

Actuarial Committee

Meeting Agenda

Date	Time	Location	Staff Contact
August 2, 2017	9:30 AM	WCIRB California 1221 Broadway, Suite 900 Oakland, CA	David M. Bellusci
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To Members of the Actuarial Committee, WCIRB Members and All Interested Parties:

I. Approval of Minutes

Meeting held on June 16, 2017

II. Working Group Meeting Summaries

None

III. Unfinished Business

- A. AC12-12-02: Review of WCIRB Trending Methodology
- B. AC17-04-04: New Drug Formulary
- C. AC17-06-01: 3/31/2017 Experience – Review of Methodologies

IV. New Business

- A. AC17-08-01: Third Quarter 2017 Review of Diagnostics
- B. AC17-08-02: 1/1/2018 Filing – Loss Adjustment Expense Experience Review
- C. AC17-08-03: 1/1/2018 Filing – Review of Alternative Loss Projection Methodologies
- D. AC17-08-04: Study of Longer-Term Loss Development

V. Matters Arising at Time of Meeting

VI. Next Meeting Date: September 5, 2017

VII. Adjournment

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Item AC12-12-02

Review of WCIRB Trending Methodology

In 2012, the Committee reviewed a comprehensive retrospective analysis of trending methodologies, with an emphasis on the appropriateness of trending frequency and severity separately relative to applying a combined loss ratio trend during varying claims environments.¹ An update to this analysis to include the Senate Bill No. 863 (SB 863) transition environment was reviewed by the Committee in 2015.² Staff has updated the analysis to further review the retrospective performance of trending methodologies in the post-SB 863 environment (through accident year 2016).

Methods Reviewed

The trending methodologies reviewed in this analysis are generally consistent with those reviewed in the 2012 and 2015 studies. These methodologies fit into three broad categories: separate frequency and severity trends methods, combined loss ratio trend methods, and other trending methods. As with the prior studies, to approximate the trending period for WCIRB pure premium rate filings, the indemnity or medical loss ratio for each accident year was projected from two years prior (e.g., accident year 2016 loss ratios were projected using data from accident years 2014 and prior). Also as in prior studies, in order to focus on the accuracy of the trending projection rather than other aspects of the methodology, the on-level loss ratios used in the projections are based on current estimates and reflect hindsight adjustments to loss development and on-level adjustment factors.

Separate Frequency and Severity Trends Methods

Claim frequency and severity are affected by differing underlying forces. Separately trending for frequency and severity allows for separate assumptions for each component. These methods may be appropriate in environments in which historical loss ratios have been volatile or during periods of transition in which some judgment about future trends may be appropriate. These methods rely on accurate projections of frequency and severity and assume that frequency and severity changes are not highly correlated. While projections of ultimate claim severities rely on projections of loss development to some degree, these projections are not as affected by loss development as are loss ratio trend methods since some judgment is involved in selecting a severity trend projection.

- A. Frequency and Severity Trends Applied to the Latest Two Years. Frequency projections were based on (a) the actual 12-month frequency change for the accident year where available³ and (b) the WCIRB's most recent econometric indemnity claim frequency model.⁴ Severity projections were based on average ultimate indemnity and medical claim severities based on March 31, 2017 experience.⁵ The selected annual severity trend was based on the average of the longer-term (post-2005) and shorter-term (five-year) rates of growth. These separate frequency and severity trends were applied to each of the latest two accident years, with the stated projection equal to the average of the projections of the two years.
- B. Frequency and Severity Long-Term Severity Trends Applied to the Latest Two Years. Frequency projections were based on that described in Method A above. Severity projections were based on the average longer-term (post-2005) rate of growth in on-level indemnity and medical severities.

¹ See Item AC12-12-02 of the December 5, 2012 Actuarial Committee Agenda.

² See Item AC12-12-02 of the August 6, 2015 Actuarial Committee Agenda.

³ For example, to project accident year 2016 from 2013 and 2014 would use the actual 12-month frequency change for 2014, and the frequency model projections for 2015 and 2016.

⁴ Consistent with the prior studies, in order to avoid conclusions driven by changes to the frequency model and its inputs over time, the most recent model was used for all projections.

⁵ All projections were based on the data reviewed at the June 16, 2017 meeting and may not be comparable to the data reflected in Item AC17-06-01 of this Agenda.

These separate frequency and severity trends were applied to each of the latest two accident years, with the stated projection equal to the average of the projections of the two years.

- C. Frequency and Severity Trends Applied to the Latest Year. This method applies the selected frequency and severity trend projections using the average of the shorter-term and longer-term severity trend indications, as described in method A above, to the latest accident year only.

Loss Ratio Trend Methods

Loss ratio trend methods typically fit a function to the historical on-level loss ratios. These methods may be appropriate when there is a stable trend in the historical loss ratios. They do not require knowledge or projection of separate frequency and severity components, but rely more heavily on the accuracy of loss development and on-leveling adjustments.⁶ For example, if loss development projections are understated, a trend based on the developed loss ratios is more likely to be understated inasmuch as the more recent year loss ratios will typically be more understated than those for earlier years. If on-level adjustments are not properly applied, one-time changes in cost levels may be projected as a future trend.

- D. Longer-Term (Post-2005) Average Annual Loss Ratio Trend Applied to the Latest Two. An average annual exponential trend was selected based on the longer-term (post-2005) rate of growth in historical on-level loss ratios. This trend was applied to each of the latest two accident years, with the stated projection equal to the average of the projections of the two years.
- E. Five-Year Average Annual Loss Ratio Trend Applied to the Latest Two Years. An average annual exponential trend was selected based on the rate of growth in historical on-level loss ratios for the latest five years. This trend was applied to each of the latest two accident years, with the stated projection equal to the average of the projections of the two years.
- F. Five-Year Average Annual Loss Ratio Trend Applied to the Latest Year. This method applies the selected loss ratio trend based on the latest five years to the latest accident year only.

Other Trending Methods

In some instances, such as periods of transition, a trend based solely on separate frequency and severity components or on the historical on-level loss ratios may not be the most appropriate. Selection of these methods, like all methods, requires judgment and knowledge of the current claims environment.

- G. Average of Frequency and Severity Trends Applied to the Latest Two Years and Five-Year Loss Ratio Trend Applied to the Latest Two Years. Although separately projecting frequency and severity components allows for greater use of information and judgment about the current claims environment, oftentimes changes in frequency and severity are related. This method gives weight to both categories of methods by taking the average of the projections based on applying separate frequency and severity trends to the latest two years (as described in method A above) and applying the five-year loss ratio trend to the latest two years (as described in method E above).
- H. Average of Latest Two Years (Flat Trend). During periods of uncertainty where trends may be changing direction, a flat trend selection may be appropriate. This method bases a projection on the average of the two most recent on-level loss ratios, with no additional trend applied.
- I. Use of Latest Year (Flat Trend). This method bases a projection on the most recent on-level loss ratio, with no additional trend applied.

⁶ These adjustments are also relied upon in projecting on-level severities in the separate frequency and severity trends method, but that method allows for more flexibility when selecting the trend projection.

Results for the SB 863 Transition and Post-SB 863 Environments

Exhibits 1.1 through 1.5 show the results of each of the above trending methods to project accident year 2012 through 2016 loss ratios. For consistency of comparison across years, the cost of medical cost containment programs was included in all medical loss ratios and projections. Exhibits 2.1 through 2.9 show, graphically, the percentage differences from the actual loss ratios by method. For informational purposes, comparisons to accident years reviewed during the 2012 study for the comparable method are shown. Exhibit 3 summarizes the percentage differences and shows the ranks of the absolute percentage differences for indemnity and medical for each accident year. Exhibit 4 shows the average absolute difference and rank by claims environment, including the claims environments reviewed during the 2012 study.

During the SB 863 transition period (2012 through 2014), the steady overall cost level increases observed over the prior several years began to moderate and, in some cases, change direction. As a result, methods based on changes in on-level loss ratios, which projected the prior increases to continue, significantly overstated the projections for these years. Methods based on separate frequency and severity projections also overstated the projected loss ratios for these years but to a significantly less degree, as the separate selections of the components allowed for a quicker responsiveness to the changing environment. The flat trend methods generally performed the best during this period of transition as they did not project forward any of the pre-transition trends. The results of the methods tested during the SB 863 transition period were generally consistent with those for the transition period during the prior (2002 through 2004) reforms.

During the recent post-SB 863 period (2015 and 2016), some volatility continued to emerge in the on-level loss ratios. As a result, the loss ratio trending methods continued to be somewhat less accurate than the separate frequency and severity trends methods, though by a much less significant degree than during the SB 863 transition period. The flat trending methods also performed relatively well during this period as post-SB 863 loss trends have been modest.

Relationship between Frequency and Severity

Although frequency and severity are affected by differing underlying forces, changes in these components are oftentimes at least somewhat related. If changes in frequency and severity were perfectly correlated, independently projecting them would not improve the accuracy of the projection. Exhibit 5 shows a history of correlations between changes in frequency and severity. While there was significant negative correlation between changes in frequency and severity in the period following the 2002 through 2004 reforms, the relationships were positive or not significant in older claims environments. In the SB 863 period of 2012 through 2016, changes in frequency and severity appear to be somewhat negatively correlated. However, the frequency changes in 2013 through 2016 have been modest and it is likely that the recent declines in medical severities have been a result of various provisions of SB 863 reducing the utilization of medical services rather than an increase in smaller indemnity claims.

Given the limited evidence of strong correlation of frequency and severity, the recent outperformance of separate frequency and severity trends relative to the loss ratio trending method, and generally good performance of the separate frequency and severity methods in the recent post-SB 863 environment, staff does not see any reason to deviate from the current trending methodology at this time.

Accident Year 2012 Loss Ratio Projections

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Actual AY 2012 On-Level Loss Ratios	0.277	0.362	0.639

Separate Frequency and Severity Trends Methods

A. <u>Frequency and Severity Trends Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	-0.1%
Selected Average Annual Severity Trend	2.9%	6.7%	-----
Projected AY 2012 Loss Ratios	0.290	0.370	0.659
Differences of Projections from Actual AY 2012 On-Level Loss Ratios	1.2%	0.8%	2.0%
B. <u>Frequency and Long-Term Severity Trends Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	-0.1%
Selected Average Annual Severity Trend	2.9%	6.7%	-----
Projected AY 2012 Loss Ratios	0.290	0.370	0.659
Differences of Projections from Actual AY 2012 On-Level Loss Ratios	1.2%	0.8%	2.0%
C. <u>Frequency and Severity Trends Applied to the Latest Year</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	-1.2%
Selected Average Annual Severity Trend	2.9%	6.7%	-----
Projected AY 2012 Loss Ratios	0.288	0.367	0.654
Differences of Projections from Actual AY 2012 On-Level Loss Ratios	1.0%	0.5%	1.5%

Loss Ratio Trend Methods

D. <u>Post-2005 Average Annual Exponential Loss Ratio Trend Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	3.0%	7.5%	-----
Projected AY 2012 Loss Ratios	0.291	0.377	0.668
Differences of Projections from Actual AY 2012 On-Level Loss Ratios	1.4%	1.5%	2.9%
E. <u>5-Year Average Annual Exponential Loss Ratio Trend Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	3.0%	7.5%	-----
Projected AY 2012 Loss Ratios	0.291	0.377	0.668
Differences of Projections from Actual AY 2012 On-Level Loss Ratios	1.4%	1.5%	2.9%
F. <u>5-Year Average Annual Exponential Loss Ratio Trend Applied to the Latest Year</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	3.0%	7.5%	-----
Projected AY 2012 Loss Ratios	0.296	0.381	0.677
Differences of Projections from Actual AY 2012 On-Level Loss Ratios	1.8%	1.9%	3.8%

Other Trending Methods

G. <u>Average of Method A and Method E</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2012 Loss Ratios	0.290	0.373	0.664
Differences of Projections from Actual AY 2012 On-Level Loss Ratios	1.3%	1.2%	2.5%
H. <u>Average of Latest Two Years (Flat Trend)</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2012 Loss Ratios	0.271	0.315	0.586
Differences of Projections from Actual AY 2012 On-Level Loss Ratios	-0.7%	-4.6%	-5.3%
I. <u>Use of Latest Year (Flat Trend)</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2012 Loss Ratios	0.279	0.330	0.609
Differences of Projections from Actual AY 2012 On-Level Loss Ratios	0.1%	-3.2%	-3.1%

Accident Year 2013 Loss Ratio Projections

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Actual AY 2013 On-Level Loss Ratios	0.276	0.361	0.638

Separate Frequency and Severity Trends Methods

A. <u>Frequency and Severity Trends Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	-1.5%
Selected Average Annual Severity Trend	1.7%	5.5%	-----
Projected AY 2013 Loss Ratios	0.281	0.377	0.658
Differences of Projections from Actual AY 2013 On-Level Loss Ratios	0.5%	1.6%	2.0%
B. <u>Frequency and Long-Term Severity Trends Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	-1.5%
Selected Average Annual Severity Trend	1.9%	5.9%	-----
Projected AY 2013 Loss Ratios	0.282	0.380	0.662
Differences of Projections from Actual AY 2013 On-Level Loss Ratios	0.6%	1.9%	2.5%
C. <u>Frequency and Severity Trends Applied to the Latest Year</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	-0.1%
Selected Average Annual Severity Trend	1.7%	5.5%	-----
Projected AY 2013 Loss Ratios	0.290	0.394	0.684
Differences of Projections from Actual AY 2013 On-Level Loss Ratios	1.4%	3.2%	4.6%

Loss Ratio Trend Methods

D. <u>Post-2005 Average Annual Exponential Loss Ratio Trend Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	3.0%	7.6%	-----
Projected AY 2013 Loss Ratios	0.301	0.411	0.712
Differences of Projections from Actual AY 2013 On-Level Loss Ratios	2.5%	4.9%	7.5%
E. <u>5-Year Average Annual Exponential Loss Ratio Trend Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	3.4%	7.7%	-----
Projected AY 2013 Loss Ratios	0.304	0.411	0.716
Differences of Projections from Actual AY 2013 On-Level Loss Ratios	2.8%	5.0%	7.8%
F. <u>5-Year Average Annual Exponential Loss Ratio Trend Applied to the Latest Year</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	3.4%	7.7%	-----
Projected AY 2013 Loss Ratios	0.300	0.411	0.711
Differences of Projections from Actual AY 2013 On-Level Loss Ratios	2.4%	5.0%	7.4%

Other Trending Methods

G. <u>Average of Method A and Method E</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2013 Loss Ratios	0.293	0.394	0.687
Differences of Projections from Actual AY 2013 On-Level Loss Ratios	1.6%	3.3%	4.9%
H. <u>Average of Latest Two Years (Flat Trend)</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2013 Loss Ratios	0.280	0.342	0.622
Differences of Projections from Actual AY 2013 On-Level Loss Ratios	0.3%	-1.9%	-1.6%
I. <u>Use of Latest Year (Flat Trend)</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2013 Loss Ratios	0.281	0.354	0.635
Differences of Projections from Actual AY 2013 On-Level Loss Ratios	0.5%	-0.7%	-0.2%

Accident Year 2014 Loss Ratio Projections

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Actual AY 2014 On-Level Loss Ratios	0.270	0.361	0.630

Separate Frequency and Severity Trends Methods

A. <u>Frequency and Severity Trends Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	0.7%
Selected Average Annual Severity Trend	0.2%	4.0%	-----
Projected AY 2014 Loss Ratios	0.286	0.403	0.688
Differences of Projections from Actual AY 2014 On-Level Loss Ratios	1.6%	4.2%	5.8%
B. <u>Frequency and Long-Term Severity Trends Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	0.7%
Selected Average Annual Severity Trend	1.0%	5.0%	-----
Projected AY 2014 Loss Ratios	0.291	0.411	0.703
Differences of Projections from Actual AY 2014 On-Level Loss Ratios	2.2%	5.1%	7.3%
C. <u>Frequency and Severity Trends Applied to the Latest Year</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	0.2%
Selected Average Annual Severity Trend	0.2%	4.0%	-----
Projected AY 2014 Loss Ratios	0.280	0.393	0.673
Differences of Projections from Actual AY 2014 On-Level Loss Ratios	1.0%	3.3%	4.3%

Loss Ratio Trend Methods

D. <u>Post-2005 Average Annual Exponential Loss Ratio Trend Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	2.7%	7.2%	-----
Projected AY 2014 Loss Ratios	0.298	0.426	0.724
Differences of Projections from Actual AY 2014 On-Level Loss Ratios	2.9%	6.5%	9.4%
E. <u>5-Year Average Annual Exponential Loss Ratio Trend Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	2.8%	7.0%	-----
Projected AY 2014 Loss Ratios	0.299	0.424	0.723
Differences of Projections from Actual AY 2014 On-Level Loss Ratios	2.9%	6.3%	9.3%
F. <u>5-Year Average Annual Exponential Loss Ratio Trend Applied to the Latest Year</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	2.8%	7.0%	-----
Projected AY 2014 Loss Ratios	0.293	0.414	0.707
Differences of Projections from Actual AY 2014 On-Level Loss Ratios	2.4%	5.3%	7.7%

Other Trending Methods

G. <u>Average of Method A and Method E</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2014 Loss Ratios	0.292	0.413	0.706
Differences of Projections from Actual AY 2014 On-Level Loss Ratios	2.3%	5.3%	7.5%
H. <u>Average of Latest Two Years (Flat Trend)</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2014 Loss Ratios	0.279	0.358	0.637
Differences of Projections from Actual AY 2014 On-Level Loss Ratios	1.0%	-0.3%	0.7%
I. <u>Use of Latest Year (Flat Trend)</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2014 Loss Ratios	0.277	0.362	0.639
Differences of Projections from Actual AY 2014 On-Level Loss Ratios	0.8%	0.1%	0.9%

Accident Year 2015 Loss Ratio Projections

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Actual AY 2015 On-Level Loss Ratios	0.279	0.373	0.652

Separate Frequency and Severity Trends Methods

A. <u>Frequency and Severity Trends Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	0.7%
Selected Average Annual Severity Trend	-0.8%	2.8%	-----
Projected AY 2015 Loss Ratios	0.276	0.394	0.671
Differences of Projections from Actual AY 2015 On-Level Loss Ratios	-0.3%	2.1%	1.9%
B. <u>Frequency and Long-Term Severity Trends Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	0.7%
Selected Average Annual Severity Trend	0.4%	4.1%	-----
Projected AY 2015 Loss Ratios	0.285	0.407	0.692
Differences of Projections from Actual AY 2015 On-Level Loss Ratios	0.6%	3.4%	4.0%
C. <u>Frequency and Severity Trends Applied to the Latest Year</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	-0.2%
Selected Average Annual Severity Trend	-0.8%	2.8%	-----
Projected AY 2015 Loss Ratios	0.271	0.380	0.650
Differences of Projections from Actual AY 2015 On-Level Loss Ratios	-0.8%	0.7%	-0.2%

Loss Ratio Trend Methods

D. <u>Post-2005 Average Annual Exponential Loss Ratio Trend Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	2.3%	6.5%	-----
Projected AY 2015 Loss Ratios	0.293	0.423	0.716
Differences of Projections from Actual AY 2015 On-Level Loss Ratios	1.4%	5.0%	6.4%
E. <u>5-Year Average Annual Exponential Loss Ratio Trend Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	2.0%	5.7%	-----
Projected AY 2015 Loss Ratios	0.291	0.415	0.707
Differences of Projections from Actual AY 2015 On-Level Loss Ratios	1.2%	4.2%	5.5%
F. <u>5-Year Average Annual Exponential Loss Ratio Trend Applied to the Latest Year</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	2.0%	5.7%	-----
Projected AY 2015 Loss Ratios	0.288	0.404	0.691
Differences of Projections from Actual AY 2015 On-Level Loss Ratios	0.9%	3.1%	3.9%

Other Trending Methods

G. <u>Average of Method A and Method E</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2015 Loss Ratios	0.284	0.405	0.689
Differences of Projections from Actual AY 2015 On-Level Loss Ratios	0.5%	3.2%	3.7%
H. <u>Average of Latest Two Years (Flat Trend)</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2015 Loss Ratios	0.277	0.361	0.638
Differences of Projections from Actual AY 2015 On-Level Loss Ratios	-0.2%	-1.2%	-1.4%
I. <u>Use of Latest Year (Flat Trend)</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2015 Loss Ratios	0.276	0.361	0.638
Differences of Projections from Actual AY 2015 On-Level Loss Ratios	-0.3%	-1.2%	-1.4%

Accident Year 2016 Loss Ratio Projections

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Actual AY 2016 On-Level Loss Ratios	0.272	0.377	0.648

Separate Frequency and Severity Trends Methods

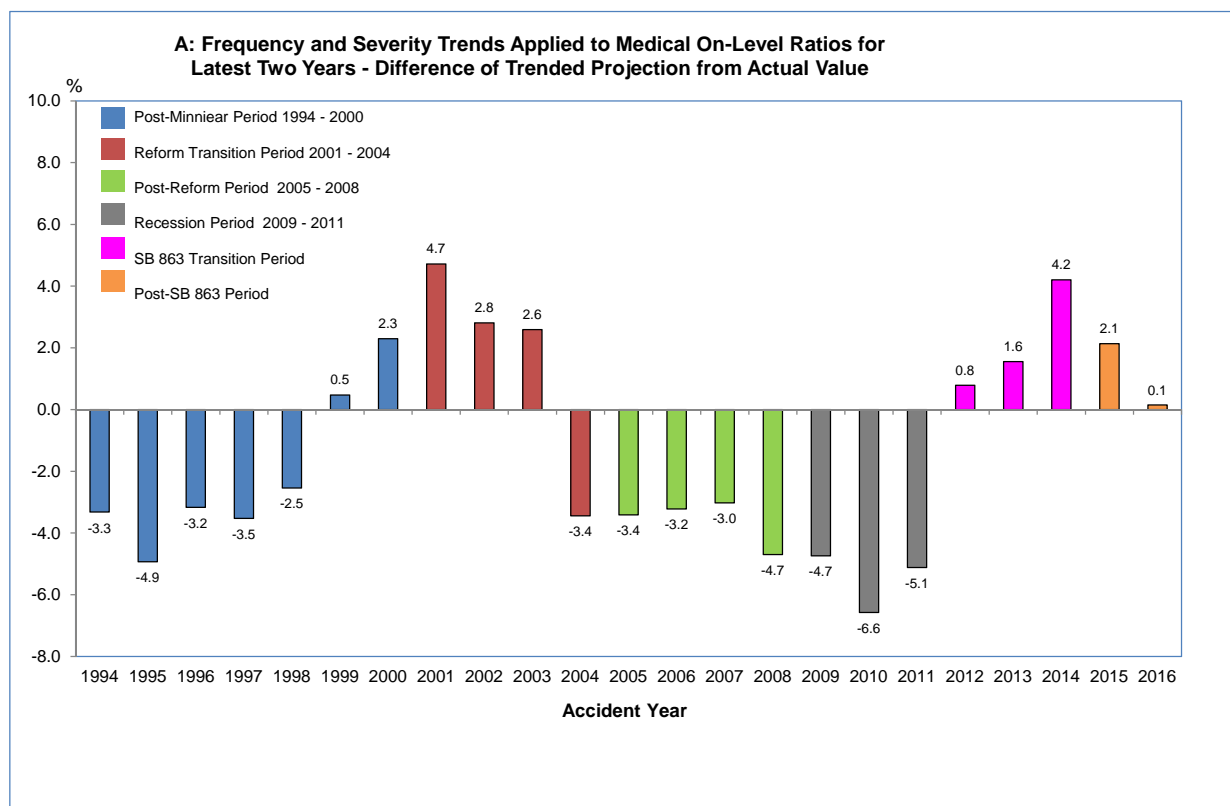
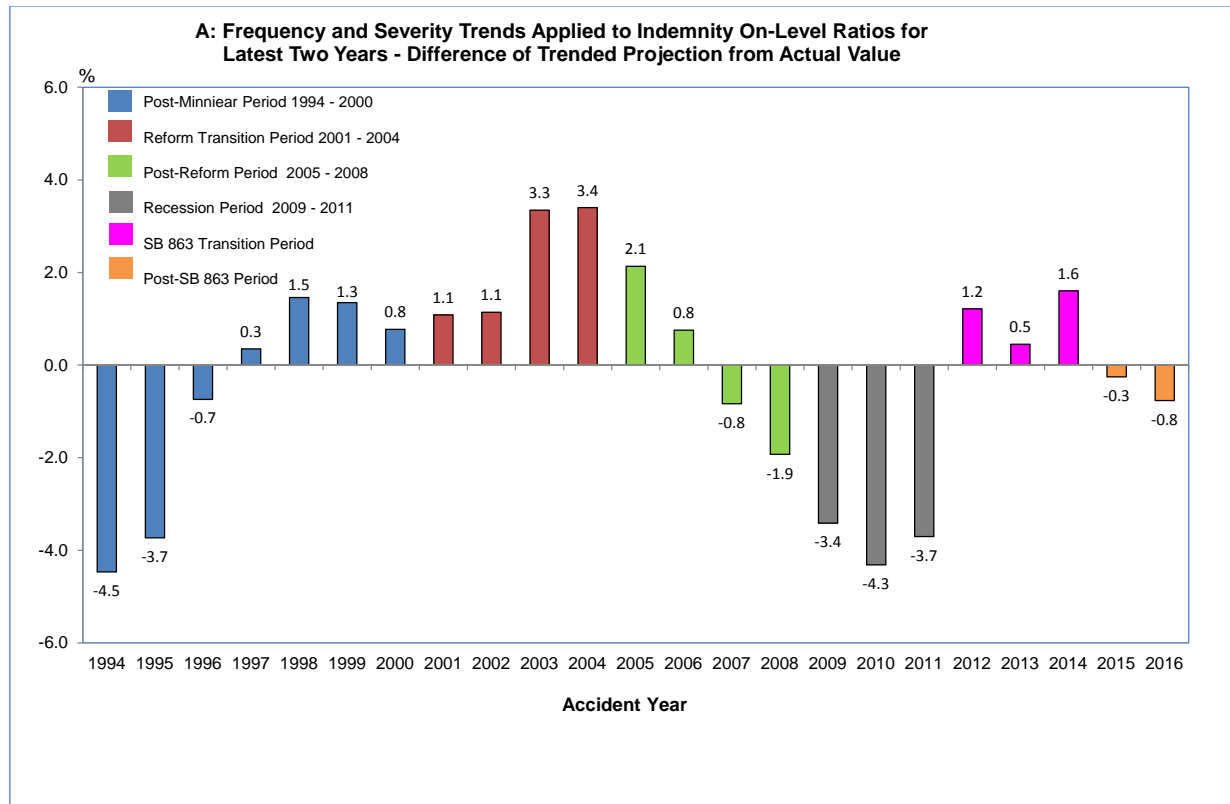
A. <u>Frequency and Severity Trends Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	0.0%
Selected Average Annual Severity Trend	-1.2%	1.9%	-----
Projected AY 2016 Loss Ratios	0.264	0.378	0.642
Differences of Projections from Actual AY 2016 On-Level Loss Ratios	-0.8%	0.1%	-0.6%
B. <u>Frequency and Long-Term Severity Trends Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	0.0%
Selected Average Annual Severity Trend	0.0%	3.5%	-----
Projected AY 2016 Loss Ratios	0.273	0.393	0.666
Differences of Projections from Actual AY 2016 On-Level Loss Ratios	0.1%	1.6%	1.7%
C. <u>Frequency and Severity Trends Applied to the Latest Year</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	-0.4%
Selected Average Annual Severity Trend	-1.2%	1.9%	-----
Projected AY 2016 Loss Ratios	0.261	0.372	0.633
Differences of Projections from Actual AY 2016 On-Level Loss Ratios	-1.1%	-0.5%	-1.6%

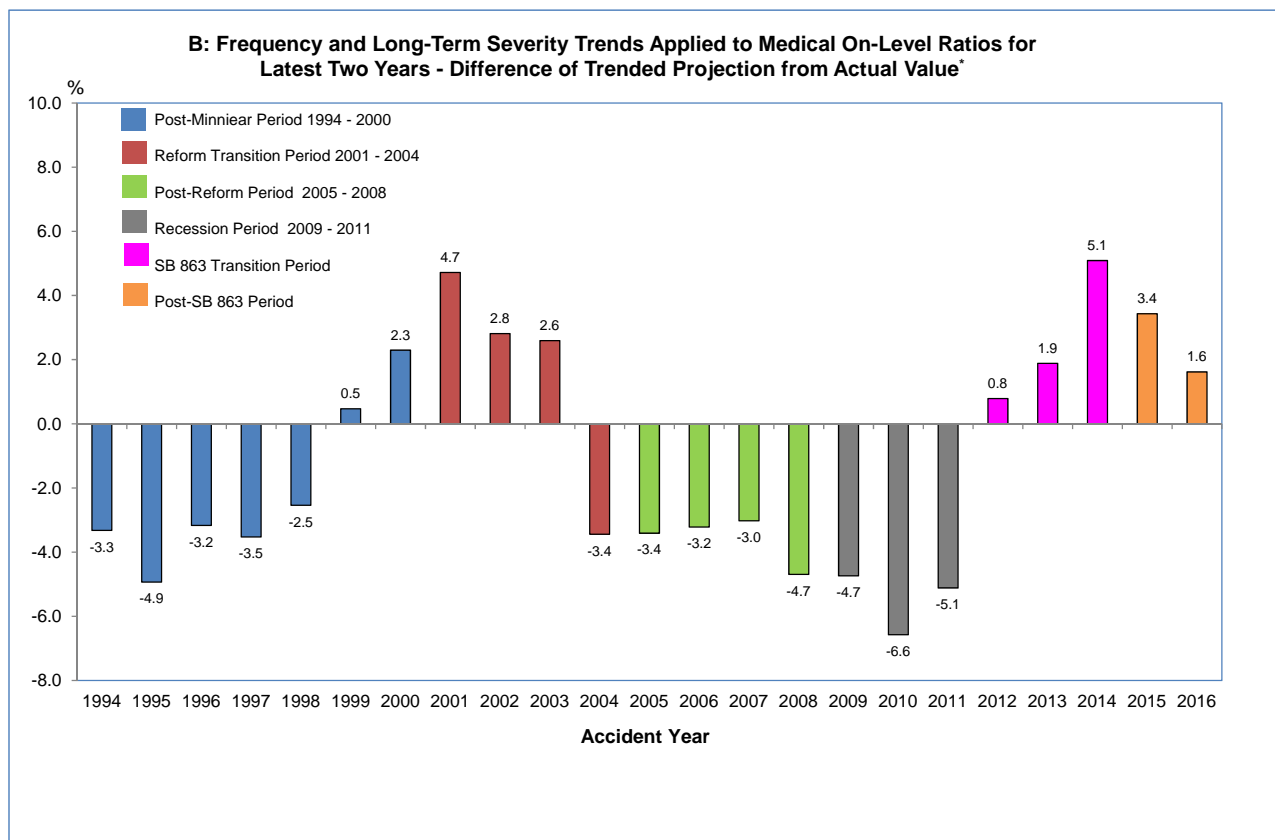
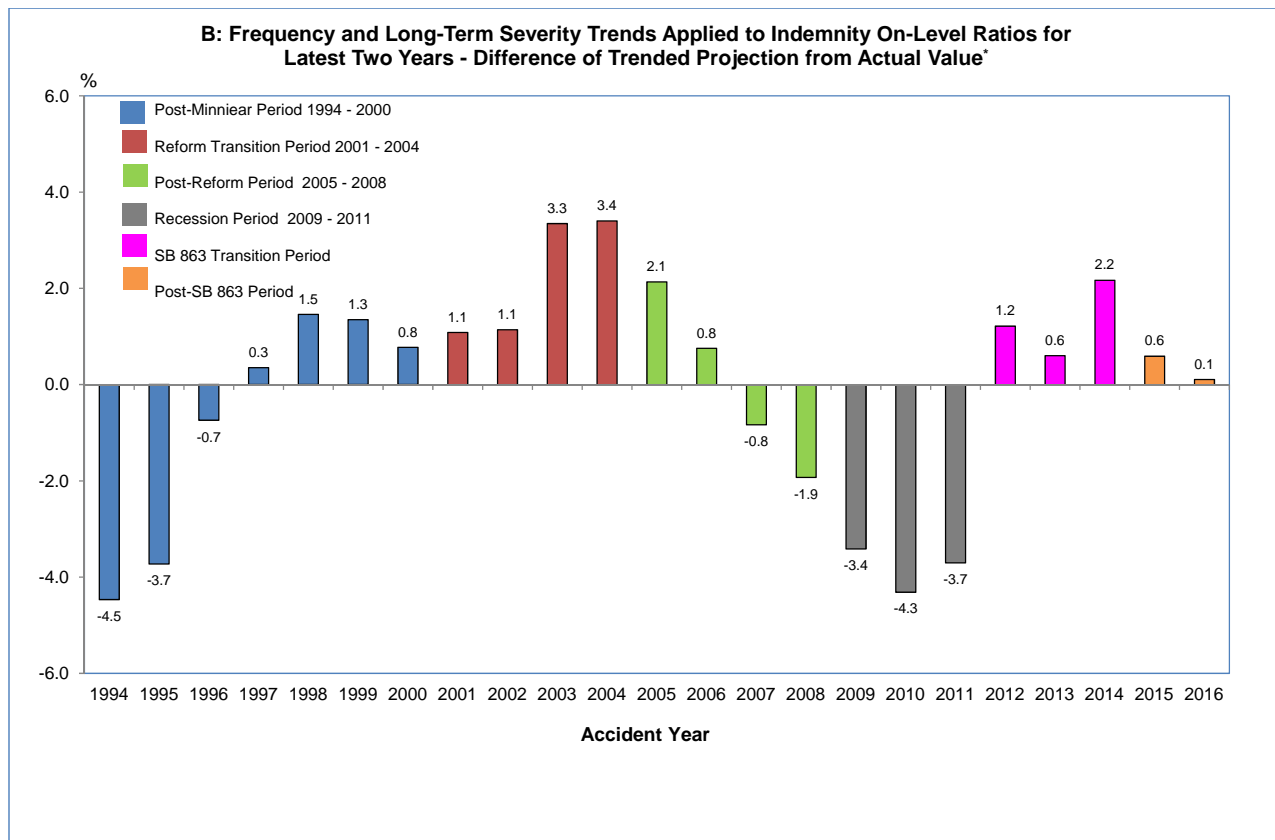
Loss Ratio Trend Methods

D. <u>Post-2005 Average Annual Exponential Loss Ratio Trend Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	1.9%	5.8%	-----
Projected AY 2016 Loss Ratios	0.286	0.415	0.701
Differences of Projections from Actual AY 2016 On-Level Loss Ratios	1.4%	3.9%	5.3%
E. <u>5-Year Average Annual Exponential Loss Ratio Trend Applied to the Latest Two Years</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	0.3%	3.5%	-----
Projected AY 2016 Loss Ratios	0.275	0.393	0.668
Differences of Projections from Actual AY 2016 On-Level Loss Ratios	0.3%	1.7%	2.0%
F. <u>5-Year Average Annual Exponential Loss Ratio Trend Applied to the Latest Year</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	0.3%	3.5%	-----
Projected AY 2016 Loss Ratios	0.271	0.386	0.657
Differences of Projections from Actual AY 2016 On-Level Loss Ratios	-0.1%	1.0%	0.9%

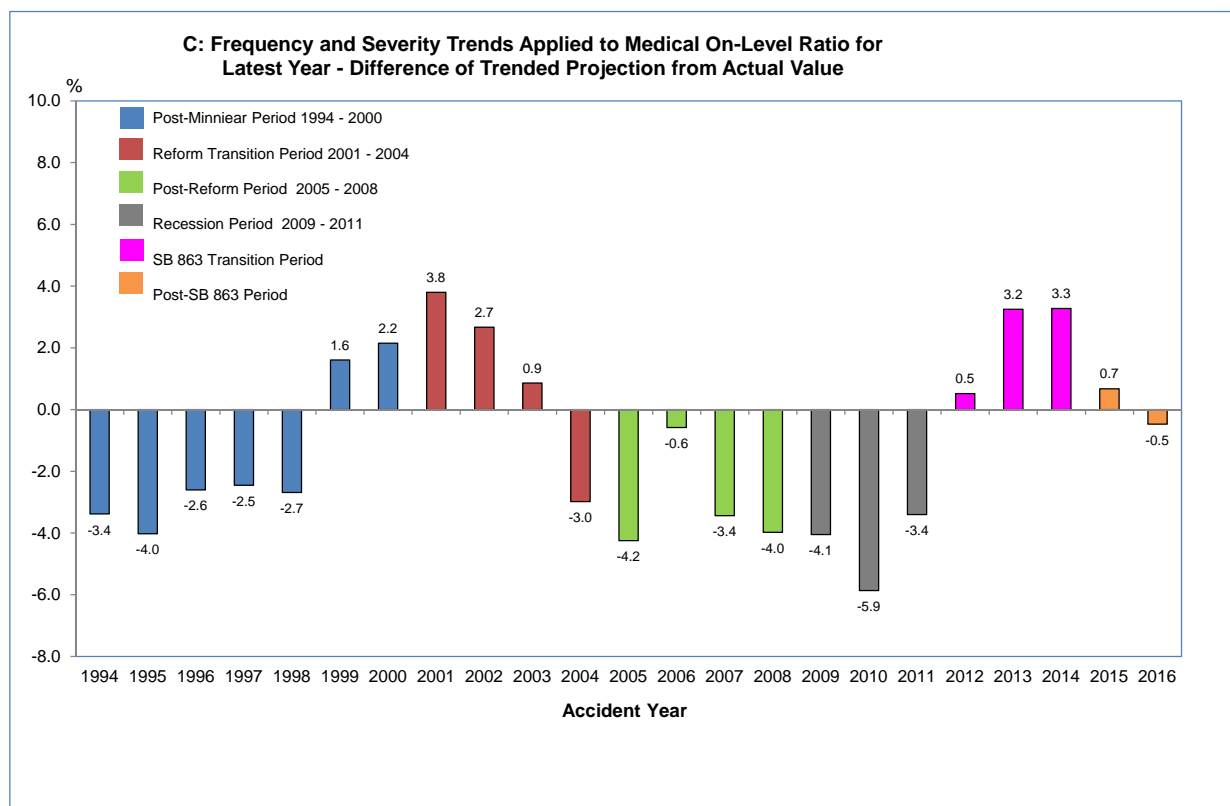
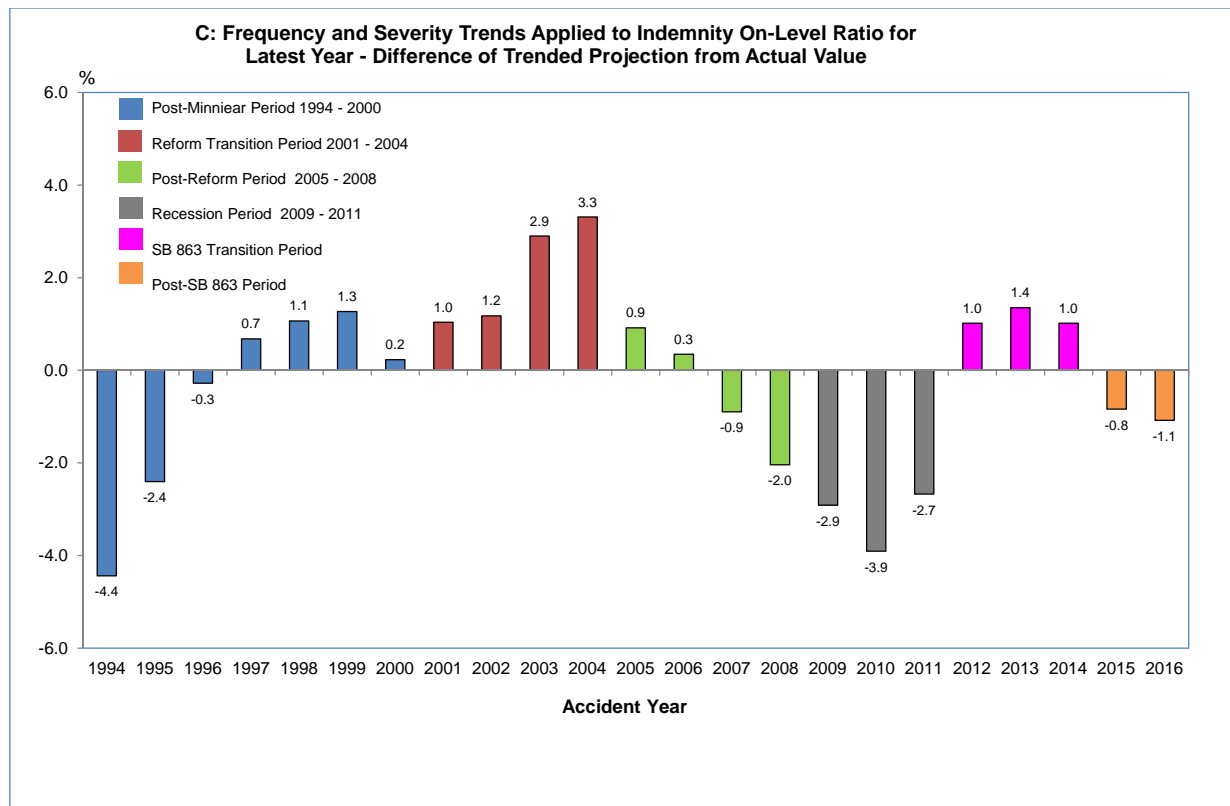
Other Trending Methods

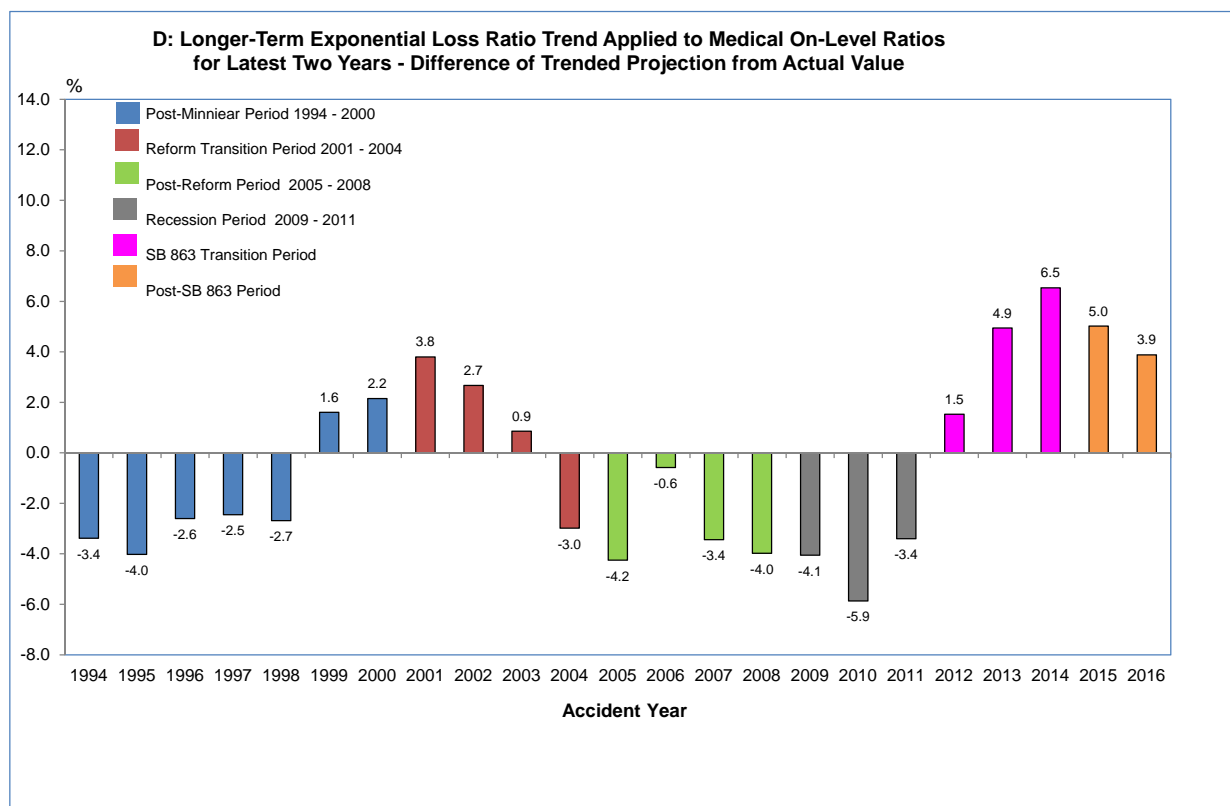
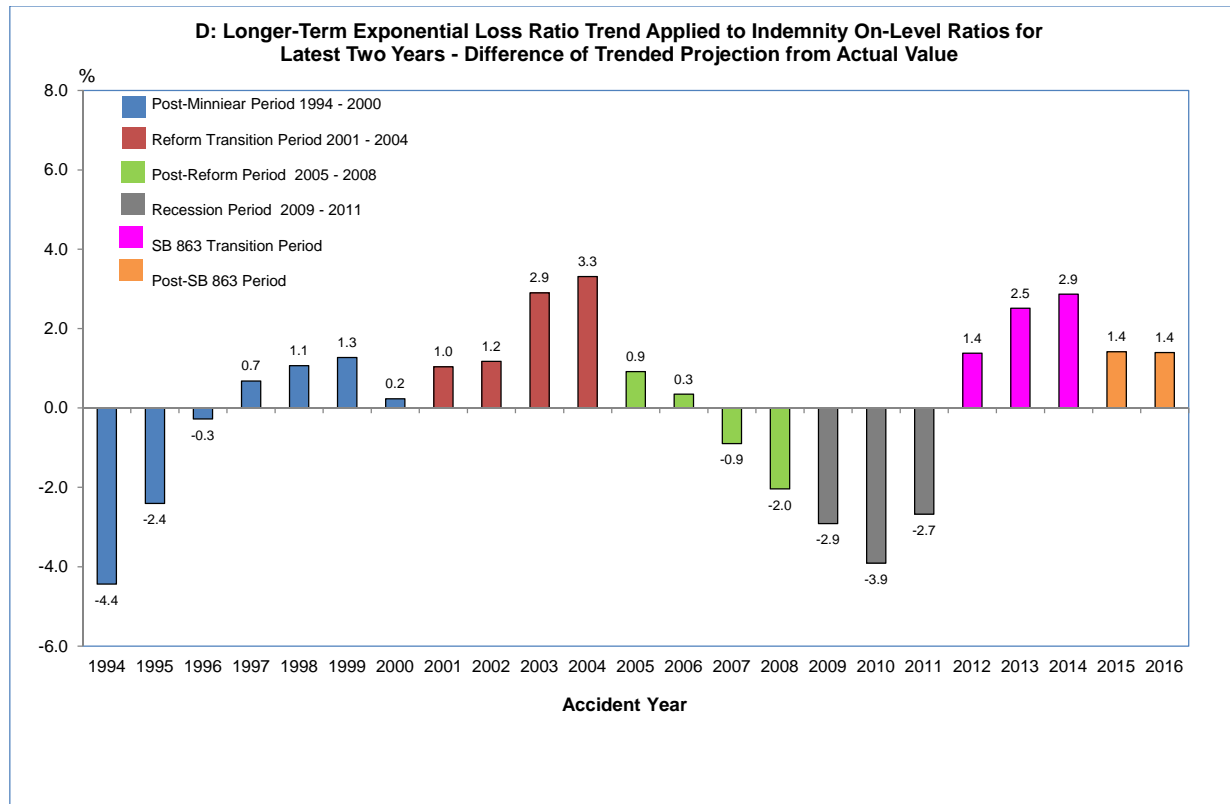
G. <u>Average of Method A and Method E</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2016 Loss Ratios	0.269	0.386	0.655
Differences of Projections from Actual AY 2016 On-Level Loss Ratios	-0.2%	0.9%	0.7%
H. <u>Average of Latest Two Years (Flat Trend)</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2016 Loss Ratios	0.273	0.361	0.634
Differences of Projections from Actual AY 2016 On-Level Loss Ratios	0.1%	-1.6%	-1.5%
I. <u>Use of Latest Year (Flat Trend)</u>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2016 Loss Ratios	0.270	0.361	0.630
Differences of Projections from Actual AY 2016 On-Level Loss Ratios	-0.2%	-1.6%	-1.8%

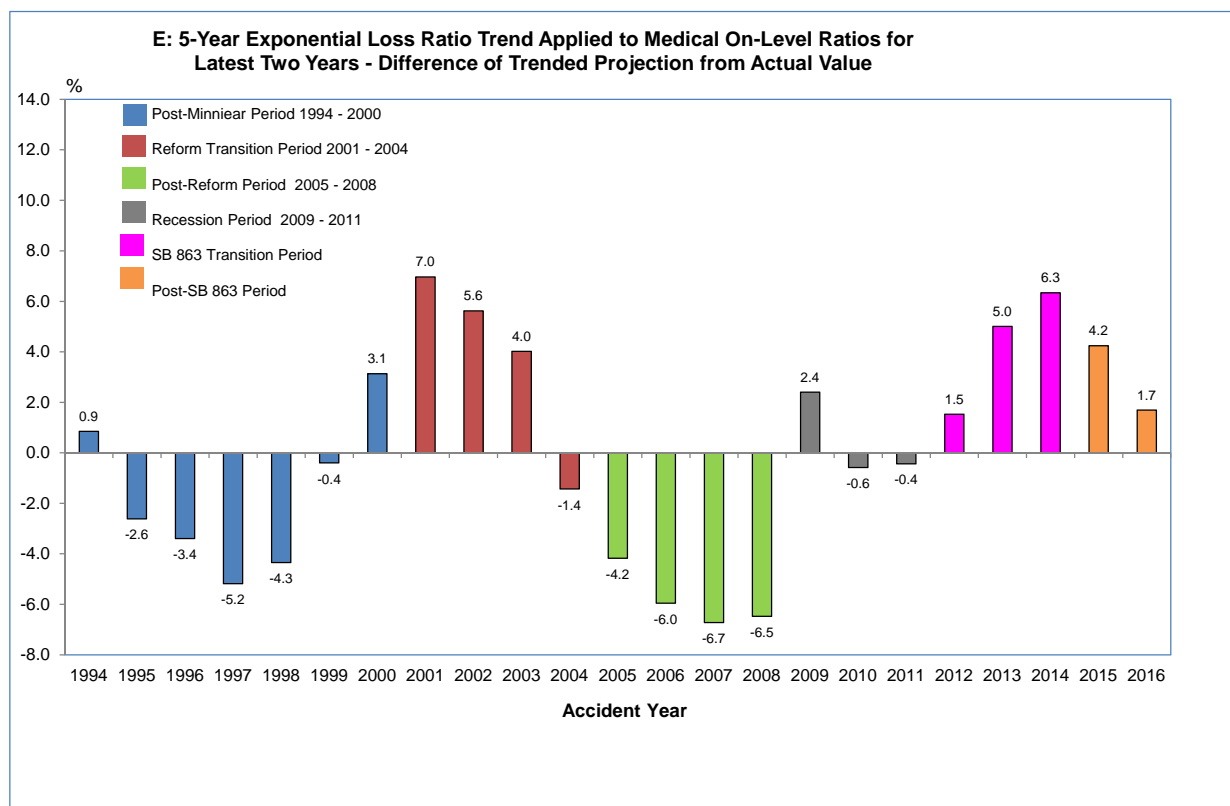
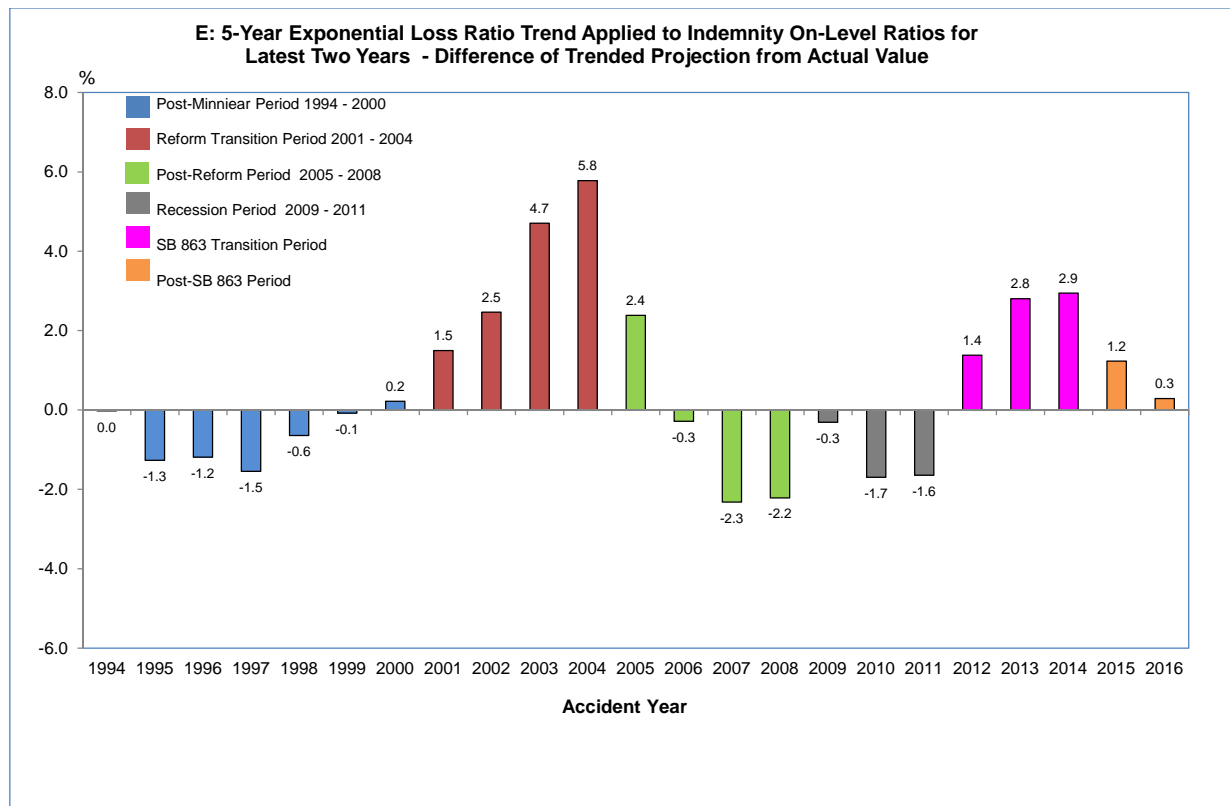


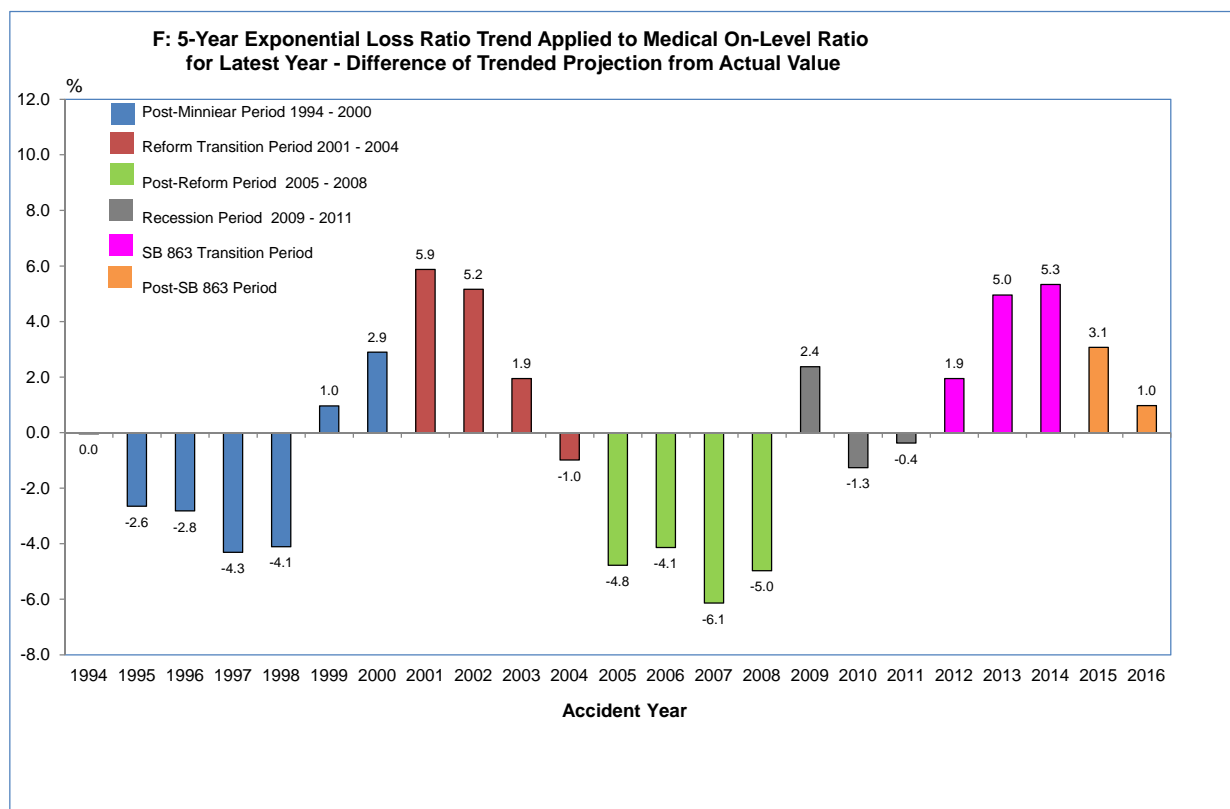
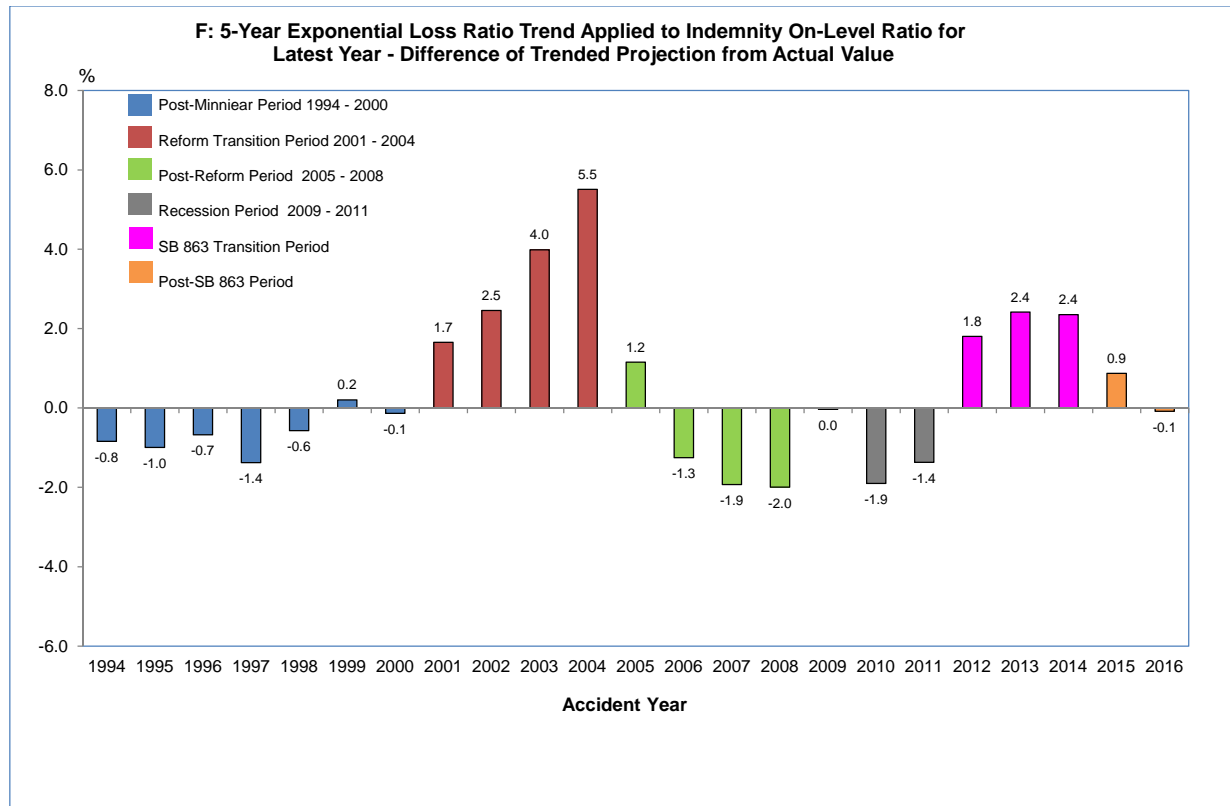


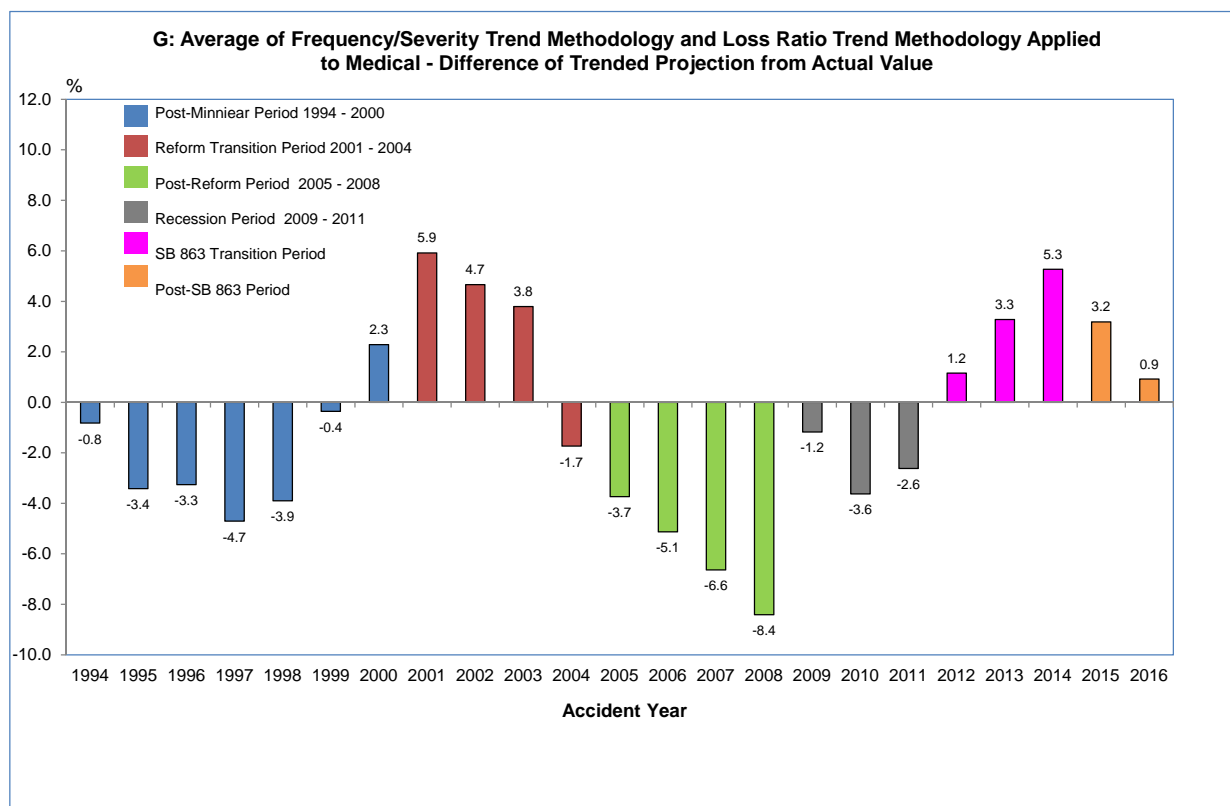
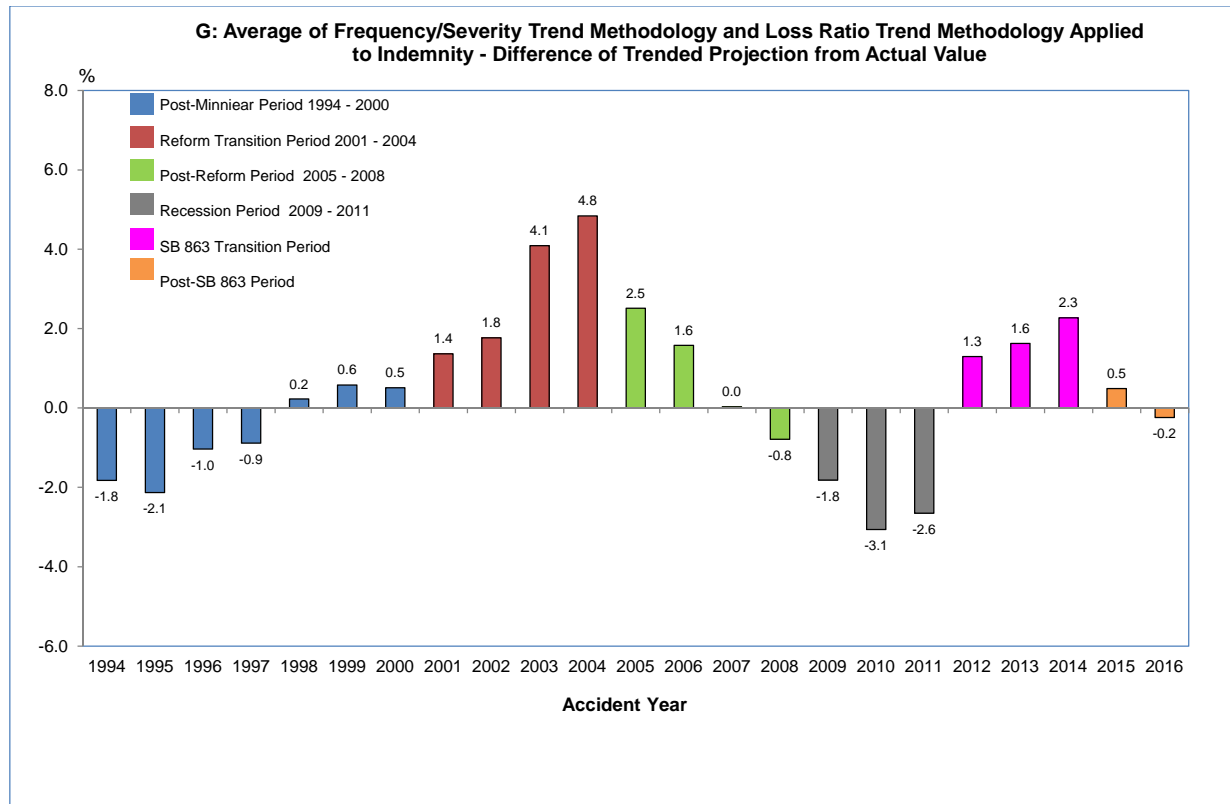
*Accident Years 2011 and prior are based on Exhibit 2.1

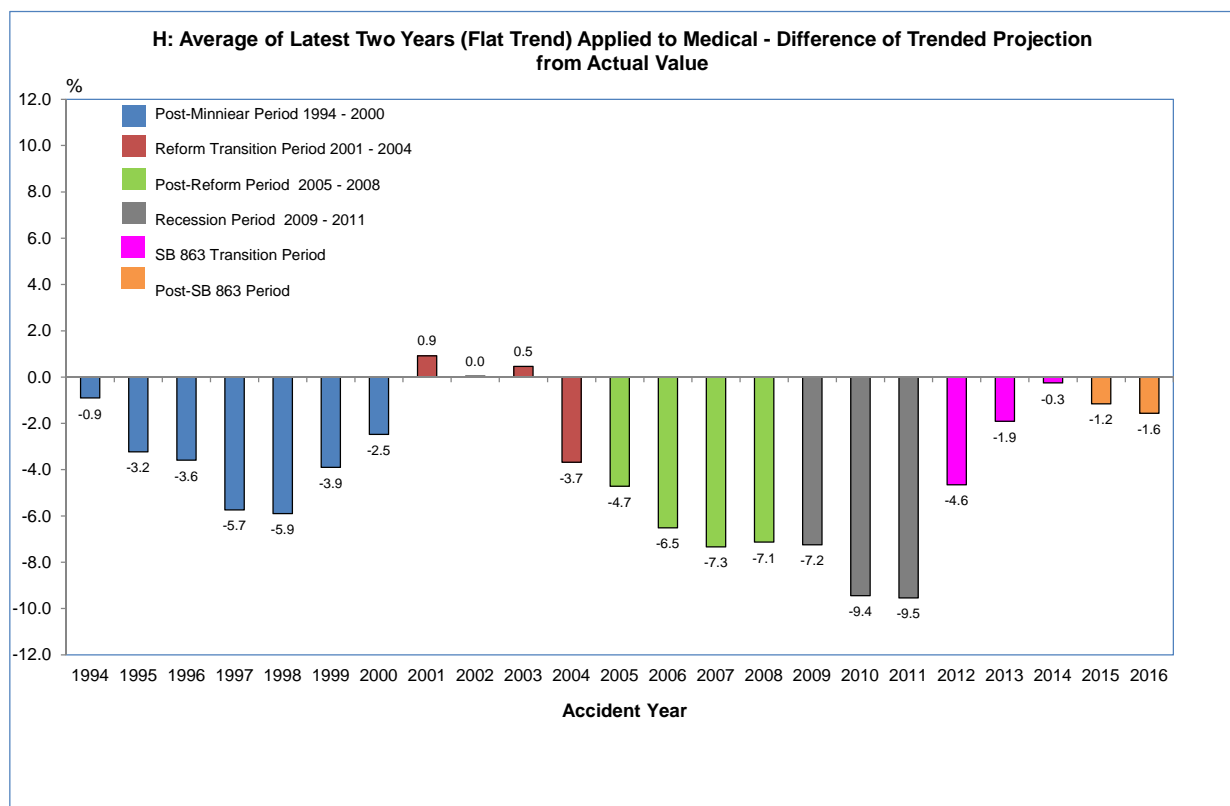
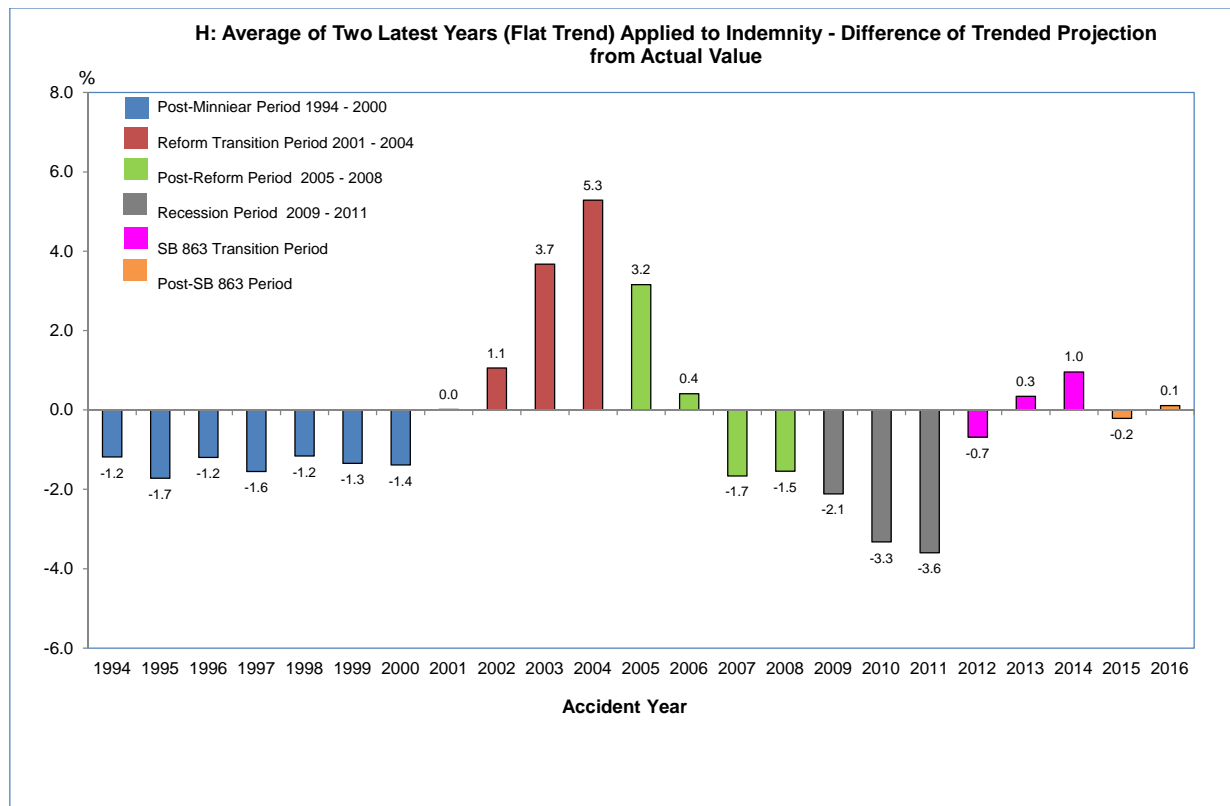


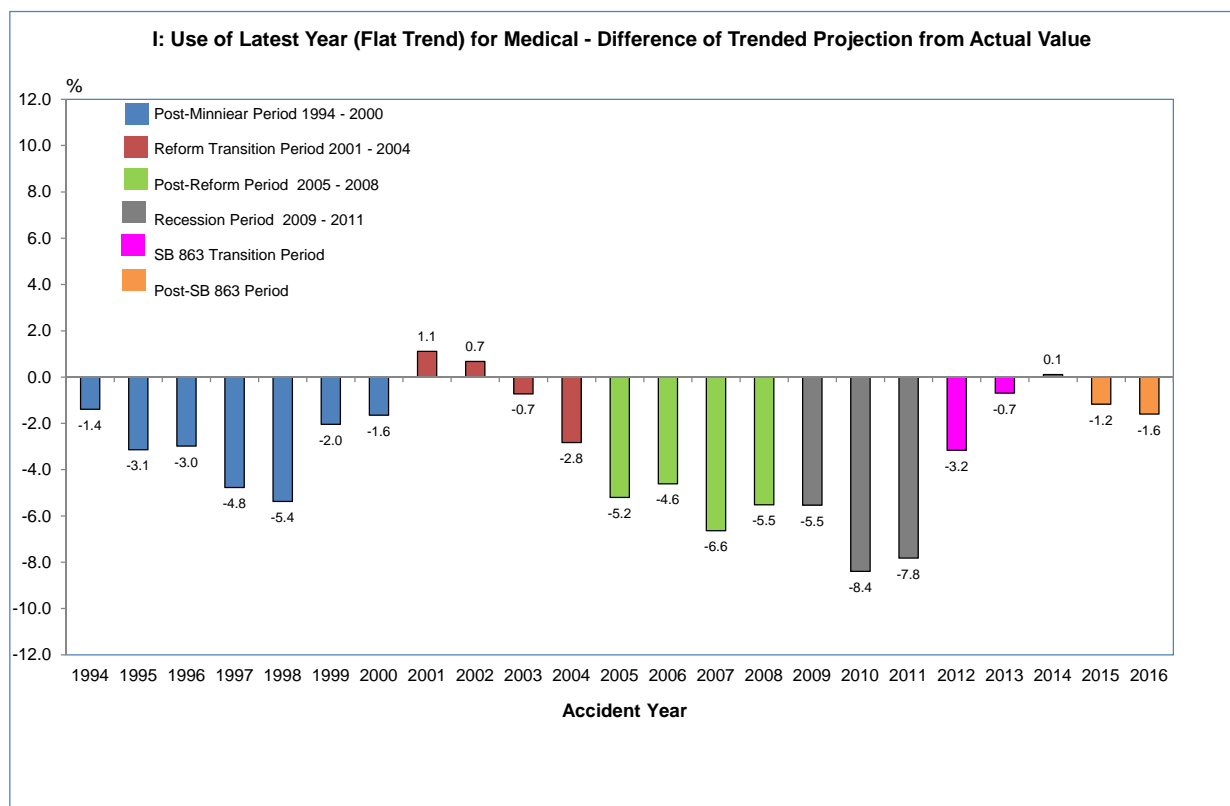
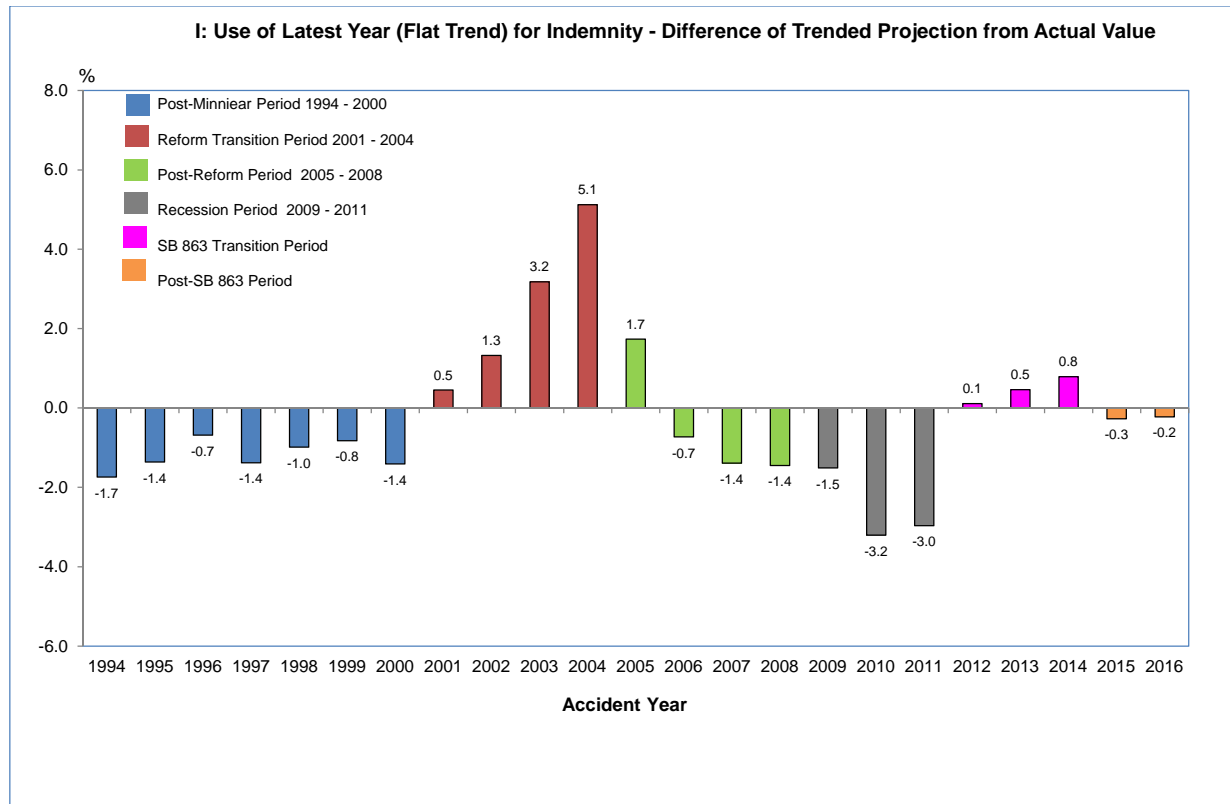












Results of Retrospective Tests of Trending Methods

	Indemnity					Indemnity				
	Difference from Actual Loss Ratio					Ranks of Absolute Differences				
	Accident Year					Accident Year				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
<u>Trending Methodology</u>										
A. Freq & Sev - 2-year	1.2%	0.5%	1.6%	-0.3%	-0.8%	4	2	4	2	7
B. Freq & Long Term Sev - 2-year	1.2%	0.6%	2.2%	0.6%	0.1%	4	4	5	5	2
C. Freq & Sev - Latest Year	1.0%	1.4%	1.0%	-0.8%	-1.1%	3	5	3	6	8
D. Post 2005 Exp Loss Ratio - 2-Year	1.4%	2.5%	2.9%	1.4%	1.4%	7	8	8	9	9
E. 5-Year Exp Loss Ratio - 2-Year	1.4%	2.8%	2.9%	1.2%	0.3%	7	9	9	8	6
F. 5-Year Exp Loss Ratio - Latest Year	1.8%	2.4%	2.4%	0.9%	-0.1%	9	7	7	7	1
G. Average Freq & Sev and Loss Ratio Trends	1.3%	1.6%	2.3%	0.5%	-0.2%	6	6	6	4	5
H. Flat Trend - 2-Year	-0.7%	0.3%	1.0%	-0.2%	0.1%	2	1	2	1	3
I. Flat Trend - Latest Year	0.1%	0.5%	0.8%	-0.3%	-0.2%	1	3	1	3	4

	Medical					Medical				
	Difference from Actual Loss Ratio					Ranks of Absolute Differences				
	Accident Year					Accident Year				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
<u>Trending Methodology</u>										
A. Freq & Sev - 2-year	0.8%	1.6%	4.2%	2.1%	0.1%	2	2	4	4	1
B. Freq & Long Term Sev - 2-year	0.8%	1.9%	5.1%	3.4%	1.6%	2	3	5	7	7
C. Freq & Sev - Latest Year	0.5%	3.2%	3.3%	0.7%	-0.5%	1	5	3	1	2
D. Post 2005 Exp Loss Ratio - 2-Year	1.5%	4.9%	6.5%	5.0%	3.9%	5	7	9	9	9
E. 5-Year Exp Loss Ratio - 2-Year	1.5%	5.0%	6.3%	4.2%	1.7%	5	9	8	8	8
F. 5-Year Exp Loss Ratio - Latest Year	1.9%	5.0%	5.3%	3.1%	1.0%	7	8	7	5	4
G. Average Freq & Sev and Loss Ratio Trends	1.2%	3.3%	5.3%	3.2%	0.9%	4	6	6	6	3
H. Flat Trend - 2-Year	-4.6%	-1.9%	-0.3%	-1.2%	-1.6%	9	4	2	2	5
I. Flat Trend - Latest Year	-3.2%	-0.7%	0.1%	-1.2%	-1.6%	8	1	1	3	6

Indemnity	Indemnity

Medical

III-A-19
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Correlations between Frequency and Severity

Accident Year	Evaluated as of 3/31/2017		
	Change in Indemnity Claim Frequency	Change in Ultimate Indemnity Severity	Change in Ultimate Medical Severity*
1994	-12.8%	8.1%	10.5%
1995	-4.5%	12.1%	14.3%
1996	-7.9%	11.9%	7.4%
1997	-4.5%	19.1%	19.1%
1998	-4.3%	9.3%	22.5%
1999	-0.1%	9.8%	13.7%
2000	1.0%	5.9%	12.7%
2001	-6.8%	10.2%	19.0%
2002	-1.5%	-3.3%	1.3%
2003	-3.0%	-1.7%	-4.4%
2004	-17.0%	-18.4%	-7.4%
2005	-13.9%	-9.9%	3.1%
2006	-6.5%	9.1%	9.8%
2007	-2.3%	8.8%	12.3%
2008	-3.9%	9.8%	9.3%
2009	-2.0%	4.2%	5.6%
2010	6.8%	-1.1%	0.9%
2011	-0.2%	-1.4%	0.6%
2012	3.6%	-1.7%	-4.9%
2013	0.5%	1.8%	-4.7%
2014	1.1%	8.1%	-1.4%
2015	-0.8%	3.9%	1.2%
2016	-1.0%	3.6%	6.1%

Environment	Correlation w/ Change in Indemnity Claim Frequency	
	Indemnity Severity	Medical Severity
Pre-Reform (1994-2001)	-0.094	0.239
Reform Transition (2002-2005)	0.940	0.250
Post-Reform (2006-2011)	-0.803	-0.737
SB 863 Period (2012-2016)	-0.531	-0.763
All Years (1994-2016)	0.226	-0.112

Item AC17-04-04 New Drug Formulary

Assembly Bill No. 1124 (AB 1124), which was signed by the Governor on October 7, 2015, requires the Division of Workers' Compensation (DWC) to implement a formulary for prescription medications by July 1, 2017. At the April 3, 2017 meeting, the Committee reviewed the proposed formulary under consideration at the time by the DWC.

On July 18, 2017, the DWC submitted modified proposed regulations for the new formulary with an effective date of January 1, 2018 and a 15-day public comment period ending August 2, 2017. The modified proposed regulations can be accessed through the following link (<http://www.dir.ca.gov/dwc/DWCPropRegs/MTUS-Formulary/MTUS-Formulary.htm>).

The DWC's updated proposed drug formulary and its potential cost impact will be discussed at the meeting.

Item AC17-06-01

3/31/2017 Experience – Review of Methodologies

At the June 16, 2017 meeting, the Committee reviewed a preliminary analysis of statewide experience through March 31, 2017. The attached Exhibits 1 through 8 contain an updated analysis of March 31, 2017 experience. In total, almost 100% of the market is included. Wage and loss levels are projected to January 1, 2019—the approximate midpoint of experience on policies incepting in 2018, and premiums were adjusted to the industry average filed pure premium rate level as of January 1, 2017.¹

The updated information differs from what was presented at the June 16, 2017 meeting in that this analysis reflects: (a) the inclusion of additional insurer data submissions and insurer data call corrections, (b) updates to the wage level and indemnity claim frequency projections based on UCLA's June 2017 forecasts, (c) updates to several other on-level adjustments and (d) an updated projected medical severity trend of 3.0% compared to the 2.5% reflected in the June 16, 2017 Agenda materials.

As shown on Exhibit 8, the projected policy year 2018 loss to the industry average filed pure premium ratio based on March 31, 2017 experience is 0.625. (The projected loss ratio reflected in the analysis presented at the June 16, 2017 meeting was 0.612 and the projected loss ratio reflected in the July 1, 2017 Pure Premium Rate Filing was 0.626.)

Additional supplemental information is included in Exhibits 9 through 12.

¹ In the January 1, 2018 Pure Premium Rate Filing, ratios will be adjusted to the July 1, 2017 industry average filed pure premium rate level.

**California Workers' Compensation
Accident Year Experience as of March 31, 2017**

<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	1,278,086,814	3,973,966	983,695,290	22,590,616	18,757,607	2,307,104,293	0.803
1986	3,506,609,097	1,381,255,968	5,855,419	1,132,304,843	33,162,777	58,336,912	2,610,915,919	0.745
1987	4,374,085,383	1,503,615,032	7,389,640	1,324,579,234	47,310,060	31,206,246	2,914,100,212	0.666
1988	5,173,049,472	1,700,316,904	8,491,392	1,528,416,565	49,497,510	43,062,900	3,329,785,271	0.644
1989	5,674,529,942	1,936,291,207	9,709,066	1,782,862,341	63,571,168	47,335,386	3,839,769,168	0.677
1990	5,698,665,461	2,253,771,978	9,144,370	2,028,066,464	65,081,616	69,102,040	4,425,166,468	0.777
1991	5,863,319,243	2,468,515,946	18,847,415	2,179,059,253	73,333,928	70,054,444	4,809,810,986	0.820
1992	5,681,466,382	1,969,803,631	15,549,585	1,739,280,285	72,684,361	64,810,930	3,862,128,792	0.680
1993	5,928,480,359	1,687,446,335	16,113,643	1,488,299,265	93,246,185	57,096,670	3,342,202,098	0.564
1994	5,022,749,028	1,619,400,671	24,437,027	1,445,923,964	107,814,387	58,161,681	3,255,737,730	0.648
1995	3,778,975,599	1,752,142,077	33,321,094	1,587,600,952	129,240,460	66,822,906	3,569,127,489	0.944
1996	3,736,857,547	1,936,093,457	40,505,660	1,677,585,544	143,879,964	76,386,816	3,874,451,441	1.037
1997	3,916,944,392	2,294,576,056	53,045,283	1,971,212,023	169,885,537	128,850,421	4,617,569,320	1.179
1998	4,322,051,270	2,744,695,739	65,516,534	2,579,359,552	273,299,109	214,899,520	5,877,770,454	1.360
1999	4,537,629,086	3,022,817,836	65,448,727	2,955,848,956	251,398,708	307,144,297	6,602,658,524	1.455
2000	5,905,419,052	3,381,857,450	89,074,389	3,479,838,371	299,768,794	455,373,701	7,705,912,705	1.305
2001	10,094,684,192	4,767,381,964	145,959,054	5,207,402,713	513,687,104	696,603,578	11,331,034,413	1.122
2002	13,405,893,679	4,695,678,561	131,409,054	5,322,948,517	462,507,234	985,177,269	11,597,720,635	0.865
2003	19,429,675,115	4,444,259,720	197,002,822	4,881,477,491	481,968,301	1,369,566,995	11,374,275,329	0.585
2004	23,043,963,090	3,128,850,607	170,864,847	3,901,481,106	426,537,443	1,431,263,592	9,058,997,595	0.393
2005	21,350,709,483	2,448,200,493	150,910,792	3,487,937,574	408,818,523	1,207,115,191	7,702,982,573	0.361
2006	17,209,009,327	2,521,877,986	172,793,760	3,580,636,584	438,502,885	867,821,946	7,581,633,161	0.441
2007	13,256,259,568	2,635,051,948	197,651,065	3,808,584,663	503,283,683	872,979,777	8,017,551,136	0.605
2008	10,748,217,184	2,661,438,578	223,223,941	3,789,690,639	519,515,594	741,658,577	7,935,527,329	0.738
2009	8,885,303,850	2,502,900,292	227,447,655	3,562,336,829	520,094,932	735,410,617	7,548,190,325	0.850
2010	9,411,101,176	2,494,739,633	244,693,433	3,594,595,159	520,250,067	865,819,927	7,720,098,219	0.820
2011	10,146,407,076	2,387,257,710	296,056,683	3,161,147,508	614,297,692	1,100,963,146	7,559,722,739	0.745
2012	11,718,349,189	2,326,647,816	369,494,465	2,944,847,369	682,345,669	2,016,263,545	8,339,598,864	0.712
2013	14,186,071,217	2,220,568,455	447,673,589	2,646,223,681	798,865,851	2,751,094,576	8,864,426,152	0.625
2014	16,014,478,353	1,975,811,249	651,593,331	2,249,502,436	973,283,988	3,834,515,019	9,684,706,023	0.605
2015	17,056,141,227	1,431,215,461	902,858,361	1,705,282,528	1,286,334,448	5,112,048,235	10,437,739,033	0.612
2016	17,954,399,988	615,595,757	856,991,482	943,528,415	1,430,965,932	6,641,967,593	10,489,049,179	0.584
2017*	4,375,167,697	17,057,050	102,214,519	33,192,542	227,374,098	2,035,495,233	2,415,333,442	0.552

* 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.

Not In (2

Source: WCIRB quarterly experience calls

Incurred Indemnity Loss Development Factors

Accident Year	27/15	39/27	51/39	63/51	75/63	87/75	99/87	Age-to-Age (in months)										183/171	195/183
								123/111	135/123	147/135	159/147	171/159	183/171	195/183					
1992																		1.001	
1993																		1.000	1.002
1994																		0.999	0.999
1995																		1.001	1.002
1996																		0.999	1.002
1997																		1.002	1.001
1998																		1.000	1.003
1999																		1.004	1.002
2000																		1.003	1.002
2001																		1.002	1.002
2002																		1.001	1.002
2003																		1.003	
2004																		1.003	
2005																		1.002	
2006																		1.003	
2007																		1.001	
2008																		1.003	
2009																		1.001	
2010																		1.002	
2011																		1.002	
2012																		1.006	
2013																		1.006	
2014																		1.006	
2015																		1.006	

Selected (a)	1.630	1.224	1.092	1.059	1.032	1.023	1.016	1.009	1.007	1.007	1.002	1.002	1.002	1.002
Cumulative	2.601	1.596	1.304	1.194	1.127	1.092	1.068	1.051	1.040	1.030	1.017	1.014	1.012	1.010

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

Incurred Indemnity Loss Development Factors (Continued)

Accident Year	Age-to-Age (in months)														
	207/195	219/207	231/219	243/231	255/243	267/255	279/267	291/279	303/291	315/303	327/315	339/327	351/339	363/351	375/363
1982										1.001	1.001	1.000	1.002	1.001	1.000
1983									1.001	1.000	1.000	1.001	1.001	1.001	1.000
1984								1.000	1.000	1.001	1.001	1.000	1.001	1.001	1.000
1985							1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.000
1986						1.000	1.000	1.001	1.000	1.002	1.002	1.001	1.000	1.000	1.000
1987					0.999	1.000	1.000	1.000	1.002	1.001	1.000	1.000	1.001	1.000	1.000
1988				1.000	1.001	1.001	1.002	1.001	1.001	1.000	1.000	1.000	1.001	1.001	1.001
1989			1.000	1.000	1.000	1.001	1.001	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001
1990		1.000	1.001	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1991	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1992	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1993	0.999	1.000	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1994	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
1995	1.001	1.002	0.999	0.999	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1996	1.001	1.002	1.000	1.000	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	1.001	1.002	1.002	1.000											
1999	1.000	1.000													
2000	1.000														
Selected (a)	1.000	1.001	1.001	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000
Cumulative	1.008	1.007	1.007	1.006	1.006	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.003	1.003	1.003

(b) The ULT/387Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors and extrapolated to 80 development years.

Incurred Medical Loss Development Factors

Accident Year	<u>27/15</u>	<u>39/27</u>	<u>51/39</u>	<u>63/51</u>	<u>75/63</u>	<u>87/75</u>	<u>99/87</u>	<u>111/99</u>	<u>123/111</u>	<u>135/123</u>	<u>147/135</u>	<u>159/147</u>	<u>171/159</u>	<u>183/171</u>	<u>195/183</u>
1992															1.012
1993														1.019	1.013
1994													1.006	1.008	1.021
1995												1.020	1.027	1.016	1.005
1996										1.017	1.023	1.020	1.015	1.013	1.012
1997										1.024	1.023	1.018	1.009	1.010	1.005
1998									1.035	1.021	1.020	1.010	1.010	1.013	1.007
1999								1.035	1.028	1.018	1.017	1.014	1.009	1.012	1.003
2000							1.041	1.022	1.019	1.022	1.016	1.017	1.012	1.005	0.998
2001						1.045	1.039	1.035	1.030	1.020	1.018	1.018	1.006	0.997	0.999
2002					1.056	1.038	1.034	1.028	1.027	1.020	1.013	1.007	0.998	0.999	
2003				1.060	1.051	1.043	1.040	1.036	1.025	1.019	1.009	1.001	0.999		
2004			1.094	1.078	1.056	1.062	1.038	1.032	1.026	1.008	1.004	0.999			
2005		1.141	1.077	1.080	1.074	1.057	1.040	1.027	1.018	1.005	1.003				
2006	1.333	1.164	1.095	1.076	1.061	1.049	1.037	1.018	1.007	1.003					
2007	1.357	1.171	1.114	1.078	1.069	1.041	1.028	1.015	1.005						
2008	1.378	1.189	1.116	1.087	1.058	1.035	1.020	1.009							
2009	1.431	1.182	1.133	1.080	1.049	1.025	1.014								
2010	1.431	1.212	1.117	1.068	1.036	1.022									
2011	1.452	1.185	1.103	1.060	1.025										
2012	1.391	1.153	1.079	1.051											
2013	1.353	1.120	1.076												
2014	1.326	1.135													
2015	1.314														
Selected (a)	1.314	1.135	1.076	1.051	1.025	1.022	1.014	1.009	1.010	1.005	1.005	1.002	1.001	1.000	1.000
Cumulative	1.895	1.442	1.270	1.181	1.123	1.096	1.072	1.058	1.048	1.038	1.032	1.027	1.024	1.023	1.023

(a) Selections are latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors.
(b) Incurred medical loss development factors include the paid cost of medical cost containment programs for accident years 2011 and prior.

Incurred Medical Loss Development Factors (Continued)

Accident Year	Age-to-Age (in months)																
	207/195	219/207	231/219	243/231	255/243	267/255	279/267	291/279	303/291	315/303	327/315	339/327	351/339	363/351	375/363	387/375	ULT/387Inc (c)
1982										1.007	1.011	1.002	1.005				
1983									1.004	1.004	1.003	1.003	1.005	1.003	1.003	1.002	
1984								1.001	1.004	1.002	1.004	1.003	1.000	1.004	0.999	0.999	
1985							1.001	1.001	1.002	1.004	1.004	1.003	1.004	1.000	0.999	0.999	
1986						1.005	1.003	1.006	1.006	1.005	1.005	1.004	1.002	1.001	0.998		
1987					1.001	1.005	1.010	0.999	1.006	1.003	1.005	1.003	1.001	0.999			
1988				1.002	1.006	1.005	1.005	1.001	1.005	1.002	1.003	1.002	1.000				
1989			1.006	1.005	1.008	1.005	1.006	1.007	1.000	1.002	0.999	0.999					
1990		1.003	1.006	1.008	1.005	1.003	1.002	1.004	0.997	1.001	1.001						
1991	1.005	1.007	1.006	1.005	1.002	1.004	1.001	1.003	1.001	0.999							
1992	1.006	1.009	1.001	1.003	1.005	1.003	1.003	0.999	1.000								
1993	1.008	1.005	1.013	1.013	1.001	1.001	0.999	0.996									
1994	1.011	1.011	1.005	1.006	1.004	1.001	0.996										
1995	1.010	1.012	0.996	1.007	1.000	0.997											
1996	1.008	1.007	1.003	1.000	1.001												
1997	1.004	1.000	0.995	0.997													
1998		1.012	0.999														
1999	1.000	0.998															
2000	0.995																
Selected (a)	1.002	0.999	0.999	1.001	1.002	1.000	0.999	0.999	0.999	1.001	1.001	1.001	1.001	1.000	0.999	1.000	
Cumulative	1.023	1.021	1.022	1.022	1.021	1.019	1.020	1.020	1.021	1.022	1.021	1.020	1.019	1.018	1.018	1.019	1.019

(c) The ULT/387Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors and extrapolated to 80 development years.

Paid Indemnity Loss Development Factors

Accident Year	27/15	39/27	51/39	63/51	75/63	87/75	99/87	111/99	123/111	135/123	147/135	159/147	171/159	183/171	195/183
1992															1.003
1993													1.006	1.004	1.004
1994												1.008	1.007	1.005	1.003
1995												1.009	1.007	1.006	1.004
1996											1.011	1.009	1.007	1.004	1.005
1997										1.015	1.011	1.007	1.007	1.006	1.005
1998								1.021	1.018	1.016	1.009	1.009	1.008	1.007	1.006
1999								1.022	1.015	1.012	1.010	1.009	1.008	1.006	1.006
2000							1.030	1.022	1.016	1.014	1.011	1.011	1.007	1.007	1.004
2001						1.045	1.043	1.028	1.018	1.014	1.012	1.009	1.008	1.007	1.006
2002					1.065	1.064	1.039	1.029	1.025	1.020	1.015	1.010	1.007	1.006	
2003				1.109	1.067	1.067	1.045	1.041	1.026	1.018	1.014	1.011	1.009	1.007	
2004			1.191	1.102	1.073	1.057	1.041	1.037	1.025	1.019	1.014	1.011	1.009	1.007	
2005		1.410	1.200	1.104	1.073	1.057	1.048	1.037	1.025	1.019	1.014	1.011	1.009	1.007	
2006	2.211	1.423	1.197	1.121	1.085	1.062	1.045	1.032	1.026	1.017					
2007	2.243	1.436	1.211	1.127	1.085	1.061	1.042	1.032	1.025						
2008	2.279	1.468	1.234	1.132	1.083	1.054	1.040	1.025							
2009	2.369	1.499	1.238	1.135	1.084	1.056	1.039								
2010	2.399	1.505	1.240	1.129	1.081	1.053									
2011	2.433	1.481	1.227	1.129	1.076										
2012	2.424	1.477	1.220	1.122											
2013	2.385	1.491	1.215												
2014	2.457	1.502													
2015	2.471														
Selected (a)	2.471	1.502	1.215	1.122	1.076	1.053	1.039	1.025	1.025	1.018	1.014	1.010	1.008	1.007	1.005
Cumulative Unadjusted for Impact of SB 863	6.904	2.794	1.860	1.531	1.364	1.268	1.204	1.159	1.131	1.103	1.083	1.068	1.057	1.049	1.042
Cumulative Adjusted for Impact of SB 863 (b)	7.351	2.975	1.981	1.562	---	---	---	---	---	---	---	---	---	---	---

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

(b) The 39-to-ultimate factor for accident year 2014 and the 51-to-ultimate factor for accident year 2013 have been adjusted by 6.5% and 2.0%, respectively, for the impacts of SB 863 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	207/195	219/207	231/219	243/231	255/243	267/255	279/267	291/279	303/291	315/303	327/315	339/327	351/339	363/351	375/363	387/375	387Inc/387Pd (c)	ULT/387Inc (d)
1982										1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.004	
1983									1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.004	
1984								1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.005	
1985							1.001	1.001	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.005	
1986						1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.003	
1987					1.001	1.001	1.001	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.003	
1988				1.002	1.001	1.001	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.000			1.003	
1989			1.002	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001					
1990		1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001						
1991	1.003	1.002	1.002	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001							
1992	1.003	1.001	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	1.001										
1994	1.003	1.004	1.002	1.003	1.003	1.002	1.002	1.001										
1995	1.004	1.005	1.004	1.003	1.002	1.002	1.002											
1996	1.004	1.005	1.004	1.003	1.003													
1997	1.005	1.004	1.003	1.002														
1998	1.006	1.005	1.004															
1999	1.005	1.004																
2000	1.004																	
Selected (a)	1.005	1.004	1.004	1.003	1.003	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.004	
Cumulative	1.037	1.031	1.027	1.023	1.021	1.018	1.015	1.014	1.013	1.012	1.011	1.010	1.009	1.009	1.008	1.007	1.003	1.003

(c) Three-year averages of the 387Inc/387Pd factors are selected.

(d) The ULT/387Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors and extrapolated to 80 development years.

Paid Medical Loss Development Factors

Unadjusted (a) Accident Year	27/15	39/27	51/39	63/51	75/63	87/75	99/87	111/99	123/111	135/123	147/135	159/147	171/159	183/171	195/183
1992															1.017
1993													1.015	1.013	1.012
1994												1.023	1.019	1.016	1.012
1995											1.025	1.023	1.022	1.018	1.017
1996										1.028	1.025	1.020	1.019	1.014	1.014
1997										1.032	1.027	1.021	1.017	1.014	1.018
1998									1.033	1.030	1.025	1.020	1.016	1.018	1.018
1999								1.031	1.035	1.030	1.025	1.020	1.021	1.016	1.012
2000							1.039	1.037	1.030	1.026	1.022	1.020	1.019	1.016	1.012
2001							1.046	1.037	1.033	1.026	1.022	1.026	1.019	1.016	1.012
2002						1.054	1.053	1.043	1.027	1.024	1.022	1.018	1.015	1.011	
2003					1.068	1.070	1.066	1.045	1.029	1.033	1.025	1.018	1.015		
2004				1.100	1.086	1.091	1.063	1.047	1.041	1.031	1.022				
2005			1.165	1.121	1.091	1.063	1.053	1.051	1.037	1.029	1.020				
2006	1.773	1.292	1.193	1.123	1.085	1.064	1.057	1.040	1.032	1.023					
2007	1.851	1.342	1.195	1.126	1.092	1.079	1.051	1.038	1.028						
2008	1.826	1.352	1.203	1.120	1.092	1.079	1.051	1.038							
2009	1.876	1.359	1.208	1.134	1.098	1.067	1.047	1.033							
2010	1.926	1.385	1.221	1.150	1.095	1.062	1.042								
2011	1.957	1.402	1.237	1.133	1.087	1.060									
2012	1.983	1.401	1.217	1.131	1.082										
2013	1.939	1.398	1.214	1.127											
2014	1.938	1.391	1.205												
2015	1.957	1.387													

Adjusted (b) Accident Year	27/15	39/27	51/39	63/51	75/63	87/75	99/87	111/99	123/111	135/123	147/135	159/147	171/159	183/171	195/183
1999															1.019
2000													1.020	1.017	1.013
2001												1.019	1.016	1.018	1.013
2002											1.027	1.019	1.016	1.012	
2003											1.024	1.019			
2004										1.033	1.024				
2005									1.039	1.031	1.022				
2006								1.043	1.034	1.025					
2007							1.054	1.041	1.030						
2008						1.071	1.051	1.035							
2009						1.066	1.045								
2010				1.141	1.100	1.064									
2011			1.228	1.139	1.093										
2012		1.413	1.223	1.131	1.086										
2013	1.957	1.400	1.208												
2014	1.949	1.389													
2015	1.957														

- Selected (c) 1.957 1.389 1.208 1.131 1.086 1.064 1.045 1.035 1.034 1.030 1.024 1.019 1.017 1.016 1.015
- Cumulative 6.375 3.257 2.345 1.941 1.716 1.581 1.485 1.421 1.373 1.328 1.290 1.259 1.235 1.214 1.196
- (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 4.2% cost savings due to applicable SB 863 provisions; (ii) adjustment to historical outstanding medical losses paid prior to January 1, 2014 by an estimated 2.1% decrease in costs, and losses paid prior to January 1, 2015 by an estimated 1.7% decrease in costs due to RBRVS.
 (c) Selections are latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors.

Paid Medical Loss Development Factors (Continued)

Unadjusted (a)	Age-to-Age (in months)																				387Inc/387Pd (d)	ULT/387Inc (e)
Accident Year	207/195	219/207	231/219	243/231	255/243	267/255	279/267	291/279	303/291	315/303	327/315	339/327	351/339	363/351	375/363	387/375	387Inc/387Pd (d)	ULT/387Inc (e)				
1982										1.007	1.010	1.005	1.006				1.030					
1983									1.004	1.004	1.005	1.004	1.004	1.004	1.004	1.003	1.032					
1984								1.003	1.003	1.003	1.004	1.004	1.003	1.003	1.002	1.003	1.036					
1985							1.006	1.004	1.004	1.004	1.004	1.004	1.003	1.003	1.002	1.003	1.038					
1986						1.004	1.004	1.005	1.005	1.005	1.005	1.005	1.006	1.004	1.006	1.002	1.022					
1987					1.008	1.005	1.005	1.005	1.005	1.005	1.006	1.005	1.003	1.003			1.022					
1988				1.008	1.005	1.005	1.006	1.006	1.004	1.005	1.004	1.003	1.003									
1989			1.006	1.006	1.005	1.005	1.008	1.006	1.006	1.005	1.003	1.003										
1990		1.005	1.005	1.005	1.005	1.006	1.004	1.004	1.004	1.003	1.002											
1991	1.008	1.006	1.006	1.006	1.005	1.006	1.006	1.005	1.004	1.003												
1992	1.010	1.007	1.007	1.000	1.007	1.007	1.005	1.005	1.005													
1993	1.011	1.011	1.011	1.009	1.013	1.011	1.008	1.005														
1994	1.013	1.009	1.009	1.012	1.010	1.008	1.008	1.005														
1995	1.013	1.012	1.016	1.013	1.011	1.013																
1996	1.014	1.014	1.014	1.010	1.007																	
1997	1.015	1.013	1.010	1.006																		
1998	1.017	1.013	1.010																			
1999	1.014	1.012																				
2000	1.011																					

Adjusted (b) Accident Year	207/195	219/207	231/219	243/231	255/243	267/255	279/267	291/279	303/291	Age-to-Age (in months)										351/339	363/351	375/363	387/375	387Inc/387Pd (d)	ULT/387Inc (e)
1982										1.006	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.030
1983									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.032
1984									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.036
1985									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.038
1986									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.038
1987									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.038
1988									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.038
1989									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.038
1990									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.038
1991									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.038
1992									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.038
1993									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.038
1994									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.038
1995									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.038
1996									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.038
1997									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.038
1998									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.038
1999									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.038
2000									1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.038

(d) Six-year averages of the 387Inc/387Pd factors are selected.

(e) The ULT/387Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors and extrapolated to 80 development years.

Selected Indemnity Development Factors - Paid to Age 231, Incurred from Age 231 to Ultimate

Accident Year	Age-to-Age (in months)															
	27/15	39/27	51/39	63/51	75/63	87/75	99/87	111/99	123/111	135/123	147/135	159/147	171/159	183/171	195/183	207/195
1992															1.003	1.001
1993															1.004	1.002
1994													1.006	1.005	1.004	1.003
1995												1.008	1.007	1.006	1.005	1.004
1996											1.011	1.009	1.007	1.006	1.005	1.004
1997										1.015	1.011	1.009	1.007	1.006	1.005	1.004
1998									1.018	1.016	1.009	1.009	1.008	1.007	1.006	1.005
1999								1.021	1.022	1.015	1.010	1.009	1.008	1.007	1.006	1.004
2000							1.030	1.022	1.015	1.012	1.010	1.009	1.008	1.007	1.006	1.004
2001						1.045	1.030	1.022	1.016	1.014	1.011	1.009	1.008	1.007	1.006	1.004
2002					1.065	1.043	1.028	1.019	1.018	1.014	1.012	1.009	1.007	1.006	1.005	1.004
2003					1.064	1.039	1.029	1.025	1.022	1.020	1.015	1.010	1.009	1.007	1.006	1.004
2004					1.067	1.045	1.041	1.034	1.026	1.026	1.018	1.014	1.009	1.007	1.006	1.004
2005					1.073	1.057	1.048	1.037	1.025	1.019	1.014	1.011	1.008	1.007	1.006	1.004
2006					1.085	1.062	1.045	1.032	1.026	1.017						
2007	2.211	1.423	1.197	1.121	1.085	1.061	1.042	1.032	1.025							
2008	2.243	1.436	1.211	1.127	1.085	1.061	1.042	1.032	1.025							
2009	2.279	1.468	1.234	1.132	1.083	1.054	1.040	1.025								
2010	2.369	1.499	1.238	1.135	1.084	1.056	1.039									
2011	2.399	1.505	1.240	1.129	1.081	1.053										
2012	2.433	1.481	1.227	1.129	1.076											
2013	2.424	1.477	1.220	1.122												
2014	2.385	1.491	1.215													
2015	2.457	1.502														
2016	2.471															
Selected (a)	2.456(d)	1.489(d)	1.207(d)	1.112(d)	1.068(d)	1.053	1.039	1.025	1.025	1.018	1.014	1.010	1.008	1.007	1.005	1.004
Cumulative Unadjusted for Impact of SB 863	6.700	2.728	1.832	1.518	1.365	1.277	1.213	1.168	1.139	1.111	1.091	1.076	1.065	1.057	1.050	1.035
Cumulative Adjusted for Impact of SB 863 (b)	7.135	2.905	1.951	1.548	1.365	1.277	1.213	1.168	1.139	1.111	1.091	1.076	1.065	1.057	1.050	1.035

- (a) Selections are latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors. Paid development factors are selected to age 231, where an incurred-to-paid ratio is chosen, and subsequently, incurred loss development factors are selected until ultimate.
- (b) The 39-to-ultimate factor for accident year 2014 and the 51-to-ultimate factor for accident year 2013 have been adjusted by 6.5% and 2.0%, respectively, for the impacts of SB 863 on indemnity loss development. (See Impact of Senate Bill No. 863 on Loss Development Patterns, WCIRB, August 13, 2013.)
- (c) A three-year average of the 231Inc/231Pd 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 231, Incurred from Age 231 to Ultimate (Continued)

Accident Year	243/231	255/243	267/255	279/267	291/279	303/291	315/303	327/315	339/327	351/339	363/351	375/363	387/375	ULT/387Inc (e)
1981								1.001	1.002	0.999				
1982							1.001	1.001	1.000	1.002				
1983						1.001	1.000	1.000	1.001	1.001	1.001	1.001	1.000	
1984					1.000	1.000	1.001	1.001	1.000	1.001	1.001	0.999	1.000	
1985				1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.000	1.000	
1986			1.000	1.000	1.001	1.000	1.002	1.002	1.001	1.000	1.000	1.000		
1987		0.999	1.000	1.000	1.000	1.002	1.001	1.000	1.000	1.001	1.001			
1988	1.000	1.001	1.000	1.002	1.002	1.001	1.000	1.000	1.000	1.001				
1989	1.000	1.001	1.001	1.001	1.000	1.000	1.000	1.001	1.001					
1990	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000						
1991	1.000	1.000	1.000	1.001	1.000	1.000	1.000							
1992	1.001	1.001	1.001	1.000	1.000	1.000								
1993	1.001	1.001	1.001	1.000	1.000									
1994	1.001	1.001	1.001	1.001										
1995	0.999	1.001	1.000											
1996	1.000	1.001												
1997	1.000													
Selected (a)	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	
Cumulative	1.006	1.006	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.003	1.003	1.003	1.003	1.003

(e) The ULT/387Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors and extrapolated to 80 development years.

**Paid Indemnity Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

A. Total Reported Indemnity Claim Counts

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2008						118,144
2009					112,428	112,740
2010				115,543	116,134	116,466
2011			115,877	117,092	117,782	118,150
2012		119,843	122,845	124,144	124,921	
2013	116,550	128,262	131,489	132,794		
2014	121,326	134,394	137,527			
2015	126,704	140,302				
2016	129,131					

B. Development of Total Reported Indemnity Claim Counts

Accident Year	Age-to-Age Development (in months):					
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>	<u>75-Ultimate</u>
2009					1.003	
2010				1.005	1.003	
2011			1.010	1.006	1.003	
2012		1.025	1.011	1.006		
2013	1.100	1.025	1.010			
2014	1.108	1.023				
2015	1.107					
Latest Year	1.107	1.023	1.010	1.006	1.003	
Cumulative	1.163	1.050	1.026	1.016	1.010	1.006

Acc. Year	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Ult. Claim Counts	150,132	147,311	141,108	134,912	126,124	118,917

C. Closed Indemnity Claim Counts

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2008						101,531
2009					90,535	96,584
2010				86,390	95,260	101,568
2011			75,627	88,983	98,136	104,174
2012		62,104	81,994	96,094	105,545	
2013	38,950	67,874	89,572	105,005		
2014	41,091	72,635	95,523			
2015	43,814	78,256				
2016	47,216					

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

**Paid Indemnity Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

D. Ultimate Indemnity Claim Settlement Ratio (a)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						85.3%
2009					79.7%	85.0%
2010				73.7%	81.3%	86.6%
2011			63.6%	74.8%	82.5%	87.6%
2012		49.2%	65.0%	76.2%	83.7%	
2013	28.9%	50.3%	66.4%	77.8%		
2014	29.1%	51.5%	67.7%			
2015	29.7%	53.1%				
2016	31.4%					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						104,226
2009					95,108	99,562
2010				91,236	98,095	102,689
2011			80,501	92,555	99,513	104,174
2012		67,001	85,380	98,165	105,545	
2013	42,429	71,670	91,329	105,005		
2014	44,378	74,961	95,523			
2015	46,329	78,256				
2016	47,216					

F. Average Paid Indemnity per Closed Claim

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						15,950
2009					14,825	16,821
2010				12,556	15,210	17,247
2011			9,471	12,907	15,547	17,316
2012		5,922	10,054	13,298	15,597	
2013	2,635	6,340	10,498	13,647		
2014	2,718	6,723	11,147			
2015	3,012	7,390				
2016	3,259					

- (a) Ratio of closed indemnity claim counts (Item C) to the estimated ultimate indemnity claim counts (Item B) for that accident year.
- (b) The claim counts for the latest evaluation of each accident year are equal to the reported number of closed indemnity claims. All prior evaluations shown are the product of the latest ultimate indemnity claim settlement ratio (Item D) and the ultimate indemnity claim counts (Item B) for that accident year.

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

**Paid Indemnity Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

G. Adjusted Average Paid Indemnity per Closed Claim (c)

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2008						16,811
2009					16,310	17,900
2010				13,943	16,094	17,644
2011			10,604	13,880	15,934	17,316
2012		6,746	10,753	13,771	15,597	
2013	2,928	6,925	10,816	13,647		
2014	2,987	7,078	11,147			
2015	3,216	7,390				
2016	3,259					

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

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2008						1,752,103
2009					1,551,242	1,782,152
2010				1,272,120	1,578,744	1,811,890
2011			853,632	1,284,636	1,585,676	1,803,871
2012		452,015	918,067	1,351,865	1,646,166	
2013	124,244	496,304	987,859	1,432,983		
2014	132,569	530,563	1,064,821			
2015	149,013	578,297				
2016	153,872					

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

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2008						682,930
2009					759,011	654,527
2010				834,297	716,745	588,940
2011			850,428	773,336	639,826	526,053
2012		760,449	840,851	750,231	628,559	
2013	402,274	774,875	855,512	748,285		
2014	418,425	815,983	892,485			
2015	445,728	849,352				
2016	459,791					

(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	15	27	39	51	63	75
2008						41,108
2009					34,669	40,513
2010				28,618	34,337	39,531
2011			21,129	27,512	32,568	37,640
2012		13,170	20,583	26,746	32,440	
2013	5,184	12,832	20,410	26,927		
2014	5,215	13,212	21,248			
2015	5,377	13,689				
2016	5,613					

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	15	27	39	51	63	75
2008						-110,787
2009					-158,542	-120,648
2010				-138,682	-97,345	-44,315
2011			-102,981	-98,273	-44,846	
2012		-64,496	-69,695	-55,391		
2013	-18,035	-48,709	-35,860			
2014	-17,142	-30,732				
2015	-13,524					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						572,144
2009					600,469	533,880
2010				695,614	619,400	544,625
2011			747,447	675,063	594,980	526,053
2012		695,953	771,156	694,840	628,559	
2013	384,239	726,166	819,653	748,285		
2014	401,283	785,251	892,485			
2015	432,204	849,352				
2016	459,791					

- (e) Each amount is equal to the product of [the average monthly indemnity payment per open indemnity claim] and [the number of months for the current evaluation]. For evaluations indicating claim settlement rate decreases, the average monthly indemnity payment per open indemnity claim at the prior evaluation is used. For evaluations indicating claim settlement rate increases, the average monthly indemnity payment per open indemnity claim at the same evaluation is used.
- (f) Each amount is equal to [the difference between unadjusted and adjusted closed indemnity claim counts (Items C and E)] multiplied by the corresponding [average paid indemnity per open claim for indemnity claims in transition (Item J)].
- (g) Each amount is the sum of [paid indemnity on open claims (Item I)] and the corresponding [incremental changes in paid indemnity on open claims resulting from the impact of changes in claim settlement rates (Item K)].

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

**Paid Indemnity Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

M. Adjusted Total Paid Indemnity (in \$000) (h)

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2008						2,324,247
2009					2,151,711	2,316,031
2010				1,967,734	2,198,145	2,356,515
2011			1,601,080	1,959,699	2,180,656	2,329,924
2012		1,147,969	1,689,222	2,046,705	2,274,726	
2013	508,483	1,222,471	1,807,512	2,181,268		
2014	533,852	1,315,814	1,957,305			
2015	581,217	1,427,649				
2016	613,663					

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

Accident Year	Evaluated as of (in months)				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2008					
2009					1.076
2010				1.117	1.072
2011			1.224	1.113	1.068
2012		1.471	1.212	1.111	
2013	2.404	1.479	1.207		
2014	2.465	1.488			
2015	2.456				
Latest Year	2.456	1.488	1.207	1.111	1.068
3-Year Average	2.442	1.479	1.214	1.114	1.072

O. Paid Indemnity Loss Development Factors (i)

Accident Year	Evaluated as of (in months)				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2009					1.085
2010				1.129	1.081
2011			1.227	1.127	1.076
2012		1.476	1.218	1.122	
2013	2.387	1.490	1.215		
2014	2.460	1.501			
2015	2.471				

(h) Each amount is the sum of the adjusted paid indemnity on closed claims (Item H) and the adjusted paid indemnity on open claims (Item L).

(i) Development factors are based on paid indemnity losses from the same insurer mix as that used in the adjustment for changes in claim settlement rates and applied in the calculation of the development factors in Item N.

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

**Paid Indemnity Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

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

Accident Year	Evaluated as of (in months)				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2009					-0.77%
2010				-1.01%	-0.81%
2011			-0.22%	-1.25%	-0.69%
2012		-0.30%	-0.52%	-0.91%	
2013	0.72%	-0.77%	-0.65%		
2014	0.18%	-0.87%			
2015	-0.60%				

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

Accident Year	Evaluated as of (in months)				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2009					1.076
2010				1.118	1.072
2011			1.224	1.115	1.069
2012		1.473	1.214	1.112	
2013	2.402	1.479	1.207		
2014	2.460	1.489			
2015	2.456				
Latest Year	2.456	1.489	1.207	1.112	1.069
3-Year Average	2.440	1.480	1.215	1.115	1.072

(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

Unadjusted (a)
Accident Year[illegible]Adjusted (b)
Accident Year

Adjusted (b) Accident Year	Age-to-Age (in months)																		
	27/15	39/27	51/39	63/51	75/63	87/75	99/87	111/99	123/111	135/123	147/135	159/147	171/159	183/171	195/183	207/195	219/207	231/219	231Inc/231Pd (d)
1996																		1.015	1.103
1997																	1.014	1.011	1.096
1998																	1.014	1.010	1.103
1999																1.018	1.015	1.013	
2000																1.019	1.013		
2001																1.017	1.018		
2002													1.020	1.018	1.013	1.012			
2003											1.027	1.019	1.016	1.012					
2004										1.033	1.024	1.019	1.016						
2005									1.039	1.031	1.022								
2006								1.043	1.034	1.025									
2007							1.054	1.041	1.030										
2008						1.071	1.051	1.035											
2009					1.100	1.066	1.045												
2010				1.141	1.093	1.064													
2011			1.228	1.139	1.086														
2012		1.413	1.223	1.131															
2013	1.957	1.400	1.208																
2014	1.949	1.389																	
2015	1.957																		
Selected (c)	1.954(e)	1.382(e)	1.202(e)	1.122(e)	1.079(e)	1.064	1.045	1.035	1.034	1.030	1.024	1.019	1.017	1.016	1.015	1.015	1.014	1.012	1.101
Cumulative	6.181	3.164	2.289	1.904	1.696	1.572	1.477	1.414	1.366	1.321	1.283	1.252	1.229	1.208	1.189	1.172	1.154	1.139	

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 4.2% cost savings due to applicable SB 863 provisions; (ii) adjustment to historical outstanding medical losses paid prior to January 1, 2014 by an estimated 2.1% decrease in costs, and losses paid prior to January 1, 2015 by an estimated 1.7% decrease in costs due to RBRVS.

c) Selections are latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors. Paid development factors are selected to age 231, 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 231Inc/231Pd 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 231, Incurred from Age 231 to Ultimate (Continued)

Accident Year	Age-to-Age (in months)													
	<u>243/231</u>	<u>255/243</u>	<u>267/255</u>	<u>279/267</u>	<u>291/279</u>	<u>291/279</u>	<u>315/303</u>	<u>327/315</u>	<u>339/327</u>	<u>351/339</u>	<u>363/351</u>	<u>375/363</u>	<u>387/375</u>	<u>ULT/387Inc (f)</u>
1983													1.002	
1984												0.999	0.999	
1985											1.000	0.999	0.999	
1986										1.002	1.001	0.998		
1987									1.003	1.001	0.999			
1988								1.003	1.002	1.000				
1989							1.002	0.999	0.999					
1990							1.001	1.001						
1991							0.999							
1992						1.003	0.999							
1993						0.999	0.996							
1994						1.003	0.999							
1995						0.999	0.996							
1996						1.001	1.001							
1997						0.997								
Selected (c)	1.001	1.002	1.000	0.999	0.999		1.001	1.001	1.001	1.001	1.000	0.999	1.000	
Cumulative	1.022	1.021	1.019	1.020	1.021	1.020	1.022	1.021	1.020	1.019	1.018	1.018	1.019	1.019

(f) The ULT/387Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors and extrapolated to 80 development years.

**Paid Medical Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

A. Total Reported Indemnity Claim Counts

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2008						116,431
2009					111,064	111,376
2010				114,140	114,734	115,066
2011			115,877	117,092	117,782	118,150
2012		119,843	122,845	124,144	124,921	
2013	116,550	128,262	131,489	132,794		
2014	121,326	134,394	137,527			
2015	126,704	140,302				
2016	129,131					

B. Development of Total Reported Indemnity Claim Counts

Accident Year	Age-to-Age Development (in months):					
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>	<u>75-Ultimate</u>
2009					1.003	
2010				1.005	1.003	
2011			1.010	1.006	1.003	
2012		1.025	1.011	1.006		
2013	1.100	1.025	1.010			
2014	1.108	1.023				
2015	1.107					
Latest Year	1.107	1.023	1.010	1.006	1.003	
Cumulative	1.162	1.050	1.026	1.016	1.010	1.006

Acc. Year	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Ult. Claim Counts	150,114	147,292	141,090	134,896	126,109	118,902

C. Closed Indemnity Claim Counts

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2008						99,963
2009					89,342	95,340
2010				85,218	94,012	100,276
2011			75,627	88,983	98,136	104,174
2012		62,104	81,994	96,094	105,545	
2013	38,950	67,874	89,572	105,005		
2014	41,091	72,635	95,523			
2015	43,814	78,256				
2016	47,216					

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

**Paid Medical Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

D. Ultimate Indemnity Claim Settlement Ratio (a)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						85.3%
2009					79.6%	84.9%
2010				73.6%	81.2%	86.6%
2011			63.6%	74.8%	82.5%	87.6%
2012		49.2%	65.0%	76.2%	83.7%	
2013	28.9%	50.3%	66.4%	77.8%		
2014	29.1%	51.5%	67.7%			
2015	29.7%	53.1%				
2016	31.5%					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						102,726
2009					93,966	98,367
2010				90,139	96,916	101,455
2011			80,501	92,555	99,513	104,174
2012		67,001	85,380	98,165	105,545	
2013	42,429	71,670	91,329	105,005		
2014	44,378	74,961	95,523			
2015	46,329	78,256				
2016	47,216					

F. Average Paid Medical per Closed Indemnity Claim

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						19,149
2009					18,015	20,826
2010				15,156	18,745	21,612
2011			10,647	14,689	18,122	20,812
2012		6,569	11,011	14,672	17,598	
2013	2,981	6,712	10,976	14,334		
2014	2,998	6,886	11,010			
2015	3,250	7,317				
2016	3,504					

- (a) Ratio of closed indemnity claim counts (Item C) to the estimated ultimate indemnity claim counts (Item B) for that accident year.
- (b) The claim counts for the latest evaluation of each accident year are equal to the reported number of closed indemnity claims. All prior evaluations shown are the product of the latest ultimate indemnity claim settlement ratio (Item D) and the ultimate indemnity claim counts (Item B) for that accident year.

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

**Paid Medical Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

G. Adjusted Average Paid Medical per Closed Indemnity Claim (c)

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2008						18,353
2009					20,146	22,421
2010				17,070	20,024	22,265
2011			11,974	15,944	18,704	20,812
2012		7,460	11,797	15,269	17,598	
2013	3,287	7,315	11,314	14,334		
2014	3,270	7,223	11,010			
2015	3,449	7,317				
2016	3,504					

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

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2008						1,885,378
2009					1,893,086	2,205,479
2010				1,538,714	1,940,606	2,258,868
2011			963,901	1,475,734	1,861,292	2,168,043
2012		499,825	1,007,242	1,498,876	1,857,330	
2013	139,447	524,268	1,033,337	1,505,142		
2014	145,096	541,431	1,051,726			
2015	159,777	572,589				
2016	165,464					

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

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2008						1,002,964
2009					1,078,558	976,892
2010				1,140,709	1,020,754	873,963
2011			1,071,922	1,027,103	891,617	741,766
2012		906,606	1,004,809	937,687	805,266	
2013	510,592	888,863	958,302	868,650		
2014	512,845	880,224	937,502			
2015	522,717	887,340				
2016	557,119					

- (c) Adjusted based on ultimate indemnity claim settlement ratios (Item D) and assuming a log-linear relationship between maturities.
- (d) Each amount is equal to the product of [adjusted closed indemnity claim counts (Item E)] and [adjusted average paid medical per closed indemnity claim (Item G)], and divided by \$1,000.

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

**Paid Medical Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

J. Average Paid Medical per Open Indemnity Claim for Indemnity Claims in Transition (e)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						60,904
2009					49,653	60,919
2010				39,441	49,259	59,091
2011			26,632	36,540	45,384	54,029
2012		15,702	24,597	33,429	41,295	
2013	6,580	14,719	22,862	29,896		
2014	6,392	14,253	20,587			
2015	6,306	11,351				
2016	4,614					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						-168,277
2009					-229,595	-184,401
2010				-194,089	-143,049	-69,669
2011			-129,802	-130,521	-62,494	
2012		-76,892	-83,285	-69,232		
2013	-22,891	-55,874	-40,168			
2014	-21,010	-33,151				
2015	-15,860					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						834,687
2009					848,964	792,491
2010				946,620	877,705	804,294
2011			942,120	896,582	829,123	741,766
2012		829,714	921,524	868,455	805,266	
2013	487,701	832,989	918,134	868,650		
2014	491,835	847,073	937,502			
2015	506,857	887,340				
2016	557,119					

- (e) Each amount is equal to the product of [the average monthly medical payment per open indemnity claim] and [the number of months for the current evaluation]. For evaluations indicating claim settlement rate decreases, the average monthly medical payment per open indemnity claim at the prior evaluation is used. For evaluations indicating claim settlement rate increases, the average monthly medical payment per open indemnity claim at the same evaluation is used.
- (f) Each amount is equal to [the difference between unadjusted and adjusted closed indemnity claim counts (Items C and E)] multiplied by [the corresponding average paid medical per open indemnity claim for indemnity claims in transition (Item J)].
- (g) Each amount is the sum of [paid medical on open indemnity claims (Item I)] and the corresponding [incremental changes in paid medical on open indemnity claims resulting from the impact of changes in indemnity claim settlement rates (Item K)].

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

**Paid Medical Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

M. Paid Medical on Medical-Only Claims (in \$000)

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2008						236,736
2009					219,523	222,695
2010				215,365	218,863	221,401
2011			203,605	208,413	212,274	215,509
2012		202,616	210,818	216,310	220,934	
2013	173,466	207,084	215,881	221,735		
2014	195,050	229,611	239,258			
2015	203,866	241,385				
2016	218,710					

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

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2008						2,956,801
2009					2,961,572	3,220,665
2010				2,737,282	3,077,467	3,327,852
2011			2,304,406	2,804,712	3,147,555	3,382,671
2012		1,532,155	2,139,584	2,583,641	2,883,529	
2013	800,614	1,564,342	2,167,351	2,595,526		
2014	831,981	1,618,115	2,228,486			
2015	870,500	1,701,315				
2016	941,294					

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

Accident Year	Evaluated as of (in months)				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2009					1.087
2010				1.124	1.081
2011			1.217	1.122	1.075
2012		1.396	1.208	1.116	
2013	1.954	1.385	1.198		
2014	1.945	1.377			
2015	1.954				
Latest Year	1.954	1.377	1.198	1.116	1.075

(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>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2009					1.095
2010				1.133	1.087
2011			1.216	1.130	1.082
2012		1.396	1.210	1.125	
2013	1.939	1.390	1.203		
2014	1.937	1.384			
2015	1.958				

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

Accident Year	Evaluated as of (in months)				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2009					-0.73%
2010				-0.80%	-0.49%
2011			0.11%	-0.72%	-0.65%
2012		0.01%	-0.23%	-0.76%	
2013	0.77%	-0.36%	-0.46%		
2014	0.39%	-0.50%			
2015	-0.17%				

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

Accident Year	Evaluated as of (in months)				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2009					1.092
2010				1.132	1.088
2011			1.229	1.131	1.079
2012		1.413	1.220	1.122	
2013	1.972	1.395	1.202		
2014	1.957	1.382			
2015	1.954				
Latest Year	1.954	1.382	1.202	1.122	1.079
3-Year Average	1.961	1.397	1.217	1.128	1.086

- (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 March 31, 2017**

Accident Year	(1) Paid or Incurred Loss <u>Ratio (a)</u>	Development Factors			(5) Projected Ultimate <u>Loss Ratio</u> (5) = (1) x (4)
		(2) <u>Annual (b)</u>	Cumulative		
			(3) Unadjusted for Impact of <u>SB 863 (b)</u>	(4) Adjusted for Impact of <u>SB 863 (b)</u>	
1985	0.446	1.001	1.003	1.003	0.448
1986	0.396	1.000	1.003	1.003	0.397
1987	0.345	1.000	1.003	1.003	0.346
1988	0.330	1.000	1.003	1.003	0.331
1989	0.343	1.001	1.003	1.003	0.344
1990	0.397	1.000	1.004	1.004	0.399
1991	0.424	1.000	1.004	1.004	0.426
1992	0.349	1.000	1.004	1.004	0.351
1993	0.287	1.000	1.004	1.004	0.289
1994	0.327	1.000	1.004	1.004	0.329
1995	0.472	1.000	1.004	1.004	0.475
1996	0.529	1.001	1.005	1.005	0.532
1997	0.599	1.001	1.006	1.006	0.603
1998	0.650	1.000	1.006	1.006	0.654
1999	0.666	1.004	1.035	1.035	0.689
2000	0.573	1.004	1.039	1.039	0.595
2001	0.472	1.005	1.044	1.044	0.493
2002	0.350	1.005	1.050	1.050	0.368
2003	0.229	1.007	1.057	1.057	0.242
2004	0.136	1.008	1.065	1.065	0.145
2005	0.115	1.010	1.076	1.076	0.123
2006	0.147	1.014	1.091	1.091	0.160
2007	0.199	1.018	1.111	1.111	0.221
2008	0.248	1.025	1.139	1.139	0.282
2009	0.282	1.025	1.168	1.168	0.329
2010	0.265	1.039	1.213	1.213	0.322
2011	0.235	1.053	1.277	1.277	0.301
2012	0.199	1.068	1.365	1.365	0.271
2013	0.157	1.112	1.518	1.548	0.242
2014	0.123	1.207	1.832	1.951	0.241
2015	0.084	1.489	2.728	2.905	0.244
2016	0.034	2.456	6.700	7.135	0.245

- (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 March 31, 2017**

Accident Year	(1)	(2)	(3)	(4)	(5)	(6)
	Adjusted for SB 863					
	Unadjusted	Adjusted	Development Factors		Adjusted	Projected
	Paid or Incurred Loss Ratio (a)	Paid or Incurred Loss Ratio (b)	Annual (c)	Cumulative	Developed Loss Ratio (d)	Ultimate Loss Ratio
					(2) x (4)	(1) + ((5) - (2))
1985	0.350	0.350	0.999	1.019	0.357	0.357
1986	0.332	0.332	1.000	1.019	0.339	0.339
1987	0.314	0.314	0.999	1.018	0.319	0.319
1988	0.305	0.305	1.000	1.018	0.310	0.310
1989	0.325	0.325	1.001	1.019	0.331	0.331
1990	0.367	0.367	1.001	1.020	0.375	0.375
1991	0.384	0.384	1.001	1.021	0.392	0.392
1992	0.319	0.319	1.001	1.022	0.326	0.326
1993	0.267	0.267	0.999	1.021	0.272	0.272
1994	0.309	0.309	0.999	1.020	0.316	0.316
1995	0.454	0.454	0.999	1.020	0.463	0.463
1996	0.487	0.487	1.000	1.019	0.497	0.497
1997	0.547	0.547	1.002	1.021	0.558	0.558
1998	0.660	0.660	1.001	1.022	0.675	0.675
1999	0.651	0.603	1.012	1.139	0.687	0.735
2000	0.589	0.546	1.014	1.154	0.630	0.673
2001	0.516	0.478	1.015	1.172	0.560	0.598
2002	0.397	0.368	1.015	1.189	0.437	0.467
2003	0.251	0.233	1.016	1.208	0.282	0.300
2004	0.169	0.157	1.017	1.229	0.193	0.205
2005	0.163	0.152	1.019	1.252	0.190	0.202
2006	0.208	0.194	1.024	1.283	0.249	0.263
2007	0.287	0.268	1.030	1.321	0.354	0.373
2008	0.353	0.330	1.034	1.366	0.451	0.473
2009	0.401	0.377	1.035	1.414	0.533	0.557
2010	0.382	0.362	1.045	1.477	0.534	0.555
2011	0.312	0.298	1.064	1.572	0.469	0.482
2012	0.251	0.244	1.079	1.696	0.414	0.421
2013	0.187	0.184	1.122	1.904	0.350	0.353
2014	0.140	0.140	1.202	2.289	0.320	0.321
2015	0.100	0.100	1.382	3.164	0.316	0.316
2016	0.053	0.053	1.954	6.181	0.325	0.325

- (a) Based on Exhibit 1. Paid MCCP costs are excluded from accident years 2011 and subsequent. To reflect the selected loss development methodology, reported loss ratios displayed prior to 1999 are on an incurred basis. Subsequent reported loss ratios are on a paid basis.
- (b) Based on experience evaluated as of March 31, 2017. Reflects an adjustment for SB 863 of -4.2% applied to payments made before January 1, 2013, and adjustments for RBRVS of -2.1% applied to payments made before January 1, 2014, and -1.7% applied to payments made before January 1, 2015. 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 -4.2% applied to payments made before January 1, 2013, and adjustments for RBRVS of -2.1% applied to payments made before January 1, 2014, and -1.7% applied to payments made before January 1, 2015.
- (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	1.537
1986	0.0	0.0	1.6	1.6	1.513
1987	0.0	0.0	1.9	1.9	1.485
1988	0.0	0.0	1.5	1.5	1.463
1989	0.0	0.0	1.5	1.5	1.441
1990	2.3	19.9	1.7	24.7	1.155
1991	4.9	14.8	0.8	21.4	0.952
1992	1.8	-8.3	1.6	-5.2	1.004
1993	0.2	-18.1	0.4	-17.6	1.218
1994	-5.1	0.2	0.6	-4.3	1.273
1995	6.3	0.6	1.0	8.0	1.179
1996	5.3	0.4	1.2	7.0	1.102
1997	9.7	0.2	1.6	11.7	0.987
1998	6.5	0.0	1.8	8.4	0.910
1999	5.7	0.0	2.1	7.9	0.843
2000	3.9	0.0	3.1	7.1	0.787
2001	-0.3	0.0	0.2	-0.1	0.788
2002	-0.7	0.0	0.2	-0.5	0.809 (e)
2003	7.3	0.0	1.1	8.5	0.808 (e)
2004	-6.0	-13.7	1.6	-17.6	1.114 (e)
2005	-31.6	-15.3	1.1	-41.5	1.512
2006	5.6	-5.7	1.6	1.2	1.495
2007	1.6	0.0	1.6	3.2	1.448
2008	4.8	0.6	0.7	6.2	1.364
2009	0.4	1.4	0.2	2.0	1.337
2010	0.4	0.0	1.0	1.4	1.318
2011	0.0	0.0	1.6	1.6	1.298
2012	0.3	0.0	2.1	2.4	1.267
2013	2.2	0.2	0.4	2.8	1.233
2014	7.0	1.5	1.7	10.4	1.116
2015	0.3	0.0	2.2	2.5	1.089
2016	0.3	0.0	1.7	2.0	1.068
2017	0.5	0.0	2.1	2.6	
2018	0.4	0.0	2.2	2.6	
1/1/2019	0.2 (Annual 0.4)	0.0	1.2 (Annual 2.4)	1.4	

- (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 1/1/2019 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.

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	0.5%	4.2%	0.3%	0.8%
2015	0.934	0.066	0.1%	3.1%	0.2%	0.3%
2016	0.919	0.081	0.1%	5.4%	0.4%	0.5%
2017	0.919	0.081	0.1%	2.9%	0.2%	0.3%
2018	0.919	0.081	0.0%	3.3%	0.3%	0.3%
1/1/2019	0.919	0.081	0.0% (Annual 0.0%)	1.5% (Annual 3.0%)	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
- (e) Column (6) = Column (3) + Column (5).

Annual Medical Cost Level Change - Legislative

Accident Year	(1) Annual Legislative Cost Impact on <u>Medical Severity(a)</u>	(2) Annual Legislative Cost Impact on Medical Due to <u>Frequency Changes(b)</u>	(3) Annual Total Legislative Cost <u>Impact on Medical(c)</u>
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	-2.0%	0.0%	-2.0%
2012	-3.0%	0.0%	-3.0%
2013	-3.0%	0.2%	-2.8%
2014	-2.0%	1.3%	-0.7%
2015	0.0%	0.0%	0.0%
2016	0.0%	0.0%	0.0%
2017	0.0%	0.0%	0.0%
2018	0.0%	0.0%	0.0%
1/1/2019	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 - 4.2% 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
- (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%	0.991
1986	3.0%	0.0%	3.0%	0.962
1987	3.8%	0.0%	3.8%	0.927
1988	3.8%	0.0%	3.8%	0.893
1989	3.0%	0.0%	3.0%	0.867
1990	3.7%	19.1%	23.5%	0.702
1991	3.6%	12.9%	16.9%	0.601
1992	3.0%	-7.9%	-5.2%	0.633
1993	2.7%	-18.7%	-16.5%	0.758
1994	-2.3%	-2.3%	-4.6%	0.795
1995	0.9%	0.5%	1.4%	0.784
1996	1.0%	0.4%	1.4%	0.773
1997	0.7%	0.2%	0.9%	0.766
1998	0.8%	12.6%	13.5%	0.675
1999	2.5%	12.6%	15.4%	0.585
2000	1.7%	7.0%	8.8%	0.537
2001	2.9%	6.6%	9.7%	0.490
2002	2.0%	-5.6%	-3.7%	0.509
2003	1.4%	-6.0%	-4.7%	0.534
2004	0.0%	-33.9%	-33.9%	0.807
2005	0.0%	-13.9%	-13.9%	0.937
2006	0.3%	-5.1%	-4.8%	0.984
2007	1.8%	0.1%	1.9%	0.966
2008	0.2%	0.5%	0.7%	0.959
2009	0.4%	1.0%	1.4%	0.946
2010	0.3%	0.0%	0.3%	0.943
2011	0.3%	-2.0%	-1.7%	0.960
2012	0.1%	-3.0%	-2.9%	0.988
2013	0.1%	-2.8%	-2.7%	1.016
2014	0.8%	-0.7%	0.1%	1.020 (e)
2015	0.3%	0.0%	0.3%	1.018 (e)
2016	0.5%	0.0%	0.5%	1.014 (e)
2017	0.3%	0.0%	0.3%	
2018	0.3%	0.0%	0.3%	
1/1/2019	0.1%	0.0%	0.1%	

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

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

(c) $\text{Column (3)} = [1.0 + \text{Column (1)}] \times [1.0 + \text{Column (2)}] - 1.0$.

(d) These factors adjust the annual impact shown in Column (3) to the 1/1/2019 level.

(e) The on-level factors for accident years 2014, 2015, and 2016 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 1/1/2019 Wage Level</u>
1985	5.7	3.286
1986	4.7	3.138
1987	5.6	2.972
1988	4.4	2.846
1989	4.3	2.729
1990	5.0	2.599
1991	2.3	2.541
1992	4.7	2.427
1993	1.2	2.398
1994	1.8	2.356
1995	2.9	2.289
1996	3.4	2.214
1997	4.7	2.114
1998	5.2	2.010
1999	6.2	1.893
2000	9.0	1.736
2001	0.6	1.726
2002	0.5	1.717
2003	3.3	1.663
2004	4.7	1.588
2005	3.1	1.540
2006	4.6	1.472
2007	4.5	1.409
2008	2.1	1.380
2009	0.5	1.373
2010	3.0	1.333
2011	3.1	1.293
2012	4.1	1.242
2013	0.7	1.234
2014	3.3	1.194
2015	4.3	1.145
2016	3.2	1.109
Projected:		
2017	4.1	
2018	4.2	
1/1/2019	2.3	(Annual = 4.6)

Source: California average annual wage level changes for 1985 to 2019 derived from information published by the UCLA Anderson School of Business as of June 2017.

Premium Adjustment Factors

	(1)	(2a)	(2b)	(2c)	(3)	(4)	(5)	(6)	(7)
Calendar Year	Factor to a 1/1/2019 Wage Level (a)	Ratio of Industry Average Charged Rates to Advisory Pure Premium Rates (b)	Factor to Industry Average Filed Pure Premium Rate Level as of January 1, 2017 (c)	Factor to Adjust Insurer Premium to an Industry Average Filed Pure Premium Rate Level as of January 1, 2017 (d)	Adjustment to Remove Surcharge Premium (e)	Average Experience Modification (f)	Off-Balance Correction in Advisory January 1, 2017 Pure Premium Rates	Factor to Adjust for Impact of Premium Resulting from Audits (g)	Composite Premium Adjustment Factor (h)
1985	3.286	---	---	0.998	0.991	0.984	1.026	---	3.218
1986	3.138	---	---	0.911	0.991	0.983	1.026	---	2.811
1987	2.972	---	---	0.801	0.992	0.983	1.026	---	2.342
1988	2.846	---	---	0.717	0.993	0.963	1.026	---	2.050
1989	2.729	---	---	0.705	0.993	0.945	1.026	---	1.972
1990	2.599	---	---	0.688	0.991	0.942	1.026	---	1.834
1991	2.541	---	---	0.637	0.987	0.939	1.026	---	1.658
1992	2.427	---	---	0.611	0.982	0.940	1.026	---	1.511
1993	2.398	---	---	0.603	0.981	0.949	1.026	---	1.458
1994	2.356	---	---	0.691	0.986	0.948	1.026	---	1.650
1995	2.289	---	---	0.935	0.995	0.958	1.026	---	2.168
1996	2.214	1.024	0.994	0.971	1.000	0.935	1.026	---	2.240
1997	2.114	0.989	0.991	1.002	1.000	0.949	1.026	---	2.176
1998	2.010	0.965	1.033	1.070	1.000	0.959	1.026	---	2.187
1999	1.893	0.972	1.044	1.074	1.000	0.954	1.026	---	2.077
2000	1.736	1.006	0.946	0.940	1.000	0.970	1.026	---	1.641
2001	1.726	1.029	0.834	0.810	1.000	0.969	1.026	---	1.407
2002	1.717	1.157	0.746	0.645	1.000	0.991	1.026	---	1.089
2003	1.663	1.267	0.611	0.482	1.000	1.005	1.026	---	0.778
2004	1.588	1.397	0.621	0.445	1.000	0.981	1.026	---	0.701
2005	1.540	1.470	0.747	0.508	1.000	0.982	1.026	---	0.777
2006	1.472	1.447	0.963	0.666	1.000	0.956	1.026	---	0.999
2007	1.409	1.493	1.312	0.879	1.000	0.931	1.026	0.985	1.277
2008	1.380	1.426	1.561	1.095	1.000	0.946	1.026	0.991	1.543
2009	1.373	1.366	1.539	1.127	1.000	0.937	1.026	1.034	1.664
2010	1.333	1.383	1.508	1.090	1.000	0.941	1.026	1.005	1.513
2011	1.293	1.401	1.507	1.076	1.000	0.982	1.026	---	1.381
2012	1.242	1.222	1.242	1.016	1.000	1.000	1.026	---	1.231
2013	1.234	1.138	1.000	0.879	1.000	0.983	1.026	---	1.075
2014	1.194	1.126	0.921	0.818	1.000	0.961	1.026	---	0.991
2015	1.145	1.108	0.895	0.808	1.000	0.952	1.026	---	0.947
2016	1.109	1.147	0.964	0.840	1.000	0.952	1.026	---	0.955

- (a) See Exhibit 5.1.
- (b) Based on WCIRB calendar year experience calls. The industry average charged rates reflect most rating plan adjustments but do not reflect the application of deductible credits or retrospective rating plan adjustments.
- (c) Reflects (1) advisory pure premium rate level changes to bring premium to the advisory January 1, 2017 pure premium rate level and (2) an additional adjustment factor, which is the ratio of the average advisory January 1, 2017 pure premium rate (\$2.19) to the industry average filed pure premium rate as of January 1, 2017 (\$2.42).
- (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 January 1, 2017.
- (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.

2016 Accident Year Indemnity Claim Frequency Model
As of PY 2014 1st Set & June 2017 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	-0.080	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	-16.9%	-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	-0.020	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	0.139	0.079	0.012	0.060	-0.077	0.000
2011	1.2%	0.012	0.033	0.010	0.003	0.022	0.048	0.000
2012	4.9%	0.048	0.115	0.039	-0.008	0.076	0.122	0.000
2013	0.9%	0.009	0.172	-0.013	0.071	0.185	0.154	0.000
2014	0.8%	0.008	0.097	-0.006	0.003	0.102	0.170	0.000
2015*	-0.8%	-0.009	0.050	-0.020	0.003	0.070	0.180	0.000
2016	-0.5%	-0.005	-0.005	-0.005	0.004	0.000	0.144	0.000
2017	-1.5%	-0.015	-0.015	-0.015	0.003	0.000	0.039	0.000
2018	-1.4%	-0.014	-0.014	-0.014	0.003	0.000	0.056	0.000
2019	-1.2%	-0.012	-0.012	-0.012	0.003	0.000	0.074	0.000

Y = Hazardousness-Adjusted Noncumulative Indemnity Claim Frequency

Constant	-0.020			
Std Err of Y Est	0.041			
R Squared	0.582			
No. of Observations	37			
Degrees of Freedom	32			
X Coefficient(s)	0.174	0.285	0.101	-0.135
Std Err of Coef.	0.074	0.063	0.045	0.078

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 2016; June 2017 UCLA Anderson Forecasts for 2017 on.
Regression is over AY 1979 through AY 2015. AY 2016 through AY 2019 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 2015 change is based on a comparison of 2015 accidents on 2014 policies to 2014 accidents on 2013 policies.

**Projection of Indemnity Severity Trends by Accident Year
Based on Experience as of March 31, 2017**

Accident Year	(1) Estimated Ultimate Severity	(2) Annual % Change	(3) Indemnity Adjustment Factor(a)	(4) Ultimate On-level Severity (1) x (3)	(5) Annual % Change
1990	9,957	---	1.848	18,401	---
1991	10,894	9.4%	1.748	19,041	3.5%
1992	10,992	0.9%	1.690	18,575	-2.4%
1993	11,971	8.9%	1.680	20,108	8.3%
1994	12,939	8.1%	1.759	22,765	13.2%
1995	14,503	12.1%	1.639	23,768	4.4%
1996	16,235	11.9%	1.538	24,967	5.0%
1997	19,331	19.1%	1.380	26,673	6.8%
1998	21,121	9.3%	1.273	26,880	0.8%
1999	23,191	9.8%	1.179	27,349	1.7%
2000	24,555	5.9%	1.101	27,033	-1.2%
2001	27,049	10.2%	1.102	29,809	10.3%
2002	26,170	-3.3%	1.131	29,609	-0.7%
2003	25,731	-1.7%	1.130	29,088	-1.8%
2004	21,003	-18.4%	1.344	28,236	-2.9%
2005	18,925	-9.9%	1.546	29,253	3.6%
2006	20,650	9.1%	1.441	29,750	1.7%
2007	22,475	8.8%	1.396	31,368	5.4%
2008	24,674	9.8%	1.323	32,632	4.0%
2009	25,718	4.2%	1.315	33,810	3.6%
2010	25,426	-1.1%	1.296	32,962	-2.5%
2011	25,077	-1.4%	1.276	31,998	-2.9%
2012	24,652	-1.7%	1.246	30,716	-4.0%
2013	25,086	1.8%	1.214	30,463	-0.8%
2014	27,127	8.1%	1.116	30,276	-0.6%
2015	28,186	3.9%	1.089	30,692	1.4%
2016	29,214	3.6%	1.068	31,195	1.6%
(6) Estimated Annual Exponential Trend Based on 2005 to 2016:					0.0%
(7) Estimated Annual Exponential Trend Based on 2011 to 2016:					-0.4%
Selected Indemnity Severity Trend:					0.0%

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

Source: WCIRB experience calls

**Projection of Medical Severity Trends by Accident Year
Based on Experience as of March 31, 2017**

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	8,721	---	1.016	8,856	---
1991	9,363	7.4%	0.997	9,331	5.4%
1992	9,439	0.8%	0.964	9,097	-2.5%
1993	10,455	10.8%	0.947	9,904	8.9%
1994	11,554	10.5%	0.996	11,513	16.2%
1995	13,207	14.3%	0.989	13,061	13.4%
1996	14,178	7.4%	0.979	13,880	6.3%
1997	16,879	19.1%	0.972	16,408	18.2%
1998	20,685	22.5%	0.858	17,750	8.2%
1999	23,511	13.7%	0.744	17,489	-1.5%
2000	26,490	12.7%	0.684	18,120	3.6%
2001	31,529	19.0%	0.625	19,698	8.7%
2002	31,948	1.3%	0.649	20,743	5.3%
2003	30,529	-4.4%	0.683	20,840	0.5%
2004	28,285	-7.4%	0.905	25,593	22.8%
2005	29,150	3.1%	0.907	26,440	3.3%
2006	32,001	9.8%	0.905	28,968	9.6%
2007	35,925	12.3%	0.891	32,022	10.5%
2008	39,270	9.3%	0.891	34,995	9.3%
2009	41,454	5.6%	0.892	36,981	5.7%
2010	41,839	0.9%	0.895	37,459	1.3%
2011	38,316 (c)	---	0.919	35,220 (c)	---
2012	36,441	-4.9%	0.957	34,873	-1.0%
2013	34,731	-4.7%	0.996	34,578	-0.8%
2014	34,238	-1.4%	1.018	34,859	0.8%
2015	34,647	1.2%	1.018	35,265	1.2%
2016	36,756	6.1%	1.014	37,266	5.7%
Selected Medical Severity Trend:					3.0%

(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.

**Projection of Medical Severity Trends by Accident Year
Adjusted to Remove the Cost of Medical Cost Containment Programs (MCCP)
Based on Experience as of March 31, 2017**

(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
					Ultimate On-Level Severity (c)	Annual % Change
2005	29,150	---	26,440	---	27,566	---
2006	32,001	9.8%	28,968	9.6%	29,943	8.6%
2007	35,925	12.3%	32,022	10.5%	33,472	11.8%
2008	39,270	9.3%	34,995	9.3%	35,767	6.9%
2009	41,454	5.6%	36,981	5.7%	37,922	6.0%
2010	41,839	0.9%	37,459	1.3%	38,236	0.8%
2011	42,083	0.6%	38,683	3.3%	38,316	0.2%
2012	40,017	-4.9%	38,295	-1.0%	36,441	-4.9%
2013	38,261	-4.4%	38,092	-0.5%	34,731	-4.7%
2014	37,797	-1.2%	38,482	1.0%	34,238	-1.4%
2015	38,281	1.3%	38,963	1.2%	34,647	1.2%
2016	40,441	5.6%	41,002	5.2%	36,756	6.1%

Estimated Annual Exponential
Trend Based on 2005 to 2016: 3.3%
Trend Based on 2011 to 2016: 1.0%

Selected Medical Severity Trend: 3.0%

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

Source: WCIRB experience calls

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of March 31, 2017**

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	0.448	1.537	3.218	0.214
1986	0.397	1.513	2.811	0.214
1987	0.346	1.485	2.342	0.220
1988	0.331	1.463	2.050	0.236
1989	0.344	1.441	1.972	0.251
1990	0.399	1.155	1.834	0.251
1991	0.426	0.952	1.658	0.245
1992	0.351	1.004	1.511	0.233
1993	0.289	1.218	1.458	0.241
1994	0.329	1.273	1.650	0.254
1995	0.475	1.179	2.168	0.258
1996	0.532	1.102	2.240	0.261
1997	0.603	0.987	2.176	0.273
1998	0.654	0.910	2.187	0.272
1999	0.689	0.843	2.077	0.280
2000	0.595	0.787	1.641	0.286
2001	0.493	0.788	1.407	0.276
2002	0.368	0.809	1.089	0.273
2003	0.242	0.808	0.778	0.251
2004	0.145	1.114	0.701	0.230
2005	0.123	1.512	0.777	0.240
2006	0.160	1.495	0.999	0.239
2007	0.221	1.448	1.277	0.250
2008	0.282	1.364	1.543	0.249
2009	0.329	1.337	1.664	0.264
2010	0.322	1.318	1.513	0.280
2011	0.301	1.298	1.381	0.282
2012	0.271	1.267	1.231	0.279
2013	0.242	1.233	1.075	0.278
2014	0.241	1.116	0.991	0.271
2015	0.244	1.089	0.947	0.280
2016	0.245	1.068	0.955	0.274
				Projections (d)
2017				0.271
2018				0.268
1/1/2019				0.266

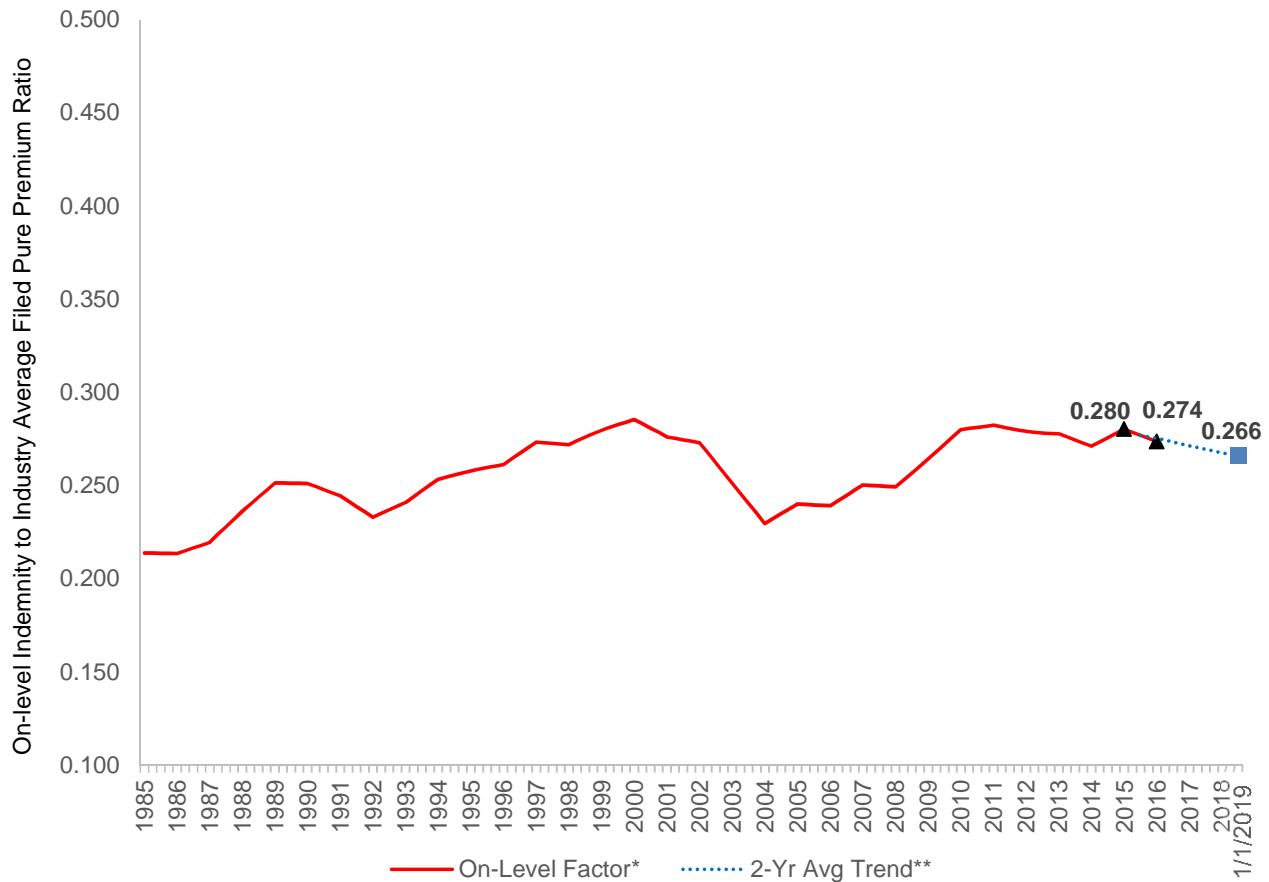
(a) See Exhibit 3.1.

(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 2016 from Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

**On-Level Indemnity Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of March 31, 2017**



* On-level indemnity to industry average filed pure premium ratios (see Exhibit 7.1)

** The 1/1/2019 indemnity to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2015 and 2016 years.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Medical <u>Loss Ratio(a)</u>	(2) Composite Medical <u>On-Level Factor(b)</u>	(3) Composite Premium <u>Adjustment Factor(c)</u>	(4) On-Level Medical to Industry Average Filed <u>Pure Premium Ratio(e)</u> (1)×(2)÷(3)
1985	0.357	0.991	3.218	0.110
1986	0.339	0.962	2.811	0.116
1987	0.319	0.927	2.342	0.126
1988	0.310	0.893	2.050	0.135
1989	0.331	0.867	1.972	0.146
1990	0.375	0.702	1.834	0.144
1991	0.392	0.601	1.658	0.142
1992	0.326	0.633	1.511	0.137
1993	0.272	0.758	1.458	0.142
1994	0.316	0.795	1.650	0.152
1995	0.463	0.784	2.168	0.167
1996	0.497	0.773	2.240	0.171
1997	0.558	0.766	2.176	0.196
1998	0.675	0.675	2.187	0.208
1999	0.687	0.585	2.077	0.193
2000	0.630	0.537	1.641	0.206
2001	0.560	0.490	1.407	0.195
2002	0.437	0.509	1.089	0.204
2003	0.282	0.534	0.778	0.193
2004	0.193	0.807	0.701	0.222
2005	0.190	0.937	0.777	0.230
2006	0.249	0.984	0.999	0.245
2007	0.354	0.966	1.277	0.268
2008	0.451	0.959	1.543	0.280
2009	0.533	0.946	1.664	0.303
2010	0.534	0.943	1.513	0.333
2011	0.469	0.960	1.381	0.326
2012	0.414	0.988	1.231	0.332
2013	0.350	1.016	1.075	0.331
2014	0.320	1.020	0.991	0.330
2015	0.316	1.018	0.947	0.340
2016	0.325	1.014	0.955	0.345
				Projections (d)
2017				0.351
2018				0.356
1/1/2019				0.359

(a) See Exhibit 3.2.

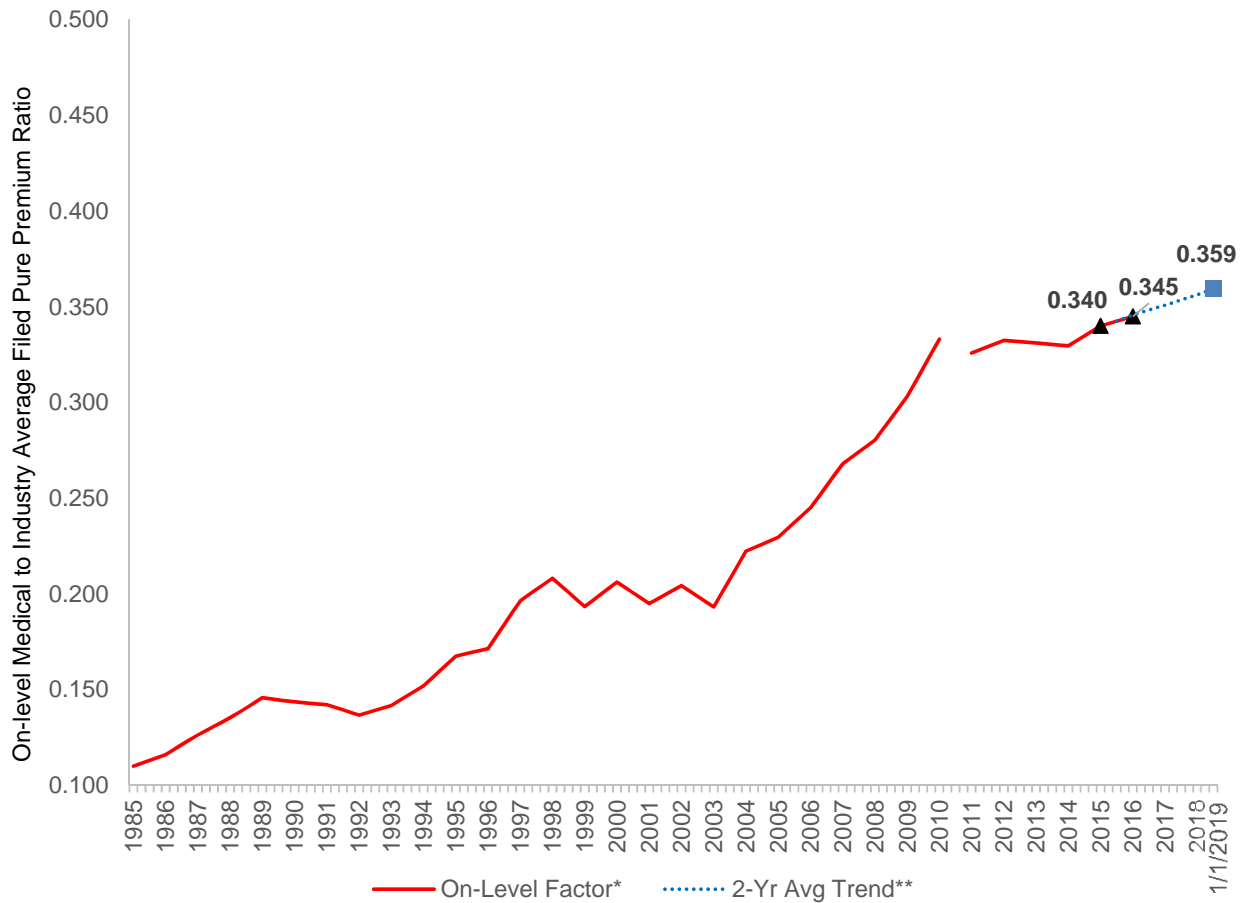
(b) See Exhibit 4.4.

(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 2016 from Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 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 March 31, 2017**



* On-level medical to industry average filed pure premium ratios (see Exhibit 7.3)

** The 1/1/2019 medical to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2015 and 2016 years.

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

	<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)	0.266	0.359	0.625

Quarterly Incurred Indemnity Loss Development Factors
Through March 31, 2017

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	1.945	
12/9									1.448	1.511	1.510	1.530	1.564	1.632	1.587	1.585	1.570	1.578	1.578	
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	1.313	1.309	
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	1.111		
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	1.087		
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	1.042			
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	1.036			
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	1.024	1.020				
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	1.015				
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	1.014	1.012					
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	1.012					
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	1.008						
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	1.004						
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	1.007							
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	1.004							
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	1.004								

Source: WCIRB accident year experience calls

Quarterly Incurred Medical Loss Development Factors *
Through March 31, 2017

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	1.755
12/9									1.453	1.443	1.466	1.454	1.488	1.521	1.484	1.500	1.482	1.451	1.487
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	1.215
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	1.082	
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	1.055	1.059	
27/24	1.044	1.061	1.070	1.080	1.075	1.042	1.034	1.048	1.055	1.058	1.053	1.071	1.066	1.072	1.058	1.048	1.046	1.048	
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	1.033		
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	1.027		
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	1.024		
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	1.020	1.018			
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	1.013			
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	1.014	1.012				
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	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	1.010	1.007					
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	1.002					
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	1.005						
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	1.003						
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	1.003							

Source: WCIRB accident year experience calls

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

Quarterly Paid Indemnity Loss Development Factors
Through March 31, 2017

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	5.087
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	1.882
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	1.559	1.571
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	1.216	1.211	
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	1.176	
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	1.115		
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	1.092		
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	1.074	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	1.064			
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	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	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	1.028				
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	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	1.019	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	1.015					
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	1.013						
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	1.010						
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	1.010	1.010							

Source: WCIRB accident year experience calls

Quarterly Paid Medical Loss Development Factors *
Through March 31, 2017

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	2.326	
12/9									1.716	1.765	1.731	1.723	1.756	1.746	1.763	1.736	1.750	1.705	1.752	
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	1.479	
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	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	1.124		
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	1.076			
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	1.064			
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	1.046				
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	1.038				
54/51	1.031	1.036	1.032	1.027	1.030	1.029	1.034	1.034	1.035	1.035	1.036	1.042	1.038	1.035	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	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	1.025					
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	1.019						
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	1.015						
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	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	1.012							
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	1.012	1.010								

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 Year	Development															
	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159	159-171	171-183	183-195
1992																1.001
1993															1.000	1.000
1994														1.000	1.000	1.000
1995													1.000	1.000	1.001	1.001
1996												1.001	1.001	1.000	1.000	1.000
1997											1.000	1.000	1.000	1.000	1.000	1.000
1998										1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999									1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000								1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001							0.999	0.999	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002						1.000	1.000	0.999	1.000	0.999	1.000	1.000	1.000	1.000	1.000	
2003					1.000	0.998	0.999	0.999	0.999	1.000	0.999	1.000	1.000	1.000		
2004				1.000	0.999	0.999	0.999	0.999	1.000	0.999	1.000	1.000	1.000			
2005			1.004	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
2006		1.022	1.006	1.004	1.001	1.000	1.001	1.000	1.001	1.000	1.000					
2007	6.458	1.038	1.012	1.005	1.003	1.002	1.000	1.001	1.001	1.000						
2008	6.136	1.060	1.017	1.009	1.004	1.003	1.002	1.001	1.001							
2009	6.983	1.080	1.023	1.008	1.005	1.003	1.002	1.002								
2010	7.356	1.090	1.021	1.010	1.006	1.003	1.000									
2011	7.501	1.100	1.026	1.011	1.006	1.003										
2012	7.668	1.118	1.025	1.011	1.006											
2013	8.112	1.101	1.025	1.009												
2014	7.825	1.108	1.023													
2015	8.036	1.107														
2016	7.743															

Latest Year																
<u>Age-to-Age</u>																
7.743	1.107	1.023	1.009	1.006	1.003	1.000	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
<u>Age-to-Ultimate</u>																
8.969	1.158	1.046	1.023	1.014	1.008	1.005	1.005	1.004	1.002	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 75% to 100% of the total California workers' compensation insured market measured using 2016 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>
2008	2.539	1.649	1.338	1.094	1.025	1.015	1.010	1.008	1.007	1.004	1.003	1.003	1.002	1.003	1.002
2009	2.668	1.680	1.381	1.109	1.036	1.021	1.012	1.009	1.007	1.007	1.005	1.004	1.003	1.003	1.002
2010	2.667	1.711	1.402	1.126	1.039	1.023	1.016	1.011	1.008	1.006	1.005	1.003	1.004	1.003	1.001
2011	2.666	1.729	1.417	1.128	1.042	1.028	1.019	1.010	1.011	1.006	1.005	1.004	1.003	1.003	1.002
2012	2.710	1.744	1.420	1.125	1.053	1.029	1.020	1.013	1.009	1.007	1.004	1.005	1.004	1.003	1.003
2013	2.819	1.744	1.426	1.136	1.044	1.028	1.017	1.011	1.010	1.006	1.005	1.004	1.003	1.002	1.002
2014	2.754	1.732	1.430	1.136	1.048	1.026	1.018	1.012	1.010	1.005	1.004	1.004			
2015	2.828	1.740	1.419	1.140	1.048	1.026	1.017	1.014							
2016	2.758	1.705	1.421	1.148											

Reported Indemnity Claim Settlement Ratios

Accident Year	Evaluated as of (in months):																
	3	15	27	39	51	63	75	87	99	111	123	135	147	159	171	183	195
1992																	99.1%
1993																98.8%	98.9%
1994															98.4%	98.6%	98.8%
1995														97.8%	98.2%	98.4%	98.5%
1996													97.3%	97.7%	98.0%	98.2%	98.4%
1997												96.7%	97.2%	97.6%	97.8%	98.1%	98.2%
1998											95.5%	96.3%	96.8%	97.2%	97.5%	97.8%	98.1%
1999										94.3%	95.3%	96.0%	96.5%	97.0%	97.3%	97.7%	97.9%
2000									92.1%	93.7%	94.8%	95.6%	96.2%	96.7%	97.2%	97.6%	97.8%
2001								88.4%	90.8%	92.5%	93.7%	94.6%	95.4%	96.1%	96.6%	97.0%	97.4%
2002							85.3%	88.7%	91.1%	92.6%	94.0%	94.9%	95.9%	96.5%	97.0%	97.4%	
2003						80.4%	85.5%	88.7%	90.8%	92.6%	94.0%	95.3%	95.9%	96.5%	97.1%		
2004					74.5%	81.5%	85.6%	88.4%	90.7%	92.5%	94.3%	95.4%	96.1%	96.8%			
2005				66.3%	76.4%	82.1%	86.1%	89.0%	91.1%	93.3%	94.7%	95.7%	96.5%				
2006			53.9%	67.6%	76.3%	82.4%	86.2%	89.1%	91.9%	93.5%	94.8%	95.9%					
2007		35.0%	53.1%	66.2%	75.3%	81.2%	85.5%	89.4%	91.8%	93.6%	95.0%						
2008	5.7%	34.7%	51.5%	64.6%	73.9%	80.6%	85.9%	89.5%	92.1%	94.0%							
2009	5.8%	33.3%	49.7%	62.9%	72.8%	80.5%	85.7%	89.6%	92.2%								
2010	5.6%	33.7%	50.3%	63.7%	74.8%	82.0%	87.2%	90.8%									
2011	7.2%	34.1%	50.8%	65.3%	76.0%	83.3%	88.2%										
2012	7.2%	34.0%	51.8%	66.7%	77.4%	84.5%											
2013	8.6%	33.4%	52.9%	68.1%	79.0%												
2014	6.6%	33.9%	54.0%	69.4%													
2015	7.5%	34.6%	55.7%														
2016	7.3%	36.5%															
2017	7.4%																

Notes All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 75% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

Estimated Ultimate Indemnity Claim Settlement Ratios

Accident	Evaluated as of (in months):																
Year	3	15	27	39	51	63	75	87	99	111	123	135	147	159	171	183	195
1992																	99.0%
1993																98.6%	98.8%
1994															98.1%	98.4%	98.6%
1995														97.4%	97.8%	98.1%	98.3%
1996													97.0%	97.4%	97.8%	98.0%	98.2%
1997												96.4%	96.9%	97.3%	97.6%	97.8%	98.0%
1998											95.2%	96.0%	96.5%	96.9%	97.3%	97.6%	97.9%
1999										94.0%	95.0%	95.8%	96.3%	96.7%	97.1%	97.5%	97.7%
2000									91.9%	93.4%	94.5%	95.3%	95.9%	96.4%	97.0%	97.3%	97.6%
2001								88.3%	90.7%	92.3%	93.4%	94.4%	95.1%	95.9%	96.4%	96.8%	97.2%
2002							85.4%	88.7%	91.0%	92.5%	93.8%	94.7%	95.7%	96.3%	96.8%	97.2%	
2003						80.7%	85.7%	88.8%	90.8%	92.5%	93.8%	95.0%	95.7%	96.3%	96.9%		
2004					74.7%	81.7%	85.7%	88.5%	90.6%	92.4%	94.1%	95.2%	95.9%	96.6%			
2005				66.0%	76.1%	81.9%	85.9%	88.8%	91.0%	93.1%	94.5%	95.5%	96.3%				
2006			53.2%	67.0%	75.9%	82.1%	85.8%	88.8%	91.6%	93.3%	94.6%	95.7%					
2007		32.9%	51.7%	65.3%	74.7%	80.7%	85.1%	89.1%	91.5%	93.4%	94.9%						
2008	0.8%	31.5%	49.5%	63.2%	72.9%	79.8%	85.4%	89.1%	91.8%	93.8%							
2009	0.7%	29.5%	47.4%	61.4%	71.7%	79.7%	85.1%	89.1%	91.9%								
2010	0.7%	29.6%	48.1%	62.2%	73.8%	81.4%	86.8%	90.3%									
2011	0.8%	29.5%	48.3%	63.7%	75.0%	82.7%	87.8%										
2012	0.8%	29.0%	49.3%	65.2%	76.4%	83.8%											
2013	0.9%	28.9%	50.4%	66.6%	78.0%												
2014	0.7%	29.2%	51.6%	67.9%													
2015	0.8%	29.8%	53.3%														
2016	0.8%	31.5%															
2017	0.8%																

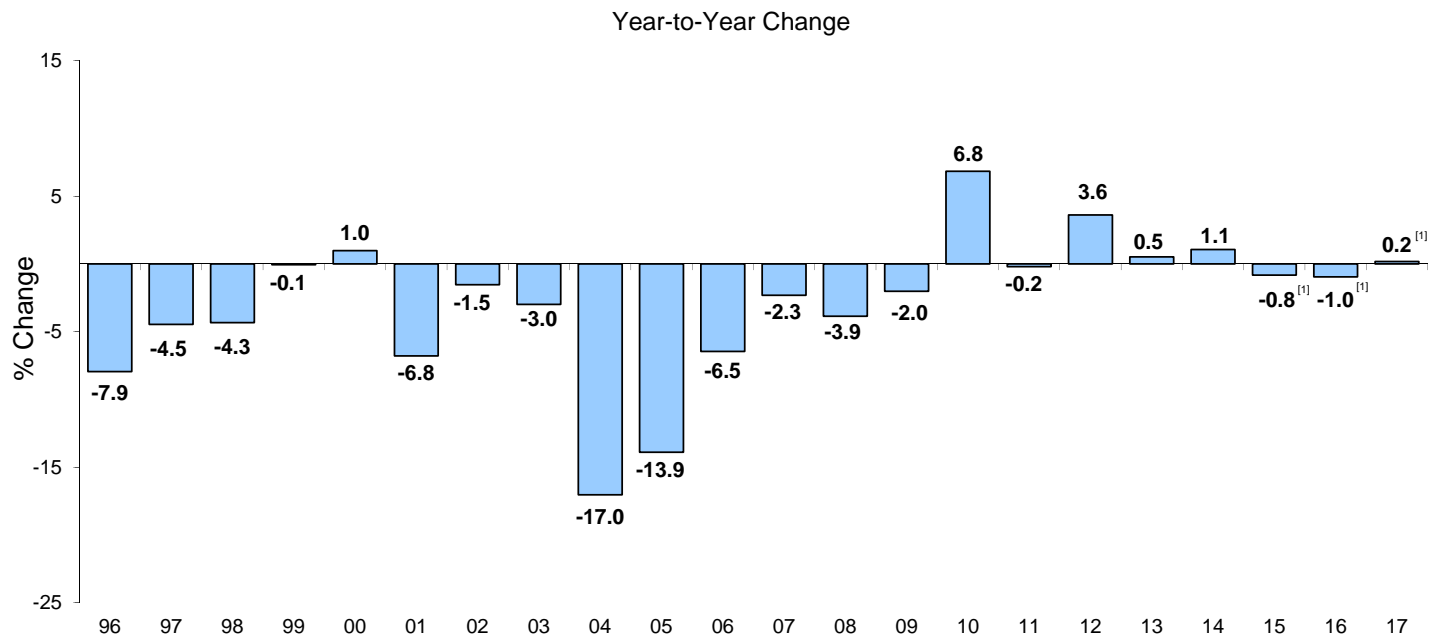
Notes All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 75% to 100% of the total California workers' compensation insured market measured using 2016 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>
2008	0.9%	5.5%	13.3%	23.0%	31.5%	37.7%	42.0%	46.0%	49.6%	53.2%	56.8%	60.3%	63.2%	66.0%	68.6%	71.0%
2009	0.7%	4.8%	12.4%	21.4%	29.6%	35.6%	39.9%	43.9%	47.5%	51.2%	54.9%	58.5%	61.5%	64.5%	67.0%	69.6%
2010	0.7%	4.8%	11.9%	21.0%	29.6%	35.6%	39.9%	44.2%	48.1%	52.0%	55.6%	59.1%	62.2%	65.4%	68.4%	71.3%
2011	0.8%	5.2%	12.0%	21.2%	29.5%	35.5%	40.0%	44.4%	48.2%	52.5%	56.3%	60.3%	63.5%	66.6%	69.6%	72.4%
2012	0.8%	4.9%	11.9%	20.9%	29.0%	35.5%	40.3%	45.2%	49.3%	53.5%	57.8%	61.6%	65.0%	68.3%	71.2%	73.9%
2013	0.9%	5.0%	11.5%	20.5%	28.9%	35.4%	40.8%	45.7%	50.4%	54.8%	58.9%	62.9%	66.5%	69.8%	72.8%	75.6%
2014	0.7%	4.7%	11.5%	20.4%	29.3%	36.1%	41.8%	46.9%	51.7%	56.2%	60.5%	64.5%	67.9%			
2015	0.8%	4.7%	11.8%	20.7%	29.8%	37.1%	42.8%	48.1%	53.2%							
2016	0.8%	5.0%	12.1%	21.6%	31.5%											
2017	0.8%															

Accident	Quarterly Incremental Change														
<u>Year</u>	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>	<u>39-42</u>	<u>42-45</u>	<u>45-48</u>
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	4.1%	7.6%	9.1%	8.2%	6.0%	4.3%	4.0%	3.6%	3.7%	3.7%	3.5%	3.0%	3.0%	2.5%	2.5%
2010	4.1%	7.1%	9.2%	8.6%	5.9%	4.3%	4.3%	3.8%	3.9%	3.6%	3.5%	3.1%	3.3%	3.0%	2.8%
2011	4.3%	6.8%	9.2%	8.3%	6.0%	4.5%	4.3%	3.8%	4.3%	3.9%	4.0%	3.2%	3.0%	3.0%	2.8%
2012	4.1%	7.0%	9.0%	8.1%	6.5%	4.9%	4.8%	4.1%	4.2%	4.2%	3.9%	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%	2.7%
2014	3.9%	6.8%	9.0%	8.8%	6.8%	5.7%	5.1%	4.8%	4.5%	4.3%	3.9%	3.4%			
2015	3.9%	7.1%	8.9%	9.1%	7.3%	5.7%	5.3%	5.2%							
2016	4.2%	7.1%	9.5%	9.9%											

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



^[1] The 2014-2015 estimate is based on partial year unit statistical data. The 2015-2016 and 2016-2017 estimates are based on comparison of claim counts based on WCIRB accident year experience as of March 31, 2017 relative to the estimated change in statewide employment. Prior years are based on unit statistical data.

Item AC17-08-01

Third Quarter 2017 Review of Diagnostics

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

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

Please note the following:

1. Permanent disability claims continue to close at a faster rate, while the rate at which temporary disability claims close has remained relatively steady (Exhibit M5).
2. The number of expedited hearings remained stable in the first quarter of 2017, continuing the trend from the previous three quarters, after a large increase in the second quarter of 2016 (Exhibit M8.2.1). The distribution of expedited hearings by type of hearing have also remained relatively stable (Exhibit M8.2.2).
3. Lien filings decreased significantly in the first quarter of 2017 after rising sharply in the fourth quarter of 2016. These changes are likely due to Senate Bill No. 1160, which places additional restrictions on lien filings and became effective on January 1, 2017 (Exhibit M9.2).
4. The number of independent medical review (IMR) applications filed remained steady in the first quarter of 2017 (Exhibit M14).
5. Indemnity claim settlement ratios continued to increase through the first quarter of calendar year 2017 (Exhibit C2.1). Settlement rates on permanent disability claims continue to rise, while settlement rates on temporary disability claims are fairly stable (Exhibit C2.2).
6. The number of quarterly incremental indemnity and medical-only claims increased at a similar rate in the first quarter of 2017. This continues a pattern of similar increases over the past three quarters after a period from 2015 through the second quarter of 2016 with medical-only claims increasing faster than indemnity claims (Exhibit C11).
7. The proportion of indemnity claims involving cumulative trauma in the Los Angeles Basin and San Diego areas continue to increase sharply. The percent of first unit statistical report claims for accident year 2015 that were reported as involving cumulative injury was 14% for the Los Angeles Basin area, almost 11% for the San Diego area and 6% for the remainder of the state (Exhibit C17).
8. Medical severity showed signs of continuing increase in the first quarter of 2017. Accident year 2016 paid medical per indemnity claim severity as of the first quarter of 2017 increased 6.6% over accident year 2015 (Exhibit S4.2). Incremental paid medical severity growth for recent accident years in the first quarter of 2017 was also up significantly (Exhibit S7).
9. The number of medical-legal reports per claim and the cost per report increased in service year 2016 by 9% and 1%, respectively (Exhibit E13).

Exhibit Numbering Guide July 2017

Exhibit #	Exhibit Name
Market/Claim Characteristics	
M3	Total Incurred Loss Distribution by Insurer
M4	Distribution of Estimated Ultimate Number of Claims by Injury Type
M5	Percentage of Claims Open by Injury Type and Region - First through Third Report Level
M6	Percentage of Claim Count and Average Severity by Method of Settlement
M7	Division of Workers' Compensation (DWC) Distribution of Decisions by Type
M8	Statewide Number of Division of Workers' Compensation (DWC) Quarterly Expedited Hearings
M9	Number of Division of Workers' Compensation (DWC) Quarterly Lien Filed Counts
M10	Medicare Set-aside Costs by Age Interval & Permanent Disability Rating Interval
M11	Percentage of Permanent Partial Claims with Qualified Offer of Permanent Return-to-work
M14	IMR Filed Counts
Claim Count	
C1	Reported Indemnity and Total Claim Count Development - Statewide
C2	Estimated Ultimate Indemnity Claim Settlement Ratios & Indemnity Claim Settlement Rates by Injury Type & Quarterly Ultimate Settlement Ratios
C3	Ratio of Incremental Closed Indemnity Claims to Prior Open Indemnity Claims
C4	Reopening Rates Based on Unit Statistical Data & by Injury Type
C5	Closed-Closed Development Based on Unit Statistical Data
C6	California Workers' Compensation Estimated Indemnity Claim Frequency by Accident Year as of September 30, 2016
C7	2016 Accident Year Indemnity Claim Frequency Model & Indemnity Claim Frequency History and Projections
C8	California OPRL Injury & Illness Rates
C9	Self-Insured Employers - Claim Frequency
C10	Annual Changes in Indemnity Frequency Attributable to Changes in Hazardousness
C11	Changes in Incremental Indemnity Claim Counts and Medical Only Claim Counts
C12	Economic Variables
C13	California Workers' Compensation Fraud Statistics
C14	California Courts' Civil Filings Summary
C15	Partial Accident Year Cumulative Injury Indemnity Claim Counts by Policy Year and Report Level
C17	Claim Count Ratios by Region Based on Unit Statistical Data at 1st Report Level
C18	Ratio of Total Indemnity Claim Counts to Total Claim Counts
C19	Distribution of Cumulative Injury Claims by Injury Type
C21	Indemnity Claim Frequency by Geographic Region
C22	Top 20 Part of Body Codes for Cumulative and Non-Cumulative Injury Indemnity Claims Based on Accident Year 2013 Shares

Exhibit Numbering Guide July 2017
Continued

Exhibit #	Exhibit Name
Loss Development	
D4	Ratios of Incremental Paid Losses to Prior Outstanding Losses by Accident Year
D6	Comparison of Projected Ultimate Loss Ratios - Accident Year 2011-2015
Claim Severity	
S2	Average Incurred Indemnity Loss Per Reported Indemnity Claim & Incurred Medical Loss per Reported Claim
S3	Average Indemnity Case Outstanding & Outstanding Medical Loss Per Open Indemnity Claim
S4	Average Paid Indemnity & Medical Loss per Indemnity Claim & Average Paid Medical Loss Per Claim
S5	Average Paid Indemnity Loss & Medical Loss per Closed Indemnity Claim
S6	Ratio of Incremental Paid Indemnity & Medical to Indemnity Claims Open During Period
S7	Ratio of Quarterly Paid Medical to Indemnity Claims Inventory Through March 31, 2017
S8	Estimated Ultimate Indemnity & Medical Severities by Injury Type
S9	Average and Median Indemnity Claim Severities at USR 1st
S10	Temporary Disability Benefits Paid at 12 and 24 Months & Changes in the Number of Weeks of Temporary Disability Benefits
S11	Average Permanent Disability Ratings by Type of Loss
S14	Self Insured Employers - Claim Severity
S15	Annual Changes in Indemnity Severity Attributable to Changes in Hazardousness
S16	Claim Counts and Losses on Claims in Excess of \$250,000 & \$500,000 & \$1,000,000
S17	Change in Claims Mix by Injury Description by Policy Year by Part of Body & Nature of Injury & Cause of Injury
Loss Adjustment Expense	
E1	Summary of LAE Ratios by Insurer Type
E5	Average Paid ALAE Per Reported Indemnity Claim - Private Insurers
E7	Percentage of Represented and Unrepresented Permanent Disability Claims by Region - First/Second Survey Level
E8	Distribution of Total ALAE & MCCP Components
E9	Applicant Attorney Expense Paid
E10	Average Expense Costs per Represented PD Claim - Private Insurers Only
E13	Changes in the Number and Cost of Medical-Legal Reports
Discontinued/Moved Exhibits	
D1	Quarterly Incurred & Paid Indemnity & Medical Loss Development Factors
S1	Projection of Indemnity & Medical Severity Trends by Accident Year

Total Incurred Loss Distribution by Insurer*

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

<u>Group</u>	<u>AY 2012</u> <u>@ 12/31/2012</u>	<u>AY 2013</u> <u>@ 12/31/2013</u>	<u>AY 2014</u> <u>@ 12/31/2014</u>	<u>AY 2015</u> <u>@ 12/31/2015</u>	<u>AY 2016</u> <u>@ 12/31/2016</u>
State Fund	7.3%	8.7%	10.2%	12.0%	9.5%
1	6.8%	6.9%	7.6%	8.0%	8.0%
2	8.6%	8.6%	8.0%	7.8%	7.6%
3	5.9%	7.5%	6.6%	7.8%	7.4%
4	8.0%	7.9%	7.7%	6.9%	6.8%
5	2.2%	3.2%	3.6%	4.3%	4.7%
6	4.6%	3.8%	3.8%	3.6%	3.6%
7	5.6%	5.6%	3.8%	3.6%	3.6%
8	6.3%	4.8%	4.2%	3.4%	3.2%
9	1.2%	1.6%	2.3%	2.7%	2.9%
10	2.5%	3.3%	3.2%	2.7%	2.8%
All Other	41.0%	38.1%	39.1%	37.4%	40.0%

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

<u>Group</u>	<u>AY 2012</u> <u>@ 12/31/2012</u>	<u>AY 2013</u> <u>@ 12/31/2013</u>	<u>AY 2014</u> <u>@ 12/31/2014</u>	<u>AY 2015</u> <u>@ 12/31/2015</u>	<u>AY 2016</u> <u>@ 12/31/2016</u>
1	7.3%	7.5%	8.5%	9.1%	8.9%
2	9.3%	9.4%	9.0%	8.8%	8.4%
3	6.4%	8.2%	7.4%	8.8%	8.2%
4	8.6%	8.7%	8.6%	7.9%	7.5%
5	2.4%	3.5%	4.0%	4.9%	5.2%
6	5.0%	4.2%	4.2%	4.1%	4.0%
7	6.1%	6.1%	4.3%	4.0%	4.0%
8	6.8%	5.3%	4.6%	3.8%	3.5%
9	1.2%	1.8%	2.5%	3.0%	3.2%
10	2.7%	3.6%	3.5%	3.0%	3.0%
All Other	44.2%	41.7%	43.5%	42.5%	44.1%

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

**Groups are ranked according to accident year 2016 incurred losses.
State Fund is State Compensation Insurance Fund.

Source: WCIRB quarterly calls for experience

Distribution of Estimated Ultimate Number of Claims by Injury Type

I. Distribution of Ultimate Number of Indemnity Claims

Accident <u>Year</u>	Permanent <u>Indemnity**</u>	Temporary <u>Indemnity</u>	<u>Total</u>
2001	52.9%	47.1%	100%
2002	54.3%	45.7%	100%
2003	53.8%	46.2%	100%
2004	49.8%	50.2%	100%
2005	46.3%	53.7%	100%
2006	47.2%	52.8%	100%
2007	48.3%	51.7%	100%
2008	50.5%	49.5%	100%
2009	51.8%	48.2%	100%
2010	51.5%	48.5%	100%
2011	51.1%	48.9%	100%
2012	50.3%	49.7%	100%
2013	49.7%	50.3%	100%
2014	49.6%	50.4%	100%
2015*	50.3%	49.7%	100%

II. Distribution of Ultimate Number of All Claims

Accident <u>Year</u>	Permanent <u>Indemnity**</u>	Temporary <u>Indemnity</u>	Medical <u>Only</u>	<u>Total</u>
2001	17.9%	16.0%	66.1%	100%
2002	18.9%	15.9%	65.2%	100%
2003	18.7%	16.1%	65.2%	100%
2004	15.6%	15.7%	68.7%	100%
2005	13.5%	15.6%	70.9%	100%
2006	13.6%	15.2%	71.2%	100%
2007	14.3%	15.3%	70.4%	100%
2008	15.5%	15.2%	69.3%	100%
2009	17.1%	15.9%	67.0%	100%
2010	17.8%	16.8%	65.4%	100%
2011	18.2%	17.4%	64.4%	100%
2012	18.3%	18.0%	63.7%	100%
2013	18.6%	18.9%	62.5%	100%
2014	18.6%	18.9%	62.5%	100%
2015*	19.0%	18.8%	62.2%	100%

* Accident year 2015 experience is partial in that it only reflects experience from policy year 2014.

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

Source: WCIRB unit statistical data

Percentage of Claims Open by Injury Type and Region
Permanent Partial & Temporary

<u>Injury Type</u>	<u>Report Level</u>	<u>Region*</u>	<u>Policy Year</u>							Latest Year Reported Claim Distribution
			<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	
Permanent Partial	1	Bay Area	91%	91%	90%	88%	86%	85%	84%	14%
Permanent Partial	1	Los Angeles	91%	91%	89%	88%	85%	84%	83%	55%
Permanent Partial	1	Remainder of CA	91%	89%	88%	87%	84%	82%	82%	31%
		ALL REGIONS COMBINED	91%	90%	89%	88%	85%	84%	83%	100%
Permanent Partial	2	Bay Area	69%	70%	68%	65%	62%	62%		14%
Permanent Partial	2	Los Angeles	74%	74%	72%	68%	63%	63%		55%
Permanent Partial	2	Remainder of CA	70%	69%	67%	63%	61%	60%		31%
		ALL REGIONS COMBINED	72%	72%	70%	66%	62%	62%		100%
Permanent Partial	3	Bay Area	50%	50%	47%	45%	42%			15%
Permanent Partial	3	Los Angeles	58%	57%	52%	49%	45%			55%
Permanent Partial	3	Remainder of CA	51%	50%	46%	43%	41%			30%
		ALL REGIONS COMBINED	54%	54%	50%	47%	44%			100%

<u>Injury Type</u>	<u>Report Level</u>	<u>Region*</u>	<u>Policy Year</u>							Latest Year Reported Claim Distribution
			<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	
Temporary	1	Bay Area	41%	44%	44%	44%	46%	44%	41%	17%
Temporary	1	Los Angeles	44%	49%	50%	49%	51%	53%	50%	47%
Temporary	1	Remainder of CA	38%	40%	41%	42%	43%	45%	42%	36%
		ALL REGIONS COMBINED	41%	45%	46%	45%	47%	48%	45%	100%
Temporary	2	Bay Area	23%	23%	26%	26%	27%	23%		17%
Temporary	2	Los Angeles	28%	31%	32%	32%	33%	32%		47%
Temporary	2	Remainder of CA	21%	23%	24%	26%	26%	26%		37%
		ALL REGIONS COMBINED	24%	27%	28%	29%	29%	28%		100%
Temporary	3	Bay Area	12%	14%	14%	15%	15%			17%
Temporary	3	Los Angeles	18%	21%	22%	21%	20%			45%
Temporary	3	Remainder of CA	12%	14%	15%	16%	15%			37%
		ALL REGIONS COMBINED	15%	17%	18%	18%	17%			100%

*Los Angeles Includes Los Angeles County and remainder of Los Angeles Basin
Source: WCIRB unit statistical data

Percentage of Claim Count and Average Severity by Method of Settlement
Geographic Region: All Regions Combined

Policy Year 2009				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	30.1%	26,678	31,283	57,962
Stipulated Award	6.1%	21,084	22,944	44,028
All Other Settlements	11.1%	18,193	18,056	36,248
Not Subject to Settlement	<u>52.7%</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total/Average	100.0%	23,963	27,100	51,063

Policy Year 2010				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	29.9%	25,707	31,015	56,722
Stipulated Award	5.4%	20,852	21,494	42,347
All Other Settlements	13.0%	19,666	18,602	38,268
Not Subject to Settlement	<u>51.8%</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total/Average	100.0%	23,540	26,614	50,154

Policy Year 2011				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	33.3%	25,092	29,425	54,518
Stipulated Award	6.4%	20,044	19,562	39,606
All Other Settlements	17.2%	21,370	20,599	41,968
Not Subject to Settlement	<u>43.1%</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total/Average	100.0%	23,400	25,648	49,047

Policy Year 2012				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	38.8%	23,576	27,291	50,867
Stipulated Award	7.4%	18,750	17,441	36,191
All Other Settlements	19.9%	20,920	20,029	40,949
Not Subject to Settlement	<u>33.9%</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total/Average	100.0%	22,236	24,002	46,238

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

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

Policy Year 2009				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	26.6%	33,431	36,584	70,015
Stipulated Award	8.8%	22,922	20,063	42,985
All Other Settlements	10.1%	20,673	16,422	37,095
Not Subject to Settlement	<u>54.5%</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total/Average	100.0%	28,569	28,918	57,487

Policy Year 2010				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	25.5%	29,113	30,832	59,945
Stipulated Award	8.2%	20,178	15,996	36,174
All Other Settlements	12.6%	21,431	20,040	41,472
Not Subject to Settlement	<u>53.7%</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total/Average	100.0%	25,440	25,269	50,709

Policy Year 2011				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	28.7%	29,250	30,539	59,789
Stipulated Award	7.2%	19,678	20,236	39,914
All Other Settlements	16.9%	23,257	20,713	43,969
Not Subject to Settlement	<u>47.3%</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total/Average	100.0%	26,026	25,989	52,015

Policy Year 2012				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	33.3%	28,166	29,930	58,096
Stipulated Award	9.2%	20,375	18,166	38,541
All Other Settlements	19.8%	23,899	20,488	44,387
Not Subject to Settlement	<u>37.6%</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total/Average	100.0%	25,658	25,191	50,849

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

Percentage of Claim Count and Average Severity by Method of Settlement
Geographic Region: Los Angeles**

Policy Year 2009				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	31.8%	24,943	29,327	54,271
Stipulated Award	4.6%	21,914	22,793	44,707
All Other Settlements	12.8%	17,880	19,319	37,199
Not Subject to Settlement	<u>50.8%</u>	-----	-----	-----
Total/Average	100.0%	22,825	26,115	48,940

Policy Year 2010				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	31.9%	25,186	31,028	56,214
Stipulated Award	4.2%	20,226	21,304	41,531
All Other Settlements	13.7%	18,556	18,030	36,586
Not Subject to Settlement	<u>50.2%</u>	-----	-----	-----
Total/Average	100.0%	22,942	26,630	49,572

Policy Year 2011				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	34.4%	23,863	28,321	52,183
Stipulated Award	5.6%	20,174	19,577	39,751
All Other Settlements	17.9%	20,407	21,147	41,554
Not Subject to Settlement	<u>42.1%</u>	-----	-----	-----
Total/Average	100.0%	22,440	25,263	47,703

Policy Year 2012				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	40.0%	21,892	24,983	46,875
Stipulated Award	6.5%	18,432	16,726	35,158
All Other Settlements	20.4%	20,222	19,921	40,143
Not Subject to Settlement	<u>33.1%</u>	-----	-----	-----
Total/Average	100.0%	21,047	22,640	43,687

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

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

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

Policy Year 2009				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	29.1%	26,566	32,177	58,744
Stipulated Award	7.1%	19,169	24,810	43,979
All Other Settlements	9.0%	17,520	16,238	33,758
Not Subject to Settlement	<u>54.8%</u>	-----	-----	-----
Total/Average	100.0%	23,599	27,839	51,438

Policy Year 2010				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	28.9%	25,085	31,073	56,158
Stipulated Award	5.8%	22,046	25,642	47,688
All Other Settlements	12.0%	20,701	18,855	39,556
Not Subject to Settlement	<u>53.3%</u>	-----	-----	-----
Total/Average	100.0%	23,582	27,261	50,843

Policy Year 2011				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	33.7%	25,434	30,794	56,228
Stipulated Award	7.2%	20,055	19,225	39,279
All Other Settlements	16.4%	22,134	19,582	41,715
Not Subject to Settlement	<u>42.7%</u>	-----	-----	-----
Total/Average	100.0%	23,810	26,125	49,935

Policy Year 2012				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	39.3%	24,606	30,217	54,823
Stipulated Award	8.0%	18,277	18,025	36,302
All Other Settlements	19.2%	20,682	19,994	40,676
Not Subject to Settlement	<u>33.5%</u>	-----	-----	-----
Total/Average	100.0%	22,713	25,802	48,515

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

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

<u>Calendar Year</u>	<u>Compromise & Release</u>	<u>Stipulations</u>	<u>Others</u>
1993	73.5%	19.6%	6.9%
1994	70.7%	22.3%	7.0%
1995	63.7%	28.7%	7.6%
1996	59.7%	31.3%	9.0%
1997	58.2%	32.7%	9.1%
1998	57.5%	33.2%	9.3%
1999	57.0%	34.4%	8.6%
2000	56.3%	35.3%	8.4%
2001	56.9%	35.3%	7.8%
2002	55.7%	36.3%	8.0%
2003	59.4%	33.1%	7.5%
2004	59.0%	34.0%	7.0%
2005	61.2%	31.5%	7.3%
2006	57.7%	33.5%	8.8%
2007	55.9%	34.7%	9.4%
2008*	54.4%	38.3%	7.3%
2009	52.2%	43.4%	4.4%
2010	49.5%	46.0%	4.5%
2011	51.2%	44.4%	4.3%
2012	51.4%	44.4%	4.2%
2013	54.5%	41.9%	3.6%
2014	57.7%	38.9%	3.4%
2015	59.3%	37.7%	3.0%

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

Source: DWC via Commission on Health and Safety & Workers' Compensation 2016 Annual Report

Elapsed Time in Days from Request to DWC Hearing

<u>Time Period</u>	<u>First 5502* Conference</u>	<u>Year-to-Year Change</u>	<u>First 5502* Trial</u>	<u>Year-to-Year Change</u>	<u>Expedited Hearing</u>	<u>Year-to-Year Change</u>
4th Qtr 1995	81	---	199	---	36	---
4th Qtr 1996	78	-3.7%	184	-7.5%	32	-11.1%
4th Qtr 1997	70	-10.3%	148	-19.6%	34	6.3%
4th Qtr 1998	62	-11.4%	121	-18.2%	31	-8.8%
4th Qtr 1999	68	9.7%	117	-3.3%	31	0.0%
4th Qtr 2000	62	-8.8%	114	-2.6%	35	12.9%
4th Qtr 2001	71	14.5%	125	9.6%	37	5.7%
4th Qtr 2002	79	11.3%	140	12.0%	40	8.1%
4th Qtr 2003	102	29.1%	171	22.1%	48	20.0%
4th Qtr 2004	118	15.7%	211	23.4%	57	18.8%
4th Qtr 2005	113	-4.2%	218	3.3%	40	-29.8%
4th Qtr 2006	67	-40.7%	163	-25.2%	41	2.5%
4th Qtr 2007	63	-6.0%	117	-28.2%	34	-17.1%
4th Qtr 2008**	55	-12.7%	130	11.1%	45	32.4%
4th Qtr 2009	68	23.6%	135	3.8%	41	-8.9%
4th Qtr 2010	70	2.9%	167	23.7%	42	2.4%
4th Qtr 2011	64	-8.6%	169	1.2%	34	-19.0%
4th Qtr 2012	71	10.9%	161	-4.7%	40	17.6%
4th Qtr 2013	65	-8.5%	164	1.9%	34	-15.0%
4th Qtr 2014	67	3.1%	161	-1.8%	34	0.0%
4th Qtr 2015	62	-7.5%	160	-0.6%	37	8.8%

* See California Labor Code, Sec. 5502

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

Source: DWC via Commission on Health and Safety & Workers' Compensation 2016 Annual Report

Quarterly Expedited Hearings by Region

<u>Time Period</u>	<u>Northern California</u>	<u>Central California</u>	<u>Southern California</u>	<u>Expedited Hearing</u>	<u>Change from Same Quarter in Prior Year</u>
1st Qtr 2011	---	---	---	2,503	---
2nd Qtr 2011	---	---	---	2,098	---
3rd Qtr 2011	---	---	---	2,462	---
4th Qtr 2011	---	---	---	2,439	---
1st Qtr 2012	---	---	---	2,480	-0.9%
2nd Qtr 2012	---	---	---	2,525	20.4%
3rd Qtr 2012	---	---	---	3,786	53.8%
4th Qtr 2012	---	---	---	2,673	9.6%
1st Qtr 2013	---	---	---	3,480	40.3%
2nd Qtr 2013	---	---	---	3,615	43.2%
3rd Qtr 2013	---	---	---	4,109	8.5%
4th Qtr 2013	---	---	---	4,013	50.1%
1st Qtr 2014	---	---	---	3,813	9.6%
2nd Qtr 2014	14.4%	24.5%	61.1%	4,463	23.5%
3rd Qtr 2014	16.8%	23.6%	59.7%	4,404	7.2%
4th Qtr 2014	17.0%	16.8%	66.2%	3,926	-2.2%
1st Qtr 2015	16.0%	18.1%	65.9%	4,062	6.5%
2nd Qtr 2015	17.4%	15.3%	67.3%	4,350	-2.5%
3rd Qtr 2015	17.6%	20.0%	62.4%	3,698	-16.0%
4th Qtr 2015	19.0%	20.2%	60.7%	4,133	5.3%
1st Qtr 2016	18.3%	20.8%	60.9%	4,622	13.8%
2nd Qtr 2016	16.8%	20.2%	63.0%	6,283	44.4%
3rd Qtr 2016	16.9%	20.4%	62.7%	6,403	73.1%
4th Qtr 2016	18.1%	20.7%	61.2%	6,404	54.9%
1st Qtr 2017	19.0%	20.8%	60.2%	6,405	38.6%

Quarterly Expedited Hearings - DOR Reasons by Region

Northern California

<u>Time Period</u>	<u>Medical Treatment</u>	<u>TD</u>	<u>Other</u>	<u>Expedited Hearing</u>	<u>Change from Same Quarter in Prior Year</u>
1st Qtr 2014	---	---	---	---	---
2nd Qtr 2014	81.4%	12.6%	6.0%	643	---
3rd Qtr 2014	76.8%	16.3%	6.9%	738	---
4th Qtr 2014	74.4%	22.4%	3.2%	666	---
1st Qtr 2015	76.0%	19.6%	4.4%	651	---
2nd Qtr 2015	74.8%	19.6%	5.6%	757	17.7%
3rd Qtr 2015	76.1%	19.9%	4.0%	652	-11.6%
4th Qtr 2015	74.5%	22.2%	3.4%	787	18.3%
1st Qtr 2016	74.9%	21.5%	3.5%	846	30.0%
2nd Qtr 2016	77.7%	18.6%	3.7%	1,055	39.4%
3rd Qtr 2016	78.0%	17.3%	4.7%	1,085	66.3%
4th Qtr 2016	75.1%	21.6%	3.3%	1,157	46.9%
1st Qtr 2017	75.3%	21.8%	2.9%	1,219	44.1%

Central California

<u>Time Period</u>	<u>Medical Treatment</u>	<u>TD</u>	<u>Other</u>	<u>Expedited Hearing</u>	<u>Change from Same Quarter in Prior Year</u>
1st Qtr 2014	---	---	---	---	---
2nd Qtr 2014	86.6%	12.1%	1.4%	1,092	---
3rd Qtr 2014	85.1%	13.0%	1.9%	1,037	---
4th Qtr 2014	85.9%	12.3%	1.8%	661	---
1st Qtr 2015	81.7%	17.4%	0.9%	734	---
2nd Qtr 2015	90.5%	7.9%	1.6%	667	-38.9%
3rd Qtr 2015	84.6%	13.6%	1.8%	738	-28.8%
4th Qtr 2015	85.5%	12.4%	2.1%	835	26.3%
1st Qtr 2016	84.5%	13.4%	2.1%	963	31.2%
2nd Qtr 2016	85.1%	13.0%	1.9%	1,272	90.8%
3rd Qtr 2016	86.5%	12.2%	1.3%	1,306	76.9%
4th Qtr 2016	87.8%	11.2%	0.9%	1,328	59.0%
1st Qtr 2017	86.6%	12.3%	1.1%	1,332	38.3%

Southern California

<u>Time Period</u>	<u>Medical Treatment</u>	<u>TD</u>	<u>Other</u>	<u>Expedited Hearing</u>	<u>Change from Same Quarter in Prior Year</u>
1st Qtr 2014	---	---	---	---	---
2nd Qtr 2014	69.3%	22.6%	8.1%	2,728	---
3rd Qtr 2014	69.0%	18.7%	12.3%	2,629	---
4th Qtr 2014	68.7%	19.5%	11.9%	2,599	---
1st Qtr 2015	63.6%	22.2%	14.2%	2,677	---
2nd Qtr 2015	66.9%	20.6%	12.5%	2,926	7.3%
3rd Qtr 2015	65.1%	20.0%	14.9%	2,307	-12.2%
4th Qtr 2015	64.4%	20.8%	14.8%	2,511	-3.4%
1st Qtr 2016	66.4%	18.8%	14.8%	2,813	5.1%
2nd Qtr 2016	67.2%	19.4%	13.3%	3,956	35.2%
3rd Qtr 2016	66.3%	20.6%	13.2%	4,012	73.9%
4th Qtr 2016	68.0%	20.0%	12.0%	3,919	56.1%
1st Qtr 2017	68.9%	18.9%	12.2%	3,855	37.0%

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

<u>Calendar Year</u>	<u>Number of Lien Decisions (in 000s)</u>	<u>Year-to-Year Change</u>
1993	18.4	---
1994	26.3	42.9%
1995	33.6	27.8%
1996	33.9	0.9%
1997	27.1	-20.1%
1998	19.3	-28.8%
1999	17.6	-8.8%
2000	15.1	-14.2%
2001	14.8	-2.0%
2002	16.6	12.2%
2003	16.5	-0.6%
2004	21.2	28.5%
2005	24.3	14.6%
2006	28.3	16.5%
2007	35.2	24.4%
2008*	34.5	-2.0%
2009	28.5	-17.4%
2010	37.1	30.2%
2011	41.4	11.6%
2012	64.3	55.3%
2013	65.8	2.3%
2014	58.3	-11.4%
2015	64.4	10.5%
2016	56.0	-13.0%

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

Source: DWC via Commission on Health and Safety & Workers' Compensation 2016 Annual Report

Liens Filed Counts*

Counts by Region

<u>Time Period</u>	<u>Bay Area</u>	<u>Central Coast/ Valley</u>	<u>Los Angeles County</u>	<u>Remainder of LA Basin</u>	<u>Remaining CA Zip Codes</u>	<u>Sacramento</u>	<u>San Diego County</u>	<u>Total</u>
2011	18,723	24,414	283,774	114,554	2,535	3,934	15,922	463,856
1st Qtr 2012	5,490	7,245	97,245	38,034	895	1,248	4,936	155,093
2nd Qtr 2012	5,467	8,970	122,040	44,065	1,102	1,322	4,991	187,957
3rd Qtr 2012	6,434	15,289	207,639	85,152	698	1,407	6,611	323,230
4th Qtr 2012	10,397	25,730	342,549	123,129	1,119	1,557	8,523	513,004
1st Qtr 2013	1,232	2,193	46,830	17,032	230	268	1,312	69,097
2nd Qtr 2013	1,450	1,562	18,947	6,917	211	339	684	30,110
3rd Qtr 2013	1,607	1,795	25,999	9,855	247	410	991	40,904
4th Qtr 2013	1,928	2,025	29,537	10,893	276	358	1,136	46,153
1st Qtr 2014	1,841	2,029	25,668	10,117	239	384	1,165	41,443
2nd Qtr 2014	1,697	2,306	29,417	11,942	265	354	1,263	47,244
3rd Qtr 2014	1,941	1,996	29,665	12,198	355	424	1,378	47,957
4th Qtr 2014	1,690	2,371	34,772	12,469	374	384	1,488	53,548
1st Qtr 2015	2,071	3,058	45,827	18,016	431	488	2,133	72,024
2nd Qtr 2015	2,370	4,218	54,147	22,198	501	500	2,787	86,721
3rd Qtr 2015	2,428	4,977	61,619	24,827	691	526	3,047	98,115
4th Qtr 2015	2,338	4,991	68,843	26,571	686	495	3,085	107,009
1st Qtr 2016	2,884	5,410	67,259	27,326	672	538	3,931	108,020
2nd Qtr 2016	2,543	5,112	66,511	26,852	536	506	3,912	105,972
3rd Qtr 2016	2,243	4,167	45,707	20,136	420	462	3,404	76,539
4th Qtr 2016	1,872	4,433	66,169	25,942	506	397	4,400	103,719
1st Qtr 2017	1,228	1,872	24,947	9,594	334	312	1,380	39,667

Counts by Type

<u>Time Period</u>	<u>Interpreter</u>	<u>Medical</u>	<u>Medical-Legal</u>	<u>Copy Service</u>	<u>Other***</u>	<u>Total</u>
2011	28,721	292,982	39,569	539	102,045	463,856
1st Qtr 2012	12,937	85,152	22,931	139	33,934	155,093
2nd Qtr 2012	17,162	106,336	37,440	65	26,954	187,957
3rd Qtr 2012	46,095	182,474	64,912	91	29,658	323,230
4th Qtr 2012	47,427	317,241	80,916	62	67,358	513,004
1st Qtr 2013	2,397	45,631	11,411	11	9,647	69,097
2nd Qtr 2013	831	22,480	587	20	6,192	30,110
3rd Qtr 2013	484	32,356	653	23	7,388	40,904
4th Qtr 2013	378	37,515	537	8	7,715	46,153
1st Qtr 2014	421	33,105	397	16	7,504	41,443
2nd Qtr 2014	275	38,534	320	10	8,105	47,244
3rd Qtr 2014	140	39,810	179	7	7,821	47,957
4th Qtr 2014	156	45,440	160	4	7,788	53,548
1st Qtr 2015	143	60,155	216	18	11,492	72,024
2nd Qtr 2015	152	74,037	268	7	12,257	86,721
3rd Qtr 2015	134	84,290	191	7	13,493	98,115
4th Qtr 2015	101	91,820	236	15	14,837	107,009
1st Qtr 2016	60	93,393	233	5	14,329	108,020
2nd Qtr 2016	90	89,781	467	6	15,628	105,972
3rd Qtr 2016	64	64,924	262	11	11,278	76,539
4th Qtr 2016	94	91,867	68	4	11,686	103,719
1st Qtr 2017	29	33,952	19	3	5,664	39,667

* Lien Counts exclude SDI/EDD Liens

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

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

Source: EAMS Liens Data

Medicare Set-aside Costs by Age Interval

First Survey Level

Age Interval	Number of Surveyed Set-aside Claims		Percentage of PD Claims Involving Set-aside				Average Set-aside Amount			Median Set-aside Amount		
	AY2011	AY2012	AY2013	AY2014	AY2011	AY2012	AY2013	AY2014	AY2011	AY2012	AY2013	AY2014
59 or Younger	28	14	25	23	0.9%	0.5%	0.8%	0.8%	54,190	93,330	85,397	47,245
60 or Older	34	23	44	35	10.5%	6.6%	11.5%	9.2%	34,138	35,779	34,890	40,012
Total/Average	62	37	69	58	1.9%	1.1%	2.0%	1.7%	43,194	57,555	53,190	42,880

Second Survey Level

Age Interval	Number of Surveyed Set-aside Claims		Percentage of PD Claims Involving Set-aside				Average Set-aside Amount			Median Set-aside Amount		
	AY2010	AY2011	AY2012	AY2013	AY2010	AY2011	AY2012	AY2013	AY2010	AY2011	AY2012	AY2013
59 or Younger	51	49	40	47	1.7%	1.6%	1.3%	1.5%	63,869	66,781	94,412	76,734
60 or Older	50	55	52	61	14.0%	16.8%	14.3%	16.0%	34,518	33,195	43,793	44,122
Total/Average	101	104	92	108	2.9%	3.1%	2.7%	3.1%	49,339	49,020	65,801	58,314

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

Medicare Set-aside Costs By Permanent Disability Rating Interval

First Survey Level

<u>PDR Interval</u>	<u>Number of Surveyed Set-aside Claims</u>		<u>Percentage of PD Claims Involving Set-aside</u>				<u>Average Set-aside Amount</u>		<u>Median Set-aside Amount</u>			
	<u>AY2011</u>	<u>AY2012</u>	<u>AY2012</u>	<u>AY2013</u>	<u>AY2014</u>	<u>AY2014</u>	<u>AY2011</u>	<u>AY2012</u>	<u>AY2011</u>	<u>AY2012</u>	<u>AY2013</u>	<u>AY2014</u>
Less Than 25%	25	7	24	11	1.0%	0.3%	1.0%	0.5%	14,930	16,902	20,994	21,065
25% to 69%	36	28	41	44	4.1%	3.2%	4.1%	4.0%	28,586	31,609	25,166	37,439
70% or More	1	2	4	3	5.3%	7.4%	9.1%	10.0%	576,974	278,838	204,096	61,277
Total/Average	62	37	69	58	1.9%	1.1%	2.0%	1.7%	20,247	28,615	25,166	37,439

Second Survey Level

<u>PDR Interval</u>	<u>Number of Surveyed Set-aside Claims</u>		<u>Percentage of PD Claims Involving Set-aside</u>				<u>Average Set-aside Amount</u>		<u>Median Set-aside Amount</u>			
	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>	<u>AY2013</u>	<u>AY2010</u>	<u>AY2011</u>	<u>AY2010</u>	<u>AY2011</u>	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>	<u>AY2013</u>
Less Than 25%	37	35	24	30	1.6%	1.5%	1.3%	1.3%	20,000	16,187	23,309	20,509
25% to 69%	57	66	60	70	5.4%	6.7%	6.2%	6.2%	40,210	32,617	35,237	38,731
70% or More	7	3	8	8	17.1%	9.1%	21.1%	14.8%	120,839	84,036	151,666	174,060
Total/Average	101	104	92	108	2.9%	3.1%	2.7%	3.1%	30,571	29,410	35,237	32,569

Figures in italics are based on five or fewer claims
Source: WCIRB Permanent Disability Claim Survey - approximately 3,500 PD claims were surveyed for each accident year

Percentage of Permanent Partial Claims with Qualified Offer of Permanent Return-to-work

First Survey Level

Accident <u>Year</u>	% With <u>Qualified Offer</u>
2011	20.1%
2012	21.2%
2013	16.0%
2014	16.7%

Second Survey Level

Accident <u>Year</u>	% With <u>Qualified Offer</u>
2010	21.0%
2011	20.4%
2012	21.3%
2013	15.2%

Source: WCIRB Permanent Disability Claim Survey

Note: Accident Years 2014 at First Survey Level and 2013 at Second Survey Level are preliminary.

IMR Filed Counts

Quarterly IMRs filed

<u>Year & Quarter</u>	<u>IMRs Filed</u>	<u>Change from Same Quarter in Prior Year</u>
2013 1Q & 2Q	878	---
2013 3Q	31,950	---
2013 4Q	51,092	---
2014 1Q	49,928	---
2014 2Q	59,983	---
2014 3Q	59,606	86.6%
2014 4Q	58,567	14.6%
2015 1Q	61,142	22.5%
2015 2Q	65,418	9.1%
2015 3Q	65,889	10.5%
2015 4Q	61,327	4.7%
2016 1Q	60,772	-0.6%
2016 2Q	64,852	-0.9%
2016 3Q	62,411	-5.3%
2016 4Q	61,318	0.0%
2017 1Q	61,968	2.0%

Yearly IMR Counts

	<u>Original IMR Applications</u>	<u>Duplicates</u>	<u>Ineligible</u>	<u>Total Rejected</u>	<u>Eligible IMRs</u>	<u>Eligible IMR Yearly Change</u>
2013 IMR Counts	83,920	15,560	15,516	31,076	52,844	---
2014 IMR Counts	228,084	55,503	29,269	84,772	143,312	171.2%
2015 IMR Counts	253,776	58,088	30,079	88,167	165,609	15.6%
2016 IMR Counts	249,353	53,314	23,219	76,533	172,820	4.4%

Source: DWC Collected from IMR Vendor

DWC Via Commission on Health and Safety & Workers' Compensation 2016 Annual Report

Reported Indemnity Claim Count Development – Statewide

Accident Year	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
1999									1.000
2000								1.000	1.000
2001							0.999	0.999	0.999
2002						1.000	1.000	0.999	1.000
2003					1.000	0.998	0.999	0.999	0.999
2004				1.000	0.999	0.999	0.999	0.999	1.000
2005			1.004	1.001	1.001	1.000	1.000	1.000	1.000
2006		1.022	1.006	1.004	1.001	1.000	1.001	1.000	1.001
2007	6.455	1.038	1.012	1.005	1.003	1.002	1.000	1.001	1.001
2008	6.153	1.061	1.018	1.009	1.004	1.003	1.002	1.001	1.001
2009	6.999	1.082	1.023	1.008	1.005	1.003	1.002	1.002	
2010	7.389	1.090	1.022	1.010	1.006	1.003	1.000		
2011	7.535	1.102	1.026	1.011	1.006	1.003			
2012	7.678	1.119	1.026	1.011	1.006				
2013	8.075	1.102	1.025	1.009					
2014	7.808	1.108	1.023						
2015	8.028	1.107							
2016	7.739								
Latest Year									
I. <u>Age-to-Age</u>									
	7.739	1.107	1.023	1.009	1.006	1.003	1.000	1.002	1.001
II. <u>Age-to-Ultimate</u>									
	8.966	1.159	1.047	1.023	1.014	1.008	1.005	1.006	1.004 1.002
III. <u>Estimated Percent of Ultimate Indemnity Claims Reported</u>									
	11.2%	86.3%	95.5%	97.7%	98.6%	99.2%	99.5%	99.4%	99.6% 99.8%

Reported Total Claim Count Development – Statewide

Accident Year	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
1999									1.002
2000								1.002	1.001
2001							1.002	1.001	1.001
2002						1.001	1.001	1.001	1.001
2003					1.004	1.001	1.001	1.001	1.000
2004				1.005	1.002	1.000	1.001	1.000	1.000
2005			1.009	1.004	1.001	1.002	1.001	1.001	1.000
2006		1.038	1.010	1.004	1.003	1.001	1.001	1.001	1.001
2007	6.866	1.038	1.010	1.005	1.003	1.002	1.001	1.001	1.001
2008	6.502	1.040	1.011	1.006	1.003	1.002	1.001	1.001	1.001
2009	7.002	1.046	1.013	1.005	1.004	1.002	1.002	1.001	
2010	7.197	1.048	1.011	1.006	1.004	1.003	0.999		
2011	7.174	1.051	1.014	1.006	1.005	1.002			
2012	7.190	1.060	1.013	1.007	1.004				
2013	7.618	1.054	1.016	1.006					
2014	7.521	1.061	1.012						
2015	7.474	1.057							
2016	7.416								
Latest Year									
I. <u>Age-to-Age</u>									
	7.416	1.057	1.012	1.006	1.004	1.002	0.999	1.001	1.001
II. <u>Age-to-Ultimate</u>									
	8.062	1.087	1.029	1.016	1.010	1.007	1.005	1.005	1.004 1.003
III. <u>Estimated Percent of Ultimate Total Claims Reported</u>									
	11.2%	86.4%	95.6%	97.8%	98.7%	99.3%	99.6%	99.5%	99.7% 99.9%

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 68% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

Source: WCIRB quarterly calls for experience

Estimated Ultimate Indemnity Claim Settlement Ratios

Accident	Evaluated as of (in months):									
<u>Year</u>	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1998										94.3%
1999									92.6%	94.0%
2000								89.9%	91.9%	93.4%
2001							85.0%	88.3%	90.6%	92.3%
2002						80.5%	85.4%	88.7%	91.0%	92.5%
2003					73.1%	80.7%	85.6%	88.8%	90.8%	92.5%
2004				63.7%	74.7%	81.6%	85.7%	88.5%	90.6%	92.4%
2005			51.9%	66.0%	76.1%	81.9%	85.8%	88.7%	90.9%	93.1%
2006		33.7%	53.3%	67.0%	76.0%	82.0%	85.8%	88.8%	91.5%	93.3%
2007	0.8%	32.9%	51.7%	65.3%	74.7%	80.7%	85.1%	89.1%	91.4%	93.3%
2008	0.8%	31.5%	49.5%	63.1%	72.9%	79.8%	85.3%	89.0%	91.7%	93.7%
2009	0.7%	29.5%	47.4%	61.4%	71.7%	79.7%	85.0%	89.0%	91.8%	
2010	0.7%	29.6%	48.1%	62.2%	73.7%	81.3%	86.6%	90.2%		
2011	0.8%	29.4%	48.2%	63.6%	74.8%	82.5%	87.6%			
2012	0.8%	29.0%	49.2%	65.0%	76.2%	83.7%				
2013	0.9%	28.9%	50.3%	66.4%	77.8%					
2014	0.7%	29.1%	51.5%	67.7%						
2015	0.8%	29.7%	53.1%							
2016	0.8%	31.4%								
2017	0.8%									

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 77% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

Source: WCIRB quarterly calls for experience

Indemnity Claim Settlement Ratios by Injury Type

Permanent Partial						Temporary					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
1996	11.3%	34.6%	57.3%	71.5%	79.4%	1996	78.5%	85.8%	90.7%	92.7%	97.5%
1997	9.7%	33.2%	55.7%	69.7%	77.5%	1997	74.8%	88.9%	93.1%	98.1%	97.4%
1998	8.9%	30.8%	53.7%	67.5%	74.4%	1998	78.0%	90.1%	95.4%	95.4%	96.6%
1999	8.7%	29.3%	50.4%	62.5%	69.2%	1999	75.1%	88.4%	92.3%	94.5%	95.6%
2000	8.0%	26.8%	45.2%	57.3%	66.2%	2000	70.6%	84.3%	89.3%	92.1%	93.4%
2001	7.1%	22.2%	41.2%	57.7%	69.5%	2001	66.1%	79.4%	87.1%	89.7%	91.5%
2002	5.2%	19.3%	41.7%	60.3%	71.7%	2002	64.7%	80.9%	87.0%	90.7%	93.1%
2003	4.1%	20.8%	44.3%	61.3%	72.5%	2003	67.9%	81.6%	88.5%	92.6%	94.8%
2004	5.2%	22.5%	44.0%	60.0%	71.4%	2004	70.1%	84.8%	91.6%	95.6%	95.6%
2005	5.9%	22.6%	43.1%	59.4%	69.7%	2005	69.8%	84.0%	90.7%	92.7%	95.5%
2006	6.5%	23.6%	44.3%	59.5%	69.1%	2006	71.4%	86.8%	91.9%	95.0%	95.5%
2007	6.0%	23.9%	43.6%	58.1%	68.2%	2007	71.3%	85.3%	91.7%	93.8%	95.0%
2008	6.1%	24.0%	43.3%	58.0%	69.9%	2008	70.0%	84.2%	89.3%	92.2%	94.3%
2009	6.0%	23.5%	42.5%	58.5%	70.7%	2009	67.9%	81.0%	87.0%	91.0%	93.2%
2010	7.2%	25.3%	45.8%	62.3%	73.6%	2010	64.9%	78.3%	85.5%	89.8%	92.5%
2011	7.9%	27.4%	48.7%	64.5%	76.5%	2011	63.4%	77.4%	84.9%	89.5%	91.1%
2012	9.2%	30.7%	51.7%	66.1%		2012	62.6%	77.4%	85.4%	89.8%	
2013	10.3%	32.4%	55.0%			2013	61.6%	77.9%	85.8%		
2014	10.9%	33.3%				2014	62.9%	77.1%			
2015	12.5%					2015	63.9%				

Cumulative Injury*						Non-Cumulative Injury					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
1996	14.5%	35.7%	56.9%	71.2%	79.2%	1996	51.3%	65.1%	77.2%	84.1%	90.1%
1997	16.6%	36.9%	54.8%	67.2%	76.0%	1997	46.5%	64.7%	77.0%	86.0%	88.8%
1998	17.2%	33.5%	51.3%	64.1%	72.0%	1998	47.4%	64.0%	77.2%	83.2%	86.9%
1999	16.3%	31.7%	48.6%	60.7%	68.7%	1999	45.2%	62.0%	73.8%	80.3%	83.8%
2000	13.5%	29.7%	45.3%	57.1%	66.5%	2000	42.5%	58.5%	69.6%	76.5%	81.1%
2001	12.8%	26.8%	43.6%	57.3%	67.8%	2001	38.1%	52.2%	65.2%	74.5%	81.0%
2002	12.4%	26.8%	43.9%	59.4%	70.1%	2002	35.3%	50.3%	64.6%	75.7%	82.5%
2003	12.5%	27.6%	45.6%	59.9%	69.5%	2003	36.7%	51.9%	67.1%	77.6%	84.2%
2004	15.6%	30.3%	46.8%	60.5%	69.8%	2004	40.3%	56.3%	70.1%	79.6%	84.8%
2005	13.2%	27.6%	42.5%	55.1%	64.7%	2005	43.3%	58.6%	71.4%	79.5%	85.3%
2006	13.1%	27.7%	42.7%	54.8%	64.2%	2006	43.6%	59.9%	72.1%	80.4%	84.7%
2007	13.5%	28.4%	42.9%	55.0%	65.0%	2007	42.7%	58.6%	71.1%	78.7%	83.7%
2008	12.0%	26.9%	41.4%	54.1%	65.4%	2008	40.8%	56.9%	68.7%	77.1%	83.6%
2009	10.9%	24.3%	39.2%	54.0%	66.7%	2009	39.3%	54.8%	67.1%	76.7%	83.3%
2010	13.0%	26.3%	43.0%	59.1%	71.1%	2010	38.4%	54.4%	68.0%	77.8%	84.3%
2011	10.7%	26.8%	45.6%	61.0%	72.3%	2011	38.5%	55.3%	69.2%	78.7%	85.1%
2012	11.5%	29.7%	47.2%	61.2%		2012	39.3%	57.3%	71.3%	80.2%	
2013	13.8%	31.8%	50.6%			2013	39.8%	58.8%	73.4%		
2014	13.8%	32.2%				2014	41.0%	59.2%			
2015	14.4%					2015	42.1%				

All Indemnity					
AY/RL	1	2	3	4	5
1996	48.8%	63.1%	75.8%	83.2%	89.4%
1997	44.5%	62.8%	75.5%	84.7%	87.9%
1998	45.3%	61.9%	75.4%	81.9%	85.9%
1999	43.1%	59.8%	71.9%	78.8%	82.7%
2000	40.2%	56.3%	67.7%	75.0%	80.0%
2001	36.0%	50.2%	63.5%	73.1%	79.9%
2002	33.3%	48.3%	62.8%	74.3%	81.5%
2003	34.6%	49.8%	65.3%	76.1%	82.9%
2004	38.2%	54.1%	68.2%	78.0%	83.6%
2005	41.1%	56.4%	69.4%	77.7%	83.8%
2006	41.4%	57.6%	69.9%	78.5%	83.2%
2007	40.5%	56.3%	69.0%	76.9%	82.3%
2008	38.4%	54.5%	66.5%	75.3%	82.2%
2009	36.6%	51.9%	64.5%	74.5%	81.8%
2010	35.9%	51.6%	65.4%	76.0%	83.0%
2011	35.6%	52.4%	66.8%	76.9%	83.8%
2012	36.3%	54.3%	68.7%	78.1%	
2013	36.6%	55.6%	70.6%		
2014	37.5%	55.8%			
2015	38.6%				

Notes:

*Cumulative Injury includes both cumulative injury and occupational disease.

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

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

Source: WCIRB Unit Statistical data

Quarterly Ultimate Settlement Ratios

Accident Year	Evaluated as of (in months):															
	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48
2008	0.9%	5.6%	13.4%	23.1%	31.7%	37.9%	42.2%	46.0%	49.6%	53.2%	56.7%	60.1%	63.0%	65.7%	68.3%	70.7%
2009	0.7%	4.7%	12.3%	21.5%	29.8%	35.8%	40.1%	43.9%	47.5%	51.1%	54.8%	58.3%	61.3%	64.3%	66.9%	69.4%
2010	0.7%	4.8%	11.9%	21.1%	29.8%	35.8%	40.2%	44.4%	48.2%	52.1%	55.6%	59.1%	62.3%	65.6%	68.6%	71.3%
2011	0.8%	5.1%	12.0%	21.2%	29.7%	35.8%	40.4%	44.7%	48.6%	52.8%	56.6%	60.5%	63.8%	66.9%	69.8%	72.6%
2012	0.8%	4.9%	11.9%	20.8%	29.0%	35.5%	40.3%	45.1%	49.3%	53.5%	57.8%	61.7%	65.1%	68.3%	71.2%	73.9%
2013	0.9%	4.9%	11.4%	20.3%	28.9%	35.4%	40.8%	45.7%	50.3%	54.8%	58.9%	62.9%	66.4%	69.8%	72.7%	75.5%
2014	0.7%	4.6%	11.4%	20.3%	29.1%	35.9%	41.6%	46.8%	51.5%	56.0%	60.4%	64.3%	67.7%			
2015	0.8%	4.6%	11.8%	20.7%	29.8%	37.1%	42.7%	48.0%	53.2%							
2016	0.8%	5.0%	12.1%	21.6%	31.5%											
2017	0.8%															

Accident Year	Quarterly Incremental Change															
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39	39-42	42-45	45-48	
2008	4.7%	7.8%	9.7%	8.5%	6.2%	4.3%	3.8%	3.6%	3.6%	3.5%	3.4%	2.9%	2.7%	2.6%	2.4%	
2009	4.0%	7.6%	9.1%	8.3%	6.0%	4.3%	3.8%	3.6%	3.6%	3.7%	3.5%	3.0%	3.1%	2.5%	2.5%	
2010	4.1%	7.1%	9.2%	8.7%	6.0%	4.3%	4.2%	3.8%	4.0%	3.5%	3.5%	3.2%	3.3%	3.0%	2.8%	
2011	4.3%	6.8%	9.3%	8.4%	6.2%	4.6%	4.3%	3.8%	4.2%	3.8%	3.9%	3.3%	3.0%	3.0%	2.7%	
2012	4.1%	7.0%	8.9%	8.2%	6.5%	4.9%	4.8%	4.2%	4.3%	4.3%	3.9%	3.4%	3.2%	2.9%	2.8%	
2013	4.0%	6.5%	8.9%	8.5%	6.5%	5.4%	4.9%	4.6%	4.5%	4.1%	4.0%	3.6%	3.3%	3.0%	2.7%	
2014	3.9%	6.8%	8.9%	8.8%	6.8%	5.7%	5.1%	4.7%	4.5%	4.3%	3.9%	3.4%				
2015	3.8%	7.1%	8.9%	9.1%	7.3%	5.7%	5.2%	5.2%								
2016	4.2%	7.1%	9.5%	9.9%												

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 88% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

Source: WCIRB quarterly calls for experience

Ratio of Incremental Closed Indemnity Claims to Prior Open Indemnity Claims

Accident Year	Development								
	<u>3-15</u>	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>	<u>75-87</u>	<u>87-99</u>	<u>99-111</u>
1999									19.4%
2000								20.0%	18.3%
2001							22.3%	19.7%	17.6%
2002						25.1%	22.8%	20.5%	16.7%
2003					28.2%	25.7%	22.0%	17.8%	18.1%
2004				30.3%	27.4%	21.8%	19.7%	18.5%	18.8%
2005			29.3%	29.7%	24.2%	21.8%	20.7%	19.5%	23.8%
2006		29.6%	29.5%	27.2%	25.2%	21.1%	21.1%	24.7%	20.5%
2007	32.4%	28.1%	28.2%	27.0%	23.9%	22.8%	26.6%	22.0%	22.3%
2008	30.9%	26.3%	27.0%	26.5%	25.6%	27.5%	25.4%	24.9%	24.2%
2009	29.0%	25.5%	26.6%	26.8%	28.2%	26.4%	27.0%	25.6%	
2010	29.1%	26.3%	27.2%	30.6%	29.1%	29.0%	26.6%		
2011	28.9%	26.7%	29.8%	31.1%	30.8%	29.2%			
2012	28.4%	28.6%	31.3%	32.2%	31.6%				
2013	28.2%	30.3%	32.6%	34.1%					
2014	28.7%	31.7%	33.6%						
2015	29.3%	33.4%							
2016	31.0%								

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 77% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

Source: WCIRB quarterly calls for experience

Ratio of Incremental Closed Indemnity Claims to Prior Open Indemnity Claims

Accident Year	Development														
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39	39-42	42-45	45-48
2007	4.5%	8.5%	11.8%	12.6%	9.8%	7.4%	7.6%	6.8%	7.9%	6.9%	9.0%	7.4%	7.4%	7.5%	7.9%
2008	4.7%	8.3%	11.2%	11.1%	9.1%	7.0%	6.6%	6.6%	7.2%	7.4%	7.9%	7.2%	7.3%	7.6%	7.6%
2009	4.0%	8.0%	10.4%	10.6%	8.5%	6.7%	6.4%	6.4%	6.9%	7.5%	7.8%	7.1%	8.0%	7.1%	7.7%
2010	4.2%	7.4%	10.4%	11.1%	8.6%	6.7%	7.0%	6.8%	7.6%	7.3%	7.8%	7.8%	8.7%	8.6%	8.8%
2011	4.3%	7.2%	10.5%	10.7%	8.8%	7.1%	7.2%	7.0%	8.2%	8.1%	8.9%	8.5%	8.4%	8.9%	9.1%
2012	4.1%	7.4%	10.1%	10.3%	9.1%	7.5%	8.0%	7.6%	8.4%	9.2%	9.2%	8.9%	9.2%	9.1%	9.6%
2013	4.1%	6.8%	10.1%	10.7%	9.1%	8.3%	8.3%	8.6%	9.0%	9.0%	9.6%	9.6%	9.9%	9.9%	10.0%
2014	3.9%	7.1%	10.1%	11.1%	9.6%	8.9%	8.8%	8.9%	9.3%	9.8%	10.0%	9.7%	9.9%	9.9%	
2015	3.9%	7.5%	10.1%	11.5%	10.4%	9.0%	9.2%	10.0%							
2016	4.2%	7.4%	10.8%	12.6%											

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 88% to 99% of the total California workers' compensation insured market measured using 2016 earned premium levels).

Source: WCIRB quarterly calls for experience

Reopening Rates Based on Unit Statistical Data

PY/RL	Reopening Rates						
	1st to 2nd	2nd to 3rd	3rd to 4th	4th to 5th	5th to 6th	6th to 7th	7th to 8th
2001	0.84%	0.50%	0.34%	0.30%	---	---	---
2002	0.92%	0.45%	0.35%	0.33%	0.24%	0.19%	0.16%
2003	0.68%	0.43%	0.38%	0.31%	0.24%	0.23%	0.18%
2004	0.60%	0.40%	0.32%	0.27%	0.27%	0.18%	0.12%
2005	0.63%	0.34%	0.29%	0.29%	0.25%	0.14%	0.11%
2006	0.62%	0.38%	0.39%	0.37%	0.22%	0.15%	0.13%
2007	0.64%	0.60%	0.53%	0.29%	0.23%	0.17%	0.14%
2008	1.24%	0.80%	0.38%	0.32%	0.27%	0.17%	
2009	1.22%	0.48%	0.40%	0.38%	0.26%		
2010	0.74%	0.53%	0.45%	0.35%			
2011	0.86%	0.60%	0.48%				
2012	0.92%	0.60%					
2013	0.89%						

PY/RL	Average Incurred for Reopened Claims						
	2nd	3rd	4th	5th	6th	7th	8th
2001	27,368	34,714	44,371	52,850	---	---	---
2002	30,525	32,543	44,273	59,359	63,946	79,544	76,263
2003	23,295	26,362	47,715	50,915	57,195	62,371	72,056
2004	20,348	27,536	35,748	50,349	50,964	71,644	75,968
2005	24,800	30,865	41,020	47,858	59,755	66,347	79,249
2006	25,237	29,803	36,576	45,402	62,900	65,690	76,528
2007	24,977	25,653	36,417	57,370	67,285	75,642	83,655
2008	17,783	22,985	45,903	58,719	65,007	79,550	
2009	19,985	32,723	43,640	56,804	67,492		
2010	25,513	33,258	47,060	56,399			
2011	26,482	34,265	45,437				
2012	26,314	34,862					
2013	26,914						

Source: WCIRB unit statistical data

Reopening Rates by Injury Type

Permanent Indemnity								Temporary Indemnity							
PY/RL	1 to 2	2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8	PY/RL	1 to 2	2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8
2001	3.10%	2.54%	1.65%	1.49%	---	---	---	2001	1.55%	0.92%	0.66%	0.43%	---	---	---
2002	6.37%	1.93%	1.74%	1.60%	1.13%	0.92%	0.76%	2002	1.63%	0.92%	0.55%	0.44%	0.25%	0.15%	0.13%
2003	2.51%	2.15%	1.96%	1.66%	1.23%	1.15%	0.86%	2003	1.24%	0.81%	0.62%	0.40%	0.26%	0.16%	0.14%
2004	2.08%	2.33%	1.75%	1.72%	1.57%	1.01%	0.71%	2004	1.11%	0.80%	0.60%	0.34%	0.30%	0.20%	0.10%
2005	2.73%	1.94%	2.00%	1.94%	1.60%	0.87%	0.65%	2005	1.17%	0.67%	0.48%	0.36%	0.28%	0.14%	0.11%
2006	2.34%	2.23%	2.30%	2.27%	1.47%	0.92%	0.77%	2006	1.14%	0.82%	0.57%	0.46%	0.28%	0.18%	0.14%
2007	2.47%	3.03%	2.82%	1.86%	1.32%	0.98%	0.77%	2007	1.20%	0.94%	0.71%	0.40%	0.28%	0.16%	0.13%
2008	4.02%	3.54%	2.17%	1.87%	1.44%	0.86%		2008	1.67%	1.12%	0.57%	0.40%	0.29%	0.18%	
2009	3.81%	2.42%	1.91%	1.80%	1.26%			2009	1.80%	0.81%	0.60%	0.47%	0.27%		
2010	2.15%	2.23%	2.09%	1.56%				2010	1.23%	0.91%	0.64%	0.50%			
2011	2.68%	2.38%	2.20%					2011	1.55%	1.04%	0.71%				
2012	2.68%	2.85%						2012	1.51%	0.98%					
2013	3.35%							2013	1.47%						

All Indemnity								Medical Only							
PY/RL	1 to 2	2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8	PY/RL	1 to 2	2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8
2001	1.70%	1.26%	0.99%	0.86%	---	---	---	2001	0.66%	0.30%	0.13%	0.08%	---	---	---
2002	1.97%	1.13%	0.97%	0.93%	0.66%	0.52%	0.44%	2002	0.70%	0.26%	0.13%	0.08%	0.05%	0.04%	0.03%
2003	1.32%	1.10%	1.08%	0.91%	0.69%	0.63%	0.48%	2003	0.56%	0.26%	0.14%	0.08%	0.05%	0.05%	0.05%
2004	1.17%	1.09%	0.94%	0.83%	0.81%	0.54%	0.36%	2004	0.49%	0.23%	0.13%	0.08%	0.08%	0.04%	0.03%
2005	1.28%	0.90%	0.91%	0.91%	0.78%	0.43%	0.33%	2005	0.51%	0.21%	0.11%	0.10%	0.07%	0.03%	0.03%
2006	1.23%	1.09%	1.08%	1.10%	0.74%	0.48%	0.41%	2006	0.50%	0.21%	0.19%	0.14%	0.04%	0.03%	0.03%
2007	1.29%	1.37%	1.35%	0.93%	0.70%	0.51%	0.42%	2007	0.53%	0.42%	0.29%	0.09%	0.06%	0.04%	0.03%
2008	1.86%	1.66%	1.09%	0.97%	0.79%	0.49%		2008	1.12%	0.58%	0.16%	0.10%	0.07%	0.04%	
2009	1.98%	1.19%	1.05%	1.01%	0.71%			2009	1.07%	0.29%	0.18%	0.14%	0.07%		
2010	1.32%	1.24%	1.16%	0.94%				2010	0.62%	0.33%	0.19%	0.10%			
2011	1.68%	1.40%	1.25%					2011	0.68%	0.36%	0.18%				
2012	1.67%	1.50%						2012	0.75%	0.30%					
2013	1.73%							2013	0.68%						

All Claims							
PY/RL	1 to 2	2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8
2001	0.84%	0.50%	0.34%	0.30%	---	---	---
2002	0.92%	0.45%	0.35%	0.33%	0.24%	0.19%	0.16%
2003	0.68%	0.43%	0.38%	0.31%	0.24%	0.23%	0.18%
2004	0.60%	0.40%	0.32%	0.27%	0.27%	0.18%	0.12%
2005	0.63%	0.34%	0.29%	0.29%	0.25%	0.14%	0.11%
2006	0.62%	0.38%	0.39%	0.37%	0.22%	0.15%	0.13%
2007	0.64%	0.60%	0.53%	0.29%	0.23%	0.17%	0.14%
2008	1.24%	0.80%	0.38%	0.32%	0.27%	0.17%	
2009	1.22%	0.48%	0.40%	0.38%	0.26%		
2010	0.74%	0.53%	0.45%	0.35%			
2011	0.86%	0.60%	0.48%				
2012	0.92%	0.60%					
2013	0.89%						

Note: Injury types are fixed at denominator age.

Source: WCIRB unit statistical data

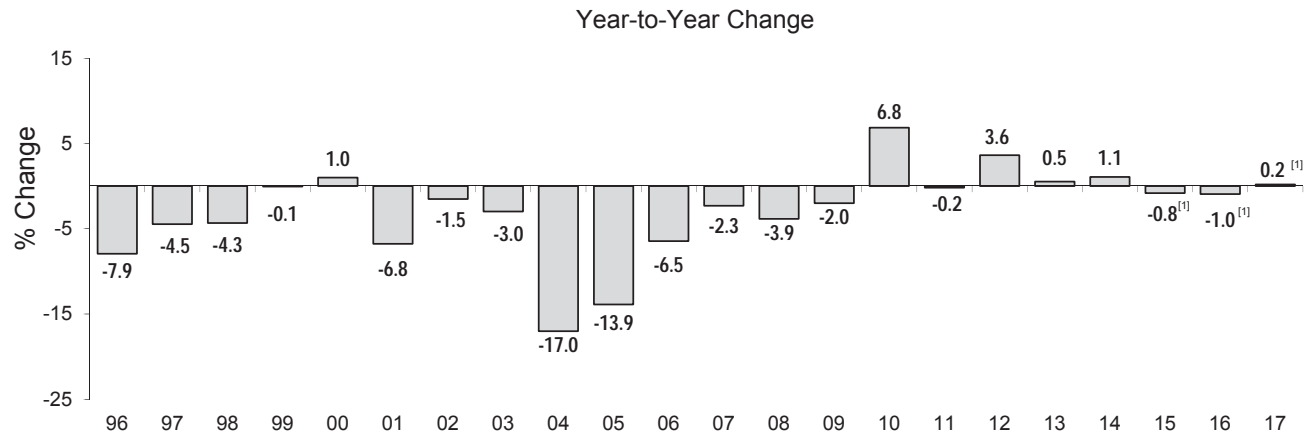
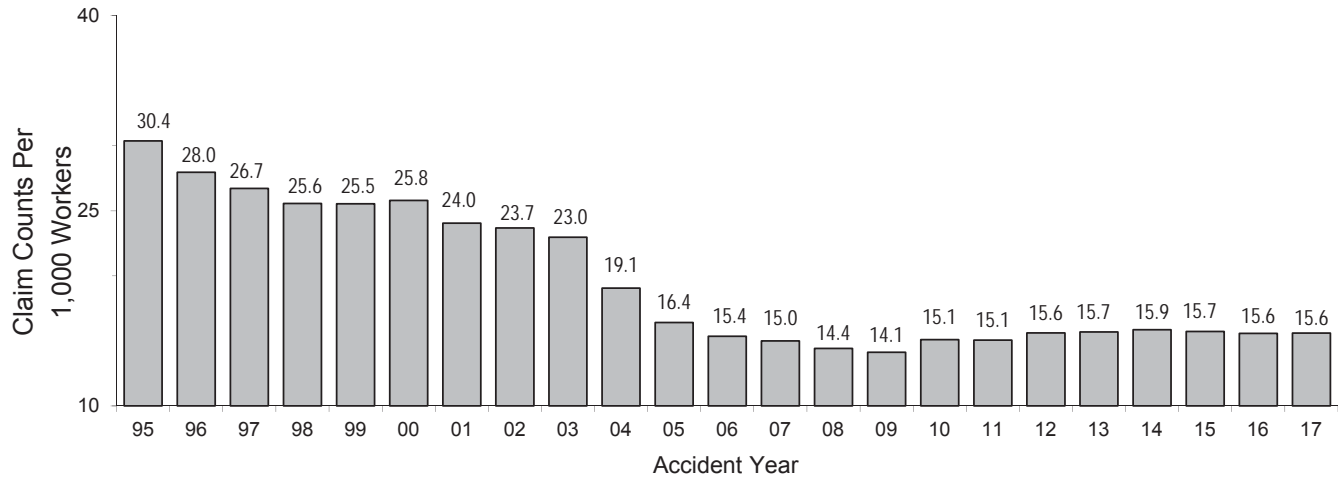
Closed-Closed Development Based on Unit Statistical Data

PY/RL	Developing Closed Claim Rates						
	1st to 2nd	2nd to 3rd	3rd to 4th	4th to 5th	5th to 6th	6th to 7th	7th to 8th
2001	16.66%	12.58%	9.61%	7.86%	---	---	---
2002	20.85%	13.76%	10.47%	10.22%	14.10%	7.81%	4.53%
2003	24.16%	13.85%	12.12%	18.44%	9.70%	5.04%	5.54%
2004	22.60%	14.45%	21.30%	9.15%	5.26%	5.26%	1.11%
2005	20.78%	20.68%	8.28%	4.98%	4.34%	1.36%	1.11%
2006	27.49%	9.95%	5.46%	4.42%	1.84%	1.49%	1.43%
2007	20.05%	6.62%	5.38%	2.53%	2.36%	1.90%	1.48%
2008	11.84%	6.47%	3.85%	3.43%	2.80%	2.08%	
2009	11.69%	5.58%	4.72%	3.83%	2.93%		
2010	10.20%	6.10%	4.45%	3.36%			
2011	10.88%	5.43%	3.76%				
2012	10.42%	5.27%					
2013	9.95%						

Closed-Closed Total Incurred Development as a Percent of Total Incurred Development on All Claims							
PY/RL	1st to 2nd	2nd to 3rd	3rd to 4th	4th to 5th	5th to 6th	6th to 7th	7th to 8th
2001	0.83%	2.11%	2.95%	6.25%	---	---	---
2002	0.78%	2.28%	5.14%	3.80%	8.49%	6.39%	4.49%
2003	1.43%	2.43%	5.04%	8.44%	6.10%	3.57%	4.00%
2004	1.64%	2.18%	6.20%	4.24%	3.13%	3.65%	3.13%
2005	1.49%	3.49%	2.91%	3.23%	3.49%	3.52%	3.54%
2006	1.93%	1.88%	2.61%	3.12%	3.18%	3.23%	5.20%
2007	1.43%	1.57%	2.46%	3.25%	4.55%	2.93%	5.55%
2008	0.99%	1.62%	2.32%	3.81%	4.41%	6.09%	
2009	1.01%	1.46%	2.96%	4.18%	4.71%		
2010	0.87%	1.94%	3.53%	5.35%			
2011	1.05%	2.26%	4.31%				
2012	1.32%	3.07%					
2013	1.41%						

Source: WCIRB unit statistical data

**California Workers' Compensation
Estimated Indemnity Claim Frequency by Accident Year
As of March 31, 2017**



^[1] The 2015 estimate is based on partial year unit statistical data. The 2016 and 2017 estimates are based on comparison of claim counts based on WCIRB accident year experience as of March 31, 2017 relative to the estimated change in statewide employment. Prior years are based on unit statistical data.

2016 Accident Year Indemnity Claim Frequency Model
As of PY 2014 1st Set & June 2017 UCLA

AY	Annual % Changes Intra- Class Ind Freq	Annual Log Differences						
		Intra-Class Indemnity Frequency per \$M Exposure at PY 2015 Level			AY+1 Indemnity		Economic Variables (1st Prin. Comp.)	CalOSHA Dummy Variable
		Total	Cumulative	Non-cum.	Benefit Level	Cumulative Injury Index		
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	-0.080	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	-16.9%	-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	-0.020	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	0.139	0.079	0.012	0.060	-0.077	0.000
2011	1.2%	0.012	0.033	0.010	0.003	0.022	0.048	0.000
2012	4.9%	0.048	0.115	0.039	-0.008	0.076	0.122	0.000
2013	0.9%	0.009	0.172	-0.013	0.071	0.185	0.154	0.000
2014	0.8%	0.008	0.097	-0.006	0.003	0.102	0.170	0.000
2015*	-0.8%	-0.009	0.050	-0.020	0.003	0.070	0.180	0.000
2016	-0.5%	-0.005	-0.005	-0.005	0.004	0.000	0.144	0.000
2017	-1.5%	-0.015	-0.015	-0.015	0.003	0.000	0.039	0.000
2018	-1.4%	-0.014	-0.014	-0.014	0.003	0.000	0.056	0.000
2019	-1.2%	-0.012	-0.012	-0.012	0.003	0.000	0.074	0.000

Y = Hazardousness-Adjusted Noncumulative Indemnity Claim Frequency

Constant	-0.020			
Std Err of Y Est	0.041			
R Squared	0.582			
No. of Observations	37			
Degrees of Freedom	32			
X Coefficient(s)	0.174	0.285	0.101	-0.135
Std Err of Coef.	0.074	0.063	0.045	0.078

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
Economic variables are historical through 2016; June 2017 UCLA Anderson Forecasts for 2017 on.
Regression is over AY 1979 through AY 2015. AY 2016 through AY 2019 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 2015 change is based on a comparison of 2015 accidents on 2014 policies to 2014 accidents on 2013 policies.

Indemnity Claim Frequency History and Projections

AY	Intra-Class Indemnity Claim Frequency(a)	Inter-Class Indemnity Claim Frequency Index(b)	Overall Indemnity Claim Frequency	Annual Percent Changes		
				Intra-Class	Inter-Class	Overall
1979	0.576	0.921	0.694	---	---	---
1980	0.538	0.914	0.643	-6.54%	-0.75%	-7.24%
1981	0.519	0.900	0.611	-3.54%	-1.56%	-5.04%
1982	0.511	0.882	0.589	-1.59%	-2.00%	-3.56%
1983	0.542	0.873	0.620	6.20%	-0.98%	5.17%
1984	0.594	0.871	0.677	9.53%	-0.18%	9.32%
1985	0.606	0.867	0.688	2.05%	-0.51%	1.52%
1986	0.592	0.859	0.665	-2.39%	-0.92%	-3.28%
1987	0.601	0.854	0.672	1.53%	-0.56%	0.97%
1988	0.605	0.854	0.676	0.69%	-0.06%	0.64%
1989	0.620	0.853	0.692	2.47%	-0.08%	2.39%
1990	0.676	0.845	0.748	9.04%	-0.89%	8.07%
1991	0.678	0.832	0.738	0.28%	-1.58%	-1.30%
1992	0.603	0.820	0.647	-11.09%	-1.45%	-12.37%
1993	0.513	0.810	0.543	-14.91%	-1.25%	-15.98%
1994	0.447	0.809	0.474	-12.76%	-0.06%	-12.81%
1995	0.427	0.811	0.453	-4.64%	0.16%	-4.49%
1996	0.398	0.800	0.417	-6.78%	-1.25%	-7.94%
1997	0.385	0.791	0.398	-3.27%	-1.23%	-4.46%
1998	0.370	0.786	0.381	-3.76%	-0.60%	-4.34%
1999	0.376	0.774	0.381	1.45%	-1.48%	-0.05%
2000	0.391	0.752	0.384	4.02%	-2.91%	0.99%
2001	0.364	0.753	0.358	-6.91%	0.13%	-6.79%
2002	0.353	0.763	0.353	-2.83%	1.34%	-1.53%
2003	0.342	0.764	0.342	-3.18%	0.20%	-2.99%
2004	0.285	0.763	0.284	-16.85%	-0.21%	-17.03%
2005	0.246	0.760	0.245	-13.63%	-0.31%	-13.90%
2006	0.232	0.754	0.229	-5.69%	-0.81%	-6.46%
2007	0.228	0.749	0.223	-1.64%	-0.68%	-2.31%
2008	0.222	0.740	0.215	-2.71%	-1.18%	-3.85%
2009	0.221	0.727	0.210	-0.20%	-1.82%	-2.02%
2010	0.241	0.713	0.225	8.87%	-1.87%	6.83%
2011	0.244	0.703	0.224	1.24%	-1.42%	-0.20%
2012	0.256	0.695	0.233	4.87%	-1.19%	3.62%
2013	0.258	0.692	0.234	0.89%	-0.36%	0.52%
2014(c)	0.260	0.694	0.236	0.84%	0.22%	1.06%
2014(d)	0.259	0.694	0.235	---	---	---
2015(e)	0.257	0.694	0.234	-0.85%	0.01%	-0.84%
2016	0.256	0.695	0.233	-0.47%	0.21%	-0.27%
2017	0.252	0.695	0.229	-1.53%	-0.01%	-1.54%
2018	0.249	0.692	0.225	-1.36%	-0.39%	-1.75%
2019	0.246	0.691	0.222	-1.19%	-0.15%	-1.34%
PY						
2008	0.222	0.734	0.213			
2009	0.230	0.720	0.217	3.91%	-1.84%	1.95%
2010	0.242	0.708	0.225	5.25%	-1.67%	3.53%
2011	0.249	0.699	0.228	2.90%	-1.32%	1.53%
2012	0.257	0.693	0.233	3.01%	-0.82%	2.19%
2013	0.259	0.693	0.235	0.86%	-0.10%	0.77%
2014	0.259	0.694	0.235	-0.07%	0.13%	0.05%
2015	0.257	0.694	0.233	-0.85%	0.10%	-0.75%
2016	0.254	0.695	0.231	-0.95%	0.11%	-0.85%
2017	0.251	0.694	0.227	-1.46%	-0.18%	-1.64%
2018	0.247	0.692	0.224	-1.29%	-0.28%	-1.56%

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

Source: WCIRB Indemnity Frequency Model

California OPRL Injury & Illness Rates

A	B	C	D	E	F	G	H	I	J	
CY	Total Reportable Incidents	Total Cases(a)	Total Days Away Cases	Ind Proxy/ Incidents	California Avg Ann Employment(b)	Frequency Rates per 1,000 Workers Incidents	"Indemnity"	Annual Change in Frequency Rates Incidents	"Indemnity"	Insured System Overall Ind Freq Change(c)
1992	993.9	456.6	359.8	36.2%	12,171.0	81.7	29.6	---	---	
1993	918.4	425.0	324.8	35.4%	11,964.1	76.8	27.1	-6.0%	-8.2%	-16.0%
1994	902.6	436.7	313.3	34.7%	12,150.9	74.3	25.8	-3.2%	-5.0%	-12.8%
1995	825.3	401.0	278.0	33.7%	12,458.6	66.2	22.3	-10.8%	-13.5%	-4.5%
1996	784.7	384.3	253.3	32.3%	12,739.1	61.6	19.9	-7.0%	-10.9%	-7.9%
1997	809.3	409.8	251.6	31.1%	13,149.1	61.5	19.1	-0.1%	-3.8%	-4.5%
1998	779.5	388.2	241.0	30.9%	13,583.5	57.4	17.7	-6.8%	-7.3%	-4.3%
1999	758.9	370.8	229.1	30.2%	14,135.5	53.7	16.2	-6.4%	-8.6%	-0.1%
2000	787.4	396.4	246.2	31.3%	14,616.5	53.9	16.8	0.3%	3.9%	1.0%
2001	748.2	413.4	259.0	34.6%	14,747.4	50.7	17.6	-5.8%	4.3%	-6.8%
2002	694.1	404.1	231.8	33.4%	14,593.0	47.6	15.9	-6.2%	-9.6%	-1.5%
2003	684.7	387.0	223.5	32.6%	14,301.3	47.9	15.6	0.7%	-1.6%	-3.0%
2004	645.1	367.3	201.4	31.2%	14,383.1	44.9	14.0	-6.3%	-10.4%	-17.0%
2005	629.9	344.1	179.4	28.5%	14,570.7	43.2	12.3	-3.6%	-12.1%	-13.9%
2006	603.0	340.4	171.0	28.4%	14,892.9	40.5	11.5	-6.3%	-6.7%	-6.5%
2007	594.4	328.6	168.2	28.3%	15,428.6	38.5	10.9	-4.8%	-5.1%	-2.3%
2008	541.8	298.4	158.9	29.3%	15,452.7	35.1	10.3	-9.0%	-5.7%	-3.9%
2009	491.9	269.3	142.3	28.9%	14,877.9	33.1	9.6	-5.7%	-7.0%	-2.0%
2010	464.1	257.1	137.4	29.6%	14,255.0	32.6	9.6	-1.5%	0.8%	6.8%
2011	440.9	243.6	134.2	30.4%	13,875.2	31.8	9.7	-2.4%	0.3%	-0.2%
2012	451.5	257.1	140.1	31.0%	14,959.8	30.2	9.4	(b)	(b)	3.6%
2013	468.4	265.0	146.8	31.3%	15,379.0	30.5	9.5	0.9%	1.9%	0.5%
2014	460.7	265.1	142.8	31.0%	15,809.1	29.1	9.0	-4.3%	-5.4%	1.1%
2015	470.6	273.5	144.0	30.6%	16,295.2	28.9	8.8	-0.9%	-2.2%	-0.8%
	000s	000s	000s	Proxy for	000s	Proxy for	Proxy for	Change in	Change in	
	Broad OSHA		Proxy for	Indemnity		Indemnity	Indemnity	Column G	Column H	
	Definition		Indemnity	to Total		& Med-Only	D / F	Proxy for	Proxy for	
	Proxy for			Ratio		Combined		Indemnity	Indemnity	
	Med & Ind			D / B		B / F		& Med-Only		
	Combined							Combined		

Notes: (a) Cases with days away from work, job restrictions or transfers.
(b) Series Change: OPRL data element was discontinued in 2012. BLS QCEW data element for 2013 and later.
(c) Insured System AY 2015 change is based on a comparison of 2015 accidents on 2014 policies to 2014 accidents on 2013 policies.

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

Self-Insured Employers - Claim Frequency

Private Self-Insured Employers

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

Public Self-Insured Employers

FY	Number of Cases Reported During Year			Indemnity /Total	Annual Change	Public Employees	Total Frequency	Total Freq.	Ind. Freq.	Annual Change
	Medical-Only	Indemnity	Total					Annual Change		
2000/2001	65,103	56,168	121,271	0.463	---	1,379,977	0.088	---	0.041	---
2001/2002	65,372	60,688	126,060	0.481	3.9%	1,504,119	0.084	-4.6%	0.040	-0.9%
2002/2003	69,985	65,043	135,028	0.482	0.1%	1,646,055	0.082	-2.1%	0.040	-2.1%
2003/2004	68,563	64,214	132,777	0.484	0.4%	1,804,405	0.074	-10.3%	0.036	-9.9%
2004/2005	69,739	56,265	126,004	0.447	-7.7%	1,764,198	0.071	-2.9%	0.032	-10.4%
2005/2006	66,405	52,524	118,929	0.442	-1.1%	1,670,607	0.071	-0.3%	0.031	-1.4%
2006/2007	65,564	50,664	116,228	0.436	-1.3%	1,842,017	0.063	-11.4%	0.028	-12.5%
2007/2008	70,784	57,618	128,402	0.449	2.9%	1,939,483	0.066	4.9%	0.030	8.0%
2008/2009	68,184	57,595	125,779	0.458	2.0%	2,095,055	0.060	-9.3%	0.027	-7.5%
2009/2010	64,031	57,322	121,353	0.472	3.2%	2,040,413	0.059	-0.9%	0.028	2.2%
2010/2011	61,806	57,201	119,007	0.481	1.8%	1,920,695	0.062	4.2%	0.030	6.0%
2011/2012	61,151	57,461	118,612	0.484	0.8%	1,898,064	0.062	0.9%	0.030	1.7%
2012/2013	60,303	56,398	116,701	0.483	-0.2%	1,891,873	0.062	-1.3%	0.030	-1.5%
2013/2014	58,263	56,858	115,121	0.494	2.2%	2,396,139	0.048	-22.1%	0.024	-20.4%
2014/2015	57,276	57,519	114,795	0.501	1.4%	1,991,021	0.058	20.0%	0.029	21.7%
2015/2016	59,033	56,797	115,830	0.490	-2.1%	2,068,691	0.056	-2.9%	0.027	-5.0%

All Self-Insured Employers

CY	Number of Cases Reported During Year			Indemnity /Total	Annual Change	All Self-Ins. Employees	Total Frequency	Total Freq.	Ind. Freq.	Annual Change	Insured System	
	Medical-Only	Indemnity	Total					Annual Change			AY	Ind. Freq. Annual Change
2001	138,765	105,024	243,789	0.431	---	3,491,659	0.070	---	0.030	---	2001	-6.8%
2002	139,809	109,084	248,892	0.438	1.7%	3,543,887	0.070	0.6%	0.031	2.3%	2002	-1.5%
2003	139,035	111,106	250,141	0.444	1.3%	4,199,255	0.060	-15.2%	0.026	-14.0%	2003	-3.0%
2004	139,781	102,695	242,476	0.424	-4.6%	4,379,772	0.055	-7.1%	0.023	-11.4%	2004	-17.0%
2005	134,539	94,497	229,036	0.413	-2.6%	4,531,486	0.051	-8.7%	0.021	-11.1%	2005	-13.9%
2006	135,380	87,164	222,544	0.392	-5.1%	4,438,155	0.050	-0.8%	0.020	-5.8%	2006	-6.5%
2007	129,606	84,388	213,994	0.394	0.7%	4,185,905	0.051	2.0%	0.020	2.6%	2007	-2.3%
2008	129,248	90,238	219,486	0.411	4.3%	4,410,364	0.050	-2.7%	0.020	1.5%	2008	-3.9%
2009	118,024	87,016	205,039	0.424	3.2%	4,241,253	0.048	-2.9%	0.021	0.3%	2009	-2.0%
2010	112,958	86,298	199,255	0.433	2.1%	4,126,124	0.048	-0.1%	0.021	1.9%	2010	6.8%
2011	109,839	86,357	196,196	0.440	1.6%	4,020,445	0.049	1.1%	0.021	2.7%	2011	-0.2%
2012	110,219	84,995	195,214	0.435	-1.1%	4,017,726	0.049	-0.4%	0.021	-1.5%	2012	3.6%
2013	105,725	86,201	191,926	0.449	3.2%	4,232,408	0.045	-6.7%	0.020	-3.7%	2013	0.5%
2014	103,545	87,841	191,385	0.459	2.2%	4,029,849	0.047	4.7%	0.022	7.0%	2014	1.1%
2015	101,940	89,057	190,997	0.466	1.6%	4,422,931	0.043	-9.1%	0.020	-7.6%	2015	-0.8%

Notes: Fiscal Year Public data prorated to CYs 50%/50%.
Insured System AY 2015 change is based on a comparison of 2015 accidents on 2014 policies to 2014 accidents on 2013 policies.

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

Annual Changes in Indemnity Frequency Attributable to Changes in Hazardousness

Policy Year	Report Level	Change in Frequency Hazardousness	Indemnity Frequency Hazardousness Index	Annual % Change in Ind Frequency Attributable to Change in Mix of Exposures
1961	3	1.000000	1.000000	-----
1962	3	0.990262	0.990262	-0.9738
1963	3	0.998718	0.988993	-0.1282
1964	3	0.994304	0.983359	-0.5696
1965	3	0.993875	0.977336	-0.6125
1966	3	0.983584	0.961291	-1.6416
1967	3	0.987626	0.949396	-1.2374
1968	3	0.997512	0.947033	-0.2488
1969	3	0.986390	0.934144	-1.3610
1970	3	0.989966	0.924770	-1.0034
1971	3	1.000824	0.925532	0.0824
1972	3	1.000505	0.926000	0.0505
1973	3	0.998631	0.924732	-0.1369
1974	3	0.986017	0.911802	-1.3983
1975	3	0.984110	0.897313	-1.5890
1976	3	1.004996	0.901796	0.4996
1977	3	1.009490	0.910354	0.9490
1978	3	1.012494	0.921728	1.2494
1979	3	0.997841	0.919739	-0.2159
1980	3	0.988843	0.909477	-1.1157
1981	3	0.981336	0.892503	-1.8664
1982	3	0.979033	0.873790	-2.0967
1983	3	0.997989	0.872032	-0.2011
1984	3	0.998272	0.870525	-0.1728
1985	3	0.992516	0.864010	-0.7484
1986	3	0.989667	0.855082	-1.0333
1987	3	0.997751	0.853159	-0.2249
1988	3	1.000574	0.853649	0.0574
1989	5	0.998212	0.852122	-0.1788
1990	5	0.986184	0.840349	-1.3816
1991	5	0.982822	0.825913	-1.7178
1992	5	0.987393	0.815501	-1.2607
1993	5	0.987562	0.805358	-1.2438
1994	5	1.007382	0.811303	0.7382
1995	5	0.997625	0.809376	-0.2375
1996	5	0.980288	0.793422	-1.9712
1997	5	0.993034	0.787895	-0.6966
1998	5	0.994743	0.783752	-0.5257
1999	5	0.978134	0.766615	-2.1866
2000	5	0.965472	0.740145	-3.4528
2001	5	1.027926	0.760814	2.7926
2002	5	1.002823	0.762962	0.2823
2003	5	1.001398	0.764029	0.1398
2004	5	0.995209	0.760369	-0.4791
2005	5	0.998285	0.759065	-0.1715
2006	5	0.986896	0.749118	-1.3104
2007	5	0.998047	0.747655	-0.1953
2008	5	0.980684	0.733213	-1.9316
2009	5	0.982600	0.720455	-1.7400
2010	5	0.980260	0.706234	-1.9740
2011	Proj to 5th	0.990254	0.699351	-0.9746
2012	Proj to 5th	0.986467	0.689887	-1.3533
2013	Proj to 5th	1.004844	0.693229	0.4844
2014	Proj to 5th	0.994328	0.689297	-0.5672

Source: WCIRB unit statistical data

Note: PY 2014 is preliminary.

Changes in Incremental Indemnity Claim Counts and Medical Only Claim Counts

Calendar Quarter Evaluation	Change in Statewide Incremental Number of Indemnity Claims		Change in Statewide Incremental Number of Medical-Only Claims	
	Change in Quarterly Increment from Same Quarter at Prior Calendar Year	Change in 4-Quarter Increment from Same Quarter at Prior Calendar Year	Change in Quarterly Increment from Same Quarter at Prior Calendar Year	Change in 4-Quarter Increment from Same Quarter at Prior Calendar Year
3/31/2007	-2.4%	---	---	---
6/30/2007	-10.2%	---	-13.5%	---
9/30/2007	0.3%	---	1.2%	---
12/31/2007	-13.4%	-6.3%	-19.4%	---
3/31/2008	-5.8%	-7.2%	-14.8%	-11.6%
6/30/2008	-3.9%	-5.7%	-2.8%	-9.0%
9/30/2008	-19.2%	-10.7%	-17.6%	-13.9%
12/31/2008	-16.7%	-11.4%	-3.8%	-10.3%
3/31/2009	-27.1%	-16.8%	-27.5%	-13.2%
6/30/2009	-14.2%	-19.4%	-27.0%	-19.4%
9/30/2009	-8.2%	-16.8%	-16.7%	-19.2%
12/31/2009	2.5%	-12.8%	-15.8%	-22.0%
3/31/2010	7.4%	-4.1%	-5.2%	-17.1%
6/30/2010	3.9%	1.0%	-1.9%	-10.6%
9/30/2010	6.7%	5.1%	-6.3%	-7.6%
12/31/2010	7.2%	6.3%	3.3%	-2.6%
3/31/2011	2.7%	5.1%	-4.1%	-2.3%
6/30/2011	-1.2%	3.8%	-8.9%	-4.1%
9/30/2011	3.4%	2.9%	-1.3%	-2.7%
12/31/2011	4.5%	2.3%	-7.8%	-5.5%
3/31/2012	-0.4%	1.5%	-1.8%	-4.6%
6/30/2012	8.1%	3.9%	0.1%	-2.6%
9/30/2012	5.5%	4.5%	3.2%	-1.5%
12/31/2012	6.7%	5.1%	5.5%	1.8%
3/31/2013	5.2%	6.4%	-4.2%	1.3%
6/30/2013	10.9%	7.1%	9.0%	3.4%
9/30/2013	6.2%	7.3%	-1.9%	2.0%
12/31/2013	5.4%	7.0%	0.5%	0.8%
3/31/2014	11.3%	8.4%	6.2%	3.1%
6/30/2014	0.9%	5.7%	-3.0%	0.2%
9/30/2014	3.4%	5.0%	5.8%	2.2%
12/31/2014	2.6%	4.3%	6.2%	3.7%
3/31/2015	0.8%	1.9%	7.8%	4.1%
6/30/2015	5.3%	3.1%	4.6%	6.1%
9/30/2015	3.2%	3.0%	5.9%	6.1%
12/31/2015	3.6%	3.3%	2.6%	5.2%
3/31/2016	4.2%	4.1%	4.6%	4.4%
6/30/2016	1.9%	3.2%	4.7%	4.4%
9/30/2016	-2.0%	1.8%	-4.1%	1.7%
12/31/2016	0.7%	1.1%	-0.2%	1.0%
3/31/2017	4.9%	1.3%	8.3%	1.9%

Source: WCIRB quarterly calls for experience

Economic Variables

CY	Aggregate Employment	Unemployment Rate	Annual Log Differences		Economic Variables 1st Prin. Comp.
			Aggregate Employment	Unemployment Rate	
1961	3,961,784	6.90			
1962	4,145,224	5.80	0.045	-0.174	-0.178
1963	4,292,387	6.00	0.035	0.034	0.029
1964	4,424,741	6.00	0.030	0.000	-0.004
1965	4,545,047	5.90	0.027	-0.017	-0.020
1966	4,792,201	4.90	0.053	-0.186	-0.191
1967	4,927,344	5.70	0.028	0.151	0.146
1968	5,132,714	5.40	0.041	-0.054	-0.059
1969	5,367,296	5.20	0.045	-0.038	-0.044
1970	5,334,582	7.30	-0.006	0.339	0.337
1971	5,283,119	8.83	-0.010	0.190	0.190
1972	6,020,420	7.65	0.131	-0.144	-0.161
1973	6,498,315	7.06	0.076	-0.080	-0.090
1974	6,707,033	7.34	0.032	0.039	0.035
1975	6,682,772	9.92	-0.004	0.301	0.298
1976	7,258,539	9.21	0.083	-0.074	-0.085
1977	7,679,146	8.29	0.056	-0.105	-0.112
1978	9,199,715	7.15	0.181	-0.148	-0.173
1979	9,618,277	6.28	0.044	-0.129	-0.134
1980	10,265,554	6.87	0.065	0.090	0.080
1981	10,404,425	7.45	0.013	0.081	0.078
1982	10,231,288	9.99	-0.017	0.293	0.292
1983	10,331,000	9.72	0.010	-0.028	-0.029
1984	10,822,039	7.82	0.046	-0.217	-0.221
1985	11,174,336	7.25	0.032	-0.076	-0.080
1986	11,485,209	6.73	0.027	-0.074	-0.077
1987	11,889,485	5.81	0.035	-0.147	-0.150
1988	12,356,659	5.35	0.039	-0.083	-0.088
1989	12,688,282	5.13	0.026	-0.041	-0.045
1990	12,942,313	5.81	0.020	0.124	0.120
1991	12,777,864	7.78	-0.013	0.292	0.291
1992	12,577,834	9.36	-0.016	0.185	0.185
1993	12,478,785	9.56	-0.008	0.021	0.022
1994	12,611,312	8.60	0.011	-0.105	-0.106
1995	12,868,841	7.86	0.020	-0.090	-0.092
1996	13,226,872	7.32	0.027	-0.071	-0.074
1997	13,621,162	6.40	0.029	-0.134	-0.137
1998	14,084,575	5.95	0.033	-0.074	-0.078
1999	14,481,456	5.25	0.028	-0.124	-0.127
2000	14,994,037	4.94	0.035	-0.062	-0.066
2001	15,099,792	5.47	0.007	0.102	0.100
2002	14,973,333	6.66	-0.008	0.197	0.197
2003	14,951,441	6.81	-0.001	0.022	0.022
2004	15,133,743	6.18	0.012	-0.098	-0.098
2005	15,422,130	5.36	0.019	-0.142	-0.143
2006	15,700,802	4.90	0.018	-0.089	-0.090
2007	15,844,539	5.41	0.009	0.098	0.095
2008	15,689,587	7.46	-0.010	0.322	0.320
2009	14,811,100	11.24	-0.058	0.410	0.414
2010	14,664,677	12.14	-0.010	0.076	0.077
2011	14,823,805	11.58	0.011	-0.047	-0.048
2012	15,160,395	10.27	0.022	-0.120	-0.122
2013	15,568,480	8.82	0.027	-0.152	-0.154
2014	15,997,810	7.46	0.027	-0.168	-0.170
2015	16,474,967	6.25	0.029	-0.177	-0.180
2016	16,892,906	5.42	0.025	-0.142	-0.144
2017	17,154,571	5.22	0.015	-0.038	-0.039
2018	17,391,941	4.94	0.014	-0.055	-0.056
2019	17,571,193	4.60	0.010	-0.073	-0.074

Notes: The first principal component is of the annual log difference data from 1962-2016.
The first principal component of the annual log difference of the economic variables is:
1st PC of Econ Variables = -0.1418493 x Aggregate Employment + 0.9898883 x Unemployment Rate
Sources: Government historical labor statistics through 2016
UCLA Anderson forecasts through 2019 are as of June 2017

California Workers' Compensation Fraud Statistics

Fiscal Year	Suspected Fraud Claims	Cases	Arrests	Cases Submitted to Prosecutor
1992	8,342	185	24	-----
1993	7,284	452	116	-----
1994	4,004	601	163	-----
1995	3,947	903	202	-----
1996	3,281	598	209	-----
1997	4,331	617	298	182
1998	3,363	567	216	195
1999	3,362	667	226	194
2000	3,548	476	170	164
2001	2,968	651	141	-----
2002	3,544	827	199	-----
2003	5,122	868	215	-----
2004	6,492	677	178	219
2005	8,509	572	299	319
2006	5,933	724	401	483
2007	4,973	515	375	432
2008	5,174	539	218	327
2009	5,728	754	269	280
2010	5,741	501	254	272
2011	5,207	556	132	168
2012	5,151	847	268	309
2013	5,729	669	255	248
2014	5,931	572	240	197

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

California Courts' Civil Filings Summary

Fiscal Year Beginning	Trial Courts			
	Superior and Municipal			
	Civil Filings			
	All Number	Change	Less Family Law Number	Change
1959	634,624	---	---	---
1960	706,166	0.113	---	---
1961	744,269	0.054	---	---
1962	787,441	0.058	---	---
1963	843,280	0.071	---	---
1964	891,973	0.058	---	---
1965	946,260	0.061	---	---
1966	865,332	-0.086	---	---
1967	891,886	0.031	---	---
1968	869,810	-0.025	---	---
1969	905,685	0.041	---	---
1970	959,421	0.059	---	---
1971	981,212	0.023	---	---
1972	1,052,267	0.072	---	---
1973	1,114,949	0.060	---	---
1974	1,224,562	0.098	---	---
1975	1,242,827	0.015	---	---
1976	1,294,779	0.042	---	---
1977	1,363,357	0.053	---	---
1978	1,460,745	0.071	---	---
1979	1,564,719	0.071	---	---
1980	1,615,838	0.033	---	---
1981	1,638,175	0.014	---	---
1982	1,600,398	-0.023	---	---
1983	1,578,141	-0.014	---	---
1984	1,633,409	0.035	---	---
1985	1,713,056	0.049	---	---
1986	1,752,304	0.023	---	---
1987	1,761,284	0.005	---	---
1988	1,777,499	0.009	---	---
1989	1,787,771	0.006	---	---
1990	1,821,421	0.019	1,436,634	---
1991	1,886,484	0.036	1,463,328	0.019
1992	1,795,634	-0.048	1,351,376	-0.077
1993	1,738,323	-0.032	1,277,551	-0.055
1994	1,793,408	0.032	1,264,674	-0.010
1995	1,831,629	0.021	1,228,797	-0.028
1996	1,801,902	-0.016	1,228,566	0.000
1997	1,700,445	-0.056	1,176,333	-0.043
1998	1,596,287	-0.061	1,090,763	-0.073
1999	1,515,827	-0.050	1,037,341	-0.049
2000	1,504,138	-0.008	1,034,899	-0.002
2001	1,569,231	0.043	1,078,629	0.042
2002	1,548,402	-0.013	1,075,154	-0.003
2003	1,503,419	-0.029	1,021,779	-0.050
2004	1,426,822	-0.051	951,551	-0.069
2005	1,418,896	-0.006	960,582	0.009
2006	1,462,648	0.031	1,000,197	0.041
2007	1,586,597	0.085	1,143,038	0.143
2008	1,731,135	0.091	1,272,321	0.113
2009	1,647,817	-0.048	1,195,146	-0.061
2010	1,574,569	-0.044	1,127,642	-0.056
2011	1,464,629	-0.070	1,026,829	-0.089
2012	1,388,964	-0.052	963,877	-0.061
2013	1,260,999	-0.139	879,513	-0.143
2014	1,142,937	-0.177	762,777	-0.209

Notes: Small claims appeals were added to total civil filings in the beginning of year 2003 and are trivial.
Filings from the beginning of year 1989 and prior are from a previous WCIRB study.

Source: California Court Statistics Report

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

AY	1st Half Partial PY.RL Sources									
	(AY-1).1	(AY-1).2	(AY-1).3	(AY-1).4	(AY-1).5	to (AY-1).6	to (AY-1).7	to (AY-1).8	to (AY-1).9	to (AY-1).10
2004	5,374	5,721	5,859	5,960	6,085	6,347	6,478	6,495	6,500	6,532
2005	3,184	3,665	3,969	4,243	4,568	4,693	4,762	4,832	4,844	4,880
2006	2,989	3,569	3,924	4,231	4,348	4,467	4,498	4,581	4,650	4,685
2007	3,037	3,645	4,038	4,274	4,413	4,524	4,635	4,683	4,730	
2008	2,914	3,661	4,180	4,457	4,633	4,796	4,965	5,030		
2009	2,977	3,932	4,524	4,820	5,124	5,334	5,423			
2010	3,456	4,497	5,011	5,528	5,733	5,880				
2011	3,366	4,430	5,295	5,653	5,944					
2012	3,557	5,140	5,822	6,416						
2013	4,747	6,333	7,286							
2014	5,540	7,554								
2015	6,111									

AY	1st Half Partial PY.RL Development Factors										1st Half Share of Ttl Ind Fifths
	(AY-1).1 to (AY-1).2	(AY-1).2 to (AY-1).3	(AY-1).3 to (AY-1).4	(AY-1).4 to (AY-1).5	(AY-1).5 to (AY-1).6	(AY-1).6 to (AY-1).7	(AY-1).7 to (AY-1).8	(AY-1).8 to (AY-1).9	(AY-1).9 to (AY-1).10	Final Tenths	
2004	1.0646	1.0240	1.0173	1.0210	1.0430	1.0206	1.0026	1.0009	1.0049	6,532	9.8%
2005	1.1509	1.0829	1.0692	1.0766	1.0272	1.0148	1.0147	1.0025	1.0074	4,880	8.3%
2006	1.1941	1.0993	1.0784	1.0275	1.0275	1.0069	1.0185	1.0151	1.0075	4,685	8.3%
2007	1.2003	1.1076	1.0586	1.0324	1.0252	1.0245	1.0104	1.0101	1.0075	4,766	8.7%
2008	1.2566	1.1416	1.0663	1.0395	1.0353	1.0352	1.0130	1.0101	1.0075	5,119	9.5%
2009	1.3208	1.1505	1.0653	1.0631	1.0410	1.0167	1.0130	1.0101	1.0075	5,591	11.2%
2010	1.3012	1.1143	1.1032	1.0371	1.0256	1.0167	1.0130	1.0101	1.0075	6,163	11.9%
2011	1.3161	1.1953	1.0677	1.0514	1.0256	1.0167	1.0130	1.0101	1.0075	6,390	12.0%
2012	1.4450	1.1327	1.1020	1.0514	1.0256	1.0167	1.0130	1.0101	1.0075	7,252	12.7%
2013	1.3340	1.1506	1.1020	1.0514	1.0256	1.0167	1.0130	1.0101	1.0075	9,075	15.1%
2014	1.3634	1.1506	1.1020	1.0514	1.0256	1.0167	1.0130	1.0101	1.0075	10,826	17.4%
2015	1.3634	1.1506	1.1020	1.0514	1.0256	1.0167	1.0130	1.0101	1.0075	11,941	18.8%

AY	Share of Total Indemnity Count 1st Half Partial PY.RL Sources									
	(AY-1).1	(AY-1).2	(AY-1).3	(AY-1).4	(AY-1).5	to (AY-1).6	to (AY-1).7	to (AY-1).8	to (AY-1).9	to (AY-1).10
2004	8.4%	8.7%	8.9%	9.0%	9.2%	9.4%	9.8%	9.8%	9.8%	9.8%
2005	5.7%	6.4%	6.8%	7.3%	7.7%	8.0%	8.1%	8.3%	8.3%	8.3%
2006	5.5%	6.4%	7.0%	7.5%	7.8%	8.0%	8.0%	8.2%	8.3%	8.3%
2007	5.9%	6.8%	7.4%	7.8%	8.1%	8.3%	8.4%	8.5%	8.6%	
2008	5.9%	7.0%	7.9%	8.4%	8.6%	8.9%	9.2%	9.3%		
2009	6.7%	8.2%	9.3%	9.8%	10.3%	10.7%	10.9%			
2010	7.5%	9.1%	9.9%	10.8%	11.1%	11.4%				
2011	7.2%	8.7%	10.2%	10.7%	11.2%					
2012	7.1%	9.4%	10.4%	11.3%						
2013	8.9%	11.0%	12.4%							
2014	10.0%	12.7%								
2015	10.8%									

Source: WCIRB unit statistical data

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

Region	Ratio of Permanent Disability Claims to Indemnity Claims for Accident Year														
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Bay Area	0.404	0.396	0.374	0.355	0.305	0.300	0.280	0.292	0.302	0.311	0.322	0.307	0.291	0.300	<i>0.310</i>
Los Angeles/LA Basin	0.482	0.484	0.478	0.453	0.392	0.377	0.385	0.401	0.401	0.395	0.401	0.396	0.367	0.373	<i>0.392</i>
San Diego	0.468	0.468	0.453	0.407	0.336	0.325	0.327	0.332	0.358	0.355	0.355	0.360	0.326	0.346	<i>0.348</i>
All Other	0.425	0.426	0.403	0.367	0.315	0.308	0.293	0.313	0.308	0.322	0.317	0.312	0.287	0.300	<i>0.315</i>
All Regions	0.448	0.449	0.436	0.407	0.349	0.339	0.335	0.352	0.355	0.358	0.361	0.356	0.330	0.339	<i>0.354</i>

Region	Annual Change														
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Bay Area	---	-1.9%	-5.5%	-5.2%	-14.1%	-1.7%	-6.4%	4.1%	3.5%	3.0%	3.4%	-4.6%	-5.2%	3.1%	3.2%
Los Angeles/LA Basin	---	0.4%	-1.2%	-5.3%	-13.4%	-3.9%	2.2%	4.0%	0.2%	-1.5%	1.6%	-1.2%	-7.4%	1.6%	<i>5.0%</i>
San Diego	---	0.0%	-3.3%	-10.0%	-17.5%	-3.1%	0.4%	1.7%	7.7%	-0.9%	0.0%	1.4%	-9.3%	6.0%	<i>0.4%</i>
All Other	---	0.2%	-5.2%	-9.1%	-14.1%	-2.2%	-4.9%	6.8%	-1.7%	4.8%	-1.7%	-1.5%	-8.1%	4.5%	<i>5.2%</i>
All Regions	---	0.2%	-2.9%	-6.7%	-14.1%	-3.0%	-1.1%	4.9%	1.0%	0.8%	0.8%	-1.4%	-7.4%	2.9%	<i>4.4%</i>

Region	Ratio of Indemnity Claims to Total Claims for Accident Year														
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Bay Area	0.336	0.340	0.344	0.306	0.281	0.284	0.288	0.292	0.304	0.314	0.322	0.322	0.331	0.328	<i>0.328</i>
Los Angeles/LA Basin	0.346	0.359	0.363	0.331	0.300	0.295	0.302	0.312	0.337	0.352	0.358	0.372	0.389	0.393	<i>0.394</i>
San Diego	0.310	0.309	0.309	0.278	0.260	0.258	0.258	0.269	0.281	0.303	0.313	0.327	0.329	0.329	<i>0.330</i>
All Other	0.341	0.350	0.350	0.321	0.294	0.286	0.291	0.295	0.307	0.320	0.327	0.330	0.343	0.339	<i>0.329</i>
All Regions	0.340	0.348	0.351	0.319	0.291	0.287	0.292	0.300	0.318	0.332	0.339	0.348	0.361	0.361	<i>0.358</i>

Region	Annual Change														
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Bay Area	---	1.2%	1.0%	-10.9%	-8.2%	1.1%	1.2%	1.4%	4.0%	3.6%	2.5%	0.0%	2.8%	-0.8%	<i>-0.1%</i>
Los Angeles/LA Basin	---	3.5%	1.1%	-8.7%	-9.5%	-1.8%	2.6%	3.1%	8.2%	4.3%	1.7%	4.0%	4.7%	0.9%	<i>0.3%</i>
San Diego	---	-0.3%	-0.2%	-9.8%	-6.7%	-0.8%	0.0%	4.4%	4.5%	7.6%	3.3%	4.6%	0.5%	0.0%	<i>0.4%</i>
All Other	---	2.7%	-0.1%	-8.3%	-8.3%	-2.6%	1.5%	1.5%	3.9%	4.3%	2.4%	0.8%	3.9%	-1.3%	<i>-2.8%</i>
All Regions	---	2.6%	0.7%	-9.1%	-8.7%	-1.4%	1.8%	2.5%	6.1%	4.5%	2.1%	2.5%	3.8%	0.0%	<i>-0.7%</i>

Region	Cumulative Injury Claims per 100 Indemnity Claims for Accident Year														
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Bay Area	7.67	8.33	7.78	7.15	5.89	5.28	6.18	6.13	6.32	6.41	6.03	5.87	7.57	7.39	<i>6.31</i>
Los Angeles/LA Basin	7.84	8.51	9.19	9.05	6.78	6.48	6.95	7.06	8.53	9.35	8.72	9.51	11.69	12.68	<i>14.48</i>
San Diego	6.67	7.49	7.95	7.88	5.85	5.19	5.72	5.85	6.10	7.39	6.65	6.91	8.88	10.18	<i>10.90</i>
All Other	5.16	5.58	5.71	5.49	3.85	4.16	4.04	4.03	4.68	5.35	4.71	4.70	5.47	5.90	<i>5.91</i>
All Regions	6.90	7.52	7.82	7.58	5.69	5.49	5.87	5.96	6.92	7.63	7.02	7.41	9.10	9.80	<i>10.59</i>

Region	Annual Change														
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Bay Area	---	8.6%	-6.6%	-8.1%	-17.6%	-10.2%	16.9%	-0.8%	3.2%	1.5%	-5.9%	-2.7%	28.9%	-2.4%	<i>-14.6%</i>
Los Angeles/LA Basin	---	8.5%	8.0%	-1.5%	-25.1%	-4.5%	7.2%	1.7%	20.7%	9.6%	-6.7%	9.0%	23.0%	8.5%	<i>14.2%</i>
San Diego	---	12.3%	6.1%	-0.9%	-25.7%	-11.3%	10.1%	2.4%	4.3%	21.0%	-10.0%	3.9%	28.6%	14.6%	<i>7.1%</i>
All Other	---	8.3%	2.2%	-3.8%	-29.9%	8.1%	-2.9%	-0.1%	16.1%	14.2%	-12.0%	-0.2%	16.4%	7.9%	<i>0.2%</i>
All Regions	---	9.0%	4.0%	-3.0%	-25.0%	-3.5%	7.0%	1.5%	16.1%	10.3%	-8.1%	5.6%	22.9%	7.7%	<i>8.0%</i>

Figures in italics are based on preliminary partial data.

Ratio of Total Indemnity Claim Counts to Total Claim Counts

Accident Year	Evaluated as of (in months):									
	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1998										0.321
1999									0.331	0.330
2000								0.339	0.338	0.338
2001							0.345	0.344	0.343	0.343
2002						0.360	0.360	0.359	0.358	0.358
2003					0.358	0.357	0.355	0.355	0.354	0.353
2004				0.321	0.320	0.319	0.318	0.318	0.317	0.317
2005			0.297	0.295	0.294	0.294	0.294	0.293	0.293	0.293
2006		0.303	0.297	0.296	0.296	0.295	0.295	0.294	0.294	0.294
2007	0.321	0.298	0.298	0.299	0.299	0.299	0.299	0.299	0.299	0.299
2008	0.322	0.303	0.309	0.311	0.312	0.312	0.312	0.312	0.312	0.313
2009	0.318	0.318	0.329	0.332	0.333	0.334	0.334	0.334	0.334	
2010	0.323	0.331	0.345	0.349	0.350	0.351	0.351	0.351		
2011	0.322	0.341	0.357	0.361	0.363	0.363	0.364			
2012	0.318	0.339	0.358	0.363	0.364	0.365				
2013	0.333	0.353	0.369	0.372	0.374					
2014	0.337	0.350	0.365	0.369						
2015	0.325	0.349	0.365							
2016	0.333	0.347								
2017	0.323									

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 68% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

Source: WCIRB quarterly calls for experience

Distribution of Cumulative Injury Claims by Injury Type

Permanent Indemnity*

Percentage of All Cumulative Injury Claims						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
1999	30.6%	34.2%	35.7%	36.7%	37.4%	1999	---	---	---	---	---
2000	31.4%	35.4%	36.9%	37.5%	36.3%	2000	2.6%	3.4%	3.3%	2.2%	-3.0%
2001	30.8%	35.0%	36.6%	37.3%	37.6%	2001	-2.1%	-1.2%	-0.7%	-0.7%	3.5%
2002	32.8%	36.5%	37.5%	38.0%	37.8%	2002	6.6%	4.5%	2.4%	2.1%	0.7%
2003	33.5%	37.1%	38.3%	38.6%	38.8%	2003	2.0%	1.7%	2.0%	1.4%	2.6%
2004	28.5%	31.2%	32.6%	33.3%	34.4%	2004	-14.8%	-15.9%	-14.9%	-13.8%	-11.3%
2005	20.9%	24.5%	26.8%	29.2%	31.0%	2005	-26.6%	-21.6%	-17.6%	-12.2%	-9.9%
2006	19.2%	24.4%	27.7%	29.7%	30.6%	2006	-8.3%	-0.2%	3.2%	1.8%	-1.4%
2007	20.0%	26.1%	29.1%	29.2%	30.9%	2007	4.4%	6.6%	4.9%	-1.7%	1.1%
2008	20.8%	27.0%	30.2%	31.0%	32.6%	2008	3.8%	3.5%	3.9%	6.1%	5.4%
2009	23.8%	30.6%	34.3%	36.2%	37.5%	2009	14.5%	13.3%	13.7%	16.8%	15.0%
2010	23.7%	31.9%	34.9%	37.1%	38.4%	2010	-0.5%	4.4%	1.8%	2.3%	2.3%
2011	27.4%	34.0%	37.8%	40.3%	40.7%	2011	15.9%	6.6%	8.1%	8.8%	6.1%
2012	29.5%	36.2%	40.3%	43.6%		2012	7.6%	6.4%	6.6%	8.3%	
2013	31.0%	38.5%	41.6%			2013	5.2%	6.4%	3.2%		
2014	33.3%	42.7%				2014	7.3%	10.8%			
2015	35.8%					2015	7.6%				

Temporary Indemnity

Percentage of All Cumulative Injury Claims						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
1999	20.1%	17.0%	16.2%	15.7%	15.4%	1999	---	---	---	---	---
2000	20.6%	17.2%	17.2%	16.6%	16.1%	2000	2.8%	1.0%	5.9%	5.6%	4.4%
2001	20.3%	18.4%	17.5%	16.7%	16.1%	2001	-1.5%	7.2%	1.6%	0.3%	0.0%
2002	19.8%	18.0%	16.5%	15.6%	15.6%	2002	-2.3%	-2.5%	-5.7%	-6.3%	-3.2%
2003	21.5%	18.1%	16.6%	16.1%	15.9%	2003	8.4%	0.4%	0.8%	3.0%	2.2%
2004	21.5%	18.6%	17.2%	16.4%	15.6%	2004	0.1%	3.3%	3.4%	2.2%	-2.1%
2005	21.5%	19.0%	17.5%	15.9%	14.6%	2005	-0.2%	1.9%	2.1%	-3.3%	-6.0%
2006	21.6%	19.2%	16.7%	15.4%	14.6%	2006	0.2%	0.9%	-5.0%	-3.4%	-0.4%
2007	22.7%	18.7%	17.1%	15.9%	15.6%	2007	5.1%	-2.1%	2.7%	3.1%	6.8%
2008	22.3%	19.1%	17.3%	16.2%	16.1%	2008	-1.8%	1.8%	0.9%	2.3%	3.7%
2009	25.1%	21.6%	19.3%	18.2%	17.4%	2009	12.8%	13.2%	11.7%	12.1%	7.9%
2010	26.6%	21.9%	19.9%	18.9%	18.0%	2010	6.1%	1.3%	2.9%	4.1%	3.2%
2011	26.4%	23.7%	22.0%	20.5%	19.2%	2011	-0.9%	8.1%	10.7%	8.5%	6.9%
2012	27.0%	24.6%	21.0%	19.9%		2012	2.2%	4.0%	-4.4%	-2.8%	
2013	30.1%	25.6%	21.2%			2013	11.7%	4.0%	1.0%		
2014	30.6%	24.8%				2014	1.4%	-3.2%			
2015	29.1%					2015	-4.9%				

Medical-Only

Percentage of All Cumulative Injury Claims						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
1999	49.3%	48.6%	48.0%	47.4%	47.1%	1999	---	---	---	---	---
2000	47.9%	47.3%	45.8%	45.7%	47.5%	2000	-2.8%	-2.7%	-4.5%	-3.6%	0.9%
2001	48.9%	46.5%	45.8%	46.0%	46.3%	2001	2.0%	-1.7%	0.0%	0.5%	-2.7%
2002	47.3%	45.4%	45.9%	46.2%	46.5%	2002	-3.2%	-2.3%	0.2%	0.6%	0.5%
2003	45.0%	44.7%	45.0%	45.2%	45.2%	2003	-5.0%	-1.5%	-1.9%	-2.2%	-2.8%
2004	49.9%	50.1%	50.2%	50.2%	49.9%	2004	11.0%	12.0%	11.5%	11.0%	10.4%
2005	57.5%	56.5%	55.5%	54.8%	54.2%	2005	15.2%	12.7%	10.7%	9.0%	8.6%
2006	59.2%	56.3%	55.5%	54.7%	54.6%	2006	2.9%	-0.3%	-0.1%	0.0%	0.8%
2007	57.3%	55.1%	53.7%	54.8%	53.3%	2007	-3.2%	-2.1%	-3.2%	0.1%	-2.4%
2008	56.9%	53.9%	52.4%	52.6%	51.1%	2008	-0.6%	-2.2%	-2.4%	-4.0%	-4.2%
2009	51.0%	47.7%	46.2%	45.5%	44.9%	2009	-10.4%	-11.4%	-11.8%	-13.6%	-12.1%
2010	49.6%	46.1%	45.1%	43.9%	43.4%	2010	-2.8%	-3.4%	-2.5%	-3.4%	-3.4%
2011	46.1%	42.2%	40.1%	39.3%	39.5%	2011	-7.1%	-8.5%	-11.1%	-10.5%	-9.1%
2012	43.4%	39.1%	37.7%	36.5%		2012	-5.7%	-7.3%	-5.9%	-7.2%	
2013	38.8%	35.8%	36.1%			2013	-10.7%	-8.4%	-4.3%		
2014	36.8%	32.7%				2014	-5.0%	-8.7%			
2015	35.9%					2015	-2.7%				

* Includes Permanent Partial, Permanent Total, and Death

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

Source: WCIRB unit statistical data

Indemnity Claim Frequency by Geographic Region

Bay Area

Indemnity Claim Frequency per \$100M of Exposure at AY 2014 Level						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
2001	26.67	27.62	27.83	27.84	27.64	2001	---	---	---	---	---
2002	25.46	26.66	27.15	27.04	27.12	2002	-4.5%	-3.5%	-2.5%	-2.9%	-1.9%
2003	24.81	25.97	25.90	26.03	26.29	2003	-2.5%	-2.6%	-4.6%	-3.7%	-3.0%
2004	21.22	21.49	21.62	21.88	21.68	2004	-14.5%	-17.3%	-16.5%	-15.9%	-17.5%
2005	18.15	18.30	18.57	18.49	18.60	2005	-14.4%	-14.8%	-14.1%	-15.5%	-14.2%
2006	17.05	17.38	17.31	17.39	17.29	2006	-6.1%	-5.0%	-6.8%	-5.9%	-7.0%
2007	16.17	16.28	16.45	16.52	16.55	2007	-5.2%	-6.4%	-5.0%	-5.0%	-4.3%
2008	14.81	15.25	15.38	15.51	15.51	2008	-8.4%	-6.3%	-6.5%	-6.1%	-6.2%
2009	13.62	13.98	14.16	14.22	14.26	2009	-8.1%	-8.3%	-8.0%	-8.3%	-8.1%
2010	14.13	14.70	14.84	14.94	14.97	2010	3.8%	5.1%	4.8%	5.0%	5.0%
2011	13.60	14.20	14.41	14.53	14.59	2011	-3.7%	-3.4%	-2.9%	-2.8%	-2.6%
2012	13.55	14.20	14.47	14.60		2012	-0.3%	0.0%	0.4%	0.5%	
2013	13.03	13.59	13.79			2013	-3.9%	-4.3%	-4.7%		
2014	12.98	13.68				2014	-0.4%	0.7%			
2015	12.86					2015	-0.9%				

Los Angeles/L.A. Basin

Indemnity Claim Frequency per \$100M of Exposure at AY 2014 Level						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
2001	36.46	38.05	38.88	39.21	39.55	2001	---	---	---	---	---
2002	35.72	38.79	39.32	39.65	39.61	2002	-2.0%	1.9%	1.1%	1.1%	0.2%
2003	36.57	38.17	38.38	38.40	38.44	2003	2.4%	-1.6%	-2.4%	-3.1%	-3.0%
2004	30.57	31.35	31.37	31.55	31.75	2004	-16.4%	-17.9%	-18.3%	-17.8%	-17.4%
2005	25.62	26.33	26.66	26.89	27.20	2005	-16.2%	-16.0%	-15.0%	-14.8%	-14.3%
2006	24.17	24.95	25.31	25.61	25.61	2006	-5.7%	-5.2%	-5.1%	-4.8%	-5.8%
2007	23.40	24.39	24.81	24.94	25.01	2007	-3.2%	-2.3%	-2.0%	-2.6%	-2.3%
2008	22.50	23.80	24.21	24.35	24.47	2008	-3.8%	-2.4%	-2.4%	-2.4%	-2.2%
2009	22.28	23.69	24.14	24.38	24.49	2009	-1.0%	-0.5%	-0.3%	0.1%	0.1%
2010	24.07	25.42	25.96	26.20	26.31	2010	8.0%	7.3%	7.5%	7.4%	7.4%
2011	23.90	25.61	26.22	26.48	26.68	2011	-0.7%	0.8%	1.0%	1.1%	1.4%
2012	25.65	27.54	28.15	28.59		2012	7.3%	7.5%	7.4%	8.0%	
2013	26.24	28.05	28.84			2013	2.3%	1.8%	2.5%		
2014	27.14	29.66				2014	3.4%	5.8%			
2015	27.34					2015	0.7%				

San Diego

Indemnity Claim Frequency per \$100M of Exposure at AY 2014 Level						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
2001	38.17	39.26	39.68	40.09	40.45	2001	---	---	---	---	---
2002	35.19	36.91	37.25	37.53	37.60	2002	-7.8%	-6.0%	-6.1%	-6.4%	-7.1%
2003	33.27	34.14	34.44	34.38	34.65	2003	-5.5%	-7.5%	-7.5%	-8.4%	-7.8%
2004	27.77	28.57	28.70	28.81	28.54	2004	-16.5%	-16.3%	-16.7%	-16.2%	-17.6%
2005	24.40	24.72	24.76	24.58	24.55	2005	-12.1%	-13.5%	-13.7%	-14.7%	-14.0%
2006	22.80	22.63	22.60	22.50	22.48	2006	-6.6%	-8.4%	-8.8%	-8.5%	-8.5%
2007	21.91	22.13	22.04	21.63	21.65	2007	-3.9%	-2.2%	-2.4%	-3.9%	-3.7%
2008	20.04	20.49	20.69	20.20	20.30	2008	-8.5%	-7.4%	-6.1%	-6.6%	-6.2%
2009	18.56	19.39	19.62	19.73	19.82	2009	-7.4%	-5.4%	-5.2%	-2.3%	-2.3%
2010	20.54	21.32	21.52	21.66	21.76	2010	10.7%	10.0%	9.7%	9.8%	9.8%
2011	20.14	20.85	21.14	21.16	21.19	2011	-2.0%	-2.2%	-1.8%	-2.3%	-2.6%
2012	20.66	21.50	21.57	21.78		2012	2.6%	3.1%	2.0%	2.9%	
2013	19.82	20.44	20.71			2013	-4.1%	-4.9%	-4.0%		
2014	20.89	21.99				2014	5.4%	7.6%			
2015	22.96					2015	9.9%				

All Other

Indemnity Claim Frequency per \$100M of Exposure at AY 2014 Level						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
2001	44.09	45.09	45.45	45.15	44.95	2001	---	---	---	---	---
2002	41.51	43.80	43.40	43.17	43.31	2002	-5.8%	-2.9%	-4.5%	-4.4%	-3.7%
2003	41.19	41.65	41.44	41.50	41.37	2003	-0.8%	-4.9%	-4.5%	-3.9%	-4.5%
2004	35.26	35.70	35.72	35.45	34.95	2004	-14.4%	-14.3%	-13.8%	-14.6%	-15.5%
2005	30.68	31.11	30.91	30.70	30.94	2005	-13.0%	-12.9%	-13.5%	-13.4%	-11.5%
2006	28.51	28.55	28.46	28.60	28.51	2006	-7.1%	-8.2%	-7.9%	-6.8%	-7.9%
2007	27.21	27.49	27.72	27.66	27.82	2007	-4.6%	-3.7%	-2.6%	-3.3%	-2.4%
2008	24.99	25.73	25.88	26.17	26.30	2008	-8.2%	-6.4%	-6.6%	-5.4%	-5.4%
2009	24.15	25.05	25.49	25.70	25.81	2009	-3.3%	-2.7%	-1.5%	-1.8%	-1.9%
2010	25.57	26.87	27.23	27.43	27.55	2010	5.9%	7.3%	6.8%	6.7%	6.8%
2011	25.39	26.62	27.06	27.23	27.29	2011	-0.7%	-1.0%	-0.6%	-0.7%	-1.0%
2012	25.80	27.02	27.42	27.59		2012	1.6%	1.5%	1.3%	1.3%	
2013	25.88	27.03	27.40			2013	0.3%	0.0%	-0.1%		
2014	26.27	28.04				2014	1.5%	3.7%			
2015	27.24					2015	3.7%				

All Regions

Indemnity Claim Frequency per \$100M of Exposure at AY 2014 Level						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
2001	36.24	37.48	38.00	38.04	38.07	2001	---	---	---	---	---
2002	34.91	37.25	37.48	37.52	37.56	2002	-3.7%	-0.6%	-1.4%	-1.4%	-1.3%
2003	35.08	36.21	36.22	36.28	36.32	2003	0.5%	-2.8%	-3.4%	-3.3%	-3.3%
2004	29.67	30.22	30.27	30.33	30.21	2004	-15.4%	-16.5%	-16.4%	-16.4%	-16.8%
2005	25.28	25.76	25.92	25.93	26.17	2005	-14.8%	-14.7%	-14.4%	-14.5%	-13.4%
2006	23.69	24.13	24.24	24.44	24.39	2006	-6.3%	-6.3%	-6.5%	-5.8%	-6.8%
2007	22.72	23.27	23.57	23.63	23.71	2007	-4.1%	-3.6%	-2.8%	-3.3%	-2.8%
2008	21.29	22.20	22.47	22.65	22.74	2008	-6.3%	-4.6%	-4.7%	-4.1%	-4.1%
2009	20.60	21.59	21.97	22.16	22.25	2009	-3.2%	-2.8%	-2.2%	-2.2%	-2.2%
2010	21.91	23.05	23.43	23.62	23.72	2010	6.4%	6.7%	6.6%	6.6%	6.6%
2011	21.65	22.92	23.37	23.57	23.69	2011	-1.2%	-0.6%	-0.2%	-0.2%	-0.1%
2012	22.44	23.79	24.25	24.53		2012	3.7%	3.8%	3.7%	4.1%	
2013	22.48	23.75	24.26			2013	0.2%	-0.2%	0.0%		
2014	22.87	24.66				2014	1.7%	3.9%			
2015	23.06					2015	0.9%				

Figures in italics are based on preliminary partial data.
Source: WCIRB unit statistical data

Indemnity Claim Count Distribution by Part of Body Code

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

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

Note: Figures in italics are based on a partial data.
Source: WCIRB unit statistical data at first report level

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

Accident Year	Paid Indemnity Development								
	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
1992									0.280
1993								0.334	0.408
1994							0.352	0.316	0.235
1995						0.423	0.361	0.278	0.225
1996					0.497	0.386	0.307	0.272	0.208
1997				0.547	0.456	0.370	0.317	0.223	0.217
1998			0.654	0.521	0.400	0.345	0.280	0.219	0.228
1999		0.806	0.649	0.487	0.432	0.339	0.289	0.257	0.223
2000	2.942	0.808	0.604	0.518	0.394	0.349	0.305	0.289	0.239
2001	3.231	0.797	0.682	0.544	0.404	0.377	0.329	0.277	0.245
2002	3.190	0.820	0.626	0.501	0.449	0.402	0.353	0.288	0.244
2003	3.139	0.762	0.599	0.534	0.459	0.379	0.296	0.270	0.257
2004	2.920	0.609	0.577	0.471	0.392	0.353	0.290	0.303	0.284
2005	2.674	0.761	0.621	0.535	0.421	0.362	0.325	0.315	0.292
2006	2.874	0.805	0.604	0.485	0.419	0.370	0.333	0.290	0.250
2007	4.233	0.899	0.662	0.515	0.446	0.393	0.357	0.309	0.280
2008	4.586	0.962	0.708	0.570	0.483	0.421	0.350	0.326	0.250
2009	5.236	0.969	0.704	0.586	0.488	0.424	0.368	0.340	
2010	5.677	0.983	0.746	0.608	0.514	0.457	0.389		
2011	6.055	0.967	0.697	0.580	0.495	0.437			
2012	6.242	0.997	0.721	0.592	0.531				
2013	6.192	0.946	0.746	0.637					
2014	6.230	0.997	0.793						
2015	6.018	1.001							
2016	6.118								

Accident Year	Paid Medical Development								
	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
1992									0.192
1993								0.222	0.243
1994							0.255	0.242	0.202
1995						0.256	0.269	0.229	0.206
1996					0.344	0.299	0.280	0.264	0.175
1997				0.420	0.367	0.311	0.284	0.213	0.157
1998			0.523	0.421	0.344	0.314	0.215	0.175	0.170
1999		0.753	0.577	0.436	0.414	0.279	0.219	0.196	0.220
2000	3.654	0.795	0.584	0.479	0.331	0.253	0.230	0.256	0.192
2001	3.862	0.907	0.634	0.470	0.312	0.299	0.287	0.237	0.211
2002	4.334	0.858	0.535	0.368	0.357	0.352	0.277	0.254	0.208
2003	4.011	0.765	0.421	0.387	0.372	0.300	0.263	0.241	0.207
2004	3.348	0.584	0.463	0.425	0.367	0.311	0.276	0.237	0.227
2005	3.236	0.577	0.460	0.419	0.382	0.337	0.264	0.272	0.242
2006	3.124	0.593	0.463	0.396	0.344	0.318	0.277	0.248	0.192
2007	3.846	0.659	0.515	0.441	0.370	0.341	0.309	0.242	0.205
2008	3.959	0.677	0.532	0.469	0.416	0.352	0.288	0.245	0.201
2009	4.466	0.695	0.534	0.489	0.423	0.348	0.282	0.236	
2010	4.654	0.707	0.585	0.511	0.416	0.353	0.310		
2011	4.343	0.715	0.541	0.463	0.399	0.334			
2012	4.431	0.691	0.536	0.468	0.408				
2013	4.306	0.651	0.524	0.469					
2014	4.558	0.669	0.549						
2015	4.425	0.651							
2016	4.559								

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 77% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

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

Source: WCIRB quarterly calls for experience

**Comparison of Projected Loss Ratios as of March 31, 2017
Accident Year 2012 Projected to 63 Months [1]**

Indemnity

Methodology	Based on Experience Evaluated as of (in months):				
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>Current</u>
3-Year Avg. Incurred	0.242	0.241	0.237	0.231	0.230
Latest Year Incurred	0.244	0.238	0.235	0.230	0.230
Latest Yr. Inc. Adj. for Case Reserves	0.259	0.249	0.239	0.235	0.230
3-Year Avg. Paid	0.234	0.239	0.236	0.233	0.230
Latest Year Paid	0.242	0.238	0.234	0.232	0.230
Reform-Adj. Paid ^[2]	0.258	0.254	0.249	0.237	0.230
Latest Yr. Pd. Adj. for Settlement ^[3]	0.242	0.235	0.231	0.231	0.230

Difference from Actual 63-Month Loss Ratio

	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>Current</u>
3-Year Avg. Incurred	5.3%	4.7%	2.9%	0.5%	0.0%
Latest Year Incurred	5.9%	3.4%	2.2%	-0.3%	0.0%
Latest Yr. Inc. Adj. for Case Reserves	12.8%	8.0%	3.8%	1.9%	0.0%
3-Year Avg. Paid	1.5%	4.0%	2.6%	1.2%	0.0%
Latest Year Paid	5.3%	3.6%	1.7%	1.0%	0.0%
Reform-Adj. Paid	12.1%	10.4%	8.3%	3.0%	0.0%
Latest Yr. Pd. Adj. for Settlement	5.3%	2.0%	0.5%	0.2%	0.0%

Medical

Methodology	Based on Experience Evaluated as of (in months):				
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>Current</u>
3-Year Avg. Incurred	0.356	0.344	0.331	0.316	0.310
Latest Year Incurred	0.371	0.340	0.324	0.314	0.310
Latest Yr. Inc. Adj. for Case Reserves	0.378	0.355	0.331	0.323	0.310
3-Year Avg. Paid	0.297	0.315	0.318	0.315	0.310
Latest Year Paid	0.312	0.325	0.315	0.313	0.310
Reform-Adj. Paid ^[2]	0.294	0.318	0.307	0.305	0.301
Latest Yr. Pd. Adj. for Settlement ^[3]	0.294	0.315	0.305	0.303	0.301

Difference from Actual 63-Month Loss Ratio

	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>Current</u>
3-Year Avg. Incurred	14.9%	11.3%	7.0%	2.2%	0.0%
Latest Year Incurred	19.8%	9.9%	4.6%	1.3%	0.0%
Latest Yr. Inc. Adj. for Case Reserves	22.0%	14.7%	7.1%	4.5%	0.0%
3-Year Avg. Paid	-3.9%	1.9%	2.9%	1.6%	0.0%
Latest Year Paid	0.9%	4.9%	1.7%	1.0%	0.0%
Reform-Adj. Paid	-2.3%	5.8%	2.2%	1.3%	0.0%
Latest Yr. Pd. Adj. for Settlement	-2.0%	4.8%	1.4%	0.8%	0.0%

[1] Each loss ratio is projected to incurred losses at 63 months. Loss ratios projected under paid methods are converted to an incurred basis causing the ratio of incurred losses to paid losses reported at 63 months.

[2] The Reform-Adjusted Paid Methodology reflects adjustments for SB 863 reforms and RBRVS.

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

Source: WCIRB quarterly calls for experience

**Comparison of Projected Loss Ratios as of March 31, 2017
Accident Year 2013 Projected to 51 Months [1]**

Indemnity

Methodology	Based on Experience Evaluated as of (in months):			
	<u>15</u>	<u>27</u>	<u>39</u>	<u>Current</u>
3-Year Avg. Incurred	0.206	0.198	0.190	0.188
Latest Year Incurred	0.203	0.195	0.189	0.188
Latest Yr. Inc. Adj. for Case Reserves	0.214	0.202	0.193	0.188
3-Year Avg. Paid	0.196	0.192	0.190	0.188
Latest Year Paid	0.195	0.189	0.189	0.188
Reform-Adj. Paid ^[2]	0.203	0.197	0.197	0.188
Latest Yr. Pd. Adj. for Settlement ^[3]	0.194	0.187	0.188	0.188

Difference from Actual 51-Month Loss Ratio

	<u>15</u>	<u>27</u>	<u>39</u>	<u>Current</u>
3-Year Avg. Incurred	9.6%	5.3%	1.3%	0.0%
Latest Year Incurred	8.1%	3.6%	0.3%	0.0%
Latest Yr. Inc. Adj. for Case Reserves	14.0%	7.2%	2.7%	0.0%
3-Year Avg. Paid	4.2%	1.9%	1.3%	0.0%
Latest Year Paid	3.6%	0.6%	0.5%	0.0%
Reform-Adj. Paid	8.2%	5.0%	4.9%	0.0%
Latest Yr. Pd. Adj. for Settlement	2.9%	-0.4%	-0.2%	0.0%

Medical

	Based on Experience Evaluated as of (in months):			
	<u>15</u>	<u>27</u>	<u>39</u>	<u>Current</u>
3-Year Avg. Incurred	0.286	0.269	0.249	0.243
Latest Year Incurred	0.276	0.259	0.244	0.243
Latest Yr. Inc. Adj. for Case Reserves	0.288	0.267	0.249	0.243
3-Year Avg. Paid	0.251	0.251	0.247	0.243
Latest Year Paid	0.258	0.249	0.245	0.243
Reform-Adj. Paid ^[2]	0.261	0.248	0.243	0.240
Latest Yr. Pd. Adj. for Settlement ^[3]	0.261	0.247	0.242	0.240

Difference from Actual 51-Month Loss Ratio

	<u>15</u>	<u>27</u>	<u>39</u>	<u>Current</u>
3-Year Avg. Incurred	17.8%	10.7%	2.5%	0.0%
Latest Year Incurred	13.7%	6.5%	0.5%	0.0%
Latest Yr. Inc. Adj. for Case Reserves	18.5%	10.0%	2.5%	0.0%
3-Year Avg. Paid	3.3%	3.3%	1.8%	0.0%
Latest Year Paid	6.4%	2.4%	1.1%	0.0%
Reform-Adj. Paid	9.1%	3.5%	1.6%	0.0%
Latest Yr. Pd. Adj. for Settlement	8.8%	3.0%	1.1%	0.0%

[1] Each loss ratio is projected to incurred losses at 51 months. Loss ratios projected under paid methods are converted to an incurred basis causing the ratio of incurred losses to paid losses reported at 51 months.

[2] The Reform-Adjusted Paid Methodology reflects adjustments for SB 863 reforms and RBRVS.

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

Source: WCIRB quarterly calls for experience

**Comparison of Projected Loss Ratios as of March 31, 2017
Accident Year 2014 Projected to 39 Months [1]**

Indemnity

Methodology	Based on Experience Evaluated as of (in months):		
	<u>15</u>	<u>27</u>	<u>Current</u>
3-Year Avg. Incurred	0.167	0.163	0.164
Latest Year Incurred	0.162	0.161	0.164
Latest Yr. Inc. Adj. for Case Reserves	0.174	0.167	0.164
3-Year Avg. Paid	0.160	0.162	0.164
Latest Year Paid	0.157	0.163	0.164
Reform-Adj. Paid ^[2]	0.157	0.163	0.164
Latest Yr. Pd. Adj. for Settlement ^[3]	0.156	0.162	0.164
Difference from Actual 39-Month Loss Ratio			
	<u>15</u>	<u>27</u>	<u>Current</u>
3-Year Avg. Incurred	1.8%	-0.8%	0.0%
Latest Year Incurred	-1.5%	-1.9%	0.0%
Latest Yr. Inc. Adj. for Case Reserves	6.0%	1.8%	0.0%
3-Year Avg. Paid	-2.7%	-1.2%	0.0%
Latest Year Paid	-4.5%	-0.7%	0.0%
Reform-Adj. Paid	-4.5%	-0.7%	0.0%
Latest Yr. Pd. Adj. for Settlement	-4.9%	-1.2%	0.0%

Medical

Methodology	Based on Experience Evaluated as of (in months):		
	<u>15</u>	<u>27</u>	<u>Current</u>
3-Year Avg. Incurred	0.222	0.204	0.201
Latest Year Incurred	0.210	0.199	0.201
Latest Yr. Inc. Adj. for Case Reserves	0.216	0.206	0.201
3-Year Avg. Paid	0.206	0.203	0.201
Latest Year Paid	0.203	0.202	0.201
Reform-Adj. Paid ^[2]	0.205	0.202	0.200
Latest Yr. Pd. Adj. for Settlement ^[3]	0.204	0.201	0.200
Difference from Actual 39-Month Loss Ratio			
	<u>15</u>	<u>27</u>	<u>Current</u>
3-Year Avg. Incurred	10.5%	1.5%	0.0%
Latest Year Incurred	4.1%	-1.4%	0.0%
Latest Yr. Inc. Adj. for Case Reserves	7.2%	2.2%	0.0%
3-Year Avg. Paid	2.2%	0.7%	0.0%
Latest Year Paid	0.9%	0.3%	0.0%
Reform-Adj. Paid	2.1%	0.8%	0.0%
Latest Yr. Pd. Adj. for Settlement	1.9%	0.5%	0.0%

[1] Each loss ratio is projected to incurred losses at 39 months. Loss ratios projected under paid methods are converted to an incurred basis causing the ratio of incurred losses to paid losses reported at 39 months.

[2] The Reform-Adjusted Paid Methodology reflects adjustments for SB 863 reforms and RBRVS.

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

Source: WCIRB quarterly calls for experience

**Comparison of Projected Loss Ratios as of March 31, 2017
Accident Year 2015 Projected to 27 Months [1]**

Indemnity

<u>Methodology</u>	<u>Based on Experience Evaluated as of (in months):</u>	
	<u>15</u>	<u>Current</u>
3-Year Avg. Incurred	0.137	0.137
Latest Year Incurred	0.136	0.137
Latest Yr. Inc. Adj. for Case Reserves	0.136	0.137
3-Year Avg. Paid	0.134	0.137
Latest Year Paid	0.136	0.137
Reform-Adj. Paid ^[2]	0.136	0.137
Latest Yr. Pd. Adj. for Settlement ^[3]	0.136	0.137

Difference from Actual 27-Month Loss Ratio

	<u>15</u>	<u>Current</u>
3-Year Avg. Incurred	-0.1%	0.0%
Latest Year Incurred	-0.4%	0.0%
Latest Yr. Inc. Adj. for Case Reserves	-0.5%	0.0%
3-Year Avg. Paid	-2.2%	0.0%
Latest Year Paid	-0.8%	0.0%
Reform-Adj. Paid	-0.8%	0.0%
Latest Yr. Pd. Adj. for Settlement	-0.9%	0.0%

Medical

	<u>Based on Experience Evaluated as of (in months):</u>	
	<u>15</u>	<u>Current</u>
3-Year Avg. Incurred	0.181	0.176
Latest Year Incurred	0.177	0.176
Latest Yr. Inc. Adj. for Case Reserves	0.180	0.176
3-Year Avg. Paid	0.175	0.176
Latest Year Paid	0.174	0.176
Reform-Adj. Paid ^[2]	0.174	0.176
Latest Yr. Pd. Adj. for Settlement ^[3]	0.174	0.176

Difference from Actual 27-Month Loss Ratio

	<u>15</u>	<u>Current</u>
3-Year Avg. Incurred	3.1%	0.0%
Latest Year Incurred	0.7%	0.0%
Latest Yr. Inc. Adj. for Case Reserves	2.6%	0.0%
3-Year Avg. Paid	-0.4%	0.0%
Latest Year Paid	-1.1%	0.0%
Reform-Adj. Paid	-0.6%	0.0%
Latest Yr. Pd. Adj. for Settlement	-0.6%	0.0%

[1] Each loss ratio is projected to incurred losses at 27 months. Loss ratios projected under paid methods are converted to an incurred basis causing the ratio of incurred losses to paid losses reported at 27 months.

[2] The Reform-Adjusted Paid Methodology reflects adjustments for SB 863 reforms and RBRVS.

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

Source: WCIRB quarterly calls for experience

Average Incurred Indemnity Loss per Reported Indemnity Claim

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1998										20,639
1999									22,318	22,442
2000								22,736	22,987	23,151
2001							24,496	24,976	25,338	25,545
2002						22,556	23,200	23,650	23,909	24,182
2003					21,613	22,664	23,383	23,843	24,358	24,796
2004				16,560	17,632	18,386	19,103	19,641	20,178	20,482
2005			12,151	14,162	15,395	16,361	17,175	17,869	18,276	18,565
2006		9,075	13,088	15,209	16,632	17,811	18,732	19,276	19,640	19,855
2007	6,673	9,284	13,939	16,776	18,442	19,638	20,481	21,108	21,583	21,835
2008	6,398	9,844	15,047	18,435	20,397	21,609	22,502	23,029	23,409	23,647
2009	6,378	10,153	15,714	18,954	21,143	22,430	23,312	23,776	24,130	
2010	6,181	10,112	15,405	18,864	20,774	21,944	22,703	23,179		
2011	6,069	10,545	15,823	18,810	20,621	21,577	22,201			
2012	6,145	10,547	15,632	18,542	20,075	21,141				
2013	6,484	10,694	15,566	18,256	19,761					
2014	6,277	10,773	15,834	18,944						
2015	6,897	11,259	16,592							
2016	6,842	11,369								
2017	7,015									

Accident	Annual Change									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1999										8.7%
2000									3.0%	3.2%
2001								9.9%	10.2%	10.3%
2002							-5.3%	-5.3%	-5.6%	-5.3%
2003						0.5%	0.8%	0.8%	1.9%	2.5%
2004					-18.4%	-18.9%	-18.3%	-17.6%	-17.2%	-17.4%
2005				-14.5%	-12.7%	-11.0%	-10.1%	-9.0%	-9.4%	-9.4%
2006			7.7%	7.4%	8.0%	8.9%	9.1%	7.9%	7.5%	6.9%
2007		2.3%	6.5%	10.3%	10.9%	10.3%	9.3%	9.5%	9.9%	10.0%
2008	-4.1%	6.0%	8.0%	9.9%	10.6%	10.0%	9.9%	9.1%	8.5%	8.3%
2009	-0.3%	3.1%	4.4%	2.8%	3.7%	3.8%	3.6%	3.2%	3.1%	
2010	-3.1%	-0.4%	-2.0%	-0.5%	-1.7%	-2.2%	-2.6%	-2.5%		
2011	-1.8%	4.3%	2.7%	-0.3%	-0.7%	-1.7%	-2.2%			
2012	1.3%	0.0%	-1.2%	-1.4%	-2.6%	-2.0%				
2013	5.5%	1.4%	-0.4%	-1.5%	-1.6%					
2014	-3.2%	0.7%	1.7%	3.8%						
2015	9.9%	4.5%	4.8%							
2016	-0.8%	1.0%								
2017	2.5%									

Annual Trend*										
All-Yr	0.8%	2.1%	2.5%	2.3%	1.4%	0.8%	-0.1%	-0.4%	-0.6%	-0.6%
R ²	0.265	0.944	0.755	0.580	0.178	0.052	0.001	0.015	0.042	0.043

* Trend is based on an exponential distribution.

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 77% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

Source: WCIRB quarterly calls for experience

Average Incurred Medical Loss per Reported Claim

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1998										6,083
1999									6,757	7,041
2000								7,418	7,781	7,935
2001							8,421	8,821	9,168	9,516
2002						8,459	8,958	9,306	9,669	9,970
2003					7,858	8,324	8,758	9,158	9,564	9,921
2004				5,885	6,447	6,948	7,357	7,834	8,154	8,437
2005			4,948	5,625	6,064	6,569	7,085	7,511	7,830	8,045
2006		4,277	5,502	6,313	6,872	7,410	7,892	8,279	8,599	8,751
2007	4,025	4,655	6,092	7,032	7,833	8,469	9,054	9,417	9,687	9,842
2008	4,230	5,161	6,822	8,041	8,956	9,723	10,256	10,596	10,805	10,914
2009	4,363	5,649	7,778	9,081	10,252	11,005	11,524	11,806	11,954	
2010	4,427	5,893	8,053	9,651	10,693	11,398	11,781	12,040		
2011	4,783	6,357	8,770	10,186	11,135	11,774	12,037			
2012	4,816	6,531	8,680	9,926	10,678	11,181				
2013	5,220	6,583	8,575	9,551	10,234					
2014	4,857	6,402	8,152	9,183						
2015	4,972	6,524	8,244							
2016	4,991	6,629								
2017	5,003									

Accident	Annual Change									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1999										15.7%
2000									15.2%	12.7%
2001								18.9%	17.8%	19.9%
2002							6.4%	5.5%	5.5%	4.8%
2003						-1.6%	-2.2%	-1.6%	-1.1%	-0.5%
2004					-18.0%	-16.5%	-16.0%	-14.5%	-14.7%	-15.0%
2005				-4.4%	-5.9%	-5.5%	-3.7%	-4.1%	-4.0%	-4.6%
2006			11.2%	12.2%	13.3%	12.8%	11.4%	10.2%	9.8%	8.8%
2007		8.8%	10.7%	11.4%	14.0%	14.3%	14.7%	13.7%	12.7%	12.5%
2008	5.1%	10.9%	12.0%	14.4%	14.3%	14.8%	13.3%	12.5%	11.5%	10.9%
2009	3.2%	9.5%	14.0%	12.9%	14.5%	13.2%	12.4%	11.4%	10.6%	
2010	1.5%	4.3%	3.5%	6.3%	4.3%	3.6%	2.2%	2.0%		
2011	8.0%	7.9%	8.9%	5.5%	4.1%	3.3%	2.2%			
2012	0.7%	2.7%	-1.0%	-2.6%	-4.1%	-5.0%				
2013	8.4%	0.8%	-1.2%	-3.8%	-4.2%					
2014	-7.0%	-2.7%	-4.9%	-3.9%						
2015	2.4%	1.9%	1.1%							
2016	0.4%	1.6%								
2017	0.2%									

Annual Trend*										
All-Yr	2.2%	4.3%	5.4%	6.2%	5.9%	5.2%	4.3%	3.8%	3.6%	3.8%
R ²	0.781	0.815	0.755	0.802	0.731	0.643	0.555	0.540	0.525	0.500

* Trend is based on an exponential distribution.

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 69% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

Source: WCIRB quarterly calls for experience

Average Indemnity Case Outstanding per Open Indemnity Claim

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1998										32,957
1999									28,894	30,289
2000								23,958	24,598	25,646
2001							19,688	21,112	22,947	23,839
2002						16,188	17,304	18,449	19,360	21,277
2003					15,296	16,810	18,781	20,883	24,072	27,736
2004				13,206	14,209	15,912	18,065	20,583	23,316	24,678
2005			10,145	11,541	12,938	15,380	18,447	22,058	23,454	26,256
2006		8,292	11,436	13,178	15,513	18,849	21,774	23,516	26,797	28,732
2007	6,132	8,274	11,763	14,348	16,581	18,659	20,663	24,193	27,368	29,519
2008	5,823	8,561	12,287	15,109	16,880	18,338	21,405	24,023	26,746	30,727
2009	5,784	8,897	12,885	14,728	16,911	19,175	21,607	23,561	25,889	
2010	5,594	8,930	12,502	14,667	16,472	18,338	20,368	22,326		
2011	5,496	9,562	13,060	15,210	17,530	19,127	20,914			
2012	5,586	9,406	12,893	14,996	16,545	18,837				
2013	6,041	9,544	13,105	14,425	15,869					
2014	5,713	9,683	13,337	15,398						
2015	6,404	10,241	14,490							
2016	6,309	10,426								
2017	6,491									

Accident	Annual Change									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1999										-8.1%
2000									-14.9%	-15.3%
2001								-11.9%	-6.7%	-7.0%
2002							-12.1%	-12.6%	-15.6%	-10.7%
2003						3.8%	8.5%	13.2%	24.3%	30.4%
2004					-7.1%	-5.3%	-3.8%	-1.4%	-3.1%	-11.0%
2005				-12.6%	-8.9%	-3.3%	2.1%	7.2%	0.6%	6.4%
2006			12.7%	14.2%	19.9%	22.6%	18.0%	6.6%	14.3%	9.4%
2007		-0.2%	2.9%	8.9%	6.9%	-1.0%	-5.1%	2.9%	2.1%	2.7%
2008	-5.0%	3.5%	4.5%	5.3%	1.8%	-1.7%	3.6%	-0.7%	-2.3%	4.1%
2009	-0.7%	3.9%	4.9%	-2.5%	0.2%	4.6%	0.9%	-1.9%	-3.2%	
2010	-3.3%	0.4%	-3.0%	-0.4%	-2.6%	-4.4%	-5.7%	-5.2%		
2011	-1.7%	7.1%	4.5%	3.7%	6.4%	4.3%	2.7%			
2012	1.6%	-1.6%	-1.3%	-1.4%	-5.6%	-1.5%				
2013	8.2%	1.5%	1.6%	-3.8%	-4.1%					
2014	-5.4%	1.4%	1.8%	6.8%						
2015	12.1%	5.8%	8.6%							
2016	-1.5%	1.8%								
2017	2.9%									

Annual Trend*										
All-Yr	1.0%	2.4%	2.6%	2.0%	1.7%	1.9%	1.7%	1.2%	0.9%	0.2%
R ²	0.289	0.958	0.833	0.555	0.393	0.604	0.484	0.214	0.066	0.003

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 77% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

* Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

Average Outstanding Medical Loss Per Open Indemnity Claim

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1998										60,317
1999									47,929	63,549
2000								38,162	50,060	58,110
2001							27,981	36,368	46,355	58,210
2002						20,987	27,803	35,040	44,193	53,856
2003					18,310	23,050	30,323	38,731	48,502	61,371
2004				15,251	19,608	25,758	31,599	41,658	50,002	59,499
2005			14,536	18,322	21,741	27,248	35,570	45,964	53,715	64,638
2006		12,932	17,435	22,317	26,991	34,120	41,360	50,261	63,691	72,969
2007	12,073	13,648	17,807	21,994	28,101	34,646	43,178	52,997	62,794	72,305
2008	12,580	14,475	18,600	23,566	28,410	35,427	44,626	53,700	62,932	71,200
2009	12,847	14,982	19,942	23,721	29,906	36,707	43,791	51,770	59,222	
2010	12,931	15,315	19,685	24,475	29,838	36,138	42,056	47,854		
2011	14,408	16,711	21,621	26,329	32,192	38,969	43,443			
2012	14,552	17,015	21,053	25,084	29,462	34,813				
2013	15,424	16,509	20,830	23,628	28,333					
2014	13,618	16,167	19,576	22,983						
2015	14,533	16,903	20,680							
2016	14,278	17,424								
2017	14,429									

Accident	Annual Change									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1999										5.4%
2000									4.4%	-8.6%
2001								-4.7%	-7.4%	0.2%
2002							-0.6%	-3.7%	-4.7%	-7.5%
2003						9.8%	9.1%	10.5%	9.8%	14.0%
2004					7.1%	11.8%	4.2%	7.6%	3.1%	-3.1%
2005				20.1%	10.9%	5.8%	12.6%	10.3%	7.4%	8.6%
2006			19.9%	21.8%	24.1%	25.2%	16.3%	9.3%	18.6%	12.9%
2007		5.5%	2.1%	-1.4%	4.1%	1.5%	4.4%	5.4%	-1.4%	-0.9%
2008	4.2%	6.1%	4.4%	7.1%	1.1%	2.3%	3.4%	1.3%	0.2%	-1.5%
2009	2.1%	3.5%	7.2%	0.7%	5.3%	3.6%	-1.9%	-3.6%	-5.9%	
2010	0.7%	2.2%	-1.3%	3.2%	-0.2%	-1.6%	-4.0%	-7.6%		
2011	11.4%	9.1%	9.8%	7.6%	7.9%	7.8%	3.3%			
2012	1.0%	1.8%	-2.6%	-4.7%	-8.5%	-10.7%				
2013	6.0%	-3.0%	-1.1%	-5.8%	-3.8%					
2014	-11.7%	-2.1%	-6.0%	-2.7%						
2015	6.7%	4.6%	5.6%							
2016	-1.8%	3.1%								
2017	1.1%									

	Annual Trend*									
All-Yr	1.8%	2.7%	2.8%	3.5%	4.9%	5.9%	5.5%	4.3%	3.4%	2.1%
R ²	0.582	0.839	0.637	0.542	0.704	0.800	0.844	0.768	0.698	0.499

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 77% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

* Trend is based on an exponential distribution

Source: WCIRB quarterly calls for experience

Average Paid Indemnity Loss per Indemnity Claim

Accident	Evaluated as of (in months):									
<u>Year</u>	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1998										18,872
1999									20,253	20,715
2000								20,362	21,049	21,518
2001							21,545	22,534	23,226	23,759
2002						19,387	20,664	21,566	22,183	22,611
2003					17,456	19,368	20,653	21,487	22,150	22,744
2004				11,747	14,011	15,443	16,494	17,264	18,012	18,634
2005			7,322	10,277	12,344	13,611	14,603	15,432	16,199	16,808
2006		3,685	7,833	10,940	12,964	14,484	15,717	16,713	17,449	17,991
2007	881	3,908	8,419	11,935	14,355	16,135	17,477	18,542	19,327	19,944
2008	910	4,253	9,087	13,082	15,989	18,048	19,492	20,515	21,308	21,802
2009	928	4,223	9,232	13,488	16,551	18,694	20,216	21,320	22,118	
2010	904	4,194	9,189	13,535	16,616	18,648	20,097	21,120		
2011	969	4,242	9,393	13,524	16,413	18,386	19,726			
2012	961	4,345	9,418	13,556	16,337	18,217				
2013	961	4,335	9,396	13,658	16,436					
2014	939	4,369	9,705	14,237						
2015	972	4,560	10,179							
2016	996	4,752								
2017	1,002									

Accident	Annual Change									
<u>Year</u>	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1999										9.8%
2000									3.9%	3.9%
2001								10.7%	10.3%	10.4%
2002							-4.1%	-4.3%	-4.5%	-4.8%
2003						-0.1%	-0.1%	-0.4%	-0.2%	0.6%
2004					-19.7%	-20.3%	-20.1%	-19.7%	-18.7%	-18.1%
2005				-12.5%	-11.9%	-11.9%	-11.5%	-10.6%	-10.1%	-9.8%
2006			7.0%	6.5%	5.0%	6.4%	7.6%	8.3%	7.7%	7.0%
2007		6.0%	7.5%	9.1%	10.7%	11.4%	11.2%	10.9%	10.8%	10.9%
2008	3.3%	8.8%	7.9%	9.6%	11.4%	11.9%	11.5%	10.6%	10.3%	9.3%
2009	2.0%	-0.7%	1.6%	3.1%	3.5%	3.6%	3.7%	3.9%	3.8%	
2010	-2.6%	-0.7%	-0.5%	0.3%	0.4%	-0.2%	-0.6%	-0.9%		
2011	7.2%	1.1%	2.2%	-0.1%	-1.2%	-1.4%	-1.8%			
2012	-0.7%	2.4%	0.3%	0.2%	-0.5%	-0.9%				
2013	0.0%	-0.2%	-0.2%	0.8%	0.6%					
2014	-2.3%	0.8%	3.3%	4.2%						
2015	3.6%	4.4%	4.9%							
2016	2.4%	4.2%								
2017	0.7%									

Annual Trend*										
All-Yr	1.1%	1.9%	2.7%	2.8%	1.7%	0.8%	-0.1%	-0.5%	-0.8%	-0.8%
R ²	0.795	0.824	0.826	0.743	0.225	0.049	0.001	0.016	0.049	0.055

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 77% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

* Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

Average Paid Medical Loss Per Indemnity Claim*

Accident	Evaluated as of (in months):									
<u>Year</u>	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2000										19,078
2001									21,471	22,376
2002								20,963	21,979	22,808
2003							19,244	20,422	21,503	22,453
2004						15,843	17,331	18,607	19,777	20,830
2005					14,264	16,184	17,816	19,111	20,494	21,651
2006				12,935	15,719	17,891	19,792	21,365	22,713	23,704
2007			10,477	14,554	17,707	20,206	22,381	24,312	25,664	26,701
2008		6,115	11,546	16,022	19,726	22,716	25,060	26,820	28,149	29,098
2009	905	6,204	11,908	16,823	20,923	24,209	26,599	28,311	29,529	
2010*	923	6,134	11,835	17,048	21,318	24,256	26,429	28,069		
2011*	923	5,539	11,315	16,203	19,935	22,670	24,636			
2012*	773	5,542	10,973	15,529	18,910	21,322				
2013	821	5,380	10,482	14,765	17,885					
2014	953	5,242	10,271	14,469						
2015	1,015	5,249	10,409							
2016	956	5,596								
2017	1,211									

Accident	Annual Change									
<u>Year</u>	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2001										17.3%
2002									2.4%	1.9%
2003								-2.6%	-2.2%	-1.6%
2004							-9.9%	-8.9%	-8.0%	-7.2%
2005						2.2%	2.8%	2.7%	3.6%	3.9%
2006					10.2%	10.5%	11.1%	11.8%	10.8%	9.5%
2007				12.5%	12.6%	12.9%	13.1%	13.8%	13.0%	12.6%
2008			10.2%	10.1%	11.4%	12.4%	12.0%	10.3%	9.7%	9.0%
2009		1.5%	3.1%	5.0%	6.1%	6.6%	6.1%	5.6%	4.9%	
2010*	2.0%	-1.1%	-0.6%	1.3%	1.9%	0.2%	-0.6%	-0.9%		
2011*	0.0%	-9.7%	-4.4%	-5.0%	-6.5%	-6.5%	-6.8%			
2012*	-16.3%	0.0%	-3.0%	-4.2%	-5.1%	-5.9%				
2013	6.2%	-2.9%	-4.5%	-4.9%	-5.4%					
2014	16.0%	-2.6%	-2.0%	-2.0%						
2015	6.6%	0.1%	1.3%							
2016	-5.8%	6.6%								
2017	26.7%									

Annual Trend**										
All-Yr	2.8%	-2.0%	-1.2%	0.7%	3.0%	5.1%	5.6%	5.3%	4.3%	3.8%
R ²	0.359	0.666	0.306	0.042	0.369	0.681	0.785	0.749	0.649	0.663

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 69% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

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

** Trend is based on an exponential distribution

Source: WCIRB quarterly calls for experience

Average Paid Medical Loss Per Claim*

Accident	Evaluated as of (in months):									
<u>Year</u>	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1998										5,055
1999									5,705	5,933
2000								6,201	6,515	6,761
2001							7,019	7,416	7,746	8,045
2002						7,008	7,518	7,911	8,264	8,553
2003					6,108	6,746	7,216	7,619	7,992	8,316
2004				4,132	4,868	5,432	5,899	6,295	6,656	6,994
2005			2,965	3,859	4,592	5,150	5,622	5,998	6,410	6,753
2006		1,825	3,187	4,224	5,035	5,653	6,212	6,674	7,069	7,355
2007	353	2,025	3,609	4,822	5,759	6,506	7,158	7,731	8,131	8,442
2008	395	2,329	4,072	5,477	6,641	7,575	8,301	8,850	9,269	9,577
2009	464	2,483	4,477	6,148	7,536	8,639	9,442	10,016	10,427	
2010	477	2,549	4,672	6,560	8,080	9,131	9,912	10,503		
2011	510	2,603	4,999	6,925	8,390	9,456	10,213			
2012	524	2,722	5,048	6,904	8,258	9,212				
2013	536	2,708	4,964	6,752	8,019					
2014	575	2,666	4,869	6,592						
2015	604	2,665	4,899							
2016	580	2,787								
2017	684									

Accident	Annual Change									
<u>Year</u>	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1999										17.4%
2000									14.2%	14.0%
2001								19.6%	18.9%	19.0%
2002							7.1%	6.7%	6.7%	6.3%
2003						-3.7%	-4.0%	-3.7%	-3.3%	-2.8%
2004					-20.3%	-19.5%	-18.3%	-17.4%	-16.7%	-15.9%
2005				-6.6%	-5.7%	-5.2%	-4.7%	-4.7%	-3.7%	-3.4%
2006			7.5%	9.5%	9.6%	9.8%	10.5%	11.3%	10.3%	8.9%
2007		11.0%	13.2%	14.2%	14.4%	15.1%	15.2%	15.8%	15.0%	14.8%
2008	11.8%	15.0%	12.8%	13.6%	15.3%	16.4%	16.0%	14.5%	14.0%	13.4%
2009	17.5%	6.6%	9.9%	12.3%	13.5%	14.0%	13.8%	13.2%	12.5%	
2010	2.8%	2.7%	4.3%	6.7%	7.2%	5.7%	5.0%	4.9%		
2011	7.0%	2.1%	7.0%	5.6%	3.8%	3.6%	3.0%			
2012	2.7%	4.6%	1.0%	-0.3%	-1.6%	-2.6%				
2013	2.3%	-0.5%	-1.7%	-2.2%	-2.9%					
2014	7.4%	-1.5%	-1.9%	-2.4%						
2015	5.0%	-0.1%	0.6%							
2016	-4.0%	4.6%								
2017	17.9%									

Annual Trend**										
All-Yr	5.7%	3.6%	5.3%	6.5%	6.1%	5.2%	4.4%	3.9%	3.7%	4.0%
R ²	0.920	0.743	0.797	0.850	0.732	0.580	0.480	0.463	0.477	0.499

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 68% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

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

** Trend is based on an exponential distribution

Source: WCIRB quarterly calls for experience

Average Paid Indemnity Loss per Closed Indemnity Claim*

Accident	Evaluated as of (in months):									
<u>Year</u>	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1998										16,583
1999									17,604	18,306
2000								17,305	18,114	18,843
2001							17,257	18,549	19,552	20,326
2002						15,267	16,807	18,105	19,061	19,569
2003					13,171	15,460	17,050	18,126	18,758	19,481
2004				7,673	10,468	12,299	13,582	14,312	15,072	15,892
2005			3,466	6,456	9,058	10,653	11,748	12,622	13,530	14,544
2006		1,767	3,944	6,942	9,490	11,163	12,451	13,706	14,846	15,688
2007	891	1,659	4,368	7,649	10,251	12,200	13,937	15,445	16,568	17,544
2008	546	1,954	4,733	8,361	11,357	13,806	15,954	17,376	18,630	19,523
2009	579	1,976	4,921	8,700	12,009	14,830	16,821	18,503	19,679	
2010	587	1,959	5,044	8,989	12,563	15,210	17,247	18,779		
2011	567	2,175	5,401	9,476	12,907	15,547	17,322			
2012	604	2,271	5,926	10,054	13,298	15,605				
2013	593	2,640	6,340	10,498	13,654					
2014	659	2,718	6,723	11,149						
2015	730	3,012	7,384							
2016	709	3,259								
2017	720									

Accident	Annual Change									
<u>Year</u>	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1999										10.4%
2000									2.9%	2.9%
2001								7.2%	7.9%	7.9%
2002							-2.6%	-2.4%	-2.5%	-3.7%
2003						1.3%	1.4%	0.1%	-1.6%	-0.5%
2004					-20.5%	-20.4%	-20.3%	-21.0%	-19.7%	-18.4%
2005				-15.9%	-13.5%	-13.4%	-13.5%	-11.8%	-10.2%	-8.5%
2006			13.8%	7.5%	4.8%	4.8%	6.0%	8.6%	9.7%	7.9%
2007		-6.1%	10.8%	10.2%	8.0%	9.3%	11.9%	12.7%	11.6%	11.8%
2008	-38.8%	17.7%	8.4%	9.3%	10.8%	13.2%	14.5%	12.5%	12.4%	11.3%
2009	6.2%	1.1%	4.0%	4.1%	5.7%	7.4%	5.4%	6.5%	5.6%	
2010	1.3%	-0.8%	2.5%	3.3%	4.6%	2.6%	2.5%	1.5%		
2011	-3.3%	11.0%	7.1%	5.4%	2.7%	2.2%	0.4%			
2012	6.5%	4.4%	9.7%	6.1%	3.0%	0.4%				
2013	-1.8%	16.2%	7.0%	4.4%	2.7%					
2014	11.2%	3.0%	6.0%	6.2%						
2015	10.8%	10.8%	9.8%							
2016	-3.0%	8.2%								
2017	1.6%									

Annual Trend**										
All-Yr	0.9%	6.7%	7.1%	5.1%	2.7%	1.5%	0.5%	-0.1%	-0.6%	-0.7%
R ²	0.038	0.949	0.983	0.896	0.373	0.119	0.014	0.000	0.024	0.046

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 77% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

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

** Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

Average Medical Paid per Closed Indemnity Claim*

Accident	Evaluated as of (in months):									
<u>Year</u>	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2000										15,358
2001									17,132	18,050
2002								16,771	17,921	18,672
2003							15,211	16,298	17,203	18,161
2004						11,546	12,961	14,041	15,067	16,267
2005					9,699	11,493	13,023	14,102	15,519	17,209
2006				7,931	10,493	12,559	14,369	16,017	17,783	19,054
2007			5,635	8,827	11,722	13,941	16,194	18,590	20,357	22,088
2008		3,514	6,144	9,858	13,101	16,095	19,153	21,298	23,276	24,764
2009	1,939	3,311	6,333	10,302	14,202	18,019	20,826	23,260	25,065	
2010*	2,004	3,264	6,594	10,772	15,163	18,745	21,612	23,998		
2011*	1,042	2,639	6,140	10,651	14,689	18,122	20,819			
2012*	731	2,822	6,573	11,011	14,672	17,606				
2013	672	2,985	6,712	10,976	14,340					
2014	696	2,998	6,886	11,011						
2015	862	3,250	7,311							
2016	1,374	3,504								
2017	991									

Accident	Annual Change									
<u>Year</u>	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2001										17.5%
2002									4.6%	3.4%
2003								-2.8%	-4.0%	-2.7%
2004							-14.8%	-13.8%	-12.4%	-10.4%
2005						-0.5%	0.5%	0.4%	3.0%	5.8%
2006					8.2%	9.3%	10.3%	13.6%	14.6%	10.7%
2007				11.3%	11.7%	11.0%	12.7%	16.1%	14.5%	15.9%
2008			9.0%	11.7%	11.8%	15.5%	18.3%	14.6%	14.3%	12.1%
2009		-5.8%	3.1%	4.5%	8.4%	12.0%	8.7%	9.2%	7.7%	
2010*	3.4%	-1.4%	4.1%	4.6%	6.8%	4.0%	3.8%	3.2%		
2011*	-48.0%	-19.1%	-6.9%	-1.1%	-3.1%	-3.3%	-3.7%			
2012*	-29.9%	6.9%	7.0%	3.4%	-0.1%	-2.8%				
2013	-8.0%	5.8%	2.1%	-0.3%	-2.3%					
2014	3.6%	0.5%	2.6%	0.3%						
2015	23.8%	8.4%	6.2%							
2016	59.4%	7.8%								
2017	-27.9%									

Annual Trend**										
All-Yr	-6.8%	-0.2%	2.5%	3.8%	5.4%	7.1%	6.9%	6.2%	4.8%	4.3%
R ²	0.213	0.003	0.816	0.773	0.785	0.865	0.789	0.663	0.611	0.479

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 69% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

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

only.

** Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

Ratio of Incremental Paid Indemnity to Indemnity Claims Open During Period

Accident Year	Development									
	0-3	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
1999										6,446
2000									6,932	5,906
2001								6,515	5,886	5,665
2002							6,509	6,120	5,352	4,731
2003						7,027	6,432	5,603	5,694	6,259
2004					6,215	5,588	5,639	5,264	6,325	6,649
2005				6,243	6,156	5,419	5,558	5,973	6,944	6,862
2006			6,433	6,815	6,321	6,466	6,980	7,227	6,800	6,680
2007		3,805	7,024	7,599	7,282	7,316	7,257	7,351	7,447	7,587
2008	910	4,143	7,543	8,401	8,396	8,036	7,603	7,421	7,739	6,571
2009	928	4,124	7,699	8,677	8,435	8,099	8,003	7,856	7,879	
2010	904	4,102	7,734	8,939	8,690	8,277	8,252	7,953		
2011	969	4,152	8,023	8,648	8,557	8,463	8,228			
2012	961	4,259	7,955	8,834	8,610	8,570				
2013	961	4,261	7,834	9,285	8,933					
2014	939	4,285	8,298	10,070						
2015	972	4,480	8,813							
2016	996	4,668								
2017	1,002									

Accident Year	Annual Change									
	0-3	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
2000										-8.4%
2001									-15.1%	-4.1%
2002								-6.1%	-9.1%	-16.5%
2003							-1.2%	-8.4%	6.4%	32.3%
2004						-20.5%	-12.3%	-6.1%	11.1%	6.2%
2005					-1.0%	-3.0%	-1.4%	13.5%	9.8%	3.2%
2006				9.2%	2.7%	19.3%	25.6%	21.0%	-2.1%	-2.7%
2007			9.2%	11.5%	15.2%	13.1%	4.0%	1.7%	9.5%	13.6%
2008		8.9%	7.4%	10.6%	15.3%	9.8%	4.8%	1.0%	3.9%	-13.4%
2009	2.0%	-0.5%	2.1%	3.3%	0.5%	0.8%	5.3%	5.9%	1.8%	
2010	-2.6%	-0.5%	0.5%	3.0%	3.0%	2.2%	3.1%	1.2%		
2011	7.2%	1.2%	3.7%	-3.3%	-1.5%	2.2%	-0.3%			
2012	-0.7%	2.6%	-0.8%	2.1%	0.6%	1.3%				
2013	0.0%	0.1%	-1.5%	5.1%	3.8%					
2014	-2.3%	0.6%	5.9%	8.5%						
2015	3.6%	4.5%	6.2%							
2016	2.4%	4.2%								
2017	0.7%									

Annual Trend*										
All-Yr	1.0%	1.7%	2.7%	4.5%	4.8%	4.7%	4.1%	3.8%	3.3%	2.4%
R ²	0.727	0.835	0.833	0.855	0.831	0.672	0.685	0.596	0.550	0.316

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 77% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

*Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

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

Accident Year	Development									
	<u>0-3</u>	<u>3-15</u>	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>	<u>75-87</u>	<u>87-99</u>	<u>99-111</u>
2001										9,574
2002									8,736	9,086
2003								7,942	9,383	10,117
2004							7,958	8,715	9,946	11,225
2005						8,136	9,064	9,241	12,412	12,957
2006					8,627	9,163	10,689	11,292	12,307	12,078
2007				8,794	9,417	10,174	11,615	13,211	12,703	12,599
2008			8,572	9,431	10,632	11,551	12,178	12,599	12,825	12,339
2009		6,125	8,914	10,053	11,228	12,277	12,441	12,082	11,901	
2010*	923	6,056	8,977	10,734	11,962	11,864	12,261	12,700		
2011*	923	5,469	9,100	10,242	11,015	11,663	12,000			
2012*	773	5,492	8,651	9,757	10,438	10,944				
2013	821	5,335	8,030	9,384	10,019					
2014	953	5,164	7,978	9,388						
2015	1,015	5,171	8,241							
2016	956	5,524								
2017	1,211									

Accident Year	Annual Change									
	<u>0-3</u>	<u>3-15</u>	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>	<u>75-87</u>	<u>87-99</u>	<u>99-111</u>
2002										-5.1%
2003									7.4%	11.3%
2004								9.7%	6.0%	11.0%
2005							13.9%	6.0%	24.8%	15.4%
2006						12.6%	17.9%	22.2%	-0.8%	-6.8%
2007					9.2%	11.0%	8.7%	17.0%	3.2%	4.3%
2008				7.2%	12.9%	13.5%	4.8%	-4.6%	1.0%	-2.1%
2009			4.0%	6.6%	5.6%	6.3%	2.2%	-4.1%	-7.2%	
2010*		-1.1%	0.7%	6.8%	6.5%	-3.4%	-1.5%	5.1%		
2011*	0.0%	-9.7%	1.4%	-4.6%	-7.9%	-1.7%	-2.1%			
2012*	-16.3%	0.4%	-4.9%	-4.7%	-5.2%	-6.2%				
2013	6.2%	-2.9%	-7.2%	-3.8%	-4.0%					
2014	16.0%	-3.2%	-0.7%	0.0%						
2015	6.6%	0.1%	3.3%							
2016	-5.8%	6.8%								
2017	26.7%									

Annual Trend**										
All-Yr	3.7%	-2.0%	-1.4%	0.4%	2.1%	4.6%	6.0%	7.4%	5.4%	5.0%
R ²	0.430	0.595	0.483	0.019	0.237	0.595	0.747	0.795	0.718	0.772

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 69% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

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

** Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

Ratio of Quarterly Paid Medical to Indemnity Claims Inventory*
Through March 31, 2017

Development	Evaluation Years													
Period	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
3/0	733	1,104	1,201	1,147	1,289	1,553	1,615	1,714	1,601	1,587	1,676	1,850	1,738	2,115
6/3	1,882	2,100	2,477	2,330	2,870	3,029	3,071	3,139	3,000	3,013	2,887	3,176	3,162	
9/6	2,081	2,048	2,440	2,517	2,952	3,160	3,137	3,108	3,148	3,269	3,087	3,082	3,185	
12/9	2,064	2,174	2,431	2,697	3,012	3,075	3,134	3,065	3,243	3,033	2,987	2,949	3,168	
12/0	3,952	4,282	4,839	5,103	6,035	6,228	6,172	6,076	6,139	6,065	5,905	5,986	6,205	
15/12	2,733	2,257	2,284	2,571	2,927	3,040	3,131	3,159	3,354	3,316	3,070	3,128	3,130	3,469
18/15	2,641	2,096	2,430	2,186	2,680	2,784	2,924	2,982	3,221	3,187	2,840	2,877	3,010	
21/18	2,228	1,751	1,881	2,168	2,474	2,616	2,711	2,802	2,975	2,914	2,827	2,816	2,824	
24/21	1,895	1,669	1,834	2,190	2,407	2,537	2,603	2,738	3,035	2,929	2,751	2,723	2,764	
24/12	7,741	6,361	6,360	7,576	8,762	9,141	9,420	9,576	10,215	9,966	9,297	9,241	9,302	
27/24	2,287	1,720	1,495	1,728	2,214	2,353	2,531	2,563	2,740	3,022	2,858	2,781	2,805	2,916
30/27	2,263	1,653	1,865	1,801	2,337	2,607	2,708	2,857	2,988	3,162	3,035	3,033	3,058	
33/30	2,011	1,544	1,632	1,807	2,342	2,560	2,770	2,912	3,100	3,196	3,176	2,997	2,992	
36/33	1,822	1,591	1,704	1,965	2,389	2,596	2,731	2,889	3,406	3,308	3,122	3,141	3,032	
36/24	7,441	5,781	5,540	6,452	8,158	8,942	9,452	9,861	10,661	11,007	10,475	10,136	10,024	
39/36	2,056	1,670	1,471	1,710	2,032	2,278	2,500	2,680	3,019	3,258	3,170	3,261	3,016	3,051
42/39	2,079	1,602	1,981	1,791	2,146	2,524	2,786	2,944	3,124	3,539	3,461	3,361	3,119	
45/42	1,931	1,595	1,646	1,836	2,166	2,517	2,735	3,083	3,246	3,427	3,691	3,368	3,239	
48/45	1,839	1,634	1,812	1,953	2,251	2,551	2,913	3,072	3,411	3,629	3,436	3,356	3,364	
48/36	6,854	5,676	5,551	6,360	7,478	8,645	9,621	10,316	11,224	12,024	11,854	11,412	10,722	

Development	Year-to-Year Change													
Period	02-to-03	03-to-04	04-to-05	05-to-06	06-to-07	07-to-08	08-to-09	09-to-10	10-to-11	11-to-12	12-to-13	13-to-14	14-to-15	15-to-16
3/0	-13.4%	50.7%	8.8%	-4.6%	12.4%	20.5%	4.0%	6.1%	-6.6%	-0.8%	5.6%	10.4%	-6.1%	21.7%
6/3	-4.0%	11.6%	17.9%	-6.0%	23.2%	5.5%	1.4%	2.2%	-4.4%	0.4%	-4.2%	10.0%	-0.5%	
9/6	-8.8%	-1.6%	19.1%	3.1%	17.3%	7.0%	-0.7%	-0.9%	1.3%	3.9%	-5.6%	-0.1%	3.3%	
12/9	-14.0%	5.3%	11.8%	11.0%	11.7%	2.1%	1.9%	-2.2%	5.8%	-6.5%	-1.5%	-1.3%	7.4%	
12/0	-10.1%	8.4%	13.0%	5.5%	18.2%	3.2%	-0.9%	-1.5%	1.0%	-1.2%	-2.6%	1.4%	3.7%	
15/12	0.1%	-17.4%	1.2%	12.6%	13.8%	3.9%	3.0%	0.9%	6.2%	-1.1%	-7.4%	1.9%	0.1%	10.8%
18/15	-5.5%	-20.6%	15.9%	-10.1%	22.6%	3.9%	5.0%	2.0%	8.0%	-1.1%	-10.9%	1.3%	4.6%	
21/18	-13.6%	-21.4%	7.4%	15.3%	14.1%	5.8%	3.6%	3.4%	6.2%	-2.1%	-3.0%	-0.4%	0.3%	
24/21	-22.1%	-11.9%	9.8%	19.4%	9.9%	5.4%	2.6%	5.2%	10.8%	-3.5%	-6.1%	-1.0%	1.5%	
24/12	-7.9%	-17.8%	0.0%	19.1%	15.7%	4.3%	3.0%	1.7%	6.7%	-2.4%	-6.7%	-0.6%	0.7%	
27/24	0.0%	-24.8%	-13.1%	15.6%	28.1%	6.3%	7.6%	1.2%	6.9%	10.3%	-5.4%	-2.7%	0.9%	4.0%
30/27	-0.4%	-27.0%	12.8%	-3.5%	29.8%	11.5%	3.9%	5.5%	4.6%	5.8%	-4.0%	-0.1%	0.8%	
33/30	-10.0%	-23.2%	5.7%	10.7%	29.6%	9.3%	8.2%	5.1%	6.5%	3.1%	-0.6%	-5.7%	-0.2%	
36/33	-18.9%	-12.7%	7.1%	15.3%	21.6%	8.7%	5.2%	5.8%	17.9%	-2.9%	-5.6%	0.6%	-3.5%	
36/24	-5.9%	-22.3%	-4.2%	16.5%	26.4%	9.6%	5.7%	4.3%	8.1%	3.2%	-4.8%	-3.2%	-1.1%	
39/36	2.7%	-18.8%	-11.9%	16.2%	18.8%	12.1%	9.8%	7.2%	12.6%	7.9%	-2.7%	2.9%	-7.5%	1.1%
42/39	-1.4%	-23.0%	23.7%	-9.6%	19.8%	17.6%	10.4%	5.7%	6.1%	13.3%	-2.2%	-2.9%	-7.2%	
45/42	-5.9%	-17.4%	3.2%	11.5%	18.0%	16.2%	8.7%	12.7%	5.3%	5.6%	7.7%	-8.7%	-3.8%	
48/45	-18.8%	-11.1%	10.9%	7.8%	15.2%	13.3%	14.2%	5.4%	11.0%	6.4%	-5.3%	-2.3%	0.2%	
48/36	-3.4%	-17.2%	-2.2%	14.6%	17.6%	15.6%	11.3%	7.2%	8.8%	7.1%	-1.4%	-3.7%	-6.1%	

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

Source: WCIRB accident year experience calls.

Estimated Ultimate Indemnity Severities by Injury Type

I. Indemnity Severity

Accident Year	Permanent Partial	Temporary
2001	43,985	3,963
2002	41,720	3,947
2003	40,992	4,178
2004	35,066	4,107
2005	33,642	3,836
2006	36,369	3,868
2007	39,122	4,151
2008	41,267	4,625
2009	41,557	5,282
2010	40,578	6,163
2011	39,109	6,697
2012	38,641	7,239
2013	37,583	7,802
2014	39,048	8,114
2015*	40,391	8,881

Accident Year	Annual Change	
2001	---	---
2002	-5.1%	-0.4%
2003	-1.7%	5.8%
2004	-14.5%	-1.7%
2005	-4.1%	-6.6%
2006	8.1%	0.8%
2007	7.6%	7.3%
2008	5.5%	11.4%
2009	0.7%	14.2%
2010	-2.4%	16.7%
2011	-3.6%	8.7%
2012	-1.2%	8.1%
2013	-2.7%	7.8%
2014	3.9%	4.0%
2015*	3.4%	9.5%

II. Indemnity Severity Adjusted to PY 2017 Benefit Level

Accident Year	Permanent Partial	Temporary
2001	45,468	5,888
2002	44,611	5,895
2003	46,233	5,764
2004	49,197	5,532
2005	56,375	5,076
2006	56,122	4,987
2007	57,949	5,237
2008	55,236	5,720
2009	55,337	6,486
2010	53,308	7,456
2011	50,569	7,974
2012	48,805	8,415
2013	46,078	9,025
2014	43,662	9,218
2015*	44,040	9,811

Accident Year	Annual Change	
2001	---	---
2002	-1.9%	0.1%
2003	3.6%	-2.2%
2004	6.4%	-4.0%
2005	14.6%	-8.3%
2006	-0.4%	-1.7%
2007	3.3%	5.0%
2008	-4.7%	9.2%
2009	0.2%	13.4%
2010	-3.7%	15.0%
2011	-5.1%	6.9%
2012	-3.5%	5.5%
2013	-5.6%	7.3%
2014	-5.2%	2.1%
2015*	0.9%	6.4%

* Accident year 2015 experience is partial in that it only reflects experience from policy year 2014.

Source: WCIRB unit statistical data

Estimated Ultimate Medical Severities by Injury Type *

I. Medical Severity

Accident Year	Permanent Partial	Temporary	Medical Only
2001	47,837	4,859	763
2002	48,075	5,367	854
2003	46,702	5,621	922
2004	46,993	5,348	846
2005	51,468	5,339	861
2006	56,348	5,569	878
2007	62,560	6,318	961
2008	65,251	6,881	1,044
2009	66,241	7,886	1,150
2010	65,629	8,956	1,179
2011	60,484	8,948	1,129
2012	57,394	9,076	1,128
2013	54,833	9,176	1,135
2014	52,884	9,103	1,212
2015**	53,322	9,691	1,301

Accident Year	Annual Change		
2001	---	---	---
2002	0.5%	10.5%	11.9%
2003	-2.9%	4.7%	7.9%
2004	0.6%	-4.9%	-8.2%
2005	9.5%	-0.2%	1.7%
2006	9.5%	4.3%	2.0%
2007	11.0%	13.4%	9.4%
2008	4.3%	8.9%	8.6%
2009	1.5%	14.6%	10.1%
2010	-0.9%	13.6%	2.5%
2011	-7.8%	-0.1%	-4.2%
2012	-5.1%	1.4%	-0.1%
2013	-4.5%	1.1%	0.6%
2014	-3.6%	-0.8%	6.8%
2015**	0.8%	6.5%	7.4%

II. Medical Severity Adjusted to PY 2017 Benefit Level

Accident Year	Permanent Partial	Temporary	Medical Only
2001	29,857	3,032	476
2002	31,183	3,481	554
2003	31,848	3,834	628
2004	42,478	4,835	765
2005	46,636	4,837	780
2006	50,959	5,037	794
2007	55,708	5,626	856
2008	58,090	6,125	930
2009	59,035	7,028	1,025
2010	58,701	8,010	1,055
2011	55,543	8,217	1,037
2012	54,869	8,677	1,078
2013	54,537	9,126	1,129
2014	53,789	9,259	1,233
2015**	54,218	9,854	1,323

Accident Year	Annual Change		
2001	---	---	---
2002	4.4%	14.8%	16.3%
2003	2.1%	10.1%	13.4%
2004	33.4%	26.1%	21.7%
2005	9.8%	0.1%	2.0%
2006	9.3%	4.1%	1.8%
2007	9.3%	11.7%	7.8%
2008	4.3%	8.9%	8.6%
2009	1.6%	14.7%	10.3%
2010	-0.6%	14.0%	2.9%
2011	-5.4%	2.6%	-1.7%
2012	-1.2%	5.6%	4.0%
2013	-0.6%	5.2%	4.7%
2014	-1.4%	1.5%	9.2%
2015**	0.8%	6.4%	7.3%

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

** Accident year 2015 experience is partial in that it only reflects experience from policy year 2014.

Source: WCIRB unit statistical data

Average and Median Indemnity Claim Severities at USR 1

Policy Year	Average Incurred Indemnity Severity	Annual Change	Median Incurred Indemnity Severity	Annual Change
1999	11,132	---	2,953	---
2000	12,408	11.5%	3,640	23.3%
2001	13,468	8.5%	4,320	18.7%
2002	13,985	3.8%	4,930	14.1%
2003	13,905	-0.6%	5,000	1.4%
2004	11,397	-18.0%	4,100	-18.0%
2005	9,945	-12.7%	3,400	-17.1%
2006	10,643	7.0%	3,520	3.5%
2007	11,291	6.1%	3,966	12.7%
2008	11,947	5.8%	4,402	11.0%
2009	12,136	1.6%	4,717	7.2%
2010	11,976	-1.3%	4,791	1.6%
2011	12,514	4.5%	5,000	4.4%
2012	12,304	-1.7%	5,000	0.0%
2013	12,577	2.2%	5,250	5.0%
2014	13,008	3.4%	5,274	0.5%

Policy Year	Average Incurred Medical Severity	Annual Change	Median Incurred Medical Severity	Annual Change
1999	10,243	---	4,809	---
2000	11,934	16.5%	5,600	16.4%
2001	13,853	16.1%	6,989	24.8%
2002	15,151	9.4%	7,797	11.6%
2003	14,501	-4.3%	7,575	-2.8%
2004	13,129	-9.5%	6,750	-10.9%
2005	13,457	2.5%	6,331	-6.2%
2006	14,791	9.9%	6,924	9.4%
2007	16,095	8.8%	7,942	14.7%
2008	17,273	7.3%	9,000	13.3%
2009	17,828	3.2%	9,723	8.0%
2010	17,676	-0.9%	9,409	-3.2%
2011	17,894	1.2%	9,388	-0.2%
2012	17,640	-1.4%	9,500	1.2%
2013	17,046	-3.4%	9,477	-0.2%
2014	17,032	-0.1%	9,241	-2.5%

Source: WCIRB Unit Statistical Data

Changes in the Number of Weeks of Temporary Disability Benefits

First Survey Level

<u>Accident Year</u>	<u>Average TD Duration</u>	<u>Change</u>	<u>Median TD Duration</u>	<u>Change</u>
2004	38.5	-----	24.1	-----
2005	42.4	10.3%	28.6	18.5%
2006	44.2	4.2%	30.5	6.8%
2007	47.2	6.9%	34.6	13.3%
2008	50.4	6.8%	39.0	12.8%
2009	48.5	-3.8%	36.0	-7.7%
2010	46.2	-4.7%	33.8	-6.1%
2011	44.6	-3.6%	30.0	-11.2%
2012	43.8	-1.7%	29.8	-0.5%
2013	42.5	-3.2%	29.3	-1.8%
2014	41.8	-1.5%	29.2	-0.4%

Second Survey Level

<u>Accident Year</u>	<u>Average TD Duration</u>	<u>Change</u>	<u>Median TD Duration</u>	<u>Change</u>
2003	40.2	-----	25.3	-----
2004	38.3	-4.7%	24.4	-3.5%
2005	42.1	9.9%	29.4	20.8%
2006	43.2	2.6%	29.9	1.4%
2007	47.2	9.2%	34.1	14.1%
2008	51.1	8.2%	39.0	14.4%
2009	48.9	-4.3%	36.1	-7.3%
2010	44.9	-8.2%	32.7	-9.5%
2011	46.0	2.5%	30.8	-5.7%
2012	41.4	-10.0%	27.8	-9.9%
2013	42.4	2.4%	30.2	8.6%

Source: WCIRB Permanent Disability Claim Survey

Average Permanent Disability Ratings by Type of Loss

All Permanent Disability Claims

PY/RL	1	2	3	4	5
2001	18.7	23.5	26.3	26.9	27.0
2002	18.8	23.6	24.9	25.5	25.3
2003	19.8	22.1	23.4	23.1	22.8
2004	16.3	18.2	18.9	18.5	18.4
2005	12.5	14.7	15.9	16.3	17.0
2006	11.8	14.3	15.6	16.7	17.3
2007	11.9	14.5	16.5	17.4	18.0
2008	12.0	15.0	16.8	17.7	17.8
2009	12.5	15.2	16.8	17.3	17.3
2010	12.7	15.0	15.9	16.2	16.7
2011	12.7	14.4	15.1	15.8	
2012	11.7	13.1	14.2		
2013	11.2	12.8			
2014	10.7				

Cumulative Permanent Disability Claims

PY/RL	1	2	3	4	5
2001	16.9	21.4	23.8	24.4	24.6
2002	16.9	20.4	21.5	22.1	22.2
2003	17.4	19.2	20.3	20.2	20.0
2004	15.0	16.0	16.7	16.5	16.8
2005	10.8	12.8	14.6	15.5	16.6
2006	10.3	12.8	14.8	16.2	16.9
2007	10.7	13.3	15.5	16.6	17.5
2008	11.4	13.9	15.7	17.0	17.3
2009	11.5	14.0	15.8	16.3	16.6
2010	12.5	14.9	15.4	15.8	16.5
2011	11.8	13.5	14.2	14.9	
2012	10.9	12.1	13.2		
2013	10.3	11.5			
2014	10.1				

Non-Cumulative Permanent Disability Claims

PY/RL	1	2	3	4	5
2001	18.9	23.8	26.6	27.1	27.3
2002	19.0	24.0	25.3	25.9	25.7
2003	20.3	22.5	23.8	23.5	23.1
2004	16.5	18.5	19.1	18.8	18.6
2005	12.6	14.8	16.0	16.4	17.1
2006	12.0	14.5	15.7	16.8	17.3
2007	12.0	14.6	16.6	17.5	18.1
2008	12.0	15.1	16.9	17.8	17.9
2009	12.6	15.3	16.9	17.4	17.4
2010	12.7	15.1	15.9	16.2	16.7
2011	12.7	14.6	15.2	16.0	
2012	11.8	13.2	14.4		
2013	11.3	13.1			
2014	10.9				

Count of Permanent Disability Claims

PY/RL	1	2	3	4	5
2001	86,866	96,753	101,760	104,639	104,977
2002	83,512	96,104	100,986	101,707	102,286
2003	72,220	82,602	85,033	86,288	87,321
2004	55,302	61,487	64,917	66,484	69,382
2005	44,534	52,460	55,964	59,841	60,676
2006	41,898	50,585	56,984	58,701	60,092
2007	39,690	52,600	56,745	59,422	60,491
2008	39,044	49,862	55,409	57,557	58,356
2009	38,426	50,342	54,881	56,391	58,291
2010	39,642	51,516	56,149	58,623	59,612
2011	41,611	52,864	57,781	59,942	
2012	40,786	53,155	59,170		
2013	41,885	55,985			
2014	44,909				

Count of Permanent Disability Claims

PY/RL	1	2	3	4	5
2001	7,629	10,374	10,871	11,366	11,403
2002	9,172	10,951	11,677	11,871	12,050
2003	7,774	9,258	9,679	10,033	10,248
2004	5,102	6,015	6,885	7,129	7,865
2005	3,424	4,536	5,237	6,014	6,438
2006	3,290	4,635	5,552	6,081	6,438
2007	3,209	4,723	5,691	6,203	6,515
2008	3,343	4,944	5,987	6,512	6,853
2009	3,736	5,528	6,591	7,239	7,783
2010	3,951	5,750	6,763	7,622	8,174
2011	4,225	6,237	7,625	8,478	
2012	4,990	7,469	9,039		
2013	6,321	9,348			
2014	7,167				

Count of Permanent Disability Claims

PY/RL	1	2	3	4	5
2001	79,237	86,379	90,889	93,273	93,574
2002	74,340	85,153	89,309	89,836	90,236
2003	64,446	73,344	75,354	76,255	77,073
2004	50,200	55,472	58,232	59,355	61,517
2005	41,110	47,924	50,727	53,827	54,238
2006	38,608	45,950	51,432	52,620	53,654
2007	36,481	47,877	51,054	53,219	53,976
2008	35,701	44,918	49,422	51,045	51,503
2009	34,690	44,814	48,290	49,152	50,508
2010	35,691	45,766	49,386	51,001	51,438
2011	37,386	46,627	50,156	51,464	
2012	35,796	45,686	50,131		
2013	35,564	46,637			
2014	37,742				

Median Permanent Disability Rating

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

Median Permanent Disability Rating

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

Median Permanent Disability Rating

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

Note: Cumulative claims include both cumulative and occupational disease claims.

Source: WCIRB unit statistical data

Self-Insured Employers - Claim Severity

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

Public Self-Insured Employers				
FY	Medical Paid	Indemnity Cases Open During Year	Paid Medical on Open Ind Claims	Annual Change
2000/2001	603,567,334	148,040	4,077	---
2001/2002	736,531,748	153,231	4,807	17.9%
2002/2003	872,925,555	166,835	5,232	8.9%
2003/2004	932,492,476	176,127	5,294	1.2%
2004/2005	777,579,644	171,938	4,522	-14.6%
2005/2006	768,887,952	163,511	4,702	4.0%
2006/2007	779,028,256	159,524	4,883	3.9%
2007/2008	887,316,859	173,348	5,119	4.8%
2008/2009	949,449,769	170,751	5,560	8.6%
2009/2010	978,954,150	171,444	5,710	2.7%
2010/2011	1,043,538,851	173,585	6,012	5.3%
2011/2012	1,073,241,078	177,309	6,053	0.7%
2012/2013	1,045,517,623	179,375	5,829	-3.7%
2013/2014	1,086,439,359	178,788	6,077	4.3%
2014/2015	1,102,863,683	181,993	6,060	-0.3%
2015/2016	1,097,857,099	180,467	6,083	0.4%

All Self-Insured Employers					Insured System at 1st Report	
CY	Medical Paid	Indemnity Cases Open During Year	Paid Medical on Open Ind Claims	Annual Change	AY	Paid Medical Severity on Ind Claims Annual Change
2001	1,325,398,897	279,359	4,744	---	2001	6,203
2002	1,594,477,194	289,180	5,514	16.2%	2002	7,255
2003	1,833,497,020	301,804	6,075	10.2%	2003	7,203
2004	1,657,892,981	306,521	5,409	-11.0%	2004	5,970
2005	1,462,152,088	292,482	4,999	-7.6%	2005	5,906
2006	1,574,784,114	276,572	5,694	13.9%	2006	6,270
2007	1,509,222,726	272,107	5,546	-2.6%	2007	6,922
2008	1,651,532,534	275,040	6,005	8.3%	2008	7,605
2009	1,725,942,383	269,740	6,399	6.6%	2009	7,925
2010	1,771,751,006	269,650	6,571	2.7%	2010	7,946
2011	1,817,062,220	271,393	6,695	1.9%	2011	7,462
2012	1,812,112,003	272,933	6,639	-0.8%	2012	7,238
2013	1,880,192,542	274,345	6,853	3.2%	2013	7,085
2014	2,013,060,778	274,241	7,340	7.1%	2014	6,995
2015	1,886,639,221	271,612	6,946	-5.4%	2015	6,175

Notes: Fiscal Year Public data prorated to CYs 50%/50%.
Insured System AY 2015 change is based on a comparison of 2015 accidents on 2014 policies to 2014 accidents on 2013 policies.
Insured System AY 2015 is preliminary.

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

Annual Changes in Indemnity Severity Attributable to Changes in Hazardousness

Policy Year	Report Level	Indemnity Claim Severity			Total Claim Severity		
		Change in Severity Hazardousness	Severity Hazardousness Index	Annual % Change Attributable to Change in Industrial Mix	Change in Severity Hazardousness	Severity Hazardousness Index	Annual % Change Attributable to Change in Industrial Mix
1993	5	1.0000	1.0000	---	1.0000	1.0000	---
1994	5	1.0010	1.0010	0.10%	0.9986	0.9986	-0.14%
1995	5	1.0007	1.0017	0.07%	1.0013	0.9998	0.13%
1996	5	0.9988	1.0005	-0.12%	0.9993	0.9991	-0.07%
1997	5	1.0032	1.0036	0.32%	1.0045	1.0036	0.45%
1998	5	1.0037	1.0074	0.37%	1.0050	1.0086	0.50%
1999	5	1.0023	1.0096	0.23%	1.0011	1.0097	0.11%
2000	5	1.0016	1.0112	0.16%	1.0009	1.0107	0.09%
2001	5	1.0031	1.0144	0.31%	1.0001	1.0108	0.01%
2002	5	0.9984	1.0128	-0.16%	0.9996	1.0104	-0.04%
2003	5	1.0042	1.0170	0.42%	1.0071	1.0176	0.71%
2004	5	1.0020	1.0190	0.20%	1.0048	1.0224	0.48%
2005	5	1.0010	1.0201	0.10%	1.0027	1.0252	0.27%
2006	5	0.9965	1.0165	-0.35%	0.9917	1.0167	-0.83%
2007	5	0.9935	1.0098	-0.65%	0.9861	1.0025	-1.39%
2008	5	0.9908	1.0005	-0.92%	0.9845	0.9870	-1.55%
2009	5	0.9884	0.9889	-1.16%	0.9832	0.9704	-1.68%
2010	5	0.9961	0.9851	-0.39%	0.9938	0.9644	-0.62%
2011	Proj 5	0.9995	0.9847	-0.05%	1.0014	0.9657	0.14%
2012	Proj 5	0.9973	0.9820	-0.27%	0.9979	0.9637	-0.21%
2013	Proj 5	1.0011	0.9831	0.11%	1.0030	0.9666	0.30%
2014	Proj 5	1.0019	0.9849	0.19%	1.0063	0.9726	0.63%

Note: Changes in industrial mix are based on indemnity claim severity by collapsed NAICS industrial sector.

Source: WCIRB unit statistical data

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

PY/RL	1	2	3	4	5	6	7	8
	Number of Claims in Excess of \$250,000							
2002	602	1,282	2,109	2,990	3,838	4,500	4,866	5,232
2003	540	928	1,550	2,323	3,104	3,589	4,071	4,395
2004	472	719	1,163	1,741	2,296	2,874	3,273	3,547
2005	496	783	1,292	1,921	2,657	3,169	3,504	3,782
2006	667	1,036	1,673	2,401	3,108	3,603	3,984	4,211
2007	666	1,189	2,092	3,015	3,755	4,319	4,641	4,842
2008	653	1,260	2,099	3,077	3,878	4,389	4,685	
2009	604	1,219	2,111	3,083	3,784	4,226		
2010	588	1,167	1,951	2,806	3,376			
2011	653	1,205	1,919	2,654				
2012	668	1,127	1,729					
2013	709	1,119						
2014	704							

PY/RL	1	2	3	4	5	6	7	8
	% of Medical Incurred on Claims in Excess of \$250,000							
2002	4.35%	6.36%	9.13%	12.64%	16.07%	18.67%	20.07%	21.84%
2003	5.80%	7.10%	9.89%	13.19%	16.47%	18.55%	21.16%	22.92%
2004	6.58%	7.79%	9.70%	13.11%	15.78%	19.69%	22.24%	24.01%
2005	7.95%	8.27%	11.00%	15.00%	19.77%	23.04%	25.51%	27.31%
2006	11.02%	11.47%	14.89%	18.94%	22.71%	25.75%	28.08%	29.89%
2007	10.15%	11.62%	16.22%	20.89%	24.90%	27.50%	29.41%	30.54%
2008	9.37%	11.20%	15.22%	20.28%	24.26%	27.11%	28.70%	
2009	9.06%	10.45%	15.09%	19.60%	23.44%	26.26%		
2010	9.14%	10.82%	13.89%	18.16%	21.17%			
2011	9.46%	10.54%	13.48%	17.23%				
2012	9.02%	9.77%	12.43%					
2013	7.59%	8.80%						
2014	8.55%							

PY/RL	1	2	3	4	5	6	7	8
	Average Severity on Claims in Excess of \$250,000							
2002	717,062	592,893	508,878	481,072	488,305	498,121	511,322	529,239
2003	830,287	697,511	579,912	531,520	513,563	511,184	536,729	548,977
2004	751,890	695,515	597,861	550,994	520,593	538,976	553,349	569,398
2005	739,367	668,592	545,833	501,441	498,360	513,170	526,835	543,666
2006	685,716	633,586	554,027	517,029	504,508	515,982	527,649	538,512
2007	656,706	573,916	507,392	494,503	494,898	501,434	512,282	520,029
2008	617,586	515,370	466,652	456,502	457,438	469,921	477,594	
2009	649,166	525,815	479,951	458,056	463,534	478,018		
2010	711,521	584,687	502,343	474,264	477,077			
2011	687,390	560,645	499,168	478,213				
2012	704,191	587,234	522,780					
2013	579,816	507,683						
2014	711,664							

Median Severity

PY/RL	1	2	3	4	5	6	7	8
	on Claims in Excess of \$250,000							
2002	353,274	323,567	319,385	330,745	342,220	352,489	362,640	377,161
2003	379,413	344,966	331,543	327,919	336,352	350,688	365,700	374,592
2004	384,864	353,041	327,682	333,000	341,796	356,039	366,212	376,147
2005	380,882	341,967	326,677	331,078	341,764	348,959	361,279	365,877
2006	350,752	340,665	334,409	334,408	342,606	352,011	363,123	364,251
2007	354,608	327,574	328,110	332,740	343,611	355,134	362,922	365,739
2008	360,069	325,004	323,876	328,550	337,081	346,627	351,643	
2009	358,189	325,000	320,631	328,483	337,178	341,476		
2010	348,145	322,140	320,430	320,987	330,255			
2011	348,789	315,896	313,946	320,441				
2012	348,892	326,282	317,420					
2013	337,549	325,027						
2014	361,832							

Notes: Incurred Amounts and Severities are first dollar.

Source: WCIRB unit statistical data

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

PY/RL	Number of Claims in Excess of \$500,000							
	1	2	3	4	5	6	7	8
2002	171	245	324	481	696	960	1,214	1,449
2003	174	218	300	431	584	800	1,065	1,275
2004	159	198	243	342	453	680	874	1,010
2005	160	184	238	349	532	704	880	1,003
2006	186	257	347	505	679	851	1,038	1,149
2007	187	260	368	528	741	964	1,139	1,255
2008	178	233	340	526	726	940	1,084	
2009	173	234	335	504	705	842		
2010	161	222	317	422	573			
2011	179	232	308	442				
2012	187	237	294					
2013	178	210						
2014	213							

PY/RL	% of Medical Incurred on Claims in Excess of \$500,000							
	1	2	3	4	5	6	7	8
2002	7.40%	7.93%	8.24%	9.14%	11.40%	13.48%	15.57%	17.49%
2003	8.53%	8.91%	9.31%	10.81%	12.38%	13.91%	17.11%	18.91%
2004	8.47%	9.09%	10.06%	11.10%	11.97%	15.26%	17.84%	19.82%
2005	9.77%	10.47%	9.92%	10.55%	13.10%	15.72%	17.78%	20.10%
2006	10.86%	11.37%	11.63%	12.88%	14.71%	16.83%	18.98%	20.32%
2007	9.57%	9.85%	10.75%	12.92%	14.72%	17.07%	18.83%	20.12%
2008	8.84%	8.38%	8.94%	10.75%	12.65%	14.95%	16.59%	
2009	8.61%	8.67%	9.58%	10.93%	12.87%	14.85%		
2010	9.54%	9.71%	9.85%	10.73%	12.41%			
2011	9.66%	9.20%	9.72%	10.96%				
2012	10.28%	9.56%	9.83%					
2013	7.83%	6.93%						
2014	10.40%							

PY/RL	Median Severity on Claims in Excess of \$500,000							
	1	2	3	4	5	6	7	8
2002	885,388	776,001	749,290	689,322	686,961	685,631	686,474	714,772
2003	866,728	914,390	821,735	742,737	729,204	707,027	700,913	711,672
2004	827,255	875,244	772,132	760,725	715,829	712,192	713,607	720,782
2005	825,368	814,506	710,326	704,717	711,051	700,997	686,837	697,792
2006	810,488	782,910	739,379	713,205	711,000	701,420	691,932	695,728
2007	805,589	744,439	712,814	696,427	684,367	677,511	683,218	685,018
2008	844,408	776,176	722,571	683,487	665,759	670,404	684,754	
2009	829,140	747,484	713,222	676,704	657,838	662,532		
2010	893,022	784,927	702,366	689,490	702,851			
2011	893,546	775,642	735,663	692,450				
2012	889,984	791,723	769,498					
2013	760,344	763,671						
2014	861,815							

Notes: Incurred Amounts and Severities are first dollar.

Source: WCIRB unit statistical data

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

PY/RL	Number of Claims in Excess of \$1,000,000								% of Claims in Excess of \$1,000,000							
	1	2	3	4	5	6	7	8	1	2	3	4	5	6	7	8
2002	71	96	119	135	173	221	265	336	0.013%	0.017%	0.021%	0.024%	0.030%	0.039%	0.047%	0.059%
2003	73	95	114	135	161	194	248	315	0.014%	0.018%	0.022%	0.026%	0.030%	0.037%	0.047%	0.060%
2004	57	85	96	109	109	165	216	252	0.012%	0.017%	0.019%	0.022%	0.022%	0.033%	0.044%	0.051%
2005	58	72	74	95	132	173	208	245	0.013%	0.015%	0.016%	0.020%	0.028%	0.037%	0.044%	0.052%
2006	66	87	110	145	173	216	258	287	0.015%	0.020%	0.025%	0.032%	0.039%	0.048%	0.057%	0.064%
2007	66	81	109	133	158	200	234	267	0.016%	0.019%	0.026%	0.031%	0.037%	0.047%	0.055%	0.062%
2008	69	82	102	125	167	213	242		0.019%	0.022%	0.027%	0.034%	0.045%	0.057%	0.065%	
2009	65	81	98	121	150	174			0.020%	0.024%	0.029%	0.035%	0.043%	0.050%		
2010	70	84	100	122	147				0.021%	0.024%	0.029%	0.035%	0.043%			
2011	72	85	94	109					0.021%	0.025%	0.027%	0.031%				
2012	82	86	99						0.024%	0.028%						
2013	63	70							0.018%	0.019%						
2014	91								0.025%							

PY/RL	% of Indemnity Incurred on Claims in Excess of \$1,000,000								% of Medical Incurred on Claims in Excess of \$1,000,000							
	1	2	3	4	5	6	7	8	1	2	3	4	5	6	7	8
2002	1.40%	1.62%	1.83%	2.19%	2.68%	3.25%	3.63%	4.33%	5.81%	6.41%	6.44%	6.28%	7.31%	7.88%	8.48%	9.36%
2003	2.87%	2.93%	3.27%	3.40%	3.65%	3.91%	4.82%	5.78%	6.84%	7.22%	7.12%	7.66%	8.13%	8.06%	9.50%	10.22%
2004	2.46%	3.21%	3.09%	3.74%	3.73%	5.04%	6.15%	7.04%	6.37%	7.20%	7.89%	7.93%	7.48%	9.04%	10.13%	11.26%
2005	2.49%	2.30%	2.31%	3.06%	4.09%	5.16%	6.15%	7.06%	7.42%	8.49%	7.44%	7.05%	7.77%	9.07%	9.75%	11.27%
2006	3.02%	3.08%	3.73%	4.26%	4.83%	5.86%	6.76%	7.89%	8.05%	8.56%	8.27%	8.40%	8.65%	9.71%	10.53%	11.15%
2007	2.94%	2.96%	3.42%	4.00%	4.97%	5.35%	6.11%	6.57%	7.04%	7.11%	7.55%	8.38%	8.43%	9.19%	9.67%	10.38%
2008	2.46%	2.53%	2.88%	3.72%	4.37%	5.28%	5.44%		6.40%	5.95%	5.75%	5.95%	6.57%	7.26%	7.89%	
2009	2.80%	2.10%	2.84%	3.12%	3.74%	4.86%			6.38%	6.28%	6.59%	6.50%	6.92%	7.89%		
2010	3.63%	3.15%	2.97%	3.60%	3.81%				7.47%	7.59%	7.13%	7.32%	7.87%			
2011	3.45%	2.98%	2.77%	3.03%					7.38%	6.90%	6.90%	7.06%				
2012	3.06%	2.58%	2.77%						8.17%	7.29%	7.38%					
2013	1.66%	1.79%							5.50%	4.79%						
2014	2.81%								8.23%							

PY/RL	Average Severity on Claims in Excess of \$1,000,000								Median Severity on Claims in Excess of \$1,000,000							
	1	2	3	4	5	6	7	8	1	2	3	4	5	6	7	8
2002	3,105,446	3,422,845	3,060,518	2,891,297	2,799,369	2,544,865	2,367,659	2,171,072	1,982,089	2,570,630	2,077,245	1,760,458	1,760,458	1,604,620	1,436,815	1,414,360
2003	3,523,470	3,460,312	3,204,876	3,081,799	2,922,506	2,543,782	2,487,580	2,242,340	2,346,394	2,313,505	2,282,077	2,173,422	1,756,000	1,668,325	1,533,770	1,489,999
2004	3,161,316	2,995,729	3,135,046	3,169,113	3,201,987	2,812,364	2,576,725	2,561,543	2,129,170	2,051,638	2,242,484	2,120,000	2,095,911	1,882,020	1,721,976	1,605,699
2005	3,171,764	3,525,423	3,473,114	2,982,927	2,674,595	2,581,158	2,468,930	2,496,814	1,990,755	2,160,065	2,089,211	1,864,346	1,739,305	1,664,100	1,645,929	1,664,019
2006	3,268,599	3,304,753	3,033,739	2,630,292	2,484,351	2,402,523	2,306,095	2,316,982	1,932,648	2,120,827	2,180,971	1,742,043	1,742,043	1,561,145	1,435,234	1,445,338
2007	2,989,854	3,230,890	3,023,941	3,083,910	2,953,510	2,658,515	2,523,329	2,416,604	1,953,016	2,265,514	1,732,523	1,838,481	1,933,372	1,587,337	1,616,302	1,577,628
2008	2,474,424	2,646,652	2,479,616	2,470,854	2,224,164	2,070,407	1,989,235		1,913,000	1,898,126	1,830,410	1,762,740	1,618,687	1,495,782	1,398,833	
2009	2,709,780	2,719,407	2,923,444	2,642,982	2,485,767	2,633,315			1,988,779	1,711,957	1,833,872	1,682,373	1,512,298	1,445,376		
2010	3,086,031	3,438,423	3,153,270	3,001,492	2,809,145				2,153,329	2,215,829	1,946,786	1,814,410	1,779,631			
2011	3,062,899	3,150,573	3,207,977	3,099,384					2,133,690	1,945,519	1,948,017	1,950,524				
2012	2,934,667	3,186,661	3,185,008						1,748,313	1,981,094	2,005,409					
2013	2,566,288	2,620,572							1,749,237	1,835,395						
2014	2,825,150								1,854,543							

Notes: Incurred Amounts and Severities are first dollar.

Source: WCIRB unit statistical data

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

Rank	Code	Description	Percentage of Claims										
			2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1	90	Multiple Body Parts - Multiple Body Parts	17.3%	14.4%	13.6%	13.7%	12.8%	13.9%	14.6%	15.9%	15.7%	15.5%	15.1%
2	42	Trunk - Lower Back Area	14.0%	15.0%	15.0%	14.9%	15.8%	15.7%	15.4%	14.9%	15.1%	15.1%	15.0%
3	53	Lower Extremities - Knee	8.5%	9.1%	9.1%	9.4%	9.5%	8.9%	8.8%	8.7%	9.1%	9.0%	9.0%
4	38	Upper Extremities - Shoulder(s)	5.3%	5.6%	5.9%	6.2%	7.1%	7.0%	6.9%	7.0%	7.9%	8.4%	8.7%
5	34	Upper Extremities - Wrist	5.9%	6.6%	6.6%	6.5%	5.8%	6.3%	6.1%	6.1%	5.0%	4.4%	4.4%
6	36	Upper Extremities - Finger(s)	4.9%	5.5%	5.4%	5.4%	5.2%	4.8%	4.7%	4.5%	4.2%	4.4%	4.3%
7	35	Upper Extremities - Hand	4.0%	4.0%	4.1%	4.0%	3.8%	3.7%	3.8%	3.9%	3.8%	3.7%	3.8%
8	55	Lower Extremities - Ankle	2.8%	3.3%	3.5%	3.4%	3.4%	3.1%	3.1%	3.1%	3.2%	3.2%	3.2%
9	61	Trunk - Abdomen Including Groin	2.6%	2.7%	2.6%	2.7%	2.8%	2.5%	2.5%	2.5%	2.7%	2.6%	2.7%
10	56	Lower Extremities - Foot	2.3%	2.6%	2.7%	2.8%	2.5%	2.3%	2.3%	2.2%	2.2%	2.3%	2.3%
11	30	Upper Extremities - Multiple Upper Extremities	3.7%	3.2%	2.9%	2.6%	2.4%	2.5%	2.5%	2.4%	2.3%	2.3%	2.1%
12	33	Upper Extremities - Lower Arm	1.7%	1.9%	2.0%	1.9%	1.9%	1.9%	1.9%	2.1%	2.1%	1.9%	2.0%
13	32	Upper Extremities - Elbow	1.8%	2.0%	2.0%	2.0%	2.0%	1.9%	1.8%	1.8%	1.9%	2.0%	2.0%
14	41	Trunk - Upper Back Area	1.2%	1.5%	1.4%	1.4%	1.4%	1.3%	1.3%	1.4%	1.6%	1.8%	1.8%
15	31	Upper Extremities - Upper Arm	1.9%	1.9%	2.1%	2.0%	2.1%	2.5%	2.4%	2.4%	1.9%	1.7%	1.7%
16	25	Neck - Soft Tissue	0.6%	0.8%	0.8%	1.0%	1.3%	1.6%	1.7%	1.5%	1.4%	1.5%	1.6%
17	54	Lower Extremities - Lower Leg	1.5%	1.7%	1.7%	1.6%	1.6%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
18	91	Multiple Body Parts - Body Systems and Multiple Body	0.4%	0.4%	0.5%	0.6%	0.8%	0.8%	0.8%	1.0%	1.4%	1.6%	1.4%
19	39	Upper Extremities - Wrist(s) & Hand(s)	1.1%	1.2%	1.2%	1.2%	1.2%	1.3%	1.2%	1.2%	1.3%	1.2%	1.3%
20	37	Upper Extremities - Thumb	1.3%	1.5%	1.6%	1.5%	1.4%	1.3%	1.3%	1.2%	1.2%	1.2%	1.2%
		All Other	17.2%	15.3%	15.2%	14.9%	15.4%	15.5%	15.3%	14.6%	14.6%	14.6%	14.8%
		TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

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

<u>Rank</u>	<u>Code</u>	<u>Description</u>	<u>Percentage of Claims</u>										
			<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
1	52	Strain or Tear	33.7%	33.6%	31.7%	29.4%	30.3%	30.7%	31.2%	30.0%	32.8%	33.6%	33.7%
2	49	Sprain or Tear	7.8%	8.4%	9.9%	11.1%	12.4%	13.6%	13.2%	13.2%	11.6%	10.9%	11.0%
3	59	All Other Specific Injuries, NOC	12.2%	11.4%	12.7%	15.0%	13.0%	13.3%	12.9%	14.5%	12.5%	10.9%	9.6%
4	80	All Other Cumulative Injury, NOC	10.3%	7.5%	6.4%	5.7%	5.2%	5.4%	5.6%	5.9%	6.9%	8.3%	8.8%
5	10	Contusion	6.1%	6.5%	6.9%	6.7%	7.0%	6.7%	6.7%	6.3%	6.5%	6.5%	6.8%
6	28	Fracture	7.2%	8.8%	9.1%	8.9%	8.5%	7.7%	7.5%	7.2%	6.8%	6.6%	6.7%
7	90	Multiple Physical Injuries Only	3.0%	2.4%	2.0%	1.8%	1.9%	2.5%	2.6%	3.0%	3.8%	4.6%	4.4%
8	40	Laceration	4.6%	5.0%	5.0%	4.8%	4.5%	3.9%	3.9%	3.9%	3.7%	3.5%	3.6%
9	37	Inflammation	2.4%	2.7%	2.9%	3.0%	3.0%	2.8%	2.8%	2.8%	2.7%	2.6%	2.4%
10	34	Hernia	2.0%	2.3%	2.2%	2.2%	2.1%	1.9%	1.8%	1.8%	1.8%	1.7%	1.7%
11	16	Dislocation	1.1%	1.3%	1.4%	1.6%	1.6%	1.4%	1.3%	1.3%	1.2%	1.2%	1.4%
12	77	Mental Stress	1.2%	1.2%	1.3%	1.4%	1.7%	1.9%	1.9%	1.7%	1.5%	1.5%	1.4%
13	78	Carpal Tunnel Syndrome	2.0%	1.8%	1.7%	1.6%	1.5%	1.4%	1.4%	1.4%	1.2%	1.2%	1.1%
14	91	Multiple Injuries Including Both Physical and Psychological	0.5%	0.4%	0.4%	0.5%	0.8%	1.0%	0.9%	1.0%	1.1%	1.1%	1.1%
15	13	Crushing	0.9%	1.1%	1.1%	1.1%	1.0%	0.9%	0.9%	0.8%	0.8%	0.8%	0.9%
16	04	Burn	0.7%	0.7%	0.7%	0.6%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
17	46	Rupture	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.6%	0.5%	0.5%	0.6%	0.6%
18	43	Puncture	0.7%	0.8%	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%	0.5%	0.6%	0.6%
19	41	Myocardial Infarction	0.4%	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%	0.4%	0.4%	0.5%	0.6%
20	02	Amputation	0.7%	0.8%	0.8%	0.8%	0.7%	0.6%	0.5%	0.5%	0.4%	0.5%	0.5%
		All Other	2.2%	2.6%	2.5%	2.5%	2.6%	2.6%	2.8%	2.6%	2.5%	2.5%	2.5%
		TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

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

Rank	Code	Description	Percentage of Claims										
			2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1	99	Other - Miscellaneous, NOC	9.1%	8.9%	8.7%	7.6%	7.5%	8.4%	8.9%	9.8%	10.1%	12.1%	11.8%
2	56	Strain by - Lifting	13.9%	13.2%	12.9%	13.2%	13.0%	13.1%	12.8%	12.3%	12.2%	11.7%	11.6%
3	98	Cumulative, NOC	6.7%	6.6%	5.4%	5.1%	5.8%	6.3%	6.5%	7.3%	8.2%	8.9%	9.1%
4	60	Strain or Injury By, NOC	8.4%	8.1%	8.5%	8.6%	8.8%	8.7%	8.4%	8.7%	8.4%	8.4%	8.2%
5	97	Strain by - Repetitive Motion	5.3%	5.0%	5.1%	5.4%	5.6%	6.3%	6.4%	6.6%	7.3%	7.5%	7.8%
6	31	Fall, Slip or Trip Injury, NOC	5.9%	6.1%	6.5%	7.0%	7.1%	6.6%	6.1%	5.7%	5.6%	5.3%	5.4%
7	29	Fall - On Same Level	4.5%	4.7%	4.8%	5.2%	4.9%	5.3%	5.7%	5.4%	5.0%	4.9%	4.9%
8	57	Strain by - Pushing or Pulling	4.4%	4.3%	4.3%	4.3%	4.6%	4.6%	4.6%	4.5%	4.4%	4.3%	4.3%
9	25	Fall - From Different Level (Elevation)	3.1%	3.3%	3.2%	3.0%	2.8%	2.6%	2.6%	2.5%	2.6%	2.4%	2.5%
10	75	Struck or Injured By - Falling or Flying Object	2.6%	2.8%	2.9%	3.0%	2.7%	2.6%	2.7%	2.6%	2.6%	2.3%	2.5%
11	53	Strain by - Twisting	1.7%	1.6%	1.7%	1.8%	2.0%	1.9%	1.9%	2.0%	2.2%	2.2%	2.2%
12	26	Fall - From Ladder or Scaffolding	3.0%	3.2%	3.1%	3.0%	2.8%	2.4%	2.6%	2.3%	2.1%	2.1%	2.1%
13	55	Strain by - Holding or Carrying	1.8%	1.8%	1.8%	1.6%	1.5%	1.6%	1.8%	1.9%	1.9%	1.6%	1.5%
14	45	Motor Vehicle - Collision or Sideswipe with Another Vehicle	1.7%	1.7%	1.7%	1.7%	1.6%	1.6%	1.4%	1.5%	1.4%	1.4%	1.4%
15	81	Struck or Injured By, NOC	1.6%	1.5%	1.7%	1.9%	1.7%	1.5%	1.5%	1.6%	1.6%	1.6%	1.4%
16	79	Struck or Injured By - Object Being Lifted or Handled	1.3%	1.4%	1.5%	1.5%	1.4%	1.3%	1.4%	1.3%	1.3%	1.3%	1.3%
17	27	Fall - From Liquid or Grease Spills	1.7%	1.6%	1.6%	1.7%	1.7%	1.7%	1.6%	1.5%	1.4%	1.3%	1.3%
18	68	Struck or Stepped On - Stationary Object	1.2%	1.2%	1.2%	1.2%	1.3%	1.3%	1.2%	1.3%	1.2%	1.2%	1.2%
19	58	Strain by - Reaching	1.1%	1.2%	1.0%	1.1%	1.1%	1.2%	1.3%	1.3%	1.2%	1.2%	1.1%
20	33	Fall - On Stairs	0.9%	0.9%	1.0%	1.0%	1.1%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%
		All Other	20.1%	21.1%	21.4%	21.2%	20.9%	19.9%	19.5%	18.9%	18.1%	17.3%	17.4%
		TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

Summary of Incurred LAE Ratios by Insurer Type

Incurred ALAE to Incurred Loss Ratios

<u>CY</u>	<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
2003	4.3%	8.0%	7.0%	6.1%	7.1%
2004	5.6%	9.5%	10.6%	8.5%	10.5%
2005	5.3%	13.7%	12.2%	9.6%	12.4%
2006	3.1%	18.8%	19.8%	13.8%	19.6%
2007	3.8%	14.9%	12.3%	10.7%	12.7%
2008	6.9%	11.2%	13.3%	11.9%	13.0%
2009	9.8%	10.6%	14.3%	13.3%	13.8%
2010 ^[1]	4.5%	12.5%	14.9%	13.4%	14.6%
2011 ^[1]	8.6%	19.7%	15.0%	15.4%	15.6%
2012 ^[1]	3.9%	15.2%	16.6%	15.5%	16.4%
2013 ^[1]	16.4%	15.0%	16.7%	16.5%	16.5%
2014 ^[1]	18.0%	17.3%	16.9%	17.1%	17.0%
2015	7.7%	23.3%	19.8%	18.9%	20.4%
2016	8.1%	16.3%	17.4%	16.2%	17.2%

Incurred ULAE to Incurred Loss Ratios

<u>CY</u>	<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
2003	10.2%	9.1%	5.5%	7.4%	5.9%
2004	10.2%	14.8%	6.8%	8.8%	7.8%
2005	15.6%	13.5%	7.3%	11.1%	8.2%
2006	28.6%	18.7%	8.5%	15.4%	10.1%
2007	34.4%	16.7%	8.4%	15.2%	9.6%
2008	41.5%	14.2%	7.1%	14.1%	8.2%
2009	51.4%	13.1%	8.3%	14.9%	9.0%
2010	55.7%	15.5%	7.0%	13.9%	8.2%
2011	394.5% ^[2]	12.6%	6.5%	18.8% ^[2]	7.3%
2012	26.1%	13.4%	5.6%	8.2%	6.8%
2013	19.5%	13.6%	7.9% ^[3]	9.5% ^[3]	8.7% ^[3]
2014	24.9%	12.3%	6.7% ^[3]	9.8% ^[3]	7.5% ^[3]
2015	28.5%	13.1%	6.3%	9.9%	7.4%
2016	35.9%	12.4%	6.0%	10.2%	7.3%

Incurred LAE to Incurred Loss Ratios

<u>CY</u>	<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
2003	14.4%	17.1%	12.5%	13.5%	13.0%
2004	15.8%	24.3%	17.4%	17.3%	18.3%
2005	20.9%	27.2%	19.5%	20.7%	20.6%
2006	31.7%	37.5%	28.3%	29.1%	29.7%
2007	38.3%	31.6%	20.7%	25.9%	22.2%
2008	48.3%	25.5%	20.4%	26.0%	21.2%
2009	61.2%	23.7%	22.7%	28.2%	22.8%
2010 ^[1]	60.2%	28.1%	21.9%	27.3%	22.8%
2011 ^[1]	403.1% ^[2]	32.3%	21.5%	34.2% ^[2]	23.0%
2012 ^[1]	29.9%	28.6%	22.2%	23.7%	23.2%
2013 ^[1]	35.9%	28.6%	24.7% ^[3]	26.1% ^[3]	25.2% ^[3]
2014 ^[1]	42.9%	29.6%	23.5% ^[3]	26.8% ^[3]	24.5% ^[3]
2015 ^[1]	36.2%	36.5%	26.1%	28.8%	27.8%
2016 ^[1]	44.1%	28.8%	23.4%	26.5%	24.4%

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

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

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

Source: WCIRB expense calls and quarterly calls for experience

Summary of Paid LAE Ratios by Insurer Type

Paid ALAE to Paid Loss Ratios^[1]

<u>CY</u>	<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
2003	3.6%	---	---	10.4%	13.9%
2004	4.2%	---	---	10.1%	13.4%
2005	4.8%	---	---	10.5%	13.6%
2006	5.1%	---	---	11.9%	15.1%
2007	5.4%	13.3%	15.4%	12.3%	15.2%
2008	5.6%	11.5%	13.3%	11.1%	13.1%
2009	6.2%	15.7%	14.8%	12.8%	14.9%
2010	5.9%	14.1%	15.5%	13.3%	15.3%
2011	5.9%	15.9%	17.3%	14.9%	17.2%
2012	6.3%	15.2%	19.1%	16.2%	18.6%
2013	5.9%	15.4%	20.0%	17.0%	19.5%
2014	8.4%	17.8%	21.3%	19.0%	20.8%
2015	10.1%	17.9%	22.6%	20.5%	22.0%
2016	11.0%	17.8%	22.3%	20.4%	21.6%

Paid ULAE to Paid Loss Ratios

<u>CY</u>	<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
2010	27.9%	17.3%	6.4%	12.3%	7.9%
2011	28.9%	15.9%	6.5%	11.9%	7.7%
2012	45.0% ^[2]	15.0%	6.4%	14.8% ^[2]	7.5%
2013	21.8%	16.3%	8.5% ^[3]	11.7% ^[3]	9.4% ^[3]
2014	28.8%	14.7%	7.7% ^[3]	11.6% ^[3]	8.6% ^[3]
2015 ^[4]	35.1%	14.8%	10.2%	13.9%	10.9%
2016 ^[4]	37.6%	14.0%	10.8%	14.3%	11.3%

Paid LAE to Paid Loss Ratios

<u>CY</u>	<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
2010	33.8%	31.4%	22.0%	25.6%	23.3%
2011	34.8%	31.8%	23.8%	26.8%	24.8%
2012	51.3% ^[2]	30.3%	25.5%	31.0% ^[2]	26.1%
2013	27.7%	31.7%	28.5% ^[3]	28.6% ^[3]	28.9% ^[3]
2014	37.2%	32.5%	29.0% ^[3]	30.6% ^[3]	29.4% ^[3]
2015 ^[4]	45.2%	32.7%	32.9%	34.4%	32.8%
2016 ^[4]	48.6%	31.9%	33.1%	34.7%	32.9%

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

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

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

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

Source: WCIRB expense calls and quarterly calls for experience

Changes in the Number and Cost of Medical-Legal Reports by Service Year

All Claims

Service Year	Number of Med-Legal Reports by Service Year							
	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>
2013	56,873	15,773	27,421	100,067	---	---	---	---
2014	63,068	17,073	27,708	107,848	10.9%	8.2%	1.0%	7.8%
2015	63,740	16,762	27,173	107,675	1.1%	-1.8%	-1.9%	-0.2%
2016	70,314	20,881	28,292	119,487	10.3%	24.6%	4.1%	11.0%

Service Year	Number of Med-Legal Reports per Claim ^[1] by Service Year							
	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>
2013	0.21	0.21	0.25	0.22	---	---	---	---
2014	0.22	0.23	0.25	0.23	6.4%	7.3%	0.3%	4.8%
2015	0.21	0.24	0.25	0.22	-4.1%	6.5%	-1.2%	-2.0%
2016	0.23	0.29	0.25	0.24	8.3%	22.3%	2.2%	8.9%

Service Year	Med-Legal Payment per report by Service Year on All Claims ^[2]							
	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>
2013	\$1,690	\$1,065	\$1,305	\$1,486	---	---	---	---
2014	\$1,860	\$1,222	\$1,383	\$1,636	10.0%	14.8%	6.0%	10.1%
2015	\$1,823	\$1,284	\$1,368	\$1,624	-2.0%	5.1%	-1.1%	-0.7%
2016	\$1,878	\$1,244	\$1,354	\$1,643	3.0%	-3.1%	-1.0%	1.2%

^[1] Includes claims with any medical transaction for the service year.

^[2] Includes services on all claims on the 10 most recent accident years for the service year and where payment for the service was made within the same service year.

Source: WCIRB Medical Data Call (MDC).

Medical-Legal Reports by Service Year^[1]

<u>Serv. Yr.</u>	<u>Number of Reports</u>	<u>Payment Per Report</u>	<u>Number of Reports per Claim^[2]</u>
2013	100,067	1,486	0.22
2014	107,848	1,636	0.23
2015	107,675	1,624	0.22
2016	119,487	1,643	0.24

Year-to-Year Change

2013-2014	7.8%	10.1%	4.8%
2014-2015	-0.2%	-0.7%	-2.0%
2015-2016	11.0%	1.2%	8.9%

^[1] Includes services on all claims on the 10 most recent accident years for the service year and where payment for the service was made within the same service year.

^[2] Includes claims with any medical transaction for the service year.

Source: WCIRB Unit Statistical Report (USR) and Medical Data Call (MDC).

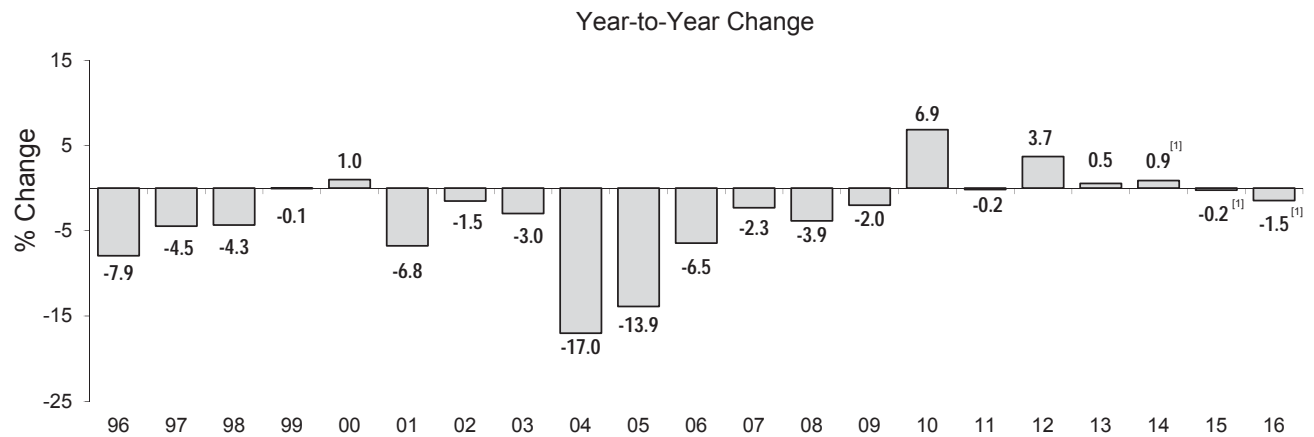
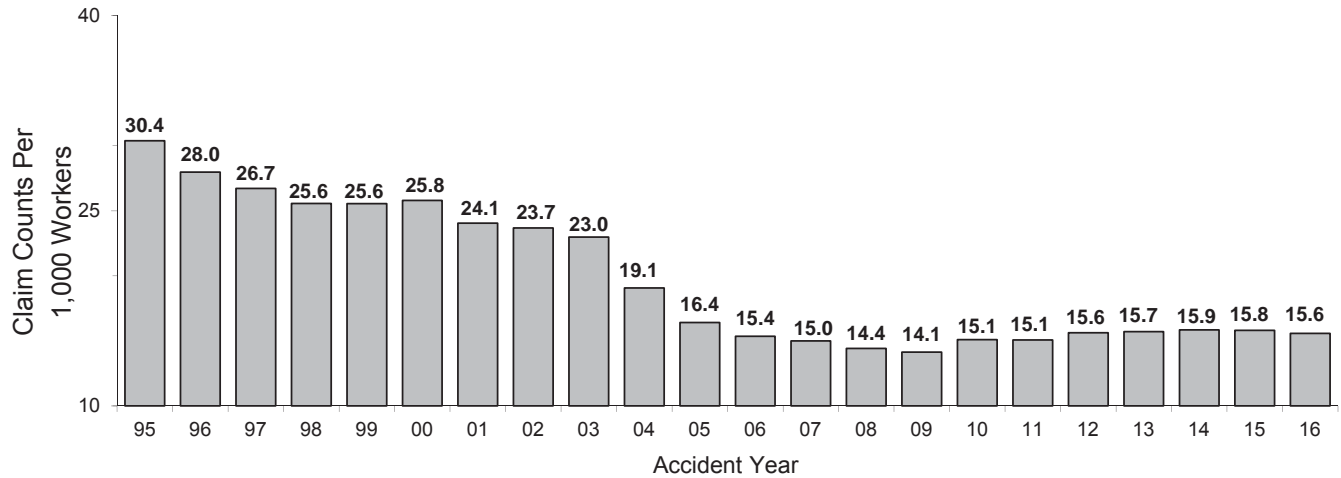
Ratio of Paid ALAE to Loss^[1] - Private Insurers

Age	Accident Year																
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
3				5.5%	4.4%	3.5%	5.0%	3.2%	3.7%	5.9%	3.3%	3.2%	3.4%	3.9%	5.6%	3.7%	6.2%
6				6.8%	5.5%	4.8%	5.8%	4.8%	5.0%	5.6%	5.4%	5.1%	5.3%	5.7%	6.4%	6.6%	7.1%
9				7.3%	6.3%	6.2%	6.0%	6.0%	5.8%	6.2%	6.9%	6.8%	7.0%	7.2%	8.2%	8.8%	8.9%
12				7.8%	7.5%	6.8%	6.8%	7.0%	6.6%	7.2%	8.0%	8.3%	8.2%	8.6%	9.8%	10.5%	
15				8.5%	8.5%	7.7%	7.6%	7.7%	7.8%	8.4%	9.4%	9.4%	9.3%	10.3%	11.2%	12.0%	
18			9.4%	9.3%	9.7%	8.8%	8.6%	9.0%	9.1%	9.9%	10.7%	10.7%	10.7%	11.8%	12.7%	13.5%	
21			9.5%	9.8%	10.5%	9.8%	9.8%	9.9%	9.8%	10.9%	11.8%	11.8%	11.8%	12.9%	13.9%	14.4%	
24			9.9%	10.9%	11.3%	10.6%	10.6%	10.6%	10.4%	11.7%	12.6%	12.6%	12.5%	13.7%	14.6%		
27			10.4%	11.3%	11.9%	11.3%	11.2%	11.2%	11.0%	12.4%	13.2%	12.8%	13.2%	14.2%	15.1%		
30		10.5%	11.2%	11.8%	12.6%	11.9%	11.7%	11.7%	11.6%	12.9%	13.6%	13.3%	13.7%	14.6%	15.4%		
33		10.2%	10.9%	12.1%	13.1%	12.6%	12.1%	12.0%	12.0%	13.3%	14.0%	13.7%	14.1%	14.9%	15.7%		
36		10.4%	11.8%	12.3%	13.5%	13.0%	12.5%	12.3%	12.3%	13.7%	14.3%	13.9%	14.3%	15.2%			
39		10.5%	11.8%	12.6%	13.9%	13.3%	12.9%	12.7%	12.7%	14.0%	14.4%	14.2%	14.5%	15.4%			
42	10.2%	11.1%	12.0%	13.0%	14.2%	13.7%	13.2%	13.0%	13.1%	14.3%	14.6%	14.4%	14.8%	15.7%			
45	9.8%	10.6%	12.2%	13.2%	14.7%	13.9%	13.4%	13.2%	13.3%	14.5%	14.8%	14.6%	15.0%	15.8%			
48	10.2%	11.3%	12.4%	13.4%	14.9%	14.2%	13.6%	13.4%	13.5%	14.7%	15.0%	14.8%	15.2%				
51	9.8%	10.9%	12.5%	13.6%	15.0%	14.4%	13.8%	13.6%	13.7%	14.8%	15.1%	14.8%	15.4%				
54	10.5%	11.0%	12.7%	13.8%	15.2%	14.6%	13.9%	13.8%	13.8%	15.0%	15.3%	15.0%	15.5%				
57	9.8%	10.8%	12.9%	14.0%	15.3%	14.7%	14.0%	13.9%	14.0%	15.1%	15.4%	15.1%	15.7%				
60	10.6%	11.2%	13.0%	14.0%	15.4%	14.8%	14.2%	14.1%	14.1%	15.2%	15.5%	15.2%					
63	10.0%	11.4%	13.2%	14.1%	15.5%	14.9%	14.3%	14.2%	14.2%	15.3%	15.5%	15.3%					
66	10.0%	11.5%	13.3%	14.2%	15.6%	15.0%	14.4%	14.3%	14.3%	15.4%	15.6%	15.4%					
69	10.1%	11.6%	13.4%	14.3%	15.7%	15.1%	14.5%	14.4%	14.4%	15.5%	15.7%	15.5%					
72	10.2%	11.7%	13.4%	14.4%	15.7%	15.2%	14.6%	14.5%	14.5%	15.6%	15.8%						

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

Source: WCIRB accident year experience calls.

**California Workers' Compensation
Estimated Indemnity Claim Frequency by Accident Year
As of September 30, 2016**



^[1] The 2014 estimate is based on partial year unit statistical data. The 2015 and 2016 estimates are based on comparison of claim counts based on WCIRB accident year experience as of September 30, 2016 relative to the estimated change in statewide employment. Prior years are based on unit statistical data.

Changes in the Number and Cost of Medical-Legal Reports by Service Year

Service Year	Number of Med-Legal Reports per PD Claim ^[1] by Service Year							
	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>
2013	0.45	0.50	0.60	0.49	---	---	---	---
2014	0.45	0.53	0.58	0.49	0.3%	5.4%	-4.7%	-0.4%
2015	0.38	0.47	0.52	0.42	-14.5%	-10.4%	-10.2%	-13.1%

Service Year	Med-Legal Payment per report by Service Year on PD Claims ^[2]							
	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>
2013	\$1,709	\$1,043	\$1,321	\$1,502	---	---	---	---
2014	\$1,908	\$1,204	\$1,406	\$1,675	11.7%	15.4%	6.4%	11.5%
2015	\$1,877	\$1,273	\$1,388	\$1,664	-1.6%	5.7%	-1.3%	-0.7%

^[1] Includes claims with any medical transaction for the service year.

^[2] Includes services on PD claims on the 10 most recent accident years for the service year and where payment for the service was made within the same service year.

Source: WCIRB Unit Statistical Report (USR) and Medical Data Call (MDC).

Changes in the Number and Cost of Medical-Legal Reports by Service Year

Service Year ^[2]	Number of Med-Legal Reports per PD Claim ^[1] by Service Year							
	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>
2012	0.24	0.31	0.32	0.27	---	---	---	---
2013	0.45	0.50	0.60	0.49	84.5%	63.3%	91.1%	81.6%
2014	0.45	0.53	0.58	0.49	0.3%	5.4%	-4.7%	-0.4%
2015	0.38	0.47	0.52	0.42	-14.5%	-10.4%	-10.2%	-13.1%

Service Year ^[2]	Med-Legal Payment per report by Service Year on PD Claims ^[3]							
	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>
2012	\$1,504	\$906	\$1,138	\$1,300	---	---	---	---
2013	\$1,709	\$1,043	\$1,321	\$1,502	13.6%	15.1%	16.1%	15.6%
2014	\$1,908	\$1,204	\$1,406	\$1,675	11.7%	15.4%	6.4%	11.5%
2015	\$1,877	\$1,273	\$1,388	\$1,664	-1.6%	5.7%	-1.3%	-0.7%

^[1] Includes claims with any medical transaction for the service year.

^[2] 2012 only includes services from July 1, 2012 through December 31, 2012.

^[3] Includes services on PD claims on the 10 most recent accident years for the service year and where payment for the service was made within the same service year.

Source: WCIRB Unit Statistical Report (USR) and Medical Data Call (MDC).

Average Paid ALAE^[1] Per Reported Indemnity Claim - Private Insurers
As of March 31, 2017

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2000								4,340	4,548	4,786
2001							5,159	5,480	5,819	6,017
2002						5,264	5,668	6,064	6,308	6,497
2003					4,907	5,528	6,043	6,383	6,653	6,863
2004				3,570	4,548	5,212	5,673	6,022	6,283	6,483
2005			2,083	3,279	4,191	4,833	5,315	5,682	5,974	6,224
2006		797	2,176	3,410	4,328	5,030	5,559	5,929	6,265	6,527
2007	71	849	2,340	3,613	4,633	5,409	6,010	6,498	6,849	7,122
2008	85	944	2,494	3,957	5,131	6,005	6,680	7,185	7,560	7,822
2009	150	1,037	2,847	4,499	5,779	6,766	7,497	8,045	8,423	
2010	87	1,135	3,041	4,667	5,975	6,923	7,621	8,114		
2011	88	1,153	3,004	4,641	5,888	6,799	7,459			
2012	91	1,147	3,076	4,713	5,976	6,868				
2013	101	1,223	3,243	4,881	6,082					
2014	144	1,352	3,451	5,123						
2015	105	1,455	3,635							
2016	160	1,515								
2017	132									

Accident	Annual Change									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2001								26.3%	27.9%	25.7%
2002							9.9%	10.7%	8.4%	8.0%
2003						5.0%	6.6%	5.2%	5.5%	5.6%
2004					-7.3%	-5.7%	-6.1%	-5.6%	-5.6%	-5.5%
2005				-8.1%	-7.8%	-7.3%	-6.3%	-5.7%	-4.9%	-4.0%
2006			4.4%	4.0%	3.3%	4.1%	4.6%	4.4%	4.9%	4.9%
2007		6.5%	7.5%	5.9%	7.1%	7.5%	8.1%	9.6%	9.3%	9.1%
2008	20.3%	11.3%	6.6%	9.5%	10.7%	11.0%	11.1%	10.6%	10.4%	9.8%
2009	76.5%	9.8%	14.2%	13.7%	12.6%	12.7%	12.2%	12.0%	11.4%	
2010	-41.7%	9.4%	6.8%	3.7%	3.4%	2.3%	1.7%	0.9%		
2011	0.4%	1.6%	-1.2%	-0.5%	-1.5%	-1.8%	-2.1%			
2012	3.1%	-0.5%	2.4%	1.5%	1.5%	1.0%				
2013	11.4%	6.7%	5.5%	3.5%	1.8%					
2014	43.2%	10.5%	6.4%	5.0%						
2015	-27.6%	7.6%	5.3%							
2016	52.8%	4.1%								
2017	-17.6%									

Annual Trend ^[2]										
All-Year	5.3%	6.4%	5.7%	4.7%	3.8%	3.6%	3.8%	4.8%	4.7%	4.0%
R ²	0.396	0.969	0.958	0.894	0.730	0.708	0.753	0.772	0.719	0.647
5-Year	6.5%	7.6%	5.1%	2.4%	1.0%	2.8%	5.8%	8.8%	9.1%	5.2%
R ²	0.249	0.983	0.982	0.828	0.716	0.540	0.769	0.957	0.983	0.777

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

^[2] Trend is based on exponential distribution.

Source: WCIRB accident year experience calls.

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

First Survey Level

		Northern California					
		<u>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>	<u>AY2013</u>	<u>AY2014</u>
% Represented		61.4%	62.5%	63.3%	63.1%	70.3%	71.4%
% Unrepresented		<u>38.6%</u>	<u>37.5%</u>	<u>36.7%</u>	<u>36.9%</u>	<u>29.7%</u>	<u>28.6%</u>
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

		Southern California					
		<u>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>	<u>AY2013</u>	<u>AY2014</u>
% Represented		77.3%	78.8%	76.8%	80.6%	82.7%	83.7%
% Unrepresented		<u>22.7%</u>	<u>21.2%</u>	<u>23.2%</u>	<u>19.4%</u>	<u>17.3%</u>	<u>16.3%</u>
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Second Survey Level

		Northern California					
		<u>AY2008</u>	<u>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>	<u>AY2013</u>
% Represented		60.9%	65.6%	64.1%	65.5%	68.3%	72.9%
% Unrepresented		<u>39.1%</u>	<u>34.4%</u>	<u>35.9%</u>	<u>34.5%</u>	<u>31.7%</u>	<u>27.1%</u>
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

		Southern California					
		<u>AY2008</u>	<u>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>	<u>AY2013</u>
% Represented		78.9%	79.4%	79.4%	78.7%	81.7%	83.6%
% Unrepresented		<u>21.1%</u>	<u>20.6%</u>	<u>20.6%</u>	<u>21.3%</u>	<u>18.3%</u>	<u>16.4%</u>
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

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

Distribution of Total ALAE & M CCP Components - Statewide

<u>Calendar Year</u>	<u>M CCP</u>	<u>Defense Expense</u>	<u>Other Paid ALAE</u>	<u>Paid ALAE & M CCP</u>
2005	18.3%	58.5%	23.2%	100.0%
2006	20.6%	50.2%	29.2%	100.0%
2007	22.1%	55.4%	22.4%	100.0%
2008	29.3%	49.5%	21.3%	100.0%
2009	27.2%	47.5%	25.2%	100.0%
2010	27.3%	47.6%	25.0%	100.0%
2011	26.9%	50.8%	22.3%	100.0%
2012	26.9%	50.9%	22.2%	100.0%
2013	27.4%	51.1%	21.5%	100.0%
2014	26.4%	48.1%	25.5%	100.0%
2015	26.9%	44.4%	28.7%	100.0%
2016	25.1%	44.8%	30.1%	100.0%

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

Distribution of Total ALAE & M CCP Components - Private Insurers

<u>Calendar Year</u>	<u>M CCP</u>	<u>Defense Expense</u>	<u>Other Paid ALAE</u>	<u>Paid ALAE & M CCP</u>
2005	20.2%	54.9%	24.9%	100.0%
2006	22.6%	44.3%	33.1%	100.0%
2007	24.2%	49.0%	26.8%	100.0%
2008	31.8%	43.0%	25.2%	100.0%
2009	27.8%	45.4%	26.8%	100.0%
2010	27.7%	45.4%	26.9%	100.0%
2011	27.3%	46.1%	26.6%	100.0%
2012	27.7%	46.3%	26.0%	100.0%
2013	28.1%	47.2%	24.7%	100.0%
2014	27.1%	45.4%	27.5%	100.0%
2015	27.4%	42.5%	30.0%	100.0%
2016	25.7%	43.7%	30.6%	100.0%

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

Applicant Attorney Expense Paid - Private Insurers

<u>Calendar Year</u>	<u>Applicant Attorney Amounts paid (in \$millions)</u>	<u>Incurred Losses (in \$millions)</u>	<u>Applicant Attorney Expenses Paid as a Percent of Incurred Losses</u>
2003	197	10,423	1.9%
2004	284	9,073	3.1%
2005	255	7,559	3.4%
2006	219	5,540	3.9%
2007	181	5,444	3.3%
2008	144	5,711	2.5%
2009	220	5,700	3.9%
2010	266	6,260	4.3%
2011	271	7,500	3.6%
2012	330	8,532	3.9%
2013	345	9,510	3.6%
2014	307	9,632	3.2%
2015	302	9,429	3.2%
2016	341	9,621	3.5%

Source: WCIRB expense calls and quarterly calls for experience

Average Expense Costs per Represented PD Claim
Private Insurers Only

First Survey Level

<u>Type of Expense</u>	<u>Northern California</u>			
	<u>AY2011</u>	<u>AY2012</u>	<u>AY2013</u>	<u>AY2014</u>
Defense Expense	4,950	4,655	4,581	5,134
Applicant Attorney Expense	3,345	2,585	3,080	3,275
ALAE	7,765	7,503	8,212	7,803
<u>Southern California</u>				
	<u>AY2011</u>	<u>AY2012</u>	<u>AY2013</u>	<u>AY2014</u>
Defense Expense	5,757	5,466	5,398	4,992
Applicant Attorney Expense	2,766	2,978	3,124	3,311
ALAE	8,387	8,225	8,521	7,038

Second Survey Level

<u>Type of Expense</u>	<u>Northern California</u>			
	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>	<u>AY2013</u>
Defense Expense	6,482	6,398	6,253	6,093
Applicant Attorney Expense	4,201	5,129	3,761	4,512
ALAE	8,571	9,585	10,333	9,628
<u>Southern California</u>				
	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>	<u>AY2013</u>
Defense Expense	7,329	6,905	6,871	6,339
Applicant Attorney Expense	4,028	3,923	4,295	3,875
ALAE	9,422	9,765	10,347	9,323

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

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

Changes in the Number and Cost of Medical-Legal Reports by Service Year

All Claims

Service Year	Number of Med-Legal Reports by Service Year							
	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>
2013	56,873	15,773	27,421	100,067	---	---	---	---
2014	63,068	17,073	27,708	107,848	10.9%	8.2%	1.0%	7.8%
2015	63,740	16,762	27,173	107,675	1.1%	-1.8%	-1.9%	-0.2%
2016	70,314	20,881	28,292	119,487	10.3%	24.6%	4.1%	11.0%

Service Year	Number of Med-Legal Reports per Claim ^[1] by Service Year							
	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>
2013	0.21	0.21	0.25	0.22	---	---	---	---
2014	0.22	0.23	0.25	0.23	6.4%	7.3%	0.3%	4.8%
2015	0.21	0.24	0.25	0.22	-4.1%	6.5%	-1.2%	-2.0%
2016	0.23	0.29	0.25	0.24	8.3%	22.3%	2.2%	8.9%

Service Year	Med-Legal Payment per report by Service Year on All Claims ^[2]							
	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>All</u>
2013	\$1,690	\$1,065	\$1,305	\$1,486	---	---	---	---
2014	\$1,860	\$1,222	\$1,383	\$1,636	10.0%	14.8%	6.0%	10.1%
2015	\$1,823	\$1,284	\$1,368	\$1,624	-2.0%	5.1%	-1.1%	-0.7%
2016	\$1,878	\$1,244	\$1,354	\$1,643	3.0%	-3.1%	-1.0%	1.2%

^[1] Includes claims with any medical transaction for the service year.

^[2] Includes services on all claims on the 10 most recent accident years for the service year and where payment for the service was made within the same service year.

Source: WCIRB Medical Data Call (MDC).

Item AC17-08-02

1/1/2018 Filing – Loss Adjustment Expense Experience Review

Staff has developed the indicated policy year 2018 ratio of loss adjustment expense (LAE) to loss based on calendar year unallocated loss adjustment expense (ULAE) experience through calendar year 2016, accident year allocated loss adjustment expense (ALAE) experience as of March 31, 2017, and projection methodologies generally consistent with those reflected in the WCIRB's January 1, 2017 and July 1, 2017 Pure Premium Rate Filings. The indicated policy year 2018 ULAE and ALAE projections, including projections for the cost of medical cost containment programs (MCCP), are summarized separately below.

ULAE Projection

Beginning with the WCIRB's 2015 Expense Call, the WCIRB has collected information related to (a) negative "service fee" type adjustments that are sometimes reflected in reported countrywide ULAE, (b) losses on claims on large deductible policies and/or handled by third party administrators (TPA) for which the associated claims handling costs are not reported in countrywide ULAE amounts, and (c) various countrywide loss and ULAE amounts consistent with what is reported by insurers on the Insurance Expense Exhibit.¹ This information is used to more accurately reflect the cost of handling claims in California primarily for insurers that make use of TPAs or other adjustments to countrywide reported ULAE costs that ultimately are apportioned to California.

The approach to derive the adjusted calendar year California paid ULAE for ratemaking purposes, as reflected in the January 1, 2017 and July 1, 2017 Pure Premium Rate Filings, involves several steps. First, reported negative "service fee" type adjustments to ULAE were added back into the reported countrywide paid ULAE amount. Second, countrywide paid losses on large deductible policies and/or claims handled by TPAs for which the associated claims handling costs were not reported in countrywide ULAE were subtracted from the countrywide paid losses. This adjustment was applied to losses gross or net of deductible amounts depending on whether the insurer reported ULAE costs on a gross or net basis. Third, the adjusted countrywide paid ULAE ratio was derived based on the ratio of adjusted countrywide paid ULAE computed in the first step to adjusted countrywide paid losses computed in the second step. Fourth, the adjusted countrywide paid ULAE was derived by multiplying the adjusted countrywide paid ULAE ratio by the reported countrywide paid losses. Finally, the adjusted countrywide paid ULAE was apportioned to California based on California's share of countrywide paid losses.

For a number of insurers, the negative "service fee" type adjustments to ULAE do not apply and the reported countrywide ULAE reflects all claims handling costs on large deductible policies or related to claims handled by TPAs. In these instances, the approach described above simplifies to apportioning the reported countrywide ULAE to California based on California's share of the insurer's countrywide paid losses. Paid losses may not always be the most appropriate measure to apportion countrywide ULAE to California, and some insurers may have a more accurate method to derive the California ULAE. As a result, for these insurers, the California paid ULAE as reported on the WCIRB's Expense Call was used in deriving the ratios of California paid ULAE to paid losses in lieu of the formulaic approach discussed above.

Exhibit 1 shows calendar year paid ALAE and ULAE as ratios to paid losses by type of insurer. Calendar years 2015 and 2016 ULAE has been computed as described above. As discussed at prior meetings and reflected in prior pure premium rate filings, the ULAE for calendar years 2013 and 2014 also reflect partial adjustments for the issues addressed by the changes to the Expense Call for several large national insurers. As a result of these adjustments, the ULAE ratios shown on Exhibit 1 for national insurers are

¹ See Item AC15-03-07 of the June 12, 2015 and August 6, 2015 Actuarial Committee Agendas for more information.

generally closer to the average of those for other private insurers in 2013 through 2016 than in prior years. Also as discussed at prior meetings, ULAE ratios for State Compensation Insurance Fund (State Fund) are much higher than those of other insurers.

Exhibits 2.1 and 2.2 show the average calendar paid ULAE per open indemnity claim for all insurers and private insurers, respectively. The ULAE severities for calendar years 2015 and 2016 shown on Exhibit 2 were computed based on the approach described above using the new Expense Call information and, as a result, may not be comparable to the ULAE severities for prior years which, except for 2013 and 2014 which reflect partial adjustments to reported ULAE, are based solely on the California ULAE reported by insurers.

Exhibits 3.1 through 3.5 show the policy year 2018 projection of ULAE to loss based on the relationship of calendar year statewide paid ULAE to the number of indemnity claims open at the beginning of the calendar year. This methodology assumes that ULAE paid is a function of the volume of claims handled by claims adjusters. Exhibit 4 shows an analogous projection based on statewide claim count and loss projections but using the estimated paid ULAE per open indemnity claim based on the experience of private insurers only. In the January 1, 2017 and July 1, 2017 Pure Premium Rate Filings, inasmuch as the ULAE data derived from the new Expense Call information was only available for calendar year 2015, the projected ULAE per open indemnity claim was based on the ULAE severity for the latest calendar year only. ULAE based on the new Expense Call information is now available for calendar years 2015 and 2016. As a result, consistent with prior pure premium rate filings, the ULAE projections shown in Exhibits 3.5 and 4 are based on the average of ULAE severities from the latest two calendar years. As in the last several pure premium rate filings, the projected ULAE severity trend was based on the UCLA projected annual growth in California wage levels.

Exhibit 5 shows the projection of policy year 2018 ULAE based on the relationship of statewide calendar ULAE paid to statewide calendar year paid losses. Exhibit 6 shows an analogous projection based on statewide loss to premium information and paid ULAE to paid loss ratios based on the experience of private insurers only. As with the ULAE projections shown in Exhibits 3 and 4, the projected ratios of ULAE to losses shown in Exhibits 5 and 6 are based on the average of calendar years 2015 and 2016.

As in the January 1, 2017 and July 1, 2017 Pure Premium Rate Filings, the projected ratio of ULAE to losses has been based on the average of the projections resulting from the two methodologies described above based on statewide data and average ULAE costs from private insurers (see Exhibits 4 and 6). (The ULAE experience of State Fund has been excluded for reasons that have been discussed at prior Committee meetings and in prior pure premium rate filings and California Department of Insurance decisions.) The preliminary policy year 2018 ULAE projection based on this approach is 10.3%.²

Table 1 shows the projected ratio of ULAE to losses based on the WCIRB's current methodology applied to statewide data as well as the approach using statewide data and private insurer average ULAE. Table 1 also shows alternative ULAE projections based on (a) the WCIRB's current methodology but projected based on calendar year 2016 only as shown in Exhibits 7 through 10, (b) the projection of ULAE paid to a weighted number of indemnity claims as shown in Exhibits 11 and 12, and (c) projections based on recent calendar year ratios of paid ULAE to paid losses.

² The projected ULAE to loss ratio in the July 1, 2017 Pure Premium Rate Filing based on this approach was 11.5%.

Table 1: Projections of Policy Year 2018 ULAE to Loss

ULAE Projection Method	Statewide ULAE Ratio	Statewide w/ Private Insurer Average ULAE
Current WCIRB Methodology		
Paid ULAE per Open Indemnity Claim Applied to the Latest Two Years	13.8%	11.3%
Paid ULAE to Paid Losses Applied to the Latest Two Years	11.7%	9.2%
Average of Open Indemnity Claim-Based and Paid Loss-Based Projections	12.8%	10.3%
Alternative Methodologies		
Paid ULAE per Open Indemnity Claim Applied to the Latest Year Only	13.8%	11.4%
Paid ULAE to Paid Losses Applied to the Latest Year Only	11.9%	9.4%
Paid ULAE per Weighted Open Indemnity Claim Applied to the Latest Two Years	13.7%	10.7%
Latest Two Calendar Year Paid ULAE to Loss Ratios	14.1%	11.1%
Latest Calendar Year Paid ULAE to Loss Ratio	14.3%	11.3%

ALAE Projection – Excluding MCCP Costs

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

Beginning in 2016, the cost of independent medical review (IMR) and independent bill review (IBR) is no longer reported in MCCP as a component of ALAE but is still included in reported ALAE. As a result, ALAE excluding MCCP costs paid in 2016 and later include the cost of IMR and IBR while ALAE excluding MCCP costs paid prior to 2016 do not include IMR and IBR costs (the converse is true for MCCP costs). Since this change in reporting requirements applies to IMRs and IBRs in 2016 and later on any accident years, if no adjustment is made, paid ALAE and MCCP cost development patterns may be distorted. Staff is in the process of reviewing information on IMR and IBR costs in order to adjust the ALAE and MCCP payment patterns for the change in IMR and IBR reporting. More information on this potential adjustment will be presented at the meeting.

Exhibit 13 shows private insurer average paid ALAE per reported indemnity claim by accident year. Exhibits 14.1 and 14.2 show statewide and private insurer annual ALAE severity growth percentages based on the estimated ultimate ALAE per indemnity claim, while Exhibit 15 shows private insurer annual ALAE growth percentages based on ratios of incremental calendar year paid ALAE per indemnity claims inventory.

Exhibits 16.1 through 16.4 show the ALAE projection, excluding MCCP costs, on a statewide basis. Exhibit 17 shows the ALAE projection, excluding MCCP costs, based on statewide claim and loss projections and private insurer average ALAE per indemnity claim. The projections in both Exhibits 16.4 and 17 were computed using a 4.0% ALAE severity trend which, as in the last several pure premium rate

filings, was selected based on averaging the shorter-term (5-year) and longer-term (post-2005) average private insurer ALAE severity growth rates shown in Exhibits 14.2 and 15.³

As shown in Exhibit 17, the preliminary projected ratio of ALAE (excluding MCCP) to loss based on statewide data and private insurer average ALAE costs (the methodology reflected in the January 1, 2017 and July 1, 2017 Pure Premium Rate Filings) is 18.6%.⁴ This projection as well as the ALAE (excluding MCCP) projection using statewide ALAE experience and the WCIRB's current methodology are shown in Table 2.

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

1. Projected Ultimate ALAE per Indemnity Claim and Future Number of Indemnity Claims – Projection Based on the Latest Year – Exhibits 18 (statewide) and 19 (statewide using private insurer ALAE)
2. Latest Year Paid ALAE Ratio Development Compared to Losses – Projection Based on the Average of the Latest Two Years – Exhibits 20 (statewide) and 21 (statewide using private insurer ALAE).
3. Latest Year Paid ALAE to Paid Indemnity Development Compared to Losses – Projection Based on the Average of the Latest Two Years – Exhibits 22.1 and 22.2 (statewide) and 23 (statewide using private insurer ALAE).

The policy year 2018 ALAE projections derived based on each of the alternative ALAE projection methodologies are shown in the lower portion of Table 2.

Table 2: Projections of Policy Year 2018 ALAE (Excluding MCCP) to Loss

ALAE Projection Method	Statewide ALAE Ratio	Statewide w/ Private Insurer Average ALAE
Current WCIRB Methodology		
Projected Ultimate ALAE per Indemnity Claim – Trend Applied to the Latest Two Years	18.1%	18.6%
Alternative Methodologies		
Projected Ultimate ALAE per Indemnity Claim – Trend Applied to the Latest Year	18.5%	18.9%
Latest Year Paid ALAE Ratio Development Compared to Losses – Projection Based on Latest Two Years	17.5%	18.6%
Latest Year Paid ALAE to Paid Indemnity Development Compared to Losses – Projection Based on Latest Two Years	17.1%	18.0%

³ The projected ALAE severity trend reflected in the July 1, 2017 Premium Rate Filing was also 4.0%.

⁴ The projected ratio of ALAE (excluding MCCP) to loss reflected in the July 1, 2017 Pure Premium Rate Filing was 18.4%.

ALAE Projection – M CCP Costs

As in the January 1, 2017 and July 1, 2017 Pure Premium Rate Filings, the projection of M CCP costs is based on a methodology analogous to that used for ALAE excluding M CCP costs and using statewide claim and M CCP cost data.

As discussed for ALAE excluding M CCP costs above, M CCP costs paid prior to 2016 include the cost of IMR and IBR while M CCP costs paid in 2016 and later do not include IMR and IBR costs. If no adjustment is made, paid M CCP cost development patterns could be distorted. Staff is reviewing potential adjustments to paid M CCP costs to reflect M CCP on a consistent basis. More information on this potential adjustment will be presented at the meeting.

Exhibit 24 shows statewide average paid M CCP per reported indemnity claim by accident year. Exhibit 25 shows statewide and private insurer annual M CCP severity growth percentages based on ratios of calendar year paid M CCP costs per indemnity claims inventory. (Calendar year M CCP costs for 2013 through 2015 shown in Exhibit 25 have been adjusted to exclude estimated fees paid for IMR and IBR by calendar year.) Exhibit 26 shows statewide annual M CCP severity growth percentages based on estimated accident year ultimate M CCP costs per indemnity claim.

Exhibits 27.1 and 27.2 show the projection of M CCP costs based on statewide data. Projected M CCP development through 63 months is based on the latest year paid M CCP age-to-age factor, while projected M CCP development after 63 months is based on the selected paid medical 63-to-ultimate development factor.⁵ Exhibit 27.2 shows the projected policy year 2018 ratio of M CCP to loss based on applying separate frequency and severity trends to the latest two years' projected ultimate indemnity claim counts and ultimate M CCP per indemnity claim. The M CCP severity trend based on the approximate average rates of growth in (a) statewide calendar year M CCP per indemnity claims inventory from 2009 through 2016 (see Exhibit 25) and (b) estimated ultimate accident year M CCP costs per indemnity claim from 2011 through 2016 (see Exhibit 26) (the methodology used in the January 1, 2017 and July 1, 2017 Pure Premium Rate Filings) is -1.0%. However, given the concerns with the impact of the change in IMR and IBR fee reporting discussed above, the M CCP cost projection shown on Exhibit 27.2 is based on the same severity trend of 0% reflected in the July 1, 2017 Pure Premium Rate Filing. The preliminary projected ratio of M CCP to loss based on this methodology is 4.0%.⁶ This projection is also shown in Table 3.

Exhibit 28 shows an alternative M CCP projection based on trending from the latest year only. Exhibit 29 shows an alternative M CCP projection which bases the projected M CCP severity trend solely on the average annual growth rate in calendar year paid M CCP costs per indemnity claims inventory (see Exhibit 25). These projections are also shown in Table 3.

⁵ See Exhibit 2.6.1 of Item AC16-06-01 of this Actuarial Committee Agenda.

⁶ The projected ratio of M CCP to loss reflected in the July 1, 2017 Pure Premium Rate Filing was 4.3%.

Table 3: Projections of Policy Year 2018 MCCP to Loss

MCCP Projection Method	Statewide MCCP Ratio
Current WCIRB Methodology	
Projected Ultimate MCCP per Indemnity Claim – Trend Applied to the Latest Two Years	4.0%
Alternative Methodologies	
Projected Ultimate MCCP per Indemnity Claim – Trend Applied to the Latest Year	3.9%
Projected Ultimate MCCP per Indemnity Claim – Trend Based on CY MCCP per Open Indemnity Claim and Applied to the Latest Two Years	4.5%

The total preliminary ratio of LAE to losses for policy year 2018 based on data evaluated as of March 31, 2017 and the projection methodologies reflected in July 1, 2017 Pure Premium Rate Filing is 32.9%.⁷

⁷ The projected LAE to loss ratio in the July 1, 2017 Pure Premium Rate Filing was 34.2%.

Summary of Paid LAE Ratios by Insurer Type

Paid ALAE to Paid Loss Ratios^[1]

<u>CY</u>	<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
2003	3.6%	---	---	10.4%	13.9%
2004	4.2%	---	---	10.1%	13.4%
2005	4.8%	---	---	10.5%	13.6%
2006	5.1%	---	---	11.9%	15.1%
2007	5.4%	13.3%	15.4%	12.3%	15.2%
2008	5.6%	11.5%	13.3%	11.1%	13.1%
2009	6.2%	15.7%	14.8%	12.8%	14.9%
2010	5.9%	14.1%	15.5%	13.3%	15.3%
2011	5.9%	15.9%	17.3%	14.9%	17.2%
2012	6.3%	15.2%	19.1%	16.2%	18.6%
2013	5.9%	15.4%	20.0%	17.0%	19.5%
2014	8.4%	17.8%	21.3%	19.0%	20.8%
2015	10.1%	17.9%	22.6%	20.5%	22.0%
2016	11.0%	17.8%	22.3%	20.4%	21.6%

Paid ULAE to Paid Loss Ratios

<u>CY</u>	<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
2010	27.9%	17.3%	6.4%	12.3%	7.9%
2011	28.9%	15.9%	6.5%	11.9%	7.7%
2012	45.0% ^[2]	15.0%	6.4%	14.8% ^[2]	7.5%
2013	21.8%	16.3%	8.5% ^[3]	11.7% ^[3]	9.4% ^[3]
2014	28.8%	14.7%	7.7% ^[3]	11.6% ^[3]	8.6% ^[3]
2015 ^[4]	35.1%	14.8%	10.2%	13.9%	10.9%
2016 ^[4]	37.6%	14.0%	10.8%	14.3%	11.3%

Paid LAE to Paid Loss Ratios

<u>CY</u>	<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
2010	33.8%	31.4%	22.0%	25.6%	23.3%
2011	34.8%	31.8%	23.8%	26.8%	24.8%
2012	51.3% ^[2]	30.3%	25.5%	31.0% ^[2]	26.1%
2013	27.7%	31.7%	28.5% ^[3]	28.6% ^[3]	28.9% ^[3]
2014	37.2%	32.5%	29.0% ^[3]	30.6% ^[3]	29.4% ^[3]
2015 ^[4]	45.2%	32.7%	32.9%	34.4%	32.8%
2016 ^[4]	48.6%	31.9%	33.1%	34.7%	32.9%

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

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

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

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

Source: WCIRB expense calls and quarterly calls for experience

Calendar Year ULAE Paid Per Open Indemnity Claim - Statewide

Calendar Year	ULAE Paid (in Millions)	Number of Open Indemnity Claims at Beginning of the Year	Number of Indemnity Claims Reported During Year	ULAE Paid Per Open Indemnity Claim	Annual Change
	(a)	(b)	(c)	(d)	(e)
2000	--	267,027	161,741	--	---
2001	--	251,668	203,146	--	---
2002	--	347,829	226,429	--	---
2003	--	385,374	226,658	--	---
2004	--	452,987	200,468	--	---
2005	--	470,466	162,321	--	---
2006	--	442,927	152,759	--	---
2007	--	397,102	121,257	--	---
2008	--	397,117	116,404	--	---
2009	--	373,598	109,857	--	---
2010	844	360,624	117,135	2,339	---
2011	847	360,339	122,817	2,352	0.5%
2012	792	360,391	127,623	2,199	-6.5%
2013 (f)	982	365,706	138,294	2,685	
2014 (f)	950	366,420	143,220	2,592	-3.5%
2015 (g)	1,131	367,816	145,949	3,074	
2016 (g)	1,173	365,874	148,005	3,207	4.3%

Notes:

- (a) Calendar year ULAE paid is based on WCIRB expense calls. All figures in each calendar year contain information from the same combination of insurers that submitted both the ULAE and claim count data for that calendar year. Therefore, each calendar year may contain a different mix of insurers. Calendar year 2012 ULAE paid amount shown excludes the impact of a one-time adjustment made by the State Compensation Insurance Fund to reallocate liabilities related to pension benefits.
- (b), (c) Based on WCIRB accident year experience calls. Column (c) is for information only.
- (d) $(a)/(b) \times 1,000,000$.
- (f) 2013 and 2014 ratios included information submitted by several large national insurers to more appropriately reflect ULAE costs related to deductible policies and third party administrators.
- (g) Reflects adjustments for ULAE costs related to deductible policies and third party administrators based on the 2015 and 2016 Expense Calls.

Calendar Year ULAE Paid Per Open Indemnity Claim - Private Insurers

Calendar Year	ULAE Paid (in Millions)	Number of Open Indemnity Claims at Beginning of the Year	Number of Indemnity Claims Reported During Year	ULAE Paid Per Open Indemnity Claim	Annual Change
	(a)	(b)	(c)	(d)	(e)
2000	--	197,358	107,945	--	---
2001	--	171,915	114,323	--	---
2002	--	235,631	115,468	--	---
2003	--	236,111	116,486	--	---
2004	--	273,685	109,070	--	---
2005	--	281,950	96,045	--	---
2006	--	269,394	106,090	--	---
2007	--	244,721	99,082	--	---
2008	--	261,804	101,059	--	---
2009	--	257,103	97,045	--	---
2010	432	257,439	107,734	1,676	---
2011	450	267,152	116,356	1,684	0.5%
2012	474	279,015	122,080	1,698	0.8%
2013 (f)	644	294,011	131,749	2,192	
2014 (f)	598	307,227	133,061	1,947	-11.2%
2015 (g)	777	311,049	135,657	2,498	
2016 (g)	819	309,900	139,957	2,643	5.8%

Notes:

- (a) Calendar year ULAE paid is based on WCIRB expense calls. All figures in each calendar year contain information from the same combination of private insurers that submitted both the ULAE and claim count data for that calendar year. Therefore, each calendar year may contain a different mix of private insurers.
- (b), (c) Based on WCIRB accident year experience calls. Column (c) is for information only.
- (d) (a)/(b) x 1,000,000.
- (f) 2013 and 2014 ratios included information submitted by several large national insurers to more appropriately reflect ULAE costs related to deductible policies and third party administrators.
- (g) Reflects adjustments for ULAE costs related to deductible policies and third party administrators based on the 2015 and 2016 Expense Calls.

Reported Indemnity Claim Count Development - Statewide

Accident	Age-to-Age Development (in months):													
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180
1993														1.001
1994													1.001	1.000
1995												1.001	1.000	1.004
1996											1.001	1.001	1.001	1.000
1997										1.001	1.000	1.000	1.000	1.000
1998									1.001	1.000	1.000	1.000	1.001	1.000
1999								1.001	1.002	1.000	1.000	1.000	1.000	1.000
2000							1.000	0.998	1.000	1.000	1.000	1.001	1.000	1.000
2001						0.999	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002					0.999	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003				0.999	1.008	0.998	0.999	0.999	1.000	0.999	1.000	1.000	1.000	
2004			1.001	1.000	0.999	1.000	0.999	0.999	0.999	1.000	1.000	1.000		
2005		1.007	1.004	1.000	1.001	1.001	0.999	1.000	1.000	1.000	1.000			
2006	1.115	1.013	1.005	1.002	1.001	1.000	1.005	1.001	1.001	1.000				
2007	1.125	1.015	1.006	1.004	1.002	1.000	1.001	1.001	1.000					
2008	1.153	1.023	1.011	1.005	1.003	1.001	1.001	1.001						
2009	1.194	1.029	1.011	1.006	1.003	1.002	1.001							
2010	1.220	1.030	1.011	1.006	1.004	1.002								
2011	1.230	1.033	1.014	1.008	1.003									
2012	1.241	1.035	1.014	1.006										
2013	1.240	1.032	1.012											
2014	1.242	1.032												
2015	1.246													
I. <u>Age-to-Age (Latest Year)</u>														
	1.246	1.032	1.012	1.006	1.003	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
II. <u>Age-to-Ultimate</u>														
	1.321	1.060	1.028	1.016	1.009	1.007	1.005	1.003	1.002	1.001	1.001	1.001	1.002	1.002
III. <u>Estimated Percent of Ultimate Indemnity Claims Reported</u>														
	75.7%	94.3%	97.3%	98.4%	99.1%	99.3%	99.5%	99.7%	99.8%	99.9%	99.9%	99.9%	99.8%	99.8%

Accident	Age-to-Age Development (in months):												
Year	180-192	192-204	204-216	216-228	228-240	240-252	252-264	264-276	276-288	288-300	300-312	312-324	324-336
1989				1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1990			1.001	0.999	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	
1991		1.001	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1992	1.001	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
1993	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
1994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
1995	1.001	1.000	1.000	1.000	1.000	1.000	1.000						
1996	1.000	1.000	1.000	1.000	1.000	1.000							
1997	1.000	1.000	1.000	1.000	1.000								
1998	1.000	1.000	1.000	1.000									
1999	1.001	1.000	1.000										
2000	1.000	1.000											
2001	1.000												
I. <u>Age-to-Age (Latest Year)</u>													
	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
II. <u>Age-to-Ultimate</u>													
	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000
III. <u>Estimated Percent of Ultimate Indemnity Claims Reported</u>													
	99.8%	99.8%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	100.0%	100.0%	100.0%	100.0%

Source: WCIRB quarterly calls for experience

Ultimate Indemnity Claim Settlement Ratios - Statewide

Accident Year	Evaluated as of (in months):													
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>	<u>108</u>	<u>120</u>	<u>132</u>	<u>144</u>	<u>156</u>	<u>168</u>
1994														96.9%
1995													95.8%	95.2%
1996												94.9%	94.0%	97.4%
1997											95.3%	95.3%	97.0%	97.4%
1998										94.8%	94.3%	96.6%	97.0%	97.5%
1999									93.6%	92.9%	96.2%	96.8%	97.3%	97.5%
2000								91.1%	92.1%	95.5%	96.3%	97.1%	97.5%	98.1%
2001							86.5%	90.9%	93.8%	95.1%	96.1%	96.8%	97.6%	97.0%
2002						82.0%	88.6%	91.7%	93.3%	94.6%	95.5%	96.6%	96.7%	96.8%
2003					76.0%	85.2%	89.1%	91.3%	93.0%	94.2%	95.6%	96.0%	96.3%	96.9%
2004				69.0%	80.4%	85.7%	88.7%	90.9%	92.7%	94.5%	95.4%	96.0%	96.6%	
2005			58.8%	73.7%	81.3%	85.6%	88.6%	90.9%	93.2%	94.5%	95.5%	96.2%		
2006		45.4%	62.8%	74.0%	80.9%	85.2%	88.3%	91.2%	93.0%	94.3%	95.4%			
2007	21.8%	47.7%	62.7%	73.1%	80.1%	84.7%	88.9%	91.4%	93.1%	94.7%				
2008	22.6%	46.2%	60.8%	71.7%	79.0%	85.1%	89.0%	91.2%	93.5%					
2009	21.3%	44.1%	59.0%	70.0%	78.8%	84.4%	88.2%	91.4%						
2010	21.1%	45.1%	59.5%	71.8%	80.2%	85.3%	89.6%							
2011	21.5%	44.7%	60.6%	72.7%	80.7%	86.3%								
2012	21.1%	45.5%	62.0%	73.7%	82.0%									
2013	20.7%	46.1%	62.7%	75.3%										
2014	20.7%	46.8%	64.3%											
2015	20.7%	48.1%												
2016	21.8%													

Accident Year	Evaluated as of (in months):													
	<u>180</u>	<u>192</u>	<u>204</u>	<u>216</u>	<u>228</u>	<u>240</u>	<u>252</u>	<u>264</u>	<u>276</u>	<u>288</u>	<u>300</u>	<u>312</u>	<u>324</u>	<u>336</u>
1989					98.2%	98.5%	99.4%	99.4%	99.5%	99.5%	99.6%	99.6%	99.5%	99.6%
1990				97.8%	98.1%	99.0%	99.0%	99.1%	99.2%	99.3%	99.3%	99.3%	99.4%	
1991			97.0%	97.2%	98.8%	98.8%	98.9%	98.9%	99.0%	99.1%	99.1%	99.2%		
1992		96.9%	97.0%	98.7%	98.7%	98.8%	98.8%	98.9%	98.9%	99.0%	99.1%			
1993	96.7%	97.1%	98.5%	98.6%	98.7%	98.7%	98.8%	98.9%	98.9%	99.0%				
1994	96.8%	98.4%	98.5%	98.6%	98.5%	98.6%	98.7%	98.6%	98.7%					
1995	97.8%	98.1%	98.2%	97.8%	98.0%	98.1%	98.1%	98.2%						
1996	97.6%	97.8%	97.3%	97.4%	97.6%	97.6%	97.7%							
1997	97.6%	97.2%	97.5%	97.6%	97.6%	97.8%								
1998	97.4%	97.7%	97.8%	97.8%	97.9%									
1999	97.9%	97.9%	97.8%	98.0%										
2000	97.6%	97.4%	97.7%											
2001	96.8%	97.2%												
2002	97.2%													

Source: WCIRB quarterly calls for experience

Selected Ultimate Indemnity Claim Reporting and Closure Patterns - Statewide
As of December 31, 2016

Selected Indemnity Claim Reporting and Closure Patterns - As of 12/31/2016					Cumulative Indemnity Claim Counts				
Year	Percent Reported	Percent Closed	Percent Open	AY	Open Year	Reported @12/31/16	Open @12/31/16	Estimated Ultimate(d)	Annual Change
	(a)	(b)	(c)	(1)	(2)	(3)	(4)	(5)	(6)
1	75.7%	21.8%	53.9%	1989	28	222,623	941	222,623	
2	94.3%	48.1%	46.2%	1990	27	248,812	1,539	248,843	
3	97.3%	64.3%	33.0%	1991	26	249,723	1,995	249,793	
4	98.4%	75.4%	23.0%	1992	25	198,431	1,730	198,525	
5	99.0%	82.1%	17.0%	1993	24	156,120	1,517	156,211	
6	99.3%	86.3%	13.0%	1994	23	143,669	1,783	143,762	
7	99.5%	89.6%	9.9%	1995	22	135,141	2,332	135,257	
8	99.7%	91.4%	8.2%	1996	21	133,098	2,941	133,246	
9	99.8%	93.5%	6.4%	1997	20	137,253	2,896	137,427	
10	99.9%	94.7%	5.2%	1998	19	147,438	2,888	147,646	
11	99.9%	95.4%	4.5%	1999	18	148,634	2,753	148,831	
12	99.8%	96.2%	3.6%	2000	17	161,949	3,454	162,203	
13	99.8%	96.6%	3.2%	2001	16	185,601	4,873	185,932	
14	99.8%	96.8%	3.0%	2002	15	194,674	5,134	195,036	
15	99.8%	97.2%	2.6%	2003	14	184,204	5,464	184,555	
16	99.8%	97.2%	2.6%	2004	13	158,939	5,096	159,226	
17	99.8%	97.7%	2.1%	2005	12	139,585	5,042	139,809	
18	99.9%	98.0%	1.8%	2006	11	133,295	5,941	133,451	
19	99.9%	97.9%	2.0%	2007	10	130,246	6,793	130,414	
20	99.9%	97.8%	2.1%	2008	9	122,941	7,829	123,153	
21	99.9%	97.7%	2.2%	2009	8	113,729	9,399	114,092	
22	99.9%	98.2%	1.7%	2010	7	118,465	11,794	119,022	
23	99.9%	98.7%	1.2%	2011	6	120,605	15,754	121,451	
24	99.9%	99.0%	1.0%	2012	5	127,486	21,825	128,726	
25	100.0%	99.1%	0.9%	2013	4	134,896	31,548	137,079	
26	100.0%	99.2%	0.8%	2014	3	138,276	46,899	142,132	
27	100.0%	99.4%	0.6%	2015	2	138,714	67,965	147,111	
28	100.0%	99.6%	0.4%	2016	1	112,760	80,298	148,954	
								Projected(e)	
								146,661	-1.5%
								144,094	-1.8%
								142,163	-1.3%
Total						4,337,307	358,423		

Notes:

- (a) See Exhibit 3.1.
- (b) See Exhibit 3.2.
- (c) (a) - (b).
- (d) Estimated based on number of reported indemnity claims as of December 31, 2016 (column (3)) and selected reporting pattern (column (a)).
- (e) Estimated based on projected frequency trends for accident years 2017 to 2019. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency.

Estimated Number of Open Indemnity Claims - Statewide
Based on Selected Reporting and Closure Patterns - As of December 31, 2016

AY	Estimated Number of Reported Indemnity Claims(a)			Estimated Number of Open Indemnity Claims(b)			Estimated Number of Indemnity Claims Opened During(c)		
	@12/31/17	@12/31/18	@12/31/19	@12/31/17	@12/31/18	@12/31/19	2017	2018	2019
1989	222,623	222,623	222,623	942	942	942	0	0	0
1990	248,843	248,843	248,843	1,052	1,052	1,052	31	0	0
1991	249,761	249,793	249,793	1,545	1,056	1,056	38	31	0
1992	198,470	198,500	198,525	1,586	1,228	840	39	30	25
1993	156,137	156,167	156,191	1,361	1,248	966	17	31	24
1994	143,678	143,693	143,722	1,396	1,253	1,148	9	15	28
1995	135,170	135,179	135,193	1,678	1,314	1,179	29	9	14
1996	133,131	133,160	133,169	2,297	1,653	1,294	33	29	9
1997	137,275	137,309	137,339	3,033	2,369	1,705	22	35	30
1998	147,458	147,482	147,519	3,111	3,259	2,545	20	23	37
1999	148,622	148,642	148,666	2,911	3,136	3,285	-12	21	23
2000	161,988	161,975	161,997	3,000	3,173	3,418	39	-13	22
2001	185,640	185,685	185,670	3,959	3,439	3,637	39	45	-15
2002	194,690	194,731	194,778	5,112	4,153	3,607	16	41	47
2003	184,212	184,226	184,265	4,858	4,837	3,930	8	15	39
2004	158,923	158,930	158,943	4,714	4,191	4,173	-16	7	13
2005	139,557	139,543	139,549	4,475	4,140	3,680	-28	-14	6
2006	133,237	133,210	133,197	4,822	4,272	3,951	-58	-27	-13
2007	130,262	130,206	130,179	5,834	4,712	4,175	16	-57	-26
2008	122,994	123,010	122,956	6,411	5,509	4,450	53	15	-53
2009	113,896	113,945	113,959	7,253	5,940	5,104	167	50	14
2010	118,642	118,816	118,868	9,805	7,566	6,196	177	174	52
2011	120,884	121,065	121,242	12,035	10,005	7,720	279	181	178
2012	127,828	128,124	128,315	16,697	12,756	10,604	342	295	192
2013	135,759	136,123	136,438	23,242	17,781	13,584	863	365	314
2014	139,869	140,763	141,141	32,711	24,098	18,436	1,593	894	378
2015	143,121	144,769	145,695	48,543	33,857	24,943	4,407	1,648	926
2016	140,452	144,914	146,583	68,810	49,151	34,282	27,692	4,462	1,669
<u>Projected</u>									
2017	111,023	138,289	142,682	79,061	67,751	48,394	111,023	27,266	4,393
2018		109,081	135,869		77,678	66,565		109,081	26,788
2019			107,619			76,637			107,619
Total	4,484,146	4,628,796	4,771,528	362,256	363,518	363,498	146,839	144,651	142,732
(d) Open Claims at Beginning of the Year:							358,423	362,256	363,518
(e) "Weighted" Open Claims:							652,100	651,558	648,982

Notes:

- (a), (b) Estimated based on the projected number of indemnity claims and selected reporting and closure patterns (see Exhibit 3.3).
- (c) Based on the difference in the estimated numbers of reported indemnity claims between two consecutive December 31 evaluations.
- (d) Based on the number of indemnity claims still open as of the previous year-end. For example, the number of open indemnity claims at the beginning of calendar year 2017 is the total number of indemnity claims from all accident years that were open as of December 31, 2016 (see column (4) total on Exhibit 3.3).
- (e) The "weighted" number of open claims is the sum of the number of open claims at the beginning of the year and twice the number of claims opened during the year.

Projected Ratio of ULAE to Loss - Statewide

Based on Estimated Calendar Year ULAE Paid per Open Indemnity Claim
For Policies with Effective Dates between January 1, 2018 and December 31, 2018

<u>Calendar Year</u>	<u>Number of Open Indemnity Claims at Beginning of the Year</u>	<u>ULAE Paid Per Open Indemnity Claim</u>	<u>ULAE Paid (\$000)</u>
	(a)	(b)	(c)
2000	267,027	---	---
2001	251,668	---	---
2002	347,829	---	---
2003	385,374	---	---
2004	452,987	---	---
2005	470,466	---	---
2006	442,927	---	---
2007	397,102	---	---
2008	397,117	---	---
2009	373,598	---	---
2010	360,624	2,339	843,664
2011	360,339	2,352	847,365
2012	360,391	2,199	792,426
2013	365,706	2,685	981,911
2014	366,420	2,592	949,860
2015	367,816	3,074	1,130,776
2016	365,874	3,207	1,173,458
Projected			
2017	358,423	3,320	1,189,834
2018	362,256	3,460	1,253,371
2019	363,518	3,618	1,315,300

(d) Projected ULAE Paid (\$000):	1,473,761
(e) Calendar Year 2016 Earned Premium (\$000):	17,956,139
(f) Projected Loss to Industry Average Filed Pure Premium Ratio:	0.625
(g) Premium Adjustment Factor for Calendar Year 2016:	0.955
(h) Projected Losses (\$000): (e) x (f) x (g)	10,717,570
(i) Projected Ratio of ULAE to Losses: (d)/(h)	13.8%

Notes:

- Calendar years 2000 to 2016 are from column (b) of Exhibit 2.1, and 2017 to 2019 are from line (d), Exhibit 3.4.
- Calendar years 2010 to 2016 are from column (d) of Exhibit 2.1. Calendar years 2017 to 2019 are projected based on applying the California average annual wage level changes of 3.2%, 4.1%, 4.2% and 4.6% for 2016 to 2019 derived from information published by the UCLA Anderson School of Business, to the ULAE paid per open indemnity claim from averaging 2016 and 2016.
- Column (a) x column (b).
- Average of calendar years 2018 and 2019, projected 3.5 years to the approximate average midpoint of ultimate ULAE payments on 2017 policies, based on applying the an average annual change of 4.0% for 2019 to 2022 derived from the information published by the UCLA Anderson School of Business.
- Based on the reported earned premium from the same group of insurers that reported the number of open indemnity claims in calendar year 2016.
- See Exhibit 8 of Item AC17-06-01.
- See Exhibit 5.2 of Item AC17-06-01.

Projected Ratio of ULAE to Loss - Statewide

Based on Estimated Calendar Year ULAE Paid per Open Indemnity Claim for Private Insurers
For Policies with Effective Dates between January 1, 2018 and December 31, 2018

<u>Calendar Year</u>	<u>Number of Open Indemnity Claims at Beginning of the Year</u>	<u>ULAE Paid Per Open Indemnity Claim</u>	<u>ULAE Paid (\$000)</u>
	(a)	(b)	(c)
2000	267,027	---	---
2001	251,668	---	---
2002	347,829	---	---
2003	385,374	---	---
2004	452,987	---	---
2005	470,466	---	---
2006	442,927	---	---
2007	397,102	---	---
2008	397,117	---	---
2009	373,598	---	---
2010	360,624	1,676	604,510
2011	360,339	1,684	606,894
2012	360,391	1,698	612,112
2013	365,706	2,192	801,569
2014	366,420	1,947	713,493
2015	367,816	2,498	918,843
2016	365,874	2,643	967,074
Projected			
2017	358,423	2,717	973,738
2018	362,256	2,832	1,025,736
2019	363,518	2,961	1,076,417
(d) Projected ULAE Paid (\$000):			1,206,098
(e) Calendar Year 2016 Earned Premium (\$000):			17,956,139
(f) Projected Loss to Industry Average Filed Pure Premium Ratio:			0.625
(g) Premium Adjustment Factor for Calendar Year 2016:			0.955
(h) Projected Losses (\$000): (e) x (f) x (g)			10,717,570
(i) Projected Ratio of ULAE to Losses: (d)/(h)			11.3%

Notes:

- Calendar years 2000 to 2016 are from column (b) of Exhibit 2.1, and 2017 to 2019 are from line (d), Exhibit 3.4.
- Calendar years 2010 to 2016 are from column (d) of Exhibit 2.2, private insurers ULAE paid per open indemnity claim. Calendar years 2017 to 2019 are projected based on applying the California average annual wage level changes of 3.2%, 4.1%, 4.2% and 4.6% for 2016 to 2019 derived from information published by the UCLA Anderson School of Business, to the ULAE paid per open indemnity claim from averaging 2015 and 2016.
- Column (a) x column (b).
- Average of calendar years 2018 and 2019, projected 3.5 years to the approximate average midpoint of ultimate ULAE payments on 2018 policies, based on applying the an average annual change of 4.0% for 2019 to 2022 derived from the information published by the UCLA Anderson School of Business.
- Based on the reported earned premium from the same group of insurers that reported the number of open indemnity claims in calendar year 2016.
- See Exhibit 8 of Item AC17-06-01.
- See Exhibit 5.2 of Item AC17-06-01.

Projected Ratio of ULAE to Loss - Statewide
Based on Ratio of ULAE Paid to Paid Losses
For Policies with Effective Dates between January 1, 2018 and December 31, 2018

Calendar Year	Paid ULAE as % of Premium (a)	Paid Loss as % of Premium (b)	Paid ULAE as % of Paid Losses (c) = (a) / (b)
2000	---	74.8%	---
2001	---	59.5%	---
2002	---	54.5%	---
2003	---	43.8%	---
2004	---	37.9%	---
2005	---	36.4%	---
2006	---	40.5%	---
2007	---	50.8%	---
2008	---	64.0%	---
2009	---	74.8%	---
2010	8.8%	72.7%	0.121
2011	8.1%	70.1%	0.116
2012	6.6%	65.3%	0.101
2013	6.8%	58.5%	0.117
2014	5.9%	50.5%	0.116
2015	6.6%	48.0%	0.138
2016	6.5%	45.7%	0.143
Projected			
2017	6.8% ³	48.3% ²	0.141 ¹
2018	6.9% ³	49.2% ²	0.141 ¹
2019	7.0% ³	49.7% ²	0.141 ¹
(d) Projected ULAE Paid to CY2016 Earned Premium Ratio: (Average of calendar years 2018 and 2019 in column (a))			7.0%
(e) Projected Loss to Industry Average Filed Pure Premium Ratio ⁴ :			0.625
(f) Premium Adjustment Factor for Calendar Year 2016 ⁵ :			0.955
(g) Projected Ratio of ULAE to Losses: (d) / [(e) x (f)]			11.7%

Notes:

¹ Based on averaging of the 2015 and 2016 paid ULAE to paid loss ratios.

² Estimated based on age-to-age paid indemnity and medical development factors from insurers' December 31, 2016 experience.

³ (b) x (c).

⁴ See Exhibit 8 of AC17-06-01.

⁵ See Exhibit 5.2 of AC17-06-01.

Projected Ratio of ULAE to Loss - Statewide
Based on Private Insurers ULAE Paid to Paid Losses Ratio
For Policies with Effective Dates between January 1, 2018 and December 31, 2018

Calendar Year	Paid ULAE as % of Premium (a)=(b) x (c)	Paid Loss as % of Premium (b)	Paid ULAE as % of Paid Losses ¹ (c)
2000	---	74.8%	---
2001	---	59.5%	---
2002	---	54.5%	---
2003	---	43.8%	---
2004	---	37.9%	---
2005	---	36.4%	---
2006	---	40.5%	---
2007	---	50.8%	---
2008	---	64.0%	---
2009	---	74.8%	---
2010	5.8%	72.7%	0.079
2011	5.4%	70.1%	0.077
2012	4.9%	65.3%	0.075
2013	5.5%	58.5%	0.094
2014	4.3%	50.5%	0.086
2015	5.2%	48.0%	0.109
2016	5.2%	45.7%	0.113
Projected			
2017	5.3% ⁴	48.3% ³	0.111 ²
2018	5.5% ⁴	49.2% ³	0.111 ²
2019	5.5% ⁴	49.7% ³	0.111 ²
(d) Projected ULAE Paid to CY2016 Earned Premium Ratio: (Average of calendar years 2018 and 2019 in column (a))			5.5%
(e) Projected Loss to Industry Average Filed Pure Premium Ratio ⁵ :			0.625
(f) Premium Adjustment Factor for Calendar Year 2016 ⁶ :			0.955
(g) Projected Ratio of ULAE to Losses: (d) / [(e) x (f)]			9.2%

Notes:

¹ Based on private insurers ULAE to paid loss ratio. See Exhibit 1.

² Based on averaging of the 2015 and 2016 paid ULAE to paid loss ratios.

³ Estimated based on age-to-age paid indemnity and medical development factors from insurers' December 31, 2016 experience.

⁴ (b) x (c).

⁵ See Exhibit 8 of AC17-06-01.

⁶ See Exhibit 5.2 of AC17-06-01.

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

<u>Calendar Year</u>	<u>Number of Open Indemnity Claims at Beginning of the Year</u>	<u>ULAE Paid Per Open Indemnity Claim</u>	<u>ULAE Paid (\$000)</u>
	(a)	(b)	(c)
2000	267,027	---	---
2001	251,668	---	---
2002	347,829	---	---
2003	385,374	---	---
2004	452,987	---	---
2005	470,466	---	---
2006	442,927	---	---
2007	397,102	---	---
2008	397,117	---	---
2009	373,598	---	---
2010	360,624	2,339	843,664
2011	360,339	2,352	847,365
2012	360,391	2,199	792,426
2013	365,706	2,685	981,911
2014	366,420	2,592	949,860
2015	367,816	3,074	1,130,776
2016	365,874	3,207	1,173,458
Projected			
2017	358,423	3,337	1,196,235
2018	362,256	3,479	1,260,113
2019	363,518	3,638	1,322,375
(d) Projected ULAE Paid (\$000):			1,481,688
(e) Calendar Year 2016 Earned Premium (\$000):			17,956,139
(f) Projected Loss to Industry Average Filed Pure Premium Ratio:			0.625
(g) Premium Adjustment Factor for Calendar Year 2016:			0.955
(h) Projected Losses (\$000): (e) x (f) x (g)			10,717,570
(i) Projected Ratio of ULAE to Losses: (d)/(h)			13.8%

Notes:

- (a) Calendar years 2000 to 2016 are from column (b) of Exhibit 2.1, and 2017 to 2019 are from line (d), Exhibit 3.4.
- (b) Calendar years 2010 to 2016 are from column (d) of Exhibit 2.1. Calendar years 2017 to 2019 are projected based on applying the California average annual wage level changes of 4.1%, 4.2% and 4.6% for 2017 to 2019 derived from information published by the UCLA Anderson School of Business, to the 2016 ULAE paid per open indemnity claim.
- (c) Column (a) x column (b).
- (d) Average of calendar years 2017 and 2018, projected 3.5 years to the approximate average midpoint of ultimate ULAE payments on 2017 policies, based on applying the an average annual change of 4.0% for 2019 to 2022 derived from the information published by the UCLA Anderson School of Business.
- (e) Based on the reported earned premium from the same group of insurers that reported the number of open indemnity claims in calendar year 2016.
- (f) See Exhibit 8 of Item AC17-06-01.
- (g) See Exhibit 5.2 of Item AC17-06-01.

Projected Ratio of ULAE to Loss - Statewide

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

Calendar Year	Number of Open Indemnity Claims at Beginning of the Year	ULAE Paid Per Open Indemnity Claim	ULAE Paid (\$000)
	(a)	(b)	(c)
2000	267,027	---	---
2001	251,668	---	---
2002	347,829	---	---
2003	385,374	---	---
2004	452,987	---	---
2005	470,466	---	---
2006	442,927	---	---
2007	397,102	---	---
2008	397,117	---	---
2009	373,598	---	---
2010	360,624	1,676	604,510
2011	360,339	1,684	606,894
2012	360,391	1,698	612,112
2013	365,706	2,192	801,569
2014	366,420	1,947	713,493
2015	367,816	2,498	918,843
2016	365,874	2,643	967,074
Projected			
2017	358,423	2,751	985,845
2018	362,256	2,867	1,038,489
2019	363,518	2,998	1,089,800
(d) Projected ULAE Paid (\$000):			1,221,094
(e) Calendar Year 2016 Earned Premium (\$000):			17,956,139
(f) Projected Loss to Industry Average Filed Pure Premium Ratio:			0.625
(g) Premium Adjustment Factor for Calendar Year 2016:			0.955
(h) Projected Losses (\$000): (e) x (f) x (g)			10,717,570
(i) Projected Ratio of ULAE to Losses: (d)/(h)			11.4%

Notes:

- (a) Calendar years 2000 to 2016 are from column (b) of Exhibit 2.1, and 2017 to 2019 are from line (d), Exhibit 3.4.
- (b) Calendar years 2010 to 2016 are from column (d) of Exhibit 2.2, private insurers ULAE paid per open indemnity claim. Calendar years 2017 to 2019 are projected based on applying the California average annual wage level changes of 4.1%, 4.2% and 4.6% for 2017 to 2019 derived from information published by the UCLA Anderson School of Business, to the 2016 ULAE paid per open indemnity claim.
- (c) Column (a) x column (b).
- (d) Average of calendar years 2017 and 2018, projected 3.5 years to the approximate average midpoint of ultimate ULAE payments on 2017 policies, based on applying the an average annual change of 4.0% for 2019 to 2022 derived from the information published by the UCLA Anderson School of Business.
- (e) Based on the reported earned premium from the same group of insurers that reported the number of open indemnity claims in calendar year 2016.
- (f) See Exhibit 8 of Item AC17-06-01.
- (g) See Exhibit 5.2 of Item AC17-06-01.

Projected Ratio of ULAE to Loss - Statewide
Based on Ratio of ULAE Paid to Paid Losses - Trend from Latest Year
For Policies with Effective Dates between January 1, 2018 and December 31, 2018

Calendar Year	Paid ULAE as % of Premium (a)	Paid Loss as % of Premium (b)	Paid ULAE as % of Paid Losses (c) = (a) / (b)
2000	---	74.8%	---
2001	---	59.5%	---
2002	---	54.5%	---
2003	---	43.8%	---
2004	---	37.9%	---
2005	---	36.4%	---
2006	---	40.5%	---
2007	---	50.8%	---
2008	---	64.0%	---
2009	---	74.8%	---
2010	8.8%	72.7%	0.121
2011	8.1%	70.1%	0.116
2012	6.6%	65.3%	0.101
2013	6.8%	58.5%	0.117
2014	5.9%	50.5%	0.116
2015	6.6%	48.0%	0.138
2016	6.5%	45.7%	0.143
Projected			
2017	6.9% ³	48.3% ²	0.143 ¹
2018	7.0% ³	49.2% ²	0.143 ¹
2019	7.1% ³	49.7% ²	0.143 ¹
(d) Projected ULAE Paid to CY2016 Earned Premium Ratio: (Average of calendar years 2018 and 2019 in column (a))			7.1%
(e) Projected Loss to Industry Average Filed Pure Premium Ratio ⁴ :			0.625
(f) Premium Adjustment Factor for Calendar Year 2016 ⁵ :			0.955
(g) Projected Ratio of ULAE to Losses: (d) / [(e) x (f)]			11.9%

Notes:

¹ Based on 2016 paid ULAE to paid loss ratio.

² Estimated based on age-to-age paid indemnity and medical development factors from insurers' December 31, 2016 experience.

³ (b) x (c).

⁴ See Exhibit 8 of AC17-06-01.

⁵ See Exhibit 5.2 of AC17-06-01.

Projected Ratio of ULAE to Loss - Statewide

Based on Private Insurers ULAE Paid to Paid Losses Ratio - Trend from Latest Year
For Policies with Effective Dates between January 1, 2018 and December 31, 2018

Calendar Year	Paid ULAE as % of Premium (a)=(b) x (c)	Paid Loss as % of Premium (b)	Paid ULAE as % of Paid Losses ¹ (c)
2000	---	74.8%	---
2001	---	59.5%	---
2002	---	54.5%	---
2003	---	43.8%	---
2004	---	37.9%	---
2005	---	36.4%	---
2006	---	40.5%	---
2007	---	50.8%	---
2008	---	64.0%	---
2009	---	74.8%	---
2010	5.8%	72.7%	0.079
2011	5.4%	70.1%	0.077
2012	4.9%	65.3%	0.075
2013	5.5%	58.5%	0.094
2014	4.3%	50.5%	0.086
2015	5.2%	48.0%	0.109
2016	5.2%	45.7%	0.113
Projected			
2017	5.4% ⁴	48.3% ³	0.113 ²
2018	5.6% ⁴	49.2% ³	0.113 ²
2019	5.6% ⁴	49.7% ³	0.113 ²
(d) Projected ULAE Paid to CY2016 Earned Premium Ratio: (Average of calendar years 2018 and 2019 in column (a))			5.6%
(e) Projected Loss to Industry Average Filed Pure Premium Ratio ⁵ :			0.625
(f) Premium Adjustment Factor for Calendar Year 2016 ⁶ :			0.955
(g) Projected Ratio of ULAE to Losses: (d) / [(e) x (f)]			9.4%

Notes:

¹ Based on private insurers ULAE to paid loss ratio. See Exhibit 1.

² Based on 2016 paid ULAE to paid loss ratio.

³ Estimated based on age-to-age paid indemnity and medical development factors from insurers' December 31, 2016 experience.

⁴ (b) x (c).

⁵ See Exhibit 8 of AC17-06-01.

⁶ See Exhibit 5.2 of AC17-06-01.

Projected Ratio of ULAE to Loss - Statewide

Based on Estimated Calendar Year ULAE Paid per Weighted Open Indemnity Claim
For Policies with Effective Dates between January 1, 2018 and December 31, 2018

Calendar Year	Weighted Number of Open Indemnity Claims	ULAE Paid Per Weighted Open Indemnity Claim	ULAE Paid (\$000)
	(a)	(b)	(c)
2000	590,509	---	---
2001	657,960	---	---
2002	800,687	---	---
2003	838,690	---	---
2004	853,923	---	---
2005	795,108	---	---
2006	748,445	---	---
2007	639,616	---	---
2008	629,925	---	---
2009	593,312	---	---
2010	594,894	1,418	843,664
2011	605,973	1,398	847,365
2012	615,637	1,287	792,426
2013	642,294	1,529	981,911
2014	652,860	1,455	949,860
2015	659,714	1,714	1,130,776
2016	661,884	1,773	1,173,458
<u>Projected</u>			
2017	652,100	1,843	1,201,742
2018	651,558	1,921	1,251,477
2019	648,982	2,009	1,303,580
(d) Projected ULAE Paid (\$000):			1,465,949
(e) Calendar Year 2016 Earned Premium (\$000):			17,956,139
(f) Projected Loss to Industry Average Filed Pure Premium Ratio:			0.625
(g) Premium Adjustment Factor for Calendar Year 2016:			0.955
(h) Projected Losses (\$000): (e) x (f) x (g)			10,717,570
(i) Projected Ratio of ULAE to Losses : (d)/(h)			13.7%

Notes:

- (a) Calendar years 2000 to 2016 are based on columns (b)+[2.0 x (c)] of Exhibit 2.1, and 2017 to 2019 are from line (e), Exhibit 3.4.
- (b) Calendar years 2010 to 2016 are from column (a) of Exhibit 2.1 divided by column (a) above, multiplied by 1,000,000. Calendar years 2017 to 2019 are projected based on applying the California average annual wage level changes of 3.2%, 4.1%, 4.2% and 4.6% for 2016 to 2019 derived from information published by the UCLA Anderson School of Business, to the ULAE paid per weighted open indemnity claim from averaging 2015 and 2016.
- (c) Column (a) x column (b).
- (d) Average of calendar years 2018 and 2019, projected 3.5 years to the approximate average midpoint of ultimate ULAE payments on 2017 policies, based on applying the an average annual change of 4.0% for 2019 to 2022 derived from the information published by the UCLA Anderson School of Business.
- (e) Based on the reported earned premium from the same group of insurers that reported the number of open indemnity claims in calendar year 2016.
- (f) See Exhibit 8 of Item AC17-06-01.
- (g) See Exhibit 5.2 of Item AC17-06-01.

Projected Ratio of ULAE to Loss - Statewide

Based on Estimated Calendar Year ULAE Paid per Weighted Open Indemnity Claim for Private Insurers
For Policies with Effective Dates between January 1, 2018 and December 31, 2018

Calendar Year	Weighted Number of Open Indemnity Claims	ULAE Paid Per Weighted Open Indemnity Claim	ULAE Paid (\$000)
	(a)	(b)	(c)
2000	590,509	---	---
2001	657,960	---	---
2002	800,687	---	---
2003	838,690	---	---
2004	853,923	---	---
2005	795,108	---	---
2006	748,445	---	---
2007	639,616	---	---
2008	629,925	---	---
2009	593,312	---	---
2010	594,894	913	542,859
2011	605,973	900	545,458
2012	615,637	906	557,651
2013	642,294	1,156	742,428
2014	652,860	1,043	681,195
2015	659,714	1,334	880,241
2016	661,884	1,389	919,214
<u>Projected</u>			
2017	652,100	1,439	938,430
2018	651,558	1,500	977,267
2019	648,982	1,569	1,017,954
(d) Projected ULAE Paid (\$000):			1,144,747
(e) Calendar Year 2016 Earned Premium (\$000):			17,956,139
(f) Projected Loss to Industry Average Filed Pure Premium Ratio:			0.625
(g) Premium Adjustment Factor for Calendar Year 2016:			0.955
(h) Projected Losses (\$000): (e) x (f) x (g)			10,717,570
(i) Projected Ratio of ULAE to Losses : (d)/(h)			10.7%

Notes:

- (a) Calendar years 2000 to 2016 are based on columns (b)+[2.0 x (c)] of Exhibit 2.1, and 2017 to 2019 are from line (e), Exhibit 3.4.
- (b) Calendar years 2010 to 2015 are from column (a) of Exhibit 2.2 divided by columns (b)+[2.0 x (c)] of Exhibit 2.2, multiplied by 1,000,000. Calendar years 2016 to 2018 are projected based on applying the California average annual wage level changes of 3.2%, 4.1%, 4.2% and 4.6% for 2016 to 2019 derived from information published by the UCLA Anderson School of Business, to the ULAE paid per weighted open indemnity claim from averaging 2015 to 2016.
- (c) Column (a) x column (b).
- (d) Average of calendar years 2018 and 2019, projected 3.5 years to the approximate average midpoint of ultimate ULAE payments on 2017 policies, based on applying the an average annual change of 4.0% for 2019 to 2022 derived from the information published by the UCLA Anderson School of Business.
- (e) Based on the reported earned premium from the same group of insurers that reported the number of open indemnity claims in calendar year 2016.
- (f) See Exhibit 8 of Item AC17-06-01.
- (g) See Exhibit 8 of Item AC17-06-01.

Average Paid ALAE^[1] Per Reported Indemnity Claim - Private Insurers
As of March 31, 2017

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2000								4,340	4,548	4,786
2001							5,159	5,480	5,819	6,017
2002						5,264	5,668	6,064	6,308	6,497
2003					4,907	5,528	6,043	6,383	6,653	6,863
2004				3,570	4,548	5,212	5,673	6,022	6,283	6,483
2005			2,083	3,279	4,191	4,833	5,315	5,682	5,974	6,224
2006		797	2,176	3,410	4,328	5,030	5,559	5,929	6,265	6,527
2007	71	849	2,340	3,613	4,633	5,409	6,010	6,498	6,849	7,122
2008	85	944	2,494	3,957	5,131	6,005	6,680	7,185	7,560	7,804
2009	150	1,037	2,847	4,499	5,779	6,766	7,497	8,045	8,372	
2010	87	1,135	3,041	4,667	5,975	6,923	7,621	8,040		
2011	88	1,153	3,004	4,641	5,888	6,799	7,381			
2012	91	1,147	3,076	4,713	5,976	6,808				
2013	101	1,223	3,243	4,881	6,052					
2014	144	1,352	3,451	5,104						
2015	105	1,455	3,635							
2016	160	1,515								
2017	132									

Accident	Annual Change									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2001								26.3%	27.9%	25.7%
2002							9.9%	10.7%	8.4%	8.0%
2003						5.0%	6.6%	5.2%	5.5%	5.6%
2004					-7.3%	-5.7%	-6.1%	-5.6%	-5.6%	-5.5%
2005				-8.1%	-7.8%	-7.3%	-6.3%	-5.7%	-4.9%	-4.0%
2006			4.4%	4.0%	3.3%	4.1%	4.6%	4.4%	4.9%	4.9%
2007		6.5%	7.5%	5.9%	7.1%	7.5%	8.1%	9.6%	9.3%	9.1%
2008	20.3%	11.3%	6.6%	9.5%	10.7%	11.0%	11.1%	10.6%	10.4%	9.6%
2009	76.5%	9.8%	14.2%	13.7%	12.6%	12.7%	12.2%	12.0%	10.7%	
2010	-41.7%	9.4%	6.8%	3.7%	3.4%	2.3%	1.7%	-0.1%		
2011	0.4%	1.6%	-1.2%	-0.5%	-1.5%	-1.8%	-3.2%			
2012	3.1%	-0.5%	2.4%	1.5%	1.5%	0.1%				
2013	11.4%	6.7%	5.5%	3.5%	1.3%					
2014	43.2%	10.5%	6.4%	4.6%						
2015	-27.6%	7.6%	5.3%							
2016	52.8%	4.1%								
2017	-17.6%									

Annual Trend ^[2]										
All-Year	5.3%	6.4%	5.7%	4.7%	3.7%	3.5%	3.8%	4.8%	4.7%	4.0%
R ²	0.396	0.969	0.958	0.893	0.726	0.702	0.748	0.770	0.719	0.646
5-Year	6.5%	7.6%	5.1%	2.3%	0.9%	2.6%	5.6%	8.6%	9.0%	5.2%
R ²	0.249	0.983	0.982	0.835	0.685	0.490	0.733	0.946	0.985	0.778

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

^[2] Trend is based on exponential distribution.

Source: WCIRB accident year experience calls.

Estimated Ultimate ALAE Per Indemnity Claim - Statewide

Acc. Year	Paid ALAE ^[1] @ 3/31/17 (in \$000) (1)	Paid ALAE Cumulative Development Factors ^[2] (2)	Estimated Ult. ALAE (in \$000) (3)=(1)x(2)	Indemnity Claim Counts @ 3/31/17 (4)	Cumulative Count Development Factors ^[3] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ult. ALAE Per Indemnity Claim (7)=(3)/(6)x1000	Annual Change
1991	447,847	1.045	468,171	249,729	1.000	249,811	1,874	---
1992	347,521	1.049	364,527	198,442	1.000	198,538	1,836	-2.0%
1993	253,191	1.052	266,311	156,131	1.001	156,225	1,705	-7.2%
1994	237,319	1.057	250,893	143,689	1.001	143,792	1,745	2.4%
1995	263,980	1.063	280,498	135,154	1.001	135,299	2,073	18.8%
1996	309,396	1.071	331,326	133,103	1.001	133,289	2,486	19.9%
1997	393,677	1.078	424,276	137,271	1.002	137,486	3,086	24.1%
1998	570,503	1.085	619,232	147,452	1.002	147,728	4,192	35.8%
1999	623,395	1.095	682,542	148,641	1.002	148,930	4,583	9.3%
2000	771,338	1.105	852,428	161,971	1.002	162,320	5,252	14.6%
2001	970,245	1.116	1,083,271	185,627	1.002	186,076	5,822	10.9%
2002	1,028,748	1.128	1,160,536	194,673	1.003	195,194	5,946	2.1%
2003	1,034,991	1.141	1,180,612	184,208	1.003	184,727	6,391	7.5%
2004	869,885	1.154	1,004,271	158,953	1.003	159,399	6,300	-1.4%
2005	769,025	1.171	900,675	139,590	1.003	139,964	6,435	2.1%
2006	801,218	1.194	956,823	133,295	1.002	133,621	7,161	11.3%
2007	850,137	1.222	1,038,603	130,250	1.003	130,583	7,954	11.1%
2008	880,310	1.257	1,106,553	122,971	1.003	123,341	8,971	12.8%
2009	895,374	1.303	1,167,031	113,766	1.004	114,274	10,213	13.8%
2010	914,637	1.368	1,251,369	118,531	1.006	119,252	10,493	2.8%
2011	863,605	1.461	1,261,846	120,655	1.008	121,656	10,372	-1.2%
2012	848,777	1.608	1,365,032	127,548	1.011	128,940	10,587	2.1%
2013	794,354	1.860	1,477,646	135,069	1.017	137,303	10,762	1.7%
2014	679,553	2.343	1,591,892	138,792	1.026	142,356	11,182	3.9%
2015	487,910	3.563	1,738,279	140,610	1.049	147,521	11,783	5.4%
2016	187,587	9.952	1,866,802	129,487	1.161	150,387	12,413	5.3%

Estimated Annual Exponential Trend Based on:

	R²
2005 to 2016	5.4% 0.873
2011 to 2016	3.7% 0.952

Notes:

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

^[2] Based on private insurers latest year paid ALAE age-to-age development from Exhibit 16.1.

^[3] See Exhibit 16.3.

Estimated Ultimate ALAE Per Indemnity Claim - Private Insurers

Acc. Year	Paid ALAE ^[1] @3/31/17 (in \$000) (1)	Cumulative Development Factors ^[2] (2)	Estimated Ultimate ALAE (in \$000) (3)=(1)x(2)	Indemnity Claim Counts @3/31/17 (4)	Cumulative Count Development Factors ^[3] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate ALAE Per Indemnity Claim (7)=(3)/(6)x1000	Annual Change
1991	413,483	1.045	432,247	175,272	1.000	175,353	2,465	---
1992	317,610	1.049	333,152	141,923	1.001	142,023	2,346	-4.8%
1993	235,103	1.052	247,285	113,517	1.001	113,609	2,177	-7.2%
1994	217,938	1.057	230,403	105,373	1.001	105,476	2,184	0.4%
1995	238,873	1.063	253,820	101,309	1.001	101,454	2,502	14.5%
1996	284,911	1.071	305,106	103,148	1.002	103,333	2,953	18.0%
1997	360,579	1.078	388,606	104,718	1.002	104,926	3,704	25.4%
1998	497,771	1.085	540,287	112,429	1.002	112,699	4,794	29.4%
1999	547,740	1.095	599,709	116,335	1.003	116,626	5,142	7.3%
2000	649,781	1.105	718,091	118,395	1.003	118,722	6,049	17.6%
2001	770,700	1.116	860,481	113,887	1.003	114,242	7,532	24.5%
2002	809,583	1.128	913,294	112,926	1.004	113,351	8,057	7.0%
2003	818,778	1.141	933,979	108,262	1.004	108,719	8,591	6.6%
2004	701,075	1.154	809,381	99,363	1.005	99,811	8,109	-5.6%
2005	653,764	1.171	765,683	97,252	1.005	97,736	7,834	-3.4%
2006	716,165	1.194	855,251	104,234	1.005	104,793	8,161	4.2%
2007	783,887	1.222	957,665	107,291	1.006	107,959	8,871	8.7%
2008	823,185	1.257	1,034,747	105,484	1.007	106,253	9,739	9.8%
2009	844,340	1.303	1,100,514	100,846	1.009	101,790	10,812	11.0%
2010	874,152	1.368	1,195,979	108,726	1.012	109,988	10,874	0.6%
2011	833,053	1.461	1,217,206	112,869	1.015	114,512	10,629	-2.2%
2012	823,819	1.608	1,324,893	121,008	1.018	123,197	10,754	1.2%
2013	768,715	1.860	1,429,952	127,016	1.025	130,150	10,987	2.2%
2014	653,571	2.343	1,531,027	128,049	1.036	132,611	11,545	5.1%
2015	471,719	3.563	1,680,594	129,781	1.063	137,949	12,183	5.5%
2016	182,666	9.952	1,817,827	120,667	1.188	143,402	12,676	4.1%

Estimated Annual Exponential Trend Based on:

	R²
2005 to 2016	4.0% 0.890
2011 to 2016	3.8% 0.956

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
^[2] Based on the latest year paid ALAE age-to-age development from Exhibit 16.1.
^[3] Based on analogous Exhibit 16.3, applicable to private insurers only.

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

Acc. Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1989	1,007	1,076	635	1,143	1,062	1,029	1,125	1,143	1,344	1,524	1,471	1,497	1,635	1,934
1990	1,315	1,572	987	2,157	1,139	1,274	1,193	1,355	1,542	1,432	1,812	1,590	1,633	1,850
1991	1,370	1,729	834	1,697	1,577	1,256	1,495	1,388	1,574	1,438	1,789	1,645	1,423	2,177
1992	1,478	1,724	1,416	1,837	1,653	1,405	1,827	1,389	1,669	1,502	1,636	1,587	1,831	1,723
1993	1,741	2,105	1,502	2,157	1,833	1,541	1,927	1,664	1,886	1,800	1,951	1,979	2,176	2,312
1994	1,410	1,470	1,686	1,932	1,717	1,617	1,646	1,576	1,632	1,833	1,663	2,110	1,707	1,847
1995	2,175	1,618	1,671	1,766	1,849	1,766	1,916	1,772	1,672	2,033	2,051	2,112	2,009	2,467
1996	2,839	2,166	2,027	1,997	1,979	1,947	1,946	1,686	2,011	2,085	2,144	2,076	2,315	2,138
1997	3,218	2,600	2,378	2,409	2,347	2,287	2,314	2,225	2,414	2,353	2,147	2,222	2,266	2,321
1998	3,042	2,979	2,556	2,484	2,502	2,336	2,432	2,381	2,277	2,340	2,344	2,320	2,513	2,397
1999	2,736	2,646	2,529	2,629	2,403	2,646	2,804	2,545	2,698	2,641	2,332	2,143	2,416	2,573
2000	2,473	2,283	2,525	2,805	2,720	2,864	2,854	2,740	2,803	2,842	2,539	2,585	2,830	2,677
2001	2,103	2,964	2,284	2,764	2,811	2,873	2,654	2,736	2,755	2,778	2,801	3,278	3,191	2,743
2002	1,956	2,799	2,537	2,873	2,910	3,083	2,899	2,967	3,021	2,915	3,015	3,445	3,264	3,282
2003	864	2,334	2,577	2,881	2,947	3,058	3,032	3,216	3,224	3,546	3,397	3,648	3,736	3,284
2004	67	820	2,100	2,676	3,009	3,077	3,145	3,263	3,130	3,060	3,306	3,575	3,394	3,193
2005		69	768	1,986	2,649	2,916	3,070	3,251	3,284	3,317	3,438	3,614	3,891	3,572
2006			106	782	2,162	2,758	2,992	3,243	3,474	3,296	3,404	3,580	3,450	3,185
2007				71	846	2,333	2,807	3,192	3,452	3,603	3,686	3,670	3,762	3,518
2008					85	939	2,399	3,110	3,500	3,591	3,702	3,827	3,962	3,740
2009						150	1,034	2,742	3,391	3,644	3,820	3,938	4,069	3,935
2010							87	1,129	2,898	3,450	3,743	3,893	4,175	4,084
2011								88	1,147	2,879	3,432	3,689	4,038	4,079
2012									90	1,147	2,979	3,495	3,940	4,057
2013										101	1,223	3,096	3,607	3,897
2014											144	1,348	3,263	3,769
2015												105	1,457	3,429
2016													160	1,509
2017														132
ALAE per Claim	1,751	2,013	1,846	1,951	1,977	2,104	2,184	2,354	2,506	2,565	2,657	2,782	2,922	2,948
Annual Change	9.7%	15.0%	-8.3%	5.7%	1.4%	6.4%	3.8%	7.8%	6.5%	2.4%	3.6%	4.7%	5.0%	0.9%
Estimated Annual Exponential Trend Based on Payment Year:											R²			
2006-2017										4.6%	0.989			
2012-2017										3.6%	0.977			

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

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

Source: WCIRB quarterly calls for experience

Paid Allocated Loss Adjustment Expense Development - Private Insurers
As of March 31, 2017

Accident	Age-to-Age Development (in months):														
Year	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159	159-171	171-183	183-195
1985							1.035	1.023	1.013	1.036	1.009	1.008	1.010	1.006	1.011
1986						1.055	1.036	1.023	1.017	1.010	1.011	1.009	1.009	1.010	1.005
1987					1.086	1.051	1.031	1.022	1.015	1.012	1.009	1.013	1.010	1.006	1.004
1988				1.145	1.085	1.048	1.033	1.021	1.014	1.011	1.011	1.014	1.004	1.004	1.004
1989			1.299	1.148	1.102	1.079	1.040	1.026	1.017	1.011	1.007	1.004	1.005	1.005	1.004
1990		1.627	1.276	1.149	1.097	1.046	1.032	1.020	1.014	1.009	1.007	1.006	1.005	1.005	1.006
1991	2.921	1.552	1.252	1.128	1.062	1.047	1.025	1.017	1.012	1.007	1.007	1.005	1.005	1.005	1.006
1992	2.511	1.512	1.229	1.102	1.074	1.045	1.027	1.018	1.011	1.009	1.007	1.007	1.008	1.005	1.006
1993	2.417	1.527	1.218	1.127	1.076	1.047	1.032	1.028	1.017	1.014	1.010	1.012	1.011	1.009	1.008
1994	2.485	1.498	1.231	1.117	1.082	1.045	1.036	1.023	1.020	1.014	1.019	1.017	1.013	1.011	1.008
1995	2.550	1.569	1.237	1.132	1.072	1.046	1.038	1.030	1.022	1.022	1.019	1.017	1.015	1.013	1.010
1996	2.454	1.490	1.239	1.114	1.072	1.056	1.046	1.036	1.031	1.026	1.021	1.017	1.014	1.008	1.011
1997	2.424	1.511	1.194	1.112	1.081	1.064	1.051	1.040	1.033	1.025	1.020	1.016	1.013	1.013	1.011
1998	2.618	1.463	1.229	1.139	1.102	1.083	1.055	1.041	1.028	1.023	1.020	1.017	1.014	1.013	1.011
1999	2.514	1.559	1.256	1.152	1.111	1.076	1.058	1.039	1.033	1.027	1.020	1.018	1.015	1.013	1.011
2000	2.801	1.593	1.262	1.166	1.110	1.079	1.051	1.042	1.030	1.024	1.020	1.018	1.015	1.014	1.013
2001	3.053	1.597	1.291	1.156	1.108	1.075	1.052	1.034	1.028	1.023	1.019	1.016	1.017	1.014	1.010
2002	2.790	1.592	1.261	1.153	1.102	1.064	1.040	1.031	1.025	1.020	1.017	1.016	1.013	1.011	
2003	2.931	1.550	1.267	1.155	1.088	1.057	1.042	1.032	1.028	1.022	1.020	1.017	1.012		
2004	2.785	1.572	1.282	1.149	1.090	1.064	1.045	1.033	1.029	1.024	1.019	1.014			
2005	2.741	1.599	1.285	1.157	1.104	1.072	1.053	1.042	1.033	1.027	1.020				
2006	2.879	1.591	1.278	1.166	1.108	1.075	1.056	1.043	1.032	1.023					
2007	2.902	1.571	1.291	1.173	1.116	1.081	1.055	1.042	1.029						
2008	2.833	1.621	1.311	1.177	1.115	1.077	1.055	1.037							
2009	3.006	1.623	1.303	1.178	1.112	1.076	1.050								
2010	2.944	1.591	1.295	1.166	1.108	1.068									
2011	2.943	1.590	1.285	1.168	1.101										
2012	3.023	1.575	1.286	1.157											
2013	2.942	1.550	1.259												
2014	2.869	1.521													
2015	2.793														

<u>Latest Year</u>															
Age-to-Age	2.793	1.521	1.259	1.157	1.101	1.068	1.050	1.037	1.029	1.023	1.020	1.014	1.012	1.011	1.010
Cumulative	9.952	3.563	2.343	1.860	1.608	1.461	1.368	1.303	1.257	1.222	1.194	1.171	1.154	1.141	1.128
<u>3-Year Arithmetics Average</u>															
Age-to-Age	2.868	1.549	1.277	1.164	1.107	1.074	1.053	1.041	1.031	1.025	1.019	1.016	1.014	1.013	1.012
Cumulative	10.886	3.795	2.451	1.919	1.649	1.490	1.388	1.317	1.266	1.227	1.197	1.175	1.156	1.140	1.126
<u>Average Excluding High & Low</u>															
Age-to-Age	2.776	1.566	1.267	1.148	1.095	1.063	1.043	1.031	1.023	1.019	1.015	1.013	1.011	1.009	1.008
Cumulative	9.576	3.450	2.203	1.739	1.515	1.383	1.301	1.247	1.210	1.182	1.161	1.143	1.128	1.116	1.106

Accident	Age-to-Age Development (in months):															
Year	195-207	207-219	219-231	231-243	243-255	255-267	267-279	279-291	291-303	303-315	315-327	327-339	339-351	351-363	363-375	375-387
1985	1.003	1.005	1.005	1.004	1.003	1.005	1.006	1.005	1.003	1.004	1.004	1.004	1.004	1.006	1.004	1.003
1986	1.005	1.004	1.005	1.007	1.003	1.006	1.005	1.004	1.005	1.005	1.006	1.007	1.006	1.006	1.005	
1987	1.004	1.004	1.006	1.006	1.008	1.004	1.004	1.006	1.005	1.004	1.005	1.006	1.004	1.004		
1988	1.004	1.004	1.005	1.005	1.005	1.003	1.005	1.004	1.004	1.005	1.004	1.004	1.004			
1989	1.005	1.004	1.004	1.004	1.003	1.004	1.004	1.004	1.004	1.004	1.004	1.004				
1990	1.006	1.004	1.004	1.002	1.003	1.003	1.003	1.003	1.003	1.002	1.003					
1991	1.005	1.003	1.002	1.003	1.003	1.003	1.003	1.003	1.002	1.003						
1992	1.005	1.003	1.004	1.004	1.003	1.003	1.003	1.003	1.003							
1993	1.006	1.006	1.007	1.006	1.006	1.005	1.005	1.005								
1994	1.007	1.007	1.007	1.006	1.007	1.005	1.005									
1995	1.009	1.009	1.009	1.008	1.007	1.008										
1996	1.009	1.009	1.008	1.008	1.006											
1997	1.009	1.008	1.008	1.007												
1998	1.011	1.011	1.009													
1999	1.011	1.009														
2000	1.010															

	<u>Latest Year</u>															
Age-to-Age	1.010	1.009	1.009	1.007	1.006	1.008	1.005	1.005	1.003	1.003	1.003	1.004	1.004	1.004	1.005	1.003
Cumulative	1.116	1.105	1.095	1.085	1.078	1.071	1.063	1.057	1.052	1.049	1.045	1.042	1.039	1.036	1.034	1.032
	<u>3-Year Arithmetics Average</u>															
Age-to-Age	1.011	1.010	1.008	1.008	1.007	1.006	1.004	1.004	1.002	1.003	1.003	1.004	1.005	1.005	1.004	1.003
Cumulative	1.113	1.101	1.091	1.082	1.074	1.067	1.060	1.055	1.052	1.049	1.045	1.042	1.039	1.036	1.034	1.032
	<u>Average Excluding High & Low</u>															
Age-to-Age	1.007	1.006	1.006	1.005	1.005	1.004	1.004	1.004	1.003	1.004	1.004	1.004	1.004	1.006		
Cumulative	1.097	1.090	1.083	1.077	1.071	1.066	1.062	1.057	1.053	1.049	1.045	1.042	1.039	1.036	1.034	1.032

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

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

Age in Months	Accident Year														
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
3 - 6					3.396	7.976	7.570	5.434	9.136	8.769	8.694	8.531	6.324	9.820	6.772
6 - 9					2.427	3.016	2.765	2.630	3.023	3.176	3.214	3.061	3.130	3.158	2.984
9 - 12					2.022	2.078	2.021	2.034	2.077	2.165	2.113	2.134	2.139	2.133	2.095
12 - 15					1.653	1.627	1.687	1.724	1.737	1.701	1.714	1.772	1.739	1.719	1.777
15 - 18				1.623	1.415	1.486	1.494	1.509	1.482	1.485	1.510	1.490	1.483	1.479	
18 - 21				1.318	1.357	1.328	1.289	1.326	1.334	1.343	1.338	1.346	1.326	1.309	
21 - 24				1.249	1.255	1.234	1.237	1.255	1.253	1.248	1.248	1.234	1.239	1.220	
24 - 27				1.192	1.187	1.191	1.190	1.197	1.189	1.186	1.198	1.189	1.175	1.182	
27 - 30			1.240	1.151	1.165	1.167	1.172	1.170	1.158	1.163	1.159	1.156	1.149		
30 - 33			1.127	1.145	1.128	1.119	1.135	1.138	1.133	1.131	1.130	1.121	1.117		
33 - 36			1.113	1.110	1.107	1.103	1.111	1.114	1.113	1.107	1.102	1.102	1.093		
36 - 39			1.093	1.087	1.093	1.090	1.097	1.094	1.091	1.092	1.092	1.085	1.083		
39 - 42		1.139	1.076	1.083	1.083	1.086	1.096	1.082	1.083	1.081	1.081	1.076			
42 - 45		1.063	1.077	1.068	1.063	1.069	1.069	1.074	1.069	1.068	1.070	1.062			
45 - 48		1.059	1.057	1.058	1.057	1.059	1.063	1.064	1.062	1.059	1.059	1.054			
48 - 51		1.049	1.039	1.050	1.050	1.050	1.052	1.053	1.053	1.051	1.049	1.046			
51 - 54	1.072	1.043	1.044	1.048	1.049	1.050	1.049	1.050	1.048	1.048	1.044				
54 - 57	1.038	1.045	1.037	1.037	1.038	1.043	1.045	1.043	1.040	1.043	1.039				
57 - 60	1.037	1.025	1.032	1.034	1.037	1.038	1.039	1.039	1.037	1.037	1.034				
60 - 63	1.031	1.027	1.028	1.030	1.032	1.032	1.034	1.034	1.032	1.031	1.031				
63 - 66	1.029	1.025	1.025	1.030	1.030	1.031	1.033	1.031	1.032	1.029					
66 - 69	1.027	1.023	1.022	1.026	1.027	1.029	1.028	1.028	1.028	1.025					
69 - 72	1.018	1.021	1.022	1.023	1.025	1.028	1.026	1.026	1.023	1.022					
72 - 75	1.014	1.017	1.018	1.021	1.022	1.023	1.023	1.022	1.021	1.021					
75 - 78	1.018	1.018	1.019	1.020	1.020	1.023	1.022	1.022	1.020						
78 - 81	1.017	1.013	1.015	1.019	1.019	1.020	1.020	1.020	1.017						
81 - 84	1.015	1.013	1.015	1.017	1.018	1.019	1.018	1.017	1.016						
84 - 87	1.014	1.011	1.013	1.015	1.016	1.016	1.016	1.015	1.014						
87 - 90	1.013	1.012	1.012	1.014	1.015	1.015	1.016	1.014							
90 - 93	1.010	1.011	1.011	1.013	1.014	1.014	1.014	1.012							
93 - 96	1.010	1.011	1.011	1.013	1.013	1.013	1.013	1.012							
96 - 99	1.007	1.009	1.010	1.012	1.012	1.012	1.011	1.010							
99 - 102	1.008	1.009	1.009	1.012	1.012	1.012	1.011								
102 - 105	1.007	1.008	1.008	1.010	1.012	1.011	1.009								
105 - 108	1.008	1.008	1.008	1.010	1.010	1.010	1.008								
108 - 111	1.007	1.007	1.008	1.009	1.009	1.009	1.008								
111 - 114	1.007	1.008	1.008	1.009	1.009	1.008									
114 - 117	1.006	1.007	1.007	1.009	1.008	1.007									
117 - 120	1.006	1.007	1.007	1.008	1.008	1.007									
120 - 123	1.006	1.006	1.007	1.007	1.007	1.006									

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

Source: WCIRB quarterly calls for experience.

Reported Indemnity Claim Count Development - Statewide

Accident	Age-to-Age Development (in months):													
Year	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159	159-171	171-183
1993														0.999
1994													1.000	1.000
1995												0.999	1.004	1.001
1996											1.000	1.002	1.000	1.001
1997										0.993	1.001	1.000	1.001	1.000
1998									0.991	1.000	1.000	1.000	1.001	1.000
1999								0.992	1.000	1.000	1.001	1.000	1.000	1.000
2000							0.993	0.998	1.000	1.000	1.000	1.001	1.001	1.000
2001						0.999	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002					1.006	1.000	0.999	1.000	0.999	1.000	1.000	1.000	1.000	1.000
2003				1.007	0.998	0.999	0.999	0.999	1.000	1.000	1.000	1.000	1.000	
2004			0.997	1.000	1.000	0.999	0.999	1.000	0.999	1.000	1.000	1.000		
2005		1.003	1.001	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.000			
2006	1.029	1.007	1.004	1.002	1.001	1.005	1.001	1.000	1.001	1.000				
2007	1.037	1.012	1.006	1.003	1.002	1.000	1.000	1.001	1.000					
2008	1.061	1.017	1.009	1.004	1.003	1.001	1.001	1.001						
2009	1.083	1.023	1.009	1.005	1.003	1.002	1.002							
2010	1.091	1.022	1.010	1.006	1.003	1.002								
2011	1.101	1.027	1.011	1.006	1.003									
2012	1.119	1.026	1.011	1.006										
2013	1.101	1.025	1.009											
2014	1.107	1.023												
2015	1.107													

I. Age-to-Age (Latest Year)

1.107	1.023	1.009	1.006	1.003	1.002	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
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II. Age-to-Ultimate

1.161	1.049	1.026	1.017	1.011	1.008	1.006	1.004	1.003	1.003	1.002	1.003	1.003	1.003	1.003
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Accident	Age-to-Age Development (in months):												
Year	183-195	195-207	207-219	219-231	231-243	243-255	255-267	267-279	279-291	291-303	303-315	315-327	327-339
1989				0.999	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000
1990			0.996	1.000	1.000	1.001	1.000	1.001	1.000	1.000	1.000	1.000	
1991		0.998	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000		
1992	0.999	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000			
1993	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000				
1994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
1995	1.001	1.000	1.000	1.000	1.000	1.000	1.000						
1996	1.000	1.000	1.000	1.000	1.000	1.000							
1997	1.000	1.000	1.000	1.000	1.000								
1998	1.000	1.000	1.000	1.000									
1999	1.000	1.000	1.000										
2000	1.000	1.000											
2001	1.000												

I. Age-to-Age (Latest Year)

1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
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II. Age-to-Ultimate

1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000
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Source: WCIRB quarterly calls for experience

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

Based on Estimated Accident Year Indemnity Claim Frequency and ALAE Severity
For Policies with Effective Dates between January 1, 2018 and December 31, 2018

Acc. Year	Paid ALAE ^[1] @3/31/17 (in \$000) (1)	Paid ALAE Cumulative Development Factors ^[2] (2)	Estimated Ult. ALAE (in \$000) (3)=(1)x(2)	Indemnity Claim Counts @3/31/17 (4)	Cumulative Count Development Factors ^[3] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ult. ALAE Per Indemnity Claim (7)=(3)/(6)x1000
1991	447,847	1.045	468,171	249,729	1.000	249,811	1,874
1992	347,521	1.049	364,527	198,442	1.000	198,538	1,836
1993	253,191	1.052	266,311	156,131	1.001	156,225	1,705
1994	237,319	1.057	250,893	143,689	1.001	143,792	1,745
1995	263,980	1.063	280,498	135,154	1.001	135,299	2,073
1996	309,396	1.071	331,326	133,103	1.001	133,289	2,486
1997	393,677	1.078	424,276	137,271	1.002	137,486	3,086
1998	570,503	1.085	619,232	147,452	1.002	147,728	4,192
1999	623,395	1.095	682,542	148,641	1.002	148,930	4,583
2000	771,338	1.105	852,428	161,971	1.002	162,320	5,252
2001	970,245	1.116	1,083,271	185,627	1.002	186,076	5,822
2002	1,028,748	1.128	1,160,536	194,673	1.003	195,194	5,946
2003	1,034,991	1.141	1,180,612	184,208	1.003	184,727	6,391
2004	869,885	1.154	1,004,271	158,953	1.003	159,399	6,300
2005	769,025	1.171	900,675	139,590	1.003	139,964	6,435
2006	801,218	1.194	956,823	133,295	1.002	133,621	7,161
2007	850,137	1.222	1,038,603	130,250	1.003	130,583	7,954
2008	880,310	1.257	1,106,553	122,971	1.003	123,341	8,971
2009	895,374	1.303	1,167,031	113,766	1.004	114,274	10,213
2010	914,637	1.368	1,251,369	118,531	1.006	119,252	10,493
2011	863,605	1.461	1,261,846	120,655	1.008	121,656	10,372
2012	848,777	1.608	1,365,032	127,548	1.011	128,940	10,587
2013	794,354	1.860	1,477,646	135,069	1.017	137,303	10,762
2014	679,553	2.343	1,591,892	138,792	1.026	142,356	11,182
2015	487,910	3.563	1,738,279	140,610	1.049	147,521	11,783
2016	187,587	9.952	1,866,802	129,487	1.161	150,387	12,413

Projected Based on 2-Year Average of 2015 and 2016:

	Ultimate ALAE ^[6]	Ult. Ind. Counts ^[4]	Ult. ALAE per Ind. Counts ^[5]
2017	1,871,940	145,934	12,827
2018	1,912,748	143,380	13,340
1/1/2019	1,937,515	142,416	13,605

(a) Projected ALAE Incurred (\$000):	1,937,515
(b) Calendar Year 2016 Earned Premium ^[7] (\$000):	17,954,400
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[8] :	0.625
(d) Premium Adjustment Factor for Calendar Year 2016 ^[9] :	0.955
(e) Projected Losses (\$000): (b) x (c) x (d)	10,713,061
(f) Projected Ratio of ALAE to Losses: (a)/(e)	18.1%

Notes:

- [1] All paid ALAE exclude the paid cost of medical cost containment programs.
- [2] Based on the private insurers latest year paid ALAE age-to-age development from Exhibit 16.1.
- [3] Based on the latest year indemnity claim count age-to-age development from Exhibit 16.3.
- [4] Estimated based on projected frequency trends for accident years 2016 to 2019. The estimated frequency changes are based on the projected growth in overall indemnity claim frequency (see Exhibit C7.2 of Item AC17-08-01). These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2015 and 2016.
- [5] Severity is projected by applying an annual growth rate of 4.0%, which is based on the approximate average of the private insurers selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 14.2 and (ii) paid ALAE per open indemnity claim from Exhibit 15, to the ultimate ALAE severity estimated from averaging 2015 and 2016.
- [6] Column(6) x Column(7) / 1,000.
- [7] Based on the reported earned premium for calendar year 2016 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2017.
- [8] See Exhibit 8 of Item AC17-06-01
- [9] See Exhibit 5.2 of Item AC17-06-01.

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

Based on Estimated Accident Year Indemnity Claim Frequency and Private Insurers ALAE Severity
For Policies with Effective Dates between January 1, 2018 and December 31, 2018

Acc. Year	Indemnity Claim Counts @3/31/17	Cumulative Count Development Factors ^[2]	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE Per Indemnity Claim ^[3]	Estimated Ult. ALAE (in \$000) (5)=(3)x(4)
	(1)	(2)	(3)=(1)x(2)	(4)	(5)=(3)x(4)
1991	249,729	1.000	249,811	2,465	615,787
1992	198,442	1.000	198,538	2,346	465,724
1993	156,131	1.001	156,225	2,177	340,047
1994	143,689	1.001	143,792	2,184	314,100
1995	135,154	1.001	135,299	2,502	338,493
1996	133,103	1.001	133,289	2,953	393,554
1997	137,271	1.002	137,486	3,704	509,199
1998	147,452	1.002	147,728	4,794	708,220
1999	148,641	1.002	148,930	5,142	765,821
2000	161,971	1.002	162,320	6,049	981,794
2001	185,627	1.002	186,076	7,532	1,401,542
2002	194,673	1.003	195,194	8,057	1,572,716
2003	184,208	1.003	184,727	8,591	1,586,945
2004	158,953	1.003	159,399	8,109	1,292,588
2005	139,590	1.003	139,964	7,834	1,096,508
2006	133,295	1.002	133,621	8,161	1,090,518
2007	130,250	1.003	130,583	8,871	1,158,353
2008	122,971	1.003	123,341	9,739	1,201,164
2009	113,766	1.004	114,274	10,812	1,235,481
2010	118,531	1.006	119,252	10,874	1,296,708
2011	120,655	1.008	121,656	10,629	1,293,136
2012	127,548	1.011	128,940	10,754	1,386,664
2013	135,069	1.017	137,303	10,987	1,508,546
2014	138,792	1.026	142,356	11,545	1,643,539
2015	140,610	1.049	147,521	12,183	1,797,196
2016	129,487	1.161	150,387	12,676	1,906,372

Projected Based on 2-Year Average of 2015 and 2016:

	Ult. Ind. Counts ^[4]	Ult. ALAE per Ind. Counts ^[5]	Ultimate ALAE ^[6]
2017	145,934	13,180	1,923,426
2018	143,380	13,707	1,965,357
1/1/2019	142,416	13,979	1,990,805

(a) Projected ALAE Incurred (\$000):	1,990,805
(b) Calendar Year 2016 Earned Premium ^[7] (\$000):	17,954,400
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[8] :	0.625
(d) Premium Adjustment Factor for Calendar Year 2016 ^[9] :	0.955
(e) Projected Losses (\$000): (b) x (c) x (d)	10,713,061
(f) Projected Ratio of ALAE to Losses: (a)/(e)	18.6%

Notes:

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

^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 16.3.

^[3] Based on estimated ultimate ALAE per indemnity for private insurers from Exhibit 14.2.

^[4] Estimated based on projected frequency trends for accident years 2016 to 2019. The estimated frequency changes are based on the projected growth in overall indemnity claim frequency (see Exhibit C7.2 of Item AC17-08-01). These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2015 and 2016.

^[5] Severity is projected by applying an annual growth rate of 4.0%, which is based on the approximate average of the private insurers selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 14.2 and (ii) paid ALAE per open indemnity claim from Exhibit 15, to the ultimate ALAE severity estimated from averaging 2015 and 2016.

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

^[7] Based on the reported earned premium for calendar year 2016 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2017.

^[8] See Exhibit 8 of Item AC17-06-01.

^[9] See Exhibit 5.2 of Item AC17-06-01.

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

Based on Estimated Accident Year Indemnity Claim Frequency and ALAE Severity - Trend From Latest Year
For Policies with Effective Dates between January 1, 2018 and December 31, 2018

Acc. Year	Paid ALAE ^[1] @3/31/17 (in \$000)	Paid ALAE Cumulative Development Factors ^[2]	Estimated Ult. ALAE (in \$000)	Indemnity Claim Counts @3/31/17	Cumulative Count Development Factors ^[3]	Estimated Ultimate Ind. Counts	Estimated Ult. ALAE Per Indemnity Claim
	(1)	(2)	(3)=(1)x(2)	(4)	(5)	(6)=(4)x(5)	(7)=(3)/(6)x1000
1991	447,847	1.045	468,171	249,729	1.000	249,811	1,874
1992	347,521	1.049	364,527	198,442	1.000	198,538	1,836
1993	253,191	1.052	266,311	156,131	1.001	156,225	1,705
1994	237,319	1.057	250,893	143,689	1.001	143,792	1,745
1995	263,980	1.063	280,498	135,154	1.001	135,299	2,073
1996	309,396	1.071	331,326	133,103	1.001	133,289	2,486
1997	393,677	1.078	424,276	137,271	1.002	137,486	3,086
1998	570,503	1.085	619,232	147,452	1.002	147,728	4,192
1999	623,395	1.095	682,542	148,641	1.002	148,930	4,583
2000	771,338	1.105	852,428	161,971	1.002	162,320	5,252
2001	970,245	1.116	1,083,271	185,627	1.002	186,076	5,822
2002	1,028,748	1.128	1,160,536	194,673	1.003	195,194	5,946
2003	1,034,991	1.141	1,180,612	184,208	1.003	184,727	6,391
2004	869,885	1.154	1,004,271	158,953	1.003	159,399	6,300
2005	769,025	1.171	900,675	139,590	1.003	139,964	6,435
2006	801,218	1.194	956,823	133,295	1.002	133,621	7,161
2007	850,137	1.222	1,038,603	130,250	1.003	130,583	7,954
2008	880,310	1.257	1,106,553	122,971	1.003	123,341	8,971
2009	895,374	1.303	1,167,031	113,766	1.004	114,274	10,213
2010	914,637	1.368	1,251,369	118,531	1.006	119,252	10,493
2011	863,605	1.461	1,261,846	120,655	1.008	121,656	10,372
2012	848,777	1.608	1,365,032	127,548	1.011	128,940	10,587
2013	794,354	1.860	1,477,646	135,069	1.017	137,303	10,762
2014	679,553	2.343	1,591,892	138,792	1.026	142,356	11,182
2015	487,910	3.563	1,738,279	140,610	1.049	147,521	11,783
2016	187,587	9.952	1,866,802	129,487	1.161	150,387	12,413

Projected Based on Latest Year:

	Ultimate ALAE ^[6]	Ult. Ind. Counts ^[4]	Ult. ALAE per Ind. Counts ^[5]
2017	1,911,576	148,071	12,910
2018	1,953,248	145,480	13,426
1/1/2019	1,978,539	144,502	13,692

(a) Projected ALAE Incurred (\$000):	1,978,539
(b) Calendar Year 2016 Earned Premium ^[7] (\$000):	17,954,400
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[8] :	0.625
(d) Premium Adjustment Factor for Calendar Year 2016 ^[9] :	0.955
(e) Projected Losses (\$000): (b) x (c) x (d)	10,713,061
(f) Projected Ratio of ALAE to Losses: (a)/(e)	18.5%

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
- ^[2] Based on the private insurers latest year paid ALAE age-to-age development from Exhibit 16.1.
- ^[3] Based on the latest year indemnity claim count age-to-age development from Exhibit 16.3.
- ^[4] Estimated based on projected frequency trends for accident years 2016 to 2019. The estimated frequency changes are based on the projected growth in overall indemnity claim frequency (see Exhibit C7.2 of Item AC17-08-01). These frequency trends were then applied to the 2016 ultimate indemnity claim counts.
- ^[5] Severity is projected by applying an annual growth rate of 4.0%, which is based on the approximate average of the private insurers selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 14.2 and (ii) paid ALAE per open indemnity claim from Exhibit 15, to the 2016 ultimate ALAE severity.
- ^[6] Column(6) x Column(7) / 1,000.
- ^[7] Based on the reported earned premium for calendar year 2016 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2017.
- ^[8] See Exhibit 8 of Item AC17-06-01.
- ^[9] See Exhibit 5.2 of Item AC17-06-01.

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

Based on Estimated Accident Year Indemnity Claim Frequency and Private Insurers ALAE Severity - Trend from Latest Year
For Policies with Effective Dates between January 1, 2018 and December 31, 2018

Acc. Year	Indemnity Claim Counts @3/31/17 (1)	Cumulative Count Development Factors[2] (2)	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE Per Indemnity Claim[3] (4)	Estimated Ult. ALAE (in \$000) (5)=(3)x(4)
1991	249,729	1.000	249,811	2,465	615,787
1992	198,442	1.000	198,538	2,346	465,724
1993	156,131	1.001	156,225	2,177	340,047
1994	143,689	1.001	143,792	2,184	314,100
1995	135,154	1.001	135,299	2,502	338,493
1996	133,103	1.001	133,289	2,953	393,554
1997	137,271	1.002	137,486	3,704	509,199
1998	147,452	1.002	147,728	4,794	708,220
1999	148,641	1.002	148,930	5,142	765,821
2000	161,971	1.002	162,320	6,049	981,794
2001	185,627	1.002	186,076	7,532	1,401,542
2002	194,673	1.003	195,194	8,057	1,572,716
2003	184,208	1.003	184,727	8,591	1,586,945
2004	158,953	1.003	159,399	8,109	1,292,588
2005	139,590	1.003	139,964	7,834	1,096,508
2006	133,295	1.002	133,621	8,161	1,090,518
2007	130,250	1.003	130,583	8,871	1,158,353
2008	122,971	1.003	123,341	9,739	1,201,164
2009	113,766	1.004	114,274	10,812	1,235,481
2010	118,531	1.006	119,252	10,874	1,296,708
2011	120,655	1.008	121,656	10,629	1,293,136
2012	127,548	1.011	128,940	10,754	1,386,664
2013	135,069	1.017	137,303	10,987	1,508,546
2014	138,792	1.026	142,356	11,545	1,643,539
2015	140,610	1.049	147,521	12,183	1,797,196
2016	129,487	1.161	150,387	12,676	1,906,372

Projected Based on Latest Year

	Ult. Ind. Counts ^[4]	Ult. ALAE per Ind. Counts ^[5]	Ultimate ALAE ^[6]
2017	148,071	13,183	1,952,094
2018	145,480	13,711	1,994,650
1/1/2019	144,502	13,982	2,020,477

(a) Projected ALAE Incurred (\$000):	2,020,477
(b) Calendar Year 2016 Earned Premium ^[7] (\$000):	17,954,400
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[8] :	0.625
(d) Premium Adjustment Factor for Calendar Year 2016 ^[9] :	0.955
(e) Projected Losses (\$000): (b) x (c) x (d)	10,713,061
(f) Projected Ratio of ALAE to Losses: (a)/(e)	18.9%

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 16.3.
- ^[3] Based on estimated ultimate ALAE per indemnity for private insurers from Exhibit 14.2.
- ^[4] Estimated based on projected frequency trends for accident years 2016 to 2019. The estimated frequency changes are based on the projected growth in overall indemnity claim frequency (see Exhibit C7.2 of Item AC17-08-01). These frequency trends were then applied to the 2016 ultimate indemnity claim counts.
- ^[5] Severity is projected by applying an annual growth rate of 4.0%, which is based on the approximate average of the private insurers selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 14.2 and (ii) paid ALAE per open indemnity claim from Exhibit 15, to the 2016 ultimate ALAE severity.
- ^[6] Column(6) x Column(7) / 1,000.
- ^[7] Based on the reported earned premium for calendar year 2016 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2017.
- ^[8] See Exhibit 8 of Item AC17-06-01.
- ^[9] See Exhibit 5.2 of Item AC17-06-01.

Projected Ultimate ALAE as a Percent of Ultimate Losses - Statewide
For Policies with Effective Dates between January 1, 2018 and December 31, 2018
Latest Year Development Factors

Accident Year	Paid ALAE as % of Premium at 3/31/17 (1)	Development Factors (2)	Ultimate ALAE as % of Premium (3)	Ultimate On-level Indemnity as % of Premium (4)	Ultimate On-level Medical as % of Premium (5)	Ultimate ALAE as % of Ultimate On-level Loss (6)
1988	3.1%	1.036	3.2%	48.5%	27.7%	4.2%
1989	4.5%	1.039	4.7%	49.6%	28.7%	6.0%
1990	5.7%	1.042	5.9%	46.1%	26.3%	8.1%
1991	7.2%	1.045	7.5%	40.5%	23.6%	11.8%
1992	5.8%	1.049	6.0%	35.2%	20.6%	10.8%
1993	4.1%	1.052	4.3%	35.1%	20.7%	7.7%
1994	4.4%	1.057	4.7%	41.8%	25.1%	7.0%
1995	6.6%	1.063	7.0%	55.9%	36.3%	7.6%
1996	7.7%	1.071	8.3%	58.6%	38.4%	8.5%
1997	9.4%	1.078	10.1%	59.5%	42.7%	9.9%
1998	11.2%	1.085	12.2%	59.5%	45.5%	11.6%
1999	12.2%	1.095	13.3%	58.1%	40.2%	13.6%
2000	11.3%	1.105	12.5%	46.8%	33.8%	15.5%
2001	9.4%	1.116	10.5%	38.9%	27.4%	15.8%
2002	7.5%	1.128	8.5%	29.8%	22.3%	16.3%
2003	5.2%	1.141	5.9%	19.5%	15.0%	17.1%
2004	3.7%	1.154	4.3%	16.1%	15.6%	13.7%
2005	3.6%	1.171	4.2%	18.7%	17.8%	11.5%
2006	4.6%	1.194	5.5%	23.9%	24.5%	11.5%
2007	6.4%	1.222	7.8%	32.0%	34.2%	11.8%
2008	8.2%	1.257	10.2%	38.5%	43.2%	12.5%
2009	10.0%	1.303	13.1%	44.0%	50.4%	13.8%
2010	9.7%	1.368	13.3%	42.4%	50.4%	14.3%
2011	8.5%	1.461	12.4%	39.0%	45.0%	14.8%
2012	7.2%	1.608	11.6%	34.3%	40.9%	15.5%
2013	5.6%	1.860	10.4%	29.9%	35.6%	15.9%
2014	4.2%	2.343	9.9%	26.9%	32.7%	16.7%
2015	2.9%	3.563	10.2%	26.5%	32.2%	17.3%
2016	1.0%	9.952	10.4%	26.1%	32.9%	17.6%

(7) Projected ALAE as a Percent of Ultimate On-level Losses:

Average of latest 2 years: 17.5%

Notes:

- (1) Based on accident year paid ALAE and calendar year earned premium information. Amounts shown do not reflect the paid cost of medical cost containment programs (MCCP).
- (2) Based on the private insurers latest year paid ALAE age-to-age development from Exhibit 16.1.
- (3) = (1) x (2).
- (4), (5) Based on Exhibits 7.1 and 7.3 of Item AC17-06-01. MCCP costs are not included in the medical ratios shown for accident years 2011 to 2016.
- (6) = (3) / [(4) + (5)].
- (7) Based on averaging 2015 and 2016.

Projected Ultimate ALAE as a Percent of Ultimate Losses - Statewide
Based on Private Insurers Paid ALAE as Percentage of Premium
For Policies with Effective Dates between January 1, 2018 and December 31, 2018
Latest Year Development Factors

Accident Year	Paid ALAE as % of Premium at 3/31/17 (1)	Development Factors (2)	Ultimate ALAE as % of Premium (3)	Ultimate On-level Indemnity as % of Premium (4)	Ultimate On-level Medical as % of Premium (5)	Ultimate ALAE as % of Ultimate On-level Loss (6)
1988	4.3%	1.036	4.4%	48.5%	27.7%	5.8%
1989	6.2%	1.039	6.4%	49.6%	28.7%	8.2%
1990	7.8%	1.042	8.1%	46.1%	26.3%	11.2%
1991	9.7%	1.045	10.2%	40.5%	23.6%	15.9%
1992	7.6%	1.049	7.9%	35.2%	20.6%	14.2%
1993	5.3%	1.052	5.6%	35.1%	20.7%	10.0%
1994	5.7%	1.057	6.0%	41.8%	25.1%	9.0%
1995	8.3%	1.063	8.9%	55.9%	36.3%	9.6%
1996	9.6%	1.071	10.3%	58.6%	38.4%	10.6%
1997	11.7%	1.078	12.6%	59.5%	42.7%	12.3%
1998	13.2%	1.085	14.3%	59.5%	45.5%	13.7%
1999	14.5%	1.095	15.8%	58.1%	40.2%	16.1%
2000	13.1%	1.105	14.5%	46.8%	33.8%	18.0%
2001	11.6%	1.116	12.9%	38.9%	27.4%	19.5%
2002	9.9%	1.128	11.2%	29.8%	22.3%	21.6%
2003	6.8%	1.141	7.7%	19.5%	15.0%	22.4%
2004	4.7%	1.154	5.4%	16.1%	15.6%	17.0%
2005	4.2%	1.171	5.0%	18.7%	17.8%	13.6%
2006	5.2%	1.194	6.2%	23.9%	24.5%	12.9%
2007	7.2%	1.222	8.8%	32.0%	34.2%	13.3%
2008	9.1%	1.257	11.4%	38.5%	43.2%	14.0%
2009	11.0%	1.303	14.4%	44.0%	50.4%	15.2%
2010	10.6%	1.368	14.5%	42.4%	50.4%	15.6%
2011	9.1%	1.461	13.3%	39.0%	45.0%	15.9%
2012	7.6%	1.608	12.3%	34.3%	40.9%	16.3%
2013	5.9%	1.860	10.9%	29.9%	35.6%	16.7%
2014	4.6%	2.343	10.7%	26.9%	32.7%	17.9%
2015	3.1%	3.563	10.9%	26.5%	32.2%	18.5%
2016	1.1%	9.952	11.1%	26.1%	32.9%	18.7%

(7) Projected ALAE as a Percent of Ultimate On-level Losses:

Average of latest 2 years: 18.6%

Notes:

- (1) Based on accident year paid ALAE and calendar year earned premium information reported by private insurers. Amounts shown do not reflect the paid cost of medical cost containment programs (MCCP).
- (2) Based on the private insurers latest year paid ALAE age-to-age development from Exhibit 16.1.
- (3) = (1) x (2).
- (4), (5) Based on analogous Exhibits 7.1 and 7.3 of Item AC17-06-01. MCCP costs are not included in the medical ratios shown for accident years 2011 to 2016.
- (6) = (3) / [(4) + (5)].
- (7) Based on averaging 2015 and 2016.

Development of Paid Allocated Loss Adjustment Expenses as a Percent of Paid Indemnity^[1]

Accident Year	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159	159-171	171-183	Paid ALAE ^[2] 183-Ult	Paid Indemnity ^[3] 183-Ult
1986														1.007		
1987													1.008	1.004		
1988												1.011	1.002	1.002		
1989											1.002	1.002	1.002	1.003		
1990										1.003	1.001	1.000	1.002	1.002		
1991									1.002	1.000	1.001	1.003	1.005	1.001		
1992								1.004	1.007	1.004	1.006	1.007	1.007	1.005		
1993								1.007	1.007	1.005	1.010	1.010	1.008	1.006		
1994								1.009	1.011	1.010	1.010	1.009	1.010	1.007		
1995								1.011	1.014	1.014	1.011	1.009	1.008	1.006		
1996								1.016	1.016	1.016	1.009	1.010	1.007	1.009		
1997								1.017	1.010	1.009	1.010	1.010	1.006	1.007		
1998								1.018	1.016	1.014	1.012	1.010	1.008	1.007		
1999								1.020	1.016	1.014	1.011	1.011	1.007	1.007		
2000								1.023	1.013	1.010	1.010	1.006	1.009	1.007		
2001								1.022	1.010	1.009	1.006	1.007	1.006	1.005		
2002								1.017	1.011	1.002	1.004	1.007	1.003			
2003								1.019	1.005	1.002	1.006	1.003				
2004								1.022	1.008	1.008	1.006	1.003				
2005								1.012	1.004	1.008	1.006					
2006								1.011	1.006	1.006						
2007								1.013	1.004							
2008								1.012	1.004							
2009								1.011	1.006							
2010								1.010	1.004							
2011								1.012	1.004							
2012								1.010	1.004							
2013								1.012	1.004							
2014								1.010	1.004							
2015								1.012	1.004							

Age to Age	1.130	1.013	1.036	1.031	1.023	1.014	1.010	1.012	1.004	1.006	1.006	1.003	1.005			
Age-to-Ult.	1.431	1.266	1.251	1.207	1.170	1.144	1.128	1.117	1.104	1.100	1.093	1.087	1.080	1.128	1.050	
<u>3-Year Arithmetics Average Development</u>																
Age to Age	1.177	1.040	1.046	1.033	1.025	1.018	1.012	1.011	1.006	1.007	1.005	1.006	1.006			
Age-to-Ult.	1.569	1.333	1.282	1.226	1.187	1.158	1.137	1.123	1.111	1.105	1.097	1.092	1.086	1.126	1.050	
<u>Average Excluding High & Low</u>																
Age to Age	1.168	1.041	1.038	1.031	1.025	1.020	1.015	1.011	1.009	1.007	1.007	1.007	1.006			
Age-to-Ult.	1.533	1.312	1.261	1.214	1.177	1.148	1.126	1.110	1.098	1.088	1.080	1.073	1.065	1.106	1.050	

Notes:

^[1] Due to relatively sparse data and differing mixes of insurers represented in each factor, each factor shown is the ratio of the paid ALAE development factor to the paid indemnity development factor. The paid ALAE development is based on the private insurers' paid ALAE development from Exhibits 16.1, the paid indemnity development factors are from Exhibits 2.3.1 and 2.3.2 of Item AC17-06-01.

^[2] Based on the private insurers year paid ALAE age-to-age development from Exhibit 16.1.

^[3] Based on Exhibit 3.1 of Item AC17-06-01.

Projected Ultimate ALAE as a Percent of Ultimate Losses - Statewide
For Policies with Effective Dates between January 1, 2018 and December 31, 2018
Using Paid ALAE as a Percent of Paid Indemnity
Latest Year Development Factors

Accident Year	Paid ALAE as a Percent of Paid Indemnity at 3/31/17 (1)	Development Factors (2)	Ultimate ALAE as a Percent of Ultimate Indemnity (3)	Indemnity On-level Factors (4)	Ultimate ALAE as a Percent of Ultimate On-level Indemnity (5)
2003	22.9%	1.080	24.7%	0.808	30.6%
2004	27.7%	1.083	30.0%	1.114	26.9%
2005	31.2%	1.087	33.9%	1.512	22.4%
2006	31.7%	1.093	34.6%	1.495	23.2%
2007	32.2%	1.100	35.4%	1.448	24.4%
2008	32.9%	1.104	36.4%	1.364	26.7%
2009	35.6%	1.117	39.7%	1.337	29.7%
2010	36.6%	1.128	41.3%	1.318	31.3%
2011	36.2%	1.144	41.4%	1.298	31.9%
2012	36.5%	1.170	42.7%	1.267	33.7%
2013	35.8%	1.207	43.1%	1.233	35.0%
2014	34.4%	1.251	43.0%	1.116	38.5%
2015	34.1%	1.266	43.2%	1.089	39.6%
2016	30.5%	1.431	43.6%	1.068	40.8%

(6) ALAE as Percent of On-level Indemnity:	Projected: 40.2%
(7) Indicated Indemnity to Industry Average Filed Pure Premium Ratio:	0.266
(8) Indicated Medical to Industry Average Filed Pure Premium Ratio:	0.359
(9) ALAE as Percent of Total Losses:	17.1%

Notes:

- (1) Based on accident year paid ALAE information. Amounts shown do not reflect the paid cost of medical cost containment programs (MCCP).
- (2) See Exhibit 22.1.
- (3) = (1) x (2).
- (4) From Exhibit 4.1 of Item AC17-06-01
- (5) = (3) / (4).
- (6) Projected by averaging 2015 and 2016.
- (7), (8) From Exhibit 8 of Item AC17-06-01.
- (9) = (6) x (7) / [(7) + (8)].

Projected Ultimate ALAE as a Percent of Ultimate Losses - Statewide
For Policies with Effective Dates between January 1, 2018 and December 31, 2018
Using Paid ALAE as a Percent of Paid Indemnity for Private Insurers
Latest Year Development Factors

Accident Year	Paid ALAE as a Percent of Paid Indemnity at 3/31/17 (1)	Development Factors (2)	Ultimate ALAE as a Percent of Ultimate Indemnity (3)	Indemnity On-level Factors (4)	Ultimate ALAE as a Percent of Ultimate On-level Indemnity (5)
2003	32.0%	1.080	34.6%	0.808	42.8%
2004	36.7%	1.083	39.7%	1.114	35.6%
2005	38.9%	1.087	42.2%	1.512	27.9%
2006	37.3%	1.093	40.8%	1.495	27.3%
2007	37.2%	1.100	41.0%	1.448	28.3%
2008	36.6%	1.104	40.4%	1.364	29.6%
2009	38.5%	1.117	43.0%	1.337	32.2%
2010	38.6%	1.128	43.6%	1.318	33.1%
2011	37.8%	1.144	43.3%	1.298	33.3%
2012	37.7%	1.170	44.1%	1.267	34.8%
2013	37.1%	1.207	44.8%	1.233	36.3%
2014	36.2%	1.251	45.3%	1.116	40.5%
2015	35.9%	1.266	45.5%	1.089	41.8%
2016	31.9%	1.431	45.7%	1.068	42.8%

(6) ALAE as Percent of On-level Indemnity:	Projected: 42.3%
(7) Indicated Indemnity to Industry Average Filed Pure Premium Ratio:	0.266
(8) Indicated Medical to Industry Average Filed Pure Premium Ratio:	0.359
(9) ALAE as Percent of Total Losses:	18.0%

Notes:

- (1) Based on accident year paid ALAE information reported by private insurers. Amounts shown do not reflect the paid cost of medical cost containment programs (MCCP).
- (2) See Exhibit 22.1.
- (3) = (1) x (2).
- (4) From Exhibit 4.1 of Item AC17-06-01
- (5) = (3) / (4).
- (6) Projected by averaging 2015 and 2016.
- (7), (8) From Exhibit 8 of Item AC17-06-01.
- (9) = (6) x (7) / [(7) + (8)].

Average Paid MCCP^[1] Per Reported Indemnity Claim - Statewide
As of March 31, 2017

Accident	Evaluated as of (in months):							
<u>Year</u>	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>
2012	191	876	1,451	1,835	2,107	2,271		
2013	184	817	1,398	1,784	1,994			
2014	162	778	1,369	1,685				
2015	172	777	1,272					
2016	154	731						
2017	165							

Accident	Annual Change				
<u>Year</u>	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>
2013	-3.8%	-6.7%	-3.7%	-2.8%	-5.4%
2014	-12.2%	-4.7%	-2.1%	-5.5%	
2015	6.7%	-0.2%	-7.0%		
2016	-10.6%	-5.9%			
2017	7.2%				

<u>Annual Trend^[2]</u>					
All-Year	-3.4%	-4.0%	-4.1%	-4.2%	-5.4%
R ²	0.617	0.935	0.941	0.963	1.000

^[1] Trend is based on exponential distribution using accident years 2012 and subsequent.
Source: WCIRB accident year experience calls.

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

Calendar Year	Private Insurer		Statewide	
	Paid M CCP per Indemnity Claim Adjusted to Remove IMR/IBR Fees	Year-to-Year Change	Paid M CCP per Indemnity Claim Adjusted to Remove IMR/IBR Fees	Year-to-Year Change
2005	\$469	---	---	---
2006	\$559	19.3%	---	---
2007	\$631	12.8%	\$433	---
2008	\$953	51.0%	\$673	55.4%
2009	\$830	-13.0%	\$665	-1.2%
2010	\$888	7.0%	\$733	10.2%
2011	\$931	4.8%	\$786	7.1%
2012	\$982	5.5%	\$841	7.0%
2013	\$1,011	2.9%	\$891	5.9%
2014	\$908	-10.2%	\$815	-8.6%
2015	\$999	10.0%	\$902	10.8%
2016	\$1,008	0.9%	\$915	1.4%

Estimated Annual Exponential Trend Based on:

2005-2016	6.1%	---
R ²	0.685	---
2009-2016	2.3%	4.2%
R ²	0.605	0.813

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

^[2] Paid M CCP per indemnity claim for calendar years 2013 through 2015 was adjusted to remove the cost of independent medical review (IMR) and independent bill review (IBR). IMR/IBR fees estimated based on a WCIRB review of insurer payments and information provided by the Division of Workers' Compensation.

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

Estimated Ultimate M CCP Per Indemnity Claim - Statewide

Year	Paid MCCP @3/31/17 (in \$000) (1)	Cumulative Development Factors ^[1] (2)	Estimated Ultimate MCCP (3)=(1)x(2)	Indemnity Claim Counts @3/31/17 (4)	Cumulative Count Development Factors ^[2] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate MCCP Per Indemnity Claim (7)=(3)/(6) x 1000	Annual change
2011	311,681	1.572	489,980	120,655	1.008	121,656	4,028	---
2012	289,656	1.696	491,304	127,548	1.011	128,940	3,810	-5.4%
2013	269,315	1.822	490,694	135,069	1.017	137,303	3,574	-6.2%
2014	233,884	2.044	477,947	138,792	1.026	142,356	3,357	-6.1%
2015	178,884	2.565	458,767	140,610	1.049	147,521	3,110	-7.4%
2016	94,593	4.649	439,798	129,487	1.161	150,387	2,924	-6.0%

Estimated Annual Exponential Trend 2011 - 2016: -6.3%
R²: 0.998

Notes:

[1] Based on MCCP development through 63 months from Exhibit 27.1, 63-to-ultimate and 75-to-ultimate development factors are based on selected paid medical development factors from Exhibit 3.2 of Item AC17-06-01.

[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 16.3

Paid MCCP Development Factors - Statewide

Quarterly Development					
Age in Months	Accident Year				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
0 - 6	5.634	5.834	6.038	5.668	6.098
6 - 9	2.377	2.423	2.396	2.480	2.368
9 - 12	1.761	1.770	1.769	1.761	1.716
12 - 15	1.474	1.428	1.454	1.447	1.480
15 - 18	1.279	1.264	1.300	1.273	
18 - 21	1.171	1.186	1.193	1.171	
21 - 24	1.130	1.138	1.131	1.112	
24 - 27	1.096	1.106	1.107	1.094	
27 - 30	1.087	1.092	1.083		
30 - 33	1.070	1.076	1.065		
33 - 36	1.058	1.062	1.047		
36 - 39	1.054	1.048	1.040		
39 - 42	1.044	1.039			
42 - 45	1.041	1.034			
45 - 48	1.037	1.023			
48 - 51	1.028	1.021			
51 - 54	1.022				
54 - 57	1.021				
57 - 60	1.015				
60 - 63	1.014				

Annual Development					
Age in Months	Accident Year				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
15 - 27	1.854	1.886	1.945	1.813	
27 - 39	1.298	1.307	1.255		
39 - 51	1.159	1.122			
51 - 63	1.074				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-Ult.</u>
Age-to-Age ^[1]	1.813	1.255	1.122	1.074	
Age -to-Ult. ^[2]	4.649	2.565	2.044	1.822	1.696

Notes:

[1] Based on Latest Year.

[2] 63-to-Ult. is based on selected paid medical 63-to-ultimate development factor on Exhibit 3.2 of Item AC17-06-01.

Projected Ratio of MCCP to Losses - Statewide

Based on Estimated Accident Year Indemnity Claim Frequency and MCCP Severity
For Policies with Effective Dates between January 1, 2018 and December 31, 2018

<u>Year</u>	<u>Paid MCCP @3/31/17 (in \$000) (1)</u>	<u>Cumulative Development Factors^[1] (2)</u>	<u>Estimated Ultimate MCCP (3)=(1)x(2)</u>	<u>Indemnity Claim Counts @3/31/17 (4)</u>	<u>Cumulative Count Development Factors^[2] (5)</u>	<u>Estimated Ultimate Ind. Counts (6)=(4)x(5)</u>	<u>Estimated Ultimate MCCP Per Indemnity Claim (7)=(3)/(6) x 1000</u>	<u>Annual change</u>
2011	311,681	1.572	489,980	120,655	1.008	121,656	4,028	---
2012	289,656	1.696	491,304	127,548	1.011	128,940	3,810	-5.4%
2013	269,315	1.822	490,694	135,069	1.017	137,303	3,574	-6.2%
2014	233,884	2.044	477,947	138,792	1.026	142,356	3,357	-6.1%
2015	178,884	2.565	458,767	140,610	1.049	147,521	3,110	-7.4%
2016	94,593	4.649	439,798	129,487	1.161	150,387	2,924	-6.0%

Projected Based on 2-Year Average of 2015 and 2016:

	<u>Ultimate MCCP^[5]</u>	<u>Ult. Ind. Counts^[3]</u>	<u>Ult.MCCP per Ind. Counts^[4]</u>
2017	440,303	145,934	3,017
2018	432,598	143,380	3,017
1/1/2019	429,690	142,416	3,017

(a) Projected MCCP (\$000):	429,690
(b) Calendar Year 2016 Earned Premium ^[6] (\$000):	17,954,400
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[7] :	0.625
(d) Premium Adjustment Factor for Calendar Year 2016 ^[8] :	0.955
(e) Projected Losses (\$000): (b) x (c) x (d)	10,713,061
(f) Projected Ratio of MCCP to Losses: (a)/(e)	4.0%

Notes:

- [1] Based on MCCP development through 63 months from Exhibit 27.1, 63-to-ultimate and 72-to-ultimate development factors are based on selected paid medical development factors from Exhibit 3.2 of Item AC17-06-01.
- [2] Based on the latest year indemnity claim count age-to-age development from Exhibit 16.3.
- [3] Estimated based on projected frequency trends for accident years 2016 to 2019. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency (see Exhibit C7.2 of Item AC17-08-01). These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2015 and 2016.
- [4] Severity is projected by applying an annual growth rate of 0% to the ultimate MCCP severity estimated from averaging 2015 and 2016.
- [5] Column(6) x Column(7) / 1,000.
- [6] Based on the reported earned premium for calendar year 2016 from the same group of insurers that reported the paid MCCP in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2017.
- [7] See Exhibit 8 of Item AC17-06-01.
- [8] See Exhibit 5.2 of Item AC17-06-01.

Projected Ratio of M CCP to Losses - Statewide

Based on Estimated Accident Year Indemnity Claim Frequency and M CCP Severity - Trend from Latest Year
For Policies with Effective Dates between January 1, 2018 and December 31, 2018

<u>Year</u>	<u>Paid M CCP @3/31/17 (in \$000) (1)</u>	<u>Cumulative Development Factors^[1] (2)</u>	<u>Estimated Ultimate M CCP (3)=(1)x(2)</u>	<u>Indemnity Claim Counts @3/31/17 (4)</u>	<u>Cumulative Count Development Factors^[2] (5)</u>	<u>Estimated Ultimate Ind. Counts (6)=(4)x(5)</u>	<u>Estimated Ultimate M CCP Per Indemnity Claim (7)=(3)/(6) x 1000</u>	<u>Annual change</u>
2011	311,681	1.572	489,980	120,655	1.008	121,656	4,028	---
2012	289,656	1.696	491,304	127,548	1.011	128,940	3,810	-5.4%
2013	269,315	1.822	490,694	135,069	1.017	137,303	3,574	-6.2%
2014	233,884	2.044	477,947	138,792	1.026	142,356	3,357	-6.1%
2015	178,884	2.565	458,767	140,610	1.049	147,521	3,110	-7.4%
2016	94,593	4.649	439,798	129,487	1.161	150,387	2,924	-6.0%

Projected Based on Latest Year:

	<u>Ultimate M CCP^[5]</u>	<u>Ult. Ind. Counts^[3]</u>	<u>Ult.M CCP per Ind. Counts^[4]</u>
2017	433,025	148,071	2,924
2018	425,447	145,480	2,924
1/1/2019	422,587	144,502	2,924

(a) Projected M CCP (\$000):	422,587
(b) Calendar Year 2016 Earned Premium ^[6] (\$000):	17,954,400
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[7] :	0.625
(d) Premium Adjustment Factor for Calendar Year 2016 ^[8] :	0.955
(e) Projected Losses (\$000): (b) x (c) x (d)	10,713,061
(f) Projected Ratio of M CCP to Losses: (a)/(e)	3.9%

Notes:

- [1] Based on M CCP development through 63 months from Exhibit 27.1, 63-to-ultimate and 72-to-ultimate development factors are based on selected paid medical development factors from Exhibit 3.2 of Item AC17-06-01.
- [2] Based on the latest year indemnity claim count age-to-age development from Exhibit 16.3.
- [3] Estimated based on projected frequency trends for accident years 2016 to 2019. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency (see Exhibit C7.2 of Item AC17-08-01). These frequency trends were then applied to the 2016 ultimate indemnity claim counts.
- [4] Severity is projected by applying an annual growth rate of 0% to the 2016 ultimate M CCP severity.
- [5] Column(6) x Column(7) / 1,000.
- [6] Based on the reported earned premium for calendar year 2016 from the same group of insurers that reported the paid M CCP in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2017.
- [7] See Exhibit 8 of Item AC17-06-01.
- [8] See Exhibit 5.2 of Item AC17-06-01.

Projected Ratio of M CCP to Losses - Statewide

Based on Estimated Accident Year Indemnity Claim Frequency and M CCP Severity with Calendar Year Trend
For Policies with Effective Dates between January 1, 2018 and December 31, 2018

Year	Paid M CCP @ 3/31/16 (in \$000) (1)	Cumulative Development Factors ^[1] (2)	Estimated Ultimate M CCP (3)=(1)x(2) (3)	Indemnity Claim Counts @ 3/31/16 (4)	Cumulative Count Development Factors ^[2] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5) (6)	Estimated Ultimate M CCP Per Indemnity Claim (7)=(3)/(6) x 1000 (7)	Annual change
2011	311,681	1.572	489,980	120,655	1.008	121,656	4,028	---
2012	289,656	1.696	491,304	127,548	1.011	128,940	3,810	-5.4%
2013	269,315	1.822	490,694	135,069	1.017	137,303	3,574	-6.2%
2014	233,884	2.044	477,947	138,792	1.026	142,356	3,357	-6.1%
2015	178,884	2.565	458,767	140,610	1.049	147,521	3,110	-7.4%
2016	94,593	4.649	439,798	129,487	1.161	150,387	2,924	-6.0%

Projected Based on 2-Year Average of 2015 and 2016:

	Ultimate M CCP ^[5]	Ult. Ind. Counts ^[3]	Ult. M CCP per Ind. Counts ^[4]
2017	468,514	145,934	3,210
2018	479,505	143,380	3,344
1/1/2019	486,108	142,416	3,413

(a) Projected M CCP (\$000):	486,108
(b) Calendar Year 2016 Earned Premium ^[6] (\$000):	17,954,400
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[7] :	0.625
(d) Premium Adjustment Factor for Calendar Year 2016 ^[8] :	0.955
(e) Projected Losses (\$000): (b) x (c) x (d)	10,713,061
(f) Projected Ratio of M CCP to Losses: (a)/(e)	4.5%

Notes:

- [1] Based on M CCP development through 63 months from Exhibit 27.1, 51-to-ultimate and 63-to-ultimate development factors are based on selected paid medical development factors from Exhibit 3.2 of Item AC17-06-01.
- [2] Based on the latest year indemnity claim count age-to-age development from Exhibit 16.3.
- [3] Estimated based on projected frequency trends for accident years 2016 to 2019. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency (see Exhibit C7.2 of Item AC17-08-01). These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2015 and 2016.
- [4] Severity is projected by applying an annual growth rate of 4.2%, which is based on the approximate average rate of growth in paid M CCP per indemnity claim from Exhibit 24, to the ultimate M CCP severity estimated from averaging 2015 and 2016.
- [5] Column(6) x Column(7) / 1,000.
- [6] Based on the reported earned premium for calendar year 2016 from the same group of insurers that reported the paid M CCP in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2017.
- [7] See Exhibit 8 of Item AC17-06-01.
- [8] See Exhibit 5.2 of Item AC17-06-01.

Item AC17-08-03

1/1/2018 Filing – Review of Alternative Loss Projection Methodologies

For a number of years, the WCIRB has included alternative loss development and trending methodology projections in its pure premium rate filing submissions.

Loss Development Methodologies

The loss development projections based on the methodology reflected in the WCIRB's summary analysis of March 31, 2017 experience, included in Item AC17-06-01 of this Agenda, were based on a combination of (a) latest year reform-adjusted paid loss development factors through 111 months with adjustments for changes in claim settlement rates applied through 75 months, (b) three-year average reform-adjusted paid loss development factors from 111 months through 231 months, and (c) three-year average (unadjusted) incurred loss development factors after 231 months. Attached for the Committee's review are a number of alternative loss development projections based on methodologies that have been included, for informational purposes, in prior pure premium rate filing materials or have been discussed at prior meetings. Specifically, alternative loss ratio projections, based on March 31, 2017 experience, derived using the following loss development methodologies and the trending methodology reflected in the analysis included in Item AC17-06-01 of this Agenda are included:¹

1. 3-Year Average Unadjusted Incurred Loss Development – Exhibits 1.1 through 1.3.
2. Latest Year Unadjusted Incurred Loss Development – Exhibits 2.1 through 2.3.
3. Latest Year Incurred Loss Development Adjusted for Changes in Case Reserve Levels – Exhibits 3.1 through 3.11.
4. Latest Year Incurred Loss Development Adjusted for Changes in Insurer Mix – Exhibits 4.1 through 4.3.
5. 3-Year Average Unadjusted Paid Loss Development – Exhibits 5.1 through 5.3.
6. Latest Year Unadjusted Paid Loss Development – Exhibits 6.1 through 6.3.
7. Latest Year Paid Loss Development Adjusted for Reforms – Exhibits 7.1 through 7.3.
8. 3-Year Average Paid Loss Development Adjusted for Changes in Claim Settlement Rates and Reforms – Exhibits 8.1 through 8.3.
9. Latest Year Paid Loss Development Adjusted for Changes in Insurer Mix – Exhibits 9.1 through 9.3.
10. Expected Loss Ratio with a Bornheutter-Ferguson (BF) Adjustment Based on Paid Loss Development to 27 Months with Latest Year Paid Loss Development Adjusted for Reforms after 27 Months – Exhibits 10.1 through 10.5.

¹ All methodologies reflect three-year average loss development factors applied after 111 months. All paid loss development methodologies reflect three-year average incurred loss development factors applied after 231 months.

A summary of the preliminary policy year 2018 loss ratio projections based on the alternative loss development methodologies described above is shown in Table 1.

**Table 1: Projected Policy Year 2018 Loss Ratios
Based on Alternative Loss Development Methodologies²**

Loss Development Methodologies	Indemnity Loss Ratio	Medical Loss Ratio	Total Loss Ratio
Current WCIRB Methodology			
Latest Year Paid Adjusted for Reforms and Changes in Claim Settlement Rates	0.266	0.359	0.625
Alternative Methodologies			
<u>Incurred Methodologies</u>			
3-Year Average (Unadjusted)	0.236	0.297	0.533
Latest Year (Unadjusted)	0.235	0.282	0.517
Latest Year Adjusted for Changes in Case Reserve Levels	0.244	0.298	0.542
Latest Year Adjusted for Changes in Insurer Mix	0.238	0.288	0.526
<u>Paid Methodologies</u>			
3-Year Average (Unadjusted)	0.260	0.366	0.626
Latest Year (Unadjusted)	0.259	0.356	0.615
Latest Year Adjusted for Reforms	0.275	0.368	0.643
3-Year Average Adjusted for Changes in Claim Settlement Rates and Reforms	0.267	0.373	0.640
Latest Year Adjusted for Changes in Insurer Mix	0.258	0.351	0.609
BF Paid to 27 Months; Latest Year Reform-Adjusted after 27 Months	0.263	0.356	0.619

Trending Methodologies

The trending projections reflected in the summary analysis of March 31, 2017 experience, included in Item AC17-06-01 of this Agenda, were based on the average of the latest two years' on-level loss ratios with separate projections of claim frequency and claim severity growth applied. The claim frequency growth estimates were based on the preliminary 15-month frequency change for accident year 2016 and the WCIRB's indemnity claim frequency model for accident years 2017 through 2019. The severity growth estimates were based on the approximate average longer-term (post-2005) on-level severity trends for indemnity and medical.

Attached for the Committee's review are a number of alternative trending projections based on methodologies that have been included, for informational purposes, in prior pure premium rate filing materials or have been discussed at prior meetings. Specifically, alternative loss ratio projections, based

² All methodologies reflect three-year average loss development factors applied after 111 months. All paid loss development methodologies reflect three-year average incurred loss development factors applied after 231 months.

on March 31, 2017 experience, derived using the loss development methodologies reflected in the analysis included in Item AC17-06-01 of this Agenda and the following trending methodologies are included:

1. Separate Projections of Frequency and Severity Growth Applied to the Latest Year Only – Exhibits 11.1 and 11.2.
2. Separate Projections of Frequency and the Approximate Average of the Longer-Term (Post-2005) and Shorter Term (5-Year) Severity Growth Rates Applied to the Latest Two Years – Exhibits 12.1 and 12.2.
3. Post-2005 On-Level Loss Ratio Exponential Trend Applied to the Latest Two Years' Loss Ratios – Exhibits 13.1 and 13.2.
4. 5-Year On-Level Loss Ratio Exponential Trend Applied to the Latest Two Years' Loss Ratios – Exhibits 14.1 and 14.2.
5. 5-Year Fitted On-Level Loss Ratio Exponential Trend – Exhibits 15.1 and 15.2

A summary of the preliminary policy year 2018 loss ratio projections based on the alternative trending methodologies described above is shown in Table 2.

**Table 2: Projected Policy Year 2018 Loss Ratios
Based on Alternative Trending Methodologies**

Trending Methodologies	Indemnity Loss Ratio	Medical Loss Ratio	Total Loss Ratio
Current WCIRB Methodology Separate Projections of Frequency and Severity, with Indemnity Severity at 0% and Medical Severity at +3%, Applied to the Latest Two Years	0.266	0.359	0.625
Alternative Methodologies Separate Projections of Frequency and Severity Applied to the Latest Year	0.264	0.359	0.623
Separate Projections of Frequency and Severity, with Indemnity Severity at -0.2% and Medical Severity at 2.0%, Applied to the Latest Two Years	0.265	0.349	0.614
Post-2005 On-level Loss Ratio Exponential Trend Applied to the Latest Two Years	0.289	0.394	0.683
5-Year On-level Loss Ratio Exponential Trend Applied to the Latest Two Years	0.273	0.353	0.626
5-Year Fitted On-level Loss Ratio Exponential Trend	0.271	0.351	0.622

**Developed Loss Ratios Using Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of March 31, 2017**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
	Reported				Reported				
	Incurred	Annual	Cumulative		Incurred	Annual	Cumulative		Total
Accident	Loss Ratio	Development	Development	Developed	Loss Ratio	Development	Development	Developed	Developed
Year	Ex IBNR(a)	Factor(b)	Factor	Loss Ratio	Ex IBNR(a)	Factor(c)	Factor	Loss Ratio	Loss Ratio
				(1) x (3)				(5) x (7)	(4) + (8)
2005	0.122	1.002	1.017	0.124	0.183	1.002	1.027	0.187	0.311
2006	0.157	1.007	1.024	0.160	0.234	1.005	1.032	0.241	0.401
2007	0.214	1.007	1.030	0.220	0.325	1.005	1.038	0.338	0.558
2008	0.268	1.009	1.040	0.279	0.401	1.010	1.048	0.420	0.699
2009	0.307	1.012	1.052	0.323	0.459	1.014	1.063	0.488	0.812
2010	0.291	1.019	1.071	0.312	0.437	1.021	1.085	0.474	0.786
2011	0.264	1.023	1.096	0.290	0.372	1.027	1.114	0.415	0.705
2012	0.230	1.037	1.137	0.262	0.310	1.037	1.155	0.358	0.619
2013	0.188	1.058	1.203	0.226	0.243	1.060	1.224	0.297	0.524
2014	0.164	1.098	1.321	0.217	0.201	1.086	1.330	0.268	0.484
2015	0.137	1.215	1.605	0.220	0.175	1.136	1.510	0.265	0.485
2016	0.082	1.620	2.600	0.213	0.132	1.331	2.010	0.266	0.479

- (a) Based on AC17-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.
- (b) Based on AC17-06-01, Exhibit 2.1.
- (c) Based on AC17-06-01, Exhibit 2.2.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)x(2)÷(3)
2005	0.124	1.512	0.777	0.241
2006	0.160	1.495	0.999	0.240
2007	0.220	1.448	1.277	0.250
2008	0.279	1.364	1.543	0.247
2009	0.323	1.337	1.664	0.260
2010	0.312	1.318	1.513	0.272
2011	0.290	1.298	1.381	0.272
2012	0.262	1.267	1.231	0.269
2013	0.226	1.233	1.075	0.259
2014	0.217	1.116	0.991	0.244
2015	0.220	1.089	0.947	0.253
2016	0.213	1.068	0.955	0.238
				Projections (d)
2017				0.241
2018				0.237
1/1/2019				0.236

- (a) See Exhibit 1.1.
- (b) Based on AC17-06-01, Exhibit 4.1.
- (c) See AC17-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC17-06-01, Exhibit 6.2, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4a) On-Level Medical to Industry Average Filed Pure Premium Ratio (e) (1)×(2)÷(3)
2005	0.187	0.865	0.777	0.209
2006	0.241	0.908	0.999	0.219
2007	0.338	0.892	1.277	0.236
2008	0.420	0.885	1.543	0.241
2009	0.488	0.873	1.664	0.256
2010	0.474	0.870	1.513	0.273
2011	0.415	0.886	1.381	0.266
2012	0.358	0.912	1.231	0.265
2013	0.297	0.979	1.075	0.271
2014	0.268	1.019	0.991	0.275
2015	0.265	1.017	0.947	0.285
2016	0.266	1.013	0.955	0.282
				Projections (d)
2017				0.290
2018				0.295
1/1/2019				0.297

(a) See Exhibit 1.1.

(b) Based on AC17-06-01, Exhibit 4.4.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC17-06-01, Exhibit 6.4, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

**Developed Loss Ratios Using Unadjusted Latest Year Incurred Development Factors
Based on Experience as of March 31, 2017**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
	Reported				Reported				Total
Accident	Incurred	Annual	Cumulative	Developed	Incurred	Annual	Cumulative	Developed	Developed
Year	Loss Ratio	Development	Development	Loss Ratio	Loss Ratio	Development	Development	Loss Ratio	Loss Ratio
	<u>Ex IBNR(a)</u>	<u>Factor(b)</u>	<u>Factor</u>	<u>(1) x (3)</u>	<u>Ex IBNR(a)</u>	<u>Factor(c)</u>	<u>Factor</u>	<u>(5) x (7)</u>	<u>(4) + (8)</u>
2005	0.122	1.002	1.017	0.124	0.183	1.002	1.027	0.187	0.311
2006	0.157	1.007	1.024	0.160	0.234	1.005	1.032	0.241	0.401
2007	0.214	1.007	1.030	0.220	0.325	1.005	1.038	0.338	0.558
2008	0.268	1.009	1.040	0.279	0.401	1.010	1.048	0.420	0.699
2009	0.307	1.011	1.051	0.323	0.459	1.009	1.058	0.486	0.809
2010	0.291	1.016	1.068	0.311	0.437	1.014	1.072	0.469	0.780
2011	0.264	1.023	1.092	0.289	0.372	1.022	1.096	0.408	0.697
2012	0.230	1.032	1.127	0.259	0.310	1.025	1.123	0.348	0.607
2013	0.188	1.059	1.194	0.225	0.243	1.051	1.181	0.287	0.511
2014	0.164	1.092	1.304	0.214	0.201	1.076	1.270	0.256	0.470
2015	0.137	1.224	1.596	0.218	0.175	1.135	1.442	0.253	0.471
2016	0.082	1.630	2.601	0.213	0.132	1.314	1.895	0.251	0.464

- (a) Based on AC17-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.
- (b) Based on AC17-06-01, Exhibit 2.1.
- (c) Based on AC17-06-01, Exhibit 2.2.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Latest Year Incurred Development Factors
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.124	1.512	0.777	0.241
2006	0.160	1.495	0.999	0.240
2007	0.220	1.448	1.277	0.250
2008	0.279	1.364	1.543	0.247
2009	0.323	1.337	1.664	0.259
2010	0.311	1.318	1.513	0.271
2011	0.289	1.298	1.381	0.272
2012	0.259	1.267	1.231	0.267
2013	0.225	1.233	1.075	0.258
2014	0.214	1.116	0.991	0.241
2015	0.218	1.089	0.947	0.251
2016	0.213	1.068	0.955	0.239
				Projections (d)
2017				0.240
2018				0.237
1/1/2019				0.235

- (a) Based on Exhibit 2.1.
- (b) Based on AC17-06-01, Exhibit 4.1.
- (c) See AC17-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC17-06-01, Exhibit 6.2, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Latest Year Incurred Development Factors
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)x(2)÷(3)
2005	0.187	0.865	0.777	0.209
2006	0.241	0.908	0.999	0.219
2007	0.338	0.892	1.277	0.236
2008	0.420	0.885	1.543	0.241
2009	0.486	0.873	1.664	0.255
2010	0.469	0.870	1.513	0.270
2011	0.408	0.886	1.381	0.262
2012	0.348	0.912	1.231	0.258
2013	0.287	0.979	1.075	0.261
2014	0.256	1.019	0.991	0.263
2015	0.253	1.017	0.947	0.272
2016	0.251	1.013	0.955	0.266
				Projections (d)
2017				0.275
2018				0.280
1/1/2019				0.282

(a) See Exhibit 2.2.

(b) Based on AC17-06-01, Exhibit 4.4.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC17-06-01, Exhibit 6.4, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

**Incurred Indemnity Loss Development Factors
Adjusted for Changes in Average Case Reserve Levels**

A. Indemnity Case Reserves Per Open Claim

Accident	Evaluated as of (in months)					
<u>Year</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2006						21,539
2007					18,624	20,642
2008				16,876	18,331	21,402
2009			14,732	16,911	19,192	21,627
2010		12,499	14,663	16,462	18,320	20,348
2011	9,567	13,061	15,207	17,526	19,122	20,903
2012	9,404	12,891	14,996	16,560	18,829	
2013	9,546	13,111	14,430	15,880		
2014	9,683	13,342	15,404			
2015	10,255	14,505				
2016	10,428					

B. Average Paid Indemnity per Closed Claim Adjusted to Common Benefit Level(a)

Accident	Evaluated as of (in months)					
<u>Year</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2006						16,722
2007					15,934	18,193
2008				14,063	17,104	19,761
2009			10,719	14,795	18,269	20,721
2010		6,127	10,917	15,260	18,472	20,932
2011	2,608	6,456	11,327	15,430	18,577	20,703
2012	2,651	6,915	11,733	15,514	18,198	
2013	3,002	7,212	11,937	15,532		
2014	2,843	7,031	11,664			
2015	3,074	7,532				
2016	3,259					

Annual Trend (b): 4.4% 3.9% 2.1% 1.9% 2.7% 4.5%

C. Indemnity Case Reserves per Open Claim Adjusted by Paid Indemnity Severity Trend(c)

Accident	Evaluated as of (in months)					
<u>Year</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2006						21,547
2007					18,953	22,193
2008				15,578	19,522	22,859
2009			13,888	16,045	20,107	23,545
2010		12,759	14,305	16,526	20,710	24,251
2011	8,995	13,142	14,734	17,022	21,332	24,978
2012	9,265	13,537	15,176	17,533	21,972	
2013	9,543	13,943	15,632	18,059		
2014	9,829	14,361	16,101			
2015	10,124	14,792				
2016	10,428					

- (a) Represents average paid indemnity on closed claims only. All evaluations are brought to the accident year 2016 benefit level based on benefit factors shown in AC17-06-01, Exhibit 4.1, excluding utilization impacts.
- (b) Trend is based on a 6-year exponential distribution.
- (c) Latest evaluation for each accident year is brought to the accident year 2016 benefit level based on benefit factors shown in AC17-06-01, Exhibit 4.1, excluding utilization impacts. Evaluations prior to the latest evaluation are determined by adjusting the latest accident year average indemnity case reserves by the selected annual paid indemnity severity trend on closed claims (Item B) of 3.0%.

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

**Incurred Indemnity Loss Development Factors
Adjusted for Changes in Average Case Reserve Levels**

D. Indemnity Open Claim Counts

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2006						15,014
2007					22,773	17,661
2008				30,694	22,912	16,640
2009			41,290	30,442	21,943	16,188
2010		55,872	41,686	29,239	20,926	14,944
2011	67,812	55,695	40,319	28,143	19,675	13,986
2012	70,747	57,822	40,899	28,091	19,402	
2013	77,700	60,463	41,977	27,838		
2014	80,337	61,846	42,072			
2015	83,087	62,225				
2016	82,205					

E. Total Indemnity Case Reserves Adjusted to Common Benefit Level and by Paid Indemnity
Severity Trend (in \$000) (d)

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2006						323,500
2007					431,615	391,950
2008				478,141	447,277	380,370
2009			573,455	488,442	441,211	381,139
2010		712,899	596,324	483,214	433,385	362,405
2011	609,994	731,959	594,072	479,054	419,701	349,347
2012	655,487	782,710	620,696	492,514	426,294	
2013	741,506	843,014	656,168	502,720		
2014	789,671	888,166	677,382			
2015	841,204	920,417				
2016	857,242					

F. Paid Indemnity Loss on All Claims Adjusted to the Common Benefit Level (in \$000) (e)

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2006						1,695,793
2007					1,951,905	2,118,534
2008				1,879,261	2,129,506	2,306,079
2009			1,500,340	1,856,108	2,107,323	2,285,892
2010		1,032,189	1,552,735	1,924,901	2,172,070	2,347,205
2011	436,209	1,062,946	1,570,088	1,925,729	2,169,711	2,334,423
2012	466,148	1,129,581	1,667,175	2,030,541	2,277,470	
2013	505,593	1,206,583	1,797,554	2,183,941		
2014	530,935	1,306,331	1,961,112			
2015	579,148	1,431,162				
2016	615,649					

(d) Each amount is derived as the product of the indemnity open claim counts (Item D) and the adjusted average indemnity case reserves per open claim (Item C).

(e) Brought to accident year 2016 benefit level based on benefit factors shown in AC17-06-01, Exhibit 4.1, excluding utilization impacts.

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

**Incurred Indemnity Loss Development Factors
Adjusted for Changes in Average Case Reserve Levels**

G. Adjusted Total Indemnity Incurred (in \$000) (f)

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2006						2,611,516
2007					2,982,890	3,161,022
2008				2,805,669	3,084,743	3,236,527
2009			2,420,580	2,773,565	3,035,616	3,195,385
2010		1,966,071	2,481,486	2,820,220	3,070,477	3,212,127
2011	1,131,252	2,002,151	2,470,283	2,780,247	3,012,445	3,138,918
2012	1,199,432	2,100,810	2,566,111	2,861,938	3,083,857	
2013	1,316,479	2,215,171	2,700,392	2,986,353		
2014	1,344,606	2,253,546	2,727,142			
2015	1,431,788	2,379,838				
2016	1,472,892					

H. Indemnity Incurred Loss Development Factors Based on Adjusted Total Indemnity Incurred

Accident Year	Age-to-Age Development (in months):				
	15-27	27-39	39-51	51-63	63-75
2006					1.061
2007				1.099	1.060
2008			1.148	1.099	1.049
2009		1.265	1.146	1.094	1.053
2010	1.752	1.262	1.137	1.089	1.046
2011	1.770	1.234	1.125	1.084	1.042
2012	1.752	1.221	1.115	1.078	
2013	1.683	1.219	1.106		
2014	1.676	1.210			
2015	1.662				
Latest Year	1.662	1.210	1.106	1.078	1.042

I. Indemnity Incurred Loss Development Factors Adjusted to Common Benefit Level (g)

Accident Year	Age-to-Age Development (in months):				
	15-27	27-39	39-51	51-63	63-75
2006					1.051
2007				1.067	1.045
2008			1.116	1.064	1.044
2009		1.233	1.124	1.066	1.043
2010	1.659	1.250	1.112	1.062	1.038
2011	1.650	1.219	1.108	1.052	1.032
2012	1.657	1.216	1.094	1.059	
2013	1.603	1.202	1.093		
2014	1.629	1.224			
2015	1.631				

- (f) Each amount is the sum of the adjusted total indemnity case reserves (Item E) and the adjusted total indemnity paid losses (Item F).
- (g) Development factors are based on incurred losses adjusted to a common benefit level and from the same insurer mix as those which have been adjusted for changes in case reserve levels and applied in the calculation of the development factors in Item H.

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

**Incurred Indemnity Loss Development Factors
Adjusted for Changes in Average Case Reserve Levels**

J. Impact of Adjustments to Common Case Reserve Level (h)

Accident Year	Age-to-Age Development (in months):				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2006					0.95%
2007				2.93%	1.40%
2008			2.85%	3.38%	0.48%
2009		2.60%	1.91%	2.63%	0.97%
2010	5.62%	0.93%	2.21%	2.52%	0.83%
2011	7.25%	1.18%	1.58%	2.95%	0.99%
2012	5.69%	0.43%	1.91%	1.76%	
2013	4.98%	1.41%	1.21%		
2014	2.91%	-1.14%			
2015	1.93%				
2016					

K. Indemnity Incurred Loss Development Factors Adjusted for Changes in Case Reserve Adequacy (i)

Accident Year	Age-to-Age Development (in months):				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2006					1.061
2007				1.097	1.060
2008			1.148	1.099	1.048
2009		1.265	1.145	1.095	1.053
2010	1.759	1.262	1.137	1.089	1.046
2011	1.777	1.239	1.127	1.084	1.042
2012	1.757	1.223	1.115	1.078	
2013	1.684	1.219	1.105		
2014	1.673	1.210			
2015	1.661				
Latest Year	1.661	1.210	1.105	1.078	1.042

- (h) Each factor represents the change in age-to-age development factors from Item I to those in Item H.
- (i) Each factor is the product of [1.0 + the impact of adjustments to common case reserve level (Item J)] and [the incurred indemnity age-to-age development factors from AC17-06-01, Exhibit 2.1.1].

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

**Incurred Medical Loss Development Factors
Adjusted for Changes in Average Case Reserve Levels**

A. Medical Case Reserves Per Open Indemnity Claim

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2006						41,107
2007					34,639	43,326
2008				28,427	35,437	44,659
2009			23,766	29,948	36,763	43,832
2010		19,681	24,461	29,843	36,130	42,025
2011	16,725	21,620	26,322	32,180	38,942	43,422
2012	17,016	21,042	25,075	29,447	34,795	
2013	16,515	20,835	23,628	28,341		
2014	16,166	19,576	22,979			
2015	16,906	20,666				
2016	17,411					

B. Average Paid Medical Loss Per Claim Adjusted to the Common Benefit Level (a)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2006						5,440
2007					5,601	6,154
2008				5,685	6,476	7,097
2009			5,236	6,407	7,342	8,023
2010		4,006	5,599	6,883	7,774	8,425
2011	2,243	4,303	5,960	7,220	8,135	8,786
2012	2,413	4,476	6,121	7,321	8,166	
2013	2,586	4,737	6,441	7,647		
2014	2,682	4,897	6,629			
2015	2,675	4,917				
2016	2,786					

Annual Trend (b): 4.2% 4.3% 4.8% 5.7% 7.8% 10.4%

C. Medical Case Reserves per Open Indemnity Claim Adjusted by Paid Medical Severity Trend (c)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2006						27,944
2007					23,061	29,621
2008				20,193	24,445	31,398
2009			17,275	21,405	25,912	33,282
2010		15,504	18,311	22,689	27,466	35,279
2011	13,010	16,435	19,410	24,051	29,114	37,395
2012	13,791	17,421	20,575	25,494	30,861	
2013	14,618	18,466	21,809	27,023		
2014	15,495	19,574	23,118			
2015	16,425	20,748				
2016	17,411					

- (a) Represents average paid medical on all claims. All evaluations are brought to the accident year 2016 benefit level based on benefit factors shown in AC17-06-01, Exhibit 4.4, excluding utilization impacts.
- (b) Trend is based on a 6-year exponential distribution.
- (c) Latest evaluation for each accident year is brought to the accident year 2016 benefit level based on benefit factors shown in AC17-06-01, Exhibit 4.4, excluding utilization impacts. Evaluations prior to the latest evaluation are determined by adjusting the latest accident year average medical case reserves by the selected annual paid medical severity trend on all claims (Item B) of 6.0%.

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

**Incurred Medical Loss Development Factors
Adjusted for Changes in Average Case Reserve Levels**

D. Total Medical Case Reserves Adjusted to the Common Benefit Level and by Paid Medical Severity Trend (in \$000) (d)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2006						419,551
2007					525,176	523,130
2008				619,814	560,084	522,461
2009			713,276	651,609	568,581	538,765
2010		866,254	763,324	663,411	574,762	527,204
2011	882,256	915,321	782,590	676,856	572,826	523,012
2012	975,667	1,007,294	841,478	716,141	598,770	
2013	1,135,849	1,116,500	915,477	752,273		
2014	1,244,862	1,210,560	972,602			
2015	1,364,723	1,291,057				
2016	1,431,250					

E. Paid Medical Loss on All Claims Adjusted to the Common Benefit Level (in \$000) (e)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2006						2,028,860
2007					2,289,220	2,519,259
2008				2,171,096	2,479,959	2,723,207
2009			1,769,275	2,175,700	2,502,281	2,739,951
2010		1,318,859	1,863,063	2,304,740	2,611,659	2,836,901
2011	705,960	1,403,050	1,963,899	2,387,309	2,698,045	2,918,294
2012	679,654	1,347,677	1,881,638	2,276,909	2,560,583	
2013	765,463	1,482,809	2,060,870	2,478,603		
2014	837,378	1,621,950	2,244,992			
2015	874,701	1,712,000				
2016	943,622					

F. Adjusted Total Medical Incurred (in \$000) (f)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2006						2,448,411
2007					2,814,395	3,042,389
2008				2,790,910	3,040,042	3,245,668
2009			2,482,551	2,827,309	3,070,861	3,278,716
2010		2,185,114	2,626,387	2,968,150	3,186,421	3,364,105
2011	1,588,215	2,318,371	2,746,489	3,064,165	3,270,870	3,441,306
2012	1,655,321	2,354,971	2,723,117	2,993,050	3,159,353	
2013	1,901,312	2,599,308	2,976,347	3,230,876		
2014	2,082,239	2,832,510	3,217,594			
2015	2,239,424	3,003,057				
2016	2,374,871					

(d) Each amount is derived as the product of the indemnity open claim counts (Exhibit 3.2, Item D) and the adjusted average medical case reserves per open claim (Item C).

(e) Brought to accident year 2016 benefit level based on benefit factors shown in AC17-06-01, Exhibit 4.4, excluding utilization impacts.

(f) Each amount is the sum of the adjusted total medical case reserves (Item D) and the adjusted total medical paid losses (Item E).

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

**Incurred Medical Loss Development Factors
Adjusted for Changes in Average Case Reserve Levels**

G. Medical Incurred Loss Development Factors Based on Adjusted Total Medical Incurred

Accident	Age-to-Age Development (in months):				
Year	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2006					1.081
2007				1.085	1.081
2008			1.137	1.089	1.068
2009		1.197	1.139	1.086	1.068
2010	1.427	1.202	1.130	1.074	1.056
2011	1.460	1.185	1.116	1.067	1.052
2012	1.423	1.156	1.099	1.056	
2013	1.367	1.145	1.086		
2014	1.360	1.136			
2015	1.341				
Latest Year	1.341	1.136	1.086	1.056	1.052

H. Medical Incurred Loss Development Factors Adjusted to Common Benefit Level (g)

Accident	Age-to-Age Development (in months):				
Year	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2006					1.062
2007				1.081	1.071
2008			1.116	1.088	1.058
2009		1.182	1.133	1.080	1.049
2010	1.425	1.212	1.116	1.068	1.036
2011	1.450	1.179	1.101	1.060	1.025
2012	1.389	1.150	1.079	1.049	
2013	1.349	1.120	1.075		
2014	1.325	1.133			
2015	1.314				

I. Impact of Adjustments to Common Case Reserve Level (h)

Accident	Age-to-Age Development (in months):				
Year	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2006					1.71%
2007				0.45%	0.96%
2008			1.86%	0.09%	0.89%
2009		1.28%	0.48%	0.52%	1.81%
2010	0.11%	-0.81%	1.24%	0.48%	1.91%
2011	0.67%	0.44%	1.37%	0.69%	2.66%
2012	2.44%	0.54%	1.90%	0.59%	
2013	1.31%	2.22%	1.02%		
2014	2.69%	0.26%			
2015	2.03%				

(g) Development factors are based on incurred losses adjusted to a common benefit level and from the same insurer mix as those which have been adjusted for changes in case reserve levels and applied in the calculation of the development factors in Item G.

(h) Each factor represents the change in age-to-age development factors from Item H to those in Item

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

**Incurred Medical Loss Development Factors
Adjusted for Changes in Average Case Reserve Levels**

J. Medical Incurred Loss Development Factors After Adjustment for Changes in Case Reserve Adequacy (i)

Accident Year	Age-to-Age Development (in months):				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2006					1.079
2007				1.083	1.079
2008			1.137	1.088	1.067
2009		1.197	1.138	1.086	1.068
2010	1.433	1.202	1.131	1.073	1.056
2011	1.462	1.190	1.118	1.067	1.052
2012	1.425	1.159	1.100	1.057	
2013	1.371	1.145	1.087		
2014	1.362	1.138			
2015	1.341				
Latest Year	1.341	1.138	1.087	1.057	1.052

- (i) Each factor is the product of [1.0 + the impact of adjustments to common case reserve level (Item I)] and [the incurred medical age-to-age development factors from AC17-06-01, Exhibit 2.2.1].

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

**Developed Loss Ratios Using Latest Year Incurred Development Factors
Adjusted for Changes in Average Case Reserve Levels
Based on Experience as of March 31, 2017**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Incurred	Annual	Cumulative		Incurred	Annual	Cumulative		Total
<u>Year</u>	<u>Loss Ratio</u>	<u>Development</u>	<u>Development</u>	<u>Developed</u>	<u>Loss Ratio</u>	<u>Development</u>	<u>Development</u>	<u>Developed</u>	<u>Developed</u>
	<u>Ex IBNR(a)</u>	<u>Factor(b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Ex IBNR(a)</u>	<u>Factor(c)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
				(1) x (3)				(5) x (7)	(4) + (8)
2005	0.122	1.002	1.017	0.124	0.183	1.002	1.027	0.187	0.311
2006	0.157	1.007	1.024	0.160	0.234	1.005	1.032	0.241	0.401
2007	0.214	1.007	1.030	0.220	0.325	1.005	1.038	0.338	0.558
2008	0.268	1.009	1.040	0.279	0.401	1.010	1.048	0.420	0.699
2009	0.307	1.011	1.051	0.323	0.459	1.009	1.058	0.486	0.809
2010	0.291	1.016	1.068	0.311	0.437	1.014	1.072	0.469	0.780
2011	0.264	1.023	1.092	0.289	0.372	1.022	1.096	0.408	0.697
2012	0.230	1.042	1.139	0.262	0.310	1.052	1.153	0.357	0.619
2013	0.188	1.078	1.227	0.231	0.243	1.057	1.219	0.296	0.527
2014	0.164	1.105	1.356	0.222	0.201	1.087	1.325	0.267	0.489
2015	0.137	1.210	1.641	0.225	0.175	1.138	1.508	0.265	0.489
2016	0.082	1.661	2.726	0.224	0.132	1.341	2.022	0.267	0.491

- (a) Based on AC17-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.
- (b) Age-to-age factors for developing accident years 2012 to 2016 were adjusted for changes in indemnity case reserve levels based on estimated annual severity trends on closed indemnity claims (see Exhibit 3.4, Item K). Age-to-age factors for developing accident years prior to 2012 are selected as the age-to-age factors shown in AC17-06-01, Exhibit 2.1.
- (c) Age-to-age factors for developing accident years 2012 to 2016 were adjusted for changes in medical case reserve levels based on estimated annual medical severity trend on all claims (see Exhibit 3.8, Item J). Age-to-age factors for developing accident years prior to 2012 are selected as the age-to-age factors shown in AC17-06-01, Exhibit 2.2.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Latest Year Incurred Development Factors
Adjusted for Changes in Indemnity Average Case Reserve Levels
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)x(2)÷(3)
2005	0.124	1.512	0.777	0.241
2006	0.160	1.495	0.999	0.240
2007	0.220	1.448	1.277	0.250
2008	0.279	1.364	1.543	0.247
2009	0.323	1.337	1.664	0.259
2010	0.311	1.318	1.513	0.271
2011	0.289	1.298	1.381	0.272
2012	0.262	1.267	1.231	0.270
2013	0.231	1.233	1.075	0.265
2014	0.222	1.116	0.991	0.251
2015	0.225	1.089	0.947	0.258
2016	0.224	1.068	0.955	0.250
				Projections (d)
2017				0.249
2018				0.246
1/1/2019				0.244

(a) See Exhibit 3.9.

(b) Based on AC17-06-01, Exhibit 4.1.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC17-06-01, Exhibit 6.2, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Latest Year Incurred Development Factors
Adjusted for Changes in Medical Average Case Reserve Levels
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)
2005	0.187	0.865	0.777	0.209
2006	0.241	0.908	0.999	0.219
2007	0.338	0.892	1.277	0.236
2008	0.420	0.885	1.543	0.241
2009	0.486	0.873	1.664	0.255
2010	0.469	0.870	1.513	0.270
2011	0.408	0.886	1.381	0.262
2012	0.357	0.912	1.231	0.265
2013	0.296	0.979	1.075	0.270
2014	0.267	1.019	0.991	0.274
2015	0.265	1.017	0.947	0.284
2016	0.267	1.013	0.955	0.284
				Projections (d)
2017				0.291
2018				0.295
1/1/2019				0.298

(a) See Exhibit 3.9.

(b) Based on AC17-06-01, Exhibit 4.4.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC17-06-01, Exhibit 6.4, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

**Developed Loss Ratios Using Latest Year Incurred Loss Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2017**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
				Developed				Developed	Total
Accident	Incurred	Development Factors		Loss	Incurred	Development Factors		Loss	Loss
Year	Loss Ratio(a)	Annual	Cumulative(b)	Ratio(c)	Loss Ratio(a)	Annual	Cumulative(d)	Ratio(c)	Ratio
									(4) + (8)
2005	0.122	---	0.967	0.118	0.183	---	1.011	0.185	0.302
2006	0.157	---	0.981	0.154	0.234	---	1.013	0.237	0.390
2007	0.214	---	1.001	0.214	0.325	---	1.031	0.335	0.549
2008	0.268	---	1.035	0.278	0.401	---	1.064	0.427	0.704
2009	0.307	---	1.059	0.325	0.459	---	1.081	0.497	0.822
2010	0.291	---	1.087	0.316	0.437	---	1.103	0.482	0.799
2011	0.264	---	1.106	0.292	0.372	---	1.112	0.414	0.706
2012	0.230	---	1.139	0.262	0.310	---	1.146	0.355	0.617
2013	0.188	---	1.201	0.226	0.243	---	1.199	0.291	0.517
2014	0.164	---	1.319	0.216	0.201	---	1.298	0.261	0.477
2015	0.137	---	1.605	0.220	0.175	---	1.463	0.257	0.476
2016	0.082	---	2.652	0.218	0.132	---	1.949	0.258	0.475

- (a) Based on AC17-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.
- (b) Column (4) divided by Column (1).
- (c) Developed loss ratios were derived by averaging the loss ratios developed using the latest year incurred methodology for State Compensation Insurance Fund and the remaining insurers collectively, weighted by calendar year 2016 earned premium at the advisory pure premium rate level.
- (d) Column (8) divided by Column (5).

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Incurred Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.118	1.512	0.777	0.229
2006	0.154	1.495	0.999	0.230
2007	0.214	1.448	1.277	0.243
2008	0.278	1.364	1.543	0.245
2009	0.325	1.337	1.664	0.261
2010	0.316	1.318	1.513	0.276
2011	0.292	1.298	1.381	0.275
2012	0.262	1.267	1.231	0.270
2013	0.226	1.233	1.075	0.259
2014	0.216	1.116	0.991	0.244
2015	0.220	1.089	0.947	0.253
2016	0.218	1.068	0.955	0.243
				Projections (d)
2017				0.243
2018				0.240
1/1/2019				0.238

(a) See Exhibit 4.1.

(b) Based on AC17-06-01, Exhibit 4.1.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC17-06-01, Exhibit 6.2, the actual frequency trend for accident year 2016, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Incurred Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio (e) (1)×(2)÷(3)
2005	0.185	0.865	0.777	0.205
2006	0.237	0.908	0.999	0.215
2007	0.335	0.892	1.277	0.234
2008	0.427	0.885	1.543	0.245
2009	0.497	0.873	1.664	0.261
2010	0.482	0.870	1.513	0.277
2011	0.414	0.886	1.381	0.265
2012	0.355	0.912	1.231	0.263
2013	0.291	0.979	1.075	0.265
2014	0.261	1.019	0.991	0.269
2015	0.257	1.017	0.947	0.276
2016	0.258	1.013	0.955	0.274
				Projections (d)
2017				0.281
2018				0.286
1/1/2019				0.288

- (a) See Exhibit 4.1.
- (b) Based on AC17-06-01, Exhibit 4.4.
- (c) See AC17-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC17-06-01, Exhibit 6.4, the actual frequency trend for accident year 2016, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

**Developed Loss Ratios Using Unadjusted 3-Year Average Paid Development Factors
Based on Experience as of March 31, 2017**

Accident Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity			Developed	Medical			Developed	Total
	Reported Paid	Annual Development	Cumulative Development		Reported Paid	Annual Development	Cumulative Development		
<u>Year</u>	<u>Loss Ratio(a)</u>	<u>Factor(b)</u>	<u>Factor</u>	<u>Loss Ratio</u> (1) x (3)	<u>Loss Ratio(a)</u>	<u>Factor(c)</u>	<u>Factor</u>	<u>Loss Ratio</u> (5) x (7)	<u>Loss Ratio</u> (4) + (8)
2005	0.115	1.010	1.076	0.123	0.163	1.018	1.243	0.203	0.326
2006	0.147	1.014	1.091	0.160	0.208	1.022	1.271	0.264	0.424
2007	0.199	1.018	1.111	0.221	0.287	1.028	1.306	0.375	0.596
2008	0.248	1.025	1.139	0.282	0.353	1.032	1.348	0.475	0.757
2009	0.282	1.030	1.173	0.330	0.401	1.037	1.398	0.561	0.891
2010	0.265	1.040	1.220	0.323	0.382	1.047	1.463	0.559	0.882
2011	0.235	1.054	1.287	0.303	0.312	1.063	1.556	0.485	0.787
2012	0.199	1.080	1.390	0.276	0.251	1.088	1.693	0.425	0.701
2013	0.157	1.127	1.566	0.245	0.187	1.130	1.913	0.357	0.602
2014	0.123	1.221	1.912	0.236	0.140	1.212	2.319	0.326	0.562
2015	0.084	1.490	2.848	0.239	0.100	1.392	3.228	0.323	0.562
2016	0.034	2.438	6.943	0.238	0.053	1.945	6.277	0.330	0.568

(a) Based on AC17-06-01, Exhibit 1.

(b) Age-to-age factors are selected as three-year averages based on AC17-06-01, Exhibit 2.5.

(c) Age-to-age factors are selected as three-year averages based on AC17-06-01, Exhibit 2.6. These factors have not been adjusted for the SB 863 reforms or RBRVS.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted 3-Year Average Paid Development Factors
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)x(2)÷(3)
2005	0.123	1.512	0.777	0.240
2006	0.160	1.495	0.999	0.239
2007	0.221	1.448	1.277	0.250
2008	0.282	1.364	1.543	0.249
2009	0.330	1.337	1.664	0.265
2010	0.323	1.318	1.513	0.282
2011	0.303	1.298	1.381	0.285
2012	0.276	1.267	1.231	0.284
2013	0.245	1.233	1.075	0.281
2014	0.236	1.116	0.991	0.266
2015	0.239	1.089	0.947	0.275
2016	0.238	1.068	0.955	0.266
				Projections (d)
2017				0.265
2018				0.261
1/1/2019				0.260

- (a) See Exhibit 5.1.
- (b) Based on AC17-06-01, Exhibit 4.1.
- (c) See AC17-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC17-06-01, Exhibit 6.2, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted 3-Year Average Paid Development Factors
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)
2005	0.203	0.865	0.777	0.226
2006	0.264	0.908	0.999	0.240
2007	0.375	0.892	1.277	0.262
2008	0.475	0.885	1.543	0.273
2009	0.561	0.873	1.664	0.294
2010	0.559	0.870	1.513	0.322
2011	0.485	0.886	1.381	0.311
2012	0.425	0.912	1.231	0.315
2013	0.357	0.979	1.075	0.325
2014	0.326	1.019	0.991	0.335
2015	0.323	1.017	0.947	0.347
2016	0.330	1.013	0.955	0.350
				Projections (d)
2017				0.357
2018				0.362
1/1/2019				0.366

(a) See Exhibit 5.1.

(b) Based on AC17-06-01, Exhibit 4.4.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC17-06-01, Exhibit 6.4, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Developed Loss Ratios Using Unadjusted Latest Year Paid Development Factors
Based on Experience as of March 31, 2017**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Indemnity				Medical			
Accident	Paid	Annual	Cumulative	Developed	Paid	Annual	Cumulative	Developed	Total
<u>Year</u>	<u>Loss Ratio(a)</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Loss Ratio(a)</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Developed</u>
		<u>Factor(b)</u>	<u>Factor</u>	<u>(1) x (3)</u>		<u>Factor(c)</u>	<u>Factor</u>	<u>(5) x (7)</u>	<u>(4) + (8)</u>
2005	0.115	1.010	1.076	0.123	0.163	1.018	1.243	0.203	0.326
2006	0.147	1.014	1.091	0.160	0.208	1.022	1.271	0.264	0.424
2007	0.199	1.018	1.111	0.221	0.287	1.028	1.306	0.375	0.596
2008	0.248	1.025	1.139	0.282	0.353	1.032	1.348	0.475	0.757
2009	0.282	1.025	1.168	0.329	0.401	1.033	1.393	0.558	0.887
2010	0.265	1.039	1.213	0.322	0.382	1.042	1.451	0.554	0.876
2011	0.235	1.053	1.277	0.301	0.312	1.060	1.538	0.479	0.780
2012	0.199	1.076	1.375	0.273	0.251	1.082	1.665	0.418	0.691
2013	0.157	1.122	1.542	0.241	0.187	1.127	1.876	0.350	0.591
2014	0.123	1.215	1.874	0.231	0.140	1.205	2.261	0.318	0.549
2015	0.084	1.502	2.815	0.236	0.100	1.387	3.135	0.313	0.550
2016	0.034	2.471	6.955	0.238	0.053	1.957	6.136	0.322	0.561

- (a) Based on AC17-06-01, Exhibit 1.
- (b) Age-to-age factors are selected as latest year for for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors based on AC17-06-01, Exhibit 2.5.
- (c) Age-to-age factors are selected as latest year for for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors based on AC17-06-01, Exhibit 2.6. These factors have not been adjusted for the SB 863 reforms or RBRVS.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Based on Unadjusted Latest Year Paid Selections
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.123	1.512	0.777	0.240
2006	0.160	1.495	0.999	0.239
2007	0.221	1.448	1.277	0.250
2008	0.282	1.364	1.543	0.249
2009	0.329	1.337	1.664	0.264
2010	0.322	1.318	1.513	0.280
2011	0.301	1.298	1.381	0.282
2012	0.273	1.267	1.231	0.281
2013	0.241	1.233	1.075	0.277
2014	0.231	1.116	0.991	0.260
2015	0.236	1.089	0.947	0.272
2016	0.238	1.068	0.955	0.267
				Projections (d)
2017				0.264
2018				0.260
1/1/2019				0.259

(a) See Exhibit 6.1.

(b) Based on AC17-06-01, Exhibit 4.1.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC17-06-01, Exhibit 6.2, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Based on Unadjusted Latest Year Paid Selections
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)
2005	0.203	0.865	0.777	0.226
2006	0.264	0.908	0.999	0.240
2007	0.375	0.892	1.277	0.262
2008	0.475	0.885	1.543	0.273
2009	0.558	0.873	1.664	0.293
2010	0.554	0.870	1.513	0.319
2011	0.479	0.886	1.381	0.307
2012	0.418	0.912	1.231	0.310
2013	0.350	0.979	1.075	0.319
2014	0.318	1.019	0.991	0.327
2015	0.313	1.017	0.947	0.337
2016	0.322	1.013	0.955	0.342
				Projections (d)
2017				0.348
2018				0.353
1/1/2019				0.356

- (a) See Exhibit 6.1.
- (b) Based on AC17-06-01, Exhibit 4.4.
- (c) See AC17-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC17-06-01, Exhibit 6.4, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Developed Loss Ratios Adjusted for the Impact of Reforms
Based on Paid Latest Year Selections
Based on Experience as of March 31, 2017**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Indemnity				Medical					
				Developed			Adjusted		Developed	Total
Accident	Paid	Development Factors		Loss	Paid	Paid	Development Factors		Loss	Developed
Year	Loss Ratio(a)	Annual(b)	Cumulative(b)	Ratio	Loss Ratio(a)	Loss Ratio(c)	Annual(d)	Cumulative(d)	Ratio	Loss Ratio
				(1) x (3)					(6) x (8)	(4) + (9)
2005	0.115	1.010	1.076	0.123	0.163	0.152	1.019	1.252	0.190	0.314
2006	0.147	1.014	1.091	0.160	0.208	0.194	1.024	1.283	0.249	0.409
2007	0.199	1.018	1.111	0.221	0.287	0.268	1.030	1.321	0.354	0.575
2008	0.248	1.025	1.139	0.282	0.353	0.330	1.034	1.366	0.451	0.733
2009	0.282	1.025	1.168	0.329	0.401	0.377	1.035	1.414	0.533	0.862
2010	0.265	1.039	1.213	0.322	0.382	0.362	1.045	1.477	0.534	0.856
2011	0.235	1.053	1.277	0.301	0.312	0.298	1.064	1.572	0.469	0.769
2012	0.199	1.076	1.375	0.273	0.251	0.244	1.086	1.707	0.417	0.690
2013	0.157	1.122	1.573	0.246	0.187	0.184	1.131	1.931	0.355	0.602
2014	0.123	1.215	1.995	0.246	0.140	0.140	1.208	2.333	0.326	0.572
2015	0.084	1.502	2.997	0.251	0.100	0.100	1.389	3.240	0.324	0.575
2016	0.034	2.471	7.406	0.254	0.053	0.053	1.957	6.340	0.333	0.587

- (a) Based on AC17-06-01, Exhibit 1. For medical, Paid MCCP costs are excluded from accident years 2011 and subsequent. Column 5 is shown for informational purposes only.
- (b) Based on AC17-06-01, Exhibit 2.5.1. Does not reflect any adjustment for changes in claim settlement rates. The cumulative loss development factors for developing accident years 2013 through 2016 are adjusted for the impact of SB 863.
- (c) Based on experience evaluated as of March 31, 2017. Reflects an adjustment for SB 863 of -4.2% applied to payments made before January 1, 2013, and adjustments for RBRVS of -2.1% applied to payments made before January 1, 2014, and -1.7% applied to payments made before January 1, 2015.
- (d) Based on AC16-03-02, Exhibit 2.6.1. Does not reflect any adjustment for changes in claim settlement rates. Age-to-age factors for developing accident years 2005 to 2016 reflect an adjustment for SB 863 of -4.2% applied to payments made before January 1, 2013 and adjustments to historical outstanding medical losses paid prior to January 1, 2014 by an estimated 2.1% decrease in costs, and losses paid prior to January 1, 2015 by an estimated 1.7% decrease in costs due to RBRVS.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Latest Year Paid Development Adjusted for Reforms
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.123	1.512	0.777	0.240
2006	0.160	1.495	0.999	0.239
2007	0.221	1.448	1.277	0.250
2008	0.282	1.364	1.543	0.249
2009	0.329	1.337	1.664	0.264
2010	0.322	1.318	1.513	0.280
2011	0.301	1.298	1.381	0.282
2012	0.273	1.267	1.231	0.281
2013	0.246	1.233	1.075	0.282
2014	0.246	1.116	0.991	0.277
2015	0.251	1.089	0.947	0.289
2016	0.254	1.068	0.955	0.284
				Projections (d)
2017				0.281
2018				0.277
1/1/2019				0.275

(a) See Exhibit 7.1.

(b) See AC17-06-01, Exhibit 4.1.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC17-06-01, Exhibit 6.2, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Latest Year Paid Development Adjusted for Reforms
Based on Experience as of March 31, 2017**

Accident <u>Year</u>	(1) Developed Medical <u>Loss Ratio(a)</u>	(2) Composite Medical <u>On-Level Factor(b)</u>	(3) Composite Premium <u>Adjustment Factor(c)</u>	(4) On-Level Medical to Industry Average Filed <u>Pure Premium Ratio</u> (1)×(2)÷(3)
2005	0.190	0.937	0.777	0.230
2006	0.249	0.984	0.999	0.245
2007	0.354	0.966	1.277	0.268
2008	0.451	0.959	1.543	0.280
2009	0.533	0.946	1.664	0.303
2010	0.534	0.943	1.513	0.333
2011	0.469	0.960	1.381	0.326
2012	0.417	0.988	1.231	0.335
2013	0.355	1.016	1.075	0.336
2014	0.326	1.020	0.991	0.336
2015	0.324	1.018	0.947	0.348
2016	0.333	1.014	0.955	0.354
				Projections (d)
2017				0.360
2018				0.365
1/1/2019				0.368

(a) See Exhibit 7.1.

(b) See AC17-06-01, Exhibit 4.4.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC17-06-01, Exhibit 6.4, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

**Developed Loss Ratios Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on 3-Year Average Selections
Based on Experience as of March 31, 2017**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Indemnity				Medical					
				Developed			Adjusted		Developed	Total
Accident	Paid	Development Factors		Loss	Paid	Paid	Development Factors		Loss	Developed
Year	Loss Ratio(a)	Annual(b)	Cumulative(b)	Ratio	Loss Ratio(a)	Loss Ratio(c)	Annual(d)	Cumulative(d)	Ratio	Loss
				(1) x (3)					(6) x (8)	(4) + (9)
2005	0.115	1.010	1.076	0.123	0.163	0.152	1.019	1.252	0.190	0.314
2006	0.147	1.014	1.091	0.160	0.208	0.194	1.024	1.283	0.249	0.409
2007	0.199	1.018	1.111	0.221	0.287	0.268	1.030	1.321	0.354	0.575
2008	0.248	1.025	1.139	0.282	0.353	0.330	1.034	1.366	0.451	0.733
2009	0.282	1.025	1.168	0.329	0.401	0.377	1.035	1.414	0.533	0.862
2010	0.265	1.039	1.213	0.322	0.382	0.362	1.045	1.477	0.534	0.856
2011	0.235	1.053	1.277	0.301	0.312	0.298	1.064	1.572	0.469	0.769
2012	0.199	1.072	1.370	0.272	0.251	0.244	1.086	1.708	0.417	0.689
2013	0.157	1.115	1.558	0.244	0.187	0.184	1.128	1.927	0.355	0.598
2014	0.123	1.215	1.976	0.244	0.140	0.140	1.217	2.346	0.328	0.572
2015	0.084	1.480	2.925	0.245	0.100	0.100	1.397	3.277	0.328	0.573
2016	0.034	2.440	7.136	0.245	0.053	0.053	1.961	6.424	0.338	0.582

- (a) Based on AC17-06-01, Exhibit 1. Column 5 is shown for informational purposes only.
- (b) Age-to-age factors for developing accident years 2012 to 2016 were adjusted for changes in claim settlement rates based on 3-year average selections (see AC17-06-01, Exhibit 2.5.8, Item Q). The cumulative loss development factors for developing accident years 2013 through 2016 are adjusted for the impact of SB 863 (see AC17-06-01, Exhibit 2.5.1).
- (c) Based on experience evaluated as of March 31, 2017. Reflects an adjustment for SB 863 of -4.2% applied to payments made before January 1, 2013, and adjustments for RBRVS of -2.1% applied to payments made before January 1, 2014, and -1.7% applied to payments made before January 1, 2015.
- (d) Age-to-age factors for developing accident years 2012 to 2016 were adjusted for changes in claim settlement rates based on 3-year average selections (see AC17-06-01, Exhibit 2.6.8, Item R). Age-to-age factors for developing accident years 2005 to 2016 reflect an adjustment for SB 863 of -4.2% applied to payments made before January 1, 2013 and adjustments to historical outstanding medical losses paid prior to January 1, 2014 by an estimated 2.1% decrease in costs, and losses paid prior to January 1, 2015 by an estimated 1.7% decrease in costs due to RBRVS.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on 3-Year Average Selections
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.123	1.512	0.777	0.240
2006	0.160	1.495	0.999	0.239
2007	0.221	1.448	1.277	0.250
2008	0.282	1.364	1.543	0.249
2009	0.329	1.337	1.664	0.264
2010	0.322	1.318	1.513	0.280
2011	0.301	1.298	1.381	0.282
2012	0.272	1.267	1.231	0.280
2013	0.244	1.233	1.075	0.280
2014	0.244	1.116	0.991	0.275
2015	0.245	1.089	0.947	0.282
2016	0.245	1.068	0.955	0.274
				Projections (d)
2017				0.272
2018				0.269
1/1/2019				0.267

- (a) See Exhibit 8.1.
- (b) See AC17-06-01, Exhibit 4.1.
- (c) See AC17-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC17-06-01, Exhibit 6.2, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on 3-Year Average Selections
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)
2005	0.190	0.937	0.777	0.230
2006	0.249	0.984	0.999	0.245
2007	0.354	0.966	1.277	0.268
2008	0.451	0.959	1.543	0.280
2009	0.533	0.946	1.664	0.303
2010	0.534	0.943	1.513	0.333
2011	0.469	0.960	1.381	0.326
2012	0.417	0.988	1.231	0.335
2013	0.355	1.016	1.075	0.335
2014	0.328	1.020	0.991	0.338
2015	0.328	1.018	0.947	0.352
2016	0.338	1.014	0.955	0.359
				Projections (d)
2017				0.364
2018				0.370
1/1/2019				0.373

- (a) See Exhibit 8.1.
- (b) See AC17-06-01, Exhibit 4.4.
- (c) See AC17-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC17-06-01, Exhibit 6.4, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Developed Loss Ratios Using Latest Year Paid Loss Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2017**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
				Developed				Developed	Total
Accident	Paid	Development Factors		Loss	Paid	Development Factors		Loss	Loss
Year	Loss Ratio(a)	Annual	Cumulative(b)	Ratio(c)	Loss Ratio(a)	Annual	Cumulative(d)	Ratio(c)	Ratio
									(4) + (8)
2005	0.115	---	1.029	0.118	0.163	---	1.213	0.198	0.316
2006	0.147	---	1.049	0.154	0.208	---	1.236	0.257	0.411
2007	0.199	---	1.080	0.215	0.287	---	1.278	0.367	0.582
2008	0.248	---	1.131	0.280	0.353	---	1.338	0.472	0.752
2009	0.282	---	1.170	0.330	0.401	---	1.386	0.556	0.886
2010	0.265	---	1.225	0.325	0.382	---	1.451	0.554	0.879
2011	0.235	---	1.283	0.302	0.312	---	1.518	0.473	0.775
2012	0.199	---	1.374	0.273	0.251	---	1.639	0.412	0.685
2013	0.157	---	1.536	0.240	0.187	---	1.841	0.343	0.584
2014	0.123	---	1.879	0.232	0.140	---	2.232	0.314	0.545
2015	0.084	---	2.809	0.236	0.100	---	3.085	0.308	0.544
2016	0.034	---	6.960	0.239	0.053	---	6.038	0.317	0.556

- (a) Based on AC17-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.
- (b) Column (4) divided by Column (1).
- (c) Developed loss ratios were derived by averaging the loss ratios developed using the latest year paid methodology for State Compensation Insurance Fund and the remaining insurers collectively, weighted by calendar year 2016 earned premium at the advisory pure premium rate level.
- (d) Column (8) divided by Column (5).

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Paid Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.118	1.512	0.777	0.230
2006	0.154	1.495	0.999	0.230
2007	0.215	1.448	1.277	0.243
2008	0.280	1.364	1.543	0.248
2009	0.330	1.337	1.664	0.265
2010	0.325	1.318	1.513	0.283
2011	0.302	1.298	1.381	0.284
2012	0.273	1.267	1.231	0.281
2013	0.240	1.233	1.075	0.276
2014	0.232	1.116	0.991	0.261
2015	0.236	1.089	0.947	0.271
2016	0.239	1.068	0.955	0.267
				Projections (d)
2017				0.264
2018				0.260
1/1/2019				0.258

(a) See Exhibit 9.1.

(b) Based on AC17-06-01, Exhibit 4.1.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC17-06-01, Exhibit 6.2, the actual frequency trend for accident year 2016, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Paid Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio (e) (1)×(2)÷(3)
2005	0.198	0.865	0.777	0.220
2006	0.257	0.908	0.999	0.234
2007	0.367	0.892	1.277	0.256
2008	0.472	0.885	1.543	0.271
2009	0.556	0.873	1.664	0.292
2010	0.554	0.870	1.513	0.319
2011	0.473	0.886	1.381	0.303
2012	0.412	0.912	1.231	0.305
2013	0.343	0.979	1.075	0.313
2014	0.314	1.019	0.991	0.323
2015	0.308	1.017	0.947	0.331
2016	0.317	1.013	0.955	0.337
				Projections (d)
2017				0.342
2018				0.348
1/1/2019				0.351

- (a) See Exhibit 9.1.
- (b) Based on AC17-06-01, Exhibit 4.4.
- (c) See AC17-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC17-06-01, Exhibit 6.4, the actual frequency trend for accident year 2016, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Projected Indemnity Loss Ratio Using the Bornhuetter-Ferguson (BF) Paid Development Method
Accident Year 2016 Indemnity Projected from 15 Months to 27 Months**

1. AY 2016 Reported Paid Indemnity Loss Ratio at 15 Months (Based on Exhibit 1 of AC17-06-01)	0.034
2. Reported Paid Indemnity Loss Ratios at 27 Months for ELR	
a) AY 2014 (Based on March 31, 2016 Experience)	0.082
b) AY 2015 (Based on Exhibit 1 of AC17-06-01)	0.084
3. Frequency Adjustments to AY 2016 (Based on Exhibit 12 of AC17-06-01)	
a) AY 2014-2015 Frequency Change	-0.8%
b) AY 2015-2016 Frequency Change	-1.0%
4. Average Indemnity Severity Change, AY 2010-2015 (Based on Exhibit 6.2 of AC17-06-01)	-1.5%
5. Composite Indemnity On-Level Adjustment Factors (Based on Exhibit 4.1 of AC17-06-01)	
a) AY 2014 to Current	1.116
b) AY 2015 to Current	1.089
c) AY 2016 to Current	1.068
6. Composite Premium On-Level Adjustment Factors (Based on Exhibit 5.2 of AC17-06-01)	
a) AY 2014 to Current	0.991
b) AY 2015 to Current	0.947
c) AY 2016 to Current	0.955
7. AY 2016 Expected Paid Indemnity Loss Ratio at 27 Months	
a) Projected from 2014 = (2a) * [1 + (3a)] * [1 + (3b)] * [1 + (4)] ² * [(5a) / (5c)] / [(6a) / (6c)]	0.079
b) Projected from 2015 = (2b) * [1 + (3b)] * [1 + (4)] * [(5b) / (5c)] / [(6b) / (6c)]	0.084
c) Average of 2014 and 2015 Projections = [(7a) + (7b)] / 2	0.081
8. Projected Indemnity 15-to-27 Paid Development Factor (Based on Exhibit 2.5.1 of AC17-06-01)	2.456
9. Projected AY 2016 Paid Indemnity Loss Ratio at 27 Months = (1) + (7c) * [1 - 1 / (8)]	0.083

**Projected Medical Loss Ratio Using the Bornhuetter-Ferguson (BF) Paid Development Method
Accident Year 2016 Medical Projected from 15 Months to 27 Months**

	Adjusted for Reforms ¹
1. AY 2016 Reported Paid Medical Loss Ratio at 15 Months (Based on Exhibit 1 of AC17-06-01)	0.053
2. Reported Paid Medical Loss Ratios at 27 Months for ELR	
a) AY 2014 (Based on March 31, 2016 Experience)	0.101
b) AY 2015 (Based on Exhibit 1 of AC17-06-01)	0.100
3. Frequency Adjustments to AY 2016 (Based on Exhibit 12 of AC17-06-01)	
a) AY 2014-2015 Frequency Change	-0.8%
b) AY 2015-2016 Frequency Change	-1.0%
4. Average Medical Severity Change, AY 2010-2015 (Based on Exhibit 6.3 of AC17-06-01)	0.5%
5. Composite Medical On-Level Adjustment Factors (Based on Exhibit 4.4 of AC17-06-01)	
a) AY 2014 to Current	1.020
b) AY 2015 to Current	1.018
c) AY 2016 to Current	1.014
6. Composite Premium On-Level Adjustment Factors (Based on Exhibit 5.2 of AC17-06-01)	
a) AY 2014 to Current	0.991
b) AY 2015 to Current	0.947
c) AY 2016 to Current	0.955
7. AY 2016 Expected Paid Medical Loss Ratio at 27 Months	
a) Projected from 2014 = (2a) * [1 + (3a)] * [1 + (3b)] * [1 + (4)] ² * [(5a) / (5c)] / [(6a) / (6c)]	0.097
b) Projected from 2015 = (2b) * [1 + (3b)] * [1 + (4)] * [(5b) / (5c)] / [(6b) / (6c)]	0.101
c) Average of 2014 and 2015 Projections = [(7a) + (7b)] / 2	0.099
8. Projected Medical 15-to-27 Paid Development Factor (Based on Exhibit 2.6.1 of AC17-06-01)	1.954
9. Projected AY 2016 Paid Medical Loss Ratio at 27 Months = (1) + (7c) * [1 - 1 / (8)]	0.101

¹Based on experience evaluated as of March 31, 2017. Reflects an adjustment for SB 863 of -4.2% applied to payments made before January 1, 2013, and adjustments for RBRVS of -2.1% applied to payments made before January 1, 2014, and -1.7% applied to payments made before January 1, 2015.

**Developed Loss Ratios Using Latest Year Reform Adjusted Development Factors - BF Adjusted Age 15 Loss Ratio
Based on Experience as of March 31, 2017**

	(1)	(2)	(3) Indemnity		(4)	(5)	(6)	(7) Medical		(8)	(9)	(10)
Accident	Reported Paid	Annual Development	Cumulative Dev. Factor		Developed		Adjusted Paid	Annual Development	Cumulative Development	Adjusted Developed		Total Developed
Year	Loss Ratio(a)	Factor(b)	Unadjusted for SB863	Adjusted for SB863	Loss Ratio (1) x (3)		Loss Ratio(c)	Factor(d)	Factor	Loss Ratio (6) x (8)		Loss Ratio (5) + (9)
2005	0.115	1.010	1.076	1.076	0.123		0.152	1.019	1.252	0.190		0.314
2006	0.147	1.014	1.091	1.091	0.160		0.194	1.024	1.283	0.249		0.409
2007	0.199	1.018	1.111	1.111	0.221		0.268	1.030	1.321	0.354		0.575
2008	0.248	1.025	1.139	1.139	0.282		0.330	1.034	1.366	0.451		0.733
2009	0.282	1.025	1.168	1.168	0.329		0.377	1.035	1.414	0.533		0.862
2010	0.265	1.039	1.213	1.213	0.322		0.362	1.045	1.477	0.534		0.856
2011	0.235	1.053	1.277	1.277	0.301		0.298	1.064	1.572	0.469		0.769
2012	0.199	1.068	1.365	1.365	0.271		0.244	1.079	1.696	0.414		0.685
2013	0.157	1.112	1.518	1.548	0.242		0.184	1.122	1.904	0.350		0.593
2014	0.123	1.207	1.832	1.951	0.241		0.140	1.202	2.289	0.320		0.561
2015	0.084	1.489	2.728	2.905	0.244		0.100	1.382	3.164	0.316		0.560
2016	0.083		2.728	2.905	0.240		0.101		3.164	0.319		0.559

- (a) Based on AC17-06-01, Exhibit 1. The 2016 indemnity loss ratio is based on Exhibit 10.1.
- (b) Age-to-age factors are selected as latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age to-age factors based on AC17-06-01, Exhibit 2.5.
- (c) Based on experience evaluated as of March 31, 2017. Reflects an adjustment for SB 863 of -4.2% applied to payments made before January 1, 2013, and adjustments for RBRVS of -2.1% applied to payments made before January 1, 2014, and -1.7% applied to payments made before January 1, 2015. The 2016 medical loss ratio is based on Exhibit 10.2.
- (d) Age-to-age factors are selected as latest year for for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors based on AC17-06-01, Exhibit 2.6. Reflects an adjustment for SB 863 of -4.2% applied to payments made before January 1, 2013, and adjustments for RBRVS of -2.1% applied to payments made before January 1, 2014, and -1.7% applied to payments made before January 1, 2015.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Paid Selections Adjusted for Reform Impacts with BF Paid Applied through 27 Months
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)x(2)÷(3)
2005	0.123	1.512	0.777	0.240
2006	0.160	1.495	0.999	0.239
2007	0.221	1.448	1.277	0.250
2008	0.282	1.364	1.543	0.249
2009	0.329	1.337	1.664	0.264
2010	0.322	1.318	1.513	0.280
2011	0.301	1.298	1.381	0.282
2012	0.271	1.267	1.231	0.279
2013	0.242	1.233	1.075	0.278
2014	0.241	1.116	0.991	0.271
2015	0.244	1.089	0.947	0.280
2016	0.240	1.068	0.955	0.268
				Projections (d)
2017				0.269
2018				0.265
1/1/2019				0.263

(a) See Exhibit 10.3.

(b) Based on AC17-06-01, Exhibit 4.1.

(c) See AC16-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC17-06-01, Exhibit 6.2, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Paid Selections Adjusted for Reform Impacts with BF Paid Applied through 27 Months
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio (e) (1)×(2)÷(3)
2005	0.190	0.937	0.777	0.230
2006	0.249	0.984	0.999	0.245
2007	0.354	0.966	1.277	0.268
2008	0.451	0.959	1.543	0.280
2009	0.533	0.946	1.664	0.303
2010	0.534	0.943	1.513	0.333
2011	0.469	0.960	1.381	0.326
2012	0.414	0.988	1.231	0.332
2013	0.350	1.016	1.075	0.331
2014	0.320	1.020	0.991	0.330
2015	0.316	1.018	0.947	0.340
2016	0.319	1.014	0.955	0.339
				Projections (d)
2017				0.348
2018				0.353
1/1/2019				0.356

- (a) See Exhibit 10.3.
- (b) Based on AC17-06-01, Exhibit 4.4.
- (c) See AC16-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC17-06-01, Exhibit 6.4, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Applied to Accident Year 2016
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.123	1.512	0.777	0.240
2006	0.160	1.495	0.999	0.239
2007	0.221	1.448	1.277	0.250
2008	0.282	1.364	1.543	0.249
2009	0.329	1.337	1.664	0.264
2010	0.322	1.318	1.513	0.280
2011	0.301	1.298	1.381	0.282
2012	0.271	1.267	1.231	0.279
2013	0.242	1.233	1.075	0.278
2014	0.241	1.116	0.991	0.271
2015	0.244	1.089	0.947	0.280
2016	0.245	1.068	0.955	0.274
				Projections (d)
2017				0.270
2018				0.266
1/1/2019				0.264

(a) See AC17-06-01, Exhibit 3.1.

(b) See AC17-06-01, Exhibit 4.1.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC17-06-01, Exhibit 6.2, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2016 on-level ratio.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Applied to Accident Year 2016
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)
2005	0.190	0.937	0.777	0.230
2006	0.249	0.984	0.999	0.245
2007	0.354	0.966	1.277	0.268
2008	0.451	0.959	1.543	0.280
2009	0.533	0.946	1.664	0.303
2010	0.534	0.943	1.513	0.333
2011	0.469	0.960	1.381	0.326
2012	0.414	0.988	1.231	0.332
2013	0.350	1.016	1.075	0.331
2014	0.320	1.020	0.991	0.330
2015	0.316	1.018	0.947	0.340
2016	0.325	1.014	0.955	0.345
				Projections (d)
2017				0.350
2018				0.355
1/1/2019				0.359

(a) See AC17-06-01, Exhibit 3.2.

(b) See AC17-06-01, Exhibit 4.4.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC17-06-01, Exhibit 6.4, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2016 on-level ratio.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency Trend and Post-2005 and Five-Year Average Severity Trend
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.123	1.512	0.777	0.240
2006	0.160	1.495	0.999	0.239
2007	0.221	1.448	1.277	0.250
2008	0.282	1.364	1.543	0.249
2009	0.329	1.337	1.664	0.264
2010	0.322	1.318	1.513	0.280
2011	0.301	1.298	1.381	0.282
2012	0.271	1.267	1.231	0.279
2013	0.242	1.233	1.075	0.278
2014	0.241	1.116	0.991	0.271
2015	0.244	1.089	0.947	0.280
2016	0.245	1.068	0.955	0.274
				Projections (d)
2017				0.271
2018				0.266
1/1/2019				0.265

(a) See AC17-06-01, Exhibit 3.1.

(b) See AC17-06-01, Exhibit 4.1.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend of -0.2% based on the average annual rates of growth in the 2005 through 2016 and 2011 through 2016 severities from AC17-06-01, Exhibit 6.2, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency Trend and Post-2005 and Five-Year Average Severity Trend
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)x(2)÷(3)
2005	0.190	0.937	0.777	0.230
2006	0.249	0.984	0.999	0.245
2007	0.354	0.966	1.277	0.268
2008	0.451	0.959	1.543	0.280
2009	0.533	0.946	1.664	0.303
2010	0.534	0.943	1.513	0.333
2011	0.469	0.960	1.381	0.326
2012	0.414	0.988	1.231	0.332
2013	0.350	1.016	1.075	0.331
2014	0.320	1.020	0.991	0.330
2015	0.316	1.018	0.947	0.340
2016	0.325	1.014	0.955	0.345
				Projections (d)
2017				0.346
2018				0.347
1/1/2019				0.349

(a) See AC17-06-01, Exhibit 3.2.

(b) See AC17-06-01, Exhibit 4.4.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend of 2.0% based on the average annual rates of growth in the 2005 through 2016 and 2011 through 2016 severities from AC17-06-01, Exhibit 6.4, the actual frequency trend for accident year 2016 from AC17-06-01, Exhibit 12, and projected frequency trends for accident years 2017, 2018, and 2019 from AC17-06-01, Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Post-2005 Exponential Loss Ratio Trend
Based on Experience as of March 31, 2017**

Accident <u>Year</u>	(1) Developed Indemnity <u>Loss Ratio(a)</u>	(2) Composite Indemnity <u>Adjustment Factor(b)</u>	(3) Composite Premium <u>Adjustment Factor(c)</u>	(4) On-Level Indemnity to Industry Average Filed <u>Pure Premium Ratio</u> (1)×(2)÷(3)
2005	0.123	1.512	0.777	0.240
2006	0.160	1.495	0.999	0.239
2007	0.221	1.448	1.277	0.250
2008	0.282	1.364	1.543	0.249
2009	0.329	1.337	1.664	0.264
2010	0.322	1.318	1.513	0.280
2011	0.301	1.298	1.381	0.282
2012	0.271	1.267	1.231	0.279
2013	0.242	1.233	1.075	0.278
2014	0.241	1.116	0.991	0.271
2015	0.244	1.089	0.947	0.280
2016	0.245	1.068	0.955	0.274
				Projections (d)
2017				0.283
2018				0.287
1/1/2019				0.289

(a) See AC17-06-01, Exhibit 3.1.

(b) See AC17-06-01, Exhibit 4.1.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 1.5% based on the 2005 to 2016 on-level indemnity to industry average filed pure premium ratios to each of the 2015 and 2016 on-level indemnity to industry average filed pure premium ratios. Each stated projection is equal to the average of the corresponding trended on-level ratios.

**Medical Loss to Industry Average Filed Pure Premium Ratios
Post-2005 Exponential Loss Ratio Trend
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)	(5) On-Level Medical to Industry Average Filed Pure Premium Ratio(f)
2005	0.190	0.937	0.777	0.230	0.230
2006	0.249	0.984	0.999	0.245	0.245
2007	0.354	0.966	1.277	0.268	0.268
2008	0.451	0.959	1.543	0.280	0.280
2009	0.533	0.946	1.664	0.303	0.303
2010	0.534	0.943	1.513	0.333	0.333
2011	0.469	0.960	1.381	0.326	0.358
2012	0.414	0.988	1.231	0.332	0.365
2013	0.350	1.016	1.075	0.331	0.365
2014	0.320	1.020	0.991	0.330	0.364
2015	0.316	1.018	0.947	0.340	0.376
2016	0.325	1.014	0.955	0.345	0.380
				Projected (d)	
2017				0.368	
2018				0.385	
1/1/2019				0.394	

- (a) See AC17-06-01, Exhibit 3.2.
(b) See AC17-06-01, Exhibit 4.4.
(c) See AC17-06-01, Exhibit 5.2.
(d) These on-level ratios were projected by separately applying an exponential trend of approximately 4.8% based on the 2005 to 2016 on-level medical to industry average filed pure premium ratios including MCCP costs to each of the 2015 and 2016 on-level medical to industry average filed pure premium ratios. Each stated projection is equal to the average of the corresponding trended on-level ratios.
(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.
(f) These on-level ratios include MCCP and are used to calculate the exponential trend to project future on-level ratios.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Five-Year Exponential Loss Ratio Trend
Based on Experience as of March 31, 2017**

Accident <u>Year</u>	(1) Developed Indemnity <u>Loss Ratio(a)</u>	(2) Composite Indemnity <u>Adjustment Factor(b)</u>	(3) Composite Premium <u>Adjustment Factor(c)</u>	(4) On-Level Indemnity to Industry Average Filed <u>Pure Premium Ratio</u> (1)×(2)÷(3)
2005	0.123	1.512	0.777	0.240
2006	0.160	1.495	0.999	0.239
2007	0.221	1.448	1.277	0.250
2008	0.282	1.364	1.543	0.249
2009	0.329	1.337	1.664	0.264
2010	0.322	1.318	1.513	0.280
2011	0.301	1.298	1.381	0.282
2012	0.271	1.267	1.231	0.279
2013	0.242	1.233	1.075	0.278
2014	0.241	1.116	0.991	0.271
2015	0.244	1.089	0.947	0.280
2016	0.245	1.068	0.955	0.274
				Projected (d)
2017				0.275
2018				0.274
1/1/2019				0.273

(a) See AC17-06-01, Exhibit 3.1.

(b) See AC17-06-01, Exhibit 4.1.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately -0.5% based on the 2011 to 2016 on-level indemnity to industry average filed pure premium ratios to each of the 2015 and 2016 on-level indemnity to industry average filed pure premium ratios. Each stated projection is equal to the average of the corresponding trended on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Five-Year Exponential Loss Ratio Trend
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)
2005	0.190	0.937	0.777	0.230
2006	0.249	0.984	0.999	0.245
2007	0.354	0.966	1.277	0.268
2008	0.451	0.959	1.543	0.280
2009	0.533	0.946	1.664	0.303
2010	0.534	0.943	1.513	0.333
2011	0.469	0.960	1.381	0.326
2012	0.414	0.988	1.231	0.332
2013	0.350	1.016	1.075	0.331
2014	0.320	1.020	0.991	0.330
2015	0.316	1.018	0.947	0.340
2016	0.325	1.014	0.955	0.345
				Projected (d)
2017				0.348
2018				0.351
1/1/2019				0.353

(a) See AC17-06-01, Exhibit 3.2.

(b) See AC17-06-01, Exhibit 4.4.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 1.0% based on the 2011 to 2016 on-level medical to industry average filed pure premium ratios to each of the 2015 and 2016 on-level medical to industry average filed pure premium ratios. Each stated projection is equal to the average of the corresponding trended on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP).

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Five-Year Fitted Exponential Loss Ratio Trend
Based on Experience as of March 31, 2017**

Accident <u>Year</u>	(1) Developed Indemnity <u>Loss Ratio(a)</u>	(2) Composite Indemnity <u>Adjustment Factor(b)</u>	(3) Composite Premium <u>Adjustment Factor(c)</u>	(4) On-Level Indemnity to Industry Average Filed <u>Pure Premium Ratio</u> (1)×(2)÷(3)
2005	0.123	1.512	0.777	0.240
2006	0.160	1.495	0.999	0.239
2007	0.221	1.448	1.277	0.250
2008	0.282	1.364	1.543	0.249
2009	0.329	1.337	1.664	0.264
2010	0.322	1.318	1.513	0.280
2011	0.301	1.298	1.381	0.282
2012	0.271	1.267	1.231	0.279
2013	0.242	1.233	1.075	0.278
2014	0.241	1.116	0.991	0.271
2015	0.244	1.089	0.947	0.280
2016	0.245	1.068	0.955	0.274
				Projected (d)
2017				0.273
2018				0.271
1/1/2019				0.271

(a) See AC17-06-01, Exhibit 3.1.

(b) See AC17-06-01, Exhibit 4.1.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by fitting an exponential trend to the 2011 to 2016 on-level indemnity to industry average filed pure premium ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Five-Year Fitted Exponential Loss Ratio Trend
Based on Experience as of March 31, 2017**

Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)
2005	0.190	0.937	0.777	0.230
2006	0.249	0.984	0.999	0.245
2007	0.354	0.966	1.277	0.268
2008	0.451	0.959	1.543	0.280
2009	0.533	0.946	1.664	0.303
2010	0.534	0.943	1.513	0.333
2011	0.469	0.960	1.381	0.326
2012	0.414	0.988	1.231	0.332
2013	0.350	1.016	1.075	0.331
2014	0.320	1.020	0.991	0.330
2015	0.316	1.018	0.947	0.340
2016	0.325	1.014	0.955	0.345
				Projected (d)
2017				0.346
2018				0.349
1/1/2019				0.351

(a) See AC17-06-01, Exhibit 3.2.

(b) See AC17-06-01, Exhibit 4.4.

(c) See AC17-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by fitting an exponential trend to the 2011 to 2016 on-level medical to industry average filed pure premium ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP).

Item AC17-08-04

Study of Longer-Term Loss Development

During the review of December 31, 2016 experience at the April 3, 2017 meeting, the Committee noted the recent volatility in incurred loss development patterns and its impact on the loss development projected for the very mature periods for which the WCIRB projection is based on incurred development. The Committee recommended staff review the process used in selecting loss development factors for these longer-term periods. Staff's analysis is summarized below.

Longer-Term Age-to-Age Development

In the July 1, 2017 Pure Premium Rate Filing, the selected loss development methodology through 384 months was based on (a) latest year paid loss development through 108 months,¹ (b) three-year average paid loss development from 108 months through 228 months, (c) a three-year average of ratios of incurred losses to paid losses at 228 months and (d) three-year average incurred loss development from 228 months through 384 months. (A consistent methodology has been reflected in the last several pure premium rate filings.) The selection of a three-year average of paid and incurred loss development factors is based on studies of longer-term loss development conducted in 2011 and 2014, respectively, which showed that loss development factors tended to be driven more by random fluctuation than systematic trends at later maturities.² The utilization of incurred loss development after 228 months is based on a 2014 study which showed that a shift in the paid-to-incurred ratio in the mid-1990s related to the Minnear decision and other factors may be distorting paid loss development patterns for older accident years.³

Exhibit 1 shows historical changes in paid and incurred medical age-to-age factors at various maturities. The development factors shown in Exhibit 1 are indexed to accident year 1990. Although both paid and incurred development have shifted during periods of reform, incurred development has typically been more volatile with more significant noise within periods of change as well as higher peaks, lower valleys, and a greater degree of cyclical. In particular, incurred development at later maturities (as shown for 108 to 120 months and 228 to 240 months in Exhibit 1) is significantly more volatile than the corresponding paid development.

Exhibits 2.1 through 2.4 show historical incurred and paid indemnity and medical age-to-age factors. Also shown in Exhibits 2.1 through 2.4 are estimates of trend in the age-to-age factors at each maturity based on a different number of years and the corresponding R-squared of the trend. R-squared values over 0.5 are highlighted on the exhibits for emphasis. In general, presence of a significant trend over an extended period suggests that a fewer number of years should be averaged in order to be more responsive to recent trends. However, if the age-to-age factors are highly cyclical, using a fewer number of years may bias the projected development in a particular direction depending on where you are in the cycle. In addition, a shorter-term average is generally more volatile than a longer-term average. As shown in Exhibit 2.2 for incurred medical, significant trends continue to exist at three years even at later maturities, while the significance reduces significantly at around a six-year average. As shown in Exhibit 2.4 for paid medical, the significance of trends wanes after around four years.

Exhibits 3.1 through 3.4 show estimates of the volatility in a three-year average selection compared to that for a six-year average measured by the standard deviation in the age-to-age and cumulative factors selected over the last six December 31 evaluation periods. For incurred losses (Exhibits 3.1 and 3.2), a six-year average significantly reduces the volatility in the selections at later maturities. For paid losses

¹ Development periods through 84 months also reflected adjustments for changing claim settlement rates.

² See Item AC11-12-04 of the December 1, 2011 Actuarial Committee Agenda and Item AC14-03-03 of the June 11, 2014 Actuarial Committee Agenda.

³ See Item AC14-03-03 of the June 11, 2014 Actuarial Committee Agenda.

(Exhibits 3.3 and 3.4), the six-year average reduces the volatility only modestly when compared to a three-year average.

Based on the information reviewed and shown in Exhibits 1 through 3, staff believes using a six-year average of incurred loss development factors after 108 months will significantly reduce the impact of volatility and cyclicity in the incurred loss development projections while still being responsive to shift in incurred development patterns. However, paid loss development has shown much less significant volatility than incurred loss development, both historically and recently. As a result, staff continues to recommend using a three-year average of paid loss development factors after 108 months rather than the six-year average recommended for incurred loss development.

At this time, staff does not have reason to believe the factors driving the dramatic slowdown in paid medical development and the shift in the paid-to-incurred ratios in the mid-1990s no longer apply. As a result, staff continues to recommend using incurred development rather than paid development when using loss development factors from accident years prior to 1998 (approximately 228 months) to develop more recent years.

Tail Development

Beginning with the January 1, 2017 Pure Premium Rate Filing, the projected loss development tail factor has been based on an inverse power curve fit to incurred loss development. Specifically, an inverse power curve is fit to a six-year average of incurred loss development factors from the 10th through 30th development years and extrapolated to 80 development years. This approach is based on a study of longer-term incurred loss development reviewed by the Committee at the April 5, 2016 meeting.⁴ Staff has updated the material reviewed at the April 5, 2016 meeting to include the most recent incurred loss development.

Exhibits 4.1 and 4.2 show for indemnity and medical, respectively, tail development factors estimated for the seven most recent December 31 evaluations based on an inverse power curve fit. The R-squared of the fit is also shown. For each evaluation, various numbers of historical factors were averaged to form the basis of the fit, and each projected tail factor was based on an extrapolation to 80 development years as in the current approach. The current approach of using a six-year average produces a good fit at each evaluation, which is not significantly improved by using a longer-term average.

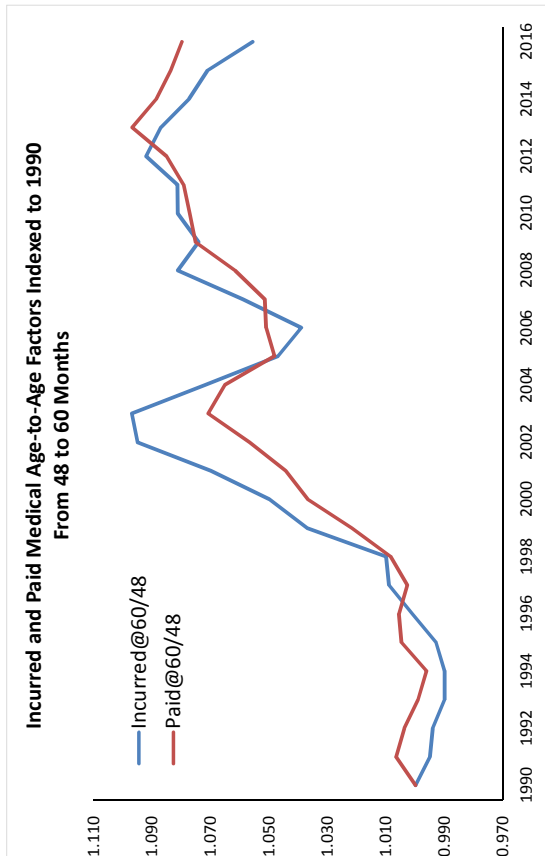
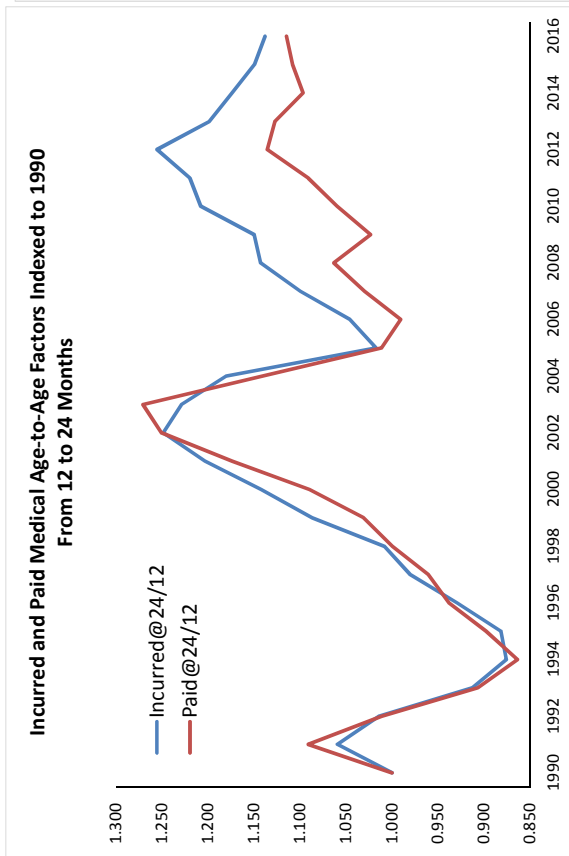
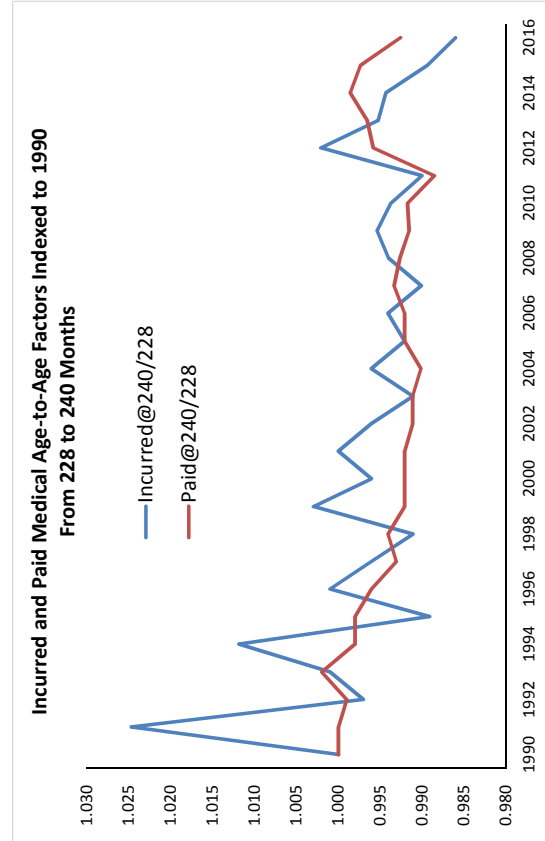
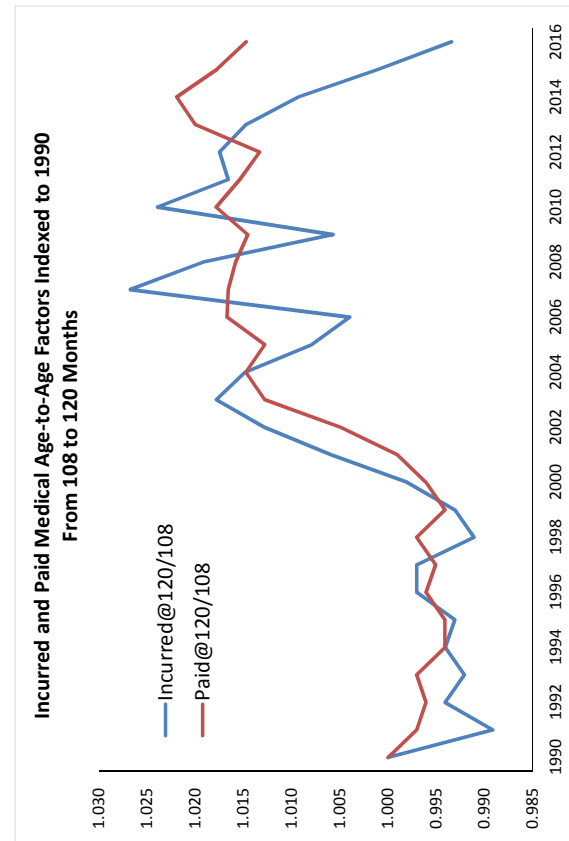
Although assessments of the accuracy of the tail development factor are difficult to make, the volatility in the tail factors over time can be estimated. Generally, significant changes in the loss development projection should not be driven by changes in projected tail development since the tail development factor is based on activity occurring on much older claims unless the change is believed to be indicative of a fundamental and persistent shift in loss development patterns. The lower section of Exhibits 4.1 and 4.2 show the standard deviation of the tail factors across evaluations generated by each multi-year average. The standard deviation of the projected tail factors continues to be minimized at a six-year average. As a result, staff recommends continuing to use a six-year average when fitting the inverse power tail to incurred loss development.

As discussed at prior meetings, the most recent incurred development has been significantly different than in the past. Exhibit 5 shows graphs of age-to-age incurred loss development over historical December 31 evaluations. The factors shown in Exhibit 5 are based on a rolling product of age-to-age factors over three consecutive maturities for smoothing purposes. Although incurred development shifts over time, for the vast majority of observations, it exhibits the continuous asymptotic decrease with increasing maturity consistent with the inverse power curve assumptions. For indemnity, the pattern is generally consistent in the history including for the most recent (2016) evaluation. However, the factors for the 2016 incurred medical evaluation are significantly different from prior periods, with over 50% of the

⁴ See Item AC16-03-03 of the April 5, 2016 Actuarial Committee Agenda.

observations on this exhibit below 1.0 and a shape much more flat than what is implied by the inverse power curve. As discussed at prior meetings, this anomalous incurred development over the latest year is likely related to a delayed reflection of Senate Bill No. SB 863 medical cost savings in case reserves or the recent increases in indemnity claim settlement rates reducing outstanding reserve levels. Staff believes the most recent incurred medical development patterns for older claims represent temporary shifts that are not expected to emerge in the development of more recent claims. In addition, this pattern is not consistent with the assumptions of the inverse power curve. As a result, staff recommends excluding this most recent evaluation from the six-year average of factors used to fit the inverse power curve tail factor for medical.

Although longer-term paid development is not currently used in the WCIRB's loss development projection, staff reviewed fits of the inverse power curve to paid development factors and found that the fits were very good. However, based on the factors potentially distorting late-term paid development discussed above, staff does not recommend utilizing longer-term paid development in the projection until it can be further studied.



IV-D-5
WCIRB California®

IV-D-6
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Calendar Year	Paid Indemnity Loss Development Factors											
	Age-to-Age (in months)											
24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120	144/132	156/144	168/156
1990	2,938	1,764	1,309	1,136	1,074	1,041	1,016	1,014	1,008	1,006	1,005	1,004
1991	3,048	1,856	1,323	1,142	1,074	1,041	1,016	1,011	1,009	1,007	1,005	1,004
1992	2,999	1,731	1,282	1,140	1,072	1,041	1,016	1,011	1,009	1,007	1,005	1,004
1993	2,902	1,701	1,252	1,134	1,076	1,041	1,016	1,011	1,009	1,007	1,005	1,004
1994	2,958	1,733	1,281	1,134	1,076	1,041	1,016	1,011	1,009	1,007	1,005	1,004
1995	3,086	1,708	1,281	1,130	1,068	1,043	1,026	1,012	1,008	1,006	1,004	1,003
1996	3,327	1,713	1,278	1,128	1,070	1,040	1,028	1,012	1,008	1,006	1,004	1,003
1997	3,472	1,694	1,260	1,124	1,071	1,038	1,024	1,015	1,012	1,008	1,006	1,004
1998	3,413	1,691	1,260	1,124	1,071	1,038	1,024	1,015	1,012	1,008	1,006	1,004
1999	3,422	1,661	1,246	1,116	1,067	1,040	1,025	1,014	1,010	1,006	1,004	1,003
2000	3,506	1,692	1,251	1,129	1,069	1,042	1,025	1,016	1,011	1,006	1,004	1,003
2001	3,511	1,724	1,282	1,133	1,080	1,047	1,030	1,020	1,013	1,010	1,006	1,004
2002	3,545	1,744	1,282	1,133	1,080	1,047	1,030	1,020	1,013	1,010	1,006	1,004
2003	3,590	1,796	1,304	1,146	1,084	1,052	1,035	1,023	1,015	1,010	1,006	1,004
2004	3,370	1,762	1,322	1,151	1,089	1,054	1,034	1,021	1,016	1,014	1,009	1,007
2005	2,914	1,696	1,290	1,145	1,088	1,055	1,037	1,025	1,018	1,010	1,009	1,007
2006	2,734	1,522	1,249	1,127	1,077	1,052	1,036	1,021	1,018	1,014	1,009	1,007
2007	2,866	1,512	1,236	1,128	1,075	1,051	1,035	1,025	1,021	1,016	1,012	1,008
2008	2,905	1,539	1,235	1,116	1,072	1,046	1,034	1,025	1,018	1,015	1,012	1,009
2009	2,927	1,547	1,229	1,121	1,073	1,043	1,031	1,024	1,016	1,015	1,012	1,009
2010	3,069	1,577	1,246	1,135	1,079	1,049	1,030	1,020	1,017	1,013	1,009	1,007
2011	3,157	1,616	1,271	1,140	1,090	1,060	1,041	1,026	1,018	1,014	1,010	1,006
2012	3,208	1,628	1,280	1,150	1,092	1,068	1,047	1,035	1,023	1,015	1,012	1,009
2013	3,137	1,613	1,281	1,156	1,092	1,066	1,050	1,042	1,030	1,021	1,014	1,011
2014	3,169	1,597	1,266	1,147	1,092	1,060	1,046	1,035	1,028	1,020	1,015	1,008
2015	3,232	1,610	1,265	1,146	1,092	1,061	1,042	1,033	1,026	1,020	1,015	1,008
2016	3,275	1,634	1,260	1,136	1,087	1,060	1,043	1,027	1,027	1,018	1,015	1,009
Latest Yr	3,275	1,634	1,260	1,136	1,087	1,060	1,043	1,027	1,027	1,018	1,015	1,009
Age-to-360	10,645	3,251	1,989	1,579	1,390	1,279	1,207	1,157	1,126	1,096	1,076	1,060
3-Yr Avg	3,225	1,614	1,264	1,143	1,090	1,060	1,044	1,032	1,027	1,020	1,015	1,010
Age-to-360	10,557	3,273	2,026	1,621	1,415	1,297	1,221	1,169	1,128	1,098	1,077	1,061
3-Yr Trend	1,655%	1,155%	-0.26%	-0.44%	-0.26%	-0.03%	-0.11%	-0.37%	-0.06%	-0.08%	-0.07%	-0.04%
R ²	0.986	0.973	0.912	0.779	0.802	0.185	0.318	0.903	0.402	0.567	0.661	0.474
4-Yr Avg	3,203	1,613	1,268	1,146	1,091	1,062	1,045	1,035	1,028	1,020	1,015	1,011
Age-to-360	10,625	3,317	2,056	1,621	1,415	1,297	1,221	1,169	1,130	1,099	1,078	1,062
4-Yr Trend	1,500%	0.48%	-0.51%	-0.51%	-0.17%	-0.22%	-0.44%	-0.04%	-0.09%	-0.06%	-0.04%	-0.03%
R ²	0.986	0.417	0.852	0.911	0.634	0.664	0.721	0.952	0.747	0.647	0.660	0.050
5-Yr Avg	3,204	1,616	1,271	1,147	1,091	1,063	1,045	1,035	1,027	1,019	1,014	1,010
Age-to-360	10,664	3,328	2,059	1,621	1,413	1,295	1,218	1,165	1,126	1,097	1,076	1,062
5-Yr Trend	0.72%	0.05%	-0.45%	-0.33%	-0.10%	-0.19%	-0.15%	-0.24%	0.05%	0.06%	0.07%	0.05%
R ²	0.453	0.007	0.884	0.700	0.538	0.830	0.623	0.538	0.110	0.191	0.787	0.183
6-Yr Avg	3,196	1,616	1,271	1,146	1,089	1,061	1,043	1,031	1,025	1,018	1,013	1,010
Age-to-360	10,554	3,302	2,043	1,608	1,403	1,286	1,211	1,159	1,121	1,094	1,074	1,060
6-Yr Trend	0.62%	0.03%	-0.27%	-0.10%	-0.05%	-0.08%	-0.02%	-0.02%	0.15%	0.11%	0.10%	0.04%
R ²	0.513	0.005	0.549	0.094	0.196	0.197	0.013	0.003	0.475	0.484	0.849	0.237
7-Yr Avg	3,178	1,611	1,267	1,144	1,089	1,061	1,043	1,031	1,024	1,017	1,013	1,010
Age-to-360	10,298	3,240	2,012	1,588	1,387	1,274	1,201	1,152	1,117	1,091	1,072	1,058
7-Yr Trend	0.82%	0.28%	0.04%	0.04%	0.09%	0.09%	0.14%	0.13%	0.18%	0.12%	0.09%	0.04%
R ²	0.695	0.261	0.008	0.014	0.175	0.120	0.237	0.156	0.655	0.657	0.876	0.307
8-Yr Avg	3,147	1,603	1,262	1,141	1,087	1,058	1,041	1,030	1,023	1,017	1,013	1,010
Age-to-360	9,984	3,173	1,980	1,568	1,374	1,264	1,194	1,147	1,113	1,088	1,070	1,056
8-Yr Trend	1.24%	0.53%	0.20%	0.16%	0.20%	0.16%	0.16%	0.15%	0.19%	0.10%	0.07%	0.04%
R ²	0.739	0.507	0.243	0.258	0.439	0.383	0.428	0.258	0.749	0.595	0.757	0.424
9-Yr Avg	3,120	1,596	1,259	1,139	1,086	1,057	1,040	1,030	1,023	1,017	1,013	1,010
Age-to-360	9,751	3,125	1,959	1,555	1,366	1,258	1,190	1,141	1,111	1,087	1,069	1,055
9-Yr Trend	1.40%	0.64%	0.35%	0.29%	0.22%	0.22%	0.18%	0.14%	0.16%	0.08%	0.05%	0.03%
R ²	0.816	0.651	0.394	0.458	0.594	0.507	0.497	0.302	0.731	0.562	0.661	0.372
10-Yr Avg	3,094	1,587	1,257	1,138	1,085	1,056	1,040	1,029	1,022	1,017	1,013	1,009
Age-to-360	9,556	3,088	1,946	1,548	1,361	1,255	1,188	1,142	1,110	1,085	1,068	1,054
10-Yr Trend	1.48%	0.76%	0.35%	0.26%	0.21%	0.19%	0.16%	0.13%	0.13%	0.07%	0.04%	0.03%
R ²	0.866	0.745	0.484	0.486	0.648	0.511	0.515	0.323	0.615	0.480	0.510	0.421

IV-D-8
WCIRB California®

Factors Based on a 3-Year Average

Factors Based on a 6-Year Average

StdDev:

Standard Deviation of Incurred Medical Loss Development Factors Across Evaluations

		Factors Based on a 3-Year Average																							
		120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348			
@ 12/31/2016		1.012	1.006	1.008	1.005	1.003	1.001	1.000	1.002	1.000	1.000	1.002	1.001	1.002	1.000	1.000	0.999	1.001	1.001	1.002	1.000	1.000			
3-Yr Avg		1.048	1.035	1.029	1.021	1.016	1.012	1.011	1.010	1.008	1.008	1.008	1.006	1.005	1.003	1.003	1.004	1.005	1.003	1.003	1.000	1.000			
3-Yr Avg Cum		1.019	1.012	1.010	1.009	1.008	1.007	1.004	1.006	1.003	0.998	1.005	1.003	1.001	1.002	1.002	0.999	1.002	1.002	1.004	1.001	1.002			
@ 12/31/2015		1.107	1.085	1.072	1.061	1.051	1.043	1.036	1.032	1.026	1.022	1.024	1.019	1.016	1.015	1.013	1.011	1.012	1.010	1.008	1.003	1.002			
3-Yr Avg		1.025	1.017	1.014	1.014	1.012	1.011	1.005	1.008	1.008	1.002	1.009	1.005	1.002	1.003	1.004	1.001	1.003	1.003	1.005	1.001	1.003			
3-Yr Avg Cum		1.168	1.139	1.120	1.104	1.089	1.076	1.064	1.058	1.049	1.041	1.039	1.030	1.025	1.023	1.020	1.016	1.015	1.013	1.009	1.004	1.003			
@ 12/31/2013		1.027	1.020	1.016	1.015	1.009	1.013	1.009	1.007	1.011	1.004	1.008	1.003	1.003	1.004	1.004	1.004	1.004	1.004	1.004	1.003	1.005			
3-Yr Avg		1.193	1.161	1.138	1.120	1.103	1.093	1.079	1.070	1.062	1.050	1.046	1.038	1.035	1.032	1.027	1.024	1.020	1.016	1.012	1.008	1.005			
3-Yr Avg Cum		1.031	1.023	1.018	1.016	1.010	1.013	1.008	1.008	1.011	1.006	1.007	1.004	1.004	1.005	1.002	1.005	1.004	1.003	1.003	1.003	1.004			
@ 12/31/2012		1.205	1.170	1.144	1.124	1.106	1.095	1.081	1.073	1.064	1.053	1.046	1.038	1.035	1.031	1.026	1.023	1.018	1.014	1.011	1.007	1.004			
3-Yr Avg Cum		1.027	1.021	1.018	1.014	1.012	1.014	1.013	1.009	1.008	1.007	1.005	1.004	1.004	1.008	1.002	1.005	1.004	1.003	1.003	1.004	1.005			
@ 12/31/2011		1.208	1.176	1.152	1.131	1.115	1.102	1.087	1.072	1.063	1.055	1.048	1.043	1.039	1.034	1.026	1.024	1.019	1.015	1.012	1.009	1.005			
3-Yr Avg Cum																									
StdDev:																									
Age-to-Age Factors		0.007	0.006	0.004	0.004	0.003	0.005	0.004	0.002	0.004	0.003	0.003	0.001	0.001	0.003	0.002	0.003	0.001	0.001	0.001	0.001	0.001	0.002		
Cumulative Factors		0.064	0.056	0.049	0.044	0.039	0.035	0.030	0.026	0.023	0.019	0.016	0.014	0.013	0.012	0.009	0.008	0.006	0.005	0.004	0.003	0.003	0.002		

		Factors Based on a 6-Year Average																							
		120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348			
@ 12/31/2016		1.020	1.013	1.012	1.010	1.006	1.007	1.004	1.005	1.006	1.002	1.005	1.002	1.002	1.002	1.002	1.001	1.003	1.002	1.003	1.001	1.003			
6-Yr Avg		1.118	1.097	1.082	1.069	1.058	1.052	1.044	1.040	1.035	1.029	1.027	1.022	1.020	1.017	1.015	1.014	1.012	1.010	1.007	1.004	1.003			
6-Yr Avg Cum		1.025	1.017	1.014	1.013	1.009	1.010	1.006	1.007	1.007	1.002	1.006	1.003	1.002	1.004	1.002	1.002	1.003	1.003	1.004	1.002	1.003			
@ 12/31/2015		1.155	1.127	1.108	1.092	1.078	1.069	1.058	1.052	1.045	1.037	1.035	1.029	1.025	1.023	1.019	1.017	1.015	1.012	1.009	1.005	1.003			
6-Yr Avg Cum		1.026	1.019	1.016	1.014	1.012	1.012	1.009	1.009	1.008	1.004	1.007	1.004	1.003	1.005	1.003	1.003	1.003	1.003	1.004	1.002	1.004			
@ 12/31/2014		1.188	1.158	1.136	1.118	1.102	1.089	1.075	1.065	1.056	1.048	1.044	1.036	1.032	1.029	1.023	1.020	1.017	1.014	1.010	1.006	1.004			
6-Yr Avg Cum		1.027	1.021	1.019	1.016	1.015	1.013	1.012	1.008	1.009	1.005	1.007	1.004	1.004	1.005	1.003	1.004	1.004	1.004	1.004	1.004	1.003			
@ 12/31/2013		1.209	1.177	1.153	1.131	1.112	1.096	1.082	1.070	1.061	1.051	1.047	1.039	1.035	1.031	1.026	1.023	1.019	1.015	1.011	1.007	1.003			
6-Yr Avg Cum		1.029	1.022	1.019	1.018	1.014	1.013	1.012	1.008	1.008	1.006	1.006	1.004	1.004	1.005	1.003	1.004	1.006	1.003	1.004	1.004	1.002			
@ 12/31/2012		1.214	1.179	1.153	1.131	1.112	1.096	1.082	1.069	1.061	1.052	1.046	1.040	1.036	1.032	1.026	1.024	1.020	1.014	1.011	1.007	1.002			
6-Yr Avg Cum		1.027	1.022	1.018	1.018	1.014	1.011	1.013	1.008	1.006	1.006	1.005	1.003	1.004	1.005	1.002	1.003	1.006	1.004	1.004	1.005	1.003			
@ 12/31/2011		1.204	1.172	1.147	1.126	1.107	1.092	1.080	1.066	1.058	1.052	1.045	1.040	1.037	1.033	1.028	1.025	1.022	1.016	1.013	1.008	1.003			
6-Yr Avg Cum																									
StdDev:																									
Age-to-Age Factors		0.003	0.003	0.003	0.003	0.003	0.002	0.004	0.001	0.001	0.002	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.000	0.002	0.001			
Cumulative Factors		0.037	0.033	0.029	0.025	0.022	0.018	0.016	0.012	0.011	0.010	0.008	0.007	0.007	0.006	0.005	0.004	0.004	0.002	0.002	0.002	0.001			

Standard Deviation of Paid Indemnity Loss Development Factors Across Evaluations

		Factors Based on a 3-Year Average																							
		120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348			
@/12/31/2016		1.027	1.020	1.015	1.010	1.008	1.007	1.006	1.005	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	1.001
3-Yr Avg		1.128	1.098	1.077	1.061	1.050	1.042	1.035	1.029	1.024	1.019	1.016	1.013	1.010	1.008	1.006	1.005	1.004	1.003	1.002	1.002	1.001	1.001	1.001	1.001
3-Yr Avg Cum																									
@/12/31/2015		1.028	1.020	1.014	1.010	1.008	1.007	1.006	1.005	1.005	1.004	1.003	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
3-Yr Avg		1.131	1.100	1.078	1.063	1.052	1.043	1.036	1.030	1.025	1.020	1.016	1.013	1.010	1.008	1.007	1.006	1.005	1.004	1.003	1.003	1.002	1.001	1.001	1.001
3-Yr Avg Cum																									
@/12/31/2014		1.027	1.019	1.013	1.009	1.008	1.007	1.006	1.005	1.004	1.004	1.003	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
3-Yr Avg		1.125	1.096	1.076	1.062	1.052	1.043	1.036	1.030	1.025	1.020	1.016	1.013	1.011	1.009	1.008	1.007	1.006	1.004	1.003	1.003	1.002	1.001	1.001	1.001
3-Yr Avg Cum																									
@/12/31/2013		1.024	1.016	1.012	1.010	1.008	1.006	1.006	1.004	1.005	1.003	1.003	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
3-Yr Avg		1.115	1.089	1.072	1.059	1.049	1.040	1.034	1.028	1.024	1.019	1.016	1.013	1.011	1.010	1.008	1.007	1.006	1.005	1.004	1.004	1.003	1.002	1.001	1.001
3-Yr Avg Cum																									
@/12/31/2012		1.019	1.014	1.011	1.009	1.008	1.006	1.005	1.003	1.004	1.003	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
3-Yr Avg		1.100	1.079	1.065	1.053	1.044	1.036	1.030	1.024	1.021	1.017	1.014	1.012	1.011	1.010	1.008	1.007	1.006	1.004	1.003	1.003	1.002	1.001	1.001	1.001
3-Yr Avg Cum																									
@/12/31/2011		1.017	1.014	1.011	1.009	1.007	1.006	1.004	1.003	1.003	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.002
3-Yr Avg		1.091	1.073	1.058	1.047	1.038	1.030	1.025	1.020	1.017	1.014	1.012	1.011	1.010	1.009	1.008	1.006	1.005	1.004	1.003	1.003	1.002	1.001	1.001	1.002
3-Yr Avg Cum																									
StdDev:																									
Age-to-Age Factors		0.005	0.003	0.002	0.001	0.000	0.000	0.001	0.001	0.001	0.001	0.001	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cumulative Factors		0.016	0.011	0.008	0.006	0.006	0.005	0.005	0.004	0.003	0.002	0.002	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.000

		Factors Based on a 6-Year Average																							
		120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348			
@/12/31/2016		1.025	1.018	1.013	1.010	1.008	1.007	1.006	1.005	1.005	1.004	1.003	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
6-Yr Avg		1.121	1.094	1.074	1.060	1.050	1.041	1.034	1.029	1.024	1.019	1.016	1.013	1.010	1.009	1.007	1.006	1.005	1.004	1.003	1.002	1.001	1.001	1.001	1.001
6-Yr Avg Cum																									
@/12/31/2015		1.024	1.017	1.013	1.010	1.008	1.007	1.006	1.004	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	1.001	1.001
6-Yr Avg		1.116	1.090	1.071	1.058	1.048	1.040	1.033	1.027	1.023	1.019	1.015	1.013	1.011	1.009	1.008	1.006	1.005	1.004	1.003	1.003	1.002	1.001	1.001	1.001
6-Yr Avg Cum																									
@/12/31/2014		1.022	1.016	1.012	1.009	1.008	1.006	1.005	1.004	1.004	1.003	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
6-Yr Avg		1.108	1.084	1.067	1.054	1.045	1.037	1.030	1.025	1.021	1.017	1.014	1.012	1.010	1.009	1.008	1.006	1.005	1.004	1.003	1.003	1.002	1.001	1.001	1.001
6-Yr Avg Cum																									
@/12/31/2013		1.020	1.015	1.012	1.009	1.007	1.006	1.005	1.004	1.003	1.003	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.002
6-Yr Avg		1.103	1.081	1.065	1.052	1.043	1.035	1.029	1.024	1.020	1.017	1.014	1.012	1.011	1.010	1.009	1.007	1.006	1.005	1.004	1.003	1.002	1.001	1.001	1.002
6-Yr Avg Cum																									
@/12/31/2012		1.019	1.015	1.011	1.009	1.007	1.006	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	1.001	1.001	1.001	1.002
6-Yr Avg		1.097	1.076	1.061	1.049	1.040	1.032	1.027	1.022	1.019	1.016	1.014	1.012	1.011	1.010	1.009	1.008	1.007	1.006	1.004	1.003	1.002	1.001	1.001	1.002
6-Yr Avg Cum																									
@/12/31/2011		1.018	1.014	1.011	1.009	1.007	1.005	1.004	1.003	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.002
6-Yr Avg		1.092	1.073	1.057	1.045	1.037	1.030	1.025	1.021	1.018	1.015	1.014	1.012	1.011	1.010	1.009	1.008	1.007	1.006	1.004	1.003	1.002	1.001	1.001	1.002
6-Yr Avg Cum																									
StdDev:																									
Age-to-Age Factors		0.003	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cumulative Factors		0.011	0.008	0.006	0.006	0.005	0.004	0.004	0.003	0.002	0.001	0.001	0.001	0.000	0.000	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.000

Standard Deviation of Paid Medical Loss Development Factors Across Evaluations

		Factors Based on a 3-Year Average																							
		120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348			
@ 12/31/2016		1.034	1.030	1.024	1.018	1.015	1.014	1.014	1.013	1.011	1.010	1.010	1.010	1.009	1.007	1.006	1.004	1.004	1.004	1.003	1.004	1.004	1.004	1.004	1.003
3-Yr Avg		1.290	1.247	1.211	1.183	1.162	1.141	1.124	1.108	1.093	1.078	1.066	1.056	1.045	1.035	1.028	1.022	1.018	1.014	1.011	1.007	1.003	1.003	1.003	1.003
3-Yr Avg Cum																									
@ 12/31/2015		1.036	1.032	1.024	1.020	1.017	1.015	1.015	1.014	1.013	1.011	1.011	1.012	1.009	1.006	1.005	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.003	1.003
3-Yr Avg		1.312	1.266	1.227	1.198	1.175	1.152	1.133	1.116	1.100	1.085	1.071	1.059	1.046	1.037	1.031	1.026	1.021	1.016	1.012	1.008	1.003	1.003	1.003	1.003
3-Yr Avg Cum																									
@ 12/31/2014		1.035	1.029	1.024	1.020	1.019	1.017	1.015	1.015	1.013	1.013	1.011	1.010	1.008	1.006	1.005	1.005	1.005	1.005	1.005	1.004	1.003	1.003	1.003	1.003
3-Yr Avg		1.302	1.259	1.223	1.195	1.172	1.149	1.130	1.112	1.096	1.082	1.069	1.057	1.047	1.039	1.033	1.027	1.022	1.017	1.012	1.007	1.003	1.003	1.003	1.003
3-Yr Avg Cum																									
@ 12/31/2013		1.033	1.028	1.023	1.022	1.018	1.017	1.015	1.014	1.013	1.012	1.008	1.008	1.006	1.006	1.005	1.006	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.004
3-Yr Avg		1.287	1.246	1.212	1.186	1.160	1.139	1.120	1.104	1.088	1.075	1.062	1.054	1.046	1.039	1.033	1.027	1.022	1.017	1.012	1.008	1.004	1.004	1.004	1.004
3-Yr Avg Cum																									
@ 12/31/2012		1.032	1.027	1.023	1.022	1.018	1.017	1.016	1.013	1.012	1.009	1.006	1.005	1.006	1.006	1.006	1.005	1.004	1.004	1.004	1.004	1.005	1.004	1.004	1.004
3-Yr Avg		1.274	1.235	1.203	1.175	1.150	1.130	1.110	1.093	1.079	1.066	1.056	1.050	1.044	1.039	1.032	1.027	1.022	1.017	1.013	1.009	1.004	1.004	1.004	1.004
3-Yr Avg Cum																									
@ 12/31/2011		1.032	1.030	1.026	1.022	1.020	1.017	1.016	1.013	1.011	1.008	1.004	1.005	1.005	1.006	1.005	1.004	1.004	1.004	1.004	1.006	1.005	1.005	1.006	1.006
3-Yr Avg		1.281	1.241	1.205	1.174	1.149	1.126	1.107	1.090	1.077	1.065	1.057	1.052	1.047	1.041	1.035	1.030	1.025	1.021	1.017	1.011	1.006	1.006	1.006	1.006
3-Yr Avg Cum																									

StdDev:

Age-to-Age Factors	0.002	0.002	0.001	0.002	0.001	0.001	0.001	0.001	0.001	0.002	0.003	0.003	0.003	0.002	0.000	0.000	0.001	0.000	0.000	0.001	0.000	0.001	0.000	0.001	0.001
Cumulative Factors	0.014	0.011	0.010	0.010	0.011	0.010	0.010	0.010	0.011	0.009	0.008	0.006	0.003	0.001	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.001	0.001

Factors Based on a 6-Year Average

		120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348			
@ 12/31/2016		1.033	1.029	1.023	1.020	1.018	1.016	1.014	1.014	1.013	1.012	1.009	1.009	1.008	1.007	1.005	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004
6-Yr Avg		1.289	1.247	1.212	1.184	1.161	1.140	1.122	1.106	1.091	1.077	1.064	1.055	1.045	1.037	1.030	1.025	1.020	1.015	1.012	1.008	1.004	1.004	1.004	1.004
6-Yr Avg Cum																									
@ 12/31/2015		1.034	1.029	1.024	1.021	1.019	1.017	1.016	1.014	1.013	1.011	1.009	1.008	1.007	1.006	1.005	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004
6-Yr Avg		1.293	1.250	1.215	1.187	1.163	1.141	1.122	1.105	1.089	1.075	1.063	1.054	1.045	1.038	1.031	1.026	1.021	1.017	1.013	1.008	1.004	1.004	1.004	1.004
6-Yr Avg Cum																									
@ 12/31/2014		1.033	1.029	1.025	1.021	1.020	1.017	1.016	1.014	1.012	1.010	1.008	1.007	1.007	1.006	1.005	1.005	1.005	1.004	1.004	1.005	1.005	1.005	1.005	1.005
6-Yr Avg		1.291	1.250	1.214	1.185	1.160	1.138	1.118	1.101	1.086	1.074	1.063	1.055	1.047	1.040	1.034	1.028	1.023	1.019	1.014	1.009	1.005	1.005	1.005	1.005
6-Yr Avg Cum																									
@ 12/31/2013		1.032	1.029	1.025	1.022	1.019	1.017	1.015	1.014	1.011	1.009	1.007	1.007	1.006	1.006	1.005	1.005	1.004	1.004	1.005	1.005	1.005	1.005	1.005	1.005
6-Yr Avg		1.283	1.243	1.208	1.178	1.153	1.131	1.112	1.096	1.081	1.070	1.060	1.053	1.046	1.040	1.034	1.029	1.024	1.020	1.015	1.010	1.005	1.005	1.005	1.005
6-Yr Avg Cum																									
@ 12/31/2012		1.032	1.029	1.026	1.022	1.018	1.017	1.014	1.013	1.009	1.007	1.006	1.005	1.005	1.006	1.005	1.004	1.004	1.004	1.005	1.006	1.006	1.005	1.005	1.005
6-Yr Avg		1.274	1.235	1.200	1.170	1.145	1.125	1.106	1.091	1.077	1.067	1.060	1.053	1.047	1.041	1.036	1.031	1.026	1.022	1.017	1.011	1.006	1.006	1.005	1.005
6-Yr Avg Cum																									
@ 12/31/2011		1.032	1.029	1.026	1.022	1.017	1.015	1.013	1.011	1.008	1.007	1.006	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.006	1.007	1.006	1.006	1.006	1.006
6-Yr Avg		1.269	1.229	1.195	1.165	1.140	1.121	1.104	1.089	1.077	1.068	1.061	1.055	1.049	1.044	1.038	1.034	1.029	1.024	1.019	1.013	1.007	1.007	1.006	1.006
6-Yr Avg Cum																									

StdDev:

Age-to-Age Factors	0.001	0.000	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.002	0.002	0.001	0.001	0.001	0.001	0.001	0.000	0.000	0.000	0.001	0.001	0.001	0.001	0.001	0.001
Cumulative Factors	0.010	0.009	0.008	0.009	0.009	0.009	0.008	0.008	0.007	0.006	0.004	0.002	0.001	0.001	0.002	0.002	0.003	0.003	0.003	0.003	0.003	0.002	0.002	0.002	0.001

Projected Indemnity Incurred 348-to-Ultimate Factor

Fitted on Inverse Power Curve based on t=10 to t=30

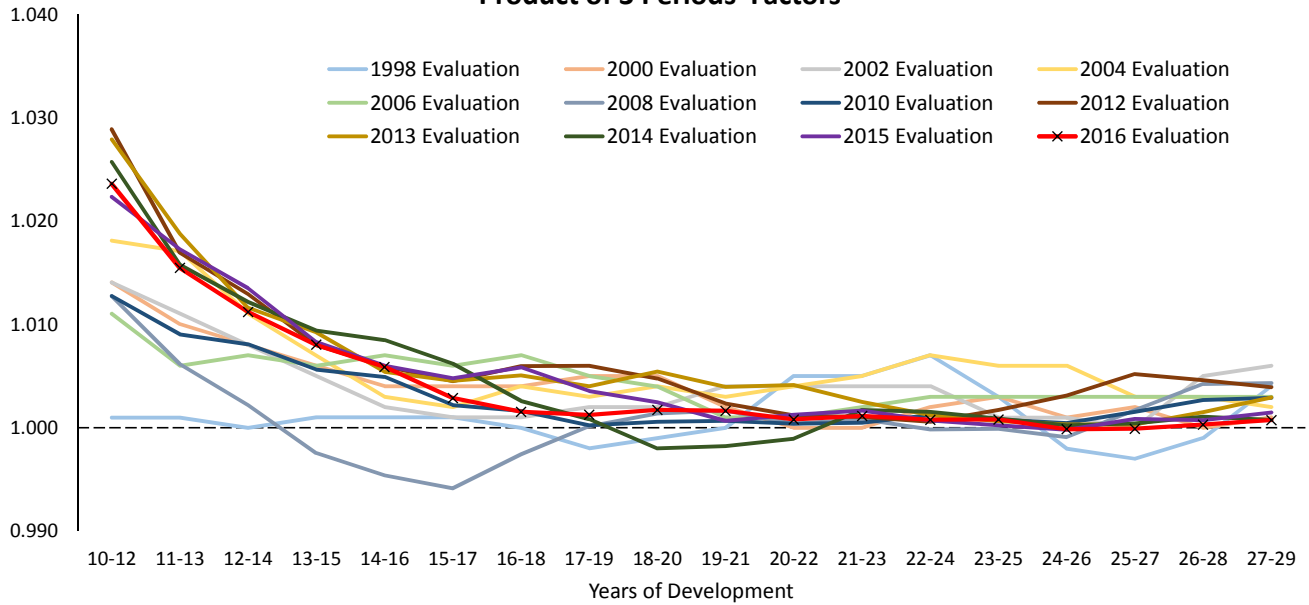
@12/31/2016	<u>3-Yr Avg.</u>	<u>4-Yr Avg.</u>	<u>5-Yr Avg.</u>	<u>6-Yr Avg.</u>	<u>7-Yr Avg.</u>	<u>8-Yr Avg.</u>	<u>9-Yr Avg.</u>	<u>10-Yr Avg.</u>	<u>All-Yr Avg.</u>
<u>Stopping Point</u>									
Year 80	1.001	1.002	1.002	1.004	1.005	1.004	1.004	1.004	1.015
R-Squared	0.671	0.623	0.449	0.804	0.771	0.779	0.676	0.678	0.591
@12/31/2015	<u>3-Yr Avg.</u>	<u>4-Yr Avg.</u>	<u>5-Yr Avg.</u>	<u>6-Yr Avg.</u>	<u>7-Yr Avg.</u>	<u>8-Yr Avg.</u>	<u>9-Yr Avg.</u>	<u>10-Yr Avg.</u>	<u>All-Yr Avg.</u>
<u>Stopping Point</u>									
Year 80	1.001	1.002	1.005	1.005	1.005	1.005	1.004	1.005	1.016
R-Squared	0.671	0.361	0.786	0.756	0.770	0.663	0.667	0.655	0.564
@12/31/2014	<u>3-Yr Avg.</u>	<u>4-Yr Avg.</u>	<u>5-Yr Avg.</u>	<u>6-Yr Avg.</u>	<u>7-Yr Avg.</u>	<u>8-Yr Avg.</u>	<u>9-Yr Avg.</u>	<u>10-Yr Avg.</u>	<u>All-Yr Avg.</u>
<u>Stopping Point</u>									
Year 80	1.004	1.007	1.007	1.006	1.006	1.005	1.006	1.007	1.018
R-Squared	0.564	0.751	0.699	0.706	0.577	0.590	0.596	0.534	0.501
@12/31/2013	<u>3-Yr Avg.</u>	<u>4-Yr Avg.</u>	<u>5-Yr Avg.</u>	<u>6-Yr Avg.</u>	<u>7-Yr Avg.</u>	<u>8-Yr Avg.</u>	<u>9-Yr Avg.</u>	<u>10-Yr Avg.</u>	<u>All-Yr Avg.</u>
<u>Stopping Point</u>									
Year 80	1.010	1.009	1.007	1.007	1.006	1.007	1.008	1.010	1.020
R-Squared	0.712	0.646	0.661	0.467	0.499	0.538	0.475	0.473	0.440
@12/31/2012	<u>3-Yr Avg.</u>	<u>4-Yr Avg.</u>	<u>5-Yr Avg.</u>	<u>6-Yr Avg.</u>	<u>7-Yr Avg.</u>	<u>8-Yr Avg.</u>	<u>9-Yr Avg.</u>	<u>10-Yr Avg.</u>	<u>All-Yr Avg.</u>
<u>Stopping Point</u>									
Year 80	1.011	1.006	1.007	1.005	1.007	1.007	1.010	1.011	1.022
R-Squared	0.663	0.472	0.310	0.362	0.414	0.349	0.377	0.360	0.374
@12/31/2011	<u>3-Yr Avg.</u>	<u>4-Yr Avg.</u>	<u>5-Yr Avg.</u>	<u>6-Yr Avg.</u>	<u>7-Yr Avg.</u>	<u>8-Yr Avg.</u>	<u>9-Yr Avg.</u>	<u>10-Yr Avg.</u>	<u>All-Yr Avg.</u>
<u>Stopping Point</u>									
Year 80	1.004	1.006	1.003	1.006	1.007	1.010	1.011	1.013	1.022
R-Squared	0.505	0.286	0.389	0.222	0.168	0.157	0.137	0.264	0.316
@12/31/2010	<u>3-Yr Avg.</u>	<u>4-Yr Avg.</u>	<u>5-Yr Avg.</u>	<u>6-Yr Avg.</u>	<u>7-Yr Avg.</u>	<u>8-Yr Avg.</u>	<u>9-Yr Avg.</u>	<u>10-Yr Avg.</u>	<u>All-Yr Avg.</u>
<u>Stopping Point</u>									
Year 80	1.003	1.002	1.005	1.007	1.010	1.012	1.013	1.016	1.024
R-Squared	0.288	0.522	0.367	0.286	0.351	0.374	0.189	0.149	0.258
StdDev. @80Yrs (2010 to 2016)	0.004	0.003	0.002	0.001	0.002	0.003	0.003	0.004	0.003
StdDev. @80Yrs (2010 to 2015)	0.004	0.003	0.002	0.001	0.002	0.003	0.003	0.004	0.003

Projected Medical Incurred 348-to-Ultimate Factor

Fitted on Inverse Power Curve based on t=10 to t=30

@12/31/2016	<u>3-Yr Avg.</u>	<u>4-Yr Avg.</u>	<u>5-Yr Avg.</u>	<u>6-Yr Avg.</u>	<u>7-Yr Avg.</u>	<u>8-Yr Avg.</u>	<u>9-Yr Avg.</u>	<u>10-Yr Avg.</u>	<u>All-Yr Avg.</u>
<u>Stopping Point</u>									
Year 80	1.006	1.012	1.015	1.028	1.028	1.033	1.035	1.034	1.143
R-Squared	0.399	0.718	0.712	0.798	0.837	0.880	0.896	0.888	0.756
@12/31/2015	<u>3-Yr Avg.</u>	<u>4-Yr Avg.</u>	<u>5-Yr Avg.</u>	<u>6-Yr Avg.</u>	<u>7-Yr Avg.</u>	<u>8-Yr Avg.</u>	<u>9-Yr Avg.</u>	<u>10-Yr Avg.</u>	<u>All-Yr Avg.</u>
<u>Stopping Point</u>									
Year 80	1.028	1.026	1.039	1.037	1.042	1.044	1.042	1.046	1.155
R-Squared	0.735	0.721	0.747	0.823	0.860	0.885	0.886	0.862	0.755
@12/31/2014	<u>3-Yr Avg.</u>	<u>4-Yr Avg.</u>	<u>5-Yr Avg.</u>	<u>6-Yr Avg.</u>	<u>7-Yr Avg.</u>	<u>8-Yr Avg.</u>	<u>9-Yr Avg.</u>	<u>10-Yr Avg.</u>	<u>All-Yr Avg.</u>
<u>Stopping Point</u>									
Year 80	1.029	1.049	1.045	1.049	1.050	1.046	1.050	1.053	1.165
R-Squared	0.640	0.807	0.878	0.897	0.911	0.906	0.881	0.854	0.754
@12/31/2013	<u>3-Yr Avg.</u>	<u>4-Yr Avg.</u>	<u>5-Yr Avg.</u>	<u>6-Yr Avg.</u>	<u>7-Yr Avg.</u>	<u>8-Yr Avg.</u>	<u>9-Yr Avg.</u>	<u>10-Yr Avg.</u>	<u>All-Yr Avg.</u>
<u>Stopping Point</u>									
Year 80	1.058	1.049	1.054	1.053	1.049	1.053	1.056	1.064	1.175
R-Squared	0.815	0.875	0.903	0.914	0.905	0.884	0.855	0.820	0.713
@12/31/2012	<u>3-Yr Avg.</u>	<u>4-Yr Avg.</u>	<u>5-Yr Avg.</u>	<u>6-Yr Avg.</u>	<u>7-Yr Avg.</u>	<u>8-Yr Avg.</u>	<u>9-Yr Avg.</u>	<u>10-Yr Avg.</u>	<u>All-Yr Avg.</u>
<u>Stopping Point</u>									
Year 80	1.053	1.059	1.056	1.051	1.056	1.059	1.068	1.068	1.186
R-Squared	0.872	0.916	0.921	0.906	0.887	0.864	0.813	0.792	0.664
@12/31/2011	<u>3-Yr Avg.</u>	<u>4-Yr Avg.</u>	<u>5-Yr Avg.</u>	<u>6-Yr Avg.</u>	<u>7-Yr Avg.</u>	<u>8-Yr Avg.</u>	<u>9-Yr Avg.</u>	<u>10-Yr Avg.</u>	<u>All-Yr Avg.</u>
<u>Stopping Point</u>									
Year 80	1.058	1.054	1.048	1.055	1.058	1.068	1.068	1.089	1.198
R-Squared	0.846	0.845	0.842	0.831	0.808	0.766	0.739	0.778	0.613
@12/31/2010	<u>3-Yr Avg.</u>	<u>4-Yr Avg.</u>	<u>5-Yr Avg.</u>	<u>6-Yr Avg.</u>	<u>7-Yr Avg.</u>	<u>8-Yr Avg.</u>	<u>9-Yr Avg.</u>	<u>10-Yr Avg.</u>	<u>All-Yr Avg.</u>
<u>Stopping Point</u>									
Year 80	1.038	1.032	1.047	1.053	1.065	1.064	1.088	1.109	1.205
R-Squared	0.786	0.759	0.821	0.796	0.758	0.716	0.765	0.702	0.577
StdDev. @80Yrs (2010 to 2016)									
	0.019	0.017	0.014	0.010	0.012	0.012	0.018	0.026	0.023
StdDev. @80Yrs (2010 to 2015)									
	0.014	0.013	0.006	0.006	0.008	0.010	0.016	0.024	0.019

Incurred Indemnity Age-to-Age Factors at December 31 Evaluations Product of 3 Periods' Factors



Incurred Medical Age-to-Age Factors at December 31 Evaluations Product of 3 Periods' Factors

