9.1%	37,972	6.8%	36,331	6.6%
2009	44,308	6.1%	42,385	6.1%	40,469	6.6%	38,713	6.6%
2010	44,916	1.4%	43,044	1.6%	40,984	1.3%	39,275	1.5%
2011	45,420	1.1%	43,673	1.5%	41,290	0.7%	39,702	1.1%
2012	44,022	-3.1%	43,039	-1.5%	39,956	-3.2%	39,064	-1.6%
2013	42,607	-3.2%	42,273	-1.8%	38,439	-3.8%	38,138	-2.4%
2014	42,109	-1.2%	42,930	1.6%	37,784	-1.7%	38,520	1.0%
2015	42,015	-0.2%	42,675	-0.6%	37,740	-0.1%	38,333	-0.5%

Estimated Annual Exponential

Trend Based on 2005 to 2015: 3.2% 2.7%

Trend Based on 2010 to 2015: -0.3% -0.7%

Selected Medical Severity Trend: 2.5%

- (a) Estimated ultimate severities for all accident years were derived by dividing ultimate medical losses on indemnity claims by ultimate indemnity claim counts.
- (b) Adjustments to accident years 2005 through 2010 based on WCIRB's Annual Calls for Direct California Workers' Compensation Aggregate Indemnity and Medical Costs.
- (c) Ultimate severities are on-leveled based on adjustment factors shown on Exhibit 4.4, excluding the impact of frequency.

Source: WCIRB experience calls

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
1985	0.449	1.443	3.273	0.198
1986	0.397	1.420	2.859	0.197
1987	0.347	1.394	2.382	0.203
1988	0.332	1.373	2.086	0.219
1989	0.345	1.353	2.006	0.233
1990	0.400	1.085	1.865	0.232
1991	0.427	0.894	1.686	0.227
1992	0.352	0.942	1.537	0.216
1993	0.289	1.143	1.483	0.223
1994	0.329	1.195	1.679	0.234
1995	0.476	1.107	2.205	0.239
1996	0.533	1.034	2.280	0.242
1997	0.605	0.926	2.215	0.253
1998	0.655	0.854	2.224	0.252
1999	0.692	0.792	2.113	0.259
2000	0.598	0.739	1.671	0.264
2001	0.494	0.740	1.428	0.256
2002	0.369	0.759	1.108	0.253
2003	0.242	0.759	0.791	0.232
2004	0.145	1.046	0.714	0.212
2005	0.124	1.419	0.790	0.222
2006	0.161	1.403	1.016	0.222
2007	0.222	1.359	1.299	0.232
2008	0.285	1.280	1.570	0.232
2009	0.333	1.255	1.693	0.247
2010	0.327	1.238	1.540	0.263
2011	0.305	1.224	1.403	0.266
2012	0.279	1.195	1.249	0.267
2013	0.252	1.196	1.093	0.275
2014	0.252	1.083	1.008	0.270
2015	0.255	1.058	0.968	0.279
				Projections (d)
2016				0.274
2017				0.270
1/1/2018				0.267

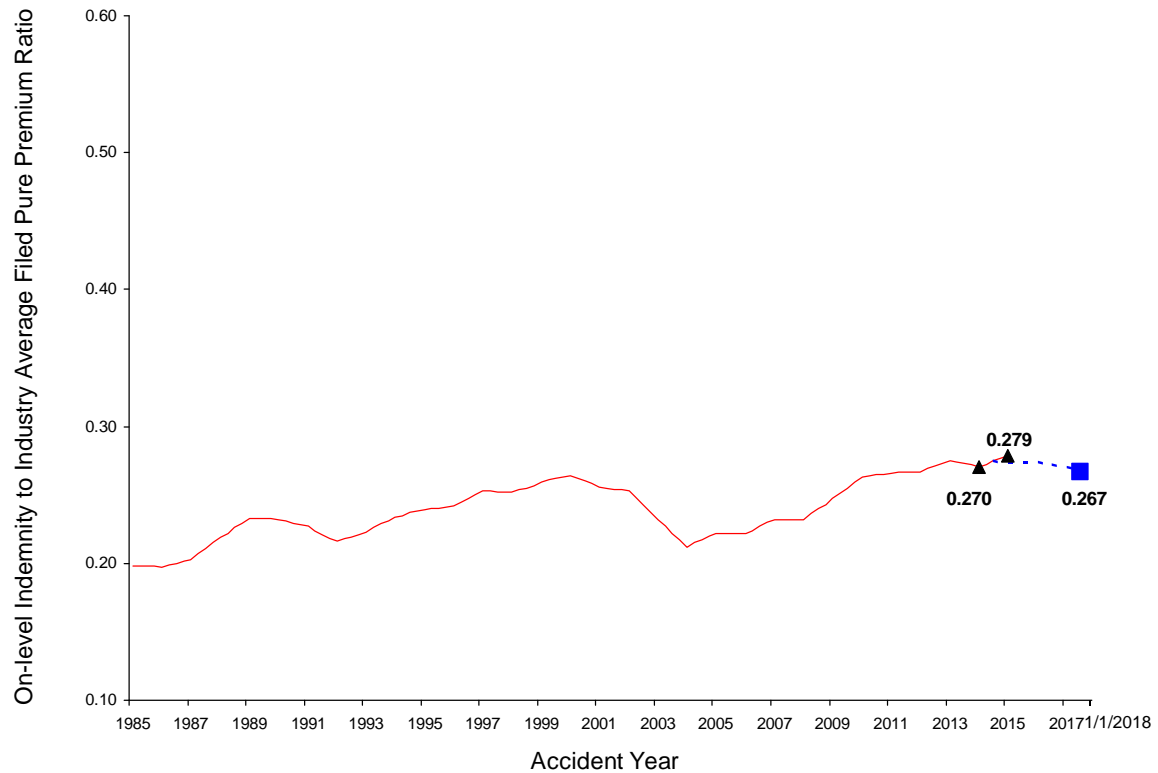
(a) See Exhibit 3.1.

(b) See Exhibit 4.1.

(c) See Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from Exhibit 6.2, the actual frequency trend for accident year 2015 from Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

**On-Level Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using March 31, 2016 Valuations**



- ▲— On-level indemnity to industry average filed pure premium ratios (see Exhibit 7.1).
- - The 1/1/2018 indemnity to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2014 and 2015 years.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of March 31, 2016**

	(1)	(2)	(3)	(4)
Accident Year	Developed Medical Loss Ratio(a)	Composite Medical On-Level Factor(b)	Composite Premium Adjustment Factor(c)	On-Level Medical to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
1985	0.362	1.035	3.273	0.115
1986	0.344	1.005	2.859	0.121
1987	0.325	0.969	2.382	0.132
1988	0.317	0.933	2.086	0.142
1989	0.339	0.906	2.006	0.153
1990	0.383	0.734	1.865	0.151
1991	0.402	0.627	1.686	0.150
1992	0.333	0.662	1.537	0.143
1993	0.280	0.792	1.483	0.150
1994	0.325	0.830	1.679	0.161
1995	0.477	0.819	2.205	0.177
1996	0.511	0.807	2.280	0.181
1997	0.578	0.800	2.215	0.209
1998	0.694	0.705	2.224	0.220
1999	0.731	0.611	2.113	0.211
2000	0.673	0.561	1.671	0.226
2001	0.598	0.512	1.428	0.214
2002	0.470	0.531	1.108	0.225
2003	0.302	0.558	0.791	0.213
2004	0.208	0.843	0.714	0.245
2005	0.205	0.979	0.790	0.254
2006	0.269	1.028	1.016	0.273
2007	0.385	1.009	1.299	0.299
2008	0.489	1.002	1.570	0.312
2009	0.582	0.988	1.693	0.340
2010	0.586	0.985	1.540	0.375
2011	0.513	0.982	1.403	0.360
2012	0.460	0.991	1.249	0.365
2013	0.393	1.002	1.093	0.360
2014	0.357	1.017	1.008	0.360
2015	0.346	1.015	0.968	0.363
				Projections (d)
2016				0.374
2017				0.378
1/1/2018				0.379

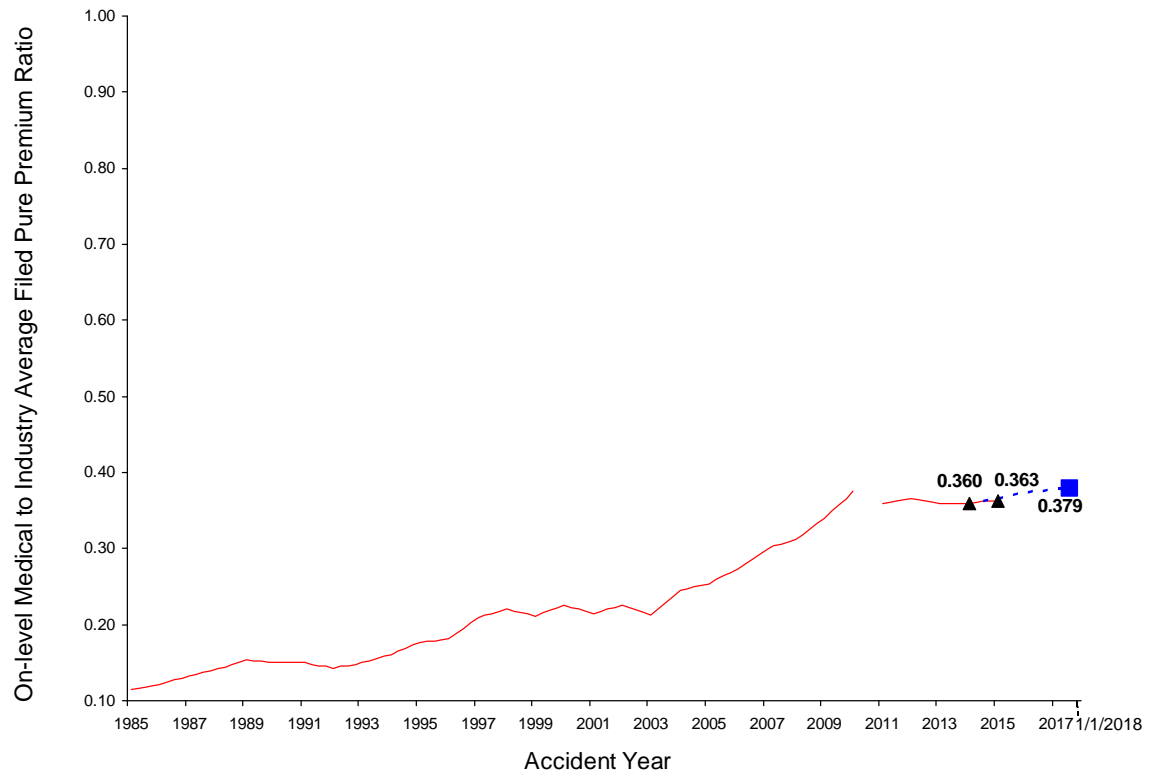
(a) See Exhibit 3.2. Medical loss ratios for accident years 2011 and subsequent do not reflect the cost of medical cost containment programs (MCCP). Ratios for accident years 2010 and prior do reflect MCCP costs.

(b) See Exhibit 4.4.

(c) See Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from Exhibit 6.4, the actual frequency trend for accident year 2015 from Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

**On-Level Medical Loss to Industry Average Filed Pure Premium Ratios
Using March 31, 2016 Valuations**



- ▲ On-level medical to industry average filed pure premium ratios (see Exhibit 7.3).
- - - The 1/1/2018 medical to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2014 and 2015 years.

**Indicated Loss to Industry Average Filed Pure Premium Ratios
For Policies with Effective Dates between January 1, 2017 and December 31, 2017
Based on Experience as of March 31, 2016**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
1. Projected Loss to Industry Average Filed Pure Premium Ratio (See Exhibits 7.1 and 7.3)	0.267	0.379	0.646

Quarterly Incurred Indemnity Loss Development Factors
Through March 31, 2016

Age in Months	Accident Year																	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
6/3									2.417	2.724	2.785	3.031	3.116	3.052	3.238	3.344	3.303	3.209
9/6									1.656	1.776	1.820	1.848	1.904	2.001	1.966	1.940	1.960	1.948
12/9									1.448	1.511	1.510	1.530	1.564	1.632	1.587	1.585	1.570	1.577
15/12	1.229	1.260	1.268	1.250	1.257	1.238	1.180	1.149	1.189	1.234	1.248	1.293	1.306	1.306	1.303	1.301	1.301	1.312
18/15	1.172	1.202	1.188	1.184	1.206	1.167	1.101	1.103	1.140	1.158	1.182	1.194	1.197	1.195	1.206	1.178	1.190	
21/18	1.145	1.140	1.150	1.148	1.153	1.127	1.066	1.096	1.117	1.128	1.139	1.153	1.140	1.146	1.141	1.141	1.132	
24/21	1.126	1.112	1.121	1.111	1.117	1.094	1.045	1.082	1.098	1.106	1.106	1.114	1.119	1.117	1.111	1.104	1.114	
27/24	1.074	1.096	1.093	1.100	1.094	1.073	1.045	1.070	1.082	1.081	1.088	1.089	1.091	1.085	1.087	1.081	1.082	
30/27	1.078	1.069	1.074	1.082	1.064	1.051	1.040	1.054	1.057	1.072	1.075	1.075	1.080	1.071	1.068	1.067		
33/30	1.045	1.058	1.048	1.062	1.047	1.032	1.036	1.042	1.049	1.053	1.059	1.052	1.064	1.053	1.060	1.047		
36/33	1.043	1.046	1.039	1.046	1.035	1.020	1.029	1.033	1.039	1.043	1.051	1.049	1.049	1.043	1.041	1.043		
39/36	1.038	1.041	1.035	1.038	1.028	1.017	1.027	1.029	1.031	1.033	1.040	1.039	1.039	1.041	1.035	1.031		
42/39	1.027	1.028	1.034	1.030	1.023	1.018	1.020	1.020	1.031	1.033	1.036	1.038	1.035	1.032	1.028			
45/42	1.024	1.026	1.026	1.020	1.009	1.019	1.018	1.024	1.026	1.028	1.030	1.035	1.027	1.033	1.022			
48/45	1.025	1.020	1.022	1.013	1.008	1.013	1.013	1.021	1.019	1.021	1.024	1.024	1.026	1.023	1.023			
51/48	1.022	1.017	1.018	1.015	1.010	1.016	1.010	1.018	1.021	1.018	1.022	1.023	1.021	1.018	1.017			
54/51	1.019	1.018	1.013	1.009	1.007	1.017	1.009	1.017	1.021	1.020	1.021	1.020	1.020	1.016				
57/54	1.014	1.017	1.012	1.006	1.008	1.011	1.011	1.018	1.017	1.014	1.018	1.017	1.015	1.014				
60/57	1.013	1.014	1.007	1.005	1.008	1.009	1.011	1.013	1.019	1.016	1.013	1.015	1.012	1.013				
63/60	1.012	1.012	1.007	1.007	1.008	1.008	1.010	1.014	1.013	1.015	1.011	1.014	1.014	1.009				
66/63	1.014	1.009	1.005	1.006	1.011	1.008	1.010	1.013	1.016	1.014	1.015	1.013	1.013					
69/66	1.010	1.007	1.003	1.005	1.008	1.007	1.011	1.012	1.011	1.010	1.009	1.012	1.007					
72/69	1.009	1.006	1.005	1.005	1.005	1.009	1.009	1.013	1.011	1.009	1.009	1.009	1.010					
75/72	1.006	1.004	1.004	1.005	1.003	1.005	1.007	1.010	1.011	1.010	1.010	1.008	1.007					
78/75	1.007	1.004	1.003	1.007	1.005	1.006	1.006	1.012	1.009	1.010	1.006	1.006						
81/78	1.005	1.002	1.003	1.004	1.004	1.005	1.006	1.010	1.009	1.007	1.007	1.006						
84/81	1.003	1.003	1.005	1.003	1.006	1.006	1.007	1.008	1.005	1.009	1.006	1.004						
87/84	1.003	1.003	1.002	1.003	1.004	1.002	1.007	1.010	1.007	1.004	1.005	1.006						
90/87	1.001	1.003	1.003	1.003	1.003	1.004	1.008	1.008	1.008	1.008	1.004							
93/90	1.001	1.002	1.004	1.003	1.002	1.005	1.006	1.008	1.006	1.007	1.006							
96/93	1.002	1.003	1.001	1.004	1.002	1.006	1.006	1.003	1.002	1.003	1.004							

Source: WCIRB accident year experience calls

Quarterly Incurred Medical Loss Development Factors *
Through March 31, 2016

Age in Months	Accident Year																	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
6/3									2.584	2.662	2.782	2.892	2.992	2.757	2.853	2.843	2.921	2.863
9/6									1.650	1.744	1.717	1.807	1.800	1.827	1.833	1.819	1.840	1.884
12/9									1.453	1.443	1.466	1.454	1.488	1.521	1.484	1.500	1.482	1.451
15/12	1.144	1.168	1.201	1.207	1.203	1.197	1.132	1.145	1.138	1.182	1.167	1.199	1.206	1.228	1.211	1.207	1.199	1.206
18/15	1.093	1.116	1.123	1.144	1.151	1.126	1.086	1.087	1.103	1.106	1.126	1.135	1.129	1.141	1.136	1.117	1.114	
21/18	1.078	1.086	1.101	1.122	1.116	1.093	1.055	1.061	1.073	1.081	1.090	1.097	1.101	1.103	1.085	1.088	1.077	
24/21	1.074	1.072	1.080	1.083	1.082	1.060	1.040	1.052	1.070	1.074	1.067	1.074	1.080	1.080	1.067	1.064	1.054	
27/24	1.044	1.061	1.070	1.080	1.075	1.042	1.034	1.048	1.055	1.058	1.053	1.071	1.066	1.072	1.058	1.048	1.046	
30/27	1.044	1.052	1.058	1.070	1.051	1.038	1.039	1.049	1.046	1.054	1.057	1.048	1.063	1.052	1.046	1.037		
33/30	1.035	1.047	1.051	1.059	1.035	1.018	1.032	1.030	1.041	1.045	1.045	1.051	1.055	1.045	1.046	1.031		
36/33	1.037	1.042	1.035	1.040	1.029	1.016	1.024	1.034	1.042	1.033	1.042	1.040	1.041	1.037	1.028	1.026		
39/36	1.029	1.032	1.034	1.037	1.018	1.012	1.028	1.025	1.027	1.029	1.033	1.031	1.040	1.039	1.027	1.021		
42/39	1.025	1.031	1.036	1.026	1.019	1.013	1.017	1.020	1.025	1.035	1.036	1.037	1.037	1.031	1.022			
45/42	1.025	1.033	1.032	1.023	1.012	1.019	1.033	1.021	1.025	1.029	1.026	1.030	1.028	1.027	1.021			
48/45	1.028	1.023	1.026	1.017	1.008	1.013	1.025	1.018	1.022	1.025	1.029	1.034	1.022	1.023	1.019			
51/48	1.019	1.020	1.024	1.014	1.009	1.013	1.018	1.015	1.020	1.021	1.021	1.026	1.024	1.019	1.014			
54/51	1.025	1.027	1.017	1.016	1.010	1.012	1.021	1.019	1.022	1.022	1.027	1.023	1.019	1.018				
57/54	1.027	1.024	1.014	1.007	1.011	1.017	1.020	1.018	1.019	1.019	1.023	1.020	1.017	1.018				
60/57	1.021	1.021	1.015	1.009	1.008	1.014	1.020	1.019	1.018	1.017	1.019	1.016	1.015	1.013				
63/60	1.014	1.020	1.013	1.012	1.008	1.016	1.015	1.021	1.015	1.018	1.016	1.020	1.015	1.010				
66/63	1.023	1.016	1.010	1.012	1.015	1.013	1.015	1.022	1.019	1.018	1.017	1.015	1.010					
69/66	1.025	1.013	1.006	1.008	1.016	1.018	1.015	1.023	1.017	1.017	1.015	1.014	1.010					
72/69	1.020	1.009	1.007	1.009	1.015	1.010	1.014	1.015	1.013	1.014	1.012	1.011	1.009					
75/72	1.015	1.008	1.006	1.008	1.010	1.009	1.012	1.012	1.011	1.018	1.013	1.008	1.006					
78/75	1.012	1.012	1.008	1.012	1.010	1.011	1.018	1.013	1.012	1.012	1.010	1.008						
81/78	1.006	1.006	1.006	1.009	1.010	1.014	1.018	1.017	1.016	1.009	1.009	1.005						
84/81	1.008	1.006	1.009	1.014	1.009	1.007	1.012	1.011	1.008	1.010	1.008	1.007						
87/84	1.005	1.008	1.008	1.010	1.009	1.010	1.012	1.014	1.012	1.008	1.007	1.004						
90/87	1.002	1.005	1.008	1.008	1.009	1.012	1.009	1.009	1.013	1.008	1.006							
93/90	1.006	1.007	1.015	1.009	1.011	1.010	1.011	1.012	1.009	1.009	1.007							
96/93	1.007	1.007	1.010	1.012	1.008	1.010	1.011	1.009	1.005	1.006	1.005							

Source: WCIRB accident year experience calls

* Incurred medical loss development factors include the paid cost of medical cost containment programs for accident years 2011 and prior.

Quarterly Paid Indemnity Loss Development Factors
Through March 31, 2016

Age in Months	Accident Year																	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
6/3									4.376	4.495	4.553	4.807	4.911	4.722	4.854	5.099	5.076	5.056
9/6									2.259	2.375	2.377	2.398	2.452	2.432	2.484	2.462	2.462	2.484
12/9									1.812	1.834	1.810	1.825	1.861	1.869	1.877	1.866	1.879	1.910
15/12	1.499	1.536	1.538	1.552	1.550	1.516	1.491	1.456	1.482	1.488	1.481	1.507	1.532	1.539	1.506	1.539	1.540	1.558
18/15	1.380	1.399	1.395	1.401	1.403	1.379	1.331	1.306	1.306	1.327	1.332	1.343	1.355	1.361	1.361	1.353	1.364	
21/18	1.323	1.298	1.303	1.303	1.311	1.297	1.241	1.217	1.233	1.235	1.243	1.259	1.257	1.261	1.261	1.263	1.267	
24/21	1.259	1.257	1.256	1.258	1.260	1.244	1.183	1.181	1.195	1.191	1.194	1.206	1.209	1.215	1.213	1.204	1.215	
27/24	1.186	1.199	1.203	1.200	1.205	1.186	1.140	1.142	1.151	1.149	1.153	1.162	1.165	1.168	1.164	1.159	1.170	
30/27	1.157	1.161	1.165	1.175	1.172	1.161	1.122	1.117	1.126	1.129	1.130	1.141	1.141	1.137	1.134	1.141		
33/30	1.118	1.125	1.130	1.142	1.136	1.123	1.097	1.096	1.100	1.101	1.108	1.114	1.116	1.112	1.111	1.111		
36/33	1.102	1.103	1.103	1.115	1.111	1.097	1.085	1.081	1.080	1.084	1.092	1.094	1.098	1.091	1.091	1.096		
39/36	1.074	1.081	1.081	1.092	1.087	1.072	1.070	1.066	1.064	1.067	1.074	1.078	1.077	1.073	1.075	1.075		
42/39	1.067	1.071	1.077	1.080	1.073	1.063	1.059	1.058	1.058	1.062	1.067	1.067	1.071	1.070	1.065			
45/42	1.057	1.054	1.063	1.064	1.056	1.049	1.047	1.049	1.047	1.051	1.058	1.059	1.057	1.055	1.054			
48/45	1.049	1.050	1.055	1.053	1.046	1.044	1.041	1.044	1.043	1.047	1.049	1.051	1.050	1.048	1.048			
51/48	1.039	1.038	1.043	1.044	1.036	1.035	1.033	1.036	1.036	1.037	1.042	1.042	1.043	1.039	1.038			
54/51	1.035	1.038	1.036	1.037	1.034	1.035	1.030	1.028	1.035	1.036	1.038	1.041	1.038	1.036				
57/54	1.029	1.033	1.037	1.030	1.028	1.026	1.025	1.028	1.030	1.032	1.033	1.033	1.032	1.033				
60/57	1.025	1.030	1.027	1.026	1.024	1.024	1.024	1.024	1.028	1.029	1.029	1.032	1.027	1.030				
63/60	1.023	1.026	1.024	1.021	1.022	1.019	1.019	1.021	1.023	1.025	1.025	1.024	1.026	1.025				
66/63	1.023	1.023	1.023	1.021	1.019	1.019	1.019	1.020	1.025	1.025	1.025	1.025	1.023					
69/66	1.019	1.021	1.020	1.017	1.016	1.017	1.016	1.021	1.020	1.020	1.020	1.022	1.020					
72/69	1.018	1.016	1.018	1.016	1.016	1.015	1.017	1.015	1.020	1.019	1.019	1.019	1.018					
75/72	1.015	1.016	1.015	1.014	1.012	1.012	1.013	1.015	1.019	1.018	1.016	1.016	1.017					
78/75	1.014	1.014	1.012	1.013	1.012	1.011	1.012	1.015	1.017	1.016	1.015	1.016						
81/78	1.013	1.013	1.011	1.012	1.011	1.010	1.012	1.015	1.015	1.016	1.015	1.015						
84/81	1.011	1.011	1.013	1.010	1.010	1.009	1.011	1.013	1.015	1.014	1.013	1.012						
87/84	1.012	1.010	1.008	1.010	1.009	1.008	1.009	1.012	1.014	1.013	1.010	1.012						
90/87	1.008	1.009	1.010	1.009	1.008	1.008	1.011	1.012	1.013	1.012	1.011							
93/90	1.009	1.009	1.008	1.008	1.007	1.008	1.012	1.011	1.011	1.012	1.010							
96/93	1.008	1.009	1.006	1.007	1.007	1.007	1.008	1.011	1.011	1.008	1.009							

Source: WCIRB accident year experience calls

Quarterly Paid Medical Loss Development Factors *
Through March 31, 2016

Age in Months	Accident Year																	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
6/3									5.308	5.615	6.579	6.101	6.048	5.854	5.989	6.284	5.604	5.720
9/6									2.348	2.381	2.348	2.375	2.361	2.327	2.398	2.498	2.428	2.287
12/9									1.716	1.765	1.731	1.723	1.756	1.746	1.763	1.736	1.750	1.707
15/12	1.453	1.490	1.514	1.547	1.554	1.510	1.437	1.423	1.429	1.444	1.413	1.429	1.445	1.472	1.446	1.443	1.460	1.454
18/15	1.241	1.267	1.286	1.310	1.330	1.295	1.243	1.230	1.227	1.259	1.243	1.259	1.268	1.282	1.284	1.263	1.265	
21/18	1.164	1.168	1.192	1.219	1.211	1.179	1.153	1.151	1.163	1.173	1.170	1.178	1.182	1.187	1.192	1.193	1.192	
24/21	1.132	1.124	1.149	1.159	1.154	1.125	1.115	1.118	1.127	1.133	1.132	1.137	1.144	1.153	1.154	1.148	1.146	
27/24	1.096	1.108	1.121	1.128	1.123	1.093	1.090	1.093	1.106	1.107	1.110	1.112	1.119	1.120	1.123	1.122	1.122	
30/27	1.077	1.088	1.101	1.108	1.103	1.077	1.084	1.087	1.097	1.100	1.100	1.106	1.107	1.111	1.109	1.111		
33/30	1.065	1.072	1.086	1.089	1.077	1.063	1.071	1.065	1.081	1.083	1.086	1.092	1.094	1.093	1.094	1.090		
36/33	1.055	1.066	1.069	1.076	1.061	1.055	1.062	1.062	1.071	1.072	1.072	1.077	1.083	1.082	1.078	1.080		
39/36	1.051	1.059	1.060	1.061	1.049	1.044	1.053	1.056	1.057	1.059	1.061	1.066	1.071	1.066	1.069	1.065		
42/39	1.044	1.049	1.055	1.054	1.041	1.044	1.049	1.054	1.055	1.058	1.059	1.061	1.068	1.063	1.062			
45/42	1.039	1.045	1.047	1.044	1.036	1.037	1.040	1.047	1.048	1.049	1.054	1.053	1.056	1.056	1.053			
48/45	1.035	1.039	1.044	1.037	1.032	1.035	1.037	1.043	1.043	1.046	1.047	1.050	1.051	1.046	1.045			
51/48	1.030	1.035	1.037	1.034	1.031	1.030	1.033	1.037	1.036	1.036	1.039	1.041	1.043	1.040	1.039			
54/51	1.031	1.036	1.032	1.027	1.030	1.029	1.034	1.034	1.035	1.035	1.036	1.042	1.038	1.035				
57/54	1.026	1.030	1.027	1.024	1.024	1.024	1.029	1.031	1.034	1.031	1.033	1.038	1.034	1.034				
60/57	1.026	1.028	1.026	1.021	1.023	1.026	1.028	1.029	1.028	1.032	1.032	1.035	1.030	1.030				
63/60	1.023	1.025	1.022	1.019	1.019	1.020	1.024	1.024	1.024	1.024	1.027	1.027	1.026	1.026				
66/63	1.026	1.021	1.020	1.020	1.018	1.021	1.023	1.024	1.026	1.026	1.029	1.029	1.024					
69/66	1.021	1.022	1.019	1.018	1.016	1.019	1.021	1.023	1.023	1.021	1.024	1.024	1.022					
72/69	1.022	1.018	1.016	1.017	1.018	1.016	1.021	1.021	1.022	1.022	1.023	1.021	1.020					
75/72	1.017	1.016	1.014	1.015	1.015	1.014	1.018	1.020	1.019	1.019	1.018	1.018	1.018					
78/75	1.018	1.015	1.014	1.015	1.016	1.015	1.016	1.018	1.017	1.022	1.019	1.018						
81/78	1.015	1.014	1.013	1.014	1.013	1.014	1.018	1.018	1.015	1.019	1.018	1.015						
84/81	1.013	1.012	1.013	1.012	1.012	1.013	1.016	1.016	1.015	1.018	1.015	1.015						
87/84	1.013	1.011	1.010	1.012	1.012	1.012	1.014	1.013	1.015	1.017	1.013	1.013						
90/87	1.013	1.012	1.011	1.013	1.012	1.013	1.015	1.013	1.015	1.013	1.013							
93/90	1.011	1.010	1.011	1.012	1.011	1.013	1.013	1.012	1.014	1.014	1.013							
96/93	1.010	1.010	1.008	1.010	1.010	1.009	1.013	1.015	1.016	1.011	1.011							

Source: WCIRB accident year experience calls

* Paid medical loss development factors include the paid cost of medical cost containment programs for accident years 2011 and prior.

Reported Indemnity Claim Count Development

Accident	Development															
Year	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159	159-171	171-183	183-195
1992																1.001
1993															1.000	1.000
1994														1.000	1.000	1.000
1995													1.000	1.000	1.001	1.001
1996												1.001	1.001	1.000	1.000	1.000
1997											1.000	1.000	1.000	1.000	1.000	1.000
1998										1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999									1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000								1.000	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000
2001							0.999	0.999	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002						1.000	1.000	0.999	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000
2003					1.000	0.998	0.999	0.999	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004				1.000	0.999	0.999	0.999	0.999	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000
2005			1.004	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006		1.022	1.006	1.004	1.001	1.000	1.001	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
2007	6.466	1.038	1.012	1.005	1.003	1.002	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
2008	6.162	1.061	1.018	1.009	1.004	1.003	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
2009	7.003	1.082	1.023	1.008	1.005	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002
2010	7.399	1.091	1.022	1.010	1.006	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003
2011	7.537	1.102	1.026	1.011	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006
2012	7.682	1.119	1.026	1.011	1.011	1.011	1.011	1.011	1.011	1.011	1.011	1.011	1.011	1.011	1.011	1.011
2013	8.088	1.102	1.028	1.028	1.028	1.028	1.028	1.028	1.028	1.028	1.028	1.028	1.028	1.028	1.028	1.028
2014	7.827	1.111	1.111	1.111	1.111	1.111	1.111	1.111	1.111	1.111	1.111	1.111	1.111	1.111	1.111	1.111
2015	8.056	1.111	1.111	1.111	1.111	1.111	1.111	1.111	1.111	1.111	1.111	1.111	1.111	1.111	1.111	1.111
Latest Year																
Age-to-Age	8.056	1.111	1.028	1.011	1.006	1.003	1.002	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
Age-to-Ultimate	9.434	1.171	1.054	1.026	1.015	1.009	1.006	1.004	1.003	1.002	1.002	1.002	1.001	1.001	1.002	1.001

Notes All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 75% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

Quarterly Reported Indemnity Claim Count Development Factors

Accident Year	Development														
	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>	<u>39-42</u>	<u>42-45</u>	<u>45-48</u>
2007	2.565	1.704	1.361	1.087	1.018	1.009	1.005	1.005	1.004	1.003	1.003	1.002	1.002	1.002	1.001
2008	2.543	1.651	1.340	1.095	1.026	1.015	1.010	1.009	1.007	1.004	1.003	1.003	1.002	1.003	1.002
2009	2.694	1.683	1.387	1.113	1.037	1.021	1.012	1.010	1.007	1.007	1.005	1.004	1.003	1.003	1.002
2010	2.715	1.717	1.408	1.128	1.039	1.022	1.016	1.011	1.008	1.006	1.005	1.003	1.004	1.003	1.001
2011	2.702	1.738	1.421	1.129	1.042	1.027	1.019	1.010	1.011	1.006	1.005	1.004	1.004	1.003	1.002
2012	2.758	1.742	1.420	1.126	1.053	1.029	1.020	1.013	1.010	1.007	1.004	1.005	1.004	1.003	1.003
2013	2.849	1.747	1.426	1.140	1.044	1.027	1.016	1.012	1.011	1.007	1.005	1.004			
2014	2.777	1.734	1.429	1.137	1.048	1.027	1.019	1.013							
2015	2.845	1.744	1.422	1.142											

Reported Indemnity Claim Settlement Ratios

Accident Year	Evaluated as of (in months):																
	3	15	27	39	51	63	75	87	99	111	123	135	147	159	171	183	195
1991																	99.2%
1992																99.0%	99.1%
1993															98.7%	98.8%	98.9%
1994														98.1%	98.4%	98.7%	98.8%
1995													97.5%	97.8%	98.2%	98.4%	98.5%
1996												96.9%	97.3%	97.7%	98.0%	98.2%	98.4%
1997											96.1%	96.7%	97.2%	97.6%	97.8%	98.1%	98.3%
1998										94.6%	95.5%	96.3%	96.8%	97.2%	97.5%	97.8%	98.1%
1999									92.9%	94.3%	95.3%	96.1%	96.6%	97.0%	97.3%	97.7%	97.9%
2000								90.1%	92.1%	93.7%	94.8%	95.6%	96.2%	96.7%	97.2%	97.6%	97.8%
2001							85.0%	88.5%	90.8%	92.5%	93.7%	94.7%	95.4%	96.2%	96.7%	97.1%	
2002						80.5%	85.4%	88.7%	91.1%	92.6%	94.0%	94.9%	96.0%	96.5%	97.1%		
2003					72.8%	80.4%	85.5%	88.7%	90.8%	92.6%	94.0%	95.3%	96.0%	96.6%			
2004				63.6%	74.5%	81.5%	85.6%	88.5%	90.7%	92.6%	94.4%	95.4%	96.2%				
2005			52.4%	66.3%	76.4%	82.1%	86.1%	89.0%	91.2%	93.4%	94.7%	95.7%					
2006		34.9%	53.9%	67.6%	76.4%	82.4%	86.2%	89.2%	91.9%	93.6%	94.8%						
2007	5.6%	35.0%	53.0%	66.2%	75.3%	81.2%	85.5%	89.4%	91.8%	93.6%							
2008	5.7%	34.7%	51.5%	64.6%	74.0%	80.7%	86.0%	89.6%	92.2%								
2009	5.8%	33.3%	49.7%	63.0%	73.0%	80.7%	85.7%	89.6%									
2010	5.7%	33.7%	50.4%	63.8%	74.9%	82.1%	87.3%										
2011	7.3%	34.1%	50.8%	65.3%	76.0%	83.3%											
2012	7.2%	34.2%	51.9%	66.7%	77.4%												
2013	8.7%	33.5%	53.0%	68.2%													
2014	6.6%	34.0%	54.3%														
2015	7.5%	34.7%															
2016	7.3%																

Notes All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 75% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

Estimated Ultimate Indemnity Claim Settlement Ratios

Accident Year	Evaluated as of (in months):																
	3	15	27	39	51	63	75	87	99	111	123	135	147	159	171	183	195
1991																	99.0%
1992																98.8%	99.0%
1993															98.5%	98.6%	98.8%
1994														97.8%	98.1%	98.4%	98.6%
1995													97.1%	97.5%	97.8%	98.2%	98.4%
1996												96.6%	97.0%	97.5%	97.8%	98.0%	98.3%
1997											95.8%	96.5%	97.0%	97.4%	97.7%	97.9%	98.1%
1998										94.4%	95.3%	96.1%	96.6%	97.0%	97.4%	97.7%	98.0%
1999									92.7%	94.1%	95.1%	95.9%	96.4%	96.8%	97.2%	97.6%	97.8%
2000								90.0%	92.0%	93.5%	94.6%	95.4%	96.0%	96.5%	97.1%	97.4%	97.7%
2001							85.1%	88.4%	90.7%	92.4%	93.5%	94.5%	95.3%	96.0%	96.5%	96.9%	
2002						80.6%	85.5%	88.8%	91.1%	92.6%	93.9%	94.9%	95.8%	96.4%	96.9%		
2003					73.2%	80.8%	85.7%	88.9%	90.9%	92.6%	93.9%	95.2%	95.8%	96.4%			
2004				63.8%	74.8%	81.7%	85.8%	88.6%	90.7%	92.5%	94.3%	95.3%	96.0%				
2005			51.9%	66.0%	76.1%	81.9%	85.9%	88.8%	91.0%	93.2%	94.6%	95.6%					
2006		33.7%	53.2%	67.0%	76.0%	82.1%	85.9%	88.9%	91.7%	93.4%	94.7%						
2007	0.8%	32.9%	51.7%	65.3%	74.7%	80.7%	85.2%	89.1%	91.5%	93.4%							
2008	0.8%	31.4%	49.6%	63.2%	73.0%	80.0%	85.5%	89.2%	91.9%								
2009	0.7%	29.4%	47.5%	61.6%	72.0%	80.0%	85.2%	89.3%									
2010	0.7%	29.5%	48.1%	62.3%	73.8%	81.4%	86.8%										
2011	0.8%	29.4%	48.3%	63.6%	74.8%	82.6%											
2012	0.8%	29.0%	49.3%	65.0%	76.3%												
2013	0.9%	28.8%	50.3%	66.5%													
2014	0.7%	29.0%	51.5%														
2015	0.8%	29.7%															
2016	0.8%																

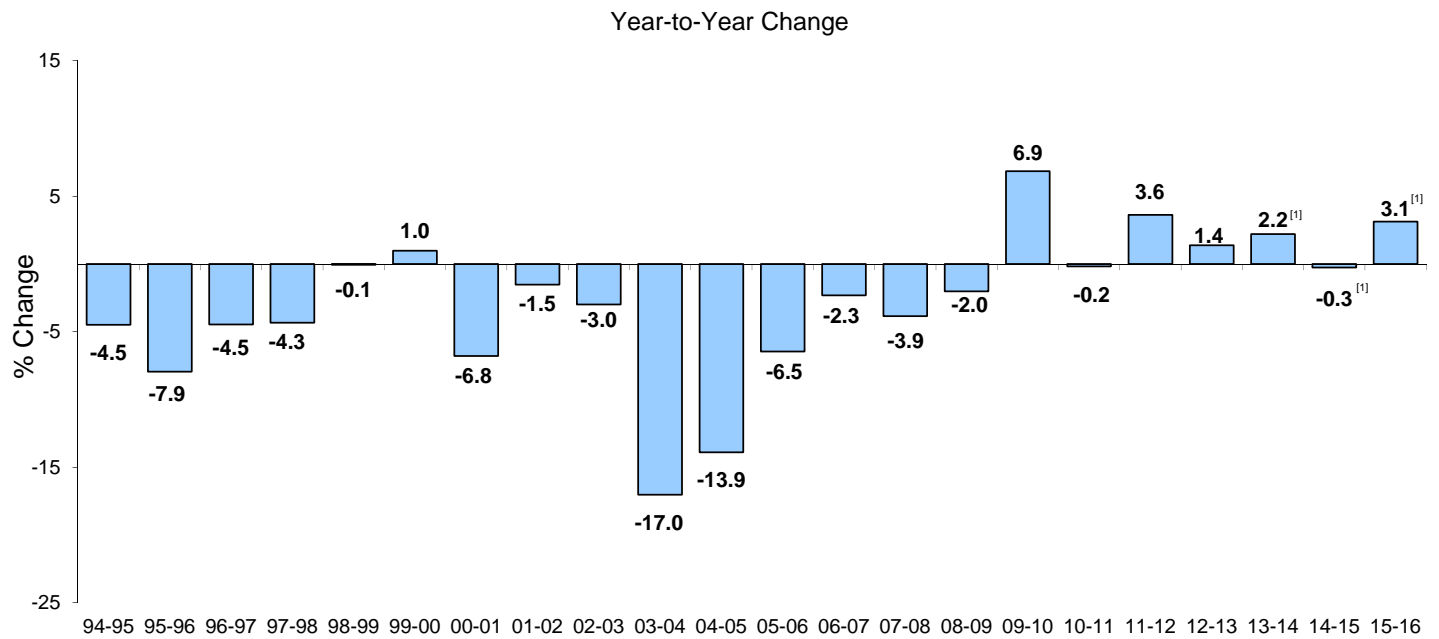
Notes All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 75% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

Quarterly Ultimate Settlement Ratios

Accident	Evaluated as of (in months):															
<u>Year</u>	<u>3</u>	<u>6</u>	<u>9</u>	<u>12</u>	<u>15</u>	<u>18</u>	<u>21</u>	<u>24</u>	<u>27</u>	<u>30</u>	<u>33</u>	<u>36</u>	<u>39</u>	<u>42</u>	<u>45</u>	<u>48</u>
2007	0.8%	5.3%	13.3%	23.6%	32.9%	39.3%	43.9%	48.1%	51.7%	55.5%	58.7%	62.5%	65.3%	67.9%	70.4%	72.8%
2008	0.8%	5.4%	13.2%	22.9%	31.4%	37.6%	42.0%	45.9%	49.6%	53.3%	56.8%	60.3%	63.2%	66.0%	68.6%	71.0%
2009	0.7%	4.7%	12.2%	21.2%	29.4%	35.4%	39.8%	43.9%	47.5%	51.2%	55.0%	58.5%	61.6%	64.6%	67.2%	69.7%
2010	0.7%	4.7%	11.7%	20.9%	29.5%	35.5%	39.9%	44.3%	48.1%	52.0%	55.6%	59.1%	62.3%	65.6%	68.6%	71.5%
2011	0.8%	5.1%	11.8%	21.0%	29.4%	35.5%	40.0%	44.4%	48.3%	52.5%	56.4%	60.4%	63.6%	66.7%	69.7%	72.5%
2012	0.8%	4.9%	11.9%	20.9%	29.0%	35.5%	40.3%	45.2%	49.3%	53.6%	57.8%	61.6%	65.0%	68.3%	71.2%	73.9%
2013	0.9%	4.9%	11.4%	20.3%	28.8%	35.3%	40.7%	45.6%	50.3%	54.8%	58.9%	62.9%	66.5%			
2014	0.7%	4.6%	11.3%	20.2%	29.0%	35.8%	41.6%	46.7%	51.5%							
2015	0.8%	4.6%	11.7%	20.6%	29.7%											
2016	0.8%															

Accident	Quarterly Incremental Change														
<u>Year</u>	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>	<u>39-42</u>	<u>42-45</u>	<u>45-48</u>
2007	4.5%	8.0%	10.3%	9.3%	6.4%	4.5%	4.3%	3.6%	3.8%	3.2%	3.8%	2.8%	2.6%	2.5%	2.4%
2008	4.6%	7.8%	9.7%	8.5%	6.2%	4.4%	3.9%	3.6%	3.7%	3.5%	3.5%	2.9%	2.8%	2.6%	2.4%
2009	4.0%	7.5%	9.0%	8.2%	6.0%	4.4%	4.0%	3.6%	3.7%	3.8%	3.6%	3.0%	3.1%	2.6%	2.5%
2010	4.0%	7.0%	9.2%	8.6%	6.0%	4.4%	4.3%	3.8%	4.0%	3.6%	3.5%	3.1%	3.3%	3.0%	2.9%
2011	4.3%	6.7%	9.2%	8.3%	6.1%	4.6%	4.4%	3.9%	4.3%	3.9%	4.0%	3.3%	3.0%	3.0%	2.8%
2012	4.1%	7.0%	9.0%	8.1%	6.5%	4.8%	4.9%	4.1%	4.3%	4.2%	3.8%	3.4%	3.2%	2.9%	2.8%
2013	4.0%	6.5%	9.0%	8.5%	6.5%	5.4%	4.9%	4.7%	4.5%	4.1%	4.0%	3.6%			
2014	3.9%	6.7%	8.9%	8.8%	6.8%	5.7%	5.1%	4.8%							
2015	3.8%	7.1%	8.9%	9.1%											

**California Workers' Compensation
Estimated Indemnity Claim Frequency by Accident Year**



^[1] The 2013-2014 estimate is based on partial year unit statistical data. The 2014-2015 and 2015-2016 estimates are based on comparison of claim counts based on WCIRB accident year experience as of March 31, 2016 relative to the estimated change in statewide employment. Prior years are based on unit statistical data.

Item AC16-06-03 Review of M CCP Projection Methodology

At the June 17, 2016 meeting, the Committee reviewed an analysis of the methodology to project medical cost containment program (M CCP) costs which included several potential enhancements. Staff's follow-up analysis of several of the issues raised by the Committee at the meeting are summarized below.

Development

The WCIRB's current methodology to project the M CCP development tail uses the selected medical tail development factor.¹ The analysis reviewed at the June 17, 2016 included a potential enhancement to the M CCP development tail methodology that reflected the lower observed development for paid M CCP costs compared to that for other paid medical costs. Specifically, it was noted that, except for the earlier maturities, paid M CCP development at maturities for which M CCP development is separately available is approximately 80% of paid medical loss & M CCP development. At the meeting, a Committee member noted that the lower M CCP development is also likely contributing to an understated "pure" paid medical tail development factor and an offsetting adjustment to the tail factor applied to pure medical losses may be appropriate.

Exhibit 1 shows paid age-to-age factors for M CCP costs compared to paid medical losses (excluding M CCP costs) and the combined paid medical & M CCP development. Except for the earlier maturities for which development is generally comparable, paid M CCP development is approximately 80% of paid medical & M CCP development. Correspondingly, pure paid medical development at the later maturities for which separate M CCP development is available is approximately 2.4% higher than paid medical & M CCP development. However, applying an adjustment on this basis to the medical tail development factor would assume the relationship between M CCP costs and other medical costs is consistent over the more than thirty accident years reflected in the historical data and that the relationship between M CCP and pure medical loss development evident in development from 24 to 48 months is applicable to the remaining development timeframes. At this time it is unclear if M CCP costs in the older accident years occurred in proportions similar to what they do in more recent years. As a result, staff plans to review other data sources of M CCP and medical costs before recommending any adjustment to the medical or M CCP tail development factors. However, as discussed at the June 17, 2016 meeting, in the January 1, 2017 Pure Premium Rate Filing, M CCP development through 51 months will be computed based on M CCP development only and medical development through 51 months will be computed excluding M CCP costs.

Trend

The WCIRB's current methodology for trending projected ultimate M CCP costs to the period of the proposed pure premium rate level is similar to that used for ALAE excluding M CCP and is based on applying separate frequency and severity trends to the projected ultimate indemnity claim counts and projected ultimate M CCP per indemnity claim for the most recent accident years. The selected M CCP severity projection is currently based on the average change in calendar year M CCP paid per open indemnity claim. The analysis reviewed at the June 17, 2016 meeting included a potential enhancement to the M CCP trending methodology that bases the projected M CCP severity trend on the approximate average of the rates of growth in (a) calendar year M CCP paid per open indemnity claim (i.e., the WCIRB's current approach) and (b) projected ultimate accident year M CCP per indemnity claim. This approach is similar to the approach currently used for ALAE excluding M CCP costs. At the meeting, the Committee noted that recent changes in calendar year paid M CCP per open indemnity claim were significantly higher than changes in projected ultimate accident year M CCP per indemnity claim, and may

¹ The medical tail development factor also includes M CCP costs inasmuch as M CCP costs cannot be separated from other medical costs for older accident years.

be distorted by fees paid for independent medical review (IMR) and independent bill review (IBR) on older accident years, which are no longer to be reported in MCCC costs beginning January 1, 2016.

Exhibit 2 shows projected ultimate MCCC per indemnity claim by accident year for statewide and private insurers. Exhibit 3 shows estimated calendar year paid MCCC per open indemnity claim for statewide and private insurers, and an adjusted MCCC severity where the estimated amount of IMR and IBR fees paid in calendar years 2013 through 2015 have been removed from the paid MCCC costs. Estimated payments for IMR and IBR were based on a WCIRB survey of select insurer calendar year 2013 and 2014 payment information in addition to information provided by the Division of Workers' Compensation on IMR fees incurred (the estimated fees for private insurers were adjusted by the private insurer share of statewide calendar year MCCC payments). Although the year-to-year changes for calendar years 2014 and 2015 may be distorted by timing differences between when IMR and IBR fees are billed and when they are reported as paid in the WCIRB's data calls, this adjustment significantly moderates the overall average rate of growth in calendar year paid MCCC per open indemnity claim. As a result, recent trends in this measure are more consistent with projected ultimate MCCC per indemnity claim. Staff recommends moving forward with this approach of averaging the two rates of growth in MCCC severities.

Annual Development Factors - Paid M CCP, Paid Medical, and Paid Medical + M CCP

Paid M CCP Development

Accident	Age-to-Age Development		
<u>Year</u>	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>
2012	2.492	1.349	1.189
2013	2.429	1.381	
2014	2.560		
Average	2.494	1.365	1.189

Paid Medical Development (No M CCP)

Accident	Age-to-Age Development		
<u>Year</u>	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>
2012	2.561	1.468	1.249
2013	2.492	1.466	
2014	2.521		
Average			

Paid Medical + M CCP Development

Accident	Age-to-Age Development		
<u>Year</u>	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>
2012	2.552	1.455	1.243
2013	2.484	1.457	
2014	2.525		
Average	2.520	1.456	1.243

**Ratio of Paid M CCP to
Paid Medical + M CCP Development
(M CCP DF - 1.0) / (Medical + M CCP DF - 1.0)**

Accident	Age-to-Age Development		
<u>Year</u>	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>
2012	0.961	0.767	0.776
2013	0.963	0.833	
2014	1.023		
Average	0.982	0.800	0.776

**Ratio of Paid Medical to
Paid Medical + M CCP Development
(Medical DF - 1.0) / (Medical + M CCP DF - 1.0)**

Accident	0		
<u>Year</u>	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>
2012	1.006	1.029	1.024
2013	1.005	1.019	
2014	0.997		
Average	1.003	1.024	1.024

Source: WCIRB quarterly calls for experience. Paid ALAE development is for private insurers only.

Projected Ultimate MCCP per Indemnity Claim

Statewide

Accident Year	Paid MCCP @ 12/31/15 (in \$000) (1)	Cumulative Development Factors (2)	Estimated Ultimate MCCP (3)=(1)x(2)	Indemnity Claim Counts @ 12/31/15 (4)	Cumulative Count Development Factors (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Est. Ultimate MCCP Per Indemnity Claim (7)=(3)/(6) x 1000	Annual change
2011	292,489	1.878	549,360	122,462	1.011	123,834	4,436	---
2012	265,398	2.162	573,746	129,254	1.019	131,722	4,356	-1.8%
2013	230,941	2.569	593,396	135,394	1.034	139,972	4,239	-2.7%
2014	168,879	3.548	599,143	135,264	1.069	144,634	4,142	-2.3%
2015	68,429	9.082	621,481	111,799	1.332	148,906	4,174	0.8%
Average trend 2011 - 2015:								-1.7%

Private Insurers

Accident Year	Paid MCCP @ 12/31/15 (in \$000) (1)	Cumulative Development Factors (2)	Estimated Ultimate MCCP (3)=(1)x(2)	Indemnity Claim Counts @ 12/31/15 (4)	Cumulative Count Development Factors (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Est. Ultimate MCCP Per Indemnity Claim (7)=(3)/(6) x 1000	Annual change
2011	282,621	1.834	518,327	114,587	1.018	116,631	4,444	---
2012	258,983	2.113	547,232	122,624	1.027	125,885	4,347	-2.2%
2013	224,649	2.509	563,575	127,176	1.043	132,591	4,250	-2.2%
2014	162,291	3.456	560,824	124,335	1.082	134,517	4,169	-1.9%
2015	66,099	8.793	581,215	101,545	1.368	138,883	4,185	0.4%
Average trend 2011 - 2015:								-1.6%

Source: WCIRB quarterly calls for experience. Development is based on actual paid MCCP development through 51 months, and tail factor based on paid medical losses.

Paid M CCP per Indemnity Claims Inventory^[1] by Calendar Year

Calendar Year	Private Insurers				Statewide			
	As Reported	Year-to-Year Change	Adjusted to Remove Estimated IMR/IBR Fees	Year-to-Year Change	As Reported	Year-to-Year Change	Adjusted to Remove Estimated IMR/IBR Fees	Year-to-Year Change
2005	\$469	---	\$469	---	---	---	---	---
2006	\$559	19.2%	\$559	19.2%	---	---	---	---
2007	\$631	12.8%	\$631	12.8%	\$433	---	\$433	---
2008	\$953	51.1%	\$953	51.1%	\$673	55.4%	\$673	55.4%
2009	\$830	-13.0%	\$830	-13.0%	\$665	-1.2%	\$665	-1.2%
2010	\$888	7.0%	\$888	7.0%	\$733	10.2%	\$733	10.2%
2011	\$931	4.8%	\$931	4.8%	\$786	7.1%	\$786	7.1%
2012	\$983	5.6%	\$983	5.6%	\$841	7.1%	\$841	7.1%
2013	\$1,022	4.0%	\$1,020	3.8%	\$900	7.0%	\$898	6.8%
2014	\$1,025	0.3%	\$913	-10.5%	\$916	1.8%	\$816	-9.2%
2015	\$1,094	6.8%	\$998	9.4%	\$987	7.8%	\$901	10.5%

Estimated Annual Exponential Trend Based on:

2005-2015	7.8%	6.9%	---	---
R ²	0.793	0.700	---	---
2009-2015	4.4%	2.5%	6.5%	4.6%
R ²	0.968	0.551	0.978	0.780

^[1] Indemnity claims inventory is the sum of indemnity claims open as of January 1 of Year N and newly-reported indemnity claims between January 1 of year N and December 31 of year N.

Source: WCIRB expense calls, aggregate indemnity and medical cost calls, and quarterly calls for experience. IMR/IBR fees estimated based on a WCIRB review of insurer payments and information provided by the Division of Workers' Compensation.

Item AC16-08-01 Third Quarter 2016 Review of Diagnostics

Twice a year WCIRB staff compiles a comprehensive list of measures to be reviewed by the Claims Working Group and the Actuarial Committee in order to identify and quantify changes in claim patterns and trends and help determine the most appropriate methodologies to be used in the development of pure premium rates. The diagnostics include over one hundred measures and are segregated into the following areas:

1. Market and claim characteristic information (exhibit numbers start with M)
2. Claim count information (exhibit numbers start with C)
3. Loss development information (exhibit numbers start with D)
4. Claim severity information (exhibit numbers start with S)
5. Loss adjustment expense information (exhibit numbers start with E)

Please note the following:

1. Permanent indemnity claims as a share of total claims continued to increase in 2014 to 20.7% from 19.7% in 2013 and 19.0% in 2012 (Exhibit M4). The 2014 figure is the highest ratio since the WCIRB began preparing this metric.
2. The share of claims settled through compromise and release in calendar year 2014 increased to 57.7% from 54.5% in 2013 and 51.4% in 2012 (Exhibit M7). Unit statistical data also shows increases in the proportion of claims settled by compromise and release (Exhibit M6).
3. The number of expedited hearings in the first quarter of 2016 was 13.8% above the number of hearings in the first quarter of 2015. The increase came after a 2.2% decrease in expedited hearings from calendar year 2014 to 2015 (Exhibit M8.2). Preliminary estimates of the number of expedited hearings in the second quarter of 2016 show another significant increase.
4. Lien filings continued to increase in the first quarter of 2016, with 108,020 liens filed, an almost 50% increase over the first quarter 2015 number. (Exhibit M9.2). Lien filings in the second quarter of 2016 are slightly lower than the first quarter but remain at a higher level compared to the immediate prior years.
5. Indemnity claim settlement ratios continued to increase in the first quarter of calendar year 2016 (Exhibit C2.1). Settlement rates on permanent disability claims continue to rise, while settlement rates on temporary disability claims are fairly stable (Exhibit C2.2).
6. The proportion of total costs generated by large claims (claims in excess of \$250,000, \$500,000 or \$1million) are generally flat to declining (Exhibits S16.1 - S16.3).
7. Paid allocated loss adjustment expense per indemnity claim by accident year continues to increase (Exhibit E5).
8. The percentage of permanent disability claims with legal representation increased significantly in both Northern and Southern California for both accident years 2012 and 2013. Staff examined the data by WCAB office and found that the increases were present throughout Northern California (Exhibit E7).

Exhibit Numbering Guide July 2016

Exhibit #	Exhibit Name
Market/Claim Characteristics	
M1	Distribution of Calendar Year Premium and Losses
M3	Total Incurred Loss Distribution by Insurer
M4	Distribution of Estimated Ultimate Number of Claims by Injury Type
M5	Percentage of Claims Open by Injury Type and Region - First through Third Report Level
M6	Percentage of Claim Count and Average Severity by Method of Settlement
M7	Division of Workers' Compensation (DWC) Distribution of Decisions by Type
M8	Elapsed Time in Days from Request to DWC Hearing & Statewide Number of Division of Workers' Compensation (DWC) Hearings & Quarterly Expedited Hearings
M9	Number of Division of Workers' Compensation (DWC) Lien Decisions & Quarterly Lien Filed Counts
M10	Medicare Set-aside Costs by Age Interval & Permanent Disability Rating Interval
M11	Percentage of Permanent Partial Claims with Qualified Offer of Permanent Return-to-work
M12	Employee Average and Median Claimant Tenure at Date of Injury - Insured System & Average and Median Tenure at Date of Injury by NAICS - Insured System
M14	IMR Filed Counts
Claim Count	
C1	Reported Indemnity and Total Claim Count Development - Statewide
C2	Estimated Ultimate Indemnity Claim Settlement Ratios & Indemnity Claim Settlement Rates by Injury Type & Quarterly Ultimate Settlement Ratios
C3	Ratio of Incremental Closed Indemnity Claims to Prior Open Indemnity Claims
C4	Reopening Rates Based on Unit Statistical Data & by Injury Type
C5	Closed-Closed Development Based on Unit Statistical Data
C6	California Workers' Compensation Estimated Indemnity Claim Frequency by Accident Year as of March 31, 2016
C7	2015 Accident Year Indemnity Claim Frequency Model & Indemnity Claim Frequency History and Projections
C8	California OPRL Injury & Illness Rates
C9	Self-Insured Employers - Claim Frequency
C10	Annual Changes in Indemnity Frequency Attributable to Changes in Hazardousness
C11	Changes in Incremental Indemnity Claim Counts and Medical Only Claim Counts
C12	Economic Variables
C13	California Workers' Compensation Fraud Statistics
C14	California Courts' Civil Filings Summary
C15	Partial Accident Year Cumulative Injury Indemnity Claim Counts by Policy Year and Report Level
C17	Claim Count Ratios by Region Based on Unit Statistical Data at 1st Report Level
C18	Ratio of Total Indemnity Claim Counts to Total Claim Counts
C19	Distribution of Cumulative Injury Claims by Injury Type
C20	Indemnity Claim Frequency Relativities by NAICS Sector
C21	Indemnity Claim Frequency by Geographic Region at First Report Level
C22	Top 20 Part of Body Codes for Cumulative and Non-Cumulative Injury Indemnity Claims Based on Accident Year 2013 Shares
C23	Denied Claims by Month and Year of Injury, 2000 - 2014
Loss Development	
D1	Quarterly Incurred & Paid Indemnity & Medical Loss Development Factors
D4	Ratios of Incremental Paid Losses to Prior Outstanding Losses by Accident Year
D5	Incremental Paid Indemnity & Medical - Ratios of Actual to Expected
D6	Comparison of Projected Ultimate Loss Ratios - Accident Year 2010-2015

Exhibit Numbering Guide July 2016

Continued

Exhibit #	Exhibit Name
Claim Severity	
S1	Projection of Indemnity & Medical Severity Trends by Accident Year
S2	Average Incurred Indemnity Loss Per Reported Indemnity Claim & Incurred Medical Loss per Reported Claim
S3	Average Indemnity Case Outstanding & Outstanding Medical Loss Per Open Indemnity Claim
S4	Average Paid Indemnity & Medical Loss per Indemnity Claim & Average Paid Medical Loss Per Claim
S5	Average Paid Indemnity Loss & Medical per Closed Indemnity Claim
S6	Ratio of Incremental Paid Indemnity & Medical to Indemnity Claims Open During Period
S7	Ratio of Quarterly Paid Medical to Indemnity Claims Inventory Through March 31, 2016
S8	Estimated Ultimate Indemnity & Medical Severities by Injury Type
S9	Average and Median Indemnity Claim Severities at USR 1st
S10	Temporary Disability Benefits Paid at 12 and 24 Months & Changes in the Number of Weeks of Temporary Disability Benefits
S11	Average Permanent Disability Ratings by Type of Loss
S14	Self Insured Employers - Claim Severity
S15	Annual Changes in Indemnity Severity Attributable to Changes in Hazardousness
S16	Claim Counts and Losses on Claims in Excess of \$250,000 & \$500,000 & \$1,000,000
S17	Change in Claims Mix by Injury Description by Policy Year by Part of Body & Nature of Injury & Cause of Injury
S18	Indemnity Claim Frequency by Layer of Incurred Medical at USR First
Loss Adjustment Expense	
E1	Summary of LAE Ratios by Insurer Type
E2	Calendar Year ULAE Incurred Per Weighted Open Indemnity Claim - Private Insurers
E3	Calendar Year ULAE Paid Per Open Indemnity Claim - Private Insurers
E4	Paid Allocated Loss Adjustment Expense Development
E5	Average Paid ALAE Per Reported Indemnity Claim - Private Insurers
E6	Ratio of Cumulative Paid ALAE to Loss - Private Insurers
E7	Percentage of Represented and Unrepresented Permanent Disability Claims by Region - First/Second Survey Level
E8	Distribution of Total ALAE & MCCP Components
E9	Applicant Attorney Expense Paid
E10	Average Expense Costs per Represented PD Claim - Private Insurers Only
E12	Medical Cost Containment Paid as a Percentage of Total Medical Paid Based on CWCI Transactional Level Data
E13	Changes in the Number and Cost of Medical-Legal Reports
E15	Paid MCCP per Indemnity Claims Inventory Calendar Year
Discontinued/Moved Exhibits	
C16	Cumulative Injury Claims per 100 Indemnity Claims by NAICS Sector Based on Unit Statistical Data at 1st Report Level
S13	Average Medical Paid per Claim by Medical Benefit Sub-Category by Accident Year - All Claims & Indemnity Claims

Distribution of Calendar Year Premium

Calendar	Written Premium at Insurer Rate Level				Earned Premium at Insurer Rate Level			
	LD Insurers		Other		LD Insurers		Other	
	Year	Large Ded. ^[1]	Non-LD	Non-LD	All	Large Ded. ^[1]	Non-LD	Non-LD
2001 ^[2]	31.8%	24.1%	44.1%	100.0%	29.3%	23.9%	46.8%	100.0%
2002 ^[2]	32.4%	20.8%	46.8%	100.0%	30.7%	20.8%	48.5%	100.0%
2003 ^[2]	34.0%	18.1%	47.9%	100.0%	31.9%	18.3%	49.9%	100.0%
2004 ^[2]	33.7%	16.7%	49.6%	100.0%	33.7%	17.5%	48.8%	100.0%
2005 ^[2]	34.9%	20.2%	44.9%	100.0%	35.4%	20.6%	44.0%	100.0%
2006	36.3%	23.7%	40.0%	100.0%	37.3%	24.4%	38.3%	100.0%
2007	36.2%	26.5%	37.3%	100.0%	36.3%	26.7%	37.0%	100.0%
2008	33.1%	29.2%	37.7%	100.0%	34.7%	28.4%	36.9%	100.0%
2009	29.8%	34.1%	36.1%	100.0%	32.0%	32.8%	35.2%	100.0%
2010	33.2%	32.3%	34.5%	100.0%	33.7%	32.0%	34.3%	100.0%
2011	33.6%	35.1%	31.3%	100.0%	33.4%	35.4%	31.1%	100.0%
2012	35.1%	33.8%	31.2%	100.0%	35.0%	34.5%	30.5%	100.0%
2013	37.2%	28.8%	34.0%	100.0%	36.8%	30.0%	33.2%	100.0%
2014	36.9%	26.8%	36.4%	100.0%	36.3%	26.7%	37.1%	100.0%
2015	34.6%	27.3%	38.1%	100.0%	34.3%	27.6%	38.1%	100.0%

Calendar	Written Premium at Pure Premium Rate Level				Earned Premium at Pure Premium Rate Level			
	LD Insurers		Other		LD Insurers		Other	
	Year	Large Ded. ^[1]	Non-LD	Non-LD	All	Large Ded. ^[1]	Non-LD	Non-LD
2001 ^[2]	31.2%	24.5%	44.3%	100.0%	26.9%	26.8%	46.3%	100.0%
2002 ^[2]	32.1%	21.3%	46.6%	100.0%	30.5%	21.1%	48.5%	100.0%
2003 ^[2]	32.3%	20.4%	47.4%	100.0%	32.4%	18.9%	48.7%	100.0%
2004 ^[2]	34.4%	17.0%	48.5%	100.0%	34.5%	18.6%	46.9%	100.0%
2005 ^[2]	34.5%	22.4%	43.2%	100.0%	34.3%	23.1%	42.6%	100.0%
2006	36.7%	25.2%	38.2%	100.0%	37.1%	26.6%	36.4%	100.0%
2007	37.7%	28.2%	34.2%	100.0%	37.2%	28.5%	34.4%	100.0%
2008	34.9%	30.3%	34.8%	100.0%	36.1%	29.1%	34.7%	100.0%
2009	32.5%	34.9%	32.6%	100.0%	35.6%	32.9%	31.5%	100.0%
2010	37.6%	33.2%	29.1%	100.0%	37.8%	33.0%	29.2%	100.0%
2011	37.8%	35.9%	26.4%	100.0%	37.7%	36.3%	26.1%	100.0%
2012	40.6%	32.6%	26.8%	100.0%	40.3%	33.5%	26.2%	100.0%
2013	42.0%	27.5%	30.5%	100.0%	41.7%	28.9%	29.5%	100.0%
2014	41.6%	25.9%	32.5%	100.0%	41.2%	25.6%	33.2%	100.0%
2015	39.2%	26.8%	34.0%	100.0%	39.4%	26.9%	33.7%	100.0%

Notes: ^[1] Large deductible policies are defined as policies with a deductible amount per claim or accident of at least \$100,000.

^[2] Excluded the experience of one large insurer whose experience was not available at the time of this analysis.

Source: Based on WCIRB's quarterly and large deductible data calls.

Total Incurred Loss Distribution by Insurer*

I. Distribution based on State Fund, Top Ten Private Insurers and All Other Private Insurers Combined**

<u>Group</u>	AY 2011 @ 12/31/2011	AY 2012 @ 12/31/2012	AY 2013 @ 12/31/2013	AY 2014 @ 12/31/2014	AY 2015 @ 12/31/2015
State Fund	8.2%	7.3%	8.7%	10.2%	12.0%
1	7.1%	6.8%	6.9%	7.6%	8.0%
2	9.1%	8.6%	8.6%	8.0%	7.8%
3	7.6%	5.9%	7.5%	6.6%	7.8%
4	9.0%	8.0%	7.9%	7.7%	6.9%
5	1.6%	2.2%	3.2%	3.6%	4.3%
6	4.3%	4.6%	3.8%	3.8%	3.6%
7	6.4%	5.6%	5.6%	3.8%	3.6%
8	6.3%	6.3%	4.8%	4.2%	3.4%
9	1.7%	2.5%	3.3%	3.2%	2.7%
10	0.6%	1.2%	1.6%	2.3%	2.7%
All Other	38.1%	41.0%	38.1%	39.1%	37.4%

II. Distribution based on Top Ten Private Insurers and All Other Private Insurers Combined**

<u>Group</u>	AY 2011 @ 12/31/2011	AY 2012 @ 12/31/2012	AY 2013 @ 12/31/2013	AY 2014 @ 12/31/2014	AY 2015 @ 12/31/2015
1	7.7%	7.3%	7.5%	8.5%	9.1%
2	9.9%	9.3%	9.4%	9.0%	8.8%
3	8.2%	6.4%	8.2%	7.4%	8.8%
4	9.8%	8.6%	8.7%	8.6%	7.9%
5	1.8%	2.4%	3.5%	4.0%	4.9%
6	4.7%	5.0%	4.2%	4.2%	4.1%
7	7.0%	6.1%	6.1%	4.3%	4.0%
8	6.8%	6.8%	5.3%	4.6%	3.8%
9	1.9%	2.7%	3.6%	3.5%	3.0%
10	0.7%	1.2%	1.8%	2.5%	3.0%
All Other	41.5%	44.2%	41.7%	43.5%	42.5%

*Total incurred losses reflect the sum of paid indemnity and medical losses and indemnity and medical case reserves. All entries reflect the paid cost of medical cost containment programs reported for policies with effective dates prior to July 1, 2010.

**Groups are ranked according to accident year 2015 incurred losses.
State Fund is State Compensation Insurance Fund.

Source: WCIRB quarterly calls for experience

Distribution of Estimated Ultimate Number of Claims by Injury Type

I. Distribution of Ultimate Number of Indemnity Claims

Accident <u>Year</u>	Permanent <u>Indemnity**</u>	Temporary <u>Indemnity</u>	<u>Total</u>
2001	52.3%	47.7%	100%
2002	53.9%	46.1%	100%
2003	53.9%	46.1%	100%
2004	49.4%	50.6%	100%
2005	45.9%	54.1%	100%
2006	47.0%	53.0%	100%
2007	48.2%	51.8%	100%
2008	50.7%	49.3%	100%
2009	52.4%	47.6%	100%
2010	52.9%	47.1%	100%
2011	52.9%	47.1%	100%
2012	52.4%	47.6%	100%
2013	52.2%	47.8%	100%
2014*	53.7%	46.3%	100%

II. Distribution of Ultimate Number of All Claims

Accident <u>Year</u>	Permanent <u>Indemnity**</u>	Temporary <u>Indemnity</u>	Medical <u>Only</u>	<u>Total</u>
2001	17.6%	16.0%	66.4%	100%
2002	18.6%	15.9%	65.5%	100%
2003	18.7%	16.0%	65.3%	100%
2004	15.5%	15.8%	68.7%	100%
2005	13.3%	15.7%	71.0%	100%
2006	13.4%	15.1%	71.5%	100%
2007	14.1%	15.2%	70.7%	100%
2008	15.4%	15.0%	69.6%	100%
2009	17.2%	15.6%	67.2%	100%
2010	18.2%	16.2%	65.6%	100%
2011	18.8%	16.8%	64.4%	100%
2012	19.0%	17.3%	63.7%	100%
2013	19.7%	18.1%	62.2%	100%
2014*	20.7%	17.8%	61.5%	100%

* Accident year 2014 experience is partial in that it only reflects experience from policy year 2013.

** Permanent indemnity consists of the death, permanent total, and permanent partial injury types.

Source: WCIRB unit statistical data

Percentage of Claims Open by Injury Type and Region

Permanent Partial & Temporary

Injury Type	Report Level	Region*	Policy Year							Latest Year Reported Claim Distribution
			2007	2008	2009	2010	2011	2012	2013	
Permanent Partial	1	Bay Area	90%	90%	90%	89%	87%	86%	85%	14%
Permanent Partial	1	Los Angeles	92%	91%	90%	89%	88%	85%	84%	55%
Permanent Partial	1	Remainder of CA	90%	90%	89%	87%	86%	84%	83%	31%
		ALL REGIONS COMBINED	91%	90%	90%	88%	87%	85%	84%	100%
Permanent Partial	2	Bay Area	70%	69%	69%	68%	65%	61%		15%
Permanent Partial	2	Los Angeles	74%	75%	74%	72%	68%	63%		55%
Permanent Partial	2	Remainder of CA	71%	71%	68%	66%	63%	61%		30%
		ALL REGIONS COMBINED	73%	73%	72%	69%	66%	62%		100%
Permanent Partial	3	Bay Area	51%	50%	50%	46%	44%			15%
Permanent Partial	3	Los Angeles	58%	59%	57%	52%	49%			55%
Permanent Partial	3	Remainder of CA	52%	51%	49%	45%	43%			30%
		ALL REGIONS COMBINED	55%	55%	53%	49%	47%			100%

Injury Type	Report Level	Region*	Policy Year							Latest Year Reported Claim Distribution
			2007	2008	2009	2010	2011	2012	2013	
Temporary	1	Bay Area	42%	41%	44%	44%	44%	44%	41%	18%
Temporary	1	Los Angeles	43%	45%	49%	50%	49%	49%	50%	48%
Temporary	1	Remainder of CA	38%	38%	40%	41%	41%	39%	40%	35%
		ALL REGIONS COMBINED	41%	42%	45%	46%	45%	45%	45%	100%
Temporary	2	Bay Area	21%	23%	23%	25%	24%	24%		18%
Temporary	2	Los Angeles	24%	28%	31%	32%	32%	31%		46%
Temporary	2	Remainder of CA	19%	21%	22%	23%	24%	23%		36%
		ALL REGIONS COMBINED	22%	24%	26%	27%	28%	27%		100%
Temporary	3	Bay Area	12%	12%	13%	13%	13%			17%
Temporary	3	Los Angeles	15%	18%	21%	21%	20%			46%
Temporary	3	Remainder of CA	10%	12%	13%	14%	14%			37%
		ALL REGIONS COMBINED	13%	14%	16%	17%	17%			100%

*Los Angeles Includes Los Angeles County and remainder of Los Angeles Basin

Source: WCIRB unit statistical data

Percentage of Claim Count and Average Severity by Method of Settlement

Geographic Region: All Regions Combined

Policy Year 2008				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	63.1%	26,632	29,090	55,722
Stipulated Award	14.2%	22,031	21,954	43,985
All Other	<u>22.6%</u>	<u>17,598</u>	<u>15,529</u>	<u>33,126</u>
Total/Average	100.0%	23,933	25,006	48,939

Policy Year 2009				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	63.6%	26,678	31,283	57,962
Stipulated Award	12.9%	21,084	22,944	44,028
All Other	<u>23.5%</u>	<u>18,193</u>	<u>18,056</u>	<u>36,248</u>
Total/Average	100.0%	23,963	27,100	51,063

Policy Year 2010				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	63.9%	25,649	31,106	56,755
Stipulated Award	11.6%	20,897	21,507	42,404
All Other	<u>24.5%</u>	<u>18,104</u>	<u>17,114</u>	<u>35,217</u>
Total/Average	100.0%	23,249	26,565	49,814

Policy Year 2011				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	65.9%	24,953	29,594	54,547
Stipulated Award	11.9%	20,385	20,078	40,463
All Other	<u>22.2%</u>	<u>18,385</u>	<u>17,201</u>	<u>35,585</u>
Total/Average	100.0%	22,948	25,705	48,653

Source: permanent disability claims from third report level unit statistical data

Percentage of Claim Count and Average Severity by Method of Settlement
Geographic Region: Bay Area

Policy Year 2008				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	56.7%	33,666	29,799	63,465
Stipulated Award	22.8%	26,269	22,232	48,501
All Other	<u>20.5%</u>	<u>21,919</u>	<u>16,543</u>	<u>38,462</u>
Total/Average	100.0%	29,572	25,357	54,929

Policy Year 2009				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	58.5%	33,431	36,584	70,015
Stipulated Award	19.3%	22,922	20,063	42,985
All Other	<u>22.2%</u>	<u>20,673</u>	<u>16,422</u>	<u>37,095</u>
Total/Average	100.0%	28,569	28,918	57,487

Policy Year 2010				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	57.2%	29,119	30,882	60,001
Stipulated Award	18.4%	20,218	16,019	36,237
All Other	<u>24.4%</u>	<u>20,647</u>	<u>17,404</u>	<u>38,051</u>
Total/Average	100.0%	25,415	24,859	50,274

Policy Year 2011				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	60.8%	29,092	30,256	59,348
Stipulated Award	14.5%	20,417	20,926	41,344
All Other	<u>24.7%</u>	<u>20,469</u>	<u>17,856</u>	<u>38,325</u>
Total/Average	100.0%	25,701	25,836	51,537

Source: permanent disability claims from third report level unit statistical data

Percentage of Claim Count and Average Severity by Method of Settlement

Geographic Region: Los Angeles**

Policy Year 2008				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	64.8%	25,382	29,624	55,006
Stipulated Award	9.7%	19,622	20,179	39,800
All Other	<u>25.6%</u>	<u>17,260</u>	<u>15,741</u>	<u>33,001</u>
Total/Average	100.0%	22,749	25,162	47,910

Policy Year 2009				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	64.6%	24,943	29,327	54,271
Stipulated Award	9.4%	21,914	22,793	44,707
All Other	<u>26.0%</u>	<u>17,880</u>	<u>19,319</u>	<u>37,199</u>
Total/Average	100.0%	22,825	26,115	48,940

Policy Year 2010				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	65.3%	25,090	31,062	56,152
Stipulated Award	8.7%	20,252	21,302	41,553
All Other	<u>26.0%</u>	<u>17,407</u>	<u>17,172</u>	<u>34,579</u>
Total/Average	100.0%	22,674	26,606	49,280

Policy Year 2011				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	67.2%	23,764	28,469	52,232
Stipulated Award	9.9%	20,602	20,330	40,932
All Other	<u>22.9%</u>	<u>17,625</u>	<u>17,557</u>	<u>35,182</u>
Total/Average	100.0%	22,045	25,164	47,208

**Includes Los Angeles County and remainder of Los Angeles Basin

Source: permanent disability claims from third report level unit statistical data

Percentage of Claim Count and Average Severity by Method of Settlement
Geographic Region: Other

Policy Year 2008				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	63.7%	25,616	28,016	53,633
Stipulated Award	16.9%	21,416	23,249	44,665
All Other	<u>19.3%</u>	<u>16,158</u>	<u>14,632</u>	<u>30,789</u>
Total/Average	100.0%	23,076	24,620	47,696

Policy Year 2009				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	64.3%	26,566	32,177	58,744
Stipulated Award	15.7%	19,169	24,810	43,979
All Other	<u>20.0%</u>	<u>17,520</u>	<u>16,238</u>	<u>33,758</u>
Total/Average	100.0%	23,599	27,839	51,438

Policy Year 2010				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	64.9%	25,053	31,285	56,337
Stipulated Award	13.0%	22,124	25,690	47,814
All Other	<u>22.1%</u>	<u>18,075</u>	<u>16,830</u>	<u>34,906</u>
Total/Average	100.0%	23,131	27,366	50,497

Policy Year 2011				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	65.9%	25,236	31,199	56,435
Stipulated Award	14.0%	20,119	19,393	39,512
All Other	<u>20.1%</u>	<u>18,660</u>	<u>16,173</u>	<u>34,834</u>
Total/Average	100.0%	23,201	26,532	49,733

Source: permanent disability claims from third report level unit statistical data

Division of Workers' Compensation (DWC) Distribution of Decisions by Type

<u>Calendar Year</u>	<u>Compromise & Release</u>	<u>Stipulations</u>	<u>Others</u>
1993	73.5%	19.6%	6.9%
1994	70.7%	22.3%	7.0%
1995	63.7%	28.7%	7.6%
1996	59.7%	31.3%	9.0%
1997	58.2%	32.7%	9.1%
1998	57.5%	33.2%	9.3%
1999	57.0%	34.4%	8.6%
2000	56.3%	35.3%	8.4%
2001	56.9%	35.3%	7.8%
2002	55.7%	36.3%	8.0%
2003	59.4%	33.1%	7.5%
2004	59.0%	34.0%	7.0%
2005	61.2%	31.5%	7.3%
2006	57.7%	33.5%	8.8%
2007	55.9%	34.7%	9.4%
2008*	54.4%	38.3%	7.3%
2009	52.2%	43.4%	4.4%
2010	49.5%	46.0%	4.5%
2011	51.2%	44.4%	4.3%
2012	51.4%	44.4%	4.2%
2013	54.5%	41.9%	3.6%
2014	57.7%	38.9%	3.4%

*Prior to 8/9/2008, DWC's workload adjudication data was available from the legacy system. DWC transitioned to a new computer-based system, the Electronic Adjudication Management System (EAMS), at the end of August 2008. Therefore, data for 2008 are comprised of data both from the legacy and from the EAMS system and may not be directly comparable to previous years due to transition issues.

Source: DWC via Commission on Health and Safety & Workers' Compensation 2015 Annual Report

Elapsed Time in Days from Request to DWC Hearing

<u>Time Period</u>	<u>First 5502*</u> <u>Conference</u>	<u>Year-to-Year</u> <u>Change</u>	<u>First 5502*</u> <u>Trial</u>	<u>Year-to-Year</u> <u>Change</u>	<u>Expedited</u> <u>Hearing</u>	<u>Year-to-Year</u> <u>Change</u>
4th Qtr 1995	81	---	199	---	36	---
4th Qtr 1996	78	-3.7%	184	-7.5%	32	-11.1%
4th Qtr 1997	70	-10.3%	148	-19.6%	34	6.3%
4th Qtr 1998	62	-11.4%	121	-18.2%	31	-8.8%
4th Qtr 1999	68	9.7%	117	-3.3%	31	0.0%
4th Qtr 2000	62	-8.8%	114	-2.6%	35	12.9%
4th Qtr 2001	71	14.5%	125	9.6%	37	5.7%
4th Qtr 2002	79	11.3%	140	12.0%	40	8.1%
4th Qtr 2003	102	29.1%	171	22.1%	48	20.0%
4th Qtr 2004	118	15.7%	211	23.4%	57	18.8%
4th Qtr 2005	113	-4.2%	218	3.3%	40	-29.8%
4th Qtr 2006	67	-40.7%	163	-25.2%	41	2.5%
4th Qtr 2007	63	-6.0%	117	-28.2%	34	-17.1%
4th Qtr 2008**	55	-12.7%	130	11.1%	45	32.4%
4th Qtr 2009	68	23.6%	135	3.8%	41	-8.9%
4th Qtr 2010	70	2.9%	167	23.7%	42	2.4%
4th Qtr 2011	64	-8.6%	169	1.2%	34	-19.0%
4th Qtr 2012	71	10.9%	161	-4.7%	40	17.6%
4th Qtr 2013	65	-8.5%	164	1.9%	34	-15.0%
4th Qtr 2014	67	3.1%	161	-1.8%	34	0.0%

* See California Labor Code, Sec. 5502

** Prior to 8/9/2008, DWC's workload adjudication data was available from the legacy system. DWC transitioned to a new computer-based system, the Electronic Adjudication Management System (EAMS), at the end of August 2008. Therefore, data for 2008 are comprised of data both from the legacy and from the EAMS system and may not be directly comparable to previous years due to transition issues.

Source: DWC via Commission on Health and Safety & Workers' Compensation 2015 Annual Report

Statewide Number of Division of Workers' Compensation (DWC) Hearings

<u>Calendar Year</u>	<u>Initial 5502* Conferences</u>	<u>Year-to-Year Change</u>	<u>Initial 5502* Trials</u>	<u>Year-to-Year Change</u>	<u>Expedited Hearings</u>	<u>Year-to-Year Change</u>
1997	111,811	---	34,011	---	5,077	---
1998	110,498	-1.2%	33,114	-2.6%	5,944	17.1%
1999	110,412	-0.1%	30,811	-7.0%	7,247	21.9%
2000	114,705	3.9%	30,245	-1.8%	8,195	13.1%
2001	118,921	3.7%	30,285	0.1%	9,693	18.3%
2002	132,389	11.3%	29,635	-2.1%	10,321	6.5%
2003	141,703	7.0%	30,967	4.5%	13,722	33.0%
2004	145,022	2.3%	30,100	-2.8%	14,640	6.7%
2005	167,417	15.4%	36,235	20.4%	14,662	0.2%
2006	176,731	5.6%	36,788	1.5%	13,353	-8.9%
2007	182,454	3.2%	34,110	-7.3%	13,307	-0.3%
2008**	107,260	-41.2%	31,967	-6.3%	12,612	-5.2%
2009	73,716	-31.3%	19,250	-39.8%	8,598	-31.8%
2010	77,939	5.7%	25,036	30.1%	9,527	10.8%
2011	73,103	-6.2%	21,381	-14.6%	9,502	-0.3%
2012	72,911	-0.3%	20,726	-3.1%	11,464	20.6%
2013	72,628	-0.4%	17,737	-14.4%	15,217	32.7%
2014	71,864	-1.1%	16,407	-7.5%	16,606	9.1%
2015	---	---	---	---	16,243	-2.2%

Quarterly Expedited Hearings

<u>Time Period</u>	<u>Northern California</u>	<u>Central California</u>	<u>Southern California</u>	<u>Expedited Hearing</u>	<u>Change from Same Quarter in Prior Year</u>
1st Qtr 2011	---	---	---	2,503	---
2nd Qtr 2011	---	---	---	2,098	---
3rd Qtr 2011	---	---	---	2,462	---
4th Qtr 2011	---	---	---	2,439	---
1st Qtr 2012	---	---	---	2,480	-0.9%
2nd Qtr 2012	---	---	---	2,525	20.4%
3rd Qtr 2012	---	---	---	3,786	53.8%
4th Qtr 2012	---	---	---	2,673	9.6%
1st Qtr 2013	---	---	---	3,480	40.3%
2nd Qtr 2013	---	---	---	3,615	43.2%
3rd Qtr 2013	---	---	---	4,109	8.5%
4th Qtr 2013	---	---	---	4,013	50.1%
1st Qtr 2014	---	---	---	3,813	9.6%
2nd Qtr 2014	14.4%	24.5%	61.1%	4,463	23.5%
3rd Qtr 2014	16.8%	23.6%	59.7%	4,404	7.2%
4th Qtr 2014	17.0%	16.8%	66.2%	3,926	-2.2%
1st Qtr 2015	16.0%	18.1%	65.9%	4,062	6.5%
2nd Qtr 2015	17.4%	15.3%	67.3%	4,350	-2.5%
3rd Qtr 2015	17.6%	20.0%	62.4%	3,698	-16.0%
4th Qtr 2015	19.0%	20.2%	60.7%	4,133	5.3%
1st Qtr 2016***	18.3%	20.8%	60.9%	4,622	13.8%
2nd Qtr 2016***	16.8%	20.2%	63.0%	6,283	44.4%

* See California Labor Code, Sec. 5502

** Prior to 8/9/2008, DWC's workload adjudication data was available from the legacy system. DWC

*** Preliminary Estimate

Source: DWC

Number of Division of Workers' Compensation (DWC) Lien Decisions

<u>Calendar Year</u>	<u>Number of Lien Decisions (in 000s)</u>	<u>Year-to-Year Change</u>
1993	18.4	---
1994	26.3	42.9%
1995	33.6	27.8%
1996	33.9	0.9%
1997	27.1	-20.1%
1998	19.3	-28.8%
1999	17.6	-8.8%
2000	15.1	-14.2%
2001	14.8	-2.0%
2002	16.6	12.2%
2003	16.5	-0.6%
2004	21.2	28.5%
2005	24.3	14.6%
2006	28.3	16.5%
2007	35.2	24.4%
2008*	34.5	-2.0%
2009	28.5	-17.4%
2010	37.1	30.2%
2011	41.4	11.6%
2012	64.3	55.3%
2013	65.8	2.3%
2014	58.3	-11.4%

*Prior to 8/9/2008, DWC's workload adjudication data was available from the legacy system. DWC transitioned to a new computer-based system, the Electronic Adjudication Management System (EAMS), at the end of August 2008. Therefore, data for 2008 are comprised of data both from the legacy and from the EAMS system and may not be directly comparable to previous years due to transition issues.

Source: DWC via Commission on Health and Safety & Workers' Compensation 2015 Annual Report

Liens Filed Counts*

Counts by Region

<u>Time Period</u>	<u>Bay Area</u>	<u>Central Coast/ Valley</u>	<u>Los Angeles County</u>	<u>Remainder of LA Basin</u>	<u>Remaining CA Zip Codes</u>	<u>Sacramento</u>	<u>San Diego County</u>	<u>Total</u>
2011	18,723	24,414	283,774	114,554	2,535	3,934	15,922	463,856
1st Qtr 2012	5,490	7,245	97,245	38,034	895	1,248	4,936	155,093
2nd Qtr 2012	5,467	8,970	122,040	44,065	1,102	1,322	4,991	187,957
3rd Qtr 2012	6,434	15,289	207,639	85,152	698	1,407	6,611	323,230
4th Qtr 2012	10,397	25,730	342,549	123,129	1,119	1,557	8,523	513,004
1st Qtr 2013	1,232	2,193	46,830	17,032	230	268	1,312	69,097
2nd Qtr 2013	1,450	1,562	18,947	6,917	211	339	684	30,110
3rd Qtr 2013	1,607	1,795	25,999	9,855	247	410	991	40,904
4th Qtr 2013	1,928	2,025	29,537	10,893	276	358	1,136	46,153
1st Qtr 2014	1,841	2,029	25,668	10,117	239	384	1,165	41,443
2nd Qtr 2014	1,697	2,306	29,417	11,942	265	354	1,263	47,244
3rd Qtr 2014	1,941	1,996	29,665	12,198	355	424	1,378	47,957
4th Qtr 2014	1,690	2,371	34,772	12,469	374	384	1,488	53,548
1st Qtr 2015	2,071	3,058	45,827	18,016	431	488	2,133	72,024
2nd Qtr 2015	2,370	4,218	54,147	22,198	501	500	2,787	86,721
3rd Qtr 2015	2,428	4,977	61,619	24,827	691	526	3,047	98,115
4th Qtr 2015	2,338	4,991	68,843	26,571	686	495	3,085	107,009
1st Qtr 2016	2,884	5,410	67,259	27,326	672	538	3,931	108,020
2nd Qtr 2016	2,543	5,112	66,511	26,852	536	506	3,912	105,972

Counts by Type

<u>Time Period</u>	<u>Interpreter</u>	<u>Medical</u>	<u>Medical-Legal</u>	<u>Copy Service</u>	<u>Other***</u>	<u>Total</u>
2011	28,721	292,982	39,569	539	102,045	463,856
1st Qtr 2012	12,937	85,152	22,931	139	33,934	155,093
2nd Qtr 2012	17,162	106,336	37,440	65	26,954	187,957
3rd Qtr 2012	46,095	182,474	64,912	91	29,658	323,230
4th Qtr 2012	47,427	317,241	80,916	62	67,358	513,004
1st Qtr 2013	2,397	45,631	11,411	11	9,647	69,097
2nd Qtr 2013	831	22,480	587	20	6,192	30,110
3rd Qtr 2013	484	32,356	653	23	7,388	40,904
4th Qtr 2013	378	37,515	537	8	7,715	46,153
1st Qtr 2014	421	33,105	397	16	7,504	41,443
2nd Qtr 2014	275	38,534	320	10	8,105	47,244
3rd Qtr 2014	140	39,810	179	7	7,821	47,957
4th Qtr 2014	156	45,440	160	4	7,788	53,548
1st Qtr 2015	143	60,155	216	18	11,492	72,024
2nd Qtr 2015	152	74,037	268	7	12,257	86,721
3rd Qtr 2015	134	84,290	191	7	13,493	98,115
4th Qtr 2015	101	91,820	236	15	14,837	107,009
1st Qtr 2016	60	93,393	233	5	14,329	108,020
2nd Qtr 2016	90	89,781	467	6	15,628	105,972

* Lien Counts exclude SDI/EDD Liens

** Regions reflect the following WCAB Office mapping: Bay Area - Oakland, San Jose, San Francisco; Central Coast/Valley - Bakersfield, Fresno, Goleta, Grover Beach, Salinas, Stockton; Los Angeles County - Long Beach, Los Angeles, Marina Del Rey, Pomona, Van Nuys; Remainder of LA Basin - Anaheim, Oxnard, Riverside, San Bernardino, Santa Ana; Remaining CA Zip Codes - Eureka, Redding, San Luis Obispo, Santa Barbara, Santa Rosa; Sacramento - Sacramento; San Diego County - San Diego

***Other includes Attorney Fees, Family Support, Living Expense, PFL, Transport, Wage Replace Liens

Source: EAMS Liens Data

Medicare Set-aside Costs by Age Interval

First Survey Level

Age Interval	Number of Surveyed Set-aside Claims				Percentage of PD Claims Involving Set-aside				Average Set-aside Amount				Median Set-aside Amount			
	AY2010	AY2011	AY2012	AY2013	AY2010	AY2011	AY2012	AY2013	AY2010	AY2011	AY2012	AY2013	AY2010	AY2011	AY2012	AY2013
59 or Younger	19	28	14	25	0.6%	0.9%	0.5%	0.8%	117,458	54,190	93,330	85,397	16,806	22,743	44,154	28,729
60 or Older	<u>28</u>	<u>34</u>	<u>23</u>	<u>44</u>	<u>8.3%</u>	<u>10.5%</u>	<u>6.6%</u>	<u>11.5%</u>	<u>26,932</u>	<u>34,138</u>	<u>35,779</u>	<u>34,890</u>	<u>20,004</u>	<u>12,634</u>	<u>28,224</u>	<u>22,656</u>
Total/Average	47	62	37	69	1.4%	1.9%	1.1%	2.0%	63,528	43,194	57,555	53,190	16,806	20,247	28,615	25,166

Second Survey Level

Age Interval	AY2009	Number of Surveyed Set-aside Claims			AY2009	Percentage of PD Claims Involving Set-aside			AY2009	Average Set-aside Amount			AY2009	Median Set-aside Amount		
		AY2010	AY2011	AY2012		AY2010	AY2011	AY2012		AY2010	AY2011	AY2012		AY2010	AY2011	AY2012
59 or Younger	41	51	49	40	1.3%	1.7%	1.6%	1.3%	51,738	63,869	66,781	94,412	42,528	38,940	31,500	37,097
60 or Older	<u>41</u>	<u>50</u>	<u>55</u>	<u>52</u>	<u>13.5%</u>	<u>14.0%</u>	<u>16.8%</u>	<u>14.3%</u>	<u>26,923</u>	<u>34,518</u>	<u>33,195</u>	<u>43,793</u>	<u>16,136</u>	<u>23,643</u>	<u>21,755</u>	<u>33,038</u>
Total/Average	82	101	104	92	2.4%	2.9%	3.1%	2.7%	39,330	49,339	49,020	65,801	27,335	30,571	29,410	35,237

Source: WCIRB Permanent Disability Claim Survey - approximately 3,500 PD claims were surveyed for each accident year.

Medicare Set-aside Costs By Permanent Disability Rating Interval

First Survey Level

PDR Interval	Number of Surveyed Set-aside Claims				Percentage of PD Claims Involving Set-aside				Average Set-aside Amount				Median Set-aside Amount			
	AY2010	AY2011	AY2012	AY2013	AY2010	AY2011	AY2012	AY2013	AY2010	AY2011	AY2012	AY2013	AY2010	AY2011	AY2012	AY2013
Less Than 25%	22	25	7	24	0.9%	1.0%	0.3%	1.0%	18,892	20,777	19,076	33,622	12,600	14,930	16,902	20,994
25% to 69%	22	36	28	41	2.3%	4.1%	3.2%	3.8%	28,851	43,933	51,369	39,803	27,563	28,586	31,609	25,166
<u>70% or More</u>	<u>3</u>	<u>1</u>	<u>2</u>	<u>4</u>	<u>14.3%</u>	<u>5.3%</u>	<u>7.4%</u>	<u>9.1%</u>	<u>645,146</u>	<u>576,974</u>	<u>278,838</u>	<u>307,815</u>	<u>302,801</u>	<u>576,974</u>	<u>278,838</u>	<u>204,096</u>
Total/Average	47	62	37	69	1.4%	1.9%	1.1%	2.0%	63,528	43,194	57,555	53,190	16,806	20,247	28,615	25,166

Second Survey Level

PDR Interval	Number of Surveyed Set-aside Claims				Percentage of PD Claims Involving Set-aside				Average Set-aside Amount				Median Set-aside Amount			
	AY2009	AY2010	AY2011	AY2012	AY2009	AY2010	AY2011	AY2012	AY2009	AY2010	AY2011	AY2012	AY2009	AY2010	AY2011	AY2012
Less Than 25%	37	37	35	24	1.7%	1.6%	1.5%	1.0%	22,959	33,022	40,316	32,197	15,000	20,000	16,187	23,309
25% to 69%	37	57	66	60	3.2%	5.4%	6.7%	6.4%	43,850	54,926	51,839	54,702	39,432	40,210	32,617	35,237
<u>70% or More</u>	<u>8</u>	<u>7</u>	<u>3</u>	<u>8</u>	<u>17.4%</u>	<u>17.1%</u>	<u>9.1%</u>	<u>21.1%</u>	<u>94,143</u>	<u>90,094</u>	<u>88,547</u>	<u>249,859</u>	<u>74,897</u>	<u>120,839</u>	<u>84,036</u>	<u>151,666</u>
Total/Average	82	101	104	92	2.4%	2.9%	3.1%	2.7%	39,330	49,339	49,020	65,801	27,335	30,571	29,410	35,237

Figures in italics are based on five or fewer claims

Source: WCIRB Permanent Disability Claim Survey - approximately 3,500 PD claims were surveyed for each accident year

Percentage of Permanent Partial Claims with Qualified Offer of Permanent Return-to-workFirst Survey Level

<u>Accident Year</u>	<u>% With Qualified Offer</u>
2009	17.6%
2010	20.8%
2011	20.1%
2012	21.2%
2013	16.0%

Second Survey Level

<u>Accident Year</u>	<u>% With Qualified Offer</u>
2008	18.0%
2009	18.4%
2010	21.0%
2011	20.4%
2012	21.3%

Source: WCIRB Permanent Disability Claim Survey

Employee Average and Median Tenure at Date of Injury - Insured System

Median Tenure in Years at Date of Injury						Average Tenure in Years at Date of Injury					
AY/AQ	1	2	3	4	Annual	AY/AQ	1	2	3	4	Annual
2009	2.4	2.4	2.5	2.6	2.5	2009	5.2	5.2	5.2	5.3	5.2
2010	2.9	2.8	2.8	2.9	2.8	2010	5.6	5.5	5.3	5.5	5.5
2011	3.1	2.9	2.8	2.9	2.9	2011	5.8	5.5	5.3	5.6	5.5
2012	3.0	2.8	2.5	2.6	2.7	2012	5.8	5.6	5.4	5.6	5.6
2013	2.6	2.5	2.3	2.3	2.4	2013	5.7	5.6	5.4	5.4	5.5
2014	2.5	2.2	2.1	2.2	2.2	2014	5.7	5.4	5.3	5.5	5.4
2015	2.2	1.9	1.8		2.0	2015	5.6	5.0	5.0		5.2

Change in Median Tenure						Change in Average Tenure					
AY/AQ	Quarterly Change				Annual Change	AY/AQ	Quarterly Change				Annual Change
2009						2009					
2010	20.8%	16.7%	12.0%	11.5%	12.0%	2010	6.7%	4.9%	3.2%	3.0%	4.4%
2011	6.9%	3.6%	0.0%	0.0%	3.6%	2011	3.3%	0.6%	-0.5%	1.6%	1.2%
2012	-3.2%	-3.4%	-10.7%	-10.3%	-6.9%	2012	1.0%	1.6%	2.4%	1.0%	1.5%
2013	-13.3%	-10.7%	-8.0%	-11.5%	-11.1%	2013	-2.3%	-0.8%	-1.1%	-3.1%	-1.8%
2014	-3.8%	-12.0%	-8.7%	-4.3%	-8.3%	2014	-0.7%	-3.2%	-1.1%	0.4%	-1.7%
2015*	-12.0%	-13.6%	-14.3%		-9.1%	2015*	-1.5%	-6.7%	-5.5%		-3.6%

*Note: 2015 annual change in average tenure is the change from the first three quarters of 2014 to the first three quarters of 2015.

Source: DWC WCIS data

Average and Median Tenure at Date of Injury by NAICS - Insured System

NAICS Sector	NAICS Name	Median Tenure in Years for Accident Year							NAICS Sector	NAICS Name	Average Tenure in Years for Accident Year						
		2009	2010	2011	2012	2013	2014	2015			2009	2010	2011	2012	2013	2014	2015
11	Agriculture	1.5	1.9	1.6	1.5	1.3	1.2	1.3	11	Agriculture	4.4	4.8	4.6	4.5	4.4	4.2	4.4
23	Construction	1.9	1.8	1.5	1.2	1.1	1.1	1.1	23	Construction	4.0	4.1	4.1	3.7	3.6	3.7	3.6
31	Manufacturing	3.6	3.9	3.7	3.7	3.0	2.9	2.3	31	Manufacturing	7.3	7.3	7.0	7.0	6.6	6.7	6.1
42	Wholesale	2.3	2.8	2.5	2.1	1.9	1.7	1.7	42	Wholesale	4.8	5.1	4.9	5.0	4.8	4.7	4.8
44	Retail	2.3	2.8	2.9	2.9	2.9	2.8	2.5	44	Retail	4.4	4.8	4.9	5.0	5.4	5.4	5.2
48	Transportation	3.4	3.7	4.0	4.4	3.2	3.2	2.9	48	Transportation	7.1	7.4	7.6	8.1	7.3	7.2	7.2
56	Administrative	1.7	2.0	2.0	1.9	1.8	1.6	1.5	56	Administrative	3.8	4.1	4.1	4.2	4.2	4.1	4.3
62	Health	2.4	2.8	3.1	3.2	3.2	3.0	2.6	62	Health	4.8	5.1	5.2	5.3	5.6	5.6	5.4
72	Entertainment	1.9	2.2	2.0	1.9	1.8	1.6	1.6	72	Entertainment	4.1	4.2	4.2	4.3	4.3	4.2	4.3
8810	Clerical	3.3	3.3	3.7	4.0	3.6	2.9	2.3	8810	Clerical	6.0	6.1	6.3	6.5	6.3	6.2	5.5
Other	All Other	2.6	3.0	3.3	3.4	3.1	2.7	2.4	Other	All Other	5.4	5.7	6.0	6.2	6.2	6.1	5.9
All		2.5	2.8	2.9	2.7	2.4	2.2	2.0	All		5.2	5.5	5.5	5.6	5.5	5.5	5.3

NAICS Sector	NAICS Name	Change in Median Tenure for Accident Year							NAICS Sector	NAICS Name	Change in Average Tenure for Accident Year						
		2009	2010	2011	2012	2013	2014	2015			2009	2010	2011	2012	2013	2014	2015
11	Agriculture		26.7%	-15.8%	-6.3%	-13.3%	-7.7%	8.3%	11	Agriculture		8.8%	-4.4%	-1.0%	-2.9%	-3.4%	3.0%
23	Construction		-5.3%	-16.7%	-20.0%	-8.3%	0.0%	0.0%	23	Construction		2.3%	0.1%	-9.1%	-3.0%	1.7%	-2.3%
31	Manufacturing		8.3%	-5.1%	0.0%	-18.9%	-3.3%	-20.7%	31	Manufacturing		0.0%	-3.0%	-0.5%	-5.3%	1.5%	-10.0%
42	Wholesale		21.7%	-10.7%	-16.0%	-9.5%	-10.5%	0.0%	42	Wholesale		4.9%	-2.9%	0.8%	-3.4%	-2.0%	2.7%
44	Retail		21.7%	3.6%	0.0%	0.0%	-3.4%	-10.7%	44	Retail		8.3%	2.7%	2.5%	8.1%	-1.5%	-3.0%
48	Transportation		8.8%	8.1%	10.0%	-27.3%	0.0%	-9.4%	48	Transportation		4.0%	2.0%	7.4%	-10.2%	-0.8%	0.0%
56	Administrative		17.6%	0.0%	-5.0%	-5.3%	-11.1%	-6.3%	56	Administrative		7.3%	2.0%	0.7%	0.1%	-1.6%	5.6%
62	Health		16.7%	10.7%	3.2%	0.0%	-6.3%	-13.3%	62	Health		7.0%	2.0%	2.2%	6.2%	-1.0%	-2.6%
72	Entertainment		15.8%	-9.1%	-5.0%	-5.3%	-11.1%	0.0%	72	Entertainment		3.1%	0.1%	2.5%	0.7%	-2.0%	1.8%
8810	Clerical		0.0%	12.1%	8.1%	-10.0%	-19.4%	-20.7%	8810	Clerical		0.3%	3.1%	4.5%	-3.3%	-1.9%	-11.3%
Other	All Other		15.4%	10.0%	3.0%	-8.8%	-12.9%	-11.1%	Other	All Other		5.3%	5.8%	3.7%	0.3%	-2.6%	-3.3%
All			12.0%	3.6%	-6.9%	-11.1%	-8.3%	-9.1%	All			4.4%	1.2%	1.5%	-1.8%	-1.2%	-3.6%

Source: DWC WCIS data

IMR Filed CountsQuarterly IMRs filed

<u>Year & Quarter</u>	<u>IMRs Filed</u>	<u>Change from Same Quarter in Prior Year</u>
2013 1Q & 2Q	878	---
2013 3Q	31,950	---
2013 4Q	51,092	---
2014 1Q	49,928	---
2014 2Q	59,983	---
2014 3Q	59,606	86.6%
2014 4Q	58,567	14.6%
2015 1Q	61,142	22.5%
2015 2Q	65,418	9.1%
2015 3Q	65,889	10.5%
2015 4Q	61,327	4.7%
2016 1Q	60,772	-0.6%
2016 2Q	64,852	-0.9%

Yearly IMR Counts

	<u>Original IMR Applications</u>	<u>Duplicates</u>	<u>Ineligible</u>	<u>Total Rejected</u>	<u>Eligible IMRs</u>	<u>Year-to-Year Change</u>
2013 IMR Counts	83,920	15,560	15,516	31,076	52,844	---
2014 IMR Counts	228,084	55,503	29,269	84,772	143,312	171.8%
2015 IMR Counts	253,776	58,088	30,079	88,167	165,609	11.3%

Source: DWC Collected from IMR Vendor

DWC Via Commission on Health and Safety & Workers' Compensation 2015 Annual Report

Reported Indemnity Claim Count Development – Statewide

Accident Year	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
1999									1.000
2000								1.000	1.000
2001							0.999	0.999	0.999
2002						1.000	1.000	0.999	0.999
2003					1.000	0.998	0.999	0.999	0.999
2004				1.000	0.999	0.999	0.999	0.998	1.000
2005			1.004	1.001	1.001	1.000	1.000	1.000	1.000
2006		1.022	1.006	1.004	1.001	1.000	1.001	1.000	1.001
2007	6.456	1.037	1.012	1.005	1.003	1.002	1.000	1.000	1.001
2008	6.157	1.060	1.018	1.009	1.004	1.003	1.002	1.001	
2009	7.002	1.082	1.023	1.008	1.005	1.003	1.002		
2010	7.392	1.090	1.022	1.010	1.006	1.003			
2011	7.539	1.101	1.026	1.011	1.006				
2012	7.676	1.119	1.027	1.011					
2013	8.079	1.102	1.027						
2014	7.818	1.110							
2015	8.047								
Latest Year									
I. <u>Age-to-Age</u>									
8.047	1.110	1.027	1.011	1.006	1.003	1.002	1.001	1.001	0.999
II. <u>Age-to-Ultimate</u>									
9.312	1.157	1.043	1.015	1.004	0.998	0.995	0.994	0.993	0.992
III. <u>Estimated Percent of Ultimate Indemnity Claims Reported</u>									
10.7%	86.4%	95.9%	98.5%	99.6%	100.0%	100.0%	100.0%	100.0%	100.0%

Reported Total Claim Count Development – Statewide

Accident Year	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
1999									1.002
2000								1.002	1.001
2001							1.002	1.001	1.001
2002						1.001	1.001	1.001	1.001
2003					1.004	1.001	1.000	1.001	1.000
2004				1.005	1.002	1.000	1.001	1.000	1.001
2005			1.009	1.004	1.002	1.002	1.001	1.001	1.000
2006		1.038	1.010	1.004	1.003	1.001	1.001	1.001	1.001
2007	6.858	1.038	1.010	1.005	1.003	1.002	1.001	1.001	1.001
2008	6.499	1.040	1.011	1.006	1.003	1.002	1.001	1.001	
2009	6.990	1.046	1.013	1.006	1.004	1.002	1.002		
2010	7.186	1.047	1.012	1.006	1.003	1.002			
2011	7.160	1.051	1.014	1.006	1.004				
2012	7.187	1.061	1.014	1.007					
2013	7.607	1.054	1.016						
2014	7.528	1.062							
2015	7.492								
Latest Year									
I. <u>Age-to-Age</u>									
7.492	1.062	1.016	1.007	1.004	1.002	1.002	1.001	1.001	1.001
II. <u>Age-to-Ultimate</u>									
8.246	1.101	1.036	1.020	1.013	1.009	1.006	1.004	1.003	1.002
III. <u>Estimated Percent of Ultimate Total Claims Reported</u>									
12.1%	90.8%	96.5%	98.0%	98.7%	99.2%	99.4%	99.6%	99.7%	99.8%

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 66% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

Source: WCIRB quarterly calls for experience

Quarterly Reported Indemnity Claim Count Development Factors

Accident	Development														
Year	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>	<u>39-42</u>	<u>42-45</u>	<u>45-48</u>
2007	2.562	1.703	1.361	1.087	1.018	1.009	1.004	1.005	1.004	1.002	1.003	1.002	1.002	1.002	1.001
2008	2.541	1.652	1.340	1.095	1.026	1.015	1.010	1.009	1.007	1.004	1.003	1.003	1.002	1.003	1.002
2009	2.693	1.683	1.388	1.113	1.037	1.021	1.012	1.010	1.007	1.007	1.005	1.004	1.003	1.003	1.002
2010	2.713	1.716	1.408	1.128	1.039	1.022	1.016	1.011	1.008	1.006	1.005	1.003	1.004	1.003	1.001
2011	2.703	1.738	1.421	1.129	1.042	1.027	1.019	1.010	1.011	1.006	1.005	1.004	1.004	1.003	1.002
2012	2.757	1.742	1.420	1.126	1.053	1.029	1.019	1.013	1.010	1.007	1.004	1.005	1.004	1.003	1.003
2013	2.847	1.747	1.426	1.140	1.044	1.027	1.016	1.012	1.011	1.007	1.005	1.004			
2014	2.775	1.734	1.429	1.137	1.048	1.026	1.019	1.013							
2015	2.843	1.743	1.422	1.142											

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 92% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

Source: WCIRB quarterly calls for experience

Estimated Ultimate Indemnity Claim Settlement Ratios

Accident	Evaluated as of (in months):									
<u>Year</u>	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1989										
1990										
1991										
1992										
1993										
1994										
1995										
1996										
1997										
1998										94.8%
1999									93.1%	94.6%
2000								90.5%	92.5%	94.0%
2001							85.6%	89.0%	91.3%	93.0%
2002						81.1%	86.1%	89.4%	91.7%	93.2%
2003					73.8%	81.4%	86.4%	89.6%	91.6%	93.2%
2004				64.3%	75.4%	82.4%	86.5%	89.3%	91.4%	93.2%
2005			52.5%	66.6%	76.9%	82.7%	86.7%	89.6%	91.8%	94.0%
2006		34.1%	53.8%	67.8%	76.8%	83.0%	86.8%	89.8%	92.6%	94.4%
2007	0.8%	33.3%	52.3%	66.0%	75.5%	81.6%	86.1%	90.1%	92.5%	94.4%
2008	0.9%	31.8%	50.1%	63.9%	73.8%	80.8%	86.4%	90.2%	92.9%	
2009	0.7%	29.8%	48.0%	62.2%	72.7%	80.8%	86.1%	90.2%		
2010	0.7%	29.9%	48.6%	62.9%	74.6%	82.2%	87.7%			
2011	0.8%	29.7%	48.8%	64.3%	75.7%	83.5%				
2012	0.8%	29.4%	49.8%	65.8%	77.1%					
2013	0.9%	29.1%	50.8%	67.2%						
2014	0.7%	29.4%	52.1%							
2015	0.8%	30.0%								
2016	0.8%									

Notes All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 75% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

Source: WCIRB quarterly calls for experience

Indemnity Claim Settlement Ratios by Injury Type

Permanent Partial						Temporary					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
1996	11.4%	34.8%	57.4%	71.6%	79.5%	1996	79.1%	86.2%	90.9%	92.9%	97.7%
1997	9.8%	33.3%	55.8%	69.8%	77.5%	1997	75.2%	89.3%	93.2%	98.1%	97.5%
1998	9.0%	31.0%	53.8%	67.7%	74.5%	1998	78.8%	91.0%	96.0%	96.1%	96.8%
1999	8.8%	29.4%	50.4%	62.6%	69.1%	1999	75.8%	89.5%	93.3%	95.3%	95.9%
2000	8.1%	26.9%	45.3%	57.2%	66.2%	2000	71.5%	85.1%	89.8%	92.4%	93.6%
2001	7.2%	22.4%	41.4%	57.9%	69.6%	2001	67.5%	80.6%	87.9%	90.3%	91.9%
2002	5.4%	19.5%	41.9%	60.5%	71.9%	2002	65.8%	82.7%	88.3%	91.8%	93.9%
2003	4.2%	20.9%	44.4%	61.3%	72.3%	2003	70.0%	83.3%	89.7%	93.6%	95.5%
2004	5.5%	22.9%	44.6%	60.8%	71.0%	2004	70.8%	85.0%	91.4%	95.0%	95.9%
2005	6.3%	23.4%	44.6%	60.0%	69.3%	2005	69.6%	83.2%	89.6%	92.2%	95.6%
2006	6.9%	24.7%	44.7%	59.0%	68.5%	2006	71.2%	86.2%	91.5%	95.3%	95.7%
2007	6.4%	24.1%	43.1%	57.5%	67.9%	2007	71.5%	85.4%	92.2%	94.1%	95.2%
2008	6.2%	23.5%	42.6%	57.5%	69.7%	2008	70.6%	85.1%	89.9%	92.7%	94.7%
2009	6.2%	23.3%	42.7%	59.0%	70.9%	2009	69.2%	81.5%	87.3%	91.1%	93.6%
2010	7.5%	25.4%	45.9%	62.5%	74.6%	2010	66.7%	80.2%	87.0%	91.0%	93.8%
2011	8.2%	27.4%	48.9%	65.9%		2011	65.9%	79.7%	86.6%	89.4%	
2012	9.5%	30.8%	51.9%			2012	65.7%	80.0%	87.4%		
2013	10.5%	34.2%				2013	65.4%	80.9%			
2014	10.4%					2014	67.1%				

Cumulative Injury*						Non-Cumulative Injury					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
1996	14.9%	36.2%	56.9%	71.2%	79.1%	1996	52.3%	66.2%	78.1%	85.2%	90.1%
1997	17.3%	37.0%	54.9%	67.2%	76.0%	1997	46.4%	64.3%	76.8%	85.2%	88.7%
1998	16.3%	33.1%	51.0%	64.1%	71.9%	1998	46.7%	63.3%	76.6%	83.2%	86.9%
1999	16.1%	31.6%	48.4%	60.6%	68.7%	1999	45.1%	61.7%	73.6%	80.3%	83.7%
2000	13.5%	29.7%	45.3%	57.1%	66.5%	2000	42.4%	58.5%	69.6%	76.3%	81.0%
2001	12.8%	26.8%	43.6%	57.3%	67.8%	2001	38.1%	52.3%	65.2%	74.5%	81.1%
2002	12.3%	26.7%	43.9%	59.4%	70.1%	2002	35.2%	50.1%	64.5%	75.7%	82.5%
2003	12.5%	27.6%	45.6%	59.9%	69.5%	2003	36.6%	51.8%	67.1%	77.6%	84.2%
2004	15.6%	30.3%	46.8%	60.5%	69.8%	2004	40.3%	56.3%	70.1%	79.6%	84.8%
2005	13.2%	27.6%	42.5%	55.1%	64.7%	2005	43.3%	58.6%	71.4%	79.5%	85.3%
2006	13.1%	27.7%	42.7%	54.8%	64.2%	2006	43.6%	59.9%	72.0%	80.4%	84.7%
2007	13.5%	28.4%	42.9%	55.0%	65.0%	2007	42.7%	58.6%	71.1%	78.7%	83.7%
2008	12.0%	26.9%	41.4%	54.1%	65.4%	2008	40.7%	56.8%	68.7%	77.1%	83.6%
2009	10.9%	24.3%	39.2%	54.0%	66.7%	2009	39.3%	54.8%	67.1%	76.7%	83.3%
2010	13.1%	26.5%	43.3%	59.6%	74.1%	2010	38.3%	54.3%	67.8%	77.7%	84.3%
2011	10.9%	27.2%	46.3%	62.7%		2011	38.4%	55.1%	69.0%	78.6%	
2012	11.8%	30.6%	48.5%			2012	39.1%	57.0%	70.8%		
2013	14.3%	34.2%				2013	39.1%	59.2%			
2014	15.0%					2014	39.7%				

All Indemnity					
AY/RL	1	2	3	4	5
1996	49.8%	64.2%	76.7%	84.3%	89.4%
1997	44.4%	62.4%	75.3%	83.9%	87.8%
1998	44.6%	61.2%	74.9%	81.8%	85.9%
1999	42.9%	59.4%	71.7%	78.8%	82.6%
2000	40.1%	56.2%	67.7%	74.9%	79.9%
2001	36.1%	50.2%	63.5%	73.1%	80.0%
2002	33.3%	48.1%	62.8%	74.3%	81.5%
2003	34.5%	49.7%	65.2%	76.1%	82.9%
2004	38.3%	54.1%	68.1%	78.0%	83.5%
2005	41.1%	56.4%	69.3%	77.7%	83.8%
2006	41.4%	57.6%	69.9%	78.5%	83.2%
2007	40.5%	56.3%	69.0%	76.9%	82.3%
2008	38.4%	54.4%	66.5%	75.3%	82.2%
2009	36.6%	51.9%	64.4%	74.5%	81.8%
2010	35.8%	51.5%	65.4%	75.9%	83.2%
2011	35.6%	52.4%	66.7%	77.0%	
2012	36.2%	54.2%	68.6%		
2013	36.1%	55.9%			
2014	36.3%				

Notes:

*Cumulative Injury includes both cumulative injury and occupational disease.

Latest diagonal (italics) is based on a partial accident year.

Settlement rates are based on claim counts developed to 5th report.

Source: WCIRB Unit Statistical data

Quarterly Ultimate Settlement Ratios

Accident	Evaluated as of (in months):															
<u>Year</u>	<u>3</u>	<u>6</u>	<u>9</u>	<u>12</u>	<u>15</u>	<u>18</u>	<u>21</u>	<u>24</u>	<u>27</u>	<u>30</u>	<u>33</u>	<u>36</u>	<u>39</u>	<u>42</u>	<u>45</u>	<u>48</u>
2007	0.8%	5.4%	13.5%	23.9%	33.4%	39.9%	44.4%	48.7%	52.3%	56.1%	59.4%	63.2%	66.0%	68.6%	71.2%	73.6%
2008	0.9%	5.5%	13.4%	23.2%	31.8%	38.1%	42.5%	46.4%	50.1%	53.8%	57.4%	61.0%	63.9%	66.7%	69.4%	71.8%
2009	0.7%	4.8%	12.3%	21.5%	29.8%	35.8%	40.3%	44.3%	48.0%	51.8%	55.6%	59.2%	62.2%	65.3%	67.9%	70.5%
2010	0.7%	4.8%	11.9%	21.2%	29.9%	36.0%	40.4%	44.8%	48.6%	52.6%	56.2%	59.8%	62.9%	66.3%	69.4%	72.2%
2011	0.8%	5.1%	12.0%	21.3%	29.7%	35.9%	40.5%	44.9%	48.8%	53.1%	57.0%	61.0%	64.3%	67.4%	70.5%	73.3%
2012	0.8%	5.0%	12.1%	21.1%	29.4%	35.9%	40.8%	45.7%	49.8%	54.1%	58.4%	62.3%	65.8%	69.0%	72.0%	74.8%
2013	0.9%	5.0%	11.5%	20.6%	29.1%	35.7%	41.1%	46.1%	50.8%	55.4%	59.6%	63.6%	67.2%			
2014	0.7%	4.7%	11.5%	20.5%	29.4%	36.3%	42.1%	47.3%	52.1%							
2015	0.8%	4.7%	11.9%	20.9%	30.0%											
2016	0.8%															

Accident	Quarterly Incremental Change															
<u>Year</u>	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>	<u>39-42</u>	<u>42-45</u>	<u>45-48</u>	
2007	4.5%	8.1%	10.5%	9.4%	6.5%	4.5%	4.3%	3.6%	3.9%	3.2%	3.8%	2.8%	2.6%	2.5%	2.4%	
2008	4.7%	7.9%	9.8%	8.6%	6.3%	4.4%	4.0%	3.7%	3.7%	3.6%	3.5%	3.0%	2.8%	2.7%	2.4%	
2009	4.0%	7.6%	9.1%	8.3%	6.1%	4.4%	4.1%	3.7%	3.8%	3.8%	3.6%	3.0%	3.1%	2.6%	2.6%	
2010	4.1%	7.1%	9.3%	8.7%	6.1%	4.4%	4.4%	3.9%	4.0%	3.6%	3.6%	3.2%	3.3%	3.1%	2.9%	
2011	4.3%	6.8%	9.3%	8.4%	6.2%	4.6%	4.4%	3.9%	4.3%	3.9%	4.0%	3.3%	3.1%	3.1%	2.8%	
2012	4.2%	7.1%	9.1%	8.2%	6.5%	4.9%	4.9%	4.2%	4.3%	4.3%	3.9%	3.5%	3.2%	2.9%	2.8%	
2013	4.1%	6.5%	9.1%	8.5%	6.6%	5.4%	5.0%	4.7%	4.5%	4.2%	4.0%	3.6%				
2014	3.9%	6.8%	9.0%	8.9%	6.9%	5.8%	5.2%	4.8%								
2015	3.9%	7.2%	9.0%	9.2%												

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 92% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

Source: WCIRB quarterly calls for experience

Ratio of Incremental Closed Indemnity Claims to Prior Open Indemnity Claims

Accident	Development								
<u>Year</u>	<u>3-21</u>	<u>21-33</u>	<u>33-45</u>	<u>45-57</u>	<u>57-69</u>	<u>69-81</u>	<u>81-93</u>	<u>93-105</u>	<u>105-117</u>
1999									20.9%
2000								21.3%	20.1%
2001							23.4%	21.1%	19.2%
2002						26.1%	23.9%	22.0%	17.8%
2003					29.1%	26.8%	23.3%	19.1%	19.8%
2004				31.2%	28.4%	23.0%	21.0%	19.9%	20.7%
2005			29.9%	30.6%	25.3%	23.2%	22.0%	21.2%	26.6%
2006		29.9%	30.2%	28.1%	26.7%	22.2%	23.1%	27.3%	23.7%
2007	32.8%	28.4%	28.8%	27.9%	24.9%	24.2%	28.7%	24.3%	25.4%
2008	31.2%	26.8%	27.7%	27.4%	26.7%	29.3%	27.6%	27.6%	
2009	29.3%	25.9%	27.3%	27.8%	29.7%	27.8%	29.2%		
2010	29.4%	26.7%	27.9%	31.4%	30.1%	30.7%			
2011	29.1%	27.1%	30.3%	31.8%	32.1%				
2012	28.8%	29.0%	31.7%	33.1%					
2013	28.5%	30.6%	33.3%						
2014	28.9%	32.1%							
2015	29.5%								

Notes: - All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 78% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

Source: WCIRB quarterly calls for experience

Ratio of Incremental Closed Indemnity Claims to Prior Open Indemnity Claims

Accident	Development														
<u>Year</u>	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>	<u>39-42</u>	<u>42-45</u>	<u>45-48</u>
2007	4.6%	8.5%	12.1%	12.4%	9.8%	7.5%	7.7%	7.0%	8.1%	7.3%	9.4%	7.7%	7.7%	8.0%	8.3%
2008	4.7%	8.3%	11.3%	11.3%	9.2%	7.1%	6.9%	6.9%	7.5%	7.7%	8.3%	7.6%	7.7%	8.0%	7.9%
2009	4.1%	7.9%	10.4%	10.6%	8.6%	6.9%	6.8%	6.6%	7.2%	7.9%	8.1%	7.5%	8.2%	7.5%	8.0%
2010	4.1%	7.5%	10.5%	11.1%	8.7%	6.9%	7.3%	7.0%	7.8%	7.6%	8.1%	7.9%	9.0%	9.1%	9.4%
2011	4.3%	7.2%	10.6%	10.7%	8.8%	7.2%	7.4%	7.1%	8.4%	8.4%	9.3%	8.5%	8.6%	9.4%	9.5%
2012	4.2%	7.5%	10.3%	10.4%	9.3%	7.6%	8.3%	7.7%	8.6%	9.3%	9.4%	9.2%	9.5%	9.5%	10.0%
2013	4.1%	6.9%	10.2%	10.8%	9.3%	8.4%	8.4%	8.8%	9.2%	9.4%	10.0%	10.0%			
2014	4.0%	7.2%	10.1%	11.2%	9.7%	9.1%	9.0%	9.1%							
2015	3.9%	7.5%	10.2%	11.6%											

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 92% to 99% of the total California workers' compensation insured market measured using 2015 earned premium levels).

Source: WCIRB quarterly calls for experience

Reopening Rates Based on Unit Statistical Data

PY/RL	Reopening Rates						
	1st to 2nd	2nd to 3rd	3rd to 4th	4th to 5th	5th to 6th	6th to 7th	7th to 8th
2001	0.84%	0.50%	0.35%	0.30%	---	---	---
2002	0.92%	0.45%	0.35%	0.33%	0.24%	0.19%	0.16%
2003	0.68%	0.44%	0.38%	0.31%	0.24%	0.23%	0.18%
2004	0.60%	0.40%	0.32%	0.27%	0.27%	0.18%	0.12%
2005	0.63%	0.34%	0.29%	0.29%	0.25%	0.14%	0.11%
2006	0.62%	0.38%	0.39%	0.37%	0.22%	0.15%	0.14%
2007	0.64%	0.60%	0.53%	0.30%	0.23%	0.17%	0.11%
2008	1.24%	0.79%	0.39%	0.33%	0.26%	0.15%	
2009	1.24%	0.49%	0.41%	0.39%	0.21%		
2010	0.76%	0.54%	0.45%	0.28%			
2011	0.88%	0.61%	0.39%				
2012	0.95%	0.50%					
2013	0.72%						

PY/RL	Average Incurred for Reopened Claims						
	2nd	3rd	4th	5th	6th	7th	8th
2001	27,368	34,714	44,371	52,850	---	---	---
2002	30,525	32,543	44,273	59,359	63,946	79,544	77,277
2003	23,295	26,362	47,715	50,915	57,195	62,371	72,006
2004	20,348	27,536	35,748	50,349	50,964	71,009	75,968
2005	24,800	30,865	41,109	47,858	59,801	66,347	79,357
2006	25,237	29,843	36,576	45,441	62,900	65,690	76,528
2007	25,033	25,659	36,543	57,370	67,240	75,898	83,180
2008	17,882	23,558	46,228	58,495	65,769	80,515	
2009	20,029	32,874	43,270	56,887	68,670		
2010	25,526	33,410	46,862	56,605			
2011	26,725	34,121	44,966				
2012	26,350	34,755					
2013	26,706						

Note: Numbers in *Italics* are from the Preliminary set.

Source: WCIRB unit statistical data

Reopening Rates by Injury Type

Permanent Indemnity								Temporary Indemnity							
PY/RL	1 to 2	2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8	PY/RL	1 to 2	2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8
2001	3.10%	2.54%	1.65%	1.49%	---	---	---	2001	1.56%	0.92%	0.67%	0.43%	---	---	---
2002	6.38%	1.94%	1.74%	1.60%	1.13%	0.92%	0.76%	2002	1.63%	0.92%	0.56%	0.44%	0.25%	0.16%	0.13%
2003	2.51%	2.15%	1.96%	1.66%	1.23%	1.15%	0.86%	2003	1.25%	0.81%	0.63%	0.40%	0.27%	0.16%	0.14%
2004	2.08%	2.33%	1.75%	1.72%	1.57%	1.01%	0.71%	2004	1.11%	0.80%	0.60%	0.34%	0.31%	0.19%	0.10%
2005	2.73%	1.94%	2.01%	1.94%	1.59%	0.87%	0.66%	2005	1.18%	0.67%	0.48%	0.37%	0.28%	0.15%	0.11%
2006	2.34%	2.23%	2.30%	2.28%	1.48%	0.93%	0.77%	2006	1.14%	0.82%	0.57%	0.46%	0.29%	0.18%	0.15%
2007	2.47%	3.04%	2.83%	1.89%	1.32%	0.99%	0.65%	2007	1.20%	0.94%	0.72%	0.40%	0.29%	0.16%	0.11%
2008	3.62%	3.50%	2.24%	1.88%	1.38%	0.76%		2008	1.66%	1.12%	0.58%	0.41%	0.30%	0.15%	
2009	3.83%	2.48%	1.94%	1.80%	1.05%			2009	1.83%	0.83%	0.62%	0.49%	0.21%		
2010	2.20%	2.26%	2.06%	1.28%				2010	1.26%	0.93%	0.65%	0.38%			
2011	2.71%	2.36%	1.83%					2011	1.57%	1.07%	0.54%				
2012	2.70%	2.41%						2012	1.56%	0.82%					
2013	2.60%							2013	1.18%						

All Indemnity								Medical Only							
PY/RL	1 to 2	2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8	PY/RL	1 to 2	2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8
2001	1.70%	1.26%	0.99%	0.86%	---	---	---	2001	0.67%	0.30%	0.13%	0.08%	---	---	---
2002	1.97%	1.13%	0.97%	0.93%	0.66%	0.52%	0.44%	2002	0.71%	0.27%	0.13%	0.08%	0.05%	0.04%	0.03%
2003	1.32%	1.10%	1.08%	0.91%	0.69%	0.63%	0.48%	2003	0.56%	0.26%	0.14%	0.08%	0.05%	0.05%	0.05%
2004	1.17%	1.09%	0.94%	0.83%	0.81%	0.53%	0.37%	2004	0.49%	0.23%	0.13%	0.08%	0.08%	0.04%	0.03%
2005	1.28%	0.91%	0.91%	0.92%	0.78%	0.44%	0.34%	2005	0.51%	0.21%	0.11%	0.10%	0.07%	0.03%	0.03%
2006	1.23%	1.09%	1.09%	1.10%	0.75%	0.48%	0.41%	2006	0.51%	0.21%	0.19%	0.14%	0.04%	0.03%	0.03%
2007	1.28%	1.38%	1.36%	0.94%	0.70%	0.51%	0.35%	2007	0.53%	0.42%	0.29%	0.09%	0.06%	0.04%	0.02%
2008	1.82%	1.64%	1.12%	0.98%	0.76%	0.43%		2008	1.13%	0.57%	0.16%	0.10%	0.07%	0.03%	
2009	2.01%	1.22%	1.07%	1.02%	0.58%			2009	1.09%	0.29%	0.18%	0.14%	0.05%		
2010	1.36%	1.26%	1.16%	0.76%				2010	0.64%	0.34%	0.20%	0.08%			
2011	1.71%	1.42%	1.02%					2011	0.70%	0.36%	0.14%				
2012	1.71%	1.28%						2012	0.78%	0.25%					
2013	1.38%							2013	0.56%						

All Claims							
PY/RL	1 to 2	2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8
2001	0.84%	0.50%	0.35%	0.30%	---	---	---
2002	0.92%	0.45%	0.35%	0.33%	0.24%	0.19%	0.16%
2003	0.68%	0.44%	0.38%	0.31%	0.24%	0.23%	0.18%
2004	0.60%	0.40%	0.32%	0.27%	0.27%	0.18%	0.12%
2005	0.63%	0.34%	0.29%	0.29%	0.25%	0.14%	0.11%
2006	0.62%	0.38%	0.39%	0.37%	0.22%	0.15%	0.14%
2007	0.64%	0.60%	0.53%	0.30%	0.23%	0.17%	0.11%
2008	1.24%	0.79%	0.39%	0.33%	0.26%	0.15%	
2009	1.24%	0.49%	0.41%	0.39%	0.21%		
2010	0.76%	0.54%	0.45%	0.28%			
2011	0.88%	0.61%	0.39%				
2012	0.95%	0.50%					
2013	0.72%						

Note: Injury types are fixed at denominator age.
Numbers in *Italics* are from the Preliminary set.

Source: WCIRB unit statistical data

Closed-Closed Development Based on Unit Statistical Data

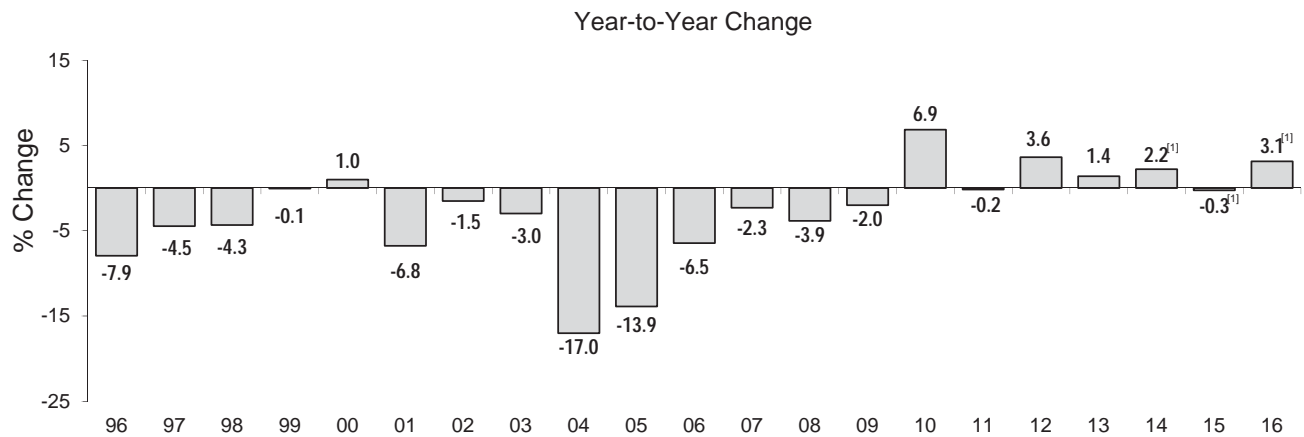
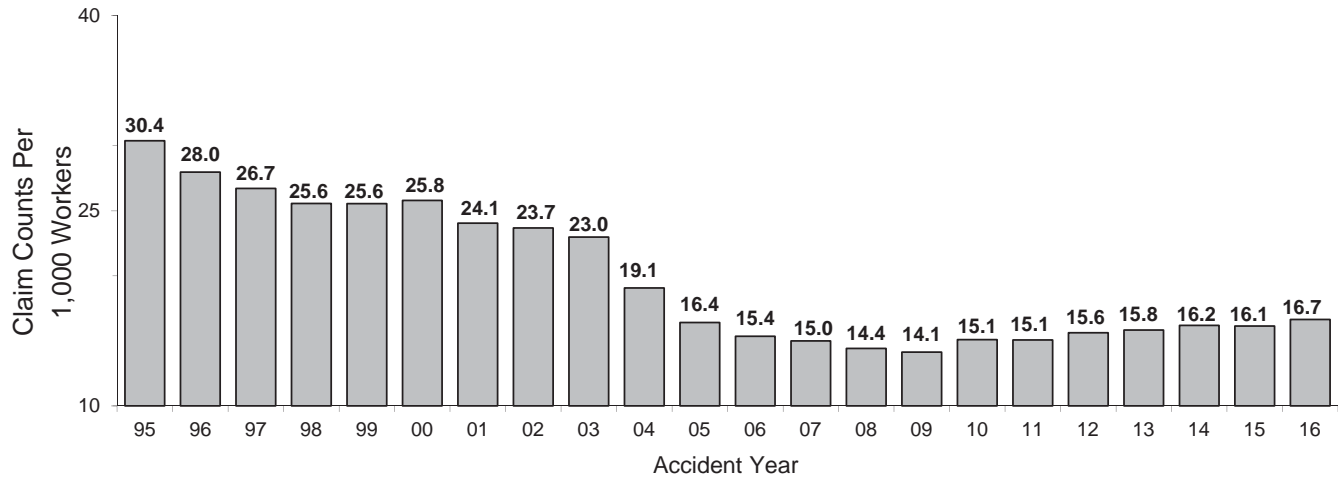
PY/RL	Developing Closed Claim Rates						
	1st to 2nd	2nd to 3rd	3rd to 4th	4th to 5th	5th to 6th	6th to 7th	7th to 8th
2001	16.72%	12.62%	9.64%	7.89%	---	---	---
2002	20.91%	13.79%	10.50%	10.25%	14.13%	3.61%	1.74%
2003	24.22%	13.88%	12.16%	18.49%	5.08%	2.21%	2.03%
2004	22.65%	14.49%	21.36%	4.35%	2.27%	1.93%	1.12%
2005	20.86%	20.76%	4.76%	2.78%	2.21%	1.37%	1.12%
2006	27.57%	6.96%	3.83%	2.91%	1.85%	1.50%	1.44%
2007	17.68%	5.36%	4.26%	2.56%	2.39%	1.92%	1.23%
2008	11.14%	5.81%	3.94%	3.46%	2.83%	1.75%	
2009	11.67%	5.71%	4.82%	3.90%	2.40%		
2010	10.54%	6.27%	4.56%	2.89%			
2011	11.27%	5.58%	3.05%				
2012	10.87%	4.23%					
2013	8.28%						

Closed-Closed Total Incurred Development as a Percent of Total Incurred Development on All Claims							
PY/RL	1st to 2nd	2nd to 3rd	3rd to 4th	4th to 5th	5th to 6th	6th to 7th	7th to 8th
2001	0.83%	2.11%	2.96%	6.25%	---	---	---
2002	0.78%	2.28%	5.14%	3.80%	8.49%	6.41%	5.10%
2003	1.44%	2.43%	5.05%	8.44%	6.10%	3.88%	3.86%
2004	1.64%	2.19%	6.20%	4.23%	3.36%	3.62%	3.13%
2005	1.50%	3.50%	2.90%	3.46%	3.42%	3.51%	3.57%
2006	1.94%	1.87%	2.75%	3.11%	3.17%	3.23%	5.20%
2007	1.43%	1.68%	2.47%	3.26%	4.61%	2.93%	5.83%
2008	1.04%	1.61%	2.36%	3.78%	4.44%	5.74%	
2009	1.03%	1.48%	3.02%	4.22%	6.92%		
2010	0.89%	1.98%	3.58%	5.84%			
2011	1.06%	2.30%	4.43%				
2012	1.37%	3.19%					
2013	1.54%						

Note: Numbers in *Italics* are from the Preliminary set.

Source: WCIRB unit statistical data

**California Workers' Compensation
Estimated Indemnity Claim Frequency by Accident Year
As of March 31, 2016**



^[1] The 2014 estimate is based on partial year unit statistical data. The 2015 and 2016 estimates are based on comparison of claim counts based on WCIRB accident year experience as of March 31, 2016 relative to the estimated change in statewide employment. Prior years are based on unit statistical data.

2015 Accident Year Indemnity Claim Frequency Model
As of PY 2013 1st Set & June 2016 UCLA

AY	Annual % Changes Intra- Class Ind Freq	Annual Log Differences						
		Intra-Class Indemnity Frequency per \$M Exposure at PY 2015 Level			AY+1 Indemnity Benefit Level	Cumulative Injury Index	Economic Variables (1st Prin. Comp.)	Cal/OSHA Dummy Variable
		Total	Cumulative	Non-cum.				
1979	0.5%	0.005	-0.053	0.007	0.000	-0.060	0.134	0.000
1980	-6.5%	-0.068	-0.132	-0.066	0.033	-0.066	-0.079	0.000
1981	-3.5%	-0.036	-0.028	-0.036	0.000	0.008	-0.078	0.000
1982	-1.6%	-0.016	0.153	-0.022	0.352	0.175	-0.292	0.000
1983	6.2%	0.060	0.214	0.054	0.081	0.160	0.029	0.000
1984	9.5%	0.091	0.235	0.084	0.000	0.151	0.221	0.000
1985	2.0%	0.020	0.138	0.014	0.000	0.124	0.080	0.000
1986	-2.4%	-0.024	0.039	-0.028	0.000	0.067	0.077	0.000
1987	1.5%	0.015	0.053	0.013	0.000	0.041	0.150	0.000
1988	0.7%	0.007	0.104	0.000	0.000	0.104	0.088	0.000
1989	2.5%	0.024	0.212	0.009	0.046	0.203	0.045	0.000
1990	9.0%	0.087	0.337	0.061	0.071	0.276	-0.120	0.000
1991	0.3%	0.003	0.166	-0.018	0.023	0.184	-0.291	0.000
1992	-11.1%	-0.118	-0.272	-0.098	0.013	-0.174	-0.185	0.068
1993	-14.9%	-0.162	-0.240	-0.153	-0.057	-0.088	-0.022	0.464
1994	-12.8%	-0.136	-0.462	-0.107	0.061	-0.355	0.106	0.173
1995	-4.6%	-0.048	-0.016	-0.050	0.053	0.034	0.092	0.295
1996	-6.8%	-0.070	-0.136	-0.065	0.096	-0.071	0.074	0.000
1997	-3.3%	-0.033	-0.023	-0.034	0.066	0.011	0.137	0.000
1998	-3.8%	-0.038	-0.040	-0.038	0.058	-0.002	0.078	0.000
1999	1.5%	0.014	0.100	0.008	0.040	0.092	0.127	0.000
2000	4.0%	0.039	0.071	0.037	-0.003	0.034	0.066	0.000
2001	-6.9%	-0.072	-0.017	-0.076	-0.007	0.059	-0.100	0.000
2002	-2.8%	-0.029	0.001	-0.031	0.060	0.033	-0.197	0.000
2003	-3.2%	-0.032	-0.009	-0.035	-0.065	0.026	-0.022	0.000
2004	-16.8%	-0.185	-0.212	-0.182	-0.398	-0.030	0.098	0.000
2005	-13.6%	-0.147	-0.299	-0.134	0.051	-0.165	0.143	0.000
2006	-5.7%	-0.059	-0.050	-0.059	0.016	0.009	0.090	0.000
2007	-1.6%	-0.017	0.021	-0.019	0.049	0.040	-0.095	0.000
2008	-2.7%	-0.027	0.038	-0.033	0.006	0.071	-0.320	0.000
2009	-0.2%	-0.002	0.168	-0.018	0.066	0.186	-0.414	0.000
2010	8.9%	0.085	0.132	0.080	0.012	0.052	-0.077	0.000
2011	1.3%	0.013	0.035	0.010	0.003	0.025	0.048	0.000
2012	4.9%	0.047	0.114	0.040	-0.008	0.074	0.122	0.000
2013	1.8%	0.018	0.192	-0.006	0.071	0.198	0.154	0.000
2014*	2.0%	0.020	0.164	-0.005	0.003	0.170	0.170	0.000
2015	-0.1%	-0.001	-0.001	-0.001	0.003	0.000	0.179	0.000
2016	-0.2%	-0.002	-0.002	-0.002	0.003	0.000	0.176	0.000
2017	-1.3%	-0.013	-0.013	-0.013	0.003	0.000	0.066	0.000
2018	-2.2%	-0.023	-0.023	-0.023	0.003	0.000	-0.030	0.000

Y = Hazardousness-Adjusted Noncumulative Indemnity Claim Frequency

Constant	-0.020
Std Err of Y Est	0.042
R Squared	0.577
No. of Observations	36
Degrees of Freedom	31

X Coefficient(s)	0.176	0.276	0.101	-0.140
Std Err of Coef.	0.076	0.063	0.047	0.080

Notes: Indemnity Benefit Level variable is leading. The benefit level change for AY 2004 is related to the AY 2003 change in non-cumulative frequency.
The Indemnity Benefit Level change for Ogilvie & Almaraz / Guzman in 2009-2010 is not leading.
The Indemnity Benefit Level variable excludes indemnity benefit utilization, and changes in the death and permanent total benefits.
The Indemnity Benefit Level variable has been revised due to on-leveling reassessments. See Actuarial Committee item AC09-03-03.
For 1993 on, cumulative claims include both cumulative trauma and occupational disease claims. See March 19, 2014 Actuarial Committee Agenda II
Economic variables are historical through 2015; June 2016 UCLA Anderson Forecasts for 2016 on.
Regression is over AY 1979 through AY 2014. AY 2015 through AY 2018 are projections.
The constant term, -0.020, consists of measured offsets that recognize annual changes in real benefit levels relative to nominal benefit levels and long-term economic growth. Without these offsets, the indemnity benefit level and economic variables would project frequency to increase without bound.
*AY 2014 change is based on a comparison of 2014 accidents on 2013 policies to 2013 accidents on 2012 policies.

Indemnity Claim Frequency History and Projections

AY	Intra-Class Indemnity Claim Frequency(a)	Inter-Class Indemnity Claim Frequency Index(b)	Overall Indemnity Claim Frequency	Annual Percent Changes		
				Intra-Class	Inter-Class	Overall
1979	0.578	0.921	0.696	---	---	---
1980	0.540	0.914	0.646	-6.54%	-0.75%	-7.24%
1981	0.521	0.900	0.613	-3.54%	-1.56%	-5.04%
1982	0.513	0.882	0.592	-1.59%	-2.00%	-3.56%
1983	0.545	0.873	0.622	6.20%	-0.98%	5.17%
1984	0.596	0.871	0.680	9.53%	-0.18%	9.32%
1985	0.609	0.867	0.690	2.05%	-0.51%	1.52%
1986	0.594	0.859	0.668	-2.39%	-0.92%	-3.28%
1987	0.603	0.854	0.674	1.53%	-0.56%	0.97%
1988	0.607	0.854	0.679	0.69%	-0.06%	0.64%
1989	0.622	0.853	0.695	2.47%	-0.08%	2.39%
1990	0.679	0.845	0.751	9.04%	-0.89%	8.07%
1991	0.681	0.832	0.741	0.28%	-1.58%	-1.30%
1992	0.605	0.820	0.649	-11.09%	-1.45%	-12.37%
1993	0.515	0.810	0.546	-14.91%	-1.25%	-15.98%
1994	0.449	0.809	0.476	-12.76%	-0.06%	-12.81%
1995	0.428	0.811	0.454	-4.64%	0.16%	-4.49%
1996	0.399	0.800	0.418	-6.78%	-1.25%	-7.94%
1997	0.386	0.791	0.400	-3.27%	-1.23%	-4.46%
1998	0.372	0.786	0.382	-3.76%	-0.60%	-4.34%
1999	0.377	0.774	0.382	1.45%	-1.48%	-0.05%
2000	0.392	0.752	0.386	4.02%	-2.91%	0.99%
2001	0.365	0.753	0.360	-6.91%	0.13%	-6.79%
2002	0.355	0.763	0.354	-2.83%	1.34%	-1.53%
2003	0.344	0.764	0.344	-3.18%	0.20%	-2.99%
2004	0.286	0.763	0.285	-16.85%	-0.21%	-17.02%
2005	0.247	0.760	0.245	-13.63%	-0.31%	-13.90%
2006	0.233	0.754	0.230	-5.69%	-0.81%	-6.46%
2007	0.229	0.749	0.224	-1.64%	-0.68%	-2.31%
2008	0.223	0.740	0.216	-2.70%	-1.18%	-3.85%
2009	0.222	0.727	0.211	-0.20%	-1.82%	-2.02%
2010	0.242	0.713	0.226	8.89%	-1.87%	6.85%
2011	0.245	0.703	0.225	1.26%	-1.42%	-0.17%
2012	0.257	0.695	0.234	4.86%	-1.18%	3.62%
2013(c)	0.262	0.692	0.237	1.77%	-0.38%	1.39%
2013(d)	0.260	0.692	0.235	---	---	---
2014(e)	0.265	0.693	0.240	2.01%	0.19%	2.20%
2015	0.264	0.699	0.242	-0.14%	0.79%	0.65%
2016	0.264	0.700	0.242	-0.17%	0.11%	-0.06%
2017	0.261	0.698	0.238	-1.27%	-0.28%	-1.54%
2018	0.255	0.697	0.233	-2.23%	-0.03%	-2.26%
PY						
2008	0.223	0.734	0.214			
2009	0.231	0.721	0.218	3.89%	-1.84%	1.93%
2010	0.243	0.708	0.226	5.29%	-1.67%	3.57%
2011	0.250	0.699	0.229	2.89%	-1.31%	1.54%
2012	0.259	0.694	0.235	3.43%	-0.82%	2.60%
2013	0.263	0.693	0.238	1.53%	-0.12%	1.41%
2014	0.265	0.696	0.241	0.62%	0.46%	1.08%
2015	0.264	0.699	0.242	-0.15%	0.48%	0.33%
2016	0.262	0.699	0.240	-0.66%	-0.07%	-0.73%
2017	0.258	0.698	0.236	-1.70%	-0.17%	-1.86%

Notes: (a) All frequencies are per \$M exposure at PY 2015 Level.
 (b) Index is to AY 1961.
 (c) 2013 accidents on 2012 and 2013 policies.
 (d) 2013 accidents on 2012 policies only.
 (e) AY 2014 is preliminary and percent changes are based on a comparison of 2014 accidents on 2013 policies to 2013 accidents on 2012 policies.
 (f) Forecasts below thick solid line.

Source: WCIRB Indemnity Frequency Model

California OPRL Injury & Illness Rates

A	B	C	D	E	F	G	H	I	J	
CY	Total Reportable Incidents	Total Cases(a)	Total Days Away Cases	Ind Proxy/ Incidents	California Avg Ann Employment(b)	Frequency Rates per 1,000 Workers Incidents	"Indemnity"	Annual Change in Frequency Rates Incidents	"Indemnity"	Insured System Overall Ind Freq Change(c)
1992	993.9	456.6	359.8	36.2%	12,171.0	81.7	29.6	---	---	
1993	918.4	425.0	324.8	35.4%	11,964.1	76.8	27.1	-6.0%	-8.2%	-16.0%
1994	902.6	436.7	313.3	34.7%	12,150.9	74.3	25.8	-3.2%	-5.0%	-12.8%
1995	825.3	401.0	278.0	33.7%	12,458.6	66.2	22.3	-10.8%	-13.5%	-4.5%
1996	784.7	384.3	253.3	32.3%	12,739.1	61.6	19.9	-7.0%	-10.9%	-7.9%
1997	809.3	409.8	251.6	31.1%	13,149.1	61.5	19.1	-0.1%	-3.8%	-4.5%
1998	779.5	388.2	241.0	30.9%	13,583.5	57.4	17.7	-6.8%	-7.3%	-4.3%
1999	758.9	370.8	229.1	30.2%	14,135.5	53.7	16.2	-6.4%	-8.6%	-0.1%
2000	787.4	396.4	246.2	31.3%	14,616.5	53.9	16.8	0.3%	3.9%	1.0%
2001	748.2	413.4	259.0	34.6%	14,747.4	50.7	17.6	-5.8%	4.3%	-6.8%
2002	694.1	404.1	231.8	33.4%	14,593.0	47.6	15.9	-6.2%	-9.6%	-1.5%
2003	684.7	387.0	223.5	32.6%	14,301.3	47.9	15.6	0.7%	-1.6%	-3.0%
2004	645.1	367.3	201.4	31.2%	14,383.1	44.9	14.0	-6.3%	-10.4%	-17.0%
2005	629.9	344.1	179.4	28.5%	14,570.7	43.2	12.3	-3.6%	-12.1%	-13.9%
2006	603.0	340.4	171.0	28.4%	14,892.9	40.5	11.5	-6.3%	-6.7%	-6.5%
2007	594.4	328.6	168.2	28.3%	15,428.6	38.5	10.9	-4.8%	-5.1%	-2.3%
2008	541.8	298.4	158.9	29.3%	15,452.7	35.1	10.3	-9.0%	-5.7%	-3.9%
2009	491.9	269.3	142.3	28.9%	14,877.9	33.1	9.6	-5.7%	-7.0%	-2.0%
2010	464.1	257.1	137.4	29.6%	14,255.0	32.6	9.6	-1.5%	0.8%	6.9%
2011	440.9	243.6	134.2	30.4%	13,875.2	31.8	9.7	-2.4%	0.3%	-0.2%
2012	451.5	257.1	140.1	31.0%	14,959.8	30.2	9.4	(b)	(b)	3.6%
2013	468.4	265.0	146.8	31.3%	15,379.0	30.5	9.5	0.9%	1.9%	1.4%
2014	460.7	265.1	142.8	31.0%	15,809.1	29.1	9.0	-4.3%	-5.4%	2.2%
	000s	000s	000s	Proxy for	000s	Proxy for	Proxy for	Change in	Change in	
	Broad OSHA		Proxy for	Indemnity		Indemnity	Indemnity	Column G	Column H	
	Definition		Indemnity	to Total		& Med-Only	D / F	Proxy for	Proxy for	
	Proxy for			Ratio		Combined		Indemnity	Indemnity	
	Med & Ind			D / B		B / F		& Med-Only		
	Combined							Combined		

Notes: (a) Cases with days away from work, job restrictions or transfers.
 (b) Series Change: OPRL data element was discontinued in 2012. BLS QCEW data element for 2013 and later.
 (c) Insured System AY 2014 change is based on a comparison of 2014 accidents on 2013 policies to 2013 accidents on 2012 policies.

Sources: California Department of Industrial Relations - Office of Policy, Research, and Legislation
 Bureau of Labor Statistics - Quarterly Census of Employment and Wages
 WCIRB Indemnity Claim Frequency Model for insured system

Self-Insured Employers - Claim Frequency

Private Self-Insured Employers

CY	Number of Cases Reported During Year			Indemnity /Total	Annual Change	Private Employees	Total Frequency	Total Freq.	Ind. Freq.	Annual Change
	Medical-Only	Indemnity	Total					Annual Change	Indemnity Frequency	
2001	73,527	46,596	120,123	0.388	---	2,049,611	0.059	---	0.023	---
2002	72,130	46,218	118,348	0.391	0.7%	1,968,800	0.060	2.6%	0.023	3.3%
2003	69,761	46,477	116,238	0.400	2.4%	2,474,025	0.047	-21.8%	0.019	-20.0%
2004	70,630	42,455	113,085	0.375	-6.1%	2,595,470	0.044	-7.3%	0.016	-12.9%
2005	66,467	40,102	106,569	0.376	0.2%	2,814,083	0.038	-13.1%	0.014	-12.9%
2006	69,395	35,570	104,965	0.339	-9.9%	2,681,843	0.039	3.4%	0.013	-6.9%
2007	61,432	30,247	91,679	0.330	-2.6%	2,295,155	0.040	2.1%	0.013	-0.6%
2008	59,764	32,631	92,395	0.353	7.0%	2,393,095	0.039	-3.3%	0.014	3.5%
2009	51,916	29,557	81,473	0.363	2.7%	2,173,519	0.037	-2.9%	0.014	-0.3%
2010	50,039	29,036	79,075	0.367	1.2%	2,145,570	0.037	-1.7%	0.014	-0.5%
2011	48,360	29,026	77,386	0.375	2.1%	2,111,065	0.037	-0.5%	0.014	1.6%
2012	49,492	28,065	77,557	0.362	-3.5%	2,122,757	0.037	-0.3%	0.013	-3.8%
2013	46,442	29,573	76,015	0.389	7.5%	2,088,402	0.036	-0.4%	0.014	7.1%
2014	45,775	30,652	76,427	0.401	3.1%	2,190,516	0.035	-4.1%	0.014	-1.2%
2015	43,785	31,899	75,684	0.421	5.1%	2,259,451	0.033	-4.0%	0.014	0.9%

Public Self-Insured Employers

FY	Number of Cases Reported During Year			Indemnity /Total	Annual Change	Public Employees	Total Frequency	Total Freq.	Ind. Freq.	Annual Change
	Medical-Only	Indemnity	Total					Annual Change	Indemnity Frequency	
2000/2001	65,103	56,168	121,271	0.463	---	1,379,977	0.088	---	0.041	---
2001/2002	65,372	60,688	126,060	0.481	3.9%	1,504,119	0.084	-4.6%	0.040	-0.9%
2002/2003	69,985	65,043	135,028	0.482	0.1%	1,646,055	0.082	-2.1%	0.040	-2.1%
2003/2004	68,563	64,214	132,777	0.484	0.4%	1,804,405	0.074	-10.3%	0.036	-9.9%
2004/2005	69,739	56,265	126,004	0.447	-7.7%	1,764,198	0.071	-2.9%	0.032	-10.4%
2005/2006	66,405	52,524	118,929	0.442	-1.1%	1,670,607	0.071	-0.3%	0.031	-1.4%
2006/2007	65,564	50,664	116,228	0.436	-1.3%	1,842,017	0.063	-11.4%	0.028	-12.5%
2007/2008	70,784	57,618	128,402	0.449	2.9%	1,939,483	0.066	4.9%	0.030	8.0%
2008/2009	68,184	57,595	125,779	0.458	2.0%	2,095,055	0.060	-9.3%	0.027	-7.5%
2009/2010	64,031	57,322	121,353	0.472	3.2%	2,040,413	0.059	-0.9%	0.028	2.2%
2010/2011	61,806	57,201	119,007	0.481	1.8%	1,920,695	0.062	4.2%	0.030	6.0%
2011/2012	61,151	57,461	118,612	0.484	0.8%	1,898,064	0.062	0.9%	0.030	1.7%
2012/2013	60,303	56,398	116,701	0.483	-0.2%	1,891,873	0.062	-1.3%	0.030	-1.5%
2013/2014	58,263	56,858	115,121	0.494	2.2%	2,396,139	0.048	-22.1%	0.024	-20.4%
2014/2015	57,276	57,519	114,795	0.501	1.4%	1,991,021	0.058	20.0%	0.029	21.7%

All Self-Insured Employers

CY	Number of Cases Reported During Year			Indemnity /Total	Annual Change	All Self-Ins. Employees	Total Frequency	Total Freq.	Ind. Freq.	Insured System	
	Medical-Only	Indemnity	Total					Annual Change	Indemnity Frequency	Annual Change	AY
2001	138,765	105,024	243,789	0.431	---	3,491,659	0.070	---	0.030	---	2001
2002	139,809	109,084	248,892	0.438	1.7%	3,543,887	0.070	0.6%	0.031	2.3%	2002
2003	139,035	111,106	250,141	0.444	1.3%	4,199,255	0.060	-15.2%	0.026	-14.0%	2003
2004	139,781	102,695	242,476	0.424	-4.6%	4,379,772	0.055	-7.1%	0.023	-11.4%	2004
2005	134,539	94,497	229,036	0.413	-2.6%	4,531,486	0.051	-8.7%	0.021	-11.1%	2005
2006	135,380	87,164	222,544	0.392	-5.1%	4,438,155	0.050	-0.8%	0.020	-5.8%	2006
2007	129,606	84,388	213,994	0.394	0.7%	4,185,905	0.051	2.0%	0.020	2.6%	2007
2008	129,248	90,238	219,486	0.411	4.3%	4,410,364	0.050	-2.7%	0.020	1.5%	2008
2009	118,024	87,016	205,039	0.424	3.2%	4,241,253	0.048	-2.9%	0.021	0.3%	2009
2010	112,958	86,298	199,255	0.433	2.1%	4,126,124	0.048	-0.1%	0.021	1.9%	2010
2011	109,839	86,357	196,196	0.440	1.6%	4,020,445	0.049	1.1%	0.021	2.7%	2011
2012	110,219	84,995	195,214	0.435	-1.1%	4,017,726	0.049	-0.4%	0.021	-1.5%	2012
2013	105,725	86,201	191,926	0.449	3.2%	4,232,408	0.045	-6.7%	0.020	-3.7%	2013
2014	103,545	87,841	191,385	0.459	5.4%	4,029,849	0.047	-2.3%	0.022	3.0%	2014

Notes: Fiscal Year Public data prorated to CYs 50%/50%.
Insured System AY 2014 change is based on a comparison of 2014 accidents on 2013 policies to 2013 accidents on 2012 policies.

Sources: California Department of Industrial Relations
WCIRB Indemnity Claim Frequency Model for insured system

Annual Changes in Indemnity Frequency Attributable to Changes in Hazardousness

Policy Year	Report Level	Change in Frequency Hazardousness	Indemnity Frequency Hazardousness Index	Annual % Change in Ind Frequency Attributable to Change in Mix of Exposures
1961	3	1.000000	1.000000	-----
1962	3	0.990262	0.990262	-0.9738
1963	3	0.998718	0.988993	-0.1282
1964	3	0.994304	0.983359	-0.5696
1965	3	0.993875	0.977336	-0.6125
1966	3	0.983584	0.961291	-1.6416
1967	3	0.987626	0.949396	-1.2374
1968	3	0.997512	0.947033	-0.2488
1969	3	0.986390	0.934144	-1.3610
1970	3	0.989966	0.924770	-1.0034
1971	3	1.000824	0.925532	0.0824
1972	3	1.000505	0.926000	0.0505
1973	3	0.998631	0.924732	-0.1369
1974	3	0.986017	0.911802	-1.3983
1975	3	0.984110	0.897313	-1.5890
1976	3	1.004996	0.901796	0.4996
1977	3	1.009490	0.910354	0.9490
1978	3	1.012494	0.921728	1.2494
1979	3	0.997841	0.919739	-0.2159
1980	3	0.988843	0.909477	-1.1157
1981	3	0.981336	0.892503	-1.8664
1982	3	0.979033	0.873790	-2.0967
1983	3	0.997989	0.872032	-0.2011
1984	3	0.998272	0.870525	-0.1728
1985	3	0.992516	0.864010	-0.7484
1986	3	0.989667	0.855082	-1.0333
1987	3	0.997751	0.853159	-0.2249
1988	3	1.000574	0.853649	0.0574
1989	5	0.998212	0.852122	-0.1788
1990	5	0.986184	0.840349	-1.3816
1991	5	0.982822	0.825913	-1.7178
1992	5	0.987393	0.815501	-1.2607
1993	5	0.987562	0.805358	-1.2438
1994	5	1.007382	0.811303	0.7382
1995	5	0.997625	0.809376	-0.2375
1996	5	0.980288	0.793422	-1.9712
1997	5	0.993034	0.787895	-0.6966
1998	5	0.994743	0.783752	-0.5257
1999	5	0.978134	0.766615	-2.1866
2000	5	0.965472	0.740145	-3.4528
2001	5	1.027926	0.760814	2.7926
2002	5	1.002823	0.762962	0.2823
2003	5	1.001398	0.764029	0.1398
2004	5	0.995209	0.760369	-0.4791
2005	5	0.998285	0.759065	-0.1715
2006	5	0.986896	0.749118	-1.3104
2007	5	0.998047	0.747655	-0.1953
2008	5	0.980684	0.733213	-1.9316
2009	5	0.982600	0.720455	-1.7400
2010	Proj to 5th	0.980260	0.706233	-1.9740
2011	Proj to 5th	0.990286	0.699373	-0.9714
2012	Proj to 5th	0.986592	0.689996	-1.3408
2013	Proj to 5th	1.004142	0.692854	0.4142

Source: WCIRB unit statistical data

Changes in Incremental Indemnity Claim Counts and Medical Only Claim Counts

Calendar Quarter Evaluation	Change in Statewide Incremental Number of Indemnity Claims		Change in Statewide Incremental Number of Medical-Only Claims	
	Change in Quarterly Increment from Same Quarter at Prior Calendar Year	Change in 4-Quarter Increment from Same Quarter at Prior Calendar Year	Change in Quarterly Increment from Same Quarter at Prior Calendar Year	Change in 4-Quarter Increment from Same Quarter at Prior Calendar Year
3/31/2007	-2.4%	---	---	---
6/30/2007	-10.2%	---	-13.5%	---
9/30/2007	0.3%	---	1.2%	---
12/31/2007	-13.4%	-6.3%	-19.4%	---
3/31/2008	-5.8%	-7.2%	-14.8%	-11.6%
6/30/2008	-3.9%	-5.7%	-2.8%	-9.0%
9/30/2008	-19.2%	-10.7%	-17.6%	-13.9%
12/31/2008	-16.7%	-11.4%	-3.8%	-10.3%
3/31/2009	-27.1%	-16.8%	-27.5%	-13.2%
6/30/2009	-14.2%	-19.4%	-27.0%	-19.4%
9/30/2009	-8.2%	-16.8%	-16.7%	-19.2%
12/31/2009	2.5%	-12.8%	-15.8%	-22.0%
3/31/2010	7.4%	-4.1%	-5.2%	-17.1%
6/30/2010	3.9%	1.0%	-1.9%	-10.6%
9/30/2010	6.7%	5.1%	-6.3%	-7.6%
12/31/2010	7.2%	6.3%	3.3%	-2.6%
3/31/2011	2.7%	5.1%	-4.1%	-2.3%
6/30/2011	-1.2%	3.8%	-8.9%	-4.1%
9/30/2011	3.4%	2.9%	-1.3%	-2.7%
12/31/2011	4.5%	2.3%	-7.8%	-5.5%
3/31/2012	-0.3%	1.6%	-1.8%	-4.7%
6/30/2012	8.1%	3.9%	-0.1%	-2.7%
9/30/2012	5.8%	4.6%	3.3%	-1.6%
12/31/2012	6.6%	5.1%	5.3%	1.8%
3/31/2013	4.9%	6.4%	-1.7%	1.8%
6/30/2013	11.0%	7.2%	9.4%	4.1%
9/30/2013	6.4%	7.3%	-2.0%	2.6%
12/31/2013	5.5%	7.0%	0.6%	1.5%
3/31/2014	11.9%	8.6%	3.3%	2.6%
6/30/2014	0.9%	5.9%	-3.3%	-0.5%
9/30/2014	3.5%	5.2%	5.6%	1.5%
12/31/2014	2.8%	4.5%	6.4%	3.0%
3/31/2015	0.5%	2.0%	8.7%	4.2%
6/30/2015	5.9%	3.2%	4.9%	6.3%
9/30/2015	3.6%	3.3%	6.3%	6.5%
12/31/2015	4.2%	3.6%	2.9%	5.6%
3/31/2016	5.1%	4.7%	4.2%	4.6%

Source: WCIRB quarterly calls for experience

Economic Variables

CY	Aggregate Employment	Unemployment Rate	Annual Log Differences		Economic Variables 1st Prin. Comp.
			Aggregate Employment	Unemployment Rate	
1961	3,961,784	6.90			
1962	4,145,224	5.80	0.045	-0.174	-0.178
1963	4,292,387	6.00	0.035	0.034	0.029
1964	4,424,741	6.00	0.030	0.000	-0.004
1965	4,545,047	5.90	0.027	-0.017	-0.020
1966	4,792,201	4.90	0.053	-0.186	-0.191
1967	4,927,344	5.70	0.028	0.151	0.146
1968	5,132,714	5.40	0.041	-0.054	-0.059
1969	5,367,296	5.20	0.045	-0.038	-0.044
1970	5,334,582	7.30	-0.006	0.339	0.337
1971	5,283,119	8.83	-0.010	0.190	0.190
1972	6,020,420	7.65	0.131	-0.144	-0.161
1973	6,498,315	7.06	0.076	-0.080	-0.090
1974	6,707,033	7.34	0.032	0.039	0.035
1975	6,682,772	9.92	-0.004	0.301	0.298
1976	7,258,539	9.21	0.083	-0.074	-0.085
1977	7,679,146	8.29	0.056	-0.105	-0.112
1978	9,199,715	7.15	0.181	-0.148	-0.173
1979	9,618,277	6.28	0.044	-0.129	-0.134
1980	10,265,554	6.87	0.065	0.090	0.079
1981	10,404,425	7.45	0.013	0.081	0.078
1982	10,231,288	9.99	-0.017	0.293	0.292
1983	10,331,000	9.72	0.010	-0.028	-0.029
1984	10,822,039	7.82	0.046	-0.217	-0.221
1985	11,174,336	7.25	0.032	-0.076	-0.080
1986	11,485,209	6.73	0.027	-0.074	-0.077
1987	11,889,485	5.81	0.035	-0.147	-0.150
1988	12,356,659	5.35	0.039	-0.083	-0.088
1989	12,688,282	5.13	0.026	-0.041	-0.045
1990	12,942,313	5.81	0.020	0.124	0.120
1991	12,777,864	7.78	-0.013	0.292	0.291
1992	12,577,834	9.36	-0.016	0.185	0.185
1993	12,478,785	9.56	-0.008	0.021	0.022
1994	12,611,312	8.60	0.011	-0.105	-0.106
1995	12,868,841	7.86	0.020	-0.090	-0.092
1996	13,226,872	7.32	0.027	-0.071	-0.074
1997	13,621,162	6.40	0.029	-0.134	-0.137
1998	14,084,575	5.95	0.033	-0.074	-0.078
1999	14,481,456	5.25	0.028	-0.124	-0.127
2000	14,994,037	4.94	0.035	-0.062	-0.066
2001	15,099,793	5.47	0.007	0.102	0.100
2002	14,973,332	6.66	-0.008	0.197	0.197
2003	14,951,441	6.81	-0.001	0.022	0.022
2004	15,133,743	6.18	0.012	-0.098	-0.098
2005	15,422,129	5.36	0.019	-0.142	-0.143
2006	15,700,800	4.90	0.018	-0.089	-0.090
2007	15,844,532	5.41	0.009	0.098	0.095
2008	15,689,579	7.46	-0.010	0.322	0.320
2009	14,811,091	11.24	-0.058	0.410	0.414
2010	14,664,657	12.14	-0.010	0.076	0.077
2011	14,823,824	11.58	0.011	-0.047	-0.048
2012	15,160,696	10.27	0.022	-0.120	-0.122
2013	15,566,280	8.82	0.026	-0.152	-0.154
2014	16,002,056	7.46	0.028	-0.168	-0.170
2015	16,475,604	6.25	0.029	-0.177	-0.179
2016	16,862,911	5.24	0.023	-0.175	-0.176
2017	17,118,840	4.91	0.015	-0.065	-0.066
2018	17,249,367	5.07	0.008	0.032	0.030

Notes: The first principal component is of the annual log difference data from 1962-2015.

The first principal component of the annual log difference of the economic variables is:

1st PC of Econ Variables = -0.144089127 x Aggregate Employment + 0.989564714 x Unemployment Rate

Sources: Government historical labor statistics through 2015

UCLA Anderson forecasts through 2018 are as of June 2016

California Workers' Compensation Fraud Statistics

Fiscal Year	Suspected Fraud Claims	Cases	Arrests	Cases Submitted to Prosecutor
1992	8,342	185	24	-----
1993	7,284	452	116	-----
1994	4,004	601	163	-----
1995	3,947	903	202	-----
1996	3,281	598	209	-----
1997	4,331	617	298	182
1998	3,363	567	216	195
1999	3,362	667	226	194
2000	3,548	476	170	164
2001	2,968	651	141	-----
2002	3,544	827	199	-----
2003	5,122	868	215	-----
2004	6,492	677	178	219
2005	8,509	572	299	319
2006	5,933	724	401	483
2007	4,973	515	375	432
2008	5,174	539	218	327
2009	5,728	754	269	280
2010	5,741	501	254	272
2011	5,207	556	132	168
2012	5,151	847	268	309
2013	5,729	669	255	248

Source: California Department of Insurance,
 -Annual Report of the Commissioner
 -Enforcement Branch
 -Workers' Compensation Insurance Fraud Program

California Courts' Civil Filings Summary

Fiscal Year Beginning	Trial Courts			
	Superior and Municipal			
	Civil Filings			
	All		Less Family Law	
	Number	Change	Number	Change
1959	634,624	---	---	---
1960	706,166	0.113	---	---
1961	744,269	0.054	---	---
1962	787,441	0.058	---	---
1963	843,280	0.071	---	---
1964	891,973	0.058	---	---
1965	946,260	0.061	---	---
1966	865,332	-0.086	---	---
1967	891,886	0.031	---	---
1968	869,810	-0.025	---	---
1969	905,685	0.041	---	---
1970	959,421	0.059	---	---
1971	981,212	0.023	---	---
1972	1,052,267	0.072	---	---
1973	1,114,949	0.060	---	---
1974	1,224,562	0.098	---	---
1975	1,242,827	0.015	---	---
1976	1,294,779	0.042	---	---
1977	1,363,357	0.053	---	---
1978	1,460,745	0.071	---	---
1979	1,564,719	0.071	---	---
1980	1,615,838	0.033	---	---
1981	1,638,175	0.014	---	---
1982	1,600,398	-0.023	---	---
1983	1,578,141	-0.014	---	---
1984	1,633,409	0.035	---	---
1985	1,713,056	0.049	---	---
1986	1,752,304	0.023	---	---
1987	1,761,284	0.005	---	---
1988	1,777,499	0.009	---	---
1989	1,787,771	0.006	---	---
1990	1,821,421	0.019	1,436,634	---
1991	1,886,484	0.036	1,463,328	0.019
1992	1,795,634	-0.048	1,351,376	-0.077
1993	1,738,323	-0.032	1,277,551	-0.055
1994	1,793,408	0.032	1,264,674	-0.010
1995	1,831,629	0.021	1,228,797	-0.028
1996	1,801,902	-0.016	1,228,566	0.000
1997	1,700,445	-0.056	1,176,333	-0.043
1998	1,596,287	-0.061	1,090,763	-0.073
1999	1,515,827	-0.050	1,037,341	-0.049
2000	1,504,138	-0.008	1,034,899	-0.002
2001	1,569,231	0.043	1,078,629	0.042
2002	1,548,402	-0.013	1,075,154	-0.003
2003	1,503,419	-0.029	1,021,779	-0.050
2004	1,426,822	-0.051	951,551	-0.069
2005	1,418,896	-0.006	960,582	0.009
2006	1,462,648	0.031	1,000,197	0.041
2007	1,586,597	0.085	1,143,038	0.143
2008	1,731,135	0.091	1,272,321	0.113
2009	1,647,817	-0.048	1,195,146	-0.061
2010	1,574,569	-0.044	1,127,642	-0.056
2011	1,464,629	-0.070	1,026,829	-0.089
2012	1,388,964	-0.052	963,877	-0.061
2013	1,260,999	-0.139	879,513	-0.143

Notes: Small claims appeals were added to total civil filings in the beginning of year 2003 and are trivial.

Filings from the beginning of year 1989 and prior are from a previous WCIRB study.

Source: California Court Statistics Report

Partial Accident Year Cumulative Injury Indemnity Claim Counts by Policy Year and Report Level

AY	1st Half Partial PY.RL Sources					Share of Total Indemnity Count 1st Half Partial PY.RL Sources				
	(AY-1).1	(AY-1).2	(AY-1).3	(AY-1).4	(AY-1).5	(AY-1).1	(AY-1).2	(AY-1).3	(AY-1).4	(AY-1).5
1995	2,519	4,071	5,035	6,162	6,287	4.5%	5.9%	6.7%	7.9%	8.0%
1996	2,756	4,734	5,516	5,842	5,871	4.8%	6.4%	6.8%	7.2%	7.0%
1997	4,371	5,394	5,991	6,107	6,231	6.1%	6.6%	7.2%	7.2%	7.5%
1998	4,594	5,515	5,823	5,994	5,953	5.8%	6.5%	6.7%	7.1%	7.1%
1999	5,301	5,928	6,496	6,637	6,936	6.3%	6.8%	7.5%	7.6%	7.9%
2000	5,573	6,660	7,055	7,404	7,472	6.5%	7.6%	7.9%	8.2%	8.3%
2001	5,750	6,795	7,576	7,679	7,697	7.2%	7.8%	8.5%	8.6%	8.7%
2002	5,400	7,046	7,241	7,381	7,411	7.1%	8.3%	8.5%	8.6%	8.7%
2003	6,143	6,952	7,183	7,329	7,431	8.0%	8.6%	8.9%	9.1%	9.2%
2004	5,374	5,723	5,860	5,961	6,086	8.4%	8.7%	8.9%	9.0%	9.2%
2005	3,184	3,665	3,969	4,243	4,568	5.7%	6.4%	6.8%	7.3%	7.7%
2006	2,989	3,569	3,924	4,231	4,348	5.5%	6.4%	7.0%	7.5%	7.8%
2007	3,037	3,645	4,036	4,274	4,413	5.9%	6.8%	7.4%	7.8%	8.1%
2008	2,914	3,659	4,180	4,458	4,636	5.9%	7.0%	7.9%	8.4%	8.6%
2009	2,974	3,932	4,524	4,822	5,152	6.7%	8.2%	9.3%	9.8%	10.4%
2010	3,442	4,472	4,983	5,491	5,706	7.4%	9.0%	9.8%	10.8%	11.2%
2011	3,321	4,370	5,228	5,595		7.1%	8.6%	10.1%	10.7%	
2012	3,513	5,076	5,752			7.0%	9.3%	10.3%		
2013	4,714	6,319				8.9%	11.0%			
2014	5,526					10.0%				

AY	1st Half Partial PY.RL Development Factors					1st Half Share of Ttl Ind Fifths
	(AY-1).1 to (AY-1).2	(AY-1).2 to (AY-1).3	(AY-1).3 to (AY-1).4	(AY-1).4 to (AY-1).5	Final Fifths	
1995	1.6159	1.2369	1.2238	1.0202	6,287	8.1%
1996	1.7175	1.1652	1.0591	1.0049	5,871	7.1%
1997	1.2339	1.1107	1.0195	1.0203	6,231	7.6%
1998	1.2005	1.0559	1.0293	0.9932	5,953	7.1%
1999	1.1183	1.0958	1.0217	1.0450	6,936	7.9%
2000	1.1951	1.0592	1.0495	1.0091	7,472	8.3%
2001	1.1817	1.1149	1.0136	1.0024	7,697	8.7%
2002	1.3049	1.0276	1.0194	1.0040	7,411	8.7%
2003	1.1316	1.0333	1.0203	1.0139	7,431	9.2%
2004	1.0649	1.0239	1.0173	1.0210	6,086	9.3%
2005	1.1509	1.0829	1.0692	1.0766	4,568	7.8%
2006	1.1941	1.0995	1.0782	1.0275	4,348	7.8%
2007	1.2003	1.1071	1.0591	1.0324	4,413	8.2%
2008	1.2559	1.1423	1.0663	1.0400	4,636	8.7%
2009	1.3223	1.1505	1.0658	1.0684	5,152	10.5%
2010	1.2993	1.1143	1.1020	1.0392	5,706	11.6%
2011	1.3159	1.1963	1.0703	1.0537	5,896	11.9%
2012	1.4449	1.1332	1.0860	1.0537	6,582	12.7%
2013	1.3406	1.1643	1.0860	1.0537	8,420	15.3%
2014	1.3918	1.1643	1.0860	1.0537	10,247	18.1%

Notes:

Cumulative injury claims include occupational disease.

Selected link ratios are geometric mean of latest two links and are shown in bold.

The partial accident years shown represent claims occurring during the year from policies written the previous year. For example,

AY 2014 claims occurred in 2014 from policies written in 2013.

Source: WCIRB unit statistical data

Claim Count Ratios by Region Based on Unit Statistical Data at 1st Report Level

Region	Ratio of Permanent Disability Claims to Indemnity Claims for Accident Year													
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Bay Area	0.351	0.350	0.339	0.321	0.282	0.287	0.269	0.278	0.294	0.296	0.307	0.303	0.316	0.322
Los Angeles/LA Basin	0.441	0.447	0.452	0.433	0.377	0.367	0.382	0.397	0.399	0.387	0.400	0.409	0.412	0.404
All Other	0.368	0.377	0.367	0.333	0.289	0.293	0.287	0.307	0.316	0.321	0.318	0.331	0.335	0.342
All Regions	0.394	0.401	0.399	0.375	0.327	0.325	0.326	0.343	0.352	0.350	0.356	0.365	0.370	0.369

Region	Annual Change													
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Bay Area	---	-0.3%	-3.2%	-5.1%	-12.1%	1.5%	-6.3%	3.4%	5.8%	0.8%	3.8%	-1.3%	4.2%	1.8%
Los Angeles/LA Basin	---	1.3%	1.2%	-4.2%	-12.8%	-2.6%	4.0%	3.9%	0.4%	-2.8%	3.4%	2.2%	0.5%	-1.8%
All Other	---	2.2%	-2.6%	-9.3%	-13.0%	1.2%	-2.1%	7.2%	2.7%	1.7%	-0.8%	4.1%	1.3%	2.1%
All Regions	---	1.7%	-0.5%	-6.1%	-12.9%	-0.6%	0.4%	5.3%	2.5%	-0.6%	1.9%	2.5%	1.3%	-0.1%

Region	Ratio of Indemnity Claims to Total Claims for Accident Year													
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Bay Area	0.306	0.311	0.316	0.288	0.268	0.275	0.281	0.288	0.304	0.320	0.337	0.332	0.339	0.346
Los Angeles/LA Basin	0.308	0.315	0.315	0.292	0.270	0.271	0.282	0.298	0.334	0.356	0.369	0.386	0.406	0.431
All Other	0.298	0.298	0.296	0.273	0.257	0.257	0.264	0.275	0.298	0.321	0.334	0.341	0.352	0.350
All Regions	0.304	0.308	0.307	0.284	0.265	0.266	0.275	0.287	0.315	0.337	0.350	0.360	0.374	0.386

Region	Annual Change													
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Bay Area	---	1.5%	1.6%	-8.8%	-7.0%	2.7%	2.1%	2.5%	5.8%	5.2%	5.1%	-1.4%	2.2%	1.9%
Los Angeles/LA Basin	---	2.2%	0.1%	-7.3%	-7.7%	0.5%	4.1%	5.4%	12.1%	6.7%	3.5%	4.6%	5.2%	6.3%
All Other	---	0.2%	-1.0%	-7.5%	-5.9%	-0.2%	2.9%	4.2%	8.3%	7.5%	4.2%	1.9%	3.5%	-0.8%
All Regions	---	1.3%	0.0%	-7.6%	-6.9%	0.6%	3.3%	4.5%	9.7%	6.9%	3.9%	2.6%	4.1%	3.0%

Region	Cumulative Injury Claims per 100 Indemnity Claims for Accident Year													
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Bay Area	6.40	6.80	7.02	6.79	5.75	5.32	6.25	6.27	6.57	6.90	6.40	6.24	7.15	7.54
Los Angeles/LA Basin	7.09	7.63	8.66	8.75	6.72	6.49	7.01	7.35	9.05	9.99	9.76	10.63	13.20	15.14
All Other	4.51	4.95	5.39	5.30	3.79	4.06	4.10	4.34	5.08	6.26	5.46	5.59	6.25	7.01
All Regions	5.93	6.43	7.12	7.08	5.42	5.36	5.79	6.07	7.25	8.23	7.70	8.17	9.82	11.15

Region	Annual Change													
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Bay Area	---	6.2%	3.2%	-3.2%	-15.3%	-7.5%	17.4%	0.3%	4.9%	5.0%	-7.3%	-2.5%	14.6%	5.6%
Los Angeles/LA Basin	---	7.6%	13.5%	1.1%	-23.1%	-3.5%	8.0%	4.8%	23.2%	10.4%	-2.3%	8.8%	24.2%	14.8%
All Other	---	9.7%	8.8%	-1.6%	-28.5%	7.1%	1.1%	5.7%	17.1%	23.1%	-12.8%	2.5%	11.7%	12.1%
All Regions	---	8.4%	10.7%	-0.4%	-23.4%	-1.2%	8.0%	4.8%	19.6%	13.4%	-6.4%	6.1%	20.2%	13.5%

Figures in italics are based on partial data.

Ratio of Total Indemnity Claim Counts to Total Claim Counts

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1997										0.347
1998									0.346	0.321
1999								0.356	0.331	0.330
2000							0.372	0.339	0.338	0.338
2001						0.390	0.346	0.345	0.344	0.344
2002					0.414	0.361	0.361	0.360	0.360	0.359
2003				0.413	0.360	0.359	0.358	0.357	0.356	0.355
2004			0.366	0.322	0.320	0.319	0.319	0.318	0.317	0.317
2005		0.329	0.297	0.296	0.295	0.295	0.294	0.294	0.293	0.293
2006	0.351	0.304	0.298	0.296	0.296	0.296	0.295	0.295	0.295	0.295
2007	0.321	0.299	0.298	0.299	0.299	0.299	0.299	0.299	0.299	0.299
2008	0.322	0.304	0.309	0.311	0.312	0.312	0.312	0.312	0.312	
2009	0.318	0.319	0.330	0.333	0.334	0.335	0.335	0.335		
2010	0.323	0.332	0.346	0.349	0.351	0.352	0.352			
2011	0.322	0.342	0.357	0.362	0.364	0.364				
2012	0.318	0.340	0.359	0.363	0.365					
2013	0.333	0.354	0.370	0.374						
2014	0.338	0.351	0.366							
2015	0.326	0.350								
2016	0.333									

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 66% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

Source: WCIRB quarterly calls for experience

Distribution of Cumulative Injury Claims by Injury Type

Permanent Indemnity*

Percentage of All Cumulative Injury Claims						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
1999	30.6%	34.2%	35.7%	36.7%	37.4%	1999	---	---	---	---	---
2000	31.4%	35.4%	36.9%	37.5%	36.3%	2000	2.6%	3.4%	3.3%	2.2%	-3.0%
2001	30.8%	35.0%	36.6%	37.3%	37.6%	2001	-2.1%	-1.2%	-0.7%	-0.7%	3.5%
2002	32.8%	36.5%	37.5%	38.0%	37.8%	2002	6.6%	4.5%	2.4%	2.1%	0.7%
2003	33.5%	37.1%	38.3%	38.6%	38.8%	2003	2.0%	1.7%	2.0%	1.4%	2.6%
2004	28.5%	31.2%	32.6%	33.3%	34.4%	2004	-14.8%	-15.9%	-14.9%	-13.8%	-11.3%
2005	20.9%	24.5%	26.8%	29.2%	31.0%	2005	-26.6%	-21.6%	-17.6%	-12.2%	-9.9%
2006	19.2%	24.4%	27.7%	29.7%	30.6%	2006	-8.4%	-0.2%	3.2%	1.8%	-1.4%
2007	20.0%	26.1%	29.1%	29.2%	30.9%	2007	4.4%	6.7%	4.8%	-1.7%	1.1%
2008	20.8%	27.0%	30.2%	31.0%	31.4%	2008	3.8%	3.4%	3.9%	6.1%	1.6%
2009	23.8%	30.6%	34.3%	34.9%	34.5%	2009	14.3%	13.4%	13.7%	12.5%	9.8%
2010	23.7%	31.9%	33.8%	34.2%	34.7%	2010	-0.4%	4.4%	-1.6%	-1.9%	0.4%
2011	27.4%	32.8%	34.6%	33.9%		2011	15.9%	2.7%	2.5%	-1.0%	
2012	28.5%	33.7%	35.8%			2012	3.9%	2.7%	3.3%		
2013	29.3%	33.3%				2013	2.5%	-1.1%			
2014	32.1%					2014	9.6%				

Temporary Indemnity

Percentage of All Cumulative Injury Claims						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
1999	20.1%	17.0%	16.2%	15.7%	15.4%	1999	---	---	---	---	---
2000	20.6%	17.2%	17.2%	16.6%	16.1%	2000	2.8%	1.0%	5.9%	5.6%	4.4%
2001	20.3%	18.4%	17.5%	16.7%	16.1%	2001	-1.4%	7.2%	1.6%	0.3%	0.0%
2002	19.8%	18.0%	16.5%	15.6%	15.6%	2002	-2.3%	-2.5%	-5.7%	-6.3%	-3.2%
2003	21.5%	18.1%	16.6%	16.1%	15.9%	2003	8.4%	0.4%	0.8%	3.0%	2.2%
2004	21.6%	18.6%	17.2%	16.4%	15.6%	2004	0.2%	3.3%	3.4%	2.2%	-2.1%
2005	21.5%	19.0%	17.5%	15.9%	14.6%	2005	-0.2%	1.9%	2.1%	-3.3%	-6.0%
2006	21.6%	19.2%	16.7%	15.4%	14.6%	2006	0.2%	0.9%	-5.0%	-3.4%	-0.4%
2007	22.7%	18.7%	17.1%	15.8%	15.6%	2007	5.1%	-2.2%	2.7%	3.1%	6.7%
2008	22.3%	19.1%	17.3%	16.2%	15.6%	2008	-1.8%	1.9%	0.9%	2.3%	0.1%
2009	25.1%	21.6%	19.3%	17.5%	16.7%	2009	12.8%	13.2%	11.7%	8.1%	7.5%
2010	26.6%	21.9%	19.2%	18.3%	18.7%	2010	6.1%	1.2%	-0.6%	4.4%	11.9%
2011	26.4%	22.8%	21.2%	21.8%		2011	-0.9%	4.2%	10.7%	18.9%	
2012	26.1%	23.5%	22.2%			2012	-1.2%	3.2%	4.7%		
2013	28.8%	26.1%				2013	10.5%	11.0%			
2014	29.7%					2014	3.0%				

Medical-Only

Percentage of All Cumulative Injury Claims						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
1999	49.3%	48.6%	48.0%	47.4%	47.1%	1999	---	---	---	---	---
2000	47.9%	47.3%	45.8%	45.7%	47.5%	2000	-2.8%	-2.7%	-4.5%	-3.6%	0.9%
2001	48.9%	46.5%	45.8%	46.0%	46.3%	2001	2.0%	-1.7%	0.0%	0.5%	-2.7%
2002	47.3%	45.4%	45.9%	46.2%	46.5%	2002	-3.2%	-2.3%	0.2%	0.6%	0.5%
2003	45.0%	44.7%	45.0%	45.2%	45.2%	2003	-4.9%	-1.5%	-2.0%	-2.2%	-2.8%
2004	49.9%	50.1%	50.2%	50.2%	49.9%	2004	11.0%	12.0%	11.5%	11.0%	10.4%
2005	57.5%	56.5%	55.5%	54.8%	54.2%	2005	15.3%	12.7%	10.7%	9.0%	8.6%
2006	59.2%	56.3%	55.5%	54.7%	54.7%	2006	2.9%	-0.3%	-0.1%	0.0%	0.8%
2007	57.3%	55.1%	53.7%	54.8%	53.3%	2007	-3.2%	-2.1%	-3.2%	0.1%	-2.4%
2008	56.9%	53.9%	52.4%	52.6%	52.8%	2008	-0.6%	-2.2%	-2.4%	-4.0%	-0.9%
2009	51.0%	47.7%	46.2%	47.4%	48.6%	2009	-10.3%	-11.4%	-11.8%	-9.9%	-8.1%
2010	49.6%	46.1%	46.9%	47.4%	46.4%	2010	-2.8%	-3.4%	1.5%	-0.2%	-4.5%
2011	46.1%	44.3%	44.0%	44.0%		2011	-7.2%	-3.9%	-6.3%	-7.1%	
2012	45.3%	42.7%	41.7%			2012	-1.6%	-3.5%	-5.2%		
2013	41.9%	40.4%				2013	-7.6%	-5.3%			
2014	38.5%					2014	-8.0%				

* Includes Permanent Partial, Permanent Total, and Death

Note: Figures in italics are based on a partial accident year. Cumulative injury claims include occupational disease.

Source: WCIRB unit statistical data

Indemnity Claim Frequency Relativities by NAICS Sector

NAICS Sector	NAICS Name	Indemnity Claim Frequency Relativity for Accident Year at 1st Report													
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
11&21	Agriculture & Mining	2.658	2.645	2.768	2.892	2.893	2.968	2.826	2.896	2.990	3.046	3.292	3.253	3.366	3.378
23	Construction	2.562	2.305	2.315	2.372	2.480	2.459	2.357	2.294	2.222	2.140	2.261	2.148	2.229	2.267
31	Manufacturing	1.752	1.752	1.772	1.761	1.714	1.740	1.763	1.681	1.630	1.662	1.734	1.771	1.856	1.915
42	Wholesale	2.802	2.778	2.820	2.869	2.894	2.901	3.062	2.964	2.954	3.178	3.289	3.499	3.526	3.544
44	Retail	1.689	1.667	1.611	1.672	1.750	1.798	1.855	1.962	2.042	2.102	1.992	2.082	1.970	1.949
22&48	Utilities & Transportation	3.244	3.154	3.166	3.289	3.632	3.862	3.885	3.795	3.607	3.620	3.540	3.358	3.512	3.639
51	Information	0.795	0.757	0.826	0.816	0.764	0.797	0.843	0.922	0.919	0.870	0.769	0.921	0.876	0.771
52	Finance	0.408	0.429	0.331	0.345	0.342	0.300	0.353	0.372	0.426	0.395	0.388	0.346	0.293	0.253
53	Real Estate	0.820	0.854	0.735	0.757	0.752	0.828	1.037	1.089	1.155	1.109	1.128	1.061	0.997	0.916
54	Prof. Services	0.188	0.194	0.194	0.190	0.178	0.178	0.169	0.174	0.157	0.147	0.133	0.115	0.103	0.108
56	Administrative	3.101	3.009	3.002	3.010	2.985	3.166	3.165	3.420	3.518	3.617	3.694	3.679	3.790	3.845
61	Education	0.757	0.783	0.854	0.686	0.707	0.723	0.698	0.760	0.752	0.741	0.739	0.740	0.686	0.621
62	Health	1.255	1.267	1.260	1.186	1.136	1.101	1.184	1.201	1.264	1.283	1.314	1.241	1.226	1.222
71	Hospitality	2.115	2.028	1.957	1.952	2.026	2.171	2.271	2.337	2.275	2.332	2.414	2.369	2.319	2.197
72	Entertainment	2.220	2.189	2.192	2.114	2.091	2.175	2.222	2.300	2.506	2.703	2.805	3.040	3.191	3.306
81	Other Services	1.482	1.479	1.413	1.477	1.470	1.468	1.466	1.518	1.588	1.650	1.671	1.774	1.772	1.735
8742	Outside Sales	0.234	0.242	0.267	0.238	0.219	0.207	0.213	0.203	0.222	0.193	0.194	0.184	0.174	0.180
92&8810	Clerical & Public Admin.	0.249	0.261	0.251	0.236	0.209	0.194	0.178	0.191	0.195	0.188	0.170	0.176	0.167	0.155
Accident Year Total Frequency		0.375	0.361	0.363	0.307	0.261	0.245	0.235	0.220	0.213	0.227	0.224	0.232	0.232	0.238

NAICS Sector	NAICS Name	Annual Change													
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
11&21	Agriculture & Mining	---	-0.5%	4.7%	4.5%	0.1%	2.6%	-4.8%	2.5%	3.2%	1.9%	8.1%	-1.2%	3.4%	0.4%
23	Construction	---	-10.0%	0.4%	2.5%	4.6%	-0.9%	-4.1%	-2.7%	-3.2%	-3.7%	5.6%	-5.0%	3.8%	1.7%
31	Manufacturing	---	0.0%	1.1%	-0.6%	-2.7%	1.5%	1.3%	-4.6%	-3.0%	2.0%	4.3%	2.1%	4.8%	3.2%
42	Wholesale	---	-0.8%	1.5%	1.8%	0.9%	0.3%	5.6%	-3.2%	-0.3%	7.6%	3.5%	6.4%	0.8%	0.5%
44	Retail	---	-1.3%	-3.3%	3.8%	4.6%	2.7%	3.2%	5.8%	4.1%	2.9%	-5.2%	4.5%	-5.4%	-1.0%
22&48	Utilities & Transportation	---	-2.8%	0.4%	3.9%	10.5%	6.3%	0.6%	-2.3%	-5.0%	0.4%	-2.2%	-5.1%	4.6%	3.6%
51	Information	---	-4.8%	9.1%	-1.2%	-6.3%	4.3%	5.7%	9.4%	-0.3%	-5.4%	-11.6%	19.8%	-4.9%	-12.0%
52	Finance	---	5.2%	-22.8%	4.2%	-0.9%	-12.2%	17.7%	5.4%	14.4%	-7.3%	-1.8%	-10.7%	-15.3%	-13.9%
53	Real Estate	---	4.1%	-13.9%	2.9%	-0.6%	10.2%	25.2%	5.1%	6.0%	-4.0%	1.7%	-6.0%	-6.0%	-8.2%
54	Prof. Services	---	2.7%	0.1%	-1.8%	-6.1%	0.0%	-5.4%	3.2%	-9.8%	-6.6%	-9.1%	-13.9%	-10.1%	4.3%
56	Administrative	---	-3.0%	-0.2%	0.3%	-0.8%	6.1%	0.0%	8.0%	2.9%	2.8%	2.1%	-0.4%	3.0%	1.4%
61	Education	---	3.4%	9.1%	-19.8%	3.1%	2.3%	-3.5%	8.9%	-1.1%	-1.4%	-0.3%	0.2%	-7.3%	-9.4%
62	Health	---	1.0%	-0.5%	-5.9%	-4.2%	-3.0%	7.5%	1.4%	5.2%	1.5%	2.4%	-5.5%	-1.2%	-0.3%
71	Hospitality	---	-4.1%	-3.5%	-0.2%	3.8%	7.1%	4.6%	2.9%	-2.7%	2.5%	3.5%	-1.8%	-2.1%	-5.2%
72	Entertainment	---	-1.4%	0.1%	-3.5%	-1.1%	4.0%	2.2%	3.5%	9.0%	7.9%	3.8%	8.4%	5.0%	3.6%
81	Other Services	---	-0.2%	-4.5%	4.6%	-0.5%	-0.1%	-0.2%	3.6%	4.6%	3.9%	1.3%	6.2%	-0.1%	-2.1%
8742	Outside Sales	---	3.3%	10.3%	-10.9%	-7.7%	-5.5%	2.6%	-4.7%	9.6%	-13.0%	0.1%	-4.7%	-5.8%	3.5%
92&8810	Clerical & Public Admin.	---	4.6%	-3.9%	-5.9%	-11.4%	-7.0%	-8.2%	7.1%	1.8%	-3.2%	-9.8%	3.3%	-4.8%	-7.2%
Accident Year Total Frequency		---	-3.7%	0.5%	-15.4%	-14.8%	-6.3%	-4.1%	-6.3%	-3.2%	6.4%	-1.2%	3.6%	0.1%	2.7%

Figures in italics are based on partial data.

Indemnity Claim Frequency by Geographic Region

Bay Area

Indemnity Claim Frequency per \$100M of Exposure at AY 2013 Level						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
2001	27.57	28.54	28.77	28.78	28.57	2001	---	---	---	---	---
2002	26.31	27.55	28.06	27.94	28.02	2002	-4.5%	-3.5%	-2.5%	-2.9%	-1.9%
2003	25.64	26.84	26.77	26.90	27.17	2003	-2.5%	-2.6%	-4.6%	-3.7%	-3.0%
2004	21.93	22.21	22.35	22.62	22.41	2004	-14.5%	-17.2%	-16.5%	-15.9%	-17.5%
2005	18.76	18.91	19.19	19.10	19.22	2005	-14.4%	-14.9%	-14.1%	-15.5%	-14.2%
2006	17.62	17.96	17.88	17.97	17.86	2006	-6.1%	-5.0%	-6.8%	-5.9%	-7.1%
2007	16.71	16.83	17.00	17.07	17.10	2007	-5.2%	-6.3%	-4.9%	-5.0%	-4.2%
2008	15.31	15.76	15.90	16.03	16.03	2008	-8.4%	-6.3%	-6.5%	-6.1%	-6.3%
2009	14.07	14.45	14.63	14.70	14.75	2009	-8.1%	-8.3%	-8.0%	-8.3%	-8.0%
2010	14.60	15.19	15.34	15.44	15.50	2010	3.8%	5.1%	4.8%	5.0%	5.1%
2011	14.06	14.68	14.90	15.00		2011	-3.8%	-3.4%	-2.9%	-2.9%	
2012	14.01	14.68	15.10			2012	-0.3%	0.0%	1.3%		
2013	13.40	14.18				2013	-4.4%	-3.4%			
2014	13.03					2014	-2.8%				

Los Angeles/L.A. Basin

Indemnity Claim Frequency per \$100M of Exposure at AY 2013 Level						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
2001	37.68	39.33	40.19	40.52	40.88	2001	---	---	---	---	---
2002	36.92	40.09	40.64	40.98	40.94	2002	-2.0%	1.9%	1.1%	1.1%	0.2%
2003	37.80	39.45	39.67	39.69	39.73	2003	2.4%	-1.6%	-2.4%	-3.1%	-3.0%
2004	31.60	32.41	32.42	32.61	32.81	2004	-16.4%	-17.9%	-18.3%	-17.8%	-17.4%
2005	26.48	27.21	27.55	27.80	28.11	2005	-16.2%	-16.0%	-15.0%	-14.8%	-14.3%
2006	24.98	25.79	26.16	26.47	26.47	2006	-5.7%	-5.2%	-5.1%	-4.8%	-5.8%
2007	24.19	25.21	25.64	25.78	25.85	2007	-3.2%	-2.3%	-2.0%	-2.6%	-2.3%
2008	23.26	24.61	25.02	25.17	25.29	2008	-3.8%	-2.4%	-2.4%	-2.4%	-2.2%
2009	23.03	24.48	24.95	25.20	25.32	2009	-1.0%	-0.5%	-0.3%	0.1%	0.1%
2010	24.88	26.27	26.83	27.08	27.24	2010	8.0%	7.3%	7.5%	7.4%	7.6%
2011	24.71	26.47	27.11	27.47		2011	-0.7%	0.8%	1.0%	1.4%	
2012	26.51	28.45	29.30			2012	7.3%	7.5%	8.1%		
2013	27.33	30.11				2013	3.1%	5.8%			
2014	28.33					2014	3.7%				

All Other

Indemnity Claim Frequency per \$100M of Exposure at AY 2013 Level						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
2001	45.57	46.60	46.97	46.67	46.46	2001	---	---	---	---	---
2002	42.91	45.27	44.86	44.62	44.77	2002	-5.8%	-2.8%	-4.5%	-4.4%	-3.7%
2003	42.58	43.06	42.84	42.90	42.76	2003	-0.8%	-4.9%	-4.5%	-3.9%	-4.5%
2004	36.45	36.90	36.93	36.65	36.13	2004	-14.4%	-14.3%	-13.8%	-14.6%	-15.5%
2005	31.72	32.16	31.96	31.74	31.99	2005	-13.0%	-12.8%	-13.4%	-13.4%	-11.5%
2006	29.48	29.52	29.42	29.57	29.47	2006	-7.1%	-8.2%	-7.9%	-6.8%	-7.9%
2007	28.13	28.41	28.65	28.59	28.75	2007	-4.6%	-3.7%	-2.6%	-3.3%	-2.4%
2008	25.84	26.60	26.76	27.05	27.19	2008	-8.2%	-6.4%	-6.6%	-5.4%	-5.4%
2009	24.97	25.89	26.35	26.57	26.69	2009	-3.4%	-2.7%	-1.5%	-1.8%	-1.9%
2010	26.44	27.78	28.15	28.38	28.55	2010	5.9%	7.3%	6.8%	6.8%	7.0%
2011	26.25	27.51	27.98	28.21		2011	-0.7%	-1.0%	-0.6%	-0.6%	
2012	26.66	27.96	28.57			2012	1.6%	1.6%	2.1%		
2013	26.86	28.73				2013	0.7%	2.7%			
2014	26.03					2014	-3.1%				

All Regions

Indemnity Claim Frequency per \$100M of Exposure at AY 2013 Level						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
2001	37.46	38.74	39.27	39.32	39.35	2001	---	---	---	---	---
2002	36.08	38.50	38.73	38.78	38.83	2002	-3.7%	-0.6%	-1.4%	-1.4%	-1.3%
2003	36.26	37.43	37.43	37.50	37.54	2003	0.5%	-2.8%	-3.4%	-3.3%	-3.3%
2004	30.67	31.23	31.28	31.35	31.23	2004	-15.4%	-16.5%	-16.4%	-16.4%	-16.8%
2005	26.13	26.63	26.79	26.81	27.05	2005	-14.8%	-14.7%	-14.4%	-14.5%	-13.4%
2006	24.48	24.94	25.06	25.26	25.21	2006	-6.3%	-6.3%	-6.5%	-5.8%	-6.8%
2007	23.49	24.05	24.36	24.42	24.51	2007	-4.1%	-3.6%	-2.8%	-3.3%	-2.8%
2008	22.01	22.95	23.22	23.41	23.51	2008	-6.3%	-4.6%	-4.7%	-4.1%	-4.1%
2009	21.29	22.32	22.71	22.90	23.00	2009	-3.2%	-2.8%	-2.2%	-2.2%	-2.2%
2010	22.65	23.82	24.22	24.42	24.56	2010	6.4%	6.7%	6.7%	6.6%	6.8%
2011	22.37	23.69	24.17	24.42		2011	-1.2%	-0.6%	-0.2%	0.0%	
2012	23.19	24.60	25.26			2012	3.6%	3.8%	4.5%		
2013	23.32	25.28				2013	0.5%	2.8%			
2014	23.32					2014	0.0%				

Figures in italics are based on partial data.

Source: WCIRB unit statistical data

Indemnity Claim Count Distribution by Part of Body Code

Top 20 Part of Body Codes for Cumulative Injury Indemnity Claims based on AY 2013 Shares												
2013 Rank	POB Code	POB Description	Accident Year									
			2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1	90	Multiple Body Parts	28.5%	26.5%	25.7%	24.0%	25.1%	25.9%	29.0%	29.8%	31.2%	30.5%
2	42	Lower Back	5.0%	5.5%	6.4%	6.2%	7.6%	8.3%	8.2%	8.1%	8.9%	9.7%
3	91	Body Systems	1.7%	1.8%	2.5%	3.0%	4.1%	3.5%	3.7%	4.8%	6.7%	6.0%
4	34	Wrist	10.8%	11.8%	10.4%	9.9%	7.9%	7.0%	6.8%	7.1%	5.7%	5.8%
5	38	Shoulder	3.5%	4.0%	4.9%	5.4%	4.6%	4.8%	4.6%	4.6%	4.6%	5.0%
6	66	Psych	2.7%	3.1%	4.2%	5.5%	5.6%	5.9%	5.2%	5.1%	4.5%	4.4%
7	30	Multiple Upper	8.2%	7.1%	6.4%	5.9%	5.1%	4.4%	4.2%	4.6%	4.0%	4.0%
8	35	Hand	6.0%	5.9%	5.8%	5.3%	4.6%	4.4%	4.5%	3.9%	3.9%	3.8%
9	39	Wrist and Hand	4.7%	4.7%	4.3%	5.6%	4.2%	4.0%	4.2%	4.4%	3.7%	3.3%
10	53	Knee	2.5%	2.4%	3.0%	2.8%	2.2%	2.8%	2.5%	2.3%	2.7%	2.5%
11	25	Soft Tissue (Neck)	0.7%	0.6%	0.7%	1.1%	1.6%	2.0%	1.6%	1.7%	1.8%	2.1%
12	65	Unclassified	2.2%	1.9%	1.8%	1.7%	2.3%	2.0%	2.9%	2.7%	1.8%	1.9%
13	33	Lower Arm	2.1%	2.3%	2.5%	1.9%	1.8%	1.6%	1.4%	1.6%	1.6%	0.9%
14	12	Brain	4.6%	4.7%	4.4%	4.0%	5.5%	5.2%	4.2%	2.9%	1.4%	1.4%
15	32	Elbow	2.1%	1.7%	1.8%	2.1%	1.6%	1.3%	1.2%	1.3%	1.3%	1.3%
16	20	Multiple Neck	0.5%	0.7%	0.7%	0.9%	1.0%	0.9%	0.9%	1.3%	1.1%	0.9%
17	41	Upper Back	1.3%	1.3%	1.3%	1.2%	1.5%	1.2%	1.3%	1.2%	1.1%	1.1%
18	10	Multiple Head	0.6%	0.8%	0.6%	1.0%	1.6%	1.4%	1.0%	1.1%	1.1%	1.3%
19	22	Disc (Neck)	0.5%	0.5%	0.6%	0.6%	0.5%	0.6%	0.7%	0.7%	1.0%	1.3%
20	43	Disc (Back)	0.2%	0.2%	0.2%	0.2%	0.4%	0.4%	0.3%	0.6%	1.0%	1.3%
Other		Other	11.8%	12.5%	11.8%	12.0%	11.4%	12.3%	11.5%	10.3%	10.8%	11.5%

Top 20 Part of Body Codes for Non-Cumulative Injury Indemnity Claims based on AY 2013 Shares												
2013 Rank	POB Code	POB Description	Accident Year									
			2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1	42	Lower Back	15.1%	15.5%	15.6%	16.7%	17.4%	17.3%	16.8%	16.8%	16.9%	16.5%
2	90	Multiple Body Parts	12.3%	11.2%	11.2%	10.7%	10.8%	11.7%	13.1%	12.6%	12.2%	12.0%
3	53	Knee	7.6%	7.9%	8.2%	8.5%	8.6%	8.6%	8.3%	8.4%	8.9%	8.3%
4	38	Shoulder	4.4%	4.7%	5.1%	5.7%	6.2%	6.1%	6.1%	6.6%	7.5%	7.0%
5	36	Finger	5.7%	6.1%	6.1%	6.2%	6.0%	6.0%	5.8%	5.8%	5.8%	6.0%
6	35	Hand	3.9%	4.1%	4.2%	4.1%	4.1%	4.3%	4.4%	4.6%	4.6%	4.2%
7	55	Ankle	3.9%	4.3%	4.3%	4.4%	4.4%	4.2%	4.3%	4.2%	4.2%	4.4%
8	34	Wrist	5.4%	5.8%	5.9%	5.7%	5.6%	6.0%	5.6%	5.4%	4.1%	5.1%
9	56	Foot	3.0%	3.3%	3.4%	3.1%	3.0%	2.9%	3.0%	2.9%	3.0%	3.3%
10	61	Abdomen	2.3%	2.3%	2.4%	2.4%	2.4%	2.1%	2.3%	2.3%	2.4%	2.3%
11	33	Lower Arm	1.7%	1.8%	1.8%	1.9%	2.0%	2.0%	2.1%	2.2%	2.2%	2.1%
12	41	Upper Back	1.4%	1.4%	1.5%	1.4%	1.4%	1.5%	1.5%	1.6%	1.9%	1.8%
13	32	Elbow	1.6%	1.8%	1.8%	1.8%	1.8%	1.8%	1.7%	1.8%	1.9%	1.9%
14	54	Lower Leg	1.8%	1.9%	1.9%	1.9%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
15	30	Multiple Upper	2.5%	2.4%	2.1%	1.9%	1.9%	2.0%	1.9%	1.9%	1.7%	2.1%
16	31	Upper Arm	1.6%	1.7%	1.8%	1.9%	2.2%	2.3%	2.3%	2.0%	1.7%	2.0%
17	37	Thumb	1.6%	1.7%	1.7%	1.7%	1.7%	1.5%	1.6%	1.6%	1.6%	1.6%
18	25	Soft Tissue (Neck)	0.6%	0.7%	0.9%	1.0%	1.3%	1.5%	1.4%	1.3%	1.4%	1.2%
19	10	Multiple Head	1.0%	1.1%	1.1%	1.1%	1.2%	1.3%	1.2%	1.3%	1.1%	1.3%
20	44	Chest	0.9%	1.1%	1.2%	1.1%	1.2%	1.2%	1.1%	1.0%	1.1%	1.1%
Other		Other	21.6%	19.3%	17.9%	16.7%	15.1%	14.0%	13.8%	13.7%	14.1%	14.2%

Note: Figures in italics are based on partial data.

Source: WCIRB unit statistical data at first report level

Denied Claims by Month and Year of Injury, 2000 - 2015

MONTH	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL
JANUARY	381	3,764	4,269	4,902	4,634	4,494	4,514	4,628	4,913	4,812	4,678	5,042	4,981	4,769	5,388	5,561	71,730
FEBRUARY	436	3,335	3,893	4,455	4,344	4,044	4,067	4,264	4,442	4,301	4,330	4,530	4,992	4,688	5,173	5,223	66,517
MARCH	2,167	4,228	4,441	4,953	5,236	4,673	4,731	4,979	4,840	5,092	5,006	5,392	5,643	5,600	5,611	5,895	78,487
APRIL	1,993	3,877	4,374	4,759	4,656	4,465	4,210	4,569	4,834	4,963	4,890	4,999	5,076	5,384	5,573	5,713	74,335
MAY	2,240	4,242	4,488	4,983	4,374	4,664	4,657	4,706	4,833	4,856	4,899	4,937	5,384	5,553	5,509	5,365	75,690
JUNE	2,635	4,304	4,744	5,409	4,610	4,851	4,920	5,048	5,043	5,327	5,271	5,411	5,219	5,294	5,499	5,527	79,112
JULY	2,715	4,078	4,578	5,142	4,544	4,399	4,628	4,841	5,170	5,118	4,980	4,851	4,663	5,276	5,293	5,492	75,768
AUGUST	3,197	4,376	4,967	5,066	4,737	4,840	4,776	5,113	5,078	4,963	5,121	5,481	5,289	5,737	5,430	5,364	79,535
SEPTEMBER	3,154	3,909	4,536	5,021	4,825	4,556	4,487	4,761	4,914	5,051	5,077	5,105	4,995	5,452	5,662	5,258	76,763
OCTOBER	3,242	4,424	4,858	5,095	4,483	4,466	4,353	5,141	4,993	4,900	5,147	5,019	5,249	5,693	5,645	5,050	77,758
NOVEMBER	2,921	3,541	4,026	3,875	3,955	3,991	3,885	4,390	3,891	4,167	4,384	4,602	4,425	4,753	4,612	3,999	65,417
DECEMBER	3,548	3,897	4,424	4,549	4,450	4,204	4,123	4,311	4,381	4,283	4,585	4,744	4,388	4,717	4,733	3,786	69,123
TOTAL DENIED CLAIMS	28,629	47,975	53,598	58,209	54,848	53,647	53,351	56,751	57,332	57,833	58,368	60,113	60,304	62,916	64,128	62,233	890,235

Notes:

Denied Claims -- The aggregate monthly count of denied claims is by year of injury. Claims are based on the earliest denial date (DN 3 - MTC_DATE) and SROI transaction record (DN 2 - Maintenance Type Code), ie. MTC = '04' (Denial).

A significant amount of variation across years results from noncompliance and late reporting of claims. DWC believes that its database is representative of claims in California's workers' compensation (WC) industry.

Source: WCIS Data (Run Date June 7, 2016)

**Quarterly Incurred Indemnity Loss Development Factors
Through March 31, 2016**

Age in Months	Accident Year																	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
6/3									2.417	2.724	2.785	3.031	3.116	3.052	3.238	3.344	3.303	3.209
9/6									1.656	1.776	1.820	1.848	1.904	2.001	1.966	1.940	1.960	1.948
12/9									1.448	1.511	1.510	1.530	1.564	1.632	1.587	1.585	1.570	1.577
15/12	1.229	1.260	1.268	1.250	1.257	1.238	1.180	1.149	1.189	1.234	1.248	1.293	1.306	1.306	1.303	1.301	1.301	1.312
18/15	1.172	1.202	1.188	1.184	1.206	1.167	1.101	1.103	1.140	1.158	1.182	1.194	1.197	1.195	1.206	1.178	1.190	
21/18	1.145	1.140	1.150	1.148	1.153	1.127	1.066	1.096	1.117	1.128	1.139	1.153	1.140	1.146	1.141	1.141	1.132	
24/21	1.126	1.112	1.121	1.111	1.117	1.094	1.045	1.082	1.098	1.106	1.106	1.114	1.119	1.117	1.111	1.104	1.114	
27/24	1.074	1.096	1.093	1.100	1.094	1.073	1.045	1.070	1.082	1.081	1.088	1.089	1.091	1.085	1.087	1.081	1.082	
30/27	1.078	1.069	1.074	1.082	1.064	1.051	1.040	1.054	1.057	1.072	1.075	1.075	1.080	1.071	1.068	1.067		
33/30	1.045	1.058	1.048	1.062	1.047	1.032	1.036	1.042	1.049	1.053	1.059	1.052	1.064	1.053	1.060	1.047		
36/33	1.043	1.046	1.039	1.046	1.035	1.020	1.029	1.033	1.039	1.043	1.051	1.049	1.049	1.043	1.041	1.043		
39/36	1.038	1.041	1.035	1.038	1.028	1.017	1.027	1.029	1.031	1.033	1.040	1.039	1.039	1.041	1.035	1.031		
42/39	1.027	1.028	1.034	1.030	1.023	1.018	1.020	1.020	1.031	1.033	1.036	1.038	1.035	1.032	1.028			
45/42	1.024	1.026	1.026	1.020	1.009	1.019	1.018	1.024	1.026	1.028	1.030	1.035	1.027	1.033	1.022			
48/45	1.025	1.020	1.022	1.013	1.008	1.013	1.013	1.021	1.019	1.021	1.024	1.024	1.026	1.023	1.023			
51/48	1.022	1.017	1.018	1.015	1.010	1.016	1.010	1.018	1.021	1.018	1.022	1.023	1.021	1.018	1.017			
54/51	1.019	1.018	1.013	1.009	1.007	1.017	1.009	1.017	1.021	1.020	1.021	1.020	1.020	1.016				
57/54	1.014	1.017	1.012	1.006	1.008	1.011	1.011	1.018	1.017	1.014	1.018	1.017	1.015	1.014				
60/57	1.013	1.014	1.007	1.005	1.008	1.009	1.011	1.013	1.019	1.016	1.013	1.015	1.012	1.013				
63/60	1.012	1.012	1.007	1.007	1.008	1.008	1.010	1.014	1.013	1.015	1.011	1.014	1.014	1.009				

Source: WCIRB accident year experience calls

Quarterly Incurred Medical Loss Development Factors *
Through March 31, 2016

Age in Months	Accident Year																	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
6/3									2.584	2.662	2.782	2.892	2.992	2.757	2.889	2.878	2.956	2.895
9/6									1.650	1.744	1.717	1.807	1.800	1.827	1.846	1.833	1.853	1.897
12/9									1.453	1.443	1.466	1.454	1.488	1.521	1.493	1.509	1.491	1.460
15/12	1.144	1.168	1.201	1.207	1.203	1.197	1.132	1.145	1.138	1.182	1.167	1.199	1.206	1.228	1.221	1.215	1.208	1.214
18/15	1.093	1.116	1.123	1.144	1.151	1.126	1.086	1.087	1.103	1.106	1.126	1.135	1.129	1.141	1.142	1.124	1.122	
21/18	1.078	1.086	1.101	1.122	1.116	1.093	1.055	1.061	1.073	1.081	1.090	1.097	1.101	1.103	1.090	1.092	1.083	
24/21	1.074	1.072	1.080	1.083	1.082	1.060	1.040	1.052	1.070	1.074	1.067	1.074	1.080	1.080	1.070	1.068	1.059	
27/24	1.044	1.061	1.070	1.080	1.075	1.042	1.034	1.048	1.055	1.058	1.053	1.071	1.066	1.072	1.060	1.052	1.049	
30/27	1.044	1.052	1.058	1.070	1.051	1.038	1.039	1.049	1.046	1.054	1.057	1.048	1.063	1.052	1.049	1.041		
33/30	1.035	1.047	1.051	1.059	1.035	1.018	1.032	1.030	1.041	1.045	1.045	1.051	1.055	1.045	1.047	1.034		
36/33	1.037	1.042	1.035	1.040	1.029	1.016	1.024	1.034	1.042	1.033	1.042	1.040	1.041	1.037	1.030	1.028		
39/36	1.029	1.032	1.034	1.037	1.018	1.012	1.028	1.025	1.027	1.029	1.033	1.031	1.040	1.039	1.029	1.023		
42/39	1.025	1.031	1.036	1.026	1.019	1.013	1.017	1.020	1.025	1.035	1.036	1.037	1.037	1.031	1.023			
45/42	1.025	1.033	1.032	1.023	1.012	1.019	1.033	1.021	1.025	1.029	1.026	1.030	1.028	1.027	1.023			
48/45	1.028	1.023	1.026	1.017	1.008	1.013	1.025	1.018	1.022	1.025	1.029	1.034	1.022	1.023	1.021			
51/48	1.019	1.020	1.024	1.014	1.009	1.013	1.018	1.015	1.020	1.021	1.021	1.026	1.024	1.019	1.015			
54/51	1.025	1.027	1.017	1.016	1.010	1.012	1.021	1.019	1.022	1.022	1.027	1.023	1.019	1.018				
57/54	1.027	1.024	1.014	1.007	1.011	1.017	1.020	1.018	1.019	1.019	1.023	1.020	1.017	1.018				
60/57	1.021	1.021	1.015	1.009	1.008	1.014	1.020	1.019	1.018	1.017	1.019	1.016	1.015	1.013				
63/60	1.014	1.020	1.013	1.012	1.008	1.016	1.015	1.021	1.015	1.018	1.016	1.020	1.015	1.010				

Source: WCIRB accident year experience calls

* Incurred medical loss development factors include the paid cost of medical cost containment programs

**Quarterly Paid Indemnity Loss Development Factors
Through March 31, 2016**

Age in Months	Accident Year																	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
6/3									4.376	4.495	4.553	4.807	4.911	4.722	4.854	5.099	5.076	5.056
9/6									2.259	2.375	2.377	2.398	2.452	2.432	2.484	2.462	2.462	2.484
12/9									1.812	1.834	1.810	1.825	1.861	1.869	1.877	1.866	1.879	1.910
15/12	1.499	1.536	1.538	1.552	1.550	1.516	1.491	1.456	1.482	1.488	1.481	1.507	1.532	1.539	1.506	1.539	1.540	1.557
18/15	1.380	1.399	1.395	1.401	1.403	1.379	1.331	1.306	1.306	1.327	1.332	1.343	1.355	1.361	1.361	1.353	1.364	
21/18	1.323	1.298	1.303	1.303	1.311	1.297	1.241	1.217	1.233	1.235	1.243	1.259	1.257	1.261	1.261	1.263	1.267	
24/21	1.259	1.257	1.256	1.258	1.260	1.244	1.183	1.181	1.195	1.191	1.194	1.206	1.209	1.215	1.213	1.204	1.215	
27/24	1.186	1.199	1.203	1.200	1.205	1.186	1.140	1.142	1.151	1.149	1.153	1.162	1.165	1.168	1.164	1.159	1.170	
30/27	1.157	1.161	1.165	1.175	1.172	1.161	1.122	1.117	1.126	1.129	1.130	1.141	1.141	1.137	1.134	1.141		
33/30	1.118	1.125	1.130	1.142	1.136	1.123	1.097	1.096	1.100	1.101	1.108	1.114	1.116	1.112	1.111	1.111		
36/33	1.102	1.103	1.103	1.115	1.111	1.097	1.085	1.081	1.080	1.084	1.092	1.094	1.098	1.091	1.091	1.096		
39/36	1.074	1.081	1.081	1.092	1.087	1.072	1.070	1.066	1.064	1.067	1.074	1.078	1.077	1.073	1.075	1.075		
42/39	1.067	1.071	1.077	1.080	1.073	1.063	1.059	1.058	1.058	1.062	1.067	1.067	1.071	1.070	1.065			
45/42	1.057	1.054	1.063	1.064	1.056	1.049	1.047	1.049	1.047	1.051	1.058	1.059	1.057	1.055	1.054			
48/45	1.049	1.050	1.055	1.053	1.046	1.044	1.041	1.044	1.043	1.047	1.049	1.051	1.050	1.048	1.048			
51/48	1.039	1.038	1.043	1.044	1.036	1.035	1.033	1.036	1.036	1.037	1.042	1.042	1.043	1.039	1.038			
54/51	1.035	1.038	1.036	1.037	1.034	1.035	1.030	1.028	1.035	1.036	1.038	1.041	1.038	1.036				
57/54	1.029	1.033	1.037	1.030	1.028	1.026	1.025	1.028	1.030	1.032	1.033	1.033	1.032	1.033				
60/57	1.025	1.030	1.027	1.026	1.024	1.024	1.024	1.024	1.028	1.029	1.029	1.032	1.027	1.030				
63/60	1.023	1.026	1.024	1.021	1.022	1.019	1.019	1.021	1.023	1.025	1.025	1.024	1.026	1.025				

Source: WCIRB accident year experience calls

Quarterly Paid Medical Loss Development Factors *
Through March 31, 2016

Age in Months	Accident Year																	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
6/3									5.308	5.615	6.579	6.101	6.048	5.854	5.942	6.232	5.646	5.716
9/6									2.348	2.381	2.348	2.375	2.361	2.327	2.395	2.490	2.424	2.305
12/9									1.716	1.765	1.731	1.723	1.756	1.746	1.762	1.740	1.752	1.712
15/12	1.453	1.490	1.514	1.547	1.554	1.510	1.437	1.423	1.429	1.444	1.413	1.429	1.445	1.472	1.449	1.441	1.459	1.453
18/15	1.241	1.267	1.286	1.310	1.330	1.295	1.243	1.230	1.227	1.259	1.243	1.259	1.268	1.282	1.284	1.263	1.268	
21/18	1.164	1.168	1.192	1.219	1.211	1.179	1.153	1.151	1.163	1.173	1.170	1.178	1.182	1.187	1.189	1.192	1.192	
24/21	1.132	1.124	1.149	1.159	1.154	1.125	1.115	1.118	1.127	1.133	1.132	1.137	1.144	1.153	1.151	1.147	1.144	
27/24	1.096	1.108	1.121	1.128	1.123	1.093	1.090	1.093	1.106	1.107	1.110	1.112	1.119	1.120	1.120	1.120	1.120	
30/27	1.077	1.088	1.101	1.108	1.103	1.077	1.084	1.087	1.097	1.100	1.100	1.106	1.107	1.111	1.106	1.109		
33/30	1.065	1.072	1.086	1.089	1.077	1.063	1.071	1.065	1.081	1.083	1.086	1.092	1.094	1.093	1.091	1.089		
36/33	1.055	1.066	1.069	1.076	1.061	1.055	1.062	1.062	1.071	1.072	1.072	1.077	1.083	1.082	1.076	1.078		
39/36	1.051	1.059	1.060	1.061	1.049	1.044	1.053	1.056	1.057	1.059	1.061	1.066	1.071	1.066	1.068	1.063		
42/39	1.044	1.049	1.055	1.054	1.041	1.044	1.049	1.054	1.055	1.058	1.059	1.061	1.068	1.063	1.060			
45/42	1.039	1.045	1.047	1.044	1.036	1.037	1.040	1.047	1.048	1.049	1.054	1.053	1.056	1.056	1.052			
48/45	1.035	1.039	1.044	1.037	1.032	1.035	1.037	1.043	1.043	1.046	1.047	1.050	1.051	1.046	1.045			
51/48	1.030	1.035	1.037	1.034	1.031	1.030	1.033	1.037	1.036	1.036	1.039	1.041	1.043	1.040	1.038			
54/51	1.031	1.036	1.032	1.027	1.030	1.029	1.034	1.034	1.035	1.035	1.036	1.042	1.038	1.035				
57/54	1.026	1.030	1.027	1.024	1.024	1.024	1.029	1.031	1.034	1.031	1.033	1.038	1.034	1.034				
60/57	1.026	1.028	1.026	1.021	1.023	1.026	1.028	1.029	1.028	1.032	1.032	1.035	1.030	1.030				
63/60	1.023	1.025	1.022	1.019	1.019	1.020	1.024	1.024	1.024	1.024	1.027	1.027	1.026	1.026				

Source: WCIRB accident year experience calls

* Paid medical loss development factors include the paid cost of medical cost containment programs

Ratios of Incremental Paid Losses to Prior Outstanding Losses by Accident Year

Accident Year	Paid Indemnity Development								
	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
1992									0.280
1993								0.333	0.406
1994							0.352	0.315	0.235
1995						0.423	0.361	0.278	0.225
1996					0.497	0.387	0.307	0.273	0.207
1997				0.548	0.456	0.370	0.316	0.222	0.217
1998			0.654	0.522	0.399	0.345	0.279	0.220	0.228
1999		0.806	0.649	0.489	0.432	0.338	0.290	0.257	0.223
2000	2.944	0.809	0.604	0.517	0.396	0.349	0.306	0.290	0.239
2001	3.233	0.797	0.682	0.545	0.404	0.377	0.328	0.277	0.245
2002	3.190	0.820	0.627	0.502	0.448	0.400	0.353	0.289	0.243
2003	3.139	0.762	0.599	0.534	0.458	0.379	0.296	0.270	0.257
2004	2.919	0.609	0.577	0.471	0.392	0.353	0.290	0.304	0.284
2005	2.686	0.761	0.621	0.533	0.421	0.362	0.324	0.315	0.292
2006	2.902	0.801	0.601	0.482	0.417	0.370	0.331	0.290	0.248
2007	4.205	0.896	0.658	0.514	0.445	0.392	0.355	0.307	0.277
2008	4.591	0.958	0.708	0.571	0.484	0.421	0.350	0.326	
2009	5.201	0.966	0.704	0.587	0.489	0.425	0.367		
2010	5.703	0.986	0.748	0.610	0.515	0.457			
2011	6.098	0.970	0.699	0.582	0.501				
2012	6.283	1.000	0.723	0.594					
2013	6.197	0.946	0.744						
2014	6.234	0.995							
2015	6.000								

Accident Year	Paid Medical Development								
	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
1992									0.193
1993								0.223	0.242
1994							0.255	0.242	0.202
1995						0.256	0.269	0.229	0.206
1996					0.345	0.299	0.279	0.264	0.174
1997				0.420	0.367	0.311	0.284	0.212	0.157
1998			0.524	0.422	0.344	0.314	0.215	0.176	0.170
1999		0.754	0.577	0.438	0.414	0.279	0.220	0.196	0.220
2000	3.658	0.796	0.585	0.478	0.331	0.253	0.230	0.256	0.192
2001	3.864	0.908	0.634	0.472	0.312	0.300	0.287	0.237	0.211
2002	4.334	0.859	0.536	0.369	0.358	0.353	0.277	0.254	0.208
2003	4.011	0.766	0.421	0.388	0.373	0.300	0.263	0.241	0.208
2004	3.345	0.585	0.463	0.425	0.367	0.312	0.276	0.237	0.227
2005	3.246	0.575	0.460	0.417	0.381	0.337	0.263	0.272	0.241
2006	3.122	0.587	0.461	0.394	0.342	0.316	0.276	0.246	0.189
2007	3.740	0.655	0.511	0.438	0.368	0.341	0.307	0.241	0.201
2008	3.957	0.676	0.532	0.470	0.416	0.352	0.288	0.245	
2009	4.433	0.694	0.535	0.490	0.423	0.348	0.282		
2010	4.650	0.709	0.587	0.514	0.418	0.354			
2011	4.328	0.716	0.543	0.466	0.399				
2012	4.436	0.693	0.539	0.474					
2013	4.320	0.652	0.523						
2014	4.552	0.668							
2015	4.417								

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 75% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

All entries reflect the paid cost of medical cost containment programs.

Source: WCIRB quarterly calls for experience

Incremental Paid Indemnity - Ratios of Actual to Expected^[1]

Accident Year	Age-to-Age (in months)												
	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159
1997						1.061	1.158	0.871	1.008	0.955	1.175	0.962	0.778
1998					0.987	1.082	1.009	1.100	1.000	1.059	1.067	0.818	1.286
1999				1.005	1.145	1.028	0.954	1.000	0.840	1.000	0.875	1.111	1.000
2000			1.019	1.124	0.975	0.988	0.936	0.909	1.048	0.833	0.857	1.000	1.000
2001		1.008	1.105	1.014	0.919	0.901	0.989	1.000	1.000	1.067	1.167	1.100	1.222
2002	1.095	1.015	0.965	0.871	0.933	0.929	0.956	0.933	0.864	1.125	1.000	1.091	0.818
2003	1.046	0.917	0.877	0.900	0.982	0.985	0.907	1.036	1.316	1.222	1.429	1.250	1.111
2004	0.894	0.750	0.799	0.927	0.936	1.047	1.154	1.414	1.360	1.182	0.900	0.933	
2005	0.864	0.926	0.962	1.047	1.020	1.090	1.267	1.171	1.088	0.962	1.056		
2006	0.979	1.064	1.032	0.985	1.163	1.164	1.088	0.937	0.865	1.040			
2007	1.113	1.026	1.031	1.071	1.050	1.000	0.984	0.933	1.000				
2008	0.994	1.029	1.073	1.109	1.039	0.976	0.885	0.952					
2009	1.097	1.070	1.066	1.017	1.023	1.012	1.037						
2010	1.084	1.022	1.012	1.008	0.956	0.964							
2011	0.961	1.024	0.952	0.946	1.000								
2012	1.030	0.994	0.992	0.969									
2013	1.063	0.973	1.031										
2014	1.005	1.051											
2015	1.035												

^[1] Expected paid indemnity losses are derived based on age-to-age paid indemnity development factors from the prior evaluation (see Exhibit 2.3 of the WCIRB's June 17, 2016 Actuarial Committee Agenda item AC16-06-01).

Incremental Paid Medical - Ratios of Actual to Expected^[2]

Accident Year	Age-to-Age (in months)												
	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159
1997						1.147	1.115	1.009	1.009	1.134	1.077	0.991	0.870
1998					1.133	1.207	0.958	0.907	1.088	1.022	1.158	1.080	1.050
1999				1.139	1.151	0.882	0.873	0.950	0.844	1.076	0.938	0.926	0.952
2000			1.110	1.107	0.864	0.889	0.964	0.940	1.179	0.857	0.867	0.880	1.000
2001		1.107	1.078	0.906	0.851	1.002	1.053	1.166	1.000	1.100	1.000	1.000	1.300
2002	1.282	1.012	0.848	0.822	1.053	0.958	0.981	0.935	0.865	0.818	0.923	1.182	0.692
2003	0.948	0.803	0.802	1.041	1.010	1.029	1.038	1.047	1.031	1.074	1.375	0.962	1.000
2004	0.911	0.847	1.151	1.071	1.210	1.229	1.200	1.044	1.182	1.414	0.939	0.880	
2005	0.604	0.977	0.980	1.170	1.017	1.058	0.955	1.128	1.308	0.902	0.935		
2006	1.024	1.063	1.171	1.010	1.024	0.934	1.016	1.075	0.784	0.865			
2007	1.161	1.101	1.029	1.041	0.952	1.082	1.234	0.895	0.950				
2008	1.087	0.971	1.020	1.025	1.117	1.065	0.848	0.922					
2009	0.944	1.061	1.072	1.063	1.119	0.969	0.925						
2010	1.014	1.057	1.044	1.072	0.887	0.916							
2011	0.971	1.033	0.998	0.916	0.985								
2012	1.030	1.013	0.965	0.963									
2013	1.077	0.962	0.987										
2014	0.897	1.008											
2015	0.939												

^[2] Expected paid medical losses are derived based on age-to-age paid medical development factors from the prior evaluation (see Exhibit 2.4 of the WCIRB's June 17, 2016 Actuarial Committee Agenda item AC16-06-01).

**Comparison of Projected Ultimate Loss Ratios
Accident Year 2010**

Indemnity

Methodology	Based on Experience Evaluated as of (in months):														Estimate of
	12	15	18	21	24	27	33	39	45	51	57	63	69	75	Ultimate
3-Year Avg. Incurred	0.270	0.284	0.294	0.298	0.304	0.310	0.323	0.324	0.327	0.326	0.324	0.322	0.318	0.316	0.325
Latest Year Incurred	0.305	0.315	0.321	0.321	0.322	0.326	0.338	0.325	0.324	0.323	0.321	0.320	0.313	0.313	0.325
3-Year Avg. Paid	0.251	0.261	0.270	0.276	0.283	0.288	0.301	0.311	0.320	0.330	0.332	0.331	0.330	0.328	0.325
Latest Year Paid	0.267	0.280	0.293	0.300	0.307	0.314	0.322	0.323	0.331	0.333	0.332	0.327	0.325	0.325	0.325
Reform-Adj. Paid [1]	0.247	0.272	0.283	0.290	0.296	0.302	0.309	0.314	0.321	0.333	0.332	0.327	0.325	0.325	0.325
Latest Yr. Adj. for Case Reserves	0.322	0.322	---	---	0.345	0.355	---	0.341	---	0.329	---	0.325	---	---	0.325
Latest Yr. Adj. for Settlement [2]	0.254	0.277	---	---	0.302	0.309	---	0.315	---	0.330	---	0.325	---	---	0.325

Percent Change

	<u>12 to 15</u>	<u>15 to 18</u>	<u>18 to 21</u>	<u>21 to 24</u>	<u>24 to 27</u>	<u>27 to 33</u>	<u>33 to 39</u>	<u>39 to 45</u>	<u>45 to 51</u>	<u>51 to 57</u>	<u>57 to 63</u>	<u>63 to 69</u>	<u>69 to 75</u>	75 Mos. Difference from Current Estimate
3-Year Avg. Incurred	5.2%	3.5%	1.4%	2.0%	2.0%	4.2%	0.3%	0.9%	-0.3%	-0.6%	-0.6%	-1.2%	-0.6%	-2.8%
Latest Year Incurred	3.3%	1.9%	0.0%	0.3%	1.2%	3.7%	-3.8%	-0.3%	-0.3%	-0.6%	-0.3%	-2.2%	0.0%	-3.7%
3-Year Avg. Paid	4.0%	3.4%	2.2%	2.5%	1.8%	4.5%	3.3%	2.9%	3.1%	0.6%	-0.3%	-0.3%	-0.6%	0.9%
Latest Year Paid	4.9%	4.6%	2.4%	2.3%	2.3%	2.5%	0.3%	2.5%	0.6%	-0.3%	-1.5%	-0.6%	0.0%	0.0%
Reform-Adj. Paid	10.1%	4.0%	2.5%	2.1%	2.0%	2.3%	1.6%	2.2%	3.7%	-0.3%	-1.5%	-0.6%	0.0%	0.0%
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Latest Yr. Adj. for Settlement	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Medical [3]

	Based on Experience Evaluated as of (in months):														Current WCIRB Estimate of Ultimate
	12	15	18	21	24	27	33	39	45	51	57	63	69	75	Ultimate
3-Year Avg. Incurred	0.555	0.568	0.572	0.585	0.595	0.620	0.645	0.642	0.635	0.626	0.604	0.583	0.554	0.539	0.598
Latest Year Incurred	0.600	0.605	0.590	0.606	0.608	0.625	0.650	0.652	0.629	0.614	0.586	0.566	0.538	0.527	0.598
3-Year Avg. Paid	0.490	0.494	0.501	0.511	0.534	0.559	0.576	0.584	0.601	0.634	0.629	0.629	0.614	0.602	0.598
Latest Year Paid	0.512	0.516	0.523	0.536	0.559	0.593	0.609	0.590	0.613	0.662	0.642	0.623	0.604	0.595	0.598
Reform-Adj. Paid [1]	0.527	0.531	0.536	0.550	0.569	0.601	0.614	0.592	0.624	0.666	0.644	0.625	0.605	0.598	0.598
Latest Yr. Adj. for Case Reserves	0.614	0.618	---	---	0.633	0.678	---	0.675	---	0.630	---	0.576	---	---	0.598
Latest Yr. Adj. for Settlement [2]	0.614	0.557	---	---	0.575	0.606	---	0.592	---	0.662	---	0.622	---	---	0.598

Percent Change

	<u>12 to 15</u>	<u>15 to 18</u>	<u>18 to 21</u>	<u>21 to 24</u>	<u>24 to 27</u>	<u>27 to 33</u>	<u>33 to 39</u>	<u>39 to 45</u>	<u>45 to 51</u>	<u>51 to 57</u>	<u>57 to 63</u>	<u>63 to 69</u>	<u>69 to 75</u>	75 Mos. Difference from Current Estimate
3-Year Avg. Incurred	2.3%	0.7%	2.3%	1.7%	4.2%	4.0%	-0.5%	-1.1%	-1.4%	-3.5%	-3.5%	-5.0%	-2.7%	-9.9%
Latest Year Incurred	0.8%	-2.5%	2.7%	0.3%	2.8%	4.0%	0.3%	-3.5%	-2.4%	-4.6%	-3.4%	-4.9%	-2.0%	-11.9%
3-Year Avg. Paid	0.8%	1.4%	2.0%	4.5%	4.7%	3.0%	1.4%	2.9%	5.5%	-0.8%	0.0%	-2.4%	-2.0%	0.7%
Latest Year Paid	0.8%	1.4%	2.5%	4.3%	6.1%	2.7%	-3.1%	3.9%	8.0%	-3.0%	-3.0%	-3.0%	-1.5%	-0.5%
Reform-Adj. Paid	0.8%	0.9%	2.6%	3.5%	5.6%	2.2%	-3.6%	5.4%	6.7%	-3.3%	-3.0%	-3.2%	-1.2%	0.0%
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Latest Yr. Adj. for Settlement	---	---	---	---	---	---	---	---	---	---	---	---	---	---

[1] For all evaluations through 33-months, estimates of ultimate loss ratios based on the Reform-Adjusted Paid methodology reflect adjustment for the impact of the 2002-2004 reforms only. For the 39 and 45-month evaluations, the adjustment reflects both the 2002-2004 reforms and the SB 863 reforms. For subsequent evaluations, the adjustment reflects the SB 863 reforms only.

[2] The Latest Year Claim-Settlement Methodology for projecting ultimate loss ratios also contemplates adjustments for reforms. See [1] above.

[3] All methodologies reflect medical losses including the cost of medical cost containment program expenses.

Source: WCIRB quarterly calls for experience

**Comparison of Projected Ultimate Loss Ratios
Accident Year 2011**

	Indemnity												Current WCIRB
Methodology	Based on Experience Evaluated as of (in months):												Estimate of
	12	15	18	21	24	27	33	39	45	51	57	63	Ultimate
3-Year Avg. Incurred	0.287	0.297	0.303	0.309	0.310	0.311	0.312	0.309	0.308	0.304	0.299	0.297	0.304
Latest Year Incurred	0.311	0.314	0.319	0.329	0.320	0.313	0.307	0.306	0.305	0.302	0.294	0.294	0.304
3-Year Avg. Paid	0.258	0.267	0.277	0.283	0.290	0.297	0.305	0.312	0.313	0.311	0.310	0.309	0.304
Latest Year Paid	0.289	0.297	0.304	0.307	0.308	0.312	0.316	0.315	0.313	0.307	0.305	0.306	0.304
Reform-Adj. Paid [1]	0.279	0.285	0.291	0.295	0.298	0.301	0.305	0.313	0.311	0.306	0.303	0.304	0.304
Latest Yr. Adj. for Case Reserves	0.333	0.344	---	---	---	0.332	---	0.314	---	0.306	---	---	0.304
Latest Yr. Adj. for Settlement [2]	0.285	0.292	---	---	0.301	0.301	---	0.309	---	0.302	---	---	0.304
Percent Change													63 Mos.
	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 33	33 to 39	39 to 45	45 to 51	51 to 57	57 to 63	Difference from Current Estimate	
3-Year Avg. Incurred	3.5%	2.0%	2.0%	0.3%	0.3%	0.3%	-1.0%	-0.3%	-1.3%	-1.6%	-0.7%	-2.3%	
Latest Year Incurred	1.0%	1.6%	3.1%	-2.7%	-2.2%	-1.9%	-0.3%	-0.3%	-1.0%	-2.6%	0.0%	-3.3%	
3-Year Avg. Paid	3.5%	3.7%	2.2%	2.5%	2.4%	2.7%	2.3%	0.3%	-0.6%	-0.3%	-0.3%	1.6%	
Latest Year Paid	2.8%	2.4%	1.0%	0.3%	1.3%	1.3%	-0.3%	-0.6%	-1.9%	-0.7%	0.3%	0.7%	
Reform-Adj. Paid	2.2%	2.1%	1.4%	1.0%	1.0%	1.3%	2.6%	-0.6%	-1.6%	-1.0%	0.3%	0.0%	
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	---	---	---	---	---	---	
Latest Yr. Adj. for Settlement	---	---	---	---	---	---	---	---	---	---	---	---	
Medical													
	Based on Experience Evaluated as of (in months):												Current WCIRB
	12	15	18	21	24 [3]	27	33	39	45	51	57	63	Ultimate
3-Year Avg. Incurred	0.558	0.595	0.614	0.624	0.590	0.588	0.575	0.568	0.547	0.524	0.497	0.482	0.520
Latest Year Incurred	0.584	0.607	0.638	0.643	0.602	0.605	0.572	0.554	0.524	0.503	0.478	0.467	0.520
3-Year Avg. Paid	0.478	0.511	0.530	0.544	0.490	0.499	0.517	0.545	0.545	0.546	0.534	0.523	0.520
Latest Year Paid	0.515	0.555	0.574	0.585	0.504	0.510	0.533	0.576	0.558	0.539	0.522	0.515	0.520
Reform-Adj. Paid [1]	0.525	0.562	0.579	0.590	0.503	0.512	0.548	0.585	0.564	0.545	0.527	0.520	0.520
Latest Yr. Adj. for Case Reserves	0.613	0.656	---	---	---	0.624	---	0.570	---	0.512	---	---	0.520
Latest Yr. Adj. for Settlement [2]	0.530	0.567	---	---	0.504	0.511	---	0.580	---	0.540	---	---	0.520
Percent Change													63 Mos.
	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 33	33 to 39	39 to 45	45 to 51	51 to 57	57 to 63	Difference from Current Estimate	
3-Year Avg. Incurred	6.6%	3.2%	1.6%	---	-0.3%	-2.2%	-1.2%	-3.7%	-4.2%	-5.2%	-3.0%	-7.3%	
Latest Year Incurred	3.9%	5.1%	0.8%	---	0.5%	-5.5%	-3.1%	-5.4%	-4.0%	-5.0%	-2.3%	-10.2%	
3-Year Avg. Paid	6.9%	3.7%	2.6%	---	1.8%	3.6%	5.4%	0.0%	0.2%	-2.2%	-2.1%	0.6%	
Latest Year Paid	7.8%	3.4%	1.9%	---	1.2%	4.5%	8.1%	-3.1%	-3.4%	-3.2%	-1.3%	-1.0%	
Reform-Adj. Paid	7.0%	3.0%	1.9%	---	1.8%	7.0%	6.8%	-3.6%	-3.4%	-3.3%	-1.3%	0.0%	
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	---	---	---	---	---	---	
Latest Yr. Adj. for Settlement	---	---	---	---	---	---	---	---	---	---	---	---	

[1] For all evaluations through 21-months, estimates of ultimate loss ratios based on the Reform-Adjusted Paid methodology reflect adjustment for the impact of the 2002-2004 reforms only. For the 24, 27, and 33-month evaluations, the adjustment reflects both the 2002-2004 reforms and the SB 863 reforms. For subsequent evaluations, the adjustment reflects the SB 863 reforms only.

[2] The Latest Year Claim-Settlement Methodology for projecting ultimate loss ratios also contemplates adjustments for reforms. See [1] above.

[3] Starting with the 24-month evaluation, all methodologies reflect medical losses excluding the cost of medical cost containment expenses.

Source: WCIRB quarterly calls for experience

**Comparison of Projected Ultimate Loss Ratios
Accident Year 2012**

Methodology	Indemnity										Current WCIRB
	Based on Experience Evaluated as of (in months):										Estimate of
	12	15	18	21	24	27	33	39	45	51	Ultimate
3-Year Avg. Incurred	0.281	0.281	0.288	0.288	0.284	0.283	0.281	0.276	0.269	0.268	0.279
Latest Year Incurred	0.291	0.281	0.287	0.280	0.277	0.278	0.277	0.273	0.262	0.263	0.279
3-Year Avg. Paid	0.268	0.270	0.278	0.282	0.285	0.290	0.290	0.287	0.285	0.284	0.279
Latest Year Paid	0.290	0.289	0.293	0.294	0.290	0.291	0.287	0.282	0.279	0.280	0.279
Reform-Adj. Paid [1]	0.271	0.275	0.281	0.283	0.281	0.289	0.285	0.281	0.277	0.279	0.279
Latest Yr. Adj. for Case Reserves	---	0.313	---	---	---	0.294	---	0.282	---	---	0.279
Latest Yr. Adj. for Settlement [2]	0.275	0.275	---	---	0.276	0.285	---	0.276	---	---	0.279
Percent Change											51 Mos.
	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 33	33 to 39	39 to 45	45 to 51	Difference from	Current Estimate
3-Year Avg. Incurred	0.0%	2.5%	0.0%	-1.4%	-0.4%	-0.7%	-1.8%	-2.5%	-0.4%		-3.9%
Latest Year Incurred	-3.4%	2.1%	-2.4%	-1.1%	0.4%	-0.4%	-1.4%	-4.0%	0.4%		-5.7%
3-Year Avg. Paid	0.7%	3.0%	1.4%	1.1%	1.8%	0.0%	-1.0%	-0.7%	-0.4%		1.8%
Latest Year Paid	-0.3%	1.4%	0.3%	-1.4%	0.3%	-1.4%	-1.7%	-1.1%	0.4%		0.4%
Reform-Adj. Paid	1.5%	2.2%	0.7%	-0.7%	2.8%	-1.4%	-1.4%	-1.4%	0.7%		0.0%
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	---	---	---		---
Latest Yr. Adj. for Settlement	---	---	---	---	3.2%	---	---	---	---		---
Medical											Current WCIRB
	Based on Experience Evaluated as of (in months):										Estimate of
	12	15	18	21	24	27	33	39	45	51	Ultimate
3-Year Avg. Incurred	0.542	0.538	0.541	0.530	0.518	0.512	0.491	0.464	0.434	0.420	0.463
Latest Year Incurred	0.565	0.559	0.549	0.525	0.496	0.497	0.468	0.441	0.413	0.403	0.463
3-Year Avg. Paid	0.427	0.435	0.449	0.458	0.458	0.486	0.485	0.486	0.474	0.464	0.463
Latest Year Paid	0.456	0.454	0.469	0.477	0.475	0.516	0.496	0.476	0.460	0.455	0.463
Reform-Adj. Paid [1]	0.451	0.459	0.482	0.500	0.503	0.535	0.507	0.489	0.470	0.463	0.463
Latest Yr. Adj. for Case Reserves	---	0.597	---	---	---	0.533	---	0.464	---	---	0.463
Latest Yr. Adj. for Settlement [2]	0.452	0.459	---	---	0.498	0.530	---	0.483	---	---	0.463
Percent Change											51 Mos.
	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 33	33 to 39	39 to 45	45 to 51	Difference from	Current Estimate
3-Year Avg. Incurred	-0.7%	0.6%	-2.0%	-2.3%	-1.2%	-4.1%	-5.5%	-6.5%	-3.2%		-9.3%
Latest Year Incurred	-1.1%	-1.8%	-4.4%	-5.5%	0.2%	-5.8%	-5.8%	-6.3%	-2.4%		-13.0%
3-Year Avg. Paid	1.9%	3.2%	2.0%	0.0%	6.1%	-0.2%	0.2%	-2.5%	-2.1%		0.2%
Latest Year Paid	-0.4%	3.3%	1.7%	-0.4%	8.6%	-3.9%	-4.0%	-3.4%	-1.1%		-1.7%
Reform-Adj. Paid	1.8%	5.0%	3.7%	0.6%	6.4%	-5.2%	-3.6%	-3.9%	-1.5%		0.0%
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	---	---	---		---
Latest Yr. Adj. for Settlement	---	---	---	---	6.4%	---	---	---	---		---

[1] For all evaluations through 24-months, estimates of ultimate loss ratios based on the Reform-Adjusted Paid methodology reflect adjustment for the impact of the 2002-2004 reforms and the SB 863 reforms. For subsequent evaluations, the adjustment reflects the SB 863 reforms only.

[2] The Latest Year Claim-Settlement Methodology for projecting ultimate loss ratios also contemplates adjustments for reforms. See [1] above.

Source: WCIRB quarterly calls for experience

**Comparison of Projected Ultimate Loss Ratios
Accident Year 2013**

	Indemnity								Current WCIRB
Methodology	Based on Experience Evaluated as of (in months):								Estimate of
	12	15	18	21	24	27	33	39	Ultimate
3-Year Avg. Incurred	0.260	0.258	0.253	0.253	0.249	0.246	0.237	0.235	0.252
Latest Year Incurred	0.254	0.253	0.245	0.247	0.244	0.241	0.228	0.228	0.252
3-Year Avg. Paid	0.252	0.259	0.259	0.260	0.257	0.255	0.254	0.253	0.252
Latest Year Paid	0.254	0.260	0.257	0.255	0.250	0.248	0.247	0.248	0.252
Reform-Adj. Paid [1]	0.243	0.264	0.262	0.259	0.254	0.252	0.251	0.252	0.252
Latest Yr. Adj. for Case Reserves	---	0.274	---	---	---	0.250	---	---	0.252
Latest Yr. Adj. for Settlement [2]	0.238	0.260	---	---	0.250	0.247	---	---	0.252
Percent Change									39 Mos. Difference from
	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 33	33 to 39	Current Estimate	
3-Year Avg. Incurred	-0.8%	-1.9%	0.0%	-1.6%	-1.2%	-3.7%	-0.8%	-6.7%	
Latest Year Incurred	-0.4%	-3.2%	0.8%	-1.2%	-1.2%	-5.4%	0.0%	-9.5%	
3-Year Avg. Paid	2.8%	0.0%	0.4%	-1.2%	-0.8%	-0.4%	-0.4%	0.4%	
Latest Year Paid	2.4%	-1.2%	-0.8%	-2.0%	-0.8%	-0.4%	0.4%	-1.6%	
Reform-Adj. Paid	8.6%	-0.8%	-1.1%	-1.9%	-0.8%	-0.4%	0.4%	0.0%	
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	---	---	
Latest Yr. Adj. for Settlement	9.0%	---	---	---	-1.4%	---	---	---	
Medical									
	Based on Experience Evaluated as of (in months):								Current WCIRB
	12	15	18	21	24	27	33	39	Estimate of
	12	15	18	21	24	27	33	39	Ultimate
3-Year Avg. Incurred	0.470	0.462	0.448	0.436	0.423	0.407	0.373	0.357	0.393
Latest Year Incurred	0.447	0.443	0.419	0.408	0.402	0.379	0.347	0.337	0.393
3-Year Avg. Paid	0.395	0.414	0.408	0.410	0.407	0.412	0.402	0.393	0.393
Latest Year Paid	0.412	0.444	0.424	0.420	0.405	0.401	0.387	0.382	0.393
Reform-Adj. Paid [1]	0.455	0.473	0.445	0.435	0.416	0.419	0.400	0.393	0.393
Latest Yr. Adj. for Case Reserves	---	0.491	---	---	---	0.403	---	---	0.393
Latest Yr. Adj. for Settlement [2]	0.451	0.470	---	---	0.413	0.413	---	---	0.393
Percent Change									39 Mos. Difference from
	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 33	33 to 39	Current Estimate	
3-Year Avg. Incurred	-1.7%	-3.0%	-2.7%	-3.0%	-3.8%	-8.4%	-4.3%	-9.2%	
Latest Year Incurred	-0.9%	-5.4%	-2.6%	-1.5%	-5.7%	-8.4%	-2.9%	-14.2%	
3-Year Avg. Paid	4.8%	-1.4%	0.5%	-0.7%	1.2%	-2.4%	-2.2%	0.0%	
Latest Year Paid	7.8%	-4.5%	-0.9%	-3.6%	-1.0%	-3.5%	-1.3%	-2.8%	
Reform-Adj. Paid	4.0%	-5.9%	-2.2%	-4.4%	0.7%	-4.5%	-1.8%	0.0%	
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	---	---	
Latest Yr. Adj. for Settlement	4.2%	---	---	---	0.0%	---	---	---	

[1] For the 12-month evaluation, estimates of ultimate loss ratios based on the Reform-Adjusted Paid methodology reflect adjustment for the impact of the 2002-2004 reforms and the SB 863 reforms. For subsequent evaluations, the adjustment reflects the SB 863 reforms only.

[2] The Latest Year Claim-Settlement Methodology for projecting ultimate loss ratios also contemplates adjustments for reforms. See [1] above.

Source: WCIRB quarterly calls for experience

**Comparison of Projected Ultimate Loss Ratios
Accident Year 2014**

	Indemnity						Current WCIRB
Methodology	Based on Experience Evaluated as of (in months):						Estimate of
	12	15	18	21	24	27	Ultimate
3-Year Avg. Incurred	0.233	0.231	0.227	0.221	0.221	0.220	0.252
Latest Year Incurred	0.224	0.221	0.218	0.210	0.213	0.211	0.252
3-Year Avg. Paid	0.236	0.236	0.237	0.237	0.238	0.239	0.252
Latest Year Paid	0.229	0.228	0.229	0.229	0.234	0.236	0.252
Reform-Adj. Paid [1]	0.245	0.246	0.248	0.247	0.251	0.252	0.252
Latest Yr. Adj. for Case Reserves	---	0.244	---	---	0.235	---	0.252
Latest Yr. Adj. for Settlement [2]	0.241	0.241	---	---	0.243	---	0.252
	Percent Change						27 Mos. Difference from
	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	Current Estimate	
3-Year Avg. Incurred	-0.9%	-1.7%	-2.6%	0.0%	-0.5%	-12.7%	
Latest Year Incurred	-1.3%	-1.4%	-3.7%	1.4%	-0.9%	-16.3%	
3-Year Avg. Paid	0.0%	0.4%	0.0%	0.4%	0.4%	-5.2%	
Latest Year Paid	-0.4%	0.4%	0.0%	2.2%	0.9%	-6.3%	
Reform-Adj. Paid	0.4%	0.8%	-0.4%	1.6%	0.4%	0.0%	
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	
Latest Yr. Adj. for Settlement	-0.3%	---	---	---	---	---	
	Medical						Current WCIRB
	Based on Experience Evaluated as of (in months):						Estimate of
	12	15	18	21	24	27	Ultimate
3-Year Avg. Incurred	0.398	0.380	0.360	0.343	0.326	0.309	0.352
Latest Year Incurred	0.370	0.344	0.326	0.310	0.300	0.285	0.352
3-Year Avg. Paid	0.370	0.374	0.367	0.363	0.355	0.356	0.352
Latest Year Paid	0.362	0.360	0.356	0.348	0.344	0.341	0.352
Reform-Adj. Paid [1]	0.367	0.380	0.371	0.361	0.355	0.352	0.352
Latest Yr. Adj. for Case Reserves	---	0.381	---	---	0.335	---	0.352
Latest Yr. Adj. for Settlement [2]	0.364	0.374	---	---	0.349	---	0.352
	Percent Change						27 Mos. Difference from
	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	Current Estimate	
3-Year Avg. Incurred	-4.5%	-5.3%	-4.7%	-5.0%	-5.2%	-12.2%	
Latest Year Incurred	-7.0%	-5.2%	-4.9%	-3.2%	-5.0%	-19.0%	
3-Year Avg. Paid	1.1%	-1.9%	-1.1%	-2.2%	0.3%	1.1%	
Latest Year Paid	-0.6%	-1.1%	-2.2%	-1.1%	-0.9%	-3.1%	
Reform-Adj. Paid	3.5%	-2.4%	-2.7%	-1.7%	-0.8%	0.0%	
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	
Latest Yr. Adj. for Settlement	2.7%	---	---	---	---	---	

[1] For all evaluations, estimates of ultimate loss ratios based on the Reform-Adjusted Paid methodology reflect adjustment for the impact of the SB 863 reforms.

[2] The Latest Year Claim-Settlement Methodology for projecting ultimate loss ratios also contemplates adjustments for reforms. See [1] above.

Source: WCIRB quarterly calls for experience

**Comparison of Projected Ultimate Loss Ratios
Accident Year 2015**

<u>Methodology</u>	Indemnity		Current WCIRB
	<u>Based on Experience Evaluated as of (in months):</u>		Estimate of
	<u>12</u>	<u>15</u>	<u>Ultimate</u>
3-Year Avg. Incurred	0.223	0.224	0.255
Latest Year Incurred	0.215	0.215	0.255
3-Year Avg. Paid	0.235	0.238	0.255
Latest Year Paid	0.234	0.239	0.255
Reform-Adj. Paid [1]	0.252	0.255	0.255
Latest Yr. Adj. for Case Reserves	0.238	---	0.255
Latest Yr. Adj. for Settlement [2]	0.244	---	0.255
	<u>Percent Change</u>		15 Mos. Difference
		<u>12 to 15</u>	<u>from</u>
			<u>Current Estimate</u>
3-Year Avg. Incurred		0.4%	-12.2%
Latest Year Incurred		0.0%	-15.7%
3-Year Avg. Paid		1.3%	-6.7%
Latest Year Paid		2.1%	-6.3%
Reform-Adj. Paid		1.2%	0.0%
Latest Yr. Adj. for Case Reserves		---	
Latest Yr. Adj. for Settlement		---	
Medical			
	<u>Based on Experience Evaluated as of (in months):</u>		Current WCIRB
			Estimate of
	<u>12</u>	<u>15</u>	<u>Ultimate</u>
3-Year Avg. Incurred	0.339	0.321	0.342
Latest Year Incurred	0.306	0.290	0.342
3-Year Avg. Paid	0.348	0.349	0.342
Latest Year Paid	0.338	0.333	0.342
Reform-Adj. Paid [1]	0.347	0.342	0.342
Latest Yr. Adj. for Case Reserves	0.350	---	0.342
Latest Yr. Adj. for Settlement [2]	0.341	---	0.342
	<u>Percent Change</u>		15 Mos. Difference
		<u>12 to 15</u>	<u>from</u>
			<u>Current Estimate</u>
3-Year Avg. Incurred		-5.3%	-6.1%
Latest Year Incurred		-5.2%	-15.2%
3-Year Avg. Paid		0.3%	2.0%
Latest Year Paid		-1.5%	-2.6%
Reform-Adj. Paid		-1.4%	0.0%
Latest Yr. Adj. for Case Reserves		---	
Latest Yr. Adj. for Settlement		---	

[1] For all evaluations, estimates of ultimate loss ratios based on the Reform-Adjusted Paid methodology reflect adjustment for the impact of the SB 863 reforms.

[2] The Latest Year Claim-Settlement Methodology for projecting ultimate loss ratios also contemplates adjustments for reforms. See [1] above.

Source: WCIRB quarterly calls for experience

**Projection of Indemnity Severity Trends by Accident Year
Based on Experience as of March 31, 2016**

Accident Year	(1) Estimated Ultimate Severity	(2) Annual % Change	(3) Indemnity Adjustment Factor(a)	(4) Ultimate On-level Severity (1) x (3)	(5) Annual % Change
1990	9,991	---	1.751	17,490	---
1991	10,937	9.5%	1.656	18,106	3.5%
1992	11,025	0.8%	1.601	17,647	-2.5%
1993	11,997	8.8%	1.591	19,088	8.2%
1994	12,962	8.0%	1.667	21,602	13.2%
1995	14,556	12.3%	1.552	22,595	4.6%
1996	16,310	12.0%	1.457	23,758	5.1%
1997	19,424	19.1%	1.307	25,387	6.9%
1998	21,224	9.3%	1.206	25,586	0.8%
1999	23,373	10.1%	1.117	26,109	2.0%
2000	24,825	6.2%	1.043	25,887	-0.9%
2001	27,264	9.8%	1.044	28,459	9.9%
2002	26,408	-3.1%	1.072	28,301	-0.6%
2003	25,926	-1.8%	1.071	27,761	-1.9%
2004	21,152	-18.4%	1.273	26,935	-3.0%
2005	19,082	-9.8%	1.464	27,939	3.7%
2006	20,883	9.4%	1.365	28,498	2.0%
2007	22,748	8.9%	1.322	30,073	5.5%
2008	25,134	10.5%	1.253	31,485	4.7%
2009	26,182	4.2%	1.245	32,602	3.5%
2010	25,966	-0.8%	1.228	31,885	-2.2%
2011	25,646	-1.2%	1.215	31,152	-2.3%
2012	25,547	-0.4%	1.186	30,303	-2.7%
2013	26,091	2.1%	1.183	30,858	1.8%
2014	28,293	8.4%	1.087	30,755	-0.3%
2015	29,474	4.2%	1.061	31,259	1.6%

(6) Estimated Annual Exponential Trend Based on 2005 to 2015: 0.7%

(7) Estimated Annual Exponential Trend Based on 2010 to 2015: -0.3%

(a) Indemnity Benefit level adjustment factors are based on factors shown in Exhibit 4.1 of Item AC16-06-01, excluding the impact for frequency, presented at the Actuarial Committee Meeting on June 17, 2016.

Source: WCIRB experience calls.

**Projection of Medical Severity Trends by Accident Year
Based on Experience as of March 31, 2016**

Accident Year	(1) Estimated Ultimate Severity(a)	(2) Annual % Change	(3) Medical Adjustment Factor(b)	(4) Ultimate On-level Severity (1) x (3)	(5) Annual % Change
1990	8,948	---	1.099	9,834	---
1991	9,633	7.7%	1.079	10,390	5.7%
1992	9,669	0.4%	1.042	10,079	-3.0%
1993	10,787	11.6%	1.024	11,047	9.6%
1994	11,937	10.7%	1.077	12,854	16.4%
1995	13,658	14.4%	1.068	14,591	13.5%
1996	14,652	7.3%	1.057	15,494	6.2%
1997	17,567	19.9%	1.050	18,454	19.1%
1998	21,385	21.7%	0.926	19,809	7.3%
1999	24,461	14.4%	0.803	19,644	-0.8%
2000	27,746	13.4%	0.738	20,489	4.3%
2001	32,985	18.9%	0.674	22,232	8.5%
2002	33,583	1.8%	0.700	23,519	5.8%
2003	32,119	-4.4%	0.736	23,634	0.5%
2004	29,849	-7.1%	0.975	29,097	23.1%
2005	30,914	3.6%	0.977	30,189	3.8%
2006	34,148	10.5%	0.974	33,260	10.2%
2007	38,511	12.8%	0.958	36,900	10.9%
2008	42,101	9.3%	0.957	40,281	9.2%
2009	44,683	6.1%	0.957	42,744	6.1%
2010	45,296	1.4%	0.958	43,408	1.6%
2011	41,642 (c)	---	0.962	40,040 (c)	---
2012	40,302	-3.2%	0.978	39,402	-1.6%
2013	38,605	-4.2%	0.992	38,303	-2.8%
2014	37,693	-2.4%	1.020	38,429	0.3%
2015	37,651	-0.1%	1.016	38,243	-0.5%

(a) Estimated ultimate severities for all accident years are derived by dividing ultimate medical losses on indemnity claims by ultimate indemnity claim counts. The estimated ultimate medical severities were derived from the projected ultimate loss ratios shown in column (6) of Exhibit 3.2 from Item AC16-06-01, presented at the Actuarial Committee meeting on June 17, 2016.

(b) Medical benefit level adjustment factors are based on Exhibit 4.4 of Item AC16-06-01, excluding the impact of frequency, and including the impact of SB 863 provisions applicable to outstanding medical losses, presented at the Actuarial Committee Meeting on June 17, 2016.

(c) Severities for accident years 2011 and subsequent do not reflect the cost of medical cost containment programs (MCCP). Severities for accident years 2010 and prior do reflect MCCP costs.

Source: WCIRB experience calls

Projection of Medical Severity Trends by Accident Year
Adjusted to Remove the Cost of Medical Cost Containment Programs (MCCP)
Based on Experience as of March 31, 2016

MCCP Included					MCCP Removed Based on WCIRB Aggregate Calendar Year Data Calls (b)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Accident Year	Estimated Ultimate Severity (a)	Annual % Change	Ultimate On-Level Severity (c)	Annual % Change	Estimated Ultimate Severity (a)	Annual % Change	Ultimate On-Level Severity (c)	Annual % Change
2005	30,914	---	30,189	---	29,188	---	28,504	---
2006	34,148	10.5%	33,260	10.2%	31,902	9.3%	31,073	9.0%
2007	38,511	12.8%	36,900	10.9%	35,825	12.3%	34,326	10.5%
2008	42,101	9.3%	40,281	9.2%	38,286	6.9%	36,631	6.7%
2009	44,683	6.1%	42,744	6.1%	40,811	6.6%	39,040	6.6%
2010	45,296	1.4%	43,408	1.6%	41,331	1.3%	39,608	1.5%
2011	45,807	1.1%	44,045	1.5%	41,642	0.8%	40,040	1.1%
2012	44,403	-3.1%	43,412	-1.4%	40,302	-3.2%	39,402	-1.6%
2013	42,791	-3.6%	42,456	-2.2%	38,605	-4.2%	38,303	-2.8%
2014	42,008	-1.8%	42,828	0.9%	37,693	-2.4%	38,429	0.3%
2015	41,918	-0.2%	42,576	-0.6%	37,651	-0.1%	38,243	-0.5%
Estimated Annual Exponential								
Trend Based on 2005 to 2015:				3.1%	2.6%			
Trend Based on 2010 to 2015:				-0.6%	-0.9%			

- (a) Estimated ultimate severities for all accident years were derived by dividing ultimate medical losses on indemnity claims by ultimate indemnity claim counts.
- (b) Adjustments to accident years 2005 through 2010 based on WCIRB's Annual Calls for Direct California Workers' Compensation Aggregate Indemnity and Medical Costs.
- (c) Ultimate severities are on-leveled based on adjustment factors shown on Exhibit 4.4 of Item AC16-06-01, excluding the impact of frequency, and including the impact of SB 863 provisions applicable to outstanding medical losses, presented at the Actuarial Committee Meeting on June 17, 2016.

Source: WCIRB experience calls

Average Incurred Indemnity Loss per Reported Indemnity Claim

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1998										20,636
1999									22,293	22,414
2000								22,692	22,942	23,102
2001							24,463	24,939	25,301	25,509
2002						22,541	23,177	23,628	23,888	24,170
2003					21,591	22,634	23,353	23,813	24,331	24,773
2004				16,537	17,606	18,359	19,076	19,614	20,154	20,459
2005			12,118	14,128	15,351	16,311	17,122	17,811	18,216	18,500
2006		9,040	13,051	15,141	16,536	17,683	18,585	19,119	19,478	19,681
2007	6,665	9,291	13,961	16,785	18,435	19,625	20,467	21,084	21,552	21,798
2008	6,395	9,837	15,021	18,403	20,362	21,570	22,467	22,991	23,371	
2009	6,413	10,152	15,684	18,900	21,082	22,366	23,253	23,712		
2010	6,172	10,080	15,349	18,784	20,684	21,862	22,606			
2011	6,056	10,510	15,774	18,748	20,570	21,535				
2012	6,128	10,529	15,606	18,539	20,052					
2013	6,464	10,676	15,560	18,184						
2014	6,263	10,753	15,753							
2015	6,898	11,228								
2016	6,832									

Accident	Annual Change									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1999										8.6%
2000									2.9%	3.1%
2001								9.9%	10.3%	10.4%
2002							-5.3%	-5.3%	-5.6%	-5.2%
2003						0.4%	0.8%	0.8%	1.9%	2.5%
2004					-18.5%	-18.9%	-18.3%	-17.6%	-17.2%	-17.4%
2005				-14.6%	-12.8%	-11.2%	-10.2%	-9.2%	-9.6%	-9.6%
2006			7.7%	7.2%	7.7%	8.4%	8.5%	7.3%	6.9%	6.4%
2007		2.8%	7.0%	10.9%	11.5%	11.0%	10.1%	10.3%	10.6%	10.8%
2008	-4.1%	5.9%	7.6%	9.6%	10.5%	9.9%	9.8%	9.0%	8.4%	
2009	0.3%	3.2%	4.4%	2.7%	3.5%	3.7%	3.5%	3.1%		
2010	-3.8%	-0.7%	-2.1%	-0.6%	-1.9%	-2.3%	-2.8%			
2011	-1.9%	4.3%	2.8%	-0.2%	-0.6%	-1.5%				
2012	1.2%	0.2%	-1.1%	-1.1%	-2.5%					
2013	5.5%	1.4%	-0.3%	-1.9%						
2014	-3.1%	0.7%	1.2%							
2015	10.1%	4.4%								
2016	-1.0%									

Annual Trend*										
All-Yr	0.5%	2.2%	2.6%	2.6%	1.7%	0.8%	-0.4%	-0.9%	-1.4%	-1.3%
R ²	0.102	0.929	0.717	0.567	0.191	0.040	0.008	0.060	0.162	0.143

* Trend is based on an exponential distribution.

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 75% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

Source: WCIRB quarterly calls for experience

Average Incurred Medical Loss per Reported Claim

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1998										6,082
1999									6,748	7,030
2000								7,401	7,764	7,920
2001							8,433	8,834	9,181	9,530
2002						8,488	8,992	9,341	9,705	10,006
2003					7,896	8,367	8,804	9,206	9,614	9,974
2004				5,883	6,445	6,944	7,351	7,828	8,149	8,428
2005			4,941	5,620	6,056	6,552	7,067	7,488	7,806	8,017
2006		4,303	5,520	6,321	6,866	7,387	7,861	8,249	8,557	8,705
2007	4,105	4,678	6,121	7,053	7,844	8,473	9,065	9,421	9,688	9,835
2008	4,232	5,160	6,811	8,029	8,941	9,703	10,236	10,573	10,781	
2009	4,390	5,652	7,779	9,080	10,242	10,993	11,515	11,792		
2010	4,421	5,884	8,050	9,641	10,686	11,405	11,784			
2011	4,795	6,359	8,760	10,179	11,152	11,780				
2012	4,819	6,527	8,679	9,954	10,715					
2013	5,211	6,606	8,628	9,592						
2014	4,862	6,408	8,141							
2015	4,981	6,517								
2016	4,988									

Accident	Annual Change									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1999										15.6%
2000									15.1%	12.6%
2001								19.4%	18.3%	20.3%
2002							6.6%	5.7%	5.7%	5.0%
2003						-1.4%	-2.1%	-1.4%	-0.9%	-0.3%
2004					-18.4%	-17.0%	-16.5%	-15.0%	-15.2%	-15.5%
2005				-4.5%	-6.0%	-5.6%	-3.9%	-4.3%	-4.2%	-4.9%
2006			11.7%	12.5%	13.4%	12.7%	11.2%	10.2%	9.6%	8.6%
2007		8.7%	10.9%	11.6%	14.2%	14.7%	15.3%	14.2%	13.2%	13.0%
2008	3.1%	10.3%	11.3%	13.8%	14.0%	14.5%	12.9%	12.2%	11.3%	
2009	3.7%	9.5%	14.2%	13.1%	14.5%	13.3%	12.5%	11.5%		
2010	0.7%	4.1%	3.5%	6.2%	4.3%	3.8%	2.3%			
2011	8.5%	8.1%	8.8%	5.6%	4.4%	3.3%				
2012	0.5%	2.6%	-0.9%	-2.2%	-3.9%					
2013	8.1%	1.2%	-0.6%	-3.6%						
2014	-6.7%	-3.0%	-5.6%							
2015	2.4%	1.7%								
2016	0.1%									

Annual Trend*

All-Yr	2.4%	4.8%	6.3%	7.4%	6.7%	5.4%	3.8%	3.2%	2.8%	3.4%
R ²	0.810	0.844	0.819	0.886	0.752	0.592	0.432	0.394	0.363	0.378

* Trend is based on an exponential distribution.

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 66% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

Source: WCIRB quarterly calls for experience

Average Indemnity Case Outstanding per Open Indemnity Claim

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1998										33,079
1999									29,017	30,363
2000								24,024	24,652	25,714
2001							19,767	21,194	23,059	24,012
2002						16,242	17,352	18,508	19,454	21,406
2003					15,327	16,851	18,825	20,949	24,156	27,901
2004				13,206	14,221	15,927	18,102	20,641	23,420	24,819
2005			10,139	11,533	12,930	15,362	18,471	22,076	23,475	26,310
2006		8,293	11,442	13,138	15,433	18,743	21,568	23,431	26,771	28,757
2007	6,139	8,298	11,812	14,391	16,575	18,656	20,716	24,233	27,400	29,588
2008	5,819	8,575	12,299	15,117	16,884	18,343	21,480	24,131	26,858	
2009	5,823	8,918	12,900	14,712	16,906	19,226	21,629	23,581		
2010	5,587	8,898	12,456	14,621	16,426	18,335	20,296			
2011	5,483	9,516	13,026	15,174	17,497	19,018				
2012	5,559	9,396	12,893	15,070	16,500					
2013	6,016	9,534	13,159	14,410						
2014	5,701	9,686	13,336							
2015	6,405	10,252								
2016	6,297									

Accident	Annual Change									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1999										-8.2%
2000									-15.0%	-15.3%
2001								-11.8%	-6.5%	-6.6%
2002							-12.2%	-12.7%	-15.6%	-10.9%
2003						3.8%	8.5%	13.2%	24.2%	30.3%
2004					-7.2%	-5.5%	-3.8%	-1.5%	-3.0%	-11.0%
2005				-12.7%	-9.1%	-3.5%	2.0%	7.0%	0.2%	6.0%
2006			12.9%	13.9%	19.4%	22.0%	16.8%	6.1%	14.0%	9.3%
2007		0.1%	3.2%	9.5%	7.4%	-0.5%	-4.0%	3.4%	2.3%	2.9%
2008	-5.2%	3.3%	4.1%	5.0%	1.9%	-1.7%	3.7%	-0.4%	-2.0%	
2009	0.1%	4.0%	4.9%	-2.7%	0.1%	4.8%	0.7%	-2.3%		
2010	-4.1%	-0.2%	-3.4%	-0.6%	-2.8%	-4.6%	-6.2%			
2011	-1.9%	7.0%	4.6%	3.8%	6.5%	3.7%				
2012	1.4%	-1.3%	-1.0%	-0.7%	-5.7%					
2013	8.2%	1.5%	2.1%	-4.4%						
2014	-5.2%	1.6%	1.3%							
2015	12.3%	5.8%								
2016	-1.7%									

Annual Trend*										
All-Yr	0.6%	2.3%	2.5%	2.1%	2.2%	2.1%	1.8%	1.5%	0.8%	-0.5%
R ²	0.123	0.948	0.775	0.512	0.506	0.598	0.477	0.264	0.045	0.017

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 75% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

* Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

Average Outstanding Medical Loss Per Open Indemnity Claim

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1998										60,502
1999									48,066	63,673
2000								38,229	50,134	58,358
2001							28,040	36,436	46,517	58,515
2002						21,046	27,884	35,134	44,377	54,095
2003					18,340	23,102	30,393	38,859	48,668	61,685
2004				15,251	19,617	25,781	31,659	41,773	50,214	59,824
2005			14,538	18,332	21,778	27,246	35,639	46,020	53,875	64,909
2006		13,000	17,524	22,355	26,933	34,030	41,145	50,400	63,797	73,316
2007	12,342	13,746	17,957	22,108	28,142	34,652	43,378	53,250	63,053	72,615
2008	12,587	14,483	18,573	23,524	28,373	35,385	44,667	53,778	63,010	
2009	12,937	14,986	19,911	23,679	29,832	36,694	43,737	51,537		
2010	12,959	15,257	19,632	24,378	29,741	36,108	41,933			
2011	14,501	16,685	21,551	26,218	32,134	38,693				
2012	14,540	17,007	21,019	25,162	29,337					
2013	15,359	16,498	20,938	23,644						
2014	13,597	16,167	19,572							
2015	14,529	16,902								
2016	14,268									

Accident	Annual Change									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1999										5.2%
2000									4.3%	-8.3%
2001								-4.7%	-7.2%	0.3%
2002							-0.6%	-3.6%	-4.6%	-7.6%
2003						9.8%	9.0%	10.6%	9.7%	14.0%
2004					7.0%	11.6%	4.2%	7.5%	3.2%	-3.0%
2005				20.2%	11.0%	5.7%	12.6%	10.2%	7.3%	8.5%
2006			20.5%	21.9%	23.7%	24.9%	15.4%	9.5%	18.4%	13.0%
2007		5.7%	2.5%	-1.1%	4.5%	1.8%	5.4%	5.7%	-1.2%	-1.0%
2008	2.0%	5.4%	3.4%	6.4%	0.8%	2.1%	3.0%	1.0%	-0.1%	
2009	2.8%	3.5%	7.2%	0.7%	5.1%	3.7%	-2.1%	-4.2%		
2010	0.2%	1.8%	-1.4%	3.0%	-0.3%	-1.6%	-4.1%			
2011	11.9%	9.4%	9.8%	7.5%	8.0%	7.2%				
2012	0.3%	1.9%	-2.5%	-4.0%	-8.7%					
2013	5.6%	-3.0%	-0.4%	-6.0%						
2014	-11.5%	-2.0%	-6.5%							
2015	6.9%	4.5%								
2016	-1.8%									

Annual Trend*										
All-Yr	1.9%	2.8%	3.2%	4.5%	6.0%	7.0%	6.1%	5.2%	3.9%	2.1%
R ²	0.578	0.826	0.659	0.662	0.804	0.890	0.872	0.862	0.710	0.413

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 75% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

* Trend is based on an exponential distribution

Source: WCIRB quarterly calls for experience

Average Paid Indemnity Loss per Indemnity Claim

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1998										18,868
1999									20,229	20,691
2000								20,324	21,009	21,476
2001							21,514	22,499	23,190	23,724
2002						19,373	20,644	21,544	22,163	22,597
2003					17,436	19,340	20,625	21,460	22,124	22,721
2004				11,732	13,991	15,420	16,471	17,241	17,991	18,613
2005			7,295	10,245	12,305	13,571	14,560	15,387	16,150	16,753
2006		3,651	7,791	10,891	12,894	14,398	15,613	16,589	17,314	17,840
2007	875	3,907	8,416	11,926	14,348	16,122	17,459	18,522	19,300	19,912
2008	909	4,239	9,059	13,051	15,965	18,021	19,462	20,482	21,276	
2009	927	4,208	9,195	13,451	16,512	18,647	20,168	21,264		
2010	904	4,187	9,168	13,492	16,558	18,576	20,021			
2011	972	4,242	9,374	13,487	16,365	18,364				
2012	968	4,350	9,409	13,529	16,325					
2013	968	4,336	9,376	13,605						
2014	940	4,365	9,658							
2015	973	4,539								
2016	994									

Accident	Annual Change									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1999										9.7%
2000									3.9%	3.8%
2001								10.7%	10.4%	10.5%
2002							-4.0%	-4.2%	-4.4%	-4.7%
2003						-0.2%	-0.1%	-0.4%	-0.2%	0.5%
2004					-19.8%	-20.3%	-20.1%	-19.7%	-18.7%	-18.1%
2005				-12.7%	-12.0%	-12.0%	-11.6%	-10.8%	-10.2%	-10.0%
2006			6.8%	6.3%	4.8%	6.1%	7.2%	7.8%	7.2%	6.5%
2007		7.0%	8.0%	9.5%	11.3%	12.0%	11.8%	11.6%	11.5%	11.6%
2008	3.9%	8.5%	7.6%	9.4%	11.3%	11.8%	11.5%	10.6%	10.2%	
2009	2.0%	-0.7%	1.5%	3.1%	3.4%	3.5%	3.6%	3.8%		
2010	-2.5%	-0.5%	-0.3%	0.3%	0.3%	-0.4%	-0.7%			
2011	7.5%	1.3%	2.2%	0.0%	-1.2%	-1.1%				
2012	-0.4%	2.6%	0.4%	0.3%	-0.2%					
2013	0.0%	-0.3%	-0.3%	0.6%						
2014	-2.9%	0.7%	3.0%							
2015	3.6%	4.0%								
2016	2.2%									

Annual Trend*										
All-Yr	1.2%	1.8%	2.8%	2.9%	1.7%	0.7%	-0.5%	-1.1%	-1.7%	-1.5%
R ²	0.722	0.764	0.786	0.704	0.191	0.027	0.013	0.072	0.180	0.162

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 75% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

* Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

Average Paid Medical Loss Per Indemnity Claim*

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2000										18,703
2001									21,319	22,214
2002								20,790	21,808	22,649
2003							19,206	20,392	21,473	22,433
2004						15,798	17,294	18,563	19,742	20,796
2005					14,159	16,078	17,701	18,988	20,365	21,508
2006				12,902	15,673	17,811	19,685	21,236	22,558	23,518
2007			10,480	14,546	17,690	20,180	22,344	24,258	25,597	26,619
2008		6,092	11,492	15,952	19,658	22,640	24,954	26,700	28,023	
2009	904	6,192	11,864	16,769	20,862	24,122	26,505	28,197		
2010*	925	6,124	11,802	17,000	21,238	24,147	26,314			
2011*	927	5,557	11,321	16,182	19,896	22,624				
2012*	775	5,551	10,975	15,524	18,959					
2013	825	5,410	10,501	14,763						
2014	949	5,231	10,220							
2015	1,016	5,230								
2016	956									

Accident	Annual Change									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2001										18.8%
2002									2.3%	2.0%
2003								-1.9%	-1.5%	-1.0%
2004							-10.0%	-9.0%	-8.1%	-7.3%
2005						1.8%	2.4%	2.3%	3.2%	3.4%
2006					10.7%	10.8%	11.2%	11.8%	10.8%	9.3%
2007				12.7%	12.9%	13.3%	13.5%	14.2%	13.5%	13.2%
2008			9.7%	9.7%	11.1%	12.2%	11.7%	10.1%	9.5%	
2009		1.6%	3.2%	5.1%	6.1%	6.5%	6.2%	5.6%		
2010*	2.4%	-1.1%	-0.5%	1.4%	1.8%	0.1%	-0.7%			
2011*	0.2%	-9.2%	-4.1%	-4.8%	-6.3%	-6.3%				
2012*	-16.5%	-0.1%	-3.1%	-4.1%	-4.7%					
2013	6.5%	-2.5%	-4.3%	-4.9%						
2014	15.1%	-3.3%	-2.7%							
2015	7.0%	0.0%								
2016	-5.9%									

Annual Trend**										
All-Yr	1.2%	-2.7%	-1.1%	1.6%	4.7%	6.9%	6.8%	5.4%	3.5%	3.1%
R ²	0.112	0.890	0.210	0.183	0.613	0.850	0.840	0.681	0.509	0.531

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 67% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

* Entries for accident years 2010 and 2011 only reflect the paid cost of medical cost containment programs attributable to policies with effective dates prior to July 1, 2010. Entries for accident year 2012 and forward exclude the paid cost of medical cost containment programs.

** Trend is based on an exponential distribution

Source: WCIRB quarterly calls for experience

Average Paid Medical Loss Per Claim*

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1998										5,054
1999									5,698	5,926
2000								6,189	6,501	6,747
2001							7,030	7,428	7,758	8,058
2002						7,033	7,546	7,941	8,295	8,586
2003					6,138	6,782	7,254	7,660	8,034	8,362
2004				4,131	4,867	5,430	5,895	6,291	6,651	6,987
2005			2,955	3,849	4,581	5,137	5,608	5,982	6,391	6,731
2006		1,819	3,181	4,224	5,032	5,644	6,195	6,652	7,041	7,319
2007	349	2,027	3,612	4,827	5,763	6,509	7,160	7,730	8,129	8,435
2008	394	2,322	4,063	5,467	6,633	7,564	8,288	8,835	9,252	
2009	461	2,477	4,471	6,146	7,535	8,636	9,438	10,011		
2010	475	2,547	4,675	6,565	8,086	9,138	9,922			
2011	507	2,606	5,002	6,930	8,398	9,471				
2012	522	2,724	5,055	6,915	8,298					
2013	536	2,725	4,987	6,782						
2014	575	2,668	4,864							
2015	605	2,661								
2016	580									

Accident	Annual Change									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1999										17.3%
2000									14.1%	13.9%
2001								20.0%	19.3%	19.4%
2002							7.3%	6.9%	6.9%	6.5%
2003						-3.6%	-3.9%	-3.5%	-3.1%	-2.6%
2004					-20.7%	-19.9%	-18.7%	-17.9%	-17.2%	-16.4%
2005				-6.8%	-5.9%	-5.4%	-4.9%	-4.9%	-3.9%	-3.7%
2006			7.6%	9.7%	9.8%	9.9%	10.5%	11.2%	10.2%	8.7%
2007		11.4%	13.6%	14.3%	14.5%	15.3%	15.6%	16.2%	15.5%	15.2%
2008	13.0%	14.6%	12.5%	13.3%	15.1%	16.2%	15.7%	14.3%	13.8%	
2009	16.9%	6.7%	10.0%	12.4%	13.6%	14.2%	13.9%	13.3%		
2010	3.1%	2.8%	4.5%	6.8%	7.3%	5.8%	5.1%			
2011	6.7%	2.3%	7.0%	5.6%	3.9%	3.7%				
2012	3.0%	4.5%	1.1%	-0.2%	-1.2%					
2013	2.7%	0.0%	-1.3%	-1.9%						
2014	7.2%	-2.1%	-2.5%							
2015	5.2%	-0.3%								
2016	-4.2%									

Annual Trend**										
All-Yr	5.7%	4.0%	6.2%	7.6%	6.7%	5.2%	3.7%	3.0%	2.7%	3.5%
R ²	0.894	0.746	0.848	0.905	0.724	0.501	0.341	0.300	0.304	0.364

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 66% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

* All entries reflect the paid cost of medical cost containment programs.

** Trend is based on an exponential distribution

Source: WCIRB quarterly calls for experience

Average Paid Indemnity Loss per Closed Indemnity Claim*

Accident	Evaluated as of (in months):									
Year	3	15	27	39	51	63	75	87	99	111
1998										16,581
1999									17,592	18,290
2000								17,274	18,085	18,809
2001							17,274	18,549	19,547	20,320
2002						15,328	16,843	18,133	19,078	19,594
2003					13,251	15,501	17,074	18,141	18,769	19,487
2004				7,661	10,453	12,284	13,570	14,300	15,065	15,888
2005			3,451	6,428	9,021	10,615	11,717	12,584	13,493	14,507
2006		1,759	3,919	6,912	9,450	11,112	12,377	13,623	14,750	15,579
2007	883	1,655	4,364	7,644	10,257	12,204	13,935	15,434	16,561	17,535
2008	546	1,947	4,722	8,344	11,350	13,806	15,953	17,372	18,630	
2009	578	2,048	5,046	8,823	12,074	14,862	16,825	18,478		
2010	580	2,055	5,209	9,113	12,622	15,232	17,232			
2011	567	2,281	5,533	9,565	12,952	15,583				
2012	620	2,345	6,015	10,108	13,330					
2013	593	2,742	6,435	10,515						
2014	656	2,795	6,763							
2015	730	3,057								
2016	715									

Accident	Annual Change									
Year	3	15	27	39	51	63	75	87	99	111
1999										10.3%
2000									2.8%	2.8%
2001								7.4%	8.1%	8.0%
2002							-2.5%	-2.2%	-2.4%	-3.6%
2003						1.1%	1.4%	0.0%	-1.6%	-0.5%
2004					-21.1%	-20.8%	-20.5%	-21.2%	-19.7%	-18.5%
2005				-16.1%	-13.7%	-13.6%	-13.7%	-12.0%	-10.4%	-8.7%
2006			13.6%	7.5%	4.7%	4.7%	5.6%	8.3%	9.3%	7.4%
2007		-5.9%	11.4%	10.6%	8.5%	9.8%	12.6%	13.3%	12.3%	12.6%
2008	-38.2%	17.6%	8.2%	9.2%	10.7%	13.1%	14.5%	12.6%	12.5%	
2009	5.9%	5.2%	6.9%	5.7%	6.4%	7.7%	5.5%	6.4%		
2010	0.4%	0.3%	3.2%	3.3%	4.5%	2.5%	2.4%			
2011	-2.3%	11.0%	6.2%	5.0%	2.6%	2.3%				
2012	9.3%	2.8%	8.7%	5.7%	2.9%					
2013	-4.4%	16.9%	7.0%	4.0%						
2014	10.7%	1.9%	5.1%							
2015	11.3%	9.4%								
2016	-2.1%									

Annual Trend**										
All-Yr	0.6%	6.8%	7.3%	5.1%	2.5%	1.1%	-0.1%	-1.0%	-1.7%	-1.6%
R ²	0.013	0.957	0.980	0.863	0.270	0.054	0.001	0.045	0.160	0.187

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 75% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

* Paid indemnity losses used in the severity calculations above represent paid indemnity losses on closed claims only.

** Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

Average Medical Paid per Closed Indemnity Claim*

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2000										15,080
2001									16,977	17,887
2002								16,602	17,748	18,504
2003							15,177	16,275	17,174	18,134
2004						11,496	12,902	13,971	14,999	16,217
2005					9,587	11,374	12,911	13,979	15,387	17,058
2006				7,930	10,479	12,517	14,289	15,937	17,683	18,932
2007			5,606	8,788	11,685	13,893	16,156	18,534	20,272	21,979
2008		3,476	6,098	9,762	13,020	16,040	19,073	21,200	23,157	
2009	1,924	3,284	6,294	10,277	14,224	17,978	20,772	23,174		
2010*	1,975	3,231	6,580	10,795	15,134	18,699	21,525			
2011*	1,044	2,675	6,176	10,655	14,719	18,125				
2012*	764	2,837	6,571	11,025	14,814					
2013	700	2,994	6,712	10,951						
2014	697	2,984	6,828							
2015	860	3,205								
2016	1,375									

Accident	Annual Change									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2001										18.6%
2002									4.5%	3.4%
2003								-2.0%	-3.2%	-2.0%
2004							-15.0%	-14.2%	-12.7%	-10.6%
2005						-1.1%	0.1%	0.1%	2.6%	5.2%
2006					9.3%	10.0%	10.7%	14.0%	14.9%	11.0%
2007				10.8%	11.5%	11.0%	13.1%	16.3%	14.6%	16.1%
2008			8.8%	11.1%	11.4%	15.5%	18.1%	14.4%	14.2%	
2009		-5.5%	3.2%	5.3%	9.2%	12.1%	8.9%	9.3%		
2010*	2.7%	-1.6%	4.5%	5.0%	6.4%	4.0%	3.6%			
2011*	-47.2%	-17.2%	-6.1%	-1.3%	-2.7%	-3.1%				
2012*	-26.8%	6.1%	6.4%	3.5%	0.6%					
2013	-8.3%	5.5%	2.1%	-0.7%						
2014	-0.6%	-0.3%	1.7%							
2015	23.4%	7.4%								
2016	60.0%									

Annual Trend**										
All-Yr	-8.9%	-1.4%	2.3%	4.5%	6.9%	8.6%	7.6%	5.7%	3.6%	3.1%
R ²	0.277	0.173	0.767	0.822	0.883	0.929	0.763	0.545	0.370	0.445

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 67% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

* Entries for accident years 2010 and 2011 only reflect the paid cost of medical cost containment programs attributable to policies with effective dates prior to July 1, 2010. Entries for accident year 2012 and forward exclude the paid cost of medical cost containment programs only.

** Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

Ratio of Incremental Paid Indemnity to Indemnity Claims Open During Period

Accident	Development									
Year	0-3	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
1999										6,480
2000									6,957	5,909
2001								6,523	5,909	5,693
2002							6,504	6,137	5,378	4,771
2003						7,019	6,451	5,622	5,718	6,292
2004					6,215	5,590	5,651	5,276	6,358	6,678
2005				6,237	6,133	5,414	5,555	5,971	6,951	6,848
2006			6,418	6,794	6,268	6,405	6,932	7,121	6,759	6,592
2007		3,805	7,030	7,585	7,285	7,290	7,239	7,345	7,416	7,529
2008	909	4,129	7,524	8,404	8,419	8,046	7,618	7,436	7,780	
2009	927	4,109	7,670	8,679	8,447	8,111	8,045	7,836		
2010	904	4,096	7,718	8,918	8,684	8,269	8,252			
2011	972	4,153	8,002	8,634	8,555	8,560				
2012	968	4,264	7,955	8,830	8,664					
2013	968	4,261	7,819	9,252						
2014	940	4,281	8,258							
2015	973	4,460								
2016	994									

Accident	Annual Change									
Year	0-3	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
2000										-8.8%
2001									-15.1%	-3.6%
2002								-5.9%	-9.0%	-16.2%
2003							-0.8%	-8.4%	6.3%	31.9%
2004						-20.4%	-12.4%	-6.2%	11.2%	6.1%
2005					-1.3%	-3.2%	-1.7%	13.2%	9.3%	2.5%
2006				8.9%	2.2%	18.3%	24.8%	19.3%	-2.8%	-3.7%
2007			9.5%	11.6%	16.2%	13.8%	4.4%	3.1%	9.7%	14.2%
2008		8.5%	7.0%	10.8%	15.6%	10.4%	5.2%	1.2%	4.9%	
2009	2.0%	-0.5%	1.9%	3.3%	0.3%	0.8%	5.6%	5.4%		
2010	-2.5%	-0.3%	0.6%	2.7%	2.8%	2.0%	2.6%			
2011	7.5%	1.4%	3.7%	-3.2%	-1.5%	3.5%				
2012	-0.4%	2.7%	-0.6%	2.3%	1.3%					
2013	0.0%	-0.1%	-1.7%	4.8%						
2014	-2.9%	0.5%	5.6%							
2015	3.6%	4.2%								
2016	2.2%									

Annual Trend*										
All-Yr	1.0%	1.4%	2.5%	4.6%	5.4%	5.1%	4.2%	3.6%	3.0%	2.8%
R ²	0.619	0.803	0.771	0.810	0.833	0.644	0.630	0.507	0.433	0.326

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 75% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

*Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

Ratio of Incremental Paid Medical to Indemnity Claims Open During Period*

Accident	Development									
Year	0-3	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
2001										9,427
2002									8,728	9,164
2003								7,969	9,358	10,200
2004							8,011	8,681	10,024	11,265
2005						8,141	9,039	9,212	12,446	12,892
2006					8,605	9,057	10,624	11,213	12,202	11,895
2007				8,779	9,402	10,146	11,580	13,137	12,634	12,442
2008			8,537	9,422	10,653	11,567	12,070	12,566	12,826	
2009		6,114	8,884	10,061	11,250	12,261	12,486	12,006		
2010*	925	6,046	8,971	10,763	11,962	11,855	12,284			
2011*	927	5,488	9,109	10,244	11,020	11,640				
2012*	775	5,502	8,665	9,782	10,608					
2013*	825	5,365	8,035	9,380						
2014*	949	5,153	7,942							
2015*	1,016	5,152								
2016*	956									

Accident	Annual Change									
Year	0-3	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
2002										-2.8%
2003									7.2%	11.3%
2004								8.9%	7.1%	10.4%
2005							12.8%	6.1%	24.2%	14.4%
2006						11.3%	17.5%	21.7%	-2.0%	-7.7%
2007					9.3%	12.0%	9.0%	17.2%	3.5%	4.6%
2008				7.3%	13.3%	14.0%	4.2%	-4.3%	1.5%	
2009			4.1%	6.8%	5.6%	6.0%	3.4%	-4.5%		
2010*		-1.1%	1.0%	7.0%	6.3%	-3.3%	-1.6%			
2011*	0.2%	-9.2%	1.5%	-4.8%	-7.9%	-1.8%				
2012*	-16.5%	0.3%	-4.9%	-4.5%	-3.7%					
2013*	6.5%	-2.5%	-7.3%	-4.1%						
2014*	15.1%	-4.0%	-1.1%							
2015*	7.0%	0.0%								
2016*	-5.9%									

Annual Trend**										
All-Yr	1.7%	-3.0%	-1.6%	1.0%	3.9%	6.6%	7.6%	8.7%	7.2%	5.8%
R ²	0.159	0.901	0.425	0.113	0.529	0.791	0.859	0.824	0.867	0.821

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 67% to 100% of the total California workers' compensation insured market measured using 2015 earned premium levels).

* Entries for accident years 2010 and 2011 only reflect the paid cost of medical cost containment programs attributable to policies with effective dates prior to July 1, 2010. Entries for accident year 2012 and forward exclude the paid cost of medical cost containment programs.

** Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

Ratio of Quarterly Paid Medical to Indemnity Claims Inventory*
Through March 31, 2016

Development	Evaluation Years													
Period	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
3/0	846	733	1,104	1,201	1,147	1,289	1,553	1,615	1,714	1,601	1,587	1,674	1,849	1,737
6/3	1,960	1,882	2,100	2,477	2,330	2,870	3,029	3,071	3,139	3,000	3,013	2,882	3,174	
9/6	2,281	2,081	2,048	2,440	2,517	2,952	3,160	3,137	3,108	3,148	3,269	3,084	3,081	
12/9	2,401	2,064	2,174	2,431	2,697	3,012	3,075	3,134	3,065	3,243	3,033	2,982	2,948	
12/0	4,396	3,952	4,282	4,839	5,103	6,035	6,228	6,172	6,076	6,139	6,065	5,899	5,980	
15/12	2,730	2,733	2,257	2,284	2,571	2,927	3,040	3,131	3,159	3,354	3,316	3,072	3,126	3,132
18/15	2,794	2,641	2,096	2,430	2,186	2,680	2,784	2,924	2,982	3,221	3,187	2,840	2,876	
21/18	2,579	2,228	1,751	1,881	2,168	2,474	2,616	2,711	2,802	2,975	2,914	2,827	2,817	
24/21	2,431	1,895	1,669	1,834	2,190	2,407	2,537	2,603	2,738	3,035	2,929	2,751	2,725	
24/12	8,404	7,741	6,361	6,360	7,576	8,762	9,141	9,420	9,576	10,215	9,966	9,294	9,240	
27/24	2,287	2,287	1,720	1,495	1,728	2,214	2,353	2,531	2,563	2,740	3,022	2,867	2,784	2,809
30/27	2,272	2,263	1,653	1,865	1,801	2,337	2,607	2,708	2,857	2,988	3,162	3,040	3,037	
33/30	2,234	2,011	1,544	1,632	1,807	2,342	2,560	2,770	2,912	3,100	3,196	3,182	3,002	
36/33	2,248	1,822	1,591	1,704	1,965	2,389	2,596	2,731	2,889	3,406	3,308	3,129	3,149	
36/24	7,907	7,441	5,781	5,540	6,452	8,158	8,942	9,452	9,861	10,661	11,007	10,496	10,146	
39/36	2,002	2,056	1,670	1,471	1,710	2,032	2,278	2,500	2,680	3,019	3,258	3,184	3,273	3,029
42/39	2,110	2,079	1,602	1,981	1,791	2,146	2,524	2,786	2,944	3,124	3,539	3,469	3,376	
45/42	2,051	1,931	1,595	1,646	1,836	2,166	2,517	2,735	3,083	3,246	3,427	3,700	3,385	
48/45	2,264	1,839	1,634	1,812	1,953	2,251	2,551	2,913	3,072	3,411	3,629	3,455	3,379	
48/36	7,099	6,854	5,676	5,551	6,360	7,478	8,645	9,621	10,316	11,224	12,024	11,894	11,450	

Development	Year-to-Year Change													
Period	02-to-03	03-to-04	04-to-05	05-to-06	06-to-07	07-to-08	08-to-09	09-to-10	10-to-11	11-to-12	12-to-13	13-to-14	14-to-15	15-to-16
3/0	11.5%	-13.4%	50.7%	8.8%	-4.6%	12.4%	20.5%	4.0%	6.1%	-6.6%	-0.8%	5.5%	10.4%	-6.0%
6/3	10.9%	-4.0%	11.6%	17.9%	-6.0%	23.2%	5.5%	1.4%	2.2%	-4.4%	0.4%	-4.3%	10.1%	
9/6	7.4%	-8.8%	-1.6%	19.1%	3.1%	17.3%	7.0%	-0.7%	-0.9%	1.3%	3.9%	-5.6%	-0.1%	
12/9	4.2%	-14.0%	5.3%	11.8%	11.0%	11.7%	2.1%	1.9%	-2.2%	5.8%	-6.5%	-1.7%	-1.1%	
12/0	6.2%	-10.1%	8.4%	13.0%	5.5%	18.2%	3.2%	-0.9%	-1.5%	1.0%	-1.2%	-2.7%	1.4%	
15/12	12.3%	0.1%	-17.4%	1.2%	12.6%	13.8%	3.9%	3.0%	0.9%	6.2%	-1.1%	-7.4%	1.8%	0.2%
18/15	15.2%	-5.5%	-20.6%	15.9%	-10.1%	22.6%	3.9%	5.0%	2.0%	8.0%	-1.1%	-10.9%	1.3%	
21/18	6.8%	-13.6%	-21.4%	7.4%	15.3%	14.1%	5.8%	3.6%	3.4%	6.2%	-2.1%	-3.0%	-0.4%	
24/21	-4.6%	-22.1%	-11.9%	9.8%	19.4%	9.9%	5.4%	2.6%	5.2%	10.8%	-3.5%	-6.1%	-1.0%	
24/12	8.2%	-7.9%	-17.8%	0.0%	19.1%	15.7%	4.3%	3.0%	1.7%	6.7%	-2.4%	-6.7%	-0.6%	
27/24	6.8%	0.0%	-24.8%	-13.1%	15.6%	28.1%	6.3%	7.6%	1.2%	6.9%	10.3%	-5.2%	-2.9%	0.9%
30/27	8.9%	-0.4%	-27.0%	12.8%	-3.5%	29.8%	11.5%	3.9%	5.5%	4.6%	5.8%	-3.8%	-0.1%	
33/30	6.8%	-10.0%	-23.2%	5.7%	10.7%	29.6%	9.3%	8.2%	5.1%	6.5%	3.1%	-0.5%	-5.6%	
36/33	4.9%	-18.9%	-12.7%	7.1%	15.3%	21.6%	8.7%	5.2%	5.8%	17.9%	-2.9%	-5.4%	0.6%	
36/24	5.9%	-5.9%	-22.3%	-4.2%	16.5%	26.4%	9.6%	5.7%	4.3%	8.1%	3.2%	-4.6%	-3.3%	
39/36	-7.1%	2.7%	-18.8%	-11.9%	16.2%	18.8%	12.1%	9.8%	7.2%	12.6%	7.9%	-2.3%	2.8%	-7.4%
42/39	15.6%	-1.4%	-23.0%	23.7%	-9.6%	19.8%	17.6%	10.4%	5.7%	6.1%	13.3%	-2.0%	-2.7%	
45/42	2.2%	-5.9%	-17.4%	3.2%	11.5%	18.0%	16.2%	8.7%	12.7%	5.3%	5.6%	8.0%	-8.5%	
48/45	16.2%	-18.8%	-11.1%	10.9%	7.8%	15.2%	13.3%	14.2%	5.4%	11.0%	6.4%	-4.8%	-2.2%	
48/36	-2.1%	-3.4%	-17.2%	-2.2%	14.6%	17.6%	15.6%	11.3%	7.2%	8.8%	7.1%	-1.1%	-3.7%	

* All paid medical include the paid cost of medical cost containment programs. Indemnity claim inventory is the sum of indemnity claims open at the beginning of the development period and newly-reported indemnity claims during that period.

Source: WCIRB accident year experience calls.

Estimated Ultimate Indemnity Severities by Injury Type

I. Indemnity Severity

Accident Year	Permanent Partial	Temporary
2001	44,803	3,974
2002	42,497	3,948
2003	41,646	4,002
2004	35,759	3,986
2005	34,260	3,782
2006	37,223	3,755
2007	39,939	4,010
2008	42,435	4,460
2009	42,569	4,966
2010	41,299	5,414
2011	40,039	5,826
2012	39,487	6,311
2013	39,717	6,569
2014*	40,720	6,742

Accident Year	Annual Change	
2001	---	---
2002	-5.1%	-0.7%
2003	-2.0%	1.4%
2004	-14.1%	-0.4%
2005	-4.2%	-5.1%
2006	8.6%	-0.7%
2007	7.3%	6.8%
2008	6.2%	11.2%
2009	0.3%	11.3%
2010	-3.0%	9.0%
2011	-3.1%	7.6%
2012	-1.4%	8.3%
2013	0.6%	4.1%
2014*	2.5%	2.6%

II. Indemnity Severity Adjusted to PY 2017 Benefit Level

Accident Year	Permanent Partial	Temporary
2001	43,503	5,460
2002	42,684	5,450
2003	44,120	5,105
2004	47,124	4,964
2005	53,927	4,627
2006	53,954	4,477
2007	55,569	4,677
2008	53,353	5,100
2009	53,244	5,639
2010	50,962	6,056
2011	48,629	6,415
2012	46,846	6,782
2013	47,089	7,318
2014*	44,029	7,377

Accident Year	Annual Change	
2001	---	---
2002	-1.9%	-0.2%
2003	3.4%	-6.3%
2004	6.8%	-2.8%
2005	14.4%	-6.8%
2006	0.0%	-3.2%
2007	3.0%	4.5%
2008	-4.0%	9.0%
2009	-0.2%	10.6%
2010	-4.3%	7.4%
2011	-4.6%	5.9%
2012	-3.7%	5.7%
2013	0.5%	7.9%
2014*	-6.5%	0.8%

* Accident year 2014 experience is partial in that it only reflects experience from policy year 2013.

Source: WCIRB unit statistical data

Estimated Ultimate Medical Severities by Injury Type *

I. Medical Severity

Accident Year	Permanent Partial	Temporary	Medical Only
2001	51,270	5,026	764
2002	51,208	5,512	858
2003	49,258	5,511	931
2004	50,102	5,376	834
2005	55,981	5,433	848
2006	61,769	5,604	876
2007	67,845	6,322	959
2008	71,313	7,058	1,046
2009	73,092	7,935	1,155
2010	71,679	8,575	1,178
2011	67,089	8,469	1,118
2012	65,311	8,723	1,122
2013	65,931	8,767	1,128
2014**	61,022	9,027	1,243

Accident Year	Annual Change		
2001	---	---	---
2002	-0.1%	9.7%	12.3%
2003	-3.8%	0.0%	8.4%
2004	1.7%	-2.4%	-10.4%
2005	11.7%	1.0%	1.6%
2006	10.3%	3.2%	3.3%
2007	9.8%	12.8%	9.5%
2008	5.1%	11.6%	9.0%
2009	2.5%	12.4%	10.4%
2010	-1.9%	8.1%	2.0%
2011	-6.4%	-1.2%	-5.0%
2012	-2.7%	3.0%	0.3%
2013	0.9%	0.5%	0.6%
2014**	-7.4%	3.0%	10.1%

II. Medical Severity Adjusted to PY 2017 Benefit Level

Accident Year	Permanent Partial	Temporary	Medical Only
2001	34,555	3,387	515
2002	35,863	3,860	601
2003	36,246	4,055	685
2004	48,840	5,241	813
2005	54,668	5,305	828
2006	60,164	5,459	853
2007	65,006	6,057	919
2008	68,230	6,753	1,001
2009	69,920	7,591	1,104
2010	68,690	8,218	1,128
2011	64,508	8,143	1,075
2012	63,853	8,528	1,096
2013	65,415	8,698	1,119
2014**	62,213	9,203	1,267

Accident Year	Annual Change		
2001	---	---	---
2002	3.8%	14.0%	16.7%
2003	1.1%	5.0%	13.9%
2004	34.7%	29.2%	18.7%
2005	11.9%	1.2%	1.8%
2006	10.1%	2.9%	3.1%
2007	8.0%	11.0%	7.7%
2008	5.0%	11.5%	8.8%
2009	2.5%	12.4%	10.4%
2010	-1.8%	8.3%	2.2%
2011	-6.1%	-0.9%	-4.7%
2012	-1.0%	4.7%	2.0%
2013	2.4%	2.0%	2.1%
2014**	-4.9%	5.8%	13.2%

* Entries for accident years 2010 and 2011 only reflect the paid cost of medical cost containment programs attributable to policies with effective dates prior to July 1, 2010. Entries for accident year 2012 and forward exclude the paid cost of medical cost containment programs.

** Accident year 2014 experience is partial in that it only reflects experience from policy year 2013.

Source: WCIRB unit statistical data

Average and Median Indemnity Claim Severities at USR 1st

Policy Year	Average Incurred Indemnity Severity	Annual Change	Median Incurred Indemnity Severity	Annual Change
1999	11,132	---	2,953	---
2000	12,408	11.5%	3,640	23.3%
2001	13,468	8.5%	4,320	18.7%
2002	13,985	3.8%	4,930	14.1%
2003	13,905	-0.6%	5,000	1.4%
2004	11,397	-18.0%	4,100	-18.0%
2005	9,945	-12.7%	3,400	-17.1%
2006	10,643	7.0%	3,520	3.5%
2007	11,291	6.1%	3,966	12.7%
2008	11,947	5.8%	4,402	11.0%
2009	12,136	1.6%	4,717	7.2%
2010	11,976	-1.3%	4,791	1.6%
2011	12,514	4.5%	5,000	4.4%
2012	12,304	-1.7%	5,000	0.0%
2013	12,577	2.2%	5,250	5.0%

Policy Year	Average Incurred Medical Severity	Annual Change	Median Incurred Medical Severity	Annual Change
1999	10,243	---	4,809	---
2000	11,934	16.5%	5,600	16.4%
2001	13,853	16.1%	6,989	24.8%
2002	15,151	9.4%	7,797	11.6%
2003	14,501	-4.3%	7,575	-2.8%
2004	13,129	-9.5%	6,750	-10.9%
2005	13,457	2.5%	6,331	-6.2%
2006	14,791	9.9%	6,924	9.4%
2007	16,095	8.8%	7,942	14.7%
2008	17,273	7.3%	9,000	13.3%
2009	17,828	3.2%	9,723	8.0%
2010	17,676	-0.9%	9,409	-3.2%
2011	17,894	1.2%	9,388	-0.2%
2012	17,640	-1.4%	9,500	1.2%
2013	17,046	-3.4%	9,477	-0.2%

Source: WCIRB Unit Statistical data.

Temporary Disability Benefits Paid and TD Duration at 12 and 24 Months
Based on CWCI Transactional Level Data Adjusted to a Common Statutory Benefit Level

<u>Accident Year</u>	<u>Average Adjusted TD Paid at 12 Months</u>	<u>Year-to-Year Change</u>	<u>Average Adjusted TD Paid at 24 Months</u>	<u>Year-to-Year Change</u>
2002	6,422	---	8,803	---
2003	5,986	-6.8%	8,559	-2.8%
2004 (pre-SB 899)	6,496	8.5%	8,801	2.8%
2004 (post-SB 899)	5,778	-11.1%	7,806	-11.3%
2005	5,772	-0.1%	8,262	5.8%
2006	6,285	8.9%	8,807	6.6%
2007	6,302	0.3%	8,940	1.5%
2008	6,587	4.5%	9,704	8.5%
2009	6,882	4.5%	10,757	10.9%
2010	7,223	5.0%	10,736	-0.2%
2011	6,870	-4.9%	10,626	-1.0%
2012	7,136	3.9%	11,010	3.6%
2013	7,578	6.2%	11,323	2.8%
2014	7,865	3.8%		

<u>Accident Year</u>	<u>Average TD Duration at 12 Months</u>	<u>Year-to-Year Change</u>	<u>Average TD Duration at 24 Months</u>	<u>Year-to-Year Change</u>
2002	85.1	---	114.8	---
2003	82.0	-3.6%	116.0	1.0%
2004 (pre-SB 899)	87.0	6.1%	116.3	0.3%
2004 (post-SB 899)	79.9	-8.2%	107.9	-7.2%
2005	75.2	-5.9%	107.2	-0.6%
2006	78.8	4.8%	111.0	3.5%
2007	77.8	-1.3%	110.5	-0.5%
2008	79.6	2.3%	115.8	4.8%
2009	82.1	3.1%	127.0	9.7%
2010	89.9	9.5%	130.1	2.4%
2011	83.3	-7.3%	122.9	-5.5%
2012	85.6	2.8%	128.1	4.2%
2013	88.6	3.5%	125.7	-1.9%
2014	89.0	0.5%	104.4	-16.9%

* Factors used to adjust average TD benefits to the AY 2014 level were: 2002 – 1.175; 2003 – 1.091; 2004 – 1.069; 2005 – 1.054; 2006 – 1.043; 2007 – 1.037; 2008 – 1.030; 2009 – 1.025; 2010 – 1.020; 2011 – 1.020; 2012 – 1.015; 2013 – 1.004; 2014 – 1.003.

Source: CWCI

Changes in the Number of Weeks of Temporary Disability Benefits

First Survey Level

<u>Accident Year</u>	<u>Average TD Duration</u>	<u>Change</u>	<u>Median TD Duration</u>	<u>Change</u>
2004	38.5	-----	24.1	-----
2005	42.4	10.3%	28.6	18.5%
2006	44.2	4.2%	30.5	6.8%
2007	47.2	6.9%	34.6	13.3%
2008	50.4	6.8%	39.0	12.8%
2009	48.5	-3.8%	36.0	-7.7%
2010	46.2	-4.7%	33.8	-6.1%
2011	44.6	-3.6%	30.0	-11.2%
2012	43.8	-1.7%	29.8	-0.5%
2013	42.6	-2.9%	29.3	-1.8%

Second Survey Level

<u>Accident Year</u>	<u>Average TD Duration</u>	<u>Change</u>	<u>Median TD Duration</u>	<u>Change</u>
2003	40.2	-----	25.3	-----
2004	38.3	-4.7%	24.4	-3.5%
2005	42.1	9.9%	29.4	20.8%
2006	43.2	2.6%	29.9	1.4%
2007	47.2	9.2%	34.1	14.1%
2008	51.1	8.2%	39.0	14.4%
2009	48.9	-4.3%	36.1	-7.3%
2010	44.9	-8.2%	32.7	-9.5%
2011	46.0	2.5%	30.8	-5.7%
2012	41.4	-10.0%	27.8	-9.8%

Source: WCIRB Permanent Disability Claim Survey

Average Permanent Disability Ratings by Type of Loss

All Permanent Disability Claims

Average Permanent Disability Rating					
PY/RL	1	2	3	4	5
2001	18.7	23.5	26.3	26.9	27.1
2002	18.8	23.6	24.9	25.5	25.3
2003	19.8	22.1	23.4	23.1	22.8
2004	16.3	18.2	18.9	18.5	18.4
2005	12.5	14.7	15.9	16.3	17.0
2006	11.8	14.3	15.6	16.7	17.3
2007	11.9	14.5	16.5	17.4	18.0
2008	12.0	15.1	16.9	17.9	18.0
2009	12.5	15.2	16.9	17.3	17.4
2010	12.7	15.1	16.0	16.2	16.7
2011	12.7	14.5	15.2	15.8	
2012	11.7	13.1	14.1		
2013	11.2	12.7			
2014	11.0				

Cumulative Permanent Disability Claims

Average Permanent Disability Rating					
PY/RL	1	2	3	4	5
2001	16.9	21.4	23.8	24.4	24.6
2002	17.0	20.4	21.5	22.1	22.2
2003	17.4	19.2	20.3	20.2	20.0
2004	15.0	16.0	16.7	16.5	16.8
2005	10.8	12.8	14.6	15.5	16.6
2006	10.3	12.8	14.8	16.2	16.9
2007	10.7	13.3	15.5	16.7	17.5
2008	11.5	14.0	15.9	17.2	17.5
2009	11.5	14.0	15.9	16.3	16.6
2010	12.5	15.0	15.5	15.9	16.4
2011	11.9	13.6	14.3	14.9	
2012	11.0	12.2	13.2		
2013	10.3	11.4			
2014	10.3				

Non-Cumulative Permanent Disability Claims

Average Permanent Disability Rating					
PY/RL	1	2	3	4	5
2001	18.9	23.8	26.6	27.2	27.4
2002	19.0	24.0	25.3	26.0	25.8
2003	20.1	22.5	23.8	23.5	23.1
2004	16.5	18.5	19.2	18.8	18.6
2005	12.6	14.8	16.1	16.4	17.1
2006	12.0	14.5	15.7	16.8	17.3
2007	12.0	14.6	16.6	17.5	18.1
2008	12.1	15.2	17.0	18.0	18.1
2009	12.6	15.4	17.0	17.5	17.5
2010	12.8	15.1	16.0	16.3	16.8
2011	12.8	14.6	15.3	16.0	
2012	11.8	13.3	14.3		
2013	11.3	13.0			
2014	11.2				

Count of Permanent Disability Claims

PY/RL	1	2	3	4	5
2001	86,817	96,684	101,693	104,526	104,866
2002	83,403	95,979	100,871	101,579	102,161
2003	72,145	82,535	84,941	86,203	87,256
2004	55,270	61,449	64,884	66,465	69,368
2005	44,516	52,439	55,912	59,788	60,365
2006	41,893	50,555	56,916	58,298	59,683
2007	39,640	52,495	56,108	58,759	59,806
2008	38,383	48,325	53,762	55,831	56,610
2009	37,464	49,197	53,551	54,943	56,827
2010	39,040	50,444	54,835	57,251	56,321
2011	40,537	51,416	56,233	56,115	
2012	39,709	51,930	54,484		
2013	41,468	50,315			
2014	32,858				

Count of Permanent Disability Claims

PY/RL	1	2	3	4	5
2001	7,597	10,345	10,871	11,361	11,397
2002	9,131	10,946	11,673	11,864	12,045
2003	7,759	9,250	9,666	10,025	10,239
2004	5,092	6,009	6,685	7,129	7,865
2005	3,424	4,536	5,237	6,013	6,397
2006	3,290	4,635	5,550	6,031	6,407
2007	3,206	4,715	5,631	6,172	6,478
2008	3,283	4,734	5,785	6,292	6,620
2009	3,627	5,424	6,468	7,095	7,642
2010	3,929	5,686	6,678	7,532	7,703
2011	4,137	6,085	7,462	7,866	
2012	4,856	7,294	8,280		
2013	6,274	8,435			
2014	5,261				

Count of Permanent Disability Claims

PY/RL	1	2	3	4	5
2001	79,220	86,339	90,822	93,165	93,469
2002	74,272	85,033	89,198	89,715	90,116
2003	64,386	73,285	75,275	76,178	77,017
2004	50,178	55,440	58,199	59,336	61,503
2005	41,092	47,903	50,675	53,775	53,968
2006	38,603	45,920	51,366	52,267	53,276
2007	36,434	47,780	50,477	52,587	53,328
2008	35,100	43,591	47,977	49,539	49,990
2009	33,837	43,773	47,083	47,848	49,185
2010	35,111	44,758	48,157	49,719	48,618
2011	36,400	45,331	48,771	48,249	
2012	34,853	44,636	46,204		
2013	35,194	41,880			
2014	27,597				

Median Permanent Disability Rating

PY/RL	1	2	3	4	5
2001	15	20	23	24	24
2002	15	20	22	23	23
2003	17	19	20	20	20
2004	13	15	15	15	15
2005	10	10	12	12	13
2006	9	10	12	13	13
2007	9	11	13	13	14
2008	10	11	13	14	14
2009	10	11	13	14	14
2010	10	11	12	13	13
2011	10	11	12	13	
2012	10	10	11		
2013	9	10			
2014	9				

Median Permanent Disability Rating

PY/RL	1	2	3	4	5
2001	15	18	20	20	21
2002	15	17	18	19	19
2003	15	15	16	15	15
2004	11	12	13	13	13
2005	8	10	10	11	12
2006	7	9	10	11	12
2007	8	10	11	12	13
2008	9	10	11	12	13
2009	10	10	11	12	12
2010	10	11	11	12	12
2011	10	10	11	11	
2012	9	10	10		
2013	8	9			
2014	8				

Median Permanent Disability Rating

PY/RL	1	2	3	4	5
2001	15	20	24	24	25
2002	16	21	22	23	23
2003	17	20	20	20	20
2004	13	15	15	15	15
2005	10	11	12	13	13
2006	9	11	12	13	13
2007	10	11	13	14	14
2008	10	12	13	14	14
2009	10	12	13	14	14
2010	10	11	13	13	14
2011	10	12	12	13	
2012	10	10	11		
2013	10	10			
2014	9				

Note: Cumulative claims include both cumulative and occupational disease claims.
Numbers in *italics* are from the Preliminary set.

Source: WCIRB unit statistical data

Self-Insured Employers - Claim Severity

Private Self-Insured Employers				
	Medical	Indemnity	Paid Medical	
CY	Paid	Cases Open	on Open	Annual
		During Year	Ind Claims	Change
2001	655,349,356	128,723	5,091	---
2002	789,748,542	129,147	6,115	20.1%
2003	930,788,004	130,323	7,142	16.8%
2004	802,856,921	132,488	6,060	-15.2%
2005	688,918,290	124,757	5,522	-8.9%
2006	800,826,010	115,054	6,960	26.0%
2007	676,050,168	105,671	6,398	-8.1%
2008	733,149,220	102,990	7,119	11.3%
2009	761,740,423	98,642	7,722	8.5%
2010	760,504,505	97,135	7,829	1.4%
2011	758,672,255	95,946	7,907	1.0%
2012	752,732,652	94,591	7,958	0.6%
2013	814,214,051	95,263	8,547	7.4%
2014	918,409,257	93,850	9,786	14.5%
2015	786,278,830	90,382	8,700	-11.1%

Public Self-Insured Employers				
	Medical	Indemnity	Paid Medical	
FY	Paid	Cases Open	on Open	Annual
		During Year	Ind Claims	Change
2000/2001	603,567,334	148,040	4,077	---
2001/2002	736,531,748	153,231	4,807	17.9%
2002/2003	872,925,555	166,835	5,232	8.9%
2003/2004	932,492,476	176,127	5,294	1.2%
2004/2005	777,579,644	171,938	4,522	-14.6%
2005/2006	768,887,952	163,511	4,702	4.0%
2006/2007	779,028,256	159,524	4,883	3.9%
2007/2008	887,316,859	173,348	5,119	4.8%
2008/2009	949,449,769	170,751	5,560	8.6%
2009/2010	978,954,150	171,444	5,710	2.7%
2010/2011	1,043,538,851	173,585	6,012	5.3%
2011/2012	1,073,241,078	177,309	6,053	0.7%
2012/2013	1,045,517,623	179,375	5,829	-3.7%
2013/2014	1,086,439,359	178,788	6,077	4.3%
2014/2015	1,102,863,683	181,993	6,060	-0.3%

All Self-Insured Employers					Insured System at 1st Report		
	Medical	Indemnity	Paid Medical		Paid Medical		
CY	Paid	Cases Open	on Open	Annual	AY	Severity on	Annual
		During Year	Ind Claims	Change		Ind Claims	Change
2001	1,325,398,897	279,359	4,744	---	2001	6,203	---
2002	1,594,477,194	289,180	5,514	16.2%	2002	7,255	17.0%
2003	1,833,497,020	301,804	6,075	10.2%	2003	7,203	-0.7%
2004	1,657,892,981	306,521	5,409	-11.0%	2004	5,970	-17.1%
2005	1,462,152,088	292,482	4,999	-7.6%	2005	5,906	-1.1%
2006	1,574,784,114	276,572	5,694	13.9%	2006	6,270	6.2%
2007	1,509,222,726	272,107	5,546	-2.6%	2007	6,922	10.4%
2008	1,651,532,534	275,040	6,005	8.3%	2008	7,605	9.9%
2009	1,725,942,383	269,740	6,399	6.6%	2009	7,925	4.2%
2010	1,771,751,006	269,650	6,571	2.7%	2010	7,946	0.3%
2011	1,817,062,220	271,393	6,695	1.9%	2011	7,462	-6.1%
2012	1,812,112,003	272,933	6,639	-0.8%	2012	7,238	-3.0%
2013	1,880,192,542	274,345	6,853	3.2%	2013	7,085	-2.1%
2014	1,888,404,704	275,947	6,843	3.1%	2014	5,896	-3.6%

Notes: Fiscal Year Public data prorated to CYs 50%/50%.
Insured System AY 2014 change is based on a comparison of 2014 accidents on 2013 policies to 2013 accidents on 2012 policies.

Sources: California Department of Industrial Relations for self-insured
WCIRB Unit Statistical Data for insured system

Annual Changes in Indemnity Severity Attributable to Changes in Hazardousness

Policy Year	Report Level	Indemnity Claim Severity			Total Claim Severity		
		Change in Severity Hazardousness	Severity Hazardousness Index	Annual % Change Attributable to Change in Industrial Mix	Change in Severity Hazardousness	Severity Hazardousness Index	Annual % Change Attributable to Change in Industrial Mix
1993	5	1.0000	1.0000	---	1.0000	1.0000	---
1994	5	1.0010	1.0010	0.10%	0.9986	0.9986	-0.14%
1995	5	1.0007	1.0017	0.07%	1.0013	0.9998	0.13%
1996	5	0.9988	1.0005	-0.12%	0.9993	0.9991	-0.07%
1997	5	1.0032	1.0036	0.32%	1.0045	1.0036	0.45%
1998	5	1.0037	1.0074	0.37%	1.0050	1.0086	0.50%
1999	5	1.0023	1.0096	0.23%	1.0011	1.0097	0.11%
2000	5	1.0016	1.0112	0.16%	1.0009	1.0107	0.09%
2001	5	1.0031	1.0144	0.31%	1.0001	1.0108	0.01%
2002	5	0.9984	1.0128	-0.16%	0.9996	1.0104	-0.04%
2003	5	1.0042	1.0170	0.42%	1.0071	1.0176	0.71%
2004	5	1.0020	1.0190	0.20%	1.0048	1.0224	0.48%
2005	5	1.0010	1.0201	0.10%	1.0027	1.0252	0.27%
2006	5	0.9965	1.0165	-0.35%	0.9917	1.0167	-0.83%
2007	5	0.9935	1.0098	-0.65%	0.9861	1.0025	-1.39%
2008	5	0.9908	1.0005	-0.92%	0.9845	0.9870	-1.55%
2009	5	0.9884	0.9889	-1.16%	0.9832	0.9704	-1.68%
2010	5	0.9961	0.9851	-0.39%	0.9938	0.9644	-0.62%
2011	Proj 5	0.9996	0.9847	-0.04%	1.0014	0.9657	0.14%
2012	Proj 5	0.9973	0.9820	-0.27%	0.9980	0.9638	-0.20%
2013	Proj 5	1.0014	0.9834	0.14%	1.0030	0.9666	0.30%
2014	Proj 5	1.0000	0.9834	0.00%	1.0051	0.9716	0.51%

Note: Changes in industrial mix are based on indemnity claim severity by collapsed NAICS industrial sector.
Policy Year 2014 is preliminary.

Source: WCIRB unit statistical data

Claim Counts and Losses on Claims in Excess of \$250,000

PY/RL	Number of Claims in Excess of \$250,000							
	1	2	3	4	5	6	7	8
2002	602	1,282	2,109	2,990	3,838	4,500	4,866	5,232
2003	540	928	1,550	2,323	3,104	3,589	4,071	4,395
2004	472	719	1,163	1,741	2,296	2,874	3,273	3,547
2005	496	783	1,292	1,921	2,657	3,169	3,504	3,782
2006	667	1,036	1,673	2,401	3,108	3,603	3,984	4,210
2007	666	1,189	2,092	3,015	3,755	4,319	4,641	4,817
2008	653	1,260	2,099	3,077	3,878	4,389	4,644	
2009	604	1,219	2,111	3,083	3,783	4,112		
2010	588	1,167	1,951	2,803	3,279			
2011	653	1,205	1,919	2,503				
2012	668	1,126	1,606					
2013	708	1,029						
2014	514							

PY/RL	% of Claims in Excess of \$250,000							
	1	2	3	4	5	6	7	8
2002	0.112%	0.227%	0.372%	0.525%	0.672%	0.790%	0.857%	0.925%
2003	0.107%	0.177%	0.295%	0.441%	0.588%	0.681%	0.775%	0.839%
2004	0.098%	0.146%	0.235%	0.351%	0.463%	0.581%	0.663%	0.718%
2005	0.109%	0.168%	0.276%	0.409%	0.567%	0.676%	0.747%	0.805%
2006	0.153%	0.233%	0.374%	0.536%	0.692%	0.801%	0.885%	0.935%
2007	0.161%	0.282%	0.494%	0.707%	0.880%	1.010%	1.085%	1.126%
2008	0.182%	0.342%	0.566%	0.826%	1.038%	1.173%	1.240%	
2009	0.182%	0.359%	0.616%	0.896%	1.097%	1.191%		
2010	0.175%	0.339%	0.562%	0.803%	0.938%			
2011	0.194%	0.348%	0.549%	0.714%				
2012	0.194%	0.319%	0.451%					
2013	0.200%	0.285%						
2014	0.188%							

PY/RL	% of Indemnity Incurred on Claims in Excess of \$250,000							
	1	2	3	4	5	6	7	8
2002	4.35%	6.36%	9.13%	12.64%	16.07%	18.67%	20.07%	21.84%
2003	5.80%	7.10%	9.89%	13.19%	16.47%	18.55%	21.16%	22.92%
2004	6.58%	7.79%	9.70%	13.11%	15.78%	19.69%	22.24%	24.01%
2005	7.95%	8.27%	11.00%	15.00%	19.77%	23.04%	25.51%	27.31%
2006	11.02%	11.47%	14.89%	18.94%	22.71%	25.75%	28.08%	29.87%
2007	10.15%	11.62%	16.22%	20.89%	24.90%	27.50%	29.41%	30.47%
2008	9.37%	11.20%	15.22%	20.28%	24.26%	27.11%	28.51%	
2009	9.06%	10.45%	15.09%	19.60%	23.43%	25.20%		
2010	9.14%	10.82%	13.89%	18.17%	20.62%			
2011	9.46%	10.54%	13.49%	16.46%				
2012	9.02%	9.76%	12.03%					
2013	7.58%	8.45%						
2014	8.33%							

PY/RL	% of Medical Incurred on Claims in Excess of \$250,000							
	1	2	3	4	5	6	7	8
2002	10.02%	12.42%	15.41%	18.77%	22.93%	26.16%	28.53%	30.77%
2003	11.23%	12.96%	15.75%	19.79%	23.77%	26.34%	30.08%	32.17%
2004	11.21%	12.93%	16.17%	19.88%	23.28%	28.00%	31.31%	33.79%
2005	12.87%	15.04%	17.09%	20.69%	26.00%	30.09%	32.71%	35.48%
2006	14.59%	16.50%	19.82%	23.83%	28.06%	31.56%	34.40%	36.02%
2007	13.37%	15.89%	20.71%	26.16%	30.13%	33.64%	35.79%	37.03%
2008	12.95%	15.33%	19.43%	24.70%	29.07%	32.32%	34.11%	
2009	12.52%	15.39%	19.88%	24.82%	28.64%	30.44%		
2010	13.20%	15.70%	19.02%	23.14%	25.68%			
2011	13.48%	15.29%	18.56%	21.56%				
2012	14.07%	15.09%	17.47%					
2013	11.75%	12.20%						
2014	13.42%							

PY/RL	Average Severity on Claims in Excess of \$250,000							
	1	2	3	4	5	6	7	8
2002	717,062	592,893	508,878	481,072	488,305	498,121	511,322	529,239
2003	830,287	697,511	579,912	531,520	513,563	511,184	536,729	548,977
2004	751,890	695,515	597,861	550,994	520,593	538,976	553,349	569,398
2005	739,367	668,592	545,833	501,441	498,380	513,170	526,835	543,666
2006	685,716	633,586	554,027	517,029	504,508	515,982	527,649	538,428
2007	656,706	573,916	507,392	494,503	494,898	501,434	512,218	518,431
2008	617,586	515,370	466,652	456,502	457,438	469,931	477,217	
2009	649,166	525,815	479,951	458,056	463,465	465,558		
2010	711,521	584,687	502,343	474,666	471,967			
2011	687,390	560,645	499,193	480,427				
2012	704,191	587,503	536,365					
2013	580,141	513,311						
2014	699,177							

PY/RL	Median Severity on Claims in Excess of \$250,000							
	1	2	3	4	5	6	7	8
2002	353,274	323,567	319,385	330,745	342,220	352,489	362,640	377,161
2003	379,413	344,966	331,543	327,919	336,352	350,688	365,700	374,592
2004	384,864	353,041	327,682	333,000	341,796	356,039	366,212	376,147
2005	380,882	341,967	326,677	331,078	341,764	348,959	361,279	365,877
2006	350,752	340,665	334,409	334,408	342,606	352,011	363,123	364,220
2007	354,608	327,574	328,110	332,740	343,611	355,134	362,922	365,178
2008	360,069	325,004	323,876	328,550	337,081	346,663	350,926	
2009	358,189	325,000	320,631	328,483	336,992	341,391		
2010	348,145	322,140	320,430	321,136	329,396			
2011	348,789	315,896	314,021	320,338				
2012	348,892	326,429	318,749					
2013	337,281	328,150						
2014	355,094							

Notes: Incurred Amounts and Severities are first dollar.
Numbers in *italics* are from the Preliminary set.

Source: WCIRB unit statistical data

Claim Counts and Losses on Claims in Excess of \$500,000

PY/RL	Number of Claims in Excess of \$500,000							
	1	2	3	4	5	6	7	8
2002	171	245	324	481	696	960	1,214	1,449
2003	174	218	300	431	584	800	1,065	1,275
2004	159	198	243	342	453	680	874	1,010
2005	160	184	238	349	532	704	880	1,003
2006	186	257	347	505	679	851	1,038	1,149
2007	187	260	368	528	741	964	1,138	1,240
2008	178	233	340	526	726	940	1,068	
2009	173	234	335	504	705	821		
2010	161	222	317	422	546			
2011	179	232	308	418				
2012	187	237	284					
2013	178	197						
2014	147							

PY/RL	% of Claims in Excess of \$500,000							
	1	2	3	4	5	6	7	8
2002	0.032%	0.043%	0.057%	0.085%	0.122%	0.169%	0.214%	0.256%
2003	0.034%	0.042%	0.057%	0.082%	0.111%	0.152%	0.203%	0.243%
2004	0.033%	0.040%	0.049%	0.069%	0.091%	0.137%	0.177%	0.204%
2005	0.035%	0.040%	0.051%	0.074%	0.113%	0.150%	0.188%	0.214%
2006	0.043%	0.058%	0.078%	0.113%	0.151%	0.189%	0.231%	0.255%
2007	0.045%	0.062%	0.087%	0.124%	0.174%	0.225%	0.266%	0.290%
2008	0.050%	0.063%	0.092%	0.141%	0.194%	0.251%	0.285%	
2009	0.052%	0.069%	0.098%	0.146%	0.204%	0.238%		
2010	0.048%	0.065%	0.091%	0.121%	0.156%			
2011	0.053%	0.067%	0.088%	0.119%				
2012	0.054%	0.067%	0.080%					
2013	0.050%	0.055%						
2014	0.054%							

PY/RL	% of Indemnity Incurred on Claims in Excess of \$500,000							
	1	2	3	4	5	6	7	8
2002	2.13%	2.53%	3.05%	4.21%	5.73%	7.37%	8.79%	10.46%
2003	3.77%	3.91%	4.68%	5.55%	6.57%	7.94%	10.04%	11.78%
2004	3.89%	4.47%	4.52%	5.96%	6.76%	9.41%	11.48%	13.00%
2005	4.18%	3.64%	4.10%	5.79%	7.94%	9.92%	12.04%	13.53%
2006	5.03%	5.21%	6.38%	8.00%	9.55%	11.68%	13.56%	15.23%
2007	4.80%	5.10%	6.17%	7.74%	10.09%	11.61%	13.34%	14.39%
2008	4.10%	4.26%	5.18%	7.24%	9.06%	11.12%	12.14%	
2009	4.70%	3.88%	5.23%	6.47%	8.48%	9.55%		
2010	4.82%	4.54%	4.95%	6.26%	7.31%			
2011	4.91%	4.41%	4.72%	5.71%				
2012	4.46%	4.18%	4.68%					
2013	2.84%	2.90%						
2014	4.04%							

PY/RL	% of Medical Incurred on Claims in Excess of \$500,000							
	1	2	3	4	5	6	7	8
2002	7.40%	7.93%	8.24%	9.14%	11.40%	13.48%	15.57%	17.49%
2003	8.53%	8.91%	9.31%	10.81%	12.38%	13.91%	17.11%	18.91%
2004	8.47%	9.09%	10.06%	11.10%	11.97%	15.26%	17.84%	19.82%
2005	9.77%	10.47%	9.92%	10.55%	13.10%	15.72%	17.78%	20.10%
2006	10.86%	11.37%	11.63%	12.88%	14.71%	16.83%	18.98%	20.32%
2007	9.57%	9.85%	10.75%	12.92%	14.72%	17.07%	18.82%	19.88%
2008	8.84%	8.38%	8.94%	10.75%	12.65%	14.95%	16.46%	
2009	8.61%	8.67%	9.58%	10.93%	12.87%	13.88%		
2010	9.54%	9.71%	9.85%	10.73%	11.81%			
2011	9.66%	9.20%	9.72%	10.70%				
2012	10.28%	9.58%	9.96%					
2013	7.83%	6.95%						
2014	9.88%							

PY/RL	Average Severity on Claims in Excess of \$500,000							
	1	2	3	4	5	6	7	8
2002	1,696,788	1,741,153	1,532,015	1,276,041	1,188,599	1,092,089	1,032,729	1,020,705
2003	1,870,525	1,903,826	1,638,500	1,426,187	1,292,676	1,122,403	1,093,521	1,059,376
2004	1,572,672	1,667,615	1,635,033	1,466,714	1,278,692	1,188,341	1,142,355	1,142,140
2005	1,587,235	1,778,172	1,525,931	1,290,030	1,165,364	1,133,478	1,088,311	1,111,789
2006	1,602,470	1,566,036	1,422,051	1,225,576	1,125,012	1,103,038	1,068,071	1,074,561
2007	1,493,459	1,469,841	1,356,962	1,271,855	1,150,320	1,072,957	1,045,480	1,035,779
2008	1,377,062	1,369,040	1,203,209	1,085,961	1,008,698	973,190	959,146	
2009	1,443,063	1,379,530	1,318,329	1,126,985	1,040,998	999,556		
2010	1,729,192	1,708,498	1,436,361	1,331,038	1,198,268			
2011	1,644,554	1,578,653	1,443,159	1,275,090				
2012	1,668,685	1,590,226	1,545,297					
2013	1,336,704	1,321,514						
2014	1,617,703							

PY/RL	Median Severity on Claims in Excess of \$500,000							
	1	2	3	4	5	6	7	8
2002	885,388	776,001	749,290	689,322	686,961	685,631	686,474	714,772
2003	866,728	914,390	821,735	742,737	729,204	707,027	700,913	711,672
2004	827,255	875,244	772,132	760,725	715,829	712,192	713,607	720,782
2005	825,368	814,506	710,326	704,717	711,051	700,997	686,837	697,792
2006	810,488	782,910	739,379	713,205	711,000	701,420	691,932	695,728
2007	805,589	744,439	712,814	696,427	684,367	677,511	683,101	687,049
2008	844,408	776,176	722,571	683,487	665,759	670,404	678,103	
2009	829,140	747,484	713,222	676,704	656,565	658,525		
2010	893,022	784,927	702,366	689,490	709,391			
2011	893,546	775,642	735,663	692,197				
2012	889,984	791,723	777,727					
2013	760,344	764,361						
2014	822,487							

Notes: Incurred Amounts and Severities are first dollar.
Numbers in *Italics* are from the Preliminary set.

Source: WCIRB unit statistical data

Claim Counts and Losses on Claims in Excess of \$1,000,000

Number of Claims in Excess of \$1,000,000								
PY/RL	1	2	3	4	5	6	7	8
2002	71	96	119	135	173	221	265	336
2003	73	95	114	135	161	194	248	315
2004	57	85	96	109	109	165	216	252
2005	58	72	74	95	132	173	208	245
2006	66	87	110	145	173	216	258	286
2007	66	81	109	133	158	200	234	264
2008	69	82	102	125	167	213	234	
2009	65	81	98	121	150	165		
2010	70	84	100	122	139			
2011	72	85	94	105				
2012	82	86	96					
2013	63	69						
2014	64							

% of Claims in Excess of \$1,000,000								
PY/RL	1	2	3	4	5	6	7	8
2002	0.013%	0.017%	0.021%	0.024%	0.030%	0.039%	0.047%	0.059%
2003	0.014%	0.018%	0.022%	0.026%	0.030%	0.037%	0.047%	0.060%
2004	0.012%	0.017%	0.019%	0.022%	0.022%	0.033%	0.044%	0.051%
2005	0.013%	0.015%	0.016%	0.020%	0.028%	0.037%	0.044%	0.052%
2006	0.015%	0.020%	0.025%	0.032%	0.039%	0.048%	0.057%	0.063%
2007	0.016%	0.019%	0.026%	0.031%	0.037%	0.047%	0.055%	0.062%
2008	0.019%	0.022%	0.027%	0.034%	0.045%	0.057%	0.062%	
2009	0.020%	0.024%	0.029%	0.035%	0.043%	0.048%		
2010	0.021%	0.024%	0.029%	0.035%	0.040%			
2011	0.021%	0.025%	0.027%	0.030%				
2012	0.024%	0.024%	0.027%					
2013	0.018%	0.019%						
2014	0.023%							

% of Indemnity Incurred on Claims in Excess of \$1,000,000								
PY/RL	1	2	3	4	5	6	7	8
2002	1.40%	1.62%	1.83%	2.19%	2.68%	3.25%	3.63%	4.33%
2003	2.87%	2.93%	3.27%	3.40%	3.65%	3.91%	4.82%	5.78%
2004	2.46%	3.21%	3.09%	3.74%	3.73%	5.04%	6.15%	7.04%
2005	2.49%	2.30%	2.31%	3.06%	4.09%	5.16%	6.15%	7.06%
2006	3.02%	3.08%	3.73%	4.26%	4.83%	5.86%	6.76%	7.84%
2007	2.94%	2.96%	3.42%	4.00%	4.97%	5.35%	6.11%	6.62%
2008	2.46%	2.53%	2.88%	3.72%	4.37%	5.28%	5.43%	
2009	2.80%	2.10%	2.84%	3.12%	3.74%	4.13%		
2010	3.63%	3.15%	2.97%	3.62%	3.66%			
2011	3.45%	2.98%	2.77%	2.98%				
2012	3.06%	2.58%	2.77%					
2013	1.66%	1.68%						
2014	2.75%							

% of Medical Incurred on Claims in Excess of \$1,000,000								
PY/RL	1	2	3	4	5	6	7	8
2002	5.81%	6.41%	6.44%	6.28%	7.31%	7.88%	8.48%	9.36%
2003	6.84%	7.22%	7.12%	7.66%	8.13%	8.06%	9.50%	10.22%
2004	6.37%	7.20%	7.89%	7.93%	7.48%	9.04%	10.13%	11.26%
2005	7.42%	8.49%	7.44%	7.05%	7.77%	9.07%	9.75%	11.27%
2006	8.25%	8.56%	8.27%	8.40%	8.65%	9.71%	10.53%	11.15%
2007	7.04%	7.11%	7.55%	8.38%	8.43%	9.19%	9.67%	10.18%
2008	6.40%	5.95%	5.75%	5.95%	6.57%	7.26%	7.82%	
2009	6.38%	6.28%	6.59%	6.50%	6.92%	6.93%		
2010	7.47%	7.59%	7.13%	7.32%	7.41%			
2011	7.38%	6.90%	6.90%	6.93%				
2012	8.17%	7.29%	7.48%					
2013	5.50%	4.86%						
2014	7.89%							

Average Severity on Claims in Excess of \$1,000,000								
PY/RL	1	2	3	4	5	6	7	8
2002	3,105,446	3,422,845	3,060,518	2,891,297	2,799,369	2,544,865	2,367,659	2,171,072
2003	3,523,470	3,460,312	3,204,876	3,081,799	2,922,506	2,543,782	2,487,580	2,242,340
2004	3,161,316	2,995,729	3,135,046	3,169,113	3,201,987	2,812,364	2,576,725	2,561,543
2005	3,171,764	3,525,423	3,473,114	2,982,927	2,674,595	2,581,158	2,468,930	2,496,814
2006	3,268,599	3,304,753	3,033,739	2,630,292	2,484,351	2,402,523	2,306,095	2,319,890
2007	2,989,854	3,230,890	3,023,941	3,083,910	2,953,510	2,658,515	2,523,311	2,410,210
2008	2,474,424	2,646,652	2,479,616	2,470,854	2,224,164	2,070,407	2,039,404	
2009	2,709,780	2,719,407	2,923,444	2,642,982	2,485,006	2,378,039		
2010	3,086,031	3,438,423	3,153,270	3,005,667	2,775,219			
2011	3,062,899	3,150,573	3,207,977	3,110,376				
2012	2,934,667	3,186,651	3,245,324					
2013	2,566,288	2,535,929						
2014	2,873,176							

Median Severity on Claims in Excess of \$1,000,000								
PY/RL	1	2	3	4	5	6	7	8
2002	1,982,089	2,570,630	2,077,245	1,760,458	1,760,458	1,604,620	1,436,815	1,414,360
2003	2,346,394	2,313,505	2,282,077	2,173,422	1,756,000	1,668,325	1,533,770	1,489,999
2004	2,129,170	2,051,638	2,242,484	2,120,000	2,095,911	1,882,020	1,721,976	1,605,699
2005	1,990,755	2,160,065	2,089,211	1,864,346	1,739,305	1,666,100	1,645,929	1,664,019
2006	1,932,648	2,120,827	2,180,971	1,742,043	1,742,043	1,561,145	1,435,234	1,439,281
2007	1,953,016	2,265,514	1,732,523	1,838,481	1,933,372	1,587,337	1,616,302	1,600,240
2008	1,913,000	1,898,126	1,830,410	1,762,740	1,618,687	1,495,782	1,444,315	
2009	1,988,779	1,711,957	1,833,872	1,682,373	1,512,298	1,462,282		
2010	2,153,329	2,215,829	1,946,786	1,814,410	1,699,376			
2011	2,133,690	1,945,519	1,948,017	1,875,116				
2012	1,748,313	1,981,094	1,979,446					
2013	1,749,237	1,742,428						
2014	2,148,873							

Notes: Incurred Amounts and Severities are first dollar.
Numbers in *italics* are from the Preliminary set.

Source: WCIRB unit statistical data

Change in Claims Mix by Injury Description by Policy Year
Part of Body

Rank	Code	Description	Percentage of Claims									
			2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1	90	Multiple Body Parts - Multiple Body Parts	17.3%	14.4%	13.6%	13.7%	12.8%	13.9%	14.6%	15.9%	15.7%	15.6%
2	42	Trunk - Lower Back Area	14.0%	15.0%	15.0%	14.9%	15.8%	15.7%	15.4%	14.9%	15.1%	15.1%
3	53	Lower Extremities - Knee	8.5%	9.1%	9.1%	9.4%	9.5%	8.9%	8.8%	8.7%	9.1%	9.0%
4	38	Upper Extremities - Shoulder(s)	5.3%	5.6%	5.9%	6.2%	7.1%	7.0%	6.9%	7.0%	7.9%	8.4%
5	34	Upper Extremities - Wrist	5.9%	6.6%	6.6%	6.5%	5.8%	6.3%	6.1%	6.1%	5.0%	4.4%
6	36	Upper Extremities - Finger(s)	4.9%	5.5%	5.4%	5.4%	5.2%	4.8%	4.7%	4.5%	4.2%	4.4%
7	35	Upper Extremities - Hand	4.0%	4.0%	4.1%	4.0%	3.8%	3.7%	3.8%	3.9%	3.8%	3.7%
8	55	Lower Extremities - Ankle	2.8%	3.3%	3.5%	3.4%	3.4%	3.1%	3.1%	3.1%	3.2%	3.2%
9	61	Trunk - Abdomen Including Groin	2.6%	2.7%	2.6%	2.7%	2.8%	2.5%	2.5%	2.5%	2.7%	2.6%
10	56	Lower Extremities - Foot	2.3%	2.6%	2.7%	2.8%	2.5%	2.3%	2.3%	2.2%	2.2%	2.3%
11	30	Upper Extremities - Multiple Upper Extremities	3.7%	3.2%	2.9%	2.6%	2.4%	2.5%	2.5%	2.4%	2.3%	2.3%
12	32	Upper Extremities - Elbow	1.8%	2.0%	2.0%	2.0%	2.0%	1.9%	1.8%	1.8%	1.9%	2.0%
13	33	Upper Extremities - Lower Arm	1.7%	1.9%	2.0%	1.9%	1.9%	1.9%	1.9%	2.1%	2.1%	1.9%
14	41	Trunk - Upper Back Area	1.2%	1.5%	1.4%	1.4%	1.4%	1.3%	1.3%	1.4%	1.6%	1.8%
15	31	Upper Extremities - Upper Arm	1.9%	1.9%	2.1%	2.0%	2.1%	2.5%	2.4%	2.4%	1.9%	1.7%
16	91	Multiple Body Parts - Body Systems and Multiple Body	0.4%	0.4%	0.5%	0.6%	0.8%	0.8%	0.8%	1.0%	1.4%	1.6%
17	54	Lower Extremities - Lower Leg	1.5%	1.7%	1.7%	1.6%	1.6%	1.5%	1.5%	1.5%	1.5%	1.5%
18	25	Neck - Soft Tissue	0.6%	0.8%	0.8%	1.0%	1.3%	1.6%	1.7%	1.5%	1.4%	1.5%
19	39	Upper Extremities - Wrist(s) & Hand(s)	1.1%	1.2%	1.2%	1.2%	1.2%	1.3%	1.2%	1.2%	1.3%	1.2%
20	66	Multiple Body Parts - No Physical Injury	0.7%	0.7%	0.7%	0.9%	1.1%	1.3%	1.4%	1.2%	1.4%	1.2%
21	65	Multiple Body Parts - Insufficient Info to Classify	2.5%	1.5%	1.1%	1.0%	1.3%	1.4%	1.5%	1.4%	1.4%	1.2%
		All Other	15.3%	14.6%	15.0%	14.5%	14.4%	14.1%	13.7%	13.2%	13.1%	13.4%
TOTAL			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Based on first unit statistical report level of (1) all Death claims, (2) all Permanent Disability claims, and (3) Temporary Only claims exceeding \$5,000 in total incurred losses

Change in Claims Mix by Injury Description by Policy Year
Nature of Injury

<u>Rank</u>	<u>Code</u>	<u>Description</u>	<u>Percentage of Claims</u>									
			<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
1	52	Strain or Tear	33.7%	33.6%	31.7%	29.4%	30.3%	30.7%	31.2%	30.0%	32.8%	33.6%
2	49	Sprain or Tear	7.8%	8.4%	9.9%	11.1%	12.4%	13.6%	13.2%	13.2%	11.6%	10.9%
3	59	All Other Specific Injuries, NOC	12.2%	11.4%	12.7%	15.0%	13.0%	13.3%	12.9%	14.5%	12.5%	10.9%
4	80	All Other Cumulative Injury, NOC	10.3%	7.5%	6.4%	5.7%	5.2%	5.4%	5.6%	5.9%	6.9%	8.3%
5	28	Fracture	7.2%	8.8%	9.1%	8.9%	8.5%	7.7%	7.5%	7.2%	6.8%	6.6%
6	10	Contusion	6.1%	6.5%	6.9%	6.7%	7.0%	6.7%	6.7%	6.3%	6.5%	6.5%
7	90	Multiple Physical Injuries Only	3.0%	2.4%	2.0%	1.8%	1.9%	2.5%	2.6%	3.0%	3.8%	4.6%
8	40	Laceration	4.6%	5.0%	5.0%	4.8%	4.5%	3.9%	3.9%	3.9%	3.7%	3.5%
9	37	Inflammation	2.4%	2.7%	2.9%	3.0%	3.0%	2.8%	2.8%	2.8%	2.7%	2.5%
10	34	Hernia	2.0%	2.3%	2.2%	2.2%	2.1%	1.9%	1.8%	1.8%	1.8%	1.7%
11	77	Mental Stress	1.2%	1.2%	1.3%	1.4%	1.7%	1.9%	1.9%	1.7%	1.5%	1.5%
12	78	Carpal Tunnel Syndrome	2.0%	1.8%	1.7%	1.6%	1.5%	1.4%	1.4%	1.4%	1.2%	1.2%
13	16	Dislocation	1.1%	1.3%	1.4%	1.6%	1.6%	1.4%	1.3%	1.3%	1.2%	1.2%
14	91	Multiple Injuries Including Both Physical and Psychological	0.5%	0.4%	0.4%	0.5%	0.8%	1.0%	0.9%	1.0%	1.1%	1.0%
15	13	Crushing	0.9%	1.1%	1.1%	1.1%	1.0%	0.9%	0.9%	0.8%	0.8%	0.8%
16	46	Rupture	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.6%	0.5%	0.5%	0.6%
17	43	Puncture	0.7%	0.8%	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%	0.5%	0.6%
18	04	Burn	0.7%	0.7%	0.7%	0.6%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%
19	02	Amputation	0.7%	0.8%	0.8%	0.8%	0.7%	0.6%	0.5%	0.5%	0.4%	0.5%
20	41	Myocardial Infarction	0.4%	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%	0.4%	0.4%	0.5%
		<u>All Other</u>	<u>2.2%</u>	<u>2.6%</u>	<u>2.5%</u>	<u>2.5%</u>	<u>2.6%</u>	<u>2.6%</u>	<u>2.8%</u>	<u>2.6%</u>	<u>2.5%</u>	<u>2.5%</u>
		TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Based on first unit statistical report level of (1) all Death claims, (2) all Permanent Disability claims, and (3) Temporary Only claims exceeding \$5,000 in total incurred losses

Change in Claims Mix by Injury Description by Policy Year
Cause of Injury

Rank	Code	Description	Percentage of Claims									
			2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1	99	Other - Miscellaneous, NOC	9.1%	8.9%	8.7%	7.6%	7.5%	8.4%	8.9%	9.8%	10.1%	12.1%
2	56	Strain by - Lifting	13.9%	13.2%	12.9%	13.2%	13.0%	13.1%	12.8%	12.3%	12.2%	11.7%
3	98	Cumulative, NOC	6.7%	6.6%	5.4%	5.1%	5.8%	6.3%	6.5%	7.3%	8.2%	8.9%
4	60	Strain or Injury By, NOC	8.4%	8.1%	8.5%	8.6%	8.8%	8.7%	8.4%	8.7%	8.4%	8.4%
5	97	Strain by - Repetitive Motion	5.3%	5.0%	5.1%	5.4%	5.6%	6.3%	6.4%	6.6%	7.3%	7.5%
6	31	Fall, Slip or Trip Injury, NOC	5.9%	6.1%	6.5%	7.0%	7.1%	6.6%	6.1%	5.7%	5.6%	5.3%
7	29	Fall - On Same Level	4.5%	4.7%	4.8%	5.2%	4.9%	5.3%	5.7%	5.4%	5.0%	4.9%
8	57	Strain by - Pushing or Pulling	4.4%	4.3%	4.3%	4.3%	4.6%	4.6%	4.6%	4.5%	4.4%	4.3%
9	25	Fall - From Different Level (Elevation)	3.1%	3.3%	3.2%	3.0%	2.8%	2.6%	2.6%	2.5%	2.6%	2.4%
10	75	Struck or Injured By - Falling or Flying Object	2.6%	2.8%	2.9%	3.0%	2.7%	2.6%	2.7%	2.6%	2.6%	2.3%
11	53	Strain by - Twisting	1.7%	1.6%	1.7%	1.8%	2.0%	1.9%	1.9%	2.0%	2.2%	2.2%
12	26	Fall - From Ladder or Scaffolding	3.0%	3.2%	3.1%	3.0%	2.8%	2.4%	2.6%	2.3%	2.1%	2.1%
13	55	Strain by - Holding or Carrying	1.8%	1.8%	1.8%	1.6%	1.5%	1.6%	1.8%	1.9%	1.9%	1.6%
14	81	Struck or Injured By, NOC	1.6%	1.5%	1.7%	1.9%	1.7%	1.5%	1.5%	1.6%	1.6%	1.6%
15	45	Motor Vehicle - Collision or Sideswipe with Another Vehicle	1.7%	1.7%	1.7%	1.7%	1.6%	1.6%	1.4%	1.5%	1.4%	1.4%
16	27	Fall - From Liquid or Grease Spills	1.7%	1.6%	1.6%	1.7%	1.7%	1.7%	1.6%	1.5%	1.4%	1.3%
17	79	Struck or Injured By - Object Being Lifted or Handled	1.3%	1.4%	1.5%	1.5%	1.4%	1.3%	1.4%	1.3%	1.3%	1.3%
18	68	Struck or Stepped On - Stationary Object	1.2%	1.2%	1.2%	1.2%	1.3%	1.3%	1.2%	1.3%	1.2%	1.2%
19	58	Strain by - Reaching	1.1%	1.2%	1.0%	1.1%	1.1%	1.2%	1.3%	1.3%	1.2%	1.2%
20	50	Motor Vehicle, NOC	1.4%	1.3%	1.4%	1.4%	1.4%	1.3%	1.1%	1.2%	1.2%	1.0%
		All Other	19.6%	20.7%	21.0%	20.8%	20.7%	19.7%	19.4%	18.7%	17.9%	17.3%
		TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Based on first unit statistical report level of (1) all Death claims, (2) all Permanent Disability claims, and (3) Temporary Only claims exceeding \$5,000 in total incurred losses

Indemnity Claim Frequency by Layer of Incurred Medical at USR 1st

Indemnity Claim Frequency per \$1M of Exposure at 2013 Wage Level

Accident Year	Layer of Incurred Medical				
	0 2,499	2,500 9,999	10,000 24,999	25,000 & Over	All Claims
2001	0.1263	0.0998	0.0958	0.1059	0.4278
2002	0.1127	0.0907	0.0945	0.1156	0.4135
2003	0.1104	0.0928	0.0985	0.1185	0.4201
2004	0.0990	0.0809	0.0865	0.0874	0.3538
2005	0.0900	0.0678	0.0706	0.0703	0.2987
2006	0.0824	0.0628	0.0649	0.0703	0.2804
2007	0.0759	0.0571	0.0622	0.0740	0.2693
2008	0.0657	0.0512	0.0605	0.0768	0.2542
2009	0.0599	0.0492	0.0598	0.0775	0.2464
2010	0.0626	0.0525	0.0644	0.0827	0.2622
2011	0.0640	0.0517	0.0621	0.0802	0.2581
2012	0.0659	0.0535	0.0647	0.0829	0.2669
2013	0.0651	0.0535	0.0660	0.0821	0.2667
2014	<i>0.0649</i>	<i>0.0592</i>	<i>0.0724</i>	<i>0.0806</i>	<i>0.2772</i>

Accident Year	Annual Change				
	0 2,499	2,500 9,999	10,000 24,999	25,000 & Over	All Claims
2002	-10.8%	-9.1%	-1.4%	9.1%	-3.4%
2003	-2.1%	2.3%	4.2%	2.5%	1.6%
2004	-10.3%	-12.8%	-12.1%	-26.2%	-15.8%
2005	-9.1%	-16.2%	-18.4%	-19.6%	-15.6%
2006	-8.4%	-7.4%	-8.2%	0.0%	-6.1%
2007	-7.9%	-9.1%	-4.1%	5.3%	-4.0%
2008	-13.5%	-10.3%	-2.8%	3.8%	-5.6%
2009	-8.9%	-3.9%	-1.1%	0.9%	-3.1%
2010	4.6%	6.7%	7.6%	6.7%	6.4%
2011	2.3%	-1.6%	-3.5%	-3.0%	-1.6%
2012	2.9%	3.4%	4.1%	3.4%	3.4%
2013	-1.2%	0.0%	2.1%	-1.0%	-0.1%
2014	-0.3%	<i>10.7%</i>	<i>9.7%</i>	<i>-1.7%</i>	<i>3.9%</i>

Accident Year	Percent of Annual Change Attributable to Each Layer				
	0 2,499	2,500 9,999	10,000 24,999	25,000 & Over	All Claims
2002	-3.2%	-2.1%	-0.3%	2.3%	-3.4%
2003	-0.6%	0.5%	1.0%	0.7%	1.6%
2004	-2.7%	-2.8%	-2.8%	-7.4%	-15.8%
2005	-2.5%	-3.7%	-4.5%	-4.8%	-15.6%
2006	-2.5%	-1.7%	-1.9%	0.0%	-6.1%
2007	-2.3%	-2.0%	-0.9%	1.3%	-4.0%
2008	-3.8%	-2.2%	-0.6%	1.0%	-5.6%
2009	-2.3%	-0.8%	-0.3%	0.3%	-3.1%
2010	1.1%	1.3%	1.8%	2.1%	6.4%
2011	0.5%	-0.3%	-0.8%	-1.0%	-1.6%
2012	0.7%	0.7%	1.0%	1.0%	3.4%
2013	-0.3%	0.0%	0.5%	-0.3%	-0.1%
2014	-0.1%	<i>2.1%</i>	<i>2.4%</i>	<i>-0.5%</i>	<i>3.9%</i>

Indemnity Claim Count Distribution

Accident Year	Layer of Incurred Medical				
	0 2,499	2,500 9,999	10,000 24,999	25,000 & Over	All Claims
2001	29.5%	23.3%	22.4%	24.8%	100.0%
2002	27.3%	21.9%	22.9%	27.9%	100.0%
2003	26.3%	22.1%	23.4%	28.2%	100.0%
2004	28.0%	22.9%	24.5%	24.7%	100.0%
2005	30.1%	22.7%	23.6%	23.5%	100.0%
2006	29.4%	22.4%	23.1%	25.1%	100.0%
2007	28.2%	21.2%	23.1%	27.5%	100.0%
2008	25.8%	20.1%	23.8%	30.2%	100.0%
2009	24.3%	20.0%	24.3%	31.5%	100.0%
2010	23.9%	20.0%	24.5%	31.5%	100.0%
2011	24.8%	20.0%	24.1%	31.1%	100.0%
2012	24.7%	20.0%	24.2%	31.1%	100.0%
2013	24.4%	20.1%	24.7%	30.8%	100.0%
2014	<i>23.4%</i>	<i>21.4%</i>	<i>26.1%</i>	<i>29.1%</i>	<i>100.0%</i>

Note: Figures in italics are based on a partial accident year.
Source: WCIRB unit statistical data

Summary of Incurred LAE Ratios by Insurer Type

Incurred ALAE to Incurred Loss Ratios

<u>Calendar Year</u>	<u>State Fund</u>	<u>Other CA</u>	<u>National</u>	<u>Statewide</u>	<u>Statewide without State Fund</u>
2003	4.3%	8.0%	7.0%	6.1%	7.1%
2004	5.6%	9.5%	10.6%	8.5%	10.5%
2005	5.3%	13.7%	12.2%	9.6%	12.4%
2006	3.1%	18.8%	19.8%	13.8%	19.6%
2007	3.8%	14.9%	12.3%	10.7%	12.7%
2008	6.9%	11.2%	13.3%	11.9%	13.0%
2009	9.8%	10.6%	14.3%	13.3%	13.8%
2010 ^[1]	4.5%	12.5%	14.9%	13.4%	14.6%
2011 ^[1]	8.6%	19.7%	15.0%	15.4%	15.6%
2012 ^[1]	3.9%	15.2%	16.6%	15.5%	16.4%
2013 ^[1]	16.4%	15.0%	16.7%	16.5%	16.5%
2014 ^[1]	18.0%	17.5%	16.9%	17.1%	17.0%

Incurred ULAE to Incurred Loss Ratios

<u>Calendar Year</u>	<u>State Fund</u>	<u>Other CA</u>	<u>National</u>	<u>Statewide</u>	<u>Statewide without State Fund</u>
2003	10.2%	9.1%	5.5%	7.4%	5.9%
2004	10.2%	14.8%	6.8%	8.8%	7.8%
2005	15.6%	13.5%	7.3%	11.1%	8.2%
2006	28.6%	18.7%	8.5%	15.4%	10.1%
2007	34.4%	16.7%	8.4%	15.2%	9.6%
2008	41.5%	14.2%	7.1%	14.1%	8.2%
2009	51.4%	13.1%	8.3%	14.9%	9.0%
2010	55.7%	15.5%	7.0%	13.9%	8.2%
2011	394.5% ^[2]	12.6%	6.5%	18.8% ^[2]	7.3%
2012	26.1%	13.4%	5.6%	8.2%	6.8%
2013	19.5%	13.6%	7.9% ^[3]	9.5% ^[3]	8.7% ^[3]
2014	24.9%	12.3%	6.8% ^[3]	9.9% ^[3]	7.7% ^[3]

Incurred LAE to Incurred Loss Ratios

<u>Calendar Year</u>	<u>State Fund</u>	<u>Other CA</u>	<u>National</u>	<u>Statewide</u>	<u>Statewide without State Fund</u>
2003	14.4%	17.1%	12.5%	13.5%	13.0%
2004	15.8%	24.3%	17.4%	17.3%	18.3%
2005	20.9%	27.2%	19.5%	20.7%	20.6%
2006	31.7%	37.5%	28.3%	29.1%	29.7%
2007	38.3%	31.6%	20.7%	25.9%	22.2%
2008	48.3%	25.5%	20.4%	26.0%	21.2%
2009	61.2%	23.7%	22.7%	28.2%	22.8%
2010 ^[1]	60.2%	28.1%	21.9%	27.3%	22.8%
2011 ^[1]	403.1% ^[2]	32.3%	21.5%	34.2% ^[2]	23.0%
2012 ^[1]	29.9%	28.6%	22.2%	23.7%	23.2%
2013 ^[1]	35.9%	28.6%	24.6% ^[3]	26.0% ^[3]	25.2% ^[3]
2014 ^[1]	42.9%	29.8%	23.7% ^[3]	27.0% ^[3]	24.6% ^[3]

Notes: ^[1] Medical Cost Containment Program (MCCP) costs on claims covered by policies incepting prior to July 1, 2010 are considered medical loss; those on claims covered by policies incepting July 1, 2010 and beyond are considered allocated loss adjustment expenses

^[2] 2011 figures include a reallocation made by the State Compensation Insurance Fund to move a significant amount of reserves from loss to ULAE.

^[3] 2013 and 2014 ratios included information submitted by several large national insurers to more appropriately reflect ULAE costs related to deductibles and third party administrators

Source: WCIRB expense calls

Summary of Paid LAE Ratios by Insurer Type

Paid ALAE to Paid Loss Ratios

<u>Calendar Year</u>	<u>State Fund</u>	<u>Other CA</u>	<u>National</u>	<u>Statewide</u>	<u>Statewide without State Fund</u>
2003	3.6%	---	---	10.4%	13.9%
2004	4.2%	---	---	10.1%	13.4%
2005	4.8%	---	---	10.5%	13.6%
2006	5.1%	---	---	11.9%	15.1%
2007	5.4%	13.3%	15.4%	12.3%	15.2%
2008	5.6%	11.5%	13.3%	11.1%	13.1%
2009	6.2%	15.7%	14.8%	12.8%	14.9%
2010 ^[1]	5.9%	14.1%	15.5%	13.3%	15.3%
2011 ^[1]	5.9%	15.9%	17.3%	14.9%	17.2%
2012 ^[1]	6.3%	15.2%	19.1%	16.2%	18.6%
2013 ^[1]	5.9%	15.4%	20.0%	17.0%	19.5%
2014 ^[1]	8.4%	18.6%	21.1%	19.0%	20.8%

Paid ULAE to Paid Loss Ratios

<u>Calendar Year</u>	<u>State Fund</u>	<u>Other CA</u>	<u>National</u>	<u>Statewide</u>	<u>Statewide without State Fund</u>
2010	27.9%	17.3%	6.4%	12.3%	7.9%
2011	28.9%	15.9%	6.5%	11.9%	7.7%
2012	45.0% ^[2]	15.0%	6.4%	14.8% ^[2]	7.5%
2013	21.8%	16.3%	8.5% ^[3]	11.7% ^[3]	9.4% ^[3]
2014	28.8%	14.6%	7.8% ^[3]	11.7% ^[3]	8.7% ^[3]

Paid LAE to Paid Loss Ratios

<u>Calendar Year</u>	<u>State Fund</u>	<u>Other CA</u>	<u>National</u>	<u>Statewide</u>	<u>Statewide without State Fund</u>
2010	33.8%	31.4%	22.0%	25.6%	23.3%
2011	34.8%	31.8%	23.8%	26.8%	24.8%
2012	51.3% ^[2]	30.3%	25.5%	31.0% ^[2]	26.1%
2013	27.7%	31.8%	28.5% ^[3]	28.7% ^[3]	28.9% ^[3]
2014	37.2%	33.2%	28.9% ^[3]	30.7% ^[3]	29.5% ^[3]

Notes: ^[1] Medical Cost Containment Program (MCCP) costs on claims covered by policies incepting prior to July 1, 2010 are considered medical loss; those on claims covered by policies incepting July 1, 2010 and beyond are considered allocated loss adjustment expenses.

^[2] 2012 figure includes a one-time adjustment made by the State Compensation Insurance Fund to reallocate liabilities related to pension benefits.

^[3] 2013 and 2014 ratios included information submitted by several large national insurers to more appropriately reflect ULAE costs related to deductibles and third party administrators.

Source: WCIRB expense calls

Calendar Year ULAE Incurred Per Open Indemnity Claim - Private Insurers

<u>Calendar Year</u>	<u>ULAE Incurred (in Millions)</u>	<u>Number of Open Indemnity Claims at Beginning of the Year</u>	<u>Number of Indemnity Claims Reported During Year</u>	<u>ULAE Incurred Per Open Indemnity Claim</u>	<u>Annual Change</u>
	(a)	(b)	(c)	(d)	(e)
2000	353	197,358	107,945	1,787	---
2001	321	171,915	114,323	1,867	4.5%
2002	439	235,631	115,468	1,864	-0.2%
2003	571	236,111	116,486	2,419	29.7%
2004	604	273,685	109,070	2,207	-8.7%
2005	500	281,950	96,045	1,774	-19.6%
2006	538	269,394	106,090	1,995	12.5%
2007	466	244,721	99,082	1,905	-4.5%
2008	464	261,804	101,059	1,772	-7.0%
2009	504	257,103	97,045	1,959	10.5%
2010	508	257,439	107,734	1,974	0.8%
2011	549	267,152	116,356	2,055	4.1%
2012	567	278,907	122,018	2,032	-1.2%
2013 (f)	826	293,905	131,152	2,812	38.4%
2014 (f)	742	305,157	133,212	2,432	-13.5%

<u>Annual Trend(g)</u>	
All-Year	1.5%
R ²	0.244
2005-2014	3.7%
R ²	0.606

Notes:

- (a) Calendar year ULAE incurred is based on WCIRB expense calls. All figures in each calendar year contain information from the same combination of private insurers that submitted both the ULAE and claim count data for that calendar year. Therefore, each calendar year may contain a different mix of private insurers.
- (b), (c) Based on WCIRB accident year experience calls. Column (c) is for information only.
- (d) (a)/(b) x 1,000,000.
- (f) 2013 and 2014 ratios included information submitted by several large national insurers to more appropriately reflect ULAE costs related to deductibles and third party administrators.
- (g) Trend is based on an exponential distribution.

Calendar Year ULAE Paid Per Open Indemnity Claim - Private Insurers

Calendar Year	ULAE Paid (in Millions) (a)	Number of Open Indemnity Claims at Beginning of the Year (b)	Number of Indemnity Claims Reported During Year (c)	ULAE Paid Per Open Indemnity Claim (d)	Annual Change (e)
2000	--	197,358	107,945	--	---
2001	--	171,915	114,323	--	---
2002	--	235,631	115,468	--	---
2003	--	236,111	116,486	--	---
2004	--	273,685	109,070	--	---
2005	--	281,950	96,045	--	---
2006	--	269,394	106,090	--	---
2007	--	244,721	99,082	--	---
2008	--	261,804	101,059	--	---
2009	--	257,103	97,045	--	---
2010	432	257,439	107,734	1,676	---
2011	450	267,152	116,356	1,683	0.4%
2012	474	278,907	122,018	1,699	0.9%
2013 (f)	644	293,905	131,152	2,191	29.0%
2014 (f)	603	305,157	133,212	1,978	-9.7%
				<u>Annual Trend(g)</u>	
				All-Year	6.1%
				R ²	0.602

Notes:

- (a) Calendar year ULAE paid is based on WCIRB expense calls. All figures in each calendar year contain information from the same combination of private insurers that submitted both the ULAE and claim count data for that calendar year. Therefore, each calendar year may contain a different mix of private insurers.
- (b), (c) Based on WCIRB accident year experience calls. Column (c) is for information only.
- (d) (a)/(b) x 1,000,000.
- (f) 2013 and 2014 ratios included information submitted by several large national insurers to more appropriately reflect ULAE costs related to deductibles and third party administrators.
- (g) Trend is based on an exponential distribution.

Paid Allocated Loss Adjustment Expense Development^[1] - Private Insurers

Accident	Age-to-Age Development Factors (Age in Months)												
Year	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>	<u>75-87</u>	<u>87-99</u>	<u>99-111</u>	<u>111-123</u>	<u>123-135</u>	<u>135-147</u>	<u>147-159</u>	<u>159-171</u>
1989		1.712	1.301	1.149	1.102	1.092	1.039	1.025	1.017	1.011	1.007	1.004	1.005
1990	2.999	1.636	1.277	1.148	1.107	1.045	1.031	1.019	1.013	1.009	1.007	1.006	1.006
1991	2.938	1.552	1.249	1.135	1.061	1.046	1.024	1.017	1.011	1.007	1.007	1.005	1.005
1992	2.529	1.509	1.236	1.100	1.072	1.044	1.027	1.017	1.011	1.009	1.005	1.007	1.008
1993	2.439	1.544	1.216	1.127	1.075	1.047	1.031	1.027	1.016	1.014	1.010	1.012	1.011
1994	2.551	1.494	1.230	1.116	1.081	1.044	1.035	1.023	1.016	1.014	1.019	1.017	1.000
1995	2.556	1.570	1.242	1.137	1.078	1.054	1.045	1.032	1.022	1.022	1.019	1.004	1.015
1996	2.467	1.518	1.246	1.125	1.085	1.070	1.048	1.036	1.031	1.026	1.004	1.017	1.014
1997	2.495	1.520	1.213	1.134	1.101	1.072	1.051	1.040	1.033	1.006	1.020	1.016	1.013
1998	2.636	1.480	1.248	1.158	1.101	1.083	1.054	1.044	1.010	1.023	1.020	1.017	1.014
1999	2.560	1.584	1.279	1.147	1.111	1.077	1.063	1.022	1.033	1.027	1.020	1.018	1.015
2000	2.878	1.626	1.282	1.166	1.111	1.084	1.038	1.042	1.030	1.024	1.020	1.018	1.017
2001	3.066	1.579	1.291	1.159	1.113	1.064	1.052	1.034	1.028	1.023	1.019	1.018	1.017
2002	2.697	1.594	1.268	1.162	1.091	1.064	1.040	1.031	1.025	1.020	1.019	1.016	1.013
2003	2.899	1.553	1.279	1.147	1.089	1.057	1.042	1.032	1.028	1.024	1.020	1.017	
2004	2.817	1.598	1.272	1.149	1.090	1.064	1.045	1.033	1.030	1.024	1.019		
2005	2.819	1.589	1.285	1.157	1.104	1.072	1.053	1.043	1.033	1.027			
2006	2.855	1.590	1.278	1.166	1.108	1.075	1.058	1.043	1.032				
2007	2.900	1.571	1.291	1.173	1.116	1.083	1.055	1.041					
2008	2.833	1.621	1.311	1.177	1.117	1.077	1.055						
2009	3.006	1.623	1.303	1.179	1.112	1.076							
2010	2.944	1.591	1.295	1.166	1.108								
2011	2.943	1.590	1.285	1.168									
2012	3.023	1.575	1.286										
2013	2.942	1.551											
2014	2.872												

Accident	Age-to-Age Development Factors (Age in Months)												
Year	<u>171-183</u>	<u>183-195</u>	<u>195-207</u>	<u>207-219</u>	<u>219-231</u>	<u>231-243</u>	<u>243-255</u>	<u>255-267</u>	<u>267-279</u>	<u>279-291</u>	<u>291-303</u>	<u>303-315</u>	<u>315-327</u>
1989	1.005	1.004	1.005	1.004	1.002	1.004	1.003	1.004	1.004	1.004	1.004	1.004	1.004
1990	1.005	1.006	1.006	1.001	1.004	1.002	1.003	1.003	1.003	1.003	1.003	1.002	
1991	1.005	1.006	1.001	1.003	1.002	1.003	1.003	1.003	1.003	1.003	1.002		
1992	1.005	0.999	1.005	1.003	1.004	1.004	1.003	1.003	1.003	1.003			
1993	0.998	1.008	1.006	1.006	1.007	1.006	1.006	1.005	1.005				
1994	1.011	1.008	1.007	1.007	1.007	1.006	1.007	1.005					
1995	1.013	1.010	1.009	1.009	1.009	1.008	1.007						
1996	1.008	1.011	1.009	1.009	1.008	1.008							
1997	1.013	1.011	1.009	1.008	1.008								
1998	1.013	1.013	1.011	1.010									
1999	1.015	1.011	1.011										
2000	1.014	1.012											
2001	1.014												

^[1] All paid allocated loss adjustment expense exclude the paid cost of medical cost containment programs.

Source: WCIRB quarterly calls for experience.

Quarterly Paid ALAE Loss Development Factors[1] - Private Insurers

Age in Months	Accident Year													
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
3 - 6					3.396	7.976	7.570	5.434	9.136	8.769	8.694	8.529	6.313	9.817
6 - 9					2.427	3.016	2.765	2.630	3.023	3.176	3.214	3.060	3.136	3.158
9 - 12					2.022	2.078	2.021	2.034	2.077	2.165	2.113	2.134	2.139	2.128
12 - 15					1.653	1.627	1.687	1.724	1.737	1.701	1.714	1.772	1.739	1.723
15 - 18				1.623	1.415	1.486	1.494	1.509	1.482	1.485	1.510	1.490	1.483	
18 - 21				1.318	1.357	1.328	1.289	1.326	1.334	1.343	1.338	1.346	1.326	
21 - 24				1.249	1.255	1.234	1.237	1.255	1.253	1.248	1.248	1.234	1.238	
24 - 27				1.192	1.187	1.191	1.190	1.197	1.189	1.186	1.198	1.188	1.176	
27 - 30			1.240	1.151	1.165	1.167	1.172	1.170	1.158	1.163	1.159	1.156		
30 - 33			1.127	1.145	1.128	1.119	1.135	1.138	1.133	1.131	1.130	1.121		
33 - 36			1.113	1.110	1.107	1.103	1.111	1.114	1.113	1.108	1.102	1.102		
36 - 39			1.093	1.087	1.093	1.090	1.097	1.094	1.091	1.092	1.092	1.085		
39 - 42		1.139	1.076	1.083	1.083	1.086	1.096	1.082	1.083	1.081	1.081			
42 - 45		1.063	1.077	1.068	1.063	1.069	1.069	1.074	1.069	1.068	1.070			
45 - 48		1.059	1.057	1.058	1.057	1.059	1.063	1.064	1.062	1.059	1.059			
48 - 51		1.049	1.039	1.050	1.050	1.050	1.052	1.053	1.053	1.051	1.049			
51 - 54	1.072	1.043	1.044	1.048	1.049	1.050	1.049	1.050	1.048	1.048				
54 - 57	1.038	1.045	1.037	1.037	1.038	1.043	1.045	1.043	1.040	1.043				
57 - 60	1.037	1.025	1.032	1.034	1.037	1.038	1.039	1.041	1.037	1.037				
60 - 63	1.031	1.027	1.028	1.030	1.032	1.032	1.034	1.034	1.032	1.031				
63 - 66	1.029	1.025	1.025	1.030	1.030	1.031	1.033	1.031	1.032					
66 - 69	1.027	1.023	1.022	1.026	1.027	1.029	1.028	1.028	1.028					
69 - 72	1.018	1.021	1.022	1.023	1.025	1.028	1.028	1.026	1.023					
72 - 75	1.014	1.017	1.018	1.021	1.022	1.023	1.023	1.022	1.021					
75 - 78	1.018	1.018	1.019	1.020	1.020	1.023	1.022	1.022						
78 - 81	1.017	1.013	1.015	1.019	1.019	1.020	1.020	1.020						
81 - 84	1.015	1.013	1.015	1.017	1.018	1.021	1.018	1.017						
84 - 87	1.014	1.011	1.013	1.015	1.016	1.016	1.016	1.015						
87 - 90	1.013	1.012	1.012	1.014	1.015	1.015	1.016							
90 - 93	1.010	1.011	1.011	1.013	1.014	1.014	1.014							
93 - 96	1.010	1.011	1.011	1.013	1.015	1.013	1.013							
96 - 99	1.007	1.009	1.010	1.012	1.012	1.012	1.011							
99 - 102	1.008	1.009	1.009	1.012	1.012	1.012								
102 - 105	1.007	1.008	1.008	1.010	1.012	1.011								
105 - 108	1.008	1.008	1.008	1.011	1.010	1.010								
108 - 111	1.007	1.007	1.008	1.009	1.009	1.008								
111 - 114	1.007	1.008	1.008	1.009	1.009									
114 - 117	1.006	1.007	1.007	1.009	1.009									
117 - 120	1.006	1.007	1.008	1.008	1.008									
120 - 123	1.006	1.006	1.007	1.007	1.006									

[1] All paid allocated loss adjustment expense exclude the paid cost of medical cost containment programs.

Source: WCIRB quarterly calls for experience.

Average Paid ALAE^[1] Per Reported Indemnity Claim - Private Insurers
As of March 31, 2016

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2000								4,337	4,544	4,782
2001							5,153	5,474	5,812	6,010
2002						5,258	5,661	6,057	6,300	6,493
2003					4,899	5,519	6,034	6,373	6,644	6,855
2004				3,564	4,540	5,202	5,663	6,012	6,274	6,474
2005			2,080	3,272	4,183	4,824	5,305	5,673	5,964	6,214
2006		796	2,171	3,403	4,319	5,021	5,549	5,919	6,254	6,516
2007	71	847	2,338	3,611	4,631	5,407	6,008	6,495	6,844	7,116
2008	85	944	2,493	3,955	5,128	6,002	6,677	7,180	7,559	
2009	150	1,037	2,846	4,497	5,776	6,763	7,494	8,042		
2010	87	1,134	3,039	4,664	5,972	6,918	7,617			
2011	88	1,152	3,003	4,640	5,887	6,798				
2012	91	1,147	3,075	4,712	5,972					
2013	101	1,221	3,237	4,862						
2014	144	1,348	3,436							
2015	105	1,454								
2016	160									

Accident	Annual Change									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2001								26.2%	27.9%	25.7%
2002							9.8%	10.7%	8.4%	8.0%
2003						5.0%	6.6%	5.2%	5.4%	5.6%
2004					-7.3%	-5.7%	-6.1%	-5.7%	-5.6%	-5.6%
2005				-8.2%	-7.9%	-7.3%	-6.3%	-5.6%	-4.9%	-4.0%
2006			4.4%	4.0%	3.3%	4.1%	4.6%	4.3%	4.9%	4.9%
2007		6.5%	7.7%	6.1%	7.2%	7.7%	8.3%	9.7%	9.4%	9.2%
2008	20.3%	11.4%	6.6%	9.5%	10.7%	11.0%	11.1%	10.6%	10.4%	
2009	76.5%	9.8%	14.2%	13.7%	12.6%	12.7%	12.2%	12.0%		
2010	-41.7%	9.4%	6.8%	3.7%	3.4%	2.3%	1.6%			
2011	0.4%	1.6%	-1.2%	-0.5%	-1.4%	-1.7%				
2012	3.1%	-0.4%	2.4%	1.5%	1.4%					
2013	11.3%	6.5%	5.3%	3.2%						
2014	43.1%	10.4%	6.1%							
2015	-27.5%	7.9%								
2016	53.2%									

Annual Trend^[2]

All-Year	5.7%	6.4%	5.8%	4.8%	3.9%	3.7%	3.8%	4.7%	4.1%	3.6%
R ²	0.358	0.959	0.947	0.872	0.690	0.655	0.696	0.705	0.615	0.519
5-Year	12.5%	6.5%	3.3%	1.7%	3.3%	6.2%	8.9%	9.3%	5.2%	0.8%
R ²	0.571	0.917	0.827	0.872	0.634	0.800	0.965	0.978	0.740	0.059

^[1] All paid ALAE exclude the paid cost of medical cost containment programs.

^[2] Trend is based on exponential distribution.

Source: WCIRB accident year experience calls.

Ratio of Cumulative Paid ALAE to Loss^[1] - Private Insurers

Age	Accident Year																
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
3				5.5%	4.4%	3.5%	5.0%	3.2%	3.7%	5.9%	3.3%	3.2%	3.4%	3.9%	5.6%	3.7%	6.2%
6				6.8%	5.5%	4.8%	5.8%	4.8%	5.0%	5.6%	5.4%	5.1%	5.3%	5.7%	6.4%	6.6%	
9				7.3%	6.3%	6.2%	6.0%	6.0%	5.8%	6.2%	6.9%	6.8%	7.0%	7.2%	8.2%	8.8%	
12				7.8%	7.5%	6.8%	6.8%	7.0%	6.6%	7.2%	8.0%	8.3%	8.2%	8.6%	9.8%	10.5%	
15				8.5%	8.5%	7.7%	7.6%	7.7%	7.8%	8.4%	9.4%	9.4%	9.3%	10.3%	11.2%	12.0%	
18			9.4%	9.3%	9.7%	8.8%	8.6%	9.0%	9.1%	9.9%	10.7%	10.7%	10.7%	11.8%	12.7%		
21			9.5%	9.8%	10.5%	9.8%	9.8%	9.9%	9.8%	10.9%	11.8%	11.8%	11.8%	13.0%	13.9%		
24			9.9%	10.9%	11.3%	10.6%	10.6%	10.6%	10.4%	11.7%	12.6%	12.6%	12.5%	13.7%	14.6%		
27			10.4%	11.3%	11.9%	11.3%	11.2%	11.2%	11.0%	12.4%	13.2%	12.8%	13.2%	14.2%	15.1%		
30		10.5%	11.2%	11.8%	12.6%	11.9%	11.7%	11.7%	11.6%	12.9%	13.6%	13.3%	13.7%	14.6%			
33		10.2%	10.9%	12.1%	13.1%	12.6%	12.1%	12.0%	12.0%	13.3%	14.0%	13.7%	14.1%	14.9%			
36		10.4%	11.8%	12.3%	13.5%	13.0%	12.5%	12.3%	12.3%	13.7%	14.3%	13.9%	14.3%	15.2%			
39		10.5%	11.8%	12.6%	13.9%	13.3%	12.9%	12.7%	12.7%	14.0%	14.4%	14.2%	14.5%	15.4%			
42	10.2%	11.1%	12.0%	13.0%	14.2%	13.7%	13.2%	13.0%	13.1%	14.3%	14.6%	14.4%	14.8%				
45	9.8%	10.6%	12.2%	13.2%	14.7%	13.9%	13.4%	13.2%	13.3%	14.5%	14.8%	14.6%	15.0%				
48	10.2%	11.3%	12.4%	13.4%	14.9%	14.2%	13.6%	13.4%	13.5%	14.7%	15.0%	14.8%	15.2%				
51	9.8%	10.9%	12.5%	13.6%	15.0%	14.4%	13.8%	13.6%	13.7%	14.8%	15.1%	14.8%	15.4%				
54	10.5%	11.0%	12.7%	13.8%	15.2%	14.6%	13.9%	13.8%	13.8%	15.0%	15.3%	15.0%					
57	9.8%	10.8%	12.9%	14.0%	15.3%	14.7%	14.0%	13.9%	14.0%	15.1%	15.4%	15.1%					
60	10.6%	11.2%	13.0%	14.0%	15.4%	14.8%	14.2%	14.1%	14.1%	15.2%	15.5%	15.2%					
63	10.0%	11.4%	13.2%	14.1%	15.5%	14.9%	14.3%	14.2%	14.2%	15.3%	15.5%	15.3%					
66	10.0%	11.5%	13.3%	14.2%	15.6%	15.0%	14.4%	14.3%	14.3%	15.4%	15.6%						
69	10.1%	11.6%	13.4%	14.3%	15.7%	15.1%	14.5%	14.4%	14.4%	15.5%	15.7%						
72	10.2%	11.7%	13.4%	14.4%	15.7%	15.2%	14.6%	14.5%	14.5%	15.6%	15.8%						

^[1] Paid cost of medical cost containment programs are included with loss.

Source: WCIRB accident year experience calls.

Percentage of Represented and Unrepresented Permanent Disability Claims by Region
First and Second Report Level

First Survey Level

		<u>Northern California</u>				
		<u>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>	<u>AY2013</u>
% Represented		61.4%	62.5%	63.3%	63.1%	70.3%
% Unrepresented		<u>38.6%</u>	<u>37.5%</u>	<u>36.7%</u>	<u>36.9%</u>	<u>29.7%</u>
Total		100.0%	100.0%	100.0%	100.0%	100.0%

		<u>Southern California</u>				
		<u>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>	<u>AY2013</u>
% Represented		77.3%	78.8%	76.8%	80.6%	82.7%
% Unrepresented		<u>22.7%</u>	<u>21.2%</u>	<u>23.2%</u>	<u>19.4%</u>	<u>17.3%</u>
Total		100.0%	100.0%	100.0%	100.0%	100.0%

Second Survey Level

		<u>Northern California</u>				
		<u>AY2008</u>	<u>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>
% Represented		61.6%	65.6%	64.1%	65.5%	68.3%
% Unrepresented		<u>38.4%</u>	<u>34.4%</u>	<u>35.9%</u>	<u>34.5%</u>	<u>31.7%</u>
Total		100.0%	100.0%	100.0%	100.0%	100.0%

		<u>Southern California</u>				
		<u>AY2008</u>	<u>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>
% Represented		79.1%	79.4%	79.4%	78.7%	81.7%
% Unrepresented		<u>20.9%</u>	<u>20.6%</u>	<u>20.6%</u>	<u>21.3%</u>	<u>18.3%</u>
Total		100.0%	100.0%	100.0%	100.0%	100.0%

Note: Claims are assigned to Northern and Southern California regions based on the WCAB office code reported on the Permanent Disability Claim Survey forms. If the WCAB office code was not reported, the zip code of the claimant's residence was used.

Source: WCIRB Permanent Disability Claim Survey at first survey level for each accident year (AY)

Distribution of Total ALAE & MCCP Components - Private Insurers

<u>Calendar Year</u>	<u>MCCP</u>	<u>Defense Expense</u>	<u>Other Paid ALAE</u>	<u>Paid ALAE & MCCP</u>
2005	20.2%	54.9%	24.9%	100.0%
2006	22.6%	44.3%	33.1%	100.0%
2007	24.2%	49.0%	26.8%	100.0%
2008	31.8%	43.0%	25.2%	100.0%
2009	27.8%	45.4%	26.8%	100.0%
2010	27.7%	45.4%	26.9%	100.0%
2011	27.3%	46.1%	26.6%	100.0%
2012	27.7%	46.3%	26.0%	100.0%
2013	28.1%	47.3%	24.6%	100.0%
2014	27.1%	45.4%	27.5%	100.0%
2015	27.4%	42.4%	30.1%	100.0%

Source: WCIRB expense calls, aggregate indemnity and medical cost calls and quarterly calls for experience

Applicant Attorney Expense Paid - Private Insurers

Calendar Year	Applicant Attorney Amounts paid (in \$millions)	Incurred Losses (in \$millions)	Applicant Attorney Expenses Paid as a Percent of <u>Incurred Losses</u>
2003	192	10,423	1.8%
2004	249	9,073	2.7%
2005	228	7,559	3.0%
2006	209	5,540	3.8%
2007	196	5,444	3.6%
2008	177	5,711	3.1%
2009	221	5,700	3.9%
2010	253	6,260	4.0%
2011	280	7,500	3.7%
2012	340	8,532	4.0%
2013	354	9,522	3.7%
2014	330	9,642	3.4%
2015	326	9,405	3.5%

Source: WCIRB expense calls and quarterly calls for experience

Average Expense Costs per Represented PD Claim
Private Insurers Only

First Survey Level

<u>Type of Expense</u>	<u>Northern California</u>			
	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>	<u>AY2013</u>
Defense Expense	4,697	4,950	4,655	4,581
Applicant Attorney Expense	2,429	3,345	2,585	3,080
ALAE	5,683	7,765	7,503	8,212
	<u>Southern California</u>			
	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>	<u>AY2013</u>
Defense Expense	5,668	5,757	5,466	5,398
Applicant Attorney Expense	2,744	2,766	2,978	3,124
ALAE	6,936	8,387	8,225	8,521

Second Survey Level

<u>Type of Expense</u>	<u>Northern California</u>			
	<u>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>
Defense Expense	6,313	6,482	6,398	6,253
Applicant Attorney Expense	3,774	4,201	5,129	3,761
ALAE	7,579	8,571	9,585	10,333
	<u>Southern California</u>			
	<u>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>
Defense Expense	7,223	7,329	6,905	6,871
Applicant Attorney Expense	3,983	4,028	3,923	4,295
ALAE	8,722	9,422	9,765	10,347

Note: Claims are assigned to Northern and Southern California regions based on the WCAB office code reported on the Permanent Disability Claim Survey forms. If the WCAB office code was not reported, the zip code of the claimant's residence was used.

Source: based on WCIRB Permanent Disability Claim Survey for each accident year (AY)

**Medical Cost Containment Paid as a Percentage of Total Medical Paid
Based on CWCI Transactional Level Data**

<u>Accident Year</u>	<u>Average Over All Claims</u>		<u>Average Over All Indemnity Claims</u>	
	<u>at 9 Months</u>	<u>at 24 Months</u>	<u>at 9 Months</u>	<u>at 24 Months</u>
2002	6.3%	6.4%	6.7%	6.6%
2003	8.3%	7.8%	8.7%	8.0%
2004	11.3%	10.5%	11.8%	10.6%
2005	11.2%	11.0%	11.7%	11.2%
2006	13.9%	12.4%	14.4%	12.5%
2007	14.6%	13.5%	15.2%	13.6%
2008	15.7%	14.5%	16.4%	14.6%
2009	16.1%	14.6%	16.8%	14.8%
2010	16.0%	14.6%	16.6%	14.7%
2011	16.8%	14.1%	17.3%	14.1%
2012	16.0%	14.2%	16.5%	14.2%
2013	16.5%		17.0%	
2014	15.9%		16.3%	

Source: CWCI Medical & Indemnity Benefit Trend Analysis June 2015 Report

Changes in the Number and Cost of Medical-Legal Reports

Accident Year	Medical-Legal Reports per PD Claim	Year-to-Year Change	Average Cost per Medical-Legal Report	Year-to-Year Change
2007	0.81	---	1,518	---
2008	0.91	11.8%	1,609	6.0%
2009	0.94	3.2%	1,662	3.3%
2010	0.94	-0.1%	1,768	6.4%
2011	0.83	-11.0%	1,948	10.1%
2012	0.74	-11.7%	1,972	1.3%
2013	0.70	-4.7%	2,006	1.7%

Source: based on WCIRB Permanent Disability Claim Survey information at first survey level.

Paid M CCP per Indemnity Claims Inventory^[1] Calendar Year

<u>Calendar Year</u>	<u>Private Insurers</u>		<u>Statewide</u>	
	<u>Paid M CCP per Indemnity Claim</u>	<u>Year-to-Year Change</u>	<u>Paid M CCP per Indemnity Claim</u>	<u>Year-to-Year Change</u>
2005	\$469	---	---	---
2006	\$559	19.2%	---	---
2007	\$631	12.8%	\$433	---
2008	\$953	51.1%	\$673	55.4%
2009	\$830	-13.0%	\$665	-1.2%
2010	\$888	7.0%	\$733	10.2%
2011	\$931	4.8%	\$786	7.1%
2012	\$983	5.6%	\$841	7.1%
2013	\$1,022	4.0%	\$900	7.0%
2014	\$1,025	0.3%	\$916	1.8%
2015	\$1,094	6.8%	\$987	7.8%

Estimated Annual Exponential Trend Based on:

2005-2015	7.8%	---
R ²	0.793	---
2009-2015	4.4%	6.5%
R ²	0.968	0.978

^[1] Indemnity claims inventory is the sum of indemnity claims open as of January 1 of Year N and newly-reported indemnity claims between January 1 of year N and December 31 of year N.

Source: WCIRB expense calls, aggregate indemnity and medical cost calls and quarterly calls for experience

Item AC16-08-02 1/1/2017 Filing – Loss Adjustment Expense Review

Staff has developed the indicated policy year 2017 ratio of loss adjustment expense (LAE) to loss based on calendar year unallocated loss adjustment expense (ULAE) experience through calendar year 2015, accident year allocated loss adjustment expense (ALAE) experience as of March 31, 2016, and projection methodologies generally consistent with those reflected in the WCIRB's January 1, 2016 and July 1, 2016 Pure Premium Rate Filings. The indicated policy year 2017 ULAE and ALAE projections, including projections for the cost of medical cost containment programs (MCCP), are summarized separately below.

ULAE Projection

At the June 12, 2015 and August 6, 2015 meetings, the Committee reviewed a staff analysis of ULAE data reported to California and adopted changes to the WCIRB's Expense Call to collect additional information related to (a) negative "service fee" type adjustments that are sometimes reflected in reported countrywide ULAE, (b) losses on claims on large deductible policies and/or handled by third party administrators (TPAs) for which the associated claims handling costs are not reported in countrywide ULAE amounts, and (c) various countrywide loss and ULAE amounts consistent with what is reported by insurers on the Insurance Expense Exhibit.¹ This information was intended to more accurately reflect the cost of handling claims in California primarily for insurers that make use of TPAs or other adjustments to countrywide reported ULAE costs that ultimately are apportioned to California. The new information related to calendar year 2015 ULAE was reported by insurers on the 2015 Expense Call and thoroughly reviewed by staff.

The approach to derive the California paid ULAE for ratemaking purposes adopted by the Committee at the August 6, 2015 meeting involved several steps. First, reported negative "service fee" type adjustments to ULAE were added back into the reported countrywide paid ULAE amount. Second, countrywide losses on large deductible policies and/or claims handled by TPAs for which the associated claims handling costs were not reported in countrywide ULAE were subtracted from the countrywide paid losses. Third, the adjusted countrywide paid ULAE ratio was derived based on the ratio of adjusted countrywide paid ULAE computed in the first step to adjusted countrywide paid losses computed in the second step. Fourth, the adjusted countrywide paid ULAE was derived by multiplying the adjusted countrywide paid ULAE ratio by the reported countrywide paid losses. Finally, the adjusted countrywide paid ULAE was apportioned to California based on California's share of countrywide paid losses. This approach is detailed in the formulas below.

1. CW ULAE Adjusted for Negatives = [CW Paid ULAE] + [Amount of Negative ULAE Adjustment]
2. Adjusted CW Losses = [CW Paid Losses] – [Loss for Claims not in ULAE from Deduct. Policies]
– [Loss for Claims not in ULAE from Non-Deduct. Policies]
3. Adjusted CW ULAE Ratio = $\frac{[\text{CW ULAE Adjusted for Negatives}]}{[\text{Adjusted CW Losses}]}$
4. Adjusted CW Paid ULAE = [Adjusted CW ULAE Ratio] x [CW Paid Losses]
5. Adjusted CA Paid ULAE = [Adjusted CW Paid ULAE] x [CA Paid Losses] / [CW Paid Losses]

¹ See Item AC15-03-07 of the June 12, 2015 and August 6, 2015 Agendas.

At the June 17, 2016 meeting, the Committee discussed instances in which an insurer reports no negative “service fee” type adjustments to ULAE or issues with reporting claims handling costs on large deductible policies or claims handled by TPAs in ULAE. In these instances, the reported countrywide ULAE reflects all claims-handling costs for the insurer and the approach described above simplifies to apportioning the reported countrywide ULAE to California based on California's share of the insurer's countrywide paid losses. As discussed at the meeting, paid losses may not always be the most appropriate measure to apportion countrywide ULAE to California, and some insurers may have a more accurate method to derive the California ULAE. As a result, at the June 17, 2016 meeting, the Committee agreed with staff's recommendation to use the reported California ULAE for insurers where the negative adjustments in reported countrywide ULAE and the TPA-related ULAE reporting issues do not apply.

During the review of insurer 2015 Expense Call submissions, staff noted several instances in which an insurer had significant business written on a deductible basis but indicated that all claims handling costs for deductible business (including claims below a deductible amount) was included in the reported countrywide ULAE. For these insurers, if net losses were used to derive the ULAE ratio, the ratio would be overstated since the reported ULAE amounts reflect claims-handling costs on a first dollar basis. As a result, in these instances staff recommends using countrywide *gross* losses (net plus losses below the deductible) when computing the countrywide ULAE ratio using the process discussed above. Conversely, when an insurer did indicate losses on deductible policies where the associated claims handling costs are not included in reported countrywide ULAE, staff recommends using countrywide *net* losses when computing the countrywide ULAE ratio using the process discussed above (the approach discussed at the August 6, 2015 meeting). The policy year 2017 ULAE projections computed in Exhibits 1 through 10 use California calendar year 2015 ULAE amounts determined on this basis.

Exhibit 1 shows calendar year paid ALAE and ULAE as ratios to paid losses by type of insurer. Calendar year 2015 ULAE has been computed as described above. As discussed at prior meetings and as reflected in the January 1, 2016 and July 1, 2016 Pure Premium Rate Filings, the ULAE for calendar years 2013 and 2014 also reflect partial adjustments for the issues addressed by the changes to the 2015 Expense Call for several large national insurers. As a result of these adjustments, the ULAE ratios shown on Exhibit 1 for national insurers are generally closer to the average of those for other private insurers in 2013 through 2015 than in prior years. Also as discussed at prior meetings, ULAE ratios for the State Compensation Insurance Fund (State Fund) are much higher than those of other insurers.

Exhibits 2.1 and 2.2 show the average calendar paid ULAE per open indemnity claim for all insurers and private insurers, respectively. The ULAE severities for calendar year 2015 shown on Exhibit 2 were computed based on the approach described above using the new Expense Call information and, as a result, may not be comparable to the ULAE severities for prior years which, except for 2013 and 2014 which reflect partial adjustments to reported ULAE, are based solely on the California ULAE reported by insurers.

Exhibits 3.1 through 3.5 show the policy year 2017 projection of ULAE to loss based on the relationship of calendar year statewide paid ULAE to the number of indemnity claims open at the beginning of the calendar year. This methodology assumes that ULAE paid is a function of the volume of claims handled by claims adjusters. Exhibits 4.1 through 4.5 show an analogous projection based on the experience of private insurers only. In the last several pure premium rate filings, the projected ULAE per open indemnity claim was based on the average of the ULAE severities for the latest two calendar years. However, as discussed above, the ULAE for calendar year 2015 was computed on a basis that differs from the ULAE for prior calendar years. As a result, the ULAE projections shown in Exhibits 3 and 4 is based on calendar year 2015 experience only. As in the January 1, 2016 Pure Premium Rate Filing, the projected ULAE severity trend was based on the UCLA projected annual growth in California wage levels.

Exhibit 5 shows the projection of policy year 2017 ULAE based on the relationship of statewide calendar ULAE paid to statewide calendar year paid losses. Exhibit 6 shows an analogous projection based on the experience of private insurers only. As with the ULAE projections shown in Exhibits 3 and 4, the projected ratios of ULAE to losses shown in Exhibits 5 and 6 are based on calendar year 2015 experience only.

In the last several pure premium rate filings, the projected ratio of ULAE to losses has been based on the average of the projections resulting from the two methodologies described above for the experience of private insurers only. (The ULAE experience of the State Fund has been excluded for reasons that have been discussed at prior Committee meetings and in prior pure premium rate filings and California Department of Insurance (CDI) decisions.) The policy year 2017 ULAE projection based on this approach is 10.1%.²

In addition to projected average ULAE costs, the WCIRB's current approach uses projected open indemnity claim counts and projected loss ratios for private insurers. While the projected loss ratio for private insurers uses loss and premium information based on private insurers only, adjustments to loss development, on-level factors, and frequency and severity trends are based on statewide information. As discussed at prior Committee meetings, although the selected loss projection methodology may be appropriate for the state as a whole, it may not be appropriate for individual insurers or subgroups of insurers. In addition, when projecting claim count information based on multiple recent accident or calendar years, the WCIRB's current approach assumes market shares between private insurers and the State Fund are relatively consistent over that time, which has not always been the case.

Exhibit 7 shows the policy year 2017 projection of ULAE to losses based on the relationship of calendar year paid ULAE to the number of indemnity claims open at the beginning of the calendar year, in which the average calendar year paid ULAE is based on private insurer data, while the remaining information (i.e., projected number of open indemnity claims and projected ratio of losses to pure premium) were computed on a statewide basis. Exhibit 8 shows the policy year 2017 ULAE projection based on the relationship of calendar ULAE paid to calendar year paid losses computed in a similar fashion, in which only the ratio of paid ULAE to premium is based on private insurer data. The projected ratio of policy year 2017 ULAE to loss based on averaging the results from these two methodologies is 10.5%. Staff believes this methodology refinement avoids some of the distortions resulting from market share shifts or applying a methodology appropriate for statewide data to subsets of that data and recommends its adoption.

Table 1 shows the projected ratio of ULAE to losses based on the WCIRB's current methodology applied to statewide, private insurers, and the approach using statewide data and private insurer average ULAE discussed above. Table 1 also shows alternative ULAE projections based the projection of ULAE paid to a weighted number of indemnity claims as shown in Exhibits 9 and 10 as well as a projection based on the 2015 calendar year ratio of paid ULAE to paid losses.

² The projected ULAE to loss ratio in the July 1, 2016 Pure Premium Rate Filing based on this approach was 8.3%.

Table 1: Projections of Policy Year 2017 ULAE to Loss

ULAE Projection Method	Statewide ULAE Ratio	Private Insurer ULAE Ratio	Statewide w/ Private Insurer Average ULAE
Current WCIRB Methodology			
Paid ULAE per Open Indemnity Claim	14.1%	11.1%	11.7%
Paid ULAE to Paid Losses	11.7%	9.0%	9.3%
Average of Open Indemnity Claim and Paid Loss-Based Projections	12.9%	10.1%	10.5%
Alternative Methodologies			
Paid ULAE per Weighted Open Indemnity Claim	13.9%	10.9%	---
Latest Calendar Year Ratio	14.3%	11.4%	---

ALAE Projection – Excluding MCCP Costs

For a number of years, the WCIRB has based the ALAE projection on a methodology that projects future ALAE as a function of the anticipated future number of indemnity claims and average ALAE per indemnity claim. (ALAE amounts and projections exclude MCCP costs, which are discussed separately below.)

Exhibit 11 shows private insurer average paid ALAE per reported indemnity claim by accident year. Exhibits 12.1 and 12.2 show annual ALAE severity growth percentages based on the estimated ultimate ALAE per indemnity claim for statewide and private insurers, respectively, while Exhibit 13 shows annual ALAE growth percentages based on ratios of incremental paid ALAE per indemnity claims inventory for private insurers.

Exhibits 14.1 and 14.2 show the ALAE projection, excluding MCCP costs, on a statewide basis. Exhibits 15.1 through 15.4 show the ALAE projection, excluding MCCP costs, for private insurers. The projections in both Exhibits 14 and 15 were computed using a 4.5% ALAE severity trend which, as in the last several pure premium rate filings, was selected based on averaging the shorter-term (5-year) and longer-term (post-2005) average private insurer ALAE severity growth rates shown in Exhibits 12.2 and 13.

As with ULAE, in the last several pure premium rate filings, the WCIRB has projected the ratio of ALAE to losses based solely on the experience of private insurers. In addition to projected average ALAE costs, this approach uses projected ultimate indemnity claim counts and a projected loss ratio for private insurers. As discussed for ULAE above, this approach may not project the most appropriate ratio of statewide ALAE to losses inasmuch as it relies on a projected private insurer loss ratio based on the application of statewide loss development and trending methodologies and also assumes market shares between State Fund and the private insurers are consistent over the most recent years. However, as discussed at prior Committee meetings and in prior pure premium rate filings and CDI decisions, there have been concerns with reflecting State Fund's ALAE experience in the projection. As shown in Exhibit 15.4, the projected ratio of ALAE (excluding MCCP) to loss based solely on the experience of private insurers (the methodology reflected in the last several pure premium rate filings) is 20.6%.³

Exhibit 16 shows the policy year 2017 projection of ALAE to loss in which the projected ultimate ALAE per indemnity claim is based on private insurer data, while the remaining information (i.e., projected number of ultimate indemnity claims and projected ratio of losses to pure premium) were computed on a statewide basis. The projected ratio of policy year 2017 ALAE to losses based on this approach is 19.9%. As with ULAE, staff recommends adoption of this methodology refinement to the ALAE projection. This

³ The projected ratio of ALAE (excluding MCCP) to loss reflected in the July 1, 2016 Pure Premium Rate Filing based solely on the experience of private insurers was 20.5%.

projection as well as the ALAE (excluding MCCC) projections based solely on statewide or private insurer experience using the WCIRB's current methodology are shown in Table 2.

For informational purposes, the WCIRB has computed additional ALAE projections (excluding MCCC) based on a number of alternative methodologies with underlying assumptions that differ from those reflected in the WCIRB's current ALAE projection methodology. Specifically, ALAE projections based on the following methodologies have been included:

1. Projected Ultimate ALAE per Indemnity Claim and Future Number of Indemnity Claims – Projection Based on the Latest Year – Exhibits 17 (statewide) and 18 (private insurers only)
2. Latest Year Paid ALAE Ratio Development Compared to Losses – Projection Based on the Average of the Latest Two Years – Exhibits 19 (statewide) and 20 (private insurers only).
3. Latest Year Paid ALAE to Paid Indemnity Development Compared to Losses – Projection Based on the Average of the Latest Two Years – Exhibits 21.1 and 21.2 (statewide) and 22.1 and 22.2 (private insurers only).

The preliminary policy year 2017 ALAE projections derived based on each of the alternative ALAE projection methodologies are shown in the lower portion of Table 2. Separate projections are shown for statewide and private insurer experience.

Table 2: Projections of Policy Year 2017 ALAE (Excluding MCCC) to Loss

ALAE Projection Method	Statewide ALAE Ratio	Private Insurer ALAE Ratio	Statewide w/ Private Insurer Average ALAE
Current WCIRB Methodology			
Projected Ultimate ALAE per Indemnity Claim and Future Number of Indemnity Claims – Trend from the Latest Two Years	19.1%	20.6%	19.9%
Alternative Methodologies			
Projected Ultimate ALAE per Indemnity Claim and Future Number of Indemnity Claims – Trend from the Latest Year	19.8%	21.4%	---
Latest Year Paid ALAE Ratio Development Compared to Losses – Projection Based on Latest Two Years	17.7%	19.1%	---
Latest Year Paid ALAE to Paid Indemnity Development Compared to Losses – Projection Based on Latest Two Years	18.0%	19.3%	---

ALAE Projection – MCCC Costs

As in the last several pure premium rate filings, the projection of MCCC costs is based on a methodology analogous to that used for ALAE excluding MCCC costs.

Exhibit 23 shows statewide and private insurer annual MCCC severity growth percentages based on ratios of calendar year paid MCCC costs per indemnity claims inventory. (As recommended by the Committee at the June 17, 2016 meeting, calendar year MCCC costs for 2013 through 2015 have been adjusted to exclude estimated fees paid for independent medical review and independent bill review. See Item AC16-06-03 of this Agenda for more information.) Exhibits 24.1 and 24.2 show reported and projected ultimate MCCC per indemnity claim by accident year for statewide and private insurers,

respectively. (Paid MCCC costs on these exhibits include any fees paid for independent medical review and independent bill review that were reported as paid MCCC for those accident years.)

Exhibits 25.1 and 25.2 show the projection of MCCC costs in ALAE on a statewide basis. Exhibit 25.1 shows paid MCCC development factors for accident years 2012 through 2015 on an annual and quarterly basis. Projected MCCC development through 51 months is based on the latest year paid MCCC age-to-age factor, as adopted by the Committee at the June 17, 2016 meeting. Projected MCCC development after 51 months is based on the selected paid medical 51-to-ultimate development factor—the approach used in the last several pure premium rate filings.⁴ Exhibit 25.2 shows the projected policy year 2017 ratio of MCCC to loss based on applying separate frequency and severity trends to the latest two years' projected ultimate indemnity claim counts and ultimate MCCC per indemnity claim. As in the last several pure premium rate filings, the frequency projections were based on the same frequency changes used for ALAE excluding MCCC, while the severity projection was based on the average change in calendar year paid MCCC per open indemnity claim for private insurers (see Exhibit 23). Exhibits 26.1 and 26.2 show an analogous MCCC projection for private insurers. As shown in Exhibit 26.2, the projected ratio of MCCC to loss on this basis is 6.0%.⁵

As discussed for ULAE and ALAE excluding MCCC above, in the last several pure premium rate filings, the WCIRB has based the projection of MCCC in ALAE based solely on the experience of private insurers. As discussed at prior meetings and in prior pure premium rate filings and CDI decisions, the concerns related to the inclusion of the State Fund's loss adjustment expense in the projection are largely related to claims-handling costs and the allocation of defense costs to ALAE by accident year for State Fund. While these issues may impact ULAE and ALAE excluding MCCC, staff does not believe they impact MCCC costs. As a result, basing the projected ratio of MCCC in ALAE to losses on statewide experience may be appropriate. However, for the Committee's review, Exhibit 27 shows a policy year 2017 MCCC projection in which the projected ultimate MCCC per indemnity claim is based on private insurer data, while the remaining information (i.e., projected number of ultimate indemnity claims and projected ratio of losses to pure premium) were computed on a statewide basis. This projection as well as the MCCC projections based solely on statewide or private insurer experience using the WCIRB's current methodology are shown in Table 3.

Exhibit 28 shows an alternative MCCC projection for statewide experience which uses the same MCCC development methodology as in the WCIRB's current methodology, but bases the projected MCCC severity trend on the approximate average of the average annual growth rates in (a) calendar year paid MCCC costs per indemnity claims inventory (see Exhibit 23) and (b) projected ultimate MCCC per indemnity claim (see Exhibit 24.1). Exhibit 29 shows an analogous projection based solely on private insurer experience, and Exhibit 30 shows an analogous projection in which average MCCC costs are based on private insurer data, while the remaining information is on a statewide basis. These projections are also shown in Table 3. As discussed in Item AC16-03-03 of this Agenda, staff recommends this approach, which is consistent with the WCIRB's current approach for projecting ALAE excluding MCCC.

⁴ See Exhibit 2.6.1 of Item AC16-06-01 of this Agenda.

⁵ The projected ratio of MCCC to loss reflected in the July 1, 2016 Pure Premium Rate Filing based solely on the experience of private insurers was 7.2%.

Table 3: Projections of Policy Year 2017 MCCP to Loss

MCCP Projection Method	Statewide MCCP Ratio	Private Insurer MCCP Ratio	Statewide w/ Private Insurer Average MCCP
Projected Ultimate MCCP per Indemnity Claim and Future Number of Indemnity Claims – Trend based on CY Paid MCCP per Open Indemnity Claim	5.8%	6.0%	5.8%
Projected Ultimate MCCP per Indemnity Claim and Future Number of Indemnity Claims – Trend based on CY Paid MCCP per Open Indemnity Claim and AY Ultimate MCCP per Indemnity Claim	5.6%	5.5%	5.3%

The total preliminary ratio of LAE to losses for policy year 2017 based on data evaluated as of March 31, 2016 and the projection methodologies reflected in July 1, 2016 Pure Premium Rate Filing based solely on the experience of private insurers is 36.7%.⁶ The projected total ratio of LAE to loss for policy year 2017 based on staff's recommended methodologies (bolded projections in Tables 1 through 3) is 36.0%.

⁶ The projected LAE to loss ratio in the July 1, 2016 Pure Premium Rate Filing was 36.0%.

Summary of Paid LAE Ratios by Insurer Type

Paid ALAE to Paid Loss Ratios

<u>Calendar Year</u>	<u>State Fund</u>	<u>Other CA</u>	<u>National</u>	<u>Statewide</u>	<u>Statewide without State Fund</u>
2003	3.6%	---	---	10.4%	13.9%
2004	4.2%	---	---	10.1%	13.4%
2005	4.8%	---	---	10.5%	13.6%
2006	5.1%	---	---	11.9%	15.1%
2007	5.4%	13.3%	15.4%	12.3%	15.2%
2008	5.6%	11.5%	13.3%	11.1%	13.1%
2009	6.2%	15.7%	14.8%	12.8%	14.9%
2010 ^[1]	5.9%	14.1%	15.5%	13.3%	15.3%
2011 ^[1]	5.9%	15.9%	17.3%	14.9%	17.2%
2012 ^[1]	6.3%	15.2%	19.1%	16.2%	18.6%
2013 ^[1]	5.9%	15.4%	20.0%	17.0%	19.5%
2014 ^[1]	8.4%	17.8%	21.3%	19.0%	20.8%
2015 ^[1]	10.1%	18.0%	22.6%	20.5%	22.0%

Paid ULAE to Paid Loss Ratios

<u>Calendar Year</u>	<u>State Fund</u>	<u>Other CA</u>	<u>National</u>	<u>Statewide</u>	<u>Statewide without State Fund</u>
2010	27.9%	17.3%	6.4%	12.3%	7.9%
2011	28.9%	15.9%	6.5%	11.9%	7.7%
2012	45.0% ^[2]	15.0%	6.4%	14.8% ^[2]	7.5%
2013	21.8%	16.3%	8.5% ^[3]	11.7% ^[3]	9.4% ^[3]
2014	28.8%	14.7%	7.7% ^[3]	11.6% ^[3]	8.6% ^[3]
2015 ^[4]	35.1%	14.8%	10.9%	14.3%	11.4%

Paid LAE to Paid Loss Ratios

<u>Calendar Year</u>	<u>State Fund</u>	<u>Other CA</u>	<u>National</u>	<u>Statewide</u>	<u>Statewide without State Fund</u>
2010	33.8%	31.4%	22.0%	25.6%	23.3%
2011	34.8%	31.8%	23.8%	26.8%	24.8%
2012	51.3% ^[2]	30.3%	25.5%	31.0% ^[2]	26.1%
2013	27.7%	31.8%	28.5% ^[3]	28.7% ^[3]	28.9% ^[3]
2014	37.2%	32.5%	29.0% ^[3]	30.6% ^[3]	29.4% ^[3]
2015 ^[4]	45.2%	32.7%	33.5%	34.9%	33.4%

Notes: ^[1] Medical Cost Containment Program (MCCP) costs on claims covered by policies incepting prior to July 1, 2010 are considered medical loss; those on claims covered by policies incepting July 1, 2010 and beyond are considered allocated loss adjustment expenses.

^[2] 2012 figure includes a one-time adjustment made by the State Compensation Insurance Fund to reallocate liabilities related to pension benefits.

^[3] 2013 and 2014 ratios included information submitted by several large national insurers to more appropriately reflect ULAE costs related to deductibles and third party administrators.

^[4] Reflects adjustments based on the 2015 Expense Call for ULAE costs related to deductibles and third party administrators.

Source: WCIRB expense calls

Calendar Year ULAE Paid Per Open Indemnity Claim - Statewide

Calendar Year	ULAE Paid (in Millions)	Number of Open Indemnity Claims at Beginning of the Year	Number of Indemnity Claims Reported During Year	ULAE Paid Per Open Indemnity Claim	Annual Change
	(a)	(b)	(c)	(d)	(e)
2000	--	267,027	161,741	--	---
2001	--	251,668	203,146	--	---
2002	--	347,829	226,429	--	---
2003	--	385,374	226,658	--	---
2004	--	452,987	200,468	--	---
2005	--	470,466	162,321	--	---
2006	--	442,927	152,759	--	---
2007	--	397,102	121,257	--	---
2008	--	397,117	116,404	--	---
2009	--	373,598	109,857	--	---
2010	844	360,624	117,135	2,339	---
2011	847	360,339	122,817	2,352	0.5%
2012	792	360,391	127,623	2,199	-6.5%
2013 (f)	982	365,710	138,306	2,685	
2014 (f)	950	365,135	143,573	2,601	-3.1%
2015 (g)	1,170	366,387	146,928	3,192	

Notes:

- (a) Calendar year ULAE paid is based on WCIRB expense calls. All figures in each calendar year contain information from the same combination of insurers that submitted both the ULAE and claim count data for that calendar year. Therefore, each calendar year may contain a different mix of insurers. Calendar year 2012 ULAE paid amount shown excludes the impact of a one-time adjustment made by the State Compensation Insurance Fund to reallocate liabilities related to pension benefits.
- (b), (c) Based on WCIRB accident year experience calls. Column (c) is for information only.
- (d) (a)/(b) x 1,000,000.
- (f) 2013 and 2014 ratios included information submitted by several large national insurers to more appropriately reflect ULAE costs related to deductibles and third party administrators.
- (g) Reflects adjustments based on the 2015 Expense Call for ULAE costs related to deductibles and third party administrators.

Calendar Year ULAE Paid Per Open Indemnity Claim - Private Insurers

<u>Calendar Year</u>	<u>ULAE Paid (in Millions)</u>	<u>Number of Open Indemnity Claims at Beginning of the Year</u>	<u>Number of Indemnity Claims Reported During Year</u>	<u>ULAE Paid Per Open Indemnity Claim</u>	<u>Annual Change</u>
	(a)	(b)	(c)	(d)	(e)
2000	--	197,358	107,945	--	---
2001	--	171,915	114,323	--	---
2002	--	235,631	115,468	--	---
2003	--	236,111	116,486	--	---
2004	--	273,685	109,070	--	---
2005	--	281,950	96,045	--	---
2006	--	269,394	106,090	--	---
2007	--	244,721	99,082	--	---
2008	--	261,804	101,059	--	---
2009	--	257,103	97,045	--	---
2010	432	257,439	107,734	1,676	---
2011	450	267,152	116,356	1,684	0.5%
2012	474	279,015	122,080	1,698	0.8%
2013 (f)	644	294,015	131,761	2,192	
2014 (f)	598	305,942	133,414	1,955	-10.8%
2015 (g)	816	309,620	136,147	2,634	

Notes:

- (a) Calendar year ULAE paid is based on WCIRB expense calls. All figures in each calendar year contain information from the same combination of private insurers that submitted both the ULAE and claim count data for that calendar year. Therefore, each calendar year may contain a different mix of private insurers.
- (b), (c) Based on WCIRB accident year experience calls. Column (c) is for information only.
- (d) (a)/(b) x 1,000,000.
- (f) 2013 and 2014 ratios included information submitted by several large national insurers to more appropriately reflect ULAE costs related to deductibles and third party administrators.
- (g) Reflects adjustments based on the 2015 Expense Call for ULAE costs related to deductibles and third party administrators.

Reported Indemnity Claim Count Development - Statewide

Accident	Age-to-Age Development (in months):													
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180
1993														1.001
1994													1.001	1.000
1995												1.001	1.000	1.004
1996											1.001	1.001	1.001	1.000
1997										1.001	1.000	1.000	1.000	1.000
1998									1.001	1.000	1.000	1.000	1.001	1.000
1999								1.001	1.002	1.000	1.000	1.000	1.000	1.000
2000							1.000	0.998	1.000	1.000	1.000	1.001	1.000	1.000
2001						0.999	0.998	1.000	0.999	1.000	1.000	1.000	1.000	1.000
2002					0.999	1.007	1.000	0.999	1.000	1.000	1.000	1.000	1.000	
2003				0.999	1.008	0.998	0.999	0.999	0.999	0.999	1.000	1.000		
2004			1.002	1.000	0.998	1.000	0.999	0.999	0.999	1.000	1.000			
2005		1.007	1.004	1.000	1.001	1.001	0.999	1.000	1.000	1.000				
2006	1.116	1.013	1.004	1.002	1.001	1.000	1.005	1.001	1.001					
2007	1.124	1.015	1.006	1.004	1.002	1.000	1.001	1.001						
2008	1.153	1.023	1.011	1.005	1.003	1.001	1.001							
2009	1.193	1.029	1.011	1.006	1.003	1.002								
2010	1.220	1.030	1.011	1.006	1.004									
2011	1.230	1.033	1.014	1.008										
2012	1.241	1.035	1.014											
2013	1.241	1.034												
2014	1.244													

I. Age-to-Age (Latest Year)

1.244 1.034 1.014 1.008 1.004 1.002 1.001 1.001 1.001 1.000 1.000 1.000 1.000 1.000

II. Age-to-Ultimate

1.331 1.069 1.034 1.019 1.011 1.008 1.005 1.004 1.003 1.003 1.003 1.002 1.002 1.002

III. Estimated Percent of Ultimate Indemnity Claims Reported

75.2% 93.5% 96.7% 98.1% 98.9% 99.3% 99.5% 99.6% 99.7% 99.7% 99.7% 99.8% 99.8% 99.8%

Accident	Age-to-Age Development (in months):											
Year	180-192	192-204	204-216	216-228	228-240	240-252	252-264	264-276	276-288	288-300	300-312	312-324
1989				1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1990			1.001	0.999	1.000	1.000	1.000	1.000	1.001	1.000	1.000	
1991		1.001	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1992	1.001	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
1993	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
1994	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
1995	1.001	1.000	1.000	1.000	1.000	1.000						
1996	1.000	1.000	1.000	1.000	1.000							
1997	1.000	1.000	1.000	1.000								
1998	1.000	1.000	1.000									
1999	1.001	1.000										
2000	1.000											

I. Age-to-Age (Latest Year)

1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000

II. Age-to-Ultimate

1.002 1.002 1.002 1.001 1.001 1.001 1.001 1.001 1.000 1.000 1.000 1.000

III. Estimated Percent of Ultimate Indemnity Claims Reported

99.8% 99.8% 99.8% 99.8% 99.9% 99.9% 99.9% 99.9% 100.0% 100.0% 100.0% 100.0% 100.0%

Source: WCIRB quarterly calls for experience

Ultimate Indemnity Claim Settlement Ratios - Statewide

Accident Year	Evaluated as of (in months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
1994														97.0%
1995													95.8%	95.2%
1996												94.9%	94.0%	97.4%
1997											95.3%	95.3%	97.0%	97.4%
1998										94.8%	94.2%	96.6%	97.0%	97.4%
1999									93.6%	92.9%	96.2%	96.8%	97.2%	97.4%
2000								91.1%	92.1%	95.4%	96.3%	97.0%	97.5%	98.1%
2001							86.5%	90.8%	93.8%	95.0%	96.0%	96.8%	97.6%	97.0%
2002						81.9%	88.6%	91.6%	93.2%	94.5%	95.4%	96.5%	96.6%	96.7%
2003					75.9%	85.2%	89.1%	91.3%	93.0%	94.1%	95.5%	96.0%	96.2%	
2004				68.9%	80.3%	85.6%	88.6%	90.8%	92.5%	94.3%	95.3%	95.9%		
2005			58.7%	73.6%	81.2%	85.4%	88.4%	90.7%	93.0%	94.3%	95.3%			
2006		45.4%	62.8%	73.9%	80.7%	85.0%	88.1%	91.0%	92.9%	94.1%				
2007	21.8%	47.6%	62.6%	73.0%	79.9%	84.5%	88.7%	91.3%	92.9%					
2008	22.6%	46.1%	60.7%	71.6%	78.9%	85.0%	88.9%	91.2%						
2009	21.3%	44.0%	59.0%	70.0%	78.7%	84.4%	88.1%							
2010	21.1%	45.0%	59.4%	71.8%	80.2%	85.4%								
2011	21.4%	44.6%	60.5%	72.8%	80.7%									
2012	21.1%	45.3%	61.9%	73.7%										
2013	20.5%	45.9%	62.6%											
2014	20.5%	46.6%												
2015	20.7%													

Accident Year	Evaluated as of (in months):												
	180	192	204	216	228	240	252	264	276	288	300	312	324
1989					98.2%	98.5%	99.4%	99.4%	99.5%	99.5%	99.6%	99.7%	99.5%
1990				97.8%	98.1%	99.0%	99.1%	99.1%	99.2%	99.3%	99.3%	99.4%	
1991			97.0%	97.2%	98.8%	98.8%	98.9%	98.9%	99.0%	99.1%	99.2%		
1992		96.9%	97.0%	98.7%	98.7%	98.8%	98.8%	98.9%	99.0%	99.1%			
1993	96.8%	97.1%	98.5%	98.6%	98.7%	98.7%	98.8%	98.9%	98.9%				
1994	96.8%	98.4%	98.5%	98.6%	98.5%	98.6%	98.7%	98.6%					
1995	97.8%	98.1%	98.3%	97.9%	98.0%	98.2%	98.1%						
1996	97.6%	97.8%	97.3%	97.4%	97.6%	97.6%							
1997	97.6%	97.2%	97.4%	97.6%	97.6%								
1998	97.4%	97.7%	97.8%	97.7%									
1999	97.8%	97.9%	97.8%										
2000	97.6%	97.4%											
2001	96.8%												

Source: WCIRB quarterly calls for experience

Selected Ultimate Indemnity Claim Reporting and Closure Patterns - Statewide
As of December 31, 2015

Selected Indemnity Claim Reporting and Closure Patterns - As of 12/31/2015				Cumulative Indemnity Claim Counts				
Year	Percent Reported	Percent Closed	Percent Open	AY	Year	Reported @12/31/15	Open @12/31/15	Estimated Ultimate(d)
	(a)	(b)	(c)	(1)	(2)	(3)	(4)	(5)
1	75.2%	20.7%	54.5%	1989	27	222,595	1,009	222,595
2	93.5%	46.6%	46.9%	1990	26	248,775	1,577	248,793
3	96.7%	62.6%	34.1%	1991	25	249,687	2,043	249,716
4	98.1%	73.7%	24.4%	1992	24	198,421	1,823	198,454
5	98.9%	80.8%	18.1%	1993	23	156,121	1,620	156,167
6	99.3%	85.4%	13.9%	1994	22	143,656	1,873	143,732
7	99.5%	88.1%	11.3%	1995	21	135,199	2,428	135,304
8	99.6%	91.2%	8.4%	1996	20	133,192	3,088	133,358
9	99.7%	92.9%	6.8%	1997	19	137,323	3,078	137,510
10	99.7%	94.1%	5.6%	1998	18	147,539	3,114	147,772
11	99.7%	95.3%	4.4%	1999	17	148,740	3,067	149,003
12	99.8%	95.9%	3.9%	2000	16	162,058	3,898	162,337
13	99.8%	96.2%	3.6%	2001	15	185,729	5,579	186,108
14	99.8%	96.7%	3.1%	2002	14	194,810	5,992	195,262
15	99.8%	96.8%	3.0%	2003	13	184,412	6,566	184,814
16	99.8%	97.4%	2.4%	2004	12	159,220	6,198	159,594
17	99.8%	97.8%	2.1%	2005	11	140,012	6,245	140,388
18	99.8%	97.7%	2.1%	2006	10	133,766	7,510	134,146
19	99.9%	97.6%	2.2%	2007	9	130,551	8,856	131,003
20	99.9%	97.6%	2.3%	2008	8	123,731	10,438	124,252
21	99.9%	98.1%	1.8%	2009	7	115,501	13,143	116,135
22	99.9%	98.6%	1.3%	2010	6	120,381	16,847	121,285
23	100.0%	98.9%	1.0%	2011	5	122,462	22,465	123,835
24	100.0%	99.1%	0.9%	2012	4	129,259	32,187	131,729
25	100.0%	99.2%	0.8%	2013	3	135,381	47,760	139,966
26	100.0%	99.4%	0.6%	2014	2	135,133	67,759	144,488
27	100.0%	99.5%	0.5%	2015	1	111,640	80,868	148,554
								<u>Projected(e)</u>
								148,108
								145,827
								142,531
Total						4,205,294	367,031	

Notes:

- (a) See Exhibit 3.1.
- (b) See Exhibit 3.2.
- (c) (a) - (b).
- (d) Estimated based on number of reported indemnity claims as of December 31, 2015 (column (3)) and selected reporting pattern (column (a)).
- (e) Estimated based on projected frequency trends for accident years 2016 to 2018. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency.

Estimated Number of Open Indemnity Claims - Statewide
Based on Selected Reporting and Closure Patterns - As of December 31, 2015

AY	Estimated Number of Reported Indemnity Claims(a)			Estimated Number of Open Indemnity Claims(b)			Estimated Number of Indemnity Claims Opened During(c)		
	@12/31/16	@12/31/17	@12/31/18	@12/31/16	@12/31/17	@12/31/18	2016	2017	2018
1989	222,595	222,595	222,595	1,009	1,009	1,009	0	0	0
1990	248,793	248,793	248,793	1,128	1,128	1,128	18	0	0
1991	249,698	249,716	249,716	1,583	1,132	1,132	11	18	0
1992	198,431	198,439	198,454	1,624	1,258	900	10	9	14
1993	156,141	156,149	156,156	1,435	1,278	990	20	8	7
1994	143,689	143,708	143,715	1,491	1,321	1,176	33	19	7
1995	135,233	135,264	135,282	1,764	1,403	1,243	34	31	18
1996	133,254	133,287	133,318	2,393	1,738	1,383	62	33	31
1997	137,339	137,404	137,438	3,185	2,468	1,792	16	64	34
1998	147,571	147,589	147,658	3,307	3,422	2,652	32	18	69
1999	148,767	148,800	148,818	3,139	3,335	3,451	27	33	18
2000	162,050	162,080	162,115	3,342	3,420	3,633	-8	30	35
2001	185,789	185,780	185,814	4,469	3,831	3,921	60	-9	34
2002	194,865	194,927	194,918	5,854	4,689	4,020	55	63	-9
2003	184,386	184,438	184,497	5,671	5,540	4,438	-26	52	59
2004	159,247	159,225	159,269	5,670	4,897	4,784	27	-22	45
2005	140,059	140,082	140,063	5,452	4,987	4,308	47	24	-19
2006	133,787	133,832	133,854	5,968	5,210	4,766	21	45	23
2007	130,632	130,653	130,696	7,334	5,828	5,087	81	21	44
2008	123,823	123,900	123,919	8,399	6,956	5,527	92	77	19
2009	115,648	115,734	115,806	9,756	7,851	6,502	147	86	72
2010	120,623	120,777	120,866	13,726	10,189	8,199	242	153	90
2011	122,912	123,160	123,316	17,201	14,015	10,403	450	247	156
2012	130,269	130,747	131,011	23,897	18,298	14,908	1,010	479	263
2013	137,341	138,414	138,923	34,200	25,391	19,442	1,960	1,073	509
2014	139,755	141,778	142,886	49,303	35,305	26,212	4,622	2,024	1,107
2015	138,935	143,687	145,768	69,668	50,690	36,298	27,295	4,752	2,081
<u>Projected</u>									
2016	111,305	138,519	143,256	80,645	69,459	50,538	111,305	27,214	4,737
2017		109,591	136,385		79,403	68,390		109,591	26,794
2018			107,114			77,609			107,114
Total	4,352,938	4,499,066	4,642,418	372,613	375,451	375,841	147,644	146,129	143,352
(d) Open Claims at Beginning of the Year:							367,031	372,613	375,451
(e) "Weighted" Open Claims:							662,319	664,870	662,155

Notes:

- (a), (b) Estimated based on the projected number of indemnity claims and selected reporting and closure patterns (see Exhibit 3.3).
- (c) Based on the difference in the estimated numbers of reported indemnity claims between two consecutive December 31 evaluations.
- (d) Based on the number of indemnity claims still open as of the previous year-end. For example, the number of open indemnity claims at the beginning of calendar year 2016 is the total number of indemnity claims from all accident years that were open as of December 31, 2015 (see column (4) total on Exhibit 3.3).
- (e) The "weighted" number of open claims is the sum of the number of open claims at the beginning of the year and twice the number of claims opened during the year.

Projected Ratio of ULAE to Loss - Statewide

Based on Estimated Calendar Year ULAE Paid per Open Indemnity Claim
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

<u>Calendar Year</u>	<u>Number of Open Indemnity Claims at Beginning of the Year</u>	<u>ULAE Paid Per Open Indemnity Claim</u>	<u>ULAE Paid (\$000)</u>
	(a)	(b)	(c)
2000	267,027	---	---
2001	251,668	---	---
2002	347,829	---	---
2003	385,374	---	---
2004	452,987	---	---
2005	470,466	---	---
2006	442,927	---	---
2007	397,102	---	---
2008	397,117	---	---
2009	373,598	---	---
2010	360,624	2,339	843,664
2011	360,339	2,352	847,365
2012	360,391	2,199	792,426
2013	365,710	2,685	981,911
2014	365,135	2,601	949,860
2015	366,387	3,192	1,169,503
Projected			
2016	367,031	3,285	1,205,534
2017	372,613	3,432	1,278,941
2018	375,451	3,566	1,338,943

(d) Projected ULAE Paid (\$000):	1,508,240
(e) Calendar Year 2015 Earned Premium (\$000):	17,077,708
(f) Projected Loss to Industry Average Filed Pure Premium Ratio:	0.646
(g) Premium Adjustment Factor for Calendar Year 2015:	0.968
(h) Projected Losses (\$000): (e) x (f) x (g)	10,679,169
(i) Projected Ratio of ULAE to Losses: (d)/(h)	14.1%

Notes:

- Calendar years 2000 to 2015 are from column (b) of Exhibit 2.1, and 2016 to 2018 are from line (d), Exhibit 3.4.
- Calendar years 2010 to 2015 are from column (d) of Exhibit 2.1. Calendar years 2016 to 2018 are projected based on applying the California average annual wage level changes of 2.9%, 4.5% and 3.9% for 2016 to 2018 derived from information published by the UCLA Anderson School of Business, to the 2015 ULAE paid per open indemnity claim.
- Column (a) x column (b).
- Average of calendar years 2017 and 2018, projected 3.8 years to the approximate average midpoint of ultimate ULAE payments on 2017 policies, based on applying the an average annual change of 3.8% for 2018 to 2021 derived from the information published by the UCLA Anderson School of Business.
- Based on the reported earned premium from the same group of insurers that reported the number of open indemnity claims in calendar year 2015.
- See Exhibit 8 of Item AC16-06-01.
- See Exhibit 5.2 of Item AC16-06-01.

Reported Indemnity Claim Count Development - Private Insurers

Accident	Age-to-Age Development (in months):													
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180
1993														1.001
1994													1.002	1.000
1995												1.001	1.000	1.006
1996											1.001	1.001	1.002	1.001
1997										1.002	1.000	1.001	1.001	1.000
1998									1.002	1.000	1.001	1.001	1.002	1.000
1999								1.002	1.002	1.001	1.001	1.000	1.001	1.000
2000							1.001	0.998	1.000	1.000	1.001	1.001	1.001	1.001
2001						1.000	0.999	1.001	0.999	1.001	1.001	1.001	1.000	1.001
2002					1.000	1.015	1.001	1.000	1.001	1.001	1.001	1.001	1.000	
2003				1.004	1.018	0.999	1.000	1.001	1.000	1.001	1.001	1.001		
2004			1.007	1.003	1.000	1.001	1.001	1.001	1.001	1.000	1.001			
2005		1.017	1.010	1.002	1.002	1.003	1.001	1.002	1.001	1.001				
2006	1.145	1.024	1.007	1.003	1.003	1.002	1.007	1.002	1.001					
2007	1.150	1.021	1.008	1.006	1.004	1.002	1.002	1.001						
2008	1.175	1.029	1.013	1.006	1.004	1.002	1.002							
2009	1.212	1.034	1.013	1.008	1.005	1.003								
2010	1.237	1.033	1.013		1.004									
2011	1.241	1.036	1.015	1.009										
2012	1.254	1.037	1.016											
2013	1.252	1.038												
2014	1.263													

I. Age-to-Age (Latest Year)

1.263 1.038 1.016 1.009 1.004 1.003 1.002 1.001 1.001 1.001 1.001 1.001 1.001 1.000 1.001

II. Age-to-Ultimate

1.366 1.082 1.043 1.027 1.018 1.013 1.011 1.009 1.007 1.006 1.006 1.006 1.004 1.004 1.004

III. Estimated Percent of Ultimate Indemnity Claims Reported

73.2% 92.4% 95.9% 97.4% 98.2% 98.7% 98.9% 99.1% 99.3% 99.4% 99.4% 99.4% 99.6% 99.6% 99.6%

Accident	Age-to-Age Development (in months):											
Year	180-192	192-204	204-216	216-228	228-240	240-252	252-264	264-276	276-288	288-300	300-312	312-324
1989				1.001	0.999	1.000	1.000	1.001	1.000	1.000	1.000	1.000
1990			1.001	0.999	1.000	1.000	1.001	1.000	1.001	1.000	1.000	
1991		1.001	0.998	1.000	1.000	1.000	1.000	1.001	1.000	1.000		
1992	1.001	0.999	1.000	1.000	1.001	1.000	1.000	1.000	1.000			
1993	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000				
1994	1.001	1.001	1.000	1.000	1.001	1.000	1.000					
1995	1.002	1.000	1.001	1.001	1.000	1.001						
1996	1.000	1.001	1.001	1.000	1.000							
1997	1.000	1.001	1.000	1.000								
1998	1.001	1.000	1.000									
1999	1.001	1.000										
2000	1.000											

I. Age-to-Age (Latest Year)

1.000 1.000 1.000 1.000 1.000 1.001 1.000 1.000 1.000 1.000 1.000 1.000 1.000

II. Age-to-Ultimate

1.003 1.003 1.003 1.002 1.002 1.002 1.001 1.001 1.000 1.000 1.000 1.000 1.000

III. Estimated Percent of Ultimate Indemnity Claims Reported

99.7% 99.7% 99.7% 99.8% 99.8% 99.8% 99.9% 99.9% 100.0% 100.0% 100.0% 100.0% 100.0%

Source: WCIRB quarterly calls for experience

Ultimate Indemnity Claim Settlement Ratios - Private Insurers

Accident Year	Evaluated as of (in months):													
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>	<u>108</u>	<u>120</u>	<u>132</u>	<u>144</u>	<u>156</u>	<u>168</u>
1994														96.6%
1995													95.3%	94.4%
1996												94.5%	93.1%	97.4%
1997											95.2%	95.0%	97.2%	97.5%
1998										95.0%	94.0%	96.9%	97.3%	97.7%
1999									94.0%	92.7%	96.7%	97.2%	97.7%	97.8%
2000								91.6%	92.4%	96.4%	97.2%	97.9%	98.3%	98.8%
2001							86.7%	92.1%	95.7%	96.9%	97.8%	98.4%	99.0%	97.7%
2002						82.0%	90.6%	93.9%	95.3%	96.3%	97.0%	97.7%	97.4%	97.2%
2003					75.6%	87.3%	91.5%	93.5%	94.9%	95.6%	96.5%	96.8%	96.8%	
2004				68.4%	82.0%	87.8%	90.7%	92.4%	93.8%	95.1%	95.9%	96.4%		
2005			57.4%	74.3%	82.7%	87.0%	89.8%	91.8%	93.5%	94.8%	95.7%			
2006		44.5%	63.0%	74.8%	81.9%	86.0%	89.0%	91.4%	93.2%	94.4%				
2007	21.7%	47.5%	63.3%	74.0%	80.9%	85.3%	89.1%	91.6%	93.2%					
2008	22.4%	46.2%	61.4%	72.3%	79.5%	85.3%	89.2%	91.4%						
2009	20.9%	44.1%	59.3%	70.2%	78.7%	84.5%	88.3%							
2010	20.9%	45.1%	59.6%	71.8%	80.3%	85.4%								
2011	21.3%	44.6%	60.5%	72.9%	80.8%									
2012	21.2%	45.3%	61.9%	73.7%										
2013	20.7%	46.0%	62.9%											
2014	20.9%	47.1%												
2015	21.0%													

Accident Year	Evaluated as of (in months):												
	<u>180</u>	<u>192</u>	<u>204</u>	<u>216</u>	<u>228</u>	<u>240</u>	<u>252</u>	<u>264</u>	<u>276</u>	<u>288</u>	<u>300</u>	<u>312</u>	<u>324</u>
1989					97.7%	98.1%	99.4%	99.4%	99.5%	99.5%	99.6%	99.7%	99.5%
1990				97.1%	97.5%	98.9%	98.9%	99.0%	99.0%	99.2%	99.2%	99.2%	
1991			96.1%	96.3%	98.6%	98.6%	98.7%	98.7%	98.8%	98.9%	99.0%		
1992		96.1%	96.2%	98.6%	98.5%	98.6%	98.7%	98.7%	98.8%	98.9%			
1993	96.1%	96.5%	98.4%	98.5%	98.6%	98.6%	98.7%	98.8%	98.8%				
1994	96.4%	98.4%	98.6%	98.7%	98.4%	98.5%	98.6%	98.5%					
1995	97.8%	98.1%	98.3%	97.7%	97.9%	98.0%	97.9%						
1996	97.6%	97.8%	97.1%	97.2%	97.3%	97.3%							
1997	97.7%	97.1%	97.3%	97.5%	97.4%								
1998	97.6%	97.8%	97.9%	97.7%									
1999	98.1%	98.1%	97.9%										
2000	97.9%	97.6%											
2001	97.2%												

Source: WCIRB quarterly calls for experience

Selected Indemnity Claim Reporting and Closure Patterns - As of 12/31/2015					Cumulative Indemnity Claim Counts			
Year	Percent Reported	Percent Closed	Percent Open	AY	Year	Reported @ 12/31/15	Open @ 12/31/15	Estimated Ultimate(d)
	(a)	(b)	(c)	(1)	(2)	(3)	(4)	(5)
1	73.2%	21.0%	52.2%	1989	27	151,273	777	151,273
2	92.4%	47.1%	45.4%	1990	26	172,933	1,294	172,946
3	95.9%	62.9%	33.1%	1991	25	175,230	1,704	175,263
4	97.4%	73.7%	23.7%	1992	24	141,910	1,519	141,949
5	98.2%	80.8%	17.4%	1993	23	113,510	1,285	113,562
6	98.7%	85.4%	13.2%	1994	22	105,344	1,490	105,426
7	98.9%	88.3%	10.6%	1995	21	101,362	1,999	101,475
8	99.1%	91.4%	7.7%	1996	20	103,242	2,639	103,416
9	99.3%	93.2%	6.1%	1997	19	104,765	2,503	104,967
10	99.4%	94.4%	5.0%	1998	18	112,510	2,315	112,773
11	99.4%	95.7%	3.8%	1999	17	116,439	2,169	116,734
12	99.6%	96.4%	3.2%	2000	16	118,484	2,566	118,786
13	99.6%	96.8%	2.8%	2001	15	113,960	2,884	114,307
14	99.6%	97.2%	2.4%	2002	14	113,025	2,750	113,429
15	99.7%	97.2%	2.5%	2003	13	108,424	3,077	108,829
16	99.7%	97.6%	2.2%	2004	12	99,548	3,177	99,995
17	99.7%	97.9%	1.9%	2005	11	97,606	3,686	98,148
18	99.8%	97.7%	2.1%	2006	10	104,632	5,239	105,277
19	99.8%	97.4%	2.4%	2007	9	107,531	6,629	108,317
20	99.8%	97.3%	2.6%	2008	8	106,199	8,281	107,130
21	99.9%	97.9%	2.0%	2009	7	102,531	11,032	103,632
22	99.9%	98.5%	1.4%	2010	6	110,513	14,824	111,984
23	100.0%	98.8%	1.1%	2011	5	114,587	20,302	116,633
24	100.0%	98.9%	1.1%	2012	4	122,629	29,852	125,893
25	100.0%	99.0%	1.0%	2013	3	127,163	43,826	132,586
26	100.0%	99.2%	0.7%	2014	2	124,204	60,961	134,370
27	100.0%	99.5%	0.5%	2015	1	100,897	72,277	137,856
								<u>Projected(e)</u>
				2016				137,773
				2017				135,651
				2018				132,586
				Total		3,170,451	311,057	

- (a) See Exhibit 4.1.
- (b) See Exhibit 4.2.
- (c) (a) - (b).
- (d) Estimated based on number of reported indemnity claims as of December 31, 2015 (column (3)) and selected reporting pattern (column (a)), applicable to private insurers only.
- (e) Estimated based on projected frequency trends for accident years 2016 to 2018. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency.

Estimated Number of Open Indemnity Claims - Private Insurers
Based on Selected Reporting and Closure Patterns - As of December 31, 2015

AY	Estimated Number of Reported Indemnity Claims(a)			Estimated Number of Open Indemnity Claims(b)			Estimated Number of Indemnity Claims Opened During(c)		
	@12/31/16	@12/31/17	@12/31/18	@12/31/16	@12/31/17	@12/31/18	2016	2017	2018
1989	151,273	151,273	151,273	777	777	777	0	0	0
1990	172,946	172,946	172,946	888	888	888	13	0	0
1991	175,250	175,263	175,263	1,312	900	900	20	13	0
1992	141,922	141,939	141,949	1,380	1,062	729	12	16	10
1993	113,531	113,541	113,554	1,215	1,104	850	21	10	13
1994	105,377	105,397	105,406	1,193	1,128	1,025	33	19	9
1995	101,397	101,429	101,447	1,435	1,148	1,086	35	32	19
1996	103,301	103,336	103,369	2,037	1,462	1,170	59	35	33
1997	104,790	104,850	104,886	2,678	2,068	1,484	25	60	36
1998	112,555	112,582	112,647	2,689	2,877	2,221	45	27	64
1999	116,462	116,508	116,537	2,397	2,783	2,978	23	47	28
2000	118,486	118,509	118,557	2,207	2,439	2,832	2	23	48
2001	114,017	114,019	114,041	2,469	2,124	2,347	57	2	22
2002	113,085	113,141	113,143	2,862	2,450	2,108	60	56	2
2003	108,441	108,498	108,552	2,638	2,746	2,351	17	57	54
2004	99,623	99,639	99,692	2,827	2,424	2,523	75	16	52
2005	97,709	97,783	97,799	3,118	2,775	2,379	103	74	16
2006	104,695	104,806	104,885	3,953	3,344	2,977	63	111	79
2007	107,653	107,719	107,832	5,390	4,068	3,441	122	65	114
2008	106,352	106,473	106,538	6,556	5,331	4,023	153	121	64
2009	102,731	102,880	102,997	8,011	6,342	5,157	200	148	117
2010	110,795	111,011	111,172	11,922	8,657	6,853	282	216	160
2011	115,100	115,394	115,620	15,439	12,416	9,016	513	294	225
2012	123,685	124,239	124,556	21,914	16,665	13,402	1,056	554	317
2013	129,148	130,260	130,844	31,440	23,079	17,551	1,985	1,112	584
2014	128,874	130,886	132,013	44,416	31,863	23,390	4,670	2,012	1,127
2015	127,426	132,217	134,282	62,545	45,568	32,689	26,529	4,791	2,064
<u>Projected</u>									
2016	100,836	127,350	132,138	71,905	62,508	45,541	100,836	26,513	4,788
2017		99,284	125,389		70,798	61,545		99,284	26,105
2018			97,040			69,198			97,040
Total	3,307,463	3,443,172	3,576,363	317,614	321,796	323,432	137,012	135,709	133,191
(d) Open Claims at Beginning of the Year:							311,057	317,614	321,796
(e) "Weighted" Open Claims:							585,080	589,033	588,178

Notes:

- (a), (b) Estimated based on the projected number of indemnity claims and selected reporting and closure patterns applicable to private insurers only (see Exhibit 4.3).
- (c) Based on the difference in the estimated numbers of reported indemnity claims between two consecutive December 31 evaluations.
- (d) Based on the number of indemnity claims still open as of the previous year-end. For example, the number of open indemnity claims at the beginning of calendar year 2016 is the total number of indemnity claims from all accident years that were open as of December 31, 2015 (see column (4) total on Exhibit 4.3).
- (e) The "weighted" number of open claims is the sum of the number of open claims at the beginning of the year and twice the number of claims opened during the year.

Projected Ratio of ULAE to Loss - Private Insurers

Based on Estimated Calendar Year ULAE Paid per Open Indemnity Claim
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

Calendar Year	Number of Open Indemnity Claims at Beginning of the Year (a)	ULAE Paid Per Open Indemnity Claim (b)	ULAE Paid (\$000) (c)
2000	197,358	---	---
2001	171,915	---	---
2002	235,631	---	---
2003	236,111	---	---
2004	273,685	---	---
2005	281,950	---	---
2006	269,394	---	---
2007	244,721	---	---
2008	261,804	---	---
2009	257,103	---	---
2010	257,439	1,676	431,542
2011	267,152	1,684	449,946
2012	279,015	1,698	473,897
2013	294,015	2,192	644,425
2014	305,942	1,955	598,233
2015	309,620	2,634	815,644
Projected			
2016	311,057	2,711	843,193
2017	317,614	2,833	899,711
2018	321,796	2,943	947,107
(d) Projected ULAE Paid (\$000):			1,064,006
(e) Calendar Year 2015 Earned Premium (\$000):			15,461,610
(f) Projected Loss to Industry Average Filed Pure Premium Ratio:			0.620
(g) Premium Adjustment Factor for Calendar Year 2015:			1.000
(h) Projected Losses (\$000): (e) x (f) x (g)			9,586,198
(i) Projected Ratio of ULAE to Losses: (d)/(h)			11.1%

Notes:

- (a) Calendar years 2000 to 2015 are from column (b) of Exhibit 2.2 and 2016 to 2018 are from line (d), Exhibit 4.4.
- (b) Calendar years 2010 to 2015 are from column (d) of Exhibit 2.2. Calendar years 2016 to 2018 are projected based on applying the California average annual wage level changes of 2.9% 4.5% and 3.9% for 2016 to 2018 derived from information published by the UCLA Anderson School of Business, to the 2015 ULAE paid per open indemnity claim.
- (c) Column (a) x column (b).
- (d) Average of calendar years 2017 and 2018, projected 3.8 years to the approximate average midpoint of ultimate ULAE payments on 2017 policies, based on applying the an average annual change of 3.8% for 2018 to 2021 derived from the information published by the UCLA Anderson School of Business.
- (e) Based on the reported earned premium from the same group of private insurers that reported the number of open indemnity claims in calendar year 2015.
- (f) Based on analogous Exhibit 8 of Item AC16-06-01, applicable to private insurers only.
- (g) Based on analogous Exhibit 5.2 of Item AC16-06-01, applicable to private insurers only.

Projected Ratio of ULAE to Loss - Statewide
Based on Ratio of ULAE Paid to Paid Losses
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

Calendar Year	Paid ULAE as % of Premium (a)	Paid Loss as % of Premium (b)	Paid ULAE as % of Paid Losses (c) = (a) / (b)
2000	---	74.8%	---
2001	---	59.5%	---
2002	---	54.5%	---
2003	---	43.8%	---
2004	---	37.9%	---
2005	---	36.4%	---
2006	---	40.5%	---
2007	---	50.8%	---
2008	---	64.0%	---
2009	---	74.8%	---
2010	8.8%	72.7%	0.121
2011	8.1%	70.1%	0.116
2012	6.6%	65.3%	0.101
2013	6.8%	58.5%	0.117
2014	5.9%	50.5%	0.116
2015	6.8%	47.8%	0.143
Projected			
2016	7.1% ³	49.8% ²	0.143 ¹
2017	7.3% ³	50.6% ²	0.143 ¹
2018	7.3% ³	51.0% ²	0.143 ¹
(d) Projected ULAE Paid to CY2015 Earned Premium Ratio: (Average of calendar years 2017 and 2018 in column (a))			7.3%
(e) Projected Loss to Industry Average Filed Pure Premium Ratio ⁴ :			0.646
(f) Premium Adjustment Factor for Calendar Year 2015 ⁵ :			0.968
(g) Projected Ratio of ULAE to Losses: (d) / [(e) x (f)]			11.7%

Notes:

¹ Ratios for 2016 to 2018 are based on the 2015 paid ULAE to paid loss ratio.

² Estimated based on age-to-age paid indemnity and medical development factors from insurers' December 31, 2015 experience.

³ (b) x (c).

⁴ See Exhibit 8 of AC16-06-01.

⁵ See Exhibit 5.2 of AC16-06-01.

Projected Ratio of ULAE to Loss - Private Insurers
Based on Ratio of ULAE Paid to Paid Losses
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

Calendar Year	Paid ULAE as % of Premium (a)	Paid Loss as % of Premium (b)	Paid ULAE as % of Paid Losses (c) = (a) / (b)
2000	---	77.5%	---
2001	---	68.3%	---
2002	---	63.2%	---
2003	---	48.0%	---
2004	---	37.3%	---
2005	---	33.3%	---
2006	---	34.8%	---
2007	---	43.8%	---
2008	---	56.1%	---
2009	---	66.8%	---
2010	5.1%	64.3%	0.080
2011	4.8%	62.2%	0.077
2012	4.3%	57.1%	0.075
2013	4.9%	51.6%	0.094
2014	4.1%	47.9%	0.086
2015	5.3%	46.2%	0.114
Projected			
2016	5.5% ³	48.1% ²	0.114 ¹
2017	5.6% ³	49.2% ²	0.114 ¹
2018	5.7% ³	49.7% ²	0.114 ¹
(d) Projected ULAE Paid to CY2015 Earned Premium Ratio: (Average of calendar years 2017 and 2018 in column (a))			5.6%
(e) Projected Loss to Industry Average Filed Pure Premium Ratio ⁴ :			0.620
(f) Premium Adjustment Factor for Calendar Year 2015 ⁵ :			1.000
(g) Projected Ratio of ULAE to Losses: (d) / [(e) x (f)]			9.0%

Notes:

¹ Ratios for 2016 to 2018 are based on the 2015 paid ULAE to paid loss ratio.

² Estimated based on age-to-age paid indemnity and medical development factors from private insurers' December 31, 2015 experience.

³ (b) x (c).

⁴ Based on analogous Exhibit 8 of AC16-06-01, applicable to private insurers only.

⁵ Based on analogous Exhibit 5.2 of AC16-06-01, applicable to private insurers only.

Projected Ratio of ULAE to Loss - Statewide

Based on Estimated Calendar Year ULAE Paid per Open Indemnity Claim for Private Insurers
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

<u>Calendar Year</u>	<u>Number of Open Indemnity Claims at Beginning of the Year</u>	<u>ULAE Paid Per Open Indemnity Claim</u>	<u>ULAE Paid (\$000)</u>
	(a)	(b)	(c)
2000	267,027	---	---
2001	251,668	---	---
2002	347,829	---	---
2003	385,374	---	---
2004	452,987	---	---
2005	470,466	---	---
2006	442,927	---	---
2007	397,102	---	---
2008	397,117	---	---
2009	373,598	---	---
2010	360,624	1,676	604,510
2011	360,339	1,684	606,894
2012	360,391	1,698	612,112
2013	365,710	2,192	801,567
2014	365,135	1,955	713,978
2015	366,387	2,634	965,188
Projected			
2016	367,031	2,711	994,924
2017	372,613	2,833	1,055,507
2018	375,451	2,943	1,105,027
(d) Projected ULAE Paid (\$000):			1,244,747
(e) Calendar Year 2015 Earned Premium (\$000):			17,077,708
(f) Projected Loss to Industry Average Filed Pure Premium Ratio:			0.646
(g) Premium Adjustment Factor for Calendar Year 2015:			0.968
(h) Projected Losses (\$000): (e) x (f) x (g)			10,679,169
(i) Projected Ratio of ULAE to Losses: (d)/(h)			11.7%

Notes:

- (a) Calendar years 2000 to 2015 are from column (b) of Exhibit 2.1, and 2016 to 2018 are from line (d), Exhibit 3.4.
- (b) Calendar years 2010 to 2015 are from column (d) of Exhibit 2.2, private insurers ULAE paid per open indemnity claim. Calendar years 2016 to 2018 are projected based on applying the California average annual wage level changes of 2.9%, 4.9% and 3.9% for 2016 to 2018 derived from information published by the UCLA Anderson School of Business, to the 2015 ULAE paid per open indemnity claim.
- (c) Column (a) x column (b).
- (d) Average of calendar years 2017 and 2018, projected 3.8 years to the approximate average midpoint of ultimate ULAE payments on 2017 policies, based on applying the an average annual change of 3.8% for 2018 to 2021 derived from the information published by the UCLA Anderson School of Business.
- (e) Based on the reported earned premium from the same group of insurers that reported the number of open indemnity claims in calendar year 2015.
- (f) See Exhibit 8 of Item AC16-06-01.
- (g) See Exhibit 5.2 of Item AC16-06-01.

Projected Ratio of ULAE to Loss - Statewide
Based on Private Insurers ULAE Paid to Paid Losses Ratio
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

Calendar Year	Paid ULAE as % of Premium (a)=(b) x (c)	Paid Loss as % of Premium (b)	Paid ULAE as % of Paid Losses (c)
2000	---	74.8%	---
2001	---	59.5%	---
2002	---	54.5%	---
2003	---	43.8%	---
2004	---	37.9%	---
2005	---	36.4%	---
2006	---	40.5%	---
2007	---	50.8%	---
2008	---	64.0%	---
2009	---	74.8%	---
2010	5.8%	72.7%	0.080 ¹
2011	5.4%	70.1%	0.077 ¹
2012	4.9%	65.3%	0.075 ¹
2013	5.5%	58.5%	0.094 ¹
2014	4.3%	50.5%	0.086 ¹
2015	5.4%	47.8%	0.114 ¹
Projected			
2016	5.7% ⁴	49.8% ³	0.114 ²
2017	5.8% ⁴	50.6% ³	0.114 ²
2018	5.8% ⁴	51.0% ³	0.114 ²
(d) Projected ULAE Paid to CY2015 Earned Premium Ratio: (Average of calendar years 2017 and 2018 in column (a))			5.8%
(e) Projected Loss to Industry Average Filed Pure Premium Ratio ⁵ :			0.646
(f) Premium Adjustment Factor for Calendar Year 2015 ⁶ :			0.968
(g) Projected Ratio of ULAE to Losses: (d) / [(e) x (f)]			9.3%

Notes:

- ¹ Based on private insurers ULAE to paid loss ratio. See Exhibit 6.
- ² Ratios for 2016 to 2018 are based on the 2015 paid ULAE to paid loss ratio.
- ³ Estimated based on age-to-age paid indemnity and medical development factors from insurers' December 31, 2015 experience.
- ⁴ (b) x (c).
- ⁵ See Exhibit 8 of AC16-06-01.
- ⁶ See Exhibit 5.2 of AC16-06-01.

Projected Ratio of ULAE to Loss - Statewide

Based on Estimated Calendar Year ULAE Paid per Weighted Open Indemnity Claim
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

Calendar Year	Weighted Number of Open Indemnity Claims	ULAE Paid Per Weighted Open Indemnity Claim	ULAE Paid (\$000)
	(a)	(b)	(c)
2000	590,509	---	---
2001	657,960	---	---
2002	800,687	---	---
2003	838,690	---	---
2004	853,923	---	---
2005	795,108	---	---
2006	748,445	---	---
2007	639,616	---	---
2008	629,925	---	---
2009	593,312	---	---
2010	594,894	1,418	843,664
2011	605,973	1,398	847,365
2012	615,637	1,287	792,426
2013	642,322	1,529	981,911
2014	652,281	1,456	949,860
2015	660,243	1,771	1,169,503
<u>Projected</u>			
2016	662,319	1,823	1,207,202
2017	664,870	1,905	1,266,385
2018	662,155	1,979	1,310,403
(d) Projected ULAE Paid (\$000):			1,484,563
(e) Calendar Year 2015 Earned Premium (\$000):			17,077,708
(f) Projected Loss to Industry Average Filed Pure Premium Ratio:			0.646
(g) Premium Adjustment Factor for Calendar Year 2015:			0.968
(h) Projected Losses (\$000): (e) x (f) x (g)			10,679,169
(i) Projected Ratio of ULAE to Losses : (d)/(h)			13.9%

Notes:

- (a) Calendar years 2000 to 2015 are based on columns (b)+[2.0 x (c)] of Exhibit 2.1, and 2016 to 2018 are from line (e), Exhibit 3.4.
- (b) Calendar years 2010 to 2015 are from column (a) of Exhibit 2.1 divided by column (a) above, multiplied by 1,000,000. Calendar years 2016 to 2018 are projected based on applying the California average annual wage level changes of 2.9%, 4.5% and 3.9% for 2016 to 2018 derived from information published by the UCLA Anderson School of Business, to the 2015 ULAE paid per weighted open indemnity claim.
- (c) Column (a) x column (b).
- (d) Average of calendar years 2017 and 2018, projected 3.8 years to the approximate average midpoint of ultimate ULAE payments on 2017 policies, based on applying the an average annual change of 3.8% for 2018 to 2021 derived from the information published by the UCLA Anderson School of Business.
- (e) Based on the reported earned premium from the same group of insurers that reported the number of open indemnity claims in calendar year 2015.
- (f) See Exhibit 8 of Item AC16-06-01.
- (g) See Exhibit 5.2 of Item AC16-06-01.

Projected Ratio of ULAE to Loss - Private Insurers
Based on Estimated Calendar Year ULAE Paid per Weighted Open Indemnity Claim
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

Calendar Year	Weighted Number of Open Indemnity Claims (a)	ULAE Paid Per Weighted Open Indemnity Claim (b)	ULAE Paid (\$000) (c)
2000	413,248	---	---
2001	400,561	---	---
2002	466,567	---	---
2003	469,083	---	---
2004	491,825	---	---
2005	474,040	---	---
2006	481,574	---	---
2007	442,885	---	---
2008	463,922	---	---
2009	451,193	---	---
2010	472,907	913	431,542
2011	499,864	900	449,946
2012	523,175	906	473,897
2013	557,537	1,156	644,425
2014	572,770	1,044	598,233
2015	581,914	1,402	815,644
<u>Projected</u>			
2016	585,080	1,442	843,865
2017	589,033	1,507	887,796
2018	588,178	1,566	921,082
(d) Projected ULAE Paid (\$000):			1,042,147
(e) Calendar Year 2015 Earned Premium (\$000):			15,461,610
(f) Projected Loss to Industry Average Filed Pure Premium Ratio:			0.620
(g) Premium Adjustment Factor for Calendar Year 2015:			1.000
(h) Projected Losses (\$000): (e) x (f) x (g)			9,586,198
(i) Projected Ratio of ULAE to Losses: (d)/(h)			10.9%

Notes:

- (a) Calendar years 2000 to 2015 are based on columns (b)+[2.0 x (c)] of Exhibit 2.2 and 2016 to 2018 are from line (e), Exhibit 4.4.
- (b) Calendar years 2010 to 2015 are from column (a) of Exhibit 2.4 divided by column (a) above, multiplied by 1,000,000. Calendar years 2016 to 2018 are projected based on applying the California average annual wage level changes of 2.9%, 4.5% and 3.9% for 2016 to 2018 derived from information published by the UCLA Anderson School of Business, to the 2015 ULAE paid per weighted open indemnity claim.
- (c) Column (a) x column (b).
- (d) Average of calendar years 2017 and 2018, projected 3.8 years to the approximate average midpoint of ultimate ULAE payments on 2017 policies, based on applying the an average annual change of 3.8% for 2018 to 2021 derived from the information published by the UCLA Anderson School of Business.
- (e) Based on the reported earned premium from the same group of private insurers that reported the number of open indemnity claims in calendar year 2015.
- (f) Based on analogous Exhibit 8 of Item AC16-06-01, applicable to private insurers only.
- (g) Based on analogous Exhibit 5.2 of Item AC16-06-01, applicable to private insurers only.

Average Paid ALAE^[1] Per Reported Indemnity Claim - Private Insurers
As of March 31, 2016

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2000								4,337	4,544	4,782
2001							5,153	5,474	5,812	6,010
2002						5,258	5,661	6,057	6,300	6,493
2003					4,899	5,519	6,034	6,373	6,644	6,867
2004				3,564	4,540	5,202	5,663	6,012	6,274	6,486
2005			2,080	3,272	4,183	4,824	5,305	5,673	5,964	6,214
2006		796	2,171	3,403	4,319	5,021	5,549	5,919	6,254	6,514
2007	71	847	2,338	3,611	4,631	5,407	6,008	6,495	6,842	7,120
2008	85	944	2,493	3,955	5,128	6,002	6,677	7,175	7,559	
2009	150	1,037	2,846	4,497	5,776	6,763	7,487	8,042		
2010	87	1,134	3,039	4,664	5,972	6,898	7,617			
2011	88	1,152	3,003	4,640	5,857	6,798				
2012	91	1,147	3,075	4,698	5,972					
2013	101	1,221	3,226	4,862						
2014	144	1,338	3,436							
2015	104	1,455								
2016	160									

Accident	Annual Change									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2001								26.2%	27.9%	25.7%
2002							9.8%	10.7%	8.4%	8.0%
2003						5.0%	6.6%	5.2%	5.4%	5.8%
2004					-7.3%	-5.7%	-6.1%	-5.7%	-5.6%	-5.6%
2005				-8.2%	-7.9%	-7.3%	-6.3%	-5.6%	-4.9%	-4.2%
2006			4.4%	4.0%	3.3%	4.1%	4.6%	4.3%	4.9%	4.8%
2007		6.5%	7.7%	6.1%	7.2%	7.7%	8.3%	9.7%	9.4%	9.3%
2008	20.3%	11.4%	6.6%	9.5%	10.7%	11.0%	11.1%	10.5%	10.5%	
2009	76.5%	9.8%	14.2%	13.7%	12.6%	12.7%	12.1%	12.1%		
2010	-41.7%	9.4%	6.8%	3.7%	3.4%	2.0%	1.7%			
2011	0.4%	1.6%	-1.2%	-0.5%	-1.9%	-1.4%				
2012	3.1%	-0.4%	2.4%	1.2%	2.0%					
2013	11.3%	6.5%	4.9%	3.5%						
2014	43.1%	9.5%	6.5%							
2015	-27.7%	8.7%								
2016	53.6%									

Annual Trend ^[2]										
All-Year	5.6%	6.4%	5.8%	4.8%	3.9%	3.6%	3.8%	4.7%	4.1%	3.6%
R ²	0.356	0.958	0.947	0.871	0.688	0.655	0.696	0.705	0.615	0.518
5-Year	12.5%	6.4%	3.2%	1.6%	3.2%	6.2%	8.9%	9.3%	5.2%	0.8%
R ²	0.566	0.916	0.820	0.852	0.623	0.801	0.966	0.978	0.739	0.052

^[1] All paid ALAE exclude the paid cost of medical cost containment programs.

^[2] Trend is based on exponential distribution.

Source: WCIRB accident year experience calls.

Estimated Ultimate ALAE Per Indemnity Claim - Statewide

Acc. Year	Paid ALAE ^[1] @ 12/31/16 (in \$000) (1)	Paid ALAE Cumulative Development Factors ^[2] (2)	Estimated Ult. ALAE (in \$000) (3)=(1)x(2)	Indemnity Claim Counts @ 12/31/16 (4)	Cumulative Count Development Factors ^[3] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ult. ALAE Per Indemnity Claim (7)=(3)/(6)x1000	Annual Change
1991	446,074	1.045	466,085	249,688	1.000	249,730	1,866	---
1992	345,863	1.049	362,654	198,420	1.000	198,475	1,827	-2.1%
1993	251,382	1.052	264,446	156,114	1.000	156,182	1,693	-7.3%
1994	235,392	1.058	248,927	143,636	1.001	143,725	1,732	2.3%
1995	261,060	1.063	277,496	135,108	1.001	135,221	2,052	18.5%
1996	306,176	1.070	327,739	133,079	1.001	133,248	2,460	19.9%
1997	389,572	1.079	420,194	137,228	1.001	137,413	3,058	24.3%
1998	565,017	1.087	614,160	147,452	1.002	147,678	4,159	36.0%
1999	617,166	1.098	677,772	148,623	1.002	148,861	4,553	9.5%
2000	762,938	1.110	846,833	161,964	1.002	162,217	5,220	14.7%
2001	959,146	1.124	1,077,923	185,649	1.002	186,015	5,795	11.0%
2002	1,015,971	1.139	1,157,677	194,748	1.002	195,172	5,932	2.4%
2003	1,020,809	1.155	1,178,541	184,301	1.002	184,663	6,382	7.6%
2004	856,475	1.174	1,005,139	159,092	1.002	159,407	6,305	-1.2%
2005	754,503	1.196	902,215	139,809	1.002	140,115	6,439	2.1%
2006	784,393	1.229	963,717	133,599	1.002	133,892	7,198	11.8%
2007	828,053	1.268	1,050,133	130,532	1.003	130,909	8,022	11.5%
2008	856,305	1.321	1,131,460	123,746	1.004	124,203	9,110	13.6%
2009	871,581	1.394	1,215,004	115,523	1.005	116,089	10,466	14.9%
2010	877,945	1.500	1,316,683	120,449	1.007	121,250	10,859	3.8%
2011	804,626	1.662	1,337,217	122,511	1.010	123,687	10,811	-0.4%
2012	752,555	1.942	1,461,256	129,426	1.016	131,458	11,116	2.8%
2013	639,104	2.498	1,596,327	135,958	1.027	139,614	11,434	2.9%
2014	448,117	3.873	1,735,629	136,911	1.055	144,378	12,021	5.1%
2015	175,340	11.122	1,950,221	127,463	1.170	149,158	13,075	8.8%

Estimated Annual Exponential Trend Based on:

	<u>R²</u>
2005 to 2015	6.7% 0.902
2010 to 2015	3.7%
Average:	5.2%

Notes:

^[1] All paid ALAE exclude the paid cost of medical cost containment programs.

^[2] Based on private insurers latest year paid ALAE age-to-age development from Exhibit 15.1.

^[3] See Exhibit 14.1.

Estimated Ultimate ALAE Per Indemnity Claim - Private Insurers

Acc. Year	Paid ALAE ^[1] @3/31/16 (in \$000) (1)	Cumulative Development Factors ^[2] (2)	Estimated Ultimate ALAE (in \$000) (3)=(1)x(2)	Indemnity Claim Counts @3/31/16 (4)	Cumulative Count Development Factors ^[3] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate ALAE Per Indemnity Claim (7)=(3)/(6)x1000	Annual Change
1991	412,006	1.045	430,490	175,228	1.000	175,268	2,456	---
1992	316,238	1.049	331,590	141,910	1.000	141,961	2,336	-4.9%
1993	233,611	1.052	245,751	113,498	1.001	113,563	2,164	-7.4%
1994	216,421	1.058	228,866	105,323	1.001	105,409	2,171	0.3%
1995	236,439	1.063	251,325	101,270	1.001	101,384	2,479	14.2%
1996	282,230	1.070	302,106	103,128	1.002	103,299	2,925	18.0%
1997	357,025	1.079	385,089	104,673	1.002	104,864	3,672	25.6%
1998	493,132	1.087	536,023	112,428	1.002	112,667	4,758	29.6%
1999	542,465	1.098	595,735	116,318	1.002	116,579	5,110	7.4%
2000	643,015	1.110	713,723	118,389	1.002	118,656	6,015	17.7%
2001	762,835	1.124	857,302	113,883	1.003	114,203	7,507	24.8%
2002	801,055	1.139	912,785	112,977	1.003	113,343	8,053	7.3%
2003	809,519	1.155	934,604	108,322	1.003	108,677	8,600	6.8%
2004	691,870	1.174	811,963	99,436	1.004	99,808	8,135	-5.4%
2005	642,953	1.196	768,826	97,400	1.005	97,846	7,857	-3.4%
2006	702,915	1.229	863,612	104,464	1.005	104,968	8,227	4.7%
2007	765,548	1.268	970,864	107,519	1.006	108,156	8,977	9.1%
2008	802,923	1.321	1,060,925	106,220	1.007	106,989	9,916	10.5%
2009	824,839	1.394	1,149,845	102,562	1.009	103,488	11,111	12.0%
2010	842,364	1.500	1,263,321	110,588	1.011	111,828	11,297	1.7%
2011	779,378	1.662	1,295,259	114,647	1.015	116,350	11,132	-1.5%
2012	733,443	1.942	1,424,147	122,814	1.022	125,470	11,351	2.0%
2013	621,169	2.498	1,551,529	127,765	1.034	132,092	11,746	3.5%
2014	432,879	3.873	1,676,610	125,982	1.064	134,046	12,508	6.5%
2015	169,501	11.122	1,885,269	116,523	1.190	138,672	13,595	8.7%

Estimated Annual Exponential Trend Based on:

	R²
2005 to 2015	5.1% 0.918
2010 to 2015	3.8% 0.823
Average:	4.5%

Notes:

^[1] All paid ALAE exclude the paid cost of medical cost containment programs.

^[2] Based on the latest year paid ALAE age-to-age development from Exhibit 15.1.

^[3] See Exhibit 15.3.

**Ratio of Accident Year Incremental Paid ALAE^[1] to Indemnity Claims Inventory^[2]
By Payment Year - Private Insurers**

Acc. Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1989	1,007	1,076	635	1,143	1,062	1,029	1,125	1,143	1,344	1,524	1,471	1,494	1,644
1990	1,315	1,572	987	2,157	1,139	1,274	1,193	1,355	1,542	1,432	1,812	1,619	1,629
1991	1,370	1,729	834	1,697	1,577	1,256	1,495	1,388	1,574	1,438	1,789	1,671	1,609
1992	1,478	1,724	1,416	1,837	1,653	1,405	1,827	1,389	1,669	1,502	1,636	1,584	1,842
1993	1,741	2,105	1,502	2,157	1,833	1,541	1,927	1,664	1,886	1,800	1,951	1,984	2,190
1994	1,410	1,470	1,686	1,932	1,717	1,617	1,646	1,576	1,632	1,833	1,663	2,165	1,878
1995	2,175	1,618	1,671	1,766	1,849	1,766	1,916	1,772	1,672	2,033	2,051	2,127	2,042
1996	2,839	2,166	2,027	1,997	1,979	1,947	1,946	1,686	2,011	2,085	2,144	2,086	2,341
1997	3,218	2,600	2,378	2,409	2,347	2,287	2,314	2,225	2,414	2,353	2,147	2,253	2,315
1998	3,042	2,979	2,556	2,484	2,502	2,336	2,432	2,381	2,277	2,340	2,344	2,318	2,534
1999	2,736	2,646	2,529	2,629	2,403	2,646	2,804	2,545	2,698	2,641	2,332	2,131	2,416
2000	2,473	2,283	2,525	2,805	2,720	2,864	2,854	2,740	2,803	2,842	2,539	2,555	2,823
2001	2,103	2,964	2,284	2,764	2,811	2,873	2,654	2,736	2,755	2,778	2,801	3,353	3,181
2002	1,956	2,799	2,537	2,873	2,910	3,083	2,899	2,967	3,021	2,915	3,015	3,513	3,305
2003	864	2,334	2,577	2,881	2,947	3,058	3,032	3,216	3,224	3,546	3,398	3,658	3,734
2004	67	820	2,100	2,676	3,009	3,077	3,145	3,263	3,130	3,060	3,306	3,654	3,461
2005		69	768	1,986	2,649	2,916	3,070	3,251	3,284	3,317	3,438	3,653	3,959
2006			106	782	2,162	2,758	2,992	3,243	3,474	3,296	3,405	3,616	3,495
2007				71	846	2,333	2,807	3,192	3,452	3,603	3,685	3,699	3,790
2008					85	939	2,399	3,110	3,500	3,591	3,702	3,857	3,998
2009						150	1,034	2,742	3,391	3,644	3,820	3,964	4,089
2010							87	1,129	2,898	3,450	3,743	3,907	4,213
2011								88	1,147	2,879	3,432	3,699	4,089
2012									90	1,147	2,980	3,499	3,958
2013										101	1,223	3,088	3,600
2014											144	1,342	3,256
2015												105	1,458
2016													160
ALAE per Claim	1,751	2,013	1,846	1,951	1,977	2,104	2,184	2,354	2,506	2,565	2,657	2,784	2,927
Annual Change	9.7%	15.0%	-8.3%	5.7%	1.4%	6.4%	3.8%	7.8%	6.5%	2.4%	3.5%	4.8%	5.1%

<u>Estimated Annual Exponential Trend Based on Payment Year:</u>	<u>R²</u>
2006-2016	4.8% 0.992
2010-2016	4.7% 0.979
Average:	4.7%

^[1] All paid ALAE exclude the paid cost of medical cost containment programs.

^[2] Indemnity claims inventory is the sum of indemnity claims open as of April 1 of Year N-1 and newly-reported indemnity claims between April 1 of year N-1 and March 31 of year N.

Source: WCIRB quarterly calls for experience

Reported Indemnity Claim Count Development - Statewide

Accident	Age-to-Age Development (in months):													
Year	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159	159-171	171-183
1993														0.999
1994													1.000	1.000
1995												0.999	1.004	1.001
1996											1.000	1.002	1.000	1.001
1997										0.999	1.001	1.000	1.001	1.000
1998									0.999	1.000	1.000	1.000	1.001	1.000
1999								1.002	1.000	1.000	1.001	1.000	1.000	1.000
2000							0.999	0.998	1.000	1.000	1.000	1.001	1.001	1.000
2001						0.997	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002					1.006	1.000	0.999	1.000	0.999	1.000	1.000	1.000	1.000	
2003				1.007	0.998	0.999	0.999	0.999	1.000	1.000	1.000	1.000		
2004			0.997	1.000	1.000	0.999	0.999	1.000	0.999	1.000	1.000			
2005		1.004	1.001	1.001	1.000	1.001	1.000	1.000	1.000	1.000				
2006	1.028	1.007	1.004	1.002	1.001	1.001	1.001	1.001	1.001					
2007	1.036	1.012	1.006	1.003	1.002	1.000	1.000	1.001						
2008	1.060	1.017	1.009	1.004	1.003	1.001	1.001							
2009	1.083	1.023	1.009	1.005	1.003	1.002								
2010	1.091	1.022	1.010	1.006	1.003									
2011	1.101	1.027	1.011	1.006										
2012	1.119	1.027	1.011											
2013	1.102	1.027												
2014	1.110													
I. <u>Age-to-Age (Latest Year)</u>														
	1.110	1.027	1.011	1.006	1.003	1.002	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000
II. <u>Age-to-Ultimate</u>														
	1.170	1.055	1.027	1.016	1.010	1.007	1.005	1.004	1.003	1.002	1.002	1.002	1.002	1.002

Accident	Age-to-Age Development (in months):											
Year	183-195	195-207	207-219	219-231	231-243	243-255	255-267	267-279	279-291	291-303	303-315	315-327
1989				0.999	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000
1990			0.996	1.000	1.000	1.001	1.000	1.001	1.000	1.000	1.000	
1991		0.998	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000		
1992	0.999	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000			
1993	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000				
1994	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
1995	1.001	1.000	1.000	1.000	1.000	1.000						
1996	1.000	1.000	1.000	1.000	1.000							
1997	1.000	1.000	1.000	1.000								
1998	1.000	1.000	1.000									
1999	1.000	1.000										
2000	1.000											
I. <u>Age-to-Age (Latest Year)</u>												
	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
II. <u>Age-to-Ultimate</u>												
	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000

Source: WCIRB quarterly calls for experience

Projected Ratio of ALAE^[1] to Losses - Statewide

Based on Estimated Accident Year Indemnity Claim Frequency and ALAE Severity
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

Acc.	Paid ALAE ^[1] @ 3/31/16	Paid ALAE Cumulative Development	Estimated Ult. ALAE (in \$000)	Indemnity Claim Counts @ 3/31/16	Cumulative Count Development	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ult. ALAE Per Indemnity Claim (7)=(3)/(6)x1000
Year	(in \$000) (1)	Factors ^[2] (2)	(in \$000) (3)=(1)x(2)	(4)	Factors ^[3] (5)	(6)=(4)x(5)	(7)=(3)/(6)x1000
1991	446,074	1.045	466,085	249,688	1.000	249,730	1,866
1992	345,863	1.049	362,654	198,420	1.000	198,475	1,827
1993	251,382	1.052	264,446	156,114	1.000	156,182	1,693
1994	235,392	1.058	248,927	143,636	1.001	143,725	1,732
1995	261,060	1.063	277,496	135,108	1.001	135,221	2,052
1996	306,176	1.070	327,739	133,079	1.001	133,248	2,460
1997	389,572	1.079	420,194	137,228	1.001	137,413	3,058
1998	565,017	1.087	614,160	147,452	1.002	147,678	4,159
1999	617,166	1.098	677,772	148,623	1.002	148,861	4,553
2000	762,938	1.110	846,833	161,964	1.002	162,217	5,220
2001	959,146	1.124	1,077,923	185,649	1.002	186,015	5,795
2002	1,015,971	1.139	1,157,677	194,748	1.002	195,172	5,932
2003	1,020,809	1.155	1,178,541	184,301	1.002	184,663	6,382
2004	856,475	1.174	1,005,139	159,092	1.002	159,407	6,305
2005	754,503	1.196	902,215	139,809	1.002	140,115	6,439
2006	784,393	1.229	963,717	133,599	1.002	133,892	7,198
2007	828,053	1.268	1,050,133	130,532	1.003	130,909	8,022
2008	856,305	1.321	1,131,460	123,746	1.004	124,203	9,110
2009	871,581	1.394	1,215,004	115,523	1.005	116,089	10,466
2010	877,945	1.500	1,316,683	120,449	1.007	121,250	10,859
2011	804,626	1.662	1,337,217	122,511	1.010	123,687	10,811
2012	752,555	1.942	1,461,256	129,426	1.016	131,458	11,116
2013	639,104	2.498	1,596,327	135,958	1.027	139,614	11,434
2014	448,117	3.873	1,735,629	136,911	1.055	144,378	12,021
2015	175,340	11.122	1,950,221	127,463	1.170	149,158	13,075

Projected Based on 2-Year Average of 2014 and 2015:

	Ultimate ALAE ^[6]	Ult. Ind. Counts ^[4]	Ult. ALAE per Ind. Counts ^[5]
2016	1,961,947	146,464	13,395
2017	2,018,661	144,208	13,998
1/1/2018	2,040,129	142,570	14,310

(a) Projected ALAE Incurred (\$000):	2,040,129
(b) Calendar Year 2015 Earned Premium ^[7] (\$000):	17,077,708
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[8] :	0.646
(d) Premium Adjustment Factor for Calendar Year 2015 ^[9] :	0.968
(e) Projected Losses (\$000): (b) x (c) x (d)	10,679,169
(f) Projected Ratio of ALAE to Losses: (a)/(e)	19.1%

Notes:

^[1] All paid ALAE exclude the paid cost of medical cost containment programs.

^[2] Based on the private insurers latest year paid ALAE age-to-age development from Exhibit 15.1.

^[3] Based on the latest year indemnity claim count age-to-age development from Exhibit 14.1.

^[4] Estimated based on projected frequency trends for accident years 2015 to 2018. The estimated frequency changes are based on the projected growth in overall indemnity claim frequency. These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2014 and 2015.

^[5] Severity is projected by applying an annual growth rate of 4.5%, which is based on the approximate average of the private insurers selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 12.2 and (ii) paid ALAE per open indemnity claim from Exhibit 13, to the ultimate ALAE severity estimated from averaging 2014 and 2015.

^[6] Column(6) x Column(7) / 1,000.

^[7] Based on the reported earned premium for calendar year 2015 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2016.

^[8] See Exhibit 8 of AC16-06-01.

^[9] See Exhibit 5.2 of AC16-06-01.

Paid Allocated Loss Adjustment Expense Development - Private Insurers
As of March 31, 2016

Accident	Age-to-Age Development (in months):														
Year	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159	159-171	171-183	183-195
1985							1.035	1.023	1.013	1.036	1.009	1.008	1.010	1.006	1.011
1986						1.055	1.036	1.023	1.017	1.010	1.011	1.009	1.009	1.010	1.005
1987					1.086	1.051	1.031	1.022	1.015	1.012	1.009	1.013	1.010	1.006	1.004
1988				1.145	1.085	1.048	1.033	1.021	1.014	1.011	1.011	1.014	1.004	1.004	1.004
1989			1.299	1.148	1.102	1.079	1.040	1.026	1.017	1.011	1.007	1.004	1.005	1.005	1.004
1990		1.627	1.276	1.149	1.097	1.046	1.032	1.020	1.014	1.009	1.007	1.006	1.005	1.005	1.006
1991	2.921	1.552	1.252	1.128	1.062	1.047	1.025	1.017	1.012	1.007	1.007	1.005	1.005	1.005	1.006
1992	2.511	1.512	1.229	1.102	1.074	1.045	1.027	1.018	1.011	1.009	1.007	1.007	1.008	1.005	1.006
1993	2.417	1.527	1.218	1.127	1.076	1.047	1.032	1.028	1.017	1.014	1.010	1.012	1.011	1.009	1.008
1994	2.485	1.498	1.231	1.117	1.082	1.045	1.036	1.023	1.020	1.014	1.019	1.017	1.013	1.011	1.008
1995	2.550	1.569	1.237	1.132	1.072	1.046	1.038	1.030	1.022	1.022	1.019	1.017	1.015	1.013	1.010
1996	2.454	1.490	1.239	1.114	1.072	1.056	1.046	1.036	1.031	1.026	1.021	1.017	1.014	1.008	1.011
1997	2.424	1.511	1.194	1.112	1.081	1.064	1.051	1.040	1.033	1.025	1.020	1.016	1.013	1.013	1.011
1998	2.618	1.463	1.229	1.139	1.102	1.083	1.055	1.041	1.028	1.023	1.020	1.017	1.014	1.013	1.011
1999	2.514	1.559	1.256	1.152	1.111	1.076	1.058	1.039	1.033	1.027	1.020	1.018	1.015	1.013	1.011
2000	2.801	1.593	1.262	1.166	1.110	1.079	1.051	1.042	1.030	1.024	1.020	1.018	1.015	1.014	1.012
2001	3.053	1.597	1.291	1.156	1.108	1.075	1.052	1.034	1.028	1.023	1.019	1.016	1.017	1.014	
2002	2.790	1.592	1.261	1.153	1.102	1.064	1.040	1.031	1.025	1.020	1.017	1.016	1.013		
2003	2.931	1.550	1.267	1.155	1.088	1.057	1.042	1.032	1.028	1.022	1.020	1.017			
2004	2.785	1.572	1.282	1.149	1.090	1.064	1.045	1.033	1.029	1.024	1.019				
2005	2.741	1.599	1.285	1.157	1.104	1.072	1.053	1.042	1.033	1.027					
2006	2.879	1.591	1.278	1.166	1.108	1.075	1.056	1.043	1.032						
2007	2.902	1.571	1.291	1.173	1.116	1.081	1.055	1.042							
2008	2.833	1.621	1.311	1.177	1.115	1.077	1.055								
2009	3.006	1.623	1.303	1.178	1.112	1.076									
2010	2.944	1.591	1.295	1.166	1.108										
2011	2.943	1.590	1.285	1.168											
2012	3.023	1.575	1.286												
2013	2.942	1.551													
2014	2.872														

	<u>Latest Year</u>														
Age-to-Age	2.872	1.551	1.286	1.168	1.108	1.076	1.055	1.042	1.032	1.027	1.019	1.017	1.013	1.014	1.012
Cumulative	11.122	3.873	2.498	1.942	1.662	1.500	1.394	1.321	1.268	1.229	1.196	1.174	1.155	1.139	1.124
	<u>3-Year Arithmetics Average</u>														
Age-to-Age	2.945	1.572	1.289	1.171	1.112	1.078	1.055	1.042	1.031	1.025	1.019	1.016	1.015	1.014	1.012
Cumulative	11.583	3.933	2.502	1.941	1.658	1.492	1.384	1.311	1.258	1.220	1.190	1.169	1.150	1.133	1.118
	<u>Average Excluding High & Low</u>														
Age-to-Age	2.762	1.566	1.265	1.147	1.094	1.062	1.042	1.030	1.022	1.018	1.014	1.013	1.011	1.009	1.008
Cumulative	9.370	3.393	2.167	1.713	1.493	1.365	1.285	1.233	1.197	1.171	1.150	1.134	1.119	1.107	1.098

Accident Year	Age-to-Age Development (in months):													
	195-207	207-219	219-231	231-243	243-255	255-267	267-279	279-291	291-303	303-315	315-327	327-339	339-351	351-363
1985	1.003	1.005	1.005	1.004	1.003	1.005	1.006	1.005	1.003	1.004	1.004	1.004	1.004	1.006
1986	1.005	1.004	1.005	1.007	1.003	1.006	1.005	1.004	1.005	1.005	1.006	1.007	1.006	
1987	1.004	1.004	1.006	1.006	1.008	1.004	1.004	1.006	1.005	1.004	1.005	1.006	1.004	
1988	1.004	1.004	1.005	1.005	1.005	1.003	1.005	1.004	1.004	1.005	1.004	1.004		
1989	1.005	1.004	1.004	1.004	1.003	1.004	1.004	1.004	1.004	1.004	1.004			
1990	1.006	1.004	1.004	1.002	1.003	1.003	1.003	1.003	1.003	1.002				
1991	1.005	1.003	1.002	1.003	1.003	1.003	1.003	1.003	1.002					
1992	1.005	1.003	1.004	1.004	1.003	1.003	1.003	1.003						
1993	1.006	1.006	1.007	1.006	1.006	1.005	1.005							
1994	1.007	1.007	1.007	1.006	1.007	1.005								
1995	1.009	1.009	1.009	1.008	1.007									
1996	1.009	1.009	1.008	1.008										
1997	1.009	1.008	1.008											
1998	1.011													
	<u>Latest Year</u>													
Age-to-Age	1.011	1.010	1.008	1.008	1.007	1.005	1.005	1.003	1.002	1.002	1.004	1.004	1.004	1.006
Cumulative	1.110	1.098	1.087	1.079	1.070	1.063	1.058	1.052	1.049	1.045	1.042	1.038	1.036	1.033
	<u>3-Year Arithmetics Average</u>													
Age-to-Age	1.010	1.009	1.008	1.007	1.006	1.005	1.004	1.003	1.003	1.004	1.004	1.005	1.005	1.006
Cumulative	1.105	1.094	1.084	1.075	1.068	1.061	1.056	1.052	1.049	1.045	1.042	1.038	1.036	1.033
	<u>Average Excluding High & Low</u>													
Age-to-Age	1.006	1.005	1.005	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.005	1.006		
Cumulative	1.089	1.083	1.077	1.071	1.066	1.061	1.057	1.053	1.049	1.045	1.042	1.038	1.036	1.033

Note: Factors in italics are based on powerfit fit to the "3-Year Arithmetics Average" factors.
Source: WCIRB accident year experience calls. Excludes MSCP costs.

Quarterly Paid ALAE Loss Development Factors^[1] - Private Insurers

Age in Months	Accident Year													
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
3 - 6						7.976	7.570	5.434	9.136	8.769	8.694	8.529	6.313	9.830
6 - 9					2.427	3.016	2.765	2.630	3.023	3.176	3.214	3.060	3.136	3.169
9 - 12					2.022	2.078	2.021	2.034	2.077	2.165	2.113	2.134	2.139	2.133
12 - 15					1.653	1.627	1.687	1.724	1.737	1.698	1.714	1.772	1.740	1.724
15 - 18					1.415	1.486	1.494	1.509	1.482	1.485	1.510	1.490	1.485	
18 - 21				1.318	1.357	1.328	1.289	1.326	1.334	1.343	1.338	1.346	1.328	
21 - 24				1.249	1.255	1.234	1.237	1.255	1.253	1.248	1.248	1.234	1.239	
24 - 27				1.192	1.187	1.191	1.190	1.197	1.189	1.186	1.198	1.189	1.176	
27 - 30				1.151	1.165	1.167	1.172	1.170	1.158	1.163	1.159	1.156		
30 - 33			1.127	1.145	1.128	1.119	1.135	1.138	1.133	1.131	1.130	1.122		
33 - 36			1.113	1.110	1.107	1.103	1.111	1.114	1.113	1.107	1.102	1.102		
36 - 39			1.093	1.087	1.093	1.090	1.097	1.094	1.091	1.092	1.092	1.085		
39 - 42			1.076	1.083	1.083	1.086	1.096	1.082	1.083	1.081	1.081			
42 - 45		1.063	1.077	1.068	1.063	1.069	1.069	1.074	1.069	1.068	1.071			
45 - 48		1.059	1.057	1.058	1.057	1.059	1.063	1.064	1.062	1.059	1.059			
48 - 51		1.049	1.039	1.050	1.050	1.050	1.052	1.053	1.053	1.051	1.049			
51 - 54		1.043	1.044	1.048	1.049	1.050	1.049	1.050	1.048	1.048				
54 - 57	1.038	1.045	1.037	1.037	1.038	1.043	1.045	1.043	1.040	1.043				
57 - 60	1.037	1.025	1.032	1.034	1.037	1.038	1.039	1.039	1.037	1.037				
60 - 63	1.031	1.027	1.028	1.030	1.032	1.032	1.034	1.034	1.032	1.031				
63 - 66	1.029	1.025	1.025	1.030	1.030	1.031	1.033	1.031	1.032					
66 - 69	1.027	1.023	1.022	1.026	1.027	1.029	1.028	1.028	1.028					
69 - 72	1.018	1.021	1.022	1.023	1.025	1.028	1.026	1.026	1.023					
72 - 75	1.014	1.017	1.018	1.021	1.022	1.023	1.023	1.022	1.021					
75 - 78	1.018	1.018	1.019	1.020	1.020	1.023	1.022	1.022						
78 - 81	1.017	1.013	1.015	1.019	1.019	1.020	1.020	1.020						
81 - 84	1.015	1.013	1.015	1.017	1.018	1.019	1.018	1.017						
84 - 87	1.014	1.011	1.013	1.015	1.016	1.016	1.016	1.015						
87 - 90	1.013	1.012	1.012	1.014	1.015	1.015	1.016							
90 - 93	1.010	1.011	1.011	1.013	1.014	1.014	1.014							
93 - 96	1.010	1.011	1.011	1.013	1.013	1.013	1.013							
96 - 99	1.007	1.009	1.010	1.012	1.012	1.012	1.011							
99 - 102	1.008	1.009	1.009	1.012	1.012	1.012								
102 - 105	1.007	1.008	1.008	1.010	1.012	1.011								
105 - 108	1.008	1.008	1.008	1.010	1.010	1.010								
108 - 111	1.007	1.007	1.008	1.009	1.009	1.009								
111 - 114	1.007	1.008	1.008	1.009	1.009									
114 - 117	1.006	1.007	1.007	1.009	1.008									
117 - 120	1.006	1.007	1.007	1.008	1.008									
120 - 123	1.006	1.006	1.007	1.007										

^[1] All paid allocated loss adjustment expense exclude the paid cost of medical cost containment programs.

Source: WCIRB quarterly calls for experience.

Reported Indemnity Claim Count Development - Private Insurers

Accident	Age-to-Age Development (in months):													
Year	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159	159-171	171-183
1993													1.002	0.999
1994												1.003	0.999	1.000
1995											1.004	0.999	1.006	1.001
1996										1.004	1.000	1.002	1.000	1.001
1997									1.004	0.999	1.001	1.000	1.001	1.000
1998								1.003	0.999	1.001	1.000	1.001	1.002	1.000
1999							1.004	1.002	1.000	1.000	1.001	1.001	1.000	1.001
2000						1.002	1.000	0.997	1.000	1.001	1.001	1.001	1.001	1.000
2001					0.999	0.997	1.000	1.000	1.000	1.001	1.001	1.001	1.000	1.000
2002				1.005	1.013	1.001	1.000	1.001	1.001	1.002	1.001	1.000	1.000	
2003			1.011	1.018	1.000	1.001	1.000	1.000	1.001	1.001	1.001	1.000		
2004		1.022	1.000	1.003	1.001	1.001	1.001	1.001	1.001	1.001	1.001			
2005	1.062	1.011	1.006	1.003	1.002	1.003	1.001	1.002	1.001	1.000				
2006	1.047	1.014	1.007	1.003	1.003	1.002	1.001	1.001	1.001					
2007	1.051	1.017	1.007	1.005	1.004	1.002	1.001	1.001						
2008	1.073	1.022	1.011	1.005	1.004	1.002	1.002							
2009	1.095	1.027	1.010	1.007	1.004	1.002								
2010	1.099	1.024	1.012	1.007	1.004									
2011	1.108	1.029	1.013	1.007										
2012	1.127	1.028	1.012											
2013	1.110	1.029												
2014	1.118													
I. <u>Age-to-Age (Latest Year)</u>														
	1.118	1.029	1.012	1.007	1.004	1.002	1.002	1.001	1.001	1.000	1.001	1.000	1.000	1.000
II. <u>Age-to-Ultimate</u>														
	1.190	1.064	1.034	1.021	1.015	1.011	1.009	1.007	1.006	1.005	1.004	1.004	1.003	1.003

Accident Year	Age-to-Age Development (in months):											
	183-195	195-207	207-219	219-231	231-243	243-255	255-267	267-279	279-291	291-303	303-315	315-327
1989				0.999	1.000	1.000	1.001	1.000	1.000	1.001	1.000	1.000
1990			0.994	1.000	1.000	1.001	1.000	1.001	1.000	1.000	1.000	
1991		0.997	1.001	1.000	1.001	1.000	1.001	1.000	1.000	1.000		
1992	0.998	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.000			
1993	1.001	1.000	1.001	1.000	1.000	1.001	1.000	1.000				
1994	1.001	1.000	1.000	1.000	1.001	1.000	1.000					
1995	1.001	1.000	1.001	1.001	1.000	1.001						
1996	1.000	1.000	1.001	1.000	1.000							
1997	1.000	1.001	1.000	1.000								
1998	1.000	1.000	1.000									
1999	1.000	1.000										
2000	1.001											
I. <u>Age-to-Age (Latest Year)</u>												
	1.001	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000
II. <u>Age-to-Ultimate</u>												
	1.003	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.000	1.000	1.000	1.000

Source: WCIRB quarterly calls for experience

Projected Ratio of ALAE^[1] to Losses - Private Insurers

Based on Estimated Accident Year Indemnity Claim Frequency and ALAE Severity
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

Acc. Year	Paid ALAE ^[1] @ 3/31/16 (in \$000) (1)	Paid ALAE Cumulative Development Factors ^[2] (2)	Estimated Ult. ALAE (in \$000) (3)=(1)x(2)	Indemnity Claim Counts @ 3/31/16 (4)	Cumulative Count Development Factors ^[3] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ult. ALAE Per Indemnity Claim (7)=(3)/(6)x1000
1991	412,006	1.045	430,490	175,228	1.000	175,268	2,456
1992	316,238	1.049	331,590	141,910	1.000	141,961	2,336
1993	233,611	1.052	245,751	113,498	1.001	113,563	2,164
1994	216,421	1.058	228,866	105,323	1.001	105,409	2,171
1995	236,439	1.063	251,325	101,270	1.001	101,384	2,479
1996	282,230	1.070	302,106	103,128	1.002	103,299	2,925
1997	357,025	1.079	385,089	104,673	1.002	104,864	3,672
1998	493,132	1.087	536,023	112,428	1.002	112,667	4,758
1999	542,465	1.098	595,735	116,318	1.002	116,579	5,110
2000	643,015	1.110	713,723	118,389	1.002	118,656	6,015
2001	762,835	1.124	857,302	113,883	1.003	114,203	7,507
2002	801,055	1.139	912,785	112,977	1.003	113,343	8,053
2003	809,519	1.155	934,604	108,322	1.003	108,677	8,600
2004	691,870	1.174	811,963	99,436	1.004	99,808	8,135
2005	642,953	1.196	768,826	97,400	1.005	97,846	7,857
2006	702,915	1.229	863,612	104,464	1.005	104,968	8,227
2007	765,548	1.268	970,864	107,519	1.006	108,156	8,977
2008	802,923	1.321	1,060,925	106,220	1.007	106,989	9,916
2009	824,839	1.394	1,149,845	102,562	1.009	103,488	11,111
2010	842,364	1.500	1,263,321	110,588	1.011	111,828	11,297
2011	779,378	1.662	1,295,259	114,647	1.015	116,350	11,132
2012	733,443	1.942	1,424,147	122,814	1.022	125,470	11,351
2013	621,169	2.498	1,551,529	127,765	1.034	132,092	11,746
2014	432,879	3.873	1,676,610	125,982	1.064	134,046	12,508
2015	169,501	11.122	1,885,269	116,523	1.190	138,672	13,595

Projected Based on 2-Year Average of 2014 and 2015:

	Ultimate ALAE ^[6]	Ult. Ind. Counts ^[4]	Ult. ALAE per Ind. Counts ^[5]
2016	1,895,929	136,076	13,933
2017	1,950,735	133,981	14,560
1/1/2018	1,971,481	132,458	14,884

(a) Projected ALAE Incurred (\$000):	1,971,481
(b) Calendar Year 2015 Earned Premium ^[7] (\$000):	15,461,610
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[8] :	0.620
(d) Premium Adjustment Factor for Calendar Year 2015 ^[9] :	1.000
(e) Projected Losses (\$000): (b) x (c) x (d)	9,586,198
(f) Projected Ratio of ALAE to Losses: (a)/(e)	20.6%

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
- ^[2] Based on the latest year paid ALAE age-to-age development from Exhibit 15.1.
- ^[3] Based on the latest year indemnity claim count age-to-age development from Exhibit 15.3.
- ^[4] Estimated based on projected frequency trends for accident years 2015 to 2018. The estimated frequency changes are based on the projected growth in overall indemnity claim frequency. These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2014 and 2015.
- ^[5] Severity is projected by applying an annual growth rate of 4.5%, which is based on the approximate average of the selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 12.2 and (ii) paid ALAE per open indemnity claim from Exhibit 13.2, to the ultimate ALAE severity estimated from averaging 2014 and 2015.
- ^[6] Column(6) x Column(7) / 1,000.
- ^[7] Based on the reported earned premium for calendar year 2015 from the same group of private insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2016.
- ^[8] Based on analogous Exhibit 8 of Item AC16-06-01, applicable to private insurers only.
- ^[9] Based on analogous Exhibit 5.2 of Item AC16-06-01, applicable to private insurers only.

Projected Ratio of ALAE^[1] to Losses - Statewide

Based on Estimated Accident Year Indemnity Claim Frequency and Private Insurers ALAE Severity
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

Acc. Year	Indemnity Claim Counts @3/31/16	Cumulative Count Development Factors ^[2]	Estimated Ultimate Ind. Counts	Estimated Ult. ALAE Per Indemnity Claim ^[3]	Estimated Ult. ALAE (in \$000)
	(1)	(2)	(3)=(1)x(2)	(4)	(5)=(3)x(4)
1991	249,688	1.000	249,730	2,456	613,381
1992	198,420	1.000	198,475	2,336	463,594
1993	156,114	1.000	156,182	2,164	337,978
1994	143,636	1.001	143,725	2,171	312,060
1995	135,108	1.001	135,221	2,479	335,204
1996	133,079	1.001	133,248	2,925	389,691
1997	137,228	1.001	137,413	3,672	504,617
1998	147,452	1.002	147,678	4,758	702,590
1999	148,623	1.002	148,861	5,110	760,701
2000	161,964	1.002	162,217	6,015	975,746
2001	185,649	1.002	186,015	7,507	1,396,387
2002	194,748	1.002	195,172	8,053	1,571,777
2003	184,301	1.002	184,663	8,600	1,588,075
2004	159,092	1.002	159,407	8,135	1,296,818
2005	139,809	1.002	140,115	7,857	1,100,952
2006	133,599	1.002	133,892	8,227	1,101,589
2007	130,532	1.003	130,909	8,977	1,175,111
2008	123,746	1.004	124,203	9,916	1,231,622
2009	115,523	1.005	116,089	11,111	1,289,859
2010	120,449	1.007	121,250	11,297	1,369,761
2011	122,511	1.010	123,687	11,132	1,376,934
2012	129,426	1.016	131,458	11,351	1,492,122
2013	135,958	1.027	139,614	11,746	1,639,881
2014	136,911	1.055	144,378	12,508	1,805,839
2015	127,463	1.170	149,158	13,595	2,027,840

Projected Based on 2-Year Average of 2014 and 2015:

	Ult. Ind. Counts ^[4]	Ult. ALAE per Ind. Counts ^[5]	Ultimate ALAE ^[6]
2016	146,464	13,933	2,040,659
2017	144,208	14,560	2,099,649
1/1/2018	142,570	14,884	2,121,978

(a) Projected ALAE Incurred (\$000):	2,121,978
(b) Calendar Year 2015 Earned Premium ^[7] (\$000):	17,077,708
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[8] :	0.646
(d) Premium Adjustment Factor for Calendar Year 2015 ^[9] :	0.968
(e) Projected Losses (\$000): (b) x (c) x (d)	10,679,169
(f) Projected Ratio of ALAE to Losses: (a)/(e)	19.9%

Notes:

^[1] All paid ALAE exclude the paid cost of medical cost containment programs.

^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 14.1.

^[3] Based on estimated ultimate ALAE per indemnity for private insurers from Exhibit 12.2.

^[4] Estimated based on projected frequency trends for accident years 2015 to 2018. The estimated frequency changes are based on the projected growth in overall indemnity claim frequency. These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2014 and 2015.

^[5] Severity is projected by applying an annual growth rate of 4.5%, which is based on the approximate average of the private insurers selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 12.2 and (ii) paid ALAE per open indemnity claim from Exhibit 13, to the ultimate ALAE severity estimated from averaging 2014 and 2015.

^[6] Column(6) x Column(7) / 1,000.

^[7] Based on the reported earned premium for calendar year 2015 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (4) by accident year as of December 31, 2015.

^[8] See Exhibit 8 of AC16-06-01.

^[9] See Exhibit 5.2 of AC16-06-01.

Projected Ratio of ALAE^[1] to Losses - Statewide

Based on Estimated Accident Year Indemnity Claim Frequency and ALAE Severity - Trend From Latest Year
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

Acc. Year	Paid ALAE ^[1] @ 3/31/16 (in \$000)	Paid ALAE Cumulative Development Factors ^[2]	Estimated Ult. ALAE (in \$000)	Indemnity Claim Counts @ 3/31/16	Cumulative Count Development Factors ^[3]	Estimated Ultimate Ind. Counts	Estimated Ult. ALAE Per Indemnity Claim
	(1)	(2)	(3)=(1)x(2)	(4)	(5)	(6)=(4)x(5)	(7)=(3)/(6)x1000
1991	446,074	1.045	466,085	249,688	1.000	249,730	1,866
1992	345,863	1.049	362,654	198,420	1.000	198,475	1,827
1993	251,382	1.052	264,446	156,114	1.000	156,182	1,693
1994	235,392	1.058	248,927	143,636	1.001	143,725	1,732
1995	261,060	1.063	277,496	135,108	1.001	135,221	2,052
1996	306,176	1.070	327,739	133,079	1.001	133,248	2,460
1997	389,572	1.079	420,194	137,228	1.001	137,413	3,058
1998	565,017	1.087	614,160	147,452	1.002	147,678	4,159
1999	617,166	1.098	677,772	148,623	1.002	148,861	4,553
2000	762,938	1.110	846,833	161,964	1.002	162,217	5,220
2001	959,146	1.124	1,077,923	185,649	1.002	186,015	5,795
2002	1,015,971	1.139	1,157,677	194,748	1.002	195,172	5,932
2003	1,020,809	1.155	1,178,541	184,301	1.002	184,663	6,382
2004	856,475	1.174	1,005,139	159,092	1.002	159,407	6,305
2005	754,503	1.196	902,215	139,809	1.002	140,115	6,439
2006	784,393	1.229	963,717	133,599	1.002	133,892	7,198
2007	828,053	1.268	1,050,133	130,532	1.003	130,909	8,022
2008	856,305	1.321	1,131,460	123,746	1.004	124,203	9,110
2009	871,581	1.394	1,215,004	115,523	1.005	116,089	10,466
2010	877,945	1.500	1,316,683	120,449	1.007	121,250	10,859
2011	804,626	1.662	1,337,217	122,511	1.010	123,687	10,811
2012	752,555	1.942	1,461,256	129,426	1.016	131,458	11,116
2013	639,104	2.498	1,596,327	135,958	1.027	139,614	11,434
2014	448,117	3.873	1,735,629	136,911	1.055	144,378	12,021
2015	175,340	11.122	1,950,221	127,463	1.170	149,158	13,075

Projected Based on Latest Year:

	Ultimate ALAE ^[6]	Ult. Ind. Counts ^[4]	Ult. ALAE per Ind. Counts ^[5]
2016	2,036,758	149,069	13,663
2017	2,095,634	146,773	14,278
1/1/2018	2,117,921	145,105	14,596

(a) Projected ALAE Incurred (\$000):	2,117,921
(b) Calendar Year 2015 Earned Premium ^[7] (\$000):	17,077,708
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[8] :	0.646
(d) Premium Adjustment Factor for Calendar Year 2015 ^[9] :	0.968
(e) Projected Losses (\$000): (b) x (c) x (d)	10,679,169
(f) Projected Ratio of ALAE to Losses: (a)/(e)	19.8%

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
- ^[2] Based on the private insurers latest year paid ALAE age-to-age development from Exhibit 15.1.
- ^[3] Based on the latest year indemnity claim count age-to-age development from Exhibit 14.1.
- ^[4] Estimated based on projected frequency trends for accident years 2015 to 2018. The estimated frequency changes are based on the projected growth in overall indemnity claim frequency. These frequency trends were then applied to the 2015 ultimate indemnity claim counts.
- ^[5] Severity is projected by applying an annual growth rate of 4.5%, which is based on the approximate average of the private insurers selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 12.2 and (ii) paid ALAE per open indemnity claim from Exhibit 13, to the 2015 ultimate ALAE severity.
- ^[6] Column(6) x Column(7) / 1,000.
- ^[7] Based on the reported earned premium for calendar year 2015 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2016.
- ^[8] See Exhibit 8 of AC16-06-01.
- ^[9] See Exhibit 5.2 of AC16-06-01.

Projected Ratio of ALAE^[1] to Losses - Private Insurers

Based on Estimated Accident Year Indemnity Claim Frequency and ALAE Severity - Trend From Latest Year
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

Acc. Year	Paid ALAE ^[1] @3/31/16 (in \$000)	Paid ALAE Cumulative Development Factors ^[2]	Estimated Ult. ALAE (in \$000)	Indemnity Claim Counts @3/31/16	Cumulative Count Development Factors ^[3]	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ult. ALAE Per Indemnity Claim (7)=(3)/(6)x1000
	(1)	(2)	(3)=(1)x(2)	(4)	(5)	(6)=(4)x(5)	(7)=(3)/(6)x1000
1991	412,006	1.045	430,490	175,228	1.000	175,268	2,456
1992	316,238	1.049	331,590	141,910	1.000	141,961	2,336
1993	233,611	1.052	245,751	113,498	1.001	113,563	2,164
1994	216,421	1.058	228,866	105,323	1.001	105,409	2,171
1995	236,439	1.063	251,325	101,270	1.001	101,384	2,479
1996	282,230	1.070	302,106	103,128	1.002	103,299	2,925
1997	357,025	1.079	385,089	104,673	1.002	104,864	3,672
1998	493,132	1.087	536,023	112,428	1.002	112,667	4,758
1999	542,465	1.098	595,735	116,318	1.002	116,579	5,110
2000	643,015	1.110	713,723	118,389	1.002	118,656	6,015
2001	762,835	1.124	857,302	113,883	1.003	114,203	7,507
2002	801,055	1.139	912,785	112,977	1.003	113,343	8,053
2003	809,519	1.155	934,604	108,322	1.003	108,677	8,600
2004	691,870	1.174	811,963	99,436	1.004	99,808	8,135
2005	642,953	1.196	768,826	97,400	1.005	97,846	7,857
2006	702,915	1.229	863,612	104,464	1.005	104,968	8,227
2007	765,548	1.268	970,864	107,519	1.006	108,156	8,977
2008	802,923	1.321	1,060,925	106,220	1.007	106,989	9,916
2009	824,839	1.394	1,149,845	102,562	1.009	103,488	11,111
2010	842,364	1.500	1,263,321	110,588	1.011	111,828	11,297
2011	779,378	1.662	1,295,259	114,647	1.015	116,350	11,132
2012	733,443	1.942	1,424,147	122,814	1.022	125,470	11,351
2013	621,169	2.498	1,551,529	127,765	1.034	132,092	11,746
2014	432,879	3.873	1,676,610	125,982	1.064	134,046	12,508
2015	169,501	11.122	1,885,269	116,523	1.190	138,672	13,595

Projected Based on 2-Year Average of 2014 and 2015:

	Ultimate ALAE ^[6]	Ult. Ind. Counts ^[4]	Ult. ALAE per Ind. Counts ^[5]
2016	1,968,925	138,588	14,207
2017	2,025,840	136,454	14,846
1/1/2018	2,047,385	134,903	15,177

(a) Projected ALAE Incurred (\$000):	2,047,385
(b) Calendar Year 2015 Earned Premium ^[7] (\$000):	15,461,610
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[8] :	0.620
(d) Premium Adjustment Factor for Calendar Year 2015 ^[9] :	1.000
(e) Projected Losses (\$000): (b) x (c) x (d)	9,586,198
(f) Projected Ratio of ALAE to Losses: (a)/(e)	21.4%

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
- ^[2] Based on the latest year paid ALAE age-to-age development from Exhibit 15.1.
- ^[3] Based on the latest year indemnity claim count age-to-age development from Exhibit 15.3.
- ^[4] Estimated based on projected frequency trends for accident years 2015 to 2018. The estimated frequency changes are based on the projected growth in overall indemnity claim frequency. These frequency trends were then applied to the 2015 ultimate indemnity claim counts.
- ^[5] Severity is projected by applying an annual growth rate of 4.5%, which is based on the approximate average of the selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 12.2 and (ii) paid ALAE per open indemnity claim from Exhibit 13, to the 2015 ultimate ALAE severity.
- ^[6] Column(6) x Column(7) / 1,000.
- ^[7] Based on the reported earned premium for calendar year 2015 from the same group of private insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2016.
- ^[8] Based on analogous Exhibit 8 of Item AC16-06-01, applicable to private insurers only.
- ^[9] Based on analogous Exhibit 5.2 of Item AC16-06-01, applicable to private insurers only.

Projected Ultimate ALAE as a Percent of Ultimate Losses - Statewide
For Policies with Effective Dates between January 1, 2017 and December 31, 2017
Latest Year Development Factors

Accident Year	Paid ALAE as % of Premium at 3/31/16 (1)	Development Factors (2)	Ultimate ALAE as % of Premium (3)	Ultimate On-level Indemnity as % of Premium (4)	Ultimate On-level Medical as % of Premium (5)	Ultimate ALAE as % of Ultimate On-level Loss (6)
1988	3.1%	1.036	3.2%	45.6%	29.5%	4.2%
1989	4.5%	1.038	4.6%	46.7%	30.7%	6.0%
1990	5.6%	1.042	5.9%	43.4%	28.1%	8.2%
1991	7.2%	1.045	7.5%	38.2%	25.2%	11.9%
1992	5.7%	1.049	6.0%	33.2%	22.0%	10.9%
1993	4.1%	1.052	4.3%	33.1%	22.2%	7.7%
1994	4.4%	1.058	4.7%	39.3%	27.0%	7.0%
1995	6.6%	1.063	7.0%	52.7%	39.1%	7.6%
1996	7.7%	1.070	8.2%	55.2%	41.2%	8.5%
1997	9.3%	1.079	10.0%	56.0%	46.3%	9.8%
1998	11.1%	1.087	12.1%	56.0%	48.9%	11.5%
1999	12.1%	1.098	13.3%	54.8%	44.7%	13.3%
2000	11.3%	1.110	12.5%	44.2%	37.8%	15.3%
2001	9.3%	1.124	10.5%	36.6%	30.6%	15.6%
2002	7.4%	1.139	8.5%	28.0%	25.0%	16.0%
2003	5.1%	1.155	5.9%	18.4%	16.8%	16.8%
2004	3.7%	1.174	4.3%	15.1%	17.5%	13.3%
2005	3.5%	1.196	4.2%	17.6%	20.1%	11.1%
2006	4.5%	1.229	5.6%	22.5%	27.7%	11.1%
2007	6.2%	1.268	7.9%	30.2%	38.9%	11.4%
2008	7.9%	1.321	10.4%	36.5%	49.0%	12.2%
2009	9.6%	1.394	13.4%	41.8%	57.6%	13.5%
2010	9.2%	1.500	13.8%	40.5%	57.7%	14.1%
2011	7.8%	1.662	13.0%	37.4%	50.4%	14.8%
2012	6.3%	1.942	12.3%	33.4%	45.6%	15.5%
2013	4.5%	2.498	11.1%	30.1%	39.4%	16.0%
2014	2.8%	3.873	10.8%	27.2%	36.3%	17.0%
2015	1.0%	11.122	11.4%	27.0%	35.1%	18.4%

(7) Projected ALAE as a Percent of Ultimate On-level Losses:

Average of latest 2 years: 17.7%

Notes:

- (1) Based on accident year paid ALAE and calendar year earned premium information reported by private insurers. Amounts shown do not reflect the paid cost of medical cost containment programs (MCCP).
- (2) Based on the private insurers latest year paid ALAE age-to-age development from Exhibit 15.1.
- (3) = (1) x (2).
- (4), (5) Based on Exhibits 7.1 and 7.3 of AC16-06-01. MCCP costs are not included in the medical ratios shown for accident years 2011 to 2015.
- (6) = (3) / [(4) + (5)].
- (7) Based on averaging 2014 and 2015.

Projected Ultimate ALAE as a Percent of Ultimate Losses - Private Insurers
For Policies with Effective Dates between January 1, 2017 and December 31, 2017
Latest Year Development Factors

Accident Year	Paid ALAE as % of Premium at 3/31/16 (1)	Development Factors (2)	Ultimate ALAE as % of Premium (3)	Ultimate On-level Indemnity as % of Premium (4)	Ultimate On-level Medical as % of Premium (5)	Ultimate ALAE as % of Ultimate On-level Loss (6)
1988	4.3%	1.036	4.4%	45.1%	27.6%	6.1%
1989	6.2%	1.038	6.4%	46.1%	28.7%	8.5%
1990	7.8%	1.042	8.1%	42.6%	25.6%	11.9%
1991	9.7%	1.045	10.1%	38.2%	23.5%	16.4%
1992	7.5%	1.049	7.9%	32.7%	20.7%	14.8%
1993	5.3%	1.052	5.6%	32.8%	20.7%	10.4%
1994	5.7%	1.058	6.0%	38.3%	24.3%	9.6%
1995	8.3%	1.063	8.8%	52.3%	36.2%	10.0%
1996	9.6%	1.070	10.2%	54.8%	39.3%	10.9%
1997	11.6%	1.079	12.5%	56.0%	45.2%	12.4%
1998	13.1%	1.087	14.3%	57.0%	48.1%	13.6%
1999	14.3%	1.098	15.8%	57.1%	46.0%	15.3%
2000	13.1%	1.110	14.5%	43.0%	36.9%	18.1%
2001	11.4%	1.124	12.9%	34.4%	28.8%	20.3%
2002	9.8%	1.139	11.2%	26.1%	23.7%	22.6%
2003	6.7%	1.155	7.8%	17.0%	15.8%	23.6%
2004	4.6%	1.174	5.4%	14.1%	16.5%	17.7%
2005	4.2%	1.196	5.0%	16.6%	19.3%	13.9%
2006	5.1%	1.229	6.3%	21.4%	26.3%	13.2%
2007	7.0%	1.268	8.9%	29.0%	37.1%	13.4%
2008	8.8%	1.321	11.6%	36.1%	48.0%	13.8%
2009	10.6%	1.394	14.8%	42.0%	56.7%	15.0%
2010	10.0%	1.500	15.1%	41.3%	57.5%	15.2%
2011	8.4%	1.662	14.0%	38.0%	49.4%	16.0%
2012	6.7%	1.942	13.0%	33.9%	44.8%	16.5%
2013	4.7%	2.498	11.7%	30.3%	38.3%	17.1%
2014	3.0%	3.873	11.6%	27.6%	35.8%	18.4%
2015	1.1%	11.122	12.2%	27.2%	34.1%	19.9%

(7) Projected ALAE as a Percent of Ultimate On-level Losses:

Average of latest 2 years: 19.1%

Notes:

- (1) Based on accident year paid ALAE and calendar year earned premium information reported by private insurers. Amounts shown do not reflect the paid cost of medical cost containment programs (MCCP).
- (2) Based on latest year paid ALAE age-to-age development. See Exhibit 15.1.
- (3) = (1) x (2).
- (4), (5) Based on analogous Exhibits 7.1 and 7.3 of Item AC16-06-01, applicable to private insurers only. MCCP costs are not included in the medical ratios shown for accident years 2011 to 2015.
- (6) = (3) / [(4) + (5)].
- (7) Based on averaging 2014 and 2015.

Development of Paid Allocated Loss Adjustment Expenses as a Percent of Paid Indemnity^[1] - Statewide

Accident Year	Age-to-Age Development (in months):														Paid ALAE ^[2] 183-Ult	Paid Indemnity ^[3] 183-Ult
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159	159-171	171-183		
1986														1.008		
1987													1.008	1.004		
1988												1.011	1.001	1.001		
1989										1.002	1.001	1.001	1.002	1.003		
1990									1.002	1.000	1.002	1.001	1.001	1.002		
1991																
1992								1.003	1.000	1.000	1.001	1.000	1.003	1.001		
1993							1.009	1.007	1.006	1.004	1.005	1.007	1.007	1.005		
1994						1.005	1.008	1.004	1.003	1.004	1.010	1.009	1.007	1.006		
1995					1.008	1.002	1.007	1.009	1.009	1.009	1.009	1.009	1.008	1.007		
1996				1.000	1.005	1.012	1.011	1.011	1.013	1.013	1.010	1.008	1.007	1.004		
1997			0.989	0.995	1.010	1.013	1.020	1.015	1.016	1.010	1.009	1.009	1.006	1.007		
1998		0.955	0.999	1.021	1.024	1.030	1.021	1.016	1.010	1.007	1.011	1.008	1.006	1.006		
1999	0.918	1.000	1.020	1.017	1.030	1.026	1.024	1.018	1.015	1.013	1.010	1.009	1.007	1.007		
2000	1.020	1.015	1.002	1.032	1.030	1.032	1.020	1.020	1.015	1.012	1.010	1.009	1.008	1.007		
2001	1.106	0.980	1.022	1.033	1.036	1.029	1.021	1.012	1.011	1.009	1.008	1.005	1.009	1.007		
2002	1.002	0.990	1.026	1.038	1.035	1.020	1.012	1.012	1.007	1.006	1.005	1.007	1.006			
2003	1.111	1.011	1.051	1.041	1.023	1.017	1.013	1.007	1.006	1.002	1.004	1.006				
2004	1.249	1.102	1.076	1.043	1.022	1.018	1.003	0.999	1.003	1.006	1.005					
2005	1.282	1.134	1.071	1.048	1.029	1.014	1.004	1.004	1.008	1.008						
2006	1.302	1.118	1.068	1.040	1.021	1.012	1.011	1.011	1.006							
2007	1.294	1.094	1.066	1.041	1.029	1.019	1.013	1.010								
2008	1.243	1.104	1.063	1.040	1.029	1.022	1.014									
2009	1.269	1.083	1.052	1.038	1.026	1.019										
2010	1.227	1.057	1.044	1.033	1.025											
2011	1.209	1.074	1.047	1.035												
2012	1.247	1.067	1.054													
2013	1.234	1.039														
2014	1.169															
<u>Latest Year Development</u>																
Age to Age	1.169	1.039	1.054	1.035	1.025	1.019	1.014	1.010	1.006	1.008	1.005	1.006	1.006	1.007		
Age-to-Ult.	1.573	1.346	1.295	1.228	1.187	1.157	1.136	1.120	1.109	1.103	1.094	1.088	1.081	1.075	1.124	1.053
<u>3-Year Arithmetics Average Development</u>																
Age to Age	1.217	1.060	1.049	1.035	1.027	1.020	1.013	1.008	1.006	1.005	1.005	1.006	1.007	1.007		
Age-to-Ult.	1.491	1.225	1.156	1.103	1.065	1.038	1.017	1.005	0.996	0.991	0.985	0.981	0.975	0.967	1.012	1.053
<u>Average Excluding High & Low</u>																
Age to Age	1.190	1.052	1.042	1.032	1.024	1.018	1.013	1.010	1.008	1.007	1.007	1.006	1.006	1.005		
Age-to-Ult.	1.429	1.201	1.141	1.095	1.061	1.036	1.017	1.004	0.994	0.986	0.980	0.974	0.967	0.962	1.008	1.053

Notes:

^[1] Due to relatively sparse data and differing mixes of insurers represented in each factor, each factor shown is the ratio of the paid ALAE development factor to the paid indemnity development factor. The paid ALAE development is based on the private insurers' paid ALAE development from Exhibits 15.1, the paid indemnity development factors are from Exhibits 2.3.1 and 2.3.2 of Item AC16-06-01.

^[2] Based on the private insurers year paid ALAE age-to-age development from Exhibit 15.1.

^[3] Based on Exhibit 3.1 of Item AC16-06-01.

Projected Ultimate ALAE as a Percent of Ultimate Losses - Statewide
For Policies with Effective Dates between January 1, 2017 and December 31, 2017
Using Paid ALAE as a Percent of Paid Indemnity
Latest Year Development Factors

Accident Year	Paid ALAE as a Percent of Paid Indemnity at 3/31/16 (1)	Development Factors (2)	Ultimate ALAE as a Percent of Ultimate Indemnity (3)	Indemnity On-level Factors (4)	Ultimate ALAE as a Percent of Ultimate On-level Indemnity (5)
2002	21.5%	1.075	23.1%	0.759	30.4%
2003	22.8%	1.081	24.6%	0.759	32.4%
2004	27.5%	1.088	30.0%	1.046	28.6%
2005	31.0%	1.094	33.9%	1.419	23.9%
2006	31.5%	1.103	34.7%	1.403	24.7%
2007	32.0%	1.109	35.5%	1.359	26.1%
2008	32.6%	1.120	36.5%	1.280	28.5%
2009	35.5%	1.136	40.3%	1.255	32.1%
2010	36.5%	1.157	42.2%	1.238	34.1%
2011	35.7%	1.187	42.3%	1.224	34.6%
2012	35.6%	1.228	43.7%	1.195	36.5%
2013	34.6%	1.295	44.7%	1.196	37.4%
2014	33.9%	1.346	45.6%	1.083	42.1%
2015	30.3%	1.573	47.6%	1.058	45.0%

	Projected:
(6) ALAE as Percent of On-level Indemnity:	43.6%
(7) Indicated Indemnity to Industry Average Filed Pure Premium Ratio:	0.267
(8) Indicated Medical to Industry Average Filed Pure Premium Ratio:	0.379
(9) ALAE as Percent of Total Losses:	18.0%

Notes:

- (1) Based on accident year paid ALAE information. Amounts shown do not reflect the paid cost of medical cost containment programs (MCCP).
- (2) See Exhibit 21.1.
- (3) = (1) x (2).
- (4) From Exhibit 4.1 of Item AC16-06-01.
- (5) = (3) / (4).
- (6) Projected by averaging 2014 and 2015.
- (7), (8) From Exhibit 8 of Item AC16-06-01.
- (9) = (6) x (7) / [(7) + (8)].

Development of Paid Allocated Loss Adjustment Expenses as a Percent of Paid Indemnity^[1] - Private Insurers

Accident Year	Age-to-Age Development (in months):														Paid ALAE ^[2] 183-Ult	Paid Indemnity ^[3] 183-Ult
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159	159-171	171-183		
1986														1.007		
1987													1.008	1.004		
1988												1.011	1.002	1.002		
1989											1.002	1.002	1.002	1.003		
1990										1.003	1.001	1.002	1.003	1.003		
1991									1.002	1.000	1.003	1.000	1.002	1.002		
1992								1.004	1.000	1.000	1.001	1.003	1.005	1.001		
1993							1.008	1.007	1.007	1.004	1.006	1.007	1.007	1.005		
1994						1.006	1.009	1.007	1.007	1.005	1.010	1.010	1.008	1.006		
1995					1.008	1.002	1.010	1.009	1.011	1.010	1.010	1.009	1.010	1.007		
1996				0.998	1.004	1.013	1.014	1.011	1.014	1.014	1.011	1.009	1.008	1.006		
1997			0.989	0.993	1.012	1.014	1.023	1.016	1.016	1.011	1.009	1.010	1.007	1.009		
1998		0.950	0.996	1.017	1.023	1.031	1.020	1.017	1.010	1.009	1.010	1.010	1.006	1.007		
1999	0.909	0.990	1.013	1.019	1.028	1.028	1.024	1.018	1.016	1.014	1.012	1.010	1.008	1.008		
2000	1.012	1.001	0.999	1.030	1.032	1.035	1.023	1.020	1.016	1.014	1.011	1.011	1.009	1.008		
2001	1.067	0.968	1.012	1.029	1.034	1.027	1.022	1.013	1.013	1.010	1.010	1.008	1.011	1.008		
2002	0.975	0.965	1.017	1.033	1.032	1.022	1.013	1.014	1.010	1.009	1.007	1.007	1.006			
2003	1.064	0.992	1.046	1.041	1.025	1.019	1.017	1.011	1.011	1.006	1.007	1.005				
2004	1.211	1.079	1.071	1.040	1.025	1.022	1.009	1.005	1.007	1.006	1.005					
2005	1.233	1.119	1.066	1.047	1.033	1.018	1.012	1.008	1.010	1.007						
2006	1.271	1.103	1.065	1.041	1.026	1.019	1.014	1.014	1.005							
2007	1.269	1.088	1.063	1.047	1.031	1.022	1.014	1.009								
2008	1.225	1.094	1.064	1.042	1.029	1.021	1.014									
2009	1.253	1.081	1.054	1.038	1.025	1.018										
2010	1.225	1.056	1.044	1.031	1.023											
2011	1.207	1.071	1.044	1.034												
2012	1.244	1.064	1.053													
2013	1.233	1.039														
2014	1.164															
<u>Latest Year Development</u>																
Age to Age	1.164	1.039	1.053	1.034	1.023	1.018	1.014	1.009	1.005	1.007	1.005	1.005	1.006	1.008		
Age-to-Ult.	1.561	1.341	1.291	1.226	1.186	1.159	1.139	1.122	1.113	1.107	1.099	1.094	1.088	1.081	1.124	1.047
<u>3-Year Arithmetics Average Development</u>																
Age to Age	1.213	1.058	1.047	1.034	1.026	1.020	1.014	1.010	1.007	1.006	1.006	1.007	1.008	1.008		
Age-to-Ult.	1.661	1.369	1.294	1.236	1.195	1.165	1.142	1.126	1.114	1.106	1.099	1.092	1.085	1.076	1.118	1.047
<u>Average Excluding High & Low</u>																
Age to Age	1.170	1.042	1.038	1.031	1.025	1.020	1.015	1.011	1.010	1.008	1.007	1.007	1.006	1.005		
Age-to-Ult.	1.535	1.312	1.259	1.212	1.175	1.147	1.124	1.107	1.095	1.084	1.076	1.068	1.060	1.053	1.098	1.047

Notes:

^[1] Due to relatively sparse data and differing mixes of insurers represented in each factor, each factor shown is the ratio of the paid ALAE development factor in Exhibit 15.1 to the paid indemnity development factor in analogous Exhibits 2.3.1 and 2.3.2 of Item AC16-06-01, applicable to private insurers only.

^[2] Based on Exhibit 15.1.

^[3] Based on Exhibit 3.1 of Item AC16-06-01, applicable to private insurers only.

Projected Ultimate ALAE as a Percent of Ultimate Losses - Private Insurers
For Policies with Effective Dates between January 1, 2017 and December 31, 2017
Using Paid ALAE as a Percent of Paid Indemnity
Latest Year Development Factors

Accident Year	Paid ALAE as a Percent of Paid Indemnity at 3/31/16 (1)	Development Factors (2)	Ultimate ALAE as a Percent of Ultimate Indemnity (3)	Indemnity On-level Factors (4)	Ultimate ALAE as a Percent of Ultimate On-level Indemnity (5)
2002	30.4%	1.081	32.8%	0.759	43.2%
2003	31.9%	1.088	34.7%	0.759	45.8%
2004	36.6%	1.094	40.0%	1.046	38.2%
2005	38.7%	1.099	42.5%	1.419	30.0%
2006	37.1%	1.107	41.1%	1.403	29.3%
2007	37.1%	1.113	41.3%	1.359	30.4%
2008	36.3%	1.122	40.8%	1.280	31.9%
2009	38.5%	1.139	43.8%	1.255	34.9%
2010	38.6%	1.159	44.7%	1.238	36.1%
2011	37.4%	1.186	44.3%	1.224	36.2%
2012	36.8%	1.226	45.2%	1.195	37.8%
2013	36.0%	1.291	46.4%	1.196	38.8%
2014	35.8%	1.341	48.1%	1.083	44.4%
2015	32.1%	1.561	50.1%	1.058	47.3%

(6) ALAE as Percent of On-level Indemnity:	Projected: 45.9%
(7) Indicated Indemnity to Industry Average Filed Pure Premium Ratio:	0.261
(8) Indicated Medical to Industry Average Filed Pure Premium Ratio:	0.359
(9) ALAE as Percent of Total Losses:	19.3%

Notes:

- (1) Based on accident year paid ALAE information reported by private insurers. Amounts shown do not reflect the paid cost of medical cost containment programs (MCCP).
- (2) See Exhibit 22.1.
- (3) = (1) x (2).
- (4) From Exhibit 4.1 of Item AC16-06-01.
- (5) = (3) / (4).
- (6) Projected by averaging 2014 and 2015.
- (7), (8) From analogous Exhibit 8 of Item AC16-06-01, applicable to private insurers only.
- (9) = (6) x (7) / [(7) + (8)].

Paid M CCP per Indemnity Claims Inventory^[1] by Calendar Year

Calendar Year	Private Insurer		Statewide	
	Paid M CCP per Indemnity Claim Adjusted to Remove <u>Estimated IMR/IBR Fees</u>	Year-to-Year <u>Change</u>	Paid M CCP per Indemnity Claim Adjusted to Remove <u>Estimated IMR/IBR Fees</u>	Year-to-Year <u>Change</u>
2005	\$469	---	---	---
2006	\$559	19.2%	---	---
2007	\$631	12.8%	\$433	---
2008	\$953	51.1%	\$673	55.4%
2009	\$830	-13.0%	\$665	-1.2%
2010	\$888	7.0%	\$733	10.2%
2011	\$931	4.8%	\$786	7.1%
2012	\$983	5.6%	\$841	7.1%
2013	\$1,020	3.8%	\$898	6.8%
2014	\$913	-10.5%	\$816	-9.2%
2015	\$998	9.4%	\$901	10.5%
<u>Estimated Annual Exponential Trend Based on:</u>				
2005-2015		6.9%		---
R ²		0.700		---
2009-2015		2.5%		4.6%
R ²		0.551		0.780

^[1] Indemnity claims inventory is the sum of indemnity claims open as of January 1 of Year N and newly-reported indemnity claims between January 1 of year N and December 31 of year N.

Source: WCIRB expense calls, aggregate indemnity and medical cost calls, and quarterly calls for experience.
IMR/IBR fees estimated based on a WCIRB review of insurer payments and information provided by the Division of Workers' Compensation.

Estimates Ultimate M CCP Per Indemnity Claim - Statewide

<u>Year</u>	<u>Paid MCCP @3/31/16 (in \$000)</u> (1)	<u>Cumulative Development Factors^[1]</u> (2)	<u>Estimated Ultimate MCCP</u> (3)=(1)x(2)	<u>Indemnity Claim Counts @3/31/16</u> (4)	<u>Cumulative Count Development Factors^[2]</u> (5)	<u>Estimated Ultimate Ind. Counts</u> (6)=(4)x(5)	<u>Estimated Ultimate MCCP Per Indemnity Claim</u> (7)=(3)/(6) x 1000	<u>Annual change</u>
2011	297,376	1.817	540,332	122,511	1.010	123,687	4,369	---
2012	272,422	2.063	562,006	129,426	1.016	131,458	4,275	-2.1%
2013	241,507	2.390	577,282	135,958	1.027	139,614	4,135	-3.3%
2014	186,456	3.124	582,407	136,911	1.055	144,378	4,034	-2.4%
2015	98,704	6.076	599,683	127,463	1.170	149,158	4,020	-0.3%

Estimated Annual Exponential Trend 2011 - 2015: -2.2%
R²: 0.951

Notes:

^[1] Based on MCCP development through 51 months, 51-to-ultimate development is based on selected paid medical development factors from Exhibit 2.6.1 of Item AC16-06-01.

^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 14.1.

Estimates Ultimate M CCP Per Indemnity Claim - Private Insurers

<u>Year</u>	<u>Paid MCCP @3/31/16 (in \$000)</u> (1)	<u>Cumulative Development Factors^[1]</u> (2)	<u>Estimated Ultimate MCCP</u> (3)=(1)x(2)	<u>Indemnity Claim Counts @3/31/16</u> (4)	<u>Cumulative Count Development Factors^[2]</u> (5)	<u>Estimated Ultimate Ind. Counts</u> (6)=(4)x(5)	<u>Estimated Ultimate MCCP Per Indemnity Claim</u> (7)=(3)/(6) x 1000	<u>Annual change</u>
2011	287,328	1.752	503,398	114,647	1.015	116,350	4,327	---
2012	265,813	1.990	528,969	122,814	1.022	125,470	4,216	-2.6%
2013	234,863	2.304	541,108	127,765	1.034	132,092	4,096	-2.8%
2014	179,045	3.005	538,028	125,982	1.064	134,046	4,014	-2.0%
2015	95,212	5.823	554,463	116,523	1.190	138,672	3,998	-0.4%

Estimated Annual Exponential Trend 2011 - 2015: -2.0%
R²: 0.948

Notes:

^[1] Based on MCCP development through 51 months, 51-to-ultimate development is based on selected paid medical development factors for private insurers from analogous Exhibit 2.6.1 of Item AC16-06-01, applicable to private insurers only.

^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 15.3.

Paid M CCP Development Factors - Statewide

Quarterly Development				
Age in Months	Accident Year			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
3 - 6	5.634	5.835	6.038	5.698
6 - 9	2.377	2.423	2.396	2.485
9 - 12	1.761	1.770	1.769	1.761
12 - 15	1.474	1.428	1.454	
15 - 18	1.279	1.263	1.300	
18 - 21	1.171	1.185	1.194	
21 - 24	1.130	1.138	1.131	
24 - 27	1.096	1.106		
27 - 30	1.087	1.092		
30 - 33	1.070	1.076		
33 - 36	1.058	1.062		
36 - 39	1.054			
39 - 42	1.044			
42 - 45	1.041			
45 - 48	1.037			

Annual Development				
Age in Months	Accident Year			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
3 - 15	34.682	35.730	37.218	36.119
15 - 27	1.854	1.885	1.945	
27 - 39	1.297	1.307		
39 - 51	1.159			
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-Ult.</u>
Age-to-Age ^[1]	1.945	1.307	1.159	
Age -to-Ult. ^[2]	6.076	3.124	2.390	2.063

Notes:

^[1] Based on Latest Year.

^[2] 51-to-Ult. is based on selected paid medical 51-to-Ult. development factor on Exhibit 2.6.1 of Item AC16-06-01.

Source: WCIRB accident year experience calls.

Projected Ratio of M CCP to Losses - Statewide

Based on Estimated Accident Year Indemnity Claim Frequency and M CCP Severity with
Trend Based on Private Insurers Calendar Year Paid M CCP per Open Indemnity Claim
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

Year	Paid M CCP @ 3/31/16 (in \$000) (1)	Cumulative Development Factors ^[1] (2)	Estimated Ultimate M CCP (3)=(1)x(2)	Indemnity Claim Counts @ 3/31/16 (4)	Cumulative Count Development Factors ^[2] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate M CCP Per Indemnity Claim (7)=(3)/(6) x 1000	Annual change
2011	297,376	1.817	540,332	122,511	1.010	123,687	4,369	---
2012	272,422	2.063	562,006	129,426	1.016	131,458	4,275	-2.1%
2013	241,507	2.390	577,282	135,958	1.027	139,614	4,135	-3.3%
2014	186,456	3.124	582,407	136,911	1.055	144,378	4,034	-2.4%
2015	98,704	6.076	599,683	127,463	1.170	149,158	4,020	-0.3%

Projected Based on 2-Year Average of 2014 and 2015:

	Ultimate M CCP ^[5]	Ult. Ind. Counts ^[3]	Ult. M CCP per Ind. Counts ^[4]
2016	612,151	146,464	4,180
2017	617,792	144,208	4,284
1/1/2018	618,358	142,570	4,337

(a) Projected M CCP (\$000):	618,358
(b) Calendar Year 2015 Earned Premium ^[6] (\$000):	17,077,708
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[7] :	0.646
(d) Premium Adjustment Factor for Calendar Year 2015 ^[8] :	0.968
(e) Projected Losses (\$000): (b) x (c) x (d)	10,679,169
(f) Projected Ratio of M CCP to Losses: (a)/(e)	5.8%

Notes:

- ^[1] Based on M CCP development through 51 months, 51-to-ultimate development is based on selected paid medical development factors from Exhibit 2.6.1 of Item AC16-06-01.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 14.1.
- ^[3] Estimated based on projected frequency trends for accident years 2015 to 2018. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency. These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2014 and 2015.
- ^[4] Severity is projected by applying an annual growth rate of 2.5%, which is based on the average change in calendar year paid M CCP per open indemnity claim for private insurers from Exhibit 23, to the ultimate M CCP severity estimated from averaging 2014 and 2015.
- ^[5] Column(6) x Column(7) / 1,000.
- ^[6] Based on the reported earned premium for calendar year 2015 from the same group of insurers that reported the paid M CCP in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2016.
- ^[7] See Exhibit 8 of AC16-06-01.
- ^[8] See Exhibit 5.2 of AC16-06-01.

Paid MCCP Development Factors - Private Insurers

Quarterly Development - Private Insurers				
Age in Months	Accident Year			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
3 - 6	5.596	5.803	6.049	5.671
6 - 9	2.372	2.408	2.380	2.490
9 - 12	1.752	1.765	1.765	1.760
12 - 15	1.471	1.426	1.449	
15 - 18	1.278	1.261	1.300	
18 - 21	1.170	1.183	1.191	
21 - 24	1.130	1.137	1.131	
24 - 27	1.095	1.105		
27 - 30	1.087	1.091		
30 - 33	1.069	1.075		
33 - 36	1.057	1.061		
36 - 39	1.053			
39 - 42	1.043			
42 - 45	1.041			
45 - 48	1.037			

Annual Development - Private Insurers				
Age in Months	Accident Year			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
3 - 15	34.115	35.177	36.836	35.956
15 - 27	1.851	1.875	1.938	
27 - 39	1.293	1.304		
39 - 51	1.158			
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-Ult.</u>
Age-to-Age	1.938	1.304	1.158	
Age -to-Ult.	5.823	3.005	2.304	1.990

Notes:

^[1] Based on Latest Year.

^[2] 51-to-Ult. is based on selected private insurer paid medical 51-to-Ultimate development factor on the analogous Exhibit 2.6.1 of Item AC16-06-01.

Source: WCIRB accident year experience calls.

Projected Ratio of M CCP to Losses - Private Insurers

Based on Estimated Accident Year Indemnity Claim Frequency and M CCP Severity with
Trend Based on Calendar Year Paid M CCP per Open Indemnity Claim
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

Year	Paid M CCP @3/31/16 (in \$000) (1)	Cumulative Development Factors ^[1] (2)	Estimated Ultimate M CCP (3)=(1)x(2)	Indemnity Claim Counts @3/31/16 (4)	Cumulative Count Development Factors ^[2] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate M CCP Per Indemnity Claim (7)=(3)/(6) x 1000	Annual change
2011	287,328	1.752	503,398	114,647	1.015	116,350	4,327	---
2012	265,813	1.990	528,969	122,814	1.022	125,470	4,216	-2.6%
2013	234,863	2.304	541,108	127,765	1.034	132,092	4,096	-2.8%
2014	179,045	3.005	538,028	125,982	1.064	134,046	4,014	-2.0%
2015	95,212	5.823	554,463	116,523	1.190	138,672	3,998	-0.4%

Projected Based on 2-Year Average of 2014 and 2015:

	Ultimate M CCP ^[5]	Ult. Ind. Counts ^[3]	Ult. M CCP per Ind. Counts ^[4]
2016	565,756	136,076	4,158
2017	570,970	133,981	4,262
1/1/2018	571,493	132,458	4,315

(a) Projected M CCP (\$000):	571,493
(b) Calendar Year 2015 Earned Premium ^[6] (\$000):	15,461,610
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[7] :	0.620
(d) Premium Adjustment Factor for Calendar Year 2015 ^[8] :	1.000
(e) Projected Losses (\$000): (b) x (c) x (d)	9,586,198
(f) Projected Ratio of M CCP to Losses: (a)/(e)	6.0%

Notes:

- ^[1] Based on private insurers M CCP development through 51 months. The 51-to-ultimate development is based on selected paid medical development factors from Exhibit 2.6.1 of Item AC16-06-01 for private insurers.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 15.3.
- ^[3] Estimated based on projected frequency trends for accident years 2015 to 2018. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency. These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2014 and 2015.
- ^[4] Severity is projected by applying an annual growth rate of 2.5%, which is based on the average change in calendar year paid M CCP per open indemnity claim for private insurers from Exhibit 23, to the ultimate M CCP severity estimated from averaging 2014 and 2015.
- ^[5] Column(6) x Column(7) / 1,000.
- ^[6] Based on the reported earned premium for calendar year 2015 from the same group of private insurers that reported the paid M CCP in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2016.
- ^[7] Based on analogous Exhibit 8 of Item AC16-06-01, applicable to private insurers only.
- ^[8] Based on analogous Exhibit 5.2 of Item AC16-06-01, applicable to private insurers only.

Projected Ratio of M CCP to Losses - Statewide

Based on Estimated Accident Year Indemnity Claim Frequency and Private Insurer M CCP Severity with
Trend Based on Calendar Year Paid M CCP per Open Indemnity Claim
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

<u>Year</u>	<u>Indemnity Claim Counts @3/31/16 (1)</u>	<u>Cumulative Count Development Factors^[1] (2)</u>	<u>Estimated Ultimate Ind. Counts (3)=(1)x(2)</u>	<u>Estimated Ultimate M CCP Per Indemnity Claim^[2] (4)</u>	<u>Estimated Ultimate M CCP (5)=(3)x(4)</u>
2011	122,511	1.010	123,687	4,327	535,141
2012	129,426	1.016	131,458	4,216	554,217
2013	135,958	1.027	139,614	4,096	571,922
2014	136,911	1.055	144,378	4,014	579,497
2015	127,463	1.170	149,158	3,998	596,393

Projected Based on 2-Year Average of 2014 and 2015:

	<u>Ult. Ind. Counts^[3]</u>	<u>Ult. M CCP per Ind. Counts^[4]</u>	<u>Ultimate M CCP^[5]</u>
2016	146,464	4,158	608,945
2017	144,208	4,262	614,556
1/1/2018	142,570	4,315	615,120

(a) Projected M CCP (\$000):	615,120
(b) Calendar Year 2015 Earned Premium ^[6] (\$000):	17,077,708
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[7] :	0.646
(d) Premium Adjustment Factor for Calendar Year 2015 ^[8] :	0.968
(e) Projected Losses (\$000): (b) x (c) x (d)	10,679,169
(f) Projected Ratio of M CCP to Losses: (a)/(e)	5.8%

Notes:

- ^[1] Based on the latest year indemnity claim count age-to-age development from Exhibit 14.1.
^[2] Based on estimated ultimate M CCP per indemnity claim for private insurers from Exhibit 24.2 .
^[3] Estimated based on projected frequency trends for accident years 2015 to 2018. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency. These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2014 and 2015.
^[4] Severity is projected by applying an annual growth rate of 2.5%, which is based on the average change in calendar year paid M CCP per open indemnity claim for private insurers from Exhibit 23, to the ultimate M CCP severity estimated from averaging 2014 and 2015.
^[5] Column(6) x Column(7) / 1,000.
^[6] Based on the reported earned premium for calendar year 2015 from the same group of insurers that reported the paid M CCP in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2016.
^[7] See Exhibit 8 of AC16-06-01.
^[8] See Exhibit 5.2 of AC16-06-01.

Projected Ratio of M CCP to Losses - Statewide

Based on Estimated Accident Year Indemnity Claim Frequency and M CCP Severity with Annual Trend
Based on Calendar Year Paid M CCP per Open Indemnity Claim and Accident Year Ultimate M CCP per Indemnity Claim
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

Year	Paid M CCP @ 3/31/16 (in \$000) (1)	Cumulative Development Factors ^[1] (2)	Estimated Ultimate M CCP (3)=(1)x(2)	Indemnity Claim Counts @ 3/31/16 (4)	Cumulative Count Development Factors ^[2] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate M CCP Per Indemnity Claim (7)=(3)/(6) x 1000	Annual change
2011	297,376	1.817	540,332	122,511	1.010	123,687	4,369	---
2012	272,422	2.063	562,006	129,426	1.016	131,458	4,275	-2.1%
2013	241,507	2.390	577,282	135,958	1.027	139,614	4,135	-3.3%
2014	186,456	3.124	582,407	136,911	1.055	144,378	4,034	-2.4%
2015	98,704	6.076	599,683	127,463	1.170	149,158	4,020	-0.3%

Projected Based on 2-Year Average of 2014 and 2015:

	Ultimate M CCP ^[5]	Ult. Ind. Counts ^[3]	Ult. M CCP per Ind. Counts ^[4]
2016	603,193	146,464	4,118
2017	599,842	144,208	4,160
1/1/2018	595,983	142,570	4,180

(a) Projected M CCP (\$000):	595,983
(b) Calendar Year 2015 Earned Premium ^[6] (\$000):	17,077,708
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[7] :	0.646
(d) Premium Adjustment Factor for Calendar Year 2015 ^[8] :	0.968
(e) Projected Losses (\$000): (b) x (c) x (d)	10,679,169
(f) Projected Ratio of M CCP to Losses: (a)/(e)	5.6%

Notes:

- ^[1] Based on M CCP development through 51 months, 51-to-ultimate development is based on selected paid medical development factors from Exhibit 2.6.1 of Item AC16-06-01.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 14.1.
- ^[3] Estimated based on projected frequency trends for accident years 2015 to 2018. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency. These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2014 and 2015.
- ^[4] Severity is projected by applying an annual growth rate of 1.0%, which is based on the approximate average of the selected rate of growth in (i) calendar year paid M CCP per open indemnity claim from Exhibit 23 and (ii) estimated ultimate accident year M CCP severities from Exhibit 24.1, to the ultimate M CCP severity estimated from averaging 2014 and 2015.
- ^[5] Column(6) x Column(7) / 1,000.
- ^[6] Based on the reported earned premium for calendar year 2015 from the same group of insurers that reported the paid M CCP in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2016.
- ^[7] See Exhibit 8 of AC16-06-01.
- ^[8] See Exhibit 5.2 of AC16-06-01.

Projected Ratio of M CCP to Losses - Private Insurers

Based on Estimated Accident Year Indemnity Claim Frequency and M CCP Severity with Annual Trend
Based on Calendar Year Paid M CCP per Open Indemnity Claim and Accident Year Ultimate M CCP per Indemnity Claim
For Policies with Effective Dates between January 1, 2017 and December 31, 2018

Year	Paid M CCP @3/31/16 (in \$000) (1)	Cumulative Development Factors ^[1] (2)	Estimated Ultimate M CCP (3)=(1)x(2)	Indemnity Claim Counts @3/31/16 (4)	Cumulative Count Development Factors ^[2] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate M CCP Per Indemnity Claim (7)=(3)/(6) x 1000	Annual change
2011	287,328	1.752	503,398	114,647	1.015	116,350	4,327	---
2012	265,813	1.990	528,969	122,814	1.022	125,470	4,216	-2.6%
2013	234,863	2.304	541,108	127,765	1.034	132,092	4,096	-2.8%
2014	179,045	3.005	538,028	125,982	1.064	134,046	4,014	-2.0%
2015	95,212	5.823	554,463	116,523	1.190	138,672	3,998	-0.4%

Projected Based on 2-Year Average of 2014 and 2015:

	Ultimate M CCP ^[5]	Ult. Ind. Counts ^[3]	Ult. M CCP per Ind. Counts ^[4]
2016	545,130	136,076	4,006
2017	536,735	133,981	4,006
1/1/2018	530,636	132,458	4,006
(a) Projected M CCP (\$000):	530,636		
(b) Calendar Year 2015 Earned Premium ^[6] (\$000):		15,461,610	
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[7] :		0.620	
(d) Premium Adjustment Factor for Calendar Year 2015 ^[8] :		1.000	
(e) Projected Losses (\$000): (b) x (c) x (d)		9,586,198	
(f) Projected Ratio of M CCP to Losses: (a)/(e)		5.5%	

Notes:

- ^[1] Based on private insurers M CCP development through 51 months. The 51-to-ultimate development is based on selected paid medical development factors from Exhibit 2.6.1 of Item AC16-06-01 for private insurers.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 15.3.
- ^[3] Estimated based on projected frequency trends for accident years 2015 to 2018. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency. These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2014 and 2015.
- ^[4] Severity is projected by applying an annual growth rate of 0%, which is based on the approximate average of the selected rate of growth in (i) calendar year paid M CCP per open indemnity claim for private insurers from Exhibit 23 and (ii) estimated ultimate accident year M CCP severities from Exhibit 24.2, to the ultimate M CCP severity estimated from averaging 2014 and 2015.
- ^[5] Column(6) x Column(7) / 1,000.
- ^[6] Based on the reported earned premium for calendar year 2015 from the same group of private insurers that reported the paid M CCP in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2016.
- ^[7] Based on analogous Exhibit 8 of Item AC16-06-01, applicable to private insurers only.
- ^[8] Based on analogous Exhibit 5.2 of Item AC16-06-01, applicable to private insurers only.

Projected Ratio of M CCP to Losses - Statewide

Based on Estimated Accident Year Indemnity Claim Frequency and Private Insurers M CCP Severity with Annual Trend
Based on Calendar Year Paid M CCP per Open Indemnity Claim and Accident Year Ultimate M CCP per Indemnity Claim
For Policies with Effective Dates between January 1, 2017 and December 31, 2017

Year	Indemnity Claim Counts <u>@3/31/16</u> (1)	Cumulative Count Development Factors ^[1] (2)	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ultimate M CCP Per Indemnity Claim ^[2] (4)	Estimated Ultimate M CCP (5)=(3)x(4)
2011	122,511	1.010	123,687	4,327	535,141
2012	129,426	1.016	131,458	4,216	554,217
2013	135,958	1.027	139,614	4,096	571,922
2014	136,911	1.055	144,378	4,014	579,497
2015	127,463	1.170	149,158	3,998	596,393

Projected Based on 2-Year Average of 2014 and 2015:

	Ult. Ind. Counts ^[3]	Ult. M CCP per Ind. Counts ^[4]	Ult. Ind. Counts ^[3]
2016	146,464	4,006	586,744
2017	144,208	4,006	577,708
1/1/2018	142,570	4,006	571,143

(a) Projected M CCP (\$000):	571,143
(b) Calendar Year 2015 Earned Premium ^[6] (\$000):	17,077,708
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[7] :	0.646
(d) Premium Adjustment Factor for Calendar Year 2015 ^[8] :	0.968
(e) Projected Losses (\$000): (b) x (c) x (d)	10,679,169
(f) Projected Ratio of M CCP to Losses: (a)/(e)	5.3%

Notes:

- ^[1] Based on the latest year indemnity claim count age-to-age development from Exhibit 14.1.
^[2] Based on estimated ultimate M CCP per indemnity claim for private insurers from Exhibit 24.2 .
^[3] Estimated based on projected frequency trends for accident years 2015 to 2018. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency. These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2014 and 2015.
^[4] Severity is projected by applying an annual growth rate of 0.0%, which is based on the approximate average of the selected rate of growth in (i) calendar year paid M CCP per open indemnity claim from private insurers in Exhibit 23 and (ii) estimated ultimate accident year M CCP severities from Exhibit 24.2, to the ultimate M CCP severity estimated from averaging 2014 and 2015.
^[5] Column(6) x Column(7) / 1,000.
^[6] Based on the reported earned premium for calendar year 2015 from the same group of insurers that reported the paid M CCP in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2016.
^[7] See Exhibit 8 of AC16-06-01.
^[8] See Exhibit 5.2 of AC16-06-01.

Item AC16-08-03

1/1/2017 Filing – Review of Alternative Loss Projection Methodologies

For a number of years, the WCIRB has included alternative loss development and trending methodology projections in its pure premium rate filing submissions.

Loss Development Methodologies

The loss development projections based on the methodology reflected in the WCIRB's summary analysis of March 31, 2016 experience, included in Item AC16-06-01 of this Agenda, were based on latest year paid development factors with adjustments for the impact of Senate Bill No. 863 (SB 863). Attached for the Committee's review are a number of alternative loss development projections based on methodologies that have been included, for informational purposes, in prior pure premium rate filing materials or have been discussed at prior meetings. Specifically, alternative loss ratio projections, based on March 31, 2016 experience and derived using the following loss development methodologies and the trending methodology reflected in the analysis included in Item AC16-06-01 of this Agenda are included:

1. 3-Year Average Unadjusted Incurred Loss Development – Exhibits 1.1 through 1.3.
2. Latest Year Unadjusted Incurred Loss Development – Exhibits 2.1 through 2.3.
3. Latest Year Incurred Loss Development Adjusted for Reforms – Exhibits 3.1 through 3.3.¹
4. Latest Year Incurred Loss Development Adjusted for Changes in Case Reserve Adequacy Level – Exhibits 4.1 through 4.11.
5. Latest Year Incurred Loss Development Adjusted for Changes in Insurer Mix – Exhibits 5.1 through 5.3.
6. 3-Year Average Unadjusted Paid Loss Development – Exhibits 6.1 through 6.3.
7. Latest Year Unadjusted Paid Loss Development – Exhibits 7.1 through 7.3.
8. Latest Year Paid Loss Development Adjusted for Reforms with Calendar Year Tail Development² – Exhibits 8.1 through 8.3.
9. 3-Year Average Paid Loss Development Adjusted for Changes in Claim Settlement Rates and Reforms – Exhibits 9.1 through 9.15.
10. Latest Year Paid Loss Development Adjusted for Changes in Claim Settlement Rates and Reforms – Exhibits 10.1 through 10.3.
11. Latest Year Paid Loss Development Adjusted for Changes in Insurer Mix – Exhibits 11.1 through 11.3.
12. Expected Loss Ratio with a Bornheutter-Ferguson (BF) Adjustment Based on Paid Loss Development to 27 Months with Latest Year Paid Loss Development Adjusted for Reforms after 27 Months – Exhibits 12.1 through 12.5.

¹ For indemnity, this methodology applies the same adjustments that are applied to indemnity payment patterns in the WCIRB's current methodology to incurred development patterns. For medical, this methodology adjusts the paid component of the incurred medical development factor for the WCIRB's latest estimates of the impact of SB 863 on claims outstanding at the time of the reforms. No reform adjustments are made to the case reserves. See Item AC14-08-06 of this Agenda for more information.

² This reflects the loss development tail methodology used in the January 1, 2016 and July 1, 2016 Pure Premium Rate Filings.

A summary of the preliminary policy year 2017 loss ratio projections based on the alternative loss development methodologies described above is shown in Table 1.

**Table 1: Projected Policy Year 2017 Loss Ratios
Based on Alternative Loss Development Methodologies**

Loss Development Methodologies	Indemnity Loss Ratio	Medical Loss Ratio	Total Loss Ratio
Current WCIRB Methodology			
Latest Year Paid Adjusted for Reforms	0.267	0.379	0.646
Alternative Methodologies			
<u>Incurred Methodologies</u>			
3-Year Average (Unadjusted)	0.234	0.336	0.570
Latest Year (Unadjusted)	0.225	0.304	0.529
Latest Year Adjusted for Reforms	0.239	0.306	0.545
Latest Year Adjusted for Changes in Case Reserve Adequacy Level	0.247	0.338	0.585
Latest Year Adjusted for Changes in Insurer Mix	0.226	0.304	0.530
<u>Paid Methodologies</u>			
3-Year Average (Unadjusted)	0.252	0.385	0.637
Latest Year (Unadjusted)	0.251	0.369	0.620
Latest Year Adjusted for Reforms with CY Tail	0.266	0.378	0.644
3-Year Average Adjusted for Changes in Claim Settlement Rates and Reforms	0.261	0.392	0.653
Latest Year Adjusted for Changes in Claim Settlement Rates and Reforms	0.259	0.372	0.631
Latest Year Adjusted for Changes in Insurer Mix	0.250	0.362	0.612
BF Paid to 27 Months; Latest Year Reform-Adjusted after 27 Months	0.267	0.379	0.646

Trending Methodologies

The trending projections reflected in the summary analysis of March 31, 2016 experience, included in Item AC16-06-01 of this Agenda, were based on the average of the latest two years' on-level loss ratios with separate projections of claim frequency and claim severity growth applied. The claim frequency growth estimates were based on the preliminary 15-month frequency change for accident year 2015 and the WCIRB's indemnity claim frequency model for accident years 2016 through 2018. The severity growth estimates were based on the approximate average of the longer-term (post-2005) average on-level severity trend and the five-year average on-level severity trend for indemnity, and the longer-term average on-level severity trend for medical.

Attached for the Committee's review are a number of alternative trending projections based on methodologies that have been included, for informational purposes, in prior pure premium rate filing materials or have been discussed at prior meetings. Specifically, alternative loss ratio projections, based

on March 31, 2016 experience, derived using the loss development methodologies reflected in the analysis included in Item AC16-06-01 of this Agenda and the following trending methodologies are included:

1. Separate Projections of Frequency and Severity Growth Applied to the Latest Year Only – Exhibits 13.1 and 13.2.
2. Separate Projections of Frequency and Severity Growth Applied to the Latest Two Years' Indemnity Loss Ratios and then Averaged, with Severity Growth Based on the Longer-term (Post-2005) Average Severity Trend – Exhibit 14.
3. Separate Projections of Frequency and Severity Growth Applied to the Latest Two Years' Medical Loss Ratios and then Averaged, with Severity Growth Based on the Average of the Shorter-term and Longer-term Average Severity Trends³ – Exhibit 15.
4. Longer-term (Post-2005) On-Level Loss Ratio Exponential Trend Applied to the Latest Two Years' Loss Ratios and then Averaged – Exhibits 16.1 and 16.2.
5. 5-Year On-Level Loss Ratio Exponential Trend Applied to the Latest Two Years' Loss Ratios and then Averaged – Exhibits 17.1 and 17.2.

A summary of the preliminary policy year 2017 loss ratio projections based on the alternative trending methodologies described above is shown in Table 2.

**Table 2: Projected Policy Year 2017 Loss Ratios
Based on Alternative Trending Methodologies**

Trending Methodologies	Indemnity Loss Ratio	Medical Loss Ratio	Total Loss Ratio
Current WCIRB Methodology Separate Projections of Frequency and Severity, with Indemnity Severity at 0% and Medical Severity at +2.5%, Applied to the Latest Two Years	0.267	0.379	0.646
Alternative Methodologies			
Separate Projections of Frequency and Severity Applied to the Latest Year	0.272	0.376	0.648
Separate Projections of Frequency and Severity, with Indemnity Severity at 0.7%, Applied to the Latest Two Years	0.273	---	---
Separate Projections of Frequency and Severity, with Medical Severity at 1.0%, Applied to the Latest Two Years	---	0.362	---
Post-2005 On-level Loss Ratio Exponential Trend Applied to the Latest Two Years	0.296	0.419	0.715
5-Year On-level Loss Ratio Exponential Trend Applied to the Latest Two Years	0.283	0.375	0.658

³ This was the medical severity trend methodology used in the January 1, 2016 Pure Premium Rate Filing.

**Developed Loss Ratios Using Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of March 31, 2016**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
	Reported Incurred Loss Ratio	Annual Development	Cumulative Development	Developed Loss Ratio	Reported Incurred Loss Ratio	Annual Development	Cumulative Development	Developed Loss Ratio	Total Developed Loss Ratio
Accident Year	<u>Ex IBNR(a)</u>	<u>Factor(b)</u>	<u>Factor</u>	<u>Loss Ratio</u> (1) x (3)	<u>Ex IBNR(a)</u>	<u>Factor(c)</u>	<u>Factor</u>	<u>Loss Ratio</u> (5) x (7)	<u>Loss Ratio</u> (4) + (8)
2005	0.121	1.006	1.027	0.124	0.182	1.009	1.093	0.199	0.323
2006	0.156	1.007	1.034	0.161	0.233	1.011	1.104	0.257	0.418
2007	0.212	1.011	1.045	0.222	0.324	1.017	1.123	0.364	0.585
2008	0.265	1.013	1.059	0.281	0.397	1.020	1.146	0.454	0.736
2009	0.303	1.020	1.080	0.327	0.453	1.028	1.178	0.534	0.861
2010	0.285	1.025	1.108	0.316	0.429	1.034	1.218	0.522	0.838
2011	0.257	1.041	1.153	0.296	0.364	1.048	1.276	0.465	0.761
2012	0.218	1.061	1.223	0.267	0.296	1.069	1.364	0.404	0.670
2013	0.172	1.105	1.351	0.233	0.226	1.100	1.500	0.339	0.572
2014	0.134	1.215	1.642	0.220	0.177	1.153	1.729	0.306	0.526
2015	0.084	1.631	2.678	0.224	0.133	1.357	2.346	0.313	0.537

- (a) Based on Item AC16-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.
- (b) Based on AC16-06-01, Exhibit 2.1.
- (c) Based on AC16-06-01, Exhibit 2.2.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)x(2)÷(3)
2005	0.124	1.419	0.790	0.223
2006	0.161	1.403	1.016	0.222
2007	0.222	1.359	1.299	0.232
2008	0.281	1.280	1.570	0.229
2009	0.327	1.255	1.693	0.242
2010	0.316	1.238	1.540	0.254
2011	0.296	1.218	1.403	0.257
2012	0.267	1.190	1.249	0.254
2013	0.233	1.196	1.093	0.255
2014	0.220	1.083	1.008	0.236
2015	0.224	1.058	0.968	0.246
				Projections (d)
2016				0.240
2017				0.237
1/1/2018				0.234

(a) See Exhibit 1.1.

(b) Based on AC16-06-01, Exhibit 4.1.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC16-06-01, Exhibit 6.2, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4a) On-Level Medical to Industry Average Filed Pure Premium Ratio (e) (1)×(2)÷(3)
2005	0.199	0.930	0.790	0.234
2006	0.257	0.977	1.016	0.248
2007	0.364	0.959	1.299	0.269
2008	0.454	0.952	1.570	0.276
2009	0.534	0.939	1.693	0.296
2010	0.522	0.936	1.540	0.318
2011	0.465	0.934	1.403	0.309
2012	0.404	0.942	1.249	0.305
2013	0.339	0.996	1.093	0.310
2014	0.306	1.024	1.008	0.312
2015	0.313	1.021	0.968	0.330
				Projections (d)
2016				0.332
2017				0.336
1/1/2018				0.336

- (a) See Exhibit 1.1.
- (b) Based on AC16-06-01, Exhibit 4.4.
- (c) See AC16-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC16-06-01, Exhibit 6.4, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

**Developed Loss Ratios Using Unadjusted Latest Year Incurred Development Factors
Based on Experience as of March 31, 2016**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
	Reported				Reported				Total
Accident	Incurred	Annual	Cumulative	Developed	Incurred	Annual	Cumulative	Developed	Developed
Year	Loss Ratio	Development	Development	Loss Ratio	Loss Ratio	Development	Development	Loss Ratio	Loss Ratio
	<u>Ex IBNR(a)</u>	<u>Factor(b)</u>	<u>Factor</u>	<u>(1) x (3)</u>	<u>Ex IBNR(a)</u>	<u>Factor(c)</u>	<u>Factor</u>	<u>(5) x (7)</u>	<u>(4) + (8)</u>
2005	0.121	1.006	1.027	0.124	0.182	1.009	1.093	0.199	0.323
2006	0.156	1.007	1.034	0.161	0.233	1.011	1.104	0.257	0.418
2007	0.212	1.011	1.045	0.222	0.324	1.017	1.123	0.364	0.585
2008	0.265	1.012	1.058	0.281	0.397	1.015	1.140	0.452	0.733
2009	0.303	1.018	1.077	0.326	0.453	1.020	1.163	0.527	0.853
2010	0.285	1.021	1.099	0.313	0.429	1.025	1.192	0.511	0.825
2011	0.257	1.037	1.140	0.293	0.364	1.036	1.235	0.450	0.743
2012	0.218	1.053	1.200	0.262	0.296	1.060	1.309	0.387	0.649
2013	0.172	1.094	1.313	0.226	0.226	1.079	1.412	0.320	0.546
2014	0.134	1.202	1.579	0.211	0.177	1.120	1.582	0.280	0.492
2015	0.084	1.626	2.567	0.215	0.133	1.326	2.097	0.280	0.495

- (a) Based on Item AC16-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.
- (b) Based on AC16-06-01, Exhibit 2.1.
- (c) Based on AC16-06-01, Exhibit 2.2.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Latest Year Incurred Development Factors
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)x(2)÷(3)
2005	0.124	1.419	0.790	0.223
2006	0.161	1.403	1.016	0.222
2007	0.222	1.359	1.299	0.232
2008	0.281	1.280	1.570	0.229
2009	0.326	1.255	1.693	0.242
2010	0.313	1.238	1.540	0.252
2011	0.293	1.218	1.403	0.254
2012	0.262	1.190	1.249	0.249
2013	0.226	1.196	1.093	0.248
2014	0.211	1.083	1.008	0.227
2015	0.215	1.058	0.968	0.235
				Projections (d)
2016				0.230
2017				0.227
1/1/2018				0.225

(a) See Exhibit 2.1.

(b) Based on AC16-06-01, Exhibit 4.1.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC16-06-01, Exhibit 6.2, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Latest Year Incurred Development Factors
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)x(2)÷(3)
2005	0.199	0.930	0.790	0.234
2006	0.257	0.977	1.016	0.248
2007	0.364	0.959	1.299	0.269
2008	0.452	0.952	1.570	0.274
2009	0.527	0.939	1.693	0.292
2010	0.511	0.936	1.540	0.311
2011	0.450	0.934	1.403	0.299
2012	0.387	0.942	1.249	0.292
2013	0.320	0.996	1.093	0.291
2014	0.280	1.024	1.008	0.285
2015	0.280	1.021	0.968	0.295
				Projections (d)
2016				0.300
2017				0.303
1/1/2018				0.304

- (a) See Exhibit 2.1.
- (b) Based on AC16-06-01, Exhibit 4.4.
- (c) See AC16-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC16-06-01, Exhibit 6.4, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1, these trends were then separately applied to the 2014 and 2015 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

**Developed Loss Ratios Using Reform Adjusted Latest Year Incurred Development Factors
Based on Experience as of March 31, 2016**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Indemnity				Medical					
Accident	Reported Unadjusted Incurred	Annual Development	Cumulative Development	Developed	Reported Unadjusted Incurred	Reported Adjusted Incurred	Annual Development	Cumulative Development	Developed	Total Developed
<u>Year</u>	<u>Loss Ratio(a)</u>	<u>Factor(b)</u>	<u>Factor</u>	<u>Loss Ratio</u> (1) x (3)	<u>Loss Ratio(a)</u>	<u>Loss Ratio(c)</u>	<u>Factor(d)</u>	<u>Factor</u>	<u>Loss Ratio</u> (5) x (7)	<u>Loss Ratio</u> (4) + (8)
2005	0.121	1.006	1.027	0.124	0.182	0.175	1.009	1.095	0.192	0.316
2006	0.156	1.007	1.034	0.161	0.233	0.225	1.011	1.107	0.249	0.409
2007	0.212	1.011	1.045	0.222	0.324	0.313	1.018	1.126	0.352	0.574
2008	0.265	1.012	1.058	0.281	0.397	0.384	1.016	1.144	0.439	0.720
2009	0.303	1.018	1.077	0.326	0.453	0.440	1.021	1.169	0.515	0.841
2010	0.285	1.021	1.099	0.313	0.429	0.419	1.026	1.199	0.502	0.816
2011	0.257	1.037	1.134	0.291	0.364	0.359	1.037	1.243	0.446	0.737
2012	0.218	1.053	1.194	0.260	0.296	0.294	1.061	1.319	0.388	0.649
2013	0.172	1.094	1.329	0.229	0.226	0.227	1.081	1.426	0.324	0.553
2014	0.134	1.202	1.681	0.225	0.177	0.178	1.121	1.598	0.285	0.510
2015	0.084	1.626	2.733	0.229	0.133	0.134	1.327	2.121	0.283	0.512

- (a) Based on Item AC16-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.
- (b) The 27-to-ultimate factor for accident year 2014, the 39-to-ultimate factor for accident year 2013, the 51-to-ultimate factor for accident year 2012, and the 63-to-ultimate factor for accident year 2011 have been adjusted by 6.5%, 1.2%, -0.5%, and -0.5% respectively, for the impacts of SB 863 on indemnity loss development.
- (c) Based on experience evaluated as of March 31, 2016. Reflects an adjustment for SB 863 of -4.4% applied to payments made before January 1, 2013, and adjustments for RBRVS of -1.8% applied to payments made before January 1, 2014, 0.6% applied to payments made before January 1, 2015, and 0.8% applied to payments made before January 1, 2016. No adjustments are applied to the case reserve ratios.
- (d) Based on AC16-06-01, Exhibit 2.2. Reflects an adjustment for SB 863 of -4.4% applied to payments made before January 1, 2013, and adjustments for RBRVS of -1.8% applied to payments made before January 1, 2014, 0.6% applied to payments made before January 1, 2015, and 0.8% applied to payments made before January 1, 2016. No adjustments were made to changes in case reserves.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Reform Adjusted Latest Year Incurred Development Factors
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)x(2)÷(3)
2005	0.124	1.419	0.790	0.223
2006	0.161	1.403	1.016	0.222
2007	0.222	1.359	1.299	0.232
2008	0.281	1.280	1.570	0.229
2009	0.326	1.255	1.693	0.242
2010	0.313	1.238	1.540	0.252
2011	0.291	1.224	1.403	0.254
2012	0.260	1.195	1.249	0.249
2013	0.229	1.196	1.093	0.251
2014	0.225	1.083	1.008	0.242
2015	0.229	1.058	0.968	0.251
				Projections (d)
2016				0.245
2017				0.242
1/1/2018				0.239

(a) See Exhibit 3.1.

(b) Based on AC16-06-01, Exhibit 4.1.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC16-06-01, Exhibit 6.2, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Reform Adjusted Latest Year Incurred Development Factors
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)x(2)÷(3)
2005	0.192	0.979	0.790	0.238
2006	0.249	1.028	1.016	0.252
2007	0.352	1.009	1.299	0.274
2008	0.439	1.002	1.570	0.281
2009	0.515	0.988	1.693	0.300
2010	0.502	0.985	1.540	0.321
2011	0.446	0.982	1.403	0.312
2012	0.388	0.991	1.249	0.308
2013	0.324	1.002	1.093	0.297
2014	0.285	1.017	1.008	0.287
2015	0.283	1.015	0.968	0.297
				Projections (d)
2016				0.302
2017				0.306
1/1/2018				0.306

- (a) See Exhibit 3.1.
- (b) Based on AC16-06-01, Exhibit 4.4.
- (c) See AC16-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC16-06-01, Exhibit 6.4, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016 and 2017 from AC16-06-01, Exhibit 6.1, these trends were then separately applied to the 2014 and 2015 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

**Incurred Indemnity Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

A. Indemnity Case Reserves Per Open Claim

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2001						19,764
2002					16,234	17,356
2003				15,325	16,856	18,824
2004			13,207	14,231	15,932	18,100
2005		10,137	11,533	12,933	15,362	18,465
2006	8,300	11,448	13,147	15,446	18,763	21,595
2007	8,302	11,813	14,389	16,582	18,665	20,736
2008	8,581	12,302	15,122	16,892	18,355	21,483
2009	8,918	12,902	14,716	16,920	19,244	21,640
2010	8,902	12,464	14,635	16,428	18,338	20,299
2011	9,522	13,027	15,177	17,505	19,016	
2012	9,400	12,897	15,060	16,477		
2013	9,533	13,141	14,393			
2014	9,674	13,313				
2015	10,247					

B. Average Paid Indemnity per Closed Claim Adjusted to Common Benefit Level (a)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2001						16,986
2002					15,141	16,636
2003				12,061	14,114	15,546
2004			7,311	9,974	11,716	12,940
2005		4,766	8,870	12,443	14,641	16,159
2006	2,270	5,050	8,900	12,156	14,294	15,923
2007	2,067	5,436	9,520	12,771	15,194	17,351
2008	2,301	5,571	9,843	13,386	16,282	18,810
2009	2,403	5,915	10,342	14,153	17,421	19,721
2010	2,378	6,023	10,538	14,598	17,612	19,921
2011	2,602	6,303	10,892	14,746	17,736	
2012	2,609	6,692	11,239	14,818		
2013	3,057	7,172	11,709			
2014	2,862	6,924				
2015	3,072					

Annual Trend (b): 4.2% 4.5% 4.5% 3.6% 3.3% 2.7%

C. Indemnity Case Reserves per Open Claim Adjusted by Paid Indemnity Severity Trend (c)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2001						16,481
2002					15,196	17,140
2003				12,858	15,803	17,826
2004			11,255	13,372	16,436	18,539
2005		9,568	11,706	13,907	17,093	19,280
2006	7,199	9,951	12,174	14,463	17,777	20,052
2007	7,487	10,349	12,661	15,042	18,488	20,854
2008	7,787	10,763	13,167	15,644	19,227	21,688
2009	8,098	11,194	13,694	16,269	19,996	22,555
2010	8,422	11,641	14,242	16,920	20,796	23,457
2011	8,759	12,107	14,811	17,597	21,628	
2012	9,109	12,591	15,404	18,301		
2013	9,474	13,095	16,020			
2014	9,853	13,619				
2015	10,247					

- (a) Represents average paid indemnity on closed claims only. All evaluations are brought to the accident year 2015 benefit level based on benefit factors shown in AC16-06-01, Exhibit 4.1, excluding utilization impacts.
- (b) Trend is based on an all-year exponential distribution.
- (c) Latest evaluation for each accident year is brought to the accident year 2015 benefit level based on benefit factors shown in AC16-06-01, Exhibit 4.1, excluding utilization impacts. Evaluations prior to the latest evaluation are determined by adjusting the latest accident year average indemnity case reserves by the selected annual paid indemnity severity trend on closed claims (Item B) of 4.0%.

Source: Accident year experience of insurers with available claim count data

**Incurred Indemnity Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

D. Indemnity Open Claim Counts

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2001						25,541
2002					35,719	26,737
2003				46,941	33,845	25,053
2004			52,999	37,048	26,867	20,944
2005		62,169	44,207	30,965	23,483	18,264
2006	68,277	49,389	34,954	25,597	19,038	14,968
2007	74,323	55,786	40,596	29,809	22,756	17,626
2008	70,925	55,820	41,488	30,786	22,958	16,640
2009	67,894	55,449	41,764	30,726	22,102	16,341
2010	69,301	56,622	42,203	29,564	21,220	15,122
2011	68,675	56,412	40,848	28,630	19,990	
2012	71,699	58,618	41,611	28,574		
2013	78,317	61,002	42,352			
2014	80,466	61,895				
2015	83,002					

E. Total Indemnity Case Reserves Adjusted to Common Benefit Level and by Paid Indemnity
Severity Trend (in \$000) (d)

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2001						420,938
2002					542,774	458,275
2003				603,562	534,869	446,588
2004			596,525	495,413	441,576	388,276
2005		594,855	517,470	430,633	401,396	352,135
2006	491,546	491,474	425,524	370,219	338,434	300,131
2007	556,475	577,337	513,978	448,384	420,709	367,565
2008	552,275	600,796	546,282	481,603	441,422	360,884
2009	549,820	620,675	571,913	499,891	441,961	368,575
2010	583,663	659,157	601,041	500,226	441,298	354,723
2011	601,527	682,981	605,014	503,799	432,347	
2012	653,134	738,077	640,967	522,927		
2013	741,957	798,818	678,477			
2014	792,809	842,932				
2015	850,507					

F. Paid Indemnity Loss on All Claims Adjusted to the Common Benefit Level (in \$000) (e)

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2001						3,612,366
2002					3,501,186	3,730,187
2003				2,744,455	3,043,777	3,240,653
2004			1,627,988	1,941,747	2,138,317	2,282,259
2005		1,314,056	1,852,893	2,227,086	2,459,049	2,638,945
2006	492,518	1,074,683	1,510,996	1,795,545	2,007,192	2,176,727
2007	556,827	1,244,620	1,784,055	2,157,774	2,430,929	2,638,260
2008	542,477	1,229,671	1,802,654	2,224,687	2,521,504	2,730,469
2009	502,089	1,187,344	1,776,899	2,199,756	2,497,748	2,709,513
2010	506,054	1,208,562	1,817,949	2,253,208	2,542,217	2,747,927
2011	502,717	1,223,476	1,807,496	2,217,833	2,503,713	
2012	526,268	1,274,199	1,880,804	2,294,882		
2013	568,020	1,354,513	2,019,290			
2014	544,397	1,338,291				
2015	578,120					

- (d) Each amount is derived as the product of the indemnity open claim counts (Item D) and the adjusted average indemnity case reserves per open claim (Item C).
- (e) Brought to accident year 2015 benefit level based on benefit factors shown in AC16-06-01, Exhibit 4.1, excluding utilization impacts.

Source: Accident year experience of insurers with available claim count data

**Incurred Indemnity Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

G. Adjusted Total Indemnity Incurred (in \$000) (f)

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2001						4,033,304
2002					4,043,959	4,188,462
2003				3,348,017	3,578,646	3,687,241
2004			2,224,513	2,437,161	2,579,893	2,670,535
2005		1,908,911	2,370,363	2,657,719	2,860,445	2,991,080
2006	984,064	1,566,157	1,936,521	2,165,764	2,345,626	2,476,858
2007	1,113,302	1,821,956	2,298,033	2,606,158	2,851,638	3,005,825
2008	1,094,752	1,830,467	2,348,936	2,706,290	2,962,926	3,091,353
2009	1,051,910	1,808,019	2,348,811	2,699,647	2,939,709	3,078,088
2010	1,089,717	1,867,720	2,418,990	2,753,434	2,983,515	3,102,650
2011	1,104,244	1,906,458	2,412,510	2,721,633	2,936,060	
2012	1,179,402	2,012,276	2,521,771	2,817,808		
2013	1,309,977	2,153,331	2,697,766			
2014	1,337,206	2,181,223				
2015	1,428,628					

H. Indemnity Incurred Loss Development Factors Based on Adjusted Total Indemnity Incurred

Accident Year	Age-to-Age Development (in months):				
	15-27	27-39	39-51	51-63	63-75
2002					1.036
2003				1.069	1.030
2004			1.096	1.059	1.035
2005		1.242	1.121	1.076	1.046
2006	1.592	1.236	1.118	1.083	1.056
2007	1.637	1.261	1.134	1.094	1.054
2008	1.672	1.283	1.152	1.095	1.043
2009	1.719	1.299	1.149	1.089	1.047
2010	1.714	1.295	1.138	1.084	1.040
2011	1.726	1.265	1.128	1.079	
2012	1.706	1.253	1.117		
2013	1.644	1.253			
2014	1.631				
Latest Year	1.631	1.253	1.117	1.079	1.040

I. Indemnity Incurred Loss Development Factors Adjusted to Common Benefit Level (g)

Accident Year	Age-to-Age Development (in months):				
	15-27	27-39	39-51	51-63	63-75
2002					1.028
2003				1.048	1.030
2004			1.065	1.042	1.038
2005		1.171	1.087	1.064	1.050
2006	1.476	1.167	1.096	1.071	1.051
2007	1.559	1.216	1.104	1.067	1.045
2008	1.619	1.247	1.116	1.064	1.044
2009	1.672	1.233	1.125	1.067	1.043
2010	1.661	1.251	1.112	1.063	1.037
2011	1.652	1.220	1.110	1.053	
2012	1.658	1.219	1.094		
2013	1.606	1.201			
2014	1.627				

(f) Each amount is the sum of the adjusted total indemnity case reserves (Item E) and the adjusted total indemnity paid losses (Item F).

(g) Development factors are based on incurred losses adjusted to a common benefit level and from the same insurer mix as those which have been adjusted for case reserve level adequacy and applied in the calculation of the development factors in Item H.

Source: Accident year experience of insurers with available claim count data

**Incurred Indemnity Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

J. Impact of Adjustments to Common Case Reserve Level (h)

Accident Year	Age-to-Age Development (in months):				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2002					0.74%
2003				1.97%	0.03%
2004			2.87%	1.61%	-0.30%
2005		6.05%	3.11%	1.17%	-0.40%
2006	7.85%	5.97%	2.02%	1.16%	0.47%
2007	4.99%	3.71%	2.69%	2.52%	0.85%
2008	3.31%	2.93%	3.22%	2.93%	-0.09%
2009	2.81%	5.38%	2.18%	2.09%	0.43%
2010	3.21%	3.55%	2.39%	1.93%	0.28%
2011	4.50%	3.71%	1.67%	2.43%	
2012	2.89%	2.81%	2.18%		
2013	2.36%	4.34%			
2014	0.26%				

K. Indemnity Incurred Loss Development Factors Adjusted for Changes in Case Reserve Adequacy (i)

Accident Year	Age-to-Age Development (in months):				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2002					1.035
2003				1.068	1.030
2004			1.093	1.059	1.034
2005		1.239	1.119	1.075	1.045
2006	1.638	1.259	1.122	1.084	1.056
2007	1.640	1.261	1.134	1.093	1.054
2008	1.672	1.281	1.152	1.094	1.042
2009	1.717	1.299	1.148	1.089	1.047
2010	1.719	1.294	1.139	1.083	1.040
2011	1.732	1.270	1.128	1.079	
2012	1.710	1.252	1.118		
2013	1.642	1.254			
2014	1.630				
Latest Year	1.630	1.254	1.118	1.079	1.040

- (h) Each factor represents the change in age-to-age development factors from Item I to those in Item H.
- (i) Each factor is the product of [1.0 + the impact of adjustments to common case reserve level (Item J)] and [the incurred indemnity age-to-age development factors from AC16-06-01, Exhibit 2.1.1].

Source: Accident year experience of insurers with available claim count data

**Incurred Medical Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

A. Medical Case Reserves Per Open Indemnity Claim

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2001						28,060
2002					21,060	27,918
2003				18,352	23,124	30,421
2004			15,272	19,642	25,809	31,690
2005		14,562	18,358	21,798	27,272	35,658
2006	13,022	17,552	22,392	26,972	34,081	41,224
2007	13,759	17,977	22,125	28,180	34,704	43,454
2008	14,497	18,588	23,544	28,395	35,428	44,735
2009	14,990	19,925	23,698	29,869	36,748	43,772
2010	15,268	19,647	24,400	29,771	36,133	41,953
2011	16,696	21,562	26,242	32,153	38,701	
2012	17,012	21,029	25,163	29,312		
2013	16,510	20,944	23,643			
2014	16,172	19,547				
2015	16,899					

B. Average Paid Medical Loss Per Claim Adjusted to the Common Benefit Level (a)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2001						4,580
2002					4,753	5,100
2003				4,354	4,811	5,145
2004			3,875	4,565	5,093	5,529
2005		2,771	3,611	4,297	4,818	5,260
2006	1,699	2,972	3,947	4,702	5,275	5,790
2007	1,859	3,313	4,428	5,287	5,971	6,569
2008	2,121	3,712	4,994	6,059	6,910	7,571
2009	2,254	4,068	5,591	6,855	7,856	8,586
2010	2,311	4,242	5,958	7,339	8,293	9,005
2011	2,358	4,526	6,269	7,598	8,568	
2012	2,487	4,615	6,315	7,574		
2013	2,626	4,806	6,533			
2014	2,676	4,878				
2015	2,664					

Annual Trend (b): 5.0% 6.7% 7.5% 7.9% 7.9% 7.7%

C. Medical Case Reserves per Open Indemnity Claim Adjusted by Paid Medical Severity Trend (c)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2001						20,698
2002					19,036	22,147
2003				14,549	20,369	23,697
2004			12,387	15,568	21,795	25,356
2005		10,662	13,254	16,657	23,320	27,131
2006	9,192	11,408	14,182	17,823	24,953	29,030
2007	9,836	12,207	15,175	19,071	26,699	31,062
2008	10,524	13,062	16,237	20,406	28,568	33,237
2009	11,261	13,976	17,373	21,834	30,568	35,563
2010	12,049	14,954	18,590	23,363	32,708	38,053
2011	12,892	16,001	19,891	24,998	34,997	
2012	13,795	17,121	21,283	26,748		
2013	14,761	18,320	22,773			
2014	15,794	19,602				
2015	16,899					

(a) Represents average paid medical on all claims. All evaluations are brought to the accident year 2015 benefit level based on benefit factors shown in AC16-06-01, Exhibit 4.4, excluding utilization impacts.

(b) Trend is based on an all-year exponential distribution.

(c) Latest evaluation for each accident year is brought to the accident year 2015 benefit level based on benefit factors shown in AC16-06-01, Exhibit 4.4, excluding utilization impacts. Evaluations prior to the latest evaluation are determined by adjusting the latest accident year average medical case reserves by the selected annual paid medical severity trend on all claims (Item B) of 7.0%.

Source: Accident year experience of insurers with available claim count data

**Incurred Medical Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

**D. Total Medical Case Reserves Adjusted to the Common Benefit Level and by Paid Medical Severity Trend
(in \$000) (d)**

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2001						528,650
2002					679,953	592,143
2003				682,954	689,379	593,687
2004			656,498	576,750	585,553	531,057
2005		662,853	585,923	515,796	547,627	495,520
2006	627,610	563,453	495,713	456,225	475,046	434,523
2007	731,009	680,983	616,028	568,488	607,567	547,503
2008	746,419	729,096	673,633	628,219	655,868	553,057
2009	764,537	774,948	725,583	670,885	675,612	581,138
2010	835,007	846,735	784,534	690,699	694,057	575,431
2011	885,387	902,647	812,500	715,699	699,595	
2012	989,080	1,003,601	885,614	764,301		
2013	1,156,001	1,117,527	964,481			
2014	1,270,861	1,213,258				
2015	1,402,678					

E. Paid Medical Loss on All Claims Adjusted to the Common Benefit Level (in \$000) (e)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2001						2,279,170
2002					2,430,745	2,609,975
2003				2,115,165	2,342,999	2,509,222
2004			1,779,008	2,100,983	2,351,062	2,553,473
2005		1,246,242	1,636,496	1,953,838	2,194,666	2,396,761
2006	611,729	1,099,185	1,472,069	1,760,407	1,980,873	2,172,387
2007	727,507	1,341,231	1,810,664	2,171,218	2,454,472	2,701,093
2008	777,418	1,411,820	1,915,774	2,334,539	2,666,550	2,927,999
2009	735,915	1,378,181	1,914,887	2,355,980	2,709,215	2,966,156
2010	750,557	1,431,209	2,023,953	2,503,711	2,837,343	3,083,695
2011	749,860	1,492,174	2,089,385	2,541,119	2,873,829	
2012	797,389	1,569,295	2,175,532	2,628,505		
2013	874,419	1,686,889	2,330,512			
2014	931,537	1,803,778				
2015	969,251					

F. Adjusted Total Medical Incurred (in \$000) (f)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2001						2,807,819
2002					3,110,698	3,202,118
2003				2,798,120	3,032,378	3,102,908
2004			2,435,506	2,677,733	2,936,616	3,084,530
2005		1,909,095	2,222,419	2,469,633	2,742,293	2,892,281
2006	1,239,339	1,662,638	1,967,782	2,216,632	2,455,919	2,606,910
2007	1,458,516	2,022,214	2,426,692	2,739,707	3,062,039	3,248,596
2008	1,523,836	2,140,916	2,589,407	2,962,759	3,322,418	3,481,056
2009	1,500,452	2,153,129	2,640,469	3,026,864	3,384,828	3,547,293
2010	1,585,565	2,277,944	2,808,487	3,194,410	3,531,400	3,659,126
2011	1,635,247	2,394,821	2,901,885	3,256,818	3,573,423	
2012	1,786,469	2,572,896	3,061,146	3,392,806		
2013	2,030,420	2,804,416	3,294,994			
2014	2,202,398	3,017,036				
2015	2,371,929					

(d) Each amount is derived as the product of the indemnity open claim counts (Exhibit 3.2, Item D) and the adjusted average medical case reserves per open claim (Item C).

(e) Brought to accident year 2015 benefit level based on benefit factors shown in AC16-06-01, Exhibit 4.4, excluding utilization impacts.

(f) Each amount is the sum of the adjusted total medical case reserves (Item D) and the adjusted total medical paid losses (Item E).

Source: Accident year experience of insurers with available claim count data

**Incurred Medical Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

G. Medical Incurred Loss Development Factors Based on Adjusted Total Medical Incurred

Accident Year	Age-to-Age Development (in months):				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2002					1.029
2003				1.084	1.023
2004			1.099	1.097	1.050
2005		1.164	1.111	1.110	1.055
2006	1.342	1.184	1.126	1.108	1.061
2007	1.386	1.200	1.129	1.118	1.061
2008	1.405	1.209	1.144	1.121	1.048
2009	1.435	1.226	1.146	1.118	1.048
2010	1.437	1.233	1.137	1.105	1.036
2011	1.465	1.212	1.122	1.097	
2012	1.440	1.190	1.108		
2013	1.381	1.175			
2014	1.370				
Latest Year	1.370	1.175	1.108	1.097	1.036

H. Medical Incurred Loss Development Factors Adjusted to Common Benefit Level (g)

Accident Year	Age-to-Age Development (in months):				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2002					1.060
2003				1.063	1.052
2004			1.097	1.078	1.058
2005		1.144	1.079	1.081	1.076
2006	1.323	1.154	1.092	1.075	1.063
2007	1.358	1.165	1.117	1.081	1.071
2008	1.375	1.190	1.116	1.088	1.058
2009	1.434	1.181	1.133	1.081	1.049
2010	1.427	1.212	1.116	1.070	1.036
2011	1.451	1.180	1.103	1.059	
2012	1.410	1.162	1.084		
2013	1.376	1.129			
2014	1.349				

I. Impact of Adjustments to Common Case Reserve Level (h)

Accident Year	Age-to-Age Development (in months):				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2002					-2.86%
2003				1.94%	-2.76%
2004			0.26%	1.71%	-0.74%
2005		1.74%	3.00%	2.76%	-1.97%
2006	1.36%	2.55%	3.18%	3.02%	-0.10%
2007	2.12%	2.99%	1.11%	3.43%	-0.91%
2008	2.21%	1.63%	2.55%	3.05%	-0.99%
2009	0.06%	3.82%	1.14%	3.48%	-0.09%
2010	0.69%	1.71%	1.89%	3.33%	0.04%
2011	0.95%	2.69%	1.76%	3.58%	
2012	2.13%	2.37%	2.28%		
2013	0.36%	4.03%			
2014	1.55%				

(g) Development factors are based on incurred losses adjusted to a common benefit level and from the same insurer mix as those which have been adjusted for case reserve level adequacy and applied in the calculation of the development factors in Item G.

(h) Each factor represents the change in age-to-age development factors from Item H to those in Item G.

Source: Accident year experience of insurers with available claim count data

**Incurred Medical Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

J. Medical Incurred Loss Development Factors After Adjustment for Changes in Case Reserve Adequacy (i)

Accident Year	Age-to-Age Development (in months):				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2002					1.026
2003				1.081	1.022
2004			1.097	1.096	1.048
2005		1.161	1.109	1.110	1.053
2006	1.351	1.194	1.130	1.108	1.060
2007	1.386	1.206	1.126	1.115	1.059
2008	1.408	1.208	1.144	1.120	1.048
2009	1.432	1.227	1.146	1.118	1.048
2010	1.441	1.233	1.138	1.104	1.036
2011	1.466	1.217	1.122	1.098	
2012	1.421	1.180	1.104		
2013	1.358	1.165			
2014	1.347				
Latest Year	1.347	1.165	1.104	1.098	1.036

- (i) Each factor is the product of [1.0 + the impact of adjustments to common case reserve level (Item I)] and [the incurred medical age-to-age development factors from AC16-06-01, Exhibit 2.2.1].

Source: Accident year experience of insurers with available claim count data

**Developed Loss Ratios Using Latest Year Incurred Development Factors
Adjusted for Changes in Case Reserve Adequacy
Based on Experience as of March 31, 2016**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Indemnity				Medical			
Accident	Incurred	Annual	Cumulative		Incurred	Annual	Cumulative		Total
<u>Year</u>	<u>Loss Ratio</u>	<u>Development</u>	<u>Development</u>	<u>Developed</u>	<u>Loss Ratio</u>	<u>Development</u>	<u>Development</u>	<u>Developed</u>	<u>Developed</u>
	<u>Ex IBNR(a)</u>	<u>Factor(b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Ex IBNR(a)</u>	<u>Factor(c)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
				(1) x (3)				(5) x (7)	(4) + (8)
2005	0.121	1.006	1.027	0.124	0.182	1.009	1.093	0.199	0.323
2006	0.156	1.007	1.034	0.161	0.233	1.011	1.104	0.257	0.418
2007	0.212	1.011	1.045	0.222	0.324	1.017	1.123	0.364	0.585
2008	0.265	1.012	1.058	0.281	0.397	1.015	1.140	0.452	0.733
2009	0.303	1.018	1.077	0.326	0.453	1.020	1.163	0.527	0.853
2010	0.285	1.021	1.099	0.313	0.429	1.025	1.192	0.511	0.825
2011	0.257	1.040	1.143	0.294	0.364	1.036	1.235	0.450	0.744
2012	0.218	1.079	1.233	0.269	0.296	1.098	1.356	0.401	0.670
2013	0.172	1.118	1.379	0.238	0.226	1.104	1.497	0.339	0.576
2014	0.134	1.254	1.729	0.232	0.177	1.165	1.744	0.309	0.541
2015	0.084	1.630	2.818	0.236	0.133	1.347	2.348	0.313	0.549

- (a) Based on AC16-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.
- (b) Age-to-age factors for developing accident years 2011 to 2015 were adjusted for changes in indemnity case reserve levels based on estimated annual severity trends on closed indemnity claims (see Exhibit 4.4, Item K). Age-to-age factors for developing accident years prior to 2011 are selected as the age-to-age factors shown in AC16-06-01, Exhibit 2.1.
- (c) Age-to-age factors for developing accident years 2011 to 2015 were adjusted for changes in medical case reserve levels based on estimated annual medical severity trend on all claims (see Exhibit 4.8, Item J). Age-to-age factors for developing accident years prior to 2011 are selected as the age-to-age factors shown in AC16-06-01, Exhibit 2.2.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Latest Year Incurred Development Factors
Adjusted for Changes in Indemnity Case Reserve Adequacy
Based on Experience as of March 31, 2016**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio(a)	Composite Indemnity Adjustment Factor(b)	Composite Premium Adjustment Factor(c)	On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)x(2)÷(3)
2005	0.124	1.419	0.790	0.223
2006	0.161	1.403	1.016	0.222
2007	0.222	1.359	1.299	0.232
2008	0.281	1.280	1.570	0.229
2009	0.326	1.255	1.693	0.242
2010	0.313	1.238	1.540	0.252
2011	0.294	1.218	1.403	0.255
2012	0.269	1.190	1.249	0.256
2013	0.238	1.196	1.093	0.260
2014	0.232	1.083	1.008	0.249
2015	0.236	1.058	0.968	0.258
				Projections (d)
2016				0.253
2017				0.249
1/1/2018				0.247

(a) See Exhibit 4.9.

(b) Based on AC16-06-01, Exhibit 4.1.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC16-06-01, Exhibit 6.2, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Latest Year Incurred Development Factors
Adjusted for Changes in Medical Case Reserve Adequacy
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)
2005	0.199	0.930	0.790	0.234
2006	0.257	0.977	1.016	0.248
2007	0.364	0.959	1.299	0.269
2008	0.452	0.952	1.570	0.274
2009	0.527	0.939	1.693	0.292
2010	0.511	0.936	1.540	0.311
2011	0.450	0.934	1.403	0.299
2012	0.401	0.942	1.249	0.303
2013	0.339	0.996	1.093	0.309
2014	0.309	1.024	1.008	0.314
2015	0.313	1.021	0.968	0.330
				Projections (d)
2016				0.333
2017				0.337
1/1/2018				0.338

(a) See Exhibit 4.9.

(b) Based on AC16-06-01, Exhibit 4.4.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC16-06-01, Exhibit 6.4, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1, these trends were then separately applied to the 2014 and 2015 on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

**Developed Loss Ratios Using Latest Year Incurred Loss Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2016**

	(1)	(2) Indemnity		(3)	(4)	(5)	(6) Medical		(7)	(8)	(9)
Accident	Incurring	Development Factors		Developed	Loss	Incurring	Development Factors		Developed	Loss	Total
Year	Loss Ratio(a)	Annual	Cumulative(b)	Ratio(c)	(1) x (3)	Loss Ratio(a)	Annual	Cumulative(d)	Ratio(c)	(5) x (7)	Developed
											Loss
											Ratio
											(4) + (8)
2005	0.121	---	0.978	0.118	0.182	---	1.066	0.194	0.313		
2006	0.156	---	0.992	0.154	0.233	---	1.080	0.252	0.406		
2007	0.212	---	1.017	0.216	0.324	---	1.110	0.359	0.575		
2008	0.265	---	1.052	0.279	0.397	---	1.147	0.455	0.734		
2009	0.303	---	1.084	0.328	0.453	---	1.177	0.533	0.861		
2010	0.285	---	1.116	0.318	0.429	---	1.214	0.521	0.839		
2011	0.257	---	1.151	0.296	0.364	---	1.241	0.452	0.748		
2012	0.218	---	1.212	0.264	0.296	---	1.319	0.390	0.654		
2013	0.172	---	1.322	0.228	0.226	---	1.419	0.321	0.549		
2014	0.134	---	1.596	0.214	0.177	---	1.593	0.282	0.496		
2015	0.084	---	2.571	0.216	0.133	---	2.079	0.277	0.493		

- (a) Based on AC16-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.
- (b) Column (4) divided by Column (1).
- (c) Developed loss ratios were derived by averaging the loss ratios developed using the latest year incurred methodology for State Compensation Insurance Fund and the remaining insurers collectively, weighted by calendar year 2015 earned premium at the advisory pure premium rate level.
- (d) Column (8) divided by Column (5).

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Incurred Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.118	1.419	0.790	0.213
2006	0.154	1.403	1.016	0.213
2007	0.216	1.359	1.299	0.226
2008	0.279	1.280	1.570	0.228
2009	0.328	1.255	1.693	0.243
2010	0.318	1.238	1.540	0.256
2011	0.296	1.218	1.403	0.257
2012	0.264	1.190	1.249	0.252
2013	0.228	1.196	1.093	0.249
2014	0.214	1.083	1.008	0.230
2015	0.216	1.058	0.968	0.236
				Projections (d)
2016				0.232
2017				0.229
1/1/2018				0.226

(a) See Exhibit 5.1.

(b) Based on AC16-06-01, Exhibit 4.1.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC16-06-01, Exhibit 6.2, the actual frequency trend for accident year 2015, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Incurred Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio (e) (1)×(2)÷(3)
2005	0.194	0.930	0.790	0.229
2006	0.252	0.977	1.016	0.242
2007	0.359	0.959	1.299	0.265
2008	0.455	0.952	1.570	0.276
2009	0.533	0.939	1.693	0.296
2010	0.521	0.936	1.540	0.317
2011	0.452	0.934	1.403	0.301
2012	0.390	0.942	1.249	0.294
2013	0.321	0.996	1.093	0.293
2014	0.282	1.024	1.008	0.287
2015	0.277	1.021	0.968	0.293
				Projections (d)
2016				0.300
2017				0.303
1/1/2018				0.304

(a) See Exhibit 5.1.

(b) Based on AC16-06-01, Exhibit 4.4.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC16-06-01, Exhibit 6.4, the actual frequency trend for accident year 2015, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

**Developed Loss Ratios Using Unadjusted 3-Year Average Paid Development Factors
Based on Experience as of March 31, 2016**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Reported	Annual	Cumulative	Developed	Reported	Annual	Cumulative	Developed	Total
Year	<u>Paid</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Paid</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Developed</u>
	<u>Loss Ratio(a)</u>	<u>Factor(b)</u>	<u>Factor</u>	<u>(1) x (3)</u>	<u>Loss Ratio(a)</u>	<u>Factor(c)</u>	<u>Factor</u>	<u>(5) x (7)</u>	<u>(4) + (8)</u>
2005	0.113	1.014	1.093	0.124	0.160	1.024	1.327	0.213	0.336
2006	0.144	1.019	1.114	0.161	0.204	1.031	1.368	0.278	0.439
2007	0.194	1.026	1.142	0.222	0.280	1.037	1.418	0.397	0.618
2008	0.242	1.034	1.181	0.285	0.341	1.043	1.479	0.504	0.790
2009	0.272	1.042	1.231	0.334	0.385	1.052	1.556	0.599	0.933
2010	0.252	1.057	1.301	0.328	0.362	1.069	1.664	0.601	0.930
2011	0.219	1.083	1.409	0.309	0.288	1.093	1.819	0.524	0.832
2012	0.178	1.131	1.593	0.283	0.224	1.138	2.070	0.464	0.747
2013	0.129	1.229	1.958	0.253	0.155	1.223	2.531	0.393	0.646
2014	0.082	1.483	2.904	0.239	0.101	1.397	3.535	0.358	0.597
2015	0.034	2.422	7.034	0.238	0.051	1.953	6.904	0.352	0.591

- (a) Based on AC16-06-01, Exhibit 1.
(b) Age-to-age factors are selected as three-year averages based on AC16-06-01, Exhibit 2.5.
(c) Age-to-age factors are selected as three-year averages based on AC16-06-01, Exhibit 2.6. These factors have not been adjusted for the SB 863 reforms or RBRVS.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted 3-Year Average Paid Development Factors
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)x(2)÷(3)
2005	0.124	1.419	0.790	0.222
2006	0.161	1.403	1.016	0.222
2007	0.222	1.359	1.299	0.232
2008	0.285	1.280	1.570	0.233
2009	0.334	1.255	1.693	0.248
2010	0.328	1.238	1.540	0.264
2011	0.309	1.218	1.403	0.268
2012	0.283	1.190	1.249	0.270
2013	0.253	1.196	1.093	0.276
2014	0.239	1.083	1.008	0.256
2015	0.238	1.058	0.968	0.261
				Projections (d)
2016				0.258
2017				0.254
1/1/2018				0.252

(a) See Exhibit 6.1.

(b) Based on AC16-06-01, Exhibit 4.1.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC16-06-01, Exhibit 6.2, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted 3-Year Average Paid Development Factors
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)
2005	0.213	0.930	0.790	0.250
2006	0.278	0.977	1.016	0.268
2007	0.397	0.959	1.299	0.293
2008	0.504	0.952	1.570	0.306
2009	0.599	0.939	1.693	0.332
2010	0.601	0.936	1.540	0.366
2011	0.524	0.934	1.403	0.349
2012	0.464	0.942	1.249	0.350
2013	0.393	0.996	1.093	0.359
2014	0.358	1.024	1.008	0.364
2015	0.352	1.021	0.968	0.372
				Projections (d)
2016				0.380
2017				0.385
1/1/2018				0.385

- (a) See Exhibit 6.1.
- (b) Based on AC16-06-01, Exhibit 4.4.
- (c) See AC16-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC16-06-01, Exhibit 6.4, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Developed Loss Ratios Using Unadjusted Latest Year Paid Development Factors
Based on Experience as of March 31, 2016**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Indemnity				Medical			
Accident	Paid	Annual	Cumulative	Developed	Paid	Annual	Cumulative	Developed	Total
<u>Year</u>	<u>Loss Ratio(a)</u>	<u>Factor(b)</u>	<u>Factor</u>	<u>Loss Ratio</u> (1) x (3)	<u>Loss Ratio(a)</u>	<u>Factor(c)</u>	<u>Factor</u>	<u>Loss Ratio</u> (5) x (7)	<u>Loss Ratio</u> (4) + (8)
2005	0.113	1.014	1.093	0.124	0.160	1.024	1.327	0.213	0.336
2006	0.144	1.019	1.114	0.161	0.204	1.031	1.368	0.278	0.439
2007	0.194	1.026	1.142	0.222	0.280	1.037	1.418	0.397	0.618
2008	0.242	1.032	1.179	0.285	0.341	1.038	1.472	0.502	0.787
2009	0.272	1.040	1.226	0.333	0.385	1.047	1.541	0.593	0.926
2010	0.252	1.056	1.295	0.327	0.362	1.062	1.637	0.592	0.919
2011	0.219	1.081	1.400	0.307	0.288	1.087	1.779	0.512	0.819
2012	0.178	1.129	1.580	0.281	0.224	1.131	2.012	0.452	0.732
2013	0.129	1.220	1.928	0.249	0.155	1.214	2.443	0.380	0.628
2014	0.082	1.492	2.877	0.236	0.101	1.391	3.398	0.344	0.580
2015	0.034	2.456	7.065	0.239	0.051	1.938	6.586	0.336	0.576

- (a) Based on AC16-06-01, Exhibit 1.
- (b) Age-to-age factors are selected as latest year for for the 12-to-24 month through 96-to-108 month factors and three-year average for the subsequent age-to-age factors based on AC16-06-01, Exhibit 2.5.
- (c) Age-to-age factors are selected as latest year for for the 12-to-24 month through 96-to-108 month factors and three-year average for the subsequent age-to-age factors based on AC16-06-01, Exhibit 2.6. These factors have not been adjusted for the SB 863 reforms or RBRVS.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Based on Unadjusted Latest Year Paid Selections
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.124	1.419	0.790	0.222
2006	0.161	1.403	1.016	0.222
2007	0.222	1.359	1.299	0.232
2008	0.285	1.280	1.570	0.232
2009	0.333	1.255	1.693	0.247
2010	0.327	1.244	1.540	0.264
2011	0.307	1.224	1.403	0.268
2012	0.281	1.190	1.249	0.267
2013	0.249	1.196	1.093	0.272
2014	0.236	1.083	1.008	0.254
2015	0.239	1.058	0.968	0.262
				Projections (d)
2016				0.257
2017				0.254
1/1/2018				0.251

- (a) See Exhibit 7.1.
- (b) Based on AC16-06-01, Exhibit 4.1.
- (c) See AC16-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC16-06-01, Exhibit 6.2, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Based on Unadjusted Latest Year Paid Selections
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)
2005	0.213	0.930	0.790	0.250
2006	0.278	0.977	1.016	0.268
2007	0.397	0.959	1.299	0.293
2008	0.502	0.952	1.570	0.305
2009	0.593	0.939	1.693	0.329
2010	0.592	0.936	1.540	0.360
2011	0.512	0.934	1.403	0.341
2012	0.452	0.942	1.249	0.341
2013	0.380	0.996	1.093	0.346
2014	0.344	1.024	1.008	0.350
2015	0.336	1.021	0.968	0.355
				Projections (d)
2016				0.364
2017				0.369
1/1/2018				0.369

- (a) See Exhibit 7.1.
- (b) Based on AC16-06-01, Exhibit 4.4.
- (c) See AC16-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC16-06-01, Exhibit 6.4, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Developed Loss Ratios Using Selected Loss Development Factors
Adjusted for Reforms with Calendar Year Tail Development
Based on Experience as of March 31, 2016**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Indemnity					Medical			
Accident	Paid or Incurred	Annual	Cumulative	Developed	Unadjusted	Adjusted	Annual	Cumulative	Developed	Total
<u>Year</u>	<u>Loss Ratio(a)</u>	<u>Factor(b)</u>	<u>Factor(d)</u>	<u>Loss Ratio</u> <u>(1) x (3)</u>	<u>Loss Ratio(a)</u>	<u>Loss Ratio(c)</u>	<u>Factor(c)</u>	<u>Factor(d)</u>	<u>Loss Ratio</u> <u>(5) x (7)</u>	<u>Loss Ratio</u> <u>(4) + (8)</u>
2005	0.113	1.014	1.089	0.123	0.160	0.154	1.026	1.335	0.205	0.328
2006	0.144	1.019	1.109	0.160	0.204	0.195	1.033	1.378	0.269	0.429
2007	0.194	1.026	1.138	0.221	0.280	0.269	1.039	1.432	0.385	0.606
2008	0.242	1.032	1.174	0.284	0.341	0.328	1.040	1.489	0.489	0.772
2009	0.272	1.040	1.221	0.332	0.385	0.372	1.050	1.563	0.582	0.913
2010	0.252	1.056	1.290	0.326	0.362	0.352	1.065	1.665	0.585	0.911
2011	0.219	1.081	1.387	0.304	0.288	0.282	1.090	1.815	0.513	0.817
2012	0.178	1.129	1.566	0.278	0.224	0.223	1.135	2.060	0.459	0.737
2013	0.129	1.220	1.943	0.251	0.155	0.156	1.217	2.507	0.392	0.643
2014	0.082	1.492	3.050	0.251	0.101	0.102	1.391	3.487	0.356	0.607
2015	0.034	2.456	7.491	0.254	0.051	0.051	1.933	6.740	0.346	0.600

- (a) Based on AC16-06-01, Exhibit 1.
- (b) Age-to-age factors are selected as latest year for for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors based on AC16-06-01, Exhibit 2.5.
- (c) Based on experience evaluated as of March 31, 2016. Reflects an adjustment for SB 863 of -4.4% applied to payments made before January 1, 2013, and adjustments for RBRVS of -1.8% applied to payments made before January 1, 2014, 0.6% applied to payments made before January 1, 2015, and 0.8% applied to payments made before January 1, 2016. No adjustments are applied to the incurred loss ratios.
- (d) Development from 375 months-to-ultimate was based on a comparison of incremental changes in reported calendar year incurred losses to cumulative incurred losses for the latest accident year available. Indemnity tail development was adjusted for non-repeating asbestosis development patterns. Medical tail development was adjusted for the effects of medical inflation.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Latest Year Paid Loss Development Adjusted for Reforms with Calendar Year Tail Development
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.123	1.419	0.790	0.221
2006	0.160	1.403	1.016	0.221
2007	0.221	1.359	1.299	0.231
2008	0.284	1.280	1.570	0.231
2009	0.332	1.255	1.693	0.246
2010	0.326	1.238	1.540	0.262
2011	0.304	1.224	1.403	0.265
2012	0.278	1.195	1.249	0.266
2013	0.251	1.196	1.093	0.274
2014	0.251	1.083	1.008	0.269
2015	0.254	1.058	0.968	0.278
				Projections (d)
2016				0.273
2017				0.269
1/1/2018				0.266

- (a) See Exhibit 8.1.
- (b) Based on AC16-06-01, Exhibit 4.1.
- (c) See AC16-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC16-06-01, Exhibit 6.2, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Latest Year Paid Loss Development Adjusted for Reforms with Calendar Year Tail Development
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)x(2)÷(3)
2005	0.205	0.979	0.790	0.254
2006	0.269	1.028	1.016	0.272
2007	0.385	1.009	1.299	0.299
2008	0.489	1.002	1.570	0.312
2009	0.582	0.988	1.693	0.340
2010	0.585	0.985	1.540	0.375
2011	0.513	0.982	1.403	0.359
2012	0.459	0.991	1.249	0.365
2013	0.392	1.002	1.093	0.360
2014	0.356	1.017	1.008	0.360
2015	0.346	1.015	0.968	0.363
				Projections (d)
2016				0.374
2017				0.378
1/1/2018				0.378

- (a) See Exhibit 8.1.
- (b) Based on AC16-06-01, Exhibit 4.4.
- (c) See AC16-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC16-06-01, Exhibit 6.4, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Paid Indemnity Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

A. Total Reported Indemnity Claim Counts

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2007						121,389
2008					118,673	118,998
2009				113,700	114,313	114,647
2010			116,572	117,712	118,388	118,743
2011		114,768	117,805	119,136	119,854	
2012	108,944	121,925	125,136	126,516		
2013	117,711	129,771	133,340			
2014	121,936	135,419				
2015	127,192					

B. Development of Total Reported Indemnity Claim Counts

Accident Year	Age-to-Age Development (in months):					
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>	<u>75-Ultimate</u>
2007					1.002	
2008				1.004	1.003	
2009			1.008	1.005	1.003	
2010		1.022	1.010	1.006	1.003	
2011	1.102	1.026	1.011	1.006		
2012	1.119	1.026	1.011			
2013	1.102	1.028				
2014	1.111					
Latest Year	1.111	1.028	1.011	1.006	1.003	
Cumulative	1.171	1.054	1.026	1.015	1.009	1.006

Acc. Year	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Ult. Claim Counts	148,938	142,784	136,829	128,410	120,920	119,440

C. Closed Indemnity Claim Counts

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2006						93,429
2007					98,372	103,763
2008				87,407	95,715	102,358
2009			70,984	82,974	92,211	98,306
2010		57,427	74,369	88,148	97,168	103,621
2011	35,509	58,356	76,957	90,506	99,864	
2012	37,245	63,307	83,525	97,942		
2013	39,394	68,769	90,988			
2014	41,470	73,524				
2015	44,190					

Source: Accident year experience of insurers with available claim count data

**Paid Indemnity Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

D. Ultimate Indemnity Claim Settlement Ratio (a)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2007						85.2%
2008					80.0%	85.5%
2009				72.0%	80.0%	85.2%
2010			62.3%	73.8%	81.4%	86.8%
2011		48.3%	63.6%	74.8%	82.6%	
2012	29.0%	49.3%	65.0%	76.3%		
2013	28.8%	50.3%	66.5%			
2014	29.0%	51.5%				
2015	29.7%					

E. Adjusted Closed Indemnity Claim Counts at Equal Percentiles of Ultimate Claim Counts (b)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2007						105,711
2008					98,836	103,825
2009				87,958	95,240	100,047
2010			79,425	91,101	98,643	103,621
2011		62,265	80,409	92,229	99,864	
2012	38,099	66,122	85,390	97,942		
2013	40,597	70,457	90,988			
2014	42,364	73,524				
2015	44,190					

F. Average Paid Indemnity per Closed Claim

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2007						13,947
2008					13,812	15,956
2009				12,078	14,867	16,829
2010			9,119	12,633	15,240	17,238
2011		5,542	9,576	12,965	15,593	
2012	2,349	6,026	10,119	13,341		
2013	2,747	6,443	10,520			
2014	2,798	6,769				
2015	3,072					

- (a) Ratio of closed indemnity claim counts (Item C) to the estimated ultimate indemnity claim counts (Item B) for that accident year.
- (b) The claim counts for the latest evaluation of each accident year are equal to the reported number of closed indemnity claims. All prior evaluations shown are the product of the latest ultimate indemnity claim settlement ratio (Item D) and the ultimate indemnity claim counts (Item B) for that accident year.

Source: Accident year experience of insurers with available claim count data

**Paid Indemnity Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

G. Adjusted Average Paid Indemnity per Closed Claim (c)

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2007						14,533
2008					14,781	16,411
2009				13,511	15,812	17,432
2010			10,278	13,433	15,676	17,238
2011		6,217	10,345	13,413	15,593	
2012	2,423	6,477	10,488	13,341		
2013	2,845	6,688	10,520			
2014	2,868	6,769				
2015	3,072					

H. Adjusted Paid Indemnity on Closed Claims (in \$000) (d)

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2007						1,536,283
2008					1,460,928	1,703,916
2009				1,188,379	1,505,910	1,744,015
2010			816,324	1,223,778	1,546,292	1,786,262
2011		387,100	831,794	1,237,072	1,557,229	
2012	92,318	428,264	895,551	1,306,666		
2013	115,482	471,229	957,234			
2014	121,491	497,650				
2015	135,735					

I. Paid Indemnity on Open Claims (in \$000)

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2007						673,496
2008					816,917	683,001
2009				875,095	760,647	657,840
2010			894,990	836,290	719,055	591,677
2011		752,295	852,218	776,553	644,044	
2012	386,328	765,775	848,185	759,553		
2013	402,128	773,860	857,007			
2014	416,148	810,606				
2015	442,385					

(c) Adjusted based on ultimate indemnity claim settlement ratios (Item D) and assuming a log-linear relationship between maturities.

(d) Each amount is the product of the adjusted closed indemnity claim counts (Item E) and the adjusted average paid indemnity per closed claim (Item G), and divided by \$1,000.

Source: Accident year experience of insurers with available claim count data

**Paid Indemnity Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

J. Average Paid Indemnity per Open Claim for Indemnity Claims in Transition (e)

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2007						38,210
2008					35,583	41,046
2009				28,481	34,415	40,257
2010			21,207	28,287	33,886	40,340
2011		13,336	20,863	27,124	33,506	
2012	5,388	13,064	20,384	26,656		
2013	5,135	12,686	18,324			
2014	5,172	9,309				
2015	4,960					

K. Changes in Paid Indemnity on Open Claims Resulting from the Impact of Changes in
Claim Settlement Rates (in \$000) (f)

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2007						-74,437
2008					-111,072	-60,204
2009				-141,953	-104,239	-70,072
2010			-107,227	-83,524	-49,965	
2011		-52,134	-72,015	-46,729		
2012	-4,603	-36,781	-38,011			
2013	-6,177	-21,420				
2014	-4,623					

L. Adjusted Paid Indemnity on Open Claims (in \$000) (g)

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2007						599,059
2008					705,846	622,797
2009				733,142	656,408	587,767
2010			787,763	752,766	669,090	591,677
2011		700,161	780,203	729,824	644,044	
2012	381,725	728,995	810,174	759,553		
2013	395,951	752,440	857,007			
2014	411,525	810,606				
2015	442,385					

- (e) Each amount is equal to the product of [the average monthly indemnity payment per open indemnity claim] and [the number of months for the current evaluation]. For evaluations indicating claim settlement rate decreases, the average monthly indemnity payment per open indemnity claim at the prior evaluation is used. For evaluations indicating claim settlement rate increases, the average monthly indemnity payment per open indemnity claim at the same evaluation is used.
- (f) Each amount is equal to [the difference between unadjusted and adjusted closed indemnity claim counts (Items C and E)] multiplied by the corresponding [average paid indemnity per open claim for indemnity claims in transition (Item J)].
- (g) Each amount is the sum of [paid indemnity on open claims (Item I)] and the corresponding [incremental changes in paid indemnity on open claims resulting from the impact of changes in claim settlement rates (Item K)].

Source: Accident year experience of insurers with available claim count data

**Paid Indemnity Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

M. Adjusted Total Paid Indemnity (in \$000) (h)

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2007						2,135,343
2008					2,166,774	2,326,713
2009				1,921,521	2,162,318	2,331,782
2010			1,604,087	1,976,545	2,215,382	2,377,939
2011		1,087,260	1,611,997	1,966,896	2,201,273	
2012	474,043	1,157,258	1,705,726	2,066,219		
2013	511,432	1,223,669	1,814,240			
2014	533,016	1,308,256				
2015	578,120					

N. Paid Indemnity Loss Development Factors Based on Adjusted Total Paid Indemnity

Accident Year	Evaluated as of (in months)				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2007					
2008					1.074
2009				1.125	1.078
2010			1.232	1.121	1.073
2011		1.483	1.220	1.119	
2012	2.441	1.474	1.211		
2013	2.393	1.483			
2014	2.454				
Latest Year	2.454	1.483	1.211	1.119	1.073
3-Year Average	2.429	1.480	1.221	1.122	1.075

O. Paid Indemnity Loss Development Factors (i)

Accident Year	Evaluated as of (in months)				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2008					1.083
2009				1.135	1.085
2010			1.239	1.128	1.081
2011		1.477	1.227	1.129	
2012	2.421	1.476	1.220		
2013	2.385	1.491			
2014	2.458				

(h) Each amount is the sum of the adjusted paid indemnity on closed claims (Item H) and the adjusted paid indemnity on open claims (Item L).

(i) Development factors are based on paid indemnity losses from the same insurer mix as that used in the adjustment for changes in claim settlement rates and applied in the calculation of the development factors in Item N.

Source: Accident year experience of insurers with available claim count data

**Paid Indemnity Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

P. Impact of Adjustment for Changes in Claim Settlement Rates (j)

Accident Year	Evaluated as of (in months)				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2008					-0.84%
2009				-0.89%	-0.59%
2010			-0.58%	-0.66%	-0.70%
2011		0.36%	-0.56%	-0.86%	
2012	0.83%	-0.14%	-0.72%		
2013	0.34%	-0.55%			
2014	-0.16%				

Q. Paid Indemnity Loss Development Factors Adjusted for Changes in Indemnity
Claim Settlement Rates (k)

Accident Year	Evaluated as of (in months)				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2008					1.074
2009				1.125	1.078
2010			1.233	1.122	1.073
2011		1.486	1.220	1.119	
2012	2.444	1.475	1.211		
2013	2.393	1.484			
2014	2.452				
Latest Year	2.452	1.484	1.211	1.119	1.073
3-Year Average	2.430	1.482	1.221	1.122	1.075

- (j) Each factor represents the change in age-to-age development factors from Item O to those in Item N.
- (k) Each factor is the product of [1.0 + the impact of adjustment for changes in claim settlement rates (Item P)] and [the paid indemnity age-to-age development factor from AC16-06-01, Exhibit 2.3.1].

Source: Accident year experience of insurers with available claim count data

**Paid Medical Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

A. Total Reported Indemnity Claim Counts

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2007						118,091
2008					115,608	115,929
2009				110,812	111,409	111,742
2010			113,449	114,584	115,264	115,623
2011		113,220	116,237	117,544	118,258	
2012	107,451	120,326	123,534	124,908		
2013	117,711	129,771	133,340			
2014	121,936	135,419				
2015	127,192					

B. Development of Total Reported Indemnity Claim Counts

Accident Year	Age-to-Age Development (in months):					
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>	<u>75-Ultimate</u>
2008					1.003	
2009				1.005	1.003	
2010			1.010	1.006	1.003	
2011		1.027	1.011	1.006		
2012	1.120	1.027	1.011			
2013	1.102	1.028				
2014	1.111					
Latest Year	1.111	1.028	1.011	1.006	1.003	
Cumulative	1.171	1.055	1.026	1.015	1.009	1.006

Acc. Year	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Ult. Claim Counts	148,983	142,827	136,870	126,804	119,329	116,307

C. Closed Indemnity Claim Counts

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2007						100,836
2008					93,100	99,620
2009				80,779	89,781	95,735
2010			72,355	85,765	94,534	100,843
2011		57,718	76,009	89,332	98,555	
2012	36,916	62,634	82,549	96,745		
2013	39,394	68,769	90,988			
2014	41,470	73,524				
2015	44,190					

Source: Accident year experience of insurers with available claim count and paid loss data

**Paid Medical Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

D. Ultimate Indemnity Claim Settlement Ratio (a)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2007						85.1%
2008					79.9%	85.4%
2009				71.9%	79.9%	85.2%
2010			62.2%	73.7%	81.3%	86.7%
2011		48.4%	63.7%	74.9%	82.6%	
2012	29.1%	49.4%	65.1%	76.3%		
2013	28.8%	50.2%	66.5%			
2014	29.0%	51.5%				
2015	29.7%					

E. Adjusted Closed Indemnity Claim Counts at Equal Percentiles of Ultimate Claim Counts (b)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2007						102,775
2008					96,289	101,084
2009				85,758	92,835	97,458
2010			77,319	88,736	96,060	100,843
2011		61,428	79,327	91,041	98,555	
2012	37,611	65,276	84,297	96,745		
2013	40,597	70,457	90,988			
2014	42,364	73,524				
2015	44,190					

F. Average Paid Medical per Closed Indemnity Claim

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2007						16,176
2008					16,048	19,079
2009				14,235	17,992	20,786
2010			10,808	15,150	18,718	21,543
2011		6,189	10,669	14,734	18,141	
2012	2,848	6,583	11,042	14,822		
2013	3,001	6,723	10,964			
2014	2,991	6,837				
2015	3,223					

- (a) Ratio of closed indemnity claim counts (Item C) to the estimated ultimate indemnity claim counts (Item B) for that accident year.
- (b) The claim counts for the latest evaluation of each accident year are equal to the reported number of closed indemnity claims. All prior evaluations shown are the product of the latest ultimate indemnity claim settlement ratio (Item D) and the ultimate indemnity claim counts (Item B) for that accident year.

Source: Accident year experience of insurers with available claim count and paid loss data

**Paid Medical Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

G. Adjusted Average Paid Medical per Closed Indemnity Claim (c)

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2007						17,113
2008					17,466	19,768
2009				16,204	19,375	21,667
2010			12,247	16,276	19,365	21,543
2011		6,912	11,562	15,314	18,141	
2012	2,913	7,051	11,450	14,822		
2013	3,102	6,978	10,964			
2014	3,061	6,837				
2015	3,223					

H. Adjusted Paid Medical (in \$000) on Closed Indemnity Claims (d)

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2007						1,758,812
2008					1,681,778	1,998,179
2009				1,389,646	1,798,713	2,111,650
2010			946,936	1,444,259	1,860,237	2,172,455
2011		424,576	917,190	1,394,167	1,787,884	
2012	109,571	460,232	965,170	1,433,985		
2013	125,936	491,637	997,595			
2014	129,676	502,718				
2015	142,425					

I. Paid Medical on Open Indemnity Claims (in \$000)

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2007						1,009,902
2008					1,124,141	993,306
2009				1,162,267	1,072,744	972,411
2010			1,148,134	1,136,279	1,016,210	872,445
2011		925,604	1,071,589	1,024,229	889,504	
2012	493,514	911,091	1,008,677	935,267		
2013	519,335	901,557	972,023			
2014	514,377	882,018				
2015	524,073					

- (c) Adjusted based on ultimate indemnity claim settlement ratios (Item D) and assuming a log-linear relationship between maturities.
- (d) Each amount is equal to the product of [adjusted closed indemnity claim counts (Item E)] and [adjusted average paid medical per closed indemnity claim (Item G)], and divided by \$1,000.

Source: Accident year experience of insurers with available claim count and paid loss data

**Paid Medical Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

J. Average Paid Medical per Open Indemnity Claim for Indemnity Claims in Transition (e)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2007						58,528
2008					49,944	60,905
2009				38,700	49,600	60,749
2010			27,939	39,428	49,021	58,359
2011		16,677	26,638	36,305	44,847	
2012	6,997	15,792	24,611	32,183		
2013	6,631	14,779	21,348			
2014	6,392	11,506				
2015	6,314					

K. Changes in Paid Medical on Open Indemnity Claims Resulting from the Impact of Changes in Indemnity Claim Settlement Rates (in \$000) (f)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2007						-113,491
2008					-159,289	-89,162
2009				-192,681	-151,502	-104,677
2010			-138,677	-117,157	-74,798	
2011		-61,865	-88,381	-62,058		
2012	-4,866	-41,723	-43,011			
2013	-7,977	-24,954				
2014	-5,714					

L. Adjusted Paid Medical on Open Indemnity Claims (in \$000) (g)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2007						896,411
2008					964,852	904,144
2009				969,585	921,242	867,734
2010			1,009,457	1,019,121	941,412	872,445
2011		863,739	983,208	962,171	889,504	
2012	488,648	869,369	965,667	935,267		
2013	511,357	876,602	972,023			
2014	508,663	882,018				
2015	524,073					

- (e) Each amount is equal to the product of [the average monthly medical payment per open indemnity claim] and [the number of months for the current evaluation]. For evaluations indicating claim settlement rate decreases, the average monthly medical payment per open indemnity claim at the prior evaluation is used. For evaluations indicating claim settlement rate increases, the average monthly medical payment per open indemnity claim at the same evaluation is used.
- (f) Each amount is equal to [the difference between unadjusted and adjusted closed indemnity claim counts (Items C and E)] multiplied by [the corresponding average paid medical per open indemnity claim for indemnity claims in transition (Item J)].
- (g) Each amount is the sum of [paid medical on open indemnity claims (Item I)] and the corresponding [incremental changes in paid medical on open indemnity claims resulting from the impact of changes in indemnity claim settlement rates (Item K)].

Source: Accident year experience of insurers with available claim count and paid loss data

**Paid Medical Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

M. Paid Medical on Medical-Only Claims (in \$000)

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2007						232,428
2008					232,097	234,168
2009				215,560	218,837	221,813
2010			210,723	215,201	218,792	221,307
2011		195,801	203,637	208,321	212,357	
2012	171,809	203,197	211,472	217,177		
2013	174,532	208,409	217,303			
2014	195,745	230,575				
2015	204,167					

N. Adjusted Total Paid Medical (in \$000) (h)

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2007						2,887,651
2008					2,878,727	3,136,491
2009				2,574,791	2,938,792	3,201,197
2010			2,197,597	2,714,713	3,060,250	3,308,957
2011		1,632,972	2,295,282	2,784,732	3,130,324	
2012	862,926	1,703,993	2,363,496	2,841,484		
2013	907,547	1,755,669	2,419,534			
2014	928,836	1,798,710				
2015	969,251					

O. Paid Medical Loss Development Factors Based on Adjusted Total Paid Medical

Accident Year	Evaluated as of (in months)				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2008					1.090
2009				1.141	1.089
2010			1.235	1.127	1.081
2011		1.406	1.213	1.124	
2012	1.975	1.387	1.202		
2013	1.935	1.378			
2014	1.937				
Latest Year	1.937	1.378	1.202	1.124	1.081

(h) Each amount is the sum of [adjusted paid medical on closed indemnity claims (Item H)], [adjusted paid medical on open indemnity claims (Item L)] and [paid medical on medical-only claims (Item M)]. Cumulative values of the paid cost of medical cost containment programs are also added to the totals at each valuation for accident years 2010 and subsequent in order to adjust the totals to an equivalent basis for development purposes.

Source: Accident year experience of insurers with available claim count and paid loss data

**Paid Medical Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

P. Paid Medical Loss Development Factors (i)

Accident Year	Evaluated as of (in months)				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2008					1.097
2009				1.150	1.095
2010			1.237	1.133	1.087
2011		1.399	1.216	1.131	
2012	1.967	1.386	1.208		
2013	1.929	1.382			
2014	1.936				

Q. Impact of Adjustment for Changes in Indemnity Claim Settlement Rates (j)

Accident Year	Evaluated as of (in months)				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2008					-0.72%
2009				-0.75%	-0.56%
2010			-0.17%	-0.50%	-0.52%
2011		0.45%	-0.21%	-0.57%	
2012	0.41%	0.09%	-0.45%		
2013	0.28%	-0.25%			
2014	0.01%				

R. Paid Medical Loss Development Factors Adjusted for Changes in Indemnity
Claim Settlement Rates (k)

Accident Year	Evaluated as of (in months)				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2008					1.095
2009				1.148	1.094
2010			1.246	1.134	1.084
2011		1.425	1.223	1.129	
2012	2.026	1.411	1.212		
2013	1.955	1.388			
2014	1.933				
Latest Year	1.933	1.388	1.212	1.129	1.084
3-Year Average	1.972	1.408	1.227	1.137	1.091

- (i) Development factors are based on paid medical losses from the same insurer mix as that used in the adjustment for changes in claim settlement rates and applied in the calculation of the development factors in Item O.
- (j) Each factor represents the change in age-to-age development factors from Item P to those in Item O.
- (k) Each factor is the product of [1.0 + the impact of adjustment for changes in claim settlement rates (Item Q)] and [the adjusted paid medical age-to-age development factor from AC16-06-01, Exhibit 2.4.1].

Source: Accident year experience of insurers with available claim count and paid loss data

**Developed Loss Ratios Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on 3-Year Average Selections
Based on Experience as of March 31, 2016**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Indemnity				Medical					
				Developed			Adjusted		Developed	Total
Accident	Paid	Development Factors		Loss	Paid	Paid	Development Factors		Loss	Developed
Year	Loss Ratio(a)	Annual(b)	Cumulative(b)	Ratio	Loss Ratio(a)	Loss Ratio(c)	Annual(d)	Cumulative(d)	Ratio	Loss
Year				(1) x (3)					(6) x (8)	(4) + (9)
2005	0.113	1.014	1.093	0.124	0.160	0.154	1.026	1.337	0.205	0.329
2006	0.144	1.019	1.114	0.161	0.204	0.195	1.033	1.380	0.269	0.430
2007	0.194	1.026	1.142	0.222	0.280	0.269	1.039	1.434	0.385	0.607
2008	0.242	1.032	1.179	0.285	0.341	0.328	1.040	1.491	0.489	0.774
2009	0.272	1.040	1.226	0.333	0.385	0.372	1.050	1.566	0.582	0.915
2010	0.252	1.056	1.295	0.327	0.362	0.352	1.065	1.667	0.586	0.913
2011	0.219	1.075	1.385	0.304	0.288	0.282	1.091	1.819	0.514	0.817
2012	0.178	1.122	1.554	0.276	0.224	0.223	1.137	2.068	0.461	0.737
2013	0.129	1.221	1.930	0.249	0.155	0.156	1.227	2.538	0.397	0.646
2014	0.082	1.482	3.009	0.247	0.101	0.102	1.408	3.573	0.365	0.612
2015	0.034	2.430	7.310	0.248	0.051	0.051	1.972	7.045	0.362	0.609

- (a) Based on AC16-06-01, Exhibit 1. Column 5 is shown for informational purposes only.
- (b) Age-to-age factors for developing accident years 2011 to 2015 were adjusted for changes in claim settlement rates based on 3-year average selections (see Exhibit 9.6, Item Q). The cumulative loss development factors for developing accident years 2011 through 2014 are adjusted for the impact of SB 863 (see AC16-06-01, Exhibit 2.5.1).
- (c) Based on experience evaluated as of March 31, 2016. Reflects an adjustment for SB 863 of -4.4% applied to payments made before January 1, 2013, and adjustments for RBRVS of -1.8% applied to payments made before January 1, 2014, 0.6% applied to payments made before January 1, 2015, and 0.8% applied to payments made before January 1, 2016.
- (d) Age-to-age factors for developing accident years 2011 to 2015 were adjusted for changes in claim settlement rates based on 3-year average selections (see Exhibit 9.12, Item R). Age-to-age factors for developing accident years 2005 to 2015 reflect an adjustment for SB 863 of -4.4% applied to payments made before January 1, 2013 and adjustments to historical outstanding medical losses paid prior to January 1, 2014 by an estimated 1.8% decrease in costs, losses paid prior to January 1, 2015 by an estimated 0.6% increase in costs, and losses paid prior to January 1, 2016 by an estimated 0.8% increase in costs due to RBRVS.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on 3-Year Average Selections
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.124	1.419	0.790	0.222
2006	0.161	1.403	1.016	0.222
2007	0.222	1.359	1.299	0.232
2008	0.285	1.280	1.570	0.232
2009	0.333	1.255	1.693	0.247
2010	0.327	1.238	1.540	0.263
2011	0.304	1.224	1.403	0.265
2012	0.276	1.195	1.249	0.264
2013	0.249	1.196	1.093	0.272
2014	0.247	1.083	1.008	0.266
2015	0.248	1.058	0.968	0.271
				Projections (d)
2016				0.267
2017				0.264
1/1/2018				0.261

(a) See Exhibit 9.13.

(b) Based on AC16-06-01, Exhibit 4.1.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC16-06-01, Exhibit 6.2, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on 3-Year Average Selections
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)
2005	0.205	0.979	0.790	0.254
2006	0.269	1.028	1.016	0.273
2007	0.385	1.009	1.299	0.299
2008	0.489	1.002	1.570	0.312
2009	0.582	0.988	1.693	0.340
2010	0.586	0.985	1.540	0.375
2011	0.514	0.982	1.403	0.360
2012	0.461	0.991	1.249	0.366
2013	0.397	1.002	1.093	0.364
2014	0.365	1.017	1.008	0.369
2015	0.362	1.015	0.968	0.379
				Projections (d)
2016				0.387
2017				0.391
1/1/2018				0.392

(a) See Exhibit 9.13.

(b) Based on AC16-06-01, Exhibit 4.4.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC16-06-01, Exhibit 6.4, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Developed Loss Ratios Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on Latest Year Selections
Based on Experience as of March 31, 2016**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Indemnity				Medical					
				Developed		Adjusted			Developed	Total
Accident	Paid	Development Factors		Loss	Paid	Paid	Development Factors		Loss	Developed
Year	Loss Ratio(a)	Annual(b)	Cumulative(b)	Ratio	Loss Ratio(a)	Loss Ratio(c)	Annual(d)	Cumulative(d)	Ratio	Loss Ratio
				(1) x (3)					(6) x (8)	(4) + (9)
2005	0.113	1.014	1.093	0.124	0.160	0.154	1.026	1.337	0.205	0.329
2006	0.144	1.019	1.114	0.161	0.204	0.195	1.033	1.380	0.269	0.430
2007	0.194	1.026	1.142	0.222	0.280	0.269	1.039	1.434	0.385	0.607
2008	0.242	1.032	1.179	0.285	0.341	0.328	1.040	1.491	0.489	0.774
2009	0.272	1.040	1.226	0.333	0.385	0.372	1.050	1.566	0.582	0.915
2010	0.252	1.056	1.295	0.327	0.362	0.352	1.065	1.667	0.586	0.913
2011	0.219	1.073	1.383	0.303	0.288	0.282	1.084	1.808	0.511	0.814
2012	0.178	1.119	1.548	0.275	0.224	0.223	1.129	2.040	0.455	0.730
2013	0.129	1.211	1.907	0.246	0.155	0.156	1.212	2.472	0.387	0.633
2014	0.082	1.484	2.977	0.244	0.101	0.102	1.388	3.430	0.351	0.595
2015	0.034	2.452	7.299	0.247	0.051	0.051	1.933	6.630	0.340	0.588

- (a) Based on AC16-06-01, Exhibit 1. Column 5 is shown for informational purposes only.
- (b) Age-to-age factors for developing accident years 2011 to 2015 were adjusted for changes in claim settlement rates based on latest year selections (see Exhibit 9.6, Item Q). The cumulative loss development factors for developing accident years 2011 through 2014 are adjusted for the impact of SB 863 (see AC16-06-01, Exhibit 2.5.1).
- (c) Based on experience evaluated as of March 31, 2016. Reflects an adjustment for SB 863 of -4.4% applied to payments made before January 1, 2013, and adjustments for RBRVS of -1.8% applied to payments made before January 1, 2014, 0.6% applied to payments made before January 1, 2015, and 0.8% applied to payments made before January 1, 2016.
- (d) Age-to-age factors for developing accident years 2011 to 2015 were adjusted for changes in claim settlement rates based on latest year selections (see Exhibit 9.12, Item R). Age-to-age factors for developing accident years 2005 to 2015 reflect an adjustment for SB 863 of -4.4% applied to payments made before January 1, 2013 and adjustments to historical outstanding medical losses paid prior to January 1, 2014 by an estimated 1.8% decrease in costs, losses paid prior to January 1, 2015 by an estimated 0.6% increase in costs, and losses paid prior to January 1, 2016 by an estimated 0.8% increase in costs due to RBRVS.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on Latest Year Paid Selections
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.124	1.419	0.790	0.222
2006	0.161	1.403	1.016	0.222
2007	0.222	1.359	1.299	0.232
2008	0.285	1.280	1.570	0.232
2009	0.333	1.255	1.693	0.247
2010	0.327	1.238	1.540	0.263
2011	0.303	1.224	1.403	0.265
2012	0.275	1.195	1.249	0.263
2013	0.246	1.196	1.093	0.269
2014	0.244	1.083	1.008	0.263
2015	0.247	1.058	0.968	0.271
				Projections (d)
2016				0.266
2017				0.262
1/1/2018				0.259

(a) See Exhibit 10.1.

(b) Based on AC16-06-01, Exhibit 4.1.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC16-06-01, Exhibit 6.2, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on Latest Year Paid Selections
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)
2005	0.205	0.979	0.790	0.254
2006	0.269	1.028	1.016	0.273
2007	0.385	1.009	1.299	0.299
2008	0.489	1.002	1.570	0.312
2009	0.582	0.988	1.693	0.340
2010	0.586	0.985	1.540	0.375
2011	0.511	0.982	1.403	0.358
2012	0.455	0.991	1.249	0.361
2013	0.387	1.002	1.093	0.355
2014	0.351	1.017	1.008	0.354
2015	0.340	1.015	0.968	0.357
				Projections (d)
2016				0.367
2017				0.372
1/1/2018				0.372

- (a) See Exhibit 10.1.
- (b) Based on AC16-06-01, Exhibit 4.4.
- (c) See AC16-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC16-06-01, Exhibit 6.4, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Developed Loss Ratios Using Latest Year Paid Loss Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2016**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				Total
Accident	Paid	Development Factors		Developed	Paid	Development Factors		Developed	Developed
Year	Loss Ratio(a)	Annual	Cumulative(b)	Ratio(c) (1) x (3)	Loss Ratio(a)	Annual	Cumulative(d)	Ratio(c) (5) x (7)	Ratio (4) + (8)
2005	0.113	---	1.045	0.118	0.160	---	1.291	0.207	0.325
2006	0.144	---	1.071	0.155	0.204	---	1.324	0.270	0.424
2007	0.194	---	1.110	0.216	0.280	---	1.379	0.385	0.601
2008	0.242	---	1.167	0.282	0.341	---	1.450	0.494	0.776
2009	0.272	---	1.224	0.332	0.385	---	1.523	0.586	0.918
2010	0.252	---	1.299	0.328	0.362	---	1.624	0.587	0.915
2011	0.219	---	1.398	0.306	0.288	---	1.746	0.503	0.809
2012	0.178	---	1.571	0.279	0.224	---	1.972	0.443	0.721
2013	0.129	---	1.914	0.247	0.155	---	2.390	0.371	0.618
2014	0.082	---	2.872	0.236	0.101	---	3.345	0.339	0.575
2015	0.034	---	7.026	0.238	0.051	---	6.445	0.329	0.567

- (a) Based on AC16-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.
- (b) Column (4) divided by Column (1).
- (c) Developed loss ratios were derived by averaging the loss ratios developed using the latest year paid methodology for State Compensation Insurance Fund and the remaining insurers collectively, weighted by calendar year 2015 earned premium at the advisory pure premium rate level.
- (d) Column (8) divided by Column (5).

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Paid Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.118	1.419	0.790	0.212
2006	0.155	1.403	1.016	0.213
2007	0.216	1.359	1.299	0.226
2008	0.282	1.280	1.570	0.230
2009	0.332	1.255	1.693	0.246
2010	0.328	1.238	1.540	0.264
2011	0.306	1.218	1.403	0.266
2012	0.279	1.190	1.249	0.266
2013	0.247	1.196	1.093	0.270
2014	0.236	1.083	1.008	0.253
2015	0.238	1.058	0.968	0.261
				Projections (d)
2016				0.256
2017				0.253
1/1/2018				0.250

(a) See Exhibit 11.1.

(b) Based on AC16-06-01, Exhibit 4.1.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC16-06-01, Exhibit 6.2, the actual frequency trend for accident year 2015 from AC16-06-01, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Paid Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio (e) (1)×(2)÷(3)
2005	0.207	0.930	0.790	0.244
2006	0.270	0.977	1.016	0.259
2007	0.385	0.959	1.299	0.285
2008	0.494	0.952	1.570	0.300
2009	0.586	0.939	1.693	0.325
2010	0.587	0.936	1.540	0.357
2011	0.503	0.934	1.403	0.335
2012	0.443	0.942	1.249	0.334
2013	0.371	0.996	1.093	0.339
2014	0.339	1.024	1.008	0.344
2015	0.329	1.021	0.968	0.347
				Projections (d)
2016				0.357
2017				0.362
1/1/2018				0.362

- (a) See Exhibit 11.1.
- (b) Based on AC16-06-01, Exhibit 4.4.
- (c) See AC16-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC16-06-01, Exhibit 6.4, the actual frequency trend for accident year 2015 from AC16-06-01, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Projected Indemnity Loss Ratio Using the Bornhuetter-Ferguson (BF) Paid Development Method
Accident Year 2015 Indemnity Projected from 15 Months to 27 Months**

1. AY 2015 Reported Paid Indemnity Loss Ratio at 15 Months (Based on Exhibit 1 of AC16-06-01)	0.034
2. Reported Paid Indemnity Loss Ratios at 27 Months for ELR	
a) AY 2013 (Based on March 31, 2015 Experience)	0.087
b) AY 2014 (Based on Exhibit 1 of AC16-06-01)	0.082
3. Frequency Adjustments to AY 2015 (Based on Exhibit 12 of AC16-06-01)	
a) AY 2013-2014 Frequency Change	2.2%
b) AY 2014-2015 Frequency Change	-0.3%
4. Average Indemnity Severity Change, AY 2009-2014 (Based on Exhibit 6.2 of AC16-06-01)	-1.2%
5. Composite Indemnity On-Level Adjustment Factors (Based on Exhibit 4.1 of AC16-06-01)	
a) AY 2013 to Current	1.196
b) AY 2014 to Current	1.083
c) AY 2015 to Current	1.058
6. Composite Premium On-Level Adjustment Factors (Based on Exhibit 5.2 of AC16-06-01)	
a) CY 2013 to Current	1.093
b) CY 2014 to Current	1.008
c) CY 2015 to Current	0.968
7. AY 2015 Expected Paid Indemnity Loss Ratio at 27 Months	
a) Projected from 2013 = (2a) * [1 + (3a)] * [1 + (3b)] * [1 + (4)] ² * [(5a) / (5c)] / [(6a) / (6c)]	0.086
b) Projected from 2014 = (2b) * [1 + (3b)] * [1 + (4)] * [(5b) / (5c)] / [(6b) / (6c)]	0.079
c) Average of 2013 and 2014 Projections = [(7a) + (7b)] / 2	0.083
8. Projected Indemnity 15-to-27 Paid Development Factor (Based on Exhibit 2.5.1 of AC16-06-01)	2.456
9. Projected AY 2015 Paid Indemnity Loss Ratio at 27 Months = (1) + (7c) * [1 - 1 / (8)]	0.083

**Projected Medical Loss Ratio Using the Bornhuetter-Ferguson (BF) Paid Development Method
Accident Year 2015 Medical Projected from 15 Months to 27 Months**

	Adjusted for Reforms ¹
1. AY 2015 Reported Paid Medical Loss Ratio at 15 Months (Based on Exhibit 1 of AC16-06-01)	0.051
2. Reported Paid Medical Loss Ratios at 27 Months for ELR	
a) AY 2013 (Based on March 31, 2015 Experience)	0.113
b) AY 2014 (Based on Exhibit 1 of AC16-06-01)	0.102
3. Frequency Adjustments to AY 2015 (Based on Exhibit 12 of AC16-06-01)	
a) AY 2013-2014 Frequency Change	2.2%
b) AY 2013-2015 Frequency Change	-0.3%
4. Average Medical Severity Change, AY 2009-2014 (Based on Exhibit 6.3 of AC16-06-01)	-0.4%
5. Composite Medical On-Level Adjustment Factors (Based on Exhibit 4.4 of AC16-06-01)	
a) AY 2013 to Current	1.002
b) AY 2014 to Current	1.017
c) AY 2015 to Current	1.015
6. Composite Premium On-Level Adjustment Factors (Based on Exhibit 5.2 of AC16-06-01)	
a) CY 2013 to Current	1.093
b) CY 2014 to Current	1.008
c) CY 2015 to Current	0.968
7. AY 2015 Expected Paid Medical Loss Ratio at 27 Months	
a) Projected from 2013 = (2a) * [1 + (3a)] * [1 + (3b)] * [1 + (4)] ² * [(5a) / (5c)] / [(6a) / (6c)]	0.100
b) Projected from 2014 = (2b) * [1 + (3b)] * [1 + (4)] * [(5b) / (5c)] / [(6b) / (6c)]	0.098
c) Average of 2013 and 2014 Projections = [(7a) + (7b)] / 2	0.099
8. Projected Medical 15-to-27 Paid Development Factor (Based on Exhibit 2.6.1 of AC16-06-01)	1.933
9. Projected AY 2015 Paid Medical Loss Ratio at 27 Months = (1) + (7c) * [1 - 1 / (8)]	0.099

¹Based on experience evaluated as of March 31, 2016. Reflects an adjustment for SB 863 of -4.4% applied to payments made before January 1, 2013, and adjustments for RBRVS of -1.8% applied to payments made before January 1, 2014, 0.6% applied to payments made before January 1, 2015, and 0.8% applied to payments made before January 1, 2016.

**Developed Loss Ratios Using Latest Year Reform Adjusted Development Factors - BF Adjusted Age 15 Loss Ratio
Based on Experience as of March 31, 2016**

	(1)	(2)	(3) Indemnity		(4)	(5)	(6)	(7) Medical		(8)	(9)	(10)
Accident	Reported	Annual	Cumulative Dev. Factor		Developed		Adjusted	Annual	Cumulative	Adjusted	Total	
Year	Paid	Development	Unadjusted	Adjusted	Loss Ratio		Paid	Development	Development	Developed	Developed	
	<u>Loss Ratio(a)</u>	<u>Factor(b)</u>	<u>for SB863</u>	<u>for SB863</u>	<u>Loss Ratio</u> (1) x (3)		<u>Loss Ratio(c)</u>	<u>Factor(d)</u>	<u>Factor</u>	<u>Loss Ratio</u> (6) x (8)	<u>Loss Ratio</u> (5) + (9)	
2005	0.113	1.014	1.093	1.093	0.124		0.154	1.026	1.337	0.205	0.329	
2006	0.144	1.019	1.114	1.114	0.161		0.195	1.033	1.380	0.269	0.430	
2007	0.194	1.026	1.142	1.142	0.222		0.269	1.039	1.434	0.385	0.607	
2008	0.242	1.032	1.179	1.179	0.285		0.328	1.040	1.491	0.489	0.774	
2009	0.272	1.040	1.226	1.226	0.333		0.372	1.050	1.566	0.582	0.915	
2010	0.252	1.056	1.295	1.295	0.327		0.352	1.065	1.667	0.586	0.913	
2011	0.219	1.081	1.400	1.393	0.305		0.282	1.090	1.817	0.513	0.819	
2012	0.178	1.129	1.580	1.572	0.279		0.223	1.135	2.063	0.460	0.739	
2013	0.129	1.220	1.928	1.951	0.252		0.156	1.217	2.510	0.393	0.644	
2014	0.082	1.492	2.877	3.062	0.252		0.102	1.391	3.492	0.357	0.608	
2015	0.083		2.877	3.062	0.254		0.099		3.492	0.346	0.600	

- (a) Based on AC16-06-01, Exhibit 1. The 2015 indemnity loss ratio is based on Exhibit 12.1.
- (b) Age-to-age factors are selected as latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age to-age factors based on AC16-06-01, Exhibit 2.5.
- (c) Based on experience evaluated as of March 31, 2016. Reflects an adjustment for SB 863 of -4.4% applied to payments made before January 1, 2013, and adjustments for RBRVS of -1.8% applied to payments made before January 1, 2014, 0.6% applied to payments made before January 1, 2015, and 0.8% applied to payments made before January 1, 2016.
- (d) Age-to-age factors are selected as latest year for for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors based on AC16-06-01, Exhibit 2.6. Reflects an adjustment for SB 863 of -4.4% applied to payments made before January 1, 2013, and adjustments for RBRVS of -1.8% applied to payments made before January 1, 2014, 0.6% applied to payments made before January 1, 2015, and 0.8% applied to payments made before January 1, 2016.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Paid Selections Adjusted for Reform Impacts with BF Paid Applied through 27 Months
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)x(2)÷(3)
2005	0.124	1.419	0.790	0.222
2006	0.161	1.403	1.016	0.222
2007	0.222	1.359	1.299	0.232
2008	0.285	1.280	1.570	0.232
2009	0.333	1.255	1.693	0.247
2010	0.327	1.238	1.540	0.263
2011	0.305	1.224	1.403	0.266
2012	0.279	1.195	1.249	0.267
2013	0.252	1.196	1.093	0.275
2014	0.252	1.083	1.008	0.270
2015	0.254	1.058	0.968	0.278
				Projections (d)
2016				0.273
2017				0.270
1/1/2018				0.267

(a) See Exhibit 12.3.

(b) Based on AC16-06-01, Exhibit 4.1.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC16-06-01, Exhibit 6.2, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Paid Selections Adjusted for Reform Impacts with BF Paid Applied through 27 Months
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio (e) (1)×(2)÷(3)
2005	0.205	0.979	0.790	0.254
2006	0.269	1.028	1.016	0.273
2007	0.385	1.009	1.299	0.299
2008	0.489	1.002	1.570	0.312
2009	0.582	0.988	1.693	0.340
2010	0.586	0.985	1.540	0.375
2011	0.513	0.982	1.403	0.360
2012	0.460	0.991	1.249	0.365
2013	0.393	1.002	1.093	0.360
2014	0.357	1.017	1.008	0.360
2015	0.346	1.015	0.968	0.363
				Projections (d)
2016				0.374
2017				0.378
1/1/2018				0.379

- (a) See Exhibit 12.3.
- (b) Based on AC16-06-01, Exhibit 4.4.
- (c) See AC16-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC16-06-01, Exhibit 6.4, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Applied to Accident Year 2015
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.124	1.419	0.790	0.222
2006	0.161	1.403	1.016	0.222
2007	0.222	1.359	1.299	0.232
2008	0.285	1.280	1.570	0.232
2009	0.333	1.255	1.693	0.247
2010	0.327	1.238	1.540	0.263
2011	0.305	1.224	1.403	0.266
2012	0.279	1.195	1.249	0.267
2013	0.252	1.196	1.093	0.275
2014	0.252	1.083	1.008	0.270
2015	0.255	1.058	0.968	0.279
				Projected (d)
2016				0.278
2017				0.275
1/1/2018				0.272

(a) See AC16-06-01, Exhibit 3.1.

(b) See AC16-06-01, Exhibit 4.1.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC16-06-01, Exhibit 6.2 and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then applied to the 2015 on-level ratio.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Applied to Accident Year 2015
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)
2006	0.205	0.979	0.790	0.254
2007	0.269	1.028	1.016	0.273
2008	0.385	1.009	1.299	0.299
2009	0.489	1.002	1.570	0.312
2010	0.582	0.988	1.693	0.340
2011	0.586	0.985	1.540	0.375
2012	0.513	0.982	1.403	0.360
2013	0.460	0.991	1.249	0.365
2014	0.393	1.002	1.093	0.360
2015	0.357	1.017	1.008	0.360
2016	0.346	1.015	0.968	0.363
				Projected (d)
2016				0.372
2017				0.376
1/1/2018				0.376

(a) See AC16-06-01, Exhibit 3.2.

(b) See AC16-06-01, Exhibit 4.4.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC16-06-01, Exhibit 6.4 and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then applied to the 2015 on-level ratio.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency Trend and Longer-term Average Severity Trend
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.124	1.419	0.790	0.222
2006	0.161	1.403	1.016	0.222
2007	0.222	1.359	1.299	0.232
2008	0.285	1.280	1.570	0.232
2009	0.333	1.255	1.693	0.247
2010	0.327	1.238	1.540	0.263
2011	0.305	1.224	1.403	0.266
2012	0.279	1.195	1.249	0.267
2013	0.252	1.196	1.093	0.275
2014	0.252	1.083	1.008	0.270
2015	0.255	1.058	0.968	0.279
				Projected (d)
2016				0.277
2017				0.275
1/1/2018				0.273

(a) See AC16-06-01, Exhibit 3.1.

(b) See AC16-06-01, Exhibit 4.1.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend of 0.7% based on an average exponential trend of the 2005-2015 severities, from AC16-06-01, Exhibit 6.2, the actual frequency trend for accident year 2015 from AC16-06-01, Exhibit 12, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency Trend and 1% Severity Trend
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)
1985	0.362	1.035	3.273	0.115
2005	0.205	0.979	0.790	0.254
2006	0.269	1.028	1.016	0.273
2007	0.385	1.009	1.299	0.299
2008	0.489	1.002	1.570	0.312
2009	0.582	0.988	1.693	0.340
2010	0.586	0.985	1.540	0.375
2011	0.513	0.982	1.403	0.360
2012	0.460	0.991	1.249	0.365
2013	0.393	1.002	1.093	0.360
2014	0.357	1.017	1.008	0.360
2015	0.346	1.015	0.968	0.363
				Projected (d)
2016				0.366
2017				0.365
1/1/2018				0.362

(a) See AC16-06-01, Exhibit 3.2.

(b) See AC16-06-01, Exhibit 4.4.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend of 1.0% based on an average exponential trend of the 2005-2015 and 2010-2015 severities from AC16-06-01, Exhibit 6.4, the actual frequency trend for accident year 2015, and projected frequency trends for accident years 2016, 2017, and 2018 from AC16-06-01, Exhibit 6.1; these trends were then separately applied to the 2014 and 2015 on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Post-2005 Exponential Trend
Based on Experience as of March 31, 2016**

Accident <u>Year</u>	(1) Developed Indemnity <u>Loss Ratio(a)</u>	(2) Composite Indemnity <u>Adjustment Factor(b)</u>	(3) Composite Premium <u>Adjustment Factor(c)</u>	(4) On-Level Indemnity to Industry Average Filed <u>Pure Premium Ratio</u> (1)×(2)÷(3)
2005	0.124	1.419	0.790	0.222
2006	0.161	1.403	1.016	0.222
2007	0.222	1.359	1.299	0.232
2008	0.285	1.280	1.570	0.232
2009	0.333	1.255	1.693	0.247
2010	0.327	1.238	1.540	0.263
2011	0.305	1.224	1.403	0.266
2012	0.279	1.195	1.249	0.267
2013	0.252	1.196	1.093	0.275
2014	0.252	1.083	1.008	0.270
2015	0.255	1.058	0.968	0.279
				Projected (d)
2016				0.285
2017				0.293
1/1/2018				0.296

(a) See AC16-06-01, Exhibit 3.1.

(b) See AC16-06-01, Exhibit 4.1.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 2.6% based on the 2005 to 2015 on-level indemnity to industry average filed pure premium ratios to each of the 2014 and 2015 on-level indemnity to industry average filed pure premium ratios. Each stated projection is equal to the average of the corresponding trended on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Post-2005 Exponential Trend
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)	(5) On-Level Medical to Industry Average Filed Pure Premium Ratio(f)
2005	0.205	0.979	0.790	0.254	0.254
2006	0.269	1.028	1.016	0.273	0.273
2007	0.385	1.009	1.299	0.299	0.299
2008	0.489	1.002	1.570	0.312	0.312
2009	0.582	0.988	1.693	0.340	0.340
2010	0.586	0.985	1.540	0.375	0.375
2011	0.513	0.982	1.403	0.360	0.395
2012	0.460	0.991	1.249	0.365	0.402
2013	0.393	1.002	1.093	0.360	0.399
2014	0.357	1.017	1.008	0.360	0.401
2015	0.346	1.015	0.968	0.363	0.404
				Projected (d)	
2016				0.389	
2017				0.409	
1/1/2018				0.419	

- (a) See AC16-06-01, Exhibit 3.2.
- (b) See AC16-06-01, Exhibit 4.4.
- (c) See AC16-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected by separately applying an exponential trend of approximately 5.0% based on the 2005 to 2015 on-level medical to industry average filed pure premium ratios including MCCP costs to each of the 2014 and 2015 on-level medical to industry average filed pure premium ratios. Each stated projection is equal to the average of the corresponding trended on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.
- (f) These on-level ratios include MCCP and are used to calculate the exponential trend to project future on-level ratios.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Five-Year Exponential Trend
Based on Experience as of March 31, 2016**

Accident <u>Year</u>	(1) Developed Indemnity <u>Loss Ratio(a)</u>	(2) Composite Indemnity <u>Adjustment Factor(b)</u>	(3) Composite Premium <u>Adjustment Factor(c)</u>	(4) On-Level Indemnity to Industry Average Filed <u>Pure Premium Ratio</u> (1)×(2)÷(3)
2005	0.124	1.419	0.790	0.222
2006	0.161	1.403	1.016	0.222
2007	0.222	1.359	1.299	0.232
2008	0.285	1.280	1.570	0.232
2009	0.333	1.255	1.693	0.247
2010	0.327	1.238	1.540	0.263
2011	0.305	1.224	1.403	0.266
2012	0.279	1.195	1.249	0.267
2013	0.252	1.196	1.093	0.275
2014	0.252	1.083	1.008	0.270
2015	0.255	1.058	0.968	0.279
				Projected (d)
2016				0.279
2017				0.282
1/1/2018				0.283

(a) See AC16-06-01, Exhibit 3.1.

(b) See AC16-06-01, Exhibit 4.1.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 1.1% based on the 2010 to 2015 on-level indemnity to industry average filed pure premium ratios to each of the 2014 and 2015 on-level indemnity to industry average filed pure premium ratios. Each stated projection is equal to the average of the corresponding trended on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Five-Year Exponential Trend
Based on Experience as of March 31, 2016**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)	(5) On-Level Medical to Industry Average Filed Pure Premium Ratio(f)
2005	0.205	0.979	0.790	0.254	0.254
2006	0.269	1.028	1.016	0.273	0.273
2007	0.385	1.009	1.299	0.299	0.299
2008	0.489	1.002	1.570	0.312	0.312
2009	0.582	0.988	1.693	0.340	0.340
2010	0.586	0.985	1.540	0.375	0.375
2011	0.513	0.982	1.403	0.360	0.395
2012	0.460	0.991	1.249	0.365	0.402
2013	0.393	1.002	1.093	0.360	0.399
2014	0.357	1.017	1.008	0.360	0.401
2015	0.346	1.015	0.968	0.363	0.404
				Projected (d)	
2016				0.368	
2017				0.373	
1/1/2018				0.375	

(a) See AC16-06-01, Exhibit 3.2.

(b) See AC16-06-01, Exhibit 4.4.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 1.2% based on the 2010 to 2015 on-level medical to industry average filed pure premium ratios including MCCP costs to each of the 2014 and 2015 on-level medical to industry average filed pure premium ratios. Each stated projection is equal to the average of the corresponding trended on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

(f) These on-level ratios include MCCP and are used to calculate the exponential trend to project future on-level ratios.

Item AC16-08-04
Computation of Industry Average Filed Rates as of 7/1/2016

In 2011, the WCIRB was directed by the California Insurance Commissioner to modify the manner in which it presents its proposed advisory pure premium rates by benchmarking the average proposed pure premium rate against the industry average filed pure premium rate rather than the average of the advisory pure premium rates in effect. In response, the WCIRB, using a process developed in consultation with California Department of Insurance (CDI) staff, has been computing the industry average filed pure premium rate and using that as a benchmark for advisory pure premium rate indications beginning with the January 1, 2012 Pure Premium Rate Filing.

Staff anticipates benchmarking the proposed January 1, 2017 advisory pure premium rates to the industry average filed pure premium rates as of July 1, 2016. A summary of the computation of the industry average filed pure premium rates as of July 1, 2016 will be presented at the meeting.