

# Actuarial Committee

## Meeting Agenda

Date	Time	Location	Staff Contact
December 6, 2016	9:30 AM	WCIRB California 1221 Broadway, Suite 900 Oakland, CA	David M. Bellusci
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Released: November 28, 2016

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

### I. Approval of Minutes

Meeting held on November 8, 2016

### II. Working Group Meeting Summaries

Actuarial Research Working Group Meeting held October 19, 2016

### III. Unfinished Business

A. AC02-03-03: Experience of Large Deductible Policies

### IV. New Business

A. AC16-12-01: 9/30/2016 Experience – Review of Methodologies

B. AC16-12-02: California Workers' Compensation Wage Report

C. AC16-12-03: Adjustment for Wage Level Differences in Classification Ratemaking

D. AC16-12-04: Potential 2017 Actuarial and Research Study Projects

E. AC16-12-05: 2017 Schedule of Meetings

### V. Matters Arising at Time of Meeting

### VI. Next Meeting Date: March 21, 2017 (tentative)

### VII. Adjournment

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**Actuarial Research Working Group**

# Meeting Summary

To: Participants of the Actuarial Research Working Group  
From: Ward Brooks  
Date: November 10, 2016

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**RE: Summary of October 19, 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 Working Group was reminded of the status of ongoing research in estimating potential impacts of changes to minimum wage laws by industries and regions. The Working Group was also reminded that this analysis was part of the objective to enhance an updated Average Wage Data Report with publication targeted for the fourth quarter of 2016 and that the analysis was substantially completed. Staff reviewed the major data sources evaluated for the study and the key methodological selections. Staff advised the Working Group of the major assumptions that were required and reviewed the work to verify that the assumptions were reasonable.

Staff reviewed the relationships among occupations, industries and WCIRB classifications and which dimensions were available from the various data sources. Staff reviewed the methodologies used to develop a dataset to quantify these relationships. This dataset can be used to translate external data at an occupation or industry levels to WCIRB classifications. The Working Group was informed that staff expected to publish this dataset—the occupation-industry-classification “cube”—as a pivot table with the update of Average Wage Data Report.

The Working Group was reminded that wage inflation projections were needed in order to develop estimated impacts of minimum wage changes from historical data to future points in time. Staff reviewed the development of occupation-level wage series used to inflate historical wages to future periods. Staff noted the selection of changes in median wages, which more closely track changes in payrolls used for workers' compensation (insured exposures), rather than average changes, which are affected by high wage earners whose salaries are often excluded or limited in determination of payrolls for workers' compensation. Staff discussed the translation of these occupation-level series to a classification-level basis using the cube discussed above.

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Staff reviewed the different models explored to model occupation-level wage inflation and the criteria (the corrected Akaike Information Criterion) used to evaluate performance. Staff informed the Working Group that staff had selected an integrated moving average model with drift to model changes in occupation-level median wages over time. Staff reviewed these results with the Working Group.

The Working Group was informed that staff had also selected an integrated moving average model with drift to model injured workers' wages at a classification level. This latter series could be used to on-level historical indemnity benefits by adjusting historical injured workers wages for wage inflation and minimum wages impacts. Staff reviewed these results with the Working Group. Staff advised the Working Group that the interaction of wage minimums and maximums in determining indemnity benefits was still under development.

Staff discussed the uses of these series to adjust classification payrolls to future wage levels and the methodology to identify wages that would be impacted by changes in minimum wage laws. The Working Group was informed that two aggregate series were available from occupationally-derived series—a series unadjusted for changes in occupational mix and a series adjusted for changes in occupational mix. The Working Group was also informed that for projecting *aggregate* insured exposures, staff proposed using an aggregation of the classification-level trended exposures or the series controlled for occupational mix. In this way, wage level changes due to changes in occupational mix would not be used to trend exposures.

The Working Group discussed the results, the immediate applications to estimate minimum wage law changes on classifications, and the potential future applications in classification and aggregate ratemaking. The Working Group was advised that staff was working on potential enhancements from integrating this information into classification ratemaking. Staff noted that the occupational wage projections from the selected model reflected long-term trends and did not include projections of changes in wage inflation. To incorporate such projections, for example by the UCLA Anderson Forecast, the long-term occupational inflation could be adjusted by the relationship between external projections. This could be done by industrial super-sectors to avoid capturing industrial mix changes in the estimation of wage inflation.

Staff reviewed the development of the estimated impacts of changes in minimum wage statutes for policy year 2017 using American Community Survey data and the occupation-level wage inflation developed from Occupation Employment Survey data. These results were translated to classifications using the occupation-industry-classification cube to develop estimates of minimum wage change impacts for policy year 2017. The estimated minimum wage impacts were after regular wage inflation. The Working Group reviewed these results. The Working Group was informed that staff expected to make this information available in the updated Average Wage Data Report.

The Working Group was reminded that the external data sets used to analyze impacts on workers' compensation payrolls were based on public wage data. Payrolls underlying public wage data were *not* identical to workers' compensation insured payrolls (exposures) due to exclusions used to develop insured exposures from gross payrolls. These exclusions vary by industry and over time. The overall exclusion rate has generally ranged from roughly 10% to 15%. Information on the relationship between gross payrolls and workers' compensation payrolls data was based on analyses of observations gathered from the WCIRB California Premium Audit Accuracy Program (formerly known as the Test Audit Program) and would be included in the updated Average Wage Data Report.

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Staff noted that common exclusions from gross payroll to develop workers' compensation payrolls included tip income, overtime pay and executives' wages. Staff reviewed some of these relationships and discussed their impact on estimating the impact of minimum wage changes. For example, the exclusions are not necessarily affected proportionately by the overall minimum wage impact. The minimum wage impact might be expected to affect the overtime exclusion but not the tips or executive exclusions. The Working Group discussed the findings.

### **2. Retrospective Rating Plan Updates**

Staff informed the Working Group that its review of the major simulation modules used to develop the retrospective rating plan database has been completed. 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; closing rates at late maturities; and a review of observations of extreme development. Staff informed the Working 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.

The Working Group was reminded that at the June 28, 2016 meeting, staff had presented findings for the number of years to use in the simulations and the Working Group had requested that staff develop additional information. Staff completed this work and the results did not provide convincing evidence to sample from less than all available years. The Working Group was advised that staff had selected to sample from all available years. Staff discussed how this methodological change impacted the loss elimination ratios. Staff noted that the findings to date did not imply that at some point the use of very old calendar years' observations would not be indicated. The use of the available years would be monitored and, at some point, if the use of very old calendar years' observations was not indicated then less than all available years' observations would be used. Staff informed the Working Group about other modules that had been reviewed.

The Working Group was informed that the error-out thresholds for extreme observations had been reviewed using both the prior approach and a new approach developed this year to adjust historical observations to a current level to assess incidence of extremely large observations. The two approaches both gave similar estimates of extreme large losses. Staff noted, however, that in developing the updated retro database, no simulations had exceeded either error-out threshold. Staff attributed this to sufficient refinement of the methodology and tables that generate unrealistically extreme results, while still possible in a simulation approach, were now very rare.

Staff informed the Working Group that the current methodology simulates claims for up to 50 years of maturity. The Working Group was reminded that staff had reviewed the observed distribution of injured worker ages at ultimate as part of the last retro update and noted that the oldest accident observed in the data was currently 78 years. The Working Group was also informed that staff had compared the results simulating claims for 50, 78 and 100 years. The incremental difference in loss elimination ratios simulating out to 78 years was only 0.001. There was no material incremental difference simulating out to 100 years and the incidence of claims continuing to be open and develop to 78 and 100 years was infinitesimal. Given these results, staff advised the Working Group that staff would simulate claims for 100 years.

Staff informed the Working Group that an evaluation of the vector trend methodology by which claims are trended by different amounts as a function of their size has been completed. The vector trend methodology was developed in 2011 to account for the expectation that different

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trends were expected for claims of different sizes.<sup>1</sup> Staff reviewed the findings with the Working Group, noting that the patterns developed in 2011 continued to be observed, which supported continuing to use the vector trend methodology in trending losses for the retro database. Additionally, staff informed the Working Group that the medical vector trend was sufficiently smooth to support a greater level of refinement and that this would be implemented. Indemnity vector trend would remain at the same level of refinement.

Staff advised the Working Group that additional, requested artifacts would be developed with the updated retro. The distributions of simulated claims by age and size by hazard group, for example, would be available. Staff reviewed with the Working Group the preliminary loss elimination ratios for the main database and for the above and other potential artifacts. To support these new artifacts, which generally involve thinner slices of the data, staff had expanded the number of simulations from 5 per claim to 100 per claim. Staff noted that closed claims not simulated to re-open would be present in the database 100 times at their reported value and staff was evaluating whether to jitter these closed claims.

Staff informed the Working Group that given the increased number of simulations, staff had evaluated the retro database by insurer and evaluated the potential to provide insurers with loss elimination ratios based on their own data subset from the retro database. The Working Group was informed that staff found the results by insurer, even for smaller insurers, were reasonable to provide meaningful information. Given these results, staff advised the Working Group that insurer subsets were expected to be made available with the publication of the updated loss elimination ratios.

### **3. Final Premium Relative to Initial Estimated Annual Premium**

Staff advised the Working Group that several Committee members had requested information on the relationship between initial estimated annual premium (EAP), when available on the policy, and final premium from Unit Statistical Reports. Specifically, information on differences by industry and over time were requested. Some industries might be expected to have larger differences between initial EAP and final premium. Construction contractors, for example, might have larger differences at different points in the business cycle.

Staff developed this information, attached to this meeting summary as Exhibits C1 through C3, and reviewed it with the Working Group.

### **4. Experience of Policies with Alternative Dispute Resolution**

Staff advised the Working Group that an Actuarial Committee member had requested that staff evaluate experience differentials for policies with alternative dispute resolution endorsements relative to other policies. Staff identified those policies with the relevant endorsements for policy years 2013 and 2014 at first report. Experience differentials were developed for the aggregate and for classifications grouped by industry. Claims were limited to \$500,000 to control for claim volatility.

Staff developed this information, attached to this meeting summary as Exhibit D1, and reviewed it with the Working Group.

### **5. December 1, 2016 Change in Federal Overtime Rule**

The Working Group was informed that a new federal rule takes effect December 1, 2016 for exempt executive, administrative and professional employees.<sup>2</sup> The new federal rule's salary test for these employments is more restrictive than California's salary test. Employees in these

<sup>1</sup> See Item IV-B, Retrospective Rating Plan Value—2013 Update of the December 1, 2011 Actuarial Committee Agenda.

<sup>2</sup> <http://hrwatchdog.calchamber.com/2016/09/new-federal-overtime-rule-white-paper/>

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employments must make at least \$913 per week to satisfy the new federal rule. The California duties test still applies as it is more protective of employees.

The Working Group was informed that an Actuarial Committee member had requested that staff evaluate the potential impact of the new federal rule. Staff completed a preliminary evaluation, which it reviewed with the Working Group. The impact of the rule change was generally very small, even for the classifications with the greatest impact. Given the materiality of the impact, staff informed the Working Group that these findings would not be integrated into the Average Wage Data Report update but that certain artifacts developed to arrive at the estimates—the share of hourly vs. salary workers by classification, for example—would be integrated into the Average Wage Data Report update.

Ratio of Final Premium to Estimated Annual Premium - PYs 2011-2013

NAICS	Sector	Audited Policies with Estimated Annual Premium Reported from Selected Carriers				All Policies Final Premium (\$M)	Selected Share of FP
		Estimated Annual Premium (\$M)	Final Premium (\$M)	Ratio of FP to EAP	Normalized Ratio of FP to EAP		
11	Agriculture	1,197.5	1,264.8	1.056	1.029	1,807.0	70.0%
21	Mining	80.7	86.0	1.066	1.038	259.3	33.1%
22	Utilities	38.7	38.1	0.984	0.959	76.5	49.8%
23	Construction	2,786.3	3,047.8	1.094	1.065	5,371.3	56.7%
31	Manufacturing	2,556.6	2,649.6	1.036	1.009	5,815.9	45.6%
42	Wholesale	941.6	979.0	1.040	1.013	2,242.1	43.7%
44	Retail	1,280.0	1,364.6	1.066	1.038	3,796.8	35.9%
48	Transportation	955.2	1,005.6	1.053	1.025	2,932.1	34.3%
51	Information	276.8	283.9	1.026	0.999	974.0	29.1%
52	Finance	242.1	245.3	1.013	0.987	583.9	42.0%
53	Real Estate	595.3	619.2	1.040	1.013	1,117.0	55.4%
54	Professional Services	440.4	436.7	0.991	0.966	947.3	46.1%
56	Administrative Services	1,179.3	1,011.1	0.857	0.835	2,066.4	48.9%
61	Education	303.4	304.2	1.003	0.977	505.8	60.2%
62	Health Care	1,512.5	1,526.6	1.009	0.983	3,301.3	46.2%
71	Arts & Entertainment	406.0	410.5	1.011	0.985	707.5	58.0%
72	Accommodation & Food Services	1,311.5	1,382.6	1.054	1.027	2,889.1	47.9%
81	Other Services	956.2	895.8	0.937	0.912	1,806.6	49.6%
92	Public Administration	40.9	39.0	0.954	0.929	92.5	42.1%
8742	Outside Sales	385.5	386.2	1.002	0.976	823.4	46.9%
8810	Clerical	926.4	930.3	1.004	0.978	2,289.2	40.6%
	Total	18,412.7	18,906.7	1.027	1.000	40,404.9	46.8%



**Ratio of Final Premium to Estimated Annual Premium - PYs 2008-2010**

NAICS	Sector	Audited Policies with Estimated Annual Premium Reported from Selected Carriers				All Policies Final Premium (\$M)	Selected Share of FP
		Estimated Annual Premium (\$M)	Final Premium (\$M)	Ratio of FP to EAP	Normalized Ratio of FP to EAP		
11	Agriculture	1,043.6	1,046.8	1.003	1.059	1,324.5	79.0%
21	Mining	79.2	74.7	0.943	0.996	181.8	41.1%
22	Utilities	38.2	37.4	0.978	1.032	69.9	53.5%
23	Construction	3,055.6	2,639.8	0.864	0.912	4,189.9	63.0%
31	Manufacturing	2,181.7	2,121.4	0.972	1.026	4,360.0	48.7%
42	Wholesale	829.1	798.2	0.963	1.016	1,625.7	49.1%
44	Retail	1,075.7	1,090.1	1.013	1.070	2,564.5	42.5%
48	Transportation	733.4	707.1	0.964	1.018	2,048.3	34.5%
51	Information	152.9	148.7	0.972	1.026	560.9	26.5%
52	Finance	132.1	129.2	0.979	1.033	381.9	33.8%
53	Real Estate	473.3	450.6	0.952	1.005	750.9	60.0%
54	Professional Services	377.9	367.0	0.971	1.025	722.8	50.8%
56	Administrative Services	802.5	771.6	0.961	1.015	1,441.7	53.5%
61	Education	227.9	227.7	0.999	1.055	372.5	61.1%
62	Health Care	1,417.8	1,405.3	0.991	1.046	2,581.2	54.4%
71	Arts & Entertainment	300.0	303.6	1.012	1.068	554.4	54.8%
72	Accommodation & Food Services	1,043.2	958.4	0.919	0.970	1,867.5	51.3%
81	Other Services	893.4	829.2	0.928	0.980	1,395.4	59.4%
92	Public Administration	45.0	41.8	0.928	0.979	68.8	60.7%
8742	Outside Sales	362.3	329.5	0.910	0.960	664.5	49.6%
8810	Clerical	905.8	840.3	0.928	0.979	2,009.5	41.8%
	Total	16,170.8	15,318.4	0.947	1.000	29,736.6	51.5%

Ratio of Final Premium to Estimated Annual Premium - PYs 2005-2007

NAICS	Sector	Audited Policies with Estimated Annual Premium Reported from Selected Carriers				All Policies Final Premium (\$M)	Selected Share of FP
		Estimated Annual Premium (\$M)	Final Premium (\$M)	Ratio of FP to EAP	Normalized Ratio of FP to EAP		
11	Agriculture	1,669.2	1,268.5	0.760	0.815	1,749.7	72.5%
21	Mining	93.1	90.6	0.973	1.043	286.4	31.6%
22	Utilities	33.7	31.0	0.922	0.989	76.0	40.8%
23	Construction	5,193.6	4,859.9	0.936	1.003	7,454.7	65.2%
31	Manufacturing	2,836.8	2,729.3	0.962	1.031	7,727.3	35.3%
42	Wholesale	1,068.1	1,059.7	0.992	1.064	2,677.9	39.6%
44	Retail	1,344.7	1,309.7	0.974	1.044	4,578.1	28.6%
48	Transportation	883.4	831.3	0.941	1.009	3,121.4	26.6%
51	Information	106.4	100.7	0.946	1.014	949.5	10.6%
52	Finance	191.4	189.4	0.989	1.060	887.2	21.3%
53	Real Estate	746.9	601.1	0.805	0.863	1,154.2	52.1%
54	Professional Services	388.5	382.2	0.984	1.055	1,068.0	35.8%
56	Administrative Services	1,120.4	1,097.8	0.980	1.050	2,265.1	48.5%
61	Education	251.6	250.9	0.997	1.069	505.4	49.6%
62	Health Care	1,601.8	1,550.8	0.968	1.038	3,656.8	42.4%
71	Arts & Entertainment	312.9	308.4	0.986	1.056	752.5	41.0%
72	Accommodation & Food Services	1,270.5	1,232.4	0.970	1.040	3,207.0	38.4%
81	Other Services	1,144.2	1,091.2	0.954	1.022	2,149.6	50.8%
92	Public Administration	124.8	41.8	0.335	0.359	90.3	46.2%
8742	Outside Sales	433.6	403.6	0.931	0.998	1,120.8	36.0%
8810	Clerical	1,114.5	1,028.4	0.923	0.989	3,737.9	27.5%
	Total	21,930.1	20,458.7	0.933	1.000	49,215.9	41.6%

**Alternate Dispute Resolution Endorsement (ADR) Policies - Actual vs Expected Counts and Losses**  
Policy Years 2013 & 2014 at First Report

NAICS	Industry	Policy Count		Ratio of Actual to Expected					
		ADR	No ADR	Total Claim Count		Indemnity Claim Count		\$500K Limited Loss	
				ADR	No ADR	ADR	No ADR	ADR	No ADR
	All Industries	15,221	1,021,218	1.062	0.995	0.959	1.003	0.944	1.005
11	Agriculture	125	30,926	1.210	0.994	1.326	0.991	0.990	1.000
21	Mining	103	1,787	0.906	1.017	0.720	1.047	0.912	1.016
22	Utilities	72	1,449	0.752	1.061	0.761	1.059	0.828	1.043
23	Construction	2,457	133,696	1.070	0.995	0.942	1.004	0.974	1.002
31	Manufacturing	1,686	75,491	1.181	0.986	1.086	0.994	1.140	0.989
42	Wholesale	789	42,408	1.056	0.995	0.926	1.006	0.802	1.016
44	Retail	2,077	90,411	1.029	0.998	0.942	1.005	0.957	1.004
48	Transportation	434	23,966	0.973	1.004	0.893	1.017	0.863	1.021
51	Information	170	11,604	1.159	0.962	1.031	0.992	1.076	0.982
52	Finance	216	6,467	0.959	1.006	1.110	0.985	1.042	0.994
53	Real Estate	531	56,034	1.330	0.980	1.223	0.986	1.166	0.990
54	Professional Services	2,546	109,281	0.945	1.006	0.815	1.021	0.702	1.039
56	Administrative Service	569	41,098	1.088	0.991	0.887	1.011	0.875	1.013
61	Education	270	18,096	1.019	0.999	0.924	1.002	0.861	1.005
62	Health Care	732	101,598	1.055	0.996	0.997	1.000	0.999	1.000
71	Arts & Entertainment	207	13,797	0.941	1.003	0.768	1.013	0.568	1.025
72	Accommodation & Foc	279	92,768	1.313	0.982	1.039	0.998	1.103	0.994
81	Other Services	996	102,298	1.181	0.989	1.167	0.991	1.015	0.999
92	Public Administration	38	716	0.851	1.027	0.830	1.029	0.667	1.057
8742	Outside Sales	5,260	140,552	0.770	1.020	0.746	1.022	0.882	1.010
8810	Clerical	8,238	359,458	0.671	1.040	0.568	1.053	0.578	1.051

NAICS	Industry	Expecteds			Expecteds			Expecteds		
		Total Claim Count			Indemnity Claim Count			\$500K Limited Loss (\$000)		
		ADR	No ADR	Total	ADR	No ADR	Total	ADR	No ADR	Total
	All Industries	47,073	579,860	626,933	17,082	211,195	228,277	537,615	6,379,533	6,917,148
11	Agriculture	968	36,312	37,280	371	14,134	14,505	10,856	407,594	418,449
21	Mining	245	1,381	1,626	82	488	570	4,350	24,119	28,469
22	Utilities	149	607	756	46	187	233	2,370	9,477	11,847
23	Construction	2,828	41,139	43,967	1,329	19,619	20,948	55,762	809,182	864,944
31	Manufacturing	6,759	88,366	95,125	2,326	31,932	34,258	74,291	976,172	1,050,463
42	Wholesale	2,589	31,177	33,766	1,008	12,214	13,222	28,484	345,298	373,782
44	Retail	5,988	69,183	75,171	1,928	22,834	24,762	54,379	605,127	659,506
48	Transportation	4,499	28,790	33,289	2,003	12,369	14,372	66,538	432,562	499,101
51	Information	2,240	9,376	11,616	908	3,469	4,377	28,726	119,539	148,265
52	Finance	972	7,213	8,185	318	2,336	2,654	10,972	80,880	91,852
53	Real Estate	706	11,498	12,204	269	4,391	4,660	9,051	143,290	152,341
54	Professional Services	1,615	15,157	16,772	379	3,286	3,665	14,682	111,236	125,918
56	Administrative Service	2,636	25,799	28,435	1,171	11,765	12,936	37,982	361,679	399,661
61	Education	320	10,157	10,477	92	2,947	3,039	2,850	86,760	89,611
62	Health Care	4,147	59,833	63,980	1,234	17,530	18,764	33,508	491,284	524,792
71	Arts & Entertainment	630	11,379	12,009	198	3,477	3,675	5,888	100,666	106,554
72	Accommodation & Foc	4,129	72,913	77,042	1,512	26,668	28,180	32,901	579,853	612,754
81	Other Services	1,417	22,910	24,327	550	9,704	10,254	17,488	285,200	302,689
92	Public Administration	141	786	927	47	273	320	1,548	9,062	10,610
8742	Outside Sales	696	8,066	8,762	240	2,809	3,049	8,600	101,463	110,064
8810	Clerical	3,399	27,818	31,217	1,071	8,763	9,834	36,387	299,091	335,478

Note: Policies were determined to be ADR policies if they had an ADR endorsement. ADR endorsements are company specific, and were identified by searching for endorsements that referred to some variation of the terms "Collective Bargaining" or "Alternative Dispute Resolution."

## Item AC02-03-03 Experience of Large Deductible Policies

Beginning with the year 2000 evaluation, the WCIRB has issued annual data calls for calendar year premium and pure premium data and December 31 evaluations of accident year loss, allocated loss adjustment expense, and claim count experience for large deductible policies.<sup>1</sup> Annually, the Committee reviews the summarized large deductible experience. In these annual reviews, the Committee generally found (a) the percentage of business written on a large deductible basis had been relatively stable, (b) claim reporting and development patterns for experience written on a large deductible basis were generally similar to those of non-large deductible policies and (c) the impact of excluding the large deductible experience from the rate level calculation has generally been relatively modest. As a result, the Committee has generally agreed that no adjustment to statewide experience to address large deductibles is necessary. The Committee also agreed that annual reviews of updated large deductible experience should continue and the results monitored and presented to the Committee.

Included as Exhibits 1 through 7 is the summary of December 31, 2015 large deductible experience. For comparison purposes, Exhibits 1 through 7 also include analogous information summarizing the non-large deductible experience of insurers writing a large volume of large deductible experience, the experience of all non-large deductible policies, and the total statewide experience.

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<sup>1</sup> A large deductible policy is defined as having a deductible amount per claim or accident of at least \$100,000.

**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. <sup>[1]</sup>	Non-LD	Non-LD	All	Large Ded. <sup>[1]</sup>	Non-LD	Non-LD
2001 <sup>[2]</sup>	31.8%	24.1%	44.1%	100.0%	29.3%	23.9%	46.8%	100.0%
2002 <sup>[2]</sup>	32.4%	20.8%	46.8%	100.0%	30.7%	20.8%	48.5%	100.0%
2003 <sup>[2]</sup>	34.0%	18.1%	47.9%	100.0%	31.9%	18.3%	49.9%	100.0%
2004 <sup>[2]</sup>	33.7%	16.7%	49.6%	100.0%	33.7%	17.5%	48.8%	100.0%
2005 <sup>[2]</sup>	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. <sup>(1)</sup>	Non-LD	Non-LD	All	Large Ded. <sup>(1)</sup>	Non-LD	Non-LD
2001 <sup>[2]</sup>	31.2%	24.5%	44.3%	100.0%	26.9%	26.8%	46.3%	100.0%
2002 <sup>[2]</sup>	32.1%	21.3%	46.6%	100.0%	30.5%	21.1%	48.5%	100.0%
2003 <sup>[2]</sup>	32.3%	20.4%	47.4%	100.0%	32.4%	18.9%	48.7%	100.0%
2004 <sup>[2]</sup>	34.4%	17.0%	48.5%	100.0%	34.5%	18.6%	46.9%	100.0%
2005 <sup>[2]</sup>	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%	26.8%	33.7%	100.0%

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

<sup>[2]</sup> 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.

**Policy Year Ratios of Premiums at Insurer Rate Level to Pure Premium Level**

Policy Year	Written Premium				Earned Premium			
	LD Insurers		Other		LD Insurers		Other	
	<u>Large Ded.<sup>[1]</sup></u>	<u>Non-LD</u>	<u>Non-LD</u>	<u>All</u>	<u>Large Ded.<sup>[1]</sup></u>	<u>Non-LD</u>	<u>Non-LD</u>	<u>All</u>
2001 <sup>[2]</sup>	1.125	1.031	1.043	1.070	1.136	1.029	1.046	1.074
2002 <sup>[2]</sup>	1.208	1.170	1.204	1.203	1.208	1.193	1.212	1.212
2003 <sup>[2]</sup>	1.339	1.206	1.352	1.329	1.337	1.225	1.354	1.331
2004 <sup>[2]</sup>	1.480	1.422	1.593	1.527	1.498	1.423	1.594	1.533
2005 <sup>[2]</sup>	1.436	1.409	1.521	1.469	1.462	1.375	1.521	1.469
2006	1.452	1.462	1.541	1.486	1.473	1.419	1.539	1.481
2007	1.409	1.449	1.600	1.485	1.412	1.460	1.600	1.490
2008	1.293	1.370	1.537	1.394	1.299	1.360	1.538	1.394
2009	1.246	1.313	1.575	1.363	1.244	1.323	1.580	1.365
2010	1.218	1.350	1.680	1.381	1.219	1.354	1.683	1.382
2011	1.272	1.417	1.735	1.432	1.273	1.421	1.735	1.432
2012	0.961	1.155	1.271	1.103	0.962	1.155	1.272	1.103
2013	1.015	1.210	1.283	1.150	1.016	1.210	1.285	1.151
2014	0.967	1.143	1.243	1.103	0.968	1.144	1.243	1.105
2015	1.026	1.139	1.254	1.129	0.995	1.129	1.286	1.124

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

<sup>[2]</sup> 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.

**Calendar/Accident Year Loss Ratios as of December 31, 2015**

**Insurers with Large Deductible Experience <sup>[1]</sup>:**

CY/AY	Large Deductible Experience					Non-Large Deductible Experience				
	Indemnity		Medical <sup>[2]</sup>		Total Incurred <sup>[3]</sup>	Indemnity		Medical <sup>[2]</sup>		Total Incurred <sup>[3]</sup>
	Paid	Incurred	Paid	Incurred		Paid	Incurred	Paid	Incurred	
2006	0.143	0.152	0.202	0.227	0.464	0.137	0.146	0.205	0.231	0.407
2007	0.191	0.206	0.279	0.320	0.631	0.193	0.208	0.291	0.331	0.590
2008	0.243	0.264	0.341	0.398	0.724	0.246	0.268	0.366	0.420	0.756
2009	0.306	0.339	0.419	0.491	0.882	0.258	0.288	0.389	0.457	0.837
2010	0.273	0.308	0.371	0.442	0.814	0.257	0.293	0.397	0.473	0.887
2011	0.235	0.275	0.322	0.399	0.800	0.219	0.259	0.337	0.416	0.867
2012	0.193	0.238	0.250	0.326	0.722	0.167	0.210	0.254	0.328	0.712
2013	0.130	0.174	0.166	0.237	0.675	0.116	0.164	0.171	0.246	0.625
2014	0.079	0.130	0.109	0.184	0.687	0.065	0.120	0.104	0.184	0.563
2015	0.025	0.061	0.043	0.113	0.645	0.019	0.061	0.039	0.118	0.534

**All Insurers with WC Experience:**

CY/AY	All California WC Experience					All Non-Large Deductible Experience				
	Indemnity		Medical <sup>[2]</sup>		Total Incurred <sup>[3]</sup>	Indemnity		Medical <sup>[2]</sup>		Total Incurred <sup>[3]</sup>
	Paid	Incurred	Paid	Incurred		Paid	Incurred	Paid	Incurred	
2006	0.144	0.156	0.202	0.233	0.443	0.144	0.158	0.202	0.237	0.431
2007	0.193	0.211	0.277	0.323	0.611	0.194	0.214	0.277	0.325	0.599
2008	0.240	0.265	0.338	0.396	0.737	0.238	0.265	0.337	0.395	0.744
2009	0.269	0.301	0.381	0.452	0.842	0.251	0.284	0.363	0.433	0.822
2010	0.249	0.284	0.357	0.428	0.818	0.237	0.272	0.350	0.422	0.820
2011	0.215	0.256	0.310	0.392	0.802	0.205	0.246	0.304	0.388	0.804
2012	0.171	0.215	0.239	0.315	0.699	0.160	0.203	0.233	0.309	0.686
2013	0.121	0.168	0.163	0.239	0.640	0.115	0.165	0.161	0.241	0.620
2014	0.070	0.124	0.101	0.181	0.616	0.065	0.121	0.097	0.179	0.578
2015	0.022	0.064	0.039	0.115	0.580	0.020	0.065	0.037	0.115	0.546

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

<sup>[2]</sup> Including M CCP.

<sup>[3]</sup> Including IBNR.

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

**Incurred Indemnity Development**

**Large Deductible (LD) Experience**

	Evaluated as of (months):												
AY	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
2000	2.491	1.408	1.166	1.077	1.033	1.015	1.013	1.009	1.003	1.005	1.004	1.002	1.001
2001	2.452	1.369	1.137	1.052	1.031	1.026	1.015	1.008	1.006	1.004	1.006	1.004	1.004
2002	2.431	1.328	1.093	1.044	1.041	1.016	1.008	1.010	1.006	1.007	1.004	1.005	1.003
2003	2.126	1.247	1.090	1.064	1.026	1.018	1.016	1.009	1.010	1.009	1.006	1.008	
2004	1.744	1.212	1.101	1.047	1.035	1.024	1.023	1.013	1.014	1.009	1.010		
2005	1.862	1.265	1.110	1.062	1.050	1.032	1.025	1.016	1.014	1.011			
2006	2.066	1.304	1.123	1.085	1.053	1.034	1.024	1.017	1.014				
2007	2.027	1.318	1.148	1.078	1.052	1.042	1.032	1.015					
2008	2.075	1.349	1.158	1.079	1.059	1.037	1.026						
2009	2.192	1.352	1.158	1.093	1.058	1.033							
2010	2.234	1.349	1.159	1.079	1.057								
2011	2.159	1.365	1.151	1.079									
2012	2.307	1.329	1.147										
2013	2.161	1.322											
2014	2.283												

**Non-Large Deductible Experience from Insurers Writing LD**

	Evaluated as of (months):												
AY	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
2000	1.847	1.270	1.111	1.036	1.013	1.015	1.009	1.003	1.005	1.005	1.003	1.003	1.002
2001	1.849	1.291	1.073	1.026	1.021	1.021	1.008	1.006	1.003	1.002	1.005	1.005	1.000
2002	1.914	1.207	1.050	1.022	1.033	1.011	1.010	1.010	1.005	1.008	1.003	1.000	1.002
2003	1.532	1.122	1.039	1.041	1.022	1.017	1.013	1.013	1.017	1.008	1.009	1.004	
2004	1.254	1.074	1.061	1.033	1.032	1.020	1.017	1.011	1.015	1.009	1.006		
2005	1.318	1.199	1.084	1.065	1.045	1.028	1.020	1.021	1.017	1.009			
2006	1.725	1.218	1.105	1.063	1.046	1.038	1.026	1.017	1.007				
2007	1.752	1.270	1.107	1.054	1.049	1.036	1.022	1.012					
2008	1.889	1.268	1.117	1.071	1.041	1.031	1.018						
2009	1.893	1.269	1.125	1.074	1.048	1.027							
2010	1.917	1.302	1.123	1.067	1.044								
2011	1.963	1.249	1.132	1.063									
2012	1.941	1.266	1.105										
2013	1.862	1.232											
2014	1.856												

**All California WC Experience**

	Evaluated as of (months):												
AY	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
2000	1.931	1.276	1.123	1.052	1.021	1.015	1.011	1.008	1.004	1.004	1.005	1.003	1.001
2001	1.873	1.325	1.106	1.035	1.023	1.021	1.014	1.009	1.006	1.007	1.006	1.005	1.003
2002	1.952	1.263	1.069	1.033	1.033	1.018	1.011	1.010	1.010	1.007	1.005	1.003	1.002
2003	1.782	1.187	1.069	1.056	1.033	1.021	1.018	1.015	1.015	1.009	1.006	1.004	
2004	1.448	1.158	1.083	1.042	1.041	1.026	1.028	1.018	1.014	1.007	1.007		
2005	1.503	1.218	1.098	1.068	1.053	1.040	1.028	1.016	1.012	1.006			
2006	1.690	1.247	1.111	1.080	1.053	1.035	1.023	1.015	1.009				
2007	1.784	1.273	1.120	1.070	1.049	1.037	1.022	1.012					
2008	1.858	1.302	1.136	1.074	1.045	1.030	1.019						
2009	1.983	1.293	1.142	1.076	1.048	1.024							
2010	1.994	1.315	1.131	1.069	1.045								
2011	1.997	1.277	1.133	1.062									
2012	1.992	1.279	1.114										
2013	1.931	1.260											
2014	1.961												

**All Non-Large Deductible Experience**

	Evaluated as of (months):												
AY	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
2000	1.845	1.258	1.101	1.045	1.017	1.015	1.011	1.008	1.005	1.004	1.005	1.004	1.002
2001	1.800	1.311	1.097	1.029	1.020	1.019	1.013	1.010	1.007	1.009	1.006	1.006	1.003
2002	1.818	1.245	1.061	1.029	1.030	1.018	1.013	1.010	1.012	1.007	1.005	1.002	1.002
2003	1.697	1.164	1.060	1.052	1.036	1.023	1.019	1.018	1.018	1.008	1.007	1.003	
2004	1.350	1.135	1.076	1.039	1.043	1.028	1.030	1.020	1.015	1.006	1.005		
2005	1.376	1.196	1.090	1.070	1.055	1.045	1.030	1.016	1.012	1.003			
2006	1.577	1.217	1.104	1.077	1.052	1.036	1.022	1.014	1.007				
2007	1.687	1.252	1.107	1.065	1.048	1.034	1.016	1.010					
2008	1.777	1.280	1.126	1.072	1.037	1.026	1.015						
2009	1.896	1.264	1.134	1.068	1.043	1.018							
2010	1.889	1.298	1.116	1.063	1.038								
2011	1.926	1.233	1.123	1.053									
2012	1.847	1.249	1.094										
2013	1.816	1.224											
2014	1.807												



**Incurred Medical Development \***

**Large Deductible (LD) Experience**

AY	Evaluated as of (months):												
	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
2000	1.890	1.336	1.170	1.078	1.049	1.033	1.048	1.030	1.018	1.017	1.016	1.011	1.014
2001	2.111	1.302	1.129	1.067	1.047	1.056	1.043	1.026	1.030	1.019	1.013	1.011	1.014
2002	1.992	1.221	1.066	1.050	1.060	1.043	1.032	1.028	1.023	1.020	1.016	1.015	0.997
2003	1.726	1.128	1.075	1.076	1.051	1.035	1.035	1.029	1.023	1.016	1.012	1.012	
2004	1.528	1.180	1.112	1.075	1.057	1.049	1.039	1.028	1.029	1.017	1.012		
2005	1.558	1.180	1.094	1.077	1.065	1.049	1.035	1.031	1.019	1.019			
2006	1.618	1.200	1.124	1.086	1.054	1.044	1.036	1.027	1.018				
2007	1.579	1.224	1.131	1.078	1.069	1.067	1.036	1.023					
2008	1.631	1.224	1.131	1.091	1.075	1.048	1.034						
2009	1.646	1.237	1.130	1.104	1.072	1.041							
2010	1.711	1.235	1.143		1.056								
2011	1.688	1.269	1.122	1.076									
2012	1.712	1.206	1.113										
2013	1.607	1.187											
2014	1.626												

**Non-Large Deductible Experience from Insurers Writing LD**

AY	Evaluated as of (months):												
	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
2000	1.581	1.222	1.145	1.059	1.027	1.028	1.031	1.027	1.020	1.022	1.016	1.015	1.008
2001	1.663	1.254	1.075	1.039	1.044	1.041	1.029	1.023	1.018	1.013	1.012	1.015	1.013
2002	1.746	1.151	1.053	1.025	1.060	1.017	1.026	1.022	1.025	1.011	1.013	1.008	1.000
2003	1.318	1.090	1.033	1.060	1.043	1.038	1.030	1.023	1.021	1.016	1.015	1.001	
2004	1.241	1.061	1.091	1.071	1.058	1.045	1.037	1.023	1.021	1.014	1.007		
2005	1.235	1.156	1.066	1.073	1.067	1.044	1.033	1.030	1.011	1.008			
2006	1.404	1.183	1.107	1.068	1.061	1.043	1.040	1.020	1.014				
2007	1.483	1.216	1.107	1.063	1.063	1.044	1.035	1.017					
2008	1.537	1.180	1.105	1.097	1.061	1.042	1.028						
2009	1.528	1.205	1.143	1.088	1.063	1.031							
2010	1.531	1.243	1.136	1.084	1.048								
2011	1.585	1.213	1.120	1.075									
2012	1.546	1.181	1.094										
2013	1.498	1.145											
2014	1.438												

**All California WC Experience**

AY	Evaluated as of (months):												
	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
2000	1.598	1.226	1.131	1.072	1.038	1.029	1.044	1.028	1.017	1.024	1.018	1.018	1.012
2001	1.658	1.274	1.107	1.047	1.041	1.045	1.040	1.034	1.035	1.022	1.017	1.015	1.013
2002	1.632	1.203	1.059	1.039	1.056	1.040	1.036	1.029	1.028	1.022	1.014	1.010	0.999
2003	1.567	1.119	1.057	1.059	1.060	1.042	1.042	1.037	1.029	1.018	1.011	1.003	
2004	1.351	1.135	1.113	1.081	1.060	1.061	1.043	1.032	1.026	1.012	1.006		
2005	1.389	1.172	1.087	1.074	1.084	1.055	1.045	1.032	1.020	1.006			
2006	1.460	1.196	1.103	1.081	1.066	1.048	1.040	1.022	1.012				
2007	1.518	1.204	1.124	1.081	1.070	1.050	1.032	1.018					
2008	1.527	1.212	1.129	1.092	1.061	1.041	1.026						
2009	1.604	1.227	1.140	1.087	1.061	1.030							
2010	1.620	1.245	1.134	1.077	1.045								
2011	1.667	1.222	1.125	1.069									
2012	1.592	1.188	1.093										
2013	1.559	1.151											
2014	1.524												

**All Non-Large Deductible Experience**

AY	Evaluated as of (months):												
	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
2000	1.540	1.218	1.111	1.071	1.034	1.027	1.043	1.027	1.017	1.027	1.018	1.021	1.011
2001	1.617	1.269	1.101	1.040	1.040	1.041	1.038	1.038	1.038	1.023	1.019	1.016	1.012
2002	1.586	1.198	1.057	1.035	1.054	1.038	1.038	1.029	1.030	1.022	1.013	1.008	0.999
2003	1.519	1.116	1.050	1.051	1.064	1.045	1.045	1.041	1.032	1.018	1.011	0.999	
2004	1.285	1.115	1.110	1.085	1.060	1.068	1.045	1.034	1.024	1.010	1.003		
2005	1.316	1.163	1.083	1.072	1.095	1.059	1.051	1.033	1.021	0.998			
2006	1.402	1.194	1.092	1.079	1.072	1.050	1.042	1.020	1.009				
2007	1.488	1.194	1.119	1.083	1.070	1.042	1.030	1.015					
2008	1.482	1.206	1.128	1.093	1.054	1.037	1.021						
2009	1.584	1.222	1.144	1.078	1.055	1.024							
2010	1.575	1.250	1.130	1.077	1.039								
2011	1.657	1.198	1.126	1.066									
2012	1.534	1.178	1.083										
2013	1.534	1.132											
2014	1.473												

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

**Paid Indemnity Development**

**Large Deductible (LD) Experience**

	Evaluated as of (months):												
AY	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
2000	4.052	1.865	1.362	1.184	1.104	1.054	1.036	1.026	1.015	1.012	1.009	1.008	1.006
2001	3.712	1.867	1.353	1.172	1.087	1.057	1.035	1.025	1.016	1.012	1.010	1.011	1.008
2002	3.871	1.839	1.344	1.144	1.087	1.043	1.032	1.018	1.017	1.012	1.012	1.010	1.007
2003	3.613	1.758	1.276	1.144	1.071	1.038	1.027	1.022	1.015	1.016	1.012	1.012	
2004	3.080	1.574	1.269	1.122	1.070	1.047	1.034	1.029	1.025	1.019	1.013		
2005	2.906	1.562	1.237	1.123	1.082	1.055	1.045	1.035	1.023	1.022			
2006	3.135	1.559	1.238	1.143	1.087	1.064	1.045	1.032	1.027				
2007	3.001	1.554	1.262	1.144	1.095	1.069	1.049	1.036					
2008	3.057	1.614	1.276	1.151	1.102	1.070	1.047						
2009	3.244	1.615	1.284	1.165	1.100	1.067							
2010	3.236	1.627	1.285	1.156	1.100								
2011	3.306	1.619	1.284	1.158									
2012	3.265	1.616	1.272										
2013	3.272	1.611											
2014	3.375												

**Non-Large Deductible Experience from Insurers Writing LD**

	Evaluated as of (months):												
AY	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
2000	3.217	1.801	1.316	1.136	1.081	1.057	1.031	1.021	1.016	1.011	1.009	1.009	1.007
2001	3.838	1.837	1.335	1.145	1.076	1.051	1.031	1.023	1.015	1.013	1.010	1.008	1.005
2002	3.691	1.886	1.293	1.131	1.070	1.048	1.033	1.018	1.015	1.012	1.013	1.008	1.006
2003	3.358	1.767	1.242	1.116	1.074	1.046	1.026	1.024	1.024	1.020	1.016	1.011	
2004	3.050	1.531	1.220	1.117	1.077	1.041	1.034	1.033	1.023	1.022	1.012		
2005	2.870	1.516	1.261	1.128	1.071	1.061	1.044	1.039	1.028	1.022			
2006	2.864	1.580	1.246	1.142	1.092	1.064	1.048	1.035	1.029				
2007	2.995	1.615	1.246	1.132	1.088	1.065	1.042	1.033					
2008	3.040	1.590	1.269	1.145	1.088	1.058	1.043						
2009	3.014	1.628	1.268	1.153	1.091	1.061							
2010	3.133	1.635	1.285	1.147	1.091								
2011	3.160	1.610	1.268	1.148									
2012	3.030	1.600	1.265										
2013	3.095	1.604											
2014	3.181												

**All California WC Experience**

	Evaluated as of (months):												
AY	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
2000	3.511	1.744	1.304	1.151	1.088	1.052	1.035	1.025	1.016	1.013	1.010	1.009	1.008
2001	3.545	1.796	1.322	1.145	1.077	1.051	1.034	1.024	1.017	1.014	1.012	1.011	1.008
2002	3.590	1.782	1.290	1.127	1.075	1.046	1.031	1.020	1.018	1.015	1.014	1.008	1.008
2003	3.370	1.696	1.249	1.128	1.072	1.043	1.030	1.026	1.023	1.021	1.015	1.012	
2004	2.914	1.522	1.236	1.116	1.073	1.049	1.041	1.035	1.030	1.020	1.015		
2005	2.734	1.512	1.235	1.121	1.079	1.060	1.047	1.042	1.028	1.020			
2006	2.866	1.539	1.229	1.135	1.090	1.068	1.050	1.035	1.026				
2007	2.905	1.547	1.246	1.140	1.092	1.066	1.046	1.033					
2008	2.927	1.577	1.271	1.150	1.092	1.060	1.041						
2009	3.069	1.616	1.280	1.156	1.092	1.061							
2010	3.157	1.628	1.281	1.147	1.091								
2011	3.208	1.613	1.266	1.145									
2012	3.137	1.597	1.264										
2013	3.169	1.608											
2014	3.232												

**All Non-Large Deductible Experience**

	Evaluated as of (months):												
AY	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
2000	3.421	1.730	1.275	1.143	1.082	1.051	1.034	1.024	1.017	1.013	1.010	1.009	1.009
2001	3.572	1.772	1.313	1.135	1.074	1.048	1.033	1.023	1.017	1.015	1.013	1.011	1.009
2002	3.501	1.766	1.271	1.121	1.071	1.048	1.031	1.020	1.018	1.016	1.014	1.007	1.008
2003	3.305	1.670	1.237	1.121	1.073	1.045	1.032	1.028	1.027	1.023	1.016	1.012	
2004	2.844	1.498	1.223	1.113	1.075	1.050	1.045	1.039	1.032	1.020	1.016		
2005	2.653	1.492	1.233	1.119	1.077	1.064	1.048	1.047	1.032	1.019			
2006	2.765	1.528	1.223	1.131	1.092	1.070	1.052	1.037	1.026				
2007	2.856	1.544	1.238	1.138	1.091	1.064	1.044	1.032					
2008	2.869	1.558	1.269	1.150	1.087	1.055	1.038						
2009	2.981	1.616	1.278	1.151	1.088	1.057							
2010	3.113	1.629	1.279	1.141	1.086								
2011	3.155	1.609	1.256	1.138									
2012	3.061	1.585	1.259										
2013	3.103	1.606											
2014	3.143												

**Paid Medical Development \***

**Large Deductible (LD) Experience**

	Evaluated as of (months):												
AY	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
2000	2.938	1.515	1.249	1.135	1.086	1.060	1.045	1.042	1.028	1.025	1.021	1.021	1.023
2001	3.220	1.478	1.203	1.119	1.077	1.059	1.050	1.037	1.031	1.031	1.023	1.023	1.023
2002	3.058	1.372	1.165	1.107	1.076	1.056	1.044	1.032	1.031	1.025	1.025	1.020	1.016
2003	2.665	1.304	1.172	1.112	1.075	1.050	1.041	1.034	1.029	1.030	1.021	1.019	
2004	2.417	1.378	1.188	1.122	1.081	1.064	1.047	1.040	1.037	1.027	1.024		
2005	2.372	1.335	1.203	1.129	1.093	1.066	1.053	1.051	1.031	1.031			
2006	2.456	1.380	1.213	1.136	1.087	1.067	1.056	1.039	1.035				
2007	2.374	1.382	1.218	1.131	1.098	1.082	1.053	1.041					
2008	2.335	1.411	1.220	1.144	1.110	1.076	1.053						
2009	2.477	1.427	1.244	1.163	1.106	1.073							
2010	2.508	1.443	1.260	1.153	1.100								
2011	2.576	1.465	1.244	1.152									
2012	2.625	1.457	1.248										
2013	2.566	1.457											
2014	2.543												

**Non-Large Deductible Experience from Insurers Writing LD**

	Evaluated as of (months):												
AY	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
2000	2.555	1.411	1.226	1.111	1.076	1.055	1.041	1.041	1.032	1.027	1.024	1.021	1.018
2001	2.754	1.482	1.191	1.104	1.070	1.055	1.047	1.039	1.027	1.028	1.021	1.021	1.015
2002	2.916	1.406	1.178	1.098	1.074	1.055	1.047	1.025	1.025	1.022	1.022	1.015	1.013
2003	2.449	1.356	1.153	1.120	1.078	1.060	1.042	1.035	1.032	1.031	1.023	1.015	
2004	2.367	1.260	1.194	1.130	1.090	1.064	1.053	1.042	1.033	1.024	1.024		
2005	2.072	1.346	1.212	1.140	1.085	1.072	1.056	1.048	1.031	1.028			
2006	2.255	1.397	1.219	1.139	1.098	1.068	1.058	1.035	1.035				
2007	2.383	1.430	1.230	1.136	1.097	1.072	1.051	1.042					
2008	2.312	1.415	1.240	1.148	1.100	1.070	1.054						
2009	2.308	1.444	1.248	1.162	1.107	1.067							
2010	2.420	1.470	1.273	1.152	1.101								
2011	2.517	1.469	1.243	1.148									
2012	2.500	1.471	1.253										
2013	2.420	1.471											
2014	2.498												

**All California WC Experience**

	Evaluated as of (months):												
AY	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
2000	2.666	1.430	1.222	1.127	1.079	1.056	1.042	1.038	1.031	1.027	1.023	1.020	1.020
2001	2.842	1.472	1.212	1.109	1.076	1.057	1.045	1.038	1.034	1.030	1.022	1.022	1.022
2002	2.887	1.416	1.168	1.112	1.072	1.054	1.046	1.034	1.032	1.024	1.023	1.018	1.016
2003	2.592	1.318	1.170	1.112	1.074	1.057	1.048	1.041	1.030	1.030	1.026	1.019	
2004	2.298	1.345	1.189	1.123	1.092	1.070	1.055	1.040	1.036	1.034	1.024		
2005	2.251	1.345	1.209	1.138	1.095	1.073	1.054	1.049	1.038	1.031			
2006	2.340	1.399	1.220	1.140	1.099	1.068	1.056	1.042	1.034				
2007	2.416	1.413	1.230	1.142	1.097	1.075	1.057	1.041					
2008	2.325	1.421	1.241	1.148	1.103	1.072	1.051						
2009	2.408	1.447	1.251	1.160	1.104	1.067							
2010	2.479	1.468	1.265	1.152	1.096								
2011	2.580	1.470	1.248	1.146									
2012	2.561	1.468	1.249										
2013	2.492	1.466											
2014	2.521												

**All Non-Large Deductible Experience**

	Evaluated as of (months):												
AY	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
2000	2.628	1.430	1.201	1.124	1.077	1.054	1.040	1.040	1.032	1.028	1.024	1.019	1.018
2001	2.878	1.465	1.216	1.106	1.076	1.056	1.045	1.039	1.036	1.029	1.020	1.021	1.022
2002	2.845	1.432	1.169	1.115	1.070	1.055	1.047	1.035	1.032	1.022	1.020	1.018	1.017
2003	2.567	1.324	1.169	1.112	1.077	1.061	1.051	1.044	1.030	1.029	1.028	1.019	
2004	2.241	1.326	1.188	1.129	1.098	1.074	1.060	1.040	1.036	1.037	1.024		
2005	2.180	1.354	1.218	1.142	1.097	1.078	1.055	1.047	1.043	1.031			
2006	2.270	1.420	1.224	1.142	1.106	1.069	1.056	1.044	1.033				
2007	2.461	1.432	1.237	1.148	1.096	1.070	1.059	1.042					
2008	2.320	1.427	1.252	1.150	1.099	1.070	1.050						
2009	2.371	1.458	1.256	1.159	1.103	1.064							
2010	2.463	1.485	1.268	1.151	1.094								
2011	2.583	1.473	1.250	1.143									
2012	2.521	1.474	1.249										
2013	2.449	1.471											
2014	2.507												

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

**Paid ALAE (Excluding M CCP) Development \***

**Large Deductible (LD) Experience**

	Evaluated as of (months):												
AY	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
2000							1.066	1.030	1.030	1.027	1.021	1.018	1.019
2001						1.098	1.044	1.042	1.032	1.028	1.022	1.023	1.021
2002					1.127	1.061	1.048	1.035	1.029	1.023	1.022	1.019	1.014
2003				1.191	1.097	1.058	1.046	1.036	1.031	1.026	1.022	1.019	
2004			1.351	1.165	1.100	1.071	1.048	1.038	1.033	1.026	1.022		
2005		1.785	1.347	1.178	1.118	1.080	1.059	1.047	1.036	1.029			
2006	4.628	1.744	1.334	1.189	1.116	1.083	1.060	1.048	1.036				
2007	4.057	1.734	1.350	1.191	1.128	1.091	1.063	1.049					
2008	4.178	1.759	1.363	1.198	1.135	1.089	1.066						
2009	4.586	1.793	1.358	1.210	1.132	1.090							
2010	4.680	1.744	1.348	1.199	1.128								
2011	4.415	1.749	1.344	1.199									
2012	4.582	1.753	1.354										
2013	4.562	1.723											
2014	4.398												

**Non-Large Deductible Experience from Insurers Writing LD**

	Evaluated as of (months):												
AY	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
2000							1.051	1.025	1.036	1.026	1.021	1.019	1.016
2001						1.070	1.043	1.037	1.026	1.020	1.019	1.017	1.015
2002					1.098	1.063	1.050	1.029	1.025	1.020	1.019	1.016	1.014
2003				1.161	1.085	1.071	1.041	1.032	1.027	1.022	1.019	1.016	
2004			1.305	1.150	1.103	1.062	1.048	1.033	1.031	1.024	1.017		
2005		1.625	1.289	1.185	1.106	1.076	1.051	1.047	1.034	1.028			
2006	3.124	1.659	1.330	1.179	1.123	1.076	1.063	1.044	1.034				
2007	3.753	1.765	1.341	1.194	1.116	1.087	1.056	1.041					
2008	4.186	1.755	1.348	1.188	1.119	1.081	1.057						
2009	4.072	1.753	1.338	1.192	1.121	1.082							
2010	4.100	1.762	1.348	1.190	1.118								
2011	4.219	1.722	1.333	1.193									
2012	4.207	1.726	1.341										
2013	4.353	1.719											
2014	4.252												

**All California WC Experience**

AY	Evaluated as of (months):												
	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
2000							1.053	1.042	1.033	1.025	1.021	1.019	1.015
2001						1.078	1.054	1.039	1.028	1.024	1.020	1.017	1.017
2002					1.101	1.074	1.046	1.032	1.026	1.021	1.018	1.017	1.014
2003				1.159	1.107	1.062	1.045	1.034	1.029	1.023	1.020	1.017	
2004			1.319	1.169	1.101	1.069	1.048	1.036	1.030	1.025	1.020		
2005		1.698	1.336	1.181	1.113	1.079	1.056	1.044	1.035	1.028			
2006	3.750	1.736	1.330	1.186	1.120	1.081	1.060	1.046	1.035				
2007	4.027	1.716	1.340	1.194	1.126	1.088	1.060	1.045					
2008	4.015	1.758	1.367	1.198	1.126	1.085	1.060						
2009	4.322	1.775	1.354	1.199	1.126	1.083							
2010	4.300	1.737	1.342	1.190	1.120								
2011	4.230	1.727	1.335	1.191									
2012	4.322	1.729	1.337										
2013	4.385	1.695											
2014	4.258												

**All Non-Large Deductible Experience**

	Evaluated as of (months):												
AY	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
2000							1.053	1.031	1.034	1.025	1.021	1.019	1.016
2001						1.074	1.044	1.037	1.026	1.020	1.019	1.016	1.014
2002					1.095	1.068	1.045	1.030	1.024	1.019	1.017	1.014	1.013
2003				1.152	1.106	1.068	1.045	1.031	1.027	1.022	1.018	1.015	
2004			1.325	1.155	1.102	1.066	1.048	1.032	1.030	1.023	1.018		
2005		1.704	1.309	1.183	1.108	1.077	1.052	1.045	1.034	1.027			
2006	3.574	1.710	1.326	1.183	1.124	1.079	1.064	1.044	1.033				
2007	3.865	1.701	1.333	1.197	1.124	1.089	1.057	1.041					
2008	3.902	1.761	1.370	1.199	1.123	1.081	1.055						
2009	4.159	1.761	1.350	1.194	1.121	1.078							
2010	4.055	1.731	1.338	1.184	1.114								
2011	4.099	1.712	1.327	1.185									
2012	4.140	1.710	1.327										
2013	4.241	1.679											
2014	4.128												

\* Based on private insurer data only.

**Paid M CCP Development**

**Large Deductible (LD) Experience**

<u>AY</u>	Evaluated as of (months):												
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-96</u>	<u>96-108</u>	<u>108-120</u>	<u>120-132</u>	<u>132-144</u>	<u>144-156</u>	<u>156-168</u>
2012	2.513	1.344	1.190										
2013	2.399	1.377											
2014	2.617												

**Non-Large Deductible Experience from Insurers Writing LD**

<u>AY</u>	Evaluated as of (months):												
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-96</u>	<u>96-108</u>	<u>108-120</u>	<u>120-132</u>	<u>132-144</u>	<u>144-156</u>	<u>156-168</u>
2012	2.445	1.323	1.166										
2013	2.337	1.332											
2014	2.394												

**All California WC Experience**

<u>AY</u>	Evaluated as of (months):												
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-96</u>	<u>96-108</u>	<u>108-120</u>	<u>120-132</u>	<u>132-144</u>	<u>144-156</u>	<u>156-168</u>
2012	2.482	1.341	1.182										
2013	2.408	1.371											
2014	2.543												

**All Non-Large Deductible Experience**

<u>AY</u>	Evaluated as of (months):												
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-96</u>	<u>96-108</u>	<u>108-120</u>	<u>120-132</u>	<u>132-144</u>	<u>144-156</u>	<u>156-168</u>
2012	2.460	1.339	1.177										
2013	2.415	1.365											
2014	2.482												

Average Incurred Indemnity Per Reported Indemnity Claim

Large Deductible (LD) Experience

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							26,045	26,311	26,469	26,560	26,739	26,827	26,818	26,803
2001						25,368	25,964	26,337	26,551	26,720	26,807	26,933	27,047	27,155
2002					23,774	24,573	24,938	25,123	25,386	25,528	25,659	25,752	25,869	25,992
2003				21,628	22,792	23,316	23,765	24,156	24,359	24,588	24,806	24,932	25,165	
2004			16,352	17,752	18,515	19,125	19,573	19,995	20,236	20,486	20,667	20,838		
2005		11,771	14,347	15,780	16,692	17,514	18,007	18,433	18,694	18,925	19,120			
2006	7,288	11,735	14,656	16,075	17,394	18,224	18,697	19,129	19,430	19,619				
2007	7,385	12,301	15,543	17,551	18,653	19,457	20,100	20,678	20,917					
2008	7,807	13,067	17,064	19,384	20,752	21,831	22,591	23,120						
2009	8,239	14,030	18,116	20,662	22,368	23,549	24,201							
2010	8,322	14,077	18,223	20,783	22,257	23,423								
2011	8,758	14,278	18,562	21,009	22,486									
2012	8,617	14,771	18,813	21,199										
2013	9,005	14,802	18,663											
2014	9,175	15,532												
2015	9,596													

Non-Large Deductible Experience from Insurers Writing LD

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							21,565	21,754	21,775	21,800	21,879	21,897	21,925	21,971
2001						23,971	24,525	24,657	24,856	24,904	24,915	25,058	25,127	25,115
2002					21,961	22,415	22,634	22,835	23,044	23,166	23,259	23,307	23,321	23,401
2003				20,527	21,292	21,812	22,110	22,511	22,782	23,121	23,270	23,476	23,527	
2004			16,352	17,246	17,787	18,442	18,848	19,143	19,311	19,581	19,757	19,848		
2005		11,668	13,608	14,815	15,740	16,444	16,802	17,150	17,495	17,726	17,871			
2006	8,980	12,691	14,446	15,671	16,451	17,018	17,631	17,935	18,165	18,114				
2007	8,297	13,076	16,264	17,839	18,633	19,487	20,153	20,593	20,790					
2008	8,784	14,416	17,998	19,821	21,134	21,906	22,534	22,855						
2009	8,711	14,353	17,875	19,873	21,217	22,151	22,709							
2010	8,815	14,338	18,068	20,067	21,251	22,109								
2011	8,975	14,540	17,583	19,654	20,720									
2012	8,955	14,454	17,778	19,395										
2013	9,627	14,926	17,784											
2014	9,537	14,414												
2015	9,800													

All California WC Experience

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							22,673	22,933	23,114	23,236	23,338	23,463	23,542	23,570
2001						24,371	24,896	25,253	25,516	25,695	25,887	26,055	26,197	26,277
2002					22,393	23,126	23,549	23,841	24,107	24,376	24,558	24,679	24,746	24,817
2003				21,292	22,481	23,243	23,779	24,238	24,645	25,041	25,282	25,436	25,564	
2004			16,155	17,477	18,204	18,975	19,490	20,066	20,427	20,741	20,893	21,030		
2005		11,405	13,756	15,102	16,123	16,971	17,654	18,179	18,462	18,679	18,769			
2006	8,231	12,170	14,765	16,216	17,477	18,368	18,975	19,373	19,646	19,750				
2007	8,180	12,952	16,242	18,086	19,286	20,188	20,916	21,365	21,603					
2008	8,672	13,939	17,762	19,959	21,342	22,228	22,856	23,238						
2009	8,749	14,547	18,278	20,644	22,098	23,091	23,578							
2010	8,746	14,258	18,150	20,289	21,554	22,450								
2011	9,105	14,678	18,099	20,235	21,346									
2012	9,088	14,541	17,973	19,743										
2013	9,353	14,556	17,707											
2014	9,404	14,742												
2015	9,771													

All Non-Large Deductible Experience

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							21,878	22,168	22,366	22,486	22,560	22,707	22,810	22,854
2001						24,045	24,548	24,902	25,197	25,379	25,626	25,822	25,985	26,059
2002					21,912	22,563	23,042	23,381	23,650	23,981	24,167	24,304	24,361	24,425
2003				21,135	22,311	23,217	23,800	24,300	24,815	25,286	25,544	25,722	25,799	
2004			16,053	17,323	18,026	18,892	19,447	20,116	20,542	20,896	21,030	21,148		
2005		11,232	13,435	14,736	15,829	16,706	17,501	18,095	18,393	18,594	18,626			
2006	8,767	12,455	14,883	16,352	17,576	18,489	19,177	19,560	19,807	19,874				
2007	8,760	13,484	16,731	18,391	19,569	20,487	21,175	21,518	21,715					
2008	9,066	14,488	18,237	20,362	21,751	22,514	23,072	23,372						
2009	8,986	14,820	18,372	20,640	21,960	22,846	23,244							
2010	8,951	14,353	18,106	20,013	21,160	21,914								
2011	9,272	14,890	17,848	19,811	20,733									
2012	9,329	14,414	17,489	18,907										
2013	9,537	14,405	17,151											
2014	9,520	14,298												
2015	9,860													

Average Paid Indemnity Per Closed Indemnity Claim

Large Deductible (LD) Experience

	Evaluated as of (months):													
AY	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							20,411	21,298	22,488	23,100	23,514	23,773	23,959	24,341
2001						17,938	19,456	20,770	21,557	22,153	22,627	22,929	23,379	23,789
2002					16,576	18,320	19,722	20,729	21,394	21,846	22,277	22,685	23,047	23,452
2003				14,064	16,252	18,160	19,217	19,999	20,536	21,035	21,577	21,983	22,366	
2004			8,036	11,054	13,269	14,550	15,453	16,096	16,718	17,344	17,775	18,255		
2005		3,449	6,350	9,575	11,346	12,771	13,753	14,643	15,482	16,047	16,599			
2006	1,425	3,264	6,854	9,939	11,771	13,182	14,294	15,145	15,833	16,565				
2007	1,327	3,662	6,964	10,009	12,136	13,765	15,128	16,374	17,197					
2008	1,552	3,938	7,824	10,895	13,326	15,391	17,148	18,342						
2009	1,630	4,317	8,000	11,413	14,453	16,820	18,697							
2010	1,701	4,183	8,124	11,871	15,073	17,314								
2011	1,758	4,462	8,627	12,651	15,809									
2012	1,823	4,860	9,517	13,430										
2013	1,967	5,339	10,041											
2014	2,212	5,954												
2015	2,428													

Non-Large Deductible Experience from Insurers Writing LD

	Evaluated as of (months):													
AY	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							17,219	17,918	18,520	19,113	19,339	19,631	19,965	20,250
2001						17,688	18,908	19,557	20,437	20,913	21,258	21,705	21,977	22,244
2002					15,487	17,129	18,107	18,982	19,486	19,854	20,233	20,658	20,946	21,203
2003				12,795	14,722	16,219	17,336	18,069	18,547	18,988	19,623	20,101	20,640	
2004			7,646	10,505	12,071	13,311	14,342	14,935	15,669	16,305	16,956	17,378		
2005		3,225	6,456	8,453	10,880	11,753	12,580	13,440	14,296	14,946	15,481			
2006	1,926	4,101	6,414	8,938	11,027	12,286	13,200	14,281	14,934	15,515				
2007	1,534	3,720	7,259	10,125	12,078	13,811	15,233	16,361	17,356					
2008	1,608	4,304	8,067	11,321	13,879	15,960	17,254	18,725						
2009	1,747	4,381	8,292	11,537	14,153	15,973	17,751							
2010	1,749	4,688	8,516	12,040	14,763	16,887								
2011	1,858	4,836	8,754	12,174	14,917									
2012	1,999	5,256	9,220	12,597										
2013	2,465	5,825	9,850											
2014	2,293	5,533												
2015	2,356													

All California WC Experience

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							17,155	17,910	18,700	19,301	19,740	20,073	20,405	20,835
2001						17,089	18,362	19,378	20,160	20,753	21,228	21,631	22,176	22,566
2002					14,941	16,610	17,923	18,877	19,505	19,999	20,513	21,171	21,526	21,859
2003				12,753	15,035	16,785	17,893	18,671	19,315	19,957	20,790	21,287	21,732	
2004			7,065	9,962	11,999	13,282	14,183	14,883	15,712	16,611	17,173	17,649		
2005		2,953	5,732	8,440	10,312	11,491	12,389	13,262	14,343	15,008	15,578			
2006	1,422	3,260	6,193	8,893	10,744	12,120	13,318	14,553	15,381	16,046				
2007	1,414	3,542	6,821	9,679	11,773	13,518	15,108	16,278	17,211					
2008	1,572	3,891	7,551	10,747	13,288	15,587	17,054	18,298						
2009	1,640	4,213	7,979	11,354	14,336	16,400	18,093							
2010	1,618	4,313	8,195	11,881	14,667	16,717								
2011	1,755	4,605	8,662	12,207	14,973									
2012	1,876	5,056	9,131	12,632										
2013	2,160	5,416	9,579											
2014	2,217	5,695												
2015	2,402													

All Non-Large Deductible Experience

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							16,201	16,916	17,611	18,232	18,678	19,040	19,418	19,879
2001						16,729	17,903	18,806	19,590	20,176	20,649	21,101	21,706	22,100
2002					14,252	15,957	17,195	18,136	18,758	19,266	19,820	20,597	20,954	21,260
2003				12,076	14,427	16,050	17,210	17,987	18,690	19,414	20,404	20,954	21,431	
2004			6,469	9,282	11,200	12,483	13,384	14,128	15,086	16,158	16,803	17,279		
2005		2,663	5,344	7,739	9,682	10,707	11,562	12,433	13,682	14,419	14,992			
2006	1,431	3,254	5,834	8,327	10,183	11,540	12,789	14,244	15,168	15,780				
2007	1,416	3,420	6,623	9,361	11,442	13,239	14,972	16,118	17,113					
2008	1,541	3,867	7,418	10,668	13,267	15,722	17,056	18,307						
2009	1,637	4,150	7,956	11,309	14,262	16,166	17,761							
2010	1,572	4,366	8,216	11,874	14,439	16,386								
2011	1,749	4,665	8,667	11,970	14,530									
2012	1,890	5,151	8,912	12,180										
2013	2,257	5,461	9,307											
2014	2,220	5,553												
2015	2,389													

Average Incurred Indemnity Loss Per Open Indemnity Claim

Large Deductible (LD) Experience

	Evaluated as of (months):													
AY	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							76,536	87,057	87,301	94,024	101,589	107,158	111,497	110,093
2001						66,868	77,086	84,985	95,072	104,278	108,256	117,339	123,712	129,429
2002					52,845	62,349	71,582	80,375	88,436	94,691	100,010	105,391	111,612	115,843
2003				43,028	52,146	59,643	69,919	79,405	84,874	91,872	99,278	104,780	113,120	
2004			30,115	37,619	45,063	52,804	60,652	67,744	73,477	79,874	87,286	91,984		
2005		20,537	29,073	35,726	43,779	51,597	57,364	63,364	68,604	74,733	80,300			
2006	10,110	20,880	29,600	36,484	46,883	53,456	58,669	66,672	73,100	77,538				
2007	9,425	20,718	30,879	40,250	47,709	53,490	61,461	67,903	71,632					
2008	10,318	21,634	32,941	42,633	50,622	58,880	67,064	75,302						
2009	10,742	22,534	33,389	43,565	52,677	60,468	66,825							
2010	10,865	22,657	33,685	43,964	51,878	59,735								
2011	11,412	22,780	34,219	43,508	51,692									
2012	11,294	23,853	34,459	43,891										
2013	11,792	23,640	34,256											
2014	11,870	24,874												
2015	12,293													

Non-Large Deductible Experience from Insurers Writing LD

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							64,112	71,565	80,070	83,133	90,236	96,620	92,967	92,202
2001						62,991	75,016	84,529	93,152	101,157	107,831	113,914	118,162	124,120
2002					50,767	61,368	66,715	74,545	82,710	96,658	100,965	107,375	112,703	119,147
2003				41,437	54,126	61,265	68,759	78,726	97,212	109,204	117,256	131,181	128,700	
2004			30,646	38,530	45,101	52,954	59,786	69,118	73,901	81,667	87,975	93,903		
2005		18,599	25,963	34,781	39,159	47,905	54,687	59,629	62,796	69,134	75,255			
2006	11,297	21,508	30,663	38,219	43,129	50,839	58,330	63,969	73,172	73,294				
2007	11,551	22,910	33,042	40,980	48,240	54,741	63,970	71,727	77,451					
2008	11,655	23,999	34,504	43,484	51,837	58,913	68,106	72,541						
2009	11,307	23,141	33,390	41,833	49,686	58,476	64,356							
2010	11,383	22,964	33,192	41,867	49,261	56,230								
2011	11,678	23,240	32,368	41,516	47,863									
2012	11,596	22,768	32,782	40,156										
2013	12,057	23,536	32,368											
2014	12,163	23,168												
2015	12,586													

All California WC Experience

	Evaluated as of (months):													
AY	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							70,025	78,699	85,107	92,174	98,451	107,185	112,050	115,806
2001						62,773	71,827	80,511	89,294	96,924	105,999	114,728	124,067	130,861
2002					50,281	58,498	65,425	72,462	79,752	89,694	96,951	105,319	112,028	117,377
2003				41,685	50,577	58,690	67,734	76,888	88,442	99,828	112,995	121,723	127,314	
2004			30,014	37,167	43,568	51,120	58,302	68,468	76,201	87,579	95,157	101,189		
2005		19,478	27,483	34,530	41,107	48,810	57,518	65,844	73,333	80,453	85,076			
2006	10,739	21,158	30,515	37,929	46,762	55,212	62,393	70,955	78,412	83,047				
2007	10,717	22,254	32,662	41,473	49,653	56,690	66,910	75,105	81,172					
2008	11,370	23,233	34,243	43,741	52,019	60,199	69,228	76,677						
2009	11,341	23,466	33,784	43,180	51,652	60,053	66,273							
2010	11,381	23,036	33,574	42,598	50,238	57,634								
2011	11,924	23,736	33,662	42,730	49,798									
2012	11,875	23,386	33,397	41,250										
2013	12,028	23,226	32,674											
2014	12,070	23,762												
2015	12,573													

All Non-Large Deductible Experience

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							68,760	77,339	85,406	92,393	98,388	108,043	113,457	118,653
2001						61,307	69,965	78,971	87,409	94,522	105,476	114,289	124,817	132,057
2002					49,424	56,646	63,448	69,996	77,056	88,093	95,572	104,762	111,573	117,461
2003				41,085	49,808	58,662	66,874	75,961	89,543	102,277	117,937	128,137	132,495	
2004			29,981	36,940	42,883	50,394	57,375	68,758	77,331	91,254	98,961	105,587		
2005		18,994	26,649	33,890	39,743	47,567	57,557	67,059	75,577	83,093	87,735			
2006	11,184	21,420	31,071	38,626	46,756	55,947	63,956	73,192	80,898	86,046				
2007	11,595	23,460	33,970	42,244	50,498	58,057	69,050	77,397	83,876					
2008	11,824	24,172	35,094	44,525	52,948	61,015	70,554	77,946						
2009	11,616	23,946	33,998	42,973	51,114	59,827	65,971							
2010	11,627	23,241	33,504	41,814	49,300	56,416								
2011	12,170	24,244	33,338	42,256	48,719									
2012	12,167	23,117	32,756	39,653										
2013	12,144	22,964	31,734											
2014	12,172	23,128												
2015	12,715													



Average Outstanding Indemnity Per Open Indemnity Claim

Large Deductible (LD) Experience

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							25,419	26,415	25,431	25,761	27,567	28,054	27,069	25,760
2001						20,231	21,576	22,929	23,659	24,529	24,053	25,205	24,669	25,156
2002					17,508	18,439	20,542	20,735	22,719	21,982	22,715	21,829	21,468	21,555
2003				16,036	16,851	17,971	20,492	23,163	22,721	24,517	26,098	25,948	27,265	
2004			13,253	13,973	15,810	17,836	19,808	21,857	22,235	23,598	23,828	26,522		
2005		10,163	11,353	13,008	15,136	17,726	19,087	20,368	21,392	23,294	23,906			
2006	6,568	9,662	11,615	13,721	16,824	18,776	19,117	21,032	22,815	24,015				
2007	5,888	9,565	12,372	14,993	16,472	17,303	19,290	21,925	21,158					
2008	6,533	10,295	13,350	15,567	16,801	18,608	20,275	22,235						
2009	6,794	10,648	13,114	15,153	17,170	19,150	20,464							
2010	6,799	10,712	13,147	15,492	17,115	18,685								
2011	7,348	10,650	13,739	15,868	17,612									
2012	6,928	11,357	13,704	15,791										
2013	7,534	11,261	13,364											
2014	7,640	12,101												
2015	7,860													

Non-Large Deductible Experience from Insurers Writing LD

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							23,154	25,083	26,089	25,767	27,139	27,652	26,893	26,847
2001						20,078	23,108	23,078	24,496	24,221	22,142	23,433	23,351	22,688
2002					17,678	20,591	19,507	20,418	22,691	25,075	25,427	24,539	22,207	23,476
2003				15,721	19,112	19,220	19,379	22,468	26,408	28,926	28,878	31,458	29,638	
2004			13,871	15,672	15,834	17,020	19,665	21,546	20,226	23,294	23,268	24,733		
2005		9,889	11,669	12,439	14,405	17,799	18,970	19,836	20,404	23,044	23,769			
2006	8,579	12,630	13,889	15,649	17,338	19,607	21,818	23,864	27,093	24,786				
2007	8,374	12,206	14,585	16,218	17,325	19,221	21,836	24,652	25,513					
2008	8,052	12,684	15,325	16,457	18,233	20,115	22,613	24,036						
2009	7,905	12,631	14,693	16,299	18,004	20,505	22,638							
2010	8,026	12,434	14,802	16,255	18,016	20,263								
2011	8,240	12,686	14,103	16,657	18,065									
2012	8,038	12,362	14,870	15,851										
2013	8,710	13,382	15,012											
2014	8,891	13,117												
2015	9,306													

All California WC Experience

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							23,880	24,820	25,529	26,855	27,784	30,000	30,846	31,061
2001						19,707	21,165	22,675	24,215	25,182	27,187	28,672	30,747	31,449
2002					16,220	17,462	18,432	19,363	21,064	23,118	24,095	25,633	26,461	26,172
2003				15,113	16,673	18,532	20,932	23,614	26,632	30,102	33,882	35,176	35,460	
2004			13,039	14,104	15,457	17,831	19,848	23,258	25,303	29,552	30,864	32,780		
2005		9,769	11,171	12,584	14,865	17,770	20,880	23,769	26,018	27,922	28,514			
2006	7,628	10,773	12,714	14,828	18,140	20,960	22,702	25,832	28,293	29,289				
2007	7,333	11,144	13,895	16,121	18,095	19,925	23,966	26,683	28,018					
2008	7,653	11,606	14,554	16,551	18,130	20,735	23,323	25,736						
2009	7,700	12,211	14,371	16,351	18,546	21,099	22,524							
2010	7,776	11,872	14,285	16,075	17,827	19,694								
2011	8,289	12,524	14,532	17,006	18,669									
2012	8,119	12,306	14,702	16,088										
2013	8,445	12,454	14,189											
2014	8,488	12,742												
2015	8,891													

All Non-Large Deductible Experience

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							23,477	24,422	25,554	27,121	27,837	30,499	31,832	32,526
2001						19,504	21,012	22,583	24,408	25,401	28,294	29,908	33,026	33,822
2002					15,750	17,118	17,757	18,959	20,590	23,457	24,521	26,936	28,189	27,737
2003				14,745	16,603	18,733	21,078	23,756	27,954	32,048	36,910	38,822	38,609	
2004			12,925	14,171	15,298	17,829	19,864	23,832	26,597	32,389	34,271	35,769		
2005		9,571	11,075	12,368	14,738	17,789	21,670	25,260	28,170	30,110	30,646			
2006	8,010	11,271	13,227	15,310	18,662	21,841	24,145	27,912	30,760	31,579				
2007	7,918	11,830	14,552	16,581	18,742	20,980	25,940	28,722	31,077					
2008	8,136	12,237	15,114	17,012	18,755	21,799	24,815	27,470						
2009	8,114	13,015	15,039	16,978	19,281	22,160	23,639							
2010	8,234	12,504	14,913	16,403	18,225	20,266								
2011	8,734	13,526	14,973	17,644	19,243									
2012	8,713	12,853	15,297	16,264										
2013	8,912	13,149	14,670											
2014	8,924	13,108												
2015	9,416													

Average Outstanding Medical Per Open Indemnity Claim

Large Deductible (LD) Experience

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							43,184	59,545	73,970	92,525	107,506	118,272	122,200	131,258
2001						28,030	38,830	51,173	63,325	79,463	86,944	94,714	101,581	109,489
2002					19,962	26,997	36,901	47,378	58,980	67,697	75,869	82,815	92,523	92,291
2003				16,373	21,590	29,469	38,684	49,461	57,575	66,702	72,002	77,573	84,932	
2004			13,399	17,854	24,582	32,137	41,096	49,077	57,063	68,700	78,560	85,589		
2005		13,684	17,159	21,093	27,047	34,570	41,669	49,075	56,807	65,196	74,487			
2006	12,730	15,005	18,464	24,222	31,722	37,212	43,383	53,131	62,518	69,589				
2007	11,826	14,507	18,757	24,234	28,854	34,098	43,086	51,464	56,584					
2008	13,158	16,385	20,745	25,800	31,842	39,822	49,662	60,022						
2009	14,325	16,614	20,189	24,126	30,406	37,984	45,356							
2010	14,396	17,422	21,366	26,582	31,796	37,281								
2011	15,285	17,678	22,942	27,908	33,613									
2012	14,897	18,265	22,061	26,444										
2013	15,551	18,182	21,392											
2014	15,240	17,781												
2015	14,993													

Non-Large Deductible Experience from Insurers Writing LD

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							37,320	50,517	67,888	78,927	92,202	108,683	117,266	125,374
2001						27,906	39,363	48,347	59,243	67,868	73,820	82,829	85,189	96,742
2002					25,275	36,433	39,622	47,948	59,011	78,952	83,902	96,719	106,253	110,968
2003				20,426	27,996	34,260	41,619	51,120	64,541	67,983	75,904	86,706	87,256	
2004			15,693	20,677	26,205	33,619	43,122	54,027	60,077	70,796	83,732	88,460		
2005		14,507	18,288	21,204	25,660	35,025	41,825	48,218	54,109	61,777	67,358			
2006	14,465	17,303	21,187	25,434	30,426	38,759	45,209	56,648	71,112	72,019				
2007	14,779	18,117	22,203	27,023	31,889	38,825	49,054	60,795	68,302					
2008	15,088	19,229	23,050	26,518	34,446	42,955	52,016	61,730						
2009	14,857	18,810	23,063	28,916	34,844	42,601	50,235							
2010	15,917	19,483	24,092	29,288	36,539	43,234								
2011	16,572	20,385	24,320	30,247	36,868									
2012	16,494	20,588	24,874	28,617										
2013	16,272	20,963	23,671											
2014	16,811	19,312												
2015	17,182													

All California WC Experience

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							36,160	47,030	56,240	64,903	78,159	91,000	104,416	114,956
2001						26,979	34,802	44,262	55,687	69,192	80,658	89,849	100,774	109,239
2002					20,430	26,774	33,594	42,529	51,747	63,405	74,428	85,775	94,790	93,684
2003				17,656	21,659	29,047	36,890	46,518	58,949	70,247	82,031	88,443	89,676	
2004			14,337	18,742	24,607	30,783	39,598	49,143	57,976	72,777	79,412	83,110		
2005		13,818	17,485	21,114	25,571	34,341	42,765	52,305	63,408	73,553	76,656			
2006	12,619	16,462	21,181	25,691	32,248	39,813	47,602	60,423	70,979	76,208				
2007	12,971	16,816	20,976	26,523	32,680	40,101	51,271	61,230	69,015					
2008	14,119	17,997	22,536	27,736	33,973	42,315	51,411	60,636						
2009	14,292	18,470	23,014	28,106	34,299	42,079	49,090							
2010	14,698	18,768	23,245	28,435	34,457	40,152								
2011	15,687	20,216	24,579	30,639	37,313									
2012	15,937	20,065	24,265	28,332										
2013	15,667	20,011	22,902											
2014	15,506	18,895												
2015	15,945													

All Non-Large Deductible Experience

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							32,288	41,778	49,939	55,257	67,212	79,428	94,978	105,599
2001						26,122	32,527	40,827	51,881	63,957	76,774	86,638	98,937	107,351
2002					20,456	26,067	32,171	40,360	48,629	60,790	71,957	84,367	92,178	92,261
2003				18,166	21,604	29,035	36,162	45,361	59,022	70,605	85,010	91,541	90,971	
2004			14,847	19,204	24,634	30,226	39,022	49,175	58,377	74,757	79,857	81,961		
2005		13,876	17,651	21,072	24,741	34,225	43,245	53,961	66,568	77,682	77,836			
2006	12,752	17,208	22,547	26,335	32,440	41,054	49,311	64,450	75,580	79,982				
2007	13,753	18,511	22,657	28,096	34,874	43,202	54,813	64,461	72,203					
2008	14,471	18,918	23,540	28,890	35,380	44,044	52,991	61,935						
2009	14,281	19,431	24,523	30,202	36,397	44,316	51,103							
2010	14,844	19,509	24,284	29,480	35,953	41,800								
2011	15,880	21,578	25,500	32,172	39,337									
2012	16,458	21,107	25,595	29,439										
2013	15,645	21,002	23,786											
2014	15,620	19,505												
2015	16,429													

Average Paid ALAE (Excluding Paid M CCP) Per Indemnity Claim \*

Large Deductible (LD) Experience

	Evaluated as of (months):													
AY	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							5,253	5,544	5,645	5,797	5,933	6,041	6,120	6,190
2001						4,691	5,158	5,380	5,610	5,789	5,944	6,070	6,208	6,341
2002					5,006	5,628	5,966	6,258	6,470	6,644	6,784	6,928	7,062	7,157
2003				4,667	5,522	6,053	6,415	6,704	6,935	7,140	7,326	7,484	7,608	
2004			3,477	4,653	5,405	5,942	6,358	6,659	6,901	7,118	7,306	7,458		
2005		1,781	3,145	4,211	4,944	5,523	5,953	6,292	6,582	6,806	6,997			
2006	561	1,946	3,344	4,356	5,174	5,761	6,213	6,549	6,831	7,055				
2007	638	2,191	3,661	4,893	5,779	6,474	7,053	7,487	7,830					
2008	694	2,333	3,976	5,338	6,343	7,163	7,791	8,272						
2009	741	2,626	4,505	6,046	7,244	8,163	8,845							
2010	799	2,849	4,785	6,349	7,555	8,430								
2011	876	2,986	4,978	6,586	7,745									
2012	882	3,006	5,054	6,674										
2013	948	3,294	5,391											
2014	1,085	3,540												
2015	1,125													

Non-Large Deductible Experience from Insurers Writing LD

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							4,234	4,442	4,510	4,657	4,755	4,844	4,917	4,976
2001						5,059	5,416	5,616	5,826	5,966	6,067	6,176	6,269	6,353
2002					5,447	5,979	6,296	6,587	6,766	6,916	7,026	7,148	7,246	7,339
2003				4,503	5,230	5,655	6,052	6,306	6,506	6,649	6,787	6,911	7,014	
2004			3,211	4,165	4,750	5,266	5,628	5,902	6,108	6,309	6,461	6,572		
2005		1,865	3,011	3,879	4,586	5,041	5,388	5,654	5,918	6,128	6,309			
2006	668	1,986	3,206	4,164	4,786	5,291	5,638	5,942	6,138	6,291				
2007	542	1,818	3,087	4,051	4,826	5,395	5,879	6,206	6,453					
2008	529	1,965	3,393	4,580	5,418	6,046	6,524	6,877						
2009	628	2,244	3,829	5,064	6,003	6,702	7,235							
2010	680	2,315	3,934	5,239	6,186	6,888								
2011	677	2,288	3,822	5,032	5,941									
2012	648	2,282	3,829	5,076										
2013	656	2,379	3,962											
2014	741	2,572												
2015	884													

All California WC Experience

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							4,277	4,520	4,709	4,899	5,020	5,121	5,210	5,297
2001						5,054	5,480	5,704	5,977	6,144	6,281	6,402	6,513	6,615
2002					5,116	5,672	5,943	6,258	6,452	6,616	6,747	6,874	6,989	7,070
2003				4,692	5,475	5,917	6,315	6,597	6,815	7,009	7,180	7,332	7,446	
2004			3,289	4,369	5,062	5,577	5,954	6,222	6,437	6,632	6,799	6,929		
2005		1,765	3,023	3,987	4,698	5,219	5,600	5,907	6,171	6,381	6,554			
2006	533	1,853	3,126	4,127	4,876	5,443	5,873	6,193	6,467	6,683				
2007	575	1,978	3,323	4,419	5,245	5,881	6,396	6,769	7,059					
2008	619	2,118	3,619	4,885	5,817	6,531	7,072	7,477						
2009	675	2,406	4,128	5,516	6,548	7,337	7,926							
2010	745	2,588	4,350	5,686	6,715	7,465								
2011	768	2,615	4,270	5,616	6,600									
2012	774	2,602	4,338	5,700										
2013	788	2,759	4,503											
2014	888	2,964												
2015	970													

All Non-Large Deductible Experience

	Evaluated as of (months):													
AY	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							3,883	4,100	4,195	4,333	4,425	4,511	4,581	4,641
2001						4,878	5,229	5,432	5,625	5,755	5,853	5,954	6,040	6,116
2002					4,706	5,131	5,451	5,686	5,837	5,963	6,059	6,157	6,236	6,311
2003				4,208	4,814	5,333	5,709	5,960	6,144	6,294	6,428	6,542	6,634	
2004			2,953	3,898	4,471	4,953	5,292	5,551	5,738	5,926	6,068	6,176		
2005		1,658	2,775	3,608	4,263	4,708	5,050	5,310	5,552	5,745	5,906			
2006	536	1,712	2,839	3,679	4,275	4,755	5,099	5,387	5,580	5,730				
2007	516	1,739	2,934	3,874	4,624	5,206	5,678	6,000	6,246					
2008	541	1,920	3,312	4,488	5,357	5,998	6,468	6,813						
2009	637	2,258	3,861	5,137	6,094	6,797	7,321							
2010	710	2,389	3,995	5,281	6,208	6,892								
2011	702	2,321	3,853	5,045	5,936									
2012	689	2,369	3,925	5,141										
2013	702	2,452	3,988											
2014	777	2,615												
2015	880													

\* Based on private insurer data only.

**Paid MCCP per Indemnity Claim**

**Large Deductible (LD) Experience**

	Evaluated as of (months):													
<u>AY</u>	<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>
2012	836	1,564	2,019	2,364										
2013	852	1,562	2,064											
2014	809	1,608												
2015	906													

**Non-Large Deductible Experience from Insurers Writing LD**

	Evaluated as of (months):													
<u>AY</u>	<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>
2012	829	1,695	2,178	2,515										
2013	868	1,688	2,182											
2014	816	1,597												
2015	715													

**All California WC Experience**

	Evaluated as of (months):													
<u>AY</u>	<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>
2012	662	1,324	1,718	2,005										
2013	649	1,262	1,673											
2014	607	1,241												
2015	611													

**All Non-Large Deductible Experience**

	Evaluated as of (months):													
<u>AY</u>	<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>
2012	575	1,189	1,546	1,801										
2013	542	1,090	1,451											
2014	501	1,035												
2015	460													

Ratio of Paid Losses to Reported Incurred - Indemnity

Large Deductible (LD) Experience

	Evaluated as of (months):														
AY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	
2000	30.7%	48.4%	63.9%	74.9%	82.1%	87.3%	90.1%	92.3%	93.9%	95.0%	95.7%	96.2%	96.8%	97.3%	
2001	30.9%	46.8%	63.7%	75.7%	83.6%	87.8%	90.5%	92.4%	93.9%	94.9%	95.6%	96.0%	96.6%	97.0%	
2002	29.4%	46.5%	64.2%	78.2%	85.5%	89.4%	91.8%	93.9%	94.7%	95.7%	96.1%	96.8%	97.3%	97.7%	
2003	29.6%	48.7%	68.8%	80.9%	86.7%	90.6%	92.4%	93.4%	94.6%	95.1%	95.7%	96.3%	96.7%		
2004	30.4%	53.9%	69.5%	80.2%	85.9%	88.9%	90.8%	91.8%	93.2%	94.2%	95.2%	95.5%			
2005	37.6%	58.0%	72.3%	80.5%	85.1%	87.7%	89.7%	91.4%	93.1%	94.0%	95.1%				
2006	39.5%	60.8%	72.7%	80.1%	84.3%	87.0%	89.6%	91.4%	92.8%	94.1%					
2007	41.1%	60.9%	71.7%	78.8%	83.7%	87.0%	89.3%	90.7%	92.5%						
2008	40.6%	59.7%	71.4%	78.7%	84.0%	87.4%	90.2%	92.0%							
2009	40.2%	59.6%	71.2%	78.9%	84.1%	87.5%	90.3%								
2010	41.0%	59.3%	71.5%	79.3%	85.0%	88.5%									
2011	39.2%	60.0%	71.2%	79.5%	85.4%										
2012	42.3%	59.9%	72.9%	81.0%											
2013	40.1%	60.7%	74.5%												
2014	39.9%	60.6%													
2015	40.5%														

Non-Large Deductible Experience from Insurers Writing LD

	Evaluated as of (months):														
AY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	
2000	28.5%	46.7%	64.2%	74.0%	80.6%	86.1%	90.3%	92.2%	93.9%	95.0%	95.6%	96.2%	96.7%	97.2%	
2001	22.7%	44.6%	61.2%	74.3%	83.3%	88.0%	90.6%	92.5%	94.1%	95.2%	96.2%	96.7%	97.0%	97.5%	
2002	22.5%	41.7%	62.2%	76.8%	84.7%	88.1%	91.3%	93.4%	94.2%	95.1%	95.5%	96.4%	97.2%	97.6%	
2003	21.2%	44.6%	67.3%	78.8%	84.6%	88.8%	91.3%	92.4%	93.4%	94.1%	95.3%	95.9%	96.6%		
2004	21.9%	48.3%	67.8%	78.3%	84.6%	88.3%	90.2%	91.7%	93.6%	94.4%	95.6%	96.1%			
2005	26.0%	52.6%	68.1%	79.3%	84.0%	86.0%	88.9%	91.0%	92.6%	93.5%	94.7%				
2006	30.3%	52.7%	68.3%	77.1%	82.5%	86.1%	88.3%	90.2%	91.8%	93.7%					
2007	31.7%	54.2%	69.0%	77.4%	83.5%	86.6%	89.0%	90.8%	92.6%						
2008	33.9%	54.9%	68.6%	78.1%	83.6%	87.4%	89.7%	91.8%							
2009	33.7%	53.5%	68.6%	77.4%	83.1%	86.6%	89.3%								
2010	33.0%	54.0%	68.2%	78.0%	83.9%	87.7%									
2011	33.5%	54.3%	70.0%	78.5%	84.6%										
2012	35.5%	55.4%	69.9%	79.9%											
2013	32.8%	54.1%	70.3%												
2014	31.7%	54.1%													
2015	30.9%														

All California WC Experience

	Evaluated as of (months):														
AY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	
2000	26.7%	47.7%	64.4%	74.2%	81.0%	86.2%	89.4%	91.4%	93.0%	94.0%	94.8%	95.3%	95.8%	96.5%	
2001	25.4%	46.8%	63.0%	75.1%	82.9%	87.2%	89.8%	91.5%	92.9%	93.8%	94.4%	95.0%	95.5%	96.0%	
2002	25.1%	45.9%	64.6%	77.9%	84.8%	88.4%	90.9%	92.6%	93.5%	94.2%	95.0%	95.8%	96.3%	96.8%	
2003	25.4%	47.7%	67.9%	79.2%	84.7%	87.9%	89.7%	90.8%	91.8%	92.5%	93.6%	94.4%	95.1%		
2004	26.1%	51.9%	68.1%	77.8%	83.4%	86.0%	87.9%	89.0%	90.6%	91.9%	93.1%	93.9%			
2005	31.4%	56.2%	70.1%	78.8%	82.8%	84.8%	86.5%	88.1%	90.4%	91.8%	93.1%				
2006	33.2%	56.5%	69.8%	77.2%	81.2%	84.1%	86.7%	89.0%	90.7%	92.3%					
2007	34.8%	56.6%	68.8%	76.6%	81.6%	84.9%	87.3%	89.3%	91.2%						
2008	36.0%	56.7%	68.7%	76.9%	82.4%	86.1%	88.7%	90.6%							
2009	35.5%	54.8%	68.6%	76.9%	82.5%	86.0%	89.1%								
2010	35.2%	55.7%	69.1%	78.2%	83.9%	87.7%									
2011	34.3%	55.1%	69.7%	77.9%	84.1%										
2012	35.8%	56.3%	70.3%	79.8%											
2013	34.3%	56.1%	71.8%												
2014	34.2%	56.7%													
2015	34.1%														

All Non-Large Deductible Experience

	Evaluated as of (months):														
<u>AY</u>	<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>	
2000	26.3%	47.6%	65.8%	73.9%	80.5%	85.8%	89.1%	91.0%	92.5%	93.6%	94.5%	95.0%	95.5%	96.2%	
2001	24.5%	47.6%	62.8%	74.7%	82.5%	87.0%	89.4%	91.2%	92.3%	93.3%	93.9%	94.5%	95.1%	95.6%	
2002	24.4%	45.8%	64.7%	77.7%	84.6%	87.9%	90.5%	92.1%	93.0%	93.6%	94.4%	95.4%	95.9%	96.5%	
2003	24.2%	47.2%	67.4%	78.4%	83.6%	86.6%	88.5%	89.6%	90.5%	91.3%	92.6%	93.4%	94.3%		
2004	24.5%	50.9%	67.4%	76.5%	82.0%	84.5%	86.3%	87.5%	89.2%	90.7%	92.0%	93.0%			
2005	28.9%	55.2%	68.8%	77.8%	81.4%	83.1%	84.6%	86.1%	88.7%	90.5%	92.0%				
2006	30.8%	54.3%	68.2%	75.6%	79.4%	82.4%	85.1%	87.6%	89.5%	91.2%					
2007	32.2%	54.6%	67.4%	75.4%	80.5%	83.8%	86.2%	88.5%	90.5%						
2008	34.1%	55.3%	67.4%	75.9%	81.5%	85.5%	87.9%	89.9%							
2009	33.5%	52.5%	67.2%	75.7%	81.7%	85.2%	88.4%								
2010	32.7%	54.0%	67.8%	77.6%	83.3%	87.2%									
2011	32.3%	52.8%	68.8%	77.0%	83.3%										
2012	32.7%	54.2%	68.7%	79.1%											
2013	31.4%	53.5%	70.1%												
2014	31.3%	54.4%													
2015	30.9%														

Ratio of Paid Losses to Reported Incurred - Medical

Large Deductible (LD) Experience

Evaluated as of (months):														
AY	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000	40.6%	62.5%	71.0%	75.8%	79.7%	82.2%	84.3%	84.0%	85.0%	85.8%	86.4%	86.9%	87.8%	88.5%
2001	42.3%	64.2%	72.9%	78.0%	81.4%	83.5%	83.9%	84.4%	85.3%	85.4%	86.4%	87.2%	88.3%	89.0%
2002	42.3%	65.3%	73.5%	80.1%	84.4%	85.6%	86.7%	87.7%	88.0%	88.7%	89.1%	89.9%	90.3%	92.0%
2003	42.3%	63.7%	73.8%	81.0%	83.6%	85.5%	86.8%	87.4%	87.8%	88.4%	89.7%	90.5%	91.1%	
2004	38.5%	62.1%	73.6%	78.5%	82.0%	83.8%	85.0%	85.7%	86.7%	87.3%	88.2%	89.3%		
2005	40.5%	62.6%	70.6%	77.6%	81.4%	83.4%	84.8%	86.2%	87.8%	88.8%	89.9%			
2006	41.3%	62.0%	71.3%	77.0%	80.5%	83.0%	84.8%	86.4%	87.4%	88.9%				
2007	42.3%	63.5%	71.8%	77.2%	81.1%	83.2%	84.4%	85.7%	87.1%					
2008	42.4%	60.9%	70.2%	75.7%	79.4%	82.0%	84.2%	85.6%						
2009	39.9%	60.0%	69.2%	76.1%	80.2%	82.7%	85.2%							
2010	40.0%	58.6%	68.4%	75.4%	80.7%	84.0%								
2011	38.6%	58.8%	67.9%	75.4%	80.8%									
2012	38.9%	58.1%	69.1%	76.8%										
2013	37.3%	57.8%	70.1%											
2014	37.8%	59.0%												
2015	38.4%													

Non-Large Deductible Experience from Insurers Writing LD

Evaluated as of (months):														
AY	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000	36.9%	63.9%	71.9%	75.8%	78.5%	82.2%	84.4%	84.9%	86.0%	87.0%	87.4%	88.0%	88.5%	89.4%
2001	38.1%	62.1%	70.7%	76.5%	81.2%	83.4%	84.4%	85.8%	86.9%	87.6%	88.9%	89.7%	90.2%	90.4%
2002	36.8%	59.9%	69.0%	76.8%	81.7%	82.9%	86.0%	87.7%	88.1%	88.2%	89.1%	89.9%	90.5%	91.7%
2003	33.1%	58.1%	70.3%	76.8%	81.1%	83.8%	85.5%	86.5%	87.6%	88.6%	89.9%	90.6%	92.0%	
2004	32.3%	60.0%	68.5%	75.6%	79.7%	82.1%	83.5%	84.8%	86.4%	87.4%	88.4%	89.9%		
2005	34.5%	55.2%	66.0%	75.0%	79.8%	81.0%	83.4%	85.2%	86.7%	88.5%	90.3%			
2006	34.9%	57.2%	67.5%	74.4%	79.3%	82.2%	84.2%	85.7%	87.0%	88.8%				
2007	35.3%	56.7%	66.9%	74.2%	79.7%	82.2%	84.5%	85.8%	87.9%					
2008	37.5%	56.5%	67.4%	76.1%	79.8%	82.7%	84.9%	87.1%						
2009	37.3%	56.1%	67.5%	74.0%	79.0%	82.3%	85.2%							
2010	35.5%	56.5%	67.1%	75.1%	79.9%	83.9%								
2011	35.3%	56.0%	67.9%	75.8%	80.9%									
2012	35.7%	56.1%	68.4%	77.3%										
2013	35.2%	55.2%	69.2%											
2014	33.7%	56.6%												
2015	33.4%													

All California WC Experience

Evaluated as of (months):														
AY	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000	35.3%	61.0%	70.4%	75.2%	78.7%	81.7%	83.9%	84.0%	85.2%	86.4%	86.7%	87.1%	87.4%	88.4%
2001	35.6%	60.7%	69.2%	75.4%	79.8%	82.4%	83.5%	84.3%	84.7%	84.7%	85.3%	86.1%	87.2%	87.9%
2002	34.5%	59.2%	69.5%	76.5%	81.8%	83.4%	84.8%	85.6%	86.1%	86.4%	86.9%	88.3%	89.0%	90.5%
2003	35.5%	58.9%	69.2%	76.4%	80.7%	82.1%	83.4%	83.9%	84.1%	84.8%	86.6%	87.9%	89.2%	
2004	33.8%	57.9%	68.3%	74.0%	77.7%	80.0%	80.7%	81.7%	83.2%	84.8%	86.5%	88.1%		
2005	35.1%	56.7%	66.0%	73.9%	78.3%	79.2%	80.5%	81.8%	83.9%	85.4%	87.5%			
2006	35.0%	56.0%	66.0%	72.9%	76.9%	79.3%	81.3%	83.2%	84.8%	86.6%				
2007	35.1%	56.8%	66.7%	72.9%	77.0%	79.5%	82.0%	83.9%	85.8%					
2008	37.2%	56.6%	66.4%	73.0%	77.3%	80.8%	83.3%	85.3%						
2009	37.1%	55.6%	65.6%	72.7%	78.0%	81.2%	84.2%							
2010	36.4%	55.7%	66.3%	74.3%	79.4%	83.3%								
2011	35.1%	54.9%	66.5%	73.9%	79.3%									
2012	35.1%	55.2%	67.1%	75.9%										
2013	34.8%	54.4%	68.1%											
2014	34.4%	56.0%												
2015	34.1%													

All Non-Large Deductible Experience

Evaluated as of (months):														
AY	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000	36.1%	61.5%	71.9%	75.0%	78.3%	81.5%	83.7%	84.0%	85.3%	86.7%	86.8%	87.2%	87.2%	88.4%
2001	34.1%	60.7%	68.1%	74.5%	79.2%	82.0%	83.5%	84.4%	84.4%	84.3%	84.8%	85.6%	86.6%	87.5%
2002	32.9%	57.2%	67.9%	75.1%	80.8%	82.4%	84.0%	84.7%	85.2%	85.4%	86.0%	87.5%	88.4%	89.9%
2003	33.3%	56.9%	67.2%	74.3%	79.2%	80.5%	81.7%	82.2%	82.4%	83.2%	85.2%	86.6%	88.3%	
2004	31.9%	55.8%	65.4%	71.5%	75.2%	77.9%	78.4%	79.5%	81.4%	83.3%	85.6%	87.4%		
2005	32.6%	53.1%	63.1%	71.6%	76.4%	76.5%	77.9%	79.1%	81.6%	83.4%	86.1%			
2006	31.9%	52.7%	63.0%	70.6%	74.8%	77.2%	79.3%	81.3%	83.3%	85.3%				
2007	31.6%	53.2%	63.9%	70.6%	74.9%	77.5%	80.6%	82.9%	85.1%					
2008	34.8%	54.5%	64.5%	71.6%	76.2%	80.2%	82.8%	85.1%						
2009	35.8%	53.4%	63.7%	70.9%	76.9%	80.5%	83.7%							
2010	34.7%	54.3%	65.3%	73.7%	78.8%	82.9%								
2011	33.3%	53.0%	65.7%	73.2%	78.5%									
2012	33.2%	53.5%	65.9%	75.3%										
2013	33.4%	52.4%	67.0%											
2014	32.5%	54.2%												
2015	31.9%													

Reported Indemnity Claim Count Development

Large Deductible (LD) Experience

	Evaluated as of (months):												
AY	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
2000							1.003	1.001	0.998	1.000	1.001	1.003	1.001
2001						1.002	1.001	1.000	0.999	1.001	1.001	1.000	1.000
2002					1.004	1.002	1.000	1.000	1.001	1.002	1.001	1.000	1.001
2003				1.011	1.003	0.999	1.000	1.001	1.000	1.001	1.001	1.001	
2004			1.013	1.004	1.002	1.001	1.001	1.001	1.001	1.000	1.001		
2005		1.035	1.011	1.004	1.001	1.002	1.001	1.001	1.001	1.001			
2006	1.228	1.027	1.018	1.002	1.005	1.002	1.003	1.001	1.001				
2007	1.205	1.034	1.010	1.007	1.006	1.002	1.002	1.002					
2008	1.235	1.032	1.020	1.008	1.006	1.002	1.003						
2009	1.288	1.046	1.015	1.010	1.005	1.004							
2010	1.322	1.041	1.016	1.007	1.006								
2011	1.322	1.049	1.017	1.013									
2012	1.351	1.044	1.022										
2013	1.320	1.051											
2014	1.335												

Non-Large Deductible Experience from Insurers Writing LD

	Evaluated as of (months):												
AY	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
2000							0.999	1.001	1.001	1.001	1.000	1.001	1.001
2001						1.003	1.002	1.001	1.001	1.002	1.001	1.002	1.001
2002					1.003	1.003	1.003	1.002	1.001	1.002	1.001	1.000	1.000
2003				1.001	1.002	1.002	1.001	1.000	1.002	1.002	1.001	1.001	
2004			1.004	1.001	1.000	1.001	1.002	1.002	1.001	1.001	1.001		
2005		1.003	1.002	1.002	1.004	1.006	1.002	1.003	1.001	1.000			
2006	1.077	1.013	1.003	1.007	1.001	1.003	0.999	1.002	1.002				
2007	1.113	1.015	1.009	1.004	1.002	1.001	1.001	1.001					
2008	1.144	1.028	1.009	1.004	1.003	1.003	1.002						
2009	1.162	1.024	1.011	1.006	1.004	1.002							
2010	1.182	1.027	1.009	1.008	1.004								
2011	1.202	1.024	1.013	1.008									
2012	1.197	1.030	1.011										
2013	1.202	1.031											
2014	1.225												

All California WC Experience

AY	Evaluated as of (months):												
	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
2000							1.000	1.000	0.999	1.000	1.000	1.000	1.000
2001						1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000
2002					1.000	0.999	1.000	1.000	0.999	1.000	1.000	1.000	1.000
2003				1.000	0.999	0.998	0.999	0.999	1.000	0.999	1.000	1.000	
2004			1.002	1.000	0.999	1.000	0.999	0.999	0.999	1.000	1.000		
2005		1.007	1.002	1.001	1.001	1.001	1.000	1.000	1.000	1.000			
2006	1.097	1.006	1.006	1.002	1.000	1.000	1.000	1.001	1.001				
2007	1.122	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	1.002	1.001						
2009	1.193	1.029	1.011	1.006	1.003	1.002							
2010	1.216	1.030	1.011	1.006	1.004								
2011	1.232	1.032	1.013	1.008									
2012	1.244	1.035	1.015										
2013	1.242	1.035											
2014	1.246												

All Non-Large Deductible Experience

	Evaluated as of (months):												
AY	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
2000							0.999	0.999	1.000	1.000	1.000	1.000	1.000
2001						0.999	0.998	0.999	1.000	1.000	1.000	1.000	1.000
2002					0.999	0.998	1.000	0.999	0.999	0.999	0.999	1.000	1.000
2003				0.995	0.997	0.998	0.999	0.998	0.999	0.999	1.000	1.000	
2004			0.996	0.997	0.998	0.999	0.998	0.998	0.998	0.999	1.000		
2005		0.993	0.996	0.999	1.000	1.000	0.999	1.000	1.000	1.000			
2006	1.051	0.996	0.999	1.001	0.999	0.999	0.999	1.000	1.000				
2007	1.082	1.006	1.005	1.002	1.000	1.000	1.000	1.000					
2008	1.108	1.018	1.007	1.003	1.001	1.001	1.000						
2009	1.149	1.020	1.009	1.004	1.003	1.001							
2010	1.167	1.025	1.008	1.006	1.002								
2011	1.190	1.023	1.012	1.005									
2012	1.191	1.029	1.010										
2013	1.202	1.026											
2014	1.201												

Reported Total Claim Count Development

Large Deductible (LD) Experience

AY	Evaluated as of (months):												
	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
2000									1.000	1.000	1.001	1.001	1.000
2001								1.000	1.000	1.001	1.001	1.000	1.000
2002							1.000	1.000	1.001	1.001	1.000	1.000	1.001
2003						0.999	1.000	1.001	1.000	1.000	1.000	1.000	
2004					0.999	1.001	1.001	1.000	1.000	1.000	1.000		
2005				0.999	1.001	1.001	1.001	1.001	1.000	1.001			
2006			1.008	1.003	1.002	1.001	1.001	1.000	1.000				
2007		1.014	1.005	1.003	1.002	1.001	1.001	1.001					
2008	1.167	1.013	1.009	1.003	1.003	1.001	1.002						
2009	1.193	1.019	1.006	1.004	1.002	1.002							
2010	1.198	1.016	1.007	1.003	1.003								
2011	1.209	1.021	1.006	1.006									
2012	1.219	1.016	1.009										
2013	1.199	1.020											
2014	1.217												

Non-Large Deductible Experience from Insurers Writing LD

AY	Evaluated as of (months):												
	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
2000									1.001	1.001	1.000	1.000	1.001
2001								1.002	1.001	1.001	1.000	1.001	1.000
2002							1.003	1.001	1.001	1.001	1.000	1.000	1.000
2003						1.001	1.001	1.000	1.000	1.001	1.000	1.000	
2004					1.002	1.000	1.001	1.001	1.000	1.000	1.001		
2005				1.004	1.003	1.002	1.001	1.000	1.000	1.001			
2006			1.004	1.004	1.001	1.001	1.000	1.001	1.001				
2007		1.014	1.006	1.003	1.003	1.001	1.001	1.001					
2008	1.125	1.014	1.006	1.002	1.002	1.002	1.001						
2009	1.124	1.014	1.007	1.004	1.002	1.001							
2010	1.138	1.015	1.007	1.005	1.003								
2011	1.132	1.014	1.008	1.005									
2012	1.131	1.017	1.008										
2013	1.152	1.022											
2014	1.180												

All California WC Experience

AY	Evaluated as of (months):												
	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
2000									1.000	1.000	1.000	1.000	1.000
2001								1.001	1.001	1.001	1.000	1.000	1.000
2002							1.001	1.001	1.001	1.000	1.000	1.000	1.000
2003						1.000	1.001	1.001	1.000	1.000	1.000	1.000	
2004					1.001	1.001	1.001	1.000	1.000	1.000	1.000		
2005				1.002	1.002	1.001	1.001	1.000	1.000	1.001			
2006			1.006	1.003	1.002	1.001	1.001	1.001	1.001				
2007		1.012	1.006	1.004	1.002	1.001	1.001	1.001					
2008	1.128	1.014	1.008	1.003	1.002	1.001	1.001						
2009	1.146	1.016	1.007	1.004	1.002	1.002							
2010	1.154	1.016	1.007	1.004	1.003								
2011	1.160	1.018	1.007	1.005									
2012	1.168	1.017	1.008										
2013	1.169	1.020											
2014	1.182												

All Non-Large Deductible Experience

AY	Evaluated as of (months):												
	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
2000									1.000	1.000	1.000	1.000	1.000
2001								1.001	1.001	1.001	1.000	1.000	1.000
2002							1.001	1.001	1.001	1.000	1.000	1.000	1.000
2003						1.001	1.001	1.001	1.000	1.000	1.000	1.000	
2004					1.001	1.001	1.001	1.000	1.000	1.000	1.000		
2005				1.003	1.003	1.002	1.001	1.000	1.001	1.001			
2006			1.004	1.004	1.002	1.001	1.001	1.001	1.001				
2007		1.012	1.006	1.004	1.002	1.001	1.001	1.001					
2008	1.106	1.013	1.007	1.003	1.002	1.002	1.001						
2009	1.119	1.014	1.007	1.004	1.003	1.002							
2010	1.128	1.016	1.008	1.005	1.003								
2011	1.131	1.016	1.008	1.004									
2012	1.134	1.018	1.008										
2013	1.148	1.020											
2014	1.158												



Reported Indemnity Claim Settlement Ratios

Large Deductible (LD) Experience

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							90.0%	92.4%	93.9%	95.1%	95.9%	96.3%	96.7%	97.1%
2001						84.8%	88.7%	91.3%	93.2%	94.4%	95.1%	95.8%	96.3%	96.8%
2002					80.2%	85.8%	89.9%	92.6%	94.0%	94.9%	95.6%	96.3%	96.8%	97.3%
2003				73.9%	81.8%	87.6%	91.0%	93.0%	94.1%	95.0%	95.8%	96.4%	96.9%	
2004			62.3%	74.8%	83.5%	88.0%	90.9%	92.5%	93.8%	95.0%	95.8%	96.5%		
2005		51.3%	64.8%	76.3%	83.5%	87.8%	90.2%	92.2%	94.0%	95.1%	96.0%			
2006	32.5%	51.9%	65.7%	76.9%	84.0%	87.5%	90.1%	92.3%	93.7%	95.0%				
2007	25.2%	49.4%	64.1%	75.1%	81.7%	85.7%	89.3%	91.6%	93.2%					
2008	28.6%	48.4%	63.2%	73.3%	80.1%	85.2%	89.1%	91.6%						
2009	27.5%	46.7%	60.2%	71.2%	79.3%	84.6%	88.6%							
2010	27.7%	46.4%	60.5%	72.2%	80.5%	85.6%								
2011	27.5%	46.4%	61.2%	72.9%	81.4%									
2012	28.3%	47.8%	62.7%	74.5%										
2013	28.4%	48.3%	64.4%											
2014	27.9%	49.4%												
2015	27.3%													

Non-Large Deductible Experience from Insurers Writing LD

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							90.7%	92.8%	94.7%	95.8%	96.4%	97.1%	97.3%	97.6%
2001						86.1%	90.0%	92.2%	93.9%	95.0%	95.8%	96.4%	96.7%	97.2%
2002					81.7%	88.1%	90.7%	93.1%	94.4%	95.7%	96.3%	96.9%	97.4%	97.8%
2003				73.0%	83.3%	87.6%	90.7%	92.7%	94.6%	95.4%	96.3%	97.0%	97.3%	
2004			62.1%	75.9%	82.7%	87.1%	90.1%	92.2%	93.7%	95.0%	96.1%	96.8%		
2005		45.1%	63.3%	75.8%	82.8%	87.0%	90.0%	92.0%	93.4%	94.9%	96.0%			
2006	24.7%	50.6%	66.9%	77.0%	83.1%	87.7%	90.2%	92.6%	94.5%	95.5%				
2007	32.5%	51.2%	65.1%	75.0%	81.9%	86.1%	89.9%	92.4%	94.3%					
2008	28.6%	48.7%	62.4%	73.6%	80.9%	86.2%	89.6%	92.3%						
2009	27.2%	46.8%	61.8%	72.5%	80.1%	85.5%	89.4%							
2010	26.7%	47.2%	61.3%	73.1%	81.2%	86.7%								
2011	27.5%	47.3%	62.6%	74.5%	82.4%									
2012	27.5%	47.5%	63.7%	75.3%										
2013	25.3%	48.6%	64.8%											
2014	26.6%	49.6%												
2015	27.2%													

All California WC Experience

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							89.5%	91.7%	93.3%	94.6%	95.4%	96.1%	96.6%	97.1%
2001						84.1%	87.8%	90.4%	92.3%	93.5%	94.5%	95.2%	96.1%	96.6%
2002					78.9%	84.4%	88.2%	90.7%	92.4%	93.7%	94.7%	95.8%	96.4%	96.9%
2003				70.5%	79.0%	84.6%	88.2%	90.4%	92.3%	93.6%	95.1%	95.9%	96.4%	
2004			60.4%	72.4%	80.3%	85.0%	88.0%	90.3%	92.2%	94.2%	95.2%	96.0%		
2005		48.9%	63.1%	74.5%	81.1%	85.3%	88.3%	90.6%	93.0%	94.4%	95.4%			
2006	26.9%	50.2%	64.8%	74.8%	81.3%	85.5%	88.5%	91.5%	93.2%	94.5%				
2007	27.3%	49.7%	63.5%	73.6%	80.2%	84.5%	88.8%	91.4%	93.1%					
2008	27.5%	48.1%	61.7%	72.1%	79.2%	85.1%	88.9%	91.5%						
2009	26.7%	46.3%	60.1%	70.8%	79.2%	84.7%	88.6%							
2010	27.0%	46.9%	60.8%	72.6%	80.6%	86.0%								
2011	27.6%	47.3%	62.2%	73.6%	81.7%									
2012	27.8%	48.2%	63.5%	75.2%										
2013	27.0%	48.6%	64.8%											
2014	27.0%	49.9%												
2015	27.5%													

All Non-Large Deductible Experience

AY	Evaluated as of (months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
2000							89.2%	91.3%	93.0%	94.3%	95.1%	95.9%	96.4%	97.0%
2001						83.6%	87.2%	89.9%	91.7%	93.0%	94.2%	94.9%	95.9%	96.4%
2002					78.2%	83.8%	87.4%	89.9%	91.6%	93.2%	94.3%	95.6%	96.3%	96.7%
2003				68.8%	77.7%	83.2%	86.8%	89.1%	91.4%	92.9%	94.8%	95.6%	96.1%	
2004			59.3%	71.0%	78.5%	83.1%	86.2%	89.1%	91.3%	93.7%	94.9%	95.6%		
2005		47.5%	62.0%	73.3%	79.6%	83.8%	87.1%	89.7%	92.4%	93.9%	95.0%			
2006	24.8%	49.4%	64.2%	73.6%	79.8%	84.4%	87.5%	91.0%	93.0%	94.2%				
2007	27.9%	49.8%	63.1%	72.6%	79.2%	83.9%	88.5%	91.2%	93.1%					
2008	26.9%	47.7%	61.0%	71.4%	78.6%	85.0%	88.8%	91.5%						
2009	26.4%	46.1%	60.1%	70.6%	79.1%	84.7%	88.6%							
2010	26.6%	47.1%	60.9%	72.8%	80.7%	86.2%								
2011	27.7%	47.7%	62.7%	74.0%	81.9%									
2012	27.5%	48.4%	64.0%	75.5%										
2013	26.4%	48.8%	65.0%											
2014	26.6%	50.2%												
2015	27.6%													

## Item AC16-12-01 9/30/2016 Experience – Review of Methodologies

Staff has prepared an analysis of statewide experience through September 30, 2016, which is included in Exhibits 1 through 8. This information reflects insurers writing approximately 99% of the market based on 2015 premium levels. The methodologies used are consistent with those reflected in the January 1, 2017 Pure Premium Rate Filing. Wage and loss levels were 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 July 1, 2016. (For consistency of comparison, adjustments for the estimated cost impact of Senate Bill No. 863 are based on those reflected in the January 1, 2017 Pure Premium Rate Filing.)

As shown on Exhibit 8, the projected policy year 2017 loss to the industry average filed pure premium ratio based on September 30, 2016 experience and the January 1, 2017 Pure Premium Rate Filing loss projection methodologies is 0.625. (The comparable ratio projected based on June 30, 2016 experience as reflected in the Amended January 1, 2017 Pure Premium Rate Filing is 0.642.)

Additional supplemental information is included in Exhibits 9 through 12.

**California Workers' Compensation  
Accident Year Experience as of September 30, 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	2,872,481,605	1,277,710,451	4,532,051	982,758,291	24,440,919	18,998,653	2,308,440,365	0.804
1986	3,506,609,097	1,380,822,411	6,108,015	1,129,683,153	35,637,282	64,343,061	2,616,593,922	0.746
1987	4,374,085,383	1,503,297,217	7,499,507	1,323,019,186	48,783,557	36,320,334	2,918,919,801	0.667
1988	5,157,035,421	1,694,602,555	8,178,299	1,522,771,077	50,722,123	48,796,570	3,325,070,624	0.645
1989	5,614,293,636	1,913,643,160	10,347,419	1,764,958,643	69,112,772	52,991,255	3,811,053,249	0.679
1990	5,618,784,285	2,220,123,296	9,080,274	2,004,881,509	67,645,261	66,883,531	4,368,613,871	0.778
1991	5,764,351,093	2,429,535,973	18,442,022	2,149,562,728	76,469,809	73,453,249	4,747,463,781	0.824
1992	5,585,895,462	1,943,335,390	16,314,475	1,714,388,349	77,797,892	70,424,310	3,822,260,416	0.684
1993	5,835,982,251	1,670,500,431	16,965,096	1,466,803,904	100,644,850	59,125,053	3,314,039,334	0.568
1994	4,952,421,883	1,603,534,847	25,980,191	1,418,978,208	122,864,516	58,865,275	3,230,223,037	0.652
1995	3,709,738,790	1,725,392,966	36,124,308	1,547,282,332	144,837,625	74,066,601	3,527,703,832	0.951
1996	3,638,725,229	1,885,199,555	40,492,521	1,622,751,588	140,718,914	86,638,961	3,775,801,539	1.038
1997	3,815,301,567	2,243,033,431	54,211,827	1,912,092,595	177,505,631	137,878,222	4,524,721,706	1.186
1998	4,203,878,417	2,677,621,256	66,220,515	2,499,565,084	283,248,452	222,747,671	5,749,402,978	1.368
1999	4,432,026,567	2,956,535,367	69,898,674	2,871,941,209	268,880,575	312,210,913	6,479,466,738	1.462
2000	5,766,718,968	3,299,169,894	90,500,457	3,364,540,439	321,137,043	456,436,895	7,531,784,728	1.306
2001	9,977,129,519	4,708,033,450	153,141,573	5,119,901,128	538,503,958	705,868,391	11,225,448,500	1.125
2002	13,308,948,773	4,653,221,171	137,896,402	5,255,815,703	482,562,199	1,020,715,997	11,550,211,472	0.868
2003	19,396,226,643	4,422,034,998	212,529,193	4,839,445,014	520,077,079	1,399,705,522	11,393,791,806	0.587
2004	23,072,476,391	3,114,984,871	184,570,810	3,877,211,281	466,432,477	1,442,845,535	9,086,044,974	0.394
2005	21,208,111,457	2,420,639,210	154,201,875	3,438,349,105	439,048,236	1,221,479,364	7,673,717,790	0.362
2006	16,833,839,236	2,460,836,587	183,425,808	3,482,069,901	463,046,716	889,286,195	7,478,665,207	0.444
2007	13,122,122,661	2,587,580,750	215,612,605	3,733,930,242	531,904,750	947,987,777	8,017,016,124	0.611
2008	10,761,713,691	2,633,634,442	242,637,355	3,739,814,586	562,405,777	765,265,989	7,943,758,149	0.738
2009	8,904,048,278	2,464,907,328	252,511,675	3,504,463,643	568,515,100	742,303,140	7,532,700,886	0.846
2010	9,528,998,979	2,475,715,052	275,216,544	3,558,857,252	586,995,963	932,034,849	7,828,819,660	0.822
2011	10,291,847,081	2,348,688,217	345,385,586	3,108,457,264	700,154,878	1,418,213,913	7,920,899,858	0.770
2012	11,902,075,162	2,252,144,674	428,181,427	2,850,507,705	771,732,855	1,906,945,450	8,209,512,111	0.690
2013	14,272,134,309	2,060,544,290	538,613,759	2,469,448,829	913,150,002	2,937,511,212	8,919,268,092	0.625
2014	15,996,404,402	1,681,876,149	748,518,146	1,967,767,470	1,102,817,107	4,265,558,080	9,766,536,952	0.611
2015	16,954,279,666	999,088,898	923,691,951	1,321,218,669	1,368,570,306	5,774,793,148	10,387,362,972	0.613
2016*	13,671,079,062	207,195,613	502,636,493	362,676,507	946,823,321	5,062,746,561	7,082,078,495	0.518

\* 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)														
	33/21	45/33	57/45	69/57	81/69	93/81	105/93	117/105	129/117	141/129	153/141	165/153	177/165	189/177	201/189
1991															1.002
1992														1.001	1.002
1993													1.001	1.001	0.999
1994												1.001	1.001	1.001	1.000
1995											1.003	1.002	1.003	1.003	1.000
1996										1.002	1.003	1.000	1.001	1.000	1.002
1997									1.003	1.004	1.002	1.002	1.003	1.002	1.001
1998								1.005	1.006	1.003	1.002	1.005	1.002	1.001	1.001
1999							1.008	1.002	1.006	1.002	1.004	1.003	1.003	1.001	1.001
2000						1.014	1.007	1.005	1.003	1.006	1.003	1.002	1.004	1.002	1.000
2001					1.021	1.013	1.012	1.006	1.008	1.007	1.005	1.004	1.001	1.001	
2002				1.035	1.017	1.015	1.010	1.011	1.007	1.006	1.003	1.003	1.002		
2003			1.058	1.033	1.025	1.017	1.018	1.016	1.011	1.004	1.006	1.004			
2004		1.097	1.044	1.043	1.028	1.029	1.018	1.015	1.010	1.007	1.004				
2005	1.268	1.110	1.076	1.053	1.045	1.033	1.018	1.012	1.005	1.005					
2006	1.317	1.133	1.080	1.061	1.041	1.027	1.015	1.010	1.007						
2007	1.350	1.144	1.075	1.057	1.037	1.028	1.012	1.012							
2008	1.369	1.166	1.086	1.048	1.033	1.021	1.014								
2009	1.372	1.171	1.086	1.054	1.029	1.019									
2010	1.402	1.157	1.083	1.047	1.029										
2011	1.366	1.154	1.072	1.042											
2012	1.364	1.133	1.075												
2013	1.333	1.135													
2014	1.363														
Selected (a)	1.363	1.135	1.075	1.042	1.029	1.019	1.014	1.012	1.007	1.005	1.004	1.004	1.002	1.001	1.001
Cumulative	1.932	1.418	1.249	1.162	1.115	1.084	1.063	1.049	1.036	1.029	1.023	1.019	1.015	1.013	1.011

(a) Selections are latest year for the 21-to-33 month through 105-to-117 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)															
	<u>213/201</u>	<u>225/213</u>	<u>237/225</u>	<u>249/237</u>	<u>261/249</u>	<u>273/261</u>	<u>285/273</u>	<u>297/285</u>	<u>309/297</u>	<u>321/309</u>	<u>333/321</u>	<u>345/333</u>	<u>357/345</u>	<u>369/357</u>	<u>381/369</u>	<u>ULT/381Inc (b)</u>
1981										1.000	1.003	0.999	1.001			
1982									1.001	1.001	1.000	1.001	1.002			
1983								1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001	
1984							1.000	0.999	1.001	1.001	1.000	1.000	1.001	1.000	1.000	
1985						1.001	1.000	1.000	1.001	1.001	1.000	1.002	1.001	1.000	1.000	
1986					1.000	1.000	1.001	1.000	1.001	1.002	1.002	1.000	0.999	1.000		
1987				1.000	1.000	1.000	1.000	1.001	1.002	1.000	1.001	1.000	1.001			
1988			1.001	1.001	1.000	1.000	1.002	1.002	1.000	1.000	1.001	1.000				
1989		1.000	1.000	1.001	1.000	1.001	1.000	1.000	1.000	1.001	1.001					
1990	1.001	1.001	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000						
1991	1.000	1.001	1.001	1.000	1.001	1.000	1.000	1.000	1.000							
1992	0.998	1.000	1.001	1.001	1.001	1.001	1.000	1.000								
1993	0.999	1.001	1.001	1.001	1.001	1.000	1.000									
1994	1.001	1.002	1.003	1.000	1.001	1.001										
1995	1.003	1.001	0.998	1.001	1.000											
1996	1.001	1.002	1.000	1.001												
1997	1.001	1.000	1.000													
1998	1.003	1.000														
1999	1.001															
Selected (a)	1.002	1.001	0.999	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	
Cumulative	1.011	1.009	1.008	1.009	1.008	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/381Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 117-to-129 through 345-to-357 factors and extrapolated to 80 development years.

**Incurred Medical Loss Development Factors**

Accident Year	Age-to-Age (in months) (b)														
	<u>33/21</u>	<u>45/33</u>	<u>57/45</u>	<u>69/57</u>	<u>81/69</u>	<u>93/81</u>	<u>105/93</u>	<u>117/105</u>	<u>129/117</u>	<u>141/129</u>	<u>153/141</u>	<u>165/153</u>	<u>177/165</u>	<u>189/177</u>	<u>201/189</u>
1991															1.008
1992														1.005	1.013
1993													1.009	1.021	1.006
1994												1.009	1.008	1.012	1.018
1995											1.021	1.026	1.018	1.006	1.009
1996										1.014	1.019	1.019	1.017	1.015	1.005
1997									1.021	1.024	1.013	1.017	1.013	1.006	1.007
1998								1.032	1.027	1.020	1.019	1.006	1.014	1.010	1.010
1999							1.038	1.027	1.020	1.021	1.014	1.009	1.013	1.007	0.999
2000						1.043	1.030	1.017	1.026	1.017	1.017	1.014	1.006	1.002	0.995
2001					1.039	1.041	1.042	1.031	1.024	1.017	1.017	1.015	1.002	0.995	
2002				1.047	1.045	1.038	1.030	1.027	1.024	1.016	1.009	1.003	0.996		
2003			1.056	1.063	1.045	1.038	1.038	1.030	1.022	1.013	1.004	1.000			
2004		1.109	1.085	1.066	1.063	1.045	1.034	1.027	1.019	1.007	1.001				
2005	1.192	1.103	1.073	1.088	1.059	1.047	1.039	1.015	1.011	1.007					
2006	1.227	1.124	1.085	1.071	1.053	1.043	1.024	1.014	1.002						
2007	1.251	1.132	1.090	1.072	1.054	1.037	1.019	1.008							
2008	1.241	1.143	1.103	1.068	1.045	1.029	1.013								
2009	1.267	1.146	1.105	1.066	1.034	1.020									
2010	1.291	1.155	1.085	1.051	1.030										
2011	1.271	1.140	1.080	1.040											
2012	1.233	1.102	1.063												
2013	1.193	1.094													
2014	1.190														
Selected (a)	1.190	1.094	1.063	1.040	1.030	1.020	1.013	1.008	1.011	1.009	1.005	1.006	1.001	1.001	1.001
Cumulative	1.668	1.401	1.281	1.205	1.159	1.125	1.103	1.089	1.080	1.069	1.059	1.054	1.048	1.047	1.045

(a) Selections are latest year for the 21-to-33 month through 105-to-117 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)															
	<u>213/201</u>	<u>225/213</u>	<u>237/225</u>	<u>249/237</u>	<u>261/249</u>	<u>273/261</u>	<u>285/273</u>	<u>297/285</u>	<u>309/297</u>	<u>321/309</u>	<u>333/321</u>	<u>345/333</u>	<u>357/345</u>	<u>369/357</u>	<u>381/369</u>	<u>ULT/381Inc (c)</u>
1981										0.999	1.003	1.002	1.000			
1982									1.011	1.010	1.005	1.002	1.008			
1983								1.000	1.004	1.006	1.003	1.005	1.004	1.002	1.004	
1984							1.003	1.003	1.003	1.001	1.003	1.001	1.003	1.002	0.997	
1985						1.002	1.001	1.003	1.003	1.003	1.005	1.002	1.003	0.999	0.999	
1986					1.003	1.004	1.005	1.004	1.007	1.004	1.005	1.002	1.001	0.998		
1987				1.000	1.002	1.006	1.004	1.006	1.003	1.003	1.005	1.000	1.000			
1988			1.004	1.005	1.005	1.005	1.002	1.004	1.003	1.003	1.002	1.000				
1989		1.004	1.008	1.005	1.006	1.007	1.007	1.002	1.003	1.001	0.998					
1990	1.003	1.006	1.009	1.004	1.004	1.003	1.003	0.998	1.001	1.001						
1991	1.006	1.007	1.005	1.003	1.002	1.003	1.001	1.001	1.000							
1992	1.006	1.005	1.000	1.005	1.005	1.005	1.001	0.999								
1993	1.011	1.004	1.018	1.008	0.998	1.000	0.997									
1994	1.012	1.006	1.008	1.006	1.001	1.001										
1995	1.013	0.999	1.007	1.001	0.999											
1996	1.005	1.009	1.003	0.995												
1997	1.001	0.996	0.997													
1998	1.003	1.002														
1999	1.000															
Selected (a)	1.001	1.002	1.002	1.001	0.999	1.002	1.000	0.999	1.001	1.002	1.002	1.001	1.001	1.000	1.000	
Cumulative	1.044	1.042	1.040	1.038	1.037	1.038	1.036	1.036	1.037	1.035	1.033	1.032	1.031	1.030	1.030	1.030

(c) The ULT/381Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 117-to-129 through 345-to-357 factors and extrapolated to 80 development years.

**Paid Indemnity Loss Development Factors**

Accident Year	Age-to-Age (in months)														
	33/21	45/33	57/45	69/57	81/69	93/81	105/93	117/105	129/117	141/129	153/141	165/153	177/165	189/177	201/189
1991															1.004
1992														1.003	1.003
1993													1.004	1.004	1.003
1994												1.008	1.005	1.004	1.002
1995											1.009	1.007	1.006	1.005	1.004
1996										1.013	1.009	1.007	1.006	1.004	1.005
1997									1.017	1.013	1.009	1.007	1.006	1.006	1.005
1998								1.022	1.017	1.013	1.009	1.009	1.007	1.006	1.006
1999							1.027	1.018	1.016	1.011	1.010	1.008	1.008	1.006	1.004
2000						1.040	1.025	1.018	1.013	1.010	1.010	1.008	1.008	1.005	1.004
2001					1.055	1.036	1.026	1.018	1.015	1.013	1.012	1.009	1.007	1.006	
2002				1.083	1.053	1.035	1.022	1.018	1.016	1.014	1.009	1.008	1.006		
2003			1.147	1.082	1.049	1.033	1.026	1.023	1.022	1.016	1.013	1.009			
2004		1.285	1.135	1.081	1.055	1.043	1.036	1.032	1.020	1.016	1.013				
2005	1.646	1.279	1.143	1.088	1.062	1.049	1.044	1.031	1.022	1.017					
2006	1.704	1.273	1.152	1.099	1.072	1.054	1.039	1.026	1.022						
2007	1.701	1.290	1.160	1.102	1.072	1.051	1.033	1.030							
2008	1.724	1.323	1.173	1.103	1.067	1.044	1.030								
2009	1.782	1.332	1.178	1.106	1.068	1.046									
2010	1.793	1.339	1.172	1.101	1.065										
2011	1.796	1.318	1.165	1.098											
2012	1.776	1.316	1.158												
2013	1.769	1.317													
2014	1.817														
Selected (a)	1.817	1.317	1.158	1.098	1.065	1.046	1.030	1.030	1.021	1.016	1.012	1.009	1.007	1.006	1.005
Cumulative Unadjusted for Impact of SB 863	4.018	2.212	1.679	1.450	1.321	1.240	1.186	1.151	1.118	1.094	1.077	1.064	1.055	1.048	1.042
Cumulative Adjusted for Impact of SB 863 (b)	4.220	2.323	1.688	1.443	1.314	---	---	---	---	---	---	---	---	---	---

(a) Selections are latest year for the 21-to-33 month through 105-to-117 month factors and three-year average for the subsequent age-to-age factors.

(b) The 33-to-ultimate factor for accident year 2014, the 45-to-ultimate factor for accident year 2013, the 57-to-ultimate factor for accident year 2012, and the 69-to-ultimate factor for accident year 2011 have been adjusted by 5.0%, 0.5%, -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)																
	213/201	225/213	237/225	249/237	261/249	273/261	285/273	297/285	309/297	321/309	333/321	345/333	357/345	369/357	381/369	381Inc/381Pd (c)	ULT/381Inc (d)
1981										1.002	1.003	1.000	1.001			1.006	
1982									1.002	1.002	1.000	1.001	1.002			1.005	
1983								1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.005	
1984							1.001	1.000	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	1.003	
1986					1.001	1.001	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.003	
1987				1.001	1.001	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001				
1988			1.002	1.001	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	1.002	1.002	1.002	1.001	1.001	1.002	1.001	1.001	1.001								
1992	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001									
1993	1.002	1.002	1.003	1.002	1.002	1.002	1.001										
1994	1.004	1.003	1.003	1.003	1.002	1.002											
1995	1.005	1.005	1.003	1.002	1.002												
1996	1.004	1.004	1.004	1.004													
1997	1.004	1.003	1.003														
1998	1.006	1.004															
1999	1.005																
Selected (a)	1.005	1.004	1.003	1.003	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.004	
Cumulative	1.037	1.032	1.028	1.025	1.022	1.019	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 381Inc/381Pd factors are selected.

(d) The ULT/381Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 117-to-129 through 345-to-357 factors and extrapolated to 80 development years.

Paid Medical Loss Development Factors

Unadjusted (a)	Age-to-Age (in months)														
Accident Year	33/21	45/33	57/45	69/57	81/69	93/81	105/93	117/105	129/117	141/129	153/141	165/153	177/165	189/177	201/189
1991															1.010
1992														1.010	1.016
1993													1.013	1.013	1.012
1994												1.018	1.017	1.013	1.012
1995											1.021	1.021	1.018	1.019	1.015
1996										1.026	1.024	1.021	1.019	1.015	1.014
1997									1.029	1.027	1.022	1.020	1.016	1.015	1.013
1998								1.035	1.033	1.030	1.023	1.019	1.018	1.017	1.017
1999							1.039	1.030	1.033	1.026	1.026	1.016	1.016	1.018	1.016
2000						1.048	1.037	1.033	1.027	1.023	1.020	1.020	1.018	1.014	1.011
2001					1.062	1.047	1.040	1.035	1.030	1.023	1.023	1.023	1.016	1.014	
2002				1.080	1.061	1.047	1.037	1.029	1.025	1.023	1.019	1.017	1.013		
2003			1.127	1.086	1.060	1.050	1.040	1.030	1.030	1.030	1.020	1.016			
2004		1.229	1.135	1.100	1.075	1.059	1.042	1.037	1.034	1.028	1.020				
2005	1.426	1.232	1.153	1.103	1.079	1.053	1.053	1.042	1.033	1.024					
2006	1.472	1.252	1.156	1.105	1.073	1.058	1.049	1.035	1.028						
2007	1.494	1.260	1.157	1.103	1.081	1.063	1.043	1.034							
2008	1.500	1.271	1.162	1.113	1.081	1.054	1.039								
2009	1.527	1.282	1.180	1.119	1.074	1.051									
2010	1.551	1.305	1.176	1.106	1.073										
2011	1.566	1.290	1.165	1.106											
2012	1.572	1.289	1.159												
2013	1.560	1.278													
2014	1.556														
Adjusted (b)	Age-to-Age (in months)														
Accident Year	33/21	45/33	57/45	69/57	81/69	93/81	105/93	117/105	129/117	141/129	153/141	165/153	177/165	189/177	201/189
1998															1.018
1999														1.019	1.017
2000													1.019	1.015	1.011
2001												1.024	1.018	1.015	
2002											1.021	1.018	1.014		
2003										1.031	1.021	1.017			
2004									1.036	1.030	1.021				
2005								1.044	1.035	1.025					
2006							1.052	1.037	1.030						
2007						1.067	1.046	1.036							
2008					1.086	1.058	1.041								
2009				1.125	1.078	1.054									
2010			1.185	1.112	1.076										
2011		1.304	1.172	1.110											
2012	1.591	1.298	1.163												
2013	1.568	1.279													
2014	1.555														
Selected (c)	1.555	1.279	1.163	1.110	1.076	1.054	1.041	1.036	1.034	1.029	1.021	1.020	1.017	1.016	1.015
Cumulative	4.328	2.783	2.176	1.871	1.686	1.567	1.486	1.428	1.378	1.333	1.296	1.269	1.245	1.224	1.204

- (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 0.9% decrease 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 21-to-33 month through 105-to-117 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	213/201	225/213	237/225	249/237	261/249	273/261	285/273	297/285	309/297	321/309	333/321	345/333	357/345	369/357	381/369	381Inc/381Pd (d)	ULT/381Inc (e)
1981										1.005	1.006	1.004	1.004			1.055	
1982									1.007	1.007	1.008	1.006	1.006			1.034	
1983								1.005	1.004	1.005	1.004	1.004	1.004	1.004	1.004	1.035	
1984							1.004	1.003	1.003	1.003	1.004	1.004	1.002	1.003	1.003	1.039	
1985						1.004	1.006	1.004	1.003	1.003	1.004	1.004	1.003	1.002	1.003	1.023	
1986					1.004	1.004	1.005	1.004	1.005	1.005	1.005	1.005	1.006	1.005		1.024	
1987				1.006	1.007	1.005	1.005	1.005	1.005	1.005	1.005	1.004	1.003				
1988			1.007	1.006	1.005	1.005	1.005	1.005	1.005	1.004	1.003	1.003					
1989		1.005	1.007	1.005	1.005	1.007	1.007	1.006	1.005	1.005	1.003						
1990	1.005	1.005	1.005	1.005	1.005	1.006	1.004	1.004	1.003	1.003							
1991	1.007	1.006	1.005	1.005	1.006	1.005	1.006	1.005	1.003								
1992	1.009	1.008	1.002	1.006	1.008	1.007	1.005	1.004									
1993	1.011	1.011	1.010	1.009	1.013	1.008	1.007										
1994	1.013	1.009	1.011	1.010	1.010	1.007											
1995	1.011	1.015	1.014	1.012	1.009												
1996	1.014	1.013	1.013	1.009													
1997	1.015	1.011	1.007														
1998	1.015	1.010															
1999	1.013																
Adjusted (b)	Age-to-Age (in months)																
Accident Year	213/201	225/213	237/225	249/237	261/249	273/261	285/273	297/285	309/297	321/309	333/321	345/333	357/345	369/357	381/369	381Inc/381Pd (d)	ULT/381Inc (e)
1981																1.055	
1982																1.034	
1983															1.004	1.035	
1984														1.003	1.003	1.039	
1985													1.003	1.002	1.003	1.023	
1986												1.005	1.006	1.005		1.024	
1987											1.005	1.004	1.003				
1988										1.005	1.004	1.003					
1989									1.005	1.005	1.003						
1990								1.005	1.003	1.003							
1991							1.006	1.005									
1992						1.007	1.006	1.005									
1993					1.014	1.009	1.007										
1994				1.010	1.011	1.007											
1995			1.015	1.013	1.009												
1996		1.014	1.014	1.009													
1997	1.016	1.012	1.007														
1998	1.016	1.011															
1999	1.014																
Selected (c)	1.015	1.012	1.012	1.011	1.011	1.008	1.006	1.005	1.004	1.004	1.004	1.004	1.004	1.003	1.003	1.035	
Cumulative	1.186	1.168	1.154	1.140	1.128	1.116	1.107	1.100	1.095	1.091	1.086	1.082	1.077	1.073	1.070		1.030

(d) Six-year averages of the 381Inc/381Pd factors are selected.

(e) The ULT/381Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 117-to-129 through 345-to-357 factors and extrapolated to 80 development years.

Selected Indemnity Development Factors - Paid to Age 225, Incurred from Age 225 to Ultimate

Accident Year	Age-to-Age (in months)																	
	33/21	45/33	57/45	69/57	81/69	93/81	105/93	117/105	129/117	141/129	153/141	165/153	177/165	189/177	201/189	213/201	225/213	225Inc/225Pd (c)
1991															1.004	1.002	1.002	1.015
1992														1.003	1.003	1.002	1.002	1.015
1993													1.004	1.004	1.003	1.002	1.002	1.017
1994												1.008	1.005	1.004	1.002	1.004	1.003	1.021
1995											1.009	1.007	1.006	1.005	1.004	1.005	1.005	1.031
1996										1.013	1.009	1.007	1.006	1.004	1.005	1.004	1.004	1.029
1997									1.017	1.013	1.009	1.007	1.006	1.006	1.005	1.004	1.003	1.026
1998								1.022	1.017	1.013	1.009	1.009	1.007	1.006	1.006	1.006	1.004	1.025
1999							1.027	1.018	1.016	1.011	1.010	1.008	1.008	1.006	1.004	1.005		
2000						1.040	1.025	1.018	1.013	1.010	1.010	1.008	1.008	1.005	1.004			
2001					1.055	1.036	1.026	1.018	1.015	1.013	1.012	1.009	1.007	1.006				
2002				1.083	1.053	1.035	1.022	1.018	1.016	1.014	1.009	1.008	1.006					
2003			1.147	1.082	1.049	1.033	1.026	1.023	1.022	1.016	1.013	1.009						
2004		1.285	1.135	1.081	1.055	1.043	1.036	1.032	1.020	1.016	1.013							
2005	1.646	1.279	1.143	1.088	1.062	1.049	1.044	1.031	1.022	1.017								
2006	1.704	1.273	1.152	1.099	1.072	1.054	1.039	1.026	1.022									
2007	1.701	1.290	1.160	1.102	1.072	1.051	1.033	1.030										
2008	1.724	1.323	1.173	1.103	1.067	1.044	1.030											
2009	1.782	1.332	1.178	1.106	1.068	1.046												
2010	1.793	1.339	1.172	1.101	1.065													
2011	1.796	1.318	1.165	1.098														
2012	1.776	1.316	1.158															
2013	1.769	1.317																
2014	1.817																	
Selected (a)	1.808(d)	1.307(d)	1.148(d)	1.089(d)	1.058(d)	1.046	1.030	1.030	1.021	1.016	1.012	1.009	1.007	1.006	1.005	1.005	1.004	1.027
Cumulative Unadjusted for Impact of SB 863	3.904	2.159	1.652	1.439	1.322	1.249	1.194	1.159	1.125	1.102	1.084	1.072	1.062	1.055	1.049	1.044	1.039	
Cumulative Adjusted for Impact of SB 863 (b)	4.100	2.268	1.660	1.432	1.315	---	---	---	---	---	---	---	---	---	---			

- (a) Selections are latest year for the 21-to-33 month through 105-to-117 month factors and three-year average for the subsequent age-to-age factors. Paid development factors are selected to age 225, where an incurred-to-paid ratio is chosen, and subsequently, incurred loss development factors are selected until ultimate.
- (b) The 33-to-ultimate factor for accident year 2014, the 45-to-ultimate factor for accident year 2013, the 57-to-ultimate factor for accident year 2012, and the 69-to-ultimate factor for accident year 2011 have been adjusted by 5.0%, 0.5%, -0.5%, and -0.5% respectively, for the impacts of SB 863 on indemnity loss development.
- (c) A three-year average of the 225Inc/225Pd factor is selected.
- (d) Based on calculations shown on Exhibits 2.5.3 to 2.5.8. Each of these selections is calculated as the latest year paid indemnity age-to-age factor multiplied by an adjustment for changes in claim settlement rates.

Selected Indemnity Development Factors - Paid to Age 225, Incurred from Age 225 to Ultimate (Continued)

Accident Year	<u>237/225</u>	<u>249/237</u>	<u>261/249</u>	<u>273/261</u>	<u>285/273</u>	<u>297/285</u>	<u>309/297</u>	<u>321/309</u>	<u>333/321</u>	<u>345/333</u>	<u>357/345</u>	<u>369/357</u>	<u>381/369</u>	<u>ULT/381Inc (e)</u>
1981								1.000	1.003	0.999	1.001			
1982							1.001	1.001	1.000	1.001	1.002			
1983						1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001	
1984					1.000	0.999	1.001	1.001	1.000	1.000	1.001	1.000	1.000	
1985				1.001	1.000	1.000	1.001	1.001	1.000	1.002	1.001	1.000	1.000	
1986			1.000	1.000	1.001	1.000	1.001	1.002	1.002	1.000	0.999	1.000		
1987		1.000	1.000	1.000	1.000	1.001	1.002	1.000	1.001	1.000	1.001			
1988	1.001	1.001	1.000	1.000	1.002	1.002	1.000	1.000	1.001	1.000				
1989	1.000	1.001	1.000	1.001	1.000	1.000	1.000	1.001	1.001					
1990	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000						
1991	1.001	1.000	1.001	1.000	1.000	1.000	1.000							
1992	1.001	1.001	1.001	1.001	1.000	1.000								
1993	1.001	1.001	1.001	1.000	1.000									
1994	1.003	1.000	1.001	1.001										
1995	0.998	1.001	1.000											
1996	1.000	1.001												
1997	1.000													
Selected (a)	0.999	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	
Cumulative	1.008	1.009	1.008	1.008	1.007	1.007	1.007	1.007	1.007	1.006	1.006	1.005	1.005	1.005

(e) The ULT/381Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 117-to-129 through 345-to-357 factors and extrapolated to 80 development years.

**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>21</u>	<u>33</u>	<u>45</u>	<u>57</u>	<u>69</u>	<u>81</u>
2007						121,896
2008					120,471	120,748
2009				114,366	114,816	115,023
2010			117,612	118,422	118,860	119,139
2011		117,039	118,942	119,906	120,431	
2012	118,351	124,302	126,334	127,407		
2013	126,152	132,042	134,110			
2014	131,027	137,493				
2015	136,636					

B. Development of Total Reported Indemnity Claim Counts

Accident Year	Age-to-Age Development (in months):					
	<u>21-33</u>	<u>33-45</u>	<u>45-57</u>	<u>57-69</u>	<u>69-81</u>	<u>81-Ultimate</u>
2007					1.001	
2008				1.003	1.002	
2009			1.007	1.004	1.002	
2010		1.015	1.007	1.004	1.002	
2011	1.046	1.016	1.008	1.004		
2012	1.050	1.016	1.008			
2013	1.047	1.016				
2014	1.049					
Latest Year	1.049	1.016	1.008	1.004	1.002	
Cumulative	1.088	1.037	1.021	1.012	1.008	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	148,682	142,579	136,926	128,987	121,393	119,809

C. Closed Indemnity Claim Counts

Accident Year	Evaluated as of (in months)					
	<u>21</u>	<u>33</u>	<u>45</u>	<u>57</u>	<u>69</u>	<u>81</u>
2006						93,505
2007					101,548	106,858
2008				93,195	100,795	106,310
2009			77,671	88,280	95,755	100,958
2010		66,590	82,165	93,405	100,770	106,250
2011	48,574	68,430	84,533	95,903	103,488	
2012	51,937	74,384	91,622	103,558		
2013	55,627	80,539	99,624			
2014	59,296	86,145				
2015	63,565					

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	21	33	45	57	69	81
2007						87.4%
2008					83.1%	87.6%
2009				76.3%	82.8%	87.3%
2010			68.6%	78.0%	84.1%	88.7%
2011		56.4%	69.6%	79.0%	85.3%	
2012	40.3%	57.7%	71.0%	80.3%		
2013	40.6%	58.8%	72.8%			
2014	41.6%	60.4%				
2015	42.8%					

E. Adjusted Closed Indemnity Claim Counts at Equal Percentiles of Ultimate Claim Counts (b)

Accident	Evaluated as of (in months)					
Year	21	33	45	57	69	81
2007						108,445
2008					103,442	107,606
2009				92,867	98,609	102,579
2010			87,170	96,190	102,138	106,250
2011		73,345	88,322	97,461	103,488	
2012	55,145	77,933	93,848	103,558		
2013	58,539	82,730	99,624			
2014	60,956	86,145				
2015	63,565					

F. Average Paid Indemnity per Closed Claim

Accident	Evaluated as of (in months)					
Year	21	33	45	57	69	81
2007						14,735
2008					15,010	16,722
2009				13,586	15,926	17,708
2010			11,025	14,028	16,284	18,003
2011		7,621	11,457	14,331	16,515	
2012	4,015	8,136	11,853	14,543		
2013	4,481	8,471	12,156			
2014	4,623	9,035				
2015	5,023					

- (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	Evaluated as of (in months)					
<u>Year</u>	<u>21</u>	<u>33</u>	<u>45</u>	<u>57</u>	<u>69</u>	<u>81</u>
2007						15,278
2008					15,809	17,174
2009				14,978	16,880	18,275
2010			12,274	14,842	16,698	18,003
2011		8,631	12,344	14,755	16,515	
2012	4,442	8,791	12,314	14,543		
2013	4,827	8,830	12,156			
2014	4,818	9,035				
2015	5,023					

H. Adjusted Paid Indemnity on Closed Claims (in \$000) (d)

Accident	Evaluated as of (in months)					
<u>Year</u>	<u>21</u>	<u>33</u>	<u>45</u>	<u>57</u>	<u>69</u>	<u>81</u>
2007						1,656,857
2008					1,635,278	1,848,026
2009				1,390,959	1,664,568	1,874,595
2010			1,069,904	1,427,650	1,705,450	1,912,800
2011		633,031	1,090,288	1,438,010	1,709,130	
2012	244,942	685,116	1,155,646	1,506,077		
2013	282,587	730,475	1,210,982			
2014	293,692	778,291				
2015	319,288					

I. Paid Indemnity on Open Claims (in \$000)

Accident	Evaluated as of (in months)					
<u>Year</u>	<u>21</u>	<u>33</u>	<u>45</u>	<u>57</u>	<u>69</u>	<u>81</u>
2007						623,527
2008					751,559	638,569
2009				823,816	711,786	601,191
2010			878,472	781,417	661,229	539,737
2011		841,951	827,907	718,078	588,707	
2012	607,789	843,070	818,144	699,227		
2013	622,848	857,796	816,096			
2014	645,059	891,788				
2015	679,717					

(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	Evaluated as of (in months)					
Year	21	33	45	57	69	81
2007						41,463
2008					38,197	44,228
2009				31,581	37,343	42,744
2010			24,783	31,235	36,552	42,909
2011		17,321	24,061	29,916	36,214	
2012	9,152	16,889	23,569	29,855		
2013	8,832	16,655	22,712			
2014	8,993	14,131				
2015	6,264					

K. Changes in Paid Indemnity on Open Claims Resulting from the Impact of Changes in Claim Settlement Rates (in \$000) (f)

Accident	Evaluated as of (in months)					
Year	21	33	45	57	69	81
2007						-65,803
2008					-101,107	-57,320
2009				-144,861	-106,576	-69,288
2010			-124,037	-86,991	-50,003	
2011		-85,132	-91,166	-46,609		
2012	-29,358	-59,939	-52,466			
2013	-25,718	-36,492				
2014	-14,928					

L. Adjusted Paid Indemnity on Open Claims (in \$000) (g)

Accident	Evaluated as of (in months)					
Year	21	33	45	57	69	81
2007						557,725
2008					650,453	581,249
2009				678,955	605,210	531,903
2010			754,435	694,426	611,226	539,737
2011		756,819	736,741	671,469	588,707	
2012	578,431	783,131	765,678	699,227		
2013	597,130	821,305	816,096			
2014	630,132	891,788				
2015	679,717					

- (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>21</u>	<u>33</u>	<u>45</u>	<u>57</u>	<u>69</u>	<u>81</u>
2007						2,214,582
2008					2,285,730	2,429,274
2009				2,069,914	2,269,778	2,406,498
2010			1,824,338	2,122,077	2,316,675	2,452,537
2011		1,389,850	1,827,029	2,109,479	2,297,837	
2012	823,372	1,468,246	1,921,325	2,205,304		
2013	879,717	1,551,780	2,027,079			
2014	923,823	1,670,079				
2015	999,006					

N. Paid Indemnity Loss Development Factors Based on Adjusted Total Paid Indemnity

Accident Year	Evaluated as of (in months)				
	<u>21-33</u>	<u>33-45</u>	<u>45-57</u>	<u>57-69</u>	<u>69-81</u>
2007					
2008					1.063
2009				1.097	1.060
2010			1.163	1.092	1.059
2011		1.315	1.155	1.089	
2012	1.783	1.309	1.148		
2013	1.764	1.306			
2014	1.808				
Latest Year	1.808	1.306	1.148	1.089	1.059
3-Year Average	1.785	1.310	1.155	1.093	1.061

O. Paid Indemnity Loss Development Factors (i)

Accident Year	Evaluated as of (in months)				
	<u>21-33</u>	<u>33-45</u>	<u>45-57</u>	<u>57-69</u>	<u>69-81</u>
2008					1.067
2009				1.106	1.068
2010			1.172	1.101	1.065
2011		1.318	1.165	1.098	
2012	1.774	1.315	1.158		
2013	1.766	1.316			
2014	1.817				

(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>21-33</u>	<u>33-45</u>	<u>45-57</u>	<u>57-69</u>	<u>69-81</u>
2008					-0.40%
2009				-0.82%	-0.73%
2010			-0.77%	-0.81%	-0.63%
2011		-0.23%	-0.88%	-0.81%	
2012	0.52%	-0.47%	-0.89%		
2013	-0.11%	-0.76%			
2014	-0.51%				

Q. Paid Indemnity Loss Development Factors Adjusted for Changes in Indemnity  
Claim Settlement Rates (k)

Accident Year	Evaluated as of (in months)				
	<u>21-33</u>	<u>33-45</u>	<u>45-57</u>	<u>57-69</u>	<u>69-81</u>
2008					1.063
2009				1.097	1.060
2010			1.163	1.092	1.058
2011		1.315	1.155	1.089	
2012	1.785	1.310	1.148		
2013	1.767	1.307			
2014	1.808				
Latest Year	1.808	1.307	1.148	1.089	1.058
3-Year Average	1.787	1.311	1.155	1.093	1.060

(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 Exhibit 2.5.1].

Source: Accident year experience of insurers with available claim count data

Selected Medical Development Factors - Paid to Age 225, Incurred from Age 225 to Ultimate

Unadjusted (a)		Age-to-Age (in months)																
Accident Year	33/21	45/33	57/45	69/57	81/69	93/81	105/93	117/105	129/117	141/129	153/141	165/153	177/165	189/177	201/189	213/201	225/213	225Inc/225Pd (d)
1991															1.010	1.007	1.006	1.056
1992														1.010	1.016	1.009	1.008	1.064
1993													1.013	1.013	1.012	1.011	1.011	1.097
1994												1.018	1.017	1.013	1.012	1.013	1.009	1.111
1995											1.021	1.021	1.018	1.019	1.015	1.011	1.015	1.124
1996										1.026	1.024	1.021	1.019	1.015	1.014	1.014	1.013	1.112
1997									1.029	1.027	1.022	1.020	1.016	1.015	1.013	1.015	1.011	1.104
1998								1.035	1.033	1.030	1.023	1.019	1.018	1.017	1.017	1.015	1.010	1.111
1999							1.039	1.030	1.033	1.026	1.026	1.016	1.016	1.018	1.016	1.013		
2000						1.048	1.037	1.033	1.027	1.023	1.020	1.020	1.018	1.014	1.011			
2001					1.062	1.047	1.040	1.035	1.030	1.023	1.023	1.023	1.016	1.014				
2002				1.080	1.061	1.047	1.037	1.029	1.025	1.023	1.019	1.017	1.013					
2003			1.127	1.086	1.060	1.050	1.040	1.030	1.030	1.030	1.020	1.016						
2004		1.229	1.135	1.100	1.075	1.059	1.042	1.037	1.034	1.028	1.020							
2005	1.426	1.232	1.153	1.103	1.079	1.053	1.053	1.042	1.033	1.024								
2006	1.472	1.252	1.156	1.105	1.073	1.058	1.049	1.035	1.028									
2007	1.494	1.260	1.157	1.103	1.081	1.063	1.043	1.034										
2008	1.500	1.271	1.162	1.113	1.081	1.054	1.039											
2009	1.527	1.282	1.180	1.119	1.074	1.051												
2010	1.551	1.305	1.176	1.106	1.073													
2011	1.566	1.290	1.165	1.106														
2012	1.572	1.289	1.159															
2013	1.560	1.278																
2014	1.556																	
Adjusted (b)		Age-to-Age (in months)																
Accident Year	33/21	45/33	57/45	69/57	81/69	93/81	105/93	117/105	129/117	141/129	153/141	165/153	177/165	189/177	201/189	213/201	225/213	225Inc/225Pd (d)
1996																	1.014	1.112
1997																1.016	1.012	1.104
1998															1.018	1.016	1.011	1.111
1999														1.019	1.017	1.014		
2000													1.019	1.015	1.011			
2001												1.024	1.018	1.015				
2002											1.021	1.018	1.014					
2003										1.031	1.021	1.017						
2004									1.036	1.030	1.021							
2005								1.044	1.035	1.025								
2006							1.052	1.037	1.030									
2007						1.067	1.046	1.036										
2008					1.086	1.058	1.041											
2009				1.125	1.078	1.054												
2010			1.185	1.112	1.076													
2011		1.304	1.172	1.110														
2012	1.591	1.298	1.163															
2013	1.568	1.279																
2014	1.555																	
Selected (c)	1.552(e)	1.273(e)	1.155(e)	1.102(e)	1.070(e)	1.054	1.041	1.036	1.034	1.029	1.021	1.020	1.017	1.016	1.015	1.015	1.012	1.109
Cumulative	4.214	2.715	2.133	1.846	1.676	1.565	1.485	1.427	1.377	1.332	1.295	1.269	1.244	1.223	1.204	1.185	1.168	

- (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 0.9% decrease 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 21-to-33 month through 105-to-117 month factors and three-year average for the subsequent age-to-age factors. Paid development factors are selected to age 225, 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 225Inc/225Pd factor is selected.
- (e) Based on calculations shown on Exhibits 2.6.3 to 2.6.8. Each of these selections is calculated as the latest year paid medical age-to-age factor multiplied by an adjustment for changes in claim settlement rates.

Selected Medical Development Factors - Paid to Age 225, Incurred from Age 225 to Ultimate (Continued)

Accident Year	Age-to-Age (in months)													ULT/381Inc (f)
	237/225	249/237	261/249	273/261	285/273	297/285	309/297	321/309	333/321	345/333	357/345	369/357	381/369	
1983													1.004	
1984												1.002	0.997	
1985											1.003	0.999	0.999	
1986										1.002	1.001	0.998		
1987									1.005	1.000	1.000			
1988								1.003	1.002	1.000				
1989							1.003	1.001	0.998					
1990						0.998	1.001	1.001						
1991					1.001	1.001	1.000							
1992				1.005	1.001	0.999								
1993			0.998	1.000	0.997									
1994		1.006	1.001	1.001										
1995	1.007	1.001	0.999											
1996	1.003	0.995												
1997	0.997													
Selected (c)	1.002	1.001	0.999	1.002	1.000	0.999	1.001	1.002	1.002	1.001	1.001	1.000	1.000	
Cumulative	1.040	1.038	1.037	1.038	1.036	1.036	1.037	1.035	1.033	1.032	1.031	1.030	1.030	1.030

(f) The ULT/381Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 117-to-129 through 345-to-357 factors and extrapolated to 80 development years.

**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>21</u>	<u>33</u>	<u>45</u>	<u>57</u>	<u>69</u>	<u>81</u>
2007						119,963
2008					118,765	119,037
2009				113,003	113,454	113,661
2010			116,210	117,022	117,459	117,735
2011		117,039	118,942	119,906	120,431	
2012	118,351	124,302	126,334	127,407		
2013	126,152	132,042	134,110			
2014	131,027	137,493				
2015	136,636					

B. Development of Total Reported Indemnity Claim Counts

Accident Year	Age-to-Age Development (in months):					
	<u>21-33</u>	<u>33-45</u>	<u>45-57</u>	<u>57-69</u>	<u>69-81</u>	<u>81-Ultimate</u>
2008					1.002	
2009				1.004	1.002	
2010			1.007	1.004	1.002	
2011		1.016	1.008	1.004		
2012	1.050	1.016	1.008			
2013	1.047	1.016				
2014	1.049					
Latest Year	1.049	1.016	1.008	1.004	1.002	
Cumulative	1.088	1.037	1.021	1.012	1.008	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	148,680	142,577	136,924	128,985	121,391	118,395

C. Closed Indemnity Claim Counts

Accident Year	Evaluated as of (in months)					
	<u>21</u>	<u>33</u>	<u>45</u>	<u>57</u>	<u>69</u>	<u>81</u>
2007						105,045
2008					99,247	104,729
2009				87,111	94,527	99,702
2010			81,043	92,190	99,497	104,938
2011		68,430	84,533	95,903	103,488	
2012	51,937	74,384	91,622	103,558		
2013	55,627	80,539	99,624			
2014	59,296	86,145				
2015	63,565					

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	21	33	45	57	69	81
2007						87.3%
2008					83.0%	87.6%
2009				76.2%	82.7%	87.2%
2010			68.5%	77.9%	84.0%	88.6%
2011		56.4%	69.6%	79.0%	85.3%	
2012	40.3%	57.7%	71.0%	80.3%		
2013	40.6%	58.8%	72.8%			
2014	41.6%	60.4%				
2015	42.8%					

E. Adjusted Closed Indemnity Claim Counts at Equal Percentiles of Ultimate Claim Counts (b)

Accident	Evaluated as of (in months)					
Year	21	33	45	57	69	81
2007						106,661
2008					101,976	106,021
2009				91,767	97,441	101,307
2010			86,143	95,056	100,934	104,938
2011		73,345	88,322	97,461	103,488	
2012	55,145	77,933	93,848	103,558		
2013	58,539	82,730	99,624			
2014	60,956	86,145				
2015	63,565					

F. Average Paid Medical per Closed Indemnity Claim

Accident	Evaluated as of (in months)					
Year	21	33	45	57	69	81
2007						17,391
2008					17,775	20,300
2009				16,156	19,370	22,036
2010			13,185	17,012	20,109	22,723
2011		8,480	12,878	16,503	19,704	
2012	4,507	8,872	12,996	16,289		
2013	4,803	8,883	12,751			
2014	4,824	9,009				
2015	5,134					

- (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>21</u>	<u>33</u>	<u>45</u>	<u>57</u>	<u>69</u>	<u>81</u>
2007						18,283
2008					18,990	20,971
2009				18,106	20,829	22,869
2010			14,816	18,166	20,769	22,723
2011		9,633	13,988	17,116	19,704	
2012	4,965	9,598	13,555	16,289		
2013	5,161	9,260	12,751			
2014	5,014	9,009				
2015	5,134					

H. Adjusted Paid Medical (in \$000) on Closed Indemnity Claims (d)

Accident Year	Evaluated as of (in months)					
	<u>21</u>	<u>33</u>	<u>45</u>	<u>57</u>	<u>69</u>	<u>81</u>
2007						1,950,055
2008					1,936,560	2,223,392
2009				1,661,490	2,029,655	2,316,834
2010			1,276,275	1,726,765	2,096,312	2,384,456
2011		706,536	1,235,428	1,668,101	2,039,144	
2012	273,814	747,988	1,272,084	1,686,811		
2013	302,141	766,048	1,270,316			
2014	305,632	776,074				
2015	326,355					

I. Paid Medical on Open Indemnity Claims (in \$000)

Accident Year	Evaluated as of (in months)					
	<u>21</u>	<u>33</u>	<u>45</u>	<u>57</u>	<u>69</u>	<u>81</u>
2007						982,741
2008					1,079,055	967,168
2009				1,150,218	1,054,577	917,763
2010			1,172,475	1,104,623	977,549	823,125
2011		1,047,462	1,080,526	979,969	823,573	
2012	762,502	1,005,919	1,008,427	889,340		
2013	755,580	974,310	937,014			
2014	749,158	942,743				
2015	762,796					

- (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	21	33	45	57	69	81
2007						65,876
2008					55,285	67,596
2009				44,424	55,718	65,747
2010			33,340	44,484	54,423	63,888
2011		21,549	31,402	40,827	49,422	
2012	11,481	20,151	29,051	36,798		
2013	10,714	18,918	25,797			
2014	10,444	16,412				
2015	8,184					

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	21	33	45	57	69	81
2007						-106,456
2008					-150,873	-87,334
2009				-206,837	-162,363	-105,524
2010			-170,035	-127,491	-78,206	
2011		-105,912	-118,984	-63,608		
2012	-36,831	-71,517	-64,668			
2013	-31,198	-41,448				
2014	-17,337					

L. Adjusted Paid Medical on Open Indemnity Claims (in \$000) (g)

Accident	Evaluated as of (in months)					
Year	21	33	45	57	69	81
2007						876,285
2008					928,182	879,834
2009				943,381	892,214	812,239
2010			1,002,440	977,133	899,343	823,125
2011		941,550	961,542	916,361	823,573	
2012	725,671	934,402	943,759	889,340		
2013	724,382	932,861	937,014			
2014	731,821	942,743				
2015	762,796					

- (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>21</u>	<u>33</u>	<u>45</u>	<u>57</u>	<u>69</u>	<u>81</u>
2007						238,565
2008					240,460	242,150
2009				221,284	224,550	226,625
2010			216,975	221,376	223,603	226,494
2011		203,193	209,369	213,682	217,509	
2012	198,594	211,434	216,910	222,870		
2013	199,406	212,709	220,660			
2014	221,434	235,342				
2015	232,010					

N. Adjusted Total Paid Medical (in \$000) (h)

Accident Year	Evaluated as of (in months)					
	<u>21</u>	<u>33</u>	<u>45</u>	<u>57</u>	<u>69</u>	<u>81</u>
2007						3,064,904
2008					3,105,202	3,345,376
2009				2,826,156	3,146,418	3,355,698
2010			2,530,209	2,964,204	3,261,941	3,480,239
2011		2,029,265	2,618,759	3,035,249	3,333,369	
2012	1,198,079	1,893,824	2,432,753	2,799,021		
2013	1,225,929	1,911,618	2,427,990			
2014	1,258,888	1,954,159				
2015	1,321,160					

O. Paid Medical Loss Development Factors Based on Adjusted Total Paid Medical

Accident Year	Evaluated as of (in months)				
	<u>21-33</u>	<u>33-45</u>	<u>45-57</u>	<u>57-69</u>	<u>69-81</u>
2008					1.077
2009				1.113	1.067
2010			1.172	1.100	1.067
2011		1.290	1.159	1.098	
2012	1.581	1.285	1.151		
2013	1.559	1.270			
2014	1.552				
Latest Year	1.552	1.270	1.151	1.098	1.067

(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)]. The effect of the paid cost of medical cost containment programs are only present for accident years 2011 and prior.

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>21-33</u>	<u>33-45</u>	<u>45-57</u>	<u>57-69</u>	<u>69-81</u>
2008					1.082
2009				1.119	1.074
2010			1.177	1.106	1.073
2011		1.290	1.163	1.106	
2012	1.571	1.287	1.159		
2013	1.557	1.276			
2014	1.555				

Q. Impact of Adjustment for Changes in Indemnity Claim Settlement Rates (j)

Accident Year	Evaluated as of (in months)				
	<u>21-33</u>	<u>33-45</u>	<u>45-57</u>	<u>57-69</u>	<u>69-81</u>
2008					-0.40%
2009				-0.52%	-0.73%
2010			-0.45%	-0.52%	-0.53%
2011		0.06%	-0.35%	-0.72%	
2012	0.64%	-0.19%	-0.69%		
2013	0.17%	-0.48%			
2014	-0.18%				

R. Paid Medical Loss Development Factors Adjusted for Changes in Indemnity  
Claim Settlement Rates (k)

Accident Year	Evaluated as of (in months)				
	<u>21-33</u>	<u>33-45</u>	<u>45-57</u>	<u>57-69</u>	<u>69-81</u>
2008					1.082
2009				1.119	1.070
2010			1.180	1.106	1.070
2011		1.305	1.168	1.102	
2012	1.601	1.296	1.155		
2013	1.571	1.273			
2014	1.552				
Latest Year	1.552	1.273	1.155	1.102	1.070
3-Year Average	1.575	1.291	1.168	1.109	1.074

- (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 Exhibit 2.6.1].

Source: Accident year experience of insurers with available claim count and paid loss data

**Developed Indemnity Loss Ratios Using Selected Loss Development Factors  
Adjusted for Changes in Claim Settlement Rates  
Based on Experience as of September 30, 2016**

Accident Year	(1) Paid or Incurred Loss Ratio (a)	Development Factors			(5) 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	0.398
1987	0.345	1.000	1.005	1.005	0.347
1988	0.330	1.000	1.006	1.006	0.332
1989	0.343	1.000	1.006	1.006	0.345
1990	0.397	1.001	1.007	1.007	0.399
1991	0.425	1.000	1.007	1.007	0.428
1992	0.351	1.000	1.007	1.007	0.353
1993	0.289	1.000	1.007	1.007	0.291
1994	0.329	1.000	1.007	1.007	0.331
1995	0.475	1.001	1.008	1.008	0.478
1996	0.529	1.001	1.008	1.008	0.534
1997	0.602	1.001	1.009	1.009	0.608
1998	0.653	0.999	1.008	1.008	0.658
1999	0.667	1.004	1.039	1.039	0.693
2000	0.572	1.005	1.044	1.044	0.597
2001	0.472	1.005	1.049	1.049	0.495
2002	0.350	1.006	1.055	1.055	0.369
2003	0.228	1.007	1.062	1.062	0.242
2004	0.135	1.009	1.072	1.072	0.145
2005	0.114	1.012	1.084	1.084	0.124
2006	0.146	1.016	1.102	1.102	0.161
2007	0.197	1.021	1.125	1.125	0.222
2008	0.245	1.030	1.159	1.159	0.284
2009	0.277	1.030	1.194	1.194	0.331
2010	0.260	1.046	1.249	1.249	0.324
2011	0.228	1.058	1.322	1.315	0.300
2012	0.189	1.089	1.439	1.432	0.271
2013	0.144	1.148	1.652	1.660	0.240
2014	0.105	1.307	2.159	2.268	0.238
2015	0.059	1.808	3.904	4.100	0.242

- (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 Exhibits 2.5.1 and 2.5.2 .

**Developed Medical Loss Ratios Using Selected Loss Development Factors  
Adjusted for Changes in Claim Settlement Rates with Adjustment for SB 863  
Based on Experience as of September 30, 2016**

	(1)	(2)	(3)	(4)	(5)	(6)
	<b>Adjusted for SB 863</b>					
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	0.999	1.030	0.361	0.361
1986	0.332	0.332	1.000	1.030	0.342	0.342
1987	0.314	0.314	1.000	1.030	0.323	0.323
1988	0.305	0.305	1.001	1.031	0.315	0.315
1989	0.327	0.327	1.001	1.032	0.337	0.337
1990	0.369	0.369	1.002	1.033	0.381	0.381
1991	0.386	0.386	1.002	1.035	0.400	0.400
1992	0.321	0.321	1.001	1.037	0.333	0.333
1993	0.269	0.269	0.999	1.036	0.278	0.278
1994	0.311	0.311	1.000	1.036	0.322	0.322
1995	0.456	0.456	1.002	1.038	0.473	0.473
1996	0.485	0.485	0.999	1.037	0.503	0.503
1997	0.548	0.548	1.001	1.038	0.568	0.568
1998	0.662	0.662	1.002	1.040	0.688	0.688
1999	0.648	0.610	1.012	1.168	0.712	0.750
2000	0.583	0.549	1.015	1.185	0.651	0.685
2001	0.513	0.483	1.015	1.204	0.582	0.612
2002	0.395	0.372	1.016	1.223	0.455	0.478
2003	0.250	0.235	1.017	1.244	0.293	0.307
2004	0.168	0.159	1.020	1.269	0.201	0.211
2005	0.162	0.153	1.021	1.295	0.198	0.207
2006	0.207	0.196	1.029	1.332	0.261	0.272
2007	0.285	0.270	1.034	1.377	0.371	0.386
2008	0.348	0.330	1.036	1.427	0.471	0.488
2009	0.394	0.376	1.041	1.485	0.558	0.576
2010	0.373	0.359	1.054	1.565	0.562	0.576
2011	0.302	0.293	1.070	1.676	0.491	0.500
2012	0.239	0.236	1.102	1.846	0.435	0.439
2013	0.173	0.173	1.155	2.133	0.368	0.368
2014	0.123	0.123	1.273	2.715	0.335	0.335
2015	0.078	0.078	1.552	4.214	0.330	0.329

- (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 September 30, 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, -0.9% 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 Exhibits 2.6.1 and 2.6.2. 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, -0.9% 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 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	1.440
1986	0.0	0.0	1.6	1.6	1.418
1987	0.0	0.0	1.9	1.9	1.391
1988	0.0	0.0	1.5	1.5	1.371
1989	0.0	0.0	1.5	1.5	1.350
1990	2.3	19.9	1.7	24.7	1.082
1991	4.9	14.8	0.8	21.4	0.892
1992	1.8	-8.3	1.6	-5.2	0.940
1993	0.2	-18.1	0.4	-17.6	1.141
1994	-5.1	0.2	0.6	-4.3	1.193
1995	6.3	0.6	1.0	8.0	1.105
1996	5.3	0.4	1.2	7.0	1.032
1997	9.7	0.2	1.6	11.7	0.924
1998	6.5	0.0	1.8	8.4	0.853
1999	5.7	0.0	2.1	7.9	0.790
2000	3.9	0.0	3.1	7.1	0.738
2001	-0.3	0.0	0.2	-0.1	0.738
2002	-0.7	0.0	0.2	-0.5	0.758 (e)
2003	7.3	0.0	1.1	8.5	0.757 (e)
2004	-6.0	-13.7	1.6	-17.6	1.044 (e)
2005	-31.6	-15.3	1.1	-41.5	1.417
2006	5.6	-5.7	1.6	1.2	1.400
2007	1.6	0.0	1.6	3.2	1.356
2008	4.8	0.6	0.7	6.2	1.278
2009	0.4	1.4	0.2	2.0	1.253
2010	0.4	0.0	1.0	1.4	1.235
2011	0.0	0.0	1.6	1.6	1.222 (f)
2012	0.3	0.0	2.1	2.4	1.193 (f)
2013	-0.6	-0.3	0.4	-0.5	1.193
2014	7.0	1.5	1.7	10.4	1.081
2015	0.3	0.0	2.0	2.3	1.056
2016	0.3	0.0	1.4	1.7	
2017	0.5	0.0	2.2	2.7	
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	-2.0%	0.0%	-2.0%
2013	-2.0%	-0.2%	-2.2%
2014	-6.0%	1.3%	-4.8%
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)  $[\text{Column (1)} + 1.0] \times [\text{Column (2)} + 1.0] - 1.0$



**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%	0.983
1986	3.0%	0.0%	3.0%	0.955
1987	3.8%	0.0%	3.8%	0.920
1988	3.8%	0.0%	3.8%	0.886
1989	3.0%	0.0%	3.0%	0.860
1990	3.7%	19.1%	23.5%	0.697
1991	3.6%	12.9%	16.9%	0.596
1992	3.0%	-7.9%	-5.2%	0.628
1993	2.7%	-18.7%	-16.5%	0.752
1994	-2.3%	-2.3%	-4.6%	0.788
1995	0.9%	0.5%	1.4%	0.777
1996	1.0%	0.4%	1.4%	0.767
1997	0.7%	0.2%	0.9%	0.760
1998	0.8%	12.6%	13.5%	0.669
1999	2.5%	12.6%	15.4%	0.580
2000	1.7%	7.0%	8.8%	0.533
2001	2.9%	6.6%	9.7%	0.486
2002	2.0%	-5.6%	-3.7%	0.505
2003	1.4%	-6.0%	-4.7%	0.529
2004	0.0%	-33.9%	-33.9%	0.800
2005	0.0%	-13.9%	-13.9%	0.930
2006	0.3%	-5.1%	-4.8%	0.977
2007	1.8%	0.1%	1.9%	0.958
2008	0.2%	0.5%	0.7%	0.952
2009	0.4%	1.0%	1.4%	0.939
2010	0.3%	0.0%	0.3%	0.936
2011	0.3%	0.0%	0.3%	0.933
2012	0.1%	-2.0%	-1.9%	0.951
2013	0.1%	-2.2%	-2.1%	0.971
2014	0.9%	-4.8%	-3.9%	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 year 2017.

**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	3.118
1986	4.7	2.978
1987	5.6	2.820
1988	4.4	2.702
1989	4.3	2.590
1990	5.0	2.467
1991	2.3	2.411
1992	4.7	2.303
1993	1.2	2.276
1994	1.8	2.236
1995	2.9	2.173
1996	3.4	2.101
1997	4.7	2.007
1998	5.2	1.908
1999	6.2	1.796
2000	9.0	1.648
2001	0.6	1.638
2002	0.5	1.630
2003	3.3	1.578
2004	4.7	1.507
2005	3.1	1.462
2006	4.6	1.397
2007	4.5	1.337
2008	2.1	1.310
2009	0.5	1.303
2010	3.0	1.265
2011	3.1	1.227
2012	4.1	1.179
2013	0.7	1.171
2014	3.2	1.134
2015	3.9	1.092
Projected:		
2016	2.7	
2017	4.3	
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 September 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 July 1, 2016 (c)	Factor to Adjust Insurer Premium to an Industry Average Filed Pure Premium Rate Level as of July 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	3.118	---	---	1.047	0.991	0.984	1.028	---	3.199
1986	2.978	---	---	0.957	0.991	0.983	1.028	---	2.794
1987	2.820	---	---	0.841	0.992	0.983	1.028	---	2.329
1988	2.702	---	---	0.752	0.993	0.963	1.028	---	2.038
1989	2.590	---	---	0.740	0.993	0.945	1.028	---	1.961
1990	2.467	---	---	0.722	0.991	0.942	1.028	---	1.823
1991	2.411	---	---	0.668	0.987	0.939	1.028	---	1.648
1992	2.303	---	---	0.642	0.982	0.940	1.028	---	1.502
1993	2.276	---	---	0.633	0.981	0.949	1.028	---	1.449
1994	2.236	---	---	0.725	0.986	0.948	1.028	---	1.641
1995	2.173	---	---	0.982	0.995	0.958	1.028	---	2.155
1996	2.101	1.034	1.043	1.009	1.000	0.935	1.028	---	2.205
1997	2.007	0.999	1.040	1.041	1.000	0.949	1.028	---	2.142
1998	1.908	0.973	1.084	1.114	1.000	0.959	1.028	---	2.156
1999	1.796	0.981	1.096	1.117	1.000	0.954	1.028	---	2.046
2000	1.648	1.016	0.993	0.977	1.000	0.970	1.028	---	1.615
2001	1.638	1.033	0.875	0.847	1.000	0.969	1.028	---	1.393
2002	1.630	1.158	0.783	0.676	1.000	0.991	1.028	---	1.082
2003	1.578	1.266	0.641	0.506	1.000	1.005	1.028	---	0.773
2004	1.507	1.396	0.652	0.467	1.000	0.981	1.028	---	0.698
2005	1.462	1.470	0.784	0.533	1.000	0.982	1.028	---	0.772
2006	1.397	1.450	1.011	0.697	1.000	0.956	1.028	---	0.992
2007	1.337	1.494	1.379	0.923	1.000	0.931	1.028	0.985	1.270
2008	1.310	1.426	1.639	1.149	1.000	0.946	1.028	0.991	1.534
2009	1.303	1.365	1.615	1.183	1.000	0.937	1.028	1.034	1.655
2010	1.265	1.383	1.583	1.145	1.000	0.941	1.028	1.005	1.505
2011	1.227	1.402	1.582	1.128	1.000	0.982	1.028	---	1.372
2012	1.179	1.224	1.304	1.065	1.000	1.000	1.028	---	1.222
2013	1.171	1.137	1.050	0.923	1.000	0.983	1.028	---	1.070
2014	1.134	1.125	0.967	0.860	1.000	0.962	1.028	---	0.986
2015	1.092	1.105	0.940	0.851	1.000	0.953	1.028	---	0.948

- (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 July 1, 2016 pure premium rate level and (2) an additional adjustment factor, which is the ratio of the average advisory July 1, 2016 pure premium rate (\$2.32) to the industry average filed pure premium rate as of July 1, 2016 (\$2.54).
- (d)  $(2b) \div (2a)$ . This column adjusts premiums at the industry average charged rate level to the industry average filed pure premium rate level as of July 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 September 30, 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	10,006	---	1.740	17,412	---
1991	10,992	9.9%	1.646	18,089	3.9%
1992	11,078	0.8%	1.591	17,627	-2.6%
1993	12,068	8.9%	1.582	19,088	8.3%
1994	13,056	8.2%	1.657	21,630	13.3%
1995	14,667	12.3%	1.543	22,632	4.6%
1996	16,420	12.0%	1.448	23,778	5.1%
1997	19,578	19.2%	1.299	25,436	7.0%
1998	21,345	9.0%	1.198	25,579	0.6%
1999	23,438	9.8%	1.110	26,026	1.7%
2000	24,870	6.1%	1.037	25,780	-0.9%
2001	27,218	9.4%	1.038	28,243	9.6%
2002	26,291	-3.4%	1.065	28,008	-0.8%
2003	25,790	-1.9%	1.064	27,451	-2.0%
2004	21,007	-18.5%	1.266	26,591	-3.1%
2005	18,978	-9.7%	1.455	27,621	3.9%
2006	20,788	9.5%	1.357	28,201	2.1%
2007	22,524	8.4%	1.314	29,601	5.0%
2008	24,773	10.0%	1.245	30,849	4.2%
2009	25,734	3.9%	1.238	31,855	3.3%
2010	25,527	-0.8%	1.221	31,160	-2.2%
2011	24,959	-2.2%	1.207	30,138	-3.3%
2012	24,517	-1.8%	1.179	28,909	-4.1%
2013	24,576	0.2%	1.176	28,894	-0.1%
2014	26,533	8.0%	1.081	28,671	-0.8%
2015	27,548	3.8%	1.056	29,100	1.5%
(6) Estimated Annual Exponential Trend Based on 2005 to 2015:					0.1%
(7) Estimated Annual Exponential Trend Based on 2010 to 2015:					-1.4%
Selected Indemnity Severity Trend:					0.1%

(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 September 30, 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	8,902	---	1.029	9,158	---
1991	9,594	7.8%	1.010	9,686	5.8%
1992	9,648	0.6%	0.976	9,417	-2.8%
1993	10,673	10.6%	0.959	10,238	8.7%
1994	11,821	10.8%	1.009	11,925	16.5%
1995	13,541	14.6%	1.001	13,554	13.7%
1996	14,449	6.7%	0.991	14,317	5.6%
1997	17,281	19.6%	0.984	17,005	18.8%
1998	21,199	22.7%	0.868	18,408	8.3%
1999	24,125	13.8%	0.753	18,164	-1.3%
2000	27,206	12.8%	0.692	18,830	3.7%
2001	32,349	18.9%	0.632	20,441	8.6%
2002	32,793	1.4%	0.657	21,535	5.4%
2003	31,308	-4.5%	0.690	21,607	0.3%
2004	29,061	-7.2%	0.915	26,578	23.0%
2005	30,020	3.3%	0.916	27,511	3.5%
2006	33,149	10.4%	0.914	30,311	10.2%
2007	37,143	12.0%	0.900	33,425	10.3%
2008	40,517	9.1%	0.899	36,429	9.0%
2009	42,746	5.5%	0.899	38,449	5.5%
2010	43,331	1.4%	0.902	39,084	1.7%
2011	39,666 (c)	---	0.906	35,944 (c)	---
2012	37,826	-4.6%	0.932	35,264	-1.9%
2013	35,982	-4.9%	0.958	34,462	-2.3%
2014	35,321	-1.8%	1.018	35,957	4.3%
2015	35,617	0.8%	1.016	36,178	0.6%

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 medical severities were derived from the projected ultimate loss ratios shown in Exhibit 3.2, column (6).

(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 September 30, 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	30,020	---	27,511	---	28,395	---	26,022	---
2006	33,149	10.4%	30,311	10.2%	31,024	9.3%	28,368	9.0%
2007	37,143	12.0%	33,425	10.3%	34,614	11.6%	31,150	9.8%
2008	40,517	9.1%	36,429	9.0%	36,911	6.6%	33,187	6.5%
2009	42,746	5.5%	38,449	5.5%	39,112	6.0%	35,181	6.0%
2010	43,331	1.4%	39,084	1.7%	39,608	1.3%	35,726	1.5%
2011	43,556	0.5%	39,469	1.0%	39,666	0.1%	35,944	0.6%
2012	41,591	-4.5%	38,774	-1.8%	37,826	-4.6%	35,264	-1.9%
2013	39,758	-4.4%	38,079	-1.8%	35,982	-4.9%	34,462	-2.3%
2014	39,184	-1.4%	39,890	4.8%	35,321	-1.8%	35,957	4.3%
2015	39,589	1.0%	40,212	0.8%	35,617	0.8%	36,178	0.6%
Estimated Annual Exponential Trend Based on 2005 to 2015:				3.3%	2.8%			
Trend Based on 2010 to 2015:				0.4%	0.1%			
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 September 30, 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	1.440	3.199	0.202
1986	0.398	1.418	2.794	0.202
1987	0.347	1.391	2.329	0.207
1988	0.332	1.371	2.038	0.223
1989	0.345	1.350	1.961	0.237
1990	0.399	1.082	1.823	0.237
1991	0.428	0.892	1.648	0.231
1992	0.353	0.940	1.502	0.221
1993	0.291	1.141	1.449	0.229
1994	0.331	1.193	1.641	0.241
1995	0.478	1.105	2.155	0.245
1996	0.534	1.032	2.205	0.250
1997	0.608	0.924	2.142	0.262
1998	0.658	0.853	2.156	0.260
1999	0.693	0.790	2.046	0.268
2000	0.597	0.738	1.615	0.273
2001	0.495	0.738	1.393	0.262
2002	0.369	0.758	1.082	0.258
2003	0.242	0.757	0.773	0.237
2004	0.145	1.044	0.698	0.216
2005	0.124	1.417	0.772	0.227
2006	0.161	1.400	0.992	0.227
2007	0.222	1.356	1.270	0.237
2008	0.284	1.278	1.534	0.236
2009	0.331	1.253	1.655	0.250
2010	0.324	1.235	1.505	0.266
2011	0.300	1.222	1.372	0.267
2012	0.271	1.193	1.222	0.265
2013	0.240	1.193	1.070	0.267
2014	0.238	1.081	0.986	0.261
2015	0.242	1.056	0.948	0.269
				Projections (d)
2016				0.265
2017				0.262
1/1/2018				0.259

(a) See Exhibit 3.1.

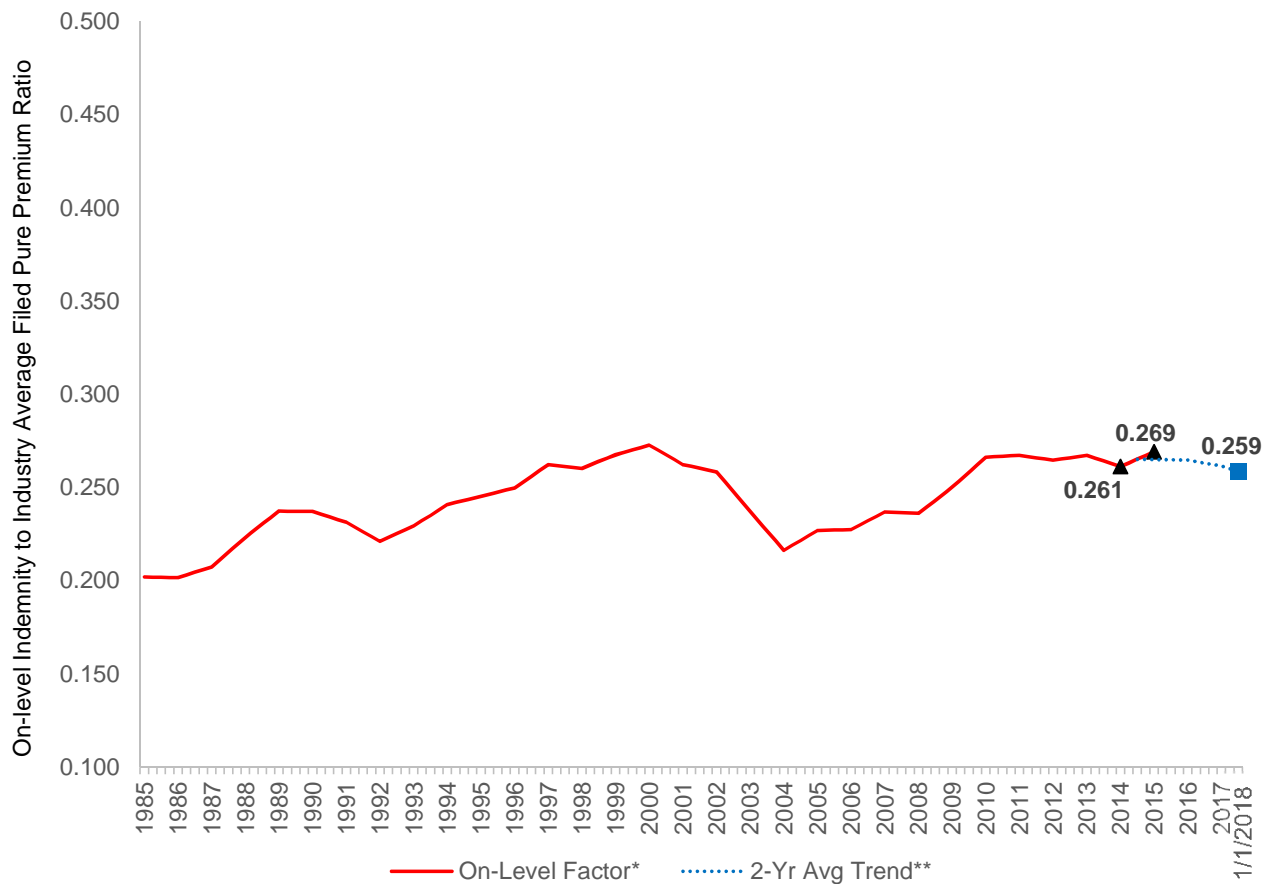
(b) See Exhibit 4.1.

(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  
Based on Experience as of September 30, 2016**



\* 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 September 30, 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	0.361	0.983	3.199	0.111
1986	0.342	0.955	2.794	0.117
1987	0.323	0.920	2.329	0.128
1988	0.315	0.886	2.038	0.137
1989	0.337	0.860	1.961	0.148
1990	0.381	0.697	1.823	0.146
1991	0.400	0.596	1.648	0.145
1992	0.333	0.628	1.502	0.139
1993	0.278	0.752	1.449	0.144
1994	0.322	0.788	1.641	0.155
1995	0.473	0.777	2.155	0.171
1996	0.503	0.767	2.205	0.175
1997	0.568	0.760	2.142	0.202
1998	0.688	0.669	2.156	0.214
1999	0.712	0.580	2.046	0.202
2000	0.651	0.533	1.615	0.215
2001	0.582	0.486	1.393	0.203
2002	0.455	0.505	1.082	0.212
2003	0.293	0.529	0.773	0.200
2004	0.201	0.800	0.698	0.231
2005	0.198	0.930	0.772	0.239
2006	0.261	0.977	0.992	0.257
2007	0.371	0.958	1.270	0.280
2008	0.471	0.952	1.534	0.292
2009	0.558	0.939	1.655	0.316
2010	0.562	0.936	1.505	0.349
2011	0.491	0.933	1.372	0.334
2012	0.435	0.951	1.222	0.339
2013	0.368	0.971	1.070	0.334
2014	0.335	1.017	0.986	0.345
2015	0.330	1.015	0.948	0.353
				Projections (d)
2016				0.361
2017				0.365
1/1/2018				0.366

(a) See Exhibit 3.2.

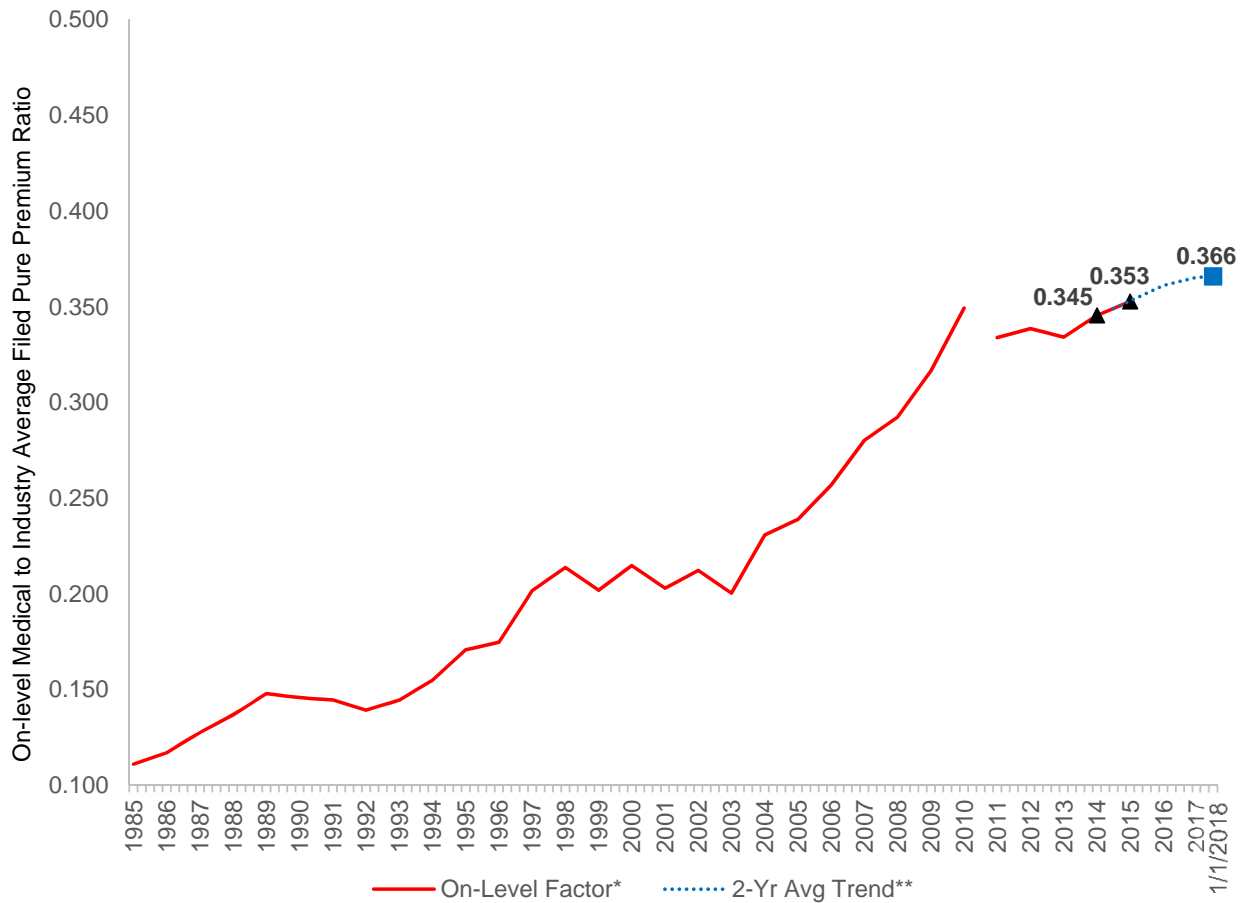
(b) See Exhibit 4.4.

(c) See Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical 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.

(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.

**On-Level Medical Loss to Industry Average Filed Pure Premium Ratios  
Based on Experience as of September 30, 2016**



\* 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 September 30, 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)	0.259	0.366	0.625

Quarterly Incurred Indemnity Loss Development Factors  
Through September 30, 2016

Age in Months	Accident Year																		
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
6/3									2.417	2.724	2.785	3.031	3.116	3.052	3.238	3.344	3.303	3.209	3.201
9/6									1.656	1.776	1.820	1.848	1.904	2.001	1.966	1.940	1.960	1.948	1.946
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	1.187	
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	1.137	
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	1.074		
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	1.055		
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	1.031			
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	1.024			
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	1.019				
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	1.013				
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	1.009					
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	1.010					
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	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	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	1.005							
93/90	1.001	1.002	1.004	1.003	1.002	1.005	1.006	1.008	1.006	1.007	1.006	1.003							
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 September 30, 2016

Age in Months	Accident Year																		
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
6/3									2.584	2.662	2.782	2.892	2.992	2.757	2.853	2.843	2.921	2.863	3.019
9/6									1.650	1.744	1.717	1.807	1.800	1.827	1.833	1.819	1.840	1.884	1.757
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	1.094	
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	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	1.067	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	1.044		
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	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	1.028	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	1.026			
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	1.018			
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	1.015				
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	1.013				
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	1.009					
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	1.008					
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	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	1.006						
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	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	1.002							
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 September 30, 2016

Age in Months	Accident Year																		
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
6/3									4.376	4.495	4.553	4.807	4.911	4.722	4.854	5.099	5.076	5.056	5.084
9/6									2.259	2.375	2.377	2.398	2.452	2.432	2.484	2.462	2.462	2.484	2.456
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	1.372	
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	1.264	
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	1.147		
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	1.114		
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	1.063			
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	1.052			
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	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	1.028				
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	1.022					
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	1.019					
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	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	1.013						
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	1.010							
93/90	1.009	1.009	1.008	1.008	1.007	1.008	1.012	1.011	1.011	1.012	1.010	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 September 30, 2016

Age in Months	Accident Year															2012	2013	2014	2015	2016
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011						
6/3									5.308	5.615	6.579	6.101	6.048	5.854	5.989	6.284	5.604	5.720	5.897	
9/6									2.348	2.381	2.348	2.375	2.361	2.327	2.398	2.498	2.428	2.287	2.321	
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	1.278		
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	1.189		
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	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	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	1.078	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	1.057				
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	1.051				
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	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	1.031					
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	1.027						
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	1.020						
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	1.017							
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	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	1.012								
93/90	1.011	1.010	1.011	1.012	1.011	1.013	1.013	1.012	1.014	1.014	1.013	1.011								
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	9-21	21-33	33-45	45-57	57-69	69-81	81-93	93-105	105-117	117-129	129-141	141-153	153-165	165-177	177-189	189-201
1992															1.000	1.000
1993														1.000	1.000	1.000
1994													1.001	1.000	1.000	1.000
1995												1.000	1.001	1.000	1.001	1.000
1996											1.001	1.001	1.000	1.000	1.000	1.000
1997										1.001	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	1.000
1999								1.000	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	1.000
2001						1.001	0.999	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2002					1.001	1.000	1.000	1.000	0.999	0.999	1.000	1.000	1.000	1.000		
2003				1.001	0.999	0.998	0.999	0.999	0.999	0.999	1.000	1.000	1.000			
2004			1.003	0.999	0.999	1.000	0.999	0.999	0.999	1.000	1.000	1.000				
2005		1.013	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000					
2006	1.489	1.009	1.006	1.002	1.001	1.000	1.001	1.000	1.001	1.000						
2007	1.523	1.017	1.008	1.004	1.002	1.001	1.000	1.000	1.001							
2008	1.532	1.030	1.012	1.006	1.003	1.002	1.001	1.001								
2009	1.636	1.037	1.014	1.007	1.004	1.002	1.002									
2010	1.685	1.041	1.015	1.007	1.004	1.002										
2011	1.718	1.046	1.016	1.008	1.004											
2012	1.733	1.050	1.016	1.008												
2013	1.743	1.047	1.016													
2014	1.747	1.049														
2015	1.748															
Latest Year																
Age-to-Age	1.748	1.049	1.016	1.008	1.004	1.002	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Age-to-Ultimate	1.902	1.088	1.037	1.021	1.012	1.008	1.006	1.004	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.002

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 74% to 99% 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	2.557	1.710	1.364	1.088	1.018	1.009	1.005	1.005	1.004	1.002	1.003	1.002	1.002	1.002	1.001
2008	2.540	1.652	1.340	1.095	1.025	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	2.756	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	2.848	1.745	1.427	1.139	1.044	1.027	1.016	1.012	1.011	1.007	1.005	1.004	1.004	1.003	
2014	2.778	1.732	1.429	1.137	1.048	1.026	1.018	1.013	1.011	1.006					
2015	2.846	1.743	1.422	1.142	1.049	1.027									
2016	2.775	1.709													

Reported Indemnity Claim Settlement Ratios

Accident Year	Evaluated as of (in months):																
	9	21	33	45	57	69	81	93	105	117	129	141	153	165	177	189	201
1991																99.1%	99.2%
1992															99.0%	99.1%	99.2%
1993														98.6%	98.8%	98.9%	99.0%
1994													98.0%	98.3%	98.5%	98.7%	98.8%
1995											97.3%	97.6%	97.9%	98.3%	98.4%	98.6%	
1996											96.6%	97.1%	97.4%	97.9%	98.1%	98.3%	98.5%
1997										95.7%	96.4%	96.9%	97.4%	97.7%	97.9%	98.1%	98.4%
1998									93.9%	95.1%	95.9%	96.5%	96.9%	97.3%	97.6%	98.0%	98.2%
1999								91.9%	93.6%	94.7%	95.6%	96.3%	96.7%	97.1%	97.5%	97.8%	98.0%
2000							88.6%	91.1%	92.9%	94.2%	95.1%	95.8%	96.4%	96.9%	97.3%	97.6%	98.0%
2001						82.6%	86.8%	89.8%	91.7%	93.2%	94.2%	95.0%	95.8%	96.4%	96.8%	97.3%	
2002					76.8%	83.0%	87.3%	90.0%	91.9%	93.3%	94.5%	95.6%	96.3%	96.8%	97.3%		
2003				67.3%	77.0%	83.3%	87.3%	89.9%	91.8%	93.4%	94.8%	95.7%	96.3%	96.9%			
2004			56.6%	69.7%	78.6%	83.9%	87.1%	89.7%	91.8%	93.7%	95.0%	95.8%	96.5%				
2005		44.9%	59.7%	72.0%	79.8%	84.3%	87.7%	90.1%	92.4%	94.0%	95.2%	96.1%					
2006	20.6%	46.3%	61.3%	72.6%	79.8%	84.5%	87.7%	90.7%	92.8%	94.2%	95.4%						
2007	20.9%	45.4%	59.9%	71.1%	78.7%	83.4%	87.7%	90.8%	92.7%	94.4%							
2008	21.3%	44.4%	58.3%	69.7%	77.6%	83.7%	88.0%	90.9%	93.2%								
2009	21.3%	42.6%	56.7%	68.4%	77.2%	83.4%	87.8%	91.1%									
2010	21.3%	43.0%	57.5%	69.9%	78.9%	84.8%	89.2%										
2011	22.1%	43.4%	58.5%	71.1%	80.0%	85.9%											
2012	22.5%	43.9%	59.8%	72.5%	81.3%												
2013	21.6%	44.1%	61.0%	74.3%													
2014	21.6%	45.3%	62.7%														
2015	22.3%	46.5%															
2016	23.1%																

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 74% to 99% 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):																
	9	21	33	45	57	69	81	93	105	117	129	141	153	165	177	189	201
1991																98.9%	99.1%
1992															98.8%	98.9%	99.0%
1993														98.4%	98.6%	98.7%	98.9%
1994													97.7%	98.0%	98.3%	98.5%	98.6%
1995												96.8%	97.2%	97.6%	97.9%	98.2%	98.4%
1996											96.2%	96.7%	97.2%	97.6%	97.9%	98.1%	98.3%
1997										95.3%	96.1%	96.7%	97.1%	97.5%	97.7%	97.9%	98.2%
1998									93.6%	94.8%	95.6%	96.3%	96.7%	97.1%	97.4%	97.8%	98.0%
1999								91.6%	93.3%	94.5%	95.4%	96.0%	96.5%	96.9%	97.3%	97.6%	97.8%
2000							88.4%	90.9%	92.7%	94.0%	94.9%	95.6%	96.1%	96.7%	97.1%	97.5%	97.8%
2001						82.6%	86.8%	89.6%	91.6%	93.0%	94.0%	94.8%	95.6%	96.2%	96.6%	97.1%	
2002					76.8%	83.1%	87.3%	90.0%	91.9%	93.3%	94.3%	95.4%	96.1%	96.6%	97.1%		
2003				67.5%	77.3%	83.6%	87.5%	89.9%	91.8%	93.2%	94.6%	95.5%	96.1%	96.7%			
2004			56.7%	69.9%	78.8%	84.0%	87.3%	89.8%	91.7%	93.6%	94.8%	95.6%	96.3%				
2005		44.1%	59.4%	71.7%	79.4%	84.1%	87.5%	89.9%	92.3%	93.8%	95.0%	95.9%					
2006	13.5%	45.4%	60.6%	72.2%	79.5%	84.2%	87.4%	90.5%	92.6%	94.0%	95.2%						
2007	13.2%	43.8%	58.7%	70.4%	78.2%	83.0%	87.4%	90.5%	92.5%	94.3%							
2008	13.1%	41.9%	56.7%	68.6%	76.8%	83.1%	87.6%	90.6%	93.0%								
2009	12.2%	39.8%	54.9%	67.1%	76.3%	82.8%	87.3%	90.8%									
2010	11.7%	39.9%	55.6%	68.6%	78.0%	84.1%	88.7%										
2011	11.8%	40.0%	56.4%	69.6%	79.0%	85.3%											
2012	11.9%	40.3%	57.7%	71.0%	80.3%												
2013	11.4%	40.6%	58.8%	72.8%													
2014	11.4%	41.6%	60.4%														
2015	11.7%	42.8%															
2016	12.1%																

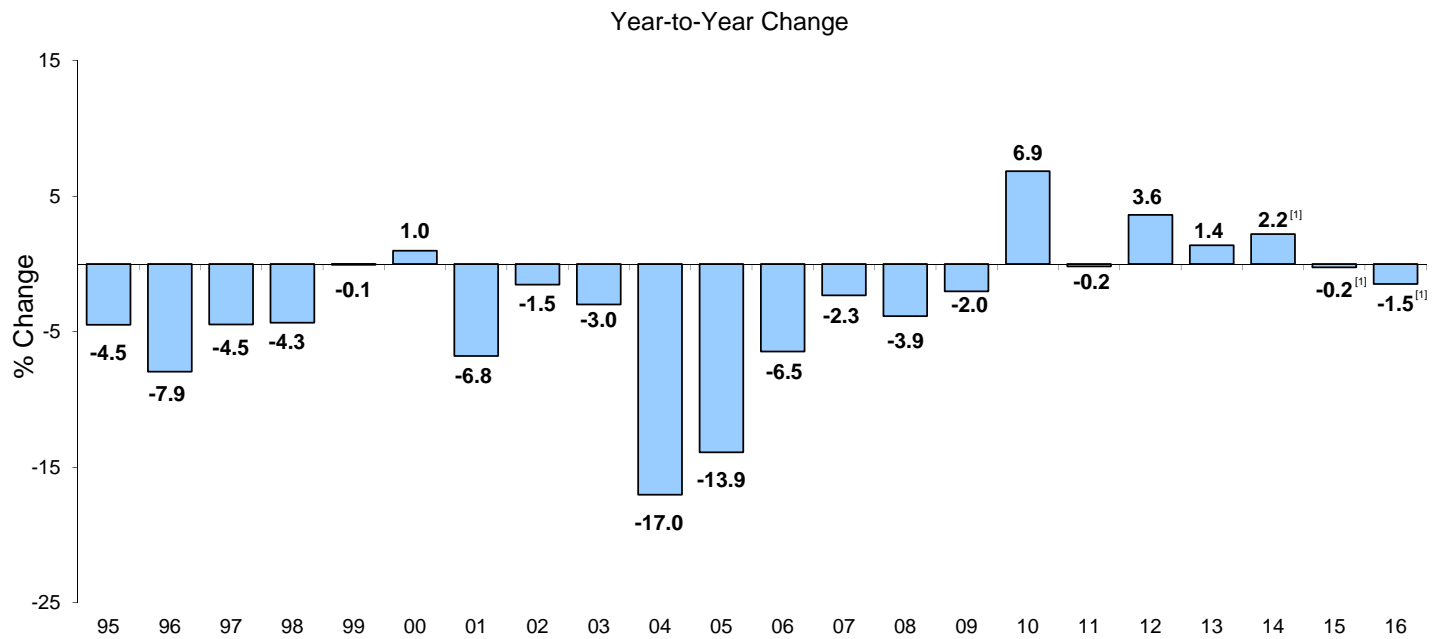
Notes All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 74% to 99% of the total California workers' 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%	13.2%	23.6%	32.9%	39.4%	43.9%	48.2%	51.8%	55.6%	58.8%	62.6%	65.4%	68.0%	70.5%	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%	71.1%
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%	29.6%	35.6%	39.9%	44.3%	48.1%	52.1%	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%	45.1%	49.3%	53.5%	57.7%	61.6%	65.0%	68.2%	71.1%	73.9%
2013	0.9%	4.9%	11.4%	20.4%	28.8%	35.3%	40.7%	45.6%	50.3%	54.7%	58.9%	62.9%	66.5%	69.8%	72.8%	
2014	0.7%	4.6%	11.4%	20.2%	29.1%	35.9%	41.6%	46.8%	51.5%	56.1%	60.5%					
2015	0.8%	4.6%	11.7%	20.6%	29.7%	37.1%	42.8%									
2016	0.8%	5.1%	12.2%													

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	4.4%	8.0%	10.3%	9.3%	6.5%	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%	6.8%	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%	4.8%	4.1%	4.2%	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%	3.3%	3.0%	
2014	3.9%	6.8%	8.9%	8.8%	6.8%	5.7%	5.1%	4.8%	4.6%	4.4%					
2015	3.8%	7.1%	8.9%	9.1%	7.4%	5.7%									
2016	4.3%	7.1%													

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



<sup>[1]</sup> 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 September 30, 2016 relative to the estimated change in statewide employment. Prior years are based on unit statistical data.

## Item AC16-12-02 California Workers' Compensation Wage Report

Staff has completed development of updated wage information for a California Workers' Compensation Wage Report, which will provide information comparable to that in the prior Average Wage Data Product as well as new information and data resources. As in past Average Wage Data Products, the new Wage Report will provide information and tools to link external data sources with California workers' compensation data.

### *Classifications, Industries and Occupations*

Workers' wages can be categorized by occupation, industry and WCIRB classification. Accountants, for example, are an occupation that might be found in all industries and, for workers' classification purposes, might be categorized as 8810, 8803 at a certified public accountancy or 8808 in the banking industry. Wage information from external sources is generally available by occupation or industry. Historically, the WCIRB has integrated this information into classification-level analyses using a very simple mapping of industrial sectors and classifications. Staff has developed a new tool—the industry-occupation-classification cube—to more accurately link information at occupational or industrial levels to WCIRB classifications.

The industry-occupation-classification cube was developed by linking external data sources with WCIRB data. The principal databases include the American Community Survey (ACS), the Occupational Employment Statistics survey (OES), and the WCIRB's geocoded database, which was developed by linking WCIRB information with Hoover's data. Data is generally for California only. The various datasets provide different dimensions that can be useful for different purposes. The ACS provides information on employment, including weeks worked per year and hours worked per week, and wages by industry, occupation, and region, among other variables. The OES provides wage information by occupation and region. The WCIRB geocoded database provides information by classification, industry and region. Detailed information on the development of this tool will be provided in the Wage Report. Staff will provide additional background and an overview of the tool at the meeting.

### *Impacts of Changes in Minimum Wage Ordinances on Insured Wages*

Staff used the tools developed for the updated Wage Report to measure the impact of changes in minimum wage ordinances on insured payrolls and injured workers' wages used to determine indemnity benefits. Exhibit 1 provides an inventory of historical and projected minimum wage ordinances at the time of publication. Staff developed estimated impacts of changes in minimum wage ordinances from data available in the ACS. Minimum wage ordinances vary by region across the state and each region's specific wage ordinance was modeled by use of the geographic information available in the ACS.

Staff modeled the impacts of changes in minimum wage ordinances above and beyond the impact of regular wage inflation. A worker's wages after wage inflation might fall above or below a future minimum wage ordinance depending on the level of wage inflation. In order to model this, staff modeled wage inflation and incorporated this into the projected impacts of changes in minimum wage ordinances.

Wage inflation was modeled at an occupational level using OES data. Staff modeled changes in median wages rather than average wages as these track insured payrolls more closely than average wages. Detailed information on the modeling of wage inflation and the development of the impact of changes in minimum wage ordinances will be provided in the Wage Report. Staff will provide an overview at the meeting.

*Impacts of Changes in Minimum Wage Ordinances on Injured Workers' Wages*

Staff estimated the wage inflation of injured workers and the impacts of changes in minimum wage ordinances independently from the estimates on insured wages. Injured workers' wage inflation by classification was developed from the average weekly wage reported on indemnity claims. The impacts of changes in minimum wage ordinances on injured workers' wages is often significantly larger than the impacts on insured wages. This result is due to a greater share of injured workers earning the minimum wage relative to the overall share of workers earning the minimum wage.

Staff will review the development of these impacts at the meeting. The development of these estimates will be detailed in the Wage Report.

*Workers' Compensation Payroll Exclusions*

Relating external source data on wages to insured payrolls requires recognition of payroll exclusions used to determine workers' compensation insured payrolls. Information on these exclusions was provided in prior Average Wage Data Products and will be provided in the Wage Report.

Differences among the exclusions can affect the interpretation of the estimated impacts of changes in minimum wage ordinances. For example, wages for executives, overtime and tips might be excluded to determine workers' compensation payroll for a restaurant, but the impact of changes in minimum wage ordinances might be expected to impact only the overtime exclusion. Staff will discuss this information at the meeting.



Enacted and Planned Minimum Wages

Locality (year enacted)	City Name	Calendar Year Largest Enacted / Proposed Minimum Wage							
		2015	2016	2017	2018	2019	2020	2021	2022
<b>Statewide</b>	<b>Statewide</b>	<b>9.00</b>	<b>10.00</b>	<b>10.50</b>	<b>11.00</b>	<b>12.00</b>	<b>13.00</b>	<b>14.00</b>	<b>15.00</b>
Berkeley (2014)	Berkeley	11.00	12.53	13.75	15.00				
Cupertino (2016)	Cupertino			12.00	13.50	15.00			
El Cerrito (2015)	El Cerrito		11.60	12.25	13.60	15.00			
Emeryville (2015) small businesses (55 or fewer employees)	Emeryville	12.25	13.00	14.00	15.00				
Emeryville (2015) large businesses (more than 55 employees)	Emeryville	14.44							
Long Beach (2016) small businesses (25 or fewer employees)	Long Beach				10.50	12.00	13.00	14.00	15.00
Long Beach (2016) large businesses (more than 25 employees)	Long Beach			10.50	12.00	13.00	14.00	15.00	
Los Altos (2016)	Los Altos			12.00	13.50	15.00			
Los Angeles (2015) small businesses (25 or fewer employees)	Los Angeles			10.50	12.00	13.25	14.25	15.00	
Los Angeles (2015) large businesses (more than 25 employees)	Los Angeles		10.50	12.00	13.25	14.25	15.00		
Los Angeles County (2015) small businesses (25 or fewer employees)	Los Angeles County			10.50	12.00	13.25	14.25	15.00	
Los Angeles County (2015) large businesses (more than 25 employees)	Los Angeles County		10.50	12.00	13.25	14.25	15.00		
Malibu (2016) small businesses (25 or fewer employees)	Malibu			10.50	12.00	13.25	14.25	15.00	
Malibu (2016) large businesses (more than 25 employees)	Malibu		10.50	12.00	13.25	14.25	15.00		
Mountain View (2014)	Mountain View		11.00	13.00	15.00				
Oakland (2014)	Oakland	12.25							
Palo Alto (2015)	Palo Alto		11.00						
Pasadena (2016) small businesses (25 or fewer employees)	Pasadena			10.50	12.00				
Pasadena (2016) large businesses (more than 25 employees)	Pasadena		10.50	12.00	13.25				
Richmond (2014)	Richmond	9.60	11.52	12.30	13.00				
Sacramento (2015) small businesses (100 or fewer employees)	Sacramento				10.50	11.00	11.75	12.50	
Sacramento (2015) large businesses (more than 100 employees)	Sacramento			10.50	11.00	11.75	12.50		
San Diego (2014)	San Diego	9.75	10.50	11.50					
San Francisco (2014)	San Francisco	12.25	13.00	14.00	15.00				
San Jose (2012)	San Jose								
San Mateo (2016)	San Mateo			12.00	13.50	15.00			
San Mateo (2016) Nonprofits	San Mateo			10.50	12.00	13.50	15.00		
Santa Clara (2015)	Santa Clara		11.00						
Santa Monica (2016) small businesses (25 or fewer employees)	Santa Monica			10.50	12.00	13.25	14.25	15.00	
Santa Monica (2016) large businesses (more than 25 employees)	Santa Monica		10.50	12.00	13.25	14.25	15.00		
Sunnyvale (2014)	Sunnyvale	10.30	11.00	13.00	15.00				

Notes: 1. Minimum wages do not all take effect at the same time in a given calendar year.

2. Records in blue are recently enacted and are not reflected in the current analysis.

Source: UC Berkeley Labor Center *Inventory of US City and County Minimum Wage Ordinances (as of 11-16-2016)*

## Item AC16-12-03

### Adjustment for Wage Level Differences in Classification Ratemaking

For many years, the classification ratemaking methodology has reflected several adjustments to the losses underlying each classification's selected loss to payroll ratios including loss development, benefit level changes, and residual trends. However, the methodology has not reflected any adjustments to the payroll underlying the selected loss to payroll ratios for changes in average wage levels. If changes in average wage levels are relatively consistent across classifications, an adjustment to the classification relativities may not be needed as projected wage inflation is reflected in the calculation of the overall pure premium rate indication. However, if changes in average wage levels differ significantly across classification, some adjustment for the relative differences among classifications may be appropriate.<sup>1</sup>

Staff's recent study of the estimated impact of minimum wage changes by industry has shown that wage level changes can differ significantly across classification, particularly during periods of minimum wage increases (see Item AC16-12-02 of this Agenda). As a result, staff has explored a potential adjustment to the classification ratemaking methodology to reflect the projected differences in annual wage inflation as well as recent changes to minimum wage laws. Staff's preliminary analysis is summarized below.

#### *Wage Level Adjustment Factors*

The wage level adjustment factors used are based on those developed by staff during its analysis of the estimated impacts of minimum wage changes by industry (see Item AC16-12-02 for more information). These changes were developed at an occupation level and translated to a classification level. The factors reflect both annual wage inflation as well as the impact of minimum wage increases for that classification. Exhibit 1 shows preliminary annual changes in wage levels by classification by policy year for all employees in the classification. These changes would be cumulated through 2016 to develop the factor to adjust each policy year's exposure to a policy year 2016 wage level (the level of losses reflected in the 2017 Classification Relativities). Exhibit 2 shows a distribution of the projected cumulative classification wage changes from policy year 2009 to policy year 2016 relative to the aggregate projected wage change over all classifications combined. As shown, there are significant differences in the average projected wage growth by classification. In particular, a large number of relatively smaller classifications are projected to have lower wage growth than the all-classification average.

In the current classification ratemaking methodology, the exposure underlying each policy year used for a classification reflects the wage levels reported for that year and classification. Under the alternative approach being suggested by staff, the wage level changes shown in Exhibit 1 would be used to adjust each policy year's exposure to the level that would have been generated under the policy year 2016 wage level for that classification. As a result, after application of this adjustment the total exposure for all classifications combined will have been inflated by the aggregate average change in wage levels from the base policy year to policy year 2016 (the aggregate average change in wage levels is shown by policy year at the bottom of Exhibit 1). Under this approach, the expected loss to payroll ratio used as the complement of credibility for partially credible classifications needs to also be adjusted in order to compare it to the actual loss to payroll ratios on a consistent basis. The adjustment was applied to the expected loss to payroll ratios in a similar way as to the actual loss to payroll ratios.

Since the primary focus of these adjustments are to reflect the *relative* wage level changes by classification, staff developed an alternative approach in which the wage level adjustment factors average to 1.0 rather than the aggregate average wage level change. The wage level adjustment factors under

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<sup>1</sup> Some of these differences are implicitly adjusted for in the "adjustment to earlier years" factors, which adjusts the developed and on-leveled loss to payroll ratios for the third, fourth, and fifth most mature years (if used) for each classification to the level of losses to payroll in the most recent two years. However, this adjustment does not explicitly contemplate wage level changes by classification and is intended more to reflect residual loss trends.

this approach were computed based on dividing each cumulative factor derived from the wage level changes shown in Exhibit 1 by the aggregate average wage level change for all classifications combined. Staff believes this approach substantially adjusts for the relative differences in wage level changes by classification without requiring several additional adjustments to rebalance the aggregates.

The current classification ratemaking methodology adjusts indemnity losses to an on-level basis based on benefit changes but does not reflect the impact of wage inflation on indemnity benefit levels. If an adjustment for wage level differentials is applied to a classification's exposure, staff recommends that a comparable adjustment be applied to indemnity losses. As injured worker wage levels tend to be lower than those for all employees, injured worker wages may be affected more significantly by minimum wage changes. However, these impacts are somewhat mitigated by indemnity benefit minimums and maximums, which also differ by benefit (injury) type.

Changes in injured worker wage levels were developed by staff using an approach similar to that used to develop the all employee wage level changes (see Item AC16-12-02). These wage level changes were then processed using the minimum and maximum indemnity benefits for each benefit type in effect for each policy year to derive the projected impact by policy year. Staff is in the process of reviewing alternative approaches that either (a) adjust for these changes on an *aggregate* basis (i.e., average to the total aggregate indemnity benefit change), (b) adjust for these changes on a *relative* basis (i.e., average to no change or an adjustment factor of 1.0) or (c) do not adjust for these changes (for comparison purposes). More information on these alternative approaches will be presented at the meeting.

#### *Other Considerations*

In the current classification ratemaking methodology, adjustment factors are applied to losses from the third, fourth and fifth most mature years used in computing a classification's relativity if those years are required for credibility purposes (i.e., "adjustment to earlier years" factors). These factors are derived based on the ratio of (a) the two most recent years' developed and on-leveled loss to payroll ratios to (b) the comparable ratio for each of the more mature years. This adjustment is intended to ensure that a classification's relativity is not significantly impacted by the overall level of losses to payroll underlying a more mature year that is not used in the relativity determinations for all classifications. Depicted another way, this adjustment applies a residual on-level loss to payroll trend to the more mature years to bring them to a level comparable to that of the average of the most recent two years. Since development and other benefit level changes are reflected prior to this adjustment, this residual on-level trend in the current methodology includes considerations of changes in claim frequency, on-level severity, as well as average wage levels during the trending period.

Staff believes the approaches discussed above represent a more refined and accurate approach to on-level for wage level changes. In the alternative approaches discussed above, staff continued to apply the "adjustment to earlier years" factors in a similar manner to that used in the current methodology, except that these factors were derived *after* the exposure on-level adjustments were applied. In this way, the "adjustment to earlier years" factors now substantially only represent on-level loss trends, i.e., changes in claim frequency and on-level severity.

Staff explored the possibility of replacing the "adjustment to earlier years" factors with actual projected on-level loss (frequency and severity) trends. Staff explored different ending points for trending, including trending to the average of the most recent two years used in the classification relativities (analogous to the current approach) as well as trending to the projection period (such as policy year 2016). These potential refinements will be discussed in more detail at the meeting.

**Annual Change in Wage Level by Class (Preliminary)**  
**Includes Wage Inflation and Impact of Minimum Wage Changes**

Class	Policy Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
0005	1.2%	0.8%	0.1%	-0.1%	0.7%	1.7%	2.9%	3.2%	3.1%	3.6%
0016	1.2%	0.5%	0.0%	0.6%	1.5%	2.7%	4.2%	3.9%	3.5%	4.3%
0034	1.8%	1.0%	-0.2%	0.3%	1.2%	1.7%	2.9%	3.3%	3.3%	3.7%
0035	1.4%	1.5%	1.0%	0.6%	0.9%	1.4%	2.6%	3.0%	3.0%	3.4%
0036	1.6%	0.8%	-0.2%	0.6%	1.7%	2.4%	3.5%	3.7%	3.4%	4.0%
0038	1.8%	0.7%	-0.2%	0.3%	1.5%	2.6%	3.7%	3.6%	3.4%	4.0%
0040	1.3%	0.6%	0.0%	0.5%	1.4%	2.4%	4.0%	3.9%	3.4%	4.2%
0041	1.2%	0.5%	0.2%	0.5%	1.2%	2.6%	4.0%	3.8%	3.5%	4.2%
0042	1.4%	0.6%	0.4%	1.0%	0.9%	2.1%	3.8%	3.6%	3.8%	4.4%
0044	1.3%	0.6%	0.2%	0.7%	1.7%	3.0%	4.1%	3.8%	3.4%	4.2%
0045	1.5%	0.7%	-0.1%	0.5%	1.5%	2.5%	4.0%	3.8%	3.5%	4.2%
0050	1.2%	0.3%	0.1%	0.5%	1.4%	2.6%	4.1%	3.9%	3.5%	4.3%
0079	1.0%	0.6%	0.0%	0.6%	1.5%	2.5%	3.9%	3.7%	3.4%	4.1%
0096	1.4%	0.2%	-0.5%	0.2%	1.3%	2.5%	4.0%	3.9%	3.5%	4.5%
0106	1.3%	0.3%	0.3%	1.1%	1.0%	2.4%	4.1%	3.7%	4.0%	4.6%
0171	1.3%	0.5%	0.1%	0.6%	1.5%	2.6%	3.9%	3.8%	3.4%	4.2%
0172	1.2%	0.3%	0.0%	0.5%	1.5%	2.8%	4.4%	4.1%	3.6%	4.5%
0251	3.1%	2.8%	2.1%	0.7%	0.6%	0.8%	1.5%	2.6%	2.8%	2.9%
0400	1.8%	0.9%	0.1%	0.2%	1.1%	1.8%	3.0%	3.3%	3.3%	3.9%
0401	1.1%	-0.1%	-0.2%	0.4%	1.5%	3.3%	4.9%	4.3%	3.7%	4.8%
1122	1.1%	0.3%	0.2%	0.8%	2.2%	2.3%	2.3%	2.8%	3.0%	3.3%
1123	1.5%	1.2%	1.2%	0.7%	1.0%	1.4%	2.2%	2.9%	3.0%	3.3%
1124	1.4%	0.9%	0.8%	1.1%	2.4%	2.7%	2.5%	3.0%	3.1%	3.4%
1320	1.3%	0.7%	0.6%	1.2%	1.8%	1.7%	2.2%	2.8%	2.9%	3.0%
1322	1.4%	0.7%	0.4%	0.3%	1.1%	1.5%	2.1%	2.6%	2.8%	2.9%
1330	1.9%	1.9%	1.5%	0.5%	-0.8%	-0.4%	1.6%	2.5%	2.7%	2.9%
1438	2.1%	1.5%	0.7%	0.9%	1.2%	0.7%	2.0%	3.0%	3.1%	3.5%
1452	1.1%	0.6%	0.5%	0.6%	2.1%	2.5%	2.3%	2.8%	2.9%	3.2%
1463	1.7%	1.6%	1.5%	0.7%	0.1%	0.5%	2.0%	2.7%	2.9%	3.2%
1624	1.2%	0.8%	0.5%	0.5%	1.3%	1.8%	2.3%	2.8%	3.0%	3.3%
1699	1.8%	1.2%	0.7%	0.2%	0.6%	1.2%	2.1%	2.6%	2.8%	3.1%
1701	1.8%	1.5%	0.3%	0.4%	1.1%	1.1%	2.2%	2.7%	2.9%	3.2%
1710	1.5%	1.3%	1.1%	0.5%	0.3%	0.7%	2.0%	2.7%	2.9%	3.2%
1741	1.1%	0.6%	0.5%	0.4%	1.0%	1.5%	2.2%	2.8%	3.0%	3.3%
1803	1.8%	1.2%	0.5%	0.2%	0.6%	1.2%	2.4%	2.9%	3.0%	3.4%
1925	2.5%	1.7%	1.1%	0.8%	0.8%	0.8%	2.1%	2.9%	3.1%	3.3%
2002	2.2%	1.0%	-0.3%	0.2%	0.8%	0.9%	2.4%	3.3%	3.6%	4.1%
2003	1.4%	0.6%	-0.6%	-0.1%	1.0%	1.6%	2.9%	3.3%	3.5%	4.0%
2014	1.6%	0.6%	-0.4%	0.0%	0.9%	1.5%	2.9%	3.4%	3.3%	4.0%
2030	1.2%	0.7%	-0.3%	0.1%	0.6%	0.7%	2.3%	3.0%	3.3%	3.9%
2063	1.5%	0.7%	-0.4%	0.0%	0.7%	0.7%	2.1%	3.0%	3.2%	3.7%
2081	2.6%	-0.3%	-5.5%	-3.2%	0.5%	0.1%	1.8%	2.8%	3.2%	3.8%
2095	2.5%	-0.1%	-4.8%	-2.7%	0.6%	0.2%	1.9%	2.9%	3.2%	3.7%
2102	1.9%	0.5%	-1.9%	-0.8%	0.9%	1.1%	2.8%	3.4%	3.4%	4.1%
2107	1.5%	0.5%	-0.1%	0.4%	1.4%	2.3%	3.7%	3.8%	3.5%	4.3%
2108	1.5%	0.4%	-0.1%	0.4%	1.3%	2.4%	4.0%	3.9%	3.6%	4.5%
2109	1.5%	0.3%	-0.6%	0.0%	1.2%	2.1%	3.7%	3.7%	3.5%	4.3%
2111	2.2%	0.6%	-2.5%	-1.1%	0.9%	0.7%	2.5%	3.3%	3.4%	4.0%
2113	2.3%	-0.2%	-4.1%	-2.3%	0.6%	0.4%	2.1%	3.0%	3.3%	3.8%

**Annual Change in Wage Level by Class (Preliminary)**  
**Includes Wage Inflation and Impact of Minimum Wage Changes**

Class	Policy Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
2116	1.3%	0.5%	-1.0%	0.0%	1.3%	1.3%	2.5%	3.1%	3.3%	3.8%
2117	1.9%	0.7%	-1.5%	-0.7%	1.1%	1.3%	2.6%	3.2%	3.4%	4.0%
2121	1.0%	0.9%	0.3%	0.6%	1.3%	2.1%	3.2%	3.2%	3.2%	3.6%
2123	1.3%	0.1%	-0.5%	0.2%	1.3%	2.7%	4.3%	4.1%	3.6%	4.6%
2142	1.3%	0.9%	0.4%	0.4%	0.9%	1.6%	3.0%	3.4%	3.3%	3.8%
2150	1.4%	1.0%	0.4%	0.2%	0.9%	1.5%	2.5%	3.0%	3.2%	3.7%
2163	1.3%	0.9%	0.3%	0.4%	0.9%	1.1%	2.4%	3.1%	3.2%	3.6%
2211	2.1%	1.1%	0.3%	0.5%	0.8%	1.0%	2.7%	3.6%	4.0%	4.5%
2222	1.4%	0.9%	0.5%	1.0%	1.3%	1.3%	2.6%	3.4%	3.6%	4.0%
2362	1.5%	1.7%	0.8%	0.9%	1.0%	1.3%	3.0%	3.5%	3.7%	4.1%
2402	1.3%	1.0%	0.5%	0.9%	1.0%	1.3%	3.3%	4.0%	4.5%	4.9%
2413	2.0%	1.2%	0.5%	0.8%	1.0%	0.8%	2.2%	3.0%	3.3%	3.7%
2501	1.5%	1.5%	0.7%	0.7%	1.0%	1.4%	3.1%	3.7%	3.9%	4.3%
2570	1.7%	0.9%	0.3%	0.5%	1.2%	1.9%	3.1%	3.5%	3.9%	4.4%
2571	1.5%	1.1%	0.4%	0.5%	1.0%	1.6%	3.0%	3.4%	3.7%	4.1%
2576	1.7%	1.2%	0.5%	0.6%	0.9%	1.3%	3.1%	3.7%	4.1%	4.5%
2584	1.4%	1.4%	0.7%	0.3%	0.6%	1.4%	2.7%	3.0%	3.0%	3.4%
2585	1.7%	1.6%	1.6%	1.4%	1.5%	2.3%	3.9%	4.1%	4.0%	4.5%
2589	1.7%	1.7%	1.6%	1.4%	1.5%	2.3%	3.8%	4.1%	4.0%	4.5%
2660	2.1%	1.5%	0.8%	0.6%	0.6%	0.8%	2.4%	3.2%	3.4%	3.8%
2683	1.7%	0.9%	0.7%	1.1%	1.1%	0.9%	2.0%	3.0%	3.4%	3.7%
2688	1.7%	1.5%	0.9%	0.9%	1.1%	1.5%	2.8%	3.4%	3.7%	4.0%
2702	2.3%	2.8%	2.8%	1.4%	0.5%	-0.2%	0.5%	2.2%	2.8%	3.4%
2710	1.5%	1.1%	0.7%	0.5%	1.0%	1.6%	2.6%	3.2%	3.3%	3.9%
2727	1.9%	2.5%	2.5%	1.2%	0.6%	0.2%	0.9%	2.2%	2.7%	3.2%
2731	1.5%	1.2%	0.7%	0.4%	0.9%	1.3%	2.1%	3.0%	3.3%	3.6%
2757	1.6%	1.1%	0.5%	0.2%	0.7%	1.4%	2.1%	2.7%	3.1%	3.4%
2759	1.7%	1.2%	0.0%	0.4%	1.1%	1.2%	2.2%	2.9%	3.3%	3.6%
2790	1.8%	1.7%	1.2%	1.0%	1.1%	1.5%	2.8%	3.2%	3.2%	3.4%
2797	2.1%	1.4%	0.8%	0.5%	0.5%	1.0%	2.1%	2.8%	3.2%	3.5%
2806	1.7%	1.5%	0.8%	0.4%	0.6%	1.2%	2.3%	2.8%	3.1%	3.4%
2812	1.7%	1.1%	0.7%	0.7%	0.6%	0.9%	2.2%	2.9%	3.2%	3.5%
2819	2.0%	1.8%	1.0%	0.8%	1.0%	1.3%	2.3%	3.0%	3.2%	3.4%
2840	1.5%	1.5%	0.6%	0.5%	0.8%	1.5%	2.9%	3.1%	3.1%	3.5%
2842	1.8%	1.5%	0.7%	0.5%	0.7%	0.9%	2.2%	2.9%	3.1%	3.5%
2852	1.5%	1.1%	0.4%	0.2%	0.9%	1.7%	2.8%	3.2%	3.5%	3.9%
2881	1.8%	1.3%	0.6%	0.4%	0.9%	1.4%	2.6%	3.2%	3.5%	3.9%
2883	1.7%	1.1%	0.7%	0.7%	1.1%	1.5%	2.5%	3.2%	3.5%	3.8%
2915	1.8%	1.5%	0.7%	0.4%	0.8%	1.3%	2.2%	2.9%	3.2%	3.5%
2923	2.2%	1.4%	0.6%	0.5%	0.7%	0.8%	2.3%	3.2%	3.3%	3.8%
3018	2.6%	2.0%	0.7%	0.7%	1.0%	0.6%	2.0%	3.0%	3.0%	3.3%
3022	2.4%	1.8%	1.0%	1.1%	1.1%	0.6%	1.9%	3.0%	3.1%	3.4%
3030	2.4%	1.7%	1.0%	0.6%	0.5%	0.6%	2.0%	2.8%	3.0%	3.3%
3039	2.3%	1.7%	1.0%	0.8%	0.7%	0.6%	2.0%	2.9%	3.0%	3.3%
3040	2.2%	1.6%	0.9%	0.6%	0.6%	1.0%	2.4%	3.0%	3.1%	3.4%
3060	2.1%	1.5%	0.6%	0.4%	0.8%	1.1%	2.2%	2.9%	3.1%	3.4%
3066	2.5%	1.7%	0.7%	0.6%	1.1%	1.2%	2.3%	3.0%	3.1%	3.4%
3070	2.4%	2.1%	1.4%	1.0%	1.1%	2.6%	3.5%	3.4%	3.5%	3.6%
3076	2.2%	1.3%	0.6%	0.6%	1.1%	1.2%	2.4%	3.2%	3.4%	3.8%

**Annual Change in Wage Level by Class (Preliminary)**  
**Includes Wage Inflation and Impact of Minimum Wage Changes**

Class	Policy Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
3081	2.5%	1.4%	0.8%	0.9%	0.9%	0.5%	2.0%	3.2%	3.3%	3.7%
3082	2.6%	1.8%	1.1%	0.8%	0.7%	0.6%	2.0%	2.9%	3.1%	3.3%
3085	2.6%	1.8%	0.9%	0.9%	1.1%	0.8%	2.1%	3.0%	3.1%	3.4%
3099	1.9%	1.3%	0.8%	0.8%	1.0%	1.1%	2.2%	2.9%	2.9%	3.2%
3110	2.1%	1.4%	0.7%	0.8%	1.2%	1.0%	2.2%	3.0%	3.2%	3.5%
3131	2.0%	1.5%	0.4%	0.8%	1.5%	1.2%	2.3%	3.1%	3.2%	3.5%
3146	2.3%	1.3%	0.7%	1.0%	1.4%	0.9%	2.1%	3.1%	3.2%	3.6%
3152	2.3%	1.7%	0.9%	0.7%	1.1%	1.2%	2.2%	2.8%	2.9%	3.2%
3165	2.4%	1.4%	0.7%	0.8%	1.2%	1.2%	2.3%	3.1%	3.2%	3.5%
3169	2.4%	1.4%	0.5%	0.4%	1.2%	1.3%	2.3%	3.0%	3.2%	3.6%
3175	2.6%	1.4%	0.5%	0.5%	1.1%	1.1%	2.2%	3.0%	3.2%	3.5%
3178	2.4%	1.4%	0.4%	0.5%	0.9%	1.1%	2.4%	3.1%	3.3%	3.6%
3179	2.4%	1.4%	0.5%	0.6%	1.0%	1.1%	2.4%	3.2%	3.5%	3.9%
3180	1.8%	1.1%	0.5%	0.7%	1.4%	1.6%	2.5%	3.1%	3.3%	3.6%
3220	2.7%	1.7%	1.0%	1.0%	1.2%	1.1%	2.2%	3.0%	3.1%	3.5%
3241	2.4%	1.9%	1.0%	1.0%	1.4%	1.0%	2.2%	3.1%	3.2%	3.4%
3257	2.3%	1.4%	0.6%	0.8%	1.2%	0.8%	2.1%	3.1%	3.2%	3.5%
3339	2.5%	1.8%	1.0%	0.8%	0.7%	0.6%	2.1%	3.0%	3.0%	3.3%
3365	2.3%	1.7%	1.1%	0.7%	0.5%	0.9%	2.2%	2.8%	3.0%	3.3%
3372	2.3%	0.8%	0.5%	1.5%	2.0%	0.6%	1.8%	3.4%	3.5%	3.9%
3383	2.3%	0.3%	0.3%	1.6%	1.7%	1.1%	3.2%	4.2%	3.7%	4.0%
3400	2.3%	1.5%	0.7%	0.7%	1.1%	1.1%	2.3%	3.0%	3.2%	3.5%
3401	2.3%	1.6%	0.9%	0.6%	0.8%	1.0%	2.2%	3.0%	3.1%	3.5%
3501	1.9%	1.5%	0.8%	0.6%	1.0%	1.5%	2.5%	3.0%	3.1%	3.4%
3507	2.1%	1.3%	0.6%	0.7%	1.0%	1.2%	2.4%	3.0%	3.1%	3.4%
3560	2.3%	1.5%	0.6%	0.5%	1.0%	1.3%	2.3%	2.9%	3.0%	3.3%
3568	2.5%	2.2%	-0.1%	0.2%	0.4%	0.5%	2.5%	3.0%	3.2%	3.4%
3569	2.2%	1.7%	0.7%	0.6%	1.2%	1.7%	2.4%	2.8%	3.0%	3.2%
3570	2.1%	1.4%	0.7%	0.5%	1.1%	1.4%	2.4%	3.0%	3.2%	3.5%
3572	1.8%	1.6%	1.0%	0.6%	0.8%	1.5%	2.7%	3.1%	3.2%	3.4%
3573	2.2%	0.9%	-0.7%	-0.3%	0.1%	0.3%	2.0%	2.8%	2.9%	3.2%
3574	2.2%	1.5%	0.6%	0.8%	1.1%	1.2%	2.4%	3.1%	3.3%	3.7%
3577	2.6%	1.7%	0.5%	0.5%	1.1%	1.3%	2.4%	3.1%	3.2%	3.5%
3612	2.2%	1.5%	0.6%	0.5%	0.9%	1.3%	2.3%	2.9%	3.1%	3.4%
3620	2.6%	1.9%	1.0%	0.9%	1.1%	1.1%	2.2%	2.9%	3.1%	3.3%
3632	2.3%	1.7%	0.9%	0.6%	1.0%	1.2%	2.3%	2.9%	3.0%	3.3%
3634	2.4%	1.5%	0.7%	0.7%	1.1%	1.2%	2.3%	3.0%	3.2%	3.5%
3643	2.4%	1.7%	0.7%	0.7%	1.3%	1.5%	2.5%	3.0%	3.2%	3.4%
3647	2.2%	1.6%	0.9%	1.0%	1.3%	0.9%	2.1%	3.1%	3.2%	3.5%
3651	2.0%	1.4%	0.6%	0.7%	1.0%	1.1%	2.5%	3.3%	3.5%	3.8%
3681	2.1%	1.7%	0.8%	0.6%	1.0%	1.6%	2.7%	3.1%	3.2%	3.4%
3682	1.7%	1.9%	1.7%	1.2%	1.2%	1.9%	3.1%	3.4%	3.4%	3.7%
3683	1.9%	1.5%	0.6%	0.4%	0.8%	1.4%	2.7%	3.1%	3.1%	3.5%
3719	2.3%	1.8%	1.5%	1.1%	0.7%	1.0%	2.4%	3.0%	3.0%	3.1%
3724	2.4%	1.9%	1.0%	0.5%	0.9%	1.3%	2.5%	3.1%	3.1%	3.3%
3726	1.6%	1.6%	1.4%	1.3%	1.3%	1.6%	2.3%	2.7%	2.8%	3.0%
3805	1.3%	1.4%	1.2%	1.2%	1.4%	1.5%	2.5%	3.0%	3.1%	3.2%
3808	2.4%	1.4%	0.5%	0.7%	1.2%	1.2%	2.3%	3.2%	3.4%	3.8%
3815	2.4%	1.4%	0.7%	0.7%	1.3%	1.4%	2.2%	2.9%	3.2%	3.6%

**Annual Change in Wage Level by Class (Preliminary)**  
**Includes Wage Inflation and Impact of Minimum Wage Changes**

Class	Policy Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
3821	1.0%	1.0%	-0.5%	-1.2%	-0.4%	0.7%	2.0%	2.5%	2.6%	2.8%
3828	1.6%	1.3%	0.3%	-0.1%	0.6%	1.2%	2.3%	2.8%	2.9%	3.2%
3830	2.2%	1.9%	1.2%	1.3%	1.6%	1.6%	2.6%	3.2%	3.2%	3.3%
3831	2.0%	1.7%	1.1%	1.2%	1.4%	1.4%	2.4%	3.1%	3.1%	3.3%
3840	2.3%	1.5%	0.8%	0.7%	1.4%	1.5%	2.3%	3.1%	3.2%	3.6%
4000	1.1%	0.6%	0.2%	0.4%	1.4%	1.8%	2.3%	2.8%	3.0%	3.3%
4034	1.6%	1.2%	0.9%	0.6%	0.8%	1.2%	2.1%	2.7%	2.9%	3.2%
4036	1.9%	1.6%	0.8%	0.3%	0.5%	0.9%	2.2%	2.8%	3.0%	3.4%
4038	1.9%	1.7%	0.7%	0.5%	0.6%	1.1%	3.1%	3.5%	3.0%	3.3%
4041	2.0%	1.1%	0.4%	0.5%	0.8%	0.6%	1.8%	2.8%	3.1%	3.5%
4049	2.4%	1.5%	0.4%	0.5%	0.9%	0.5%	1.7%	2.8%	3.1%	3.4%
4111	2.3%	1.8%	0.8%	0.6%	0.9%	0.8%	2.2%	3.1%	3.3%	3.7%
4112	2.2%	1.9%	1.0%	1.0%	1.3%	1.4%	2.5%	3.1%	3.2%	3.4%
4114	2.7%	1.7%	0.8%	0.8%	1.1%	0.5%	1.6%	3.0%	3.4%	3.8%
4130	1.7%	1.7%	0.8%	0.6%	1.1%	1.3%	2.3%	2.8%	3.0%	3.4%
4150	1.9%	1.4%	0.8%	0.7%	1.0%	1.4%	2.5%	3.0%	3.2%	3.5%
4239	2.1%	1.3%	0.6%	0.6%	1.0%	1.3%	2.1%	2.8%	3.1%	3.4%
4240	2.1%	0.9%	0.1%	0.1%	0.6%	0.9%	2.0%	2.8%	3.1%	3.5%
4243	2.2%	1.1%	0.2%	0.4%	0.9%	1.0%	2.0%	2.9%	3.2%	3.6%
4244	2.1%	1.0%	0.2%	0.3%	0.9%	1.1%	2.0%	2.9%	3.2%	3.6%
4250	2.0%	1.3%	0.4%	0.3%	0.6%	1.0%	2.3%	3.0%	3.2%	3.6%
4251	2.0%	1.0%	0.1%	0.1%	0.7%	0.8%	2.0%	2.9%	3.2%	3.6%
4279	2.1%	1.2%	0.5%	0.5%	0.9%	1.1%	2.1%	2.9%	3.2%	3.5%
4283	2.0%	1.2%	0.6%	0.6%	1.0%	1.2%	2.1%	2.8%	3.0%	3.3%
4286	2.1%	1.1%	0.3%	0.5%	1.1%	1.0%	2.1%	3.0%	3.3%	3.6%
4295	1.5%	1.4%	0.9%	0.8%	0.9%	0.9%	2.4%	3.2%	3.4%	3.7%
4297	1.5%	2.0%	1.3%	0.4%	0.7%	1.2%	3.2%	3.5%	2.9%	3.0%
4299	1.5%	1.1%	0.7%	0.4%	0.5%	0.4%	1.8%	2.9%	2.9%	3.3%
4304	1.3%	1.8%	1.4%	1.0%	0.4%	0.6%	2.1%	2.7%	2.6%	2.8%
4312	1.3%	1.7%	0.8%	1.0%	1.0%	0.9%	2.4%	2.9%	2.8%	3.0%
4351	2.3%	1.1%	0.4%	0.9%	1.3%	0.6%	1.9%	3.1%	3.2%	3.6%
4354	2.9%	1.7%	-0.1%	-0.7%	0.7%	1.7%	2.5%	3.0%	3.2%	3.5%
4361	-2.2%	3.6%	5.8%	2.0%	1.4%	1.1%	2.6%	4.1%	3.8%	4.0%
4362	1.8%	2.1%	0.9%	0.4%	1.0%	2.1%	4.1%	4.0%	3.3%	3.5%
4410	2.4%	1.4%	0.6%	0.6%	1.2%	1.3%	2.4%	3.1%	3.2%	3.5%
4420	1.5%	1.4%	1.0%	0.4%	0.7%	1.3%	2.4%	2.9%	3.1%	3.5%
4432	1.8%	1.1%	0.4%	0.5%	0.8%	0.7%	2.1%	3.1%	3.4%	3.9%
4470	2.2%	1.3%	0.4%	0.5%	1.0%	0.9%	2.2%	3.0%	3.2%	3.6%
4478	2.0%	1.2%	0.3%	0.4%	1.0%	1.2%	2.3%	3.0%	3.2%	3.6%
4492	1.8%	1.8%	0.9%	0.2%	0.4%	1.0%	2.7%	3.3%	3.0%	3.2%
4494	2.0%	1.2%	0.4%	0.4%	1.0%	1.1%	2.2%	3.0%	3.2%	3.6%
4495	1.9%	1.1%	0.4%	0.6%	1.1%	1.1%	2.2%	2.9%	3.1%	3.5%
4496	2.0%	1.7%	0.9%	0.8%	1.2%	1.4%	2.4%	3.0%	3.1%	3.3%
4497	2.1%	1.5%	0.7%	0.8%	1.2%	1.4%	2.5%	3.1%	3.2%	3.5%
4498	2.2%	1.3%	0.5%	0.6%	1.1%	1.1%	2.2%	3.1%	3.3%	3.7%
4499	2.1%	1.2%	0.4%	0.6%	1.1%	1.1%	2.2%	3.0%	3.3%	3.6%
4511	2.3%	1.9%	1.1%	0.8%	1.2%	2.2%	3.1%	3.3%	3.4%	3.5%
4512	2.2%	2.1%	1.4%	0.9%	1.0%	2.3%	3.2%	3.4%	3.5%	3.6%
4557	1.5%	1.2%	0.6%	0.5%	0.8%	1.1%	2.3%	3.1%	3.2%	3.5%

**Annual Change in Wage Level by Class (Preliminary)**  
**Includes Wage Inflation and Impact of Minimum Wage Changes**

Class	Policy Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
4558	1.6%	1.3%	0.5%	0.5%	0.8%	1.1%	2.3%	3.0%	3.1%	3.4%
4611	1.7%	1.6%	1.3%	0.8%	0.9%	1.5%	2.7%	3.3%	3.4%	3.6%
4623	1.8%	1.3%	0.5%	0.7%	1.1%	1.3%	2.5%	3.2%	3.4%	3.9%
4635	1.3%	0.8%	0.4%	0.5%	0.9%	1.1%	2.1%	2.7%	2.9%	3.1%
4665	2.2%	-0.1%	-4.1%	-2.3%	0.6%	0.5%	2.2%	3.0%	3.2%	3.7%
4683	1.6%	0.9%	-0.1%	0.1%	0.8%	1.1%	2.5%	3.1%	3.2%	3.6%
4691	1.9%	1.9%	1.2%	0.7%	0.9%	1.4%	2.7%	3.3%	3.3%	3.6%
4692	0.7%	1.3%	1.1%	1.8%	1.6%	1.3%	2.3%	2.7%	2.9%	3.1%
4717	1.7%	0.7%	-1.3%	-0.4%	0.7%	0.4%	1.9%	2.9%	3.1%	3.5%
4720	1.8%	1.3%	0.5%	0.5%	0.9%	1.2%	2.4%	3.1%	3.3%	3.7%
4740	1.5%	1.6%	1.0%	0.6%	0.7%	1.8%	3.2%	3.5%	3.6%	4.0%
4771	1.8%	1.3%	0.8%	0.8%	1.0%	1.1%	2.3%	3.0%	3.1%	3.3%
4828	1.6%	0.9%	0.2%	0.3%	0.8%	1.0%	2.3%	3.0%	3.2%	3.6%
4829	1.8%	1.1%	0.0%	0.4%	0.9%	1.0%	2.3%	3.1%	3.3%	3.6%
4831	1.8%	1.1%	-0.5%	0.0%	1.0%	1.0%	2.3%	3.1%	3.3%	3.6%
4922	2.4%	1.3%	0.4%	0.6%	0.9%	0.9%	2.4%	3.4%	3.6%	4.1%
4983	2.3%	1.2%	0.3%	0.3%	0.9%	1.0%	2.2%	3.0%	3.2%	3.5%
5020	2.0%	1.2%	0.3%	-0.4%	-0.5%	0.6%	2.3%	2.6%	2.6%	2.8%
5027	1.9%	1.7%	1.5%	0.0%	-1.1%	0.0%	2.1%	2.8%	2.9%	3.2%
5028	1.8%	1.7%	1.6%	0.1%	-1.0%	0.1%	2.1%	2.7%	2.9%	3.2%
5029	2.4%	1.9%	1.0%	0.5%	0.9%	1.3%	2.5%	3.1%	3.1%	3.3%
5040	1.8%	1.7%	1.5%	0.9%	0.5%	1.0%	2.4%	2.9%	3.0%	3.2%
5057	1.8%	1.6%	0.9%	0.8%	0.7%	1.1%	2.4%	2.9%	3.1%	3.4%
5059	2.3%	1.9%	1.1%	0.8%	0.6%	1.0%	2.4%	3.0%	3.1%	3.3%
5102	2.2%	1.5%	0.6%	0.3%	0.4%	1.1%	2.6%	3.1%	3.1%	3.5%
5107	1.7%	1.8%	0.9%	0.1%	0.0%	0.9%	2.4%	2.7%	2.9%	3.2%
5108	1.8%	1.9%	0.9%	0.3%	0.7%	1.5%	2.6%	2.9%	3.0%	3.4%
5128	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	2.4%	3.0%	3.0%	3.2%
5140	3.4%	3.4%	2.3%	1.0%	0.6%	1.3%	2.2%	2.6%	2.7%	3.0%
5146	1.8%	1.8%	0.7%	0.5%	0.4%	0.7%	2.3%	2.9%	2.9%	3.2%
5160	2.0%	1.7%	0.6%	0.2%	1.6%	2.5%	3.1%	3.2%	3.0%	3.2%
5183	2.6%	1.9%	1.6%	1.7%	0.9%	-0.4%	1.0%	2.6%	2.9%	3.1%
5184	2.1%	1.4%	0.6%	-0.1%	-0.4%	0.5%	2.1%	2.7%	2.7%	3.0%
5185	2.7%	2.0%	1.1%	1.8%	1.3%	-0.3%	1.1%	2.7%	3.0%	3.2%
5186	2.8%	2.1%	1.2%	1.6%	1.2%	-0.3%	1.1%	2.7%	2.9%	3.1%
5187	2.6%	1.9%	1.6%	1.7%	1.0%	-0.1%	1.2%	2.7%	2.9%	3.1%
5190	3.2%	3.2%	2.1%	0.9%	0.6%	1.3%	2.3%	2.7%	2.8%	3.0%
5191	1.8%	1.9%	1.1%	0.9%	1.2%	1.7%	2.7%	3.1%	3.1%	3.2%
5192	1.5%	1.4%	0.9%	0.3%	0.2%	1.5%	3.1%	3.1%	3.0%	3.4%
5195	2.5%	2.5%	1.4%	0.6%	0.4%	1.2%	2.5%	2.9%	2.8%	3.0%
5201	1.9%	1.9%	1.6%	0.3%	-1.1%	-0.3%	2.0%	2.6%	2.8%	3.2%
5205	1.9%	2.0%	1.8%	0.5%	-1.0%	-0.3%	1.9%	2.7%	2.8%	3.1%
5212	1.7%	1.8%	2.0%	0.7%	-0.8%	-0.1%	1.9%	2.6%	2.8%	3.2%
5213	2.0%	2.0%	1.7%	0.4%	-0.9%	-0.2%	1.9%	2.7%	2.8%	3.1%
5214	1.5%	1.7%	1.6%	0.7%	-0.6%	-0.2%	1.8%	2.6%	2.8%	3.1%
5222	2.0%	2.0%	2.0%	0.8%	-0.4%	0.0%	1.9%	2.8%	2.9%	3.1%
5225	1.9%	1.7%	1.0%	0.5%	0.3%	0.5%	2.0%	2.7%	2.8%	3.1%
5348	1.7%	1.6%	0.8%	0.2%	0.0%	0.7%	2.3%	2.8%	2.9%	3.2%
5403	2.0%	1.9%	1.2%	0.3%	-0.3%	0.5%	2.2%	2.8%	2.9%	3.2%



**Annual Change in Wage Level by Class (Preliminary)**  
**Includes Wage Inflation and Impact of Minimum Wage Changes**

Class	Policy Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
5432	2.0%	2.0%	1.3%	0.2%	-0.8%	0.1%	2.1%	2.7%	2.8%	3.1%
5436	0.7%	0.7%	-0.1%	-0.5%	0.9%	2.6%	3.1%	2.7%	2.7%	3.1%
5443	2.0%	1.0%	0.0%	-0.6%	-0.5%	0.8%	2.3%	2.6%	2.6%	2.8%
5446	1.9%	1.4%	0.6%	-0.2%	-0.5%	0.6%	2.3%	2.7%	2.7%	3.0%
5447	2.0%	1.4%	0.5%	-0.2%	-0.4%	0.8%	2.4%	2.8%	2.7%	3.0%
5467	1.5%	1.9%	1.0%	0.3%	0.7%	1.5%	2.5%	2.8%	3.0%	3.3%
5470	1.6%	1.7%	1.0%	0.4%	0.6%	1.3%	2.5%	2.8%	2.9%	3.3%
5473	2.2%	1.9%	0.7%	0.2%	0.7%	1.4%	2.4%	3.0%	3.1%	3.3%
5474	1.2%	1.3%	0.8%	0.6%	0.3%	1.4%	3.1%	3.2%	3.4%	3.7%
5479	1.9%	1.3%	0.4%	0.0%	0.3%	1.1%	2.4%	2.8%	2.8%	3.0%
5482	1.3%	1.5%	0.9%	0.6%	0.2%	1.3%	3.1%	3.2%	3.4%	3.7%
5484	1.9%	1.3%	0.3%	-0.3%	-0.2%	0.9%	2.4%	2.7%	2.7%	2.9%
5485	1.9%	1.2%	0.3%	-0.4%	-0.5%	0.6%	2.2%	2.6%	2.6%	2.9%
5506	1.8%	1.9%	1.9%	0.7%	-0.6%	-0.1%	1.9%	2.7%	2.9%	3.2%
5507	1.7%	1.9%	1.9%	0.7%	-0.4%	0.0%	1.8%	2.7%	2.9%	3.1%
5538	2.5%	1.9%	1.7%	1.5%	0.6%	-0.2%	1.3%	2.7%	3.0%	3.2%
5542	2.6%	1.9%	1.7%	1.7%	1.0%	0.0%	1.3%	2.7%	3.0%	3.2%
5552	2.0%	2.2%	3.2%	1.3%	-0.4%	1.3%	3.2%	3.8%	3.8%	4.0%
5553	2.1%	2.2%	3.3%	1.4%	-0.4%	1.3%	3.2%	3.8%	3.9%	4.0%
5606	1.9%	1.9%	1.4%	0.6%	-0.3%	0.3%	2.0%	2.7%	2.8%	3.1%
5610	1.4%	1.5%	0.6%	0.6%	0.7%	1.5%	2.7%	2.9%	3.1%	3.4%
5632	1.9%	1.8%	1.3%	0.3%	-0.8%	-0.1%	1.8%	2.4%	2.7%	2.9%
5633	1.9%	1.4%	0.6%	-0.2%	-0.7%	0.5%	2.3%	2.7%	2.7%	3.0%
5650	2.1%	1.1%	-1.0%	-0.9%	0.6%	2.9%	4.6%	3.6%	3.0%	3.3%
5951	2.0%	1.9%	1.2%	0.8%	1.1%	2.1%	3.2%	3.4%	3.4%	3.6%
6003	1.8%	1.8%	1.5%	0.6%	-0.3%	0.3%	2.0%	2.6%	2.8%	3.1%
6011	1.8%	2.1%	2.3%	0.7%	-1.0%	-0.7%	1.6%	2.7%	2.9%	3.2%
6204	2.0%	1.7%	1.3%	0.6%	0.0%	0.6%	2.3%	2.9%	2.9%	3.3%
6206	2.0%	1.7%	0.7%	0.6%	1.5%	2.0%	2.5%	3.0%	3.1%	3.3%
6213	2.2%	1.5%	0.5%	0.4%	1.0%	1.2%	2.2%	2.8%	3.0%	3.2%
6216	2.0%	1.4%	0.9%	0.6%	0.8%	1.2%	2.2%	2.8%	3.0%	3.2%
6218	2.1%	2.0%	1.3%	0.8%	0.6%	1.0%	2.3%	3.0%	3.1%	3.2%
6220	1.9%	1.9%	1.6%	0.7%	-0.1%	0.4%	2.1%	2.8%	2.9%	3.2%
6233	1.8%	1.8%	1.5%	0.6%	-0.3%	0.1%	1.8%	2.6%	2.8%	3.1%
6235	1.7%	1.0%	0.5%	0.5%	1.2%	1.6%	2.2%	2.7%	2.8%	3.0%
6237	1.7%	1.1%	0.7%	0.4%	1.0%	1.3%	1.9%	2.6%	2.8%	3.1%
6251	2.0%	1.8%	1.5%	0.5%	0.0%	0.6%	2.0%	2.6%	2.8%	3.1%
6258	2.1%	2.0%	1.8%	0.6%	-0.8%	-0.3%	1.9%	2.8%	2.9%	3.2%
6307	2.0%	1.9%	1.7%	0.8%	-0.3%	0.1%	1.8%	2.7%	2.9%	3.1%
6308	1.8%	1.6%	1.3%	0.8%	0.4%	0.7%	2.2%	2.9%	2.9%	3.2%
6315	2.0%	2.0%	1.9%	0.9%	-0.1%	0.3%	2.0%	2.8%	2.9%	3.1%
6316	2.1%	1.9%	1.5%	0.8%	0.1%	0.5%	2.1%	2.8%	2.9%	3.1%
6325	2.5%	2.6%	2.6%	1.9%	0.9%	0.9%	2.3%	3.0%	3.1%	3.3%
6361	2.1%	1.8%	1.7%	1.0%	0.2%	0.6%	2.2%	2.9%	3.0%	3.2%
6364	1.3%	0.9%	0.7%	1.0%	1.0%	1.1%	2.2%	2.7%	2.8%	3.1%
6400	2.0%	2.0%	1.5%	0.5%	-0.2%	0.3%	2.2%	2.8%	2.9%	3.2%
6504	1.8%	0.7%	-1.2%	-0.4%	0.9%	1.1%	2.6%	3.2%	3.4%	3.9%
6834	2.3%	1.6%	0.9%	0.9%	1.1%	1.0%	2.1%	2.9%	3.0%	3.3%
7133	-4.3%	-3.2%	1.2%	3.6%	0.5%	-2.2%	1.0%	2.7%	2.3%	2.5%

**Annual Change in Wage Level by Class (Preliminary)**  
**Includes Wage Inflation and Impact of Minimum Wage Changes**

Class	Policy Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
7198	1.0%	1.4%	1.5%	1.1%	1.4%	2.0%	2.6%	2.8%	3.0%	3.2%
7207	1.7%	1.5%	0.7%	1.0%	1.0%	2.0%	4.8%	4.5%	3.4%	3.9%
7219	0.9%	1.1%	1.2%	0.6%	1.0%	1.7%	2.4%	2.7%	2.8%	3.1%
7227	1.0%	1.2%	1.4%	0.7%	1.1%	1.9%	2.5%	2.8%	3.0%	3.3%
7232	0.7%	1.1%	1.4%	0.8%	1.1%	1.9%	2.4%	2.6%	2.8%	3.0%
7248	3.4%	1.5%	0.8%	0.7%	0.4%	0.2%	2.2%	3.4%	3.0%	3.3%
7272	0.9%	1.0%	1.1%	0.8%	1.2%	1.7%	2.4%	2.7%	2.9%	3.2%
7332	4.3%	0.0%	-3.2%	-0.2%	2.6%	4.5%	4.8%	2.9%	2.7%	2.9%
7360	1.0%	1.1%	1.1%	1.0%	1.3%	1.6%	2.5%	3.0%	3.2%	3.5%
7365	-2.1%	-1.6%	0.9%	3.5%	3.9%	2.0%	2.3%	3.7%	4.4%	4.7%
7382	0.4%	0.5%	0.4%	1.0%	1.7%	1.6%	2.5%	3.3%	3.5%	3.8%
7392	0.9%	1.0%	0.1%	-0.3%	0.2%	1.1%	2.3%	2.6%	2.6%	2.8%
7403	0.9%	1.4%	1.6%	4.1%	3.6%	2.1%	2.5%	2.8%	3.3%	3.4%
7405	0.9%	1.4%	1.6%	4.0%	3.4%	2.0%	2.6%	2.9%	3.3%	3.4%
7409	1.0%	0.1%	0.1%	0.8%	1.6%	2.9%	4.4%	4.1%	3.5%	4.5%
7410	1.0%	0.2%	0.1%	0.8%	1.6%	2.9%	4.4%	4.0%	3.5%	4.5%
7421	1.4%	1.4%	0.8%	0.8%	1.3%	1.7%	2.9%	3.2%	3.1%	3.3%
7424	0.7%	0.8%	0.9%	2.2%	1.9%	1.8%	2.6%	2.6%	2.8%	3.0%
7428	0.3%	0.8%	1.4%	1.7%	1.7%	1.7%	2.6%	3.0%	3.1%	3.3%
7429	-1.2%	0.0%	2.0%	2.4%	2.1%	1.7%	2.6%	3.0%	3.1%	3.3%
7500	2.0%	1.6%	1.3%	1.5%	1.5%	1.2%	2.1%	2.9%	3.0%	3.1%
7515	2.0%	1.4%	1.1%	1.2%	1.6%	1.5%	2.2%	2.9%	3.0%	3.1%
7520	2.9%	2.6%	1.9%	0.8%	0.8%	1.0%	1.7%	2.6%	2.8%	2.9%
7538	2.4%	2.2%	2.4%	2.1%	1.2%	1.4%	2.7%	3.2%	3.4%	3.7%
7539	2.5%	1.4%	0.8%	1.7%	2.3%	2.0%	2.6%	3.3%	3.3%	3.3%
7580	2.5%	2.2%	1.6%	0.8%	1.0%	1.2%	2.0%	2.7%	2.8%	3.0%
7600	1.9%	2.2%	1.7%	1.2%	1.0%	1.3%	2.8%	3.3%	3.1%	3.2%
7601	2.2%	2.1%	2.8%	2.6%	1.3%	1.0%	2.4%	3.3%	3.4%	3.5%
7605	2.9%	2.7%	1.3%	0.6%	0.8%	1.5%	2.6%	2.9%	3.0%	3.2%
7606	3.0%	2.7%	0.5%	-2.0%	-1.6%	0.8%	6.4%	5.9%	3.1%	3.2%
7607	2.0%	2.3%	0.9%	-0.4%	0.2%	1.6%	4.4%	4.3%	3.1%	3.3%
7610	3.1%	3.2%	0.6%	-2.3%	-1.1%	1.6%	6.4%	5.8%	3.2%	3.3%
7706	2.8%	2.0%	1.0%	1.1%	1.7%	2.4%	3.2%	3.3%	3.2%	3.3%
7707* -	-	-	-	-	-	-	-	-	-	-
7720	2.4%	2.2%	0.4%	0.3%	1.5%	2.0%	2.9%	3.4%	3.5%	3.7%
7721	1.9%	1.7%	-0.5%	-0.6%	0.5%	1.6%	3.2%	3.4%	3.5%	3.8%
7722* -	-	-	-	-	-	-	-	-	-	-
7855	1.0%	1.0%	-0.3%	-0.8%	-0.2%	0.7%	2.0%	2.6%	2.7%	2.9%
8001	1.4%	2.1%	1.7%	0.7%	0.6%	0.9%	2.4%	2.8%	2.7%	2.9%
8004	1.2%	0.9%	0.6%	0.6%	1.0%	2.0%	3.0%	3.1%	3.2%	3.8%
8006	1.2%	1.5%	0.9%	0.5%	0.7%	1.5%	3.1%	3.4%	3.5%	4.0%
8008	1.5%	2.0%	1.0%	0.6%	0.8%	1.5%	2.8%	3.1%	3.2%	3.6%
8013	1.6%	1.3%	0.8%	1.2%	1.3%	1.6%	2.8%	3.2%	3.1%	3.4%
8015	1.4%	1.7%	1.0%	0.5%	0.8%	1.6%	2.6%	2.9%	3.0%	3.3%
8017	1.3%	1.7%	0.7%	0.5%	1.0%	1.9%	3.0%	3.1%	3.1%	3.5%
8018	1.5%	1.2%	0.3%	0.1%	0.6%	1.2%	2.5%	3.0%	3.0%	3.4%
8019	1.6%	1.3%	0.7%	0.4%	0.6%	0.4%	1.8%	2.8%	2.9%	3.3%
8021	1.6%	0.6%	-1.0%	-0.5%	0.9%	1.3%	2.4%	3.0%	3.2%	3.7%
8028	1.9%	1.9%	0.8%	0.3%	0.7%	1.4%	2.6%	2.9%	3.0%	3.2%

**Annual Change in Wage Level by Class (Preliminary)**  
**Includes Wage Inflation and Impact of Minimum Wage Changes**

Class	Policy Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
8031	1.2%	1.4%	0.7%	0.5%	0.7%	1.5%	3.1%	3.4%	3.5%	4.0%
8032	1.5%	1.5%	0.7%	0.4%	0.7%	1.2%	2.6%	3.1%	3.2%	3.5%
8039	1.4%	1.8%	0.9%	0.6%	0.9%	1.7%	2.9%	3.1%	3.2%	3.7%
8041	1.0%	1.4%	0.6%	-0.3%	0.0%	1.2%	2.6%	2.8%	2.8%	3.2%
8042	0.7%	0.6%	-0.1%	-0.4%	1.0%	2.6%	3.1%	2.8%	2.8%	3.3%
8046	1.1%	1.2%	0.0%	-0.7%	-0.2%	0.8%	2.1%	2.6%	2.7%	3.0%
8057	1.9%	1.8%	0.8%	0.5%	0.9%	1.6%	2.6%	2.8%	2.9%	3.3%
8059	1.3%	1.5%	0.4%	-0.2%	0.5%	1.6%	2.6%	2.7%	2.8%	3.2%
8060	1.2%	1.5%	0.8%	0.4%	0.6%	1.6%	3.2%	3.4%	3.4%	3.9%
8061	1.2%	1.6%	1.0%	0.6%	0.6%	1.6%	3.3%	3.6%	3.7%	4.2%
8062	1.4%	1.7%	0.4%	-0.3%	0.1%	1.1%	2.5%	2.8%	2.7%	3.0%
8063	1.0%	0.8%	0.0%	-0.3%	1.0%	2.4%	3.0%	2.8%	2.8%	3.2%
8064	1.3%	2.1%	1.3%	0.5%	0.5%	1.2%	2.6%	2.9%	2.9%	3.3%
8065	1.4%	1.5%	0.8%	0.4%	0.8%	1.5%	2.5%	2.9%	3.1%	3.5%
8066	1.4%	2.0%	1.1%	0.6%	0.7%	1.6%	2.9%	3.1%	3.1%	3.6%
8070	1.7%	2.1%	1.2%	0.5%	0.6%	1.5%	2.8%	3.0%	3.0%	3.4%
8071	1.6%	2.1%	1.1%	0.5%	0.7%	1.6%	3.0%	3.2%	3.2%	3.6%
8078	1.2%	0.9%	0.2%	0.5%	1.4%	3.2%	4.8%	4.1%	3.7%	4.1%
8102	1.8%	1.1%	0.6%	0.5%	1.1%	2.3%	3.4%	3.4%	3.4%	3.9%
8106	1.7%	1.3%	0.0%	-0.2%	0.5%	1.1%	2.3%	2.8%	2.8%	3.1%
8107	1.5%	1.1%	0.6%	0.6%	0.9%	1.4%	2.4%	2.8%	2.9%	3.2%
8110	1.4%	1.3%	0.4%	0.2%	0.8%	1.4%	2.4%	2.8%	2.9%	3.1%
8111	1.1%	1.0%	-0.5%	-1.1%	-0.3%	0.7%	2.0%	2.5%	2.6%	2.8%
8116	0.2%	-0.3%	0.0%	1.2%	1.6%	1.9%	2.7%	2.8%	2.8%	3.2%
8117	1.4%	1.2%	0.7%	0.5%	1.0%	1.8%	2.8%	3.1%	3.1%	3.6%
8209	1.3%	0.3%	-0.1%	0.3%	1.3%	2.5%	4.0%	3.9%	3.5%	4.4%
8215	1.5%	0.7%	0.4%	0.4%	1.1%	2.0%	3.2%	3.5%	3.4%	4.0%
8227	1.9%	1.9%	1.6%	0.7%	0.0%	0.5%	2.1%	2.8%	2.9%	3.2%
8232	1.5%	1.6%	0.8%	0.3%	0.7%	1.5%	2.5%	2.8%	3.0%	3.3%
8264	2.0%	1.4%	0.4%	0.2%	0.9%	1.4%	2.5%	3.1%	3.2%	3.6%
8265	1.9%	1.4%	0.1%	-0.2%	0.6%	1.3%	2.4%	2.8%	2.9%	3.2%
8267	1.7%	1.9%	1.0%	0.5%	0.6%	1.3%	2.5%	2.9%	3.0%	3.3%
8278* -	-	-	-	-	-	-	-	-	-	-
8286	1.7%	0.7%	0.1%	0.3%	1.0%	1.9%	3.2%	3.5%	3.4%	4.0%
8290	0.4%	0.5%	0.5%	1.0%	1.7%	2.0%	2.6%	3.1%	3.3%	3.6%
8291	1.3%	0.9%	0.6%	0.3%	1.1%	2.0%	3.0%	3.2%	3.2%	3.8%
8292	1.6%	1.3%	0.8%	0.4%	1.0%	1.5%	2.5%	3.1%	3.2%	3.6%
8293	0.9%	1.1%	1.3%	0.6%	1.0%	1.7%	2.4%	2.6%	2.8%	3.1%
8304	1.6%	0.5%	0.1%	0.3%	1.1%	2.2%	3.6%	3.7%	3.4%	4.2%
8324	1.1%	1.8%	1.3%	0.6%	0.5%	1.8%	3.8%	4.0%	4.1%	4.6%
8350	1.5%	1.4%	1.2%	1.0%	1.2%	1.5%	2.5%	3.0%	3.1%	3.4%
8387	0.8%	1.4%	1.3%	1.0%	1.3%	2.3%	3.7%	3.9%	4.0%	4.5%
8388	1.0%	1.6%	1.3%	0.3%	0.3%	1.3%	2.5%	2.9%	3.0%	3.4%
8389	1.3%	1.5%	1.2%	0.1%	0.4%	1.4%	2.5%	2.9%	3.0%	3.3%
8390	1.8%	0.9%	0.3%	0.6%	1.3%	1.1%	2.1%	3.1%	3.4%	3.8%
8391	1.2%	1.5%	1.1%	0.4%	0.6%	1.5%	2.5%	2.9%	3.0%	3.4%
8392	1.1%	0.9%	0.7%	1.0%	2.0%	2.8%	3.6%	3.8%	3.9%	4.3%
8393	2.1%	1.2%	0.2%	-0.8%	0.1%	1.6%	2.3%	2.6%	2.8%	3.2%
8397	1.0%	1.3%	0.9%	-0.3%	0.0%	1.1%	2.3%	2.7%	2.8%	3.1%

**Annual Change in Wage Level by Class (Preliminary)**  
**Includes Wage Inflation and Impact of Minimum Wage Changes**

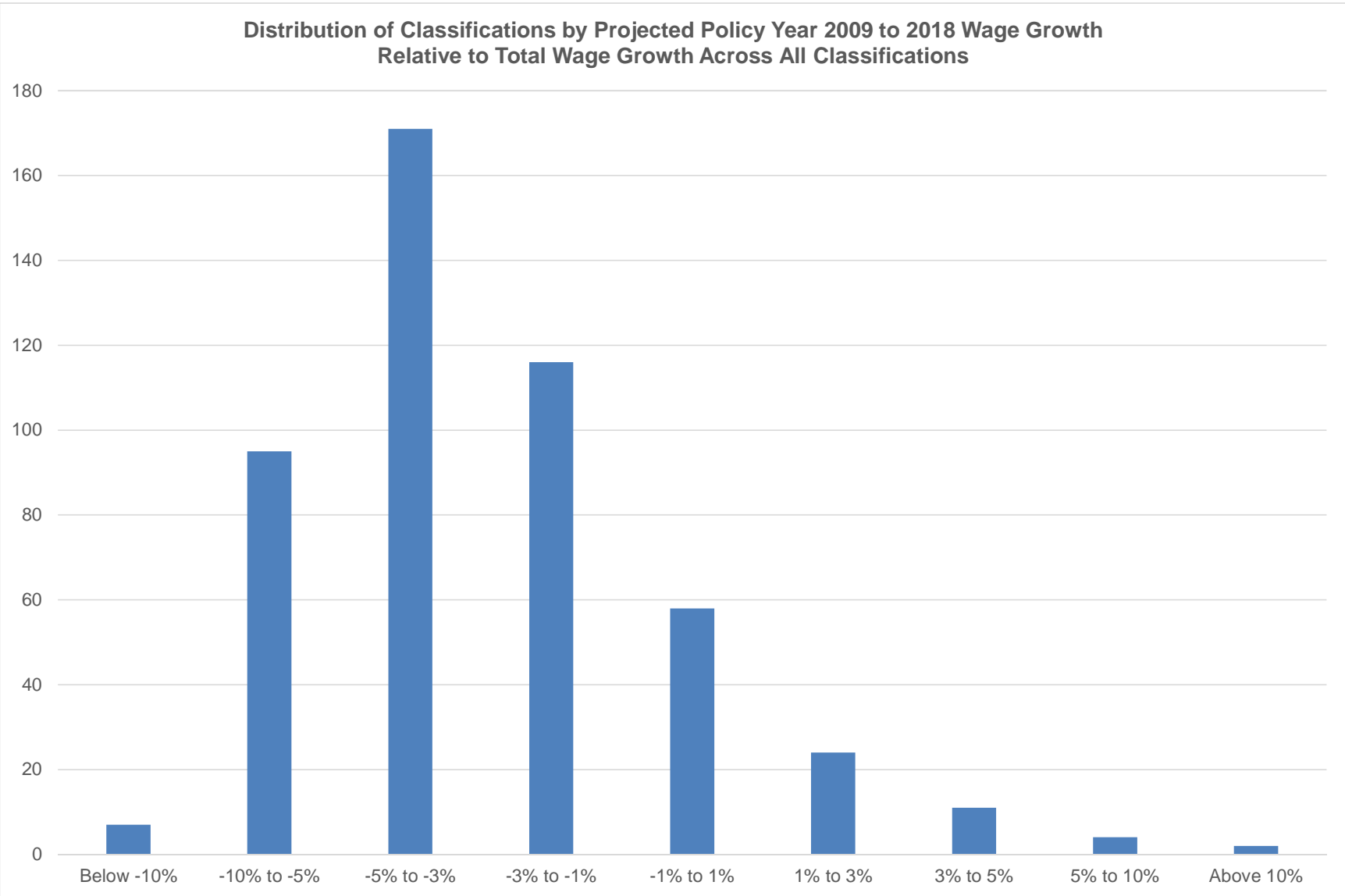
Class	Policy Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
8400	1.6%	1.7%	0.8%	0.2%	0.7%	1.7%	2.9%	3.1%	3.0%	3.4%
8500	1.8%	1.1%	0.1%	0.0%	1.0%	1.5%	2.4%	2.9%	3.0%	3.4%
8601	2.3%	1.8%	1.3%	1.5%	1.7%	1.7%	2.7%	3.2%	3.2%	3.2%
8631**	-	-	-	-	-	-	-	-	-	-
8720	2.1%	1.2%	0.1%	0.5%	1.0%	1.4%	2.6%	3.0%	3.1%	3.3%
8729	3.8%	2.5%	-0.4%	-2.2%	0.7%	3.2%	4.4%	4.2%	3.2%	3.4%
8740	-1.1%	-0.4%	0.4%	1.8%	2.4%	2.3%	2.6%	3.1%	3.3%	3.5%
8741	-2.2%	-1.1%	0.3%	2.2%	3.0%	2.5%	2.5%	3.1%	3.3%	3.4%
8742	2.6%	2.7%	1.3%	1.1%	1.3%	1.0%	2.3%	3.3%	3.4%	3.5%
8743	0.5%	0.6%	0.8%	1.8%	2.4%	2.3%	2.5%	2.8%	2.8%	3.0%
8745	1.0%	1.1%	-0.2%	-0.9%	-0.4%	1.1%	2.6%	2.7%	2.6%	2.9%
8748	1.1%	1.4%	0.8%	0.0%	0.4%	1.3%	2.5%	2.9%	3.0%	3.3%
8749	0.8%	0.9%	0.9%	1.8%	2.2%	2.0%	2.5%	2.9%	2.9%	3.0%
8755	4.5%	3.6%	1.2%	-0.1%	1.0%	2.3%	2.5%	2.8%	2.9%	2.9%
8800	1.5%	1.7%	0.7%	-0.2%	0.3%	1.2%	3.9%	4.1%	2.9%	3.1%
8801	1.7%	1.5%	0.5%	0.7%	1.4%	1.4%	2.3%	3.1%	3.1%	3.2%
8803	1.6%	1.7%	1.0%	1.4%	1.9%	2.2%	3.6%	3.7%	3.3%	3.4%
8804	1.8%	1.9%	1.2%	0.8%	1.3%	1.9%	2.9%	3.2%	3.2%	3.5%
8806	1.1%	1.0%	0.7%	0.6%	0.9%	1.8%	3.2%	3.5%	3.7%	4.1%
8807	1.6%	2.0%	1.2%	0.8%	1.0%	1.4%	2.9%	3.2%	2.9%	3.1%
8808	1.6%	1.3%	0.1%	0.5%	1.3%	1.3%	2.2%	2.9%	2.9%	3.1%
8810	2.7%	2.7%	1.4%	1.2%	1.5%	1.2%	2.5%	3.4%	3.5%	3.6%
8813	1.3%	1.4%	1.1%	0.5%	0.6%	0.6%	2.1%	3.0%	3.1%	3.4%
8818	1.3%	1.9%	1.4%	1.0%	0.4%	0.5%	2.1%	2.7%	2.5%	2.8%
8820	2.9%	1.1%	-0.6%	0.0%	1.2%	1.4%	2.0%	2.3%	2.2%	2.3%
8821	2.6%	1.3%	-0.2%	0.2%	1.1%	1.3%	2.1%	2.5%	2.5%	2.6%
8822	2.8%	0.9%	-0.8%	-0.8%	-0.7%	0.7%	2.3%	2.6%	2.6%	2.7%
8823	1.6%	2.0%	1.7%	0.9%	0.9%	1.9%	3.0%	3.1%	3.2%	3.4%
8827	1.8%	1.9%	1.9%	1.7%	1.6%	2.2%	3.5%	3.8%	3.9%	4.2%
8829	1.8%	2.0%	1.9%	1.8%	1.7%	2.4%	3.6%	3.8%	3.8%	4.1%
8830	1.9%	1.2%	0.5%	1.0%	1.7%	1.6%	2.4%	3.1%	3.3%	3.7%
8831	0.2%	0.7%	1.6%	2.3%	2.1%	1.9%	2.6%	3.0%	2.9%	3.2%
8834	2.0%	3.2%	2.6%	1.7%	1.8%	2.0%	3.2%	3.6%	3.4%	3.5%
8838	1.2%	1.9%	1.4%	1.0%	0.2%	1.2%	3.8%	3.7%	3.1%	3.4%
8839	1.6%	2.2%	1.0%	1.6%	2.5%	2.7%	0.7%	0.4%	2.3%	2.5%
8840	2.3%	2.9%	0.3%	0.2%	0.2%	0.7%	2.9%	3.0%	3.1%	3.3%
8846	1.5%	1.4%	0.9%	0.8%	0.9%	0.8%	2.3%	3.1%	3.3%	3.6%
8847	1.7%	1.1%	-0.2%	-0.5%	0.8%	1.8%	2.6%	2.8%	3.0%	3.3%
8850	1.4%	0.9%	0.1%	0.6%	1.1%	1.4%	2.7%	3.2%	3.0%	3.2%
8851	0.4%	0.8%	1.2%	1.7%	1.9%	2.4%	3.5%	3.7%	3.8%	4.1%
8852	1.9%	2.1%	2.1%	1.9%	1.7%	2.3%	3.6%	3.8%	3.9%	4.2%
8859	2.1%	2.2%	1.1%	1.1%	1.8%	2.2%	3.1%	3.4%	3.2%	3.3%
8868	2.2%	2.2%	1.6%	0.2%	0.7%	2.2%	3.0%	3.0%	3.1%	3.3%
8875	1.7%	2.4%	2.7%	1.3%	0.6%	1.9%	2.9%	3.0%	3.2%	3.3%
9007	-0.3%	0.1%	0.6%	1.3%	1.7%	2.1%	2.9%	3.3%	3.5%	3.8%
9008	2.0%	1.8%	0.8%	0.7%	1.2%	1.6%	2.7%	3.2%	3.2%	3.4%
9009	-0.5%	0.0%	0.6%	1.5%	1.9%	1.9%	2.7%	3.2%	3.3%	3.5%
9010	-0.7%	-0.4%	0.1%	1.3%	2.1%	2.9%	3.0%	3.0%	3.2%	3.5%
9011	-1.1%	-0.5%	0.3%	1.6%	2.3%	2.3%	2.7%	3.1%	3.3%	3.5%
9015	1.4%	1.5%	0.6%	0.6%	0.7%	1.5%	2.7%	2.9%	3.1%	3.4%

**Annual Change in Wage Level by Class (Preliminary)**  
**Includes Wage Inflation and Impact of Minimum Wage Changes**

Class	Policy Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
9016	1.3%	1.7%	0.9%	0.9%	1.0%	1.7%	4.4%	4.2%	3.3%	3.6%
9031	2.2%	0.8%	-1.6%	-1.5%	0.8%	3.3%	3.5%	2.8%	2.9%	3.1%
9033	-0.6%	-0.2%	0.4%	1.5%	2.1%	2.1%	2.8%	3.3%	3.6%	3.9%
9043	2.3%	3.0%	2.6%	2.1%	2.1%	2.5%	3.5%	3.8%	3.7%	3.8%
9048	1.1%	0.7%	0.1%	0.2%	1.0%	3.7%	3.5%	2.4%	2.9%	3.2%
9050	1.1%	1.1%	0.8%	1.1%	1.6%	2.5%	3.6%	3.5%	3.4%	3.7%
9053	1.5%	1.4%	1.2%	1.5%	0.8%	1.5%	3.6%	3.7%	3.6%	4.0%
9059	2.0%	1.8%	1.1%	0.6%	0.7%	1.8%	3.3%	3.5%	3.5%	3.9%
9060	1.2%	1.2%	0.9%	1.0%	1.1%	2.2%	3.6%	3.5%	3.4%	3.8%
9061	1.3%	1.3%	1.2%	1.1%	1.3%	2.7%	3.7%	3.4%	3.4%	3.7%
9066	0.3%	0.5%	0.6%	1.2%	1.7%	2.3%	3.0%	3.1%	3.3%	3.5%
9067	1.5%	1.2%	0.8%	1.1%	1.2%	2.7%	4.5%	3.9%	3.6%	4.0%
9069	0.7%	0.2%	0.3%	1.2%	1.7%	3.4%	4.2%	3.6%	3.7%	4.0%
9070	1.2%	1.4%	1.4%	1.5%	1.6%	2.4%	3.6%	3.8%	3.8%	4.2%
9079	1.1%	0.3%	0.2%	0.5%	1.6%	4.7%	6.6%	5.0%	4.1%	4.5%
9085	1.1%	1.2%	1.2%	1.0%	1.1%	2.1%	3.5%	3.8%	3.9%	4.4%
9092	1.7%	1.7%	0.7%	0.6%	0.9%	2.3%	5.6%	4.9%	3.5%	3.9%
9095	1.3%	1.7%	0.9%	0.9%	1.0%	1.7%	4.4%	4.2%	3.3%	3.6%
9096	1.6%	1.4%	0.2%	0.2%	0.6%	1.1%	2.6%	3.0%	3.1%	3.4%
9097	1.8%	1.6%	1.1%	0.6%	0.2%	0.7%	2.5%	3.0%	3.0%	3.4%
9101	2.2%	2.1%	1.1%	0.0%	0.8%	2.3%	2.9%	3.0%	3.1%	3.3%
9151	2.1%	3.2%	1.1%	0.6%	0.1%	1.2%	7.3%	6.1%	3.0%	3.2%
9154	3.5%	7.3%	3.8%	2.0%	-2.9%	-1.3%	18.3%	12.6%	2.5%	2.6%
9155	1.4%	1.9%	0.7%	0.2%	0.0%	2.1%	7.1%	5.8%	3.6%	3.9%
9156	4.2%	9.4%	4.9%	2.5%	-4.4%	-2.5%	23.8%	15.3%	2.2%	2.3%
9180	1.8%	1.9%	1.2%	1.0%	0.7%	1.8%	5.1%	4.7%	3.4%	3.8%
9181	2.4%	1.9%	0.5%	0.1%	0.5%	1.5%	3.9%	4.1%	3.4%	3.7%
9182	2.4%	2.2%	0.7%	0.2%	0.6%	1.4%	3.7%	3.9%	3.3%	3.5%
9184	0.9%	0.8%	0.6%	0.3%	-1.2%	-0.6%	2.8%	3.3%	2.7%	3.0%
9185	1.9%	2.5%	1.8%	1.3%	1.1%	1.7%	4.5%	4.4%	3.4%	3.7%
9220	0.5%	0.4%	-0.3%	-0.8%	-0.4%	0.1%	3.1%	3.8%	3.2%	3.4%
9402	1.9%	1.5%	0.6%	0.1%	1.2%	2.3%	2.8%	2.9%	3.0%	3.3%
9403	1.7%	1.3%	0.5%	0.0%	1.1%	2.2%	2.8%	2.9%	3.0%	3.2%
9410	1.7%	1.3%	1.0%	0.9%	1.1%	1.5%	2.6%	3.2%	3.4%	3.7%
9420	1.7%	1.2%	0.8%	1.0%	1.3%	1.5%	2.5%	3.1%	3.4%	3.8%
9422	2.8%	1.9%	1.0%	0.6%	0.7%	0.8%	2.0%	3.0%	3.3%	3.7%
9424	1.7%	1.2%	0.4%	-0.1%	1.1%	2.3%	2.8%	2.9%	3.0%	3.3%
9426	1.9%	1.4%	0.1%	-0.3%	0.9%	1.9%	2.6%	2.8%	2.9%	3.2%
9501	1.9%	1.2%	0.8%	1.1%	1.3%	1.0%	2.3%	3.2%	3.3%	3.7%
9507	1.3%	1.8%	1.3%	0.5%	0.5%	0.8%	2.7%	3.3%	3.0%	3.3%
9516	2.3%	2.2%	1.1%	0.6%	1.0%	1.5%	2.8%	3.3%	3.1%	3.3%
9519	1.5%	1.5%	0.7%	0.5%	0.8%	1.5%	2.7%	3.1%	3.1%	3.5%
9521	0.8%	0.8%	0.2%	-0.3%	0.8%	2.4%	3.1%	2.8%	2.8%	3.2%
9522	1.7%	1.3%	0.9%	0.6%	1.0%	1.5%	2.6%	3.2%	3.5%	3.9%
9529	2.1%	2.0%	1.4%	0.5%	-0.3%	0.3%	2.3%	2.9%	3.0%	3.2%
9549	1.5%	1.8%	0.6%	-1.0%	-0.4%	1.1%	4.5%	4.5%	2.8%	2.8%
9552	1.9%	1.9%	1.3%	0.3%	0.0%	0.8%	2.6%	3.1%	2.9%	3.1%
9586	0.7%	1.3%	1.3%	1.2%	0.8%	2.6%	3.9%	3.6%	3.7%	4.3%
9610	1.9%	2.4%	1.2%	0.9%	1.0%	1.8%	5.5%	5.1%	3.2%	3.3%
9620	0.4%	0.3%	-0.5%	-1.0%	-0.6%	0.0%	3.1%	3.9%	3.2%	3.5%
All-Class Total	2.1%	2.1%	1.2%	1.0%	1.3%	1.7%	2.9%	3.3%	3.3%	3.5%

\* Per Capita Class that does not use wages as an exposure basis

\*\* Future Per Capita Class that will not use wages as an exposure basis



## Item AC16-12-04

### Potential 2017 Actuarial and Research Study Projects

Potential actuarial and medical research studies under consideration for 2017 are shown below. Also shown for each potential study is staff's assessment of the current status of the study. Committee input is being solicited as to the completeness and relative priority of these potential studies.

#### A. Studies/Projects Arising Out of California Department of Insurance (CDI) Directives

1. Rate Filing Procedures – Industry Average Rates. In the CDI Decision on the January 1, 2011 Pure Premium Rate Filing as modified by the Commissioner's June 21, 2011 directive, the WCIRB was directed to include information on industry average filed and charged rates in WCIRB pure premium rate filings.

**Project Status:** In response to the CDI directive, in 2011, the WCIRB developed a process to compute industry average filed rates by classification with respect to the January 1, 2012 Pure Premium Rate Filing. In 2013, the WCIRB, in consultation with the CDI, developed an alternative simplified process to be used for potential mid-year filings that produced January 1 average insurer rate estimates of comparable accuracy to the more comprehensive process. As in the last several years, staff anticipates using the simplified process to determine industry average rates as of January 1, 2017 for purpose of a potential July 1, 2017 Pure Premium Rate Filing and the comprehensive process to compute industry average filed rates as of July 1, 2017 for purposes of the January 1, 2018 Pure Premium Rate Filing.

2. Medical Cost Containment Program Costs. In the Decision on the July 1, 2009 Pure Premium Rate Filing, the WCIRB was directed to modify reporting requirements to specify that the cost of medical cost containment programs (MCCP) be reported as allocated loss adjustment expenses (ALAE) rather than as medical losses. In the Decision on the January 1, 2012 Pure Premium Rate Filing, the WCIRB was directed to include the cost of medical cost containment programs disaggregated from other medical costs in the next filing.

**Project Status:** In the January 1, 2010 Pure Premium Rate Filing, the WCIRB filed, and the CDI adopted, changes to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* to require that the cost of MCCP on policies incepting on or after July 1, 2010 be reported as ALAE. In the last several pure premium rate filings, the WCIRB projected medical costs exclusive of MCCP costs, which were separately projected as a component of ALAE. The January 1, 2017 Pure Premium Rate Filing reflected several changes to the methodology to separately project the cost of MCCP as recommended by the Actuarial Committee at the June 17, 2016 meeting. At the June 17, 2016 meeting, the Committee also recommended that longer-term trends in MCCP loss development be analyzed in the future. Staff anticipates deferring this additional work to beyond 2017 to allow time for additional stand-alone MCCP development to mature.

3. Independent Medical Review. In several recent pure premium rate decisions, the WCIRB was directed to study the impact of independent medical review (IMR) on system costs.

**Project Status:** In the WCIRB's most recent Senate Bill No. 863 (SB 863) Cost Monitoring Report released on November 17, 2016, the WCIRB advised that the much greater than anticipated volume of IMR requests was significantly eroding any administrative savings arising from IMR and there is no evidence of any savings in reduced temporary disability duration. In addition, the WCIRB noted that, while we can't parse the impact of IMR provisions on medical utilization levels from other SB 863 components, there is evidence

that SB 863 has significantly reduced the level of medical utilization. In total, the WCIRB estimated a 10% reduction in medical severities as a result of SB 863 beyond the items specifically measured. Although staff is not planning to update the comprehensive SB 863 Cost Monitoring Report and its IMR component in 2017, we plan to continue to monitor and report on the volume of IMRs and expedited hearings as well as on temporary disability duration and the utilization of medical services. Staff anticipates providing updates on this information in the third and fourth quarters of 2017.

4. Unallocated Loss Adjustment Expense Reporting. In the July 1, 2015 and January 1, 2016 Pure Premium Rate Filings, the CDI directed the WCIRB to continue its efforts to correct for any discrepancies in reported unallocated loss adjustment expense (ULAE) based on the widely divergent reported amounts by insurers.

**Project Status:** At the August 6, 2015 meeting, the Actuarial Committee adopted significant changes to the WCIRB's Expense Call to correct for significant issues related to the reporting of ULAE pertaining to large deductible and third party administrator (TPA) related costs. In 2016, the WCIRB implemented the new Expense Call and updated ULAE information was reviewed by the Actuarial Committee at the August 3, 2016 meeting and reflected in the January 1, 2017 Pure Premium Rate Filing. At the August 3, 2016 meeting, the Actuarial Committee also agreed that while paid losses is a reasonable basis to apportion countrywide ULAE costs, the basis should be reviewed in the future once sufficient ULAE information under the modified Expense Call is available. Staff anticipates reviewing the basis of ULAE apportionment in the fourth quarter of 2017.

5. Indemnity Claim Frequency. In the CDI Decision on the January 1, 2017 Pure Premium Rate Filing, the CDI recommended that the WCIRB review its frequency projection model in light of the continued increases in indemnity claim frequency.

**Project Status:** The WCIRB regularly reviews its frequency projection model and has made a number of enhancements over the years. Staff anticipates completing a review of the model parameters and including consideration of a time-series approach by the third quarter of 2017.

6. Terrorism Data Reporting. In early 2016, the CDI directed staff to provide information to both the National Association of Insurance Commissioners (NAIC) and the Federal Insurance Office (FIO) related to terrorism exposure in California workers' compensation.

**Project Status:** In early 2016, the WCIRB issued a special call related to terrorism premiums and based on that information and data already collected via unit statistical reports provided the information requested by the NAIC on terrorism charges by insurer on a confidential basis. Also, at the direction of the CDI, the WCIRB provided the FIO, on a confidential basis, aggregated information regarding the WCIRB's estimate of the total statewide workers' compensation reported payroll and direct earned premium for calendar year 2015 for the industrial sectors and geographical regions specified in the FIO request. Assuming similar information is requested by the NAIC and the FIO, staff anticipates providing an annual update to that information in the second quarter of 2017.

## **B. Studies/Projects Directed by Legislation**

1. Statewide Paid Costs. Section 11759.1 of the Insurance Code requires the WCIRB to report annually on workers' compensation costs paid during the preceding calendar year. The 2016 calendar year report is required to be completed by June of 2017.

**Project Status:** Staff anticipates publishing the report by the end of the second quarter of 2017 following the Actuarial Committee's review. In addition, as in the last several years, staff anticipates compiling information from this report and other WCIRB reports into a



**high-level “executive summary” of the state of the California workers’ compensation system by the third quarter of 2017.**

2. Policyholder Dividends. Section 11739 of the Insurance Code requires the WCIRB to collect information on policyholder dividends in California and prepare an annual report to the Insurance Commissioner.

**Project Status: Staff anticipates providing the report to the CDI by the third quarter of 2017.**

**C. Cost Impact of Legislative Changes**

1. SB 863 Cost Monitoring. SB 863 was enacted in 2012 and included a number of reform provisions related to the California benefit delivery system. In March of 2013, the WCIRB submitted a comprehensive plan to the CDI to monitor the emerging costs related to SB 863. The WCIRB’s fourth and final comprehensive retrospective cost evaluation of SB 863 was published on November 17, 2016.

**Project Status: While the final comprehensive SB 863 monitoring report was published on November 17, 2016, at the November 8, 2016 joint Actuarial Committee and Claims Working Group meeting, it was agreed that staff will prepare summaries of the key elements of SB 863 that are still emerging, such as the changes related to the permanent disability add-ons. Staff anticipates compiling and summarizing this updated information in the fourth quarter of 2017.**

2. Review of SB 863 Ratemaking Adjustments. The WCIRB’s initial evaluations of SB 863 included estimates to several impacted system components that were in part based on judgmental assumptions that may or may not materialize. These estimates were reflected in the on-leveling adjustments reflected in the January 1, 2013 and subsequent pure premium rate filings.

**Project Status: Staff adjusted several on-level factors based on differences in emerging experience from that reflected in the WCIRB’s initial SB 863 projections as part of a number of recent pure premium rate filings. Staff will update the on-level adjustments based on the 2016 SB 863 Cost Monitoring Report in the first quarter of 2017 as part of the potential July 1, 2017 Pure Premium Rate Filing process. In particular, staff will prepare an analysis of the distribution of the estimated 10% SB 863 reduction in medical severities by accident year.**

3. Revised Physician Fee Schedule. SB 863 provides for a four-year transition of the Official Medical Fee Schedule (OMFS) to a Resource-Based Relative Value Scale (RBRVS) basis. The Division of Workers’ Compensation (DWC) adopted a physician fee schedule based on RBRVS effective October 2, 2013. The WCIRB’s initial evaluation of the new fee schedule for physicians was completed in October of 2013 and the estimates were reflected in the Amended January 1, 2014 Pure Premium Rate Filing.

**Project Status: Staff has regularly updated its initial evaluation of the new physician fee schedule based on post-RBRVS experience and the updated estimates have been reflected in subsequent pure premium rate filings. Staff anticipates updating the analysis with medical transaction experience through the end of 2016 for consideration of the January 1, 2018 Pure Premium Rate Filing by the third quarter of 2017. In addition, staff anticipates updating the analysis with experience through June 30, 2017 by the fourth quarter of 2017.**

4. New SB 863 Fee Schedules. SB 863 provides for new fee schedules for interpreter, copy and home health services to be promulgated.

**Project Status:** The DWC promulgated a schedule for copy services effective July 1, 2015. The Actuarial Committee reviewed the impact of this schedule in the second quarter of 2015 and agreed that no prospective pure premium rate adjustment was appropriate. The initial experience for copy service reports under the new schedule was reviewed by the Actuarial Committee and Claims Working Group at the November 8, 2016 meeting. At this time, the DWC has not promulgated final schedules for interpreter and home health services. If either of those fee schedules are finalized, working with the Claims Working Group, Medical Analytics Working Group and Actuarial Committee, staff anticipates completing its analysis of the pure premium rate impact of the new fee schedules within 120 days of the final values being promulgated.

5. Drug Formulary. Assembly Bill No. 1124 requires the DWC to establish a formulary for prescription medications to be effective July 1, 2017.

**Project Status:** Working with the Medical Analytics Working Group and Actuarial Committee, staff anticipates completing its analysis of the pure premium rate impact of the new formulary within 90 days of the final values being promulgated.

5. Impact of Senate Bill No. 1160 (SB 1160) and Assembly Bill No. 1244 (AB 1244). SB 1160 and AB 1244 were signed into law on September 30, 2016. Primarily, SB 1160 restricts utilization review within the first 30 days of treatment on injuries occurring on or after January 1, 2018 and SB 1160 and AB 1244 include a number of provisions related to liens. The WCIRB's cost evaluation of SB 1160 and AB 1244 as reviewed by the Actuarial Committee at the September 1, 2016 and September 6, 2016 meetings was reflected in the WCIRB's Amended January 1, 2017 Pure Premium Rate Filing.

**Project Status:** Staff anticipates reviewing the number of liens filed and the cost of lien settlements on a quarterly basis subsequent to SB 1160 and AB 1244 beginning in the second quarter of 2017. The cost estimates reflected in the WCIRB's pure premium rate filing will be reviewed in the third quarter of 2017 in preparation of the January 1, 2018 Pure Premium Rate Filing. The potential impact of the SB 1160 restrictions on utilization review within the first 30 days on the level of medical services provided will be reviewed in the latter part of 2018.

#### **D. Other Studies Directly Impacting Pure Premium Rates and Rate Level Projections**

1. Classification Ratemaking Methodologies. In adopting new loss development groupings for classification relativities at the September 8, 2010 meeting, the Actuarial Committee also recommended several areas of additional actuarial research.

**Project Status:** Refinements to the loss development process for classification relativities and other refinements that were approved at the April 2, 2012 meeting were implemented in 2013 and reflected in the January 1, 2014 Pure Premium Rate Filing. In 2014, staff began a multi-year study of stochastic loss development, as used in loss development for the advisory retrospective rating plan values, for classification ratemaking and presented the analysis at the December 3, 2014 Actuarial Committee meeting. At the December 3, 2014 meeting, the Committee agreed that a stochastic approach for classification relativity loss development is promising but requires significant additional study. Staff doesn't anticipate further work on this topic in 2017.

2. On-Level Adjustment for Wage Level Differences in Classification Relativity Analysis. Currently, the WCIRB's classification relativity process does not adjust for wage level growth differences by classification. At the August 6, 2015 meeting, the Actuarial Committee suggested that the

accuracy of the classification relativity process can potentially be enhanced by considering such differences in the analysis.

**Project Status: An analysis of the impact of wage level growth differences by classification in the classification relativity analysis will be discussed at the December 6, 2016 Actuarial Committee meeting (see Agenda Item AC16-12-03). Assuming approval from the Actuarial Committee to move forward, staff anticipates implementing the methodology enhancements in the first two quarters of 2017 as part of the 2018 classification relativities included in the January 1, 2018 Regulatory Filing.**

3. Study of Dual Wage Thresholds. At the June 15, 2016 meeting, the Classification and Rating Committee discussed the analysis of all sixteen dual wage classification thresholds scheduled for 2017 in preparation for the January 1, 2018 Regulatory Filing. The Committee concurred with staff's recommendation for the 2017 analysis that includes an analytical review of all dual wage classification thresholds using unit statistical data and external wage data from published governmental sources.

**Project Status: At the October 25, 2016 meeting, the Classification and Rating Committee reviewed the staff's analytic approach to determining the appropriate dual wage threshold for each dual wage classification and agreed it was a reasonable basis to move forward. Staff anticipates preparing a recommendation of the indicated threshold change for each classification based on this analysis and, when appropriate, special wage surveys of specified dual wage classifications for the Classification and Rating Committee's review in the second quarter of 2017 in preparation for the January 1, 2018 Regulatory Filing.**

4. Study of Allocated Loss Adjustment Expense Methodologies. At the August 2, 2012 meeting, the Actuarial Committee discussed the methodology used to project ALAE and recommended that the WCIRB undertake a comprehensive analysis of that methodology.

**Project Status: Staff's analysis of ALAE projection methodologies with several recommended ALAE projection methodology enhancements was adopted at the March 18, 2015 Actuarial Committee meeting and reflected in the January 1, 2016 Pure Premium Rate Filing. An analysis of the factors driving the high level of ALAE in California was reviewed by the Actuarial Committee and the Claims Working Group at the November 8, 2016 meeting and is anticipated to be published in December of 2016. Staff anticipates reviewing the ALAE projection methodology in light of the December 2016 WCIRB study in the fourth quarter of 2017.**

5. Study of Unallocated Loss Adjustment Expense Methodologies. At the August 6, 2015 meeting, the Actuarial Committee noted that a comprehensive review of the ULAE projection methodology was last undertaken in 2010.

**Project Status: Staff anticipates undertaking this analysis once two years of ULAE data reported under the new Expense Call methodology are available in the third and fourth quarters of 2017.**

6. Study of Claim Settlement-Adjusted Paid Loss Development. At the August 3, 2016 and September 1, 2016 meetings, the Actuarial Committee discussed adjusting paid loss development for the speed-up in claim settlement rates that has occurred over the last several years. While the Committee recognized there was an acceleration in claim settlement following SB 863, there were concerns in applying the WCIRB's standard adjustment methodology until such time as an in depth review of the specific adjustment methodology can be undertaken.<sup>1</sup>

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<sup>1</sup> The Governing Committee recommended adjusting for the claim settlement acceleration in making the January 1, 2017 Pure Premium Rate Filing and the Amended January 1, 2017 Pure Premium Rate Filing.

**Project Status:** Staff anticipates completing an analysis of the claim settlement-adjusted paid loss development methodology for the Committee's review in the first quarter of 2017 in preparation for a potential July 1, 2017 Pure Premium Rate Filing.

7. Study of Alternative Loss Trending Methodologies. At the September 1, 2016 meeting, while the Actuarial Committee continued to recommend trending claim frequency and claim severity separately, the Committee also recommended that the WCIRB's trend methodology be reviewed in depth considering the interrelationship between frequency and severity as well as recent loss ratio trends.

**Project Status:** At the December 5, 2012 meeting, the Committee reviewed an in-depth study of alternative trending methodologies that suggested that while loss ratio trending methodologies tended to out-perform separate frequency and severity projections during periods of stability, the converse is true during transitional periods. An update to this analysis was reviewed by the Committee at the August 6, 2015 meeting. Staff anticipates updating the analysis during the third quarter of 2017 in preparation for the January 1, 2018 Pure Premium Rate Filing.

8. Study of Wage Level Projections and Other On-Level Adjustments. For many years, the WCIRB has relied upon UCLA Anderson School of Business as the basis for projections of future wage level growth. In light of the impact the relatively robust wage growth forecasts were having on the rate level projections and that it had been a number of years since the Committee had conducted a significant review of the basis of the wage forecasts, at the August 6, 2015 meeting, the Actuarial Committee recommended that staff undertake a comprehensive review of the basis of wage level forecasts. Additionally, since it has been a number of years in which other on-level adjustments to premiums and losses have been reviewed, staff also recommends conducting a review of all on-level adjustments reflected in the pure premium rate filing.

**Project Status:** Staff provided the Committee an initial preliminary analysis of the accuracy of UCLA wage level forecasts at the September 2, 2015 meeting. The preliminary analysis showed that the UCLA forecasts were consistently better predictors of future changes in wage levels during the periods reviewed than using a short- or long-term average. Staff anticipates undertaking a more comprehensive analysis of the basis of wage level growth forecasts as well as other on-level adjustments in the fourth quarter of 2017.

#### **E. Other Studies Indirectly Impacting Rate Level Projections**

1. Study of Medicare "Set-asides" (MSAs). At the July 28, 2015 meeting, the Claims Working Group recommended that consideration be given to conducting a more in-depth study of MSAs.

**Project Status:** At the March 23, 2016 meeting, the Claims Working Group discussed a potential study on the cost of MSAs that provided additional information on the frequency in which MSAs are used and the costs involved when MSAs are used. Prior to undertaking a more comprehensive study, the Working Group agreed that staff should compare post-settlement loss development patterns of claims that are settled through a compromise and release (C&R), which includes a settlement component for future medical losses, with those settled through a stipulated award.

The Claims Working Group and Actuarial Committee reviewed the development differences between C&R settled claims and stipulated award settled claims at the November 8, 2016 meeting. Following that review, it was agreed that staff would prepare an outline of a potential comprehensive study on the cost impact of MSAs for the Claims Working Group's consideration in the first quarter of 2017 and, if recommended by the Working Group, staff anticipates conducting the study in the third and fourth quarter of 2017.

2. Impact of the Affordable Care Act (ACA) on Workers' Compensation Costs. The ACA is likely to fundamentally alter the healthcare delivery system in the United States and may have significant impacts on workers' compensation medical costs in California. At the October 1, 2013 meeting, the Medical Analytics Working Group discussed various ways to assess the ACA impact on California workers' compensation costs.

**Project Status:** At the December 4, 2013 meeting, the Committee discussed a number of cost components that the Medical Analytics Working Group had identified as potentially impacted by the ACA. While the Committee agreed that these areas should continue to be monitored, it was agreed that it was premature for the WCIRB to undertake a comprehensive analysis of the impact of ACA on California workers' compensation medical costs until sufficient time has elapsed. Staff believes sufficient time has elapsed with enough additional workers covered in California to conduct an initial evaluation of potential impacts along the criteria identified in 2013 and, the uncertainty over the future of the ACA notwithstanding, staff anticipates preparing an analysis of the potential impacts in the third quarter of 2017.

3. Analysis of California Regional Differences. Recent WCIRB analyses of claim frequency, cumulative injuries, liens, and other system components have suggested that there are significant differences across California. However, analyses of these differences have been limited by the data the WCIRB has historically collected on location. At the July 25, 2014 meeting, the Actuarial Research Working Group discussed potential alternative sources of geographical information to enhance analyses of regional differences.

**Project Status:** Staff used a wide range of available information to prepare an analysis of regional differences in components such as frequency, severity and permanent disability patterns. The WCIRB's reports on regional differences were published on November 5, 2015 and October 24, 2016. Staff anticipates continuing this work in 2017 by also including a focus on regional differences in medical treatment patterns and litigation related costs as well as recent year-to-year changes with a follow-up report to be published by the fourth quarter of 2017.

4. Analysis of Cumulative Trauma Claims. Recent Actuarial Committee analyses of claim frequency changes have indicated that cumulative trauma claims are an increasingly significant component of the changes. In addition, the Committee has expressed concern that the separate reporting of the cumulative injury component of a claim that also has a specific injury component may be increasing frequency and having a dampening effect on severity growth.

**Project Status:** Staff is undertaking a joint study with the California Workers' Compensation Institute to use medical transaction data to analyze the medical claim characteristics of cumulative injuries. It is anticipated the study will be published by first quarter of 2017.

5. Analysis of Factors Driving California Medical Payout Pattern. Staff analysis has shown that the very slow rate of medical loss payouts is one of the key contributing factors to the high medical costs in California.

**Project Status:** Staff published a comprehensive analysis of the factors driving the medical loss payout pattern in California and how those patterns differ from patterns in other states on July 8, 2015. While not planning a major update to the report in 2017, staff anticipates updating some of the key comparisons of California to the rest of the country with respect to medical payouts in the second quarter of 2017.

6. Average Wage Data Analysis. Staff last developed an Average Wage Data Analysis in 2011 based on policy years 2006-2008. The summary relates historical and projected wage levels by classification to industries, recognizing differences in payroll exclusions in developing insured exposures and differences in the allocation of standard exception classifications.

**Project Status: Staff is presenting an analysis on average wage levels by classification that includes consideration of minimum wage changes at the December 6, 2016 meeting (see Agenda Item AC16-12-02). Staff anticipates publishing a report with this information in the first quarter of 2017.**

#### **F. Studies Related to Rating Plans**

1. Credibility Values Update and the Variable Split Plan. In a July 8, 2008 report, the Experience Rating Task Force recommended that the credibility values in the *California Workers' Compensation Experience Rating Plan—1995* (Experience Rating Plan) be updated frequently to minimize the potential for significant employer dislocations.

**Project Status: Following approval of the Actuarial and Classification and Rating Committees, the WCIRB proposed and the Insurance Commissioner adopted a variable split experience rating plan as part of the 2016 Regulatory Filing to be effective January 1, 2017. Actual 2017 variable split rating values were proposed by the WCIRB as part of the 2017 Regulatory Filing and adopted by the Insurance Commissioner. Since the Commissioner's decision, the WCIRB has been issuing 2017 experience modifications under the new formula. The variable split formula provides the opportunity to greatly simplify the experience rating formula. Staff anticipates preparing the simplified formula and experience rating worksheet by the second quarter of 2017 and, pending Classification and Rating Committee approval, proposing the change as part of the 2018 Regulatory Filing to be effective January 1, 2019.**

2. Experience Rating Plan – Small Medical-Only Claims. The potential non-reporting of small medical-only or "first aid" claims has been a longstanding concern. At the October 7, 2014 meeting, the Classification and Rating Committee considered whether staff should undertake an actuarial review of alternative approaches to address the potential underreporting of small medical only claims, including eliminating either all "first aid" claims or the first \$500 or \$1,000 from each medical-only claim in the experience rating computation. The Committee agreed that prior to undertaking an actuarial analysis of these approaches, the WCIRB should schedule a meeting with interested parties including regulators, insurers, employers and labor, to discuss the issues surrounding the reporting of small medical-only claims and potential approaches to address those issues.

**Project Status: On March 14, 2016, the Working Group on the Reporting of Small Medical-Only Claims met to discuss the various issues around the reporting of small medical-only claims. The consensus of the Working Group was that the Uniform Statistical Reporting Plan (USRP) should be modified to clearly indicate that all claims in which medical costs are incurred should be reported to the WCIRB and that the WCIRB should continue to research the feasibility of eliminating the first \$250 of medical losses on each claim in the experience rating formula. Based on the recommendations of the Working Group, at the May 10, 2016 meeting, the Classification and Rating Committee recommended that the USRP modifications be proposed as part of the 2017 Regulatory Filing (the proposed changes were adopted by the Commissioner) and the feasibility of eliminating the first \$250 of medical in the experience rating formula be further analyzed. Staff anticipates presenting the results of this feasibility analysis in the second quarter of 2017 and pending Classification and Rating Committee and Actuarial Committee approval, proposing the change as part of the 2018 Regulatory Filing to be effective January 1, 2019.**

3. Experience Rating Eligibility. At the October 22, 2014 meeting, the Actuarial Research Working Group discussed changes to the experience rating eligibility criteria to facilitate an earlier issuance of January experience modifications by linking experience rating eligibility to expected loss rates rather than pure premium rates. During the meeting, it was noted that staff has not completed a comprehensive review of experience rating eligibility in a number of years.

**Project Status:** In 2015, the WCIRB facilitated a significantly earlier issuance of January experience modifications by changing the basis of eligibility from pure premium rates to expected loss rates. Staff does not recommend a comprehensive review of experience rating eligibility until such time as any potential changes to the Plan resulting from the analysis of small medical-only claims is implemented. In any case, staff anticipates no further analysis of experience rating eligibility in 2017.

4. Retrospective Rating Plan Values. In 2012, the WCIRB updated the advisory *California Retrospective Rating Plan* values, including insurance charges and loss elimination ratios, to be effective January 1, 2013.

**Project Status:** Staff published its regular annual update to advisory loss elimination ratios and loss and ALAE elimination ratios effective January 1, 2017 in the second quarter of 2016 and has been working with the Actuarial Research Working Group on a comprehensive update to the advisory California Retrospective Rating Plan. Staff anticipates completing the work on updated California hazard groups and loss and loss and ALAE elimination ratios by the second quarter of 2017 with a full update to the advisory California Retrospective Rating Plan, including updated insurance charges, to be published in the third quarter of 2018.

#### G. Other Potential Studies

1. Comparison of Workers' Compensation Medical Costs to Group Health Costs. At the May 27, 2009 meeting, the Claims Working Group suggested that consideration be given to conducting a research study comparing occupational and non-occupational medical treatment cost data for a similar mix of injuries.

**Project Status:** Staff anticipates no further analysis in this area in 2017.

2. Development of Diagnostic Grouper. The WCIRB has been collecting ICD-9 and now ICD-10 information on each medical transaction since 2012. The Medical Analytics Working Group has suggested that WCIRB medical analytical research as well as WCIRB benchmarking reports provided to members can be significantly enhanced by summarizing information based on groupings of claims by similar primary diagnoses.

**Project Status:** Staff anticipates developing by the second quarter of 2017, a diagnostic grouper that will assign claims to diagnostic groups. Diagnostic groups may vary by level of maturity.

3. Aging of the Work Force. This study would quantify the aging of the work force and identify changes in costs – particularly severities – due to this demographic shift. The study would also identify future aging patterns and forecast their impact.

**Project Status:** Staff completed some preliminary analysis of the impact of aging on claim costs as part of prior frequency studies, but does not anticipate conducting any further analysis in this area in 2017.

4. Terrorism Losses. In early 2003, at the direction of the Governing Committee, the WCIRB contracted with EQECAT to help estimate potential terrorism losses with respect to the Terrorism

Risk Insurance Act of 2002. The results of the analysis were published in a March 12, 2003 WCIRB Bulletin.

**Project Status: Staff anticipates no further analysis in this area in 2017.**

5. Earthquake Losses. In July of 2002, EQECAT completed a report estimating the average annual expected costs arising from California earthquakes. In 2003, EQECAT completed a follow-up study to address some of the issues raised by the CDI in reviewing the 2002 study. Based on the results of these studies, the WCIRB included a provision to reflect expected earthquake losses in the January 1, 2004 Pure Premium Rate Filing. In the Decision on that filing, the CDI rejected this provision based on concerns as to the underlying loss distribution projected by the model and the lack of a mechanism to fund the cost of a major earthquake if one were to occur. In 2007, the WCIRB contracted with EQECAT to update the California earthquake studies. The updated report was published in June 2007.

**Project Status: Since the last update was completed in 2007, staff is considering updating the study by the fourth quarter of 2017 pending recommendation of the Actuarial Committee and Governing Committee.**



Item AC16-12-05  
2017 Schedule of Meetings

Shown below is a proposed schedule of Actuarial Committee meetings for 2017.

Tuesday, March 21, 2017

Monday, April 3, 2017

Friday, June 16, 2017

Wednesday, August 2, 2017

Tuesday September 5, 2017

Wednesday, December 6, 2017