

# Actuarial Committee

## Meeting Agenda



Date	Time	Location	Staff Contact
August 6, 2015	9:30 AM	WCIRB California 1221 Broadway, Suite 900 Oakland, CA	David M. Bellusci
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Released: July 30, 2015

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

### I. Approval of Minutes

Meeting held on June 12, 2015

### II. Working Group Meeting Summaries

None

### III. Unfinished Business

- A. AC99-05-02: Annual Report on Paid Costs
- B. AC12-12-02: Review of WCIRB Trending Methodology
- C. AC14-08-06: Reform Adjustments to Loss Development
- D. AC14-08-07: SB 863 Cost Monitoring – Adjustments to Pure Premium Ratemaking
- E. AC15-03-07: Study of ULAE Reported to California
- F. AC15-06-01: 3/31/2015 Experience – Review of Methodologies
- G. AC15-06-02: 2015 Update to Medical Transaction Data Analysis

### IV. New Business

- A. AC15-08-01: Third Quarter 2015 Review of Diagnostics
- B. AC15-08-02: 1/1/2016 Filing – Loss Adjustment Expense Review
- C. AC15-08-03: 1/1/2016 Filing – Review of Alternative Loss Projection Methodologies
- D. AC15-08-04: Computation of Industry Average Filed Rates as of 7/1/2015

### V. Matters Arising at Time of Meeting

### VI. Next Meeting Date: September 2, 2015

### VII. Adjournment

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## Item AC99-05-02 Annual Report on Paid Costs

At the June 12, 2015 meeting, the Committee reviewed a draft summary of California workers' compensation losses and expenses pursuant to Section 11759.1 of the California Insurance Code. At the meeting, staff recommended enhancing the paid medical loss distributions included in the report with data derived from individual payment transactions reported in accordance with the WCIRB's Medical Data Call (MDC). (The final report including these enhancements was released on June 30, 2015 and can be accessed on the WCIRB's website.) In addition, staff advised the Committee that, once the enhancements had been implemented, certain elements currently being reported by insurers on the WCIRB's Aggregate Indemnity and Medical Costs Call (AIM Call) that can be more accurately derived from MDC data may no longer need to be reported on the AIM Call.

Exhibit 1 shows a mock-up of staff's proposed changes to the AIM Call that eliminate the requirement for the reporting of detailed payments by physician specialty for calendar year 2015 to be issued in early 2016.

## Annual Call for Direct California Workers' Compensation Aggregate Indemnity and Medical Costs

**Calendar Year 2015 (CA-IM-2015)**

**Due Date: April xx, 2016**

### PART A (Premium)

1. Earned Premium  
(This should equal Column (1) total for Item b of the Calendar Year Exhibit of CA-QT-4Q15)

## PART B (Paid Indemnity)

1. Payments for Death Benefits
2. Payments for Permanent Total Benefits
3. Payments for Permanent Partial Benefits
4. Payments for Temporary Disability Benefits
5. Payments for Education Voucher and Vocational Rehabilitation Benefits
6. Other Indemnity Payments
7. Single Sum Settlement Indemnity Payments
8. Total Aggregate Indemnity Payments: Sum of Part B, (1) through (7)  
(This should equal Column (1), Line (e) "YTD Change" in the Accident Year Exhibit of CA-QT-4Q15)

### PART C (Paid Medical)

1. Payments for Medical Treatment
  - a. Payments Made to Physicians (Total from next page)
  - b. Payments Made to Hospitals
  - c. Payments for Drugs
  - d. Reimbursements to Medicare
  - e. Other Payments for Medical Treatment
  - f. Total (a) + (b) + (c) + (d) + (e)
2. Capitated Medical Payments Not Otherwise Classified
3. Medical Payments Made Directly to Injured Workers (except for those related to Medicare Set-asides)
4. Medical Payments Related to Medicare Set-aside Accounts
5. Payments for Medical Evaluations
6. Payments for Medical Cost Containment Programs (only on claims covered by policies incepting prior to July 1, 2010)
7. Total Aggregate Medical Payments: (1f) + (2) + (3) + (4) + (5) + (6)  
(This should equal Column (3), Line (e) "YTD Change" in the Accident Year Exhibit of CA-QT-4Q15)

Name

Title

Email

Date Filed

Telephone No.

Fax No.

Mailing Address:

Group Code

Group Name



**Annual Call for Direct California Workers' Compensation  
Aggregate Indemnity and Medical Costs**

**Calendar Year 2015 (CA-IM-2015)**

**Due Date: April xx, 2016**

**Payments Made to Physicians**

**I. Physicians NOT Holding an M.D. Degree**

a. Acupuncturists	
b. Chiropractors	
c. Clinical Social Workers	
d. Clinics (1)	
e. Dentists	
f. Marriage, Family and Child Counselors	
g. Optometrists	
h. Osteopaths	
i. Physical Therapists	
j. Podiatrists	
k. Psychologists	
l. Unknown or Not Otherwise Classified	
Subtotal (I)	

**II. Physicians Holding an M.D. Degree**

a. Anesthesiology	
b. Chest Diseases	
c. Clinics (1)	
d. Dermatology	
e. Emergency	
f. General Surgery	
g. General & Family Practice	
h. Hand Surgery	
i. Infectious Diseases	
j. Internal Medicine (2)	
k. Neurology	
l. Neurosurgery	
m. Occupational Medicine	
n. Ophthalmology	
o. Orthopedics (3)	
p. Pathology	
q. Physical Medicine – MDs	
r. Plastic Surgery	
s. Psychiatry (4)	
t. Pulmonary Diseases	
u. Radiology	
v. Unknown or Not Otherwise Classified	
Subtotal (II)	

**Total Payments Made to Physicians [Subtotal (I) + Subtotal (II)]**

(This should equal line (1a), Part C of Page 1 of this report)

- (1) Payments made to clinics shall be classified according to the most appropriate specialty if possible.
- (2) Pulmonary Disease and Infectious Disease sub-specialties are separately classified.
- (3) The Hand Surgery sub-specialty is separately classified.
- (4) Neurology is separately classified.



**Annual Call for Direct California Workers' Compensation  
Calendar Year 2015(CA-IM-2015)**

**Due Date: April xx, 2016**

**Companies included in the report**

<b>Code</b>	<b>Name</b>	<b>Status</b>

## Instructions

### Call for Direct California Workers' Compensation

#### **Annual Call For Direct California Workers' Compensation Aggregate Indemnity and Medical Costs (CA-IM-20xx)**

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#### **For PART C (Paid Medical), information reported must be in accordance with the following:**

- a) "Physicians" means physicians as defined in Section 3209.3(a) of the California Labor Code. Payments to physicians must include all clinic and office visits, diagnostic testing and physical therapy. ~~Industrial medicine must be included in the Occupational Medicine category, and thoracic medicine must be included in the Chest Diseases category. The following specialties must be included in the "Unknown or Not Otherwise Classified" category:~~

~~allergy and immunology  
aviation medicine  
cardiology  
digestive  
endocrinology  
gastroenterology  
immunology  
infectious diseases  
neuromuscular medicine  
nuclear medicine  
obstetrics and gynecology  
oncology  
otolaryngology—head and neck surgery  
otorhinolaryngology (ear, nose and throat)  
pediatrics  
preventative medicine and public health  
proctology  
rheumatology  
urology~~

~~The "Total Payments Made to Physicians" from page 2 of this call must equal the "Payments Made to Physicians on page 1 of this call.~~

- b) "Payments Made to Hospitals" must be reported payments made to hospitals, including payments for medications used in hospitals.
- c) "Payments for Drugs" must be reported payments for medications, excluding those made to hospitals.

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## Item AC12-02-02 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.<sup>1</sup> Inasmuch as the workers' compensation system has undergone significant transition in the last several years under Senate Bill No. 863 (SB 863), staff has updated the analysis to review the retrospective performance of trending methodologies in the SB 863 transition environment (accident years 2012 through 2014).

### *Methods Reviewed*

The trending methodologies reviewed in this analysis are generally consistent with those reviewed in the 2012 study. 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 2012 study, 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 2014 loss ratios were projected using data from accident years 2012 and prior).

### 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 to be made. These methods may be appropriate in environments where historical loss ratios have been volatile or during periods of transition where 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 and Then Averaged. Frequency projections were based on a) the actual 12-month frequency change for the accident year where available<sup>2</sup> and b) the WCIRB's most recent econometric indemnity claim frequency model.<sup>3</sup> Severity projections were based on average ultimate indemnity and medical claim severities based on March 31, 2015 experience.<sup>4</sup> 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 Trends Applied to the Latest Year. This method applies the selected frequency and severity trend projections, as described in method A above, to the latest accident year only.

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<sup>1</sup> See Item AC12-12-02 of the December 5, 2012 meeting.

<sup>2</sup> For example, to project accident year 2014 from 2011 and 2012 would use the actual 12-month frequency change for 2012, and the frequency model projections for 2013 and 2014.

<sup>3</sup> Consistent with the 2012 study, 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.

<sup>4</sup> All projections were based on the data reviewed at the June 12, 2015 meeting and may not be comparable to the data reflected in Item AC15-06-01 of this Agenda, which includes additional insurer data submissions and updates to several factors. However, the updated information since it reflects minor changes should not significantly impact the results of this study.

### 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. 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.

- C. Longer-Term (Post-2005) Average Annual Loss Ratio Trend Applied to the Latest Two Years and Then Averaged. 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.
- D. Five-Year Average Annual Loss Ratio Trend Applied to the Latest Two Years and Then Averaged. 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.
- E. 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.

- F. 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 D above).
- G. 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.
- H. Use of Latest Year (Flat Trend). This method bases a projection on the most recent on-level loss ratio, with no additional trend applied.

### *Results for the SB 863 Transition Environment*

Exhibits 1.1 through 1.3 show the results of each of the above trending methods to project accident year 2012 through 2014 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 2.8 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 this period of transition, 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 do not project forward the pre-transition trends. The results of the methods tested during the SB 863 transition period are consistent with those for the transition period during the prior (2002 through 2004) reforms.

*Relationship between Frequency and Severity*

Although frequency and severity are affected by differing underlying forces, changes in these components are oftentimes related. If changes in frequency and severity were perfectly correlated, projecting them separately would not improve the accuracy of the projection. Exhibit 5 shows a history of correlations between changes in frequency and severity. Although 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 other claims environments. This underlines the notion that selection of an appropriate trending method is very dependent on the current and future expected claims environment.

**Accident Year 2012 Loss Ratio Projections**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Actual AY 2012 On-Level Loss Ratios	0.271	0.465	0.736

**Separate Frequency and Severity Trends Methods**

**A. Separate Frequency and Severity Trends to Each of the Latest Two Accident Years and then Averaged**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	-0.3%
Selected Average Annual Severity Trend	3.2%	7.2%	-----
Projected AY 2012 Loss Ratios	0.276	0.491	0.768
Differences of Projections from Actual AY 2012 On-Level Loss Ratios	<b>0.5%</b>	<b>2.7%</b>	<b>3.2%</b>

**B. Separate Frequency and Severity Trends Applied to the Latest Accident Year**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	-1.2%
Selected Average Annual Severity Trend	3.2%	7.2%	-----
Projected AY 2012 Loss Ratios	0.277	0.492	0.769
Differences of Projections from Actual AY 2012 On-Level Loss Ratios	<b>0.6%</b>	<b>2.7%</b>	<b>3.3%</b>

**Loss Ratio Trend Methods**

**C. Post-2005 Average Annual Exponential Loss Ratio Trend Applied to Each of the Latest Two Accident Years and then Averaged**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	3.6%	8.2%	-----
Projected AY 2012 Loss Ratios	0.281	0.506	0.787
Differences of Projections from Actual AY 2012 On-Level Loss Ratios	<b>0.9%</b>	<b>4.1%</b>	<b>5.1%</b>

**D. 5-Year Average Annual Exponential Loss Ratio Trend Applied to Each of the Latest Two Accident Years and then Averaged**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	3.6%	8.2%	-----
Projected AY 2012 Loss Ratios	0.281	0.506	0.787
Differences of Projections from Actual AY 2012 On-Level Loss Ratios	<b>0.9%</b>	<b>4.1%</b>	<b>5.1%</b>

**E. 5-Year Average Annual Exponential Loss Ratio Trend Applied to the Latest Accident Year**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	3.6%	8.2%	-----
Projected AY 2012 Loss Ratios	0.285	0.513	0.798
Differences of Projections from Actual AY 2012 On-Level Loss Ratios	<b>1.4%</b>	<b>4.8%</b>	<b>6.2%</b>

**Other Trending Methods**

**F. Average of Method A and Method D**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2012 Loss Ratios	0.279	0.499	0.777
Differences of Projections from Actual AY 2012 On-Level Loss Ratios	<b>0.7%</b>	<b>3.4%</b>	<b>4.1%</b>

**G. Average of Latest Two Accident Years (Flat Trend)**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2012 Loss Ratios	0.257	0.416	0.673
Differences of Projections from Actual AY 2012 On-Level Loss Ratios	<b>-1.4%</b>	<b>-4.9%</b>	<b>-6.3%</b>

**H. Latest Accident Year (Flat Trend)**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2012 Loss Ratios	0.266	0.438	0.704
Differences of Projections from Actual AY 2012 On-Level Loss Ratios	<b>-0.5%</b>	<b>-2.7%</b>	<b>-3.2%</b>

**Accident Year 2013 Loss Ratio Projections**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Actual AY 2013 On-Level Loss Ratios	0.278	0.455	0.733

**Separate Frequency and Severity Trends Methods**

**A. Separate Frequency and Severity Trends to Each of the Latest Two Accident Years and then Averaged**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	-0.1%
Selected Average Annual Severity Trend	2.1%	5.7%	-----
Projected AY 2013 Loss Ratios	0.281	0.515	0.796
Differences of Projections from Actual AY 2013 On-Level Loss Ratios	<b>0.2%</b>	<b>6.0%</b>	<b>6.3%</b>

**B. Separate Frequency and Severity Trends Applied to the Latest Accident Year**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	-0.1%
Selected Average Annual Severity Trend	2.1%	5.7%	-----
Projected AY 2013 Loss Ratios	0.280	0.515	0.795
Differences of Projections from Actual AY 2013 On-Level Loss Ratios	<b>0.2%</b>	<b>6.0%</b>	<b>6.2%</b>

**Loss Ratio Trend Methods**

**C. Post-2005 Average Annual Exponential Loss Ratio Trend Applied to Each of the Latest Two Accident Years and then Averaged**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	3.6%	8.1%	-----
Projected AY 2013 Loss Ratios	0.292	0.546	0.838
Differences of Projections from Actual AY 2013 On-Level Loss Ratios	<b>1.4%</b>	<b>9.1%</b>	<b>10.5%</b>

**D. 5-Year Average Annual Exponential Loss Ratio Trend Applied to Each of the Latest Two Accident Years and then Averaged**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	4.1%	8.1%	-----
Projected AY 2013 Loss Ratios	0.296	0.547	0.843
Differences of Projections from Actual AY 2013 On-Level Loss Ratios	<b>1.7%</b>	<b>9.2%</b>	<b>10.9%</b>

**E. 5-Year Average Annual Exponential Loss Ratio Trend Applied to the Latest Accident Year**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	4.1%	8.1%	-----
Projected AY 2013 Loss Ratios	0.292	0.539	0.831
Differences of Projections from Actual AY 2013 On-Level Loss Ratios	<b>1.3%</b>	<b>8.4%</b>	<b>9.8%</b>

**Other Trending Methods**

**F. Average of Method A and Method D**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2013 Loss Ratios	0.288	0.531	0.819
Differences of Projections from Actual AY 2013 On-Level Loss Ratios	<b>1.0%</b>	<b>7.6%</b>	<b>8.6%</b>

**G. Average of Latest Two Accident Years (Flat Trend)**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2013 Loss Ratios	0.268	0.450	0.717
Differences of Projections from Actual AY 2013 On-Level Loss Ratios	<b>-1.1%</b>	<b>-0.5%</b>	<b>-1.6%</b>

**H. Latest Accident Year (Flat Trend)**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2013 Loss Ratios	0.269	0.461	0.731
Differences of Projections from Actual AY 2013 On-Level Loss Ratios	<b>-0.9%</b>	<b>0.6%</b>	<b>-0.3%</b>

**Accident Year 2014 Loss Ratio Projections**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Actual AY 2014 On-Level Loss Ratios	0.268	0.432	0.701

**Separate Frequency and Severity Trends Methods**

**A. Separate Frequency and Severity Trends to Each of the Latest Two Accident Years and then Averaged**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	0.7%
Selected Average Annual Severity Trend	0.8%	3.9%	-----
Projected AY 2014 Loss Ratios	0.280	0.519	0.800
Differences of Projections from Actual AY 2014 On-Level Loss Ratios	<b>1.2%</b>	<b>8.7%</b>	<b>9.9%</b>

**B. Separate Frequency and Severity Trends Applied to the Latest Accident Year**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Implied Average Annual Frequency Trend	-----	-----	0.3%
Selected Average Annual Severity Trend	0.8%	3.9%	-----
Projected AY 2014 Loss Ratios	0.277	0.505	0.781
Differences of Projections from Actual AY 2014 On-Level Loss Ratios	<b>0.8%</b>	<b>7.2%</b>	<b>8.1%</b>

**Loss Ratio Trend Methods**

**C. Post-2005 Average Annual Exponential Loss Ratio Trend Applied to Each of the Latest Two Accident Years and then Averaged**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	3.4%	7.4%	-----
Projected AY 2014 Loss Ratios	0.294	0.554	0.847
Differences of Projections from Actual AY 2014 On-Level Loss Ratios	<b>2.5%</b>	<b>12.1%</b>	<b>14.7%</b>

**D. 5-Year Average Annual Exponential Loss Ratio Trend Applied to Each of the Latest Two Accident Years and then Averaged**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	3.6%	6.9%	-----
Projected AY 2014 Loss Ratios	0.295	0.548	0.843
Differences of Projections from Actual AY 2014 On-Level Loss Ratios	<b>2.7%</b>	<b>11.6%</b>	<b>14.2%</b>

**E. 5-Year Average Annual Exponential Loss Ratio Trend Applied to the Latest Accident Year**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Selected Average Annual Loss Ratio Trend	3.6%	6.9%	-----
Projected AY 2014 Loss Ratios	0.291	0.532	0.823
Differences of Projections from Actual AY 2014 On-Level Loss Ratios	<b>2.3%</b>	<b>9.9%</b>	<b>12.2%</b>

**Other Trending Methods**

**F. Average of Method A and Method D**

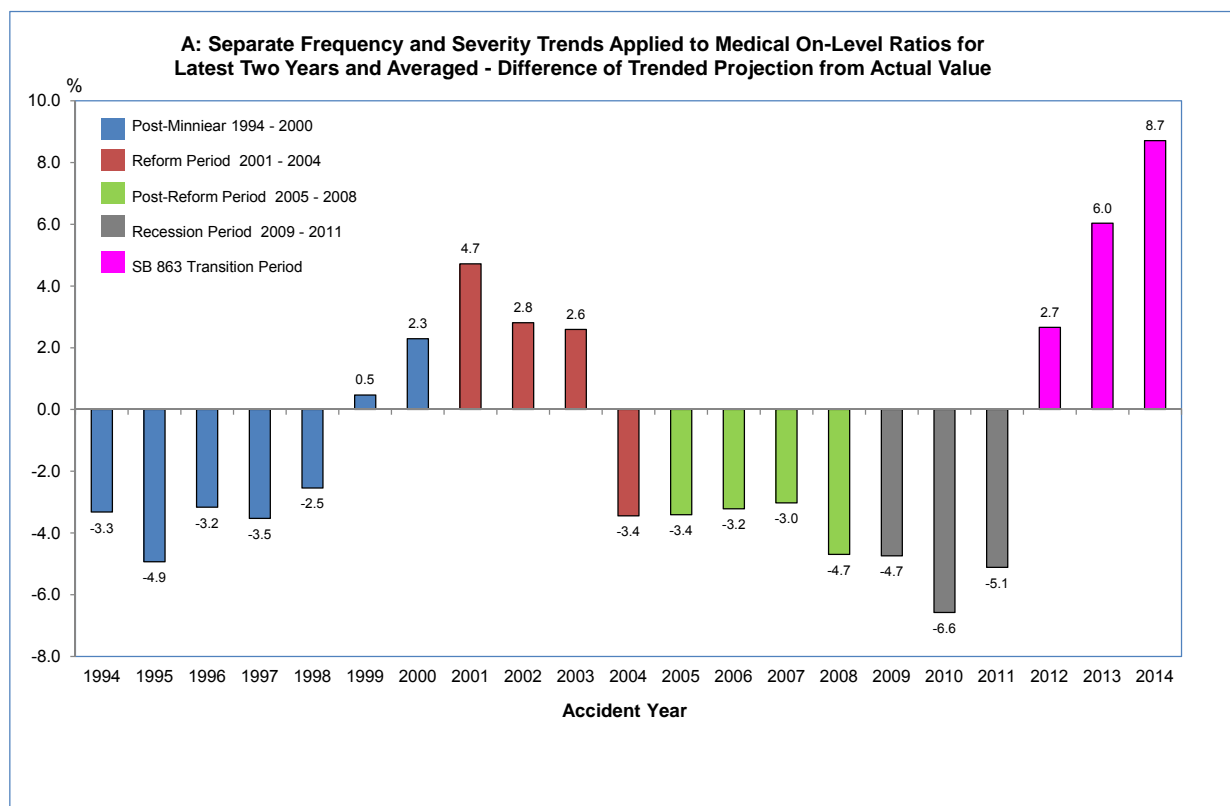
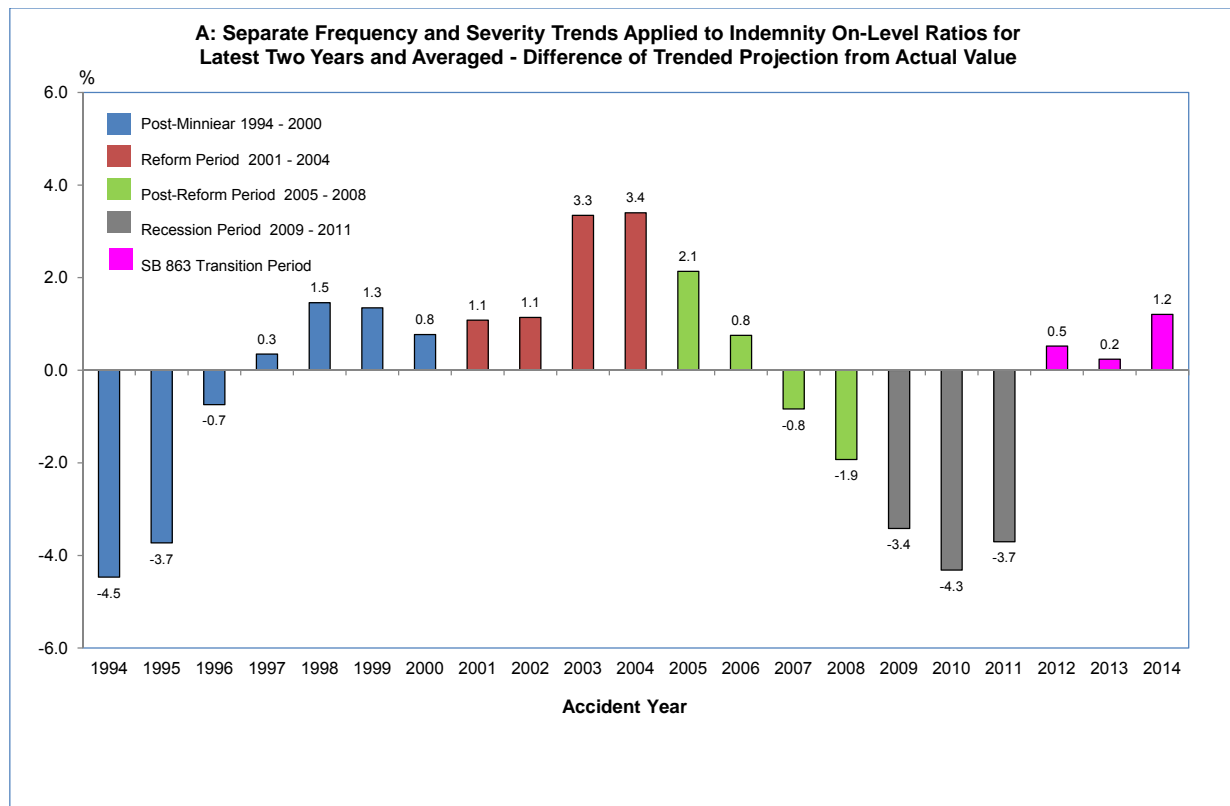
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2014 Loss Ratios	0.288	0.534	0.821
Differences of Projections from Actual AY 2014 On-Level Loss Ratios	<b>1.9%</b>	<b>10.1%</b>	<b>12.1%</b>

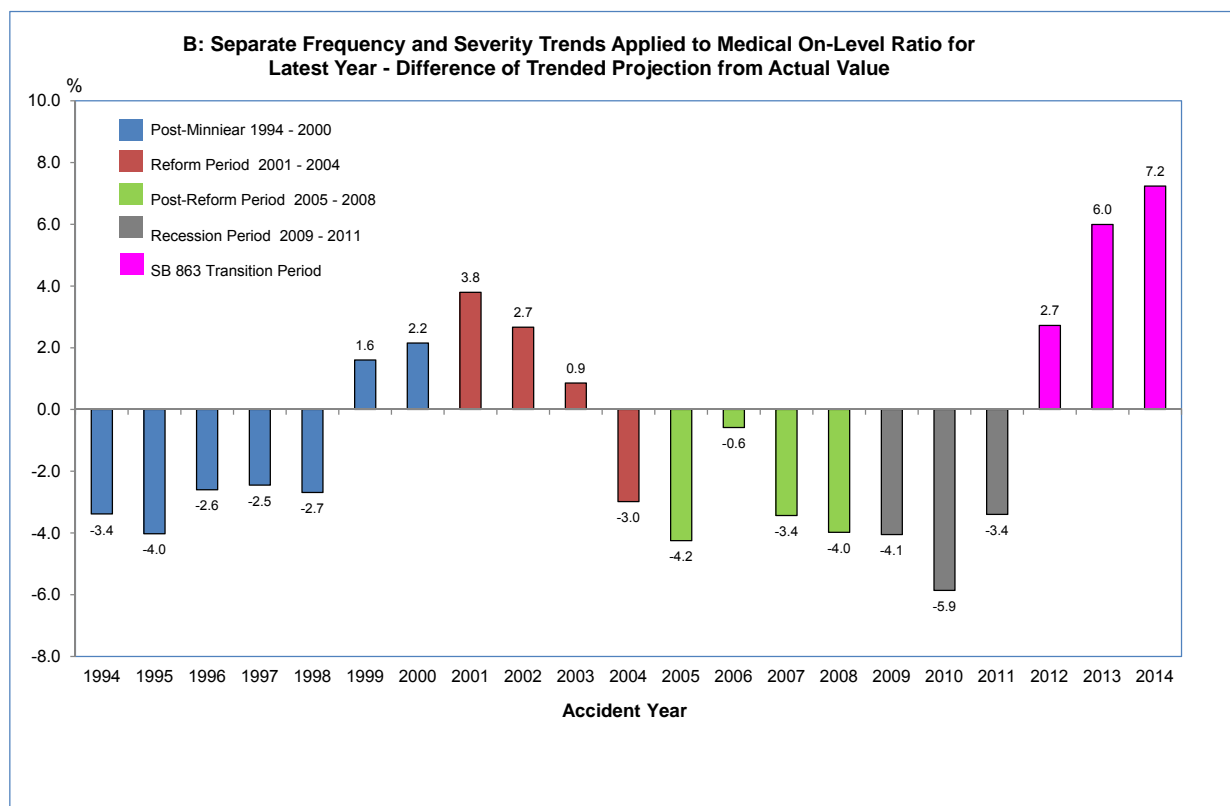
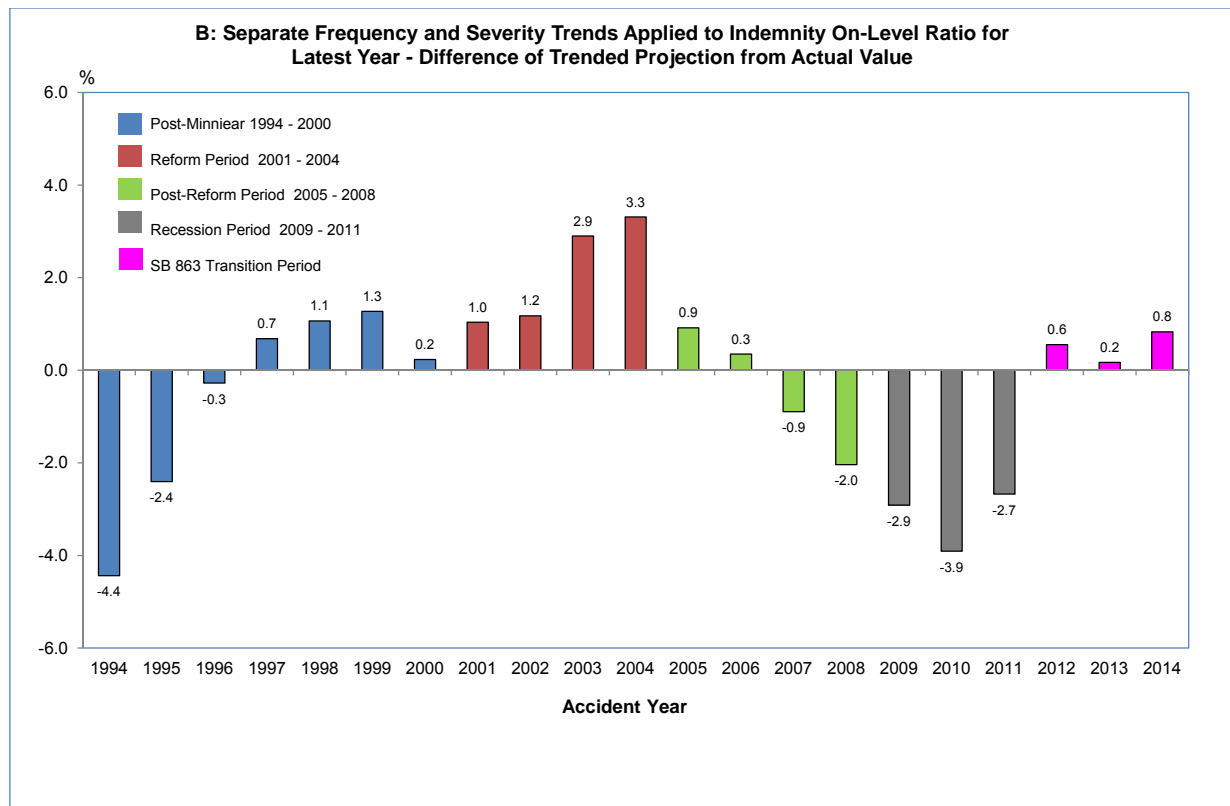
**G. Average of Latest Two Accident Years (Flat Trend)**

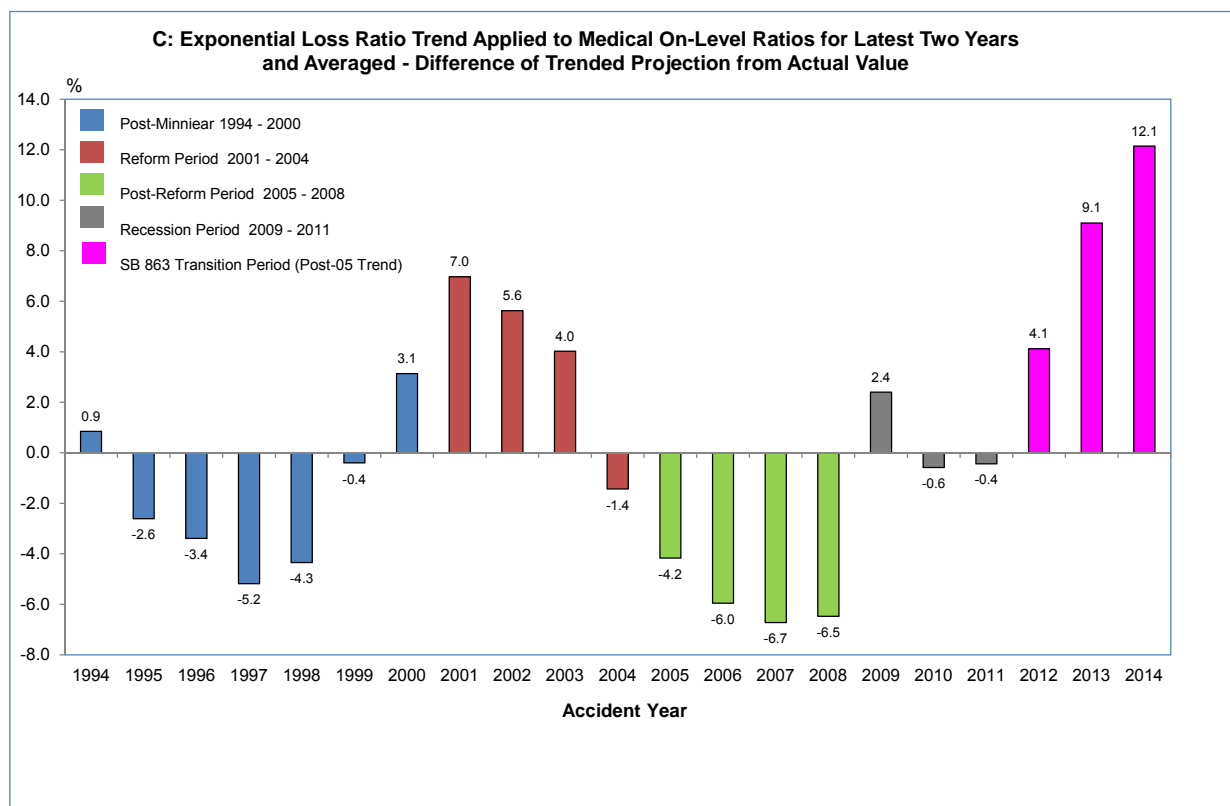
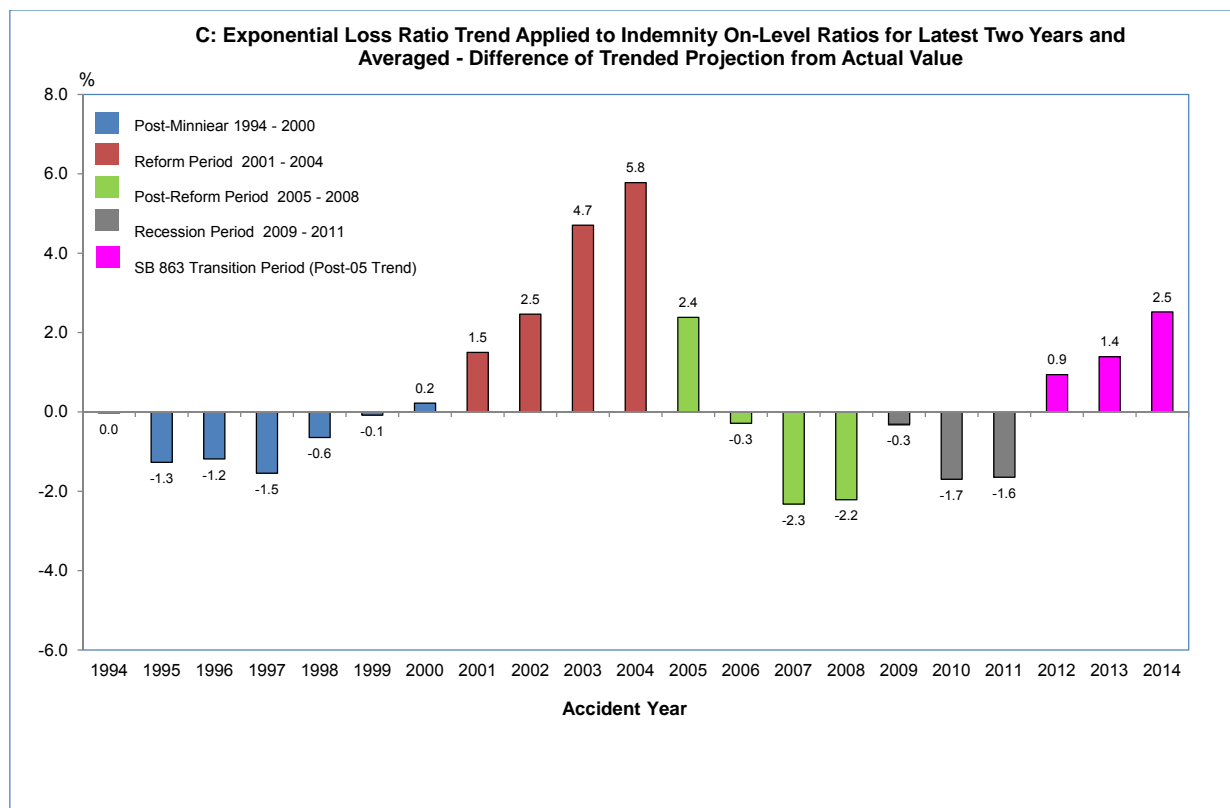
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2014 Loss Ratios	0.270	0.463	0.733
Differences of Projections from Actual AY 2014 On-Level Loss Ratios	<b>0.2%</b>	<b>3.1%</b>	<b>3.3%</b>

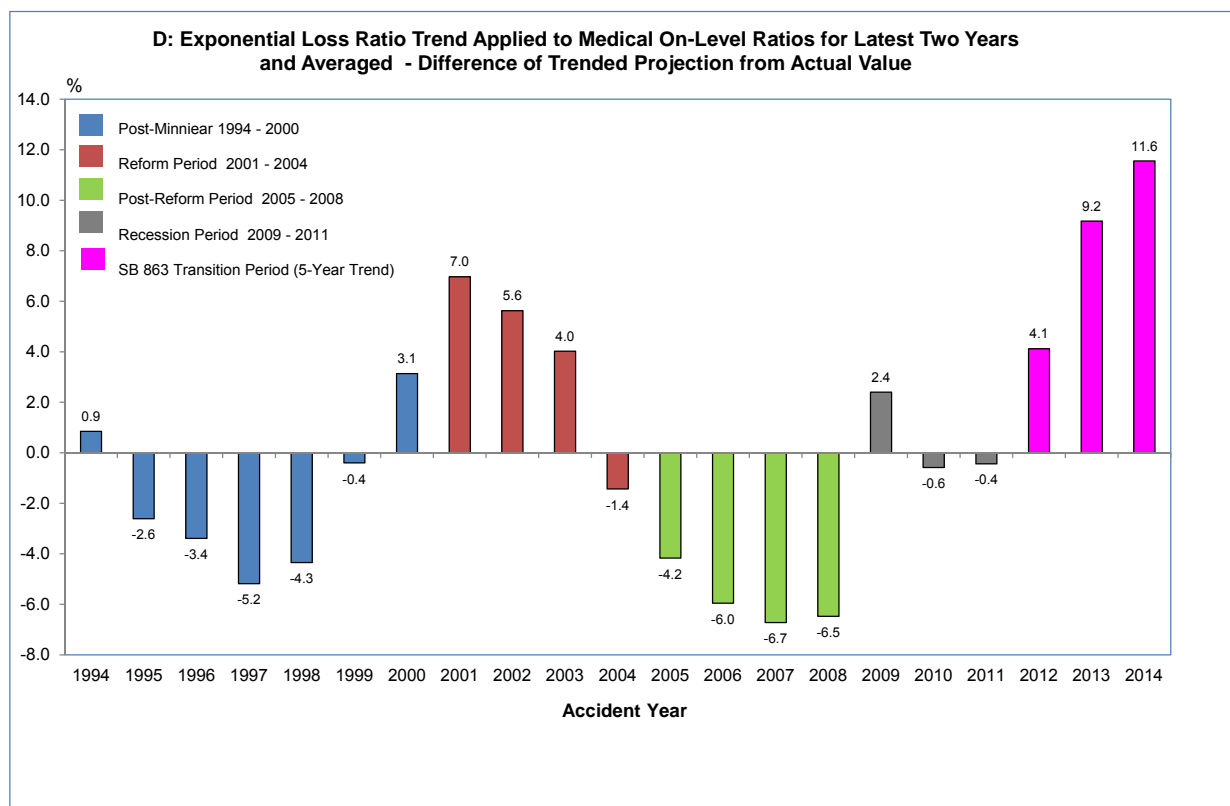
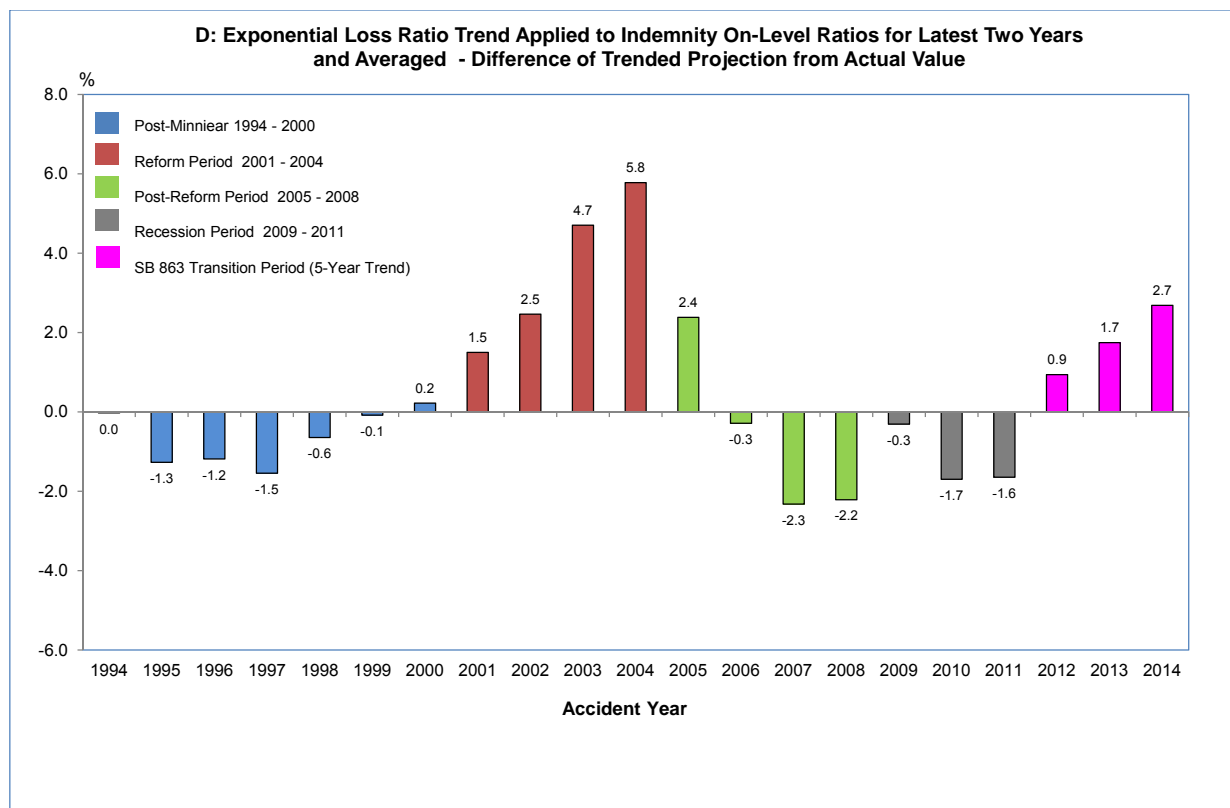
**H. Latest Accident Year (Flat Trend)**

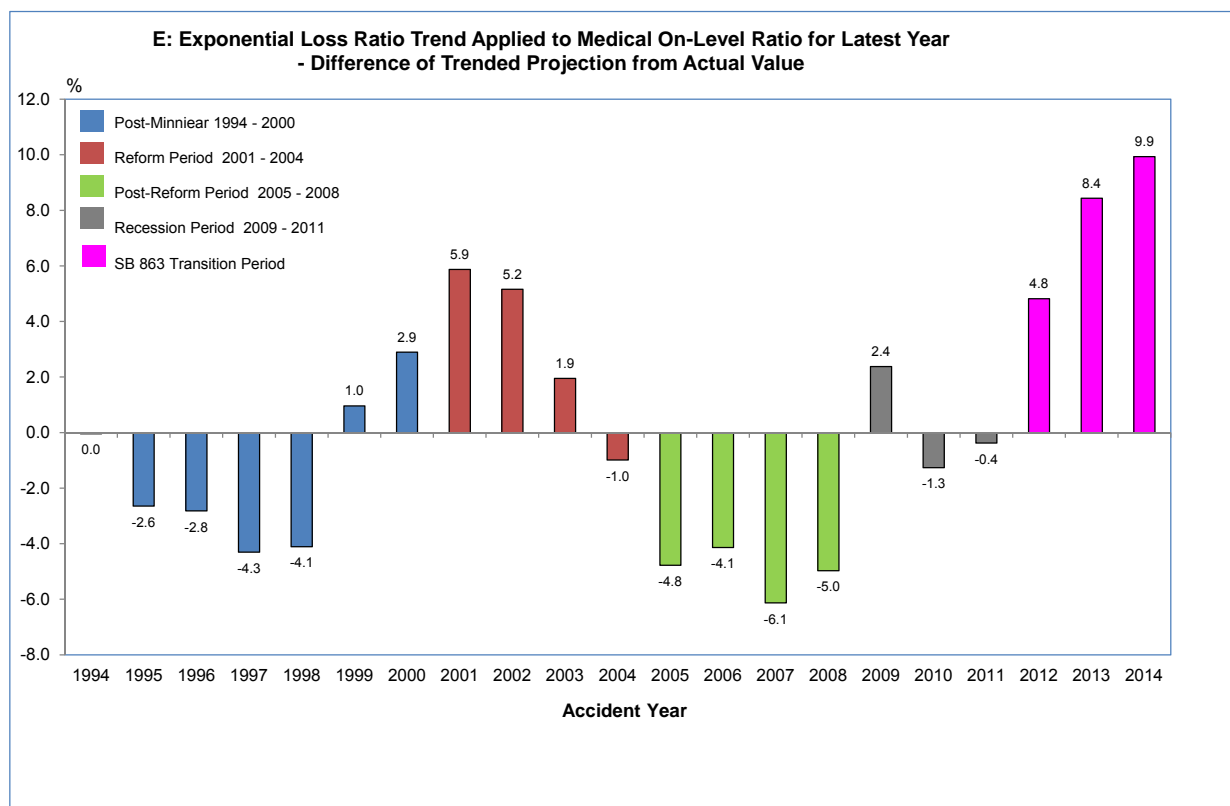
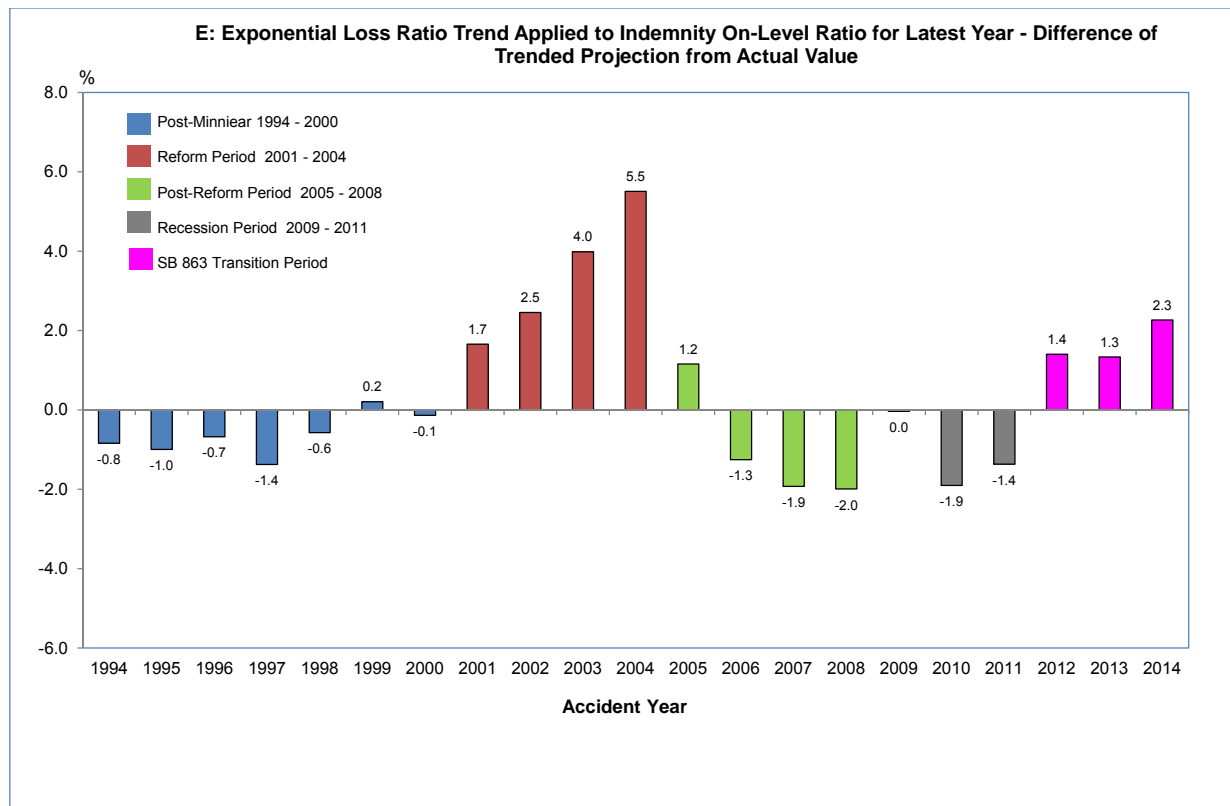
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
Projected AY 2014 Loss Ratios	0.271	0.465	0.736
Differences of Projections from Actual AY 2014 On-Level Loss Ratios	<b>0.3%</b>	<b>3.3%</b>	<b>3.5%</b>

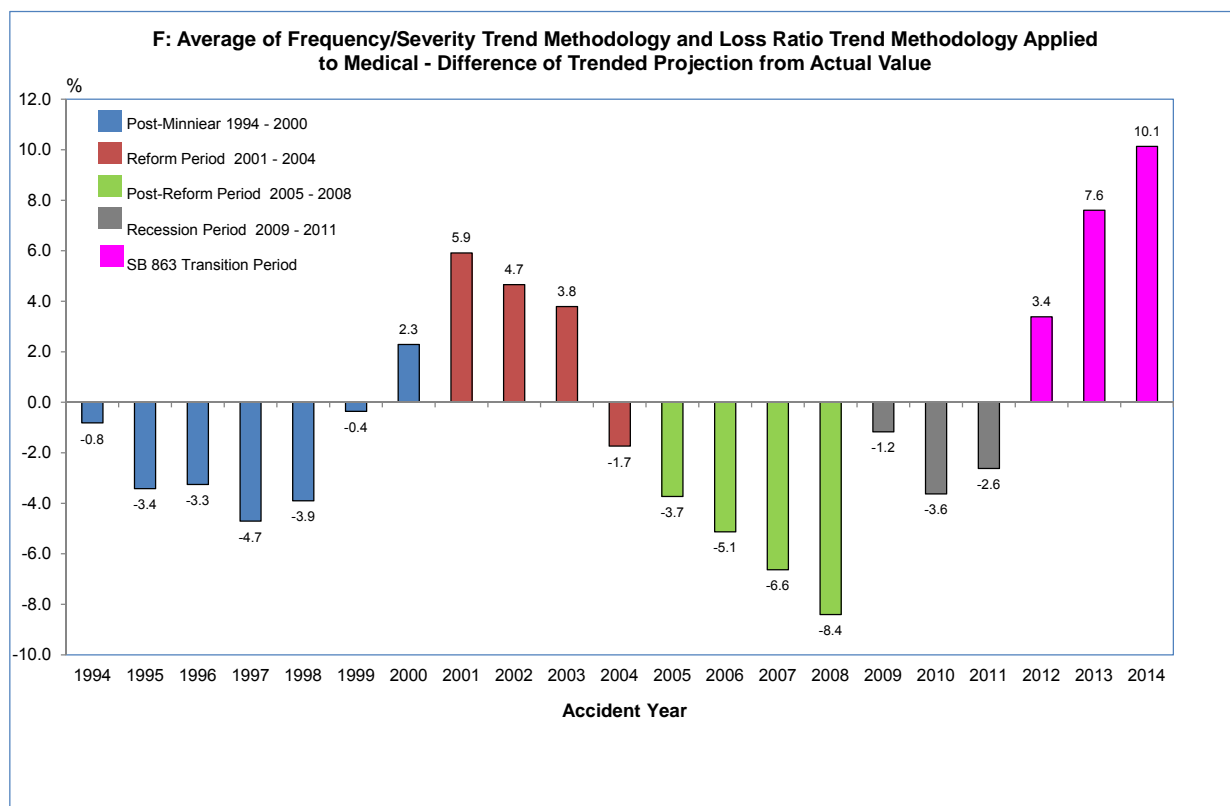
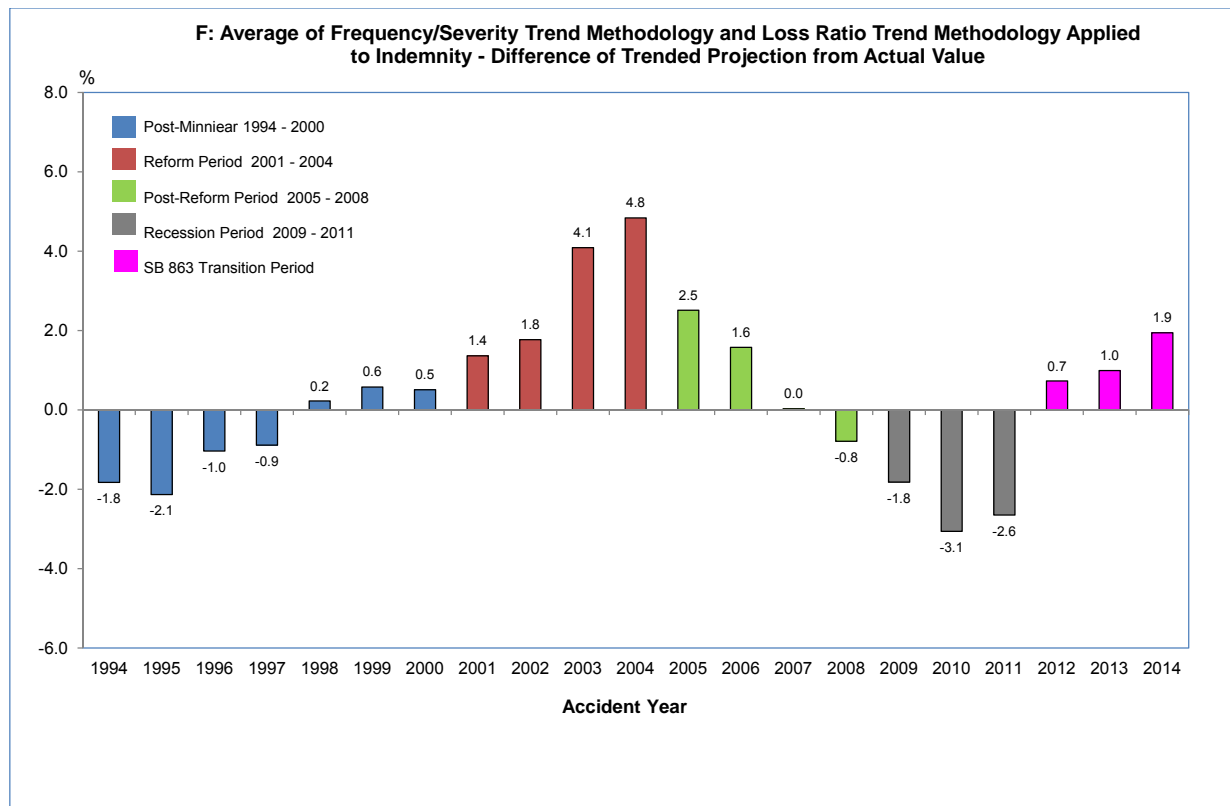


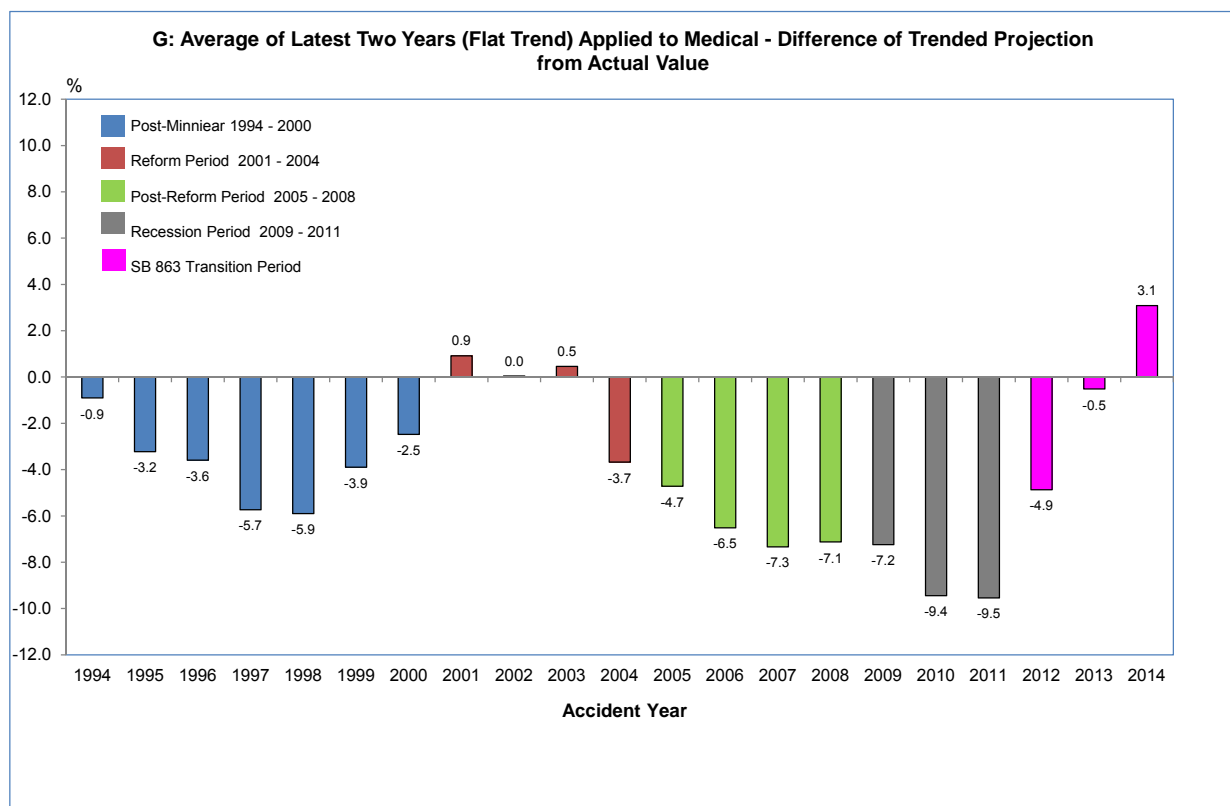
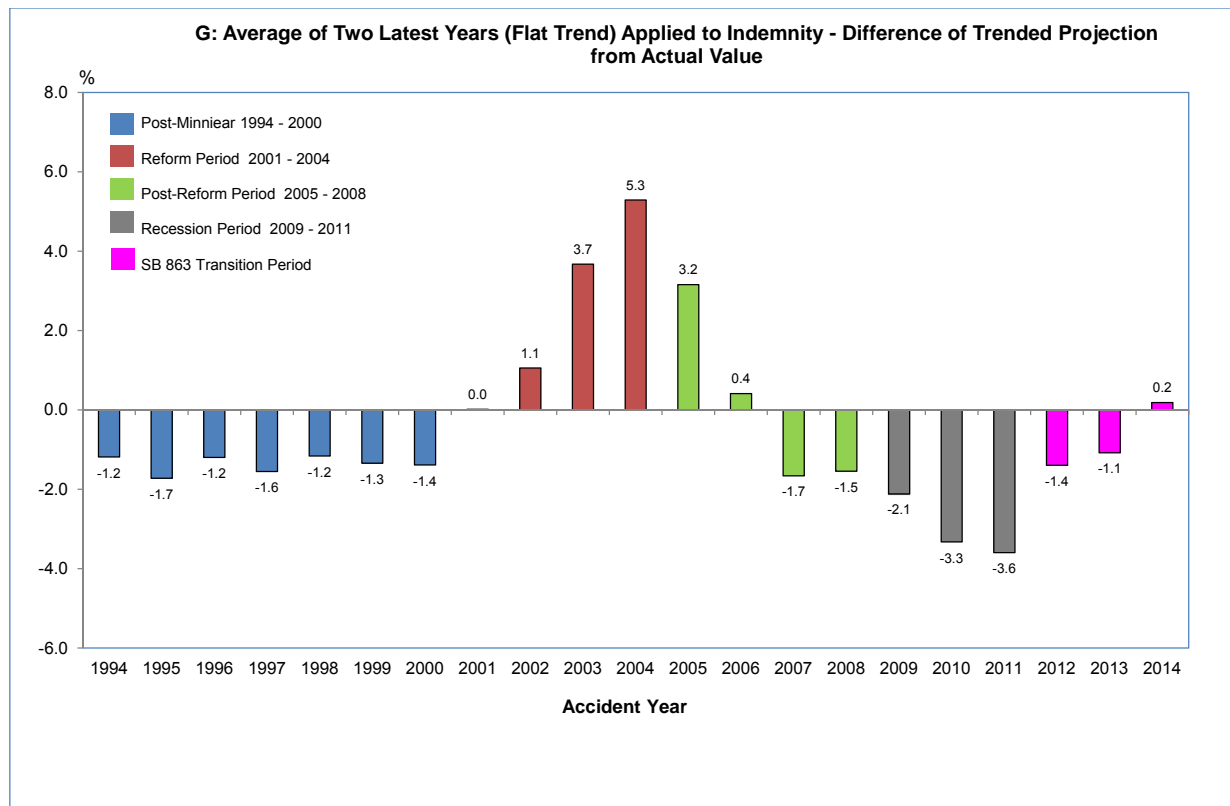


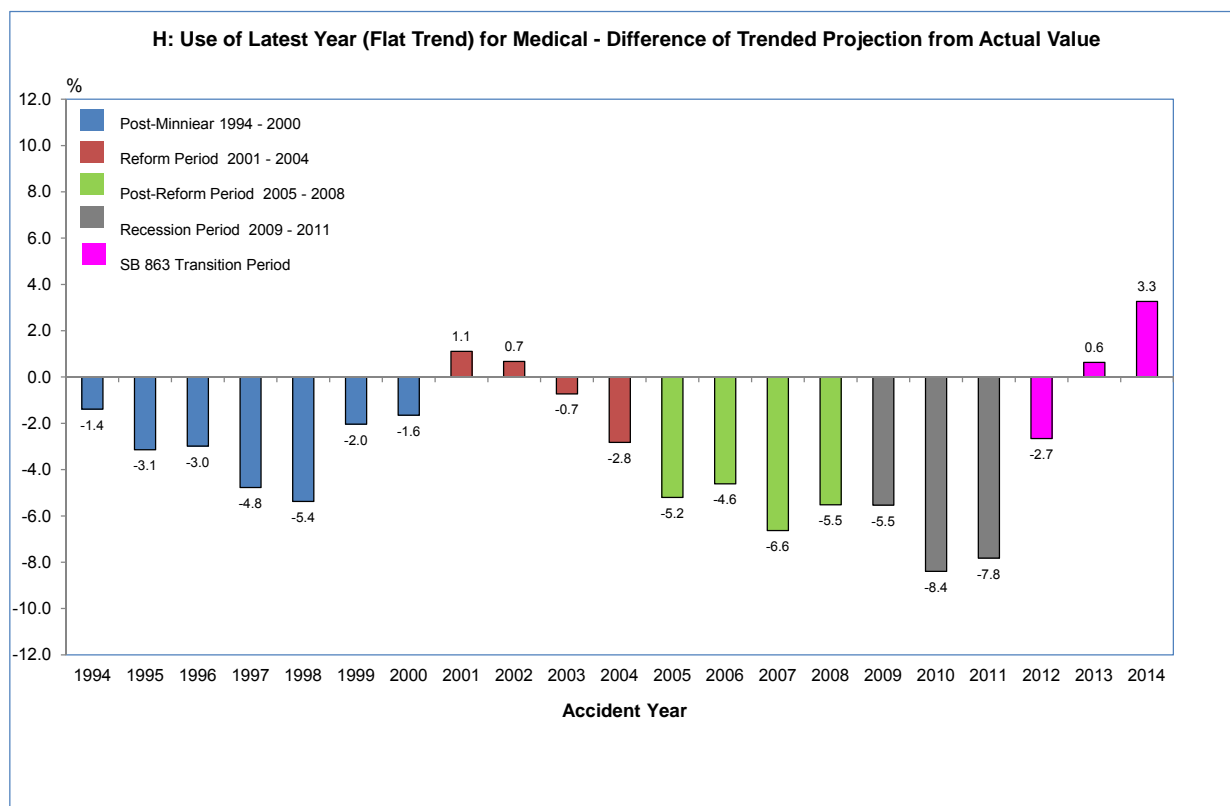
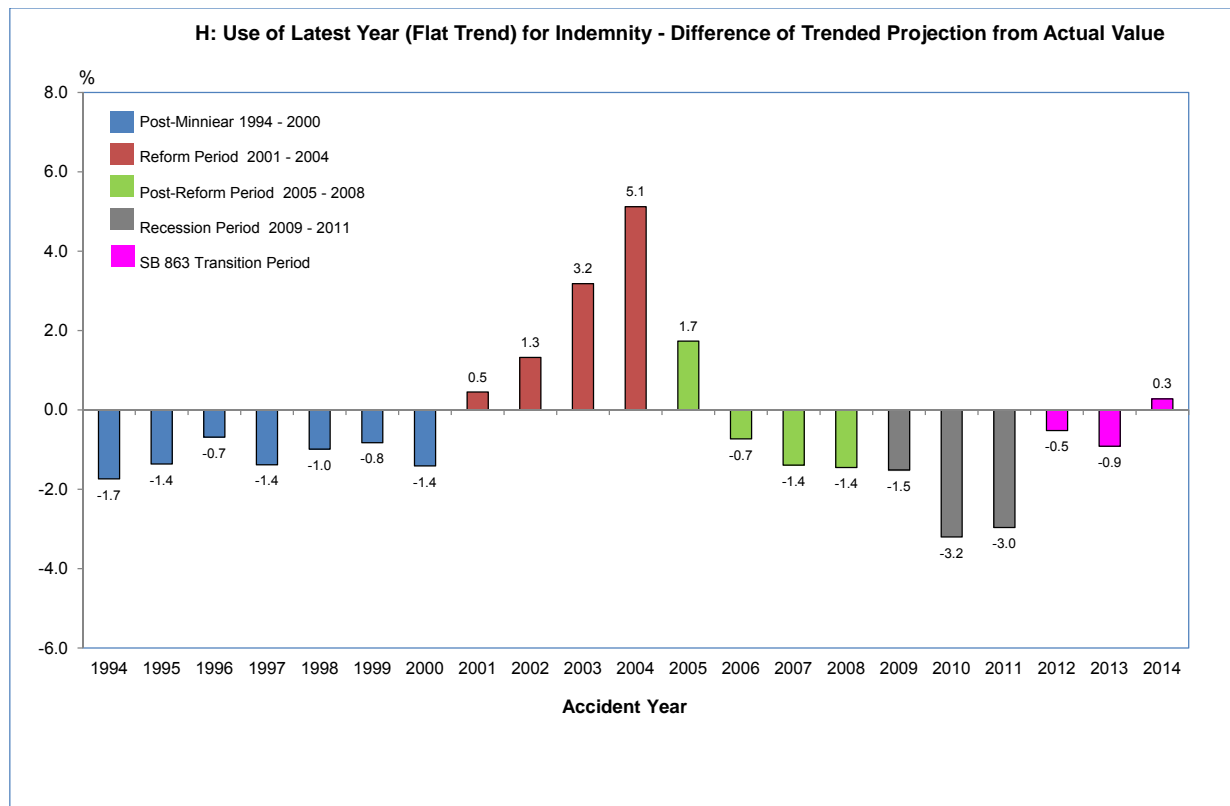












**Results of Retrospective Tests of Trending Methods**

	<b>Indemnity</b>			<b>Indemnity</b>		
	<b>Difference from Actual Loss Ratio</b>			<b>Ranks of Absolute Differences</b>		
	<b>Accident Year</b>			<b>Accident Year</b>		
<u>Trending Methodology</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
A. Freq & Sev - 2-year	0.5%	0.2%	1.2%	2	2	4
B. Freq & Sev - Latest Year	0.6%	0.2%	0.8%	3	1	3
C. Post 2005 Exp Loss Ratio - 2-Year	0.9%	1.4%	2.5%	5	7	7
D. 5-Year Exp Loss Ratio - 2-Year	0.9%	1.7%	2.7%	5	8	8
E. 5-Year Exp Loss Ratio - Latest Year	1.4%	1.3%	2.3%	8	6	6
F. Average Freq & Sev and Loss Ratio Trends	0.7%	1.0%	1.9%	4	4	5
G. Flat Trend - 2-Year	-1.4%	-1.1%	0.2%	7	5	1
H. Flat Trend - Latest Year	-0.5%	-0.9%	0.3%	1	3	2

	<b>Medical</b>			<b>Medical</b>		
	<b>Difference from Actual Loss Ratio</b>			<b>Ranks of Absolute Differences</b>		
	<b>Accident Year</b>			<b>Accident Year</b>		
<u>Trending Methodology</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
A. Freq & Sev - 2-year	2.7%	6.0%	8.7%	2	4	4
B. Freq & Sev - Latest Year	2.7%	6.0%	7.2%	3	3	3
C. Post 2005 Exp Loss Ratio - 2-Year	4.1%	9.1%	12.1%	5	7	8
D. 5-Year Exp Loss Ratio - 2-Year	4.1%	9.2%	11.6%	5	8	7
E. 5-Year Exp Loss Ratio - Latest Year	4.8%	8.4%	9.9%	7	6	5
F. Average Freq & Sev and Loss Ratio Trends	3.4%	7.6%	10.1%	4	5	6
G. Flat Trend - 2-Year	-4.9%	-0.5%	3.1%	8	1	1
H. Flat Trend - Latest Year	-2.7%	0.6%	3.3%	1	2	2

Results of Retrospective Tests of Trending Methods by Claims Environment

	Indemnity									
	Average Absolute Differences from Actual					Ranks of Average Absolute Difference				
	Post-Minnear	Reform	Transition	Post-Reform	SB 863	Post-Minnear	Reform	Transition	Post-Reform	SB 863
<u>Trending Methodology</u>										
A. Freq & Sev - 2-year	1.8%	2.2%	(2001-2004)	(2005-2008)	(2012-2014)	8	2	(2001-2004)	(2005-2008)	(2012-2014)
B. Freq & Sev - Latest Year	1.5%	2.1%		1.0%	0.7%	7	1		4	3
C. Post 2005 Exp Loss Ratio - 2-Year	0.7%	3.6%		1.8%	1.6%	2	7		7	6
D. 5-Year Exp Loss Ratio - 2-Year	0.7%	3.6%		1.8%	1.8%	2	7		7	8
E. 5-Year Exp Loss Ratio - Latest Year	0.7%	3.4%		1.6%	1.7%	1	6		5	7
F. Average Freq & Sev and Loss Ratio Trends	1.0%	3.0%		1.2%	1.2%	4	5		2	4
G. Flat Trend - 2-Year	1.4%	2.5%		1.7%	0.9%	6	3		6	4
H. Flat Trend - Latest Year	1.2%	2.5%		1.3%	0.6%	5	4		3	2

	Medical									
	Average Absolute Differences from Actual					Ranks of Average Absolute Difference				
	Post-Minnear	Reform	Transition	Post-Reform	SB 863	Post-Minnear	Reform	Transition	Post-Reform	SB 863
<u>Trending Methodology</u>										
A. Freq & Sev - 2-year	2.9%	3.4%	(2001-2004)	(2005-2008)	(2012-2014)	6	4	(2001-2004)	(2005-2008)	(2012-2014)
B. Freq & Sev - Latest Year	2.7%	2.6%		3.1%	5.3%	3	3		2	4
C. Post 2005 Exp Loss Ratio - 2-Year	2.8%	4.5%		5.8%	8.5%	4	7		5	3
D. 5-Year Exp Loss Ratio - 2-Year	2.8%	4.5%		5.8%	8.3%	4	7		5	8
E. 5-Year Exp Loss Ratio - Latest Year	2.5%	3.5%		5.0%	7.7%	1	5		3	7
F. Average Freq & Sev and Loss Ratio Trends	2.7%	4.0%		6.0%	7.0%	2	6		7	6
G. Flat Trend - 2-Year	3.7%	1.3%		6.4%	2.8%	8	1		8	5
H. Flat Trend - Latest Year	3.0%	1.3%		5.5%	2.2%	7	2		4	2

### Correlations between Frequency and Severity

Accident Year	Evaluated as of 3/31/2015		
	Change in Indemnity Claim Frequency	Change in Ultimate Indemnity Severity	Change in Ultimate Medical Severity*
1994	-12.7%	8.1%	10.9%
1995	-4.5%	12.3%	14.8%
1996	-7.9%	11.9%	7.8%
1997	-4.5%	19.1%	20.3%
1998	-4.3%	9.2%	22.2%
1999	-0.1%	10.2%	14.0%
2000	1.0%	6.3%	13.8%
2001	-6.7%	9.7%	18.4%
2002	-1.5%	-3.2%	2.1%
2003	-2.9%	-2.0%	-4.3%
2004	-17.0%	-18.5%	-7.1%
2005	-13.9%	-10.0%	3.3%
2006	-6.4%	9.7%	11.0%
2007	-2.3%	8.4%	12.1%
2008	-3.8%	10.8%	9.9%
2009	-2.0%	4.0%	6.5%
2010	6.5%	-0.6%	2.2%
2011	-0.6%	-1.4%	0.8%
2012	3.3%	0.2%	-2.6%
2013	0.5%	1.6%	-4.1%
2014	-0.2%	7.6%	-2.2%

Environment	Correlation w/ Change in Indemnity Claim Frequency	
	Indemnity Severity	Medical Severity
Pre-Reform (1994-2001)	-0.057	0.286
Reform Transition (2002-2005)	0.942	0.265
Post-Reform (2006-2011)	-0.773	-0.718
SB 863 Transition (2012-2014)	-0.778	0.117
All Years (1994-2014)	0.259	-0.056

\*Changes for 2010 and prior include the cost of medical cost containment programs (MCCP). Changes for 2011 and subsequent exclude MCCP costs.

## Item AC14-08-06 Reform Adjustments to Loss Development

For many years, the WCIRB has based its loss development projection on a methodology that adjusts for the estimated impact of various workers' compensation reforms on paid loss development patterns. At the August 5, 2014 meeting, the Committee reviewed the continued appropriateness of these adjustments related to the 2002 through 2004 reforms and those related to Senate Bill No. 863 (SB 863). At that meeting, the Committee determined that eliminating the loss development adjustments for the 2002 through 2004 reforms was appropriate, inasmuch as it had been a number of years since those reforms had been implemented and the adjustments were no longer significantly enhancing the accuracy of the projection. The Committee also determined that the adjustments for SB 863 are enhancing the accuracy of the projection and should continue to be applied, but recommended that these adjustments continue to be reviewed regularly. Staff's most recent analysis of these adjustments to paid loss development is detailed below.

### *Indemnity Adjustments*

The adjustment to indemnity losses for the impact of SB 863 is based on a 2013 WCIRB report on loss development and the WCIRB's standard approach to adjust for the impact of reforms on indemnity loss development.<sup>1</sup> Table 1 shows the estimated impact of SB 863 on indemnity development after 24 months for accident years 2012 through 2014 based on the findings of the report.

<b>Table 1: SB 863 Impact on Indemnity Loss Development</b>	
<b>Accident Year</b>	<b>Impact on 24-to-Ult. Development Factor</b>
2012	-0.5%
2013	+1.6%
2014	+7.5%

Several quarters of post-SB 863 loss development are now available. Exhibit 1 compares quarterly age-to-age development from accident years 2012 through 2014 with that projected by the WCIRB's post-SB 863 imputed payment patterns or the alternative "latest year unadjusted" factor. Thus far, the development factors implied by the imputed payment patterns are generally consistent with actual emergence, though not significantly more accurate than the "latest year unadjusted" factor. However, inasmuch as many of the SB 863 provisions effecting permanent disability benefits will be paid out over many years and that accident year 2014—for which the greatest SB 863 impact is expected—is at the early stages of development, staff recommends continuing the adjustments to indemnity.

### *Medical Adjustments*

The WCIRB's 2013 report on loss development also discussed the potential impact of the various SB 863 reforms on historical medical payment patterns. Based on the findings of the report, the WCIRB's current development methodology adjusts pre-2013 medical payments by -4.9% for the estimated impact of SB 863 provisions related to liens, independent medical review (IMR), and medical provider network (MPN) strengthening.<sup>2</sup> The impact of this adjustment on paid medical loss development factors and projected ultimate medical loss ratios is shown on Column B of Exhibits 2 and 3, respectively.

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

<sup>2</sup> The estimated impact was updated from that cited in the 2013 report based on updated information on emerging post-SB 863 costs, and will continue to be updated based on post-SB 863 cost information reviewed by the Committee (see Item AC14-08-07 of this Agenda).

The underlying assumption of this adjustment is that medical payments made after January 1, 2013 on all accident years are approximately 4.9% lower than would have been the case if SB 863 had not been enacted. Exhibit 4.1 shows the quarterly paid medical loss development factors as of March 31, 2015. Exhibit 4.2 shows these factors cumulated and indexed by calendar quarter. Changes in the 12-to-96 factor for a quarter represent the cumulative effect of paid medical loss development in that calendar quarter. Although medical development did not decline in 2013 and was in fact markedly higher, it is not possible to know the extent to which paid medical development would have been different in 2013 had SB 863 not been enacted. Paid medical development did significantly decline in the second half of 2014 and continues to emerge at a lower level.

The WCIRB also adjusts paid medical loss development for the impact of the new physician fee schedule based on a resource-based relative value scale (RBRVS) that became effective January 1, 2014 and will be phased-in over a four year period. Specifically, pre-2014 medical payments are adjusted by +0.9% for the estimated impact of RBRVS on the 2014 service year and pre-2015 medical payments are adjusted by +0.6% for the estimated impact of RBRVS on the 2015 service year.<sup>3</sup> The total impact of these adjustments on paid medical loss development factors and projected ultimate medical loss ratios is shown on Columns C and D of Exhibits 2 and 3, respectively.

As with other SB 863 provisions, the adjustment for RBRVS assumes that medical payments made in 2014 are 0.9% higher and medical payments made in 2015 are an additional 0.6% higher than they would have been had the new fee schedule not been adopted. Although it is too early to assess the 2015 service year, detailed information on physician payments made in 2014 are available based on the WCIRB's Medical Data Call (MDC). As shown on Exhibit 5 and discussed in Item AC14-08-07 of this Agenda, total physician payments per fee schedule claim in 2014 declined rather than increased as initially projected, primarily attributable to greater-than-anticipated savings in the special services and reports (SS&R) category. However, payments made in 2014 for the other physician categories are emerging consistent with initial projections. In addition, unlike the other physician categories, the SS&R category did not receive incremental annual changes in fees under the four-year phase-in of RBRVS. As a result, staff believes the savings in the SS&R category are one-time in nature.

These service-year adjustments to medical loss development also assume a relatively consistent mix of services performed on each accident year during that calendar year. Exhibit 6 shows the distribution of physician payments made in 2013 and 2014 by category for each accident year/development period. Evaluation and management (E&M) services—which received a significant fee increase under RBRVS—are disproportionately more likely to be performed during the first year than other types of physician services. As a result, using the same adjustment factor for the earlier and later periods for the impact of RBRVS may not be appropriate. Demonstratively, the 12-to-15 month paid medical age-to-age factor for accident year 2014 shown on Exhibit 4.1 increased from that of the prior year, while the most recent quarterly age-to-age factors for more mature periods generally showed declines.

To address this issue, a different adjustment factor for each development period (or groups of development periods) based on the estimated mix of physician services for that development period could be applied. For example, rather than adjusting all medical payments made prior to January 1, 2014 by +0.9% for the impact of RBRVS, which represents a weighted average of types of physician services across all development periods, a factor that weights E&M services more heavily can be applied to development in the first year. Additional information on this type of adjustment will be discussed at the meeting.

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<sup>3</sup> These adjustments were discussed by the Committee at the August 5, 2014 meeting and were updated from those originally cited based on updated information on the estimated percentage of total medical benefits for physician services, and will be updated based on SB 863 cost monitoring results reviewed by the Committee (see Item AC14-08-07 of this Agenda). The estimated impact of RBRVS on the 2016 and 2017 service years would be adjusted in a similar fashion once post-2016 and post-2017 data emerges.

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

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

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

<b>Accident Year 2014</b>									
<b>Age-to-Age Factor</b>									
<u>Methodology</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>
Actual Emergence	1.539								
Latest Year Unadjusted	1.539	1.353	1.263	1.204	1.159				
Imputed Payment Pattern	1.546	1.357	1.266	1.206	1.166				
<b>Difference from Actual</b>									
<u>Methodology</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>
Latest Year Unadjusted	0.0%								
Imputed Payment Pattern	0.4%								

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

Age-to-Age Factor	(A) No Reform Adjustments	(B) Adjusted for SB 863 Reforms	(B) - (A) Change	(C) Adjusted for All in (B) and RBRVS Fee Schedule Effective 1/1/2014	(C) - (B) Change	(D) Adjusted for All in (C) and RBRVS Fee Schedule Effective 1/1/2015	(D) - (C) Change
27/15	1.932	1.932	0.000	1.926	-0.006	1.925	-0.001
39/27	1.387	1.394	0.007	1.391	-0.003	1.390	-0.001
51/39	1.217	1.224	0.007	1.222	-0.002	1.221	-0.001
63/51	1.133	1.139	0.006	1.137	-0.002	1.137	0.000
75/63	1.095	1.099	0.004	1.098	-0.001	1.098	0.000
87/75	1.067	1.070	0.003	1.069	-0.001	1.069	0.000
99/87	1.051	1.053	0.002	1.053	0.000	1.053	0.000
111/99	1.040	1.042	0.002	1.042	0.000	1.042	0.000
123/111	1.036	1.037	0.001	1.037	0.000	1.037	0.000
135/123	1.029	1.031	0.001	1.031	0.000	1.031	0.000
147/135	1.024	1.025	0.001	1.025	0.000	1.025	0.000
159/147	1.021	1.022	0.001	1.022	0.000	1.022	0.000
171/159	1.019	1.020	0.001	1.020	0.000	1.020	0.000
183/171	1.018	1.018	0.001	1.018	0.000	1.018	0.000
195/183	1.017	1.017	0.001	1.017	0.000	1.017	0.000
207/195	1.015	1.016	0.001	1.016	0.000	1.016	0.000
207/15	5.632	5.823	0.192	5.761	-0.063	5.749	-0.012

- (B) Reflects adjustment of -4.9% to payments made before January 1, 2013.  
 (C) Reflects adjustments of -4.9% to payments made before January 1, 2013 and adjustments of 0.9% to payments made before January 1, 2014.  
 (D) Reflects adjustments of -4.9% to payments made before January 1, 2013 and adjustments of 0.9% to payments made before January 1, 2014, and adjustments of 0.6% to payments made before January 1, 2015.

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

Accident Year	(A) No Reform Adjustments	(B) Adjusted for SB 863 Reforms	(B) - (A) Change	(C) Adjusted for All in (B) and RBRVS Fee Schedule Effective 1/1/2014	(C) - (B) Change	(D) Adjusted for All in (C) and RBRVS Fee Schedule Effective 1/1/2015	(D) - (C) Change
2005	0.220	0.218	-0.002	0.219	0.000	0.219	0.000
2006	0.288	0.286	-0.002	0.287	0.001	0.287	0.001
2007	0.409	0.407	-0.002	0.408	0.001	0.409	0.001
2008	0.521	0.518	-0.002	0.520	0.001	0.521	0.001
2009	0.618	0.617	-0.001	0.618	0.001	0.620	0.002
2010	0.623	0.625	0.001	0.625	0.001	0.627	0.002
2011	0.539	0.544	0.005	0.543	0.000	0.545	0.002
2012	0.476	0.486	0.010	0.485	-0.001	0.487	0.001
2013	0.401	0.414	0.014	0.412	-0.002	0.413	0.001
2014	0.360	0.372	0.012	0.368	-0.004	0.369	0.001

\* Each projection reflects paid loss development factors, adjusted for the specified reforms, applied through 207 months, and incurred loss development after 207 months.

(B) Reflects adjustment of -4.9% to payments made before January 1, 2013.

(C) Reflects adjustments of -4.9% to payments made before January 1, 2013 and adjustments of 0.9% to payments made before January 1, 2014.

(D) Reflects adjustments of -4.9% to payments made before January 1, 2013 and adjustments of 0.9% to payments made before January 1, 2014, and adjustments of 0.6% to payments made before January 1, 2015.

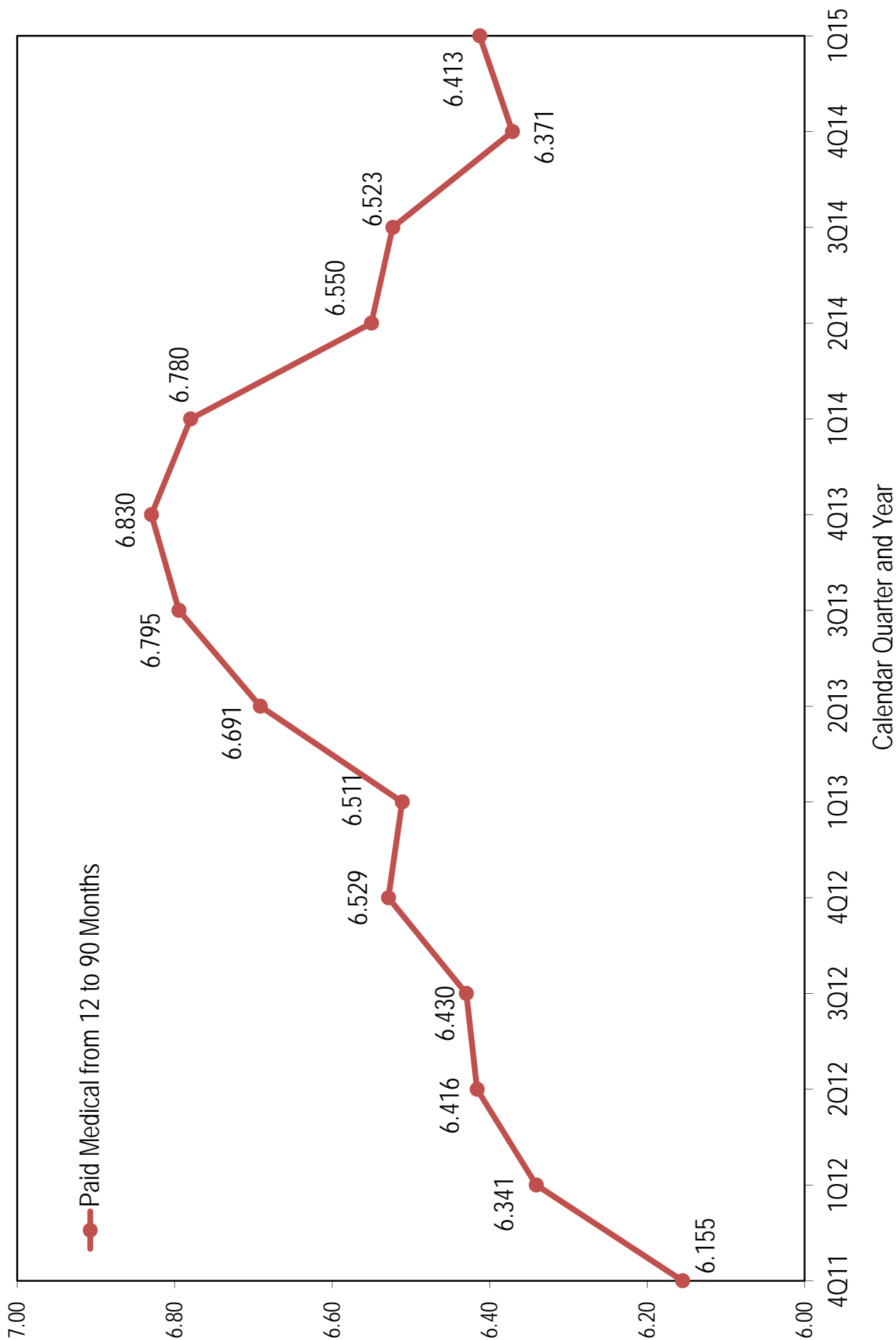
Quarterly Paid Medical Loss Development Factors \*  
Through March 31, 2015

Age in Months	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</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>
6/3										5.308	5.615	6.579	6.101	6.048	5.854	5.942	6.201	5.646
9/6										2.348	2.381	2.348	2.375	2.361	2.327	2.395	2.489	2.424
12/9										1.716	1.765	1.731	1.723	1.756	1.746	1.763	1.748	1.752
<b>15/12</b>	<b>1.434</b>	<b>1.453</b>	<b>1.490</b>	<b>1.514</b>	<b>1.547</b>	<b>1.554</b>	<b>1.510</b>	<b>1.437</b>	<b>1.423</b>	<b>1.429</b>	<b>1.444</b>	<b>1.413</b>	<b>1.429</b>	<b>1.445</b>	<b>1.471</b>	<b>1.449</b>	<b>1.441</b>	<b>1.459</b>
18/15	1.232	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	
21/18	1.155	1.164	1.168	1.192	1.219	1.211	1.179	1.153	1.151	1.163	1.173	1.170	1.178	1.182	1.187	1.189	1.192	
24/21	1.128	1.132	1.124	1.149	1.159	1.154	1.125	1.115	1.118	1.127	1.133	1.132	1.137	1.144	1.153	1.151	1.147	
<b>27/24</b>	<b>1.086</b>	<b>1.096</b>	<b>1.108</b>	<b>1.121</b>	<b>1.128</b>	<b>1.123</b>	<b>1.093</b>	<b>1.090</b>	<b>1.093</b>	<b>1.106</b>	<b>1.107</b>	<b>1.110</b>	<b>1.112</b>	<b>1.119</b>	<b>1.120</b>	<b>1.120</b>	<b>1.120</b>	
30/27	1.070	1.077	1.088	1.101	1.108	1.103	1.077	1.084	1.087	1.097	1.100	1.100	1.106	1.107	1.111	1.106		
33/30	1.059	1.065	1.072	1.086	1.089	1.077	1.063	1.071	1.065	1.081	1.083	1.086	1.092	1.094	1.093	1.091		
36/33	1.048	1.055	1.066	1.069	1.076	1.061	1.055	1.062	1.062	1.071	1.072	1.072	1.077	1.083	1.082	1.076		
<b>39/36</b>	<b>1.046</b>	<b>1.051</b>	<b>1.059</b>	<b>1.060</b>	<b>1.061</b>	<b>1.049</b>	<b>1.044</b>	<b>1.053</b>	<b>1.056</b>	<b>1.057</b>	<b>1.059</b>	<b>1.061</b>	<b>1.066</b>	<b>1.071</b>	<b>1.066</b>	<b>1.068</b>		
42/39	1.038	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			
45/42	1.035	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			
48/45	1.031	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			
<b>51/48</b>	<b>1.027</b>	<b>1.030</b>	<b>1.035</b>	<b>1.037</b>	<b>1.034</b>	<b>1.031</b>	<b>1.030</b>	<b>1.033</b>	<b>1.037</b>	<b>1.036</b>	<b>1.036</b>	<b>1.039</b>	<b>1.041</b>	<b>1.043</b>	<b>1.040</b>			
54/51	1.026	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				
57/54	1.025	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				
60/57	1.023	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				
<b>63/60</b>	<b>1.021</b>	<b>1.023</b>	<b>1.025</b>	<b>1.022</b>	<b>1.019</b>	<b>1.019</b>	<b>1.020</b>	<b>1.024</b>	<b>1.024</b>	<b>1.024</b>	<b>1.024</b>	<b>1.027</b>	<b>1.027</b>	<b>1.026</b>				
66/63	1.021	1.026	1.021	1.020	1.020	1.018	1.021	1.023	1.024	1.026	1.026	1.029	1.029					
69/66	1.019	1.021	1.022	1.019	1.018	1.016	1.019	1.021	1.023	1.023	1.021	1.024	1.024					
72/69	1.017	1.022	1.018	1.016	1.017	1.018	1.016	1.021	1.021	1.022	1.022	1.023	1.021					
<b>75/72</b>	<b>1.016</b>	<b>1.017</b>	<b>1.016</b>	<b>1.014</b>	<b>1.015</b>	<b>1.015</b>	<b>1.014</b>	<b>1.018</b>	<b>1.020</b>	<b>1.019</b>	<b>1.019</b>	<b>1.018</b>	<b>1.018</b>					
78/75	1.017	1.018	1.015	1.014	1.015	1.016	1.015	1.016	1.018	1.017	1.022	1.019						
81/78	1.015	1.015	1.014	1.013	1.014	1.013	1.014	1.018	1.018	1.015	1.019	1.018						
84/81	1.015	1.013	1.012	1.013	1.012	1.012	1.013	1.016	1.016	1.015	1.018	1.015						
<b>87/84</b>	<b>1.014</b>	<b>1.013</b>	<b>1.011</b>	<b>1.010</b>	<b>1.012</b>	<b>1.012</b>	<b>1.012</b>	<b>1.014</b>	<b>1.013</b>	<b>1.015</b>	<b>1.017</b>	<b>1.013</b>						
90/87	1.018	1.013	1.012	1.011	1.013	1.012	1.013	1.015	1.013	1.015	1.013							
93/90	1.011	1.011	1.010	1.011	1.012	1.011	1.013	1.013	1.012	1.014	1.014							
96/93	1.010	1.010	1.010	1.008	1.010	1.010	1.009	1.013	1.015	1.016	1.011							

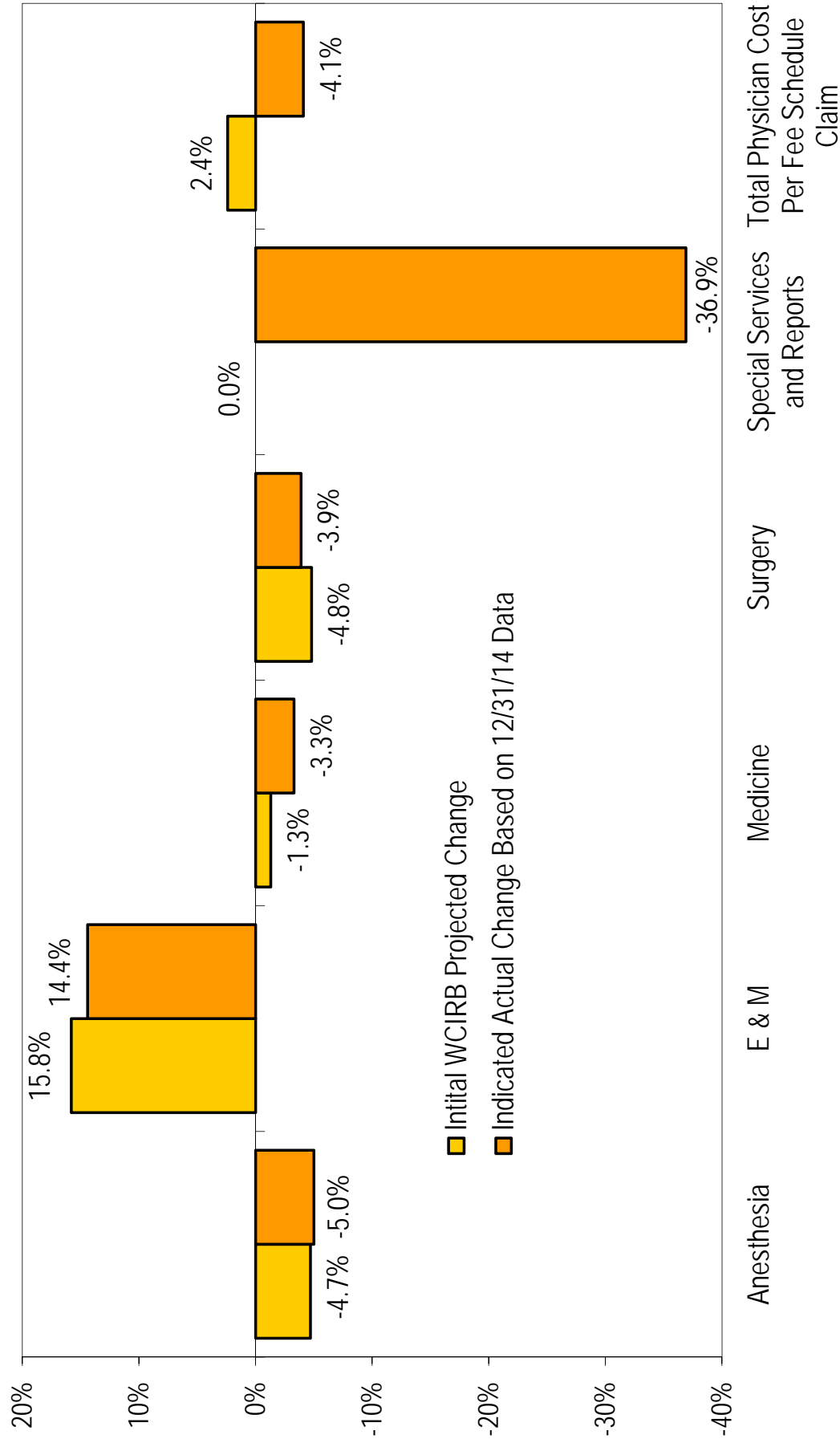
Source: WCIRB accident year experience calls

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

# Cumulative Quarterly Paid Medical Development – Indexed by Quarter



# Impact of RBRVS on Physician Fees



Source: WCIRB medical transaction data.

**Distribution of Physician Payments by Development Period**

For Payments Made in Calendar Year 2013										
Accident Year	Development Period (in Years)	Anesthesia	Evaluation & Management	Medicine	Pathology & Laboratory	Physical Medicine	Radiology	Special Services & Reports	Surgery	Physician Services
1994 & Pr.	19+	3%	25%	10%	9%	9%	10%	11%	21%	100%
1995-1999	14-19	3%	26%	13%	12%	7%	8%	9%	21%	100%
2000-2004	9-14	2%	26%	13%	11%	8%	9%	11%	18%	100%
2005	8-9	2%	23%	12%	9%	7%	8%	17%	20%	100%
2006	7-8	2%	24%	13%	10%	9%	9%	13%	18%	100%
2007	6-7	2%	23%	14%	10%	9%	9%	13%	19%	100%
2008	5-6	2%	22%	13%	10%	9%	9%	14%	19%	100%
2009	4-5	2%	21%	13%	9%	11%	9%	13%	20%	100%
2010	3-4	2%	20%	12%	9%	11%	10%	13%	22%	100%
2011	2-3	2%	20%	11%	8%	13%	10%	11%	23%	100%
2012	1-2	2%	23%	8%	4%	17%	10%	11%	23%	100%
2013	0-1	1%	34%	4%	1%	17%	12%	14%	14%	100%

For Payments Made in Calendar Year 2014										
Accident Year	Development Period (in Years)	Anesthesia	Evaluation & Management	Medicine	Pathology & Laboratory	Physical Medicine	Radiology	Special Services & Reports	Surgery	Physician Services
1994 & Pr.	20+	3%	29%	9%	8%	8%	8%	12%	20%	100%
1995-1999	15-20	2%	32%	9%	12%	8%	7%	8%	19%	100%
2000-2004	10-15	2%	32%	10%	11%	8%	8%	10%	17%	100%
2005	9-10	2%	30%	9%	11%	8%	8%	14%	16%	100%
2006	8-9	2%	29%	10%	11%	9%	9%	11%	17%	100%
2007	7-8	2%	27%	11%	11%	9%	9%	11%	18%	100%
2008	6-7	2%	26%	11%	11%	10%	9%	13%	17%	100%
2009	5-6	2%	25%	11%	10%	11%	9%	12%	18%	100%
2010	4-5	2%	24%	10%	10%	12%	10%	12%	19%	100%
2011	3-4	2%	23%	9%	9%	14%	10%	12%	20%	100%
2012	2-3	2%	23%	8%	7%	16%	10%	10%	21%	100%
2013	1-2	2%	26%	5%	4%	21%	10%	9%	21%	100%
2014	0-1	1%	41%	2%	1%	21%	11%	7%	14%	100%

Source: WCIRB's Medical Data Call (MDC)

## Item AC14-08-07

### SB 863 Cost Monitoring – Adjustments to Pure Premium Ratemaking

In the last several pure premium rate filings, the WCIRB reflected the estimated cost impact of Senate Bill No. 863 (SB 863) on pure premium rates. These estimates were based on the WCIRB's prospective cost evaluation of SB 863 and initial retrospective evaluations. The WCIRB's most recent retrospective evaluation of the cost impact of SB 863 was reviewed by the Committee at the November 4, 2014 meeting and released on November 14, 2014.<sup>1</sup>

At the meeting, staff will review the SB 863 on-level adjustments currently reflected in the pure premium rate projection with the Committee to determine what recommended adjustments, if any, should be made to the on-level factors to be reflected in the January 1, 2016 Pure Premium Rate Filing based on current SB 863 cost monitoring results.

Some of the key SB 863 cost components along with the current on-level adjustments and cost monitoring results are summarized below.

#### **Indemnity Cost Components Related to Permanent Disability**

The WCIRB's prospective evaluation of SB 863 of the various changes to permanent disability (PD) benefits included an estimation of the cost impact of a) the accident year 2013 and 2014 increases in minimum and maximum weekly PD benefits, b) changes to supplemental job displacement benefits, c) changes to PD ratings related to future earning capacity (FEC),<sup>2</sup> d) elimination of PD add-ons, and e) elimination of the three-tiered system of weekly PD benefits. In total, the WCIRB's prospective evaluation estimated that these changes (including the impact on claim frequency) would increase costs by 3.7%.

In the WCIRB's 2014 SB 863 cost monitoring report, it was noted that PD benefits are paid well into the life of a claim and determination of final PD ratings often do not occur for many years. As a result, the WCIRB noted that the cost impact of many of the SB 863 provisions related to PD benefits will not be known for a number of years. However, the WCIRB noted that early estimates of PD benefits from unit statistical data as well as early information on average final PD ratings from the Disability Evaluation Unit for post-SB 863 claims show that the cost impact of SB 863 provisions related to PD benefits are emerging generally consistent with the WCIRB's prospective estimates. In total, estimated ultimate indemnity claim severities for accident years 2013 and 2014 are emerging somewhat lower than initial projections (see Table 7).

#### **Indemnity Claim Frequency**

The WCIRB's prospective evaluation of SB 863 included provisions for changes in indemnity claim frequency as a result of the SB 863 increases to PD and other changes impacting indemnity benefits. These provisions were based on the WCIRB's standard econometric claim frequency model. In total, the WCIRB's prospective evaluation estimated that the claim frequency changes resulting from SB 863 provisions would increase costs by 1.1%.

Table 1 shows the WCIRB's latest estimates of accident year indemnity claim frequency changes through March 31, 2015 compared to the frequency model projections made including the projected impact of SB 863. While the current estimate for accident year 2012 indicates an increase in indemnity claim frequency much greater than the changes projected based on the WCIRB's econometric claim frequency

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<sup>1</sup> Senate Bill No. 863 WCIRB Cost Monitoring Report – 2014 Retrospective Evaluation, WCIRB, November 14, 2014.

<sup>2</sup> Includes eliminating the impact of the Ogilvie decision which dealt specifically with the FEC adjustment to PD.

model, estimates for more recent years are emerging at levels fairly consistent with projections.<sup>3</sup> At this time, the extent to which the higher-than-projected indemnity claim frequency change for 2012 is due to anticipation of increased SB 863 benefits as compared to regional differences, economic factors, other components of SB 863, or other claims-related factors is not clear.<sup>4</sup>

<b>Table 1: Indemnity Claim Frequency Changes</b>		
Accident Year	WCIRB Model Projected Indemnity Claim Frequency Change <sup>5</sup>	Estimated Actual Indemnity Claim Frequency Change <sup>6</sup>
2012	-1.9%	+3.3%
2013	+0.3%	+0.5%
2014	+1.1%	-0.2%

### Liens

The WCIRB's prospective evaluation of the impact of SB 863 on lien-related costs estimated a 1.8% reduction in medical costs and a 7.8% reduction in loss adjustment expenses (LAE), resulting in a 2.5% reduction in total costs. This estimate was based on an assumption that approximately 40% of liens would be eliminated by the SB 863 lien filing fee and statute of limitations. Last year, based on post-SB 863 counts of lien filings from the Division of Workers' Compensation (DWC), the WCIRB updated its estimate of the number of liens reduced by SB 863 provisions to 60% from 40%, resulting in an updated 3.6% reduction in total costs.

Table 2 shows the total number of liens filed through the first quarter of 2015 based on DWC EAMS data. Following the passage of SB 863 in the third quarter of 2012, lien filings in the remainder of 2012 increased dramatically. In 2013 and 2014, the number of liens filed decreased significantly and were approximately 60% less than the number of liens filed in 2011. However, the number of liens filed in the first quarter of 2015 is significantly higher than that for the first quarter of 2014. Some of this increase may be attributable to liens filed on services provided on or after July 1, 2013, for which the SB 863 18-month statute of limitations to file a lien begins to apply in the first quarter of 2015. At this time it is uncertain as to what extent these increased lien filings are a one-time anomaly or to what extent it may be a partial reversal of the lien savings experienced in 2013 and 2014.

<sup>3</sup> The indemnity benefit level in the WCIRB's econometric frequency model is a leading variable. That is, a change in indemnity benefit levels for a year is assumed to also impact indemnity claim frequency for the prior year. In addition to changes in indemnity benefit levels, the WCIRB's frequency model also projects frequency changes based on a number of economic and other claims-related factors. In addition, the WCIRB's frequency model typically does not project the impact of shifts in classification mix.

<sup>4</sup> See *Analysis of Changes in Indemnity Claim Frequency – January 2015 Update Report* for the WCIRB's latest analysis of recent changes in indemnity claim frequency.

<sup>5</sup> Based on Exhibit C7.1 of Item AC15-08-01. Frequency changes include the projected impact of shifts in classification mix. The estimated impacts of class mix shifts on indemnity claim frequency are -1.1% for 2012, -0.5% for 2013, and +1.5% for 2014.

<sup>6</sup> See Exhibit 12 of Item AC15-06-01.

Table 2: Number of Liens Filed <sup>7</sup>			
Year & Quarter	Quarterly	Rolling Four Quarter Total	Four Quarter Change from 2011
2011 (Full Year)	---	463,856	---
2012 1Q	155,093	---	---
2012 2Q	187,957	---	---
2012 3Q	323,230	---	---
2012 4Q	513,004	1,179,284	+154%
2013 1Q	69,097	1,093,288	+136%
2013 2Q	30,110	935,441	+102%
2013 3Q	40,904	653,115	+41%
2013 4Q	46,153	186,264	-60%
2014 1Q	41,443	158,610	-66%
2014 2Q	47,244	175,744	-62%
2014 3Q	47,841	182,681	-61%
2014 4Q	53,423	189,951	-59%
2015 1Q	71,863	220,371	-52%

The WCIRB's prospective estimate of lien demand, settlement, and administrative costs was based on its 2012 Lien Survey. In 2013 and 2014, the WCIRB issued a subsequent Lien Surveys on liens active in the post-SB 863 environment. The results of these surveys were generally consistent with initial projections of average lien costs.

### **Surgical Implant Hardware**

The WCIRB's prospective evaluation estimated that SB 863's elimination of the separate reimbursement for implantable medical devices, hardware, and instrumentation for spinal surgeries would reduce total medical costs by 1%. This estimate was, in part, based on a California Workers' Compensation Institute (CWCI) study of the multiple reimbursements on claims with spinal surgeries, which found that the duplicate payment added an estimated \$20,000 to each procedure.<sup>8</sup> As noted in the WCIRB's 2014 SB 863 cost monitoring report, results from post-SB 863 surgical implant services performed through the first half of 2014 based on WCIRB Medical Data Call (MDC) data were generally consistent with these prospective estimates.

### **Ambulatory Surgical Center (ASC) Fees**

The WCIRB's prospective evaluation estimated that SB 863's reduction in ASC facility fees would reduce total medical costs by 0.8%. This estimate was based on a judgmental reduction of 25% in ASC facility fees based on the new fee cap partially offset for the impact of contract discounts already in place. As noted in the WCIRB's 2014 SB 863 cost monitoring report, results on ASC facility fees paid on post-SB 863 services provided through the first half of 2014 based on WCIRB MDC data were consistent with these prospective estimates. In March of 2015, the WCIRB updated its joint study of ASC fees with the CWCI with results that were also consistent with prospective estimates.<sup>9</sup>

<sup>7</sup> See Exhibit M9.2 of Item AC15-08-01 for more detail.

<sup>8</sup> *Preliminary Estimate of California Workers' Compensation System-Wide Costs for Surgical Instrumentation Pass-Through Payments for Back Surgeries*, CWCI, June 2012.

<sup>9</sup> *Ambulatory Surgical Center Cost Outcomes: Follow Up Study on the Impact of California SB 863 Workers' Compensation Reforms*, WCIRB and CWCI, March 11, 2015.

In its 2014 SB 863 cost monitoring report, the WCIRB also evaluated changes in outpatient hospital services compared to changes in ASC costs to determine if any shift in the distribution of these services is occurring. Results based on WCIRB MDC data through the first half of 2014 showed that the proportion of total episodes utilized by outpatient hospitals has remained generally consistent after the implementation of SB 863, suggesting that no significant shift from ASCs to outpatient hospital facilities has yet occurred.

### Independent Medical Review (IMR)

The new IMR process for handling medical treatment disputes was one of the cornerstone reforms of SB 863. The WCIRB's evaluation of the cost impact of IMR is segregated into several components, which are detailed below.

1. Impact on frictional and litigation costs. The WCIRB's prospective estimate assumed a proportion of liens, medical-legal reports, and expedited hearings would be replaced by IMR reports. In addition, the WCIRB assumed additional reductions in LAE from reduced litigation related to medical treatment as a result of IMR. In total, the WCIRB's prospective evaluation estimated that IMR savings to frictional and litigation costs would reduce total costs by -0.9%. Last year, based on a) continued utilization of expedited hearings for medical treatment disputes, b) significantly higher volumes of IMR requests than projected, and c) observed significant increases in loss adjustment expenses, the WCIRB eliminated any savings related to these costs from its SB 863 cost estimates.

While detailed information on the number of liens related to utilization review disputes is not available, DWC data on lien filed counts (see Table 2) show a sharp decrease in the number of liens filed following SB 863, particularly those related to medical treatment. However, it is unclear to what extent the lower volume of post-SB 863 liens is attributable to the IMR process and to what extent it is attributable to other SB 863 provisions impacting liens. In addition, as noted in the WCIRB's 2014 SB 863 cost monitoring report, the number and cost of medical-legal reports based on WCIRB MDC data through the first half of 2014 does not show a significant decline. Finally, Table 3 shows that the number of expedited hearings did not decline following the implementation of SB 863 and in fact increased significantly.

Year & Quarter	Quarterly	Annual	Annual Change
2011 (Full Year)	---	9,502	---
2012 (Full Year)	---	11,464	+21%
2013 1Q	3,480	---	---
2013 2Q	3,615	---	---
2013 3Q	4,109	---	---
2013 4Q	4,013	15,217	+33%
2014 1Q	3,813	---	---
2014 2Q	4,463	---	---
2014 3Q	4,404	---	---
2014 4Q	3,926	16,606	+9%
2015 1Q	4,062	---	---

In total, the WCIRB assumed approximately 51,000 IMRs would be filed annually. Table 4 shows the number of IMR requests filed through the first quarter of 2015 based on information available from the DWC through the IMR vendor. Once IMR became effective for all injuries regardless of

<sup>10</sup> See Exhibit M8.2 of Item AC15-08-01 for more detail.

the accident date starting on July 1, 2013, the number of IMR requests increased significantly and has continued at a high level through the first quarter of 2015. Table 4 also shows the annual number of eligible IMRs after eliminating invalid and duplicate requests. Although eliminating up to 40% of IMRs due to duplicate or ineligible requests significantly reduces the estimated number of IMRs performed per year, it still remains almost three times greater than that projected by the WCIRB in its initial assessment of SB 863 cost impacts.

<b>Table 4: IMR Filings<sup>11</sup></b>			
<b>Year &amp; Quarter</b>	<b>Quarterly (All IMRs)</b>	<b>Annual (All IMRs)</b>	<b>Annual (Eligible IMRs)</b>
2013 1Q & 2Q	878	---	---
2013 3Q	31,950	---	---
2013 4Q	51,092	83,920	52,844
2014 1Q	49,928	---	---
2014 2Q	59,983	---	---
2014 3Q	61,793	---	---
2014 4Q	47,199	218,903	134,637
2015 1Q	61,142	---	---

The WCIRB assumed an additional reduction of 1.6% in LAE from reduced litigation related to medical treatment as a result of IMR. While it is not possible to isolate the impact of litigation issues related to medical treatment from other components of allocated loss adjustment expenses (ALAE), projected ALAE for 2013 and 2014 shows significant increases rather than the expected declines (see Table 7).

2. Temporary disability (TD) duration. The WCIRB's prospective cost evaluation assumed a 5% reduction in TD duration as a result of the IMR process reducing delays related to medical treatment. Preliminary post-SB 863 estimates based on CWCI data shows that the average number of paid TD days for accident year 2013 at 12 months and accident year 2012 at 24 months continues to increase generally consistent with the pre-SB 863 rate.<sup>12</sup> However, WCIRB PD survey data shows small declines in TD duration for accident year 2012 at first survey level.<sup>13</sup> Inasmuch as the issuance of IMR decisions has experienced significant delays during the initial transition period due to far greater-than-anticipated volume of requests, the extent to which IMR may ultimately impact TD duration remains uncertain.
3. Medical treatment costs. Given the uncertainty as to how IMR will impact medical treatment, the WCIRB did not prospectively estimate the impact of IMR on medical treatment costs,<sup>14</sup> but agreed to monitor changes in overall medical cost levels as post-SB 863 data emerges. Estimated medical severities for 2013 and 2014 are significantly lower than pre-SB 863 levels and initial projections for those years (see Table 7). Staff is currently analyzing the overall impact of SB 863 on medical treatment levels and will present its findings later this year.

### **Medical Provider Networks (MPNs)**

The WCIRB's prospective evaluation estimated the SB 863 changes intended to strengthen MPNs would reduce total costs by 1%, which included savings to PD costs, TD costs, and medical costs. The most recent data from the CWCI shows MPN penetration rates to follow a fairly consistent pattern with that of

<sup>11</sup> See Exhibit M14 of Item AC15-08-01 for more detail.

<sup>12</sup> See Exhibit S10.1 of Item AC15-08-01.

<sup>13</sup> See Exhibit S10.2 of Item AC15-08-01.

<sup>14</sup> CDI decisions on pure premium rate filings after the enactment of SB 863 have reflected a 2.5% reduction in medical costs coming from the impact of IMR on medical treatment.

prior years,<sup>15</sup> and CWCI estimates of the post-SB 863 cost differentials related to MPN managed claims compared to non-network claims is generally consistent with estimates from prior years.

### Independent Bill Review (IBR)

The WCIRB did not include a prospective cost estimate for the new IBR process to handle bill payment disputes in its SB 863 evaluation inasmuch as, at the time, there were a number of outstanding issues related to the IBR process that needed to be resolved through regulation. Since implementation, IBR has been much less utilized than IMR, with less than 200 requests being filed each month according to the DWC. Early IBR results have shown that the majority of decisions favor the provider, but the award amounts have typically been small. While the direct cost impact of the IBR system appears to be small, some of the reduction in the number of liens filed may be a result of providers filing an IBR rather than pursuing a potentially more costly lien dispute.

### Conversion of the Physician Fee Schedule to a Resource-Based Relative Value Scale (RBRVS) Basis

The new physician fee schedule incorporating RBRVS became effective on January 1, 2014 with a four year phase-in. The WCIRB's prospective cost evaluation of the new physician fee schedule was included in its amended January 1, 2014 Pure Premium Rate Filing and estimated the total impact would increase medical costs by 3.6%.

The WCIRB's prospective evaluation of RBRVS estimated that the new fee schedule would increase the cost of physician services occurring in 2014 (the first year of the four-year phase-in) by 2.4%. Table 5 shows changes in total physician fees for services that occurred in 2014 by type of service based on WCIRB MDC data. For most types of services, costs are emerging at levels generally consistent with prospective estimates. However, total fees paid for special services and reports, which the WCIRB assumed would not significantly change under the new fee schedule, decreased by 37% in 2014. As a result, the total physician cost per fee schedule claim declined by 4.1% in 2014 rather than increase by 2.4% as initially projected.

Table 5: Impact of RBRVS on Physician Fees		
Category	Initial Projected Change <sup>16</sup>	Actual Change As of 4Q 2014
Anesthesia	-4.7%	-5.0%
Evaluation & Management	+15.8%	+14.4%
Medicine	-1.3%	-3.3%
Pathology & Laboratory	-41.0%	-17.2%
Radiology	-3.4%	-9.1%
Surgery	-4.8%	-3.9%
Special Services & Reports	0.0%	-36.9%
Total Physician Cost per Fee Schedule Claim	+2.4%	-4.1%

Table 6 shows the WCIRB's prospectively estimated change in total physician costs over the remaining years of the phase-in to RBRVS. Inasmuch as the 2014 decreases in special services and reports are assumed to be one-time in nature due to the initial transition to RBRVS in 2014 and fees for those services did not receive fee schedule adjustments as part of the remaining years of the phase-in, and initial costs for other physician categories are emerging generally consistent with prospective estimates, adjustments to the WCIRB's prospective estimates for the remaining years of the phase-in to RBRVS

<sup>15</sup> See Exhibit 5A of Item AC15-06-02.

<sup>16</sup> See the WCIRB's amended January 1, 2014 Pure Premium Rate Filing.

may not be warranted at this time. Staff plans to present its second comprehensive analysis of the RBRVS change—which will include data from early 2015 services—later this year.

<b>Table 6: Prospective Estimates of RBRVS by Service Year<sup>17</sup></b>	
Service Year	Initial Projected Change on Physician Costs
2015	+1.6%
2016	+2.2%
2017	+2.3%

### Other System Components

There are a number of other system components likely impacted by SB 863 for which data was not yet available at the time of the WCIRB's 2014 retrospective evaluation, including new fee schedules for copy services, interpreters, and home health services. In its SB 863 cost monitoring plan, the WCIRB noted that the potential cost impact of these new fee schedules will be evaluated at the time of their adoption.

The new copy service fee schedule adopted by the DWC became effective July 1, 2015. As discussed at the June 12, 2015 meeting, current copy services costs based on staff surveys of insurer calendar medical payments are estimated to be less than 1% of total paid medical losses. In addition, the flat fee reimbursement of \$180 for up to 500 pages adopted by the DWC represents the approximate midpoint between current average reimbursement fees for applicant and defense services as reported by the Berkeley Research Group. As a result, at the June 12, 2015 meeting, the Committee agreed that no adjustment to pure premium rates for the impact of the new fee schedule is appropriate at this time. Although no changes in the utilization of copy services have been projected at this time, staff will monitor copy service costs through its MDC data to assess the impact of the new fee schedule.

### Overall Impact on Claim Severities

The WCIRB's overall prospective estimate of the impacts of the SB 863 provisions described above on 2013 and 2014 indemnity, medical, ALAE, and unallocated loss adjustment expense (ULAE) severities is shown in Table 7. Table 7 also compares the estimated impact of SB 863 on 2013 and 2014 severities combined with the pre-SB 863 changes in average costs projected in the January 1, 2013 Pure Premium Rate Filing with the estimated ultimate severity change from 2012 to 2014 as of March 31, 2015. Indemnity severities are emerging somewhat lower than projected, while medical severities are emerging significantly lower than projected. However, post-SB 863 ALAE and ULAE severities are emerging at significantly higher-than-projected levels.

<b>Table 7: Projected Post-SB 863 Severity Changes from 2012 to 2014</b>				
Loss or LAE Component	SB 863 Projected Change	1/1/13 and 1/1/14 Filing Projected Growth	Combined Projected Change	Actual Change as of 3/31/15 <sup>18</sup>
Indemnity	+5.5%	+9.7%	<b>+15.7%</b>	<b>+9.3%</b>
Medical	-1.6%	+15.2%	<b>+13.3%</b>	<b>-6.2%</b>
ALAE	-13.5%	+14.5%	<b>-1.0%</b>	<b>+16.5%</b>
ULAE	-13.5%	+3.4%	<b>-10.5%</b>	<b>+1.2%</b>

<sup>17</sup> See the WCIRB's amended January 1, 2014 Pure Premium Rate Filing.

<sup>18</sup> Figures shown for ALAE and ULAE are for private insurers only. The ULAE changes are based on calendar year ULAE paid per open indemnity claim.

## Item AC15-03-07 Study of ULAE Reported to California

At the June 12, 2015 meeting, the Committee reviewed an approach intended to “gross-up” California unallocated loss adjustment expense (ULAE) data for deductible and third party administrator (TPA) costs that were not included in some insurers’ reported ULAE to address the potential under-reporting of gross ULAE costs for California. This approach was noted as the first step toward addressing the long-standing large differential between ULAE ratios reported by insurers writing business primarily in California (“California private insurers”) and those reported by insurers writing business in other states in addition to California (“national insurers”).

The approach discussed at the June 12, 2015 meeting involved expanding the WCIRB Expense Call to collect additional information to address ULAE costs related to deductible policies and TPAs which may not be fully reflected in ULAE amounts reported in the Insurance Expense Exhibit (IEE) on a countrywide basis. Specifically, the WCIRB Expense Call will request a) the amount of negative adjustments in reported IEE ULAE related to handling claims below a deductible amount or other service fees, b) information on how TPA costs are handled in reported IEE ULAE and the associated loss amounts corresponding to the portions of the business that are handled by TPAs where the TPA costs are not included in the IEE ULAE, and c) countrywide ULAE and loss information reported on the IEE or determined on a basis consistent with the IEE. WCIRB will adjust the IEE ULAE based on this information and apportion it to California.

Staff provided draft questions requesting the items discussed above to a number of insurer representatives for feedback. Based on the feedback received, the insurer representatives contacted did not have significant concerns with the questions and indicated that they should be able to provide the additional information beginning with the 2015 call. Exhibit 1 shows the Expense Call form and instructions proposed by staff for calendar year 2015 after incorporating the feedback received from the insurer representatives.

To summarize how the additional information requested on Exhibit 1 will be used by WCIRB staff to estimate an insurers’ California gross ULAE on a “pure premium ratemaking” basis, the numerator and/or the denominator of the countrywide ULAE to loss ratio (“ULAE ratio”) based on IEE information will be adjusted as necessary to produce a ratio in which the ULAE and losses are on a comparable basis. The resulting countrywide adjusted ULAE ratio will be applied to the countrywide gross-of-deductible losses to determine the countrywide “grossed up” ULAE amount. The countrywide “grossed up” ULAE amount will then be apportioned to California using California’s share of countrywide gross-of-deductible paid losses. The calculations to derive the California gross paid ULAE are shown below.<sup>1</sup> (California gross incurred ULAE would be derived in a similar fashion.)

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<sup>1</sup> As a convention, the value from Question x is denoted as Qx. Also, Q19b\$ denotes the loss amount from Question 19b or the loss amount that can be derived from the reported percentage in Question 19b. Q20\$ is similarly denoted.

$$\begin{aligned}
 \text{Adjusted Paid ULAE Ratio} &= \frac{[\text{IEE Paid ULAE}] + [\text{Amount of Negative ULAE Adjustment}]}{[\text{IEE Paid Losses}] - [\text{Missing Deduct. TPA Loss \$}] - [\text{Missing Non-Deduct. TPA Loss\$}]} \\
 &= \frac{[\text{Q17c}] + [\text{Q18a}]}{[\text{Q17f}] - [\text{Q19b\$}] - [\text{Q20b\$}]} \\
 \text{CW Gross Paid ULAE} &= [\text{Adjusted ULAE Ratio}] \times [\text{CW Gross Paid Losses}] \\
 &= [\text{Adjusted ULAE Ratio}] \times ([\text{Q17f}] + [\text{Q17g}]) \\
 \text{CA Gross Paid ULAE} &= [\text{CW Gross Paid ULAE}] \times [\text{CA Gross Paid Losses}] / [\text{CW Gross Paid Losses}] \\
 &= [\text{CW Gross Paid ULAE}] \times [\text{CA Gross Paid Losses}] / ([\text{Q17f}] + [\text{Q17g}])
 \end{aligned}$$

**Data Call for Direct California Workers' Compensation Experience  
Expense Information for Calendar Year 2015 (CA-EX-2015)**

**Due Date: April xx, 2016**

**I. Expense Exhibit**

**Calendar Year 2015**

**Amount      % of EP <sup>3</sup>      Actual Calif. (C) or  
Apportionment (A) <sup>4</sup>**

1.	Earned Premium <sup>1</sup>		
2.	Incurred Losses <sup>2</sup>		
3.	Incurred Allocated Loss Adjustment Expenses		
4.	Unallocated Loss Adjustment Expenses		
a.	Incurred		
b.	Paid		
5.	Commission and Brokerage Incurred		
6.	Taxes, Licenses and Fees Incurred		
7.	Other Acquisition Expenses		
a.	Allowances to managers and agents		
b.	Advertising		
c.	Boards, bureaus and associations		
d.	Surveys and underwriting reports		
e.	Audit of assureds' records		
f.	Salary and related items		
g.	Employee relations and welfare		
h.	Insurance		
i.	Directors' fees		
j.	Travel and travel items		
k.	Rent and rent items		
l.	Equipment		
m.	Cost or depreciation of EDP equipment and software		
n.	Printing and stationery		
o.	Postage, telephone and telegraph, exchange and express		
p.	Legal and auditing		
q.	Miscellaneous		
	Total Other Acquisition Expenses (sum of a. to q.)		

1. Must agree with Part b, Column (1) Total of Section III, Calendar Year Exhibit of CA-QT-4Q15.
2. Must agree with Column (6), Line (e) "YTD Change" in Section II, Accident Year Exhibit of CA-QT-4Q15.
3. % of Earned Premium
4. Actual California (C) or Apportionment (A)

Name \_\_\_\_\_ Title \_\_\_\_\_

Email \_\_\_\_\_ Date Filed \_\_\_\_\_

Telephone No. \_\_\_\_\_ Fax No. \_\_\_\_\_

Mailing Address: \_\_\_\_\_  
Group Code \_\_\_\_\_

Group Name \_\_\_\_\_

III-E-3

**Data Call for Direct California Workers' Compensation Experience  
Expense Information for Calendar Year 2015 (CA-EX-2015)**

**Due Date: April xx, 2016**

**I. Expense Exhibit (continued)**

**Calendar Year 2015**

	<b>Amount</b>	<b>% of EP <sup>3</sup></b>	<b>Actual Calif. (C) or Apportionment (A) <sup>4</sup></b>
8. General Expenses			
a. Allowances to managers and agents			
b. Advertising			
c. Boards, bureaus and associations			
d. Surveys and underwriting reports			
e. Audit of assureds' records			
f. Salary and related items			
g. Employee relations and welfare			
h. Insurance			
i. Directors' fees			
j. Travel and travel items			
k. Rent and rent items			
l. Equipment			
m. Cost or depreciation of EDP equipment and software			
n. Printing and stationery			
o. Postage, telephone and telegraph, exchange and express			
p. Legal and auditing			
q. Miscellaneous			
Total General Expenses (sum of a. to q.)			
9. Total All Expenses (sum of 3., 4a., and 5 to 8.)			
10. Please report the amount of civil or criminal fines, penalties or punitive damages pertaining to or arising from California workers' compensation. (These amounts are also to be included in items 2 to 8 as appropriate.)			
11. Please report the amount of additional fines and penalties pertaining to California workers' compensation. (These amounts are also to be included in items 2 to 8 as appropriate.)			
12. Please report the amount of applicant attorney expenses paid pertaining to or arising from California workers' compensation claims.			
13. Please report the amount of defense attorney expenses paid pertaining to or arising from California workers' compensation claims.			

**Data Call for Direct California Workers' Compensation Experience  
Expense Information for Calendar Year 2015 (CA-EX-2015)**

**Due Date: April xx, 2016**

**I. Expense Exhibit (continued)**

14. Does your company write workers' compensation large deductible policies in any state? \_\_\_\_\_

If yes, please explain how the premium and losses for these policies were adjusted to a full coverage basis in making apportionments of national workers' compensation expense data to California. Show reconciliation, if appropriate. If this cannot be done using the explanation field below, after submitting this Expense Call please email an attachment with the full reconciliation details and include your reporting group name and code, data call code, and version / revision # to: eSCAD@wcirb.com.

15. Does your company act as an assigned risk servicing carrier for workers' compensation in other states? \_\_\_\_\_

If yes, please explain how reimbursements for assigned risk servicing carrier expenses are accounted for; and if the expense reimbursements are netted against actual expense incurred, explain how national workers' compensation expenses were adjusted to a basis gross of reimbursements. Show reconciliation, if appropriate. If this cannot be done using the explanation field below, after submitting this Expense Call please email an attachment with the full reconciliation details and include your reporting group name and code, data call code, and version / revision # to: eSCAD@wcirb.com.

16. Please provide explanations for any negative amounts reported on this call for 2015 expenses.

**Data Call for Direct California Workers' Compensation Experience  
Expense Information for Calendar Year 2015 (CA-EX-2015)**

**Due Date: April xx, 2016**

**I. Expense Exhibit (continued)**

**17. Countrywide Amounts on an IEE Basis**

Please provide the following countrywide (direct business) information from Part III, line 16 of the Insurance Expense Exhibit (IEE) or on a basis that is comparable to IEE information for the calendar year for the insurers that are represented in this Expense Call. (Please use whole dollars.)

- a. IEE Incurred ULAE (Adjusting & Other Expenses Incurred or AOE on IEE) \$ \_\_\_\_\_
- b. IEE ULAE Reserves (Unpaid AOE on IEE) \$ \_\_\_\_\_
- c. Paid ULAE (see instructions) \$ \_\_\_\_\_
- d. IEE Incurred Losses \$ \_\_\_\_\_
- e. IEE Loss Reserves (Unpaid Losses on IEE) \$ \_\_\_\_\_
- f. Paid Losses (see instructions) \$ \_\_\_\_\_
- g. Countrywide Paid Loss Below Deductibles (i.e., paid losses up to a loss deductible amount which are not included in reported IEE paid loss amounts) \$ \_\_\_\_\_

**18. Claims-handling and Other Service Fee Adjustments in ULAE**

- a. Does your company record any negative ULAE amounts in the IEE for reimbursement of claims-handling provided to policyholders (such as for claims below a deductible amount) or other service fees which reduce the amount of ULAE reported on Part III, line 16 of the IEE? (Yes/No)
- b. If "Yes", please provide the total amount for which Paid ULAE is reduced on the IEE for all adjustments as described above: \$ \_\_\_\_\_

**19. Handling of Third-Party Administrator (TPA) Expenses in ULAE (Deductible Policies)**

- a. For business written on a deductible basis, does your company (or the policyholder) make use of TPAs to handle claims below the deductible, for which the associated claims-handling costs or fees of the TPA are not included in ULAE reported on Part III, line 16 of the IEE? (Yes/No/NA)
- b. If "Yes", please provide the countrywide amount of total calendar year paid losses or the approximate percentage of business from policies that are handled by TPA on this basis:  
 Loss Amount \$ \_\_\_\_\_  
 Percentage \_\_\_\_\_ %

**20. Handling of Third-Party Administrator (TPA) Expenses in ULAE (Non-Deductible Policies)**

- a. Does your company make use of TPAs to handle claims on non-deductible policies, for which the associated claims-handling costs or fees of the TPA are not included in ULAE reported on Part III, line 16 of the IEE? (Yes/No/NA)
- b. If "Yes", please provide the countrywide amount of total calendar year paid losses or the approximate percentage of business from policies that are handled by TPA on this basis:  
 Loss Amount \$ \_\_\_\_\_  
 Percentage \_\_\_\_\_ %

**Data Call for Direct California Workers' Compensation Experience  
Expense Information for Calendar Year 2015 (CA-EX-2015)**

**Due Date: April xx, 2016**

**II. Reconciliation Report Exhibit**

	<b>Direct Earned Premium</b>	<b>Direct Incurred Losses</b>
1. Amount from Section I, Expense Exhibit <sup>1</sup>		
2. Deductible credit or loss deductible amounts excluded from 1		
3. Net of Deductible Amount {1. minus 2.}		
4. Excess Insurance		
5. USL&H Insurance		
6. Private Residence Employees Insurance		
7. National Defense Projects Insurance		
8. Charge For Terrorism Coverage		
9. Retrospective Rating Plan Adjustments		
10. Voluntary Reserves		
11. TOTAL (sum of 3. to 10.)		
12. California Annual Statement Exhibit of Premiums and Losses <sup>2</sup>		
13. Difference (11. minus 12.)		
14. Grand Total Annual Statement Exhibit of Premiums and Losses <sup>2</sup>		

1. Line 1 for premium and line 2 for losses.  
2. Statutory Page 14, line 16, column 2 for earned premiums and column 6 for incurred losses.

**Data Call for Direct California Workers' Compensation Experience  
Expense Information for Calendar Year 2015 (CA-EX-2015)**

**Due Date: April xx, 2016**

**II. Reconciliation Report Exhibit (continued)**

In the table below, please list each company included in the group separately with the individual insurer Exhibit of Premiums and Losses (Statutory Page 14) – California data from the 2015 Annual Statement:

**2015 Annual Statement Exhibit of Premiums and Losses (Statutory Page 14) - California**

	1	2	3	4	5
Individual Insurers in Group	Direct Written Premium	Direct Earned Premium	Dividends Paid	Direct Incurred Losses	NAIC Code
1.					
<b>Total:</b>					

**Data Call for Direct California Workers' Compensation Experience**  
**Calendar Year 2015 (CA-EX-2015)** **Due Date: April xx, 2016**

**Companies included in the report**

<b>Code</b>	<b>Name</b>	<b>Status</b>

## Instructions

### Call for Direct California Workers' Compensation

#### **Annual Call for Direct California Workers' Compensation Expense Information for Calendar Year 20xx (CA-EX-20xx)**

The information reported must be in accordance with the following:

#### **Section I: Expense Exhibit (Pages 1 - 3 4):**

- (a) Include experience (premium, losses and expenses) from:
  - Deductible policies on a gross (first dollar) basis, **except for figures in Questions 17a to 17f which are on a net-of-deductible basis**
  - Standard workers' compensation policies
  - Employers liability increased limits
  - Minimum premiums
  - Salvage and subrogation
- (b) Exclude experience (premium, losses and expenses) from:
  - Ceded reinsurance
  - Reinsurance assumed
  - Excess insurance
  - USL&H insurance
  - Private residence employee insurance
  - National Defense Project insurance
- (c) Exclude the impact of the following items from all reported premiums:
  - Application of any deductible credits
  - Application of any retrospective rating plan adjustments
  - California Insurance Guarantee Association (CIGA) assessments
  - California Workers' Compensation Revolving Fund assessments
  - California Workers' Compensation fraud surcharges
  - Uninsured Employers Trust Fund Assessment
  - Subsequent Injuries Benefits Trust Fund Assessment
  - Occupational Safety & Health Fund assessments
  - Labor Enforcement & Compliance Fund assessments
  - Any charge for terrorism coverage pursuant to the Terrorism Risk Insurance Act of 2002 as amended by the Terrorism Risk Insurance Extension Act of 2005, or the Terrorism Risk Insurance Program Reauthorization Act of 2007.
- (d) Earned Premium (line 1 on Page 1, Section I "Expense Exhibit" of this Call) must be identical to the earned premium reported on Part b, Column (1) Total of Section III, Calendar Year Exhibit of the Call for Direct California Workers' Compensation Experience, Fourth Quarter of Calendar Year 20xx (CA-QT-4Qxx). (Please refer to the definition of "Final Premium" in Part 4, Section II of the *California Workers' Compensation Uniform Statistical Reporting Plan – 1995* (USRP), available on the WCIRB website at <http://www.wcirb.com/document/123>, for a more detailed definition of premium to be reported to the WCIRB.)
- (e) Earned but not billed or booked (EBUB) premium must be included in Earned Premium.
- (f) Incurred Losses (line 2 on Page 1, Section I "Expense Exhibit" of this Call) must be identical to the incurred losses reported on Column (6), Line (e), "YTD Change," in Section II, Accident Year Exhibit of CA-QT-4Qxx. The costs of medical cost containment programs (MCCP)

## Instructions

### Call for Direct California Workers' Compensation

#### Annual Call for Direct California Workers' Compensation Expense Information for Calendar Year 20xx (CA-EX-20xx)

incurred during calendar year xx on claims covered by policies incepting **prior to** July 1, 2010 only is to be included, except for those related to independent bill review (IBR) and independent medical review (IMR). i.e., IBR and IMR costs are **not** to be included on this line.

- (g) Premium and losses from large deductible rating programs should first be adjusted to a full coverage basis prior to making premium or loss apportionments of national workers' compensation expense data to California.
- (h) In making apportionments of various countrywide workers' compensation expenses to California, countrywide expense amounts should be gross of any reimbursements of assigned risk servicing insurer fees.
- (i) Allocated loss adjustment expenses incurred must be reported in accordance with the definition of "Allocated Loss Adjustment Expenses" in Part 4, Section II of the USRP, available on the WCIRB website at <http://www.wcirb.com/document/123>. For claims arising from policies incepting on or after July 1, 2010, the costs of all M CCP (including IBR and IMR) paid is included in incurred allocated loss adjustment expenses. For claims arising from policies incepting prior to July 1, 2010, only IBR and IMR (and no other M CCP) paid is included in incurred allocated loss adjustment expenses.
- (j) For companies writing workers' compensation only in California, unallocated loss adjustment expense incurred or paid **reported in Questions 4a and 4b** must be reported in accordance with the definition of "Unallocated Loss Adjustment Expenses" in Part 4, Section II of the USRP, available on the WCIRB website at <http://www.wcirb.com/document/123>.

For companies writing workers' compensation in other states as well as in California, the countrywide workers' compensation unallocated loss adjustment expense **incurred** determined as specified in the above paragraph may be apportioned to California based upon the ratio **of the sum** of California workers' compensation **Incurred Paid Losses (line 2 on page 1 of this Call) and Incurred Allocated Loss Adjustment Expense (line 3 on page 1 of this Call)** to the **sum of** countrywide workers' compensation **Paid Losses and allocated loss adjustment expense** determined in a manner consistent with those reported for California **in lines 2 and 3 on page 1 of this Call**.

- (k) Commission and brokerage expenses must be reported on a basis consistent with line 16, column 11, of the 20xx Annual Statement California Exhibit of Premiums and Losses (Statutory Page 14 Data), subject to the exceptions outlined in paragraphs (a) and (b) above.
- (l) Taxes, licenses and fee expenses must be reported on a basis consistent with line 16, column 12, of the 20xx Annual Statement California Exhibit of Premiums and Losses (Statutory Page 14 Data), subject to the exceptions outlined in paragraphs (a) and (b) above.
- (m) The individual expense components of other acquisition expenses and general expenses (operating expense classifications 3 to 18 and 24 in Part I of the 20xx Insurance Expense Exhibit, or IEE) must be reported on a basis consistent with the amounts reported in the IEE, subject to the exceptions outlined in paragraphs (a) and (b) above.

## Instructions

### Call for Direct California Workers' Compensation

#### **Annual Call for Direct California Workers' Compensation Expense Information for Calendar Year 20xx (CA-EX-20xx)**

If an individual expense component of other acquisition expense or general expense is directly available for California workers' compensation, it must be reported. Otherwise, the following procedure to apportion countrywide expenses to California workers' compensation must be followed:

- i. The countrywide workers' compensation other acquisition expenses incurred and general expenses incurred shown in line 16, column 27, and line 16, column 29, of Part III of the 20xx IEE, subject to the exceptions outlined in paragraphs (a) and (b) above, may be apportioned to California workers' compensation based on the ratio of California workers' compensation Earned Premium (line 1 on page 1 of this Call) to countrywide earned workers' compensation premium computed on the same basis (i.e., subject to the exceptions outlined in paragraphs (a) and (b) above).
- ii. The amount to be reported for a particular other acquisition expense component may be determined as the product of the total other acquisition expenses apportioned to California in the paragraph above and the ratio of the amount reported for the particular expense component in column 2 of Part I of the 20xx IEE to the sum of line 19, column 2, and line 24, column 2, of Part I of the 20xx IEE.

[For example, if \$1 million of countrywide workers' compensation other acquisition expenses were apportioned to California in accordance with the instruction in (i) above and the amount of countrywide advertising expenses assigned to other acquisition expenses (IEE Part I, line 4, column 2) was 10% of the total of all other acquisition expense components (sum of IEE, Part I, column 2, lines 19 and 24), \$100,000 would be reported in the Call for the advertising component of other acquisition expenses in this Call (line 7b on page 1 of this Call).]

- iii. The amount to be reported for a particular expense component of general expense may be determined as the product of the total general expenses apportioned to California as specified above and the ratio of the particular expense item in column 3 of Part I of the 20xx IEE to the sum of line 19, column 3, and line 24, column 3, of Part I of the 20xx IEE.

For each expense component, indicate whether the amount is an actual California expense or derived based on the apportionment method described above by marking the appropriate letter in the column labeled "Actual California (C) or Apportionment (A)".

- (n) Civil or criminal fines, penalties or punitive damages incurred must include all penalties, fines or punitive damages imposed by any court of law in civil or criminal actions pertaining to or arising from California workers' compensation business. (These amounts are also to be included in other Call items as appropriate.)
- (o) Additional penalties or fines incurred (other than civil or criminal fines, penalties or punitive damages) must include those imposed by the WCIRB, the Department of Insurance, the Department of Industrial Relations, or any state agency pertaining to or arising from California workers' compensation business. (These amounts are also to be included in other Call items as appropriate.) Automatic increases to late indemnity payments made pursuant to Labor Code Section 4650 must be included in this category.

## Instructions

### Call for Direct California Workers' Compensation

#### **Annual Call for Direct California Workers' Compensation Expense Information for Calendar Year 20xx (CA-EX-20xx)**

(p) Attorney expenses:

- i. Applicant attorney expenses - includes all amounts for applicant attorney and other legal fees specified in an award, including any applicant attorney fees resulting from vocational rehabilitation maintenance allowance or penalty awards and fees for depositions on behalf of the claimant.
- ii. Defense attorney expenses - amounts paid in connection with the defense of a controverted claim, including:
  1. Amounts paid for legal representation, whether in-house or outside counsel.
  2. Amounts paid for in-house or outside non-attorney hearing representatives.
  3. The cost of in-house legal department support staff and other legal department expenses related to the defense of controverted claims. (These expenses contemplate in-house legal department salary-related and overhead expenses that are similar to those contemplated in legal fees paid to outside defense attorneys and applicant attorneys.)

Expenses associated with claims which are later determined to be non-compensable must be included with the expenses of other compensable claims. The cost of outside copying services, investigation, special insurance units and normal claims department functions must be excluded. The expense associated with employers' liability claims must also be excluded.

- (q) For countrywide amounts in Question 17a, 17b and 17c, IEE Incurred ULAE must be reported on a basis consistent with line 16, column 11, of Part III of the 20xx IEE. IEE ULAE Reserves must be reported on a basis consistent with line 16, column 17, of Part III the 20xx IEE. The amount for Paid ULAE may be determined as the 20xx IEE Incurred ULAE amount minus the change in IEE ULAE Reserves from the prior year; column 11 of Part III of the 20xx IEE minus (column 17 of Part III of the 20xx IEE minus column 17 of Part III of the 20xx-1 IEE).
- (r) For countrywide amounts in Question 17d, 17e and 17f, IEE Incurred Losses must be reported on a basis consistent with line 16, column 7, of Part III of the 20xx IEE. IEE Loss Reserves must be reported on a basis consistent with line 16, column 13, of Part III the 20xx IEE. The amount for Paid Losses may be determined as the 20xx IEE Incurred Loss amount minus the change in IEE Loss Reserves from the prior year; column 7 of Part III of the 20xx IEE minus (column 13 of Part III of the 20xx IEE minus column 13 of Part III of the 20xx-1 IEE).
- (s) For countrywide paid loss below deductibles in Question 17g, it is the difference between the countrywide first-dollar (gross-of-deductible) paid loss amount and the countrywide net-of-deductible paid loss amount that is reported on the 20xx IEE.
- (t) For the countrywide amount of total calendar year paid losses in Questions 19b and 20b, the percentage of business may be determined based on countrywide direct paid losses on a first-dollar (gross-of-deductible) basis.

## Item AC15-06-01 3/31/2015 Experience – Review of Methodologies

At the June 12, 2015 meeting, the Committee reviewed a preliminary analysis of statewide experience through March 31, 2015. The attached Exhibits 1 through 8 contain an updated analysis of March 31, 2015 experience. In total, almost 100% of the market is included. Wage and loss levels are projected to January 1, 2017—the approximate midpoint of experience on policies incepting in 2016, and premiums were adjusted to the industry average filed pure premium rate level as of January 1, 2015.

The updated information differs from that presented at the June 12, 2015 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 2015 forecasts, and c) updates to several other on-level adjustments.

As shown on Exhibit 8, the projected policy year 2016 loss to the industry average filed pure premium ratio based on March 31, 2015 experience is 0.692. (The projected loss ratio reflected in the analysis presented at the June 12, 2015 meeting was 0.695.)

Additional supplemental information is included in Exhibits 9 through 12.

**California Workers' Compensation  
Accident Year Experience as of March 31, 2015**

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Indemnity</u>	<u>Indemnity Reserves</u>	<u>Paid Medical**</u>	<u>Medical Reserves</u>	<u>IBNR*</u>	<u>Total Incurred*</u>	<u>Loss Ratio*</u>
1985	2,873,984,238	1,276,144,346	5,467,500	978,864,862	30,057,933	18,489,804	2,309,024,445	0.803
1986	3,508,744,892	1,379,901,513	8,207,336	1,121,877,097	45,092,792	59,628,373	2,614,707,111	0.745
1987	4,376,140,468	1,500,980,598	7,901,225	1,317,076,247	55,152,828	30,057,100	2,911,167,998	0.665
1988	5,173,350,919	1,697,974,133	9,722,323	1,519,124,722	54,994,688	43,761,269	3,325,577,135	0.643
1989	5,676,458,564	1,932,862,827	10,037,336	1,770,809,988	79,730,412	48,549,618	3,841,990,181	0.677
1990	5,703,468,318	2,253,541,745	11,509,261	2,018,519,772	72,499,111	74,143,140	4,430,213,029	0.777
1991	5,868,920,074	2,470,151,653	22,841,568	2,167,890,729	89,611,002	67,404,267	4,817,899,219	0.821
1992	5,689,580,095	1,969,323,123	19,633,779	1,724,782,083	92,005,364	65,715,212	3,871,459,561	0.680
1993	5,941,431,679	1,686,505,171	20,219,041	1,471,068,336	121,029,432	54,072,448	3,352,894,428	0.564
1994	5,033,459,487	1,617,459,089	28,067,844	1,425,611,572	136,175,418	52,470,600	3,259,784,523	0.648
1995	3,792,952,534	1,749,221,607	41,404,246	1,555,221,351	171,567,972	66,074,172	3,583,489,348	0.945
1996	3,750,217,191	1,931,625,899	50,701,368	1,653,506,095	169,706,375	77,372,243	3,882,911,980	1.035
1997	3,931,957,502	2,292,307,688	64,660,161	1,947,324,352	220,518,714	130,817,381	4,655,628,296	1.184
1998	4,339,876,448	2,737,619,620	78,887,670	2,538,405,096	331,793,967	199,680,295	5,886,386,648	1.356
1999	4,561,189,532	3,019,408,184	89,807,430	2,901,653,777	341,838,635	312,721,485	6,665,429,511	1.461
2000	5,942,814,347	3,382,857,259	110,652,640	3,431,085,591	411,032,710	479,705,570	7,815,333,770	1.315
2001	10,142,392,671	4,731,832,719	191,312,527	5,088,601,214	679,177,501	760,733,792	11,451,657,753	1.129
2002	13,470,955,515	4,657,558,052	172,030,500	5,214,948,157	619,642,526	1,152,613,339	11,816,792,574	0.877
2003	19,540,169,991	4,383,342,246	258,118,474	4,752,794,528	638,875,509	1,491,560,524	11,524,691,281	0.590
2004	23,142,148,361	3,062,981,755	219,456,587	3,769,349,558	564,369,306	1,538,476,122	9,154,633,328	0.396
2005	21,427,657,848	2,378,817,914	201,725,078	3,338,555,232	543,469,732	1,252,391,480	7,714,959,436	0.360
2006	17,275,391,120	2,430,381,484	238,019,710	3,409,560,093	590,668,393	1,000,542,434	7,669,172,114	0.444
2007	13,321,227,094	2,506,480,425	288,360,892	3,589,815,287	660,364,040	1,075,000,709	8,120,021,353	0.610
2008	10,885,548,062	2,532,984,040	309,356,124	3,550,013,477	688,323,076	947,990,810	8,028,667,527	0.738
2009	9,039,801,056	2,327,174,348	357,621,155	3,281,322,981	720,856,346	865,423,969	7,552,398,799	0.835
2010	9,551,985,163	2,237,594,783	402,134,434	3,192,424,379	781,973,763	1,335,443,135	7,949,570,494	0.832
2011	10,321,419,083	2,009,552,734	520,518,822	2,630,278,435	944,713,806	1,580,428,490	7,685,492,287	0.745
2012	11,964,286,668	1,743,445,741	644,482,871	2,216,124,796	1,072,345,094	2,438,052,219	8,114,450,721	0.678
2013	14,379,701,731	1,248,684,553	826,077,408	1,614,571,567	1,308,738,751	4,058,361,263	9,056,433,542	0.630
2014	16,246,035,846	542,275,741	799,381,337	848,601,472	1,331,045,559	6,014,020,959	9,535,325,068	0.587
2015	4,043,354,454	15,559,360	95,473,478	27,034,220	215,193,061	1,880,571,130	2,233,831,249	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.

**Incurred 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
1990															1.001
1991														1.001	1.003
1992													1.001	1.002	1.001
1993												1.001	1.002	1.000	1.002
1994											1.002	1.001	1.002	0.999	0.999
1995										1.002	1.003	1.002	1.003	1.001	1.002
1996									1.003	1.002	1.002	1.002	1.000	0.999	1.002
1997								1.004	1.006	1.005	1.003	1.002	1.003	1.002	1.001
1998							1.005	1.008	1.004	1.002	1.002	1.004	1.004	1.000	1.003
1999						1.012	1.011	1.003	1.007	1.004	1.002	1.004	1.003	1.002	1.002
2000					1.018	1.014	1.009	1.007	1.005	1.004	1.004	1.003	1.002	1.003	
2001				1.027	1.021	1.018	1.014	1.007	1.008	1.007	1.005	1.005	1.003		
2002			1.051	1.032	1.027	1.019	1.010	1.011	1.009	1.006	1.005	1.002			
2003		1.125	1.068	1.047	1.030	1.018	1.020	1.016	1.012	1.008	1.008				
2004	1.283	1.140	1.063	1.042	1.037	1.026	1.025	1.015	1.015	1.007					
2005	1.400	1.168	1.085	1.063	1.049	1.039	1.022	1.016	1.010						
2006	1.519	1.188	1.100	1.072	1.051	1.031	1.020	1.013							
2007	1.562	1.216	1.104	1.066	1.045	1.030	1.022								
2008	1.618	1.245	1.116	1.063	1.043	1.025									
2009	1.670	1.233	1.124	1.067	1.043										
2010	1.665	1.250	1.112	1.064											
2011	1.657	1.225	1.111												
2012	1.662	1.218													
2013	1.604														
Selected (a)	1.604	1.218	1.111	1.064	1.043	1.025	1.022	1.013	1.012	1.007	1.006	1.003	1.003	1.002	1.002
Cumulative	2.674	1.667	1.369	1.232	1.158	1.110	1.083	1.060	1.046	1.033	1.026	1.020	1.017	1.014	1.012

(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)															
	<u>207/195</u>	<u>219/207</u>	<u>231/219</u>	<u>243/231</u>	<u>255/243</u>	<u>267/255</u>	<u>279/267</u>	<u>291/279</u>	<u>303/291</u>	<u>315/303</u>	<u>327/315</u>	<u>339/327</u>	<u>351/339</u>	<u>363/351</u>	<u>ULT/363Inc</u>	<u>(b)</u>
1980										1.000	1.001	0.997	1.000		1.002	
1981									1.003	1.000	1.001	1.002	0.999		1.001	
1982								1.000	1.001	1.001	1.001	1.000	1.002		1.001	
1983							1.002	1.000	1.001	1.000	1.000	1.001	1.001	1.001	1.001	
1984						1.000	1.001	1.000	1.000	1.001	1.001	1.000	1.001	1.001	1.001	
1985					1.000	1.001	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.001	
1986				1.001	0.999	1.000	1.000	1.001	1.000	1.002	1.002	1.001	1.000		1.001	
1987			1.002	1.000	0.999	1.000	1.000	1.000	1.002	1.001	1.000	1.000				
1988		1.001	1.001	1.000	1.001	1.000	1.002	1.002	1.001	1.000	1.000					
1989	1.002	1.001	1.000	1.000	1.001	1.001	1.001	1.000	1.000	1.000						
1990	1.001	1.000	1.001	1.000	1.000	1.001	1.000	1.000	1.000							
1991	1.000	1.001	1.001	1.000	1.000	1.000	1.001	1.000								
1992	1.000	1.000	1.001	1.001	1.000	1.001	1.000									
1993	0.999	1.000	1.001	1.001	1.001	1.001										
1994	1.001	1.001	1.002	1.001	1.001											
1995	1.001	1.002	0.999	0.999												
1996	1.001	1.002	1.001													
1997	1.001	1.000														
1998	1.002															
Selected (a)	1.001	1.001	1.001	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.001		
Cumulative	1.010	1.009	1.008	1.007	1.007	1.006	1.005	1.005	1.005	1.004	1.004	1.003	1.003	1.002	1.001(c)	

- (b) To adjust for non-repeating asbestosis claim patterns in older accident years, these factors are reflected at 20% of the reported ULT/363Inc factors. The original factors were 1.011, 1.006, 1.006, 1.007, 1.007, and 1.003, respectively.
- (c) Six-year average of the ULT/363Inc factors is selected.

**Incurred Medical Loss Development Factors**

Accident Year	27/15	39/27	51/39	63/51	75/63	87/75	99/87	Age-to-Age (in months) (b)										183/171	195/183
								123/111	135/123	147/135	159/147	171/159							
1990																		1.003	
1991																		1.005	1.011
1992																		1.004	1.012
1993																		1.019	1.013
1994																		1.008	1.021
1995																		1.016	1.005
1996																		1.013	1.012
1997																		1.010	1.005
1998																		1.010	1.007
1999																		1.014	1.003
2000																		1.012	
2001																		1.006	
2002																			
2003																			
2004																			
2005																			
2006																			
2007																			
2008																			
2009																			
2010																			
2011																			
2012																			
2013																			
Selected (a)	1.376	1.162	1.103	1.068	1.049	1.035	1.028	1.018	1.023	1.016	1.013	1.014	1.009	1.010				1.005	
Cumulative	2.563	1.862	1.603	1.453	1.361	1.297	1.253	1.219	1.198	1.171	1.153	1.137	1.122	1.112				1.101	

(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.

**Incurred Medical 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	ULT/363Inc (d)
1980															1.054
1981															1.044
1982															1.055
1983															1.034
1984															1.035
1985															1.017
1986															
1987															
1988															
1989															
1990															
1991															
1992															
1993															
1994															
1995															
1996															
1997															
1998															
Selected (a)	1.008	1.006	1.001	1.009	1.003	1.003	1.002	1.005	1.001	1.002	1.004	1.003	1.002	1.002	
Cumulative	1.095	1.086	1.080	1.078	1.069	1.065	1.063	1.060	1.056	1.055	1.052	1.048	1.044	1.042	1.040 (c)

(c) Six-year average of the UL T/363Inc factors is selected.

(d) UL T/363Inc factors have been adjusted for the effects of medical inflation.

**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
1990															1.002
1991													1.005	1.003	1.004
1992												1.005	1.004	1.004	1.003
1993												1.005	1.004	1.004	1.004
1994											1.009	1.008	1.006	1.005	1.003
1995										1.013	1.010	1.008	1.007	1.006	1.004
1996									1.018	1.013	1.011	1.009	1.007	1.004	1.005
1997								1.025	1.017	1.015	1.011	1.007	1.007	1.006	1.005
1998							1.033	1.025	1.018	1.016	1.009	1.009	1.008	1.007	1.006
1999						1.049	1.033	1.021	1.018	1.014	1.010	1.009	1.008	1.006	1.006
2000					1.078	1.045	1.030	1.022	1.015	1.012	1.010	1.009	1.008	1.006	1.006
2001				1.119	1.070	1.065	1.043	1.028	1.016	1.014	1.011	1.011	1.007	1.007	
2002			1.229	1.111	1.065	1.043	1.028	1.019	1.018	1.014	1.012	1.011	1.008		
2003		1.533	1.206	1.109	1.064	1.039	1.029	1.025	1.022	1.020	1.015				
2004	2.229	1.426	1.191	1.102	1.067	1.045	1.041	1.034	1.026	1.018					
2005	2.138	1.410	1.200	1.104	1.073	1.057	1.048	1.037	1.025						
2006	2.211	1.423	1.197	1.121	1.085	1.062	1.045	1.032							
2007	2.243	1.436	1.211	1.127	1.085	1.061	1.042								
2008	2.279	1.468	1.234	1.132	1.083	1.054									
2009	2.369	1.499	1.238	1.135	1.084										
2010	2.399	1.505	1.240	1.129											
2011	2.433	1.481	1.227												
2012	2.423	1.477													
2013	2.385														

Selected (a)

Cumulative Unadjusted for

Impact of SB 863

Cumulative Adjusted for

Impact of SB 863 (b)

Selected (a)	2.385	1.477	1.227	1.129	1.084	1.054	1.042	1.032	1.024	1.017	1.013	1.010	1.008	1.007	1.006
Cumulative Unadjusted for Impact of SB 863	6.747	2.829	1.915	1.561	1.383	1.276	1.210	1.161	1.125	1.099	1.080	1.066	1.056	1.048	1.041
Cumulative Adjusted for Impact of SB 863 (b)	7.315	2.874	1.906	1.553	--	--	--	--	--	--	--	--	--	--	--

- (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 15-to-ultimate factor for accident year 2014, the 27-to-ultimate factor for accident year 2013, the 39-to-ultimate factor for accident year 2012, and the 51-to-ultimate factor for accident year 2011 have been adjusted by 8.4%, 1.6%, -0.5%, and -0.5% 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	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	363Inc/363Pd	UL T/363Inc (c)
1980										1.001	1.002	1.000	1.001		1.007	1.002
1981								1.002	1.003	1.002	1.002	1.003	1.000		1.008	1.001
1982								1.001	1.001	1.001	1.002	1.001	1.001		1.006	1.001
1983							1.003	1.001	1.001	1.001	1.001	1.001	1.001		1.006	1.001
1984						1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.005	1.001
1985					1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.002	1.001	1.001	1.004	1.001
1986				1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001			
1987			1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.002	1.001	1.001	1.001			
1988		1.001	1.001	1.002	1.001	1.001	1.002	1.002	1.001	1.001	1.001	1.001				
1989	1.005	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001						
1990	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001							
1991	1.003	1.002	1.002	1.001	1.001	1.002	1.001	1.001								
1992	1.003	1.001	1.002	1.002	1.002	1.002	1.001									
1993	1.002	1.002	1.003	1.002	1.002	1.002										
1994	1.003	1.004	1.002	1.003	1.003											
1995	1.004	1.005	1.004	1.003												
1996	1.004	1.005	1.004													
1997	1.005	1.004														
1998	1.006															
Selected (a) Cumulative	1.005	1.005	1.003	1.003	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.005	1.001(d)
	1.035	1.030	1.025	1.022	1.019	1.017	1.015	1.014	1.013	1.012	1.011	1.010	1.008	1.007		

(c) To adjust for non-repeating asbestosis claim patterns in older accident years, these factors are reflected at 20% of the reported UL T/363Inc factors. The original factors were 1.011, 1.006, 1.006, 1.007, and 1.003, respectively.

(d) A six-year average of the UL T/363Inc and a three-year average of the 363Inc/363Pd factors are selected.

**Paid Medical Loss Development Factors**

Accident Year	Unadjusted (a)														
	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
1990															1.005
1991														1.006	1.009
1992													1.011	1.010	1.017
1993												1.014	1.013	1.013	1.012
1994											1.018	1.018	1.015	1.016	1.012
1995											1.020	1.023	1.019	1.018	1.017
1996										1.024	1.025	1.023	1.022	1.014	1.014
1997								1.034	1.028	1.026	1.025	1.020	1.019	1.014	1.014
1998							1.044	1.037	1.033	1.032	1.027	1.021	1.017	1.019	1.018
1999						1.053	1.042	1.031	1.035	1.030	1.025	1.020	1.016	1.018	1.018
2000					1.071	1.051	1.039	1.037	1.030	1.026	1.022	1.020	1.021	1.016	
2001				1.094	1.071	1.054	1.046	1.037	1.033	1.026	1.022	1.026	1.019		
2002				1.099	1.068	1.053	1.043	1.032	1.027	1.024	1.026	1.018			
2003		1.259	1.148	1.100	1.070	1.055	1.045	1.033	1.029	1.033	1.025				
2004	1.744	1.298	1.165	1.121	1.086	1.066	1.047	1.039	1.041	1.031					
2005	1.727	1.292	1.193	1.123	1.091	1.063	1.053	1.051	1.037						
2006	1.773	1.342	1.195	1.126	1.085	1.064	1.057	1.040							
2007	1.851	1.352	1.203	1.120	1.092	1.079	1.051								
2008	1.826	1.359	1.208	1.134	1.098	1.067									
2009	1.876	1.385	1.221	1.150	1.095										
2010	1.926	1.402	1.237	1.133											
2011	1.957	1.401	1.217												
2012	1.969	1.387													
2013	1.932														

Accident Year	Age-to-Age (in months)															
	Adjusted (b)		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
1997																1.014
1998															1.019	1.019
1999														1.016	1.019	1.019
2000													1.020	1.023	1.017	
2001												1.022	1.028	1.020		
2002											1.024	1.027	1.019			
2003										1.029	1.035	1.026				
2004								1.054	1.040	1.043	1.033					
2005								1.060	1.054	1.038						
2006							1.065	1.060	1.042							
2007							1.082	1.053								
2008							1.093									
2009				1.223		1.135	1.103									
2010				1.248		1.157	1.098									
2011			1.407	1.221		1.137										
2012	1.968		1.418													
2013	2.001		1.390													
	1.925															
Selected (c)	1.925	1.390	1.221	1.137	1.098	1.069	1.053	1.042	1.037	1.031	1.025	1.022	1.020	1.018	1.017	
Cumulative	6.834	3.550	2.554	2.092	1.840	1.675	1.567	1.488	1.428	1.378	1.337	1.304	1.276	1.251	1.229	

- (a) Paid medical loss development factors include the paid cost of medical cost containment programs.
- (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 4.9% cost savings due to applicable SB 863 provisions; (ii) adjustment to historical outstanding medical losses paid prior to January 1, 2014 by an estimated 0.9% increase in costs, and losses paid prior to January 1, 2015 by an estimated 0.6% increase in costs due to RBRVS.
- (c) Selections are latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors.

### Paid Medical Loss Development Factors (Continued)

[illegible]

(d) Six-year averages of the UL T/363Inc and 363Inc/363Pd factors are selected.

(e) UL T/363Inc factors have been adjusted for the effects of medical inflation.

Selected Indemnity Development Factors - Paid to Age 207, Incurred from Age 207 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
1990															207/195
1991														1.003	1.002
1992													1.005	1.004	1.003
1993												1.005	1.004	1.003	1.003
1994											1.009	1.008	1.006	1.004	1.002
1995										1.013	1.010	1.008	1.007	1.006	1.003
1996									1.018	1.013	1.011	1.009	1.007	1.004	1.004
1997								1.025	1.017	1.015	1.011	1.009	1.007	1.006	1.005
1998							1.033	1.025	1.018	1.016	1.009	1.007	1.007	1.006	1.005
1999						1.049	1.033	1.021	1.018	1.014	1.010	1.009	1.008	1.007	1.006
2000					1.078	1.046	1.030	1.022	1.015	1.012	1.010	1.009	1.007	1.006	1.006
2001				1.119	1.070	1.045	1.030	1.022	1.016	1.014	1.011	1.011	1.008	1.007	
2002			1.229	1.111	1.065	1.043	1.028	1.019	1.018	1.014	1.012	1.009			
2003			1.206	1.109	1.064	1.039	1.029	1.025	1.022	1.020	1.015				
2004		1.533	1.426	1.191	1.067	1.045	1.041	1.034	1.026	1.018					
2005	2.229	1.410	1.200	1.104	1.073	1.057	1.048	1.037	1.025						
2006	2.138	1.423	1.197	1.121	1.085	1.062	1.045	1.032							
2007	2.243	1.436	1.211	1.127	1.085	1.061	1.042								
2008	2.279	1.468	1.234	1.132	1.083	1.054									
2009	2.369	1.499	1.238	1.135	1.084										
2010	2.399	1.505	1.240	1.129											
2011	2.433	1.481	1.227												
2012	2.423	1.477													
2013	2.385														
Selected (a)	2.385	1.477	1.227	1.129	1.084	1.054	1.042	1.032	1.024	1.017	1.013	1.010	1.008	1.007	1.005
Cumulative Unadjusted for Impact of SB 863	6.819	2.859	1.936	1.578	1.397	1.289	1.223	1.174	1.137	1.110	1.091	1.078	1.067	1.059	1.046
Cumulative Adjusted for Impact of SB 863 (b)	7.392	2.905	1.926	1.570	---	---	---	---	---	---	---	---	---	---	---

- (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 207, where an incurred-to-paid ratio is chosen, and subsequently, incurred loss development factors are selected until ultimate.
- (b) The 15-to-ultimate factor for accident year 2014, the 27-to-ultimate factor for accident year 2013, the 39-to-ultimate factor for accident year 2012, and the 51-to-ultimate factor for accident year 2011 have been adjusted by 8.4%, 1.6%, -0.5%, and -0.5% 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 207Inc/207Pd factor is selected.



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**Selected Medical Development Factors - Paid to Age 207, Incurred from Age 207 to Ultimate (Continued)**

[illegible]

**Developed Indemnity Loss Ratios Using Selected Loss Development Factors  
Based on Experience as of March 31, 2015**

Accident Year	(1) Paid or Incurred Loss Ratio(a)	Development Factors			(5) Projected Ultimate Loss Ratio  (1) x (4)
		(2)  Annual(b)	Cumulative		
			(3) Unadjusted for Impact of SB 863(b)	(4) Adjusted for Impact of SB 863(b)	
1985	0.446	1.000	1.001	1.001	0.446
1986	0.396	1.001	1.002	1.002	0.396
1987	0.345	1.001	1.003	1.003	0.346
1988	0.330	1.001	1.003	1.003	0.331
1989	0.342	1.001	1.004	1.004	0.344
1990	0.397	1.000	1.004	1.004	0.399
1991	0.425	1.000	1.005	1.005	0.427
1992	0.350	1.000	1.005	1.005	0.351
1993	0.287	1.000	1.005	1.005	0.289
1994	0.327	1.001	1.006	1.006	0.329
1995	0.472	1.001	1.007	1.007	0.475
1996	0.529	1.000	1.007	1.007	0.532
1997	0.599	1.001	1.008	1.008	0.604
1998	0.649	1.001	1.009	1.009	0.655
1999	0.662	1.005	1.046	1.046	0.693
2000	0.569	1.006	1.052	1.052	0.599
2001	0.467	1.007	1.059	1.059	0.494
2002	0.346	1.008	1.067	1.067	0.369
2003	0.224	1.010	1.078	1.078	0.242
2004	0.132	1.013	1.091	1.091	0.144
2005	0.111	1.017	1.110	1.110	0.123
2006	0.141	1.024	1.137	1.137	0.160
2007	0.188	1.032	1.174	1.174	0.221
2008	0.233	1.042	1.223	1.223	0.285
2009	0.257	1.054	1.289	1.289	0.332
2010	0.234	1.084	1.397	1.397	0.327
2011	0.195	1.129	1.578	1.570	0.306
2012	0.146	1.227	1.936	1.926	0.281
2013	0.087	1.477	2.859	2.905	0.252
2014	0.033	2.385	6.819	7.392	0.247

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

[illegible]

**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	1.403
1986	0.0	0.0	1.6	1.6	1.381
1987	0.0	0.0	1.9	1.9	1.355
1988	0.0	0.0	1.5	1.5	1.335
1989	0.0	0.0	1.5	1.5	1.316
1990	2.3	19.9	1.7	24.7	1.055
1991	4.9	14.8	0.8	21.4	0.869
1992	1.8	-8.3	1.6	-5.2	0.916
1993	0.2	-18.1	0.4	-17.6	1.112
1994	-5.1	0.2	0.6	-4.3	1.162
1995	6.3	0.6	1.0	8.0	1.076
1996	5.3	0.4	1.2	7.0	1.006
1997	9.7	0.2	1.6	11.7	0.901
1998	6.5	0.0	1.8	8.4	0.831
1999	5.7	0.0	2.1	7.9	0.770
2000	3.9	0.0	3.1	7.1	0.719
2001	-0.3	0.0	0.2	-0.1	0.719
2002	-0.7	0.0	0.2	-0.5	0.738 (e)
2003	7.3	0.0	1.1	8.5	0.738 (e)
2004	-6.0	-13.7	1.7	-17.5	1.016 (e)
2005	-31.6	-15.3	1.1	-41.5	1.379
2006	5.6	-5.7	1.6	1.2	1.363
2007	1.6	0.0	1.6	3.2	1.320
2008	4.8	0.6	0.7	6.2	1.244
2009	0.4	1.4	0.2	2.0	1.219
2010	0.4	0.0	1.0	1.4	1.202
2011	0.0	0.0	1.6	1.6	1.189 (f)
2012	0.3	0.0	1.9	2.2	1.164 (f)
2013	-0.6	-0.3	0.4	-0.5	1.164
2014	7.0	1.5	1.4	10.1	1.057
2015	0.3	0.0	1.5	1.8	
2016	0.3	0.0	2.3	2.6	
1/1/2017	0.1 (Annual 0.2)	0.0	1.1 (Annual 2.3)	1.2	

- (a) Based on WCIRB evaluations of the average impact of legislative changes on the cost of indemnity benefits, including the impact of AB 338. These annual changes in benefits reflect the WCIRB's retrospective estimates of the cost impact of recent legislation, including AB 749, AB 227, SB 228, SB 899, and SB 863 as reflected in emerging post-reform costs. The annual cost impacts have been segregated between claim severity and claim frequency impacts. The negative frequency adjustments for accident years 2004 through 2006 reflect the estimated impact of the reforms of 2002 through 2004 on claim frequency. (See *2008 Legislative Cost Monitoring Report*, WCIRB, October 9, 2008.)
- (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 1/1/2017 level.
- (e) On-level factors for accident years 2002, 2003 and 2004 adjust the portion of permanent disability claims that are estimated to not be subject to the January 1, 2005 PDRS (95% for accident year 2002, 75% for accident year 2003 and 40% for accident year 2004) to the January 1, 2005 PDRS level, and adjust for the corresponding utilization impacts on all 2002, 2003 and 2004 indemnity claims.
- (f) On-level factors for accident years 2011 and 2012 adjust the portion of indemnity losses not impacted by the adjustments to outstanding indemnity claims for the impact of SB 863 (see Exhibit 2.5).

**Annual Medical Cost Level Change - Non-Legislative**

Accident Year	(1) Proportion of Medical Subject to Fee Schedule(a)	(2) Proportion of Medical Not Subject to Fee Schedule(a)	(3) Impact of Fee Schedule Change on Total Medical(b)	(4) Change in Medical CPI(c)	(5) Impact of CPI Change on Total Medical(d)	(6) Annual Non-Legislative Cost Impact on Total Medical(e)
1985	0.665	0.335	2.3%	6.5%	2.2%	4.5%
1986	0.604	0.396	0.0%	9.1%	3.0%	3.0%
1987	0.610	0.390	0.9%	7.4%	2.9%	3.8%
1988	0.649	0.351	0.8%	7.7%	3.0%	3.8%
1989	0.647	0.353	0.0%	8.6%	3.0%	3.0%
1990	0.661	0.339	0.0%	10.4%	3.7%	3.7%
1991	0.631	0.369	0.0%	10.6%	3.6%	3.6%
1992	0.628	0.372	0.0%	8.1%	3.0%	3.0%
1993	0.565	0.435	0.0%	7.3%	2.7%	2.7%
1994	0.691	0.309	-3.6%	4.3%	1.3% (i)	-2.3%
1995	0.681	0.319	0.0%	3.0%	0.9%	0.9%
1996	0.663	0.337	0.0%	3.0%	1.0%	1.0%
1997	0.643	0.357	0.0%	2.2%	0.7%	0.7%
1998	0.658	0.342	0.0%	2.2%	0.8%	0.8%
1999	0.728	0.272	1.6%	3.3%	0.9% (ii)	2.5%
2000	0.715	0.285	0.5%	4.3%	1.2%	1.7%
2001	0.722	0.278	1.5%	4.8%	1.4%	2.9%
2002	0.635	0.365	0.6%	5.1%	1.4%	2.0%
2003	0.786	0.214	0.0%	4.8%	1.4% (iii)	1.4%
2004	0.952	0.048	0.0%	5.0%	0.0% (iv),(v)	0.0%
2005	0.936	0.064	0.0%	4.8%	0.0% (v)	0.0%
2006	0.926	0.074	0.0%	4.1%	0.3%	0.3%
2007	0.923	0.077	1.4%	5.3%	0.4%	1.8%
2008	0.896	0.104	-0.1%	4.2%	0.3%	0.2%
2009	0.894	0.106	0.0%	3.6%	0.4%	0.4%
2010	0.895	0.105	0.0%	2.8%	0.3%	0.3%
2011	0.969	0.031	0.0%	3.2%	0.3%	0.3%
2012	0.969	0.031	0.0%	2.7%	0.1%	0.1%
2013	0.938	0.062	0.0%	2.6%	0.1%	0.1%
2014	0.929	0.071	1.1%	4.2%	0.3%	1.4%
2015	0.929	0.071	0.2%	2.7%	0.2%	0.4%
2016	0.929	0.071	0.2%	1.9%	0.1%	0.3%
1/1/2017	0.929	0.071	0.0% (Annual 0.1%)	1.0% (Annual 2.0%)	0.1%	0.1%

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

**Annual Medical Cost Level Change - Legislative**

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

- (a) These annual cost impacts reflect the WCIRB's retrospective estimates of the cost impact of recent legislation that includes AB 749, AB 227, SB 228, and SB 899 as reflected in emerging post-reform costs. (See *2008 Legislative Cost Monitoring Report*, WCIRB, October 9, 2008.) These factors do not include the estimated -4.9% impact of 1/1/2013 medical provisions in SB 863, which was reflected in loss development projections.
- (b) This reflects the annual percentage impact on medical costs due to changes in the frequency of indemnity claims as a result of benefit changes. The negative frequency adjustments for accident years 2004 through 2006 reflect the estimated impact of the reforms of 2002 through 2004 on claim frequency. (See *2008 Legislative Cost Monitoring Report*, WCIRB, October 9, 2008.)
- (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%	1.091
1986	3.0%	0.0%	3.0%	1.060
1987	3.8%	0.0%	3.8%	1.021
1988	3.8%	0.0%	3.8%	0.983
1989	3.0%	0.0%	3.0%	0.955
1990	3.7%	19.1%	23.5%	0.773
1991	3.6%	12.9%	16.9%	0.661
1992	3.0%	-7.9%	-5.2%	0.697
1993	2.7%	-18.7%	-16.5%	0.835
1994	-2.3%	-2.3%	-4.6%	0.875
1995	0.9%	0.5%	1.4%	0.863
1996	1.0%	0.4%	1.4%	0.851
1997	0.7%	0.2%	0.9%	0.843
1998	0.8%	12.6%	13.5%	0.743
1999	2.5%	12.6%	15.4%	0.644
2000	1.7%	7.0%	8.8%	0.592
2001	2.9%	6.6%	9.7%	0.539
2002	2.0%	-5.6%	-3.7%	0.560
2003	1.4%	-6.0%	-4.7%	0.588
2004	0.0%	-33.9%	-33.9%	0.888
2005	0.0%	-13.9%	-13.9%	1.032
2006	0.3%	-5.1%	-4.8%	1.084
2007	1.8%	0.1%	1.9%	1.064
2008	0.2%	0.5%	0.7%	1.056
2009	0.4%	1.0%	1.4%	1.042
2010	0.3%	0.0%	0.3%	1.039
2011	0.3%	0.0%	0.3%	1.035
2012	0.1%	0.0%	0.1%	1.034
2013	0.1%	-0.2%	-0.1%	1.035
2014	1.4%	1.3%	2.7%	1.019 (e)
2015	0.4%	0.0%	0.4%	
2016	0.3%	0.0%	0.3%	
1/1/2017	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 1/1/2017 level.

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

**Annual Wage Level Changes**

<u>Year</u>	<u>Annual Wage Level Change</u>	<u>Factor to a 1/1/2017 Wage Level</u>
1985	5.7	2.998
1986	4.7	2.864
1987	5.6	2.712
1988	4.4	2.598
1989	4.3	2.491
1990	5.0	2.372
1991	2.3	2.319
1992	4.7	2.215
1993	1.2	2.188
1994	1.8	2.150
1995	2.9	2.089
1996	3.4	2.020
1997	4.7	1.930
1998	5.2	1.834
1999	6.2	1.727
2000	9.0	1.585
2001	0.6	1.575
2002	0.6	1.566
2003	3.3	1.516
2004	4.8	1.446
2005	3.2	1.401
2006	4.7	1.338
2007	4.5	1.281
2008	2.1	1.255
2009	0.6	1.247
2010	3.0	1.211
2011	3.1	1.174
2012	3.6	1.133
2013	0.6	1.127
2014	2.7	1.097
Projected:		
2015	2.8	1.067
2016	4.4	1.022
1/1/2017	2.2 (Annual = 4.5)	

Source: California average annual wage level changes for 1984 to 2017 derived from information published by the UCLA Anderson School of Business as of March 2015.

Premium Adjustment Factors

	(1)	(2a)	(2b)	(2c)	(3)	(4)	(5)	(6)	(7)
Calendar Year	Factor to a 1/1/2017 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, 2015 (c)	Factor to Adjust Insurer Premium to an Industry Average Filed Pure Premium Rate Level as of January 1, 2015 (d)	Adjustment to Remove Surcharge Premium (e)	Average Experience Modification (f)	Off-Balance Correction in Advisory January 1, 2015 Pure Premium Rates	Factor to Adjust for Impact of Premium Resulting from Audits (g)	Composite Premium Adjustment Factor (h)
1985	2.998	---	---	1.081	0.991	0.984	1.030	---	3.169
1986	2.864	---	---	0.987	0.991	0.983	1.030	---	2.768
1987	2.712	---	---	0.868	0.992	0.983	1.030	---	2.307
1988	2.598	---	---	0.776	0.993	0.963	1.030	---	2.019
1989	2.491	---	---	0.764	0.993	0.945	1.030	---	1.942
1990	2.372	---	---	0.745	0.991	0.942	1.030	---	1.806
1991	2.319	---	---	0.690	0.987	0.939	1.030	---	1.633
1992	2.215	---	---	0.662	0.982	0.940	1.030	---	1.488
1993	2.188	---	---	0.654	0.981	0.949	1.030	---	1.436
1994	2.150	---	---	0.749	0.986	0.948	1.030	---	1.625
1995	2.089	---	---	1.013	0.995	0.958	1.030	---	2.135
1996	2.020	1.024	1.077	1.052	1.000	0.935	1.030	---	2.206
1997	1.930	0.989	1.074	1.086	1.000	0.949	1.030	---	2.144
1998	1.834	0.965	1.119	1.160	1.000	0.959	1.030	---	2.153
1999	1.727	0.971	1.131	1.165	1.000	0.954	1.030	---	2.047
2000	1.585	1.003	1.025	1.022	1.000	0.970	1.030	---	1.621
2001	1.575	1.030	0.903	0.877	1.000	0.969	1.030	---	1.384
2002	1.566	1.157	0.808	0.698	1.000	0.991	1.030	---	1.071
2003	1.516	1.266	0.662	0.523	1.000	1.005	1.030	---	0.766
2004	1.446	1.396	0.673	0.482	1.000	0.981	1.030	---	0.690
2005	1.401	1.470	0.810	0.551	1.000	0.982	1.030	---	0.763
2006	1.338	1.447	1.043	0.721	1.000	0.956	1.030	---	0.980
2007	1.281	1.493	1.421	0.952	1.000	0.931	1.030	0.985	1.252
2008	1.255	1.427	1.692	1.186	1.000	0.946	1.030	0.991	1.513
2009	1.247	1.366	1.667	1.220	1.000	0.937	1.030	1.034	1.630
2010	1.211	1.383	1.634	1.181	1.000	0.941	1.030	1.005	1.483
2011	1.174	1.403	1.633	1.164	1.000	0.982	1.030	---	1.351
2012	1.133	1.227	1.346	1.097	1.000	1.000	1.030	---	1.207
2013	1.127	1.140	1.084	0.951	1.000	0.983	1.030	---	1.058
2014	1.097	1.133	0.998	0.881	1.000	0.962	1.030	---	0.975

- (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, 2015 pure premium rate level and (2) an additional adjustment factor, which is the ratio of the average advisory January 1, 2015 pure premium rate (\$2.74) to the industry average filed pure premium rate as of January 1, 2015 (\$2.59).
- (d) (2b) ÷ (2a). This column adjusts premiums at the industry average charged rate level to the industry average filed pure premium rate level as of January 1, 2015.
- (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.

**2014 Accident Year Indemnity Claim Frequency Model**  
**As of PY 2012 1st Set & June 2015 UCLA**

AY	Annual %	Annual Log Differences						
	Changes Intra-	Intra-Class Indemnity Frequency			AY+1		Economic	CalOSHA
	Class Ind Freq	per \$M Exposure at PY 2015 Level			Indemnity	Cumulative	Variables	Dummy
	Total	Total	Cumulative	Non-cum.	Benefit Level	Injury Index	(1st Prin. Comp.)	Variable
1979	0.5%	0.005	-0.053	0.007	0.000	-0.060	0.134	0.000
1980	-6.5%	-0.068	-0.132	-0.066	0.033	-0.066	-0.079	0.000
1981	-3.5%	-0.036	-0.028	-0.036	0.000	0.008	-0.078	0.000
1982	-1.6%	-0.016	0.153	-0.022	0.352	0.175	-0.292	0.000
1983	6.2%	0.060	0.214	0.054	0.081	0.160	0.029	0.000
1984	9.5%	0.091	0.235	0.084	0.000	0.151	0.221	0.000
1985	2.0%	0.020	0.138	0.014	0.000	0.124	0.080	0.000
1986	-2.4%	-0.024	0.039	-0.028	0.000	0.067	0.078	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	-0.119	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%	-0.071	-0.017	-0.076	-0.007	0.059	-0.100	0.000
2002	-2.8%	-0.028	0.002	-0.031	0.060	0.033	-0.197	0.000
2003	-3.1%	-0.032	-0.008	-0.034	-0.065	0.026	-0.022	0.000
2004	-16.8%	-0.184	-0.211	-0.181	-0.398	-0.030	0.098	0.000
2005	-13.6%	-0.146	-0.298	-0.133	0.051	-0.165	0.143	0.000
2006	-5.7%	-0.058	-0.049	-0.059	0.016	0.009	0.090	0.000
2007	-1.6%	-0.016	0.021	-0.019	0.049	0.040	-0.095	0.000
2008	-2.6%	-0.027	0.039	-0.032	0.006	0.071	-0.320	0.000
2009	0.0%	0.000	0.165	-0.016	0.066	0.181	-0.414	0.000
2010	9.0%	0.086	0.139	0.080	0.012	0.059	-0.077	0.000
2011	1.1%	0.011	0.023	0.010	0.003	0.013	0.049	0.000
2012	4.5%	0.044	0.087	0.039	-0.008	0.048	0.125	0.000
2013*	1.0%	0.010	0.190	-0.017	0.071	0.207	0.156	0.000
2014	-0.3%	-0.003	-0.003	-0.003	0.003	0.000	0.156	0.000
2015	0.1%	0.001	0.001	0.001	0.003	0.000	0.197	0.000
2016	-0.1%	-0.001	-0.001	-0.001	0.003	0.000	0.175	0.000
2017	-1.4%	-0.014	-0.014	-0.014	0.003	0.000	0.052	0.000

**Y = Hazardousness-Adjusted Noncumulative Indemnity Claim Frequency**

Constant	-0.020
Std Err of Y Est	0.043
R Squared	0.568
No. of Observations	35
Degrees of Freedom	30

X Coefficient(s)	0.172	0.279	0.104	-0.142
Std Err of Coef.	0.078	0.066	0.049	0.082

**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 2014; June 2015 UCLA Anderson Forecasts for 2015 on.  
Regression is over AY 1979 through AY 2013. AY 2014 through AY 2017 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 2013 change is based on a comparison of 2013 accidents on 2012 policies to 2012 accidents on 2011 policies.

**Projection of Indemnity Severity Trends by Accident Year  
Based on Experience as of March 31, 2015**

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	9,968	---	1.695	16,900	---
1991	10,916	9.5%	1.603	17,503	3.6%
1992	10,998	0.7%	1.550	17,049	-2.6%
1993	11,971	8.8%	1.541	18,447	8.2%
1994	12,940	8.1%	1.614	20,887	13.2%
1995	14,527	12.3%	1.503	21,840	4.6%
1996	16,249	11.9%	1.411	22,924	5.0%
1997	19,356	19.1%	1.266	24,501	6.9%
1998	21,135	9.2%	1.168	24,675	0.7%
1999	23,288	10.2%	1.082	25,194	2.1%
2000	24,748	6.3%	1.010	24,994	-0.8%
2001	27,140	9.7%	1.011	27,437	9.8%
2002	26,276	-3.2%	1.038	27,272	-0.6%
2003	25,755	-2.0%	1.037	26,709	-2.1%
2004	20,986	-18.5%	1.232	25,857	-3.2%
2005	18,893	-10.0%	1.417	26,764	3.5%
2006	20,731	9.7%	1.320	27,372	2.3%
2007	22,479	8.4%	1.279	28,752	5.0%
2008	24,911	10.8%	1.212	30,192	5.0%
2009	25,908	4.0%	1.205	31,213	3.4%
2010	25,752	-0.6%	1.188	30,596	-2.0%
2011	25,394	-1.4%	1.175	29,845	-2.5%
2012	25,433	0.2%	1.150	29,246	-2.0%
2013	25,831	1.6%	1.147	29,617	1.3%
2014	27,805	7.6%	1.057	29,388	-0.8%

(6) Estimated Annual Exponential Trend Based on 2005 to 2013: 1.2%

(7) Estimated Annual Exponential Trend Based on 2008 to 2013: -0.9%

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, 2015**

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	9,019	---	1.174	10,584	---
1991	9,703	7.6%	1.152	11,174	5.6%
1992	9,815	1.2%	1.113	10,925	-2.2%
1993	10,938	11.4%	1.093	11,955	9.4%
1994	12,129	10.9%	1.149	13,937	16.6%
1995	13,920	14.8%	1.140	15,865	13.8%
1996	15,012	7.8%	1.128	16,940	6.8%
1997	18,053	20.3%	1.121	20,237	19.5%
1998	22,068	22.2%	0.988	21,811	7.8%
1999	25,153	14.0%	0.857	21,547	-1.2%
2000	28,621	13.8%	0.788	22,545	4.6%
2001	33,896	18.4%	0.719	24,359	8.0%
2002	34,600	2.1%	0.747	25,835	6.1%
2003	33,114	-4.3%	0.784	25,969	0.5%
2004	30,752	-7.1%	1.038	31,933	23.0%
2005	31,780	3.3%	1.040	33,045	3.5%
2006	35,283	11.0%	1.037	36,577	10.7%
2007	39,544	12.1%	1.019	40,299	10.2%
2008	43,445	9.9%	1.017	44,183	9.6%
2009	46,279	6.5%	1.016	47,015	6.4%
2010	47,313	2.2%	1.017	48,097	2.3%
2011	43,377 (c)	---	1.018	44,164 (c)	---
2012	42,241	-2.6%	1.023	43,204	-2.2%
2013	40,505	-4.1%	1.025	41,498	-3.9%
2014	39,620	-2.2%	1.020	40,401	-2.6%

Selected Medical Severity Trend: 2.5%

(a) Estimated ultimate severities for all accident years are derived by dividing ultimate medical losses on indemnity claims by ultimate indemnity claim counts. The estimated ultimate medical severities were derived from the projected ultimate loss ratios shown in Exhibit 3.2, column (6).

(b) These adjustment factors are based on Exhibit 4.4, excluding the impact of frequency, and including the impact of SB 863 provisions applicable to outstanding medical losses.

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

Source: WCIRB experience calls.

**Projection of Medical Severity Trends by Accident Year  
Adjusted to Remove the Cost of Medical Cost Containment Programs (MCCP)  
Based on Experience as of March 31, 2015**

(1) Accident Year	No Adjustment for MCCP			MCCP Removed Based on WCIRB Aggregate Calendar Year Data Calls (b)				
	(2) Estimated Ultimate Severity (a)	(3) Annual % Change	(4) Ultimate On-Level Severity (c)	(5) Annual % Change	(6) Estimated Ultimate Severity (a)	(7) Annual % Change	(8) Ultimate On-Level Severity (c)	(9) Annual % Change
	Severity (a)	% Change	Severity (c)	% Change	Severity (a)	% Change	Severity (c)	% Change
2005	31,780	---	33,045	---	29,908	---	31,099	---
2006	35,283	11.0%	36,576	10.7%	32,855	9.9%	34,060	9.5%
2007	39,544	12.1%	40,298	10.2%	36,667	11.6%	37,366	9.7%
2008	43,445	9.9%	44,183	9.6%	39,380	7.4%	40,049	7.2%
2009	46,279	6.5%	47,016	6.4%	42,133	7.0%	42,803	6.9%
2010	47,313	2.2%	48,097	2.3%	43,030	2.1%	43,743	2.2%
2011	47,871	1.2%	48,739	1.3%	43,377	0.8%	44,164	1.0%
2012	46,758	-2.3%	47,824	-1.9%	42,241	-2.6%	43,204	-2.2%
2013	45,187	-3.4%	46,296	-3.2%	40,505	-4.1%	41,498	-3.9%
2014	44,139	-2.3%	45,009	-2.8%	39,620	-2.2%	40,401	-2.6%

Estimated Annual Exponential  
Trend Based on 2005 to 2013: 4.5%  
Trend Based on 2008 to 2013: 0.9%

Selected Medical Severity Trend: 2.5%

- (a) Estimated ultimate severities for all accident years were derived by dividing ultimate medical losses on indemnity claims by ultimate indemnity claim counts.
- (b) 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, 2015**

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	0.446	1.403	3.169	0.198
1986	0.396	1.381	2.768	0.198
1987	0.346	1.355	2.307	0.203
1988	0.331	1.335	2.019	0.219
1989	0.344	1.316	1.942	0.233
1990	0.399	1.055	1.806	0.233
1991	0.427	0.869	1.633	0.227
1992	0.351	0.916	1.488	0.216
1993	0.289	1.112	1.436	0.224
1994	0.329	1.162	1.625	0.235
1995	0.475	1.076	2.135	0.240
1996	0.532	1.006	2.206	0.243
1997	0.604	0.901	2.144	0.254
1998	0.655	0.831	2.153	0.253
1999	0.693	0.770	2.047	0.260
2000	0.599	0.719	1.621	0.266
2001	0.494	0.719	1.384	0.257
2002	0.369	0.738	1.071	0.254
2003	0.242	0.738	0.766	0.233
2004	0.144	1.016	0.690	0.213
2005	0.123	1.379	0.763	0.223
2006	0.160	1.363	0.980	0.223
2007	0.221	1.320	1.252	0.233
2008	0.285	1.244	1.513	0.234
2009	0.332	1.219	1.630	0.248
2010	0.327	1.202	1.483	0.265
2011	0.306	1.189	1.351	0.269
2012	0.281	1.164	1.207	0.271
2013	0.252	1.164	1.058	0.277
2014	0.247	1.057	0.975	0.267
				Projections (d)
2015				0.272
2016				0.272
1/1/2017				0.270

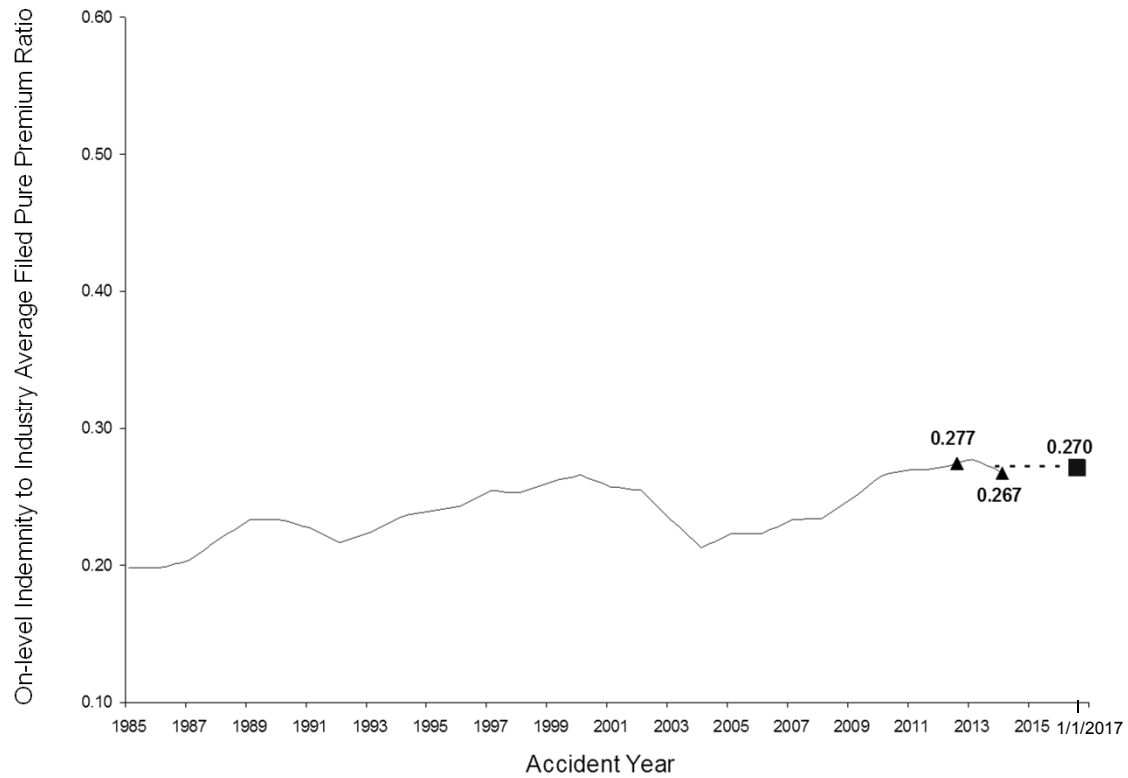
(a) See Exhibit 3.1.

(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 2014 from Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 on-level ratios.

**On-Level Indemnity Loss to Industry Average Filed Pure Premium Ratios  
Using March 31, 2015 Valuations**



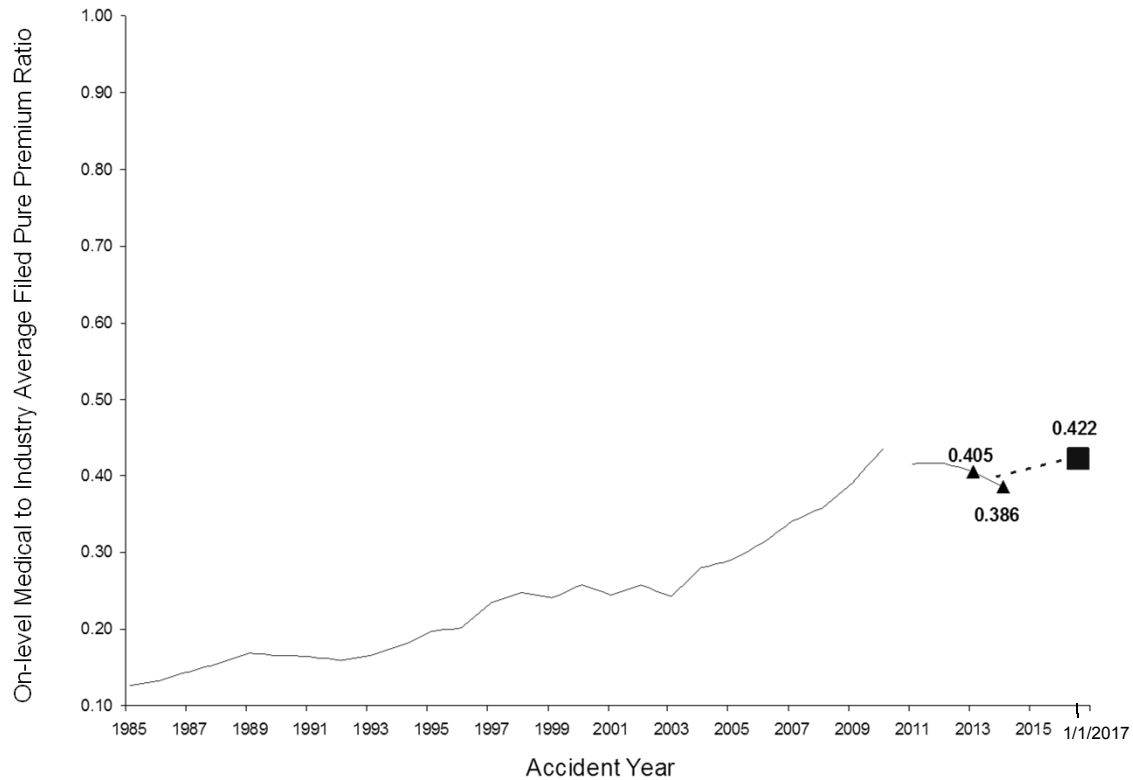
- ▲— On-level indemnity to industry average filed pure premium ratios (see Exhibit 7.1).
- - - The 1/1/2017 indemnity to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2013 and 2014 years.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Based on Experience as of March 31, 2015**

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 (1)×(2)÷(3)
1985	0.365	1.091	3.169	0.126
1986	0.347	1.060	2.768	0.133
1987	0.327	1.021	2.307	0.145
1988	0.319	0.983	2.019	0.155
1989	0.343	0.955	1.942	0.169
1990	0.387	0.773	1.806	0.166
1991	0.406	0.661	1.633	0.164
1992	0.339	0.697	1.488	0.159
1993	0.285	0.835	1.436	0.166
1994	0.331	0.875	1.625	0.178
1995	0.487	0.863	2.135	0.197
1996	0.524	0.851	2.206	0.202
1997	0.595	0.843	2.144	0.234
1998	0.719	0.743	2.153	0.248
1999	0.765	0.644	2.047	0.241
2000	0.706	0.592	1.621	0.258
2001	0.625	0.539	1.384	0.244
2002	0.492	0.560	1.071	0.257
2003	0.316	0.588	0.766	0.243
2004	0.217	0.888	0.690	0.280
2005	0.214	1.032	0.763	0.290
2006	0.282	1.084	0.980	0.311
2007	0.401	1.064	1.252	0.341
2008	0.512	1.056	1.513	0.357
2009	0.611	1.042	1.630	0.390
2010	0.621	1.039	1.483	0.435
2011	0.542	1.035	1.351	0.415
2012	0.487	1.034	1.207	0.417
2013	0.414	1.035	1.058	0.405
2014	0.369	1.019	0.975	0.386
				Projections (d)
2015				0.410
2016				0.420
1/1/2017				0.422

- (a) See Exhibit 3.2. Medical loss ratios for accident years 2011 and subsequent do not reflect the cost of medical cost containment programs (MCCP). Ratios for accident years 2010 and prior do reflect MCCP costs.
- (b) See Exhibit 4.4.
- (c) See Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from Exhibit 6.4, the actual frequency trend for accident year 2014 from Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 on-level ratios.

**On-Level Medical Loss to Industry Average Filed Pure Premium Ratios  
Using March 31, 2015 Valuations**



- ▲— On-level medical to industry average filed pure premium ratios (see Exhibit 7.3).
- The 1/1/2017 medical to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2013 and 2014 years.

**Indicated Loss to Industry Average Filed Pure Premium Ratios  
For Policies with Effective Dates between January 1, 2016 and December 31, 2016  
Based on Experience as of March 31, 2015**

	<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)	0.270	0.422	0.692

Quarterly Incurred Indemnity Loss Development Factors  
Through March 31, 2015

Age in Months	Accident Year																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
6/3										2.417	2.724	2.785	3.031	3.116	3.052	3.238	3.344	3.303
9/6										1.656	1.776	1.820	1.848	1.904	2.001	1.966	1.940	1.960
12/9										1.448	1.511	1.510	1.530	1.564	1.632	1.587	1.585	1.570
15/12	1.199	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
18/15	1.165	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	
21/18	1.141	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	
24/21	1.095	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	
27/24	1.070	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	
30/27	1.048	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	1.067		
33/30	1.048	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		
36/33	1.043	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		
39/36	1.029	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		
42/39	1.033	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			
45/42	1.022	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			
48/45	1.021	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			
51/48	1.018	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	1.019			
54/51	1.017	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				
57/54	1.019	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				
60/57	1.016	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				
63/60	1.012	1.012	1.012	1.007	1.007	1.008	1.008	1.010	1.014	1.013	1.015	1.011	1.014	1.016				
66/63	1.012	1.014	1.009	1.005	1.006	1.011	1.008	1.010	1.013	1.016	1.014	1.015	1.013					
69/66	1.011	1.010	1.007	1.003	1.005	1.008	1.007	1.011	1.012	1.011	1.010	1.009	1.012					
72/69	1.008	1.009	1.006	1.005	1.005	1.005	1.009	1.009	1.013	1.011	1.009	1.009	1.009					
75/72	1.006	1.006	1.004	1.004	1.005	1.003	1.005	1.007	1.010	1.011	1.010	1.010	1.008					
78/75	1.007	1.007	1.004	1.003	1.007	1.005	1.006	1.006	1.012	1.009	1.010	1.006						
81/78	1.006	1.005	1.002	1.003	1.004	1.004	1.005	1.006	1.010	1.009	1.007	1.007						
84/81	1.007	1.003	1.003	1.005	1.003	1.006	1.006	1.007	1.008	1.005	1.009	1.006						
87/84	1.005	1.003	1.003	1.002	1.003	1.004	1.002	1.007	1.010	1.007	1.004	1.005						
90/87	1.004	1.001	1.003	1.003	1.003	1.003	1.004	1.008	1.008	1.008	1.008							
93/90	1.003	1.001	1.002	1.004	1.003	1.002	1.005	1.006	1.008	1.006	1.007							
96/93	1.001	1.002	1.003	1.001	1.004	1.002	1.006	1.006	1.003	1.002	1.003							

Source: WCIRB accident year experience calls

Quarterly Incurred Medical Loss Development Factors \*  
Through March 31, 2015

Age in Months	Accident Year																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
6/3										2.584	2.662	2.782	2.892	2.992	2.757	2.889	2.875	2.956
9/6										1.650	1.744	1.717	1.807	1.800	1.827	1.846	1.832	1.853
12/9										1.453	1.443	1.466	1.454	1.488	1.521	1.493	1.511	1.491
15/12	1.120	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	1.227	1.221	1.215	1.208
18/15	1.071	1.093	1.116	1.123	1.144	1.151	1.126	1.086	1.087	1.103	1.106	1.126	1.135	1.129	1.141	1.142	1.124	
21/18	1.074	1.078	1.086	1.101	1.122	1.116	1.093	1.055	1.061	1.073	1.081	1.090	1.097	1.101	1.103	1.090	1.092	
24/21	1.049	1.074	1.072	1.080	1.083	1.082	1.060	1.040	1.052	1.070	1.074	1.067	1.074	1.080	1.080	1.070	1.068	
27/24	1.033	1.044	1.061	1.070	1.080	1.075	1.042	1.034	1.048	1.055	1.058	1.053	1.071	1.066	1.072	1.060	1.052	
30/27	1.029	1.044	1.052	1.058	1.070	1.051	1.038	1.039	1.049	1.046	1.054	1.057	1.048	1.063	1.052	1.049		
33/30	1.019	1.035	1.047	1.051	1.059	1.035	1.018	1.032	1.030	1.041	1.045	1.045	1.051	1.055	1.045	1.047		
36/33	1.032	1.037	1.042	1.035	1.040	1.029	1.016	1.024	1.034	1.042	1.033	1.042	1.040	1.042	1.037	1.030		
39/36	1.019	1.029	1.032	1.034	1.037	1.018	1.012	1.028	1.025	1.027	1.029	1.033	1.031	1.040	1.039	1.029		
42/39	1.025	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			
45/42	1.017	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			
48/45	1.022	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			
51/48	1.018	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			
54/51	1.016	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				
57/54	1.016	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				
60/57	1.018	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				
63/60	1.022	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				
66/63	1.018	1.023	1.016	1.010	1.012	1.015	1.013	1.015	1.022	1.019	1.018	1.017	1.015					
69/66	1.019	1.025	1.013	1.006	1.008	1.016	1.018	1.015	1.023	1.017	1.017	1.015	1.014					
72/69	1.014	1.020	1.009	1.007	1.009	1.015	1.010	1.014	1.015	1.013	1.014	1.012	1.011					
75/72	1.014	1.015	1.008	1.006	1.008	1.010	1.009	1.012	1.012	1.011	1.018	1.013	1.008					
78/75	1.022	1.012	1.012	1.008	1.012	1.010	1.011	1.018	1.013	1.012	1.012	1.010						
81/78	1.011	1.006	1.006	1.006	1.009	1.010	1.014	1.018	1.017	1.016	1.009	1.009						
84/81	1.014	1.008	1.006	1.009	1.014	1.009	1.007	1.012	1.011	1.008	1.010	1.008						
87/84	1.018	1.005	1.008	1.008	1.010	1.009	1.010	1.012	1.014	1.012	1.008	1.007						
90/87	1.010	1.002	1.005	1.008	1.008	1.009	1.012	1.009	1.009	1.013	1.008							
93/90	1.009	1.006	1.007	1.015	1.009	1.011	1.010	1.011	1.012	1.009	1.009							
96/93	1.011	1.007	1.007	1.010	1.012	1.008	1.010	1.011	1.010	1.005	1.006							

Source: WCIRB accident year experience calls

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

Quarterly Paid Indemnity Loss Development Factors  
Through March 31, 2015

Age in Months	Accident Year																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
6/3										4.376	4.495	4.553	4.807	4.911	4.722	4.854	5.099	5.078
9/6										2.259	2.375	2.377	2.398	2.452	2.432	2.484	2.462	2.462
12/9										1.812	1.834	1.810	1.825	1.861	1.869	1.877	1.866	1.879
15/12	1.503	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	1.539
18/15	1.390	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	
21/18	1.309	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	
24/21	1.275	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	
27/24	1.186	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	
30/27	1.141	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		
33/30	1.124	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		
36/33	1.088	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		
39/36	1.073	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		
42/39	1.063	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			
45/42	1.048	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			
48/45	1.046	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			
51/48	1.035	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			
54/51	1.033	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				
57/54	1.032	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				
60/57	1.026	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				
63/60	1.022	1.023	1.026	1.024	1.021	1.022	1.019	1.019	1.021	1.023	1.025	1.025	1.025	1.024	1.026			
66/63	1.021	1.023	1.023	1.023	1.021	1.019	1.019	1.019	1.020	1.025	1.025	1.025	1.025					
69/66	1.018	1.019	1.021	1.020	1.017	1.016	1.017	1.016	1.021	1.020	1.020	1.020	1.022					
72/69	1.017	1.018	1.016	1.018	1.016	1.016	1.015	1.017	1.015	1.020	1.019	1.019	1.019					
75/72	1.013	1.015	1.016	1.015	1.014	1.012	1.012	1.013	1.015	1.019	1.018	1.016	1.016					
78/75	1.014	1.014	1.014	1.012	1.013	1.012	1.011	1.012	1.015	1.017	1.016	1.015						
81/78	1.011	1.013	1.013	1.011	1.012	1.011	1.010	1.012	1.015	1.015	1.016	1.015						
84/81	1.013	1.011	1.011	1.013	1.010	1.010	1.009	1.011	1.013	1.015	1.014	1.013						
87/84	1.011	1.012	1.010	1.008	1.010	1.009	1.008	1.009	1.012	1.014	1.013	1.010						
90/87	1.009	1.008	1.009	1.010	1.009	1.008	1.008	1.011	1.012	1.013	1.012							
93/90	1.008	1.009	1.009	1.008	1.008	1.007	1.008	1.012	1.011	1.011	1.012							
96/93	1.006	1.008	1.009	1.006	1.007	1.007	1.007	1.008	1.011	1.011	1.008							

Source: WCIRB accident year experience calls

Quarterly Paid Medical Loss Development Factors \*  
Through March 31, 2015

Age in Months	Accident Year																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
6/3										5.308	5.615	6.579	6.101	6.048	5.854	5.942	6.201	5.646
9/6										2.348	2.381	2.348	2.375	2.361	2.327	2.395	2.489	2.424
12/9										1.716	1.765	1.731	1.723	1.756	1.746	1.763	1.748	1.752
15/12	1.434	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	1.471	1.449	1.441	1.459
18/15	1.232	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	
21/18	1.155	1.164	1.168	1.192	1.219	1.211	1.179	1.153	1.151	1.163	1.173	1.170	1.178	1.182	1.187	1.189	1.192	
24/21	1.128	1.132	1.124	1.149	1.159	1.154	1.125	1.115	1.118	1.127	1.133	1.132	1.137	1.144	1.153	1.151	1.147	
27/24	1.086	1.096	1.108	1.121	1.128	1.123	1.093	1.090	1.093	1.106	1.107	1.110	1.112	1.119	1.120	1.120	1.120	
30/27	1.070	1.077	1.088	1.101	1.108	1.103	1.077	1.084	1.087	1.097	1.100	1.100	1.106	1.107	1.111	1.106		
33/30	1.059	1.065	1.072	1.086	1.089	1.077	1.063	1.071	1.065	1.081	1.083	1.086	1.092	1.094	1.093	1.091		
36/33	1.048	1.055	1.066	1.069	1.076	1.061	1.055	1.062	1.062	1.071	1.072	1.072	1.077	1.083	1.082	1.076		
39/36	1.046	1.051	1.059	1.060	1.061	1.049	1.044	1.053	1.056	1.057	1.059	1.061	1.066	1.071	1.066	1.068		
42/39	1.038	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			
45/42	1.035	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			
48/45	1.031	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			
51/48	1.027	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			
54/51	1.026	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				
57/54	1.025	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				
60/57	1.023	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				
63/60	1.021	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				
66/63	1.021	1.026	1.021	1.020	1.020	1.018	1.021	1.023	1.024	1.026	1.026	1.029	1.029					
69/66	1.019	1.021	1.022	1.019	1.018	1.016	1.019	1.021	1.023	1.023	1.021	1.024	1.024					
72/69	1.017	1.022	1.018	1.016	1.017	1.018	1.016	1.021	1.021	1.022	1.022	1.023	1.021					
75/72	1.016	1.017	1.016	1.014	1.015	1.015	1.014	1.018	1.020	1.019	1.019	1.018	1.018					
78/75	1.017	1.018	1.015	1.014	1.015	1.016	1.015	1.016	1.018	1.017	1.022	1.019						
81/78	1.015	1.015	1.014	1.013	1.014	1.013	1.014	1.018	1.018	1.015	1.019	1.018						
84/81	1.015	1.013	1.012	1.013	1.012	1.012	1.013	1.016	1.016	1.015	1.018	1.015						
87/84	1.014	1.013	1.011	1.010	1.012	1.012	1.012	1.014	1.013	1.015	1.017	1.013						
90/87	1.018	1.013	1.012	1.011	1.013	1.012	1.013	1.015	1.013	1.015	1.013							
93/90	1.011	1.011	1.010	1.011	1.012	1.011	1.013	1.013	1.012	1.014	1.014							
96/93	1.010	1.010	1.010	1.008	1.010	1.010	1.009	1.013	1.015	1.016	1.011							

Source: WCIRB accident year experience calls

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

Reported Indemnity Claim Count Development

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	183-195	195-207
1991																1.000
1992															1.001	1.000
1993														1.000	1.000	1.000
1994													1.000	1.000	1.000	1.000
1995												1.000	1.000	1.001	1.001	1.000
1996											1.001	1.001	1.000	1.000	1.000	1.000
1997										1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998									1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999								1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
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			
2002					1.000	1.000	0.999	0.999	0.999	1.000	1.000	1.000				
2003				1.000	0.998	0.999	0.999	0.999	0.999	1.000	1.000					
2004			1.000	0.999	0.999	0.999	0.998	1.000	0.999	1.000						
2005		1.004	1.001	1.001	1.000	1.000	1.000	1.000	1.000							
2006	1.026	1.008	1.004	1.001	1.000	1.000	1.000	1.001								
2007	1.037	1.012	1.005	1.003	1.002	1.000										
2008	1.060	1.017	1.009	1.004	1.003	1.002										
2009	1.082	1.023	1.009	1.005	1.003											
2010	1.090	1.022	1.010	1.006												
2011	1.101	1.026	1.011													
2012	1.118	1.026														
2013	1.101															
<hr/>																
<u>Age-to-Age</u>																
	1.101	1.026	1.011	1.006	1.003	1.002	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
<u>Age-to-Ultimate</u>																
	1.157	1.050	1.024	1.012	1.006	1.003	1.002	1.001	1.001	1.000	1.001	1.001	1.001	1.001	1.001	1.001

Notes All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 76% to 99% of the total California workers' compensation insured market measured using 2014 earned premium levels).

**Quarterly Reported Indemnity Claim Count Development Factors**

Accident <u>Year</u>	Development														
	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>	<u>39-42</u>	<u>42-45</u>	<u>45-48</u>
2007	2.563	1.704	1.361	1.087	1.018	1.009	1.004	1.005	1.004	1.003	1.003	1.002	1.002	1.002	1.001
2008	2.537	1.653	1.340	1.095	1.025	1.015	1.010	1.009	1.007	1.004	1.003	1.003	1.002	1.003	1.002
2009	2.694	1.682	1.388	1.113	1.037	1.021	1.012	1.010	1.007	1.007	1.005	1.004	1.003	1.003	1.002
2010	2.716	1.716	1.407	1.127	1.039	1.022	1.016	1.011	1.008	1.006	1.005	1.003	1.004	1.003	1.001
2011	2.702	1.737	1.421	1.129	1.043	1.027	1.019	1.010	1.011	1.006	1.005	1.004	1.004	1.003	1.002
2012	2.751	1.742	1.421	1.125	1.053	1.029	1.019	1.013	1.010	1.007	1.004	1.005			
2013	2.844	1.746	1.425	1.139	1.044	1.027	1.016	1.011							
2014	2.772	1.733	1.427	1.135											

Reported Indemnity Claim Settlement Ratios

Accident Year	<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>	<u>123</u>	<u>135</u>	<u>147</u>	<u>159</u>	<u>171</u>	<u>183</u>	<u>195</u>
1991																99.2%
1992															99.0%	99.1%
1993														98.7%	98.8%	98.9%
1994													98.1%	98.4%	98.7%	98.8%
1995												97.5%	97.8%	98.2%	98.4%	98.5%
1996											96.9%	97.3%	97.7%	98.0%	98.2%	98.5%
1997										96.1%	96.7%	97.2%	97.6%	97.9%	98.1%	98.3%
1998									94.7%	95.5%	96.3%	96.8%	97.2%	97.6%	97.8%	98.1%
1999								92.9%	94.3%	95.3%	96.1%	96.6%	97.0%	97.3%	97.7%	97.9%
2000							90.2%	92.2%	93.7%	94.8%	95.6%	96.2%	96.7%	97.2%	97.6%	
2001						85.1%	88.5%	90.9%	92.6%	93.7%	94.7%	95.4%	96.2%	96.7%		
2002					80.5%	85.4%	88.8%	91.1%	92.7%	94.0%	95.0%	96.0%	96.6%			
2003				72.9%	80.5%	85.5%	88.8%	90.9%	92.7%	94.0%	95.3%	96.0%				
2004			63.6%	74.6%	81.6%	85.6%	88.5%	90.8%	92.6%	94.4%	95.4%					
2005		52.4%	66.3%	76.4%	82.2%	86.1%	89.0%	91.2%	93.4%	94.7%						
2006	34.5%	53.7%	67.4%	76.3%	82.5%	86.4%	89.4%	92.2%	93.9%							
2007	35.1%	53.1%	66.2%	75.3%	81.2%	85.5%	89.4%	91.8%								
2008	34.7%	51.5%	64.6%	74.0%	80.7%	86.0%	89.6%									
2009	33.4%	49.7%	63.0%	73.0%	80.7%	85.7%										
2010	33.8%	50.4%	63.8%	74.8%	82.1%											
2011	34.2%	50.8%	65.2%	75.9%												
2012	34.3%	51.9%	66.7%													
2013	33.5%	52.9%														
2014	34.1%															

Notes All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 76% to 99% of the total California workers' compensation insured market measured using 2014 earned premium levels).

Estimated Ultimate Indemnity Claim Settlement Ratios

Accident Year	15	27	39	51	63	75	87	99	111	123	135	147	159	171	183	195
1991																99.0%
1992															98.9%	99.0%
1993														98.5%	98.7%	98.8%
1994												97.9%	97.5%	97.9%	98.2%	98.6%
1995												97.1%	97.5%	97.9%	98.2%	98.4%
1996											96.6%	97.1%	97.5%	97.9%	98.1%	98.3%
1997										95.9%	96.5%	97.0%	97.4%	97.7%	97.9%	98.2%
1998								92.7%	94.5%	95.4%	96.1%	96.7%	97.1%	97.4%	97.7%	98.0%
1999								92.7%	94.2%	95.1%	95.9%	96.4%	96.9%	97.2%	97.6%	97.9%
2000							90.1%	92.1%	93.6%	94.7%	95.4%	96.0%	96.6%	97.1%	97.5%	
2001						85.2%	88.6%	90.9%	92.5%	93.7%	94.6%	95.4%	96.1%	96.6%		
2002					80.7%	85.6%	88.9%	91.2%	92.7%	94.0%	94.9%	95.9%	96.5%			
2003				73.4%	81.0%	85.9%	89.0%	91.0%	92.7%	94.0%	95.2%	95.9%				
2004			63.9%	74.9%	81.9%	85.9%	88.7%	90.8%	92.6%	94.3%	95.4%					
2005		52.1%	66.1%	76.3%	82.1%	86.1%	89.0%	91.1%	93.3%	94.7%						
2006	33.1%	52.9%	66.9%	76.0%	82.3%	86.2%	89.3%	92.0%	93.8%							
2007	33.0%	51.8%	65.4%	74.8%	80.9%	85.3%	89.3%	91.7%								
2008	31.5%	49.7%	63.4%	73.2%	80.2%	85.7%	89.5%									
2009	29.5%	47.6%	61.7%	72.1%	80.2%	85.5%										
2010	29.7%	48.2%	62.4%	74.0%	81.5%											
2011	29.5%	48.4%	63.8%	75.0%												
2012	29.2%	49.4%	65.2%													
2013	29.0%	50.4%														
2014	29.5%															

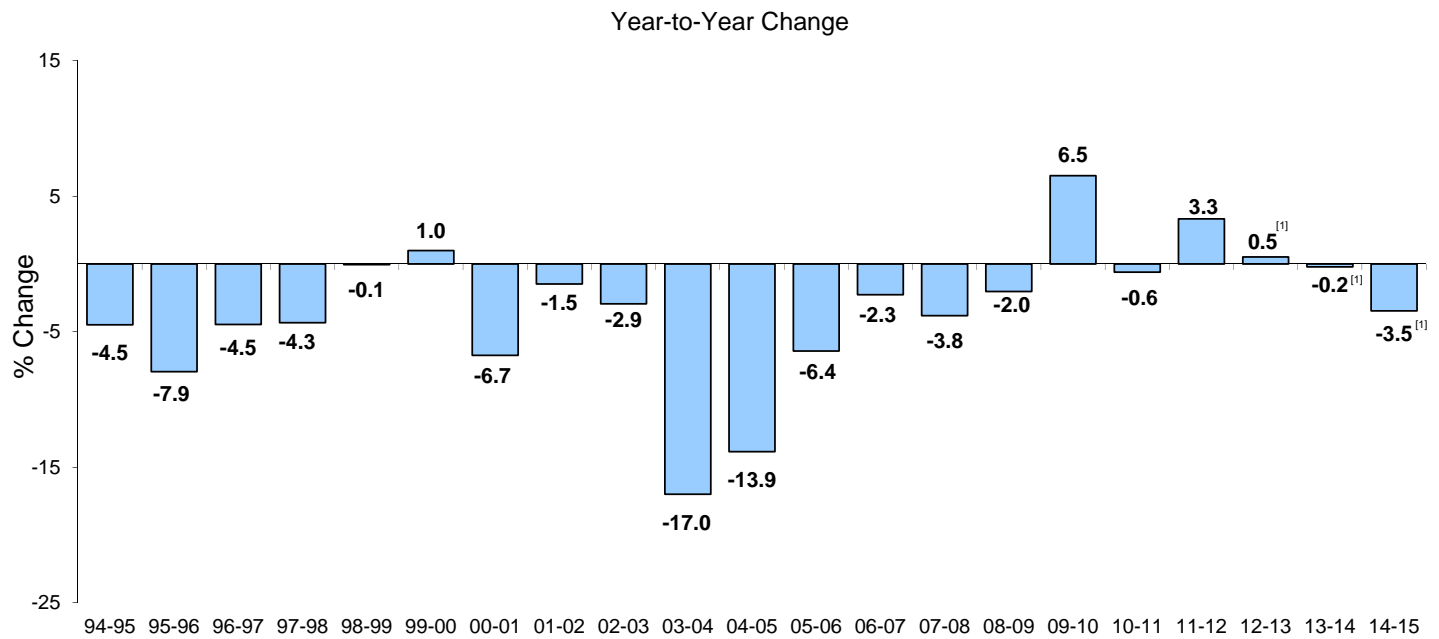
Notes All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 76% to 99% of the total California workers' compensation insured market measured using 2014 earned premium levels).

Quarterly Ultimate Settlement Ratios

Accident	Evaluated as of (in months):															
<u>Year</u>	<u>3</u>	<u>6</u>	<u>9</u>	<u>12</u>	<u>15</u>	<u>18</u>	<u>21</u>	<u>24</u>	<u>27</u>	<u>30</u>	<u>33</u>	<u>36</u>	<u>39</u>	<u>42</u>	<u>45</u>	<u>48</u>
2007	0.8%	5.3%	13.3%	23.7%	33.0%	39.5%	44.0%	48.2%	51.8%	55.6%	58.8%	62.6%	65.4%	68.0%	70.5%	72.9%
2008	0.8%	5.5%	13.3%	23.0%	31.5%	37.8%	42.1%	46.0%	49.7%	53.4%	56.9%	60.4%	63.4%	66.2%	68.8%	71.2%
2009	0.7%	4.7%	12.2%	21.3%	29.5%	35.5%	39.9%	44.0%	47.6%	51.3%	55.1%	58.7%	61.7%	64.8%	67.4%	69.9%
2010	0.7%	4.7%	11.8%	21.0%	29.7%	35.7%	40.1%	44.4%	48.2%	52.2%	55.7%	59.3%	62.4%	65.7%	68.8%	71.6%
2011	0.8%	5.1%	11.9%	21.2%	29.5%	35.6%	40.2%	44.6%	48.4%	52.7%	56.5%	60.5%	63.8%	66.8%	69.8%	72.6%
2012	0.8%	5.0%	12.0%	21.0%	29.2%	35.6%	40.5%	45.3%	49.4%	53.7%	57.9%	61.8%	65.2%			
2013	0.9%	5.0%	11.5%	20.5%	29.0%	35.5%	40.9%	45.8%	50.4%							
2014	0.7%	4.7%	11.6%	20.6%	29.5%											
2015	0.8%															

Accident	Quarterly Incremental Change															
<u>Year</u>	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>	<u>39-42</u>	<u>42-45</u>	<u>45-48</u>	
2007	4.5%	8.0%	10.4%	9.3%	6.5%	4.5%	4.3%	3.6%	3.8%	3.2%	3.8%	2.8%	2.6%	2.5%	2.4%	
2008	4.6%	7.8%	9.7%	8.6%	6.2%	4.3%	3.9%	3.7%	3.7%	3.5%	3.5%	2.9%	2.8%	2.6%	2.4%	
2009	4.0%	7.5%	9.1%	8.3%	6.0%	4.4%	4.0%	3.6%	3.7%	3.8%	3.6%	3.0%	3.1%	2.6%	2.6%	
2010	4.1%	7.1%	9.2%	8.6%	6.0%	4.4%	4.3%	3.8%	4.0%	3.6%	3.5%	3.2%	3.3%	3.0%	2.9%	
2011	4.3%	6.8%	9.3%	8.4%	6.1%	4.5%	4.4%	3.8%	4.3%	3.9%	4.0%	3.3%	3.0%	3.0%	2.8%	
2012	4.2%	7.0%	9.0%	8.2%	6.5%	4.8%	4.8%	4.1%	4.3%	4.2%	3.8%	3.4%				
2013	4.0%	6.5%	9.0%	8.5%	6.5%	5.4%	4.9%	4.6%								
2014	4.0%	6.8%	9.0%	8.9%												

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



<sup>[1]</sup> The 2012-2013 estimate is based on partial year unit statistical data. The 2013-2014 and 2014-2015 estimates are based on comparison of claim counts based on WCIRB accident year experience as of March 31, 2015 relative to the estimated change in statewide employment.

Item AC15-06-02  
2015 Update to Medical Transaction Data Analysis

At the June 12, 2015 meeting, the Committee reviewed a draft California Workers' Compensation Institute (CWCI) report summarizing medical cost trends based on medical transaction data through December 31, 2014. Attached is the final CWCI report.



California Workers' Compensation Institute  
1111 Broadway Suite 2350, Oakland, California 94607, (510) 251-9470  
June 2015

Analysis of Medical and Indemnity Benefit Payments,  
Medical Treatment and Pharmaceutical Cost Trends in the California Workers' Compensation System

Alex Swedlow, MHSA  
John Ireland, MHSA

Over the past two reform cycles, California workers' compensation medical benefit reforms have been linked to immediate reductions in medical costs. Workers' compensation medical reforms signed into law between 2002 and 2004 were associated with an instant reduction in medical costs in the California workers' compensation system. However, following this reduction there was a significant reversal of the trend in medical benefit costs with medical cost inflation increasing at an annual rate of close to 10% from accident year 2006 to 2010. These increases were noted for most medical cost components (treatment, pharmacy and DME, medical/legal costs and medical cost containment), for all claims and indemnity claims and for medical services within all fee schedule sections.

New data presented in this report confirms that the 2012 California workers' compensation reform, SB 863, is associated with a new reduction in medical cost inflation. For the most recent accident year of this report (AY2014), the medical inflation rate (excluding medical cost containment expense) of all claims was -0.1% at 3 months, -1.4% at 6 months and 2.7% at 9 months post injury. The study also confirms other intended consequences of the reform such as increasing use of medical provider networks. Overall, it appears that an easing of medical cost inflation has been established. Interpreting such changes in trends following reform requires caution and patience. Claim development trends will continue to be monitored in the future.

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## **Analysis of Post-Reform Outcomes: Medical Benefit Payments and Medical Treatment In the California Workers' Compensation System**

### **Background**

SB 863, California's most recent workers' compensation reform bill, was signed into law in late 2012 with gradual implementation into the system in 2013 and 2014. These reforms contained benefit increases in permanent disability benefits and significant modifications to medical benefit delivery designed to increase quality of care and lower cost. It is the most comprehensive medical benefit delivery reform in more than a decade. Prior workers' compensation reforms signed into law between 2002 and 2004 were associated with an immediate reduction in medical costs in the California workers' compensation system<sup>1,2</sup>. Prior Institute research noted that these declines followed the adoption of a mandatory medical treatment utilization schedule (MTUS), a 24-visit cap on physical medicine and chiropractic care, the expansion of the Official Medical Fee Schedule (including a revised pharmacy schedule and a generic drug substitution requirement), and life-time control of medical care for employers with MPN programs.<sup>3</sup> However, in accident year 2006, there was a distinct change of direction in the trend of medical payments.<sup>4</sup> Now it appears that medical cost inflation may be slowing beginning in accident year 2011. This report uses data on California claims experience through the fourth quarter of 2014 to update and expand on prior studies that identified factors that have contributed to the recent medical development trend.

### **Data**

For this analysis, the authors compiled an updated version of its Industry Claim System.<sup>5</sup> The data include policy, claim, benefit and medical service detail for California injured workers with dates of injury between January 2002 and September 2014, and medical payment and medical bill review transactions through December 2014. The database was evaluated and determined to be representative of the California insured population of injured workers. CWCI assumes that the data delivered by Industry Claim System data contributors represents a complete record of all payments and medical transactions. The final data sets allowed the authors to analyze total medical benefit payment transactions and sub-categories of medical benefits (including medical treatment, pharmacy and durable medical equipment, medical legal

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<sup>1</sup> WCIRB Summary of September 30, 2005 Insurer Experience, December 9, 2005

<sup>2</sup> Swedlow, A., Ireland, J. Analysis of California Workers' Compensation Reforms Part 1: Medical Utilization & Reimbursement Outcomes Accident Years 2002 - 2006 Claims Experience. CWCI. December 2007

<sup>3</sup> Analysis of California Workers' Compensation Reforms: Medical Utilization & Reimbursement Outcomes. CWCI. Jan. 2007

<sup>4</sup> WCIRB Summary of September 30, 2008 Insurer Experience, December 9, 2008

<sup>5</sup> The Industry Claim System is a proprietary database maintained by the California Workers' Compensation Institute that contains detailed information, including employer and employee characteristics, medical service information, and benefit and other administrative cost information on more than 5 million workplace injuries with dates of injury between 1993 and 2014(v16B).

and medical cost containment). Claim-level analysis on issues such as average costs were limited to claims with dates of injury through September 2014 to allow for at least 3 months of development. Analysis of unit prices or medical services utilized medical bill data through December 2014.

## Results

### Medical and Indemnity Benefit Development

The first part of the analysis utilized medical and indemnity benefit payment transaction data. These transactions are the benefit payments captured within payors' claim systems.

**Exhibit 1A** shows that between AY 2002 and AY 2005, average medical payments including medical cost containment expense for all claims at 12 months post injury decreased by 22.4 percent (from \$2,702 to \$2,096), but those first-year payments subsequently increased 80.7 percent to \$3,788 by AY 2013. From AY 2006 through AY 2010, the annual rate of inflation at 12 months was 11.4%. From AY 2010 through AY 2013, the annual medical inflation rate decreased to 1.4%. In the most recent full 12 month period, from AY 2012 to 2013, the medical inflation rate at 12 months post injury was 0.4%. The recent decrease in medical inflation appears to be sustained on AY 2014 claims based on the annual rate of change in average medical payments at three months post injury (-0.2%), six months post injury (-1.3%) and nine months post injury (2.3%). Average first-year medical payments for indemnity claims (**Exhibit 1B**) decreased by 14.9 percent (from \$6,294 to \$5,357) between AY 2002 and AY 2005, but then increased 75.2 percent to \$9,386 by AY 2013. From AY 2006 through AY 2010, the annual rate of inflation at 12 months was 10.4%. From AY 2010 through AY 2013, the annual medical inflation rate decreased to 2.3%. In the most recent full 12 month period, from AY 2012 to 2013, the medical inflation rate at 12 months post injury among indemnity claims was 4.0%.

**Exhibit 1C** shows that between AY 2002 and AY 2005, average indemnity payments for all claims at 12 months post injury decreased by 11.6 percent (from \$1,686 to \$1,490), but those first-year payments subsequently increased 58.2 percent to \$2,357 by AY 2013. From AY 2006 through AY 2010, the annual rate of inflation at 12 months was 6.8%. From AY 2010 through AY 2013, the annual indemnity inflation rate decreased to 4.5%. In the most recent full 12 month period, from AY 2012 to 2013, the indemnity inflation rate at 12 months post injury was 2.8%. At the most recent valuation periods, average indemnity payments on all AY 2014 claims decreased -7.0% at 3 months after injury compared to AY 2013 indemnity claims, decreased -4.9% at 6 months post injury and increased 3.5% at 9 months post injury. Average first-year indemnity payments for indemnity claims (**Exhibit 1D**) increased by 3.3 percent (from \$4,637 to \$4,789) between AY 2002 and AY 2005 and continued to increase 56.8 percent to \$7,508 by AY 2013. Average indemnity payments on AY 2012 and AY 2013 claims at 12 months post injury increased 11.1% and 11.9% respectively.

For policies incepting on or after July 1, 2010, medical cost containment expense is no longer reported as a medical benefit but is reported as allocated loss adjustment expense. For that reason, Exhibits 1E and 1F have been calculated excluding medical cost containment expense for all accident years included in the study. Resulting development trends do not change significantly. **Exhibit 1E** shows that between AY 2002 and AY 2005, average medical payments for all claims at 12 months post injury decreased by 26.6 percent (compared to 22.4 percent with MCC) but those first-year payments subsequently increased 69.9 percent by AY 2012 (compared to 80.7 percent with MCC). It appears that the steady increase in medical payments per claim shown from AY2005 through AY 2010 may be slowing in subsequent years with a 1.7 percent annual increase at 12 months on claims from accident years 2011 – 2013. Average first-year medical payments for indemnity claims (**Exhibit 1F**) decreased by 19.6 percent between AY 2002 and AY 2005 (vs. 14.9 percent with MCC), but then increased 64.5 percent by AY 2013 (vs. 75.2 percent with MCC). Medical development at 12, 24 and 36 months for the most recently available accident years measured 2.9, 5.8 and 1.8 percent respectively (vs. 4.0, 5.7 and 1.8 percent with MCC).

Medical benefit payment transaction data were further divided into payment sub-categories of medical treatment, pharmacy and durable medical equipment, medical cost containment, and medical legal evaluations. Between AY 2005 and AY 2013, the average amount paid on all claims for medical treatment at 12 months post injury (**Exhibit 2A**) increased by 58.9 percent (from \$1,697 to \$2,696), while the average paid for medical treatment on indemnity claims (**Exhibit 2B**) increased 54.3 percent (from \$4,295 to \$6,625). During the same period, average pharmacy and durable medical equipment payments increased by 245.1 percent for all claims and by 233.9 percent for indemnity claims; average medical cost containment payments increased by 162.0 percent for all claims and 151.2 percent for indemnity claims; and average medical-legal payments increased by 106.7 percent for all claims and 83.1 percent for indemnity claims. Payments for pharmacy and durable medical equipment continue to escalate at a double digit rate on the most recent accident year claims. Average pharmacy and DME payments at 24 months post injury increased on all claims by 27.2% from AY 2011 to AY 2012 and, during that same time frame, increased 24.4% on indemnity claims. Payments for independent medical review and independent bill review were in the very early stages during calendar year 2014. More significant average payments per claim will appear as payments associated with IMR and IBR accumulate in 2015.

## Medical Cost Containment

Medical cost containment (MCC), also known as medical management, includes fees associated with reviewing and adjusting medical bills according to the Official Medical Fee Schedule (OMFS) or other network contract rates, the application of network access fees and reviewing utilization of specific medical services to ensure reasonable and necessary medical treatment as determined by the Medical Treatment Utilization Schedule (MTUS) or other appropriate guidelines (e.g., utilization review and independent medical review).

**Exhibit 3** shows the proportion of medical cost containment expense associated with medical bill review/MPN access fees and utilization review<sup>6</sup>. Prior to the adoption of the MTUS, the proportion of UR payments were approximately 25 percent of all MCC payments. Following MTUS implementation in 2004, UR increased to a high point of 54.7 in the most recent transaction year, 2014. The increase from transaction year 2013 to 2014 (51.0% to 54.7%), after being relatively stable since 2007 coincides with the implementation of SB 863.

### Temporary Disability (TD) Outcomes

A comparison of pre- and post-reform TD payments shows that after adjusting for statutory benefit increases<sup>7</sup>, the average amount paid in TD benefits in the first 12 months following the initial payment increased by only 0.5 percent under the reforms (from \$6,167 on AY 2002 – AY 2004 claims to \$6,199 on AY 2004 – AY 2013 claims -- **Exhibit 4**), while at the 24-month benchmark, the average paid in TD increased 6.7 percent (from \$8,473 on AY 2002 – AY 2004 claims to \$9,041 on AY 2004 – AY 2012 claims). The average number of TD days at the 12-month valuation decreased by 2.3 percent (from 84.0 days in AY 2002 – AY 2004 to 82.1 days in AY 2004 – AY 2013), while at the 24-month valuation the average number of TD days increased by 2.0 percent (from 115.4 days in AY 2002 – AY 2004 to 117.6 days in AY 2004 – AY 2012).

### Medical Provider Networks

Overall, the network utilization rate for first-year medical visits rose from 50.5 percent in AY 2004 to 80.1 percent in AY 2013 – a relative increase of 58.6 percent (**Exhibit 5A**). For treatment within the first 30 days of injury, the network utilization rate increased from 65.6 percent in AY 2004 to 85.2 percent in AY 2014 (a relative increase of 29.9 percent); while for treatment after the first 30 days, the network utilization rate increased from 41.0 percent in AY 2004 to 77.4 percent in AY 2013 (a relative increase of 88.8 percent).

**Exhibits 5B through 5D** show the proportions of first-year visits and payments to network providers for three primary types of medical services. Overall, the network utilization rate is highest for evaluation and management services (85.5 percent of all E&M visits in AY 2013), followed by surgery (75.5 percent of all surgical visits in AY 2013) and physical medicine (75.1 percent of all PM visits in AY 2013).

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<sup>6</sup> Data limitations in benefit and expense payment coding did not support a finer separation between medical bill review from other provider and hospital network fees.

<sup>7</sup> Factors used to adjust average TD benefits to the AY 2014 level were: 2002 – 1.172; 2003 – 1.088; 2004 – 1.066; 2005 – 1.051; 2006 – 1.041; 2007 – 1.034; 2008 – 1.027; 2009 – 1.022; 2010 – 1.017; 2011 – 1.017; 2012 – 1.012; 2013 – 1.001. (Source: WCIRB, 2015)

## Medical and Indemnity Benefit Development with Medical Cost Containmentment

### Exhibit 1A: Medical w MCC Paid per Claim @ 3 - 60 Months for All Claims by Accident Year

Accident Year	Avg Med at 3M	Avg Med at 6 M	Avg Med at 9M	Avg Med at 12M	Avg Med at 24M	Avg Med at 36M	Avg Med at 48M	Avg Med at 60M
2002	\$820	\$1,681	\$2,286	\$2,702	\$4,133	\$5,259	\$5,976	\$6,559
2003	\$810	\$1,493	\$2,088	\$2,687	\$4,315	\$5,337	\$6,157	\$6,822
2004	\$824	\$1,493	\$1,924	\$2,254	\$3,301	\$4,179	\$4,905	\$5,433
2005	\$814	\$1,369	\$1,765	\$2,096	\$3,170	\$4,127	\$4,820	\$5,382
2006	\$881	\$1,520	\$1,956	\$2,319	\$3,575	\$4,559	\$5,335	\$6,004
2007	\$868	\$1,677	\$2,227	\$2,636	\$4,032	\$5,194	\$6,173	\$6,908
2008	\$1,136	\$1,887	\$2,415	\$2,863	\$4,497	\$5,969	\$7,088	\$8,032
2009	\$1,226	\$2,096	\$2,724	\$3,267	\$5,268	\$6,911	\$8,339	\$9,372
2010	\$1,369	\$2,313	\$3,004	\$3,588	\$5,680	\$7,600	\$9,077	
2011	\$1,299	\$2,203	\$2,901	\$3,510	\$5,929	\$7,865		
2012	\$1,243	\$2,245	\$3,049	\$3,773	\$6,369			
2013	\$1,347	\$2,329	\$3,093	\$3,788				
2014	\$1,344	\$2,298	\$3,163					
Pent ▲ 05:02	-0.8%	-18.5%	-22.8%	-22.4%	-23.3%	-21.5%	-19.3%	-17.9%
Pent ▲ 06:05	8.3%	11.0%	10.8%	10.6%	12.8%	10.5%	10.7%	11.5%
Pent ▲ 07:06	-1.5%	10.3%	13.8%	13.7%	12.8%	13.9%	15.7%	15.1%
Pent ▲ 08:07	30.8%	12.5%	8.4%	8.6%	11.5%	14.9%	14.8%	16.3%
Pent ▲ 09:08	7.9%	11.1%	12.8%	14.1%	17.1%	15.8%	17.7%	16.7%
Pent ▲ 10:09	11.7%	10.4%	10.3%	9.8%	7.8%	10.0%	8.8%	
Pent ▲ 11:10	-5.1%	-4.8%	-3.4%	-2.2%	4.4%	3.5%		
Pent ▲ 12:11	-4.3%	1.9%	5.1%	7.5%	7.4%			
Pent ▲ 13:12	8.3%	3.7%	1.4%	0.4%				
Pent ▲ 14:13	-0.2%	-1.3%	2.3%					
Pent ▲ End:05	65.1%	67.8%	79.2%	80.7%	100.9%	90.6%	88.3%	74.1%
Pent ▲ End:02	63.8%	36.7%	38.4%	40.2%	54.1%	49.5%	51.9%	42.9%

**Exhibit 1B: Medical w MCC Paid per Claim @ 3 - 60 Months for Indemnity Claims by Accident Year**

Accident Year	Avg Med at 3M	Avg Med at 6M	Avg Med at 9M	Avg Med at 12M	Avg Med at 24M	Avg Med at 36M	Avg Med at 48M	Avg Med at 60M
2002	\$1,622	\$3,660	\$5,203	\$6,294	\$10,130	\$13,175	\$15,115	\$16,690
2003	\$1,551	\$3,114	\$4,572	\$6,084	\$10,296	\$12,974	\$15,123	\$16,864
2004	\$1,718	\$3,430	\$4,626	\$5,576	\$8,668	\$11,293	\$13,471	\$15,055
2005	\$1,771	\$3,248	\$4,375	\$5,357	\$8,664	\$11,670	\$13,855	\$15,623
2006	\$1,971	\$3,735	\$5,044	\$6,181	\$10,261	\$13,521	\$16,097	\$18,318
2007	\$1,875	\$4,045	\$5,663	\$6,922	\$11,363	\$15,119	\$18,298	\$20,677
2008	\$2,473	\$4,499	\$6,044	\$7,400	\$12,521	\$17,189	\$20,721	\$23,670
2009	\$2,544	\$4,818	\$6,588	\$8,174	\$14,179	\$19,154	\$23,426	\$26,499
2010	\$2,798	\$5,217	\$7,119	\$8,777	\$14,864	\$20,476	\$24,775	
2011	\$2,613	\$4,870	\$6,753	\$8,446	\$15,313	\$20,849		
2012	\$2,480	\$4,937	\$7,061	\$9,023	\$16,192			
2013	\$2,866	\$5,378	\$7,452	\$9,386				
Adjusted 2013*	\$3,410	\$6,148	\$8,168					
2014	\$3,068	\$5,562	\$7,738					
Pcnt ▲ 05:02	9.2%	-11.3%	-15.9%	-14.9%	-14.5%	-11.4%	-8.3%	-6.4%
Pcnt ▲ 06:05	11.3%	15.0%	15.3%	15.4%	18.4%	15.9%	16.2%	17.3%
Pcnt ▲ 07:06	-4.9%	8.3%	12.3%	12.0%	10.7%	11.8%	13.7%	12.9%
Pcnt ▲ 08:07	31.9%	11.2%	6.7%	6.9%	10.2%	13.7%	13.2%	14.5%
Pcnt ▲ 09:08	2.9%	7.1%	9.0%	10.5%	13.2%	11.4%	13.1%	12.0%
Pcnt ▲ 10:09	10.0%	8.3%	8.1%	7.4%	4.8%	6.9%	5.8%	
Pcnt ▲ 11:10	-6.6%	-6.7%	-5.1%	-3.8%	3.0%	1.8%		
Pcnt ▲ 12:11	-5.1%	1.4%	4.6%	6.8%	5.7%			
Pcnt ▲ 13:12	15.6%	8.9%	5.5%	4.0%				
Pcnt ▲ 14:13	7.1%	3.4%	3.8%					
Pcnt ▲ 14:13*	-10.0%	-9.5%	-5.3%					
Pcnt ▲ End:05	73.2%	71.3%	76.9%	75.2%	86.9%	78.7%	78.8%	69.6%
Pcnt ▲ End:02	89.1%	52.0%	48.7%	49.1%	59.9%	58.2%	63.9%	58.8%

**Exhibit 1C: Indemnity Paid per Claim @ 3 - 60 Months for All Claims by Accident Year**

Accident Year	Avg Ind at 3M	Avg Ind at 6M	Avg Ind at 9M	Avg Ind at 12M	Avg Ind at 24M	Avg Ind at 36M	Avg Ind at 48M	Avg Ind at 60M
2002	\$504	\$940	\$1,339	\$1,686	\$3,575	\$5,398	\$6,420	\$7,091
2003	\$496	\$853	\$1,271	\$1,817	\$4,278	\$5,976	\$7,050	\$7,731
2004	\$508	\$926	\$1,317	\$1,688	\$3,083	\$4,145	\$4,801	\$5,230
2005	\$477	\$830	\$1,166	\$1,490	\$2,735	\$3,588	\$4,157	\$4,551
2006	\$514	\$901	\$1,259	\$1,613	\$2,870	\$3,701	\$4,299	\$4,809
2007	\$528	\$919	\$1,294	\$1,655	\$3,017	\$3,976	\$4,749	\$5,304
2008	\$548	\$965	\$1,371	\$1,764	\$3,295	\$4,577	\$5,495	\$6,155
2009	\$555	\$1,006	\$1,443	\$1,892	\$3,827	\$5,234	\$6,239	\$6,936
2010	\$597	\$1,092	\$1,586	\$2,073	\$3,997	\$5,463	\$6,524	
2011	\$577	\$1,066	\$1,542	\$2,034	\$4,068	\$5,541		
2012	\$609	\$1,143	\$1,706	\$2,292	\$4,500			
2013	\$646	\$1,221	\$1,785	\$2,357				
2014	\$601	\$1,161	\$1,847					
Pcnt ▲ 05:02	-5.3%	-11.7%	-13.0%	-11.6%	-23.5%	-33.5%	-35.3%	-35.8%
Pcnt ▲ 06:05	7.8%	8.5%	8.0%	8.3%	4.9%	3.1%	3.4%	5.7%
Pcnt ▲ 07:06	2.7%	1.9%	2.7%	2.6%	5.1%	7.4%	10.5%	10.3%
Pcnt ▲ 08:07	3.8%	5.1%	5.9%	6.5%	9.2%	15.1%	15.7%	16.0%
Pcnt ▲ 09:08	1.3%	4.2%	5.3%	7.3%	16.2%	14.4%	13.5%	12.7%
Pcnt ▲ 10:09	7.6%	8.6%	9.9%	9.5%	4.4%	4.4%	4.6%	
Pcnt ▲ 11:10	-3.3%	-2.4%	-2.8%	-1.9%	1.8%	1.4%		
Pcnt ▲ 12:11	5.4%	7.3%	10.6%	12.7%	10.6%			
Pcnt ▲ 13:12	6.2%	6.8%	4.6%	2.8%				
Pcnt ▲ 14:13	-7.0%	-4.9%	3.5%					
Pcnt ▲ End:05	25.9%	39.8%	58.5%	58.2%	64.6%	54.4%	57.0%	52.4%
Pcnt ▲ End:02	19.2%	23.5%	37.9%	39.8%	25.9%	2.6%	1.6%	-2.2%

**Exhibit 1D: Indemnity Paid per Claim @ 3 - 60 Months for Indemnity Claims by Accident Year**

Accident Year	Avg Ind at 3M	Avg Ind at 6M	Avg Ind at 9M	Avg Ind at 12M	Avg Ind at 24M	Avg Ind at 36M	Avg Ind at 48M	Avg Ind at 60M
2002	\$1,386	\$2,585	\$3,683	\$4,637	\$9,834	\$14,851	\$17,662	\$19,509
2003	\$1,323	\$2,273	\$3,389	\$4,845	\$11,410	\$15,945	\$18,811	\$20,627
2004	\$1,551	\$2,825	\$4,021	\$5,153	\$9,414	\$12,660	\$14,666	\$15,976
2005	\$1,533	\$2,669	\$3,747	\$4,789	\$8,792	\$11,539	\$13,369	\$14,638
2006	\$1,736	\$3,044	\$4,255	\$5,452	\$9,700	\$12,510	\$14,534	\$16,259
2007	\$1,740	\$3,029	\$4,266	\$5,459	\$9,956	\$13,123	\$15,679	\$17,512
2008	\$1,769	\$3,119	\$4,429	\$5,699	\$10,650	\$14,798	\$17,768	\$19,902
2009	\$1,718	\$3,114	\$4,470	\$5,860	\$11,855	\$16,215	\$19,325	\$21,486
2010	\$1,796	\$3,286	\$4,775	\$6,238	\$12,030	\$16,443	\$19,639	
2011	\$1,713	\$3,164	\$4,581	\$6,040	\$12,083	\$16,458		
2012	\$1,780	\$3,345	\$4,993	\$6,710	\$13,175			
2013	\$2,058	\$3,890	\$5,686	\$7,508				
Adjusted 2013*	\$2,631	\$4,739	\$6,561					
2014	\$2,287	\$4,276	\$6,382					
Pcnt ▲ 05:02	10.6%	3.3%	1.7%	3.3%	-10.6%	-22.3%	-24.3%	-25.0%
Pcnt ▲ 06:05	13.3%	14.1%	13.6%	13.8%	10.3%	8.4%	8.7%	11.1%
Pcnt ▲ 07:06	0.2%	-0.5%	0.3%	0.1%	2.6%	4.9%	7.9%	7.7%
Pcnt ▲ 08:07	1.7%	3.0%	3.8%	4.4%	7.0%	12.8%	13.3%	13.6%
Pcnt ▲ 09:08	-2.9%	-0.2%	0.9%	2.8%	11.3%	9.6%	8.8%	8.0%
Pcnt ▲ 10:09	4.5%	5.5%	6.8%	6.4%	1.5%	1.4%	1.6%	
Pcnt ▲ 11:10	-4.7%	-3.7%	-4.1%	-3.2%	0.4%	0.1%		
Pcnt ▲ 12:11	3.9%	5.7%	9.0%	11.1%	9.0%			
Pcnt ▲ 13:12	15.6%	16.3%	13.9%	11.9%				
Pcnt ▲ 14:13	11.2%	9.9%	12.2%					
Pcnt ▲ 14:13*	-13.1%	-9.8%	-2.7%					
Pcnt ▲ End:05	49.3%	60.2%	70.3%	56.8%	49.8%	42.6%	46.9%	46.8%
Pcnt ▲ End:02	65.1%	65.4%	73.3%	61.9%	34.0%	10.8%	11.2%	10.1%

## Medical Benefit Development without Medical Cost Containmentment

### Exhibit 1E: Medical w/o MCC Paid per Claim @ 3 – 60 Months for All Claims by Accident Year

Accident Year	Avg Med at 3M	Avg Med at 6 M	Avg Med at 9M	Avg Med at 12M	Avg Med at 24M	Avg Med at 36M	Avg Med at 48M	Avg Med at 60M
2002	\$772	\$1,577	\$2,139	\$2,525	\$3,863	\$4,927	\$5,609	\$6,163
2003	\$754	\$1,373	\$1,913	\$2,462	\$3,970	\$4,937	\$5,716	\$6,348
2004	\$741	\$1,327	\$1,704	\$1,997	\$2,951	\$3,771	\$4,458	\$4,953
2005	\$740	\$1,224	\$1,565	\$1,853	\$2,811	\$3,701	\$4,348	\$4,873
2006	\$768	\$1,312	\$1,681	\$1,994	\$3,115	\$4,017	\$4,737	\$5,359
2007	\$735	\$1,432	\$1,898	\$2,248	\$3,478	\$4,539	\$5,446	\$6,133
2008	\$970	\$1,595	\$2,028	\$2,402	\$3,829	\$5,168	\$6,208	\$7,097
2009	\$1,047	\$1,764	\$2,278	\$2,734	\$4,476	\$5,978	\$7,310	\$8,277
2010	\$1,174	\$1,953	\$2,515	\$2,999	\$4,833	\$6,601	\$7,981	
2011	\$1,096	\$1,832	\$2,407	\$2,920	\$5,061	\$6,826		
2012	\$1,066	\$1,894	\$2,558	\$3,166	\$5,445			
2013	\$1,148	\$1,957	\$2,576	\$3,147				
2014	\$1,147	\$1,930	\$2,645					
Pcnt ▲ 05:02	-4.1%	-22.4%	-26.8%	-26.6%	-27.2%	-24.9%	-22.5%	-20.9%
Pcnt ▲ 06:05	3.7%	7.2%	7.4%	7.6%	10.8%	8.5%	9.0%	10.0%
Pcnt ▲ 07:06	-4.3%	9.1%	12.9%	12.7%	11.6%	13.0%	15.0%	14.4%
Pcnt ▲ 08:07	32.0%	11.4%	6.8%	6.9%	10.1%	13.9%	14.0%	15.7%
Pcnt ▲ 09:08	7.8%	10.6%	12.3%	13.8%	16.9%	15.7%	17.8%	16.6%
Pcnt ▲ 10:09	12.2%	10.7%	10.4%	9.7%	8.0%	10.4%	9.2%	
Pcnt ▲ 11:10	-6.7%	-6.2%	-4.3%	-2.6%	4.7%	3.4%		
Pcnt ▲ 12:11	-2.7%	3.4%	6.3%	8.4%	7.6%			
Pcnt ▲ 13:12	7.7%	3.3%	0.7%	-0.6%				
Pcnt ▲ 14:13	-0.1%	-1.4%	2.7%					
Pcnt ▲ End:05	54.9%	57.6%	69.0%	69.9%	93.7%	84.4%	83.6%	69.9%
Pcnt ▲ End:02	48.5%	22.4%	23.7%	24.6%	41.0%	38.5%	42.3%	34.3%

**Exhibit 1F: Medical w/o MCC Paid per Claim @ 3 - 60 Months for Indemnity Claims by Accident Year**

Accident Year	Avg Med at 3M	Avg Med at 6M	Avg Med at 9M	Avg Med at 12M	Avg Med at 24M	Avg Med at 36M	Avg Med at 48M	Avg Med at 60M
<b>2002</b>	\$1,517	\$3,415	\$4,847	\$5,859	\$9,445	\$12,324	\$14,169	\$15,667
<b>2003</b>	\$1,436	\$2,847	\$4,169	\$5,554	\$9,458	\$11,989	\$14,031	\$15,684
<b>2004</b>	\$1,535	\$3,029	\$4,076	\$4,918	\$7,735	\$10,189	\$12,249	\$13,733
<b>2005</b>	\$1,608	\$2,890	\$3,859	\$4,709	\$7,661	\$10,456	\$12,496	\$14,150
<b>2006</b>	\$1,707	\$3,204	\$4,306	\$5,282	\$8,927	\$11,911	\$14,304	\$16,370
<b>2007</b>	\$1,566	\$3,425	\$4,788	\$5,863	\$9,778	\$13,210	\$16,154	\$18,379
<b>2008</b>	\$2,094	\$3,771	\$5,031	\$6,161	\$10,634	\$14,879	\$18,164	\$20,940
<b>2009</b>	\$2,150	\$4,014	\$5,458	\$6,785	\$12,017	\$16,564	\$20,550	\$23,430
<b>2010</b>	\$2,383	\$4,371	\$5,916	\$7,286	\$12,624	\$17,794	\$21,814	
<b>2011</b>	\$2,185	\$4,014	\$5,563	\$6,988	\$13,068	\$18,120		
<b>2012</b>	\$2,115	\$4,136	\$5,882	\$7,528	\$13,832			
<b>2013</b>	\$2,423	\$4,486	\$6,160	\$7,749				
<b>Adjusted 2013*</b>	\$2,899	\$5,159	\$6,788					
<b>2014</b>	\$2,599	\$4,639	\$6,434					
<b>Pcnt ▲ 05:02</b>	6.0%	-15.4%	-20.4%	-19.6%	-18.9%	-15.2%	-11.8%	-9.7%
<b>Pcnt ▲ 06:05</b>	6.2%	10.9%	11.6%	12.2%	16.5%	13.9%	14.5%	15.7%
<b>Pcnt ▲ 07:06</b>	-8.3%	6.9%	11.2%	11.0%	9.5%	10.9%	12.9%	12.3%
<b>Pcnt ▲ 08:07</b>	33.7%	10.1%	5.1%	5.1%	8.8%	12.6%	12.4%	13.9%
<b>Pcnt ▲ 09:08</b>	2.7%	6.4%	8.5%	10.1%	13.0%	11.3%	13.1%	11.9%
<b>Pcnt ▲ 10:09</b>	10.8%	8.9%	8.4%	7.4%	5.0%	7.4%	6.2%	
<b>Pcnt ▲ 11:10</b>	-8.3%	-8.2%	-6.0%	-4.1%	3.5%	1.8%		
<b>Pcnt ▲ 12:11</b>	-3.2%	3.0%	5.7%	7.7%	5.8%			
<b>Pcnt ▲ 13:12</b>	14.6%	8.5%	4.7%	2.9%				
<b>Pcnt ▲ 14:13</b>	7.3%	3.4%	4.4%					
<b>Pcnt ▲ 14:13*</b>	-10.3%	-10.1%	-5.2%					
<b>Pcnt ▲ End:05</b>	61.7%	60.5%	66.7%	64.5%	80.6%	73.3%	74.6%	65.6%
<b>Pcnt ▲ End:02</b>	71.4%	35.8%	32.8%	32.3%	46.5%	47.0%	54.0%	49.5%

## Medical Benefit Development Sub-Categories

### Exhibit 2A: Average Medical Paid per Claim by Medical Benefit Sub-Category by Accident Year – All Claims

	Medical Treatment			Rx_DME			Med Mgmt / MCC			Med Legal			IMR_IBR			Total		
Accident Year	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M
2002	\$2,010	\$2,346	\$3,490	\$112	\$153	\$306	\$147	\$177	\$271	\$46	\$62	\$157	\$0	\$0	\$0	\$2,315	\$2,738	\$4,224
2003	\$1,770	\$2,228	\$3,476	\$116	\$173	\$325	\$175	\$225	\$344	\$55	\$93	\$245	\$0	\$0	\$0	\$2,115	\$2,719	\$4,390
2004	\$1,551	\$1,798	\$2,557	\$90	\$118	\$216	\$220	\$257	\$350	\$75	\$101	\$219	\$0	\$0	\$0	\$1,936	\$2,275	\$3,342
2005	\$1,454	\$1,697	\$2,497	\$77	\$103	\$204	\$200	\$244	\$359	\$49	\$74	\$193	\$0	\$0	\$0	\$1,779	\$2,118	\$3,253
2006	\$1,532	\$1,798	\$2,755	\$95	\$126	\$243	\$275	\$325	\$459	\$80	\$109	\$245	\$0	\$0	\$0	\$1,981	\$2,359	\$3,703
2007	\$1,721	\$2,021	\$2,996	\$114	\$149	\$282	\$329	\$388	\$554	\$86	\$121	\$278	\$0	\$0	\$0	\$2,249	\$2,680	\$4,110
2008	\$1,859	\$2,167	\$3,327	\$120	\$160	\$322	\$387	\$461	\$668	\$91	\$131	\$303	\$0	\$0	\$0	\$2,457	\$2,918	\$4,620
2009	\$2,075	\$2,451	\$3,838	\$154	\$205	\$414	\$446	\$534	\$791	\$97	\$142	\$366	\$0	\$0	\$0	\$2,772	\$3,332	\$5,410
2010	\$2,269	\$2,660	\$4,091	\$189	\$252	\$515	\$488	\$589	\$847	\$103	\$149	\$368	\$0	\$0	\$0	\$3,050	\$3,651	\$5,821
2011	\$2,161	\$2,615	\$4,262	\$201	\$277	\$648	\$494	\$590	\$868	\$90	\$134	\$360	\$0	\$0	\$0	\$2,946	\$3,617	\$6,138
2012	\$2,233	\$2,704	\$4,354	\$263	\$361	\$824	\$492	\$608	\$919	\$84	\$131	\$386	\$0	\$0	\$5	\$3,071	\$3,804	\$6,488
2013	\$2,262	\$2,696		\$264	\$357		\$516	\$638		\$95	\$153		\$1	\$3		\$3,138	\$3,848	
2014	\$2,350			\$265			\$515			\$97			\$3			\$3,229		
9M 05:02	-27.7%			-31.5%			35.8%			6.2%			NA			-23.1%		
12M 05:02		-27.7%			-32.2%			37.7%			20.2%			NA			-22.6%	
24M 05:02			-28.4%			-33.3%			32.6%			22.5%			NA			-23.0%
9M 14:05	61.6%			244.2%			157.9%			99.1%			NA			81.5%		
12M 13:05		58.9%			245.1%			162.0%			106.7%			NA			81.7%	
24M 12:05			74.3%			304.4%			156.3%			100.1%			NA			99.5%
9M 14:02	16.9%			135.8%			250.2%			111.5%			NA			39.5%		
12M 13:02		14.9%			133.8%			260.7%			148.4%			NA			40.5%	
24M 12:02			24.8%			169.6%			239.8%			145.1%			NA			53.6%
9M 14:13	3.9%			0.4%			-0.3%			1.9%			NA			2.9%		
12M 13:12		-0.3%			-1.1%			5.0%			16.9%			NA			1.2%	
24M 12:11			2.2%			27.2%			5.9%			7.1%			NA			5.7%

**Exhibit 2B: Average Medical Paid per Claim by Medical Benefit Sub-Category by Accident Year – Indemnity Claims**

Accident Year	Medical Treatment			Rx_DME			Med Mgmt / MCC			Med Legal			IMR_IBR			Total		
	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M
<b>2002</b>	\$4,537	\$5,419	\$8,490	\$282	\$389	\$803	\$356	\$435	\$685	\$108	\$148	\$401	\$0	\$0	\$0	\$5,283	\$6,392	\$10,379
<b>2003</b>	\$3,839	\$4,998	\$8,233	\$280	\$430	\$825	\$403	\$530	\$838	\$120	\$212	\$601	\$0	\$0	\$0	\$4,643	\$6,170	\$10,498
<b>2004</b>	\$3,683	\$4,393	\$6,640	\$239	\$321	\$610	\$550	\$659	\$932	\$190	\$266	\$610	\$0	\$0	\$0	\$4,662	\$5,638	\$8,793
<b>2005</b>	\$3,573	\$4,295	\$6,765	\$202	\$281	\$594	\$516	\$648	\$1,003	\$130	\$204	\$568	\$0	\$0	\$0	\$4,420	\$5,428	\$8,930
<b>2006</b>	\$3,927	\$4,760	\$7,878	\$251	\$351	\$732	\$738	\$899	\$1,334	\$214	\$305	\$749	\$0	\$0	\$0	\$5,130	\$6,315	\$10,693
<b>2007</b>	\$4,336	\$5,260	\$8,366	\$297	\$409	\$833	\$875	\$1,059	\$1,585	\$229	\$339	\$838	\$0	\$0	\$0	\$5,737	\$7,067	\$11,623
<b>2008</b>	\$4,619	\$5,550	\$9,194	\$311	\$433	\$941	\$1,013	\$1,239	\$1,887	\$238	\$357	\$896	\$0	\$0	\$0	\$6,180	\$7,579	\$12,917
<b>2009</b>	\$4,984	\$6,083	\$10,256	\$381	\$530	\$1,162	\$1,130	\$1,389	\$2,161	\$243	\$371	\$1,041	\$0	\$0	\$0	\$6,737	\$8,373	\$14,620
<b>2010</b>	\$5,324	\$6,435	\$10,613	\$472	\$653	\$1,421	\$1,204	\$1,491	\$2,241	\$258	\$386	\$1,015	\$0	\$0	\$0	\$7,258	\$8,965	\$15,290
<b>2011</b>	\$4,974	\$6,246	\$10,929	\$501	\$714	\$1,783	\$1,190	\$1,458	\$2,245	\$221	\$343	\$978	\$0	\$0	\$0	\$6,886	\$8,761	\$15,935
<b>2012</b>	\$5,104	\$6,384	\$10,967	\$649	\$917	\$2,218	\$1,178	\$1,495	\$2,347	\$194	\$316	\$996	\$0	\$0	\$13	\$7,125	\$9,112	\$16,541
<b>2013</b>	\$5,409	\$6,625		\$674	\$940		\$1,289	\$1,627		\$222	\$373		\$2	\$9		\$7,596	\$9,575	
<b>2014</b>	\$5,758			\$677			\$1,295			\$227			\$9			\$7,965		
<b>9M 05:02</b>	-21.2%			-28.4%			44.9%			19.8%			NA			-16.3%		
<b>12M 05:02</b>		-20.7%			-27.7%			48.8%			37.4%			NA			-15.1%	
<b>24M 05:02</b>			-20.3%			-26.0%			46.5%			41.8%			NA			-14.0%
<b>9M 14:05</b>	61.1%			235.6%			150.9%			75.3%			NA			80.2%		
<b>12M 13:05</b>		54.3%			233.9%			151.2%			83.1%			NA			76.4%	
<b>24M 12:05</b>			62.1%			273.5%			134.0%			75.2%			NA			78.4%
<b>9M 14:02</b>	26.9%			140.3%			263.4%			110.1%			NA			50.8%		
<b>12M 13:02</b>		22.3%			141.4%			273.8%			151.4%			NA			49.8%	
<b>24M 12:02</b>			29.2%			176.4%			242.7%			148.4%			NA			53.5%
<b>9M 14:13</b>	6.4%			0.3%			0.5%			2.3%			NA			4.9%		
<b>12M 13:12</b>		3.8%			2.5%			8.9%			18.1%			NA			5.1%	
<b>24M 12:11</b>			0.3%			24.4%			4.6%			1.8%			NA			4.2%

**Exhibit 2C: Percent of Medical Payments by Medical Benefit Sub-Category by Accident Year – All Claims**

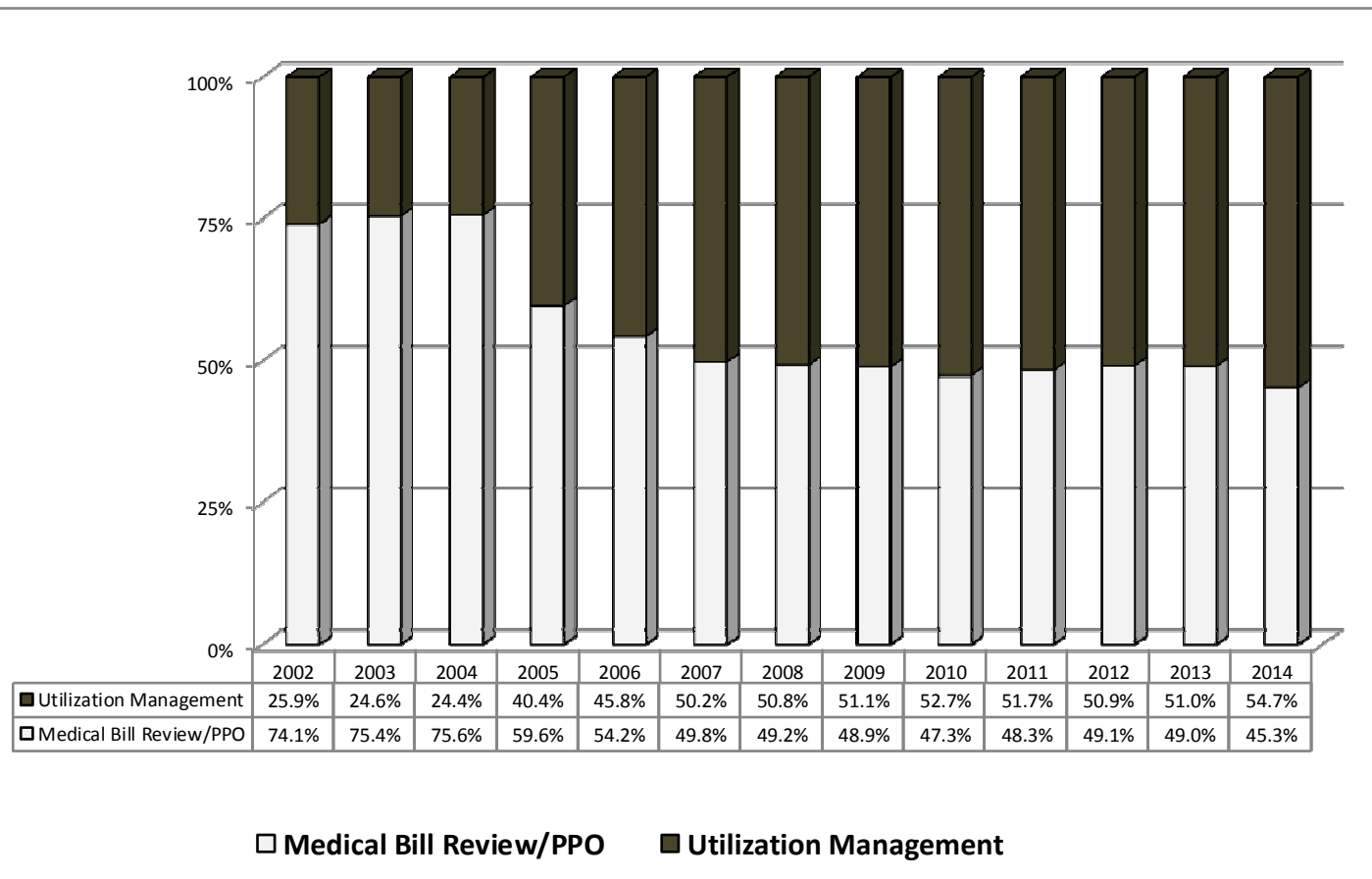
Accident Year	Medical Treatment			Rx_DME			Med Mgmt / MCC			Med Legal			IMR_IBR		
	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M
2002	86.8%	85.7%	82.6%	4.9%	5.6%	7.2%	6.3%	6.5%	6.4%	2.0%	2.3%	3.7%	0.0%	0.0%	0.0%
2003	83.7%	82.0%	79.2%	5.5%	6.4%	7.4%	8.3%	8.3%	7.8%	2.6%	3.4%	5.6%	0.0%	0.0%	0.0%
2004	80.1%	79.0%	76.5%	4.7%	5.2%	6.5%	11.3%	11.3%	10.5%	3.9%	4.5%	6.5%	0.0%	0.0%	0.0%
2005	81.7%	80.1%	76.8%	4.3%	4.9%	6.3%	11.2%	11.5%	11.0%	2.7%	3.5%	5.9%	0.0%	0.0%	0.0%
2006	77.3%	76.2%	74.4%	4.8%	5.4%	6.6%	13.9%	13.8%	12.4%	4.0%	4.6%	6.6%	0.0%	0.0%	0.0%
2007	76.5%	75.4%	72.9%	5.1%	5.6%	6.9%	14.6%	14.5%	13.5%	3.8%	4.5%	6.8%	0.0%	0.0%	0.0%
2008	75.6%	74.2%	72.0%	4.9%	5.5%	7.0%	15.7%	15.8%	14.5%	3.7%	4.5%	6.6%	0.0%	0.0%	0.0%
2009	74.8%	73.6%	70.9%	5.6%	6.2%	7.7%	16.1%	16.0%	14.6%	3.5%	4.3%	6.8%	0.0%	0.0%	0.0%
2010	74.4%	72.9%	70.3%	6.2%	6.9%	8.8%	16.0%	16.1%	14.6%	3.4%	4.1%	6.3%	0.0%	0.0%	0.0%
2011	73.3%	72.3%	69.4%	6.8%	7.7%	10.6%	16.8%	16.3%	14.1%	3.1%	3.7%	5.9%	0.0%	0.0%	0.0%
2012	72.7%	71.1%	67.1%	8.5%	9.5%	12.7%	16.0%	16.0%	14.2%	2.7%	3.4%	5.9%	0.0%	0.0%	0.1%
2013	72.1%	70.1%		8.4%	9.3%		16.5%	16.6%		3.0%	4.0%		0.0%	0.1%	
2014	72.8%			8.2%			15.9%			3.0%			0.1%		

**Exhibit 2D: Percent of Medical Payments by Medical Benefit Sub-Category by Accident Year – Indemnity Claims**

Accident Year	Medical Treatment			Rx_DME			Med Mgmt / MCC			Med Legal			IMR_IBR		
	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M
2002	85.9%	84.8%	81.8%	5.3%	6.1%	7.7%	6.7%	6.8%	6.6%	2.0%	2.3%	3.9%	0.0%	0.0%	0.0%
2003	82.7%	81.0%	78.4%	6.0%	7.0%	7.9%	8.7%	8.6%	8.0%	2.6%	3.4%	5.7%	0.0%	0.0%	0.0%
2004	79.0%	77.9%	75.5%	5.1%	5.7%	6.9%	11.8%	11.7%	10.6%	4.1%	4.7%	6.9%	0.0%	0.0%	0.0%
2005	80.8%	79.1%	75.8%	4.6%	5.2%	6.6%	11.7%	11.9%	11.2%	2.9%	3.8%	6.4%	0.0%	0.0%	0.0%
2006	76.6%	75.4%	73.7%	4.9%	5.6%	6.8%	14.4%	14.2%	12.5%	4.2%	4.8%	7.0%	0.0%	0.0%	0.0%
2007	75.6%	74.4%	72.0%	5.2%	5.8%	7.2%	15.2%	15.0%	13.6%	4.0%	4.8%	7.2%	0.0%	0.0%	0.0%
2008	74.7%	73.2%	71.2%	5.0%	5.7%	7.3%	16.4%	16.4%	14.6%	3.8%	4.7%	6.9%	0.0%	0.0%	0.0%
2009	74.0%	72.6%	70.1%	5.7%	6.3%	7.9%	16.8%	16.6%	14.8%	3.6%	4.4%	7.1%	0.0%	0.0%	0.0%
2010	73.4%	71.8%	69.4%	6.5%	7.3%	9.3%	16.6%	16.6%	14.7%	3.6%	4.3%	6.6%	0.0%	0.0%	0.0%
2011	72.2%	71.3%	68.6%	7.3%	8.2%	11.2%	17.3%	16.6%	14.1%	3.2%	3.9%	6.1%	0.0%	0.0%	0.0%
2012	71.6%	70.1%	66.3%	9.1%	10.1%	13.4%	16.5%	16.4%	14.2%	2.7%	3.5%	6.0%	0.0%	0.0%	0.1%
2013	71.2%	69.2%		8.9%	9.8%		17.0%	17.0%		2.9%	3.9%		0.0%	0.1%	
2014	72.3%			8.5%			16.3%			2.9%			0.1%		

## Medical Cost Containment (MCC)

**Exhibit 3: Percent of Medical Benefit Payments by MCC Type by Transaction Year**



## Temporary Disability Outcomes

**Exhibit 4: Percent Difference in Pre- and Post-Reform Adjusted TD Payments and Paid Days<sup>8</sup>**

Accident Year	Adjusted Average TD Payments		Average Paid TD Days	
	12 M	24 M	12 M	24 M
Pre SB-899				
2002	\$6,242	\$8,466	85.1	114.1
2003	\$5,754	\$8,300	81.7	116.2
2004	\$6,505	\$8,654	88.0	117.5
<b>Pre SB-899 Subtotal</b>	<b>\$6,167</b>	<b>\$8,473</b>	<b>84.0</b>	<b>115.4</b>
Post SB-899				
2004 <sup>9</sup>	\$5,492	\$7,510	80.5	108.9
2005	\$5,349	\$7,772	75.5	108.0
2006	\$5,901	\$8,403	79.6	112.4
2007	\$5,996	\$8,616	78.4	111.5
2008	\$6,331	\$9,323	80.4	117.5
2009	\$6,637	\$10,469	83.0	129.6
2010	\$7,055	\$10,462	91.8	132.8
2011	\$6,567	\$10,232	84.2	128.5
2012	\$7,117	\$10,986	91.0	137.1
2013	\$7,245		92.4	
<b>Post-SB 899 Subtotal</b>	<b>\$6,199</b>	<b>\$9,041</b>	<b>82.1</b>	<b>117.6</b>
<b>Post SB-899 Difference</b>	<b>0.52%</b>	<b>6.69%</b>	<b>-2.30%</b>	<b>1.96%</b>

<sup>8</sup> Factors used to adjust average TD benefits to the AY 2014 level were: 2002 – 1.172; 2003 – 1.088; 2004 – 1.066; 2005 – 1.051; 2006 – 1.041; 2007 – 1.034; 2008 – 1.027; 2009 – 1.022; 2010 – 1.017; 2011 – 1.017; 2012 – 1.012; 2013 – 1.001. (Source: WCIRB, 2015)

<sup>9</sup> Changes to TD benefit caps went into effect on claims with dates of injury on or after April 19, 2004

## Medical Provider Networks

### Exhibit 5A: Percent of 1<sup>st</sup> Year Visits and Payments to Network Providers by Fee Section and Accident Year – All Services<sup>10</sup>

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
% Visits <=30 Days	65.6%	78.1%	78.9%	80.8%	83.4%	84.2%	85.7%	85.2%	85.9%	84.9%	85.2%
% Visits >30 Days	41.0%	61.5%	65.0%	66.1%	68.9%	70.9%	73.7%	76.6%	77.3%	77.4%	
% All 1st Year Visits	50.5%	68.7%	70.9%	72.3%	74.9%	76.2%	78.3%	79.8%	80.4%	80.1%	

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
% Payment for Visits <=30 Days	58.4%	69.5%	70.7%	72.5%	75.0%	76.8%	79.6%	77.9%	78.3%	79.4%	78.3%
% Payment for Visits >30 Days	33.6%	50.5%	53.8%	54.3%	56.8%	59.9%	61.7%	65.6%	65.4%	65.6%	
% Payments for All 1st Year Visits	40.9%	57.0%	59.4%	60.4%	62.7%	65.2%	67.1%	69.1%	69.0%	69.7%	

### Exhibit 5B: Percent of 1<sup>st</sup> Year Visits and Payments to Network Providers by Fee Section and Accident Year – Eval & Mgt

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
% Visits <=30 Days	69.9%	81.1%	81.3%	83.0%	85.4%	85.9%	87.0%	86.0%	85.7%	85.2%	86.4%
% Visits >30 Days	52.4%	74.2%	78.5%	79.7%	82.3%	83.5%	85.2%	85.1%	85.1%	85.8%	
% All 1st Year Visits	61.2%	77.9%	80.0%	81.4%	83.9%	84.6%	86.1%	85.5%	85.3%	85.5%	

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
% Payment for Visits <=30 Days	67.7%	79.4%	78.8%	82.0%	84.3%	84.7%	85.7%	84.4%	84.0%	84.3%	86.9%
% Payment for Visits >30 Days	44.9%	70.1%	73.9%	76.3%	78.6%	80.8%	82.4%	82.6%	83.2%	84.3%	
% Payments for All 1st Year Visits	56.1%	75.1%	76.5%	79.4%	81.6%	82.8%	84.1%	83.5%	83.6%	84.3%	

<sup>10</sup> “All Services” includes evaluation and management, anesthesiology, surgery, medicine, laboratory/pathology, radiology, physical medicine, chiropractic, special services, orthotics/prosthetics, pharmacy & DME, medical legal reports and “other miscellaneous services”.

**Exhibit 5C: Percent of 1<sup>st</sup> Year Visits and Payments to Network Providers by Fee Section and Accident Year – Surgery**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
% Visits <=30 Days	66.7%	75.4%	74.3%	77.8%	79.2%	79.9%	79.4%	77.7%	76.6%	75.5%	75.5%
% Visits >30 Days	45.7%	60.4%	66.0%	67.1%	70.0%	72.5%	74.6%	76.5%	78.1%	75.4%	
% All 1st Year Visits	57.1%	69.3%	70.8%	73.3%	75.3%	76.5%	77.0%	77.1%	77.3%	75.5%	

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
% Payment for Visits <=30 Days	46.1%	57.9%	62.6%	63.6%	65.7%	67.2%	72.7%	68.6%	68.5%	71.0%	72.1%
% Payment for Visits >30 Days	41.3%	59.0%	64.1%	65.7%	68.9%	69.8%	69.9%	74.0%	75.9%	72.6%	
% Payments for All 1st Year Visits	42.6%	58.7%	63.7%	65.1%	67.9%	69.1%	70.7%	72.5%	73.9%	72.1%	

**Exhibit 5D: Percent of 1<sup>st</sup> Year Visits and Payments to Network Providers by Fee Section and Accident Year – Physical Medicine**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
% Visits <=30 Days	58.8%	73.6%	75.9%	77.2%	80.1%	79.8%	81.4%	83.2%	86.9%	82.1%	84.0%
% Visits >30 Days	36.4%	52.6%	54.8%	55.7%	59.1%	60.6%	64.8%	71.4%	73.3%	73.5%	
% All 1st Year Visits	41.6%	57.9%	59.8%	60.5%	63.7%	64.8%	68.3%	73.6%	75.8%	75.1%	

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
% Payment for Visits <=30 Days	60.9%	73.4%	75.0%	77.3%	78.8%	77.4%	78.9%	81.1%	84.9%	81.3%	83.4%
% Payment for Visits >30 Days	34.0%	47.9%	49.1%	49.5%	51.8%	53.0%	57.3%	66.0%	66.8%	70.5%	
% Payments for All 1st Year Visits	39.9%	54.0%	55.1%	55.6%	57.4%	58.1%	61.8%	68.7%	70.0%	72.4%	

## Item AC15-08-01 Third Quarter 2015 Review of Diagnostics

In 2009, the Special Committee on Diagnostics and Leading Indicators developed a comprehensive list of measures to be reviewed on a regular basis by the Claims Working Group and the Actuarial Committee in order to identify and quantify changes in claim patterns and trends and help determine the most appropriate methodologies to be used in the development of pure premium rates. The diagnostics include over one hundred measures and are segregated into the following areas (attached is an exhibit numbering guide):

1. Market & 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)

Staff prepares a summary of the diagnostic measures for the Committee on a semi-annual basis. The diagnostic summary is based on the most current available information. Please note the following:

1. The percentage of open permanent partial claims has continued to decrease across all regions of California (Exhibit M5).
2. The number of expedited hearings has remained high in the first quarter of 2015 (Exhibit M8.2).
3. Lien filings have increased in 2015. The 2015 increase may in part be due to the 18-month statute of limitations which became effective on dates of service on or after July 1, 2013 (Exhibit M9.2).
4. The number of IMRs filed increased in the first quarter of 2015 after decreasing in the fourth quarter of 2014 (Exhibit M14).
5. Reported indemnity claim count development appears to be moderating after many years of increases (Exhibit C1.2).
6. The incremental rate of claim closure has continued to increase at early maturities, while moderating at later maturities (Exhibit C3.1).
7. Indemnity claim counts in the first quarter of 2015 were slightly below the counts for the first quarter of 2014 following many quarters of increasing indemnity claim frequency (Exhibit C11).

# Exhibit Numbering Guide July 2015

Exhibit #	Exhibit Name
<b>Market/Claim Characteristics</b>	
M1	Distribution of Calendar Year Premium and Losses
M3	Total Incurred Loss Distribution by Insurer
M4	Distribution of Estimated Ultimate Number of Claims by Injury Type
M5	Percentage of Claims Open by Injury Type and Region - First through Third Report Level
M6	Percentage of Claim Count and Average Severity by Method of Settlement
M7	Division of Workers' Compensation (DWC) Distribution of Decisions by Type
M8	Elapsed Time in Days from Request to DWC Hearing & Statewide Number of Division of Workers' Compensation (DWC) Hearings & Quarterly Expedited Hearings
M9	Number of Division of Workers' Compensation (DWC) Lien Decisions & Quarterly Lien Filed Counts
M10	Medicare Set-aside Costs by Age Interval & Permanent Disability Rating Interval
M11	Percentage of Permanent Partial Claims with Qualified Offer of Permanent Return-to-work
M12*	Employee Average and Median Claimant Tenure at Date of Injury - Insured System & Average and Median Tenure at Date of Injury by NAICS - Insured System
M14	IMR Filed Counts
<b>Claim Count</b>	
C1	Reported Indemnity and Total Claim Count Development - Statewide
C2	Estimated Ultimate Indemnity Claim Settlement Ratios & Indemnity Claim Settlement Rates by Injury Type & Quarterly Ultimate Settlement Ratios
C3	Ratio of Incremental Closed Indemnity Claims to Prior Open Indemnity Claims
C4	Reopening Rates Based on Unit Statistical Data & by Injury Type
C5	Closed-Closed Development Based on Unit Statistical Data
C6	California Workers' Compensation Estimated Indemnity Claim Frequency by Accident Year as of March 31, 2015
C7	2014 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
C16	Cumulative Injury Claims per 100 Indemnity Claims by NAICS Sector Based on Unit Statistical Data at 1st Report Level
C17	Claim Count Ratios by Region Based on Unit Statistical Data at 1st Report Level
C18	Ratio of Total Indemnity Claim Counts to Total Claim Counts
C19	Distribution of Cumulative Injury Claims by Injury Type
C20	Indemnity Claim Frequency Relativities by NAICS Sector
C21	Indemnity Claim Frequency by Geographic Region at First Report Level
C22	Top 20 Part of Body Codes for Cumulative and Non-Cumulative Injury Indemnity Claims Based on Accident Year 2012 Shares
C23*	Denied Claims by Month and Year of Injury, 2000 - 2014
<b>Loss Development</b>	
D1	Quarterly Incurred & Paid Indemnity & Medical Loss Development Factors
D4	Ratios of Incremental Paid Losses to Prior Outstanding Losses by Accident Year
D5	Incremental Paid Indemnity & Medical - Ratios of Actual to Expected
D6	Comparison of Projected Ultimate Loss Ratios - Accident Year 2009-2014

\* New Exhibit for July 2015

# Exhibit Numbering Guide July 2015

Continued

Exhibit #	Exhibit Name
<b>Claim Severity</b>	
S1	Projection of Indemnity & Medical Severity Trends by Accident Year
S2	Average Incurred Indemnity Loss Per Reported Indemnity Claim & Incurred Medical Loss per Reported Claim
S3	Average Indemnity Case Outstanding & Outstanding Medical Loss Per Open Indemnity Claim
S4	Average Paid Indemnity & Medical Loss per Indemnity Claim & Average Paid Medical Loss Per Claim
S5	Average Paid Indemnity Loss & Medical per Closed Indemnity Claim
S6	Ratio of Incremental Paid Indemnity & Medical to Indemnity Claims Open During Period
S7	Ratio of Quarterly Paid Medical to Indemnity Claims Inventory Through March 31, 2015
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
S13	Average Medical Paid per Claim by Medical Benefit Sub-Category by Accident Year - All Claims & Indemnity Claims
S14	Self Insured Employers - Claim Severity
S15	Annual Changes in Indemnity Severity Attributable to Changes in Hazardousness
S16	Claim Counts and Losses on Claims in Excess of \$250,000 & \$500,000 & \$1,000,000
S17	Change in Claims Mix by Injury Description by Policy Year by Part of Body & Nature of Injury & Cause of Injury
S18	Indemnity Claim Frequency by Layer of Incurred Medical at USR First
<b>Loss Adjustment Expense</b>	
E1	Summary of LAE Ratios by Insurer Type
E2	Calendar Year ULAE Incurred Per Weighted Open Indemnity Claim - Private Insurers
E3	Calendar Year ULAE Paid Per Open Indemnity Claim - Private Insurers
E4	Paid Allocated Loss Adjustment Expense Development
E5	Average Paid ALAE Per Reported Indemnity Claim - Private Insurers
E6	Ratio of Cumulative Paid ALAE to Loss - Private Insurers
E7	Percentage of Represented and Unrepresented Permanent Disability Claims by Region - First/Second Survey Level
E8	Distribution of Total ALAE & MCCP Components
E9	Applicant Attorney Expense Paid
E10	Average Expense Costs per Represented PD Claim - Private Insurers Only
E12	Medical Cost Containment Paid as a Percentage of Total Medical Paid Based on CWCI Transactional Level Data
E13	Changes in the Number and Cost of Medical-Legal Reports
E15	Paid MCCP per Indemnity Claims Inventory Calendar Year
<b>Discontinued/Moved Exhibits</b>	
S12	Average Visits, Procedures and Payments per Procedure by Accident Year - All Services

\* New Exhibit for July 2015

## Distribution of Calendar Year Premium and Losses

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

Calendar	Written Premium at Pure Premium Rate Level				Earned Premium at Pure Premium Rate Level			
	LD Insurers		Other		LD Insurers		Other	
	Large Ded. <sup>[1]</sup>	Non-LD	Non-LD	All	Large Ded. <sup>[1]</sup>	Non-LD	Non-LD	All
2001 <sup>[2]</sup>	31.2%	24.5%	44.3%	100.0%	26.9%	26.8%	46.3%	100.0%
2002 <sup>[2]</sup>	32.1%	21.3%	46.6%	100.0%	30.5%	21.1%	48.5%	100.0%
2003 <sup>[2]</sup>	32.3%	20.4%	47.4%	100.0%	32.4%	18.9%	48.7%	100.0%
2004 <sup>[2]</sup>	34.4%	17.0%	48.5%	100.0%	34.5%	18.6%	46.9%	100.0%
2005 <sup>[2]</sup>	34.5%	22.4%	43.2%	100.0%	34.3%	23.1%	42.6%	100.0%
2006	36.7%	25.2%	38.2%	100.0%	37.1%	26.6%	36.4%	100.0%
2007	37.7%	28.2%	34.2%	100.0%	37.2%	28.5%	34.4%	100.0%
2008	34.9%	30.3%	34.8%	100.0%	36.1%	29.1%	34.7%	100.0%
2009	32.5%	34.9%	32.6%	100.0%	35.6%	32.9%	31.5%	100.0%
2010	37.6%	33.2%	29.1%	100.0%	37.8%	33.0%	29.2%	100.0%
2011	37.7%	35.9%	26.4%	100.0%	37.7%	36.3%	26.1%	100.0%
2012	40.6%	32.6%	26.8%	100.0%	40.3%	33.5%	26.2%	100.0%
2013	42.0%	27.5%	30.5%	100.0%	41.5%	29.0%	29.5%	100.0%
2014	41.7%	25.9%	32.4%	100.0%	41.3%	25.6%	33.1%	100.0%

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

<sup>[2]</sup> Excluded the experience of one large insurer whose experience was not available at the time of this analysis.

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

### Total Incurred Loss Distribution by Insurer\*

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

Group	AY 2010 @ 12/31/2010	AY 2011 @ 12/31/2011	AY 2012 @ 12/31/2012	AY 2013 @ 12/31/2013	AY 2014 @ 12/31/2014
State Fund	9.1%	8.2%	7.3%	8.7%	10.2%
1	9.7%	9.1%	8.6%	8.6%	8.0%
2	9.8%	9.0%	8.0%	7.9%	7.7%
3	8.1%	7.1%	6.8%	6.9%	7.6%
4	8.1%	7.6%	5.9%	7.5%	6.6%
5	5.3%	6.3%	6.3%	4.8%	4.2%
6	6.0%	6.4%	5.6%	5.6%	3.8%
7	4.0%	4.3%	4.6%	3.8%	3.8%
8	1.3%	1.7%	3.3%	3.2%	3.6%
9	1.9%	1.6%	2.2%	3.2%	3.6%
10	1.4%	1.7%	2.5%	3.3%	3.2%
All Other	35.3%	37.0%	38.9%	36.5%	37.7%

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

Group	AY 2010 @ 12/31/2010	AY 2011 @ 12/31/2011	AY 2012 @ 12/31/2012	AY 2013 @ 12/31/2013	AY 2014 @ 12/31/2014
1	10.6%	9.9%	9.3%	9.4%	9.0%
2	10.8%	9.8%	8.6%	8.7%	8.6%
3	8.9%	7.7%	7.3%	7.5%	8.5%
4	8.9%	8.2%	6.4%	8.2%	7.4%
5	5.9%	6.8%	6.8%	5.3%	4.6%
6	6.6%	7.0%	6.1%	6.1%	4.3%
7	4.4%	4.7%	5.0%	4.2%	4.2%
8	1.4%	1.9%	3.5%	3.5%	4.0%
9	2.1%	1.8%	2.4%	3.5%	4.0%
10	1.6%	1.9%	2.7%	3.6%	3.5%
All Other	38.8%	40.3%	41.9%	40.0%	42.0%

\*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 2014 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	52.6%	47.4%	100%
2002	54.1%	45.9%	100%
2003	53.6%	46.4%	100%
2004	49.8%	50.2%	100%
2005	46.0%	54.0%	100%
2006	46.9%	53.1%	100%
2007	47.9%	52.1%	100%
2008	50.2%	49.8%	100%
2009	50.8%	49.2%	100%
2010	50.8%	49.2%	100%
2011	50.2%	49.8%	100%
2012	49.3%	50.7%	100%
2013*	47.4%	52.6%	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	17.8%	16.0%	66.2%	100%
2002	18.8%	16.0%	65.2%	100%
2003	18.7%	16.2%	65.1%	100%
2004	15.6%	15.8%	68.6%	100%
2005	13.4%	15.7%	70.9%	100%
2006	13.5%	15.3%	71.2%	100%
2007	14.1%	15.4%	70.5%	100%
2008	15.4%	15.3%	69.3%	100%
2009	16.8%	16.3%	66.9%	100%
2010	17.6%	17.0%	65.4%	100%
2011	17.9%	17.7%	64.4%	100%
2012	18.0%	18.5%	63.5%	100%
2013*	17.9%	19.8%	62.3%	100%

\* Accident year 2013 experience is partial in that it only reflects experience from policy year 2012.

\*\* 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>							<u>Latest Year Reported Claim Distribution</u>
			<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
Permanent Partial	1	Bay Area	90%	90%	91%	91%	90%	88%	86%	14%
Permanent Partial	1	Los Angeles	91%	92%	91%	91%	89%	88%	85%	55%
Permanent Partial	1	Remainder CA	90%	90%	91%	89%	88%	87%	84%	32%
		ALL REGIONS COMBINED	<b>91%</b>	<b>91%</b>	<b>91%</b>	<b>90%</b>	<b>89%</b>	<b>88%</b>	<b>85%</b>	<b>100%</b>
Permanent Partial	2	Bay Area	70%	71%	69%	70%	68%	65%		15%
Permanent Partial	2	Los Angeles	74%	74%	74%	74%	72%	68%		54%
Permanent Partial	2	Remainder CA	70%	71%	70%	69%	67%	63%		31%
		ALL REGIONS COMBINED	<b>72%</b>	<b>72%</b>	<b>72%</b>	<b>72%</b>	<b>70%</b>	<b>66%</b>		<b>100%</b>
Permanent Partial	3	Bay Area	50%	51%	50%	50%	47%			16%
Permanent Partial	3	Los Angeles	56%	57%	58%	57%	52%			53%
Permanent Partial	3	Remainder CA	51%	52%	51%	50%	46%			31%
		ALL REGIONS COMBINED	<b>53%</b>	<b>54%</b>	<b>54%</b>	<b>54%</b>	<b>50%</b>			<b>100%</b>

<u>Injury Type</u>	<u>Report Level</u>	<u>Region*</u>	<u>Policy Year</u>							<u>Latest Year Reported Claim Distribution</u>
			<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
Temporary	1	Bay Area	40%	42%	41%	44%	44%	44%	46%	18%
Temporary	1	Los Angeles	43%	43%	44%	49%	50%	49%	51%	46%
Temporary	1	Remainder CA	36%	38%	38%	40%	41%	42%	43%	36%
		ALL REGIONS COMBINED	<b>40%</b>	<b>41%</b>	<b>41%</b>	<b>45%</b>	<b>46%</b>	<b>45%</b>	<b>47%</b>	<b>100%</b>
Temporary	2	Bay Area	21%	21%	23%	23%	26%	26%		17%
Temporary	2	Los Angeles	24%	24%	28%	31%	32%	32%		46%
Temporary	2	Remainder CA	18%	19%	21%	23%	24%	26%		38%
		ALL REGIONS COMBINED	<b>21%</b>	<b>22%</b>	<b>24%</b>	<b>27%</b>	<b>28%</b>	<b>29%</b>		<b>100%</b>
Temporary	3	Bay Area	11%	12%	12%	14%	14%			17%
Temporary	3	Los Angeles	13%	15%	18%	21%	22%			46%
Temporary	3	Remainder CA	9%	11%	12%	14%	15%			36%
		ALL REGIONS COMBINED	<b>11%</b>	<b>13%</b>	<b>15%</b>	<b>17%</b>	<b>18%</b>			<b>100%</b>

\*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 2007				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	63.8%	25,750	27,131	52,881
Stipulated Award	15.5%	21,821	22,914	44,735
All Other	<u>20.6%</u>	<u>16,300</u>	<u>14,816</u>	<u>31,116</u>
Total/Average	100.0%	23,188	23,932	47,120

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

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

Policy Year 2010				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	61.9%	25,707	31,015	56,722
Stipulated Award	11.2%	20,852	21,494	42,347
All Other	<u>26.9%</u>	<u>19,666</u>	<u>18,602</u>	<u>38,268</u>
Total/Average	100.0%	23,540	26,614	50,154

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

**Percentage of Claim Count and Average Severity by Method of Settlement**

Geographic Region: Bay Area

Policy Year 2007				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	58.7%	32,861	28,676	61,537
Stipulated Award	21.6%	24,279	21,850	46,129
All Other	<u>19.7%</u>	<u>19,523</u>	<u>17,312</u>	<u>36,836</u>
Total/Average	100.0%	28,383	24,966	53,349

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

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

Policy Year 2010				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	55.1%	29,113	30,832	59,945
Stipulated Award	17.7%	20,178	15,996	36,174
All Other	<u>27.2%</u>	<u>21,431</u>	<u>20,040</u>	<u>41,472</u>
Total/Average	100.0%	25,440	25,269	50,709

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

**Percentage of Claim Count and Average Severity by Method of Settlement**

Geographic Region: Los Angeles\*\*

Policy Year 2007				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	66.5%	24,711	27,826	52,537
Stipulated Award	10.7%	19,468	20,894	40,363
All Other	<u>22.8%</u>	<u>15,628</u>	<u>14,366</u>	<u>29,994</u>
Total/Average	100.0%	22,077	24,013	46,091

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

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

Policy Year 2010				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	64.0%	25,186	31,028	56,214
Stipulated Award	8.5%	20,226	21,304	41,531
All Other	<u>27.5%</u>	<u>18,556</u>	<u>18,030</u>	<u>36,586</u>
Total/Average	100.0%	22,942	26,630	49,572

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

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

**Percentage of Claim Count and Average Severity by Method of Settlement**

Geographic Region: Other

Policy Year 2007				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	62.3%	24,340	25,472	49,812
Stipulated Award	19.6%	22,405	24,953	47,357
All Other	<u>18.1%</u>	<u>15,932</u>	<u>14,407</u>	<u>30,339</u>
Total/Average	100.0%	22,440	23,368	45,808

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

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

Policy Year 2010				
	<u>Claim Distribution</u>	<u>Average Indemnity</u>	<u>Average Medical</u>	<u>Average Incurred</u>
Compromise & Release	61.9%	25,085	31,073	56,158
Stipulated Award	12.4%	22,046	25,642	47,688
All Other	<u>25.7%</u>	<u>20,701</u>	<u>18,855</u>	<u>39,556</u>
Total/Average	100.0%	23,582	27,261	50,843

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

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

<u>Calendar Year</u>	<u>Compromise &amp; 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%

\*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 2014 Annual Report

**Elapsed Time in Days from Request to DWC Hearing**

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

\* 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 2014 Annual Report

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

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

### Quarterly Expedited Hearings

<u>Time Period</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	4,463	23.5%
3rd Qtr 2014	4,404	7.2%
4th Qtr 2014	3,926	-2.2%
1st Qtr 2015	4,062	6.5%

\* 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

**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%

\*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 2014 Annual Report

## Liens Filed Counts\*

Region**	Calendar Year 2011	Counts by Region								1st Quarter 2015
		1st Quarter 2012	2nd Quarter 2012	3rd Quarter 2012	4th Quarter 2012	1st Quarter 2013	2nd Quarter 2013	3rd Quarter 2013	4th Quarter 2013	
Bay Area	18,723	5,490	5,467	6,434	10,397	1,232	1,450	1,607	1,928	2,071
Central Coast/Valley	24,414	7,245	8,970	15,289	25,730	2,193	1,562	1,795	2,025	3,058
Los Angeles County	283,774	97,245	122,040	207,639	342,549	46,830	18,947	25,999	29,537	45,827
Remainder of LA Basin	114,554	38,034	44,065	85,152	123,129	17,032	6,917	9,855	10,893	18,016
Remaining CA Zip Codes	2,535	895	1,102	698	1,119	230	211	247	276	270
Sacramento	3,934	1,248	1,322	1,407	1,557	268	339	410	358	488
San Diego County	15,922	4,936	4,991	6,611	8,523	1,312	684	991	1,136	2,133
<b>Total</b>	<b>463,856</b>	<b>155,093</b>	<b>187,957</b>	<b>323,230</b>	<b>513,004</b>	<b>69,097</b>	<b>30,110</b>	<b>40,904</b>	<b>46,153</b>	<b>71,863</b>

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Type	Calendar Year 2011	Counts by Type								1st Quarter 2015
		1st Quarter 2012	2nd Quarter 2012	3rd Quarter 2012	4th Quarter 2012	1st Quarter 2013	2nd Quarter 2013	3rd Quarter 2013	4th Quarter 2013	
Interpreter	28,721	12,937	17,162	46,095	47,427	2,397	831	484	378	143
Medical	292,982	85,152	106,336	182,474	317,241	45,631	22,480	32,356	37,515	60,066
Medical-Legal	39,569	22,931	37,440	64,912	80,916	11,411	587	653	537	216
Copy Service	539	139	65	91	62	11	20	23	8	18
Other***	102,045	33,934	26,954	29,658	67,358	9,647	6,192	7,388	7,715	4
<b>Total</b>	<b>463,856</b>	<b>155,093</b>	<b>187,957</b>	<b>323,230</b>	<b>513,004</b>	<b>69,097</b>	<b>30,110</b>	<b>40,904</b>	<b>46,153</b>	<b>71,863</b>

\* Lien Counts exclude SD/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, 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			
	AY2009	AY2010	AY2011	AY2012	AY2009	AY2010	AY2011	AY2012	AY2009	AY2010	AY2011	AY2012	AY2009	AY2010	AY2011	AY2012
59 or Younger	24	19	28	13	0.8%	0.6%	0.9%	0.4%	62,788	117,458	54,190	97,619	33,696	16,806	22,743	50,740
60 or Older	29	28	34	23	9.8%	8.3%	10.5%	6.7%	22,120	26,932	34,138	35,779	17,854	20,004	12,634	28,224
Total/Average	53	47	62	36	1.7%	1.4%	1.9%	1.1%	40,536	63,528	43,194	58,110	25,275	16,806	20,247	28,420

#### 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			
	AY2008	AY2009	AY2010	AY2011	AY2008	AY2009	AY2010	AY2011	AY2008	AY2009	AY2010	AY2011	AY2008	AY2009	AY2010	AY2011
59 or Younger	48	41	51	49	1.5%	1.3%	1.7%	1.6%	67,376	51,738	63,869	66,781	51,620	42,528	38,940	31,500
60 or Older	50	41	50	55	17.1%	13.5%	14.0%	16.8%	39,000	26,923	34,518	33,195	24,650	16,136	23,643	21,755
Total/Average	98	82	101	104	2.8%	2.4%	2.9%	3.1%	52,898	39,330	49,339	49,020	42,123	27,335	30,571	29,410

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

### Medicare Set-aside Costs By Permanent Disability Rating Interval

First Survey Level																
PDR Interval	Number of Surveyed Set-aside Claims			Percentage of PD Claims Involving Set-aside				Average Set-aside Amount			Median Set-aside Amount					
	AY2009	AY2010	AY2011	AY2012	AY2009	AY2010	AY2011	AY2012	AY2009	AY2010	AY2011	AY2012	AY2009	AY2010	AY2011	AY2012
Less Than 25%	25	22	25	7	1.2%	0.9%	1.0%	0.3%	19,714	18,892	20,777	19,076	15,000	12,600	14,930	16,902
25% to 69%	25	22	36	27	2.5%	2.3%	4.1%	3.1%	47,689	28,851	43,933	51,880	31,990	27,563	28,586	31,137
70% or More	3	3	1	2	10.7%	14.3%	5.3%	7.4%	154,433	645,146	576,974	278,838	193,950	302,801	576,974	278,838
Total/Average	53	47	62	36	1.7%	1.4%	1.9%	1.1%	40,536	63,528	43,194	58,110	25,275	16,806	20,247	28,420
Second Survey Level																
PDR Interval	Number of Surveyed Set-aside Claims			Percentage of PD Claims Involving Set-aside				Average Set-aside Amount			Median Set-aside Amount					
	AY2008	AY2009	AY2010	AY2011	AY2008	AY2009	AY2010	AY2011	AY2008	AY2009	AY2010	AY2011	AY2008	AY2009	AY2010	AY2011
Less Than 25%	29	37	37	35	1.3%	1.7%	1.6%	1.5%	27,330	22,959	33,022	40,316	18,047	15,000	20,000	16,187
25% to 69%	57	37	57	66	5.1%	3.2%	5.4%	6.7%	49,539	43,850	54,926	51,839	44,252	39,432	40,210	32,617
70% or More	12	8	7	3	21.1%	17.4%	17.1%	9.4%	130,646	94,143	90,094	88,547	94,136	74,897	120,839	84,036
Total/Average	98	82	101	104	2.8%	2.4%	2.9%	3.1%	52,898	39,330	49,339	49,020	42,123	27,335	30,571	29,410

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>
2010	20.8%
2011	20.1%
2012	21.2%

Second Survey Level

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

Source: WCIRB Permanent Disability Claim Survey

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

Median Tenure in Years at Date of Injury						Average Tenure in Years at Date of Injury					
AY/AQ	1	2	3	4	Annual	AY/AQ	1	2	3	4	Annual
2009	2.4	2.4	2.4	2.7	2.5	2009	5.2	5.2	5.2	5.3	5.2
2010	2.9	2.8	2.8	2.8	2.8	2010	5.6	5.5	5.3	5.4	5.4
2011	3.1	2.9	2.8	2.9	2.9	2011	5.7	5.5	5.3	5.5	5.5
2012	3.0	2.8	2.5	2.5	2.7	2012	5.8	5.6	5.4	5.6	5.6
2013	2.6	2.5	2.3	2.3	2.4	2013	5.7	5.5	5.4	5.4	5.5
2014	2.4	2.0	2.0		2.1	2014	5.5	5.1	5.0		5.2

Change in Median Tenure						Change in Average Tenure					
AY/AQ	Quarterly Change				Annual Change	AY/AQ	Quarterly Change				Annual Change
2009						2009					
2010	20.3%	14.8%	14.8%	6.4%	14.5%	2010	6.6%	4.3%	2.9%	2.7%	4.1%
2011	7.7%	3.9%	-1.4%	1.4%	1.8%	2011	3.3%	0.7%	-0.4%	1.7%	1.3%
2012	-3.3%	-4.8%	-8.0%	-12.5%	-6.6%	2012	1.0%	1.7%	2.3%	0.8%	1.5%
2013	-12.1%	-10.5%	-11.1%	-9.5%	-10.4%	2013	-2.1%	-1.0%	-0.7%	-3.9%	-1.9%
2014*	-9.2%	-18.6%	-13.3%		-12.4%	2014*	-2.9%	-7.5%	-6.4%		-4.8%

\*Note: 2014 annual change in average tenure is the change from the first three quarters of 2013 to the first three quarters of 2014.

Source: DWC WCIS data

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

NAICS Sector		NAICS Name	Median Tenure in Years for Accident Year					Average Tenure in Years for Accident Year						
			2009	2010	2011	2012	2013	2014	2009	2010	2011	2012	2013	2014
11	Agriculture		1.5	1.9	1.6	1.5	1.4	1.3	4.4	4.7	4.6	4.5	4.4	4.2
23	Construction		1.9	1.9	1.6	1.2	1.2	1.1	4.0	4.1	4.1	3.7	3.6	3.6
31	Manufacturing		3.5	3.9	3.7	3.7	3.0	2.5	7.2	7.2	7.0	7.0	6.5	6.2
42	Wholesale		2.4	2.8	2.5	2.1	1.9	1.7	4.8	5.1	4.9	4.9	4.7	4.8
44	Retail		2.3	2.8	2.9	2.9	2.8	2.7	4.4	4.8	4.9	5.0	5.4	5.1
48	Transportation		3.4	3.7	4.0	4.5	3.4	3.5	7.1	7.4	7.6	8.2	7.4	7.4
56	Administrative		1.7	2.0	2.0	1.9	1.8	1.7	3.8	4.1	4.1	4.2	4.3	4.1
62	Health		2.4	2.8	3.1	3.2	3.2	2.9	4.8	5.1	5.2	5.3	5.6	5.6
72	Entertainment		2.0	2.2	2.0	1.8	1.7	1.5	4.0	4.1	4.2	4.3	4.2	4.1
8810	Clerical		3.3	3.3	3.7	4.0	3.4	2.5	6.0	6.0	6.2	6.5	6.2	5.8
Other	All Other		2.6	3.0	3.2	3.3	3.1	2.6	5.4	5.6	5.9	6.2	6.2	5.7
All			2.5	2.8	2.9	2.7	2.4	2.1	5.2	5.4	5.5	5.6	5.5	5.2

NAICS Sector		NAICS Name	Change in Median Tenure for Accident Year					Change in Average Tenure for Accident Year						
			2009	2010	2011	2012	2013	2014	2009	2010	2011	2012	2013	2014
11	Agriculture		24.5%	-16.5%	-5.7%	-5.7%	-6.1%	-9.4%	7.9%	-4.1%	-1.4%	-1.4%	-0.9%	-4.7%
23	Construction		-3.1%	-15.1%	-24.8%	-2.5%	-2.5%	-4.3%	2.2%	0.4%	-10.0%	-1.7%	-1.7%	-0.6%
31	Manufacturing		9.7%	-3.1%	-0.5%	-20.5%	-20.5%	-15.9%	-0.2%	-2.7%	-0.5%	-0.5%	-6.8%	-4.7%
42	Wholesale		18.9%	-11.7%	-17.6%	-9.2%	-3.8%	-7.0%	5.2%	-3.4%	0.3%	-4.4%	-4.4%	1.4%
44	Retail		20.2%	4.6%	-0.7%	-3.8%	-4.6%	-4.6%	8.0%	2.8%	2.2%	2.2%	8.1%	-6.4%
48	Transportation		10.1%	8.9%	10.9%	-23.5%	-7.9%	2.6%	3.7%	2.2%	2.1%	1.3%	-9.4%	-0.2%
56	Administrative		19.8%	1.0%	-5.4%	4.9%	0.3%	-5.1%	7.2%	2.1%	1.8%	1.6%	1.6%	-3.7%
62	Health		18.3%	7.4%	4.9%	8.9%	0.3%	-9.0%	6.5%	2.1%	1.8%	1.8%	6.1%	0.1%
72	Entertainment		10.8%	-6.5%	-8.9%	-8.9%	-6.0%	-12.7%	2.4%	0.5%	2.5%	2.5%	-0.4%	-4.3%
8810	Clerical		1.8%	10.9%	8.2%	2.8%	-13.9%	-28.1%	0.3%	2.8%	4.2%	4.2%	-3.6%	-6.4%
Other	All Other		18.0%	7.6%	2.8%	-8.1%	-14.4%	-14.4%	4.8%	5.4%	4.1%	4.1%	0.0%	-7.2%
All			14.5%	1.8%	-6.6%	-10.4%	-12.4%	-12.4%	4.1%	1.3%	1.3%	1.5%	-1.9%	-4.8%

Source: DWC WCIS data

**IMR Filed Counts**Quarterly IMRs filed

<u>Year &amp; Quarter</u>	<u>IMRs Filed</u>
2013 1Q & 2Q	878
2013 3Q	31,950
2013 4Q	51,092
2014 1Q	49,928
2014 2Q	59,983
2014 3Q	61,793
2014 4Q	47,199
2015 1Q	61,142
<u>2015 April &amp; May</u>	42,688

Yearly IMR Counts

	<u>Original IMR Applications</u>	<u>Duplicates</u>	<u>Ineligible</u>	<u>Total Rejected</u>	<u>Eligible IMRs</u>
2013 IMR Counts	83,920	15,560	15,516	31,076	52,844
2014 IMR Counts	218,903	55,448	28,818	84,266	134,637

Source: DWC Collected from IMR Vendor  
 DWC Via Commission on Health and Safety & Workers' Compensation 2014 Annual Report

## Reported Indemnity Claim Count Development – Statewide

Accident Year	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
1999									1.000
2000								1.000	1.000
2001							0.999	0.999	0.999
2002						1.000	1.000	0.999	0.999
2003					1.000	0.998	0.999	0.999	0.999
2004				1.000	0.999	0.999	0.999	0.998	1.000
2005			1.004	1.001	1.001	1.000	1.000	1.000	1.000
2006		1.026	1.008	1.004	1.001	1.000	1.000	1.000	1.001
2007	6.462	1.037	1.012	1.005	1.003	1.002	1.000	1.000	
2008	6.146	1.060	1.017	1.009	1.004	1.003	1.002		
2009	6.993	1.082	1.023	1.009	1.005	1.003			
2010	7.395	1.090	1.022	1.010	1.006				
2011	7.536	1.101	1.026	1.011					
2012	7.666	1.118	1.026						
2013	8.061	1.101							
2014	7.783								
Latest Year									
I. <u>Age-to-Age</u>									
7.783	1.101	1.026	1.011	1.006	1.003	1.002	1.000	1.001	1.000
II. <u>Age-to-Ultimate</u>									
9.002	1.157	1.050	1.024	1.012	1.006	1.003	1.002	1.001	1.001
III. <u>Estimated Percent of Ultimate Indemnity Claims Reported</u>									
11.1%	86.5%	95.2%	97.7%	98.8%	99.4%	99.7%	99.8%	99.9%	99.9%

## Reported Total Claim Count Development – Statewide

Accident Year	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
1999									1.002
2000								1.002	1.001
2001							1.002	1.001	1.001
2002						1.001	1.001	1.001	1.001
2003					1.004	1.001	1.000	1.001	1.000
2004				1.005	1.002	1.000	1.001	1.000	1.001
2005			1.009	1.004	1.002	1.002	1.001	1.001	1.000
2006		1.038	1.011	1.004	1.003	1.001	1.001	1.001	1.001
2007	6.857	1.037	1.010	1.005	1.002	1.002	1.001	1.001	
2008	6.482	1.040	1.011	1.006	1.003	1.002	1.001		
2009	6.961	1.045	1.013	1.006	1.004	1.002			
2010	7.164	1.047	1.012	1.006	1.003				
2011	7.165	1.051	1.014	1.006					
2012	7.171	1.060	1.013						
2013	7.564	1.053							
2014	7.466								
Latest Year									
I. <u>Age-to-Age</u>									
7.466	1.053	1.013	1.006	1.003	1.002	1.001	1.001	1.001	1.001
II. <u>Age-to-Ultimate</u>									
8.098	1.085	1.030	1.017	1.010	1.007	1.005	1.003	1.003	1.002
III. <u>Estimated Percent of Ultimate Total Claims Reported</u>									
12.3%	92.2%	97.1%	98.4%	99.0%	99.3%	99.5%	99.7%	99.7%	99.8%

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 68% to 99% of the total California workers' compensation insured market measured using 2014 earned premium levels).

Source: WCIRB quarterly calls for experience

### Quarterly Reported Indemnity Claim Count Development Factors

Accident Year	Development														
	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>	<u>39-42</u>	<u>42-45</u>	<u>45-48</u>
2007	2.561	1.705	1.361	1.087	1.018	1.009	1.004	1.005	1.004	1.003	1.003	1.002	1.002	1.002	1.001
2008	2.536	1.653	1.340	1.095	1.025	1.015	1.010	1.009	1.007	1.004	1.003	1.003	1.002	1.003	1.002
2009	2.693	1.682	1.387	1.113	1.037	1.021	1.012	1.010	1.007	1.007	1.005	1.004	1.003	1.003	1.002
2010	2.716	1.716	1.407	1.127	1.039	1.022	1.016	1.011	1.008	1.006	1.005	1.003	1.004	1.003	1.001
2011	2.703	1.738	1.422	1.129	1.043	1.027	1.019	1.010	1.011	1.006	1.005	1.004	1.004	1.003	1.002
2012	2.752	1.742	1.421	1.125	1.053	1.029	1.019	1.013	1.010	1.007	1.004	1.005			
2013	2.844	1.746	1.425	1.139	1.044	1.027	1.016	1.011							
2014	2.772	1.732	1.427	1.136											

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 93% to 99% of the total California workers' compensation insured market measured using 2014 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										94.5%
1999									92.7%	94.2%
2000								90.1%	92.1%	93.6%
2001							85.2%	88.6%	90.9%	92.5%
2002						80.7%	85.6%	88.9%	91.2%	92.7%
2003					73.4%	81.0%	85.9%	89.0%	91.0%	92.7%
2004				63.9%	74.9%	81.9%	85.9%	88.7%	90.8%	92.6%
2005			52.1%	66.1%	76.3%	82.1%	86.1%	89.0%	91.1%	93.3%
2006		33.1%	52.9%	66.9%	76.0%	82.3%	86.2%	89.3%	92.0%	93.8%
2007	0.8%	33.0%	51.8%	65.4%	74.8%	80.9%	85.3%	89.3%	91.7%	
2008	0.8%	31.5%	49.7%	63.4%	73.2%	80.2%	85.7%	89.5%		
2009	0.7%	29.6%	47.6%	61.7%	72.1%	80.1%	85.4%			
2010	0.7%	29.7%	48.2%	62.4%	73.9%	81.5%				
2011	0.8%	29.6%	48.4%	63.7%	75.0%					
2012	0.8%	29.2%	49.4%	65.2%						
2013	0.9%	29.0%	50.4%							
2014	0.7%	29.5%								
2015	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 76% to 99% of the total California workers' compensation insured market measured using 2014 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
1995	11.0%	38.5%	60.5%	73.0%	81.0%	1995	84.0%	93.3%	96.1%	96.8%	98.1%
1996	11.2%	36.0%	57.2%	71.5%	79.4%	1996	81.3%	89.9%	93.4%	95.4%	97.7%
1997	10.7%	33.1%	55.6%	69.7%	77.4%	1997	79.5%	89.4%	93.5%	96.6%	97.3%
1998	8.9%	30.8%	53.8%	67.5%	74.4%	1998	78.2%	89.4%	94.0%	95.3%	96.5%
1999	8.8%	29.3%	50.4%	62.6%	69.2%	1999	75.3%	87.9%	92.2%	94.4%	95.5%
2000	8.1%	26.8%	45.3%	57.3%	66.2%	2000	70.4%	84.1%	89.4%	92.1%	93.4%
2001	7.0%	22.2%	41.3%	57.7%	69.5%	2001	65.9%	80.0%	87.2%	89.9%	91.7%
2002	5.3%	19.3%	41.7%	60.3%	71.7%	2002	66.3%	81.2%	87.3%	90.9%	93.2%
2003	4.1%	20.8%	44.3%	61.3%	72.5%	2003	68.0%	81.7%	88.4%	92.6%	94.7%
2004	5.2%	22.5%	44.0%	60.0%	71.4%	2004	70.1%	84.7%	91.5%	95.4%	95.6%
2005	5.9%	22.6%	43.1%	59.4%	69.7%	2005	70.1%	84.3%	91.0%	93.0%	95.5%
2006	6.5%	23.6%	44.3%	59.5%	69.1%	2006	71.5%	86.7%	91.9%	94.9%	95.5%
2007	6.0%	23.9%	43.6%	58.1%	68.2%	2007	71.3%	85.3%	91.6%	93.7%	95.0%
2008	6.1%	24.0%	43.3%	58.1%	69.9%	2008	70.1%	84.2%	89.3%	92.3%	94.3%
2009	6.1%	23.8%	43.0%	59.0%	70.7%	2009	67.7%	80.7%	86.9%	90.6%	93.7%
2010	7.3%	25.4%	46.0%	63.5%		2010	65.5%	79.2%	86.2%	90.4%	
2011	8.1%	27.8%	50.4%			2011	64.4%	78.4%	85.2%		
2012	9.4%	30.5%				2012	65.0%	80.5%			
2013	12.9%					2013	61.5%				

Cumulative Injury						Non-Cumulative Injury					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
1995	13.0%	32.6%	54.8%	70.8%	80.0%	1995	54.8%	72.0%	82.3%	87.4%	91.3%
1996	14.9%	36.7%	57.1%	71.1%	79.1%	1996	52.9%	68.1%	78.8%	85.7%	90.2%
1997	17.5%	36.9%	54.9%	67.3%	76.0%	1997	49.6%	65.0%	77.2%	85.1%	88.7%
1998	17.3%	33.6%	51.3%	64.2%	72.1%	1998	47.5%	63.6%	76.5%	83.2%	86.9%
1999	16.1%	31.7%	48.5%	60.5%	68.7%	1999	45.4%	61.8%	73.7%	80.3%	83.8%
2000	13.7%	29.8%	45.4%	57.2%	66.6%	2000	42.4%	58.4%	69.6%	76.4%	81.1%
2001	12.7%	26.8%	43.6%	57.3%	67.8%	2001	37.9%	52.5%	65.3%	74.6%	81.1%
2002	12.4%	26.8%	44.0%	59.4%	70.1%	2002	36.2%	50.5%	64.7%	75.8%	82.6%
2003	12.5%	27.6%	45.6%	60.0%	69.5%	2003	36.8%	51.9%	67.1%	77.6%	84.2%
2004	15.6%	30.3%	46.8%	60.5%	69.8%	2004	40.4%	56.3%	70.1%	79.6%	84.8%
2005	13.2%	27.6%	42.5%	55.1%	64.7%	2005	43.4%	58.8%	71.6%	79.6%	85.3%
2006	13.1%	27.7%	42.7%	54.8%	64.2%	2006	43.7%	59.9%	72.1%	80.4%	84.7%
2007	13.5%	28.4%	42.9%	54.9%	65.0%	2007	42.7%	58.6%	71.1%	78.7%	83.7%
2008	12.0%	26.9%	41.4%	54.1%	65.5%	2008	40.8%	56.9%	68.8%	77.2%	83.7%
2009	11.1%	24.8%	40.1%	55.3%	67.8%	2009	39.4%	54.9%	67.4%	76.8%	83.5%
2010	13.5%	27.4%	44.9%	65.8%		2010	38.5%	54.6%	68.1%	78.1%	
2011	11.5%	28.8%	51.1%			2011	38.8%	55.6%	69.6%		
2012	13.2%	34.2%				2012	39.6%	57.8%			
2013	16.3%					2013	40.0%				

All Indemnity					
AY/RL	1	2	3	4	5
1995	51.8%	69.1%	80.3%	86.2%	90.5%
1996	50.3%	66.0%	77.3%	84.7%	89.5%
1997	47.4%	63.1%	75.7%	83.9%	87.9%
1998	45.4%	61.6%	74.8%	81.9%	85.9%
1999	43.2%	59.6%	71.8%	78.8%	82.6%
2000	40.2%	56.2%	67.8%	75.0%	80.0%
2001	35.8%	50.4%	63.5%	73.1%	80.0%
2002	34.2%	48.5%	63.0%	74.4%	81.6%
2003	34.7%	49.8%	65.3%	76.1%	82.9%
2004	38.3%	54.1%	68.1%	78.0%	83.6%
2005	41.2%	56.5%	69.5%	77.9%	83.8%
2006	41.5%	57.6%	69.9%	78.5%	83.2%
2007	40.5%	56.3%	68.9%	76.9%	82.3%
2008	38.5%	54.5%	66.6%	75.4%	82.2%
2009	36.8%	52.1%	64.8%	74.8%	82.0%
2010	36.1%	52.1%	66.0%	77.0%	
2011	36.2%	53.1%	68.0%		
2012	37.1%	55.6%			
2013	37.3%				

## Notes:

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
2007	0.8%	5.3%	13.3%	23.7%	33.0%	39.5%	44.0%	48.3%	51.8%	55.6%	58.8%	62.6%	65.4%	68.0%	70.5%	72.9%
2008	0.8%	5.5%	13.3%	23.0%	31.5%	37.8%	42.1%	46.0%	49.7%	53.4%	56.9%	60.4%	63.4%	66.2%	68.8%	71.2%
2009	0.7%	4.7%	12.2%	21.3%	29.6%	35.6%	39.9%	44.0%	47.6%	51.3%	55.1%	58.7%	61.7%	64.8%	67.4%	69.9%
2010	0.7%	4.7%	11.8%	21.0%	29.7%	35.7%	40.1%	44.4%	48.2%	52.2%	55.7%	59.3%	62.4%	65.7%	68.8%	71.6%
2011	0.8%	5.1%	11.9%	21.2%	29.6%	35.7%	40.2%	44.5%	48.4%	52.7%	56.5%	60.5%	63.7%	66.8%	69.8%	72.6%
2012	0.8%	5.0%	12.0%	21.0%	29.2%	35.7%	40.5%	45.3%	49.4%	53.7%	57.9%	61.8%	65.2%			
2013	0.9%	5.0%	11.5%	20.5%	29.0%	35.5%	40.9%	45.8%	50.4%							
2014	0.7%	4.7%	11.6%	20.6%	29.5%											
2015	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
2007	4.5%	8.0%	10.4%	9.3%	6.5%	4.5%	4.3%	3.6%	3.8%	3.2%	3.8%	2.8%
2008	4.6%	7.8%	9.7%	8.6%	6.2%	4.3%	3.9%	3.6%	3.7%	3.5%	3.5%	2.9%
2009	4.0%	7.5%	9.1%	8.2%	6.0%	4.4%	4.0%	3.6%	3.7%	3.8%	3.6%	3.0%
2010	4.1%	7.1%	9.2%	8.6%	6.0%	4.4%	4.3%	3.8%	4.0%	3.6%	3.5%	3.1%
2011	4.3%	6.8%	9.3%	8.4%	6.1%	4.5%	4.4%	3.8%	4.3%	3.9%	4.0%	3.3%
2012	4.2%	7.0%	9.0%	8.2%	6.5%	4.8%	4.8%	4.1%	4.2%	3.9%	3.9%	3.3%
2013	4.0%	6.5%	9.0%	8.5%	6.5%	5.4%	4.9%	4.6%		4.2%	3.8%	3.4%
2014	4.0%	6.9%	9.0%	8.9%								

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 93% to 99% of the total California workers' compensation insured market measured using 2014 earned premium levels).

Source: WCIRB quarterly calls for experience

**Ratio of Incremental Closed Indemnity Claims to Prior Open Indemnity Claims**

Accident	Development								
Year	<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									19.7%
2000								20.3%	18.8%
2001							22.7%	20.1%	18.1%
2002						25.4%	23.0%	20.9%	16.7%
2003					28.5%	25.9%	22.4%	18.0%	18.4%
2004				30.6%	27.7%	22.1%	20.0%	18.7%	19.2%
2005			29.4%	29.9%	24.4%	22.2%	20.8%	19.7%	24.3%
2006		29.6%	29.7%	27.5%	26.3%	21.8%	22.5%	25.6%	22.1%
2007	32.5%	28.0%	28.2%	27.2%	24.1%	23.1%	27.0%	22.3%	
2008	31.0%	26.5%	27.2%	26.9%	26.0%	28.0%	26.1%		
2009	29.0%	25.6%	26.9%	27.2%	28.8%	26.7%			
2010	29.2%	26.4%	27.4%	30.7%	29.1%				
2011	29.0%	26.7%	29.7%	31.0%					
2012	28.6%	28.6%	31.2%						
2013	28.3%	30.1%							
2014	28.9%								

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 76% to 99% of the total California workers' compensation insured market measured using 2014 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%	12.0%	12.2%	9.7%	7.4%	7.6%	6.9%	8.0%	7.2%	9.2%	7.5%	7.6%	7.8%	8.1%
2008	4.7%	8.3%	11.2%	11.1%	9.1%	7.0%	6.8%	6.8%	7.4%	7.6%	8.2%	7.4%	7.6%	7.8%	7.7%
2009	4.0%	7.9%	10.3%	10.5%	8.5%	6.8%	6.7%	6.5%	7.1%	7.7%	8.0%	7.3%	8.1%	7.3%	7.8%
2010	4.1%	7.4%	10.5%	10.9%	8.6%	6.8%	7.2%	6.9%	7.6%	7.4%	8.0%	7.7%	8.8%	8.8%	9.1%
2011	4.3%	7.2%	10.5%	10.6%	8.7%	7.0%	7.3%	6.9%	8.3%	8.1%	9.1%	8.2%	8.4%	9.2%	9.2%
2012	4.2%	7.4%	10.3%	10.3%	9.1%	7.5%	8.1%	7.5%	8.4%	9.1%	9.1%	9.0%			
2013	4.1%	6.9%	10.2%	10.7%	9.2%	8.3%	8.3%	8.5%							
2014	4.0%	7.2%	10.2%	11.2%											

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 93% to 99% of the total California workers' compensation insured market measured using 2014 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
2000	0.80%	0.45%	0.32%	0.23%	---	---	---
2001	0.84%	0.50%	0.34%	0.30%	0.21%	0.17%	0.13%
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%	
2007	0.64%	0.60%	0.53%	0.29%	0.23%		
2008	1.24%	0.80%	0.38%	0.32%			
2009	1.22%	0.48%	0.40%				
2010	0.74%	0.53%					
2011	0.86%						

PY/RL	Average Incurred for Reopened Claims						
	2nd	3rd	4th	5th	6th	7th	8th
2000	25,829	30,376	46,948	52,831	---	---	---
2001	27,368	34,714	44,371	52,850	67,055	77,978	94,138
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	
2007	24,977	25,653	36,417	57,370	67,285		
2008	17,783	22,985	45,903	58,719			
2009	19,985	32,723	43,640				
2010	25,513	33,258					
2011	26,482						

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
2000	2.78%	1.68%	1.56%	1.22%	---	---	---	2000	1.28%	0.82%	0.60%	0.34%	---	---	---
2001	3.10%	2.54%	1.65%	1.49%	1.06%	0.84%	0.64%	2001	1.55%	0.92%	0.66%	0.43%	0.24%	0.18%	0.12%
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%		2006	1.14%	0.82%	0.57%	0.46%	0.28%	0.18%	
2007	2.47%	3.03%	2.82%	1.86%	1.32%			2007	1.20%	0.94%	0.71%	0.40%	0.28%		
2008	4.02%	3.54%	2.17%	1.87%				2008	1.67%	1.12%	0.57%	0.40%			
2009	3.81%	2.42%	1.91%					2009	1.80%	0.81%	0.60%				
2010	2.15%	2.23%						2010	1.23%	0.91%					
2011	2.68%							2011	1.55%						

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
2000	1.43%	1.02%	0.91%	0.67%	---	---	---	2000	0.67%	0.30%	0.13%	0.07%	---	---	---
2001	1.70%	1.26%	0.99%	0.86%	0.61%	0.49%	0.37%	2001	0.66%	0.30%	0.13%	0.08%	0.05%	0.03%	0.02%
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%		2006	0.50%	0.21%	0.19%	0.14%	0.04%	0.03%	
2007	1.29%	1.37%	1.35%	0.93%	0.70%			2007	0.53%	0.42%	0.29%	0.09%	0.06%		
2008	1.86%	1.66%	1.09%	0.97%				2008	1.12%	0.58%	0.16%	0.10%			
2009	1.98%	1.19%	1.05%					2009	1.07%	0.29%	0.18%				
2010	1.32%	1.24%						2010	0.62%	0.33%					
2011	1.68%							2011	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
2000	0.80%	0.45%	0.32%	0.23%	---	---	---
2001	0.84%	0.50%	0.34%	0.30%	0.21%	0.17%	0.13%
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%	
2007	0.64%	0.60%	0.53%	0.29%	0.23%		
2008	1.24%	0.80%	0.38%	0.32%			
2009	1.22%	0.48%	0.40%				
2010	0.74%	0.53%					
2011	0.86%						

Note: Injury types are fixed at denominator age.

Source: WCIRB unit statistical data

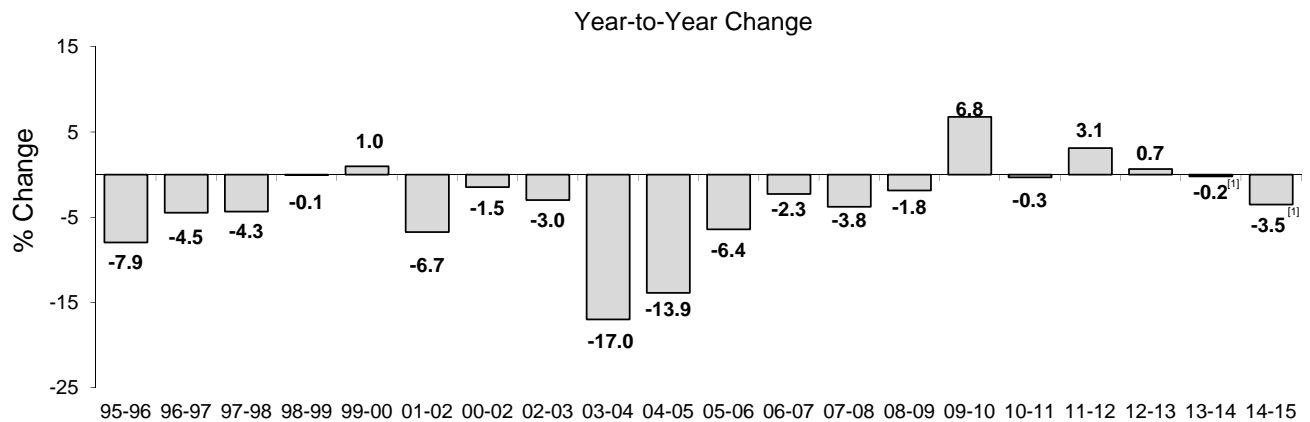
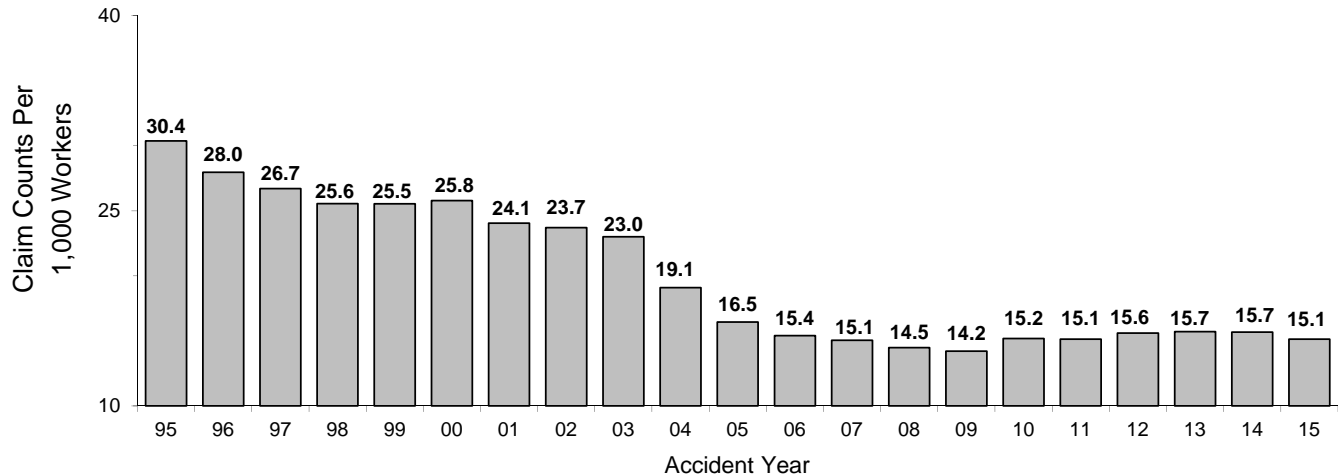
### Closed-Closed Development Based on Unit Statistical Data

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
2000	16.18%	10.11%	7.76%	6.14%	---	---	---
2001	16.66%	12.58%	9.61%	7.86%	7.80%	10.17%	6.33%
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%	
2007	20.05%	6.62%	5.38%	2.53%	2.36%		
2008	11.84%	6.47%	3.85%	3.43%			
2009	11.69%	5.58%	4.72%				
2010	10.20%	6.10%					
2011	10.88%						

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
2000	0.84%	1.22%	2.28%	4.22%	---	---	---
2001	0.83%	2.11%	2.95%	6.25%	4.04%	6.90%	4.86%
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%	3.55%
2006	1.93%	1.88%	2.61%	3.12%	3.18%	3.26%	
2007	1.43%	1.57%	2.46%	3.25%	4.66%		
2008	0.99%	1.62%	2.32%	4.03%			
2009	1.01%	1.46%	3.16%				
2010	0.87%	2.06%					
2011	1.07%						

Source: WCIRB unit statistical data

**California Workers' Compensation  
Estimated Indemnity Claim Frequency by Accident Year  
As of March 31, 2015**



<sup>[1]</sup> The 2012-2013 estimate is based on partial year unit statistical data. The 2013-2014 and 2014-2015 estimates are based on comparison of claim counts based on WCIRB accident year experience as of March 31, 2015 relative to the estimated change in statewide employment. Prior years are based on unit statistical data.

**2014 Accident Year Indemnity Claim Frequency Model**  
**As of PY 2012 1st Set & June 2015 UCLA**

AY	Annual %	Annual Log Differences						
	Changes Intra- Class Ind Freq	Intra-Class Indemnity Frequency per \$M Exposure at PY 2015 Level			AY+1 Indemnity	Cumulative	Economic Variables	CalOSHA Dummy
	Total	Total	Cumulative	Non-cum.	Benefit Level	Injury Index	(1st Prin. Comp.)	Variable
1962	----	----	----	----	----	----	----	----
1963	2.0%	0.020	----	----	0.000	----	-0.028	0.000
1964	0.3%	0.003	----	----	0.000	----	0.005	0.000
1965	-0.3%	-0.003	----	----	0.000	----	0.021	0.000
1966	1.7%	0.017	----	----	0.000	----	0.192	0.000
1967	1.8%	0.017	----	----	0.000	----	-0.145	0.000
1968	1.4%	0.014	----	----	0.049	----	0.060	0.000
1969	2.7%	0.026	----	----	0.000	----	0.044	0.000
1970	1.8%	0.018	----	----	0.000	----	-0.336	0.000
1971	1.5%	0.015	----	----	0.162	----	-0.190	0.000
1972	-4.3%	-0.044	----	----	0.040	----	0.162	0.000
1973	7.0%	0.067	----	----	0.049	----	0.091	0.000
1974	19.2%	0.176	----	----	0.058	----	-0.034	0.000
1975	12.5%	0.118	----	----	0.000	----	-0.298	0.000
1976	0.8%	0.008	----	----	0.063	----	0.086	0.000
1977	4.3%	0.042	----	----	0.001	----	0.112	0.000
1978	-8.7%	-0.091	----	----	0.000	----	0.174	0.000
1979	0.5%	0.005	-0.053	0.007	0.000	-0.060	0.134	0.000
1980	-6.5%	-0.068	-0.132	-0.066	0.033	-0.066	-0.079	0.000
1981	-3.5%	-0.036	-0.028	-0.036	0.000	0.008	-0.078	0.000
1982	-1.6%	-0.016	0.153	-0.022	0.352	0.175	-0.292	0.000
1983	6.2%	0.060	0.214	0.054	0.081	0.160	0.029	0.000
1984	9.5%	0.091	0.235	0.084	0.000	0.151	0.221	0.000
1985	2.0%	0.020	0.138	0.014	0.000	0.124	0.080	0.000
1986	-2.4%	-0.024	0.039	-0.028	0.000	0.067	0.078	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	-0.119	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%	-0.071	-0.017	-0.076	-0.007	0.059	-0.100	0.000
2002	-2.8%	-0.028	0.002	-0.031	0.060	0.033	-0.197	0.000
2003	-3.1%	-0.032	-0.008	-0.034	-0.065	0.026	-0.022	0.000
2004	-16.8%	-0.184	-0.211	-0.181	-0.398	-0.030	0.098	0.000
2005	-13.6%	-0.146	-0.298	-0.133	0.051	-0.165	0.143	0.000
2006	-5.7%	-0.058	-0.049	-0.059	0.016	0.009	0.090	0.000
2007	-1.6%	-0.016	0.021	-0.019	0.049	0.040	-0.095	0.000
2008	-2.6%	-0.027	0.039	-0.032	0.006	0.071	-0.320	0.000
2009	0.0%	0.000	0.165	-0.016	0.066	0.181	-0.414	0.000
2010	9.0%	0.086	0.139	0.080	0.012	0.059	-0.077	0.000
2011	1.1%	0.011	0.023	0.010	0.003	0.013	0.049	0.000
2012	4.5%	0.044	0.087	0.039	-0.008	0.048	0.125	0.000
2013*	1.0%	0.010	0.190	-0.017	0.071	0.207	0.156	0.000
2014	-0.3%	-0.003	-0.003	-0.003	0.003	0.000	0.156	0.000
2015	0.1%	0.001	0.001	0.001	0.003	0.000	0.197	0.000
2016	-0.1%	-0.001	-0.001	-0.001	0.003	0.000	0.175	0.000
2017	-1.4%	-0.014	-0.014	-0.014	0.003	0.000	0.052	0.000

**Y = Hazardousness-Adjusted Noncumulative Indemnity Claim Frequency**

Constant	-0.020			
Std Err of Y Est	0.043			
R Squared	0.568			
No. of Observations	35			
Degrees of Freedom	30			
X Coefficient(s)	0.172	0.279	0.104	-0.142
Std Err of Coef.	0.078	0.066	0.049	0.082

**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 2014; June 2015 UCLA Anderson Forecasts for 2015 on.

Regression is over AY 1979 through AY 2013. AY 2014 through AY 2017 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 2013 change is based on a comparison of 2013 accidents on 2012 policies to 2012 accidents on 2011 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	0.583	0.921	0.703	---	---	---
1980	0.545	0.914	0.652	-6.54%	-0.75%	-7.24%
1981	0.526	0.900	0.619	-3.54%	-1.56%	-5.04%
1982	0.517	0.882	0.597	-1.59%	-2.00%	-3.56%
1983	0.549	0.873	0.628	6.20%	-0.98%	5.17%
1984	0.602	0.871	0.686	9.53%	-0.18%	9.32%
1985	0.614	0.867	0.697	2.05%	-0.51%	1.52%
1986	0.600	0.859	0.674	-2.39%	-0.92%	-3.28%
1987	0.609	0.854	0.680	1.53%	-0.56%	0.97%
1988	0.613	0.854	0.685	0.69%	-0.06%	0.64%
1989	0.628	0.853	0.701	2.47%	-0.08%	2.39%
1990	0.685	0.845	0.758	9.04%	-0.89%	8.07%
1991	0.687	0.832	0.748	0.28%	-1.58%	-1.30%
1992	0.611	0.820	0.655	-11.09%	-1.45%	-12.37%
1993	0.520	0.810	0.550	-14.91%	-1.25%	-15.98%
1994	0.453	0.809	0.480	-12.76%	-0.06%	-12.81%
1995	0.432	0.811	0.458	-4.64%	0.16%	-4.49%
1996	0.403	0.800	0.422	-6.78%	-1.25%	-7.94%
1997	0.390	0.791	0.403	-3.27%	-1.23%	-4.46%
1998	0.375	0.786	0.386	-3.76%	-0.60%	-4.34%
1999	0.381	0.774	0.385	1.45%	-1.48%	-0.05%
2000	0.396	0.752	0.389	4.02%	-2.91%	0.99%
2001	0.369	0.753	0.363	-6.86%	0.13%	-6.74%
2002	0.358	0.763	0.358	-2.78%	1.34%	-1.48%
2003	0.347	0.764	0.347	-3.13%	0.20%	-2.94%
2004	0.289	0.763	0.288	-16.81%	-0.21%	-16.99%
2005	0.250	0.760	0.248	-13.59%	-0.31%	-13.85%
2006	0.235	0.754	0.232	-5.65%	-0.81%	-6.42%
2007	0.232	0.749	0.227	-1.59%	-0.68%	-2.26%
2008	0.226	0.740	0.218	-2.63%	-1.21%	-3.82%
2009	0.226	0.725	0.214	0.00%	-2.03%	-2.04%
2010	0.246	0.708	0.228	9.00%	-2.28%	6.51%
2011	0.249	0.696	0.227	1.12%	-1.71%	-0.60%
2012(c)	0.260	0.688	0.234	4.51%	-1.13%	3.33%
2012(d)	0.262	0.688	0.236	---	---	---
2013(e)	0.265	0.685	0.237	1.03%	-0.51%	0.51%
2014	0.264	0.695	0.240	-0.33%	1.45%	1.12%
2015	0.264	0.694	0.240	0.11%	-0.15%	-0.05%
2016	0.264	0.692	0.239	-0.13%	-0.27%	-0.39%
2017	0.260	0.691	0.235	-1.40%	-0.12%	-1.51%
PY						
2008	0.226	0.733	0.216			
2009	0.235	0.717	0.220	4.05%	-2.14%	1.77%
2010	0.247	0.703	0.227	5.28%	-2.03%	3.20%
2011	0.254	0.693	0.230	2.66%	-1.45%	1.16%
2012	0.262	0.687	0.235	3.28%	-0.85%	2.41%
2013	0.264	0.689	0.238	0.86%	0.37%	1.23%
2014	0.264	0.694	0.240	-0.13%	0.72%	0.59%
2015	0.264	0.693	0.239	0.00%	-0.20%	-0.20%
2016	0.262	0.691	0.237	-0.70%	-0.20%	-0.90%

Notes: (a) All frequencies are per \$M exposure at PY 2015 Level.  
 (b) Index is to AY 1961.  
 (c) 2012 accidents on 2011 and 2012 policies.  
 (d) 2012 accidents on 2011 policies only.  
 (e) AY 2013 is preliminary and percent changes are based on a comparison of 2013 accidents on 2012 policies to 2012 accidents on 2011 policies.  
 (f) Forecasts below thick solid line.

Source: WCIRB Indemnity Frequency Model

## California OPRL Injury &amp; 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%	-6.7%
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%	-2.9%
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%	-6.4%
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%	-3.8%
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%	6.5%
2011	440.9	243.6	134.2	30.4%	13,875.2	31.8	9.7	-2.4%	0.3%	-0.6%
2012	451.5	257.1	140.1	31.0%	14,959.8	30.2	9.4	#N/A	#N/A	3.3%
2013	468.4	265.0	146.8	31.3%	15,379.0	30.5	9.5	0.9%	1.9%	0.5%
	000s	000s	000s	Proxy for Indemnity to Total Ratio D / B	000s	Proxy for Indemnity & Med-Only Combined B / F	Proxy for Indemnity D / F	Change in Column G Proxy for Indemnity & Med-Only Combined	Change in Column H Proxy for Indemnity	

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 2013 change is based on a comparison of 2013 accidents on 2012 policies to 2012 accidents on 2011 policies.  
 Insured System AY 2013 is preliminary.

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.	Indemnity Frequency	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%

## Public Self-Insured Employers

FY	Number of Cases Reported During Year			Indemnity /Total	Annual Change	Public Employees	Total Frequency	Total Freq.	Indemnity Frequency	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%

## All Self-Insured Employers

CY	Number of Cases Reported During Year			Indemnity /Total	Annual Change	All Self-Ins. Employees	Total Frequency	Total Freq.	Indemnity Frequency	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	-6.7%
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	-2.9%
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	-6.4%
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	-3.8%
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	6.5%
2011	109,839	86,357	196,196	0.440	1.6%	4,020,445	0.049	1.1%	0.021	2.7%	2011	-0.6%
2012	110,219	84,995	195,214	0.435	-1.1%	4,017,726	0.049	-0.4%	0.021	-1.5%	2012	3.3%
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%

Notes: Fiscal Year Public data prorated to CYs 50%/50%.  
 Insured System AY 2013 change is based on a comparison of 2013 accidents on 2012 policies to 2012 accidents on 2011 policies.  
 Insured System AY 2013 is preliminary.

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	0.980094	0.732772	-1.9906
2009	Proj to 5th	0.979314	0.717614	-2.0686
2010	Proj to 5th	0.975548	0.700066	-2.4452
2011	Proj to 5th	0.988813	0.692234	-1.1187
2012	Proj to 5th	0.988621	0.684357	-1.1379

Source: WCIRB unit statistical data

### Changes in Incremental Indemnity Claim Counts and Medical Only Claim Counts

Calendar Quarter Evaluation	Change in Statewide Incremental Number of Indemnity Claims		Change in Statewide Incremental Number of Medical-Only Claims	
	Change in Quarterly Increment from Same Quarter at Prior Calendar Year	Change in 4-Quarter Increment from Same Quarter at Prior Calendar Year	Change in Quarterly Increment from Same Quarter at Prior Calendar Year	Change in 4-Quarter Increment from Same Quarter at Prior Calendar Year
3/31/2007	-2.4%	---	---	---
6/30/2007	-10.2%	---	-13.5%	---
9/30/2007	0.3%	---	1.2%	---
12/31/2007	-13.4%	-6.3%	-19.4%	---
3/31/2008	-5.8%	-7.2%	-14.8%	-11.6%
6/30/2008	-3.9%	-5.7%	-2.8%	-9.0%
9/30/2008	-19.2%	-10.7%	-17.6%	-13.9%
12/31/2008	-16.7%	-11.4%	-3.8%	-10.3%
3/31/2009	-27.1%	-16.8%	-27.5%	-13.2%
6/30/2009	-14.2%	-19.4%	-27.0%	-19.4%
9/30/2009	-8.2%	-16.8%	-16.7%	-19.2%
12/31/2009	2.5%	-12.8%	-15.8%	-22.0%
3/31/2010	7.4%	-4.1%	-5.2%	-17.1%
6/30/2010	3.9%	1.0%	-1.9%	-10.6%
9/30/2010	6.7%	5.1%	-6.3%	-7.6%
12/31/2010	7.2%	6.3%	3.3%	-2.6%
3/31/2011	2.7%	5.1%	-4.1%	-2.3%
6/30/2011	-1.2%	3.8%	-8.9%	-4.1%
9/30/2011	3.4%	2.9%	-1.3%	-2.7%
12/31/2011	4.5%	2.3%	-7.8%	-5.5%
3/31/2012	0.3%	1.8%	-1.3%	-4.9%
6/30/2012	8.1%	4.1%	0.0%	-2.7%
9/30/2012	5.8%	4.7%	3.7%	-1.4%
12/31/2012	6.6%	5.3%	4.1%	1.7%
3/31/2013	3.0%	5.9%	-1.5%	1.9%
6/30/2013	11.0%	6.7%	9.4%	4.6%
9/30/2013	6.4%	6.8%	-2.4%	3.1%
12/31/2013	5.5%	6.6%	0.1%	1.3%
3/31/2014	13.9%	9.0%	2.8%	2.3%
6/30/2014	0.9%	6.4%	-3.6%	-0.9%
9/30/2014	3.1%	5.4%	5.2%	1.1%
12/31/2014	2.8%	4.7%	6.4%	2.6%
3/31/2015	-0.1%	2.1%	7.2%	3.9%

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	3,963,045	6.90			
1962	4,146,543	5.80	0.045	-0.174	0.178
1963	4,293,753	6.00	0.035	0.034	-0.028
1964	4,426,149	6.00	0.030	0.000	0.005
1965	4,546,493	5.90	0.027	-0.017	0.021
1966	4,793,726	4.90	0.053	-0.186	0.192
1967	4,928,912	5.70	0.028	0.151	-0.145
1968	5,134,347	5.40	0.041	-0.054	0.060
1969	5,369,004	5.20	0.045	-0.038	0.044
1970	5,336,279	7.30	-0.006	0.339	-0.336
1971	5,284,799	8.83	-0.010	0.190	-0.190
1972	6,022,335	7.65	0.131	-0.144	0.162
1973	6,500,382	7.06	0.076	-0.080	0.091
1974	6,709,167	7.34	0.032	0.039	-0.034
1975	6,684,898	9.92	-0.004	0.301	-0.298
1976	7,260,848	9.21	0.083	-0.074	0.086
1977	7,681,589	8.29	0.056	-0.105	0.112
1978	9,202,641	7.15	0.181	-0.148	0.174
1979	9,621,336	6.28	0.044	-0.129	0.134
1980	10,268,819	6.87	0.065	0.090	-0.079
1981	10,407,736	7.45	0.013	0.081	-0.078
1982	10,234,540	9.99	-0.017	0.293	-0.292
1983	10,334,289	9.72	0.010	-0.028	0.029
1984	10,825,484	7.82	0.046	-0.217	0.221
1985	11,177,907	7.25	0.032	-0.076	0.080
1986	11,488,884	6.73	0.027	-0.074	0.078
1987	11,893,288	5.81	0.035	-0.147	0.150
1988	12,360,607	5.35	0.039	-0.083	0.088
1989	12,692,339	5.13	0.026	-0.041	0.045
1990	12,946,456	5.81	0.020	0.124	-0.119
1991	12,781,960	7.78	-0.013	0.292	-0.291
1992	12,581,862	9.36	-0.016	0.185	-0.185
1993	12,482,776	9.56	-0.008	0.021	-0.022
1994	12,615,341	8.60	0.011	-0.105	0.106
1995	12,872,957	7.86	0.020	-0.090	0.092
1996	13,231,095	7.32	0.027	-0.071	0.074
1997	13,625,513	6.40	0.029	-0.134	0.137
1998	14,089,081	5.95	0.033	-0.074	0.078
1999	14,486,093	5.25	0.028	-0.124	0.127
2000	14,998,842	4.94	0.035	-0.062	0.066
2001	15,097,177	5.47	0.007	0.102	-0.100
2002	14,963,322	6.66	-0.009	0.197	-0.197
2003	14,933,994	6.81	-0.002	0.022	-0.022
2004	15,108,883	6.18	0.012	-0.098	0.098
2005	15,389,827	5.36	0.018	-0.142	0.143
2006	15,661,137	4.90	0.017	-0.089	0.090
2007	15,797,322	5.41	0.009	0.098	-0.095
2008	15,635,029	7.46	-0.010	0.322	-0.320
2009	14,749,105	11.24	-0.058	0.410	-0.414
2010	14,597,694	12.14	-0.010	0.076	-0.077
2011	14,754,485	11.57	0.011	-0.047	0.049
2012	15,109,760	10.23	0.024	-0.123	0.125
2013	15,594,806	8.78	0.032	-0.153	0.156
2014	16,063,491	7.53	0.030	-0.153	0.156
2015	16,516,725	6.20	0.028	-0.195	0.197
2016	16,855,088	5.21	0.020	-0.173	0.175

Notes: The first principal component is of the annual log difference data from 1962-2014.

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

1st PC of Econ Variables =  $-0.1491069 \times \text{Aggregate Employment} + 0.9888210 \times \text{Unemployment Rate}$

Sources: Government historical labor statistics through 2014

UCLA Anderson forecasts through 2016 are as of June 2015

**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

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

## California Courts' Civil Filings Summary

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

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

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

Source: California Court Statistics Report

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

AY	1st Half Partial PY.RL Sources					Share of Total Indemnity Count					1st Half Share of Ttl Ind Fifths
	(AY-1).1	(AY-1).2	(AY-1).3	(AY-1).4	(AY-1).5	(AY-1).1	(AY-1).2	(AY-1).3	(AY-1).4	(AY-1).5	
1995	2,545	4,088	5,050	6,176	6,300	4.6%	5.9%	6.7%	7.9%	8.0%	8.0%
1996	2,759	4,739	5,519	5,844	5,873	4.9%	6.4%	6.8%	7.2%	7.0%	7.0%
1997	4,371	5,394	5,991	6,107	6,231	6.1%	6.6%	7.2%	7.2%	7.5%	7.5%
1998	4,594	5,522	5,829	6,000	5,959	5.8%	6.5%	6.7%	7.1%	7.1%	7.1%
1999	5,305	5,933	6,501	6,642	6,940	6.3%	6.8%	7.5%	7.6%	7.9%	7.9%
2000	5,575	6,663	7,058	7,407	7,475	6.5%	7.6%	7.9%	8.2%	8.3%	8.3%
2001	5,752	6,797	7,578	7,681	7,699	7.2%	7.8%	8.5%	8.6%	8.7%	8.7%
2002	5,401	7,047	7,242	7,382	7,412	7.1%	8.3%	8.5%	8.6%	8.7%	8.7%
2003	6,144	6,953	7,183	7,329	7,432	8.0%	8.6%	8.9%	9.1%	9.2%	9.2%
2004	5,374	5,723	5,860	5,961	6,086	8.4%	8.7%	8.9%	9.0%	9.2%	9.2%
2005	3,184	3,665	3,969	4,243	4,568	5.7%	6.4%	6.8%	7.3%	7.7%	7.7%
2006	2,989	3,569	3,924	4,231	4,348	5.5%	6.4%	7.0%	7.5%	7.8%	7.8%
2007	3,037	3,645	4,036	4,274	4,413	5.9%	6.8%	7.4%	7.8%	8.1%	8.1%
2008	2,914	3,659	4,180	4,458	4,636	5.9%	7.0%	7.9%	8.4%	8.6%	8.6%
2009	2,974	3,932	4,524	4,822	5,152	6.7%	8.2%	9.3%	9.8%	10.4%	10.4%
2010	3,456	4,497	5,013	5,527	5,727	7.5%	9.1%	9.9%	10.9%	11.2%	11.2%
2011	3,366	4,434	5,307		5,862	7.2%	8.7%	10.3%		11.2%	11.2%
2012	3,559	5,148			6,440	7.1%	9.4%			11.4%	11.4%
2013	4,756				7,790	8.9%				13.1%	13.1%

## Notes:

Cumulative injury claims include occupational disease.

Selected link ratios are geometric mean of latest two links.

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

AY 2013 claims occurred in 2013 from policies written in 2012.

Source: WCIRB unit statistical data

## Cumulative Injury Claims per 100 Indemnity Claims by NAICS Sector Based on Unit Statistical Data at 1st Report Level

NAICS Sector	NAICS Name	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
11&21	Agriculture & Mining	1.88	2.27	2.94	2.51	4.00	2.33	2.88	2.57	2.44	3.32	4.58	3.72	3.63	4.33
23	Construction	2.35	3.07	3.46	3.27	3.90	2.12	2.01	2.30	3.34	4.52	6.06	4.45	3.61	5.23
31	Manufacturing	8.56	9.07	10.10	10.07	9.79	7.60	7.32	8.10	7.81	8.96	9.10	8.91	10.27	12.27
42	Wholesale	4.10	4.74	4.55	6.46	5.67	3.37	3.83	4.25	5.20	5.97	5.66	5.35	6.73	7.67
44	Retail	5.59	6.05	6.07	6.36	6.33	4.54	4.73	4.30	4.41	5.09	5.39	5.04	5.41	5.67
48&22	Transportation & Utilities	3.14	3.68	4.22	4.62	4.76	3.50	3.49	4.69	4.16	4.83	5.80	5.03	5.56	6.58
51	Information	12.03	12.49	10.04	11.37	13.71	10.79	12.76	10.83	11.28	10.11	7.84	7.78	7.49	8.94
52	Finance	21.50	22.44	25.30	25.45	22.39	25.12	22.95	22.71	21.56	16.45	17.92	15.52	18.30	41.79
53	Real Estate	5.26	5.26	5.98	5.78	5.89	3.49	4.20	3.88	3.70	5.80	7.94	7.59	7.39	10.13
54	Prof. Services	14.61	14.70	16.73	16.96	13.93	11.57	11.10	11.46	10.13	10.74	10.00	10.32	9.56	9.73
56	Administrative	2.97	3.27	2.70	3.75	4.66	3.44	3.42	3.64	3.79	4.69	6.40	5.35	6.14	8.43
61	Education	5.90	3.38	5.86	9.20	6.19	4.47	3.92	4.74	5.51	6.33	7.06	6.06	7.34	7.07
62	Health	6.84	7.11	7.69	8.38	8.77	6.65	6.36	6.56	5.89	6.56	7.48	6.46	6.72	10.01
71	Hospitality	4.55	4.55	5.85	5.42	6.23	3.87	4.07	4.43	3.86	4.68	6.72	5.42	7.27	10.83
72	Entertainment	4.15	4.46	5.54	6.65	6.65	5.52	5.19	5.36	5.22	6.30	7.32	7.93	7.90	11.76
81	Other Services	7.38	7.37	6.83	8.18	7.12	6.38	5.67	5.89	6.43	7.64	8.68	8.30	7.63	8.70
8742	Outside Sales	7.08	7.92	9.76	10.70	8.12	5.52	7.00	5.92	6.63	8.35	10.38	8.68	9.20	9.71
8810&92	Clerical & Public Admin.	16.75	17.56	17.72	16.58	15.33	13.69	12.08	14.23	13.62	15.63	15.60	15.18	15.26	17.45
All	All	6.47	6.90	7.53	7.80	7.59	5.70	5.49	5.87	5.96	6.92	7.63	7.02	7.42	9.38

NAICS Sector	NAICS Name	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	08-13
11&21	Agriculture & Mining	--	20.8%	29.5%	-14.8%	59.4%	-41.7%	23.6%	-10.6%	-5.1%	36.0%	38.0%	-18.8%	-2.5%	19.3%	77.2%
23	Construction	--	30.8%	12.6%	-5.4%	19.1%	-45.6%	-5.2%	14.8%	44.9%	35.5%	33.9%	-26.5%	-18.9%	44.9%	56.6%
31	Manufacturing	--	5.9%	11.4%	-0.3%	-2.8%	-22.4%	-3.6%	10.7%	-3.6%	14.7%	1.5%	-2.1%	15.3%	19.5%	57.0%
42	Wholesale	--	15.4%	-4.1%	42.2%	-12.3%	-40.6%	13.8%	10.8%	22.4%	14.8%	-5.2%	-5.5%	25.9%	13.9%	47.6%
44	Retail	--	8.3%	0.4%	4.6%	-0.4%	-28.3%	4.2%	-9.2%	2.5%	15.5%	6.0%	-6.4%	7.2%	4.8%	28.7%
48&22	Transportation & Utilities	--	17.1%	14.5%	9.6%	3.0%	-26.5%	-0.3%	34.6%	-11.3%	16.0%	20.1%	-13.2%	10.4%	18.4%	58.0%
51	Information	--	3.8%	-19.6%	13.3%	20.6%	-21.3%	18.2%	-15.1%	4.1%	-10.4%	-22.4%	-0.7%	-3.8%	19.4%	-20.8%
52	Finance	--	4.4%	12.8%	0.6%	-12.0%	12.2%	-8.7%	-1.0%	-5.0%	-23.7%	8.9%	-13.4%	17.9%	128.3%	93.8%
53	Real Estate	--	0.0%	13.7%	-3.4%	2.0%	-40.8%	20.5%	-7.7%	-4.7%	57.0%	36.8%	-4.4%	-2.6%	37.1%	174.1%
54	Prof. Services	--	0.6%	13.8%	1.4%	-17.9%	-17.0%	-4.0%	3.2%	-11.6%	6.1%	-6.9%	3.2%	-7.3%	1.7%	-3.9%
56	Administrative	--	10.1%	-17.4%	38.7%	24.3%	-26.1%	-0.8%	6.5%	4.1%	23.9%	36.5%	-16.4%	14.6%	37.4%	122.6%
61	Education	--	-42.7%	73.3%	57.1%	-32.7%	-27.8%	-12.3%	20.9%	16.2%	14.9%	11.5%	-14.1%	21.0%	-3.6%	28.3%
62	Health	--	4.0%	8.2%	8.9%	4.7%	-24.1%	-4.4%	3.2%	-10.2%	11.3%	14.0%	-13.6%	4.1%	48.9%	69.9%
71	Hospitality	--	0.1%	28.5%	-7.4%	15.0%	-38.0%	5.2%	9.0%	-12.8%	21.1%	43.7%	-19.5%	34.3%	48.9%	180.5%
72	Entertainment	--	7.3%	24.4%	20.0%	-0.1%	-17.0%	-5.9%	3.3%	-2.8%	20.7%	16.2%	8.3%	-0.4%	48.9%	125.4%
81	Other Services	--	-0.2%	-7.4%	19.8%	-12.9%	-10.4%	-11.2%	3.8%	9.2%	18.8%	13.7%	-4.4%	-8.1%	14.0%	35.4%
8742	Outside Sales	--	11.9%	23.2%	9.7%	-24.1%	-32.0%	26.8%	-15.5%	12.0%	26.0%	24.3%	-16.4%	6.0%	5.5%	46.5%
8810&92	Clerical & Public Admin.	--	4.8%	0.9%	-6.4%	-7.6%	-10.7%	-11.8%	17.9%	-4.3%	14.7%	-0.2%	-2.7%	0.6%	14.3%	28.1%
All	All	--	6.7%	9.1%	3.7%	-2.7%	-24.9%	-3.6%	6.9%	1.5%	16.1%	10.3%	-8.1%	5.7%	26.5%	57.3%

Figures in italics are based on partial 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													
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Bay Area	0.384	0.404	0.396	0.374	0.355	0.305	0.300	0.280	0.292	0.302	0.311	0.322	0.307	<i>0.258</i>
Los Angeles/LA Basin	0.467	0.482	0.484	0.478	0.453	0.392	0.377	0.385	0.401	0.401	0.395	0.401	0.396	<i>0.369</i>
All Other	0.408	0.433	0.434	0.413	0.375	0.319	0.312	0.300	0.317	0.318	0.329	0.325	0.322	<i>0.297</i>
All Regions	0.428	0.448	0.449	0.436	0.407	0.349	0.339	0.335	0.352	0.355	0.358	0.361	0.356	<i>0.326</i>

Region	Annual Change													
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Bay Area	---	5.1%	-1.9%	-5.5%	-5.3%	-14.1%	-1.7%	-6.4%	4.0%	3.5%	3.0%	3.4%	-4.6%	<i>-15.8%</i>
Los Angeles/LA Basin	---	3.3%	0.4%	-1.2%	-5.3%	-13.4%	-3.9%	2.2%	4.0%	0.2%	-1.5%	1.6%	-1.2%	<i>-6.9%</i>
All Other	---	6.1%	0.2%	-4.9%	-9.3%	-14.8%	-2.4%	-3.8%	5.7%	0.3%	3.6%	-1.3%	-0.8%	<i>-7.8%</i>
All Regions	---	4.8%	0.2%	-2.9%	-6.7%	-14.1%	-3.0%	-1.1%	4.9%	1.0%	0.8%	0.8%	-1.4%	<i>-8.4%</i>

Region	Ratio of Indemnity Claims to Total Claims for Accident Year													
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Bay Area	0.329	0.336	0.340	0.343	0.306	0.281	0.284	0.288	0.292	0.304	0.314	0.322	0.322	<i>0.335</i>
Los Angeles/LA Basin	0.338	0.346	0.359	0.363	0.331	0.300	0.295	0.302	0.312	0.337	0.352	0.358	0.372	<i>0.387</i>
All Other	0.323	0.334	0.341	0.341	0.311	0.286	0.280	0.283	0.289	0.301	0.316	0.324	0.329	<i>0.337</i>
All Regions	0.331	0.340	0.348	0.351	0.319	0.291	0.287	0.292	0.300	0.318	0.332	0.339	0.348	<i>0.359</i>

Region	Annual Change													
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Bay Area	---	2.1%	1.2%	0.9%	-10.8%	-8.2%	1.1%	1.1%	1.5%	4.0%	3.6%	2.5%	0.0%	<i>4.0%</i>
Los Angeles/LA Basin	---	2.4%	3.5%	1.1%	-8.7%	-9.5%	-1.8%	2.6%	3.1%	8.2%	4.3%	1.7%	4.0%	<i>3.9%</i>
All Other	---	3.4%	2.0%	0.0%	-8.7%	-8.0%	-2.2%	1.2%	2.1%	4.1%	4.9%	2.6%	1.6%	<i>2.2%</i>
All Regions	---	2.7%	2.6%	0.7%	-9.1%	-8.7%	-1.4%	1.8%	2.5%	6.1%	4.5%	2.1%	2.5%	<i>3.3%</i>

Region	Cumulative Injury Claims per 100 Indemnity Claims for Accident Year													
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Bay Area	6.62	7.66	8.32	7.78	7.14	5.88	5.28	6.17	6.13	6.32	6.41	6.03	5.87	<i>7.66</i>
Los Angeles/LA Basin	7.47	7.84	8.51	9.19	9.05	6.78	6.48	6.95	7.06	8.53	9.35	8.72	9.51	<i>12.30</i>
All Other	5.32	5.46	5.97	6.15	5.97	4.27	4.37	4.38	4.41	4.97	5.78	5.12	5.17	<i>6.04</i>
All Regions	6.48	6.90	7.52	7.82	7.58	5.69	5.49	5.87	5.96	6.92	7.63	7.02	7.41	<i>9.37</i>

Region	Annual Change													
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Bay Area	---	15.8%	8.6%	-6.6%	-8.1%	-17.6%	-10.2%	16.9%	-0.8%	3.2%	1.5%	-5.9%	-2.7%	<i>30.4%</i>
Los Angeles/LA Basin	---	4.9%	8.5%	8.0%	-1.5%	-25.1%	-4.5%	7.2%	1.7%	20.7%	9.6%	-6.7%	9.0%	<i>29.4%</i>
All Other	---	2.6%	9.3%	3.1%	-2.9%	-28.6%	2.5%	0.2%	0.6%	12.7%	16.3%	-11.4%	1.0%	<i>16.8%</i>
All Regions	---	6.4%	9.0%	4.0%	-3.0%	-25.0%	-3.5%	7.0%	1.5%	16.1%	10.3%	-8.1%	5.6%	<i>26.4%</i>

Note: Figures in italics are based on partial data.

Source: WCIRB Unit Statistical data.

## Ratio of Total Indemnity Claim Counts to Total Claim Counts

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										0.321
1999									0.331	0.330
2000								0.339	0.338	0.338
2001							0.346	0.345	0.345	0.344
2002						0.362	0.361	0.361	0.360	0.360
2003					0.360	0.359	0.358	0.357	0.356	0.355
2004				0.322	0.320	0.319	0.319	0.318	0.317	0.317
2005			0.297	0.296	0.295	0.295	0.294	0.294	0.293	0.293
2006		0.297	0.292	0.291	0.291	0.291	0.291	0.290	0.290	0.290
2007	0.321	0.299	0.298	0.299	0.299	0.299	0.299	0.299	0.299	
2008	0.322	0.304	0.309	0.311	0.312	0.313	0.313	0.313		
2009	0.318	0.319	0.330	0.333	0.334	0.335	0.335			
2010	0.323	0.333	0.346	0.350	0.352	0.352				
2011	0.323	0.343	0.359	0.363	0.365					
2012	0.319	0.341	0.360	0.364						
2013	0.333	0.355	0.371							
2014	0.338	0.353								
2015	0.327									

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 99% of the total California workers' compensation insured market measured using 2014 earned premium levels).

Source: WCIRB quarterly calls for experience

## Distribution of Cumulative Injury Claims by Injury Type

## Permanent Indemnity

Percentage of All Cumulative Injury Claims						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
1999	30.6%	34.2%	35.7%	36.7%	37.4%	1999	---	---	---	---	---
2000	31.4%	35.4%	36.9%	37.5%	36.3%	2000	2.6%	3.4%	3.3%	2.2%	-3.0%
2001	30.8%	35.0%	36.6%	37.3%	37.6%	2001	-2.1%	-1.2%	-0.7%	-0.7%	3.5%
2002	32.8%	36.5%	37.5%	38.0%	37.8%	2002	6.6%	4.5%	2.4%	2.1%	0.7%
2003	33.5%	37.1%	38.3%	38.6%	38.8%	2003	2.0%	1.7%	2.0%	1.4%	2.6%
2004	28.5%	31.2%	32.6%	33.3%	34.4%	2004	-14.8%	-15.9%	-14.9%	-13.8%	-11.3%
2005	20.9%	24.5%	26.8%	29.2%	31.0%	2005	-26.6%	-21.6%	-17.6%	-12.2%	-9.9%
2006	19.2%	24.4%	27.7%	29.7%	30.6%	2006	-8.4%	-0.2%	3.2%	1.8%	-1.4%
2007	20.0%	26.1%	29.1%	29.2%	30.9%	2007	4.4%	6.7%	4.8%	-1.7%	1.1%
2008	20.8%	27.0%	30.2%	31.0%	31.4%	2008	3.8%	3.4%	3.9%	6.1%	1.6%
2009	23.8%	30.6%	34.3%	34.9%	32.9%	2009	14.3%	13.4%	13.7%	12.5%	4.7%
2010	23.7%	31.9%	33.8%	33.0%		2010	-0.4%	4.4%	-1.6%	-5.3%	
2011	27.4%	32.8%	33.6%			2011	15.9%	2.7%	-0.6%		
2012	28.5%	33.6%				2012	3.9%	2.5%			
2013	26.7%					2013	-6.5%				

## Temporary Indemnity

Percentage of All Cumulative Injury Claims						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
1999	20.1%	17.0%	16.2%	15.7%	15.4%	1999	---	---	---	---	---
2000	20.6%	17.2%	17.2%	16.6%	16.1%	2000	2.8%	1.0%	5.9%	5.6%	4.4%
2001	20.3%	18.4%	17.5%	16.7%	16.1%	2001	-1.4%	7.2%	1.6%	0.3%	0.0%
2002	19.8%	18.0%	16.5%	15.6%	15.6%	2002	-2.3%	-2.5%	-5.7%	-6.3%	-3.2%
2003	21.5%	18.1%	16.6%	16.1%	15.9%	2003	8.4%	0.4%	0.8%	3.0%	2.2%
2004	21.6%	18.6%	17.2%	16.4%	15.6%	2004	0.2%	3.3%	3.4%	2.2%	-2.1%
2005	21.5%	19.0%	17.5%	15.9%	14.6%	2005	-0.2%	1.9%	2.1%	-3.3%	-6.0%
2006	21.6%	19.2%	16.7%	15.4%	14.6%	2006	0.2%	0.9%	-5.0%	-3.4%	-0.4%
2007	22.7%	18.7%	17.1%	15.8%	15.6%	2007	5.1%	-2.2%	2.7%	3.1%	6.7%
2008	22.3%	19.1%	17.3%	16.2%	15.6%	2008	-1.8%	1.9%	0.9%	2.3%	0.1%
2009	25.1%	21.6%	19.3%	17.5%	16.4%	2009	12.8%	13.2%	11.7%	8.1%	5.2%
2010	26.6%	21.9%	19.2%	17.8%		2010	6.1%	1.2%	-0.6%	1.5%	
2011	26.4%	22.8%	20.9%			2011	-0.9%	4.2%	9.1%		
2012	26.1%	22.9%				2012	-1.2%	0.4%			
2013	28.1%					2013	7.6%				

## Medical-Only

Percentage of All Cumulative Injury Claims						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
1999	49.3%	48.6%	48.0%	47.4%	47.1%	1999	---	---	---	---	---
2000	47.9%	47.3%	45.8%	45.7%	47.5%	2000	-2.8%	-2.7%	-4.5%	-3.6%	0.9%
2001	48.9%	46.5%	45.8%	46.0%	46.3%	2001	2.0%	-1.7%	0.0%	0.5%	-2.7%
2002	47.3%	45.4%	45.9%	46.2%	46.5%	2002	-3.2%	-2.3%	0.2%	0.6%	0.5%
2003	45.0%	44.7%	45.0%	45.2%	45.2%	2003	-4.9%	-1.5%	-2.0%	-2.2%	-2.8%
2004	49.9%	50.1%	50.2%	50.2%	49.9%	2004	11.0%	12.0%	11.5%	11.0%	10.4%
2005	57.5%	56.5%	55.5%	54.8%	54.2%	2005	15.3%	12.7%	10.7%	9.0%	8.6%
2006	59.2%	56.3%	55.5%	54.7%	54.7%	2006	2.9%	-0.3%	-0.1%	0.0%	0.8%
2007	57.3%	55.1%	53.7%	54.8%	53.3%	2007	-3.2%	-2.1%	-3.2%	0.1%	-2.4%
2008	56.9%	53.9%	52.4%	52.6%	52.8%	2008	-0.6%	-2.2%	-2.4%	-4.0%	-0.9%
2009	51.0%	47.7%	46.2%	47.4%	51.0%	2009	-10.3%	-11.4%	-11.8%	-9.9%	-3.5%
2010	49.6%	46.1%	46.9%	49.4%		2010	-2.8%	-3.4%	1.5%	4.2%	
2011	46.1%	44.3%	45.5%			2011	-7.2%	-3.9%	-3.0%		
2012	45.3%	43.3%				2012	-1.6%	-2.1%			
2013	45.2%					2013	-0.3%				

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

Source: WCIRB unit statistical data

### Indemnity Claim Frequency Relativities by NAICS Sector

NAICS Sector	NAICS Name	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
11&21	Agriculture & Mining	2.787	2.658	2.645	2.768	2.892	2.893	2.968	2.826	2.896	2.991	3.046	3.292	3.253	3.501
23	Construction	2.542	2.562	2.305	2.315	2.372	2.480	2.459	2.357	2.295	2.223	2.141	2.261	2.147	2.227
31	Manufacturing	1.690	1.752	1.752	1.772	1.761	1.714	1.740	1.763	1.681	1.630	1.662	1.734	1.771	1.853
42	Wholesale	2.842	2.802	2.778	2.820	2.869	2.894	2.901	3.062	2.965	2.955	3.178	3.289	3.500	3.355
44	Retail	1.627	1.689	1.667	1.611	1.672	1.750	1.798	1.855	1.963	2.042	2.102	1.992	2.082	1.973
22&48	Utilities & Transportation	3.362	3.244	3.154	3.166	3.289	3.632	3.862	3.885	3.795	3.606	3.620	3.540	3.359	3.527
51	Information	0.741	0.795	0.757	0.826	0.816	0.764	0.797	0.843	0.922	0.919	0.870	0.769	0.922	0.817
52	Finance	0.463	0.408	0.429	0.331	0.345	0.342	0.300	0.353	0.372	0.426	0.395	0.388	0.346	0.297
53	Real Estate	0.785	0.820	0.854	0.735	0.757	0.752	0.828	1.037	1.090	1.155	1.109	1.128	1.061	0.938
54	Prof. Services	0.177	0.188	0.194	0.194	0.190	0.178	0.178	0.169	0.174	0.157	0.147	0.133	0.115	0.098
56	Administrative	3.234	3.101	3.009	3.002	3.010	2.985	3.166	3.165	3.420	3.518	3.617	3.694	3.679	3.795
61	Education	0.847	0.757	0.783	0.854	0.686	0.707	0.723	0.698	0.759	0.752	0.741	0.739	0.740	0.722
62	Health	1.308	1.255	1.267	1.260	1.186	1.136	1.101	1.184	1.201	1.264	1.283	1.314	1.241	1.197
71	Hospitality	2.153	2.115	2.028	1.957	1.952	2.026	2.171	2.271	2.337	2.275	2.333	2.414	2.370	2.387
72	Entertainment	2.279	2.220	2.189	2.192	2.114	2.091	2.175	2.222	2.300	2.506	2.703	2.805	3.040	3.080
81	Other Services	1.386	1.482	1.479	1.413	1.477	1.470	1.468	1.466	1.518	1.588	1.650	1.671	1.775	1.661
8742	Outside Sales	0.230	0.234	0.242	0.267	0.238	0.219	0.207	0.213	0.203	0.222	0.193	0.194	0.184	0.166
92&8810	Clerical & Public Admin.	0.230	0.249	0.261	0.251	0.236	0.209	0.194	0.178	0.191	0.195	0.188	0.170	0.176	0.156
<b>Accident Year Total Frequency</b>		<b>0.414</b>	<b>0.377</b>	<b>0.364</b>	<b>0.366</b>	<b>0.309</b>	<b>0.264</b>	<b>0.247</b>	<b>0.237</b>	<b>0.222</b>	<b>0.215</b>	<b>0.229</b>	<b>0.226</b>	<b>0.232</b>	<b>0.233</b>

NAICS Sector	NAICS Name	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
		Annual Change													
11&21	Agriculture & Mining	---	-4.6%	-0.5%	4.7%	4.5%	0.1%	2.6%	-4.8%	2.5%	3.3%	1.9%	8.1%	-1.2%	7.6%
23	Construction	---	0.8%	-10.0%	0.4%	2.5%	4.6%	-0.9%	-4.1%	-2.6%	-3.2%	-3.7%	5.6%	-5.0%	3.7%
31	Manufacturing	---	3.7%	0.0%	1.1%	-0.6%	-2.7%	1.5%	1.3%	-4.6%	-3.0%	2.0%	4.3%	2.1%	4.7%
42	Wholesale	---	-1.4%	-0.8%	1.5%	1.8%	0.9%	0.3%	5.5%	-3.2%	-0.3%	7.6%	3.5%	6.4%	-4.1%
44	Retail	---	3.8%	-1.3%	-3.3%	3.8%	4.6%	2.7%	3.2%	5.8%	4.0%	2.9%	-5.2%	4.5%	-5.2%
22&48	Utilities & Transportation	---	-3.5%	-2.8%	0.4%	3.9%	10.5%	6.3%	0.6%	-2.3%	-5.0%	0.4%	-2.2%	-5.1%	5.0%
51	Information	---	7.3%	-4.8%	9.1%	-1.2%	-6.3%	4.3%	5.7%	9.4%	-0.3%	-5.4%	-11.6%	19.9%	-11.3%
52	Finance	---	-12.0%	5.2%	-22.8%	4.2%	-0.9%	-12.2%	17.7%	5.4%	14.4%	-7.3%	-1.9%	-10.7%	-14.2%
53	Real Estate	---	4.4%	4.1%	-13.9%	2.9%	-0.6%	10.2%	25.2%	5.1%	6.0%	-4.0%	1.7%	-6.0%	-11.5%
54	Prof. Services	---	6.6%	2.7%	0.1%	-1.8%	-6.1%	0.0%	-5.4%	3.2%	-9.8%	-6.6%	-9.2%	-13.9%	-14.4%
56	Administrative	---	-4.1%	-3.0%	-0.2%	0.3%	-0.8%	6.1%	0.0%	8.0%	2.9%	2.8%	2.1%	-0.4%	3.1%
61	Education	---	-10.6%	3.4%	9.1%	-19.8%	3.1%	2.3%	-3.5%	8.9%	-1.0%	-1.4%	-0.3%	0.2%	-2.5%
62	Health	---	-4.1%	1.0%	-0.5%	-5.9%	-4.2%	-3.0%	7.5%	1.4%	5.2%	1.6%	2.4%	-5.5%	-3.6%
71	Hospitality	---	-1.8%	-4.1%	-3.5%	-0.2%	3.8%	7.1%	4.6%	2.9%	-2.7%	2.5%	3.5%	-1.8%	0.7%
72	Entertainment	---	-2.6%	-1.4%	0.1%	-3.5%	-1.1%	4.0%	2.2%	3.5%	9.0%	7.9%	3.8%	8.4%	1.3%
81	Other Services	---	6.9%	-0.2%	-4.5%	4.6%	-0.5%	-0.1%	-0.2%	3.6%	4.6%	13.0%	1.3%	6.2%	-6.4%
8742	Outside Sales	---	1.9%	3.3%	10.3%	-10.9%	-7.7%	-5.5%	2.6%	-4.7%	9.6%	-3.0%	0.1%	-4.7%	-10.1%
92&8810	Clerical & Public Admin.	---	8.4%	4.6%	-3.9%	-5.9%	-11.4%	-7.0%	-8.2%	7.1%	1.8%	-3.2%	-9.8%	3.3%	-11.1%
<b>Accident Year Total Frequency</b>		<b>---</b>	<b>-8.8%</b>	<b>-3.6%</b>	<b>0.5%</b>	<b>-15.4%</b>	<b>-14.7%</b>	<b>-6.5%</b>	<b>-3.7%</b>	<b>-6.4%</b>	<b>-3.0%</b>	<b>6.4%</b>	<b>-1.2%</b>	<b>2.4%</b>	<b>0.5%</b>

Figures in italics are based on partial data.

## Indemnity Claim Frequency by Geographic Region

## Bay Area

Indemnity Claim Frequency per \$100M of Exposure at AY 2012 Level						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
2000	31.64	32.78	32.82	32.61	33.08	2000	---	---	---	---	---
2001	27.76	28.74	28.97	28.98	28.77	2001	-12.3%	-12.3%	-11.7%	-11.1%	-13.0%
2002	26.51	27.76	28.27	28.15	28.23	2002	-4.5%	-3.4%	-2.4%	-2.8%	-1.9%
2003	25.85	27.06	26.99	27.12	27.39	2003	-2.5%	-2.5%	-4.5%	-3.7%	-3.0%
2004	22.11	22.40	22.54	22.81	22.60	2004	-14.5%	-17.2%	-16.5%	-15.9%	-17.5%
2005	18.93	19.08	19.37	19.28	19.39	2005	-14.4%	-14.8%	-14.1%	-15.5%	-14.2%
2006	17.74	18.08	18.01	18.09	17.98	2006	-6.3%	-5.2%	-7.0%	-6.1%	-7.3%
2007	16.89	17.00	17.18	17.25	17.28	2007	-4.8%	-6.0%	-4.6%	-4.7%	-3.9%
2008	15.45	15.91	16.05	16.18	16.19	2008	-8.5%	-6.4%	-6.6%	-6.2%	-6.3%
2009	14.24	14.62	14.81	14.88	14.95	2009	-7.8%	-8.1%	-7.7%	-8.1%	-7.6%
2010	14.78	15.37	15.52	15.65		2010	3.8%	5.1%	4.8%	5.2%	
2011	14.23	14.85	15.11			2011	-3.7%	-3.4%	-2.6%		
2012	14.00	14.83				2012	-1.6%	-0.1%			
2013	13.52					2013	-3.4%				

## Los Angeles/L.A. Basin

Indemnity Claim Frequency per \$100M of Exposure at AY 2012 Level						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
2000	41.28	43.37	43.24	43.86	43.93	2000	---	---	---	---	---
2001	37.95	39.61	40.47	40.81	41.16	2001	-8.1%	-8.7%	-6.4%	-7.0%	-6.3%
2002	37.20	40.40	40.95	41.29	41.25	2002	-2.0%	2.0%	1.2%	1.2%	0.2%
2003	38.10	39.77	39.99	40.01	40.05	2003	2.4%	-1.6%	-2.3%	-3.1%	-2.9%
2004	31.87	32.68	32.70	32.89	33.09	2004	-16.4%	-17.8%	-18.2%	-17.8%	-17.4%
2005	26.72	27.46	27.80	28.05	28.37	2005	-16.1%	-16.0%	-15.0%	-14.7%	-14.3%
2006	25.15	25.97	26.34	26.65	26.65	2006	-5.9%	-5.4%	-5.3%	-5.0%	-6.0%
2007	24.44	25.47	25.91	26.05	26.12	2007	-2.8%	-1.9%	-1.6%	-2.3%	-2.0%
2008	23.48	24.84	25.26	25.41	25.54	2008	-3.9%	-2.5%	-2.5%	-2.4%	-2.2%
2009	23.30	24.78	25.25	25.51	25.69	2009	-0.8%	-0.2%	0.0%	0.4%	0.6%
2010	25.18	26.59	27.15	27.45		2010	8.0%	7.3%	7.5%	7.6%	
2011	25.01	26.79	27.72			2011	-0.7%	0.8%	2.1%		
2012	26.50	29.19				2012	6.0%	8.9%			
2013	27.21					2013	2.7%				

## All Other

Indemnity Claim Frequency per \$100M of Exposure at AY 2012 Level						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
2000	49.84	51.06	50.89	50.72	50.24	2000	---	---	---	---	---
2001	45.89	46.93	47.30	47.00	46.79	2001	-7.9%	-8.1%	-7.0%	-7.3%	-6.9%
2002	43.23	45.62	45.20	44.96	45.10	2002	-5.8%	-2.8%	-4.5%	-4.4%	-3.6%
2003	42.93	43.41	43.18	43.25	43.11	2003	-0.7%	-4.8%	-4.5%	-3.8%	-4.4%
2004	36.76	37.22	37.24	36.96	36.44	2004	-14.4%	-14.3%	-13.8%	-14.5%	-15.5%
2005	32.00	32.45	32.25	32.03	32.28	2005	-12.9%	-12.8%	-13.4%	-13.4%	-11.4%
2006	29.68	29.72	29.62	29.77	29.67	2006	-7.3%	-8.4%	-8.2%	-7.1%	-8.1%
2007	28.42	28.71	28.95	28.88	29.05	2007	-4.2%	-3.4%	-2.3%	-3.0%	-2.1%
2008	26.08	26.85	27.01	27.31	27.45	2008	-8.2%	-6.5%	-6.7%	-5.4%	-5.5%
2009	25.27	26.20	26.67	26.89	27.02	2009	-3.1%	-2.4%	-1.3%	-1.6%	-1.6%
2010	26.75	28.11	28.49	28.79		2010	5.9%	7.3%	6.8%	7.1%	
2011	26.56	27.84	28.51			2011	-0.7%	-1.0%	0.1%		
2012	26.65	28.49				2012	0.3%	2.3%			
2013	26.97					2013	1.2%				

## All Regions

Indemnity Claim Frequency per \$100M of Exposure at AY 2012 Level						Annual Change					
AY/RL	1	2	3	4	5	AY/RL	1	2	3	4	5
2000	41.37	42.93	42.83	42.98	42.99	2000	---	---	---	---	---
2001	37.72	39.01	39.55	39.60	39.63	2001	-8.8%	-9.1%	-7.7%	-7.9%	-7.8%
2002	36.35	38.79	39.03	39.07	39.12	2002	-3.6%	-0.6%	-1.3%	-1.3%	-1.3%
2003	36.55	37.73	37.74	37.80	37.84	2003	0.5%	-2.7%	-3.3%	-3.2%	-3.3%
2004	30.93	31.50	31.55	31.62	31.49	2004	-15.4%	-16.5%	-16.4%	-16.4%	-16.8%
2005	26.37	26.87	27.03	27.05	27.29	2005	-14.7%	-14.7%	-14.3%	-14.5%	-13.3%
2006	24.65	25.11	25.23	25.43	25.38	2006	-6.5%	-6.5%	-6.7%	-6.0%	-7.0%
2007	23.73	24.30	24.61	24.67	24.76	2007	-3.7%	-3.2%	-2.4%	-3.0%	-2.4%
2008	22.22	23.17	23.44	23.63	23.73	2008	-6.4%	-4.6%	-4.7%	-4.2%	-4.2%
2009	21.55	22.58	22.98	23.18	23.32	2009	-3.0%	-2.5%	-2.0%	-1.9%	-1.8%
2010	22.92	24.11	24.51	24.76		2010	6.4%	6.7%	6.6%	6.8%	
2011	22.64	23.97	24.65			2011	-1.2%	-0.5%	0.6%		
2012	23.18	25.13				2012	2.4%	4.8%			
2013	23.29					2013	0.5%				

Figures in italics are based on partial data.

Source: WCIRB unit statistical data

Top 20 Part of Body Codes for Cumulative Injury Indemnity Claims based on AY 2012 Shares

2012 Rank	POB Code	POB Description	Accident Year													
			2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1	90	Multiple Body Parts	19.9%	18.9%	23.0%	31.8%	28.6%	28.5%	26.5%	25.7%	24.0%	25.1%	25.9%	29.0%	29.7%	31.6%
2	42	Lower Back	4.7%	4.2%	4.2%	3.6%	4.8%	5.0%	5.5%	6.4%	6.2%	7.6%	8.3%	8.2%	8.1%	9.1%
3	34	Wrist	12.3%	12.0%	11.7%	10.0%	9.5%	10.8%	11.8%	10.4%	9.9%	7.9%	7.0%	6.8%	7.1%	4.8%
4	66	Psych	2.5%	2.5%	2.8%	2.9%	2.2%	2.7%	3.1%	4.2%	5.5%	5.6%	5.9%	5.2%	5.1%	5.1%
5	91	Body Systems	1.4%	0.9%	0.9%	0.9%	0.9%	1.7%	1.8%	2.5%	3.0%	4.1%	3.5%	3.7%	4.8%	7.8%
6	38	Shoulder	2.6%	3.1%	3.5%	3.3%	3.4%	3.5%	4.0%	4.9%	5.4%	4.6%	4.8%	4.6%	4.7%	4.8%
7	30	Multiple Upper	9.8%	8.7%	8.1%	8.0%	8.9%	8.2%	7.1%	6.4%	5.9%	5.1%	4.4%	4.2%	4.5%	3.3%
8	39	Wrist and Hand	4.3%	4.6%	4.6%	4.3%	4.0%	4.7%	4.7%	4.3%	5.6%	4.2%	4.0%	4.2%	4.4%	3.9%
9	35	Hand	6.1%	5.6%	5.3%	5.0%	5.4%	6.0%	5.9%	5.8%	5.3%	4.6%	4.4%	4.5%	3.9%	3.5%
10	12	Brain	3.8%	3.2%	3.2%	3.9%	3.3%	4.6%	4.7%	4.4%	4.0%	5.5%	5.2%	4.2%	3.0%	1.0%
11	65	Unclassified	4.8%	8.5%	6.5%	2.7%	3.1%	2.2%	1.9%	1.8%	1.7%	2.3%	2.0%	2.9%	2.8%	1.4%
12	53	Knee	2.3%	2.4%	2.4%	2.4%	3.3%	2.5%	2.4%	3.0%	2.8%	2.2%	2.8%	2.5%	2.3%	2.7%
13	25	Soft Tissue (Neck)	0.4%	0.4%	0.5%	0.3%	0.4%	0.7%	0.6%	0.7%	1.1%	1.6%	2.0%	1.6%	1.7%	1.6%
14	33	Lower Arm	2.2%	2.0%	1.8%	1.6%	1.6%	2.1%	2.3%	2.5%	1.9%	1.8%	1.6%	1.4%	1.5%	2.3%
15	32	Elbow	2.0%	2.0%	1.8%	1.6%	1.7%	2.1%	1.7%	1.8%	2.1%	1.6%	1.3%	1.2%	1.3%	1.1%
16	20	Multiple Neck	0.7%	0.7%	0.7%	0.7%	0.7%	0.5%	0.7%	0.7%	0.9%	1.0%	0.9%	0.9%	1.3%	1.2%
17	41	Upper Back	0.7%	0.7%	0.9%	1.0%	0.9%	1.3%	1.3%	1.3%	1.2%	1.5%	1.2%	1.3%	1.1%	1.0%
18	10	Multiple Head	0.6%	0.6%	0.5%	0.4%	0.4%	0.6%	0.8%	0.6%	1.0%	1.6%	1.4%	1.0%	1.1%	1.0%
19	36	Finger	0.8%	1.0%	1.3%	1.1%	1.5%	1.2%	1.3%	1.1%	0.9%	1.2%	1.3%	1.0%	0.9%	0.6%
20	31	Upper Arm	2.0%	1.6%	1.3%	0.9%	1.0%	1.0%	1.0%	0.9%	1.0%	0.8%	0.9%	0.9%	0.8%	0.7%
Other		Other	16.1%	16.3%	15.1%	13.7%	14.4%	10.3%	10.8%	10.6%	10.9%	10.3%	11.0%	10.6%	9.9%	11.6%

Note: Figures in italics are based on a partial accident year.

Source: WCIRB unit statistical data at first report level

Top 20 Part of Body Codes for Non-Cumulative Injury Indemnity Claims based on AY 2012 Shares

2012 Rank	POB Code	POB Description	Accident Year													
			2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1	42	Lower Back	15.3%	12.3%	10.6%	10.3%	13.0%	15.1%	15.5%	15.6%	16.7%	17.4%	17.3%	16.8%	16.8%	16.9%
2	90	Multiple Body Parts	9.3%	9.5%	12.3%	16.2%	14.6%	12.3%	11.2%	11.2%	10.7%	10.8%	11.7%	13.1%	12.6%	12.1%
3	53	Knee	6.6%	6.3%	6.6%	6.6%	7.0%	7.6%	7.9%	8.2%	8.5%	8.6%	8.6%	8.3%	8.4%	9.3%
4	38	Shoulder	2.8%	3.3%	3.7%	3.9%	4.3%	4.4%	4.7%	5.1%	5.7%	6.2%	6.1%	6.1%	6.6%	7.9%
5	36	Finger	4.7%	4.6%	4.6%	5.1%	5.3%	5.7%	6.1%	6.1%	6.2%	6.0%	6.0%	5.8%	5.8%	5.7%
6	34	Wrist	3.5%	3.5%	4.3%	5.2%	4.9%	5.4%	5.8%	5.9%	5.7%	5.6%	6.0%	5.6%	5.4%	3.3%
7	35	Hand	3.6%	3.4%	3.5%	3.7%	3.9%	3.9%	4.1%	4.2%	4.1%	4.1%	4.3%	4.4%	4.6%	4.6%
8	55	Ankle	2.9%	2.9%	3.0%	3.2%	3.4%	3.9%	4.3%	4.3%	4.4%	4.4%	4.2%	4.3%	4.2%	4.3%
9	56	Foot	2.1%	2.0%	2.2%	2.4%	2.7%	3.0%	3.3%	3.4%	3.1%	3.0%	2.9%	3.0%	2.9%	3.0%
10	61	Abdomen	1.4%	1.7%	2.0%	2.2%	2.3%	2.3%	2.3%	2.4%	2.4%	2.4%	2.1%	2.3%	2.3%	2.6%
11	33	Lower Arm	1.6%	1.1%	1.1%	1.1%	1.4%	1.7%	1.8%	1.8%	1.9%	2.0%	2.0%	2.1%	2.2%	2.2%
12	31	Upper Arm	2.5%	1.7%	1.5%	1.4%	1.6%	1.6%	1.7%	1.8%	1.9%	2.2%	2.3%	2.3%	2.0%	1.5%
13	30	Multiple Upper	2.3%	2.4%	2.6%	2.9%	2.8%	2.5%	2.4%	2.1%	1.9%	1.9%	2.0%	1.9%	1.9%	1.7%
14	32	Elbow	1.4%	1.4%	1.5%	1.5%	1.5%	1.6%	1.8%	1.8%	1.8%	1.8%	1.8%	1.7%	1.8%	1.8%
15	54	Lower Leg	1.4%	1.6%	1.5%	1.7%	1.6%	1.8%	1.9%	1.9%	1.9%	1.8%	1.8%	1.8%	1.8%	1.9%
16	41	Upper Back	1.5%	1.1%	1.0%	1.0%	1.2%	1.4%	1.4%	1.5%	1.4%	1.4%	1.5%	1.5%	1.6%	2.0%
17	37	Thumb	1.1%	0.9%	0.9%	0.9%	1.2%	1.6%	1.7%	1.7%	1.7%	1.7%	1.5%	1.6%	1.6%	1.6%
18	25	Soft Tissue (Neck)	0.3%	0.3%	0.4%	0.4%	0.4%	0.6%	0.7%	0.9%	1.0%	1.3%	1.5%	1.4%	1.3%	1.3%
19	10	Multiple Head	0.8%	1.0%	1.0%	1.2%	1.1%	1.0%	1.1%	1.1%	1.1%	1.2%	1.3%	1.2%	1.3%	1.0%
20	65	Unclassified	3.0%	5.4%	4.9%	1.4%	1.8%	1.7%	0.9%	0.8%	1.0%	1.1%	1.2%	1.2%	1.1%	1.1%
Other		Other	32.0%	33.6%	30.8%	27.7%	24.0%	20.9%	19.4%	18.3%	16.8%	15.2%	14.0%	13.7%	13.7%	14.4%

Note: Figures in italics are based on a partial accident year.

Source: WCIRB unit statistical data at first report level

**Denied Claims by Month and Year of Injury, 2000 - 2014**

MONTH	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TOTAL
JANUARY	376	3,784	4,296	4,916	4,642	4,491	4,513	4,609	4,870	4,713	4,494	4,809	4,780	4,451	4,735	64,479
FEBRUARY	436	3,346	3,913	4,460	4,341	4,046	4,061	4,254	4,374	4,222	4,194	4,335	4,797	4,353	4,496	59,628
MARCH	2,159	4,253	4,457	4,936	5,242	4,675	4,715	4,959	4,764	4,959	4,833	5,159	5,411	5,153	4,795	70,470
APRIL	1,994	3,902	4,391	4,761	4,643	4,458	4,207	4,547	4,735	4,871	4,682	4,800	4,870	4,995	4,733	66,589
MAY	2,252	4,276	4,503	4,981	4,362	4,666	4,636	4,691	4,739	4,790	4,714	4,732	5,151	5,168	4,574	68,235
JUNE	2,647	4,325	4,749	5,417	4,602	4,846	4,904	5,024	4,959	5,193	5,065	5,157	4,991	4,817	4,392	71,088
JULY	2,724	4,094	4,596	5,150	4,553	4,391	4,617	4,817	5,097	5,027	4,813	4,650	4,468	4,869	4,266	68,132
AUGUST	3,208	4,403	4,984	5,059	4,742	4,851	4,763	5,094	4,981	4,851	4,916	5,267	5,041	5,222	4,319	71,701
SEPTEMBER	3,186	3,930	4,540	5,030	4,815	4,554	4,457	4,728	4,828	4,938	4,877	4,876	4,773	4,968	4,422	68,922
OCTOBER	3,279	4,451	4,854	5,101	4,486	4,480	4,279	5,110	4,887	4,789	4,914	4,842	4,972	5,178	4,234	69,856
NOVEMBER	2,944	3,560	4,034	3,888	3,965	3,986	3,855	4,359	3,824	4,057	4,217	4,448	4,206	4,289	3,279	58,911
DECEMBER	3,534	3,873	4,382	4,520	4,407	4,154	4,058	4,235	4,249	4,112	4,337	4,509	4,040	4,148	3,173	61,731
<b>TOTAL DENIED CLAIMS</b>	<b>28,739</b>	<b>48,197</b>	<b>53,699</b>	<b>58,219</b>	<b>54,800</b>	<b>53,598</b>	<b>53,065</b>	<b>56,427</b>	<b>56,307</b>	<b>56,522</b>	<b>56,056</b>	<b>57,584</b>	<b>57,500</b>	<b>57,611</b>	<b>51,418</b>	<b>799,742</b>

Notes:

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

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

Source: WCIS Data (Run Date June 8, 2015)

**Quarterly Incurred Indemnity Loss Development Factors  
Through March 31, 2015**

Age in Months	Accident Year																	
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</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>
6/3										2.417	2.724	2.785	3.031	3.116	3.052	3.238	3.344	3.303
9/6										1.656	1.776	1.820	1.848	1.904	2.001	1.966	1.940	1.960
12/9										1.448	1.511	1.510	1.530	1.564	1.632	1.587	1.585	1.570
<b>15/12</b>	<b>1.199</b>	<b>1.229</b>	<b>1.260</b>	<b>1.268</b>	<b>1.250</b>	<b>1.257</b>	<b>1.238</b>	<b>1.180</b>	<b>1.149</b>	<b>1.189</b>	<b>1.234</b>	<b>1.248</b>	<b>1.293</b>	<b>1.306</b>	<b>1.306</b>	<b>1.303</b>	<b>1.301</b>	<b>1.301</b>
18/15	1.165	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	
21/18	1.141	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	
24/21	1.095	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	
<b>27/24</b>	<b>1.070</b>	<b>1.074</b>	<b>1.096</b>	<b>1.093</b>	<b>1.100</b>	<b>1.094</b>	<b>1.073</b>	<b>1.045</b>	<b>1.070</b>	<b>1.082</b>	<b>1.081</b>	<b>1.088</b>	<b>1.089</b>	<b>1.091</b>	<b>1.085</b>	<b>1.087</b>	<b>1.080</b>	
30/27	1.048	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	1.067		
33/30	1.048	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		
36/33	1.043	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		
<b>39/36</b>	<b>1.029</b>	<b>1.038</b>	<b>1.041</b>	<b>1.035</b>	<b>1.038</b>	<b>1.028</b>	<b>1.017</b>	<b>1.027</b>	<b>1.029</b>	<b>1.031</b>	<b>1.033</b>	<b>1.040</b>	<b>1.039</b>	<b>1.039</b>	<b>1.041</b>	<b>1.035</b>		
42/39	1.033	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			
45/42	1.022	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			
48/45	1.021	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			
<b>51/48</b>	<b>1.018</b>	<b>1.022</b>	<b>1.017</b>	<b>1.018</b>	<b>1.015</b>	<b>1.010</b>	<b>1.016</b>	<b>1.010</b>	<b>1.018</b>	<b>1.021</b>	<b>1.018</b>	<b>1.022</b>	<b>1.023</b>	<b>1.021</b>	<b>1.019</b>			
54/51	1.017	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				
57/54	1.019	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				
60/57	1.016	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				
<b>63/60</b>	<b>1.012</b>	<b>1.012</b>	<b>1.012</b>	<b>1.007</b>	<b>1.007</b>	<b>1.008</b>	<b>1.008</b>	<b>1.010</b>	<b>1.014</b>	<b>1.013</b>	<b>1.015</b>	<b>1.011</b>	<b>1.014</b>	<b>1.016</b>				

Source: WCIRB accident year experience calls

**Quarterly Incurred Medical Loss Development Factors \***  
**Through March 31, 2015**

Age in Months	Accident Year																	
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</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>
6/3									2.584	2.662	2.782	2.892	2.892	2.992	2.757	2.889	2.875	2.956
9/6									1.650	1.744	1.717	1.807	1.807	1.800	1.827	1.846	1.832	1.853
12/9									1.453	1.443	1.466	1.454	1.454	1.488	1.521	1.493	1.511	1.491
<b>15/12</b>	<b>1.120</b>	<b>1.144</b>	<b>1.168</b>	<b>1.201</b>	<b>1.207</b>	<b>1.203</b>	<b>1.197</b>	<b>1.132</b>	<b>1.145</b>	<b>1.138</b>	<b>1.182</b>	<b>1.167</b>	<b>1.199</b>	<b>1.206</b>	<b>1.227</b>	<b>1.221</b>	<b>1.215</b>	<b>1.208</b>
18/15	1.071	1.093	1.116	1.123	1.144	1.151	1.126	1.086	1.087	1.103	1.106	1.126	1.135	1.129	1.141	1.142	1.124	
21/18	1.074	1.078	1.086	1.101	1.122	1.116	1.093	1.055	1.061	1.073	1.081	1.090	1.097	1.101	1.103	1.090	1.092	
24/21	1.049	1.074	1.072	1.080	1.083	1.082	1.060	1.040	1.052	1.070	1.074	1.067	1.074	1.080	1.080	1.070	1.067	
<b>27/24</b>	<b>1.033</b>	<b>1.044</b>	<b>1.061</b>	<b>1.070</b>	<b>1.080</b>	<b>1.075</b>	<b>1.042</b>	<b>1.034</b>	<b>1.048</b>	<b>1.055</b>	<b>1.058</b>	<b>1.053</b>	<b>1.071</b>	<b>1.066</b>	<b>1.072</b>	<b>1.060</b>	<b>1.052</b>	
30/27	1.029	1.044	1.052	1.058	1.070	1.051	1.038	1.039	1.049	1.046	1.054	1.057	1.048	1.063	1.052	1.049		
33/30	1.019	1.035	1.047	1.051	1.059	1.035	1.018	1.032	1.030	1.041	1.045	1.045	1.051	1.055	1.045	1.047		
36/33	1.032	1.037	1.042	1.035	1.040	1.029	1.016	1.024	1.034	1.042	1.033	1.042	1.040	1.042	1.037	1.029		
<b>39/36</b>	<b>1.019</b>	<b>1.029</b>	<b>1.032</b>	<b>1.034</b>	<b>1.037</b>	<b>1.018</b>	<b>1.012</b>	<b>1.028</b>	<b>1.025</b>	<b>1.027</b>	<b>1.029</b>	<b>1.033</b>	<b>1.031</b>	<b>1.040</b>	<b>1.039</b>	<b>1.029</b>		
42/39	1.025	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			
45/42	1.017	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			
48/45	1.022	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	1.022			
<b>51/48</b>	<b>1.018</b>	<b>1.019</b>	<b>1.020</b>	<b>1.024</b>	<b>1.014</b>	<b>1.009</b>	<b>1.013</b>	<b>1.018</b>	<b>1.015</b>	<b>1.020</b>	<b>1.021</b>	<b>1.021</b>	<b>1.026</b>	<b>1.024</b>	<b>1.019</b>			
54/51	1.016	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				
57/54	1.016	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				
60/57	1.018	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				
<b>63/60</b>	<b>1.022</b>	<b>1.014</b>	<b>1.020</b>	<b>1.013</b>	<b>1.012</b>	<b>1.008</b>	<b>1.016</b>	<b>1.015</b>	<b>1.021</b>	<b>1.015</b>	<b>1.018</b>	<b>1.016</b>	<b>1.020</b>	<b>1.015</b>				

Source: WCIRB accident year experience calls

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

**Quarterly Paid Indemnity Loss Development Factors  
Through March 31, 2015**

Age in Months	Accident Year																	
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</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>
6/3										4.376	4.495	4.553	4.807	4.911	4.722	4.854	5.099	5.078
9/6										2.259	2.375	2.377	2.398	2.452	2.432	2.484	2.462	2.462
12/9										1.812	1.834	1.810	1.825	1.861	1.869	1.877	1.866	1.879
<b>15/12</b>	<b>1.503</b>	<b>1.499</b>	<b>1.536</b>	<b>1.538</b>	<b>1.552</b>	<b>1.550</b>	<b>1.516</b>	<b>1.491</b>	<b>1.456</b>	<b>1.482</b>	<b>1.488</b>	<b>1.481</b>	<b>1.507</b>	<b>1.532</b>	<b>1.539</b>	<b>1.506</b>	<b>1.539</b>	<b>1.540</b>
18/15	1.390	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	1.361	1.353
21/18	1.309	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	1.261	1.263
24/21	1.275	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	1.213	1.204
<b>27/24</b>	<b>1.186</b>	<b>1.186</b>	<b>1.199</b>	<b>1.203</b>	<b>1.200</b>	<b>1.205</b>	<b>1.186</b>	<b>1.140</b>	<b>1.142</b>	<b>1.151</b>	<b>1.149</b>	<b>1.153</b>	<b>1.162</b>	<b>1.165</b>	<b>1.168</b>	<b>1.164</b>	<b>1.164</b>	<b>1.159</b>
30/27	1.141	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	1.137	1.134	
33/30	1.124	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	1.112	1.111	
36/33	1.088	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	1.091	
<b>39/36</b>	<b>1.073</b>	<b>1.074</b>	<b>1.081</b>	<b>1.081</b>	<b>1.092</b>	<b>1.087</b>	<b>1.072</b>	<b>1.070</b>	<b>1.066</b>	<b>1.064</b>	<b>1.067</b>	<b>1.074</b>	<b>1.078</b>	<b>1.077</b>	<b>1.073</b>	<b>1.073</b>	<b>1.075</b>	
42/39	1.063	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			
45/42	1.048	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			
48/45	1.046	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			
<b>51/48</b>	<b>1.035</b>	<b>1.039</b>	<b>1.038</b>	<b>1.043</b>	<b>1.044</b>	<b>1.036</b>	<b>1.035</b>	<b>1.033</b>	<b>1.036</b>	<b>1.036</b>	<b>1.037</b>	<b>1.042</b>	<b>1.042</b>	<b>1.043</b>	<b>1.039</b>			
54/51	1.033	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				
57/54	1.032	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				
60/57	1.026	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				
<b>63/60</b>	<b>1.022</b>	<b>1.023</b>	<b>1.026</b>	<b>1.024</b>	<b>1.021</b>	<b>1.022</b>	<b>1.019</b>	<b>1.019</b>	<b>1.021</b>	<b>1.023</b>	<b>1.025</b>	<b>1.025</b>	<b>1.024</b>	<b>1.026</b>				

Source: WCIRB accident year experience calls

**Quarterly Paid Medical Loss Development Factors \***  
**Through March 31, 2015**

Age in Months	Accident Year																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
6/3										5.308	5.615	6.579	6.101	6.048	5.854	5.942	6.201	5.646
9/6										2.348	2.381	2.348	2.375	2.361	2.327	2.395	2.489	2.424
12/9										1.716	1.765	1.731	1.723	1.756	1.746	1.763	1.748	1.752
15/12	1.434	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	1.471	1.449	1.441	1.459
18/15	1.232	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	
21/18	1.155	1.164	1.168	1.192	1.219	1.211	1.179	1.153	1.151	1.163	1.173	1.170	1.178	1.182	1.187	1.189	1.192	
24/21	1.128	1.132	1.124	1.149	1.159	1.154	1.125	1.115	1.118	1.127	1.133	1.132	1.137	1.144	1.153	1.151	1.147	
27/24	1.086	1.096	1.108	1.121	1.128	1.123	1.093	1.090	1.093	1.106	1.107	1.110	1.112	1.119	1.120	1.120	1.121	
30/27	1.070	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	1.111	1.106	
33/30	1.059	1.065	1.072	1.086	1.089	1.077	1.063	1.071	1.065	1.081	1.083	1.086	1.092	1.094	1.093	1.091		
36/33	1.048	1.055	1.066	1.069	1.076	1.061	1.055	1.062	1.062	1.071	1.072	1.072	1.077	1.083	1.082	1.076		
39/36	1.046	1.051	1.059	1.060	1.061	1.049	1.044	1.053	1.056	1.057	1.059	1.061	1.066	1.071	1.066	1.068		
42/39	1.038	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			
45/42	1.035	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			
48/45	1.031	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			
51/48	1.027	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			
54/51	1.026	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				
57/54	1.025	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				
60/57	1.023	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				
63/60	1.021	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				

Source: WCIRB accident year experience calls

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

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

Accident Year	Paid Indemnity Development								
	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
1992									0.280
1993								0.333	0.407
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			0.653	0.521	0.400	0.344	0.280	0.219	0.228
1999		0.805	0.648	0.488	0.431	0.338	0.288	0.256	0.223
2000	2.949	0.808	0.602	0.517	0.393	0.349	0.304	0.289	0.239
2001	3.232	0.796	0.681	0.543	0.404	0.375	0.326	0.276	0.245
2002	3.193	0.817	0.625	0.501	0.448	0.400	0.353	0.288	0.243
2003	3.140	0.761	0.599	0.533	0.457	0.379	0.296	0.270	0.256
2004	2.918	0.608	0.577	0.471	0.391	0.352	0.289	0.303	0.283
2005	2.685	0.761	0.620	0.533	0.420	0.362	0.324	0.314	0.291
2006	3.187	0.855	0.637	0.503	0.436	0.385	0.344	0.307	0.271
2007	4.202	0.895	0.657	0.514	0.445	0.392	0.355	0.307	
2008	4.573	0.954	0.706	0.570	0.483	0.420	0.350		
2009	5.192	0.964	0.704	0.588	0.489	0.424			
2010	5.712	0.977	0.743	0.605	0.513				
2011	5.980	0.966	0.696	0.580					
2012	6.233	0.995	0.720						
2013	6.167	0.941							
2014	6.113								

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	0.268	0.229	0.206
1996					0.344	0.299	0.280	0.264	0.175
1997				0.419	0.367	0.311	0.284	0.213	0.157
1998			0.521	0.421	0.344	0.314	0.215	0.175	0.170
1999		0.752	0.576	0.435	0.413	0.279	0.219	0.195	0.219
2000	3.660	0.795	0.583	0.478	0.330	0.253	0.229	0.255	0.192
2001	3.864	0.907	0.633	0.470	0.312	0.298	0.287	0.236	0.211
2002	4.340	0.856	0.534	0.368	0.357	0.352	0.277	0.254	0.208
2003	4.016	0.764	0.421	0.387	0.373	0.300	0.263	0.241	0.208
2004	3.346	0.584	0.462	0.424	0.367	0.312	0.276	0.237	0.227
2005	3.241	0.575	0.459	0.417	0.381	0.337	0.263	0.271	0.241
2006	3.423	0.622	0.487	0.410	0.359	0.326	0.286	0.253	0.200
2007	3.737	0.654	0.511	0.438	0.368	0.341	0.307	0.241	
2008	3.944	0.674	0.533	0.470	0.416	0.352	0.289		
2009	4.426	0.695	0.536	0.492	0.424	0.349			
2010	4.665	0.703	0.583	0.509	0.416				
2011	4.291	0.714	0.541	0.466					
2012	4.432	0.692	0.538						
2013	4.311	0.651							
2014	4.505								

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 76% to 99% of the total California workers' compensation insured market measured using 2014 earned premium levels).

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

Source: WCIRB quarterly calls for experience

**Incremental Paid Indemnity - Ratios of Actual to Expected<sup>[1]</sup>**

Accident Year	Age-to-Age (in months)												
	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159
1997						1.061	1.158	0.871	1.008	0.955	1.175	0.962	0.778
1998					0.987	1.082	1.009	1.100	1.000	1.059	1.067	0.818	1.286
1999				1.005	1.145	1.028	0.954	1.000	0.840	1.000	0.875	1.111	1.000
2000			1.019	1.124	0.975	0.988	0.936	0.909	1.048	0.833	0.857	1.000	1.000
2001		1.008	1.105	1.014	0.919	0.901	0.989	1.000	1.000	1.067	1.167	1.100	1.222
2002	1.095	1.015	0.965	0.871	0.933	0.929	0.956	0.933	0.864	1.125	1.000	1.091	0.818
2003	1.046	0.917	0.877	0.900	0.982	0.985	0.907	1.036	1.316	1.222	1.429	1.250	
2004	0.894	0.750	0.799	0.927	0.936	1.047	1.154	1.414	1.360	1.182	0.900		
2005	0.864	0.926	0.962	1.047	1.020	1.090	1.267	1.171	1.088	0.962			
2006	0.979	1.064	1.032	0.985	1.163	1.164	1.088	0.937	0.865				
2007	1.113	1.026	1.031	1.071	1.050	1.000	0.984	0.933					
2008	0.994	1.029	1.073	1.109	1.039	0.976	0.885						
2009	1.097	1.070	1.066	1.017	1.023	1.012							
2010	1.084	1.022	1.012	1.008	0.956								
2011	0.961	1.024	0.952	0.946									
2012	1.030	0.993	0.992										
2013	1.063	0.974											
2014	1.005												

<sup>[1]</sup> Expected paid indemnity losses are derived based on age-to-age paid indemnity development factors from the prior evaluation (see Exhibit 2.3 of the WCIRB's June 12, 2015 Actuarial Committee Agenda item AC15-06-01).

**Incremental Paid Medical - Ratios of Actual to Expected<sup>[2]</sup>**

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

<sup>[2]</sup> Expected paid medical losses are derived based on age-to-age paid medical development factors from the prior evaluation (see Exhibit 2.4 of the WCIRB's June 12, 2015 Actuarial Committee Agenda item AC15-06-01).

**Comparison of Projected Ultimate Loss Ratios  
Accident Year 2009**

Methodology	Indemnity														Current WCIRB
	Based on Experience Evaluated as of (in months):														Estimate of
	12	15	18	21	24	27	33	39	45	51	57	63	69	75	Ultimate
3-Year Avg. Incurred	0.249	0.267	0.277	0.286	0.294	0.301	0.310	0.321	0.331	0.332	0.337	0.335	0.334	0.331	0.332
Latest Year Incurred	0.274	0.290	0.295	0.303	0.314	0.324	0.332	0.336	0.343	0.331	0.333	0.332	0.331	0.330	0.332
3-Year Avg. Paid	0.254	0.258	0.262	0.267	0.271	0.276	0.288	0.298	0.308	0.316	0.324	0.333	0.336	0.335	0.332
Latest Year Paid	0.254	0.262	0.266	0.273	0.279	0.286	0.304	0.318	0.325	0.326	0.333	0.335	0.335	0.332	0.332
Reform-Adj. Paid [4]	0.234	0.242	0.246	0.252	0.257	0.278	0.294	0.306	0.312	0.317	0.323	0.335	0.335	0.332	0.332
Latest Yr. Adj. for Case Reserves	0.264	0.273	0.287	0.286	0.316	0.319	---	0.354	---	0.342	---	0.332	---	---	0.332
Latest Yr. Adj. for Settlement [1]	0.242	0.252	0.255	0.260	0.265	0.283	---	0.313	---	0.319	---	0.335	---	---	0.332
	Percent Change														75 mos. to
	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 33	33 to 39	39 to 45	45 to 51	51 to 57	57 to 63	63 to 69	69 to 75	Current Estimate	
3-Year Avg. Incurred	7.2%	3.7%	3.2%	2.8%	2.4%	3.0%	3.5%	3.1%	0.3%	1.5%	-0.6%	-0.3%	-0.9%	0.3%	
Latest Year Incurred	5.8%	1.7%	2.7%	3.6%	3.2%	2.5%	1.2%	2.1%	-3.5%	0.6%	-0.3%	-0.3%	-0.3%	0.6%	
3-Year Avg. Paid	1.6%	1.6%	1.9%	1.5%	1.8%	4.3%	3.5%	3.4%	2.6%	2.5%	2.8%	0.9%	-0.3%	-0.9%	
Latest Year Paid	3.1%	1.5%	2.6%	2.2%	2.5%	6.3%	4.6%	2.2%	0.3%	2.1%	0.6%	0.0%	-0.9%	0.0%	
Reform-Adj. Paid	3.4%	1.7%	2.4%	2.0%	8.2%	5.8%	4.1%	2.0%	1.6%	1.9%	3.7%	0.0%	-0.9%	0.0%	
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	---	---	---	---	---	---	---	---	
Latest Yr. Adj. for Settlement	---	---	---	---	---	---	---	---	---	---	---	---	---	---	
	Medical														Current WCIRB
	Based on Experience Evaluated as of (in months):														Estimate of
	12	15	18	21	24	27	33	39 [3]	45	51	57	63	69	75	Ultimate
3-Year Avg. Incurred	0.524	0.543	0.562	0.577	0.583	0.592	0.598	0.630	0.645	0.642	0.633	0.627	0.607	0.587	0.621
Latest Year Incurred	0.534	0.565	0.580	0.591	0.609	0.612	0.613	0.635	0.647	0.647	0.623	0.616	0.591	0.575	0.621
3-Year Avg. Paid	0.472	0.476	0.488	0.502	0.510	0.511	0.523	0.569	0.581	0.583	0.598	0.628	0.625	0.624	0.621
Latest Year Paid	0.495	0.502	0.512	0.521	0.528	0.527	0.541	0.593	0.605	0.585	0.603	0.647	0.633	0.619	0.621
Reform-Adj. Paid [4]	0.512	0.519	0.529	0.538	0.544	0.542	0.554	0.601	0.610	0.588	0.613	0.647	0.633	0.621	0.621
Latest Yr. Adj. for Case Reserves	0.557	0.527	0.562	0.560	0.602	0.602	---	0.666	---	0.659	---	0.621	---	---	0.621
Latest Yr. Adj. for Settlement [2]	0.595	0.605	0.623	0.620	0.628	0.580	---	0.606	---	0.576	---	0.638	---	---	0.621
	Percent Change														75 mos. to
	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 33	33 to 39	39 to 45	45 to 51	51 to 57	57 to 63	63 to 69	69 to 75	Current Estimate	
3-Year Avg. Incurred	3.6%	3.5%	2.7%	1.0%	1.5%	1.0%	5.4%	2.4%	-0.5%	-1.4%	-0.9%	-3.2%	-3.3%	5.8%	
Latest Year Incurred	5.8%	2.7%	1.9%	3.0%	0.5%	0.2%	3.6%	1.9%	0.0%	-3.7%	-1.1%	-4.1%	-2.7%	8.0%	
3-Year Avg. Paid	0.8%	2.5%	2.9%	1.6%	0.2%	2.3%	8.8%	2.1%	0.3%	2.6%	5.0%	-0.5%	-0.2%	-0.5%	
Latest Year Paid	1.4%	2.0%	1.8%	1.3%	-0.2%	2.7%	9.6%	2.0%	-3.3%	3.1%	7.3%	-2.2%	-2.2%	0.3%	
Reform-Adj. Paid	1.4%	1.9%	1.7%	1.1%	-0.4%	2.2%	8.5%	1.5%	-3.6%	4.3%	5.5%	-2.2%	-1.9%	0.0%	
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	---	---	---	---	---	---	---	---	
Latest Yr. Adj. for Settlement	---	---	---	---	---	---	---	---	---	---	---	---	---	---	

[1] The Latest Year Claim-Settlement Methodology for projecting ultimate indemnity loss ratios was based on the following:

- The claim settlement rate adjustment factors calculated for the 12, 15, and 18-month evaluations contemplate indemnity payments made on closed indemnity claims only. The claim settlement rate adjustment factors calculated for subsequent evaluations contemplate separate adjustments for indemnity payments made on open and closed indemnity claims.
- The claim settlement rate adjustment factors calculated for the 12, 15, 24, 27, 39, and 51-month evaluations contemplate an adjustment to reflect the impact of the 2002-2004 reforms.

[2] The Latest Year Claim-Settlement Methodology for projecting ultimate medical loss ratios was based on the following:

- The claim settlement rate adjustment factors calculated for the 12, 15, 18, 21, 24, and 27-month evaluations contemplate medical payments made on closed indemnity claims only. The claim settlement rate adjustment factors calculated for subsequent evaluations contemplate separate adjustments for medical payments made on open and closed indemnity claims.
- The claim settlement rate adjustment factors calculated for the 12, 15, 24, 27, and 39-month evaluations contemplate an adjustment to reflect the impact of the 2002-2004 reforms only. The claim settlement rate adjustment factors calculated for the 51-month evaluation contemplate an adjustment to reflect the impact of both the 2002-2004 reforms and the SB 863 reforms. The claim settlement rate adjustment factors calculated for subsequent evaluations contemplate an adjustment to reflect the impact of the SB 863 reforms only.

[3] Starting with the 39-month evaluation, all methodologies reflect an adjustment to the medical loss development tail for the impacts of medical inflation.

[4] For all evaluations through 39-months, estimates of indemnity and medical ultimate loss ratios based on the Reform-Adjusted Paid methodology reflect adjustment for the impact of the 2002-2004 reforms only. For the 51 and 57-month evaluations, the adjustment reflects the 2002-2004 reforms for indemnity, and both the 2002-2004 reforms and the SB 863 reforms for medical. For subsequent evaluations, the adjustment reflects the SB 863 reforms only for medical.

Source: WCIRB quarterly calls for experience

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

Methodology	Indemnity												Current WCIRB
	Based on Experience Evaluated as of (in months):												Estimate of
	12	15	18	21	24	27	33	39	45	51	57	63	Ultimate
3-Year Avg. Incurred	0.270	0.284	0.294	0.298	0.304	0.310	0.323	0.324	0.327	0.326	0.324	0.322	0.328
Latest Year Incurred	0.305	0.315	0.321	0.321	0.322	0.326	0.338	0.325	0.324	0.323	0.321	0.320	0.328
3-Year Avg. Paid	0.251	0.261	0.270	0.276	0.283	0.288	0.301	0.311	0.320	0.330	0.332	0.331	0.328
Latest Year Paid	0.267	0.280	0.293	0.300	0.307	0.314	0.322	0.323	0.331	0.333	0.332	0.328	0.328
Reform-Adj. Paid	0.247	0.272	0.283	0.290	0.296	0.302	0.309	0.314	0.321	0.333	0.332	0.328	0.328
Latest Yr. Adj. for Case Reserves	0.322	0.322	---	---	0.345	0.355	---	0.341	---	0.329	---	---	0.328
Latest Yr. Adj. for Settlement [1]	0.254	0.277	---	---	0.302	0.309	---	0.315	---	0.330	---	---	0.328
Percent Change													63 mos. to
	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 33	33 to 39	39 to 45	45 to 51	51 to 57	57 to 63	Current Estimate	
3-Year Avg. Incurred	5.2%	3.5%	1.4%	2.0%	2.0%	4.2%	0.3%	0.9%	-0.3%	-0.6%	-0.6%	1.9%	
Latest Year Incurred	3.3%	1.9%	0.0%	0.3%	1.2%	3.7%	-3.8%	-0.3%	-0.3%	-0.6%	-0.3%	2.5%	
3-Year Avg. Paid	4.0%	3.4%	2.2%	2.5%	1.8%	4.5%	3.3%	2.9%	3.1%	0.6%	-0.3%	-0.9%	
Latest Year Paid	4.9%	4.6%	2.4%	2.3%	2.3%	2.5%	0.3%	2.5%	0.6%	-0.3%	-1.2%	0.0%	
Reform-Adj. Paid [4]	10.1%	4.0%	2.5%	2.1%	2.0%	2.3%	1.6%	2.2%	3.7%	-0.3%	-1.2%	0.0%	
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	---	---	---	---	---	---	
Latest Yr. Adj. for Settlement	---	---	---	---	---	---	---	---	---	---	---	---	
Medical													Current WCIRB
Based on Experience Evaluated as of (in months):													Estimate of
	12	15	18	21	24	27	33	39	45	51	57	63	Ultimate
3-Year Avg. Incurred	0.555	0.568	0.572	0.585	0.595	0.620	0.645	0.642	0.635	0.626	0.604	0.584	0.628
Latest Year Incurred	0.600	0.605	0.590	0.606	0.608	0.625	0.650	0.652	0.629	0.614	0.586	0.567	0.628
3-Year Avg. Paid	0.490	0.494	0.501	0.511	0.534	0.559	0.576	0.584	0.601	0.634	0.629	0.630	0.628
Latest Year Paid	0.512	0.516	0.523	0.536	0.559	0.593	0.609	0.590	0.613	0.662	0.642	0.624	0.628
Reform-Adj. Paid [4]	0.527	0.531	0.536	0.550	0.569	0.601	0.614	0.592	0.624	0.666	0.644	0.628	0.628
Latest Yr. Adj. for Case Reserves	0.614	0.618	---	---	0.633	0.678	---	0.675	---	0.630	---	---	0.628
Latest Yr. Adj. for Settlement [2]	0.614	0.557	---	---	0.575	0.606	---	0.581	---	0.654	---	---	0.628
Percent Change													63 mos. to
	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 33	33 to 39	39 to 45	45 to 51	51 to 57	57 to 63	Current Estimate	
3-Year Avg. Incurred	2.3%	0.7%	2.3%	1.7%	4.2%	4.0%	-0.5%	-1.1%	-1.4%	-3.5%	-3.3%	7.5%	
Latest Year Incurred	0.8%	-2.5%	2.7%	0.3%	2.8%	4.0%	0.3%	-3.5%	-2.4%	-4.6%	-3.2%	10.8%	
3-Year Avg. Paid	0.8%	1.4%	2.0%	4.5%	4.7%	3.0%	1.4%	2.9%	5.5%	-0.8%	0.2%	-0.3%	
Latest Year Paid	0.8%	1.4%	2.5%	4.3%	6.1%	2.7%	-3.1%	3.9%	8.0%	-3.0%	-2.8%	0.6%	
Reform-Adj. Paid	0.8%	0.9%	2.6%	3.5%	5.6%	2.2%	-3.6%	5.4%	6.7%	-3.3%	-2.5%	0.0%	
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	---	---	---	---	---	---	
Latest Yr. Adj. for Settlement	---	---	---	---	---	---	---	---	---	---	---	---	

[1] The Latest Year Claim-Settlement Methodology for projecting ultimate indemnity loss ratios was based on the following:

- The claim settlement rate adjustment factors calculated for all evaluations contemplate separate adjustments for indemnity payments made on open and closed indemnity claims.
- The claim settlement rate adjustment factors calculated for the 12, 15, 24, 27, and 39-month evaluations contemplate an adjustment to reflect the impact of the 2002-2004 reforms.

[2] The Latest Year Claim-Settlement Methodology for projecting ultimate medical loss ratios was based on the following:

- The claim settlement rate adjustment factors calculated for the 12 and 15-month evaluations contemplate medical payments made on closed indemnity claims only. The claim settlement rate adjustment factors calculated for subsequent evaluations contemplate separate adjustments for medical payments made on open and closed indemnity claims.
- The claim settlement rate adjustment factors calculated for the 12, 15, 24, and 27-month evaluations contemplate an adjustment to reflect the impact of the 2002-2004 reforms only. The claim settlement rate adjustment factors calculated for the 39-month evaluation contemplate an adjustment to reflect the impact of both the 2002-2004 reforms and the SB 863 reforms. The claim settlement rate adjustment factors calculated for subsequent evaluations contemplate an adjustment to reflect the impact of the SB 863 reforms only.

[3] Starting with the 27-month evaluation, all methodologies reflect an adjustment to the medical loss development tail for the impacts of medical inflation.

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

Source: WCIRB quarterly calls for experience

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

Methodology	Indemnity										Current WCIRB
	Based on Experience Evaluated as of (in months):										Estimate of
	12	15	18	21	24	27	33	39	45	51	Ultimate
3-Year Avg. Incurred	0.287	0.297	0.303	0.309	0.310	0.311	0.312	0.309	0.308	0.304	0.306
Latest Year Incurred	0.311	0.314	0.319	0.329	0.320	0.313	0.307	0.306	0.305	0.302	0.306
3-Year Avg. Paid	0.258	0.267	0.277	0.283	0.290	0.297	0.305	0.312	0.313	0.311	0.306
Latest Year Paid	0.289	0.297	0.304	0.307	0.308	0.312	0.316	0.315	0.313	0.307	0.306
Reform-Adj. Paid [5]	0.279	0.285	0.291	0.295	0.298	0.301	0.305	0.313	0.311	0.306	0.306
Latest Yr. Adj. for Case Reserves	0.333	0.344	---	---	---	0.332	---	0.314	---	---	0.306
Latest Yr. Adj. for Settlement [1]	0.285	0.292	---	---	0.301	0.301	---	0.309	---	---	0.306
Percent Change											
	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 33	33 to 39	39 to 45	45 to 51	51 mos. to	Current Estimate
3-Year Avg. Incurred	3.5%	2.0%	2.0%	0.3%	0.3%	0.3%	-1.0%	-0.3%	-1.3%	0.7%	
Latest Year Incurred	1.0%	1.6%	3.1%	-2.7%	-2.2%	-1.9%	-0.3%	-0.3%	-1.0%	1.3%	
3-Year Avg. Paid	3.5%	3.7%	2.2%	2.5%	2.4%	2.7%	2.3%	0.3%	-0.6%	-1.6%	
Latest Year Paid	2.8%	2.4%	1.0%	0.3%	1.3%	1.3%	-0.3%	-0.6%	-1.9%	-0.3%	
Reform-Adj. Paid	2.2%	2.1%	1.4%	1.0%	1.0%	1.3%	2.6%	-0.6%	-1.6%	0.0%	
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	---	---	---	---	
Latest Yr. Adj. for Settlement	---	---	---	---	---	---	---	---	---	---	
Medical											
	Based on Experience Evaluated as of (in months):										Current WCIRB
	12	15 [3]	18	21	24 [4]	27	33	39	45	51	Estimate of
											Ultimate
3-Year Avg. Incurred	0.558	0.595	0.614	0.624	0.590	0.588	0.575	0.568	0.547	0.524	0.545
Latest Year Incurred	0.584	0.607	0.638	0.643	0.602	0.605	0.572	0.554	0.524	0.504	0.545
3-Year Avg. Paid	0.478	0.511	0.530	0.544	0.490	0.499	0.517	0.545	0.545	0.546	0.545
Latest Year Paid	0.515	0.555	0.574	0.585	0.504	0.510	0.533	0.576	0.558	0.539	0.545
Reform-Adj. Paid [5]	0.525	0.562	0.579	0.590	0.503	0.512	0.548	0.585	0.564	0.545	0.545
Latest Yr. Adj. for Case Reserves	0.613	0.656	---	---	---	0.624	---	0.570	---	---	0.545
Latest Yr. Adj. for Settlement [2]	0.530	0.567	---	---	0.504	0.505	---	0.576	---	---	0.545
Percent Change											
	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 33	33 to 39	39 to 45	45 to 51	51 mos. to	Current Estimate
3-Year Avg. Incurred	6.6%	3.2%	1.6%	-5.4%	-0.3%	-2.2%	-1.2%	-3.7%	-4.2%	4.0%	
Latest Year Incurred	3.9%	5.1%	0.8%	-6.4%	0.5%	-5.5%	-3.1%	-5.4%	-3.8%	8.1%	
3-Year Avg. Paid	6.9%	3.7%	2.6%	-9.9%	1.8%	3.6%	5.4%	0.0%	0.2%	-0.2%	
Latest Year Paid	7.8%	3.4%	1.9%	-13.8%	1.2%	4.5%	8.1%	-3.1%	-3.4%	1.1%	
Reform-Adj. Paid	7.0%	3.0%	1.9%	-14.7%	1.8%	7.0%	6.8%	-3.6%	-3.4%	0.0%	
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	---	---	---	---	
Latest Yr. Adj. for Settlement	---	---	---	---	---	---	---	---	---	---	

- [1] The Latest Year Claim-Settlement Methodology for projecting ultimate indemnity loss ratios was based on the following:
- The claim settlement rate adjustment factors calculated for all evaluations contemplate separate adjustments for indemnity payments made on open and closed indemnity claims.
  - The claim settlement rate adjustment factors calculated for the 12 and 15-month evaluations contemplate an adjustment to reflect the impact of the 2002-2004 reforms only. The claim settlement rate adjustment factors calculated for the 24 and 27-month evaluations contemplate an adjustment to reflect the impact of the both the 2002-2004 reforms and the SB 863 reforms. The claim settlement rate adjustment factors calculated for subsequent evaluations contemplate an adjustment to reflect the impact of the SB 863 reforms only.
- [2] The Latest Year Claim-Settlement Methodology for projecting ultimate medical loss ratios was based on the following:
- The claim settlement rate adjustment factors calculated for all evaluations contemplate separate adjustments for medical payments made on open and closed indemnity claims.
  - The claim settlement rate adjustment factors calculated for the 12 and 15-month evaluations contemplate an adjustment to reflect the impact of the 2002-2004 reforms only. The claim settlement rate adjustment factors calculated for the 24 and 27-month evaluations contemplate an adjustment to reflect the impact of the both the 2002-2004 reforms and the SB 863 reforms. The claim settlement rate adjustment factors calculated for subsequent evaluations contemplate an adjustment to reflect the impact of the SB 863 reforms only.
- [3] Starting with the 15-month evaluation, all methodologies reflect an adjustment to the medical loss development tail for the impacts of medical inflation.
- [4] Starting with the 24-month evaluation, all methodologies reflect medical losses excluding the cost of medical cost containment expenses.
- [5] For all evaluations through 21-months, estimates of indemnity and medical ultimate loss ratios based on the Reform-Adjusted Paid methodology reflect adjustment for the impact of the 2002-2004 reforms only. For the 24, 27, and 33-month evaluations, the adjustment reflects both the 2002-2004 reforms and the SB 863 reforms. For subsequent evaluations, the adjustment reflects the SB 863 reforms only.

Source: WCIRB quarterly calls for experience

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

	Indemnity								Current WCIRB Estimate of
Methodology	Based on Experience Evaluated as of (in months):								Ultimate
	12	15	18	21	24	27	33	39	
3-Year Avg. Incurred	0.281	0.281	0.288	0.288	0.284	0.283	0.281	0.276	0.281
Latest Year Incurred	0.291	0.281	0.287	0.280	0.277	0.278	0.277	0.273	0.281
3-Year Avg. Paid	0.268	0.270	0.278	0.282	0.285	0.290	0.290	0.288	0.281
Latest Year Paid	0.290	0.289	0.293	0.294	0.290	0.291	0.287	0.282	0.281
Reform-Adj. Paid [4]	0.271	0.275	0.281	0.283	0.281	0.289	0.285	0.281	0.281
Latest Yr. Adj. for Case Reserves	---	0.313	---	---	---	0.294	---	---	0.281
Latest Yr. Adj. for Settlement [1]	0.275	0.275	---	---	0.276	0.285	---	---	0.281
Percent Change									39 mos. to
	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 33	33 to 39	Current Estimate	
3-Year Avg. Incurred	0.0%	2.5%	0.0%	-1.4%	-0.4%	-0.7%	-1.8%	1.8%	
Latest Year Incurred	-3.4%	2.1%	-2.4%	-1.1%	0.4%	-0.4%	-1.4%	2.9%	
3-Year Avg. Paid	0.7%	3.0%	1.4%	1.1%	1.8%	0.0%	-0.7%	-2.4%	
Latest Year Paid	-0.3%	1.4%	0.3%	-1.4%	0.3%	-1.4%	-1.7%	-0.4%	
Reform-Adj. Paid	1.5%	2.2%	0.7%	-0.7%	2.8%	-1.4%	-1.4%	0.0%	
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	---		
Latest Yr. Adj. for Settlement	---	---	---	---	3.2%	---	---		
Medical [3]									Current WCIRB Estimate of
	Based on Experience Evaluated as of (in months):								Ultimate
	12	15	18	21	24	27	33	39	
3-Year Avg. Incurred	0.542	0.538	0.541	0.530	0.518	0.512	0.491	0.465	0.487
Latest Year Incurred	0.565	0.559	0.549	0.525	0.496	0.497	0.468	0.441	0.487
3-Year Avg. Paid	0.427	0.435	0.449	0.458	0.458	0.486	0.485	0.487	0.487
Latest Year Paid	0.456	0.454	0.469	0.477	0.475	0.516	0.496	0.477	0.487
Reform-Adj. Paid [4]	0.451	0.459	0.482	0.500	0.503	0.535	0.507	0.487	0.487
Latest Yr. Adj. for Case Reserves	---	0.597	---	---	---	0.533	---	---	0.487
Latest Yr. Adj. for Settlement [2]	0.452	0.457	---	---	0.496	0.529	---	---	0.487
Percent Change									39 mos. to
	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 33	33 to 39	Current Estimate	
3-Year Avg. Incurred	-0.7%	0.6%	-2.0%	-2.3%	-1.2%	-4.1%	-5.3%	4.7%	
Latest Year Incurred	-1.1%	-1.8%	-4.4%	-5.5%	0.2%	-5.8%	-5.8%	10.4%	
3-Year Avg. Paid	1.9%	3.2%	2.0%	0.0%	6.1%	-0.2%	0.4%	0.0%	
Latest Year Paid	-0.4%	3.3%	1.7%	-0.4%	8.6%	-3.9%	-3.8%	2.1%	
Reform-Adj. Paid	1.8%	5.0%	3.7%	0.6%	6.4%	-5.2%	-3.9%	0.0%	
Latest Yr. Adj. for Case Reserves	---	---	---	---	---	---	---		
Latest Yr. Adj. for Settlement	---	---	---	---	6.7%	---	---		

- [1] The Latest Year Claim-Settlement Methodology for projecting ultimate indemnity loss ratios was based on the following:
- The claim settlement rate adjustment factors calculated for all evaluations contemplate separate adjustments for indemnity payments made on open and closed indemnity claims.
  - The claim settlement rate adjustment factors calculated for the 12, 15, and 24-month evaluations contemplate an adjustment to reflect the impact of both the 2002-2004 reforms and the SB 863 reforms. The claim settlement rate adjustment factors calculated for subsequent evaluations contemplate an adjustment to reflect the impact of the SB 863 reforms only.
- [2] The Latest Year Claim-Settlement Methodology for projecting ultimate medical loss ratios was based on the following:
- The claim settlement rate adjustment factors calculated for all evaluations contemplate separate adjustments for medical payments made on open and closed indemnity claims.
  - The claim settlement rate adjustment factors calculated for the 12, 15, and 24-month evaluations contemplate an adjustment to reflect the impact of both the 2002-2004 reforms and the SB 863 reforms. The claim settlement rate adjustment factors calculated for subsequent evaluations contemplate an adjustment to reflect the impact of the SB 863 reforms only.
- [3] All methodologies reflect medical losses excluding the cost of medical cost containment expenses.
- [4] For all evaluations through 24-months, estimates of indemnity and medical ultimate loss ratios based on the Reform-Adjusted Paid methodology reflect adjustment for the impact of the 2002-2004 reforms and the SB 863 reforms. For subsequent evaluations, the adjustment reflects the SB 863 reforms only.

Source: WCIRB quarterly calls for experience

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

<b>Indemnity</b>							Current WCIRB
<u>Methodology</u>	Based on Experience Evaluated as of (in months):						Estimate of
	<u>12</u>	<u>15</u>	<u>18</u>	<u>21</u>	<u>24</u>	<u>27</u>	<u>Ultimate</u>
3-Year Avg. Incurred	0.260	0.258	0.253	0.253	0.249	0.246	0.252
Latest Year Incurred	0.254	0.253	0.245	0.247	0.244	0.241	0.252
3-Year Avg. Paid	0.252	0.259	0.259	0.260	0.257	0.255	0.252
Latest Year Paid	0.254	0.260	0.257	0.255	0.250	0.249	0.252
Reform-Adj. Paid [4]	0.243	0.264	0.262	0.259	0.254	0.252	0.252
Latest Yr. Adj. for Case Reserves	---	0.274	---	---	---	---	0.252
Latest Yr. Adj. for Settlement [1]	0.238	0.260	---	---	0.250	---	0.252
Percent Change							27 mos. to
	<u>12 to 15</u>	<u>15 to 18</u>	<u>18 to 21</u>	<u>21 to 24</u>	<u>24 to 27</u>		<u>Current Estimate</u>
3-Year Avg. Incurred	-0.8%	-1.9%	0.0%	-1.6%	-1.2%		2.4%
Latest Year Incurred	-0.4%	-3.2%	0.8%	-1.2%	-1.2%		4.6%
3-Year Avg. Paid	2.8%	0.0%	0.4%	-1.2%	-0.8%		-1.2%
Latest Year Paid	2.4%	-1.2%	-0.8%	-2.0%	-0.4%		1.2%
Reform-Adj. Paid	8.6%	-0.8%	-1.1%	-1.9%	-0.8%		0.0%
Latest Yr. Adj. for Case Reserves	---	---	---	---	---		---
Latest Yr. Adj. for Settlement	9.0%	---	---	---	---		---
<b>Medical [3]</b>							Current WCIRB
	Based on Experience Evaluated as of (in months):						Estimate of
	<u>12</u>	<u>15</u>	<u>18</u>	<u>21</u>	<u>24</u>	<u>27</u>	<u>Ultimate</u>
3-Year Avg. Incurred	0.470	0.462	0.448	0.436	0.423	0.408	0.413
Latest Year Incurred	0.447	0.443	0.419	0.408	0.402	0.379	0.413
3-Year Avg. Paid	0.395	0.414	0.408	0.410	0.407	0.412	0.413
Latest Year Paid	0.412	0.444	0.424	0.420	0.405	0.401	0.413
Reform-Adj. Paid [4]	0.455	0.473	0.445	0.435	0.416	0.413	0.413
Latest Yr. Adj. for Case Reserves	---	0.491	---	---	---	---	0.413
Latest Yr. Adj. for Settlement [2]	0.451	0.470	---	---	0.413	---	0.413
Percent Change							27 mos. to
	<u>12 to 15</u>	<u>15 to 18</u>	<u>18 to 21</u>	<u>21 to 24</u>	<u>24 to 27</u>		<u>Current Estimate</u>
3-Year Avg. Incurred	-1.7%	-3.0%	-2.7%	-3.0%	-3.5%		1.2%
Latest Year Incurred	-0.9%	-5.4%	-2.6%	-1.5%	-5.7%		9.0%
3-Year Avg. Paid	4.8%	-1.4%	0.5%	-0.7%	1.2%		0.2%
Latest Year Paid	7.8%	-4.5%	-0.9%	-3.6%	-1.0%		3.0%
Reform-Adj. Paid	4.0%	-5.9%	-2.2%	-4.4%	-0.7%		0.0%
Latest Yr. Adj. for Case Reserves	---	---	---	---	---		---
Latest Yr. Adj. for Settlement	4.4%	---	---	---	---		---

[1] The Latest Year Claim-Settlement Methodology for projecting ultimate indemnity loss ratios was based on the following:

- The claim settlement rate adjustment factors calculated for all evaluations contemplate separate adjustments for indemnity payments made on open and closed indemnity claims.
- The claim settlement rate adjustment factors calculated for the 12-month evaluation contemplate an adjustment to reflect the impact of both the 2002-2004 reforms and the SB 863 reforms. The claim settlement rate adjustment factors calculated for subsequent evaluations contemplate an adjustment to reflect the impact of the SB 863 reforms only.

[2] The Latest Year Claim-Settlement Methodology for projecting ultimate medical loss ratios was based on the following:

- The claim settlement rate adjustment factors calculated for all evaluations contemplate separate adjustments for medical payments made on open and closed indemnity claims.
- The claim settlement rate adjustment factors calculated for the 12-month evaluation contemplate an adjustment to reflect the impact of both the 2002-2004 reforms and the SB 863 reforms. The claim settlement rate adjustment factors calculated for subsequent evaluations contemplate an adjustment to reflect the impact of the SB 863 reforms only.

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

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

Source: WCIRB quarterly calls for experience

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

<u>Methodology</u>	<b>Indemnity</b>		Current WCIRB
	Based on Experience Evaluated as of (in months):		Estimate of
	<u>12</u>	<u>15</u>	<u>Ultimate</u>
3-Year Avg. Incurred	0.233	0.231	0.247
Latest Year Incurred	0.224	0.221	0.247
3-Year Avg. Paid	0.236	0.237	0.247
Latest Year Paid	0.229	0.228	0.247
Reform-Adj. Paid [4]	0.245	0.247	0.247
Latest Yr. Adj. for Case Reserves	---	---	0.247
Latest Yr. Adj. for Settlement [1]	0.241	---	0.247
<b>Percent Change</b>			<b>15 mos. to</b>
			<b>Current Estimate</b>
		<u>12 to 15</u>	
3-Year Avg. Incurred		-0.9%	6.9%
Latest Year Incurred		-1.3%	11.8%
3-Year Avg. Paid		0.4%	4.2%
Latest Year Paid		-0.4%	8.3%
Reform-Adj. Paid		0.8%	0.0%
Latest Yr. Adj. for Case Reserves		---	
Latest Yr. Adj. for Settlement		---	
<b>Medical [3]</b>			
	Based on Experience Evaluated as of (in months):		Current WCIRB
			Estimate of
	<u>12</u>	<u>15</u>	<u>Ultimate</u>
3-Year Avg. Incurred	0.398	0.380	0.368
Latest Year Incurred	0.370	0.344	0.368
3-Year Avg. Paid	0.370	0.374	0.368
Latest Year Paid	0.362	0.361	0.368
Reform-Adj. Paid [4]	0.367	0.368	0.368
Latest Yr. Adj. for Case Reserves	---	---	0.368
Latest Yr. Adj. for Settlement [2]	0.364	---	0.368
<b>Percent Change</b>			<b>15 mos. to</b>
			<b>Current Estimate</b>
		<u>12 to 15</u>	
3-Year Avg. Incurred		-4.5%	-3.2%
Latest Year Incurred		-7.0%	7.0%
3-Year Avg. Paid		1.1%	-1.6%
Latest Year Paid		-0.3%	1.9%
Reform-Adj. Paid		0.3%	0.0%
Latest Yr. Adj. for Case Reserves		---	
Latest Yr. Adj. for Settlement		---	

- [1] The Latest Year Claim-Settlement Methodology for projecting ultimate indemnity loss ratios was based on the following:
- The claim settlement rate adjustment factors calculated for all evaluations contemplate separate adjustments for indemnity payments made on open and closed indemnity claims.
  - The claim settlement rate adjustment factors calculated for all evaluations contemplate an adjustment to reflect the impact of the SB 863 reforms only.
- [2] The Latest Year Claim-Settlement Methodology for projecting ultimate medical loss ratios was based on the following:
- The claim settlement rate adjustment factors calculated for all evaluations contemplate separate adjustments for medical payments made on open and closed indemnity claims.
  - The claim settlement rate adjustment factors calculated for all evaluations contemplate an adjustment to reflect the impact of the SB 863 reforms only.
- [3] All methodologies reflect medical losses excluding the cost of medical cost containment expenses.
- [4] For all evaluations, estimates of indemnity and medical ultimate loss ratios based on the Reform-Adjusted Paid methodology reflect adjustment for the impact of the SB 863 reforms.

Source: WCIRB quarterly calls for experience

**Projection of Indemnity Severity Trends by Accident Year  
Based on Experience as of March 31, 2015**

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	9,971	---	1.696	16,905	---
1991	10,916	9.5%	1.603	17,504	3.5%
1992	10,993	0.7%	1.550	17,042	-2.6%
1993	11,967	8.9%	1.541	18,442	8.2%
1994	12,940	8.1%	1.614	20,888	13.3%
1995	14,529	12.3%	1.503	21,845	4.6%
1996	16,257	11.9%	1.411	22,937	5.0%
1997	19,348	19.0%	1.266	24,493	6.8%
1998	21,144	9.3%	1.168	24,688	0.8%
1999	23,304	10.2%	1.082	25,214	2.1%
2000	24,799	6.4%	1.010	25,047	-0.7%
2001	27,175	9.6%	1.011	27,474	9.7%
2002	26,286	-3.3%	1.038	27,285	-0.7%
2003	25,763	-2.0%	1.037	26,719	-2.1%
2004	20,992	-18.5%	1.232	25,866	-3.2%
2005	18,897	-10.0%	1.417	26,772	3.5%
2006	20,735	9.7%	1.320	27,379	2.3%
2007	22,463	8.3%	1.279	28,735	5.0%
2008	24,893	10.8%	1.212	30,173	5.0%
2009	25,879	4.0%	1.205	31,180	3.3%
2010	25,739	-0.5%	1.188	30,582	-1.9%
2011	25,355	-1.5%	1.175	29,801	-2.6%
2012	25,334	-0.1%	1.150	29,134	-2.2%
2013	25,701	1.4%	1.146	29,441	1.1%
2014	27,637	7.5%	1.056	29,183	-0.9%

(6) Estimated Annual Exponential Trend Based on 2005 to 2013: 1.1%

(7) Estimated Annual Exponential Trend Based on 2008 to 2013: -1.0%

(a) Indemnity benefit level adjustment factors are based on factors shown in Exhibit 4.1 of Item AC15-06-01, excluding the impact of frequency, presented at the Actuarial Committee Meeting on June 12, 2015.

Source: WCIRB experience calls.

**Projection of Medical Severity Trends by Accident Year  
Based on Experience as of March 31, 2015**

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	9,020	---	1.183	10,674	---
1991	9,702	7.6%	1.161	11,265	5.5%
1992	9,810	1.1%	1.122	11,009	-2.3%
1993	10,933	11.4%	1.102	12,045	9.4%
1994	12,132	11.0%	1.158	14,051	16.7%
1995	13,925	14.8%	1.149	15,995	13.8%
1996	15,023	7.9%	1.137	17,086	6.8%
1997	18,049	20.1%	1.130	20,390	19.3%
1998	22,083	22.4%	0.996	21,993	7.9%
1999	25,206	14.1%	0.863	21,758	-1.1%
2000	28,724	14.0%	0.794	22,798	4.8%
2001	33,991	18.3%	0.724	24,610	7.9%
2002	34,669	2.0%	0.752	26,079	6.0%
2003	33,168	-4.3%	0.790	26,201	0.5%
2004	30,809	-7.1%	1.046	32,221	23.0%
2005	31,831	3.3%	1.047	33,330	3.4%
2006	35,341	11.0%	1.044	36,888	10.7%
2007	39,580	12.0%	1.026	40,603	10.1%
2008	43,458	9.8%	1.024	44,479	9.5%
2009	46,296	6.5%	1.022	47,320	6.4%
2010	47,304	2.2%	1.022	48,364	2.2%
2011	43,323 (c)	---	1.023	44,338 (c)	---
2012	42,085	-2.9%	1.028	43,243	-2.5%
2013	40,227	-4.4%	1.028	41,371	-4.3%
2014	39,271	-2.4%	1.024	40,211	-2.8%

(a) Estimated ultimate severities for all accident years are derived by dividing ultimate medical losses on indemnity claims by ultimate indemnity claim counts. The estimated ultimate medical severities were derived from the projected ultimate loss ratios shown in column (6) of Exhibit 3.2 from Item AC15-06-01, presented at the Actuarial Committee Meeting on June 12, 2015.

(b) Medical benefit level adjustment factors are based on factors shown in Exhibit 4.4 of Item AC15-06-01, excluding the impact of frequency, and including the impact of SB 863 provisions applicable to outstanding medical losses, presented at the Actuarial Committee Meeting on June 12, 2015.

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

Source: WCIRB experience calls.

**Projection of Medical Severity Trends by Accident Year  
Adjusted to Remove the Cost of Medical Cost Containment Programs (MCCP)  
Based on Experience as of March 31, 2015**

(1) Accident Year	No Adjustment for MCCP			MCCP Removed Based on WCIRB Aggregate Calendar Year Data Calls (b)				
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Estimated Ultimate Severity (a)	Annual % Change	Ultimate On-Level Severity (c)	Annual % Change	Estimated Ultimate Severity (a)	Annual % Change	Ultimate On-Level Severity (c)	Annual % Change
2005	31,831	---	33,329	---	29,953	---	31,363	---
2006	35,341	11.0%	36,887	10.7%	32,906	9.9%	34,346	9.5%
2007	39,580	12.0%	40,604	10.1%	36,697	11.5%	37,646	9.6%
2008	43,458	9.8%	44,479	9.5%	39,388	7.3%	40,314	7.1%
2009	46,296	6.5%	47,320	6.4%	42,144	7.0%	43,076	6.9%
2010	47,304	2.2%	48,363	2.2%	43,018	2.1%	43,981	2.1%
2011	47,817	1.1%	48,937	1.2%	43,323	0.7%	44,338	0.8%
2012	46,585	-2.6%	47,867	-2.2%	42,085	-2.9%	43,243	-2.5%
2013	44,882	-3.7%	46,158	-3.6%	40,227	-4.4%	41,371	-4.3%
2014	43,750	-2.5%	44,797	-2.9%	39,271	-2.4%	40,211	-2.8%

Estimated Annual Exponential

Trend Based on 2005 to 2013:

Trend Based on 2008 to 2013:

4.3%

0.7%

3.8%

0.4%

- (a) Estimated ultimate severities for all accident years were derived by dividing ultimate medical losses on indemnity claims by ultimate indemnity claim counts.
- (b) Based on WCIRB's Annual Calls for Direct California Workers' Compensation Aggregate Indemnity and Medical Costs.
- (c) Ultimate severities are on-leveled based on adjustment factors shown on Exhibit 4.4 of Item AC15-06-01, excluding the impact of frequency, and including the impact of SB 863 provisions applicable to outstanding medical losses, presented at the Actuarial Committee Meeting on June 12, 2015.

Source: WCIRB experience calls.

## Average Incurred Indemnity Loss per Reported Indemnity Claim

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1998										20,615
1999									22,306	22,425
2000								22,739	22,987	23,148
2001							24,496	24,971	25,329	25,527
2002						22,541	23,173	23,620	23,877	24,158
2003					21,591	22,627	23,341	23,799	24,316	24,757
2004				16,542	17,613	18,367	19,080	19,617	20,157	20,460
2005			12,122	14,128	15,351	16,311	17,123	17,811	18,215	18,499
2006		8,821	13,051	15,362	16,837	18,038	18,951	19,535	19,936	20,188
2007	6,672	9,296	13,969	16,786	18,435	19,625	20,465	21,082	21,556	
2008	6,408	9,865	15,048	18,417	20,373	21,574	22,468	22,995		
2009	6,413	10,158	15,681	18,902	21,080	22,364	23,261			
2010	6,157	10,124	15,390	18,810	20,705	21,907				
2011	6,140	10,513	15,760	18,734	20,579					
2012	6,136	10,523	15,592	18,513						
2013	6,448	10,673	15,543							
2014	6,322	10,770								
2015	6,940									

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										8.8%
2000									3.1%	3.2%
2001								9.8%	10.2%	10.3%
2002							-5.4%	-5.4%	-5.7%	-5.4%
2003						0.4%	0.7%	0.8%	1.8%	2.5%
2004					-18.4%	-18.8%	-18.3%	-17.6%	-17.1%	-17.4%
2005				-14.6%	-12.8%	-11.2%	-10.3%	-9.2%	-9.6%	-9.6%
2006			7.7%	8.7%	9.7%	10.6%	10.7%	9.7%	9.4%	9.1%
2007		5.4%	7.0%	9.3%	9.5%	8.8%	8.0%	7.9%	8.1%	
2008	-4.0%	6.1%	7.7%	9.7%	10.5%	9.9%	9.8%	9.1%		
2009	0.1%	3.0%	4.2%	2.6%	3.5%	3.7%	3.5%			
2010	-4.0%	-0.3%	-1.9%	-0.5%	-1.8%	-2.0%				
2011	-0.3%	3.8%	2.4%	-0.4%	-0.6%					
2012	-0.1%	0.1%	-1.1%	-1.2%						
2013	5.1%	1.4%	-0.3%							
2014	-1.9%	0.9%								
2015	9.8%									

Annual Trend*										
All-Yr	0.2%	2.3%	3.0%	3.1%	1.9%	0.6%	-0.9%	-1.9%	-2.3%	-1.6%
R <sup>2</sup>	0.019	0.873	0.743	0.630	0.185	0.019	0.045	0.210	0.351	0.155

\* 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 76% to 99% of the total California workers' compensation insured market measured using 2014 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									6,758	7,040
2000								7,416	7,779	7,932
2001							8,453	8,857	9,203	9,551
2002						8,498	8,998	9,345	9,709	10,009
2003					7,903	8,371	8,807	9,209	9,616	9,976
2004				5,888	6,449	6,948	7,355	7,831	8,153	8,431
2005			4,944	5,621	6,057	6,554	7,068	7,489	7,806	8,017
2006		4,197	5,441	6,278	6,847	7,371	7,843	8,225	8,533	8,682
2007	4,107	4,681	6,124	7,057	7,847	8,476	9,067	9,424	9,692	
2008	4,243	5,182	6,838	8,054	8,965	9,726	10,260	10,599		
2009	4,385	5,658	7,786	9,088	10,250	11,003	11,535			
2010	4,407	5,940	8,113	9,705	10,745	11,453				
2011	4,852	6,383	8,793	10,216	11,190					
2012	4,811	6,540	8,699	9,975						
2013	5,184	6,621	8,652							
2014	4,884	6,459								
2015	4,999									

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									15.1%	12.7%
2001								19.4%	18.3%	20.4%
2002							6.4%	5.5%	5.5%	4.8%
2003						-1.5%	-2.1%	-1.5%	-1.0%	-0.3%
2004					-18.4%	-17.0%	-16.5%	-15.0%	-15.2%	-15.5%
2005				-4.5%	-6.1%	-5.7%	-3.9%	-4.4%	-4.3%	-4.9%
2006			10.1%	11.7%	13.1%	12.5%	11.0%	9.8%	9.3%	8.3%
2007		11.5%	12.6%	12.4%	14.6%	15.0%	15.6%	14.6%	13.6%	
2008	3.3%	10.7%	11.7%	14.1%	14.2%	14.7%	13.2%	12.5%		
2009	3.4%	9.2%	13.9%	12.8%	14.3%	13.1%	12.4%			
2010	0.5%	5.0%	4.2%	6.8%	4.8%	4.1%				
2011	10.1%	7.4%	8.4%	5.3%	4.1%					
2012	-0.9%	2.5%	-1.1%	-2.4%						
2013	7.8%	1.2%	-0.5%							
2014	-5.8%	-2.4%								
2015	2.4%									

Annual Trend*										
All-Yr	2.8%	5.7%	7.9%	8.7%	7.3%	5.0%	3.0%	1.9%	2.0%	3.4%
R <sup>2</sup>	0.844	0.879	0.911	0.937	0.729	0.478	0.268	0.191	0.196	0.299

\* 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 68% to 99% of the total California workers' compensation insured market measured using 2014 earned premium levels).

Source: WCIRB quarterly calls for experience

## Average Indemnity Case Outstanding per Open Indemnity Claim

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1998										33,086
1999									29,142	30,473
2000								24,157	24,777	25,827
2001							19,888	21,349	23,179	23,977
2002						16,266	17,368	18,499	19,423	21,369
2003					15,370	16,881	18,847	20,963	24,168	27,917
2004				13,223	14,247	15,971	18,131	20,673	23,459	24,858
2005			10,149	11,539	12,939	15,375	18,482	22,081	23,483	26,323
2006		7,886	11,205	13,136	15,404	18,769	21,523	23,859	27,441	29,874
2007	6,146	8,305	11,825	14,392	16,568	18,660	20,725	24,238	27,478	
2008	5,835	8,610	12,337	15,122	16,900	18,361	21,493	24,189		
2009	5,823	8,934	12,897	14,726	16,902	19,220	21,721			
2010	5,573	8,977	12,553	14,700	16,519	18,577				
2011	5,572	9,547	13,042	15,181	17,626					
2012	5,577	9,423	12,916	15,060						
2013	6,009	9,566	13,162							
2014	5,770	9,738								
2015	6,457									

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										-7.9%
2000									-15.0%	-15.2%
2001								-11.6%	-6.4%	-7.2%
2002							-12.7%	-13.4%	-16.2%	-10.9%
2003						3.8%	8.5%	13.3%	24.4%	30.6%
2004					-7.3%	-5.4%	-3.8%	-1.4%	-2.9%	-11.0%
2005				-12.7%	-9.2%	-3.7%	1.9%	6.8%	0.1%	5.9%
2006			10.4%	13.8%	19.1%	22.1%	16.5%	8.0%	16.9%	13.5%
2007		5.3%	5.5%	9.6%	7.6%	-0.6%	-3.7%	1.6%	0.1%	
2008	-5.1%	3.7%	4.3%	5.1%	2.0%	-1.6%	3.7%	-0.2%		
2009	-0.2%	3.8%	4.5%	-2.6%	0.0%	4.7%	1.1%			
2010	-4.3%	0.5%	-2.7%	-0.2%	-2.3%	-3.3%				
2011	0.0%	6.3%	3.9%	3.3%	6.7%					
2012	0.1%	-1.3%	-1.0%	-0.8%						
2013	7.7%	1.5%	1.9%							
2014	-4.0%	1.8%								
2015	11.9%									

Annual Trend*										
All-Yr	0.4%	2.6%	2.8%	2.7%	2.7%	2.3%	2.3%	1.6%	0.5%	-1.3%
R <sup>2</sup>	0.043	0.924	0.789	0.621	0.565	0.584	0.541	0.212	0.012	0.068

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 76% to 99% of the total California workers' compensation insured market measured using 2014 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										60,600
1999									48,273	63,929
2000								38,425	50,380	58,469
2001							28,250	36,749	46,794	58,719
2002						21,113	27,935	35,163	44,377	54,051
2003					18,394	23,143	30,436	38,895	48,660	61,712
2004				15,275	19,639	25,801	31,672	41,788	50,277	59,861
2005			14,556	18,347	21,786	27,277	35,665	46,037	53,876	64,912
2006		12,487	16,878	21,627	26,284	33,295	40,556	50,097	63,942	73,859
2007	12,358	13,752	17,960	22,104	28,138	34,638	43,357	53,217	63,032	
2008	12,616	14,539	18,635	23,529	28,379	35,349	44,653	53,759		
2009	12,947	14,985	19,884	23,642	29,752	36,603	43,781			
2010	12,940	15,429	19,833	24,583	29,942	36,156				
2011	14,591	16,732	21,588	26,229	32,101					
2012	14,498	17,033	21,044	25,140						
2013	15,281	16,523	20,922							
2014	13,651	16,260								
2015	14,554									

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										5.5%
2000									4.4%	-8.5%
2001								-4.4%	-7.1%	0.4%
2002							-1.1%	-4.3%	-5.2%	-7.9%
2003						9.6%	9.0%	10.6%	9.7%	14.2%
2004					6.8%	11.5%	4.1%	7.4%	3.3%	-3.0%
2005				20.1%	10.9%	5.7%	12.6%	10.2%	7.2%	8.4%
2006			16.0%	17.9%	20.6%	22.1%	13.7%	8.8%	18.7%	13.8%
2007		10.1%	6.4%	2.2%	7.1%	4.0%	6.9%	6.2%	-1.4%	
2008	2.1%	5.7%	3.8%	6.4%	0.9%	2.1%	3.0%	1.0%		
2009	2.6%	3.1%	6.7%	0.5%	4.8%	3.5%	-2.0%			
2010	0.0%	3.0%	-0.3%	4.0%	0.6%	-1.2%				
2011	12.8%	8.4%	8.8%	6.7%	7.2%					
2012	-0.6%	1.8%	-2.5%	-4.2%						
2013	5.4%	-3.0%	-0.6%							
2014	-10.7%	-1.6%								
2015	6.6%									

Annual Trend*										
All-Yr	2.3%	3.4%	4.3%	5.8%	7.2%	7.6%	7.1%	5.7%	3.7%	1.6%
R <sup>2</sup>	0.638	0.814	0.840	0.807	0.904	0.907	0.939	0.874	0.618	0.241

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 76% to 99% of the total California workers' compensation insured market measured using 2014 earned premium levels).

\* Trend is based on an exponential distribution

Source: WCIRB quarterly calls for experience

## Average Paid Indemnity Loss per Indemnity Claim

Accident	Evaluated as of (in months):									
Year	3	15	27	39	51	63	75	87	99	111
1998										18,852
1999									20,236	20,699
2000								20,359	21,044	21,513
2001							21,531	22,514	23,208	23,743
2002						19,374	20,643	21,542	22,157	22,590
2003					17,430	19,333	20,616	21,449	22,112	22,707
2004				11,732	13,992	15,422	16,473	17,242	17,991	18,612
2005			7,293	10,244	12,304	13,569	14,559	15,386	16,149	16,751
2006		3,656	7,868	11,082	13,184	14,761	16,017	17,019	17,785	18,355
2007	875	3,905	8,418	11,925	14,350	16,123	17,460	18,521	19,299	
2008	907	4,241	9,065	13,064	15,977	18,024	19,464	20,483		
2009	926	4,206	9,195	13,451	16,512	18,646	20,162			
2010	902	4,181	9,160	13,487	16,549	18,572				
2011	971	4,231	9,348	13,457	16,331					
2012	964	4,331	9,381	13,501						
2013	961	4,317	9,350							
2014	935	4,351								
2015	972									

Accident	Annual Change									
Year	3	15	27	39	51	63	75	87	99	111
1999										9.8%
2000									4.0%	3.9%
2001								10.6%	10.3%	10.4%
2002							-4.1%	-4.3%	-4.5%	-4.9%
2003						-0.2%	-0.1%	-0.4%	-0.2%	0.5%
2004					-19.7%	-20.2%	-20.1%	-19.6%	-18.6%	-18.0%
2005				-12.7%	-12.1%	-12.0%	-11.6%	-10.8%	-10.2%	-10.0%
2006			7.9%	8.2%	7.2%	8.8%	10.0%	10.6%	10.1%	9.6%
2007		6.8%	7.0%	7.6%	8.8%	9.2%	9.0%	8.8%	8.5%	
2008	3.7%	8.6%	7.7%	9.5%	11.3%	11.8%	11.5%	10.6%		
2009	2.1%	-0.8%	1.4%	3.0%	3.4%	3.4%	3.6%			
2010	-2.6%	-0.6%	-0.4%	0.3%	0.2%	-0.4%				
2011	7.7%	1.2%	2.1%	-0.2%	-1.3%					
2012	-0.8%	2.4%	0.3%	0.3%						
2013	-0.2%	-0.3%	-0.3%							
2014	-2.8%	0.8%								
2015	4.0%									

Annual Trend*										
All-Yr	1.1%	1.8%	2.9%	3.2%	1.7%	0.3%	-1.3%	-2.2%	-2.7%	-1.8%
R <sup>2</sup>	0.625	0.688	0.773	0.711	0.152	0.005	0.070	0.230	0.377	0.172

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 76% to 99% of the total California workers' compensation insured market measured using 2014 earned premium levels).

\* Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

## Average Paid Medical Loss Per Indemnity Claim\*

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2000										19,053
2001									21,470	22,382
2002								20,961	21,979	22,813
2003							19,240	20,425	21,505	22,459
2004						15,829	17,323	18,597	19,768	20,822
2005					14,211	16,134	17,763	19,055	20,431	21,578
2006				13,132	15,931	18,135	20,013	21,581	22,909	23,896
2007			10,484	14,563	17,713	20,206	22,379	24,297	25,645	
2008		6,101	11,531	16,020	19,724	22,695	25,027	26,780		
2009	900	6,179	11,859	16,762	20,852	24,114	26,493			
2010*	921	6,126	11,822	17,036	21,289	24,221				
2011*	934	5,536	11,294	16,166	19,895					
2012*	775	5,533		10,953	15,503					
2013	818	5,373	10,470							
2014	942	5,221								
2015	1,018									

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										17.5%
2002									2.4%	1.9%
2003								-2.6%	-2.2%	-1.6%
2004							-10.0%	-9.0%	-8.1%	-7.3%
2005						1.9%	2.5%	2.5%	3.4%	3.6%
2006					12.1%	12.4%	12.7%	13.3%	12.1%	10.7%
2007				10.9%	11.2%	11.4%	11.8%	12.6%	11.9%	
2008			10.0%	10.0%	11.4%	12.3%	11.8%	10.2%		
2009		1.3%	2.8%	4.6%	5.7%	6.3%	5.9%			
2010*	2.3%	-0.9%	-0.3%	1.6%	2.1%	0.4%				
2011*	1.5%	-9.6%	-4.5%	-5.1%	-6.5%					
2012*	-17.0%	-0.1%	-3.0%	-4.1%						
2013	5.5%	-2.9%	-4.4%							
2014	15.2%	-2.8%								
2015	8.2%									

Annual Trend**										
All-Yr	1.0%	-3.0%	-0.6%	2.8%	6.5%	8.6%	7.1%	4.5%	2.0%	1.9%
R <sup>2</sup>	0.056	0.880	0.053	0.428	0.802	0.957	0.809	0.530	0.265	0.292

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 99% of the total California workers' compensation insured market measured using 2014 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 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										5,056
1999									5,703	5,931
2000								6,197	6,510	6,756
2001							7,039	7,439	7,770	8,072
2002						7,039	7,552	7,946	8,301	8,591
2003					6,142	6,786	7,258	7,664	8,038	8,365
2004				4,134	4,870	5,433	5,899	6,294	6,655	6,990
2005			2,955	3,849	4,581	5,137	5,608	5,982	6,391	6,731
2006		1,844	3,215	4,268	5,075	5,701	6,247	6,701	7,085	7,368
2007	348	2,026	3,613	4,830	5,767	6,513	7,164	7,734	8,134	
2008	393	2,327	4,075	5,489	6,656	7,588	8,311	8,860		
2009	460	2,482	4,481	6,158	7,549	8,650	9,453			
2010	473	2,556	4,692	6,591	8,115	9,174				
2011	513	2,611	5,012	6,945	8,421					
2012	522	2,723	5,059	6,927						
2013	533	2,721	4,996							
2014	572	2,679								
2015	607									

Accident Year	Annual Change									
	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
1999										17.3%
2000									14.1%	13.9%
2001								20.0%	19.4%	19.5%
2002							7.3%	6.8%	6.8%	6.4%
2003						-3.6%	-3.9%	-3.6%	-3.2%	-2.6%
2004					-20.7%	-19.9%	-18.7%	-17.9%	-17.2%	-16.4%
2005				-6.9%	-5.9%	-5.5%	-4.9%	-5.0%	-4.0%	-3.7%
2006			8.8%	10.9%	10.8%	11.0%	11.4%	12.0%	10.9%	9.5%
2007		9.9%	12.4%	13.2%	13.6%	14.3%	14.7%	15.4%	14.8%	
2008	12.9%	14.9%	12.8%	13.6%	15.4%	16.5%	16.0%	14.6%		
2009	17.1%	6.6%	9.9%	12.2%	13.4%	14.0%	13.7%			
2010	3.0%	3.0%	4.7%	7.0%	7.5%	6.1%				
2011	8.4%	2.2%	6.8%	5.4%	3.8%					
2012	1.7%	4.3%	0.9%	-0.3%						
2013	2.2%	-0.1%	-1.3%							
2014	7.2%	-1.6%								
2015	6.3%									

Annual Trend**										
All-Yr	6.5%	4.7%	7.4%	8.6%	7.0%	4.6%	2.5%	1.6%	1.8%	3.4%
R <sup>2</sup>	0.924	0.813	0.914	0.937	0.679	0.375	0.172	0.107	0.137	0.283

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 99% of the total California workers' compensation insured market measured using 2014 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										16,572
1999									17,597	18,297
2000								17,315	18,124	18,853
2001							17,296	18,572	19,574	20,342
2002						15,344	16,854	18,144	19,084	19,600
2003					13,254	15,504	17,073	18,140	18,767	19,482
2004				7,665	10,457	12,289	13,572	14,305	15,068	15,891
2005			3,451	6,428	9,021	10,615	11,716	12,586	13,491	14,506
2006		1,713	3,970	7,052	9,618	11,392	12,710	13,976	15,132	16,008
2007	883	1,656	4,366	7,642	10,260	12,206	13,935	15,435	16,560	
2008	543	1,942	4,720	8,357	11,367	13,806	15,953	17,372		
2009	577	2,043	5,045	8,827	12,077	14,861	16,819			
2010	578	2,052	5,204	9,109	12,603	15,217				
2011	567	2,263	5,512	9,530	12,912					
2012	593	2,332	5,991	10,079						
2013	587	2,723	6,417							
2014	652	2,790								
2015	760									

Accident	Annual Change									
Year	3	15	27	39	51	63	75	87	99	111
1999										10.4%
2000									3.0%	3.0%
2001								7.3%	8.0%	7.9%
2002							-2.6%	-2.3%	-2.5%	-3.7%
2003						1.0%	1.3%	0.0%	-1.7%	-0.6%
2004					-21.1%	-20.7%	-20.5%	-21.1%	-19.7%	-18.4%
2005				-16.1%	-13.7%	-13.6%	-13.7%	-12.0%	-10.5%	-8.7%
2006			15.0%	9.7%	6.6%	7.3%	8.5%	11.0%	12.2%	10.4%
2007		-3.3%	10.0%	8.4%	6.7%	7.1%	9.6%	10.4%	9.4%	
2008	-38.5%	17.3%	8.1%	9.4%	10.8%	13.1%	14.5%	12.6%		
2009	6.2%	5.2%	6.9%	5.6%	6.2%	7.6%	5.4%			
2010	0.1%	0.4%	3.2%	3.2%	4.4%	2.4%				
2011	-1.8%	10.3%	5.9%	4.6%	2.5%					
2012	4.6%	3.0%	8.7%	5.8%						
2013	-1.0%	16.8%	7.1%							
2014	11.1%	2.5%								
2015	16.4%									

Annual Trend**										
All-Yr	0.0%	6.7%	7.4%	5.0%	2.0%	0.4%	-1.2%	-2.4%	-2.9%	-2.0%
R <sup>2</sup>	0.000	0.953	0.974	0.826	0.161	0.005	0.054	0.218	0.398	0.227

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 76% to 99% of the total California workers' compensation insured market measured using 2014 earned premium levels).

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

\*\* Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

## Average Medical Paid per Closed Indemnity Claim\*

Accident	Evaluated as of (in months):									
Year	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>
2000										15,346
2001									17,155	18,074
2002								16,816	17,961	18,719
2003							15,231	16,331	17,225	18,178
2004						11,540	12,958	14,040	15,065	16,270
2005					9,658	11,459	12,987	14,065	15,474	17,152
2006				7,969	10,508	12,686	14,495	16,148	17,876	19,199
2007			5,642	8,833	11,736	13,944	16,209	18,593	20,339	
2008		3,496	6,131	9,881	13,125	16,129	19,161	21,299		
2009	1,929	3,314	6,338	10,307	14,250	18,007	20,781			
2010*	2,003	3,265	6,619	10,849	15,179	18,763				
2011*	1,048	2,650	6,157	10,644	14,705					
2012*	747	2,823	6,546	10,985						
2013	693	2,971	6,685							
2014	681	2,976								
2015	946									

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										17.8%
2002									4.7%	3.6%
2003								-2.9%	-4.1%	-2.9%
2004							-14.9%	-14.0%	-12.5%	-10.5%
2005						-0.7%	0.2%	0.2%	2.7%	5.4%
2006					8.8%	10.7%	11.6%	14.8%	15.5%	11.9%
2007				10.8%	11.7%	9.9%	11.8%	15.1%	13.8%	
2008			8.7%	11.9%	11.8%	15.7%	18.2%	14.6%		
2009		-5.2%	3.4%	4.3%	8.6%	11.6%	8.5%			
2010*	3.8%	-1.5%	4.4%	5.3%	6.5%	4.2%				
2011*	-47.7%	-18.8%	-7.0%	-1.9%	-3.1%					
2012*	-28.7%	6.5%	6.3%	3.2%						
2013	-7.2%	5.3%	2.1%							
2014	-1.7%	0.2%								
2015	38.9%									

Annual Trend**										
All-Yr	-15.5%	-3.0%	2.2%	5.2%	8.1%	9.7%	7.2%	4.0%	1.4%	1.5%
R <sup>2</sup>	0.621	0.448	0.638	0.848	0.931	0.963	0.671	0.333	0.092	0.169

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 99% of the total California workers' compensation insured market measured using 2014 earned premium levels).

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

only.

\*\* Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

## Ratio of Incremental Paid Indemnity to Indemnity Claims Open During Period

Accident	Development									
Year	0-3	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
1999										6,498
2000									6,966	5,931
2001								6,519	5,927	5,721
2002							6,505	6,136	5,370	4,762
2003						7,023	6,453	5,624	5,718	6,283
2004					6,220	5,593	5,653	5,279	6,355	6,676
2005				6,237	6,133	5,412	5,561	5,975	6,941	6,845
2006			6,486	7,017	6,533	6,688	7,214	7,375	7,296	7,366
2007		3,803	7,032	7,580	7,288	7,287	7,237	7,343	7,419	
2008	907	4,132	7,526	8,411	8,415	8,034	7,614	7,435		
2009	926	4,107	7,675	8,681	8,456	8,103	8,024			
2010	902	4,090	7,718	8,923	8,664	8,279				
2011	971	4,142	7,987	8,616	8,522					
2012	964	4,245	7,944	8,822						
2013	961	4,243	7,810							
2014	935	4,268								
2015	972									

Accident	Annual Change									
Year	0-3	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
2000										-8.7%
2001									-14.9%	-3.5%
2002								-5.9%	-9.4%	-16.8%
2003							-0.8%	-8.4%	6.5%	31.9%
2004						-20.4%	-12.4%	-6.1%	11.1%	6.3%
2005					-1.4%	-3.2%	-1.6%	13.2%	9.2%	2.5%
2006				12.5%	6.5%	23.6%	29.7%	23.4%	5.1%	7.6%
2007			8.4%	8.0%	11.6%	9.0%	0.3%	-0.4%	1.7%	
2008		8.6%	7.0%	11.0%	15.5%	10.3%	5.2%	1.2%		
2009	2.1%	-0.6%	2.0%	3.2%	0.5%	0.9%	5.4%			
2010	-2.6%	-0.4%	0.6%	2.8%	2.5%	2.2%				
2011	7.7%	1.3%	3.5%	-3.4%	-1.6%					
2012	-0.8%	2.5%	-0.5%	2.4%						
2013	-0.2%	-0.1%	-1.7%							
2014	-2.8%	0.6%								
2015	4.0%									

Annual Trend*										
All-Yr	0.9%	1.3%	2.5%	4.8%	5.9%	5.2%	4.0%	3.3%	2.8%	2.8%
R <sup>2</sup>	0.467	0.693	0.735	0.796	0.876	0.577	0.514	0.370	0.325	0.259

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 76% to 99% of the total California workers' compensation insured market measured using 2014 earned premium levels).

\*Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

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

Accident	Development									
Year	0-3	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
2001										9,709
2002									8,815	9,156
2003								8,031	9,428	10,190
2004							8,010	8,740	9,993	11,308
2005						8,152	9,076	9,252	12,425	12,933
2006					8,641	9,285	10,711	11,443	12,534	12,595
2007				8,798	9,401	10,148	11,619	13,161	12,716	
2008			8,571	9,459	10,640	11,539	12,166	12,632		
2009		6,101	8,887	10,037	11,237	12,252	12,455			
2010*	921	6,049	8,979	10,764	11,956	11,889				
2011*	934	5,465	9,091	10,227	11,016					
2012*	775	5,484	8,660	9,773						
2013*	818	5,329	8,040							
2014*	942	5,144								
2015*	1,018									

Accident	Annual Change									
Year	0-3	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111
2002										-5.7%
2003									7.0%	11.3%
2004								8.8%	6.0%	11.0%
2005							13.3%	5.9%	24.3%	14.4%
2006						13.9%	18.0%	23.7%	0.9%	-2.6%
2007					8.8%	9.3%	8.5%	15.0%	1.5%	
2008				7.5%	13.2%	13.7%	4.7%	-4.0%		
2009			3.7%	6.1%	5.6%	6.2%	2.4%			
2010*		-0.8%	1.0%	7.2%	6.4%	-3.0%				
2011*	1.5%	-9.7%	1.2%	-5.0%	-7.9%					
2012*	-17.0%	0.4%	-4.7%	-4.4%						
2013*	5.5%	-2.8%	-7.2%							
2014*	15.2%	-3.5%								
2015*	8.2%									

Annual Trend**										
All-Yr	1.7%	-3.5%	-1.1%	2.4%	5.9%	8.5%	9.5%	11.2%	8.7%	7.2%
R <sup>2</sup>	0.096	0.902	0.215	0.409	0.767	0.903	0.919	0.921	0.899	0.853

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 99% of the total California workers' compensation insured market measured using 2014 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, 2015

Development	Evaluation Years												
Period	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
3/0	846	733	1,104	1,201	1,147	1,289	1,553	1,615	1,714	1,601	1,606	1,681	1,834
6/3	1,960	1,882	2,100	2,477	2,330	2,870	3,029	3,071	3,139	3,000	2,979	2,890	
9/6	2,281	2,081	2,048	2,440	2,517	2,952	3,160	3,137	3,108	3,148	3,275	3,095	
12/9	2,401	2,064	2,174	2,431	2,697	3,012	3,075	3,134	3,065	3,243	3,065	2,987	
<b>12/0</b>	<b>4,396</b>	<b>3,952</b>	<b>4,282</b>	<b>4,839</b>	<b>5,103</b>	<b>6,035</b>	<b>6,228</b>	<b>6,172</b>	<b>6,076</b>	<b>6,139</b>	<b>6,072</b>	<b>5,894</b>	
15/12	2,730	2,733	2,257	2,284	2,571	2,927	3,040	3,131	3,159	3,354	3,326	3,078	3,131
18/15	2,794	2,641	2,096	2,430	2,186	2,680	2,784	2,924	2,982	3,221	3,196	2,850	
21/18	2,579	2,228	1,751	1,881	2,168	2,474	2,616	2,711	2,802	2,975	2,899	2,818	
24/21	2,431	1,895	1,669	1,834	2,190	2,407	2,537	2,603	2,738	3,035	2,931	2,764	
<b>24/12</b>	<b>8,404</b>	<b>7,741</b>	<b>6,361</b>	<b>6,360</b>	<b>7,576</b>	<b>8,762</b>	<b>9,141</b>	<b>9,420</b>	<b>9,576</b>	<b>10,215</b>	<b>9,965</b>	<b>9,317</b>	
27/24	2,287	2,287	1,720	1,495	1,728	2,214	2,353	2,531	2,563	2,740	3,038	2,833	2,772
30/27	2,272	2,263	1,653	1,865	1,801	2,337	2,607	2,708	2,857	2,988	3,141	3,040	
33/30	2,234	2,011	1,544	1,632	1,807	2,342	2,560	2,770	2,912	3,100	3,193	3,126	
36/33	2,248	1,822	1,591	1,704	1,965	2,389	2,596	2,731	2,889	3,406	3,322	3,106	
<b>36/24</b>	<b>7,907</b>	<b>7,441</b>	<b>5,781</b>	<b>5,540</b>	<b>6,452</b>	<b>8,158</b>	<b>8,942</b>	<b>9,452</b>	<b>9,861</b>	<b>10,661</b>	<b>11,004</b>	<b>10,411</b>	
39/36	2,002	2,056	1,670	1,471	1,710	2,032	2,278	2,500	2,680	3,019	3,272	3,141	3,222
42/39	2,110	2,079	1,602	1,981	1,791	2,146	2,524	2,786	2,944	3,124	3,457	3,287	
45/42	2,051	1,931	1,595	1,646	1,836	2,166	2,517	2,735	3,083	3,246	3,406	3,646	
48/45	2,264	1,839	1,634	1,812	1,953	2,251	2,551	2,913	3,072	3,411	3,634	3,430	
<b>48/36</b>	<b>7,099</b>	<b>6,854</b>	<b>5,676</b>	<b>5,551</b>	<b>6,360</b>	<b>7,478</b>	<b>8,645</b>	<b>9,621</b>	<b>10,316</b>	<b>11,224</b>	<b>11,945</b>	<b>11,619</b>	

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
3/0	11.5%	-13.4%	50.7%	8.8%	-4.6%	12.4%	20.5%	4.0%	6.1%	-6.6%	0.3%	4.6%	9.1%
6/3	10.9%	-4.0%	11.6%	17.9%	-6.0%	23.2%	5.5%	1.4%	2.2%	-4.4%	-0.7%	-3.0%	
9/6	7.4%	-8.8%	-1.6%	19.1%	3.1%	17.3%	7.0%	-0.7%	-0.9%	1.3%	4.0%	-5.5%	
12/9	4.2%	-14.0%	5.3%	11.8%	11.0%	11.7%	2.1%	1.9%	-2.2%	5.8%	-5.5%	-2.5%	
<b>12/0</b>	<b>6.2%</b>	<b>-10.1%</b>	<b>8.4%</b>	<b>13.0%</b>	<b>5.5%</b>	<b>18.2%</b>	<b>3.2%</b>	<b>-0.9%</b>	<b>-1.5%</b>	<b>1.0%</b>	<b>-1.1%</b>	<b>-2.9%</b>	
15/12	12.3%	0.1%	-17.4%	1.2%	12.6%	13.8%	3.9%	3.0%	0.9%	6.2%	-0.8%	-7.5%	1.7%
18/15	15.2%	-5.5%	-20.6%	15.9%	-10.1%	22.6%	3.9%	5.0%	2.0%	8.0%	-0.8%	-10.8%	
21/18	6.8%	-13.6%	-21.4%	7.4%	15.3%	14.1%	5.8%	3.6%	3.4%	6.2%	-2.6%	-2.8%	
24/21	-4.6%	-22.1%	-11.9%	9.8%	19.4%	9.9%	5.4%	2.6%	5.2%	10.8%	-3.4%	-5.7%	
<b>24/12</b>	<b>8.2%</b>	<b>-7.9%</b>	<b>-17.8%</b>	<b>0.0%</b>	<b>19.1%</b>	<b>15.7%</b>	<b>4.3%</b>	<b>3.0%</b>	<b>1.7%</b>	<b>6.7%</b>	<b>-2.4%</b>	<b>-6.5%</b>	
27/24	6.8%	0.0%	-24.8%	-13.1%	15.6%	28.1%	6.3%	7.6%	1.2%	6.9%	10.9%	-6.7%	-2.2%
30/27	8.9%	-0.4%	-27.0%	12.8%	-3.5%	29.8%	11.5%	3.9%	5.5%	4.6%	5.1%	-3.2%	
33/30	6.8%	-10.0%	-23.2%	5.7%	10.7%	29.6%	9.3%	8.2%	5.1%	6.5%	3.0%	-2.1%	
36/33	4.9%	-18.9%	-12.7%	7.1%	15.3%	21.6%	8.7%	5.2%	5.8%	17.9%	-2.5%	-6.5%	
<b>36/24</b>	<b>5.9%</b>	<b>-5.9%</b>	<b>-22.3%</b>	<b>-4.2%</b>	<b>16.5%</b>	<b>26.4%</b>	<b>9.6%</b>	<b>5.7%</b>	<b>4.3%</b>	<b>8.1%</b>	<b>3.2%</b>	<b>-5.4%</b>	
39/36	-7.1%	2.7%	-18.8%	-11.9%	16.2%	18.8%	12.1%	9.8%	7.2%	12.6%	8.4%	-4.0%	2.6%
42/39	15.6%	-1.4%	-23.0%	23.7%	-9.6%	19.8%	17.6%	10.4%	5.7%	6.1%	10.7%	-4.9%	
45/42	2.2%	-5.9%	-17.4%	3.2%	11.5%	18.0%	16.2%	8.7%	12.7%	5.3%	4.9%	7.0%	
48/45	16.2%	-18.8%	-11.1%	10.9%	7.8%	15.2%	13.3%	14.2%	5.4%	11.0%	6.5%	-5.6%	
<b>48/36</b>	<b>-2.1%</b>	<b>-3.4%</b>	<b>-17.2%</b>	<b>-2.2%</b>	<b>14.6%</b>	<b>17.6%</b>	<b>15.6%</b>	<b>11.3%</b>	<b>7.2%</b>	<b>8.8%</b>	<b>6.4%</b>	<b>-2.7%</b>	

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

Source: WCIRB accident year experience calls.

### Estimated Ultimate Indemnity Severities by Injury Type

#### I. Indemnity Severity

Accident Year	Permanent Partial	Temporary
2001	44,128	3,991
2002	41,708	3,973
2003	40,858	4,213
2004	35,139	4,126
2005	33,607	3,887
2006	36,692	3,892
2007	39,275	4,233
2008	42,055	4,705
2009	42,333	5,652
2010	41,201	6,428
2011	40,396	7,108
2012	40,460	7,882
2013*	39,550	9,085

#### II. Indemnity Severity Adjusted to PY 2016 Benefit Level

Accident Year	Permanent Partial	Temporary
2001	41,867	5,285
2002	40,933	5,288
2003	42,295	5,182
2004	45,204	4,950
2005	51,639	4,580
2006	51,916	4,469
2007	53,342	4,755
2008	51,614	5,181
2009	51,687	6,181
2010	49,630	6,925
2011	47,894	7,538
2012	46,949	8,175
2013*	45,824	9,758

Accident Year	Annual Change	
2001	---	---
2002	-5.5%	-0.5%
2003	-2.0%	6.1%
2004	-14.0%	-2.1%
2005	-4.4%	-5.8%
2006	9.2%	0.1%
2007	7.0%	8.8%
2008	7.1%	11.1%
2009	0.7%	20.1%
2010	-2.7%	13.7%
2011	-2.0%	10.6%
2012	0.2%	10.9%
2013*	-2.2%	15.3%

Accident Year	Annual Change	
2001	---	---
2002	-2.2%	0.0%
2003	3.3%	-2.0%
2004	6.9%	-4.5%
2005	14.2%	-7.5%
2006	0.5%	-2.4%
2007	2.7%	6.4%
2008	-3.2%	9.0%
2009	0.1%	19.3%
2010	-4.0%	12.0%
2011	-3.5%	8.8%
2012	-2.0%	8.5%
2013*	-2.4%	19.4%

\* Accident year 2013 experience is partial in that it only reflects experience from policy year 2012.

Source: WCIRB unit statistical data

### Estimated Ultimate Medical Severities by Injury Type

#### I. Medical Severity

Accident Year	Permanent Partial	Temporary	Medical Only
2001	52,922	5,229	771
2002	52,291	5,774	865
2003	50,299	5,978	951
2004	50,626	5,708	847
2005	56,665	5,789	862
2006	62,971	5,971	893
2007	69,600	6,775	972
2008	74,440	7,481	1,056
2009	76,717	8,939	1,160
2010	76,781	9,973	1,194
2011	73,605	10,156	1,147
2012	72,669	10,576	1,152
2013*	72,741	11,573	1,177

#### II. Medical Severity Adjusted to PY 2016 Benefit Level

Accident Year	Permanent Partial	Temporary	Medical Only
2001	38,316	3,785	558
2002	39,334	4,343	651
2003	39,733	4,722	751
2004	52,947	5,970	886
2005	59,332	6,062	903
2006	65,726	6,232	932
2007	71,400	6,950	997
2008	76,190	7,657	1,081
2009	78,413	9,137	1,185
2010	78,500	10,197	1,221
2011	75,330	10,394	1,174
2012	74,668	10,866	1,184
2013*	74,809	11,902	1,211

Accident Year	Annual Change		
2001	---	---	---
2002	-1.2%	10.4%	12.2%
2003	-3.8%	3.5%	9.9%
2004	0.7%	-4.5%	-10.9%
2005	11.9%	1.4%	1.7%
2006	11.1%	3.1%	3.6%
2007	10.5%	13.5%	8.8%
2008	7.0%	10.4%	8.7%
2009	3.1%	19.5%	9.8%
2010	0.1%	11.6%	3.0%
2011	-4.1%	1.8%	-4.0%
2012	-1.3%	4.1%	0.4%
2013*	0.1%	9.4%	2.2%

Accident Year	Annual Change		
2001	---	---	---
2002	2.7%	14.7%	16.5%
2003	1.0%	8.7%	15.5%
2004	33.3%	26.4%	18.0%
2005	12.1%	1.5%	1.8%
2006	10.8%	2.8%	3.3%
2007	8.6%	11.5%	6.9%
2008	6.7%	10.2%	8.4%
2009	2.9%	19.3%	9.7%
2010	0.1%	11.6%	3.0%
2011	-4.0%	1.9%	-3.9%
2012	-0.9%	4.5%	0.8%
2013*	0.2%	9.5%	2.3%

\* Accident year 2013 experience is partial in that it only reflects experience from policy year 2012.

Source: WCIRB unit statistical data

**Average and Median Indemnity Claim Severities at USR 1st**

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

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%

Source: WCIRB Unit Statistical data.

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

<u>Accident Year</u>	<u>Average Adjusted TD Paid at 12 Months</u>	<u>Year-to-Year Change</u>	<u>Average Adjusted TD Paid at 24 Months</u>	<u>Year-to-Year Change</u>
2002	6,242	---	8,466	---
2003	5,754	-7.8%	8,300	-2.0%
2004 (pre-SB 899)	6,505	13.1%	8,654	4.3%
2004 (post-SB 899)	5,492	-15.6%	7,510	-13.2%
2005	5,349	-2.6%	7,772	3.5%
2006	5,901	10.3%	8,403	8.1%
2007	5,996	1.6%	8,616	2.5%
2008	6,331	5.6%	9,323	8.2%
2009	6,637	4.8%	10,469	12.3%
2010	7,055	6.3%	10,462	-0.1%
2011	6,567	-6.9%	10,232	-2.2%
2012	7,117	8.4%	10,986	7.4%
2013	7,245	1.8%		

\* Factors used to adjust average TD benefits to the AY 2014 level were: 2002 – 1.172; 2003 – 1.088; 2004 – 1.066; 2005 – 1.051; 2006 – 1.041; 2007 – 1.034; 2008 – 1.027; 2009 – 1.022; 2010 – 1.017; 2011 – 1.017; 2012 – 1.012; 2013 – 1.001.

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

### 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	43.9	-1.5%	29.9	-0.3%

#### 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	2.6%	30.8	-5.7%

Source: WCIRB Permanent Disability Claim Survey

## Average Permanent Disability Ratings by Type of Loss

## All Permanent Disability Claims

PY/RL	Average Permanent Disability Rating				
	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	22.8	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	17.9
2009	12.5	15.2	16.8	17.3	
2010	12.7	15.0	15.9		
2011	12.7	14.4			
2012	11.7				

## Cumulative Permanent Disability Claims

PY/RL	Average Permanent Disability Rating				
	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	
2010	12.5	14.9	15.4		
2011	11.8	13.5			
2012	10.9				

## Non-Cumulative Permanent Disability Claims

PY/RL	Average Permanent Disability Rating				
	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	20.1	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	
2010	12.7	15.1	15.9		
2011	12.7	14.6			
2012	11.8				

## Count of Permanent Disability Claims

PY/RL	Count of Permanent Disability Claims				
	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	58,159
2009	38,426	50,342	54,881	56,135	
2010	39,642	51,516	55,971		
2011	41,611	52,810			
2012	40,786				

## Count of Permanent Disability Claims

PY/RL	Count of Permanent Disability Claims				
	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	6,685	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	6,840
2009	3,736	5,528	6,591	7,224	
2010	3,951	5,750	6,758		
2011	4,225	6,236			
2012	4,990				

## Count of Permanent Disability Claims

PY/RL	Count of Permanent Disability Claims				
	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	51,319
2009	34,690	44,814	48,290	48,911	
2010	35,691	45,766	49,213		
2011	37,386	46,574			
2012	35,796				

## Median Permanent Disability Rating

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

## Median Permanent Disability Rating

PY/RL	Median Permanent Disability Rating				
	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	
2010	10	11	11		
2011	10	10			
2012	9				

## Median Permanent Disability Rating

PY/RL	Median Permanent Disability Rating				
	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	
2010	10	11	12		
2011	10	11			
2012	10				

Note: Cumulative claims include both cumulative and occupational disease claims.  
Source: WCIRB unit statistical data

## Medical Benefit Development Sub-Categories

**Exhibit 2A: Average Medical Paid per Claim by Medical Benefit Sub-Category by Accident Year – All Claims**

Accident Year	Medical Treatment				Rx_DME				Med Mgmt / MCC				Med Legal				IMR_IBR				Total			
	9M	12 M	24 M		9M	12 M	24 M		9M	12 M	24 M		9M	12 M	24 M		9M	12 M	24 M		9M	12 M	24 M	
2002	\$2,010	\$2,346	\$3,490		\$112	\$153	\$306		\$147	\$177	\$271		\$46	\$62	\$157		\$0	\$0	\$0		\$2,315	\$2,738	\$4,224	
2003	\$1,770	\$2,228	\$3,476		\$116	\$173	\$325		\$175	\$225	\$344		\$55	\$93	\$245		\$0	\$0	\$0		\$2,115	\$2,719	\$4,390	
2004	\$1,551	\$1,798	\$2,557		\$90	\$118	\$216		\$220	\$257	\$350		\$75	\$101	\$219		\$0	\$0	\$0		\$1,936	\$2,275	\$3,342	
2005	\$1,454	\$1,697	\$2,497		\$77	\$103	\$204		\$200	\$244	\$359		\$49	\$74	\$193		\$0	\$0	\$0		\$1,779	\$2,118	\$3,253	
2006	\$1,532	\$1,798	\$2,755		\$95	\$126	\$243		\$275	\$325	\$459		\$80	\$109	\$245		\$0	\$0	\$0		\$1,981	\$2,359	\$3,703	
2007	\$1,721	\$2,021	\$2,996		\$114	\$149	\$282		\$329	\$388	\$554		\$86	\$121	\$278		\$0	\$0	\$0		\$2,249	\$2,680	\$4,110	
2008	\$1,859	\$2,167	\$3,327		\$120	\$160	\$322		\$387	\$461	\$668		\$91	\$131	\$303		\$0	\$0	\$0		\$2,457	\$2,918	\$4,620	
2009	\$2,075	\$2,451	\$3,838		\$154	\$205	\$414		\$446	\$534	\$791		\$97	\$142	\$366		\$0	\$0	\$0		\$2,772	\$3,332	\$5,410	
2010	\$2,269	\$2,660	\$4,091		\$189	\$252	\$515		\$488	\$589	\$847		\$103	\$149	\$368		\$0	\$0	\$0		\$3,050	\$3,651	\$5,821	
2011	\$2,161	\$2,615	\$4,262		\$201	\$277	\$648		\$494	\$590	\$868		\$90	\$134	\$360		\$0	\$0	\$0		\$2,946	\$3,617	\$6,138	
2012	\$2,233	\$2,704	\$4,354		\$263	\$361	\$824		\$492	\$608	\$919		\$84	\$131	\$386		\$0	\$0	\$5		\$3,071	\$3,804	\$6,488	
2013	\$2,262	\$2,696			\$264	\$357			\$516	\$638			\$95	\$153			\$1	\$3			\$3,138	\$3,848		
2014	\$2,350				\$265				\$515				\$97				\$3				\$3,229			
9M 05:02	-27.7%	-27.7%	-28.4%		-31.5%	-32.2%	-33.3%		35.8%	37.7%	32.6%		6.2%	20.2%	22.5%		NA	NA	NA		-23.1%	-22.6%	-23.0%	
12M 05:02																								
24M 05:02																								
9M 14:05	61.6%	58.9%	74.3%		244.2%	245.1%	304.4%		157.9%	162.0%	156.3%		99.1%	106.7%	100.1%		NA	NA	NA		81.5%	81.7%	99.5%	
12M 13:05																								
24M 12:05																								
9M 14:02	16.9%	14.9%	24.8%		135.8%	133.8%	169.6%		250.2%	260.7%	239.8%		111.5%	148.4%	145.1%		NA	NA	NA		39.5%	40.5%	53.6%	
12M 13:02																								
24M 12:02																								
9M 14:13	3.9%	-0.3%	2.2%		0.4%	-1.1%	27.2%		-0.3%	5.0%	5.9%		1.9%	16.9%	7.1%		NA	NA	NA		2.9%	1.2%	5.7%	
12M 13:12																								
24M 12:11																								

**Exhibit 2B: Average Medical Paid per Claim by Medical Benefit Sub-Category by Accident Year – Indemnity Claims**

Accident Year	Medical Treatment			Rx_DME			Med Mgmt / MCC			Med Legal			IMR_IBR			Total		
	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M	9M	12 M	24 M
2002	\$4,537	\$5,419	\$8,490	\$282	\$389	\$803	\$356	\$435	\$685	\$108	\$148	\$401	\$0	\$0	\$0	\$5,283	\$6,392	\$10,379
2003	\$3,839	\$4,998	\$8,233	\$280	\$430	\$825	\$403	\$530	\$838	\$120	\$212	\$601	\$0	\$0	\$0	\$4,643	\$6,170	\$10,498
2004	\$3,683	\$4,393	\$6,640	\$239	\$321	\$610	\$550	\$659	\$932	\$190	\$266	\$610	\$0	\$0	\$0	\$4,662	\$5,638	\$8,793
2005	\$3,573	\$4,295	\$6,765	\$202	\$281	\$594	\$516	\$648	\$1,003	\$130	\$204	\$568	\$0	\$0	\$0	\$4,420	\$5,428	\$8,930
2006	\$3,927	\$4,760	\$7,878	\$251	\$351	\$732	\$738	\$899	\$1,334	\$214	\$305	\$749	\$0	\$0	\$0	\$5,130	\$6,315	\$10,693
2007	\$4,336	\$5,260	\$8,366	\$297	\$409	\$833	\$875	\$1,059	\$1,585	\$229	\$339	\$838	\$0	\$0	\$0	\$5,737	\$7,067	\$11,623
2008	\$4,619	\$5,550	\$9,194	\$311	\$433	\$941	\$1,013	\$1,239	\$1,887	\$238	\$357	\$896	\$0	\$0	\$0	\$6,180	\$7,579	\$12,917
2009	\$4,984	\$6,083	\$10,256	\$381	\$530	\$1,162	\$1,130	\$1,389	\$2,161	\$243	\$371	\$1,041	\$0	\$0	\$0	\$6,737	\$8,373	\$14,620
2010	\$5,324	\$6,435	\$10,613	\$472	\$653	\$1,421	\$1,204	\$1,491	\$2,241	\$258	\$386	\$1,015	\$0	\$0	\$0	\$7,258	\$8,965	\$15,290
2011	\$4,974	\$6,246	\$10,929	\$501	\$714	\$1,783	\$1,190	\$1,458	\$2,245	\$221	\$343	\$978	\$0	\$0	\$0	\$6,886	\$8,761	\$15,935
2012	\$5,104	\$6,384	\$10,967	\$649	\$917	\$2,218	\$1,178	\$1,495	\$2,347	\$194	\$316	\$996	\$0	\$0	\$13	\$7,125	\$9,112	\$16,541
2013	\$5,409	\$6,625		\$674	\$940		\$1,289	\$1,627		\$222	\$373		\$2	\$9		\$7,596	\$9,575	
2014	\$5,758			\$677			\$1,295			\$227			\$9			\$7,965		
9M 05:02	-21.2%	-20.7%	-20.3%	-28.4%	-27.7%	-26.0%	44.9%	48.8%	46.5%	19.8%	37.4%	41.8%	NA	NA	NA	-16.3%	-15.1%	-14.0%
12M 05:02																		
24M 05:02																		
9M 14:05	61.1%	54.3%	62.1%	235.6%	233.9%	273.5%	150.9%	151.2%	134.0%	75.3%	83.1%	75.2%	NA	NA	NA	80.2%	76.4%	78.4%
12M 13:05																		
24M 12:05																		
9M 14:02	26.9%	22.3%	29.2%	140.3%	141.4%	176.4%	263.4%	273.8%	242.7%	110.1%	151.4%	148.4%	NA	NA	NA	50.8%	49.8%	53.5%
12M 13:02																		
24M 12:02																		
9M 14:13	6.4%	3.8%	0.3%	0.3%	2.5%	24.4%	0.5%	8.9%	4.6%	2.3%	18.1%	1.8%	NA	NA	NA	4.9%	5.1%	4.2%
12M 13:12																		
24M 12:11																		

## Self-Insured Employers - Claim Severity

Private Self-Insured Employers				
		Indemnity	Paid Medical	
CY	Medical Paid	Cases Open During Year	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%

Public Self-Insured Employers				
		Indemnity	Paid Medical	
FY	Medical Paid	Cases Open During Year	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%

All Self-Insured Employers					Insured System at 1st Report		
		Indemnity	Paid Medical		Paid Medical		
CY	Medical Paid	Cases Open During Year	on Open Ind Claims	Annual Change	AY	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	17.0%
2003	1,833,497,020	301,804	6,075	10.2%	2003	7,203	-0.7%
2004	1,657,892,981	306,521	5,409	-11.0%	2004	5,970	-17.1%
2005	1,462,152,088	292,482	4,999	-7.6%	2005	5,906	-1.1%
2006	1,574,784,114	276,572	5,694	13.9%	2006	6,270	6.2%
2007	1,509,222,726	272,107	5,546	-2.6%	2007	6,922	10.4%
2008	1,651,532,534	275,040	6,005	8.3%	2008	7,605	9.9%
2009	1,725,942,383	269,740	6,399	6.6%	2009	7,925	4.2%
2010	1,771,751,006	269,650	6,571	2.7%	2010	7,946	0.3%
2011	1,817,062,220	271,393	6,695	1.9%	2011	7,462	-6.1%
2012	1,812,112,003	272,933	6,639	-0.8%	2012	7,238	-3.0%
2013	1,880,192,542	274,345	6,853	3.2%	2013	6,118	0.2%

Notes: Fiscal Year Public data prorated to CYs 50%/50%.  
 Insured System AY 2013 change is based on a comparison of 2013 accidents on 2012 policies to 2012 accidents on 2011 policies.  
 Insured System AY 2013 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	0.9910	1.0007	-0.90%	0.9847	0.9872	-1.53%
2009	Proj 5	0.9885	0.9892	-1.15%	0.9836	0.9710	-1.64%
2010	Proj 5	0.9969	0.9862	-0.31%	0.9948	0.9660	-0.52%
2011	Proj 5	1.0004	0.9866	0.04%	1.0017	0.9676	0.17%
2012	Proj 5	0.9967	0.9833	-0.33%	0.9974	0.9652	-0.26%

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

Number of Claims in Excess of \$250,000									% of Claims in Excess of \$250,000								
PY/RL	1	2	3	4	5	6	7	8	PY/RL	1	2	3	4	5	6	7	8
2001	611	1,616	2,918	3,985	4,788	5,488	5,985	6,237	2001	0.105%	0.266%	0.476%	0.648%	0.777%	0.890%	0.973%	1.016%
2002	602	1,282	2,109	2,990	3,838	4,500	4,866	5,232	2002	0.112%	0.227%	0.372%	0.525%	0.672%	0.790%	0.857%	0.925%
2003	540	928	1,550	2,323	3,104	3,589	4,071	4,395	2003	0.107%	0.177%	0.295%	0.441%	0.568%	0.681%	0.775%	0.839%
2004	472	719	1,163	1,741	2,296	2,874	3,273	3,547	2004	0.098%	0.146%	0.235%	0.351%	0.463%	0.581%	0.663%	0.718%
2005	496	783	1,292	1,921	2,657	3,169	3,504	3,782	2005	0.109%	0.168%	0.276%	0.409%	0.567%	0.676%	0.747%	0.805%
2006	667	1,036	1,673	2,401	3,108	3,603	3,982		2006	0.153%	0.233%	0.374%	0.536%	0.692%	0.801%	0.885%	
2007	666	1,189	2,092	3,015	3,755	4,318			2007	0.161%	0.282%	0.494%	0.707%	0.880%	1.011%		
2008	653	1,260	2,099	3,077	3,871				2008	0.182%	0.342%	0.566%	0.826%	1.038%			
2009	604	1,129	2,111	3,069					2009	0.182%	0.359%	0.616%	0.897%				
2010	588	1,167	1,940						2010	0.175%	0.339%	0.564%					
2011	653	1,202							2011	0.194%	0.349%						
2012	668								2012	0.194%							

% of Medical Incurred on Claims in Excess of \$250,000									% of Medical Incurred on Claims in Excess of \$250,000								
PY/RL	1	2	3	4	5	6	7	8	PY/RL	1	2	3	4	5	6	7	8
2001	4.80%	7.52%	11.21%	14.68%	17.47%	20.05%	21.84%	22.80%	2001	10.70%	12.83%	17.26%	21.68%	25.10%	28.66%	31.53%	33.65%
2002	4.35%	6.36%	9.13%	12.64%	16.07%	18.67%	20.07%	21.84%	2002	10.02%	12.42%	15.41%	18.77%	22.93%	26.16%	28.53%	30.77%
2003	5.80%	7.10%	9.89%	13.19%	16.47%	18.55%	21.16%	22.92%	2003	11.23%	12.96%	15.75%	19.79%	23.77%	26.34%	30.08%	32.17%
2004	6.58%	7.79%	9.70%	13.11%	15.78%	19.69%	22.24%	24.01%	2004	11.21%	12.93%	16.17%	19.88%	23.28%	28.00%	31.31%	33.79%
2005	7.95%	8.27%	11.00%	15.00%	19.77%	23.04%	25.51%	27.31%	2005	12.87%	15.04%	17.09%	20.69%	26.00%	30.09%	32.71%	35.48%
2006	11.02%	11.47%	14.89%	18.94%	22.71%	25.75%	28.06%		2006	14.59%	16.50%	19.82%	23.83%	28.06%	31.56%	34.39%	
2007	10.15%	11.62%	16.22%	20.89%	24.90%	27.53%			2007	13.37%	15.89%	20.71%	26.16%	30.13%	33.67%		
2008	9.37%	11.20%	15.22%	20.28%	24.25%				2008	12.95%	15.33%	19.43%	24.70%	29.03%			
2009	9.06%	10.45%	15.09%	19.63%					2009	12.52%	15.39%	19.88%	24.87%				
2010	9.14%	10.82%	13.94%						2010	13.20%	15.70%	19.09%					
2011	9.46%	10.55%							2011	13.48%	15.32%						
2012	9.02%								2012	14.07%							

Average Severity on Claims in Excess of \$250,000									Median Severity on Claims in Excess of \$250,000								
PY/RL	1	2	3	4	5	6	7	8	PY/RL	1	2	3	4	5	6	7	8
2001	739,943	519,202	457,380	450,888	454,810	471,452	489,399	509,737	2001	372,721	325,602	321,073	325,071	334,422	347,572	357,677	367,975
2002	717,062	592,893	508,878	481,072	488,305	498,121	511,322	529,239	2002	353,274	323,567	319,385	330,745	342,220	352,489	362,840	377,161
2003	830,287	697,511	579,912	531,520	513,563	511,184	536,729	548,977	2003	379,413	344,966	331,543	327,919	336,352	350,688	365,700	374,592
2004	751,890	695,515	597,861	550,994	520,593	538,976	553,349	569,398	2004	384,864	353,041	327,682	333,000	341,796	356,039	366,212	376,147
2005	739,367	688,592	545,833	501,441	498,380	513,170	526,835	543,666	2005	380,882	341,967	326,677	331,078	341,764	348,959	361,279	365,877
2006	685,716	633,586	554,027	517,029	504,508	515,982	527,521		2006	350,752	340,665	334,409	334,408	342,606	352,011	363,041	
2007	656,708	573,916	507,392	494,503	494,898	501,490			2007	354,608	327,574	328,110	332,740	343,611	355,142		
2008	617,586	515,370	466,652	456,502	456,255				2008	360,069	325,004	323,876	328,550	337,103			
2009	649,166	525,815	479,951	458,237					2009	358,189	325,000	320,631	328,483				
2010	711,521	594,687	502,864						2010	348,145	322,140	320,340					
2011	687,390	559,960							2011	348,789	315,590						
2012	704,191								2012	348,892							

Notes: Incurred Amounts and Severities are first dollar.

Source: WCIRB unit statistical data

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

Number of Claims in Excess of \$500,000									% of Claims in Excess of \$500,000								
PY/RL	1	2	3	4	5	6	7	8	PY/RL	1	2	3	4	5	6	7	8
2001	200	303	450	636	859	1,136	1,438	1,672	2001	0.035%	0.050%	0.073%	0.103%	0.139%	0.184%	0.234%	0.272%
2002	171	245	324	481	696	960	1,214	1,449	2002	0.032%	0.043%	0.057%	0.085%	0.122%	0.169%	0.214%	0.256%
2003	174	218	300	431	584	800	1,065	1,275	2003	0.034%	0.042%	0.057%	0.082%	0.111%	0.152%	0.203%	0.243%
2004	159	198	243	342	453	680	874	1,010	2004	0.033%	0.040%	0.049%	0.069%	0.091%	0.137%	0.177%	0.204%
2005	160	184	238	349	532	704	880	1,003	2005	0.035%	0.040%	0.051%	0.074%	0.113%	0.150%	0.188%	0.214%
2006	186	257	347	505	679	851	1,037		2006	0.043%	0.058%	0.078%	0.113%	0.151%	0.189%	0.230%	
2007	187	260	368	528	741	964			2007	0.045%	0.062%	0.087%	0.124%	0.174%	0.226%		
2008	178	233	340	526	724				2008	0.050%	0.063%	0.092%	0.141%	0.194%			
2009	173	234	335	502					2009	0.052%	0.069%	0.098%	0.147%				
2010	161	222	315						2010	0.048%	0.065%	0.092%					
2011	179	230							2011	0.053%	0.067%						
2012	187								2012	0.054%							

% of Medical Incurred on Claims in Excess of \$500,000									% of Medical Incurred on Claims in Excess of \$500,000								
PY/RL	1	2	3	4	5	6	7	8	PY/RL	1	2	3	4	5	6	7	8
2001	2.51%	2.64%	3.30%	4.39%	5.61%	7.16%	8.77%	9.98%	2001	8.24%	7.39%	8.18%	9.85%	11.58%	13.98%	16.53%	18.78%
2002	2.13%	2.53%	3.05%	4.21%	5.73%	7.37%	8.79%	10.46%	2002	7.40%	7.93%	8.24%	9.14%	11.40%	13.48%	15.57%	17.49%
2003	3.77%	3.91%	4.68%	5.55%	6.57%	7.94%	10.04%	11.78%	2003	8.53%	8.91%	9.31%	10.81%	12.38%	13.91%	17.11%	18.91%
2004	3.89%	4.47%	4.52%	5.96%	6.76%	9.41%	11.48%	13.00%	2004	8.47%	9.09%	10.06%	11.10%	11.97%	15.26%	17.84%	19.82%
2005	4.18%	3.64%	4.10%	5.79%	7.94%	9.92%	12.04%	13.53%	2005	9.77%	10.47%	9.92%	10.55%	13.10%	15.72%	17.78%	20.10%
2006	5.03%	5.21%	6.38%	8.00%	9.55%	11.68%	13.54%		2006	10.86%	11.37%	11.63%	12.88%	14.71%	16.83%	18.97%	
2007	4.80%	5.10%	6.17%	7.74%	10.09%	11.63%			2007	9.57%	9.85%	10.75%	12.92%	14.72%	17.09%		
2008	4.10%	4.26%	5.18%	7.24%	9.01%				2008	8.84%	8.38%	8.94%	10.75%	12.59%			
2009	4.70%	3.88%	5.23%	6.48%					2009	8.61%	8.67%	9.58%	10.96%				
2010	4.82%	4.54%	4.97%						2010	9.54%	9.71%	9.90%					
2011	4.91%	4.40%							2011	9.66%	9.20%						
2012	4.46%								2012	10.28%							

Average Severity on Claims in Excess of \$500,000									Median Severity on Claims in Excess of \$500,000								
PY/RL	1	2	3	4	5	6	7	8	PY/RL	1	2	3	4	5	6	7	8
2001	1,582,036	1,370,186	1,197,083	1,108,321	1,025,972	991,679	970,356	973,867	2001	967,192	813,223	733,609	699,637	688,344	687,556	700,241	706,043
2002	1,696,788	1,741,153	1,532,015	1,276,041	1,188,599	1,092,089	1,032,729	1,020,705	2002	885,388	776,001	749,290	689,322	686,961	685,631	686,474	714,772
2003	1,870,525	1,903,826	1,638,500	1,426,187	1,292,676	1,122,403	1,093,521	1,059,376	2003	866,728	914,390	821,735	742,737	729,204	707,027	700,913	711,672
2004	1,572,672	1,667,615	1,635,033	1,466,714	1,278,692	1,188,341	1,142,355	1,142,140	2004	827,255	875,244	772,132	760,725	715,829	712,192	713,607	720,782
2005	1,587,235	1,778,172	1,525,931	1,290,030	1,165,364	1,133,478	1,088,311	1,111,789	2005	825,368	814,506	710,326	704,717	711,051	700,997	686,837	697,792
2006	1,602,470	1,566,036	1,422,051	1,225,576	1,125,012	1,103,038	1,068,016		2006	810,488	782,910	739,379	713,205	711,000	701,420	691,867	
2007	1,493,459	1,469,841	1,356,962	1,271,855	1,150,320	1,072,957			2007	805,599	744,439	712,814	696,427	684,367	677,511		
2008	1,377,062	1,369,040	1,203,209	1,085,961	1,002,752				2008	844,408	776,176	722,571	683,487	664,953			
2009	1,443,063	1,379,530	1,318,329	1,127,812					2009	829,140	747,484	713,222	676,100				
2010	1,729,192	1,708,498	1,440,373						2010	893,022	784,927	702,366					
2011	1,644,554	1,583,082							2011	893,546	768,336						
2012	1,668,685								2012	889,984							

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

Number of Claims in Excess of \$1,000,000									% of Claims in Excess of \$1,000,000								
PY/RL	1	2	3	4	5	6	7	8	PY/RL	1	2	3	4	5	6	7	8
2001	90	113	141	176	211	274	333	397	2001	0.016%	0.019%	0.023%	0.029%	0.034%	0.044%	0.054%	0.065%
2002	71	96	119	135	173	221	265	336	2002	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	2003	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	2004	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	2005	0.013%	0.015%	0.016%	0.020%	0.028%	0.037%	0.044%	0.052%
2006	66	87	110	145	173	216	257		2006	0.015%	0.020%	0.025%	0.032%	0.039%	0.048%	0.057%	
2007	66	81	109	133	158	200			2007	0.016%	0.019%	0.026%	0.031%	0.037%	0.047%		
2008	69	82	102	125	165				2008	0.019%	0.022%	0.027%	0.034%	0.044%			
2009	65	81	98	120					2009	0.020%	0.024%	0.029%	0.035%				
2010	70	84	99						2010	0.021%	0.024%	0.029%					
2011	72	84							2011	0.021%	0.024%						
2012	82								2012	0.024%							

% of Indemnity Incurred on Claims in Excess of \$1,000,000									% of Medical Incurred on Claims in Excess of \$1,000,000								
PY/RL	1	2	3	4	5	6	7	8	PY/RL	1	2	3	4	5	6	7	8
2001	1.71%	1.46%	1.54%	1.84%	2.25%	2.71%	3.25%	3.73%	2001	6.41%	5.44%	5.59%	6.28%	6.62%	7.73%	8.66%	9.83%
2002	1.40%	1.62%	1.83%	2.19%	2.68%	3.25%	3.63%	4.33%	2002	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%	2003	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%	2004	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%	2005	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%	6.73%		2006	8.25%	8.56%	8.27%	8.40%	8.65%	9.71%	10.52%	
2007	2.94%	2.96%	3.42%	4.00%	4.97%	5.36%			2007	7.04%	7.11%	7.55%	8.38%	8.43%	9.19%		
2008	2.46%	2.53%	2.88%	3.72%	4.30%				2008	6.40%	5.95%	5.75%	5.95%	6.49%			
2009	2.80%	2.10%	2.84%	3.12%					2009	6.38%	6.28%	6.59%	6.52%				
2010	3.63%	3.15%	2.98%						2010	7.47%	7.59%	7.17%					
2011	3.45%	2.99%							2011	7.38%	6.90%						
2012	3.06%								2012	8.17%							

Average Severity on Claims in Excess of \$1,000,000									Median Severity on Claims in Excess of \$1,000,000								
PY/RL	1	2	3	4	5	6	7	8	PY/RL	1	2	3	4	5	6	7	8
2001	2,682,030	2,532,869	2,372,762	2,286,533	2,161,205	2,037,708	1,982,910	1,948,579	2001	2,025,852	1,975,790	1,665,963	1,689,285	1,661,454	1,469,052	1,479,376	1,429,626
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	2002	1,982,089	2,570,630	2,077,245	1,760,458	1,760,458	1,604,620	1,436,815	1,414,360
2003	3,523,470	3,460,312	3,204,876	3,081,799	2,922,506	2,543,782	2,487,580	2,242,340	2003	2,346,394	2,313,505	2,282,077	2,173,422	1,756,000	1,668,325	1,533,770	1,489,999
2004	3,161,316	2,995,729	3,135,046	3,169,113	3,201,987	2,812,364	2,576,725	2,561,543	2004	2,129,170	2,051,638	2,242,484	2,120,000	2,095,911	1,882,020	1,721,976	1,605,699
2005	3,171,764	3,525,423	3,473,114	2,982,927	2,674,595	2,581,158	2,468,930	2,496,814	2005	1,990,755	2,160,065	2,089,211	1,864,346	1,739,305	1,666,100	1,645,929	1,664,019
2006	3,268,599	3,304,753	3,033,739	2,630,292	2,484,351	2,402,523	2,310,688		2006	1,932,648	2,120,827	2,180,971	1,742,043	1,742,043	1,561,145	1,436,117	
2007	2,989,854	3,230,890	3,023,941	3,083,910	2,953,510	2,658,515			2007	1,953,016	2,285,514	1,732,523	1,838,481	1,933,372	1,587,337		
2008	2,474,424	2,646,652	2,479,616	2,470,854	2,212,807				2008	1,913,000	1,898,126	1,830,410	1,762,740	1,618,687			
2009	2,709,780	2,719,407	2,923,444	2,655,972					2009	1,988,779	1,711,957	1,833,872	1,696,499				
2010	3,086,031	3,438,423	3,174,046						2010	2,153,329	2,215,829	1,958,403					
2011	3,062,899	3,174,335							2011	2,133,690	2,004,422						
2012	2,934,667								2012	1,748,313							

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									
			2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	90	Multiple Body Parts - Multiple Body Parts	20.4%	17.3%	14.4%	13.6%	13.7%	12.8%	13.9%	14.6%	15.9%	15.7%
2	42	Trunk - Lower Back Area	10.5%	14.0%	15.0%	15.0%	14.9%	15.8%	15.7%	15.4%	14.9%	14.9%
3	53	Lower Extremities - Knee	7.7%	8.5%	9.1%	9.1%	9.4%	9.5%	8.9%	8.8%	8.7%	8.8%
4	38	Upper Extremities - Shoulder(s)	4.8%	5.3%	5.6%	5.9%	6.2%	7.1%	7.0%	6.9%	7.0%	7.9%
5	34	Upper Extremities - Wrist	6.0%	5.9%	6.6%	6.6%	6.5%	5.8%	6.3%	6.1%	6.1%	5.2%
6	36	Upper Extremities - Finger(s)	4.8%	4.9%	5.5%	5.4%	5.4%	5.2%	4.8%	4.7%	4.5%	4.2%
7	35	Upper Extremities - Hand	4.0%	4.0%	4.0%	4.1%	4.0%	3.8%	3.7%	3.8%	3.9%	3.9%
8	55	Lower Extremities - Ankle	2.7%	2.8%	3.3%	3.5%	3.4%	3.4%	3.1%	3.1%	3.1%	3.1%
9	61	Trunk - Abdomen Including Groin	2.4%	2.6%	2.7%	2.6%	2.7%	2.8%	2.5%	2.5%	2.5%	2.5%
10	30	Upper Extremities - Multiple Upper Extremities	3.9%	3.7%	3.2%	2.9%	2.6%	2.4%	2.5%	2.5%	2.4%	2.4%
11	56	Lower Extremities - Foot	2.1%	2.3%	2.6%	2.7%	2.8%	2.5%	2.3%	2.3%	2.2%	2.2%
12	33	Upper Extremities - Lower Arm	1.3%	1.7%	1.9%	2.0%	1.9%	1.9%	1.9%	1.9%	2.1%	2.2%
13	32	Upper Extremities - Elbow	1.7%	1.8%	2.0%	2.0%	2.0%	2.0%	1.9%	1.8%	1.8%	2.0%
14	31	Upper Extremities - Upper Arm	1.6%	1.9%	1.9%	2.1%	2.0%	2.1%	2.5%	2.4%	2.4%	1.9%
15	41	Trunk - Upper Back Area	1.0%	1.2%	1.5%	1.4%	1.4%	1.4%	1.3%	1.3%	1.4%	1.6%
16	54	Lower Extremities - Lower Leg	1.6%	1.5%	1.7%	1.7%	1.6%	1.6%	1.5%	1.5%	1.5%	1.4%
17	25	Neck - Soft Tissue	0.5%	0.6%	0.8%	0.8%	1.0%	1.3%	1.6%	1.7%	1.5%	1.4%
18	91	Multiple Body Parts - Body Systems and Multiple Body	0.3%	0.4%	0.4%	0.5%	0.6%	0.8%	0.8%	0.8%	1.0%	1.4%
19	66	Multiple Body Parts - No Physical Injury	0.8%	0.7%	0.7%	0.7%	0.9%	1.1%	1.3%	1.4%	1.2%	1.3%
20	39	Upper Extremities - Wrist(s) & Hand(s)	1.2%	1.1%	1.2%	1.2%	1.2%	1.2%	1.3%	1.2%	1.2%	1.3%
21	65	Multiple Body Parts - Insufficient Info to Classify	2.0%	2.5%	1.5%	1.1%	1.0%	1.3%	1.4%	1.5%	1.4%	1.2%
		All Other	19.0%	15.3%	14.6%	15.0%	14.5%	14.4%	14.1%	13.7%	13.2%	13.4%
		TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

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

<u>Rank</u>	<u>Code</u>	<u>Description</u>	<u>Percentage of Claims</u>									
			<u>2003</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>
1	52	Strain or Tear	34.0%	33.7%	33.6%	31.7%	29.4%	30.3%	30.7%	31.2%	30.0%	33.1%
2	59	All Other Specific Injuries, NOC	13.0%	12.2%	11.4%	12.7%	15.0%	13.0%	13.3%	12.9%	14.5%	12.6%
3	49	Sprain or Tear	7.6%	7.8%	8.4%	9.9%	11.1%	12.4%	13.6%	13.2%	13.2%	11.7%
4	10	Contusion	5.7%	6.1%	6.5%	6.9%	6.7%	7.0%	6.7%	6.7%	6.3%	6.7%
5	80	All Other Cumulative Injury, NOC	12.3%	10.3%	7.5%	6.4%	5.7%	5.2%	5.4%	5.6%	5.9%	6.6%
6	28	Fracture	6.0%	7.2%	8.8%	9.1%	8.9%	8.5%	7.7%	7.5%	7.2%	6.6%
7	90	Multiple Physical Injuries Only	2.8%	3.0%	2.4%	2.0%	1.8%	1.9%	2.5%	2.6%	3.0%	3.8%
8	40	Laceration	4.1%	4.6%	5.0%	5.0%	4.8%	4.5%	3.9%	3.9%	3.9%	3.7%
9	37	Inflammation	2.5%	2.4%	2.7%	2.9%	3.0%	3.0%	2.8%	2.8%	2.8%	2.8%
10	34	Hernia	1.8%	2.0%	2.3%	2.2%	2.2%	2.1%	1.9%	1.8%	1.8%	1.7%
11	77	Mental Stress	1.4%	1.2%	1.2%	1.3%	1.4%	1.7%	1.9%	1.9%	1.7%	1.5%
12	78	Carpal Tunnel Syndrome	1.9%	2.0%	1.8%	1.7%	1.6%	1.5%	1.4%	1.4%	1.4%	1.3%
13	16	Dislocation	0.9%	1.1%	1.3%	1.4%	1.6%	1.6%	1.4%	1.3%	1.3%	1.2%
14	91	Multiple Injuries Including Both Physical and Psychological	0.6%	0.5%	0.4%	0.4%	0.5%	0.8%	1.0%	0.9%	1.0%	1.1%
15	13	Crushing	0.8%	0.9%	1.1%	1.1%	1.1%	1.0%	0.9%	0.9%	0.8%	0.8%
16	43	Puncture	0.6%	0.7%	0.8%	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%
17	04	Burn	0.6%	0.7%	0.7%	0.7%	0.6%	0.7%	0.6%	0.6%	0.6%	0.6%
18	46	Rupture	0.3%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.6%	0.5%	0.5%
19	01	No Physical Injury	0.2%	0.2%	0.2%	0.2%	0.2%	0.4%	0.4%	0.4%	0.3%	0.4%
20	02	Amputation	0.5%	0.7%	0.8%	0.8%	0.8%	0.7%	0.6%	0.5%	0.5%	0.4%
		<u>All Other</u>	<u>2.3%</u>	<u>2.5%</u>	<u>2.7%</u>	<u>2.6%</u>	<u>2.6%</u>	<u>2.5%</u>	<u>2.4%</u>	<u>2.7%</u>	<u>2.6%</u>	<u>2.6%</u>
		<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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									
			2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	56	Strain by - Lifting	13.9%	13.9%	13.2%	12.9%	13.2%	13.0%	13.1%	12.8%	12.3%	12.3%
2	99	Other - Miscellaneous, NOC	11.0%	9.1%	8.9%	8.7%	7.6%	7.5%	8.4%	8.9%	9.8%	10.2%
3	60	Strain or Injury By, NOC	8.6%	8.4%	8.1%	8.5%	8.6%	8.8%	8.7%	8.4%	8.7%	8.4%
4	98	Cumulative, NOC	6.8%	6.7%	6.6%	5.4%	5.1%	5.8%	6.3%	6.5%	7.3%	8.0%
5	97	Strain by - Repetitive Motion	5.9%	5.3%	5.0%	5.1%	5.4%	5.6%	6.3%	6.4%	6.6%	7.6%
6	31	Fall, Slip or Trip Injury, NOC	5.7%	5.9%	6.1%	6.5%	7.0%	7.1%	6.6%	6.1%	5.7%	5.6%
7	29	Fall - On Same Level	4.3%	4.5%	4.7%	4.8%	5.2%	4.9%	5.3%	5.7%	5.4%	5.1%
8	57	Strain by - Pushing or Pulling	4.2%	4.4%	4.3%	4.3%	4.3%	4.6%	4.6%	4.6%	4.5%	4.4%
9	75	Struck or Injured By - Falling or Flying Object	2.5%	2.6%	2.8%	2.9%	3.0%	2.7%	2.6%	2.7%	2.6%	2.5%
10	25	Fall - From Different Level (Elevation)	2.8%	3.1%	3.3%	3.2%	3.0%	2.8%	2.6%	2.6%	2.5%	2.5%
11	53	Fall - From Ladder or Scaffolding	1.5%	1.7%	1.6%	1.7%	1.8%	2.0%	1.9%	1.9%	2.0%	2.2%
12	26	Strain by - Twisting	2.6%	3.0%	3.2%	3.1%	3.0%	2.8%	2.4%	2.6%	2.3%	2.0%
13	55	Strain by - Holding or Carrying	1.9%	1.8%	1.8%	1.8%	1.6%	1.5%	1.6%	1.8%	1.9%	1.9%
14	81	Struck or Injured By, NOC	1.3%	1.6%	1.5%	1.7%	1.9%	1.7%	1.5%	1.5%	1.6%	1.7%
15	45	Fall - From Liquid or Grease Spills	1.8%	1.7%	1.7%	1.7%	1.7%	1.6%	1.6%	1.4%	1.5%	1.5%
16	27	Motor Vehicle - Collision or Sideswipe with Another Vehicle	1.7%	1.7%	1.6%	1.6%	1.7%	1.7%	1.7%	1.6%	1.5%	1.4%
17	79	Strain by - Reaching	1.2%	1.3%	1.4%	1.5%	1.5%	1.4%	1.3%	1.4%	1.3%	1.3%
18	68	Struck or Injured By - Object Being Lifted or Handled	1.2%	1.2%	1.2%	1.2%	1.2%	1.3%	1.3%	1.2%	1.3%	1.3%
19	58	Struck or Stepped On - Stationary Object	1.0%	1.1%	1.2%	1.0%	1.1%	1.1%	1.2%	1.3%	1.3%	1.2%
20	50	Other than Physical Cause of Injury	1.3%	1.4%	1.3%	1.4%	1.4%	1.4%	1.3%	1.1%	1.2%	1.1%
		All Other	18.8%	19.6%	20.7%	21.0%	20.8%	20.7%	19.7%	19.4%	18.7%	17.9%
		TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

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

## Indemnity Claim Frequency per \$1M of Exposure at 2012 Wage Level

Accident Year	Layer of Incurred Medical											All Claims
	0	1	500	1,000	2,500	5,000	10,000	15,000	25,000	50,000	100,000	
	0	499	999	2,499	4,999	9,999	14,999	24,999	49,999	99,999	& Over	
2000	0.0049	0.0554	0.0436	0.0515	0.0468	0.0714	0.0458	0.0508	0.0342	0.0079	0.0020	0.4144
2001	0.0042	0.0434	0.0368	0.0427	0.0395	0.0610	0.0429	0.0536	0.0411	0.0096	0.0024	0.3772
2002	0.0032	0.0363	0.0339	0.0402	0.0359	0.0555	0.0411	0.0541	0.0476	0.0120	0.0027	0.3625
2003	0.0031	0.0330	0.0330	0.0422	0.0374	0.0561	0.0420	0.0573	0.0486	0.0111	0.0025	0.3663
2004	0.0028	0.0316	0.0294	0.0360	0.0318	0.0498	0.0397	0.0476	0.0323	0.0063	0.0019	0.3092
2005	0.0027	0.0287	0.0261	0.0333	0.0280	0.0405	0.0331	0.0381	0.0254	0.0054	0.0020	0.2633
2006	0.0021	0.0252	0.0240	0.0317	0.0254	0.0378	0.0295	0.0358	0.0269	0.0060	0.0021	0.2465
2007	0.0021	0.0206	0.0225	0.0315	0.0232	0.0345	0.0281	0.0347	0.0300	0.0075	0.0025	0.2373
2008	0.0017	0.0168	0.0193	0.0286	0.0207	0.0310	0.0266	0.0345	0.0320	0.0085	0.0026	0.2221
2009	0.0014	0.0148	0.0170	0.0273	0.0200	0.0298	0.0267	0.0338	0.0325	0.0094	0.0028	0.2156
2010	0.0018	0.0150	0.0179	0.0286	0.0207	0.0324	0.0291	0.0360	0.0351	0.0096	0.0029	0.2293
2011	0.0021	0.0162	0.0185	0.0280	0.0201	0.0323	0.0281	0.0347	0.0338	0.0097	0.0029	0.2264
2012	0.0024	0.0166	0.0190	0.0279	0.0207	0.0328	0.0295	0.0353	0.0349	0.0100	0.0028	0.2318
2013	0.0026	0.0159	0.0186	0.0274	0.0204	0.0362	0.0341	0.0364	0.0319	0.0072	0.0023	0.2329

Accident Year	Annual Change											All Claims
	0	1	500	1,000	2,500	5,000	10,000	15,000	25,000	50,000	100,000	
	0	499	999	2,499	4,999	9,999	14,999	24,999	49,999	99,999	& Over	
2001	-15.4%	-21.6%	-15.6%	-17.0%	-15.5%	-14.6%	-6.4%	5.4%	20.1%	21.4%	20.3%	-9.0%
2002	-23.8%	-16.5%	-8.0%	-6.0%	-9.1%	-9.0%	-4.1%	0.9%	15.7%	25.5%	15.2%	-3.9%
2003	-3.0%	-9.1%	-2.5%	4.9%	4.2%	1.1%	2.2%	5.9%	2.1%	-8.0%	-7.9%	1.0%
2004	-9.7%	-4.1%	-10.9%	-14.6%	-15.2%	-11.2%	-5.6%	-16.9%	-33.5%	-42.8%	-23.1%	-15.6%
2005	-3.2%	-9.3%	-11.3%	-7.5%	-11.9%	-18.8%	-16.5%	-19.9%	-21.4%	-15.1%	4.6%	-14.9%
2006	-22.4%	-12.2%	-8.2%	-4.6%	-9.1%	-6.6%	-10.9%	-6.2%	5.8%	11.1%	6.0%	-6.4%
2007	0.2%	-18.1%	-6.3%	-0.7%	-8.7%	-8.8%	-4.7%	-3.0%	11.7%	25.9%	18.4%	-3.7%
2008	-19.2%	-18.7%	-14.3%	-9.2%	-10.8%	-10.1%	-5.6%	-0.6%	6.6%	12.3%	1.2%	-6.4%
2009	-14.4%	-12.0%	-11.6%	-4.4%	-3.2%	-3.9%	0.5%	-2.0%	1.4%	11.4%	7.9%	-3.0%
2010	21.1%	1.5%	5.4%	4.8%	3.4%	8.9%	9.0%	6.5%	8.2%	2.4%	4.5%	6.4%
2011	19.9%	7.8%	3.1%	-2.2%	-3.1%	-0.5%	-3.2%	-3.6%	-3.7%	0.6%	1.1%	-1.2%
2012	12.2%	2.9%	2.5%	-0.3%	3.3%	1.5%	4.9%	1.5%	3.2%	2.8%	-2.9%	2.4%
2013	12.4%	-4.4%	-2.0%	-1.9%	-1.8%	10.4%	15.5%	3.2%	-8.7%	-27.8%	-17.7%	0.5%

Accident Year	Percent of Annual Change Attributable to Each Layer											All Claims
	0	1	500	1,000	2,500	5,000	10,000	15,000	25,000	50,000	100,000	
	0	499	999	2,499	4,999	9,999	14,999	24,999	49,999	99,999	& Over	
2001	-0.2%	-2.9%	-1.6%	-2.1%	-1.7%	-2.5%	-0.7%	0.7%	1.7%	0.4%	0.1%	-9.0%
2002	-0.3%	-1.9%	-0.8%	-0.7%	-1.0%	-1.5%	-0.5%	0.1%	1.7%	0.6%	0.1%	-3.9%
2003	0.0%	-0.9%	-0.2%	0.5%	0.4%	0.2%	0.2%	0.9%	0.3%	-0.3%	-0.1%	1.0%
2004	-0.1%	-0.4%	-1.0%	-1.7%	-1.6%	-1.7%	-0.6%	-2.6%	-4.4%	-1.3%	-0.2%	-15.6%
2005	0.0%	-1.0%	-1.1%	-0.9%	-1.2%	-3.0%	-2.1%	-3.1%	-2.2%	-0.3%	0.0%	-14.9%
2006	-0.2%	-1.3%	-0.8%	-0.6%	-1.0%	-1.0%	-1.4%	-0.9%	0.6%	0.2%	0.0%	-6.4%
2007	0.0%	-1.8%	-0.6%	-0.1%	-0.9%	-1.3%	-0.6%	-0.4%	1.3%	0.6%	0.2%	-3.7%
2008	-0.2%	-1.6%	-1.4%	-1.2%	-1.1%	-1.5%	-0.7%	-0.1%	0.8%	0.4%	0.0%	-6.4%
2009	-0.1%	-0.9%	-1.0%	-0.6%	-0.3%	-0.5%	0.1%	-0.3%	0.2%	0.4%	0.1%	-3.0%
2010	0.1%	0.1%	0.4%	0.6%	0.3%	1.2%	1.1%	1.0%	1.2%	0.1%	0.1%	6.4%
2011	0.2%	0.5%	0.2%	-0.3%	-0.3%	-0.1%	-0.4%	-0.6%	-0.6%	0.0%	0.0%	-1.2%
2012	0.1%	0.2%	0.2%	0.0%	0.3%	0.2%	0.6%	0.2%	0.5%	0.1%	0.0%	2.4%
2013	0.1%	-0.3%	-0.2%	-0.2%	-0.2%	1.5%	2.0%	0.5%	-1.3%	-1.2%	-0.2%	0.5%

## Indemnity Claim Count Distribution\*

Accident Year	Layer of Incurred Medical											All Claims
	0	1	500	1,000	2,500	5,000	10,000	15,000	25,000	50,000	100,000	
	0	499	999	2,499	4,999	9,999	14,999	24,999	49,999	99,999	& Over	
2000	1.2%	13.4%	10.5%	12.4%	11.3%	17.2%	11.1%	12.3%	8.3%	1.9%	0.5%	100.0%
2001	1.1%	11.5%	9.8%	11.3%	10.5%	16.2%	11.4%	14.2%	10.9%	2.5%	0.6%	100.0%
2002	0.9%	10.0%	9.3%	11.1%	9.9%	15.3%	11.3%	14.9%	13.1%	3.3%	0.8%	100.0%
2003	0.8%	9.0%	9.0%	11.5%	10.2%	15.3%	11.5%	15.6%	13.3%	3.0%	0.7%	100.0%
2004	0.9%	10.2%	9.5%	11.6%	10.3%	16.1%	12.8%	15.4%	10.4%	2.0%	0.6%	100.0%
2005	1.0%	10.9%	9.9%	12.6%	10.6%	15.4%	12.6%	14.5%	9.6%	2.0%	0.8%	100.0%
2006	0.8%	10.2%	9.7%	12.9%	10.3%	15.3%	12.0%	14.5%	10.9%	2.4%	0.9%	100.0%
2007	0.9%	8.7%	9.5%	13.3%	9.8%	14.5%	11.9%	14.6%	12.7%	3.2%	1.1%	100.0%
2008	0.8%	7.6%	8.7%	12.9%	9.3%	14.0%	12.0%	15.5%	14.4%	3.8%	1.2%	100.0%
2009	0.7%	6.8%	7.9%	12.7%	9.3%	13.8%	12.4%	15.7%	15.1%	4.4%	1.3%	100.0%
2010	0.8%	6.5%	7.8%	12.5%	9.0%	14.2%	12.7%	15.7%	15.3%	4.2%	1.3%	100.0%
2011	0.9%	7.1%	8.2%	12.4%	8.9%	14.3%	12.4%	15.3%	14.9%	4.3%	1.3%	100.0%
2012	1.0%	7.2%	8.2%	12.0%	8.9%	14.1%	12.7%	15.2%	15.0%	4.3%	1.2%	100.0%
2013	1.3%	6.9%	7.9%	11.9%	8.9%	14.2%	13.4%	15.5%	14.8%	3.8%	1.2%	100.0%

Note: Figures in italics are based on a partial accident year.

## Summary of Incurred LAE Ratios by Insurer Type

Incurred ALAE to Incurred Loss Ratios

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

Incurred ULAE to Incurred Loss Ratios

<u>Calendar Year</u>	<u>State Fund</u>	<u>Other CA</u>	<u>National</u>	<u>Statewide</u>	<u>Statewide without State Fund</u>
2003	10.2%	9.1%	5.5%	7.4%	5.9%
2004	10.2%	14.8%	6.8%	8.8%	7.8%
2005	15.6%	13.5%	7.3%	11.1%	8.2%
2006	28.6%	18.7%	8.5%	15.4%	10.1%
2007	34.4%	16.7%	8.4%	15.2%	9.6%
2008	41.5%	14.2%	7.1%	14.1%	8.2%
2009	51.4%	13.1%	8.3%	14.9%	9.0%
2010	55.7%	15.5%	7.0%	13.9%	8.2%
2011	394.5% <sup>[2]</sup>	12.6%	6.5%	18.8% <sup>[2]</sup>	7.3%
2012	26.1%	13.4%	5.6%	8.2%	6.8%
2013	19.5%	13.6%	6.4%	8.4%	7.4%
2014	24.9%	12.3%	5.8%	9.1%	6.8%

Incurred LAE to Incurred Loss Ratios

<u>Calendar Year</u>	<u>State Fund</u>	<u>Other CA</u>	<u>National</u>	<u>Statewide</u>	<u>Statewide without State Fund</u>
2003	14.4%	17.1%	12.5%	13.5%	13.0%
2004	15.8%	24.3%	17.4%	17.3%	18.3%
2005	20.9%	27.2%	19.5%	20.7%	20.6%
2006	31.7%	37.5%	28.3%	29.1%	29.7%
2007	38.3%	31.6%	20.7%	25.9%	22.2%
2008	48.3%	25.5%	20.4%	26.0%	21.2%
2009	61.2%	23.7%	22.7%	28.2%	22.8%
2010 <sup>[1]</sup>	60.2%	28.1%	21.9%	27.3%	22.8%
2011 <sup>[1]</sup>	403.1% <sup>[2]</sup>	32.3%	21.5%	34.2% <sup>[2]</sup>	23.0%
2012 <sup>[1]</sup>	29.9%	28.6%	22.2%	23.7%	23.2%
2013 <sup>[1]</sup>	35.9%	28.6%	23.1%	24.8%	23.9%
2014 <sup>[1]</sup>	42.9%	29.8%	22.7%	26.2%	23.8%

Notes: <sup>[1]</sup> 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.

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

Source: WCIRB expense calls

## Summary of Paid LAE Ratios by Insurer Type

Paid ALAE to Paid Loss Ratios

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

Paid ULAE to Paid Loss Ratios

<u>Calendar Year</u>	<u>State Fund</u>	<u>Other CA</u>	<u>National</u>	<u>Statewide</u>	<u>Statewide without State Fund</u>
2010	27.9%	17.3%	6.4%	12.3%	7.9%
2011	28.9%	15.9%	6.5%	11.9%	7.7%
2012	45.0% <sup>[2]</sup>	15.0%	6.4%	14.8% <sup>[2]</sup>	7.5%
2013	21.8%	16.3%	6.4%	10.2%	7.6%
2014	28.8%	14.6%	6.5%	10.7%	7.5%

Paid LAE to Paid Loss Ratios

<u>Calendar Year</u>	<u>State Fund</u>	<u>Other CA</u>	<u>National</u>	<u>Statewide</u>	<u>Statewide without State Fund</u>
2010	33.8%	31.4%	22.0%	25.6%	23.3%
2011	34.8%	31.8%	23.8%	26.8%	24.8%
2012	51.3% <sup>[2]</sup>	30.3%	25.5%	31.0% <sup>[2]</sup>	26.1%
2013	27.7%	31.8%	26.5%	27.2%	27.1%
2014	37.2%	33.2%	27.6%	29.7%	28.4%

Notes: <sup>[1]</sup> 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.

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

Source: WCIRB expense calls

**Calendar Year ULAE Incurred Per Open Indemnity Claim - Private Insurers**

<u>Calendar Year</u>	<u>ULAE Incurred (in Millions)</u>	<u>Number of Open Indemnity Claims at Beginning of the Year</u>	<u>Number of Indemnity Claims Reported During Year</u>	<u>ULAE Incurred Per Open Indemnity Claim</u>	<u>Annual Change</u>
	(a)	(b)	(c)	(d)	(e)
2000	353	197,358	107,945	1,787	---
2001	321	171,915	114,323	1,867	4.5%
2002	439	235,631	115,468	1,864	-0.2%
2003	571	236,111	116,486	2,419	29.7%
2004	604	273,685	109,070	2,207	-8.7%
2005	500	281,950	96,045	1,774	-19.6%
2006	538	269,394	106,090	1,995	12.5%
2007	466	244,721	99,082	1,905	-4.5%
2008	464	261,804	101,059	1,772	-7.0%
2009	504	257,103	97,045	1,959	10.5%
2010	508	257,439	107,734	1,974	0.8%
2011	549	267,152	116,356	2,055	4.1%
2012	567	278,907	122,018	2,032	-1.2%
2013	705	293,905	131,178	2,398	18.0%
2014	663	305,157	133,212	2,172	-9.4%

<u>Annual Trend(f)</u>	
All-Year	0.9%
R <sup>2</sup>	0.145
2005-2014	2.4%
R <sup>2</sup>	0.629

Notes:

- (a) Calendar year ULAE incurred is based on WCIRB expense calls. All figures in each calendar year contain information from the same combination of private insurers that submitted both the ULAE and claim count data for that calendar year. Therefore, each calendar year may contain a different mix of private insurers.
- (b), (c) Based on WCIRB accident year experience calls. Column (c) is for information only.
- (d) (a)/(b) x 1,000,000.
- (f) Trend is based on an exponential distribution.

### Calendar Year ULAE Paid Per Open Indemnity Claim - Private Insurers

Calendar Year	ULAE Paid (in Millions) (a)	Number of Open Indemnity Claims at Beginning of the Year (b)	Number of Indemnity Claims Reported During Year (c)	ULAE Paid Per Open Indemnity Claim (d)	Annual Change (e)
2000	--	197,358	107,945	--	---
2001	--	171,915	114,323	--	---
2002	--	235,631	115,468	--	---
2003	--	236,111	116,486	--	---
2004	--	273,685	109,070	--	---
2005	--	281,950	96,045	--	---
2006	--	269,394	106,090	--	---
2007	--	244,721	99,082	--	---
2008	--	261,804	101,059	--	---
2009	--	257,103	97,045	--	---
2010	432	257,439	107,734	1,676	---
2011	450	267,152	116,356	1,683	0.4%
2012	474	278,907	122,018	1,699	0.9%
2013	519	293,905	131,178	1,766	4.0%
2014	524	305,157	133,212	1,718	-2.7%
				<u>Annual Trend(f)</u>	
				All-Year	1.0%
				R <sup>2</sup>	0.540

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) Trend is based on an exponential distribution.

**Paid Allocated Loss Adjustment Expense Development - Private Insurers**  
As of December 31, 2015

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	1.013
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	1.015	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	1.017	1.014	
2001	3.053	1.597	1.291	1.156	1.108	1.075	1.052	1.034	1.028	1.023	1.019	1.018	1.017		
2002	2.790	1.592	1.261	1.153	1.102	1.064	1.040	1.031	1.025	1.020	1.019	1.017			
2003	2.931	1.550	1.267	1.155	1.088	1.057	1.042	1.032	1.028	1.024	1.020				
2004	2.785	1.572	1.282	1.149	1.090	1.064	1.045	1.033	1.030	1.024					
2005	2.741	1.599	1.285	1.157	1.104	1.072	1.053	1.043	1.034						
2006	2.879	1.591	1.278	1.166	1.108	1.075	1.058	1.043							
2007	2.902	1.571	1.291	1.173	1.116	1.083	1.055								
2008	2.833	1.621	1.311	1.177	1.117	1.078									
2009	3.006	1.623	1.303	1.179	1.113										
2010	2.944	1.591	1.295	1.167											
2011	2.943	1.590	1.287												
2012	3.021	1.581													
2013	2.967														

Latest Year

Age-to-Age	2.967	1.581	1.287	1.167	1.113	1.078	1.055	1.043	1.034	1.024	1.020	1.017	1.017	1.014	1.011
Cumulative	11.726	3.952	2.500	1.942	1.665	1.496	1.388	1.315	1.261	1.220	1.191	1.168	1.149	1.130	1.114

3-Year Arithmetics Average

Age-to-Age	2.977	1.587	1.295	1.174	1.115	1.078	1.055	1.040	1.031	1.023	1.019	1.018	1.016	1.014	1.012
Cumulative	11.842	3.978	2.506	1.935	1.648	1.478	1.370	1.298	1.248	1.211	1.184	1.162	1.142	1.123	1.108

Average Excluding High & Low

Age-to-Age	2.763	1.566	1.265	1.147	1.094	1.062	1.042	1.030	1.022	1.018	1.015	1.013	1.011	1.009	1.008
Cumulative	9.336	3.379	2.157	1.705	1.487	1.359	1.279	1.228	1.192	1.165	1.144	1.128	1.113	1.101	1.092

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

1985	1.003	1.005	1.005	1.004	1.003	1.005	1.006	1.005	1.003	1.004	1.004	1.004	1.004	1.006
1986	1.005	1.004	1.005	1.007	1.003	1.006	1.005	1.004	1.005	1.005	1.006	1.007	1.006	
1987	1.004	1.004	1.006	1.006	1.008	1.004	1.004	1.006	1.005	1.004	1.005	1.006		
1988	1.004	1.004	1.005	1.005	1.005	1.003	1.005	1.004	1.004	1.005	1.004			
1989	1.005	1.004	1.004	1.004	1.003	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					
1991	1.005	1.003	1.002	1.003	1.003	1.003	1.003	1.003						
1992	1.005	1.003	1.004	1.004	1.003	1.003	1.003							
1993	1.006	1.006	1.007	1.006	1.006	1.005								
1994	1.007	1.007	1.007	1.006	1.007									
1995	1.009	1.009	1.009	1.008										
1996	1.009	1.009	1.008											
1997	1.009	1.008												
1998	1.011													

Latest Year

Age-to-Age	1.011	1.008	1.008	1.008	1.007	1.005	1.003	1.003	1.003	1.004	1.004	1.006	1.006	1.006
Cumulative	1.102	1.089	1.080	1.072	1.063	1.056	1.051	1.047	1.044	1.040	1.037	1.034	1.032	1.029

3-Year Arithmetics Average

Age-to-Age	1.010	1.009	1.008	1.007	1.005	1.004	1.003	1.003	1.003	1.004	1.005	1.005	1.005	1.006
Cumulative	1.095	1.084	1.075	1.067	1.060	1.055	1.051	1.047	1.044	1.040	1.037	1.034	1.032	1.029

Average Excluding High & Low

Age-to-Age	1.006	1.005	1.005	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.005	1.006		
Cumulative	1.083	1.077	1.071	1.065	1.060	1.056	1.052	1.047	1.044	1.040	1.037	1.034	1.032	1.029

Note: Factors in italics are based on powerfit fit to the "3-Year Arithmetics Average" factors.

Source: WCIRB accident year experience calls. Excludes MCCC costs.

Quarterly Paid ALAE Loss Development Factors<sup>[1]</sup> - Private Insurers

Age in		Accident Year												
Months		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
3	- 6						7.976	7.570	5.434	9.136	8.769	8.694	9.038	6.309
6	- 9					2.427	3.016	2.765	2.630	3.023	3.176	3.214	3.031	3.135
9	- 12					2.022	2.078	2.021	2.034	2.077	2.165	2.113	2.037	2.139
12	- 15					1.653	1.627	1.687	1.724	1.737	1.698	1.709	1.771	1.728
15	- 18					1.415	1.486	1.494	1.509	1.482	1.486	1.511	1.490	
18	- 21				1.318	1.357	1.328	1.289	1.326	1.334	1.343	1.339	1.346	
21	- 24				1.249	1.255	1.234	1.237	1.255	1.253	1.248	1.248	1.234	
24	- 27				1.192	1.187	1.191	1.190	1.197	1.189	1.185	1.198	1.189	
27	- 30				1.151	1.165	1.167	1.172	1.170	1.158	1.163	1.160		
30	- 33			1.127	1.145	1.128	1.119	1.135	1.138	1.133	1.131	1.130		
33	- 36			1.113	1.110	1.107	1.103	1.111	1.114	1.113	1.105	1.102		
36	- 39			1.093	1.087	1.093	1.090	1.097	1.094	1.091	1.092	1.092		
39	- 42			1.076	1.083	1.083	1.086	1.096	1.082	1.083	1.081			
42	- 45		1.063	1.077	1.068	1.063	1.069	1.069	1.074	1.070	1.068			
45	- 48		1.059	1.057	1.058	1.057	1.059	1.063	1.064	1.062	1.059			
48	- 51		1.049	1.039	1.050	1.050	1.050	1.052	1.053	1.053	1.052			
51	- 54		1.043	1.044	1.048	1.049	1.050	1.049	1.050	1.048				
54	- 57	1.038	1.045	1.037	1.037	1.038	1.043	1.045	1.043	1.040				
57	- 60	1.037	1.025	1.032	1.034	1.037	1.038	1.039	1.039	1.037				
60	- 63	1.031	1.027	1.028	1.030	1.032	1.032	1.034	1.034	1.032				
63	- 66	1.029	1.025	1.025	1.030	1.030	1.031	1.033	1.031					
66	- 69	1.027	1.023	1.022	1.026	1.027	1.029	1.028	1.028					
69	- 72	1.018	1.021	1.022	1.023	1.025	1.028	1.026	1.026					
72	- 75	1.014	1.017	1.018	1.021	1.022	1.023	1.023	1.022					
75	- 78	1.018	1.018	1.019	1.020	1.020	1.023	1.022						
78	- 81	1.017	1.013	1.015	1.019	1.019	1.020	1.020						
81	- 84	1.015	1.013	1.015	1.017	1.018	1.019	1.018						
84	- 87	1.014	1.011	1.013	1.015	1.016	1.016	1.016						
87	- 90	1.013	1.012	1.012	1.014	1.015	1.015							
90	- 93	1.010	1.011	1.011	1.013	1.014	1.014							
93	- 96	1.010	1.011	1.011	1.013	1.013	1.013							
96	- 99	1.007	1.009	1.010	1.012	1.012	1.012							
99	- 102	1.008	1.009	1.009	1.012	1.012								
102	- 105	1.007	1.008	1.008	1.010	1.012								
105	- 108	1.008	1.008	1.008	1.010	1.010								
108	- 111	1.007	1.007	1.008	1.009	1.009								
111	- 114	1.007	1.008	1.008	1.009									
114	- 117	1.006	1.007	1.007	1.009									
117	- 120	1.006	1.007	1.007	1.008									
120	- 123	1.006	1.006	1.007	1.007									

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

Source: WCIRB quarterly calls for experience.

**Average Paid ALAE<sup>[1]</sup> Per Reported Indemnity Claim - Private Insurers**  
As of March 31, 2015

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								4,342	4,549	4,787
2001							5,158	5,478	5,817	6,014
2002						5,256	5,659	6,055	6,298	6,490
2003					4,898	5,518	6,032	6,372	6,642	6,854
2004				3,563	4,538	5,201	5,661	6,010	6,272	6,472
2005			2,079	3,272	4,183	4,824	5,305	5,672	5,964	6,213
2006		796	2,171	3,403	4,319	5,020	5,548	5,951	6,288	6,551
2007	71	847	2,336	3,608	4,627	5,402	6,003	6,490	6,840	
2008	85	942	2,489	3,949	5,122	5,994	6,668	7,172		
2009	150	1,035	2,841	4,487	5,764	6,749	7,478			
2010	87	1,133	3,033	4,657	5,963	6,911				
2011	88	1,151	3,001	4,635	5,887					
2012	91	1,147	3,073	4,711						
2013	101	1,221	3,237							
2014	144	1,346								
2015	131									

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								26.2%	27.9%	25.6%
2002							9.7%	10.5%	8.3%	7.9%
2003						5.0%	6.6%	5.2%	5.5%	5.6%
2004					-7.3%	-5.8%	-6.2%	-5.7%	-5.6%	-5.6%
2005				-8.2%	-7.8%	-7.3%	-6.3%	-5.6%	-4.9%	-4.0%
2006			4.4%	4.0%	3.3%	4.1%	4.6%	4.9%	5.4%	5.4%
2007		6.4%	7.6%	6.0%	7.1%	7.6%	8.2%	9.1%	8.8%	
2008	20.3%	11.3%	6.5%	9.5%	10.7%	11.0%	11.1%	10.5%		
2009	76.3%	9.8%	14.2%	13.6%	12.5%	12.6%	12.2%			
2010	-41.7%	9.5%	6.8%	3.8%	3.5%	2.4%				
2011	0.5%	1.6%	-1.1%	-0.5%	-1.3%					
2012	3.1%	-0.4%	2.4%	1.6%						
2013	11.4%	6.5%	5.3%							
2014	43.2%	10.2%								
2015	-9.5%									

Annual Trend<sup>[2]</sup>

All-Year	5.6%	6.4%	6.0%	5.1%	4.0%	3.6%	3.3%	4.0%	3.7%	3.6%
R <sup>2</sup>	0.322	0.945	0.940	0.859	0.632	0.568	0.583	0.600	0.489	0.425
5-Year	13.4%	4.1%	2.8%	3.9%	6.5%	9.0%	9.1%	5.0%	0.6%	-0.8%
R <sup>2</sup>	0.800	0.793	0.854	0.704	0.840	0.971	0.974	0.708	0.033	0.128

<sup>[1]</sup> All paid ALAE exclude the paid cost of medical cost containment programs.

<sup>[2]</sup> Trend is based on exponential distribution.

Source: WCIRB accident year experience calls.

Ratio of Cumulative Paid ALAE to Loss<sup>[1]</sup> - Private Insurers

Age	Accident Year															
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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%	4.7%
6				6.8%	5.5%	4.8%	5.8%	4.8%	5.0%	5.6%	5.4%	5.1%	5.3%	6.1%	6.4%	
9				7.3%	6.3%	6.2%	6.0%	6.0%	5.8%	6.2%	6.9%	6.8%	7.0%	7.6%	8.2%	
12				7.8%	7.5%	6.8%	6.8%	7.0%	6.6%	7.1%	8.0%	8.3%	8.2%	8.6%	9.8%	
15				8.5%	8.5%	7.7%	7.6%	7.7%	7.7%	8.4%	9.4%	9.4%	9.3%	10.3%	11.3%	
18			9.4%	9.3%	9.7%	8.8%	8.6%	9.0%	9.1%	9.8%	10.6%	10.7%	10.7%	11.8%		
21			9.5%	9.8%	10.5%	9.8%	9.8%	9.9%	9.8%	10.8%	11.7%	11.8%	11.8%	13.0%		
24			9.9%	10.9%	11.2%	10.6%	10.6%	10.6%	10.4%	11.7%	12.6%	12.5%	12.5%	13.7%		
27			10.4%	11.3%	11.9%	11.3%	11.2%	11.2%	11.0%	12.3%	13.2%	12.8%	13.2%	14.3%		
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%			
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%			
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%			
39		10.5%	11.7%	12.6%	13.9%	13.3%	12.9%	12.6%	12.7%	14.0%	14.4%	14.2%	14.6%			
42	10.2%	11.1%	12.0%	13.0%	14.2%	13.7%	13.2%	13.0%	13.1%	14.2%	14.6%	14.4%				
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%				
48	10.2%	11.3%	12.4%	13.4%	14.9%	14.2%	13.6%	13.4%	13.5%	14.7%	14.9%	14.8%				
51	9.8%	10.9%	12.5%	13.6%	15.0%	14.4%	13.8%	13.5%	13.6%	14.8%	15.1%	14.9%				
54	10.5%	11.0%	12.7%	13.8%	15.2%	14.6%	13.9%	13.7%	13.8%	14.9%	15.2%					
57	9.8%	10.8%	12.9%	14.0%	15.3%	14.7%	14.0%	13.9%	14.0%	15.1%	15.3%					
60	10.6%	11.2%	13.0%	14.0%	15.4%	14.8%	14.2%	14.1%	14.1%	15.2%	15.4%					
63	10.0%	11.4%	13.2%	14.1%	15.5%	14.9%	14.3%	14.2%	14.2%	15.3%	15.5%					
66	10.0%	11.5%	13.3%	14.2%	15.6%	15.0%	14.4%	14.3%	14.3%	15.4%						
69	10.0%	11.6%	13.4%	14.3%	15.7%	15.1%	14.5%	14.4%	14.4%	15.5%						
72	10.2%	11.7%	13.4%	14.3%	15.7%	15.2%	14.6%	14.5%	14.5%	15.5%						

<sup>[1]</sup> Paid cost of medical cost containment programs are included with loss.

Source: WCIRB accident year experience calls.

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

**First Survey Level**

		<u>Northern California</u>				
		<u>AY2008</u>	<u>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>
% Represented		60.9%	61.4%	62.5%	63.3%	63.2%
% Unrepresented		<u>39.1%</u>	<u>38.6%</u>	<u>37.5%</u>	<u>36.7%</u>	<u>36.8%</u>
Total		100.0%	100.0%	100.0%	100.0%	100.0%

		<u>Southern California</u>				
		<u>AY2008</u>	<u>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>
% Represented		78.9%	77.3%	78.8%	76.8%	80.6%
% Unrepresented		<u>21.1%</u>	<u>22.7%</u>	<u>21.2%</u>	<u>23.2%</u>	<u>19.4%</u>
Total		100.0%	100.0%	100.0%	100.0%	100.0%

**Second Survey Level**

		<u>Northern California</u>				
		<u>AY2007</u>	<u>AY2008</u>	<u>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>
% Represented		61.4%	61.6%	65.6%	64.1%	65.6%
% Unrepresented		<u>38.6%</u>	<u>38.4%</u>	<u>34.4%</u>	<u>35.9%</u>	<u>34.4%</u>
Total		100.0%	100.0%	100.0%	100.0%	100.0%

		<u>Southern California</u>				
		<u>AY2007</u>	<u>AY2008</u>	<u>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>
% Represented		79.6%	79.1%	79.4%	79.4%	78.7%
% Unrepresented		<u>20.4%</u>	<u>20.9%</u>	<u>20.6%</u>	<u>20.6%</u>	<u>21.3%</u>
Total		100.0%	100.0%	100.0%	100.0%	100.0%

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

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

**Distribution of Total ALAE & 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</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%	24.6%	100.0%
2014	27.2%	45.4%	27.5%	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	192	10,423	1.8%
2004	249	9,073	2.7%
2005	228	7,559	3.0%
2006	209	5,540	3.8%
2007	196	5,444	3.6%
2008	177	5,711	3.1%
2009	221	5,700	3.9%
2010	253	6,260	4.0%
2011	280	7,500	3.7%
2012	340	8,533	4.0%
2013	353	9,515	3.7%
2014	329	9,689	3.4%

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>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>
Defense Expense	4,467	4,697	4,950	4,664
Applicant Attorney Expense	2,568	2,429	3,345	2,584
ALAE	5,408	5,683	6,964	6,734
<u>Southern California</u>				
	<u>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>	<u>AY2012</u>
Defense Expense	5,559	5,668	5,757	5,476
Applicant Attorney Expense	2,668	2,744	2,766	2,980
ALAE	6,921	6,936	7,768	7,565

Second Survey Level

<u>Type of Expense</u>	<u>Northern California</u>			
	<u>AY2008</u>	<u>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>
Defense Expense	5,547	6,313	6,482	6,396
Applicant Attorney Expense	4,447	3,774	4,201	5,113
ALAE	6,963	7,579	8,066	8,657
<u>Southern California</u>				
	<u>AY2008</u>	<u>AY2009</u>	<u>AY2010</u>	<u>AY2011</u>
Defense Expense	6,998	7,223	7,329	6,896
Applicant Attorney Expense	3,903	3,983	4,028	3,925
ALAE	8,474	8,722	8,975	9,136

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

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

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

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

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

### Changes in the Number and Cost of Medical-Legal Reports

Accident Year	Medical-Legal Reports per PD Claim	Year-to-Year Change	Average Cost per Medical-Legal Report	Year-to-Year Change
2000	0.92	---	677	---
2001	0.85	-7.5%	739	9.2%
2002	0.90	6.3%	744	0.7%
2003	0.98	8.6%	806	8.3%
2004	1.02	4.6%	853	5.8%
2005	0.76	-25.4%	1,107	29.8%
2006	0.80	4.3%	1,435	29.7%
2007	0.80	0.9%	1,538	7.2%
2008	0.91	13.2%	1,609	4.6%
2009	0.94	3.2%	1,662	3.3%
2010	0.94	-0.2%	1,761	5.9%
2011	0.83	-11.4%	1,886	7.1%
2012	0.73	-11.6%	1,923	2.0%

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

**Paid M CCP per Indemnity Claims Inventory<sup>[1]</sup> Calendar Year**

<u>Calendar Year</u>	<u>Private Insurers</u>		<u>Statewide</u>	
2005	\$469	---	---	
2006	\$559	19.2%	---	
2007	\$631	12.8%	\$433	---
2008	\$953	51.1%	\$673	55.4%
2009	\$830	-13.0%	\$665	-1.2%
2010	\$888	7.0%	\$733	10.2%
2011	\$931	4.8%	\$786	7.1%
2012	\$983	5.6%	\$841	7.1%
2013	\$1,022	4.0%	\$900	7.0%
2014	\$1,023	0.1%	\$915	1.7%

Estimated Annual Exponential Trend Based on:

2005-2014	8.5%	---
R <sup>2</sup>	0.785	---
2009-2014	4.4%	6.7%
R <sup>2</sup>	0.948	0.970

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

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

## Item AC15-08-02 1/1/2016 Filing – Loss Adjustment Expense Review

Staff has developed the indicated policy year 2016 ratio of loss adjustment expense (LAE) to loss based on calendar year unallocated loss adjustment expense (ULAE) experience through calendar year 2014, accident year allocated loss adjustment expense (ALAE) experience as of March 31, 2015, and projection methodologies generally consistent with those reflected in the WCIRB's January 1, 2015 and July 1, 2015 Pure Premium Rate Filings. The indicated policy year 2016 ULAE and ALAE projections, including projections for the cost of medical cost containment programs (MCCP), are summarized separately below.

### *ULAE Projection*

Exhibit 1 shows calendar year ALAE and ULAE as ratios to incurred and paid losses by type of insurer. As discussed at prior meetings, ULAE ratios for the State Compensation Insurance Fund (State Fund) are much higher than those of other insurers. In prior meetings, the Committee has also noted that the ULAE ratios of private insurers with workers' compensation premiums primarily in California are significantly higher than those for insurers with significant writings in other states ("national insurers"). As discussed at recent Committee meetings, staff has been studying ULAE data reported for California, particularly ULAE costs associated with deductible policies and costs associated with third party administrator (TPA) services, which may not be fully reflected in the ULAE reported by many national insurers. Staff's suggested approach to address this potential underreporting through additional information requested on WCIRB aggregate financial data calls is envisioned to be implemented later this year for the calendar year 2015 call (see Item AC15-03-07 of this Agenda). However, in the interim as discussed at the June 12, 2015 meeting, staff contacted several large national insurers to determine the extent to which ULAE costs for deductible policies or TPAs could be more appropriately reflected in the paid ULAE reported for calendar years 2013 and 2014 consistent with the approach envisioned for the 2015 calendar year call. As a result of this information provided by a number of these insurers, the ULAE ratios shown on Exhibit 1 for national insurers are generally somewhat closer to the average of those for other private insurers in 2013 and 2014 than in prior years. The ULAE for national insurers produced on this basis will be discussed in greater detail at the meeting.

Exhibits 2.1 and 2.2 show the average calendar year incurred ULAE as a ratio to indemnity claims open at the beginning of the calendar year on a statewide and private insurer basis, respectively. Exhibits 2.3 and 2.4 show the average calendar paid ULAE per open indemnity claim for all insurers and private insurers, respectively. The ULAE severities for calendar years 2013 and 2014 shown on Exhibit 2 reflect information submitted by several large national insurers to more appropriately reflect ULAE costs for deductibles and TPAs as discussed above and, as a result, may not be comparable to the ULAE severities for prior years. The 2014 ULAE paid per open indemnity claim for private insurers did show a significant decline in 2014.

Exhibits 3.1 through 3.5 show the policy year 2016 projection of ULAE to loss based on the relationship of calendar year statewide paid ULAE to the number of indemnity claims open at the beginning of the calendar year. This methodology assumes that ULAE paid is a function of the volume of claims handled by claims adjusters. Exhibits 4.1 through 4.5 show an analogous projection based on the experience of private insurers only. In the last several pure premium rate filings, the selected annual ULAE trend was based on the approximate average of a) the UCLA projected annual growth in California wage levels and b) the average annual rate of growth in private insurer ULAE incurred per open indemnity claim since 2005 (see Exhibit 2.2). However, inasmuch as ULAE for calendar years 2013 and 2014 reflect information submitted by several large national insurers to more appropriately reflect ULAE costs for deductibles and TPAs as discussed above, average annual growth rates comparing these years with prior years reported

on a different basis may be distorted. As a result, staff recommends basing the annual rate of growth in ULAE per open indemnity claim solely on the UCLA projected annual growth in California wage levels.

Exhibit 5 shows the projection of policy year 2016 ULAE based on the relationship of statewide calendar ULAE paid to statewide calendar year paid losses. Exhibit 6 shows an analogous projection based on the experience of private insurers only.

The upper portion Table 1 summarizes the results of these projections. As in the January 1, 2015 and July 1, 2015 Pure Premium Rate Filings, staff recommends basing the ULAE projection on the average of the ULAE projections resulting from these two methodologies based solely on the experience of private insurers. The projected ratio of policy year 2016 ULAE to loss using this approach is 8.0%.<sup>1</sup>

For informational purposes, staff has computed additional ULAE projections based on a number of alternative methodologies that reflect underlying assumptions that differ from those reflected in the WCIRB's current ULAE projection methodology. Specifically, ULAE projections based on the projection of ULAE paid to a weighted number of indemnity claims as shown in Exhibits 7 (statewide) and 8 (private insurers only), as well as several projections based on recent calendar year ratios of ULAE to losses are shown in the lower section of Table 1. Separate projections are shown for statewide and private insurer experience.

**Table 1: Projections of Policy Year 2016 ULAE to Loss**

ULAE Projection Method	Statewide ULAE Ratio	Private Insurer ULAE Ratio
<b>Current WCIRB Methodology</b>		
Open Indemnity Claim-Based Projection Applied to Paid ULAE	11.8%	9.0%
Paid Loss-Based Projection Applied to Paid ULAE	9.2%	6.9%
Average of Indemnity Claim and Paid Loss-Based Projections	10.5%	8.0%
<b>Alternative Methodologies</b>		
<u>Incurring ULAE Methodologies</u>		
Latest Calendar Year Ratio	9.9%	7.7%
Average of Latest Two Calendar Year Ratios	9.7%	8.2%
<u>Paid ULAE Methodologies</u>		
Weighted Indemnity Claim-Based Projection	11.8%	8.7%
Latest Calendar Year Ratio	11.7%	8.7%
Average of Latest Two Calendar Year Ratios	11.7%	9.0%

*ALAE Projection – Excluding MCCP Costs*

<sup>1</sup> The projected ULAE to loss ratio in the July 1, 2015 Pure Premium Rate Filing was 6.3%.

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 MCCC costs, which are discussed separately below.)

Exhibit 9 shows private insurer average paid ALAE per reported indemnity claim by accident year. Exhibits 10.1 and 10.2 show annual ALAE severity growth percentages based on the estimated ultimate ALAE per indemnity claim for statewide and private insurers, respectively, while Exhibits 11.1 and 11.2 show annual ALAE growth percentages based on ratios of incremental paid ALAE per indemnity claims inventory for statewide and private insurers, respectively.

Exhibits 12.1 through 12.2 show the ALAE projection, excluding MCCC costs, on a statewide basis. Exhibits 13.1 through 13.3 show the ALAE projection, excluding MCCC costs, for private insurers. The projections in both Exhibits 12 and 13 were computed using a 4.5% ALAE severity trend which, as in the last several pure premium rate filings, was selected based on averaging the shorter-term (5-year) and longer-term (post-2005) average private insurer ALAE severity growth rates shown in Exhibits 10.2 and 11.2. The projections shown on Exhibits 12 and 13 also reflect the changes to the ALAE tail development methodology adopted by the Committee at the March 18, 2015 meeting.<sup>2</sup>

The upper portion of Table 2 shows the projections of ALAE as a percentage of loss, excluding the cost of MCCC. As in the January 1, 2015 and July 1, 2015 Pure Premium Rate Filings and as with ULAE, staff recommends basing the ALAE projection solely on the experience of private insurers. The projected ratio of policy year 2016 ALAE to loss excluding the cost of MCCC using this approach is 19.6%.<sup>3</sup>

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

1. Latest Year Paid ALAE Ratio Development Compared to Losses – Projection Based on the Average of the Latest Two Years – Exhibits 14 (statewide) and 15 (private insurers only).
2. Latest Year Paid ALAE to Paid Indemnity Development Compared to Losses – Projection Based on the Average of the Latest Two Years – Exhibits 16.1 and 16.2 (statewide) and 17.1 and 17.2 (private insurers only).
3. Latest Year Incremental Paid ALAE to Paid Indemnity Development – Exhibits 18.1 through 18.4 (statewide) and 19.1 through 19.4 (private insurers only).

The preliminary policy year 2016 ALAE projections derived based on each of the alternative ALAE projection methodologies are shown in the lower portion of Table 2. Separate projections are shown for statewide and private insurer experience.

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<sup>2</sup> See Item AC14-12-02 of the March 18, 2015 meeting.

<sup>3</sup> The projected ratio of ALAE (excluding MCCC) to loss reflected in the July 1, 2015 Pure Premium Rate Filing was 19.1%.

**Table 2: Projections of Policy Year 2016 ALAE (Excluding M CCP) to Loss**

ALAE Projection Method	Statewide ALAE Ratio	Private Insurer ALAE Ratio
<b>Current WCIRB Methodology</b> Latest Year Paid ALAE Development with Trend Based on Growth in ALAE per Indemnity Claim	17.8%	19.6%
<b>Alternative Methodologies</b> Latest Year Paid ALAE Ratio Development Compared to Losses – Projection Based on Latest Two Years	16.8%	18.2%
Latest Year Paid ALAE to Paid Indemnity Development Compared to Losses – Projection Based on Latest Two Years	16.8%	18.2%
Latest Year Incremental Paid ALAE to Paid Indemnity Loss	14.7%	14.9%

*ALAE Projection – M CCP Costs*

As in the January 1, 2015 and July 1, 2015 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.

Exhibit 20 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. Exhibits 21 and 22 show the projection of M CCP costs in ALAE on a statewide basis and private insurer basis, respectively. As in the last several pure premium rate filings, paid M CCP costs were developed to ultimate values using the selected paid medical loss development factors rather than the ALAE development factors.<sup>4</sup> A 4.5% M CCP severity trend was selected based on the private insurer M CCP severity growth rates from 2009 through 2014 shown in Exhibit 20.

Table 3 shows the preliminary projections of ALAE, including the cost of M CCP, as a percentage of loss. The projected ratio of total ALAE to loss based on private insurer experience is 27.0%.

**Table 3: Projections of Policy Year 2016 ALAE to Loss**

ALAE Projection Method	Statewide ALAE Ratio	Private Insurer ALAE Ratio
Separate Projections of Indemnity Claims and Average ALAE per Indemnity Claim – Excluding M CCP	17.8%	19.6%
Separate Projections of Indemnity Claims and Average M CCP Costs per Indemnity Claim	7.0%	7.4%
Total Projections of ALAE Including M CCP	24.8%	27.0%

The total preliminary ratio of LAE, including M CCP, to losses for policy year 2016 based on data evaluated as of March 31, 2015 is 35.0%.<sup>5</sup>

<sup>4</sup> See Exhibit 2.6.1 of Item AC15-06-01 of this Agenda.

<sup>5</sup> The projected LAE to loss ratio in the July 1, 2015 Pure Premium Rate Filing was 32.9%.

**Summary of Incurred LAE Ratios by Insurer Type**

Incurred ALAE to Incurred Loss Ratios

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

Incurred ULAE to Incurred Loss Ratios

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

Incurred LAE to Incurred Loss Ratios

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

Notes: <sup>[1]</sup> 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.

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

Source: WCIRB expense calls

**Summary of Paid LAE Ratios by Insurer Type**

Paid ALAE to Paid Loss Ratios

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

Paid ULAE to Paid Loss Ratios

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

Paid LAE to Paid Loss Ratios

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

Notes: <sup>[1]</sup> 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.

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

Source: WCIRB expense calls

**Calendar Year ULAE Incurred Per Open Indemnity Claim - Statewide**

<u>Calendar Year</u>	<u>ULAE Incurred (in Millions)</u>	<u>Number of Open Indemnity Claims at Beginning of the Year</u>	<u>Number of Indemnity Claims Reported During Year</u>	<u>ULAE Incurred Per Open Indemnity Claim</u>	<u>Annual Change</u>
	(a)	(b)	(c)	(d)	(e)
2000	566	267,027	161,741	2,121	---
2001	681	251,668	203,146	2,708	27.7%
2002	781	347,829	226,429	2,244	-17.1%
2003	1,159	385,374	226,658	3,008	34.1%
2004	1,146	452,987	200,468	2,530	-15.9%
2005	1,142	470,466	162,321	2,427	-4.1%
2006	1,164	442,927	152,759	2,629	8.3%
2007	1,020	397,102	121,257	2,567	-2.3%
2008	985	397,117	116,404	2,480	-3.4%
2009	983	373,598	109,857	2,632	6.1%
2010	987	360,624	117,135	2,738	4.0%
2011	1,453	360,339	122,817	4,032	47.3%
2012	747	360,283	127,561	2,074	-48.6%
2013	985	365,600	137,697	2,694	29.9%
2014	1,092	364,350	143,371	2,996	11.2%

Annual Trend(f)

All-Year	1.3%
R <sup>2</sup>	0.122
2005-2014	1.5%
R <sup>2</sup>	0.072

Notes:

- (a) Calendar year ULAE incurred is based on WCIRB expense calls. All figures in each calendar year contain information from the same combination of 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.
- (b), (c) Based on WCIRB accident year experience calls. Column (c) is for information only.
- (d) (a)/(b) x 1,000,000.
- (f) Trend is based on an exponential distribution.

**Calendar Year ULAE Incurred Per Open Indemnity Claim - Private Insurers**

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

Annual Trend(f)

All-Year	1.5%
R <sup>2</sup>	0.244
2005-2014	3.7%
R <sup>2</sup>	0.606

Notes:

- (a) Calendar year ULAE incurred is based on WCIRB expense calls. All figures in each calendar year contain information from the same combination of private insurers that submitted both the ULAE and claim count data for that calendar year. Therefore, each calendar year may contain a different mix of private insurers.
- (b), (c) Based on WCIRB accident year experience calls. Column (c) is for information only.
- (d) (a)/(b) x 1,000,000.
- (f) Trend is based on an exponential distribution.

**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	2,351	0.5%
2012	792	360,283	127,561	2,199	-6.5%
2013	981	365,600	137,697	2,684	22.1%
2014	955	364,350	143,371	2,621	-2.3%
				<u>Annual Trend(f)</u>	
				All-Year	3.7%
				R <sup>2</sup>	0.461

Notes:

- (a) Calendar year ULAE paid is based on WCIRB expense calls. All figures in each calendar year contain information from the same combination of insurers that submitted both the ULAE and claim count data for that calendar year. Therefore, each calendar year may contain a different mix of insurers. Calendar year 2012 ULAE paid amount shown excludes the impact of a one-time adjustment made by the State Compensation Insurance Fund to reallocate liabilities related to pension benefits.
- (b), (c) Based on WCIRB accident year experience calls. Column (c) is for information only.
- (d) (a)/(b) x 1,000,000.
- (f) Trend is based on an exponential distribution.

**Calendar Year ULAE Paid Per Open Indemnity Claim - Private Insurers**

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

	<u>Annual Trend(f)</u>
All-Year	6.1%
R <sup>2</sup>	0.602

Notes:

- (a) Calendar year ULAE paid is based on WCIRB expense calls. All figures in each calendar year contain information from the same combination of private insurers that submitted both the ULAE and claim count data for that calendar year. Therefore, each calendar year may contain a different mix of private insurers.
- (b), (c) Based on WCIRB accident year experience calls. Column (c) is for information only.
- (d) (a)/(b) x 1,000,000.
- (f) Trend is based on an exponential distribution.

Reported Indemnity Claim Count Development - Statewide

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

I. Age-to-Age (Latest Year)

1.241 1.035 1.014 1.006 1.003 1.001 1.001 1.001 1.000 1.000 1.000 1.000 1.000 1.000 1.000

II. Age-to-Ultimate

1.323 1.066 1.030 1.016 1.010 1.006 1.005 1.004 1.003 1.003 1.003 1.003 1.003 1.003 1.003

III. Estimated Percent of Ultimate Indemnity Claims Reported

75.6% 93.8% 97.1% 98.4% 99.0% 99.4% 99.5% 99.6% 99.7% 99.7% 99.7% 99.7% 99.7% 99.7% 99.7%

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

I. Age-to-Age (Latest Year)

1.001 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000

II. Age-to-Ultimate

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

III. Estimated Percent of Ultimate Indemnity Claims Reported

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

Source: WCIRB quarterly calls for experience

Ultimate Indemnity Claim Settlement Ratios - Statewide

Accident Year	Evaluated as of (in months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
1994														96.8%
1995													95.6%	95.1%
1996												94.8%	93.8%	97.2%
1997											95.1%	95.1%	96.9%	97.2%
1998										94.5%	93.9%	96.3%	96.7%	97.2%
1999									93.3%	92.6%	95.8%	96.4%	96.9%	97.1%
2000								90.6%	91.6%	95.0%	95.8%	96.6%	97.0%	97.6%
2001							86.0%	90.3%	93.2%	94.4%	95.4%	96.1%	96.9%	96.3%
2002						81.5%	88.2%	91.2%	92.7%	94.0%	94.9%	96.0%	96.2%	
2003					75.7%	84.8%	88.8%	90.9%	92.6%	93.8%	95.1%	95.6%		
2004				68.8%	80.1%	85.5%	88.4%	90.6%	92.3%	94.2%	95.1%			
2005			58.6%	73.5%	81.1%	85.3%	88.3%	90.6%	92.9%	94.3%				
2006		45.6%	63.0%	74.2%	81.0%	85.3%	88.4%	91.4%	93.3%					
2007	21.7%	47.5%	62.5%	72.8%	79.7%	84.3%	88.5%	91.1%						
2008	22.5%	45.9%	60.5%	71.3%	78.5%	84.6%	88.5%							
2009	21.2%	43.9%	58.8%	69.8%	78.5%	84.2%								
2010	21.0%	44.8%	59.1%	71.4%	79.9%									
2011	21.3%	44.4%	60.2%	72.4%										
2012	21.0%	45.1%	61.6%											
2013	20.4%	45.5%												
2014	20.4%													

Accident Year	Evaluated as of (in months):											
	180	192	204	216	228	240	252	264	276	288	300	312
1989					98.1%	98.4%	99.3%	99.3%	99.4%	99.5%	99.5%	99.5%
1990				97.8%	98.1%	99.1%	99.1%	99.2%	99.2%	99.3%	99.3%	
1991			97.1%	97.3%	98.9%	98.9%	99.0%	99.0%	99.1%	99.1%		
1992		96.9%	97.1%	98.8%	98.8%	98.9%	98.9%	98.9%	99.0%			
1993	96.7%	97.1%	98.5%	98.6%	98.7%	98.7%	98.8%	98.8%				
1994	96.7%	98.3%	98.4%	98.5%	98.3%	98.4%	98.5%					
1995	97.7%	97.9%	98.1%	97.7%	97.9%	98.0%						
1996	97.4%	97.7%	97.1%	97.3%	97.4%							
1997	97.5%	97.0%	97.3%	97.4%								
1998	97.1%	97.4%	97.5%									
1999	97.5%	97.5%										
2000	97.1%											

Source: WCIRB quarterly calls for experience

**Selected Ultimate Indemnity Claim Reporting and Closure Patterns - Statewide**  
As of December 31, 2014

Selected Indemnity Claim Reporting and Closure Patterns - As of 12/31/2014				Cumulative Indemnity Claim Counts					
Year	Percent Reported	Percent Closed	Percent Open	AY	Year	Reported @12/31/14	Open @12/31/14	Estimated Ultimate(d)	Annual Change
	(a)	(b)	(c)	(1)	(2)	(3)	(4)	(5)	(6)
1	75.6%	20.4%	55.2%	1989	26	222,782	1,088	222,782	
2	93.8%	45.5%	48.3%	1990	25	248,620	1,638	248,676	
3	97.1%	61.6%	35.5%	1991	24	249,432	2,119	249,533	
4	98.4%	72.4%	26.0%	1992	23	198,210	1,902	198,324	
5	99.0%	79.9%	19.2%	1993	22	156,076	1,694	156,195	
6	99.4%	84.2%	15.2%	1994	21	143,780	1,974	143,927	
7	99.5%	88.5%	11.0%	1995	20	135,329	2,533	135,509	
8	99.6%	91.1%	8.5%	1996	19	133,371	3,230	133,576	
9	99.7%	93.3%	6.4%	1997	18	137,469	3,272	137,721	
10	99.7%	94.3%	5.4%	1998	17	147,870	3,322	148,185	
11	99.7%	95.1%	4.6%	1999	16	149,214	3,404	149,521	
12	99.7%	95.6%	4.0%	2000	15	162,724	4,333	163,152	
13	99.7%	96.2%	3.5%	2001	14	186,762	6,338	187,332	
14	99.7%	96.3%	3.4%	2002	13	195,577	6,905	196,205	
15	99.7%	97.1%	2.7%	2003	12	184,916	7,488	185,508	
16	99.8%	97.5%	2.3%	2004	11	159,353	7,286	159,882	
17	99.8%	97.5%	2.2%	2005	10	140,096	7,650	140,521	
18	99.8%	97.4%	2.4%	2006	9	133,188	8,544	133,623	
19	99.8%	97.4%	2.4%	2007	8	130,773	11,175	131,313	
20	99.9%	98.0%	1.9%	2008	7	124,222	13,749	124,829	
21	99.9%	98.5%	1.4%	2009	6	115,696	17,715	116,414	
22	99.9%	98.8%	1.1%	2010	5	120,669	23,375	121,832	
23	99.9%	99.0%	1.0%	2011	4	122,501	32,368	124,449	
24	100.0%	99.1%	0.8%	2012	3	128,439	46,966	132,261	
25	100.0%	99.3%	0.7%	2013	2	132,268	68,071	140,992	
26	100.0%	99.5%	0.5%	2014	1	109,640	80,046	145,003	
								<u>Projected(e)</u>	
								144,931	-0.1%
								144,366	-0.4%
								142,186	-1.5%
Total						4,068,977	368,185		

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, 2014 (column (3)) and selected reporting pattern (column (a)).
- (e) Estimated based on projected frequency trends for accident years 2015 to 2017. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency.

**Estimated Number of Weighted Open Indemnity Claims - Statewide**  
Based on Selected Reporting and Closure Patterns - As of December 31, 2014

AY	Estimated Number of Reported Indemnity Claims(a)			Estimated Number of Open Indemnity Claims(b)			Estimated Number of Indemnity Claims Opened During(c)		
	@12/31/15	@12/31/16	@12/31/17	@12/31/15	@12/31/16	@12/31/17	2015	2016	2017
1989	222,782	222,782	222,782	1,088	1,088	1,088	0	0	0
1990	248,676	248,676	248,676	1,214	1,214	1,214	56	0	0
1991	249,477	249,533	249,533	1,644	1,219	1,219	45	56	0
1992	198,243	198,279	198,324	1,684	1,306	969	33	36	45
1993	156,105	156,131	156,160	1,498	1,326	1,029	29	26	28
1994	143,818	143,845	143,869	1,561	1,380	1,222	38	27	24
1995	135,370	135,406	135,431	1,858	1,470	1,300	41	36	25
1996	133,399	133,439	133,474	2,497	1,832	1,449	28	41	35
1997	137,509	137,538	137,580	3,330	2,574	1,889	40	28	42
1998	147,914	147,957	147,988	3,521	3,583	2,770	44	43	31
1999	149,203	149,247	149,291	3,352	3,553	3,615	-11	45	44
2000	162,818	162,806	162,854	3,715	3,658	3,877	94	-12	49
2001	186,840	186,948	186,934	4,975	4,265	4,200	78	108	-14
2002	195,608	195,690	195,803	6,638	5,210	4,467	31	82	113
2003	184,914	184,944	185,021	6,528	6,276	4,926	-2	30	77
2004	159,371	159,369	159,395	6,453	5,626	5,409	18	-2	26
2005	140,056	140,072	140,071	6,404	5,672	4,945	-40	16	-1
2006	133,219	133,182	133,197	7,275	6,090	5,394	31	-38	15
2007	130,885	130,916	130,879	8,396	7,149	5,984	112	31	-37
2008	124,316	124,423	124,452	10,623	7,981	6,796	94	106	29
2009	115,848	115,936	116,035	12,822	9,907	7,443	152	88	99
2010	121,080	121,239	121,331	18,539	13,419	10,368	411	159	92
2011	123,261	123,681	123,844	23,877	18,937	13,707	760	420	163
2012	130,190	130,998	131,445	34,400	25,376	20,126	1,751	808	446
2013	136,918	138,785	139,646	50,067	36,671	27,051	4,650	1,867	861
2014	136,031	140,813	142,734	70,008	51,491	37,714	26,391	4,782	1,920
<u>Projected</u>									
2015	109,585	135,963	140,743	80,011	69,973	51,465	109,585	26,378	4,780
2016		109,158	135,433		79,699	69,700		109,158	26,275
2017			107,510			78,495			107,510
Total	4,213,439	4,357,757	4,500,433	373,977	377,945	379,831	144,462	144,318	142,676
(d) Open Claims at Beginning of the Year:							368,185	373,977	377,945
(e) "Weighted" Open Claims:							657,109	662,614	663,297

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 2015 is the total number of indemnity claims from all accident years that were open as of December 31, 2014 (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, 2016 and December 31, 2016

<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	2,351	847,160
2012	360,283	2,199	792,258
2013	365,600	2,684	981,411
2014	364,350	2,621	955,107
Projected			
2015	368,185	2,764	1,017,521
2016	373,977	2,886	1,079,417
2017	377,945	3,015	1,139,414

(d) Projected ULAE Paid (\$000):	1,290,599
(e) Calendar Year 2014 Earned Premium (\$000):	16,198,521
(f) Projected Loss to Industry Average Filed Pure Premium Ratio:	0.692
(g) Premium Adjustment Factor for Calendar Year 2014:	0.975
(h) Projected Losses (\$000): (e) x (f) x (g)	10,929,142
(i) Projected Ratio of ULAE to Losses: (d)/(h)	11.8%

Notes:

- (a) Calendar years 2000 to 2014 are from column (b) of Exhibit 2.3, and 2015 to 2017 are from line (d), Exhibit 3.4.
- (b) Calendar years 2010 to 2014 are from column (d) of Exhibit 2.3. Calendar years 2015 to 2017 are projected based on applying the California average annual wage level changes of 2.7%, 2.8%, 4.4% and 4.5% for 2014 to 2017 derived from information published by the UCLA Anderson School of Business, to the ULAE paid per open indemnity claim estimated from averaging 2013 and 2014.
- (c) Column (a) x column (b).
- (d) Average of calendar years 2016 and 2017, projected 3.9 years to the approximate average midpoint of ultimate ULAE payments on 2016 policies, based on applying the an average annual change of 4.0% for 2017 to 2020 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 2014.
- (f) See Exhibit 8 of Item AC15-06-01.
- (h) See Exhibit 5.2 of Item AC15-06-01.

**Reported Indemnity Claim Count Development - Private Insurers**

Accident	Age-to-Age Development (in months):													
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180
1993														1.001
1994													1.002	1.000
1995												1.001	1.000	1.006
1996											1.001	1.001	1.002	1.001
1997										1.002	1.000	1.001	1.001	1.000
1998									1.002	1.000	1.001	1.001	1.002	1.000
1999								1.002	1.002	1.001	1.001	1.000	1.001	1.000
2000							1.001	0.998	1.000	1.000	1.001	1.001	1.001	1.001
2001						1.000	0.999	1.001	0.999	1.001	1.001	1.001	1.000	
2002					1.000	1.015	1.001	1.000	1.001	1.002	1.001	1.001		
2003				1.004	1.018	0.999	1.000	1.001	1.000	1.001	1.001			
2004			1.007	1.003	1.000	1.001	1.001	1.001	1.001	1.000				
2005		1.017	1.010	1.002	1.002	1.003	1.001	1.002	1.001					
2006	1.145	1.024	1.007	1.003	1.003	1.002	1.001	1.002						
2007	1.150	1.021	1.008	1.006	1.004	1.002	1.002							
2008	1.175	1.029	1.013	1.006	1.004	1.002								
2009	1.212	1.034	1.013	1.008	1.005									
2010	1.237	1.033	1.013	1.007										
2011	1.242	1.036	1.015											
2012	1.254	1.037												
2013	1.252													

I. Age-to-Age (Latest Year)

1.252 1.037 1.015 1.007 1.005 1.002 1.002 1.002 1.001 1.000 1.001 1.001 1.000 1.001

II. Age-to-Ultimate

1.352 1.080 1.041 1.026 1.018 1.013 1.011 1.009 1.008 1.007 1.006 1.006 1.005 1.005

III. Estimated Percent of Ultimate Indemnity Claims Reported

74.0% 92.6% 96.1% 97.5% 98.2% 98.7% 98.9% 99.1% 99.2% 99.3% 99.4% 99.4% 99.5% 99.5%

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
1989				1.001	0.999	1.000	1.000	1.001	1.001	1.000	1.000
1990			1.001	0.999	1.000	1.000	1.001	1.001	1.001	1.000	
1991		1.001	0.998	1.000	1.000	1.000	1.001	1.001	1.000		
1992	1.001	0.999	1.000	1.000	1.001	1.001	1.000	1.000			
1993	1.000	1.000	1.000	1.000	1.001	1.001	1.000				
1994	1.001	1.001	1.000	1.001	1.001	1.000					
1995	1.002	1.000	1.001	1.001	1.000						
1996	1.000	1.001	1.001	1.000							
1997	1.001	1.001	1.000								
1998	1.001	1.000									
1999	1.001										

I. Age-to-Age (Latest Year)

1.001 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000

II. Age-to-Ultimate

1.004 1.003 1.003 1.003 1.002 1.002 1.002 1.001 1.001 1.001 1.000 1.000

III. Estimated Percent of Ultimate Indemnity Claims Reported

99.6% 99.7% 99.7% 99.7% 99.8% 99.8% 99.8% 99.9% 99.9% 99.9% 100.0% 100.0%

Source: WCIRB quarterly calls for experience

Ultimate Indemnity Claim Settlement Ratios - Private Insurers

Accident Year	Evaluated as of (in months):													
	12	24	36	48	60	72	84	96	108	120	132	144	156	168
1994														96.4%
1995													95.1%	94.2%
1996												94.3%	92.9%	97.2%
1997											95.0%	94.8%	97.0%	97.3%
1998										94.7%	93.7%	96.6%	96.9%	97.4%
1999									93.5%	92.3%	96.2%	96.8%	97.3%	97.4%
2000								91.0%	91.8%	95.8%	96.6%	97.3%	97.6%	98.1%
2001							85.8%	91.1%	94.7%	95.9%	96.8%	97.4%	98.0%	96.7%
2002						81.3%	89.9%	93.1%	94.5%	95.5%	96.2%	96.9%	96.7%	
2003					75.2%	86.8%	90.9%	92.9%	94.3%	95.0%	95.9%	96.2%		
2004				68.2%	81.8%	87.6%	90.4%	92.2%	93.6%	94.8%	95.6%			
2005			57.3%	74.2%	82.6%	86.9%	89.7%	91.7%	93.4%	94.6%				
2006		44.7%	63.3%	75.1%	82.3%	86.4%	89.4%	91.9%	93.7%					
2007	21.6%	47.3%	63.0%	73.7%	80.6%	85.0%	88.8%	91.3%						
2008	22.3%	45.9%	61.0%	71.8%	78.9%	84.7%	88.6%							
2009	20.8%	43.9%	59.0%	69.9%	78.4%	84.1%								
2010	20.8%	44.8%	59.1%	71.2%	79.7%									
2011	21.1%	44.3%	60.0%	72.3%										
2012	21.1%	45.0%	61.4%											
2013	20.5%	45.6%												
2014	20.8%													

Accident Year	Evaluated as of (in months):											
	180	192	204	216	228	240	252	264	276	288	300	312
1989					97.6%	98.0%	99.2%	99.2%	99.3%	99.4%	99.4%	99.4%
1990				97.2%	97.6%	99.0%	99.0%	99.0%	99.1%	99.1%	99.2%	
1991			96.2%	96.4%	98.7%	98.7%	98.8%	98.8%	98.9%	98.9%		
1992		96.2%	96.3%	98.6%	98.6%	98.7%	98.7%	98.8%	98.8%			
1993	96.1%	96.5%	98.4%	98.4%	98.6%	98.6%	98.6%	98.7%				
1994	96.2%	98.2%	98.4%	98.5%	98.2%	98.3%	98.4%					
1995	97.6%	97.9%	98.0%	97.5%	97.6%	97.8%						
1996	97.4%	97.6%	96.8%	97.0%	97.1%							
1997	97.5%	96.9%	97.1%	97.2%								
1998	97.3%	97.5%	97.5%									
1999	97.7%	97.7%										
2000	97.2%											

Source: WCIRB quarterly calls for experience

**Selected Ultimate Indemnity Claim Reporting and Closure Patterns - Private Insurers**  
As of December 31, 2014

Selected Indemnity Claim Reporting and Closure Patterns - As of 12/31/2014					Cumulative Indemnity Claim Counts				
Year	Percent Reported	Percent Closed	Percent Open	AY	Year	Reported @12/31/14	Open @12/31/14	Estimated Ultimate(d)	Annual Change
	(a)	(b)	(c)	(1)	(2)	(3)	(4)	(5)	(6)
1	74.0%	20.8%	53.2%	1989	26	151,465	840	151,465	
2	92.6%	45.6%	47.0%	1990	25	172,769	1,330	172,832	
3	96.1%	61.4%	34.6%	1991	24	174,972	1,770	175,080	
4	97.5%	72.3%	25.2%	1992	23	141,699	1,567	141,822	
5	98.2%	79.7%	18.5%	1993	22	113,465	1,340	113,599	
6	98.7%	84.1%	14.6%	1994	21	105,468	1,558	105,632	
7	98.9%	88.6%	10.3%	1995	20	101,497	2,077	101,701	
8	99.1%	91.3%	7.8%	1996	19	103,412	2,750	103,654	
9	99.2%	93.7%	5.6%	1997	18	104,899	2,619	105,178	
10	99.3%	94.6%	4.7%	1998	17	112,846	2,449	113,179	
11	99.4%	95.6%	3.8%	1999	16	116,904	2,404	117,243	
12	99.4%	96.2%	3.2%	2000	15	119,143	2,873	119,589	
13	99.5%	96.7%	2.8%	2001	14	114,985	3,345	115,507	
14	99.5%	96.7%	2.9%	2002	13	113,747	3,226	114,319	
15	99.6%	97.2%	2.4%	2003	12	108,877	3,538	109,479	
16	99.7%	97.7%	2.1%	2004	11	99,629	3,764	100,258	
17	99.7%	97.5%	2.2%	2005	10	97,653	4,620	98,297	
18	99.7%	97.2%	2.5%	2006	9	104,018	5,828	104,820	
19	99.8%	97.1%	2.7%	2007	8	107,695	8,465	108,713	
20	99.8%	97.8%	2.0%	2008	7	106,640	11,137	107,847	
21	99.8%	98.4%	1.5%	2009	6	102,697	15,148	104,071	
22	99.9%	98.7%	1.2%	2010	5	110,749	20,847	112,761	
23	99.9%	98.8%	1.1%	2011	4	114,597	29,639	117,540	
24	99.9%	98.9%	1.0%	2012	3	121,769	43,908	126,771	
25	100.0%	99.2%	0.8%	2013	2	123,919	62,913	133,833	
26	100.0%	99.4%	0.6%	2014	1	99,401	71,463	134,409	
								<u>Projected(e)</u>	
								134,341	-0.05%
								133,817	-0.39%
								131,797	-1.51%
Total						3,044,915	311,418		

Notes:

- (a) See Exhibit 4.1.
- (b) See Exhibit 4.2.
- (c) (a) - (b).
- (d) Estimated based on number of reported indemnity claims as of December 31, 2014 (column (3)) and selected reporting pattern (column (a)), applicable to private insurers only.
- (e) Estimated based on projected frequency trends for accident years 2015 to 2017. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency.

**Estimated Number of Weighted Open Indemnity Claims - Private Insurers**  
Based on Selected Reporting and Closure Patterns - As of December 31, 2014

AY	Estimated Number of Reported Indemnity Claims(a)			Estimated Number of Open Indemnity Claims(b)			Estimated Number of Indemnity Claims Opened During(c)		
	@12/31/15	@12/31/16	@12/31/17	@12/31/15	@12/31/16	@12/31/17	2015	2016	2017
1989	151,465	151,465	151,465	840	840	840	0	0	0
1990	172,832	172,832	172,832	958	958	958	63	0	0
1991	175,017	175,080	175,080	1,348	971	971	45	64	0
1992	141,735	141,771	141,822	1,434	1,092	787	36	36	51
1993	113,500	113,529	113,558	1,255	1,148	874	35	29	29
1994	105,507	105,540	105,566	1,246	1,167	1,068	39	33	27
1995	101,543	101,581	101,612	1,500	1,200	1,124	46	38	32
1996	103,447	103,494	103,532	2,117	1,529	1,223	35	47	38
1997	104,932	104,968	105,015	2,790	2,148	1,552	33	35	48
1998	112,878	112,914	112,952	2,818	3,002	2,312	32	36	38
1999	116,898	116,931	116,969	2,537	2,919	3,110	-6	33	37
2000	119,244	119,238	119,272	2,452	2,588	2,977	101	-6	34
2001	115,076	115,173	115,167	2,775	2,369	2,499	91	98	-6
2002	113,802	113,892	113,989	3,311	2,746	2,344	55	90	97
2003	108,932	108,985	109,071	3,089	3,170	2,630	55	53	86
2004	99,706	99,756	99,805	3,240	2,829	2,903	77	50	49
2005	97,680	97,756	97,805	3,691	3,176	2,774	27	75	49
2006	104,133	104,162	104,243	4,927	3,936	3,387	115	29	80
2007	107,882	108,001	108,031	6,045	5,110	4,082	187	119	30
2008	106,837	107,023	107,141	8,398	5,997	5,069	197	185	118
2009	102,905	103,096	103,275	10,747	8,103	5,787	208	191	179
2010	111,272	111,498	111,705	16,413	11,644	8,780	523	226	206
2011	115,443	115,989	116,224	21,731	17,109	12,138	846	546	235
2012	123,597	124,510	125,098	31,967	23,438	18,453	1,828	913	588
2013	128,551	130,481	131,445	46,353	33,747	24,743	4,632	1,930	964
2014	124,452	129,105	131,043	63,184	46,553	33,892	25,051	4,652	1,938
<u>Projected</u>									
2015	99,351	124,390	129,040	71,436	63,152	46,530	99,351	25,039	4,650
2016		98,964	123,905		71,157	62,906		98,964	24,941
2017			97,469			70,083			97,469
Total	3,178,619	3,312,123	3,444,132	318,601	323,799	326,795	133,704	133,504	132,009
(d) Open Claims at Beginning of the Year:							311,418	318,601	323,799
(e) "Weighted" Open Claims:							578,827	585,608	587,817

Notes:

- (a), (b) Estimated based on the projected number of indemnity claims and selected reporting and closure patterns applicable to private insurers only (see Exhibit 4.3).
- (c) Based on the difference in the estimated numbers of reported indemnity claims between two consecutive December 31 evaluations.
- (d) Based on the number of indemnity claims still open as of the previous year-end. For example, the number of open indemnity claims at the beginning of calendar year 2015 is the total number of indemnity claims from all accident years that were open as of December 31, 2014 (see column (4) total on Exhibit 4.3).
- (e) The "weighted" number of open claims is the sum of the number of open claims at the beginning of the year and twice the number of claims opened during the year.

**Projected Ratio of ULAE to Loss - Private Insurers**  
Based on Estimated Calendar Year ULAE Paid per Open Indemnity Claim  
For Policies with Effective Dates between January 1, 2016 and December 31, 2016

Calendar Year	Number of Open Indemnity Claims at Beginning of the Year (a)	ULAE Paid Per Open Indemnity Claim (b)	ULAE Paid (\$000) (c)
2000	197,358	---	---
2001	171,915	---	---
2002	235,631	---	---
2003	236,111	---	---
2004	273,685	---	---
2005	281,950	---	---
2006	269,394	---	---
2007	244,721	---	---
2008	261,804	---	---
2009	257,103	---	---
2010	257,439	1,676	431,542
2011	267,152	1,683	449,741
2012	278,907	1,699	473,730
2013	293,905	2,191	643,925
2014	305,157	1,978	603,481
Projected			
2015	311,418	2,172	676,520
2016	318,601	2,269	722,854
2017	323,799	2,370	767,341
(d) Projected ULAE Paid (\$000):			866,782
(e) Calendar Year 2014 Earned Premium (\$000):			14,515,960
(f) Projected Loss to Industry Average Filed Pure Premium Ratio:			0.658
(g) Premium Adjustment Factor for Calendar Year 2014:			1.007
(h) Projected Losses (\$000): (e) x (f) x (g)			9,618,362
(i) Projected Ratio of ULAE to Losses: (d)/(h)			9.0%

Notes:

- (a) Calendar years 2000 to 2014 are from column (b) of Exhibit 2.4 and 2015 to 2017 are from line (d), Exhibit 4.4.
- (b) Calendar years 2010 to 2014 are from column (d) of Exhibit 2.4. Calendar years 2015 to 2017 are projected based on applying the California average annual wage level changes of 2.7%, 2.8% 4.4% and 4.5% for 2014 to 2017 derived from information published by the UCLA Anderson School of Business, to the ULAE paid per open indemnity claim estimated from averaging 2013 and 2014.
- (c) Column (a) x column (b).
- (d) Average of calendar years 2016 and 2017, projected 3.9 years to the approximate average midpoint of ultimate ULAE payments on 2016 policies, based on applying the an average annual change of 4.0% for 2017 to 2020 derived from the information published by the UCLA Anderson School of Business.
- (e) Based on the reported earned premium from the same group of private insurers that reported the number of open indemnity claims in calendar year 2014.
- (f) Based on analogous Exhibit 8 of AC15-06-01, applicable to private insurers only.
- (g) Based on analogous Exhibit 5.2 of AC15-06-01, applicable to private insurers only.

**Projected Ratio of ULAE to Loss - Statewide**  
Based on Ratio of ULAE Paid to Paid Losses  
For Policies with Effective Dates between January 1, 2016 and December 31, 2016

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%	50.4%	0.117
Projected			
2015	6.0% <sup>3</sup>	51.9% <sup>2</sup>	0.117 <sup>1</sup>
2016	6.2% <sup>3</sup>	53.0% <sup>2</sup>	0.117 <sup>1</sup>
2017	6.3% <sup>3</sup>	53.7% <sup>2</sup>	0.117 <sup>1</sup>
(d) Projected ULAE Paid to CY2014 Earned Premium Ratio: (Average of calendar years 2016 and 2017 in column (a))			6.2%
(e) Projected Loss to Industry Average Filed Pure Premium Ratio <sup>5</sup> :			0.692
(f) Premium Adjustment Factor for Calendar Year 2014 <sup>6</sup> :			0.975
(g) Projected Ratio of ULAE to Losses: (d) / [(e) x (f)]			9.2%

Notes:

<sup>1</sup> Ratios for 2015 to 2017 are based on the averaging paid ULAE to paid loss ratios of 2013 and 2014.

<sup>2</sup> Estimated based on age-to-age paid indemnity and medical development factors from insurers' December 31, 2014 experience.

<sup>3</sup> (b) x (c).

<sup>4</sup> See Exhibit 8 of AC15-06-01.

<sup>5</sup> See Exhibit 5.2 of AC15-06-01.

**Projected Ratio of ULAE to Loss - Private Insurers**  
Based on Ratio of ULAE Paid to Paid Losses  
For Policies with Effective Dates between January 1, 2016 and December 31, 2016

Calendar Year	Paid ULAE as % of Premium (a)	Paid Loss as % of Premium (b)	Paid ULAE as % of Paid Losses (c) = (a) / (b)
2000	---	77.5%	---
2001	---	68.3%	---
2002	---	63.2%	---
2003	---	48.0%	---
2004	---	37.3%	---
2005	---	33.3%	---
2006	---	34.8%	---
2007	---	43.8%	---
2008	---	56.1%	---
2009	---	66.8%	---
2010	5.1%	64.3%	0.080
2011	4.8%	62.2%	0.077
2012	4.3%	57.1%	0.075
2013	4.9%	51.8%	0.094
2014	4.1%	47.9%	0.087
Projected			
2015	4.5% <sup>3</sup>	49.7% <sup>2</sup>	0.090 <sup>1</sup>
2016	4.6% <sup>3</sup>	51.0% <sup>2</sup>	0.090 <sup>1</sup>
2017	4.7% <sup>3</sup>	51.9% <sup>2</sup>	0.090 <sup>1</sup>
(d) Projected ULAE Paid to CY2014 Earned Premium Ratio: (Average of calendar years 2016 and 2017 in column (a))			4.6%
(e) Projected Loss to Industry Average Filed Pure Premium Ratio <sup>5</sup> :			0.658
(f) Premium Adjustment Factor for Calendar Year 2014 <sup>6</sup> :			1.007
(g) Projected Ratio of ULAE to Losses: (d) / [(e) x (f)]			6.9%

Notes:

<sup>1</sup> Ratios for 2015 to 2017 are based on the averaging paid ULAE to paid loss ratios of 2013 and 2014.

<sup>2</sup> Estimated based on age-to-age paid indemnity and medical development factors from private insurers' December 31, 2014 experience.

<sup>3</sup> (b) x (c).

<sup>4</sup> Based on analogous Exhibit 8 of AC15-06-01, applicable to private insurers only.

<sup>5</sup> Based on analogous Exhibit 5.2 of AC15-06-01, applicable to private insurers only.

**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, 2016 and December 31, 2016

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	847,160
2012	615,405	1,287	792,258
2013	640,994	1,531	981,411
2014	651,092	1,467	955,107
<u>Projected</u>			
2015	657,109	1,562	1,026,248
2016	662,614	1,631	1,080,794
2017	663,297	1,704	1,130,053

(d) Projected ULAE Paid (\$000):	1,285,954
(e) Calendar Year 2014 Earned Premium (\$000):	16,198,521
(f) Projected Loss to Industry Average Filed Pure Premium Ratio:	0.692
(g) Premium Adjustment Factor for Calendar Year 2014:	0.975
(h) Projected Losses (\$000): (e) x (f) x (g)	10,929,142
(i) Projected Ratio of ULAE to Losses : (d)/(h)	11.8%

Notes:

- Calendar years 2000 to 2014 are based on columns (b)+[2.0 x (c)] of Exhibit 2.3, and 2015 to 2017 are from line (e), Exhibit 3.4.
- Calendar years 2010 to 2014 are from column (a) of Exhibit 2.3 divided by column (a) above, multiplied by 1,000,000. Calendar years 2015 to 2017 are projected based on applying the California average annual wage level changes of 2.7%, 2.8%, 4.4% and 4.5% for 2014 to 2017 derived from information published by the UCLA Anderson School of Business, to the ULAE paid per weighted open indemnity claim estimated from averaging 2013 and 2014.
- Column (a) x column (b).
- Average of calendar years 2016 and 2017, projected 3.9 years to the approximate average midpoint of ultimate ULAE payments on 2016 policies, based on applying the an average annual change of 4.0% for 2017 to 2020 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 2014.
- See Exhibit 8 of Item AC15-06-01.
- See Exhibit 5.2 of Item AC15-06-01.

**Projected Ratio of ULAE to Loss - Private Insurers**

Based on Estimated Calendar Year ULAE Paid per Weighted Open Indemnity Claim  
For Policies with Effective Dates between January 1, 2016 and December 31, 2016

Calendar Year	Weighted Number of Open Indemnity Claims (a)	ULAE Paid Per Weighted Open Indemnity Claim (b)	ULAE Paid (\$000) (c)
2000	413,248	---	---
2001	400,561	---	---
2002	466,567	---	---
2003	469,083	---	---
2004	491,825	---	---
2005	474,040	---	---
2006	481,574	---	---
2007	442,885	---	---
2008	463,922	---	---
2009	451,193	---	---
2010	472,907	913	431,542
2011	499,864	900	449,741
2012	522,943	906	473,730
2013	556,209	1,158	643,925
2014	571,581	1,056	603,481
<u>Projected</u>			
2015	578,827	1,153	667,659
2016	585,608	1,205	705,471
2017	587,817	1,258	739,645
(d) Projected ULAE Paid (\$000):			840,562
(e) Calendar Year 2014 Earned Premium (\$000):			14,515,960
(f) Projected Loss to Industry Average Filed Pure Premium Ratio:			0.658
(g) Premium Adjustment Factor for Calendar Year 2014:			1.007
(h) Projected Losses (\$000): (e) x (f) x (g)			9,618,362
(i) Projected Ratio of ULAE to Losses: (d)/(h)			8.7%

Notes:

- (a) Calendar years 2000 to 2014 are based on columns (b)+[2.0 x (c)] of Exhibit 2.4 and 2015 to 2017 are from line (e), Exhibit 4.4.
- (b) Calendar years 2010 to 2014 are from column (a) of Exhibit 2.4 divided by column (a) above, multiplied by 1,000,000. Calendar years 2015 to 2017 are projected based on applying the California average annual wage level changes of 2.7%, 2.8%, 4.4% and 4.5% for 2014 to 2017 derived from information published by the UCLA Anderson School of Business, to the ULAE paid per weighted open indemnity claim estimated from averaging 2013 and 2014.
- (c) Column (a) x column (b).
- (d) Average of calendar years 2016 and 2017, projected 3.9 years to the approximate average midpoint of ultimate ULAE payments on 2016 policies, based on applying the an average annual change of 4.0% for 2017 to 2020 derived from the information published by the UCLA Anderson School of Business.
- (e) Based on the reported earned premium from the same group of private insurers that reported the number of open indemnity claims in calendar year 2014.
- (f) Based on analogous Exhibit 8 of AC15-06-01, applicable to private insurers only.
- (g) Based on analogous Exhibit 5.2 of AC15-06-01, applicable to private insurers only.

**Average Paid ALAE<sup>[1]</sup> Per Reported Indemnity Claim - Private Insurers**  
As of March 31, 2015

Accident	Evaluated as of (in months):								
Year	15	27	39	51	63	75	87	99	111
2000							4,337	4,544	4,782
2001						5,153	5,474	5,812	6,010
2002					5,258	5,661	6,057	6,300	6,493
2003				4,899	5,519	6,034	6,373	6,644	6,855
2004			3,564	4,540	5,202	5,663	6,012	6,274	6,474
2005		2,080	3,272	4,183	4,824	5,305	5,673	5,964	6,214
2006	796	2,171	3,403	4,319	5,021	5,549	5,953	6,290	6,553
2007	847	2,338	3,611	4,631	5,407	6,008	6,495	6,845	
2008	944	2,493	3,955	5,128	6,002	6,677	7,180		
2009	1,037	2,846	4,497	5,776	6,764	7,494			
2010	1,134	3,039	4,664	5,972	6,919				
2011	1,152	3,003	4,637	5,888					
2012	1,147	3,073	4,711						
2013	1,220	3,237							
2014	1,347								

Accident	Annual Change								
Year	15	27	39	51	63	75	87	99	111
2001							26.2%	27.9%	25.7%
2002						9.8%	10.7%	8.4%	8.0%
2003					5.0%	6.6%	5.2%	5.4%	5.6%
2004				-7.3%	-5.7%	-6.1%	-5.7%	-5.6%	-5.6%
2005			-8.2%	-7.9%	-7.3%	-6.3%	-5.6%	-4.9%	-4.0%
2006		4.4%	4.0%	3.3%	4.1%	4.6%	4.9%	5.5%	5.5%
2007	6.5%	7.7%	6.1%	7.2%	7.7%	8.3%	9.1%	8.8%	
2008	11.4%	6.6%	9.5%	10.7%	11.0%	11.1%	10.6%		
2009	9.8%	14.2%	13.7%	12.6%	12.7%	12.2%			
2010	9.4%	6.8%	3.7%	3.4%	2.3%				
2011	1.6%	-1.2%	-0.6%	-1.4%					
2012	-0.5%	2.3%	1.6%						
2013	6.4%	5.4%							
2014	10.3%								

Annual Trend <sup>[2]</sup>									
All-Year	6.4%	6.0%	5.1%	4.0%	3.6%	3.3%	4.0%	3.7%	3.7%
R <sup>2</sup>	0.944	0.938	0.858	0.633	0.569	0.584	0.601	0.491	0.426
5-Year	4.1%	2.7%	3.9%	6.5%	9.0%	9.2%	5.0%	0.6%	-0.8%
R <sup>2</sup>	0.786	0.843	0.693	0.835	0.970	0.974	0.708	0.033	0.130

<sup>[1]</sup> All paid ALAE exclude the paid cost of medical cost containment programs.

<sup>[2]</sup> Trend is based on exponential distribution.

Source:

**Estimated Ultimate ALAE Per Indemnity Claim - Statewide**

Acc. Year	Paid ALAE <sup>[1]</sup> @3/31/15 (in \$000) (1)	Cumulative Development Factors <sup>[2]</sup> (2)	Estimated Ultimate ALAE (in \$000) (3)=(1)x(2)	Indemnity Claim Counts @3/31/15 (4)	Cumulative Count Development Factors <sup>[3]</sup> (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate ALAE Per Indemnity Claim (7)=(3)/(6)x1000	Annual Change
1991	444,239	1.044	463,754	249,571	1.000	249,600	1,858	---
1992	343,870	1.048	360,277	198,366	1.000	198,408	1,816	-2.3%
1993	249,429	1.051	262,122	156,124	1.000	156,174	1,678	-7.6%
1994	233,608	1.056	246,791	143,674	1.000	143,745	1,717	2.3%
1995	258,523	1.064	274,966	135,228	1.001	135,323	2,032	18.4%
1996	302,973	1.072	324,796	133,303	1.001	133,411	2,435	19.8%
1997	385,568	1.080	416,518	137,413	1.001	137,546	3,028	24.4%
1998	560,064	1.089	610,027	147,853	1.001	148,031	4,121	36.1%
1999	612,251	1.101	674,331	149,211	1.001	149,391	4,514	9.5%
2000	756,848	1.114	843,024	162,629	1.002	162,878	5,176	14.7%
2001	949,151	1.129	1,071,564	186,283	1.002	186,564	5,744	11.0%
2002	1,004,280	1.148	1,152,758	195,373	1.002	195,694	5,891	2.6%
2003	1,006,314	1.167	1,174,054	184,926	1.001	185,199	6,339	7.6%
2004	839,325	1.189	998,348	159,377	1.002	159,637	6,254	-1.3%
2005	733,083	1.218	893,129	140,098	1.002	140,311	6,365	1.8%
2006	758,913	1.259	955,461	133,187	1.002	133,423	7,161	12.5%
2007	795,429	1.313	1,044,633	130,771	1.002	131,080	7,969	11.3%
2008	815,470	1.386	1,130,151	124,262	1.003	124,605	9,070	13.8%
2009	812,615	1.493	1,213,410	115,754	1.004	116,213	10,441	15.1%
2010	799,032	1.661	1,327,026	120,827	1.007	121,659	10,908	4.5%
2011	697,400	1.937	1,350,700	122,771	1.013	124,318	10,865	-0.4%
2012	590,983	2.491	1,471,978	129,040	1.024	132,168	11,137	2.5%
2013	417,174	3.926	1,637,666	133,747	1.051	140,625	11,646	4.6%
2014	158,881	11.554	1,835,722	124,770	1.159	144,549	12,700	9.1%

**Estimated Annual Exponential Trend Based on:**

		<u>R<sup>2</sup></u>
2005 to 2013	7.9%	0.900
2008 to 2013	4.2%	0.797

**Notes:**

<sup>[1]</sup> All paid ALAE exclude the paid cost of medical cost containment programs.

<sup>[2]</sup> Based on private insurers latest year paid ALAE age-to-age development from Exhibit 13.1.

<sup>[3]</sup> See Exhibit 12.1.

**Estimated Ultimate ALAE Per Indemnity Claim - Private Insurers**

Acc. Year	Paid ALAE <sup>[1]</sup> @3/31/15 (in \$000) (1)	Cumulative Development Factors <sup>[2]</sup> (2)	Estimated Ultimate ALAE (in \$000) (3)=(1)x(2)	Indemnity Claim Counts @3/31/15 (4)	Cumulative Count Development Factors <sup>[3]</sup> (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate ALAE Per Indemnity Claim (7)=(3)/(6)x1000	Annual Change
1991	410,491	1.044	428,524	175,115	1.000	175,153	2,447	---
1992	314,578	1.048	329,588	141,857	1.000	141,907	2,323	-5.1%
1993	232,038	1.051	243,846	113,510	1.001	113,574	2,147	-7.6%
1994	215,124	1.056	227,264	105,359	1.001	105,442	2,155	0.4%
1995	234,542	1.064	249,460	101,394	1.001	101,504	2,458	14.0%
1996	279,532	1.072	299,666	103,346	1.001	103,478	2,896	17.8%
1997	353,664	1.080	382,053	104,852	1.001	105,009	3,638	25.6%
1998	489,150	1.089	532,787	112,826	1.002	113,029	4,714	29.6%
1999	538,781	1.101	593,412	116,899	1.002	117,106	5,067	7.5%
2000	638,655	1.114	711,373	119,055	1.002	119,325	5,962	17.6%
2001	756,939	1.129	854,562	114,506	1.002	114,790	7,445	24.9%
2002	794,653	1.148	912,138	113,557	1.003	113,886	8,009	7.6%
2003	800,894	1.167	934,392	108,900	1.003	109,239	8,554	6.8%
2004	680,331	1.189	809,230	99,671	1.004	100,067	8,087	-5.5%
2005	626,600	1.218	763,399	97,667	1.004	98,105	7,781	-3.8%
2006	681,689	1.259	858,237	104,030	1.005	104,587	8,206	5.5%
2007	737,320	1.313	968,318	107,722	1.007	108,423	8,931	8.8%
2008	766,121	1.386	1,061,759	106,697	1.008	107,538	9,873	10.6%
2009	770,138	1.493	1,149,982	102,772	1.010	103,780	11,081	12.2%
2010	767,507	1.661	1,274,669	110,921	1.014	112,469	11,334	2.3%
2011	676,455	1.937	1,310,137	114,884	1.021	117,258	11,173	-1.4%
2012	576,535	2.491	1,435,993	122,384	1.034	126,508	11,351	1.6%
2013	406,306	3.926	1,595,001	125,500	1.063	133,356	11,960	5.4%
2014	153,569	11.554	1,774,346	114,031	1.178	134,309	13,211	10.5%

**Estimated Annual Exponential Trend Based on:**

		<u>R<sup>2</sup></u>
2005 to 2013	5.6%	0.891
2008 to 2013	2.9%	0.729

**Notes:**

- <sup>[1]</sup> All paid ALAE exclude the paid cost of medical cost containment programs.  
<sup>[2]</sup> Based on the latest year paid ALAE age-to-age development from Exhibit 13.1.  
<sup>[3]</sup> See Exhibit 13.2.

**Ratio of Accident Year Incremental Paid ALAE<sup>[1]</sup> to Indemnity Claims Inventory<sup>[2]</sup>  
By Payment Year - Statewide**

Acc. Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1989	676	906	760	517	834	764	742	790	806	963	1,209	1,067	1,422
1990	955	1,037	1,052	779	1,417	728	873	776	869	981	996	1,167	1,402
1991	858	916	1,094	644	1,298	1,090	833	1,040	951	1,091	959	1,212	1,859
1992	2,681	1,202	1,098	933	1,155	1,115	934	1,131	923	1,073	986	1,049	1,833
1993	1,003	1,188	1,298	1,030	1,454	1,210	1,007	1,206	1,118	1,249	1,147	1,207	2,027
1994	945	999	1,005	1,150	1,332	1,191	1,072	1,038	1,042	1,074	1,172	1,059	2,085
1995	1,427	1,578	1,152	1,188	1,294	1,364	1,407	1,381	1,208	1,281	1,651	1,463	2,140
1996	1,798	2,030	1,638	1,483	1,472	1,304	1,369	1,323	1,110	1,379	1,404	1,442	2,046
1997	1,883	2,341	1,835	1,634	1,703	1,633	1,558	1,509	1,464	1,585	1,511	1,389	1,969
1998	1,767	2,211	2,229	1,869	1,836	1,835	1,776	1,747	1,764	1,614	1,871	1,975	1,816
1999	1,711	2,072	2,078	1,991	2,017	1,868	1,965	2,105	1,978	1,851	1,991	1,907	1,702
2000	1,756	1,847	1,840	2,045	2,000	2,157	1,930	1,901	1,932	1,736	2,037	1,962	1,797
2001	1,326	1,440	1,958	1,649	1,888	2,008	1,984	1,840	1,858	1,829	1,991	2,026	2,810
2002	561	1,248	1,724	1,625	1,794	1,893	1,904	1,876	1,749	1,760	1,858	1,943	2,644
2003	203	579	1,478	1,647	1,809	1,892	1,904	1,976	1,976	1,924	2,238	2,195	2,760
2004		205	571	1,424	1,829	1,991	2,070	2,165	2,085	2,103	2,047	2,224	2,826
2005			192	572	1,471	1,960	2,170	2,312	2,294	2,378	2,406	2,465	3,078
2006				175	645	1,751	2,242	2,468	2,621	2,739	2,731	2,838	3,456
2007					62	752	1,977	2,379	2,673	2,869	3,007	3,091	3,340
2008						78	830	2,123	2,778	3,083	3,182	3,230	3,592
2009							176	951	2,506	3,100	3,344	3,476	3,776
2010								86	1,062	2,728	3,252	3,510	3,765
2011									108	1,105	2,772	3,275	3,487
2012										93	1,129	2,875	3,335
2013											109	1,196	2,919
2014												150	1,265
2015													121
ALAE per Claim Annual	1,118	1,161	1,337	1,299	1,420	1,539	1,673	1,813	1,989	2,171	2,308	2,415	2,609
Change	9.9%	3.8%	15.2%	-2.8%	9.3%	8.4%	8.7%	8.3%	9.7%	9.1%	6.3%	4.6%	8.0%

**Estimated Annual Exponential Trend Based on Payment Year: R<sup>2</sup>**

2008-2015      7.8%      0.992

<sup>[1]</sup> All paid ALAE exclude the paid cost of medical cost containment programs.

<sup>[2]</sup> 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

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

Acc. Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1989	967	1,007	1,076	635	1,143	1,062	1,029	1,125	1,143	1,344	1,526	1,472	1,513
1990	1,314	1,315	1,572	987	2,157	1,139	1,274	1,193	1,355	1,542	1,453	1,839	1,646
1991	1,159	1,370	1,729	834	1,697	1,577	1,256	1,495	1,388	1,574	1,445	1,799	1,679
1992	1,739	1,478	1,724	1,416	1,837	1,653	1,405	1,827	1,389	1,669	1,502	1,644	1,592
1993	1,346	1,741	2,105	1,502	2,157	1,833	1,541	1,927	1,664	1,886	1,807	1,957	1,987
1994	1,261	1,410	1,470	1,686	1,932	1,717	1,617	1,646	1,576	1,632	1,843	1,670	2,172
1995	2,015	2,175	1,618	1,671	1,766	1,849	1,766	1,916	1,772	1,672	2,037	2,053	2,127
1996	2,353	2,839	2,166	2,027	1,997	1,979	1,947	1,946	1,686	2,011	2,089	2,146	2,086
1997	2,495	3,218	2,600	2,378	2,409	2,347	2,287	2,314	2,225	2,414	2,356	2,145	2,255
1998	2,340	3,042	2,979	2,556	2,484	2,502	2,336	2,432	2,381	2,277	2,351	2,355	2,333
1999	2,135	2,736	2,646	2,529	2,629	2,403	2,646	2,804	2,545	2,698	2,642	2,333	2,131
2000	2,250	2,473	2,283	2,525	2,805	2,720	2,864	2,854	2,740	2,803	2,842	2,540	2,554
2001	1,894	2,103	2,964	2,284	2,764	2,811	2,873	2,654	2,736	2,755	2,780	2,800	3,359
2002	820	1,956	2,799	2,537	2,873	2,910	3,083	2,899	2,967	3,021	2,915	3,014	3,510
2003	87	864	2,334	2,577	2,881	2,947	3,058	3,032	3,216	3,224	3,549	3,402	3,664
2004		67	820	2,100	2,676	3,009	3,077	3,145	3,263	3,130	3,062	3,307	3,656
2005			69	768	1,986	2,649	2,916	3,070	3,251	3,284	3,319	3,439	3,649
2006				106	782	2,162	2,758	2,992	3,243	3,474	3,453	3,645	3,942
2007					71	846	2,333	2,807	3,192	3,452	3,603	3,685	3,689
2008						85	939	2,399	3,110	3,500	3,592	3,702	3,847
2009							150	1,034	2,742	3,391	3,645	3,821	3,959
2010								87	1,129	2,898	3,450	3,742	3,911
2011									88	1,147	2,878	3,428	3,713
2012										90	1,147	2,977	3,501
2013											101	1,222	3,089
2014												144	1,341
													132
ALAE per													
Claim	1,597	1,751	2,013	1,846	1,951	1,977	2,104	2,184	2,354	2,506	2,570	2,660	2,792
Annual													
Change	17.7%	9.7%	15.0%	-8.3%	5.7%	1.4%	6.4%	3.8%	7.8%	6.5%	2.5%	3.5%	5.0%

<b>Estimated Annual Exponential Trend Based on Payment Year:</b>			<b>R<sup>2</sup></b>
	2006-2015	4.8%	0.990
	2008-2015	5.0%	0.985

<sup>[1]</sup> All paid ALAE exclude the paid cost of medical cost containment programs.

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

Source: WCIRB quarterly calls for experience

Reported Indemnity Claim Count Development - Statewide

Accident	Age-to-Age Development (in months):													
Year	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159	159-171	171-183
1993														0.999
1994													1.000	1.000
1995												0.999	1.004	1.001
1996											1.000	1.002	1.000	1.001
1997										0.999	1.001	1.000	1.001	1.000
1998									0.999	1.000	1.000	1.000	1.001	1.000
1999								1.002	1.000	1.000	1.001	1.000	1.000	1.000
2000							0.999	0.998	1.000	1.000	1.000	1.001	1.001	1.000
2001						0.997	0.999	1.000	1.000	1.000	1.000	1.000	1.000	
2002					1.006	1.000	0.999	1.000	0.999	1.000	1.000	1.000		
2003				1.007	0.998	0.999	0.999	0.999	1.000	1.000	1.000			
2004			0.997	1.000	1.000	0.999	0.999	1.000	0.999	1.000				
2005		1.004	1.001	1.001	1.000	1.001	1.000	1.000	1.000					
2006	1.028	1.007	1.004	1.002	1.001	1.001	1.001	1.001						
2007	1.036	1.012	1.006	1.003	1.002	1.000	1.000							
2008	1.060	1.017	1.009	1.004	1.003	1.001								
2009	1.083	1.023	1.009	1.005	1.003									
2010	1.091	1.022	1.010	1.006										
2011	1.101	1.027	1.011											
2012	1.119	1.027												
2013	1.102													
I. <u>Age-to-Age (Latest Year)</u>														
	1.102	1.027	1.011	1.006	1.003	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000
II. <u>Age-to-Ultimate</u>														
	1.159	1.051	1.024	1.013	1.007	1.004	1.003	1.002	1.002	1.002	1.002	1.001	1.002	1.002

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

Source: WCIRB quarterly calls for experience

**Projected Ratio of ALAE<sup>[1]</sup> to Losses - Statewide**

Based on Estimated Accident Year Indemnity Claim Frequency and ALAE Severity  
For Policies with Effective Dates between January 1, 2016 and December 31, 2016

Acc. Year	Paid ALAE <sup>[1]</sup> @ 3/31/15 (in \$000)	Paid ALAE Cumulative Development Factors <sup>[2]</sup>	Estimated Ult. ALAE (in \$000)	Indemnity Claim Counts @ 3/31/15	Cumulative Count Development Factors <sup>[3]</sup>	Estimated Ultimate Ind. Counts	Estimated Ult. ALAE Per Indemnity Claim (7)=(3)/(6)x1000
	(1)	(2)	(3)=(1)x(2)	(4)	(5)	(6)=(4)x(5)	(7)=(3)/(6)x1000
1991	444,239	1.044	463,754	249,571	1.000	249,600	1,858
1992	343,870	1.048	360,277	198,366	1.000	198,408	1,816
1993	249,429	1.051	262,122	156,124	1.000	156,174	1,678
1994	233,608	1.056	246,791	143,674	1.000	143,745	1,717
1995	258,523	1.064	274,966	135,228	1.001	135,323	2,032
1996	302,973	1.072	324,796	133,303	1.001	133,411	2,435
1997	385,568	1.080	416,518	137,413	1.001	137,546	3,028
1998	560,064	1.089	610,027	147,853	1.001	148,031	4,121
1999	612,251	1.101	674,331	149,211	1.001	149,391	4,514
2000	756,848	1.114	843,024	162,629	1.002	162,878	5,176
2001	949,151	1.129	1,071,564	186,283	1.002	186,564	5,744
2002	1,004,280	1.148	1,152,758	195,373	1.002	195,694	5,891
2003	1,006,314	1.167	1,174,054	184,926	1.001	185,199	6,339
2004	839,325	1.189	998,348	159,377	1.002	159,637	6,254
2005	733,083	1.218	893,129	140,098	1.002	140,311	6,365
2006	758,913	1.259	955,461	133,187	1.002	133,423	7,161
2007	795,429	1.313	1,044,633	130,771	1.002	131,080	7,969
2008	815,470	1.386	1,130,151	124,262	1.003	124,605	9,070
2009	812,615	1.493	1,213,410	115,754	1.004	116,213	10,441
2010	799,032	1.661	1,327,026	120,827	1.007	121,659	10,908
2011	697,400	1.937	1,350,700	122,771	1.013	124,318	10,865
2012	590,983	2.491	1,471,978	129,040	1.024	132,168	11,137
2013	417,174	3.926	1,637,666	133,747	1.051	140,625	11,646
2014	158,881	11.554	1,835,722	124,770	1.159	144,549	12,700

**Projected Based on 2-Year Average of 2013 and 2014:**

	Ultimate ALAE <sup>[6]</sup>	Ult. Ind. Counts <sup>[4]</sup>	Ult. ALAE per Ind. Counts <sup>[5]</sup>
2015	1,850,055	142,375	12,994
2016	1,925,767	141,819	13,579
1/1/2017	1,953,701	140,745	13,881

(a) Projected ALAE Incurred (\$000):	1,953,701
(b) Calendar Year 2014 Earned Premium <sup>[7]</sup> (\$000):	16,246,036
(c) Projected Loss to Industry Average Filed Pure Premium Ratio <sup>[8]</sup> :	0.692
(d) Premium Adjustment Factor for Calendar Year 2014 <sup>[9]</sup> :	0.975
(e) Projected Losses (\$000): (b) x (c) x (d)	10,961,200
(f) Projected Ratio of ALAE to Losses: (a)/(e)	17.8%

**Notes:**

- <sup>[1]</sup> All paid ALAE exclude the paid cost of medical cost containment programs.
- <sup>[2]</sup> Based on the private insurers latest year paid ALAE age-to-age development from Exhibit 13.1.
- <sup>[3]</sup> Based on the latest year indemnity claim count age-to-age development from Exhibit 12.1.
- <sup>[4]</sup> Estimated based on projected frequency trends for accident years 2014 to 2017. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency. These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2013 and 2014.
- <sup>[5]</sup> Severity is projected by applying an annual growth rate of 4.5%, which is based on the approximate average of the private insurers selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 10.2 and (ii) paid ALAE per open indemnity claim from Exhibit 11.2, to the ultimate ALAE severity estimated from averaging 2013 and 2014.
- <sup>[6]</sup> Column(6) x Column(7) / 1,000.
- <sup>[7]</sup> Based on the reported earned premium for calendar year 2014 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, 2015.
- <sup>[8]</sup> See Exhibit 8 of Item AC15-06-01.
- <sup>[9]</sup> See Exhibit 5.2 of Item AC15-06-01.

**Paid Allocated Loss Adjustment Expense Development - Private Insurers**  
As of March 31, 2015

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	
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		
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			
2003	2.931	1.550	1.267	1.155	1.088	1.057	1.042	1.032	1.028	1.022	1.020				
2004	2.785	1.572	1.282	1.149	1.090	1.064	1.045	1.033	1.029	1.024					
2005	2.741	1.599	1.285	1.157	1.104	1.072	1.053	1.042	1.033						
2006	2.879	1.591	1.278	1.166	1.108	1.075	1.056	1.043							
2007	2.902	1.571	1.291	1.173	1.116	1.081	1.055								
2008	2.833	1.621	1.311	1.177	1.115	1.077									
2009	3.006	1.623	1.303	1.178	1.112										
2010	2.944	1.591	1.295	1.166											
2011	2.943	1.590	1.286												
2012	3.021	1.576													
2013	2.943														
	<u>Latest Year</u>														
Age-to-Age	2.943	1.576	1.286	1.166	1.112	1.077	1.055	1.043	1.033	1.024	1.020	1.016	1.017	1.014	1.011
Cumulative	11.554	3.926	2.491	1.937	1.661	1.493	1.386	1.313	1.259	1.218	1.189	1.167	1.148	1.129	1.114
	<u>3-Year Arithmetics Average</u>														
Age-to-Age	2.969	1.586	1.294	1.174	1.114	1.078	1.055	1.039	1.030	1.022	1.019	1.017	1.016	1.013	1.011
Cumulative	11.701	3.941	2.485	1.920	1.636	1.468	1.362	1.292	1.243	1.207	1.181	1.159	1.140	1.122	1.107
	<u>Average Excluding High &amp; Low</u>														
Age-to-Age	2.762	1.566	1.265	1.147	1.094	1.062	1.042	1.030	1.022	1.018	1.014	1.013	1.011	1.009	1.008
Cumulative	9.324	3.376	2.156	1.704	1.486	1.358	1.279	1.227	1.191	1.165	1.144	1.128	1.113	1.102	1.092
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	
1985	1.003	1.005	1.005	1.004	1.003	1.005	1.006	1.005	1.003	1.004	1.004	1.004	1.004	1.006	
1986	1.005	1.004	1.005	1.007	1.003	1.006	1.005	1.004	1.005	1.005	1.006	1.007	1.006		
1987	1.004	1.004	1.006	1.006	1.008	1.004	1.004	1.006	1.005	1.004	1.005	1.006			
1988	1.004	1.004	1.005	1.005	1.005	1.003	1.005	1.004	1.004	1.005	1.004				
1989	1.005	1.004	1.004	1.004	1.003	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						
1991	1.005	1.003	1.002	1.003	1.003	1.003	1.003	1.003							
1992	1.005	1.003	1.004	1.004	1.003	1.003	1.003								
1993	1.006	1.006	1.007	1.006	1.006	1.005									
1994	1.007	1.007	1.007	1.006	1.007										
1995	1.009	1.009	1.009	1.008											
1996	1.009	1.009	1.008												
1997	1.009	1.008													
1998	1.011														
	<u>Latest Year</u>														
Age-to-Age	1.011	1.008	1.008	1.008	1.007	1.005	1.003	1.003	1.003	1.004	1.004	1.006	1.006	1.006	
Cumulative	1.101	1.089	1.080	1.072	1.064	1.056	1.051	1.048	1.044	1.041	1.037	1.035	1.032	1.030	
	<u>3-Year Arithmetics Average</u>														
Age-to-Age	1.010	1.009	1.008	1.007	1.005	1.004	1.003	1.003	1.003	1.004	1.005	1.005	1.005	1.006	
Cumulative	1.095	1.085	1.075	1.067	1.060	1.055	1.051	1.048	1.044	1.041	1.037	1.035	1.032	1.030	
	<u>Average Excluding High &amp; Low</u>														
Age-to-Age	1.006	1.005	1.005	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.005	1.006			
Cumulative	1.084	1.077	1.071	1.066	1.060	1.056	1.052	1.048	1.044	1.041	1.037	1.035	1.032	1.030	

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.

Reported Indemnity Claim Count Development - Private Insurers

Accident	Age-to-Age Development (in months):													
Year	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159	159-171	171-183
1993													1.002	0.999
1994												1.003	0.999	1.000
1995											1.004	0.999	1.006	1.001
1996										1.004	1.000	1.002	1.000	1.001
1997									1.004	0.999	1.001	1.000	1.001	1.000
1998								1.003	0.999	1.001	1.000	1.001	1.002	1.000
1999							1.004	1.002	1.000	1.000	1.001	1.001	1.000	1.001
2000						1.002	1.000	0.997	1.000	1.001	1.001	1.001	1.001	1.000
2001					0.999	0.997	1.000	1.000	1.000	1.001	1.001	1.001	1.000	
2002				1.005	1.013	1.001	1.000	1.001	1.001	1.002	1.001	1.000		
2003			1.011	1.018	1.000	1.001	1.000	1.000	1.001	1.001	1.001			
2004		1.022	1.000	1.003	1.001	1.001	1.001	1.001	1.001	1.001				
2005	1.062	1.011	1.006	1.003	1.002	1.003	1.001	1.002	1.001					
2006	1.047	1.014	1.007	1.003	1.003	1.002	1.001	1.001						
2007	1.051	1.017	1.007	1.005	1.004	1.002	1.001							
2008	1.073	1.022	1.011	1.005	1.004	1.002								
2009	1.095	1.027	1.010	1.007	1.004									
2010	1.099	1.024	1.012	1.007										
2011	1.108	1.029	1.013											
2012	1.127	1.028												
2013	1.108													
I. <u>Age-to-Age (Latest Year)</u>														
	1.108	1.028	1.013	1.007	1.004	1.002	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000
II. <u>Age-to-Ultimate</u>														
	1.178	1.063	1.034	1.021	1.014	1.010	1.008	1.007	1.005	1.004	1.004	1.003	1.003	1.002

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

Source: WCIRB quarterly calls for experience

**Projected Ratio of ALAE<sup>[1]</sup> to Losses - Private Insurers**  
Based on Estimated Accident Year Indemnity Claim Frequency and ALAE Severity  
For Policies with Effective Dates between January 1, 2016 and December 31, 2016

Acc. Year	Paid ALAE <sup>[1]</sup> @ 3/31/15 (in \$000) (1)	Paid ALAE Cumulative Development Factors <sup>[2]</sup> (2)	Estimated Ult. ALAE (in \$000) (3)=(1)x(2)	Indemnity Claim Counts @ 3/31/15 (4)	Cumulative Count Development Factors <sup>[3]</sup> (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ult. ALAE Per Indemnity Claim (7)=(3)/(6)x1000
1991	410,491	1.044	428,524	175,115	1.000	175,153	2,447
1992	314,578	1.048	329,588	141,857	1.000	141,907	2,323
1993	232,038	1.051	243,846	113,510	1.001	113,574	2,147
1994	215,124	1.056	227,264	105,359	1.001	105,442	2,155
1995	234,542	1.064	249,460	101,394	1.001	101,504	2,458
1996	279,532	1.072	299,666	103,346	1.001	103,478	2,896
1997	353,664	1.080	382,053	104,852	1.001	105,009	3,638
1998	489,150	1.089	532,787	112,826	1.002	113,029	4,714
1999	538,781	1.101	593,412	116,899	1.002	117,106	5,067
2000	638,655	1.114	711,373	119,055	1.002	119,325	5,962
2001	756,939	1.129	854,562	114,506	1.002	114,790	7,445
2002	794,653	1.148	912,138	113,557	1.003	113,886	8,009
2003	800,894	1.167	934,392	108,900	1.003	109,239	8,554
2004	680,331	1.189	809,230	99,671	1.004	100,067	8,087
2005	626,600	1.218	763,399	97,667	1.004	98,105	7,781
2006	681,689	1.259	858,237	104,030	1.005	104,587	8,206
2007	737,320	1.313	968,318	107,722	1.007	108,423	8,931
2008	766,121	1.386	1,061,759	106,697	1.008	107,538	9,873
2009	770,138	1.493	1,149,982	102,772	1.010	103,780	11,081
2010	767,507	1.661	1,274,669	110,921	1.014	112,469	11,334
2011	676,455	1.937	1,310,137	114,884	1.021	117,258	11,173
2012	576,535	2.491	1,435,993	122,384	1.034	126,508	11,351
2013	406,306	3.926	1,595,001	125,500	1.063	133,356	11,960
2014	153,569	11.554	1,774,346	114,031	1.178	134,309	13,211

**Projected Based on 2-Year Average of 2013 and 2014:**

	Ultimate ALAE <sup>[6]</sup>	Ult. Ind. Counts <sup>[4]</sup>	Ult. ALAE per Ind. Counts <sup>[5]</sup>
2015	1,795,119	133,633	13,433
2016	1,868,584	133,112	14,038
1/1/2017	1,895,688	132,103	14,350

(a) Projected ALAE Incurred (\$000):	1,895,688
(b) Calendar Year 2014 Earned Premium <sup>[7]</sup> (\$000):	14,563,475
(c) Projected Loss to Industry Average Filed Pure Premium Ratio <sup>[8]</sup> :	0.658
(d) Premium Adjustment Factor for Calendar Year 2014 <sup>[9]</sup> :	1.007
(e) Projected Losses (\$000): (b) x (c) x (d)	9,649,846
(f) Projected Ratio of ALAE to Losses: (a)/(e)	19.6%

**Notes:**

- <sup>[1]</sup> All paid ALAE exclude the paid cost of medical cost containment programs.
- <sup>[2]</sup> Based on the latest year paid ALAE age-to-age development from Exhibit 13.1.
- <sup>[3]</sup> Based on the latest year indemnity claim count age-to-age development from Exhibit 13.2.
- <sup>[4]</sup> Estimated based on projected frequency trends for accident years 2014 to 2017. The estimated frequency changes are based on the projected growth in overall indemnity claim frequency. These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2013 and 2014.
- <sup>[5]</sup> Severity is projected by applying an annual growth rate of 4.5%, which is based on the approximate average of the selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 10.2 and (ii) paid ALAE per open indemnity claim from Exhibit 11.2, to the ultimate ALAE severity estimated from averaging 2013 and 2014.
- <sup>[6]</sup> Column(6) x Column(7) / 1,000.
- <sup>[7]</sup> Based on the reported earned premium for calendar year 2014 from the same group of private insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2015.
- <sup>[8]</sup> Based on analogous Exhibit 8 of AC15-06-01, applicable to private insurers only.
- <sup>[9]</sup> Based on analogous Exhibit 5.2 of AC15-06-01, applicable to private insurers only.

**Projected Ultimate ALAE as a Percent of Ultimate Losses - Statewide**  
For Policies with Effective Dates between January 1, 2016 and December 31, 2016  
Latest Year Development Factors

Accident Year	Paid ALAE as % of Premium at 3/31/15 (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)
1987	3.2%	1.032	3.3%	46.8%	33.4%	4.1%
1988	3.1%	1.035	3.2%	44.2%	31.4%	4.2%
1989	4.4%	1.037	4.6%	45.2%	32.8%	5.9%
1990	5.6%	1.041	5.8%	42.1%	29.9%	8.1%
1991	7.2%	1.044	7.5%	37.1%	26.9%	11.7%
1992	5.7%	1.048	6.0%	32.2%	23.6%	10.7%
1993	4.0%	1.051	4.2%	32.1%	23.8%	7.6%
1994	4.4%	1.056	4.6%	38.2%	28.9%	6.9%
1995	6.5%	1.064	6.9%	51.1%	42.0%	7.5%
1996	7.6%	1.072	8.2%	53.5%	44.6%	8.3%
1997	9.2%	1.080	10.0%	54.4%	50.2%	9.5%
1998	11.0%	1.089	12.0%	54.4%	53.4%	11.1%
1999	12.0%	1.101	13.2%	53.3%	49.2%	12.9%
2000	11.2%	1.114	12.4%	43.0%	41.8%	14.7%
2001	9.2%	1.129	10.4%	35.5%	33.7%	15.0%
2002	7.3%	1.148	8.4%	27.3%	27.6%	15.3%
2003	5.0%	1.167	5.9%	17.8%	18.6%	16.1%
2004	3.6%	1.189	4.3%	14.7%	19.3%	12.7%
2005	3.4%	1.218	4.1%	17.0%	22.1%	10.6%
2006	4.4%	1.259	5.5%	21.8%	30.5%	10.6%
2007	6.0%	1.313	7.8%	29.2%	42.7%	10.9%
2008	7.5%	1.386	10.4%	35.4%	54.1%	11.6%
2009	9.0%	1.493	13.4%	40.5%	63.7%	12.8%
2010	8.4%	1.661	13.9%	39.4%	64.5%	13.4%
2011	6.8%	1.937	13.1%	36.3%	56.1%	14.1%
2012	4.9%	2.491	12.3%	32.7%	50.3%	14.8%
2013	2.9%	3.926	11.4%	29.4%	42.9%	15.8%
2014	1.0%	11.554	11.3%	26.1%	37.6%	17.7%

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

Average of latest 2 years: 16.8%

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 13.1.
- (3) = (1) x (2).
- (4), (5) Based on Exhibits 7.1 and 7.3 of AC15-06-01. MCCP costs are not included in the medical ratios shown for accident years 2011 to 2014.
- (6) = (3) / [(4) + (5)].
- (7) Based on averaging 2013 and 2014.

**Projected Ultimate ALAE as a Percent of Ultimate Losses - Private Insurers**  
For Policies with Effective Dates between January 1, 2016 and December 31, 2016  
Latest Year Development Factors

Accident Year	Paid ALAE as % of Premium at 3/31/15 (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)
1987	4.3%	1.032	4.4%	46.0%	31.2%	5.7%
1988	4.2%	1.035	4.4%	43.6%	29.5%	6.0%
1989	6.1%	1.037	6.4%	44.6%	30.8%	8.4%
1990	7.7%	1.041	8.1%	41.3%	27.5%	11.7%
1991	9.7%	1.044	10.1%	37.1%	25.3%	16.2%
1992	7.5%	1.048	7.9%	31.7%	22.4%	14.6%
1993	5.3%	1.051	5.5%	31.8%	22.4%	10.2%
1994	5.7%	1.056	6.0%	37.1%	26.2%	9.5%
1995	8.2%	1.064	8.8%	50.7%	39.2%	9.7%
1996	9.5%	1.072	10.2%	53.1%	42.6%	10.6%
1997	11.5%	1.080	12.4%	54.2%	49.2%	12.0%
1998	13.0%	1.089	14.2%	55.3%	52.6%	13.1%
1999	14.2%	1.101	15.7%	55.5%	50.8%	14.8%
2000	12.9%	1.114	14.4%	41.8%	40.9%	17.4%
2001	11.3%	1.129	12.8%	33.4%	31.9%	19.6%
2002	9.7%	1.148	11.2%	25.3%	26.2%	21.7%
2003	6.6%	1.167	7.7%	16.4%	17.5%	22.7%
2004	4.5%	1.189	5.4%	13.6%	18.2%	16.9%
2005	4.1%	1.218	4.9%	16.0%	21.1%	13.3%
2006	5.0%	1.259	6.3%	20.5%	28.9%	12.7%
2007	6.7%	1.313	8.8%	27.7%	40.7%	12.9%
2008	8.3%	1.386	11.6%	34.6%	52.6%	13.3%
2009	9.9%	1.493	14.8%	40.2%	62.2%	14.4%
2010	9.1%	1.661	15.2%	39.6%	63.7%	14.7%
2011	7.3%	1.937	14.1%	36.5%	54.4%	15.5%
2012	5.2%	2.491	13.0%	32.7%	48.8%	16.0%
2013	3.1%	3.926	12.0%	29.3%	41.0%	17.1%
2014	1.1%	11.554	12.2%	26.1%	36.7%	19.4%

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

Average of latest 2 years: 18.2%

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) See Exhibit 13.1.
- (3) = (1) x (2).
- (4), (5) Based on analogous Exhibits 7.1 and 7.3 of AC15-06-01, applicable to private insurers only. MCCP costs are not included in the medical ratios shown for accident years 2011 to 2014.
- (6) = (3) / [(4) + (5)].
- (7) Based on averaging 2013 and 2014.

Development of Paid Allocated Loss Adjustment Expenses as a Percent of Paid Indemnity<sup>[1]</sup> - Statewide

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 <sup>[2]</sup> 183-Ult	Paid Indemnity <sup>[3]</sup> 183-Ult
1986													1.008	1.008		
1987												1.011	1.008	1.004		
1988											1.002	1.001	1.001	1.001		
1989											1.001	1.001	1.004	1.003		
1990										1.003	1.002	1.001	1.001	1.002		
1991									1.002	1.000	1.001	1.000	1.003	1.001		
1992								1.003	1.000	1.004	1.005	1.007	1.007	1.005		
1993							1.009	1.007	1.006	1.004	1.010	1.009	1.007	1.006		
1994						1.005	1.008	1.004	1.003	1.009	1.009	1.009	1.007	1.007		
1995					1.008	1.002	1.007	1.009	1.009	1.013	1.010	1.008	1.007	1.007		
1996					1.005	1.012	1.011	1.011	1.013	1.013	1.010	1.008	1.007	1.004		
1997			0.989		1.010	1.013	1.020	1.015	1.016	1.010	1.009	1.009	1.006	1.007		
1998		0.955	0.999		1.024	1.030	1.021	1.016	1.010	1.007	1.011	1.008	1.006	1.006		
1999		1.000	1.020		1.017	1.026	1.024	1.018	1.015	1.013	1.010	1.009	1.007	1.007		
2000	0.918	1.015	1.002		1.032	1.036	1.029	1.021	1.015	1.012	1.010	1.009	1.008	1.007		
2001	1.106	0.980	1.022		1.033	1.035	1.029	1.021	1.011	1.009	1.008	1.005	1.009	1.007		
2002	1.002	0.990	1.026		1.038	1.035	1.020	1.012	1.007	1.006	1.005	1.007	1.007	1.007		
2003	1.111	1.011	1.051		1.041	1.023	1.017	1.013	1.007	1.002	1.004	1.005	1.008	1.007		
2004	1.249	1.102	1.076		1.043	1.022	1.018	1.003	0.999	1.003	1.006	1.005	1.009	1.007		
2005	1.282	1.134	1.071		1.048	1.029	1.014	1.004	1.008	1.008	1.004	1.005	1.007	1.007		
2006	1.302	1.118	1.068		1.040	1.021	1.012	1.011	1.011	1.006	1.004	1.007	1.008	1.007		
2007	1.294	1.094	1.066		1.041	1.028	1.019	1.013	1.007	1.002	1.004	1.005	1.007	1.007		
2008	1.243	1.104	1.063		1.040	1.029	1.022	1.013	1.006	1.006	1.004	1.005	1.008	1.007		
2009	1.269	1.083	1.052		1.038	1.026	1.022	1.014	1.009	1.006	1.004	1.005	1.008	1.007		
2010	1.227	1.057	1.044	1.033												
2011	1.209	1.073	1.048													
2012	1.247	1.067														
2013	1.234															

Latest Year Development

Age to Age	1.234	1.067	1.048	1.033	1.026	1.022	1.013	1.011	1.008	1.006	1.004	1.007	1.009	1.007		
Age-to-Ult.	1.688	1.368	1.282	1.223	1.184	1.154	1.129	1.115	1.103	1.094	1.087	1.083	1.075	1.065	1.114	1.052

3-Year Arithmetics Average Development

Age to Age	1.230	1.066	1.048	1.037	1.028	1.018	1.009	1.005	1.005	1.005	1.006	1.007	1.008	1.007		
Age-to-Ult.	1.652	1.343	1.260	1.202	1.159	1.128	1.108	1.098	1.093	1.087	1.082	1.075	1.068	1.059	1.107	1.052

Average Excluding High & Low

Age to Age	1.192	1.053	1.041	1.032	1.024	1.018	1.013	1.010	1.008	1.007	1.007	1.006	1.006	1.005		
Age-to-Ult.	1.552	1.302	1.236	1.187	1.150	1.123	1.103	1.089	1.078	1.069	1.062	1.055	1.049	1.043	1.092	1.052

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 13.1, the paid indemnity development factors are from AC15-06-01, Exhibits 2.3.1 and 2.3.2.

[2] Based on the private insurers latest year paid ALAE age-to-age development from Exhibit 13.1.

[3] Based on Exhibit 3.1 of AC15-06-01.

**Projected Ultimate ALAE as a Percent of Ultimate Losses - Statewide**  
For Policies with Effective Dates between January 1, 2016 and December 31, 2016  
Using Paid ALAE as a Percent of Paid Indemnity  
Latest Year Development Factors

Accident Year	Paid ALAE as a Percent of Paid Indemnity at 3/31/15 (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)
2001	19.9%	1.065	21.2%	0.719	29.5%
2002	21.3%	1.075	22.9%	0.738	31.0%
2003	22.6%	1.083	24.5%	0.738	33.2%
2004	27.3%	1.087	29.7%	1.016	29.2%
2005	30.7%	1.094	33.6%	1.379	24.3%
2006	31.2%	1.103	34.4%	1.363	25.3%
2007	31.7%	1.115	35.3%	1.320	26.8%
2008	32.1%	1.129	36.3%	1.244	29.2%
2009	34.8%	1.154	40.2%	1.219	33.0%
2010	35.7%	1.184	42.2%	1.202	35.1%
2011	34.7%	1.223	42.4%	1.189	35.7%
2012	33.9%	1.282	43.5%	1.164	37.3%
2013	33.4%	1.368	45.7%	1.164	39.3%
2014	29.3%	1.688	49.5%	1.057	46.8%

(6) ALAE as Percent of On-level Indemnity:	Projected: 43.0%
(7) Indicated Indemnity to Industry Average Filed Pure Premium Ratio:	0.270
(8) Indicated Medical to Industry Average Filed Pure Premium Ratio:	0.422
(9) ALAE as Percent of Total Losses:	16.8%

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 16.1.
- (3) = (1) x (2).
- (4) From Exhibit 7.1 of AC15-06-01.
- (5) = (3) / (4).
- (6) Projected by averaging 2013 and 2014.
- (7), (8) From Exhibits 7.1 and 7.3 of AC15-06-01.
- (9) = (6) x (7) / [(7) + (8)].

Development of Paid Allocated Loss Adjustment Expenses as a Percent of Paid Indemnity<sup>[1]</sup> - Private Insurers

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 <sup>[2]</sup> 183-Ult	Paid Indemnity <sup>[3]</sup> 183-Ult
1986														1.007		
1987													1.008	1.004		
1988											1.011		1.002	1.002		
1989										1.002	1.001	1.002	1.003	1.003		
1990										1.003	1.000	1.000	1.002	1.002		
1991										1.000	1.001	1.003	1.005	1.001		
1992										1.007	1.006	1.007	1.007	1.005		
1993							1.008			1.005	1.010	1.010	1.008	1.006		
1994							1.009			1.010	1.010	1.009	1.010	1.007		
1995							1.014			1.014	1.011	1.009	1.008	1.006		
1996							1.023			1.011	1.009	1.010	1.007	1.009		
1997							1.020			1.010	1.010	1.010	1.006	1.007		
1998							1.024			1.016	1.012	1.010	1.006	1.008		
1999							1.035			1.014	1.011	1.011	1.009	1.008		
2000							1.027			1.010	1.010	1.010	1.007	1.007		
2001							1.022			1.009	1.010	1.010	1.006	1.008		
2002							1.022			1.014	1.012	1.010	1.008	1.008		
2003							1.019			1.014	1.011	1.011	1.009	1.008		
2004							1.022			1.006	1.007	1.007	1.007	1.011		
2005							1.025			1.006	1.007	1.007	1.007	1.007		
2006							1.025			1.006	1.007	1.007	1.007	1.007		
2007							1.022			1.006	1.007	1.007	1.007	1.007		
2008							1.021			1.005	1.005	1.005	1.005	1.005		
2009							1.025			1.007	1.007	1.007	1.007	1.007		
2010							1.025			1.007	1.007	1.007	1.007	1.007		
2011							1.025			1.007	1.007	1.007	1.007	1.007		
2012							1.025			1.007	1.007	1.007	1.007	1.007		
2013							1.025			1.007	1.007	1.007	1.007	1.007		

Latest Year Development

Age to Age	1.234	1.064	1.046	1.031	1.025	1.021	1.014	1.014	1.011	1.006	1.007	1.007	1.011	1.008		
Age-to-Ult.	1.707	1.384	1.300	1.243	1.206	1.176	1.152	1.136	1.121	1.109	1.102	1.094	1.086	1.074	1.114	1.045

3-Year Arithmetics Average Development

Age to Age	1.228	1.064	1.048	1.037	1.029	1.021	1.013	1.009	1.009	1.007	1.008	1.009	1.009	1.008		
Age-to-Ult.	1.708	1.390	1.307	1.248	1.203	1.170	1.146	1.131	1.121	1.111	1.103	1.094	1.084	1.074	1.114	1.045

Average Excluding High & Low

Age to Age	1.171	1.042	1.037	1.031	1.025	1.020	1.015	1.012	1.010	1.008	1.008	1.007	1.006	1.005		
Age-to-Ult.	1.563	1.335	1.281	1.235	1.198	1.168	1.145	1.127	1.115	1.103	1.095	1.087	1.079	1.072	1.114	1.045

Notes:

<sup>[1]</sup> Due to relatively sparse data and differing mixes of insurers represented in each factor, each factor shown is the ratio of the paid ALAE development factor in Exhibit 13.1 to the paid indemnity development factor in analogous Exhibits 2.3.1 and 2.3.2 of AC15-06-01, applicable to private insurers only.

<sup>[2]</sup> Based on Exhibit 13.1.

<sup>[3]</sup> Based on Exhibit 3.1 of AC15-06-01, applicable to private insurers only.

**Projected Ultimate ALAE as a Percent of Ultimate Losses - Private Insurers**  
For Policies with Effective Dates between January 1, 2016 and December 31, 2016  
Using Paid ALAE as a Percent of Paid Indemnity  
Latest Year Development Factors

Accident Year	Paid ALAE as a Percent of Paid Indemnity at 3/31/14 (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)
2001	25.9%	1.074	27.8%	0.719	38.7%
2002	30.2%	1.086	32.8%	0.738	44.4%
2003	31.8%	1.094	34.8%	0.738	47.1%
2004	36.4%	1.102	40.1%	1.016	39.5%
2005	38.4%	1.109	42.6%	1.379	30.9%
2006	36.9%	1.121	41.4%	1.363	30.4%
2007	36.8%	1.136	41.8%	1.320	31.7%
2008	35.8%	1.152	41.3%	1.244	33.2%
2009	37.8%	1.176	44.5%	1.219	36.5%
2010	37.8%	1.206	45.6%	1.202	38.0%
2011	36.4%	1.243	45.3%	1.189	38.1%
2012	35.2%	1.300	45.7%	1.164	39.3%
2013	34.8%	1.384	48.2%	1.164	41.4%
2014	31.1%	1.707	53.1%	1.057	50.3%

(6) ALAE as Percent of On-level Indemnity:	Projected: 45.8%
(7) Indicated Indemnity to Industry Average Filed Pure Premium Ratio:	0.262
(8) Indicated Medical to Industry Average Filed Pure Premium Ratio:	0.396
(9) ALAE as Percent of Total Losses:	18.2%

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 17.1.
- (3) = (1) x (2).
- (4) From Exhibit 7.1 of AC15-06-01.
- (5) = (3) / (4).
- (6) Projected by averaging 2013 and 2014.
- (7), (8) From analogous Exhibits 7.1 and 7.3 of Part A, Section B, applicable to private insurers only.
- (9) = (6) x (7) / [(7) + (8)].

**Projected Ratio of ALAE<sup>[1]</sup> to Loss - Statewide**  
Ratio of Incremental Paid ALAE to Incremental Paid Indemnity

I. Ratio of Incremental Paid ALAE to Incremental Paid Indemnity<sup>[2]</sup>

Accident	Age-to-Age (in months)											Indemnity On-level Factors <sup>[3]</sup>
Year	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	
2001	0.187	0.159	0.172	0.220	0.261	0.309	0.326	0.316	0.359	0.320	0.380	0.719
2002	0.175	0.158	0.199	0.251	0.299	0.305	0.339	0.364	0.306	0.336	0.348	0.723
2003	0.170	0.181	0.234	0.277	0.293	0.345	0.343	0.304	0.320	0.276	0.375	0.666
2004	0.228	0.266	0.320	0.365	0.377	0.391	0.326	0.294	0.324	0.437		0.807
2005	0.263	0.311	0.355	0.424	0.410	0.397	0.349	0.353	0.471			1.379
2006	0.271	0.318	0.374	0.391	0.381	0.372	0.391	0.475				1.363
2007	0.282	0.313	0.366	0.393	0.415	0.420	0.455					1.320
2008	0.282	0.330	0.366	0.399	0.424	0.483						1.244
2009	0.327	0.357	0.396	0.428	0.471							1.219
2010	0.355	0.366	0.405	0.458								1.202
2011	0.348	0.378	0.408									1.183
2012	0.362	0.379										1.158
2013	0.375											1.164

II. Ratio of Incremental Paid ALAE to Incremental On-level Paid Indemnity<sup>[4]</sup>

Accident	Age-to-Age (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
2001	0.260	0.222	0.240	0.305	0.363	0.430	0.453	0.440	0.499	0.444	0.528
2002	0.242	0.219	0.275	0.348	0.413	0.422	0.468	0.503	0.423	0.465	0.482
2003	0.256	0.272	0.351	0.416	0.439	0.519	0.515	0.457	0.480	0.415	0.563
2004	0.282	0.329	0.396	0.452	0.467	0.485	0.404	0.364	0.402	0.541	
2005	0.191	0.226	0.258	0.308	0.297	0.288	0.253	0.256	0.342		
2006	0.199	0.234	0.275	0.287	0.280	0.273	0.287	0.349			
2007	0.213	0.237	0.277	0.298	0.315	0.318	0.344				
2008	0.227	0.265	0.294	0.321	0.341	0.388					
2009	0.269	0.293	0.325	0.351	0.386						
2010	0.295	0.304	0.337	0.381							
2011	0.294	0.319	0.345								
2012	0.313	0.327									
2013	0.322										
	<u>3-year Average</u>										
Age-to-Age	0.310	0.317	0.336	0.351	0.347	0.327	0.295	0.323	0.408	0.474	0.524
	<u>Latest Year</u>										
Age-to-Age	0.322	0.327	0.345	0.381	0.386	0.388	0.344	0.349	0.342	0.541	0.563

Notes:

<sup>[1]</sup> Paid ALAE exclude the paid cost of medical cost containment programs.

<sup>[2]</sup> Based on WCIRB accident year experience calls.

<sup>[3]</sup> Based on Exhibit 4.1, Column (4) of AC15-06-01.

<sup>[4]</sup> The Ratio of Incremental Paid ALAE to Incremental Paid Indemnity divided by the Indemnity On-level Factors in Section I above.

**Projected Ratio of ALAE to Loss - Statewide**  
Estimated Incremental Paid Indemnity

III. Paid Indemnity Loss Development Factors<sup>1</sup>

Accident Year	Age-to-Age (in months)					Paid Indemnity <sup>2</sup> @3/31/2015 (\$Mil)
	15-27	27-39	39-51	51-63	63-75	
2009	2.369	1.499	1.238	1.135	1.084	2,333
2010	2.399	1.505	1.240	1.129	<b>1.084</b>	2,240
2011	2.433	1.481	1.227	<b>1.129</b>	<b>1.084</b>	2,010
2012	2.423	1.477	<b>1.227</b>	<b>1.129</b>	<b>1.084</b>	1,744
2013	2.385	<b>1.477</b>	<b>1.227</b>	<b>1.129</b>	<b>1.084</b>	1,249
2014	<b>2.385</b>	<b>1.477</b>	<b>1.227</b>	<b>1.129</b>	<b>1.084</b>	542

IV. Estimated Incremental Paid Indemnity as Percent of Cumulative Paid Indemnity as of 3/31/2015<sup>3</sup>

Accident Year	Age-to-Age (in months)				
	15-27	27-39	39-51	51-63	63-75
2009					
2010					8.4%
2011				12.9%	9.5%
2012			22.7%	15.8%	11.6%
2013		47.7%	33.5%	23.4%	17.2%
2014	138.5%	113.8%	80.0%	55.8%	41.0%

V. Estimated Incremental Paid Indemnity (in \$Millions) from 3/31/2015 to 75 Months<sup>4</sup>

Accident Year	15-27	27-39	39-51	51-63	63-75	Total Indemnity Payment \$ from 3/31/2015 to 75 Months
2009						0
2010					188	188
2011				259	191	450
2012			396	276	203	875
2013		596	419	292	215	1,521
2014	751	617	434	302	222	2,326

Notes:

<sup>1</sup> See Exhibit 2.3 of AC15-06-01. Factors in bold format are based on selected age-to-age development factors.

<sup>2</sup> Based on WCIRB accident year experience calls.

<sup>3</sup> Derived using the age-to-age paid development factors in Section III above.

<sup>4</sup> The product of the percentages in Section IV and the paid indemnity as of 3/31/2015 in Section III above.

**Projected Ratio of ALAE to Loss - Statewide**  
Estimated Incremental Paid ALAE  
Using Latest Year Incremental Paid ALAE to Incremental Paid Indemnity Ratio

VI. Selected Ratio of Incremental Paid ALAE to Incremental Paid Indemnity<sup>1</sup>

Accident Year	Age-to-Age (in months)					Paid ALAE (\$Mil) <sup>2</sup> @3/31/2015
	15-27	27-39	39-51	51-63	63-75	
2009						813
2010					0.386	799
2011				0.381	0.386	697
2012			0.345	0.381	0.386	591
2013		0.327	0.345	0.381	0.386	417
2014	0.322	0.327	0.345	0.381	0.386	159

VII. Estimated Incremental Paid ALAE as Percent of Cumulative Paid Indemnity as of 3/31/2015<sup>3</sup>

Accident Year	Age-to-Age (in months)				
	15-27	27-39	39-51	51-63	63-75
2009					
2010					3.2%
2011				4.9%	3.7%
2012			7.8%	6.0%	4.5%
2013		15.6%	11.6%	8.9%	6.6%
2014	44.6%	37.2%	27.6%	21.2%	15.8%

VIII. Estimated Incremental Paid ALAE (in \$Millions) from 3/31/2015 to 75 Months<sup>4</sup>

Accident Year	Age-to-Age (in months)					Total ALAE Payment \$ from 3/31/2015 to 75 Months
	15-27	27-39	39-51	51-63	63-75	
2009					0	0
2010					73	73
2011				99	74	172
2012			137	105	78	320
2013		195	144	111	83	533
2014	242	202	150	115	86	794

Notes:

<sup>1</sup> Based on the latest year ratio of incremental paid ALAE to incremental on-level paid indemnity (see Section II of Exhibit 18.1).

<sup>2</sup> Based on WCIRB accident year experience calls.

<sup>3</sup> The product of the Selected Ratio of Incremental Paid ALAE to Incremental Paid Indemnity in Section VI above and the percentage of incremental paid indemnity in Section IV of Exhibit 18.2.

<sup>4</sup> The product of the percentage in Section VII above and the paid indemnity as of 3/31/2015 in Section III of Exhibit 18.2.

**Projected Ratio of ALAE to Loss - Statewide**

Using Latest Year Incremental Paid ALAE to Incremental Paid Indemnity Ratio  
For Policies with Effective Dates between January 1, 2016 and December 31, 2016

Accident Year	Estimated Paid Amounts at 75 Months (in \$Mil) <sup>1</sup>		Ratio of Paid ALAE to Indemnity at 75 Months <sup>2</sup>	75-to-Ult Paid ALAE to Paid Indemnity Development Factor <sup>3</sup>	Indemnity On-level Factors <sup>4</sup>	Ratio of Ultimate ALAE to On-level Indemnity <sup>5</sup>
	Indemnity (a)	ALAE (b)	(c)	(d)	(e)	(f)
2009	2,333	813	0.348	1.236	1.219	0.353
2010	2,428	872	0.359	1.236	1.202	0.369
2011	2,460	870	0.354	1.236	1.183	0.369
2012	2,619	911	0.348	1.236	1.158	0.371
2013	2,770	951	0.343	1.236	1.164	0.364
2014	2,869	953	0.332	1.236	1.057	0.389
						Projected <sup>6</sup>
2015						0.376
2016						0.376
1/1/2017						0.376
(h) Projected Ratio of ALAE to On-level Indemnity:						0.376
(i) Indicated Ratio of Indemnity to Industry Average Filed Pure Premium <sup>7</sup> :						0.270
(j) Indicated Ratio of Loss to Industry Average Filed Pure Premium <sup>7</sup> :						0.692
(k) Projected ALAE as a Percentage of Total Losses <sup>8</sup> :						14.7%

Notes:

- <sup>1</sup> The paid indemnity at 75 months is the sum of paid indemnity as of 3/31/2015 in Section III of Exhibit 18.2 and the estimated additional indemnity payment from 3/31/2015 to 75 months in Section V of Exhibit 18.2. The paid ALAE at 75 months is the sum of paid ALAE as of 3/31/2015 in Section VI of Exhibit 18.3 and the estimated additional ALAE payment from 3/31/2015 to 75 months in Section VIII of Exhibit 18.3.
- <sup>2</sup> Ratio of column (b) to column (a).
- <sup>3</sup> The 75-to-ultimate paid ALAE to paid indemnity development factor is based on latest year development method on Exhibit 16.1
- <sup>4</sup> Based on Exhibit 4.1 of AC15-06-01.
- <sup>5</sup> [ Column (c) x column (d) ] / column (e).
- <sup>6</sup> These on-level ratios were projected using a two-year average of the 2013 and 2014 on-level ratios.
- <sup>7</sup> See Exhibit 8 of AC15-06-01.
- <sup>8</sup> (k) = (h) x (i) / (j).

**Projected Ratio of ALAE<sup>[1]</sup> to Loss - Private Insurers**  
Ratio of Incremental Paid ALAE to Incremental Paid Indemnity

I. Ratio of Incremental Paid ALAE to Incremental Paid Indemnity<sup>[2]</sup>

Accident	Age-to-Age (in months)											Indemnity On-level Factors <sup>[3]</sup>
Year	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	
2001	0.267	0.235	0.245	0.275	0.332	0.375	0.422	0.399	0.494	0.450	0.560	0.719
2002	0.284	0.256	0.279	0.350	0.397	0.429	0.427	0.526	0.486	0.525	0.503	0.723
2003	0.284	0.258	0.331	0.392	0.412	0.452	0.497	0.473	0.505	0.406	0.509	0.666
2004	0.317	0.356	0.434	0.465	0.480	0.545	0.447	0.424	0.468	0.480		0.807
2005	0.332	0.395	0.442	0.507	0.532	0.495	0.484	0.471	0.564			1.379
2006	0.328	0.375	0.430	0.454	0.466	0.478	0.477	0.536				1.363
2007	0.331	0.365	0.419	0.470	0.484	0.500	0.485					1.320
2008	0.320	0.362	0.412	0.445	0.469	0.496						1.244
2009	0.358	0.389	0.432	0.467	0.485							1.219
2010	0.380	0.388	0.432	0.467								1.202
2011	0.365	0.396	0.430									1.183
2012	0.376	0.396										1.158
2013	0.396											1.164

II. Ratio of Incremental Paid ALAE to Incremental On-level Paid Indemnity<sup>[4]</sup>

Accident	Age-to-Age (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
2001	0.371	0.327	0.341	0.383	0.462	0.522	0.586	0.554	0.687	0.625	0.779
2002	0.392	0.354	0.386	0.484	0.549	0.593	0.591	0.728	0.672	0.726	0.696
2003	0.426	0.387	0.497	0.588	0.619	0.678	0.746	0.710	0.758	0.610	0.764
2004	0.392	0.440	0.537	0.576	0.594	0.675	0.554	0.526	0.579	0.595	
2005	0.241	0.287	0.320	0.367	0.386	0.359	0.351	0.342	0.409		
2006	0.241	0.275	0.316	0.333	0.342	0.351	0.350	0.393			
2007	0.251	0.277	0.317	0.356	0.366	0.379	0.367				
2008	0.257	0.291	0.331	0.358	0.377	0.398					
2009	0.294	0.319	0.355	0.383	0.398						
2010	0.316	0.323	0.359	0.388							
2011	0.308	0.334	0.364								
2012	0.324	0.342									
2013	0.340										

<u>3-year Average</u>											
Age-to-Age	0.324	0.333	0.359	0.376	0.381	0.376	0.356	0.420	0.582	0.644	0.746

<u>Latest Year</u>											
Age-to-Age	0.340	0.342	0.364	0.388	0.398	0.398	0.367	0.393	0.409	0.595	0.764

Notes:

<sup>[1]</sup> Paid ALAE exclude the paid cost of medical cost containment programs.

<sup>[2]</sup> Based on WCIRB accident year experience calls.

<sup>[3]</sup> Based on Exhibit 4.1, Column (4) of AC15-06-01.

<sup>[4]</sup> The Ratio of Incremental Paid ALAE to Incremental Paid Indemnity divided by the Indemnity On-level Factors in Section I above.

**Projected Ratio of ALAE[1] to Loss - Private Insurers**  
Estimated Incremental Paid Indemnity

III. Paid Indemnity Loss Development Factors<sup>1</sup>

Accident Year	Age-to-Age (in months)					Paid Indemnity <sup>2</sup> @3/31/2015 (\$Mil)
	15-27	27-39	39-51	51-63	63-75	
2009	2.398	1.502	1.236	1.135	1.085	2,035
2010	2.404	1.507	1.240	1.131	<b>1.085</b>	2,028
2011	2.437	1.485	1.230	<b>1.131</b>	<b>1.085</b>	1,859
2012	2.430	1.481	<b>1.230</b>	<b>1.131</b>	<b>1.085</b>	1,640
2013	2.386	<b>1.481</b>	<b>1.230</b>	<b>1.131</b>	<b>1.085</b>	1,167
2014	<b>2.386</b>	<b>1.481</b>	<b>1.230</b>	<b>1.131</b>	<b>1.085</b>	493

IV. Estimated Incremental Paid Indemnity as Percent of Cumulative Paid Indemnity as of 3/31/2015<sup>3</sup>

Accident Year	Age-to-Age (in months)				
	15-27	27-39	39-51	51-63	63-75
2009					
2010					8.5%
2011				13.1%	9.6%
2012			23.0%	16.1%	11.8%
2013		48.1%	34.1%	23.9%	17.5%
2014	138.6%	114.8%	81.3%	56.9%	41.8%

V. Estimated Incremental Paid Indemnity (in \$Millions) from 3/31/2015 to 75 Months<sup>4</sup>

Accident Year						Total Indemnity Payment \$ from 3/31/2015 to 75 Months
	15-27	27-39	39-51	51-63	63-75	
2009					0	0
2010					172	172
2011				243	179	422
2012			377	264	194	835
2013		561	397	278	204	1,441
2014	684	566	401	281	206	2,138

Notes:

<sup>1</sup> Based on analogous Exhibit 2.3 of AC15-06-01, applicable to private insurers only. Factors in bold format are based on selected age-to-age development factors.

<sup>2</sup> Based on WCIRB accident year experience calls.

<sup>3</sup> Derived using the age-to-age paid development factors in Section III above.

<sup>4</sup> The product of the percentages in Section IV and the paid indemnity as of 3/31/2015 in Section III above.

**Projected Ratio of ALAE to Loss - Private Insurers**  
Estimated Incremental Paid ALAE  
Using Latest Year Incremental Paid ALAE to Incremental Paid Indemnity Ratio

VI. Selected Ratio of Incremental Paid ALAE to Incremental Paid Indemnity<sup>1</sup>

Accident Year	Age-to-Age (in months)					Paid ALAE (\$Mil) <sup>2</sup> @3/31/2015
	15-27	27-39	39-51	51-63	63-75	
2009						770
2010					0.398	768
2011				0.388	0.398	676
2012			0.364	0.388	0.398	577
2013		0.342	0.364	0.388	0.398	406
2014	0.340	0.342	0.364	0.388	0.398	154

VII. Estimated Incremental Paid ALAE as Percent of Cumulative Paid Indemnity as of 3/31/2015<sup>3</sup>

Accident Year	Age-to-Age (in months)				
	15-27	27-39	39-51	51-63	63-75
2009					
2010					3.4%
2011				5.1%	3.8%
2012			8.4%	6.3%	4.7%
2013		16.4%	12.4%	9.3%	7.0%
2014	47.2%	39.2%	29.6%	22.1%	16.6%

VIII. Estimated Incremental Paid ALAE (in \$Millions) from 3/31/2015 to 75 Months<sup>4</sup>

Accident Year	Age-to-Age (in months)					Total ALAE Payment \$ from 3/31/2015 to 75 Months
	15-27	27-39	39-51	51-63	63-75	
2009					0	0
2010					69	69
2011				95	71	166
2012			137	103	77	317
2013		192	145	108	81	526
2014	233	194	146	109	82	763

Notes:

<sup>1</sup> Based on the latest year ratio of incremental paid ALAE to incremental on-level paid indemnity (see Section II of Exhibit 19.1).

<sup>2</sup> Based on WCIRB accident year experience calls.

<sup>3</sup> The product of the Selected Ratio of Incremental Paid ALAE to Incremental Paid Indemnity in Section VI above and the percentage of incremental paid indemnity in Section IV of Exhibit 19.2.

<sup>4</sup> The product of the percentage in Section VII above and the paid indemnity as of 3/31/2015 in Section III of Exhibit 19.2.

**Projected Ratio of ALAE to Loss - Private Insurers**

Using Latest Year Incremental Paid ALAE to Incremental Paid Indemnity Ratio  
For Policies with Effective Dates between January 1, 2016 and December 31, 2016

Accident Year	Estimated Paid Amounts at 75 Months (\$Mil) <sup>1</sup>		Ratio of Paid ALAE to Indemnity at 75 Months <sup>2</sup>	75-to-Ult Paid ALAE to Paid Indemnity Development Factor <sup>3</sup>	Indemnity On-level Factors <sup>4</sup>	Ratio of Ultimate ALAE to On-level Indemnity <sup>5</sup>
	Indemnity	ALAE				
	(a)	(b)	(c)	(d)	(e)	(f)
2009	2,035	770	0.378	1.176	1.219	0.365
2010	2,201	836	0.380	1.176	1.202	0.372
2011	2,281	842	0.369	1.176	1.183	0.367
2012	2,476	894	0.361	1.176	1.158	0.367
2013	2,608	932	0.357	1.176	1.164	0.361
2014	2,632	917	0.348	1.176	1.057	0.388
						Projected <sup>6</sup>
2015						0.375
2016						0.375
1/1/2017						0.375
(h) Projected Ratio of ALAE to On-level Indemnity:						0.375
(i) Indicated Ratio of Indemnity to Industry Average Filed Pure Premium <sup>7</sup> :						0.262
(j) Indicated Ratio of Loss to Industry Average Filed Pure Premium <sup>7</sup> :						0.658
(k) Projected ALAE as a Percentage of Total Losses <sup>8</sup> :						14.9%

Notes:

- <sup>1</sup> The paid indemnity at 75 months is the sum of paid indemnity as of 3/31/2015 in Section III of Exhibit 19.2 and the estimated additional indemnity payment from 3/31/2015 to 75 months in Section V of Exhibit 19.2. The paid ALAE at 75 months is the sum of paid ALAE as of 3/31/2015 in Section VI of Exhibit 19.3 and the estimated additional ALAE payment from 3/31/2015 to 75 months in Section VIII of Exhibit 19.3.
- <sup>2</sup> Ratio of column (b) to column (a).
- <sup>3</sup> The 75-to-ultimate paid ALAE to paid indemnity development factor is based on latest year development method on Exhibit 17.1.
- <sup>4</sup> Based on Exhibit 4.1 of AC15-06-01.
- <sup>5</sup> [ Column (c) x column (d) ] / column (e).
- <sup>6</sup> These on-level ratios were projected using a two-year average of the 2013 and 2014 on-level ratios.
- <sup>7</sup> Based on analogous Exhibit 8 of AC15-06-01, applicable to private insurers only.
- <sup>8</sup> (k) = (h) x (i) / (j).

**Paid MCCP per Indemnity Claims Inventory<sup>[1]</sup> Calendar Year**

<u>Calendar Year</u>	<u>Private Insurers</u>		<u>Statewide</u>	
2005	\$469	---	---	---
2006	\$559	19.2%	---	---
2007	\$631	12.8%	\$433	---
2008	\$953	51.1%	\$673	55.4%
2009	\$830	-13.0%	\$665	-1.2%
2010	\$888	7.0%	\$733	10.2%
2011	\$931	4.8%	\$786	7.1%
2012	\$983	5.6%	\$841	7.1%
2013	\$1,022	4.0%	\$900	7.0%
2014	\$1,023	0.1%	\$915	1.7%
<u>Estimated Annual Exponential Trend Based on:</u>				
2005-2014		8.5%		---
R <sup>2</sup>		0.785		---
2009-2014		4.4%		6.7%
R <sup>2</sup>		0.948		0.970
Selected:		4.5%		

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

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

**Projected Ratio of M CCP to Losses - Statewide**

Based on Estimated Accident Year Indemnity Claim Frequency and M CCP Severity  
For Policies with Effective Dates between January 1, 2016 and December 31, 2016

Year	Paid M CCP @3/31/15 (in \$000) (1)	Cumulative Development Factors <sup>[1]</sup> (2)	Estimated Ultimate M CCP (3)=(1)x(2) (3)	Indemnity Claim Counts @3/31/15 (4)	Cumulative Count Development Factors <sup>[2]</sup> (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	273,284	2.153	588,381	122,771	1.013	124,318	4,733	---
2012	237,142	2.629	623,446	129,040	1.024	132,168	4,717	-0.3%
2013	186,696	3.655	682,373	133,747	1.051	140,625	4,852	2.9%
2014	96,794	7.035	680,943	124,770	1.159	144,549	4,711	-2.9%

Projected Based on 2-Year Average of 2013 and 2014:

	Ultimate M CCP <sup>[5]</sup>	Ult. Ind. Counts <sup>[3]</sup>	Ult.M CCP per Ind. Counts <sup>[4]</sup>
2015	727,664	142,375	5,111
2016	757,443	141,819	5,341
1/1/2017	768,430	140,745	5,460

(a) Projected M CCP (\$000):	768,430
(b) Calendar Year 2014 Earned Premium <sup>[6]</sup> (\$000):	16,246,036
(c) Projected Loss to Industry Average Filed Pure Premium Ratio <sup>[7]</sup> :	0.692
(d) Premium Adjustment Factor for Calendar Year 2014 <sup>[8]</sup> :	0.975
(e) Projected Losses (\$000): (b) x (c) x (d)	10,961,200
(f) Projected Ratio of M CCP to Losses: (a)/(e)	7.0%

**Notes:**

- <sup>[1]</sup> Based on paid medical cumulative loss development factors from Exhibit 2.6.1 of Item AC15-06-01.
- <sup>[2]</sup> Based on the latest year indemnity claim count age-to-age development from Exhibit 12.2.
- <sup>[3]</sup> Estimated based on projected frequency trends for accident years 2014 to 2017. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency. These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2013 and 2014.
- <sup>[4]</sup> Severity is projected by applying an annual growth rate of 4.5%, which is based on the approximate average rate of growth, based on private insurers, in paid M CCP per indemnity claim from Exhibit 20, to the ultimate M CCP severity estimated from averaging 2013 and 2014.
- <sup>[5]</sup> Column(6) x Column(7) / 1,000.
- <sup>[6]</sup> Based on the reported earned premium for calendar year 2014 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, 2015.
- <sup>[7]</sup> See Exhibit 8 of Item AC15-06-01.
- <sup>[8]</sup> See Exhibit 5.2 of Item AC15-06-01.

**Projected Ratio of M CCP to Losses - Private Insurers**

Based on Estimated Accident Year Indemnity Claim Frequency and M CCP Severity  
For Policies with Effective Dates between January 1, 2016 and December 31, 2016

Year	Paid M CCP @3/31/15 (in \$000) (1)	Cumulative Development Factors <sup>[1]</sup> (2)	Estimated Ultimate M CCP (3)=(1)x(2)	Indemnity Claim Counts @3/31/15 (4)	Cumulative Count Development Factors <sup>[2]</sup> (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate M CCP Per Indemnity Claim (7)=(3)/(6) x 1000	Annual change
2011	264,193	2.058	543,708	114,884	1.021	117,258	4,637	---
2012	231,620	2.507	580,670	122,384	1.034	126,508	4,590	-1.0%
2013	181,952	3.482	633,556	125,500	1.063	133,356	4,751	3.5%
2014	93,323	6.790	633,662	114,031	1.178	134,309	4,718	-0.7%

Projected Based on 2-Year Average of 2013 and 2014:

	Ultimate M CCP <sup>[6]</sup>	Ult. Ind. Counts <sup>[4]</sup>	Ult.M CCP per Ind. Counts <sup>[5]</sup>
2015	676,066	133,633	5,059
2016	703,734	133,112	5,287
1/1/2017	713,942	132,103	5,404

(a) Projected M CCP (\$000):	713,942
(b) Calendar Year 2014 Earned Premium <sup>[7]</sup> (\$000):	14,563,475
(c) Projected Loss to Industry Average Filed Pure Premium Ratio <sup>[8]</sup> :	0.658
(d) Premium Adjustment Factor for Calendar Year 2014 <sup>[9]</sup> :	1.007
(e) Projected Losses (\$000): (b) x (c) x (d)	9,649,846
(f) Projected Ratio of M CCP to Losses: (a)/(e)	7.4%

Notes:

- <sup>[1]</sup> Based on the analogous paid medical cumulative loss development factors from Exhibit 2.6.1, applicable to private insurers only.
- <sup>[2]</sup> Based on the latest year indemnity claim count age-to-age development from Exhibit 13.2.
- <sup>[3]</sup> Estimated based on projected frequency trends for accident years 2014 to 2017. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency. These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2013 and 2014.
- <sup>[4]</sup> Severity is projected by applying an annual growth rate of 4.5%, which is based on the approximate average rate of growth, based on private insurers, in paid M CCP per indemnity claim from Exhibit 20, to the ultimate M CCP severity estimated from averaging 2013 and 2014.
- <sup>[5]</sup> Column(6) x Column(7) / 1,000.
- <sup>[6]</sup> Based on the reported earned premium for calendar year 2014 from the same group of private insurers that reported the paid M CCP in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2015.
- <sup>[7]</sup> Based on analogous Exhibit 8 of item AC15-06-01, applicable to private insurers only.
- <sup>[8]</sup> Based on analogous Exhibit 5.2 of item AC15-06-01, applicable to private insurers only.

## Item AC15-08-03

### 1/1/2016 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, 2015 experience, included in Item AC15-06-01 of this Agenda, were based on latest year paid development factors with adjustments for the impact of Senate Bill No. 863 (SB 863). Attached for the Committee's review are a number of alternative loss development projections based on methodologies that have been included, for informational purposes, in prior pure premium rate filing materials or have been discussed at prior meetings. Specifically, alternative loss ratio projections, based on March 31, 2015 experience and derived using the following loss development methodologies and the trending methodology reflected in the analysis included in Item AC15-06-01 of this Agenda are included:

1. 3-Year Average Unadjusted Incurred Loss Development – Exhibits 1.1 through 1.3.
2. Latest Year Unadjusted Incurred Loss Development – Exhibits 2.1 through 2.3.
3. Latest Year Incurred Loss Development Adjusted for Changes in Case Reserve Adequacy Level – 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. 3-Year Average Paid Loss Development Adjusted for Changes in Claim Settlement Rates and Reforms – Exhibits 7.1 through 7.15.
8. Latest Year 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.

A summary of the preliminary policy year 2016 loss ratio projections based on the alternative loss development methodologies described above is shown in Table 1.

**Table 1: Projected Policy Year 2016 Loss Ratios  
Based on Alternative Loss Development Methodologies**

<b>Loss Development Methodologies</b>	<b>Indemnity Loss Ratio</b>	<b>Medical Loss Ratio</b>	<b>Total Loss Ratio</b>
<b>Current WCIRB Methodology</b>			
Latest Year Paid Adjusted for SB 863	<b>0.270</b>	<b>0.422</b>	<b>0.692</b>
<b>Alternative Methodologies</b>			
<u>Incurred Methodologies</u>			
3-Year Average (Unadjusted)	0.258	0.430	0.688
Latest Year (Unadjusted)	0.250	0.394	0.644
Latest Year Adjusted for Changes in Case Reserve Adequacy Level	0.267	0.431	0.698
Latest Year Adjusted for Changes in Insurer Mix	0.250	0.390	0.640
<u>Paid Methodologies</u>			
3-Year Average (Unadjusted)	0.266	0.429	0.695
Latest Year (Unadjusted)	0.258	0.415	0.673
3-Year Average Adjusted for Changes in Claim Settlement Rates and Reforms	0.273	0.434	0.707
Latest Year Adjusted for Changes in Claim Settlement Rates and Reforms	0.264	0.417	0.681
Latest Year Adjusted for Changes in Insurer Mix	0.254	0.403	0.657
BF Paid to 27 Months; Latest Year Reform-Adjusted after 27 Months	0.278	0.429	0.707

*Trending Methodologies*

The trending projections reflected in the summary analysis of March 31, 2015 experience, included in Item AC15-06-01 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 2014 and the WCIRB's indemnity claim frequency model for accident years 2015 through 2017. The severity growth estimates were based on the approximate average of the longer-term (post-2005) average on-level severity trend and the five-year average on-level severity trend, excluding accident year 2014 in the trend selection inasmuch as 2014 was a significant year of transition for SB 863.

Attached for the Committee's review are a number of alternative trending projections based on methodologies that have been included, for informational purposes, in prior pure premium rate filing materials or have been discussed at prior meetings. Specifically, alternative loss ratio projections, based on March 31, 2015 experience, derived using the loss development methodologies reflected in the analysis included in Item AC15-06-01 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 Severity Growth Applied to the Latest Two Years and then Averaged, with Severity Growth Based on the Longer-term (Post-2005, Excluding 2014) Average Severity Trend – Exhibits 12.1 and 12.2.
3. Separate Projections of Frequency and Severity Growth Applied to the Latest Two Years and then Averaged, with Severity Growth Based on the 5-Year (Excluding 2014) Average Severity Trend – Exhibits 13.1 and 13.2.
4. Longer-term (Post-2005, Excluding 2014) On-Level Loss Ratio Exponential Applied to the Latest Two Years' Loss Ratios and then Averaged – Exhibits 14.1 and 14.2.
5. 5-Year (Excluding 2014) On-Level Loss Ratio Exponential Trend (Excluding 2014) Applied to the Latest Two Years' Loss Ratios and then Averaged – Exhibits 15.1 and 15.2.
6. 5-Year (Excluding 2014) On-Level Loss Ratio Exponential Trend Applied to the Latest Year Only – Exhibits 16.1 and 16.2.
7. 5-Year (Excluding 2014) On-Level Loss Ratio Exponential Trend Excluding the Impact of Projected Wage Level Growth Applied to the Latest Two Years' Loss Ratios and then Averaged – Exhibits 17.1 and 17.2.

A summary of the preliminary policy year 2016 loss ratio projections based on the alternative trending methodologies described above is shown in Table 2.

**Table 2: Projected Policy Year 2016 Loss Ratios  
Based on Alternative Trending Methodologies**

<b>Trending Methodologies</b>	<b>Indemnity Loss Ratio</b>	<b>Medical Loss Ratio</b>	<b>Total Loss Ratio</b>
<b>Current WCIRB Methodology</b> Separate Projections of Frequency and Severity, with Indemnity Severity at 0% and Medical Severity at +2.5%, Applied to the Latest Two Years	<b>0.270</b>	<b>0.422</b>	<b>0.692</b>
<b>Alternative Methodologies</b> Separate Projections of Frequency and Severity Applied to the Latest Year	0.265	0.407	0.672
Separate Projections of Frequency and Severity, with Indemnity Severity at +1.2% and Medical Severity at +3.9%, Applied to the Latest Two Years	0.280	0.440	0.720
Separate Projections of Frequency and Severity, with Indemnity Severity at -0.9% and Medical Severity at +0.6%, Applied to the Latest Two Years	0.263	0.399	0.662
Post-2005 On-level Loss Ratio Exponential Trend Applied to the Latest Two Years	0.299	0.477	0.776
5-Year On-level Loss Ratio Exponential Trend Applied to the Latest Two Years	0.300	0.459	0.759
5-Year On-level Loss Ratio Exponential Trend Applied to the Latest Year	0.290	0.436	0.726
5-Year On-level Loss Ratio Exponential Trend Excluding the Impact of Wage Level Growth Applied to the Latest Two Years	0.304	0.474	0.778

**Developed Loss Ratios Using Unadjusted 3-Year Average Incurred Development Factors  
Based on Experience as of March 31, 2015**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
	Reported Incurred Loss Ratio	Annual Development Factor(b)	Cumulative Development Factor	Developed Loss Ratio (1) x (3)	Reported Incurred Loss Ratio Ex IBNR(a)	Annual Development Factor(c)	Cumulative Development Factor	Developed Loss Ratio (5) x (7)	Total Developed Loss Ratio (4) + (8)
Accident Year	Ex IBNR(a)	Factor(b)	Factor	Loss Ratio (1) x (3)	Ex IBNR(a)	Factor(c)	Factor	Loss Ratio (5) x (7)	Loss Ratio (4) + (8)
2005	0.120	1.007	1.033	0.124	0.181	1.016	1.171	0.212	0.337
2006	0.154	1.012	1.046	0.162	0.232	1.023	1.198	0.277	0.439
2007	0.210	1.015	1.061	0.223	0.319	1.026	1.228	0.392	0.615
2008	0.261	1.021	1.084	0.283	0.389	1.035	1.271	0.495	0.778
2009	0.297	1.029	1.115	0.331	0.443	1.042	1.324	0.586	0.917
2010	0.276	1.044	1.164	0.322	0.416	1.059	1.402	0.583	0.905
2011	0.245	1.065	1.239	0.304	0.346	1.078	1.512	0.524	0.827
2012	0.200	1.116	1.382	0.276	0.275	1.118	1.690	0.464	0.740
2013	0.144	1.231	1.702	0.246	0.203	1.186	2.004	0.407	0.653
2014	0.083	1.641	2.793	0.231	0.134	1.413	2.833	0.380	0.611

- (a) Based on AC 15-06-01, 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 AC 15-06-01, Exhibit 2.1.
- (c) Based on AC 15-06-01, 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, 2015**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio(a)	Composite Indemnity Adjustment Factor(b)	Composite Premium Adjustment Factor(c)	On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.124	1.379	0.763	0.225
2006	0.162	1.363	0.980	0.225
2007	0.223	1.320	1.252	0.235
2008	0.283	1.244	1.513	0.233
2009	0.331	1.219	1.630	0.248
2010	0.322	1.202	1.483	0.261
2011	0.304	1.183	1.351	0.266
2012	0.276	1.158	1.207	0.265
2013	0.246	1.164	1.058	0.270
2014	0.231	1.057	0.975	0.250
				Projections (d)
2015				0.260
2016				0.260
1/1/2017				0.258

- (a) See Exhibit 1.1.
- (b) Based on AC 15-06-01, Exhibit 4.1.
- (c) See AC 15-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC 15-06-01, Exhibit 6.2, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 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, 2015**

	(1)	(2)	(3)	(4)
Accident Year	Developed Medical Loss Ratio(a)	Composite Medical On-Level Factor(b)	Composite Premium Adjustment Factor(c)	On-Level Medical to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.212	0.997	0.763	0.277
2006	0.277	1.047	0.980	0.296
2007	0.392	1.028	1.252	0.322
2008	0.495	1.020	1.513	0.334
2009	0.586	1.006	1.630	0.362
2010	0.583	1.003	1.483	0.395
2011	0.524	1.000	1.351	0.388
2012	0.464	0.999	1.207	0.384
2013	0.407	1.052	1.058	0.405
2014	0.380	1.026	0.975	0.400
				Projections (d)
2015				0.418
2016				0.428
1/1/2017				0.430

(a) See Exhibit 1.1.

(b) Based on AC 15-06-01, Exhibit 4.4.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC 15-06-01, Exhibit 6.4, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 on-level ratios.

**Developed Loss Ratios Using Unadjusted Latest Year Incurred Development Factors  
Based on Experience as of March 31, 2015**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
	Reported Incurred	Annual	Cumulative		Reported Incurred	Annual	Cumulative		Total
Accident	Loss Ratio	Development	Development	Developed	Loss Ratio	Development	Development	Developed	Developed
Year	<u>Ex IBNR(a)</u>	<u>Factor(b)</u>	<u>Factor</u>	<u>Loss Ratio</u> (1) x (3)	<u>Ex IBNR(a)</u>	<u>Factor(c)</u>	<u>Factor</u>	<u>Loss Ratio</u> (5) x (7)	<u>Loss Ratio</u> (4) + (8)
2005	0.120	1.007	1.033	0.124	0.181	1.016	1.171	0.212	0.337
2006	0.154	1.012	1.046	0.162	0.232	1.023	1.198	0.277	0.439
2007	0.210	1.013	1.060	0.222	0.319	1.018	1.219	0.389	0.611
2008	0.261	1.022	1.083	0.283	0.389	1.028	1.253	0.488	0.771
2009	0.297	1.025	1.110	0.330	0.443	1.035	1.297	0.574	0.904
2010	0.276	1.043	1.158	0.320	0.416	1.049	1.361	0.566	0.886
2011	0.245	1.064	1.232	0.302	0.346	1.068	1.453	0.503	0.805
2012	0.200	1.111	1.369	0.273	0.275	1.103	1.603	0.441	0.714
2013	0.144	1.218	1.667	0.241	0.203	1.162	1.862	0.379	0.619
2014	0.083	1.604	2.674	0.221	0.134	1.376	2.563	0.344	0.565

- (a) Based on AC 15-06-01, 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 AC 15-06-01, Exhibit 2.1.
- (c) Based on AC 15-06-01, 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, 2015**

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	1.379	0.763	0.225
2006	0.162	1.363	0.980	0.225
2007	0.222	1.320	1.252	0.234
2008	0.283	1.244	1.513	0.232
2009	0.330	1.219	1.630	0.247
2010	0.320	1.202	1.483	0.259
2011	0.302	1.183	1.351	0.264
2012	0.273	1.158	1.207	0.262
2013	0.241	1.164	1.058	0.265
2014	0.221	1.057	0.975	0.239
				Projections (d)
2015				0.252
2016				0.252
1/1/2017				0.250

(a) See Exhibit 2.1.

(b) Based on AC 15-06-01, Exhibit 4.1.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC 15-06-01, Exhibit 6.2, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 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, 2015**

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 (1)×(2)÷(3)
2005	0.212	0.997	0.763	0.277
2006	0.277	1.047	0.980	0.296
2007	0.389	1.028	1.252	0.319
2008	0.488	1.020	1.513	0.329
2009	0.574	1.006	1.630	0.354
2010	0.566	1.003	1.483	0.383
2011	0.503	1.000	1.351	0.373
2012	0.441	0.999	1.207	0.365
2013	0.379	1.052	1.058	0.376
2014	0.344	1.026	0.975	0.362
				Projections (d)
2015				0.383
2016				0.392
1/1/2017				0.394

(a) See Exhibit 2.1.

(b) Based on AC 15-06-01, Exhibit 4.4.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC 15-06-01, Exhibit 6.4, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 on-level ratios.

**Incurred Indemnity Loss Development Factors  
Adjusted for Changes in Case Reserve Adequacy**

**A. Indemnity Case Reserves Per Open Claim**

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2001						19,920
2002					16,272	17,369
2003				15,374	16,885	18,851
2004			13,225	14,247	15,968	18,130
2005		10,149	11,540	12,941	15,375	18,490
2006	7,888	11,207	13,136	15,402	18,767	21,520
2007	8,306	11,827	14,396	16,568	18,657	20,712
2008	8,613	12,341	15,126	16,896	18,354	21,490
2009	8,940	12,923	14,730	16,902	19,237	21,740
2010	8,980	12,550	14,696	16,509	18,559	
2011	9,552	13,043	15,178	17,622		
2012	9,421	12,914	15,060			
2013	9,568	13,168				
2014	9,738					

**B. Average Paid Indemnity per Closed Claim Adjusted to Common Benefit Level(a)**

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2001						16,539
2002					14,751	16,203
2003				11,743	13,735	15,125
2004			7,101	9,687	11,384	12,574
2005		4,625	8,617	12,092	14,227	15,703
2006	2,140	4,961	8,812	12,017	14,232	15,877
2007	2,004	5,285	9,257	12,422	14,777	16,869
2008	2,228	5,412	9,583	13,033	15,837	18,296
2009	2,333	5,751	10,069	13,775	16,951	19,183
2010	2,306	5,853	10,242	14,174	17,110	
2011	2,512	6,101	10,547	14,291		
2012	2,525	6,486	10,912			
2013	2,953	6,961				
2014	2,792					

Annual Trend (b): 4.3% 4.8% 4.6% 3.9% 3.3% 2.4%

**C. Indemnity Case Reserves per Open Claim Adjusted by Paid Indemnity Severity Trend(c)**

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2001						18,107
2002					15,244	18,832
2003				14,246	15,854	19,585
2004			11,913	14,816	16,488	20,368
2005		10,438	12,389	15,409	17,147	21,183
2006	7,116	10,856	12,885	16,025	17,833	22,031
2007	7,400	11,290	13,400	16,666	18,546	22,912
2008	7,696	11,742	13,936	17,333	19,288	23,828
2009	8,004	12,211	14,494	18,026	20,060	24,781
2010	8,324	12,700	15,073	18,747	20,862	
2011	8,657	13,208	15,676	19,497		
2012	9,004	13,736	16,303			
2013	9,364	14,285				
2014	9,738					

(a) Represents average paid indemnity on closed claims only. All evaluations are brought to the accident year 2014 benefit level based on benefit factors shown in AC15-06-01, Exhibit 4.1, excluding utilization impacts.

(b) Trend is based on an all-year exponential distribution.

(c) Latest evaluation for each accident year is brought to the accident year 2014 benefit level based on benefit factors shown in AC15-06-01, Exhibit 4.1, excluding utilization impacts. Evaluations prior to the latest evaluation are determined by adjusting the latest accident year average indemnity case reserves by the selected annual paid indemnity severity trend on closed claims (Item B) of 4.0%.

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

**Incurred Indemnity Loss Development Factors  
Adjusted for Changes in Case Reserve Adequacy**

D. Indemnity Open Claim Counts

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2001						25,635
2002					35,859	26,831
2003				47,130	33,976	25,135
2004			53,204	37,178	26,957	21,003
2005		62,422	44,356	31,057	23,542	18,314
2006	78,627	56,960	40,434	29,547	21,784	17,018
2007	74,667	56,021	40,772	29,927	22,834	17,689
2008	71,498	56,278	41,809	30,991	23,127	16,762
2009	68,308	55,792	42,029	30,933	22,247	16,450
2010	69,904	57,122	42,590	29,873	21,428	
2011	69,371	57,059	41,402	29,014		
2012	72,468	59,312	42,111			
2013	79,355	61,883				
2014	81,531					

E. Total Indemnity Case Reserves Adjusted to Common Benefit Level and by Paid Indemnity  
Severity Trend (in \$000) (d)

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2001						464,185
2002					546,629	505,275
2003				671,421	538,642	492,270
2004			633,799	550,829	444,460	427,798
2005		651,578	549,532	478,546	403,681	387,949
2006	559,483	618,346	520,980	473,490	388,477	374,915
2007	552,557	632,479	546,348	498,762	423,490	405,286
2008	550,270	660,796	582,654	537,155	446,081	399,408
2009	546,747	681,293	609,148	557,596	446,272	407,653
2010	581,903	725,435	641,970	560,028	447,037	
2011	600,565	753,620	649,026	565,681		
2012	652,471	814,713	686,546			
2013	743,058	884,029				
2014	793,971					

F. Paid Indemnity Loss on All Claims Adjusted to the Common Benefit Level (in \$000) (e)

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2001						3,542,221
2002					3,430,543	3,654,573
2003				2,688,547	2,981,609	3,174,163
2004			1,589,648	1,896,490	2,088,436	2,229,034
2005		1,282,690	1,809,316	2,174,690	2,401,077	2,576,729
2006	548,254	1,210,455	1,718,132	2,052,239	2,300,218	2,497,104
2007	543,745	1,215,646	1,742,732	2,107,953	2,374,615	2,576,870
2008	532,181	1,206,050	1,768,749	2,182,171	2,472,274	2,676,886
2009	491,470	1,162,471	1,740,471	2,154,636	2,445,942	2,652,722
2010	496,110	1,184,877	1,782,851	2,209,070	2,493,229	
2011	493,409	1,200,778	1,774,069	2,177,056		
2012	517,102	1,252,293	1,849,275			
2013	559,347	1,333,956				
2014	538,417					

(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 2014 benefit level based on benefit factors shown in AC 15-06-01, Exhibit 4.1, excluding utilization impacts.

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

**Incurred Indemnity Loss Development Factors  
Adjusted for Changes in Case Reserve Adequacy**

G. Adjusted Total Indemnity Incurred (in \$000) (f)

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2001						4,006,406
2002					3,977,172	4,159,849
2003				3,359,968	3,520,251	3,666,433
2004			2,223,447	2,447,318	2,532,896	2,656,832
2005		1,934,268	2,358,848	2,653,236	2,804,757	2,964,678
2006	1,107,736	1,828,801	2,239,112	2,525,729	2,688,695	2,872,019
2007	1,096,303	1,848,125	2,289,080	2,606,716	2,798,105	2,982,156
2008	1,082,451	1,866,846	2,351,403	2,719,326	2,918,356	3,076,295
2009	1,038,217	1,843,763	2,349,620	2,712,232	2,892,214	3,060,374
2010	1,078,013	1,910,312	2,424,821	2,769,097	2,940,266	
2011	1,093,974	1,954,399	2,423,095	2,742,736		
2012	1,169,574	2,067,005	2,535,821			
2013	1,302,406	2,217,985				
2014	1,332,388					

H. Indemnity Incurred Loss Development Factors Based on Adjusted Total Indemnity Incurred

Accident Year	Age-to-Age Development (in months):				
	15-27	27-39	39-51	51-63	63-75
2002					1.046
2003				1.048	1.042
2004			1.101	1.035	1.049
2005		1.220	1.125	1.057	1.057
2006	1.651	1.224	1.128	1.065	1.068
2007	1.686	1.239	1.139	1.073	1.066
2008	1.725	1.260	1.156	1.073	1.054
2009	1.776	1.274	1.154	1.066	1.058
2010	1.772	1.269	1.142	1.062	
2011	1.787	1.240	1.132		
2012	1.767	1.227			
2013	1.703				
Latest Year	1.703	1.227	1.132	1.062	1.058

I. Indemnity Incurred Loss Development Factors Adjusted to Common Benefit Level (g)

Accident Year	Age-to-Age Development (in months):				
	15-27	27-39	39-51	51-63	63-75
2002					1.028
2003				1.048	1.030
2004			1.065	1.042	1.038
2005		1.171	1.087	1.064	1.050
2006	1.518	1.186	1.100	1.073	1.051
2007	1.559	1.216	1.104	1.067	1.045
2008	1.617	1.245	1.116	1.063	1.044
2009	1.671	1.233	1.124	1.067	1.043
2010	1.657	1.249	1.111	1.064	
2011	1.650	1.220	1.111		
2012	1.657	1.218			
2013	1.604				

- (f) Each amount is the sum of the adjusted total indemnity case reserves (Item E) and the adjusted total indemnity paid losses (Item F).
- (g) Development factors are based on incurred losses adjusted to a common benefit level and from the same insurer mix as those which have been adjusted for case reserve level adequacy and applied in the calculation of the development factors in Item H.

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

**Incurred Indemnity Loss Development Factors  
Adjusted for Changes in Case Reserve Adequacy**

J. Impact of Adjustments to Common Case Reserve Level (h)

Accident Year	Age-to-Age Development (in months):				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2002					1.76%
2003				-0.02%	1.14%
2004			3.35%	-0.66%	1.05%
2005		4.18%	3.44%	-0.62%	0.67%
2006	8.78%	3.22%	2.51%	-0.75%	1.62%
2007	8.15%	1.87%	3.16%	0.58%	1.99%
2008	6.65%	1.14%	3.65%	0.92%	0.94%
2009	6.28%	3.38%	2.66%	-0.02%	1.44%
2010	6.97%	1.63%	2.75%	-0.20%	
2011	8.25%	1.63%	1.91%		
2012	6.66%	0.70%			
2013	6.19%				

K. Indemnity Incurred Loss Development Factors Adjusted for Changes in Case Reserve Adequacy (i)

Accident Year	Age-to-Age Development (in months):				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2002					1.045
2003				1.047	1.042
2004			1.099	1.035	1.048
2005		1.217	1.122	1.056	1.056
2006	1.652	1.226	1.128	1.064	1.068
2007	1.689	1.239	1.139	1.072	1.066
2008	1.726	1.259	1.157	1.073	1.053
2009	1.775	1.275	1.154	1.067	1.058
2010	1.781	1.270	1.143	1.062	
2011	1.794	1.245	1.132		
2012	1.773	1.227			
2013	1.703				
Latest Year	1.703	1.227	1.132	1.062	1.058

(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 AC15-06-01, Exhibit 2.1.1].

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

**Incurred Medical Loss Development Factors  
Adjusted for Changes in Case Reserve Adequacy**

A. Medical Case Reserves Per Open Indemnity Claim

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2001						28,242
2002					21,112	27,944
2003				18,395	23,145	30,447
2004			15,277	19,641	25,800	31,672
2005		14,555	18,347	21,789	27,277	35,670
2006	12,490	16,879	21,627	26,280	33,292	40,547
2007	13,761	17,969	22,115	28,149	34,655	43,363
2008	14,545	18,639	23,534	28,396	35,359	44,686
2009	15,003	19,925	23,685	29,793	36,659	43,821
2010	15,426	19,829	24,569	29,947	36,148	
2011	16,745	21,586	26,223	32,090		
2012	17,034	21,033	25,131			
2013	16,530	20,927				
2014	16,260					

B. Average Paid Medical Loss Per Claim Adjusted to the Common Benefit Level (a)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2001						4,884
2002					5,076	5,446
2003				4,646	5,133	5,491
2004			4,136	4,873	5,436	5,902
2005		2,957	3,851	4,583	5,139	5,611
2006	1,838	3,205	4,253	5,058	5,681	6,226
2007	1,983	3,535	4,725	5,642	6,371	7,008
2008	2,266	3,968	5,345	6,483	7,389	8,094
2009	2,405	4,344	5,971	7,320	8,386	9,164
2010	2,469	4,533	6,367	7,839	8,861	
2011	2,520	4,832	6,695	8,116		
2012	2,623	4,873	6,671			
2013	2,758	5,058				
2014	2,678					

Annual Trend (b): 4.8% 7.2% 8.0% 8.4% 7.8% 7.3%

C. Medical Case Reserves per Open Indemnity Claim Adjusted by Paid Medical Severity Trend (c)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2001						24,747
2002					20,353	26,480
2003				18,014	21,778	28,333
2004			14,094	19,275	23,302	30,317
2005		12,328	15,080	20,625	24,934	32,439
2006	9,463	13,191	16,136	22,068	26,679	34,709
2007	10,126	14,114	17,265	23,613	28,546	37,139
2008	10,835	15,102	18,474	25,266	30,545	39,739
2009	11,593	16,160	19,767	27,035	32,683	42,521
2010	12,404	17,291	21,151	28,927	34,971	
2011	13,273	18,501	22,632	30,952		
2012	14,202	19,796	24,216			
2013	15,196	21,182				
2014	16,260					

(a) Represents average paid medical on all claims. All evaluations are brought to the accident year 2014 benefit level based on benefit factors shown in AC15-06-01, Exhibit 4.4, excluding utilization impacts.

(b) Trend is based on an all-year exponential distribution.

(c) Latest evaluation for each accident year is brought to the accident year 2014 benefit level based on benefit factors shown in AC15-06-01, Exhibit 4.4, excluding utilization impacts. Evaluations prior to the latest evaluation are determined by adjusting the latest accident year average medical case reserves by the selected annual paid medical severity trend on all claims (Item B) of 7.0%.

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

**Incurred Medical Loss Development Factors  
Adjusted for Changes in Case Reserve Adequacy**

**D. Total Medical Case Reserves Adjusted to the Common Benefit Level and by Paid Medical Severity Trend**  
**(in \$000) (d)**

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2001						634,398
2002					729,846	710,475
2003				849,014	739,927	712,156
2004			749,845	716,617	628,163	636,738
2005		769,546	668,903	640,537	586,986	594,082
2006	744,069	751,365	652,441	652,052	581,174	590,685
2007	756,056	790,707	703,948	706,668	651,830	656,953
2008	774,645	849,938	772,382	783,018	706,407	666,102
2009	791,889	901,580	830,797	836,261	727,095	699,463
2010	867,119	987,687	900,819	864,137	749,350	
2011	920,743	1,055,660	936,990	898,039		
2012	1,029,178	1,174,157	1,019,748			
2013	1,205,875	1,310,807				
2014	1,325,667					

**E. Paid Medical Loss on All Claims Adjusted to the Common Benefit Level (in \$000) (e)**

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2001						2,446,015
2002					2,608,557	2,800,641
2003				2,269,617	2,514,000	2,692,286
2004			1,905,520	2,250,639	2,518,377	2,735,242
2005		1,334,261	1,751,913	2,091,379	2,349,350	2,565,767
2006	765,879	1,374,357	1,841,325	2,198,468	2,476,262	2,712,217
2007	779,259	1,436,506	1,939,449	2,325,640	2,628,796	2,892,358
2008	835,905	1,518,594	2,063,001	2,513,046	2,869,264	3,149,468
2009	789,938	1,479,820	2,056,484	2,529,917	2,908,472	3,183,916
2010	808,078	1,541,116	2,179,216	2,694,842	3,054,544	
2011	807,847	1,606,432	2,249,538	2,736,876		
2012	848,800	1,671,560	2,318,471			
2013	927,705	1,792,373				
2014	939,858					

**F. Adjusted Total Medical Incurred (in \$000) (f)**

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2001						3,080,413
2002					3,338,403	3,511,117
2003				3,118,630	3,253,928	3,404,442
2004			2,655,365	2,967,256	3,146,540	3,371,981
2005		2,103,807	2,420,816	2,731,916	2,936,336	3,159,849
2006	1,509,947	2,125,722	2,493,766	2,850,520	3,057,435	3,302,902
2007	1,535,315	2,227,213	2,643,397	3,032,308	3,280,626	3,549,311
2008	1,610,551	2,368,531	2,835,382	3,296,064	3,575,671	3,815,569
2009	1,581,827	2,381,400	2,887,281	3,366,178	3,635,567	3,883,378
2010	1,675,196	2,528,803	3,080,035	3,558,979	3,803,894	
2011	1,728,589	2,662,091	3,186,528	3,634,915		
2012	1,877,978	2,845,717	3,338,219			
2013	2,133,580	3,103,180				
2014	2,265,525					

- (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 2014 benefit level based on benefit factors shown in AC15-06-01, Exhibit 4.4, excluding utilization impacts.
- (f) Each amount is the sum of the adjusted total medical case reserves (Item D) and the adjusted total medical paid losses (Item E).

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

**Incurred Medical Loss Development Factors  
Adjusted for Changes in Case Reserve Adequacy**

G. Medical Incurred Loss Development Factors Based on Adjusted Total Medical Incurred

Accident Year	Age-to-Age Development (in months):				
	15-27	27-39	39-51	51-63	63-75
2002					1.052
2003				1.043	1.046
2004			1.117	1.060	1.072
2005		1.151	1.129	1.075	1.076
2006	1.408	1.173	1.143	1.073	1.080
2007	1.451	1.187	1.147	1.082	1.082
2008	1.471	1.197	1.162	1.085	1.067
2009	1.505	1.212	1.166	1.080	1.068
2010	1.510	1.218	1.155	1.069	
2011	1.540	1.197	1.141		
2012	1.515	1.173			
2013	1.454				
Latest Year	1.454	1.173	1.141	1.069	1.068

H. Medical Incurred Loss Development Factors Adjusted to Common Benefit Level (g)

Accident Year	Age-to-Age Development (in months):				
	15-27	27-39	39-51	51-63	63-75
2002					1.059
2003				1.063	1.052
2004			1.097	1.078	1.058
2005		1.144	1.079	1.081	1.076
2006	1.337	1.163	1.096	1.076	1.063
2007	1.357	1.165	1.116	1.080	1.070
2008	1.374	1.189	1.115	1.088	1.058
2009	1.434	1.181	1.133	1.081	1.050
2010	1.424	1.210	1.116	1.068	
2011	1.449	1.180	1.103		
2012	1.410	1.162			
2013	1.376				

I. Impact of Adjustments to Common Case Reserve Level (h)

Accident Year	Age-to-Age Development (in months):				
	15-27	27-39	39-51	51-63	63-75
2002					-0.71%
2003				-1.82%	-0.57%
2004			1.91%	-1.64%	1.29%
2005		0.59%	4.61%	-0.54%	0.01%
2006	5.30%	0.87%	4.33%	-0.34%	1.65%
2007	6.90%	1.85%	2.76%	0.14%	1.07%
2008	7.04%	0.65%	4.22%	-0.26%	0.84%
2009	5.00%	2.63%	2.91%	-0.04%	1.77%
2010	5.98%	0.63%	3.58%	0.04%	
2011	6.27%	1.46%	3.46%		
2012	7.48%	0.98%			
2013	5.71%				

- (g) Development factors are based on incurred losses adjusted to a common benefit level and from the same insurer mix as those which have been adjusted for case reserve level adequacy and applied in the calculation of the development factors in Item G.
- (h) Each factor represents the change in age-to-age development factors from Item H to those in Item G.

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

**Incurred Medical Loss Development Factors  
Adjusted for Changes in Case Reserve Adequacy**

J. Medical Incurred Loss Development Factors After Adjustment for Changes in Case Reserve Adequacy (i)

Accident Year	Age-to-Age Development (in months):				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2002					1.049
2003				1.041	1.045
2004			1.115	1.060	1.070
2005		1.148	1.127	1.074	1.074
2006	1.404	1.174	1.142	1.072	1.078
2007	1.451	1.193	1.145	1.080	1.080
2008	1.475	1.197	1.163	1.084	1.067
2009	1.502	1.213	1.166	1.080	1.068
2010	1.517	1.220	1.157	1.068	
2011	1.543	1.202	1.141		
2012	1.518	1.173			
2013	1.455				
Latest Year	1.455	1.173	1.141	1.068	1.068

- (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 AC15-06-01, Exhibit 2.2.1].

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

**Developed Loss Ratios Using Latest Year Incurred Development Factors  
Adjusted for Changes in Case Reserve Adequacy  
Based on Experience as of March 31, 2015**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Indemnity				Medical			
Accident	Incurred	Annual	Cumulative		Incurred	Annual	Cumulative		Total
Year	Loss Ratio	Development	Development	Developed	Loss Ratio	Development	Development	Developed	Developed
	<u>Ex IBNR(a)</u>	<u>Factor(b)</u>	<u>Factor</u>	<u>Loss Ratio</u> (1) x (3)	<u>Ex IBNR(a)</u>	<u>Factor(c)</u>	<u>Factor</u>	<u>Loss Ratio</u> (5) x (7)	<u>Loss Ratio</u> (4) + (8)
2005	0.120	1.007	1.033	0.124	0.181	1.016	1.171	0.212	0.337
2006	0.154	1.012	1.046	0.162	0.232	1.023	1.198	0.277	0.439
2007	0.210	1.013	1.060	0.222	0.319	1.018	1.219	0.389	0.611
2008	0.261	1.022	1.083	0.283	0.389	1.028	1.253	0.488	0.771
2009	0.297	1.025	1.110	0.330	0.443	1.035	1.297	0.574	0.904
2010	0.276	1.058	1.174	0.325	0.416	1.068	1.385	0.576	0.901
2011	0.245	1.062	1.247	0.306	0.346	1.068	1.479	0.512	0.818
2012	0.200	1.132	1.412	0.282	0.275	1.141	1.688	0.464	0.746
2013	0.144	1.227	1.732	0.250	0.203	1.173	1.981	0.403	0.653
2014	0.083	1.703	2.950	0.244	0.134	1.455	2.881	0.387	0.630

- (a) Based on AC 15-06-01, 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 2010 to 2014 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 2010 are selected as the latest year age-to-age factors shown in AC 15-06-01, Exhibit 2.1.
- (c) Age-to-age factors for developing accident years 2010 to 2014 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 2010 are selected as the latest year age-to-age factors shown in AC 15-06-01, Exhibit 2.2.

**Projected On-Level Accident Year  
Indemnity Loss to Industry Average Filed Pure Premium Ratios  
Using Latest Year Incurred Development Factors  
Adjusted for Changes in Indemnity Case Reserve Adequacy  
Based on Experience as of March 31, 2015**

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	1.379	0.763	0.225
2006	0.162	1.363	0.980	0.225
2007	0.222	1.320	1.252	0.234
2008	0.283	1.244	1.513	0.232
2009	0.330	1.219	1.630	0.247
2010	0.325	1.202	1.483	0.263
2011	0.306	1.183	1.351	0.268
2012	0.282	1.158	1.207	0.270
2013	0.250	1.164	1.058	0.275
2014	0.244	1.057	0.975	0.264
				Projections (d)
2015				0.269
2016				0.269
1/1/2017				0.267

(a) See Exhibit 3.9.

(b) Based on AC 15-06-01, Exhibit 4.1.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC 15-06-01, Exhibit 6.2, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 on-level ratios.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Using Latest Year Incurred Development Factors  
Adjusted for Changes in Medical Case Reserve Adequacy  
Based on Experience as of March 31, 2015**

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 (1)×(2)÷(3)
2005	0.212	0.997	0.763	0.277
2006	0.277	1.047	0.980	0.296
2007	0.389	1.028	1.252	0.319
2008	0.488	1.020	1.513	0.329
2009	0.574	1.006	1.630	0.354
2010	0.576	1.003	1.483	0.390
2011	0.512	1.000	1.351	0.379
2012	0.464	0.999	1.207	0.384
2013	0.403	1.052	1.058	0.400
2014	0.387	1.026	0.975	0.407
				Projections (d)
2015				0.419
2016				0.429
1/1/2017				0.431

(a) See Exhibit 3.9.

(b) Based on AC 15-06-01, Exhibit 4.4.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC 15-06-01, Exhibit 6.4, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 on-level ratios.

**Developed Loss Ratios Using Latest Year Incurred Loss Development Factors  
Adjusted for Insurer Mix  
Based on Experience as of March 31, 2015**

	(1)	(2) Indemnity		(3)	(4)	(5)	(6) Medical		(7)	(8)	(9)
Accident	Incurring	Development Factors		Developed	Loss	Incurring	Development Factors		Developed	Loss	Total
Year	Loss Ratio(a)	Annual	Cumulative(b)	Ratio(c)	(1) x (3)	Loss Ratio(a)	Annual	Cumulative(d)	Ratio(c)	(5) x (7)	Developed
											Loss
											Ratio
											(4) + (8)
2005	0.120	---	0.983	0.118	0.181	---	1.122	0.203	0.322		
2006	0.154	---	1.005	0.155	0.232	---	1.152	0.267	0.422		
2007	0.210	---	1.032	0.216	0.319	---	1.187	0.379	0.595		
2008	0.261	---	1.075	0.281	0.389	---	1.240	0.483	0.763		
2009	0.297	---	1.112	0.330	0.443	---	1.288	0.570	0.900		
2010	0.276	---	1.169	0.323	0.416	---	1.358	0.565	0.888		
2011	0.245	---	1.236	0.303	0.346	---	1.436	0.497	0.800		
2012	0.200	---	1.371	0.274	0.275	---	1.587	0.436	0.710		
2013	0.144	---	1.669	0.241	0.203	---	1.841	0.374	0.615		
2014	0.083	---	2.682	0.221	0.134	---	2.537	0.340	0.562		

- (a) Based on AC 15-06-01, 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 2014 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, 2015**

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	1.379	0.763	0.214
2006	0.155	1.363	0.980	0.216
2007	0.216	1.320	1.252	0.228
2008	0.281	1.244	1.513	0.231
2009	0.330	1.219	1.630	0.247
2010	0.323	1.202	1.483	0.262
2011	0.303	1.183	1.351	0.265
2012	0.274	1.158	1.207	0.262
2013	0.241	1.164	1.058	0.265
2014	0.221	1.057	0.975	0.240
				Projections (d)
2015				0.252
2016				0.252
1/1/2017				0.250

(a) See Exhibit 4.1.

(b) Based on AC 15-06-01, Exhibit 4.1.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC 15-06-01, Exhibit 6.2, the actual frequency trend for accident year 2014, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 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, 2015**

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 (1)×(2)÷(3)
2005	0.203	0.997	0.763	0.265
2006	0.267	1.047	0.980	0.285
2007	0.379	1.028	1.252	0.311
2008	0.483	1.020	1.513	0.326
2009	0.570	1.006	1.630	0.352
2010	0.565	1.003	1.483	0.382
2011	0.497	1.000	1.351	0.368
2012	0.436	0.999	1.207	0.361
2013	0.374	1.052	1.058	0.372
2014	0.340	1.026	0.975	0.358
				Projections (d)
2015				0.379
2016				0.388
1/1/2017				0.390

- (a) See Exhibit 4.1.
- (b) Based on AC 15-06-01, Exhibit 4.4.
- (c) See AC 15-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC 15-06-01, Exhibit 6.4, the actual frequency trend for accident year 2014, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 on-level ratios.

**Developed Loss Ratios Using Unadjusted 3-Year Average Paid Development Factors  
Based on Experience as of March 31, 2015**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Reported	Annual	Cumulative	Developed	Reported	Annual	Cumulative	Developed	Total
Year	<u>Paid</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Paid</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Developed</u>
	<u>Loss Ratio(a)</u>	<u>Factor(b)</u>	<u>Factor</u>	<u>(1) x (3)</u>	<u>Loss Ratio(a)</u>	<u>Factor(c)</u>	<u>Factor</u>	<u>(5) x (7)</u>	<u>(4) + (8)</u>
2005	0.111	1.017	1.110	0.123	0.156	1.029	1.410	0.220	0.343
2006	0.141	1.024	1.137	0.160	0.197	1.036	1.461	0.288	0.448
2007	0.188	1.034	1.176	0.221	0.269	1.043	1.524	0.411	0.632
2008	0.233	1.045	1.229	0.286	0.326	1.054	1.606	0.524	0.810
2009	0.257	1.059	1.302	0.335	0.363	1.070	1.718	0.624	0.959
2010	0.234	1.084	1.411	0.331	0.334	1.095	1.881	0.629	0.959
2011	0.195	1.132	1.597	0.311	0.255	1.139	2.143	0.546	0.857
2012	0.146	1.235	1.973	0.287	0.185	1.225	2.625	0.486	0.774
2013	0.087	1.488	2.935	0.255	0.112	1.397	3.666	0.412	0.666
2014	0.033	2.414	7.084	0.236	0.052	1.953	7.158	0.374	0.610

(a) Based on AC 15-06-01, Exhibit 1.

(b) Age-to-age factors are selected as three-year averages based on AC 15-06-01, Exhibit 2.5.

(c) Age-to-age factors are selected as three-year averages based on AC 15-06-01, 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, 2015**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio(a)	Composite Indemnity Adjustment Factor(b)	Composite Premium Adjustment Factor(c)	On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
2005	0.123	1.379	0.763	0.223
2006	0.160	1.363	0.980	0.223
2007	0.221	1.320	1.252	0.233
2008	0.286	1.244	1.513	0.235
2009	0.335	1.219	1.630	0.251
2010	0.331	1.202	1.483	0.268
2011	0.311	1.183	1.351	0.272
2012	0.287	1.158	1.207	0.276
2013	0.255	1.164	1.058	0.280
2014	0.236	1.057	0.975	0.256
				Projections (d)
2015				0.268
2016				0.268
1/1/2017				0.266

- (a) See Exhibit 5.1.
- (b) Based on AC 15-06-01, Exhibit 4.1.
- (c) See AC 15-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC 15-06-01, Exhibit 6.2, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 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, 2015**

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 (1)×(2)÷(3)
2005	0.220	0.997	0.763	0.287
2006	0.288	1.047	0.980	0.308
2007	0.411	1.028	1.252	0.337
2008	0.524	1.020	1.513	0.353
2009	0.624	1.006	1.630	0.385
2010	0.629	1.003	1.483	0.425
2011	0.546	1.000	1.351	0.404
2012	0.486	0.999	1.207	0.402
2013	0.412	1.052	1.058	0.409
2014	0.374	1.026	0.975	0.393
				Projections (d)
2015				0.416
2016				0.426
1/1/2017				0.429

- (a) See Exhibit 5.1.
- (b) Based on AC 15-06-01, Exhibit 4.4.
- (c) See AC 15-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC 15-06-01, Exhibit 6.4, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 on-level ratios.

**Developed Loss Ratios Using Unadjusted Paid Development Factors  
Based on Experience as of March 31, 2015**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Indemnity				Medical			
Accident	Paid	Annual	Cumulative	Developed	Paid	Annual	Cumulative	Developed	Total
<u>Year</u>	<u>Loss Ratio(a)</u>	<u>Factor(b)</u>	<u>Factor</u>	<u>Loss Ratio</u> (1) x (3)	<u>Loss Ratio(a)</u>	<u>Factor(c)</u>	<u>Factor</u>	<u>Loss Ratio</u> (5) x (7)	<u>Loss Ratio</u> (4) + (8)
2005	0.111	1.017	1.110	0.123	0.156	1.029	1.410	0.220	0.343
2006	0.141	1.024	1.137	0.160	0.197	1.036	1.461	0.288	0.448
2007	0.188	1.032	1.174	0.221	0.269	1.040	1.519	0.409	0.630
2008	0.233	1.042	1.223	0.285	0.326	1.051	1.596	0.521	0.805
2009	0.257	1.054	1.289	0.332	0.363	1.067	1.703	0.618	0.950
2010	0.234	1.084	1.397	0.327	0.334	1.095	1.865	0.623	0.951
2011	0.195	1.129	1.578	0.307	0.255	1.133	2.113	0.539	0.846
2012	0.146	1.227	1.936	0.282	0.185	1.217	2.572	0.476	0.758
2013	0.087	1.477	2.859	0.248	0.112	1.387	3.567	0.401	0.649
2014	0.033	2.385	6.819	0.228	0.052	1.932	6.892	0.360	0.588

- (a) Based on AC 15-06-01, 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 AC 15-06-01, 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 AC 15-06-01, 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 Paid Selections  
Based on Experience as of March 31, 2015**

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	1.379	0.763	0.223
2006	0.160	1.363	0.980	0.223
2007	0.221	1.320	1.252	0.233
2008	0.285	1.244	1.513	0.234
2009	0.332	1.219	1.630	0.248
2010	0.327	1.202	1.483	0.265
2011	0.307	1.183	1.351	0.269
2012	0.282	1.158	1.207	0.271
2013	0.248	1.164	1.058	0.273
2014	0.228	1.057	0.975	0.247
				Projections (d)
2015				0.260
2016				0.260
1/1/2017				0.258

- (a) See Exhibit 6.1.
- (b) Based on AC 15-06-01, Exhibit 4.1.
- (c) See AC 15-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC 15-06-01, Exhibit 6.2, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 on-level ratios.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Based on Unadjusted Paid Selections  
Based on Experience as of March 31, 2015**

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 (1)×(2)÷(3)
2005	0.220	0.997	0.763	0.287
2006	0.288	1.047	0.980	0.308
2007	0.409	1.028	1.252	0.336
2008	0.521	1.020	1.513	0.351
2009	0.618	1.006	1.630	0.382
2010	0.623	1.003	1.483	0.422
2011	0.539	1.000	1.351	0.399
2012	0.476	0.999	1.207	0.394
2013	0.401	1.052	1.058	0.398
2014	0.360	1.026	0.975	0.379
				Projections (d)
2015				0.403
2016				0.413
1/1/2017				0.415

(a) See Exhibit 6.1.

(b) Based on AC 15-06-01, Exhibit 4.4.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC 15-06-01, Exhibit 6.4, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 on-level ratios.

**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>
2005						132,049
2006					124,747	124,807
2007				121,370	121,691	121,948
2008			118,078	119,106	119,612	119,935
2009		110,894	113,459	114,431	115,046	115,380
2010	105,555	115,093	117,638	118,773	119,456	
2011	105,403	116,082	119,141	120,484		
2012	110,265	123,309	126,531			
2013	119,410	131,502				
2014	123,688					

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>
2006					1.000	
2007				1.003	1.002	
2008			1.009	1.004	1.003	
2009		1.023	1.009	1.005	1.003	
2010	1.090	1.022	1.010	1.006		
2011	1.101	1.026	1.011			
2012	1.118	1.026				
2013	1.101					
Latest Year	1.101	1.026	1.011	1.006	1.003	
Cumulative	1.157	1.050	1.024	1.012	1.006	1.003

Acc. Year	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Ult. Claim Counts	143,059	138,111	129,506	121,943	120,211	115,773

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>
2005						113,735
2006					102,963	107,789
2007				91,443	98,857	104,259
2008			76,269	88,115	96,485	103,173
2009		55,102	71,430	83,498	92,799	98,930
2010	35,651	57,971	75,048	88,900	98,028	
2011	36,032	59,023	77,739	91,470		
2012	37,797	63,997	84,420			
2013	40,055	69,619				
2014	42,157					

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 Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2005						86.1%
2006					82.3%	86.2%
2007				74.8%	80.9%	85.3%
2008			63.4%	73.2%	80.2%	85.7%
2009		47.6%	61.7%	72.1%	80.2%	85.5%
2010	29.7%	48.2%	62.4%	74.0%	81.5%	
2011	29.5%	48.4%	63.8%	75.0%		
2012	29.2%	49.4%	65.2%			
2013	29.0%	50.4%				
2014	29.5%					

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2005						112,934
2006					101,982	106,866
2007				91,674	99,662	104,435
2008			78,447	90,271	98,136	102,836
2009		58,359	75,468	86,842	94,409	98,930
2010	35,424	60,596	78,361	90,171	98,028	
2011	35,934	61,469	79,489	91,470		
2012	38,163	65,282	84,420			
2013	40,699	69,619				
2014	42,157					

F. Average Paid Indemnity per Closed Claim

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2005						11,716
2006					11,392	12,710
2007				10,265	12,210	13,939
2008			8,356	11,365	13,810	15,954
2009		5,045	8,833	12,084	14,871	16,829
2010	2,051	5,206	9,111	12,609	15,221	
2011	2,270	5,514	9,533	12,917		
2012	2,332	5,991	10,080			
2013	2,723	6,417				
2014	2,792					

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

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

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

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2005						11,541
2006					11,156	12,447
2007				10,321	12,454	13,991
2008			8,843	11,950	14,311	15,839
2009		5,642	9,810	13,021	15,362	16,829
2010	2,035	5,674	9,847	12,944	15,221	
2011	2,261	5,923	9,909	12,917		
2012	2,363	6,191	10,080			
2013	2,774	6,417				
2014	2,792					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2005						1,303,400
2006					1,137,708	1,330,120
2007				946,139	1,241,175	1,461,157
2008			693,679	1,078,769	1,404,468	1,628,821
2009		329,234	740,332	1,130,746	1,450,307	1,664,844
2010	72,072	343,836	771,640	1,167,157	1,492,100	
2011	81,258	364,083	787,677	1,181,508		
2012	90,186	404,146	850,946			
2013	112,894	446,722				
2014	117,716					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2005						589,978
2006					668,298	628,941
2007				803,180	755,114	676,009
2008			905,080	901,465	823,430	688,256
2009		741,807	895,916	881,165	765,760	662,307
2010	368,199	752,227	902,242	844,254	725,842	
2011	364,160	759,834	862,387	786,157		
2012	389,528	773,379	857,331			
2013	406,557	782,920				
2014	420,701					

(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
2005						32,363
2006					30,452	36,522
2007				26,838	33,070	38,216
2008			21,648	29,088	35,605	42,387
2009		13,296	21,317	28,486	34,421	40,977
2010	4,609	13,169	21,184	28,261	34,911	
2011	5,012	13,317	20,830	27,239		
2012	5,375	13,039	18,834			
2013	5,123	9,222				
2014	4,773					

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
2005						25,930
2006					29,869	33,720
2007				-6,207	-26,629	-6,716
2008			-47,152	-62,700	-58,789	14,302
2009		-43,302	-86,072	-95,262	-55,420	
2010	1,046	-34,566	-70,176	-35,921		
2011	490	-32,569	-36,462			
2012	-1,969	-16,749				
2013	-3,299					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2005						615,908
2006					698,167	662,661
2007				796,973	728,484	669,293
2008			857,929	838,765	764,640	702,557
2009		698,505	809,844	785,902	710,340	662,307
2010	369,245	717,661	832,065	808,333	725,842	
2011	364,649	727,264	825,925	786,157		
2012	387,560	756,630	857,331			
2013	403,258	782,920				
2014	420,701					

- (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>
2005						1,919,307
2006					1,835,876	1,992,781
2007				1,743,112	1,969,660	2,130,450
2008			1,551,608	1,917,535	2,169,108	2,331,378
2009		1,027,739	1,550,176	1,916,648	2,160,648	2,327,151
2010	441,317	1,061,498	1,603,705	1,975,490	2,217,942	
2011	445,907	1,091,347	1,613,602	1,967,665		
2012	477,745	1,160,776	1,708,277			
2013	516,151	1,229,641				
2014	538,417					

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>
2006					1.085
2007				1.130	1.082
2008			1.236	1.131	1.075
2009		1.508	1.236	1.127	1.077
2010	2.405	1.511	1.232	1.123	
2011	2.447	1.479	1.219		
2012	2.430	1.472			
2013	2.382				
Latest Year	2.382	1.472	1.219	1.123	1.077
3-Year Average	2.420	1.487	1.229	1.127	1.078

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>
2006					1.086
2007				1.127	1.085
2008			1.234	1.133	1.083
2009		1.497	1.238	1.135	1.085
2010	2.388	1.505	1.239	1.129	
2011	2.434	1.477	1.227		
2012	2.422	1.477			
2013	2.385				

(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>
2006					-0.01%
2007				0.31%	-0.33%
2008			0.17%	-0.15%	-0.73%
2009		0.74%	-0.13%	-0.70%	-0.69%
2010	0.71%	0.41%	-0.58%	-0.52%	
2011	0.57%	0.08%	-0.63%		
2012	0.33%	-0.34%			
2013	-0.11%				

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>
2006					1.085
2007				1.130	1.081
2008			1.236	1.130	1.075
2009		1.510	1.236	1.127	1.077
2010	2.416	1.511	1.233	1.123	
2011	2.447	1.482	1.219		
2012	2.431	1.472			
2013	2.382				
Latest Year	2.382	1.472	1.219	1.123	1.077
3-Year Average	2.420	1.488	1.229	1.127	1.078

(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 AC 15-06-01, Exhibit 2.3.1].

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

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

A. Total Reported Indemnity Claim Counts

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2005						130,132
2006					122,722	122,784
2007				119,435	119,756	120,013
2008			116,361	117,400	117,903	118,222
2009		109,520	112,089	113,072	113,682	114,016
2010	104,166	113,691	116,234	117,370	118,056	
2011	105,403	116,082	119,141	120,484		
2012	110,265	123,309	126,531			
2013	119,410	131,502				
2014	123,688					

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>
2006					1.001	
2007				1.003	1.002	
2008			1.009	1.004	1.003	
2009		1.023	1.009	1.005	1.003	
2010	1.091	1.022	1.010	1.006		
2011	1.101	1.026	1.011			
2012	1.118	1.026				
2013	1.101					
Latest Year	1.101	1.026	1.011	1.006	1.003	
Cumulative	1.157	1.050	1.023	1.012	1.006	1.003

Acc. Year	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Ult. Claim Counts	143,053	138,105	129,500	121,937	118,785	114,384

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>
2005						111,940
2006					101,148	105,918
2007				89,778	97,125	102,478
2008			74,950	86,672	94,964	101,605
2009		54,288	70,413	82,372	91,606	97,686
2010	35,060	57,127	74,016	87,728	96,780	
2011	36,032	59,023	77,739	91,470		
2012	37,797	63,997	84,420			
2013	40,055	69,619				
2014	42,157					

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 Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2005						86.0%
2006					82.2%	86.1%
2007				74.7%	80.8%	85.2%
2008			63.2%	73.1%	80.1%	85.7%
2009		47.5%	61.6%	72.0%	80.1%	85.4%
2010	29.5%	48.1%	62.3%	73.9%	81.5%	
2011	29.5%	48.4%	63.8%	75.0%		
2012	29.2%	49.4%	65.2%			
2013	29.0%	50.4%				
2014	29.5%					

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2005						111,205
2006					100,220	105,050
2007				90,209	97,978	102,700
2008			77,317	88,970	96,632	101,290
2009		57,661	74,566	85,804	93,194	97,686
2010	35,006	59,880	77,435	89,106	96,780	
2011	35,934	61,469	79,489	91,470		
2012	38,163	65,282	84,420			
2013	40,699	69,619				
2014	42,157					

F. Average Paid Medical per Closed Indemnity Claim

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2005						12,986
2006					12,684	14,493
2007				11,737	13,946	16,210
2008			9,875	13,123	16,126	19,156
2009		6,334	10,306	14,246	18,004	20,779
2010	3,263	6,620	10,845	15,179	18,762	
2011	2,664	6,157	10,642	14,711		
2012	2,827	6,548	10,986			
2013	2,974	6,685				
2014	2,975					

- (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)					
	15	27	39	51	63	75
2005						12,759
2006					12,403	14,147
2007				11,856	14,285	16,314
2008			10,459	13,895	16,839	19,000
2009		7,013	11,532	15,542	18,691	20,779
2010	3,260	7,175	11,794	15,677	18,762	
2011	2,657	6,614	11,091	14,711		
2012	2,860	6,765	10,986			
2013	3,027	6,685				
2014	2,975					

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2005						1,418,844
2006					1,243,064	1,486,121
2007				1,069,560	1,399,599	1,675,475
2008			808,675	1,236,220	1,627,223	1,924,522
2009		404,374	859,917	1,333,533	1,741,907	2,029,837
2010	114,121	429,612	913,234	1,396,889	1,815,834	
2011	95,489	406,525	881,601	1,345,647		
2012	109,154	441,612	927,420			
2013	123,193	465,406				
2014	125,412					

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2005						857,714
2006					942,314	921,943
2007				1,062,145	1,065,473	1,024,544
2008			1,123,050	1,177,223	1,143,348	1,011,376
2009		954,397	1,152,762	1,183,799	1,091,405	989,870
2010	523,597	965,243	1,176,455	1,165,815	1,041,938	
2011	488,259	948,007	1,098,897	1,051,165		
2012	503,454	931,821	1,034,343			
2013	524,303	913,029				
2014	520,481					

- (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
2005						44,617
2006					41,067	51,998
2007				35,814	47,080	58,429
2008			27,120	38,311	49,843	59,337
2009		17,280	27,660	38,560	49,439	58,855
2010	4,285	17,065	27,866	39,330	48,584	
2011	4,622	16,614	26,542	34,709		
2012	6,947	15,710	22,693			
2013	6,607	11,893				
2014	4,800					

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
2005						32,796
2006					38,105	45,109
2007				-15,427	-40,152	-12,978
2008			-64,185	-88,031	-83,147	18,715
2009		-58,293	-114,873	-132,358	-78,522	
2010	233	-46,980	-95,275	-54,192		
2011	451	-40,635	-46,461			
2012	-2,544	-20,180				
2013	-4,254					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2005						890,510
2006					980,418	967,052
2007				1,046,718	1,025,321	1,011,565
2008			1,058,865	1,089,192	1,060,202	1,030,091
2009		896,103	1,037,889	1,051,441	1,012,883	989,870
2010	523,830	918,263	1,081,181	1,111,622	1,041,938	
2011	488,710	907,372	1,052,436	1,051,165		
2012	500,910	911,640	1,034,343			
2013	520,049	913,029				
2014	520,481					

- (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)					
	15	27	39	51	63	75
2005						222,873
2006					227,230	228,805
2007				231,588	234,345	236,261
2008			229,064	233,829	236,942	238,865
2009		208,775	215,593	220,928	224,314	227,369
2010	179,444	207,469	215,661	220,492	224,410	
2011	171,160	200,070	208,154	213,169		
2012	175,085	207,500	216,402			
2013	176,321	211,140				
2014	198,110					

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2005						2,532,227
2006					2,450,713	2,681,978
2007				2,347,866	2,659,264	2,923,302
2008			2,096,604	2,559,242	2,924,367	3,193,478
2009		1,509,253	2,113,399	2,605,902	2,979,103	3,247,077
2010	825,123	1,578,206	2,241,405	2,766,156	3,123,082	
2011	837,501	1,668,003	2,340,111	2,837,535		
2012	880,665	1,737,152	2,406,145			
2013	916,343	1,770,774				
2014	939,858					

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

Accident Year	Evaluated as of (in months)				
	15-27	27-39	39-51	51-63	63-75
2006					1.094
2007				1.133	1.099
2008			1.221	1.143	1.092
2009		1.400	1.233	1.143	1.090
2010	1.913	1.420	1.234	1.129	
2011	1.992	1.403	1.213		
2012	1.973	1.385			
2013	1.932				
Latest Year	1.932	1.385	1.213	1.129	1.090

(h) Each amount is the sum of [adjusted paid medical on closed indemnity claims (Item H)], [adjusted paid medical on open indemnity claims (Item L)] and [paid medical on medical-only claims (Item M)]. Cumulative values of the paid cost of medical cost containment programs are also added to the totals at each valuation for accident years 2010 and subsequent in order to adjust the totals to an equivalent basis for development purposes.

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

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

P. Paid Medical Loss Development Factors (i)

Accident Year	Evaluated as of (in months)				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2006					1.095
2007				1.131	1.101
2008			1.218	1.143	1.098
2009		1.390	1.231	1.150	1.095
2010	1.907	1.415	1.238	1.134	
2011	1.989	1.400	1.217		
2012	1.969	1.387			
2013	1.932				

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>
2006					-0.07%
2007				0.17%	-0.14%
2008			0.22%	0.01%	-0.53%
2009		0.78%	0.15%	-0.59%	-0.48%
2010	0.29%	0.40%	-0.28%	-0.40%	
2011	0.16%	0.19%	-0.33%		
2012	0.16%	-0.14%			
2013	0.02%				

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>
2007					1.091
2008				1.135	1.097
2009			1.225	1.150	1.093
2010		1.413	1.245	1.132	
2011	1.971	1.421	1.217		
2012	2.004	1.388			
2013	1.925				
Latest Year	1.925	1.388	1.217	1.132	1.093
3-Year Average	1.967	1.407	1.229	1.139	1.094

- (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 AC 15-06-01, Exhibit 2.4.1].

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

**Developed Loss Ratios Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates  
Based on 3-Year Average Selections  
Based on Experience as of March 31, 2015**

	(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	0.111	1.017	1.110	0.123	0.156	0.151	1.031	1.419	0.214	0.338
2006	0.141	1.024	1.137	0.160	0.197	0.191	1.037	1.471	0.282	0.442
2007	0.188	1.032	1.174	0.221	0.269	0.262	1.042	1.532	0.401	0.622
2008	0.233	1.042	1.223	0.285	0.326	0.317	1.053	1.614	0.512	0.797
2009	0.257	1.054	1.289	0.332	0.363	0.354	1.069	1.725	0.611	0.943
2010	0.234	1.078	1.390	0.326	0.334	0.328	1.094	1.887	0.618	0.944
2011	0.195	1.127	1.558	0.303	0.255	0.252	1.139	2.149	0.541	0.844
2012	0.146	1.229	1.915	0.279	0.185	0.185	1.229	2.641	0.489	0.768
2013	0.087	1.488	2.910	0.253	0.112	0.113	1.407	3.717	0.421	0.674
2014	0.033	2.420	7.514	0.251	0.052	0.052	1.967	7.310	0.383	0.634

- (a) Based on AC 15-06-01, Exhibit 1. Column 5 is shown for informational purposes only.
- (b) Age-to-age factors for developing accident years 2010 to 2014 were adjusted for changes in claim settlement rates based on 3-year average selections (see Exhibit 7.6, Item Q). The cumulative loss development factors for developing accident years 2011 through 2014 are adjusted for the impact of SB 863 (see AC 15-06-01, Exhibit 2.5.1).
- (c) Based on experience evaluated as of March 31, 2015. Reflects an adjustment for SB 863 of -4.9% applied to payments made before January 1, 2013, and adjustments for RBRVS of 0.9% applied to payments made before January 1, 2014, and 0.6% applied to payments made before January 1, 2015.
- (d) Age-to-age factors for developing accident years 2010 to 2014 were adjusted for changes in claim settlement rates based on 3-year average selections (see Exhibit 7.12, Item R). Age-to-age factors for developing accident years 2005 to 2014 reflect an adjustment for SB 863 of -4.9% applied to payments made before January 1, 2013, and adjustments for RBRVS of 0.9% applied to payments made before January 1, 2014, and 0.6% applied to payments made before January 1, 2015.

**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, 2015**

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	1.379	0.763	0.223
2006	0.160	1.363	0.980	0.223
2007	0.221	1.320	1.252	0.233
2008	0.285	1.244	1.513	0.234
2009	0.332	1.219	1.630	0.248
2010	0.326	1.202	1.483	0.264
2011	0.303	1.189	1.351	0.267
2012	0.279	1.164	1.207	0.269
2013	0.253	1.164	1.058	0.278
2014	0.251	1.057	0.975	0.272
				Projections (d)
2015				0.275
2016				0.274
1/1/2017				0.273

(a) See Exhibit 7.13.

(b) See AC 15-06-01, Exhibit 4.1.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC 15-06-01, Exhibit 6.2, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 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, 2015**

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 (1)×(2)÷(3)
2005	0.214	1.032	0.763	0.290
2006	0.282	1.084	0.980	0.311
2007	0.401	1.064	1.252	0.341
2008	0.512	1.056	1.513	0.357
2009	0.611	1.042	1.630	0.390
2010	0.618	1.039	1.483	0.433
2011	0.541	1.035	1.351	0.414
2012	0.489	1.034	1.207	0.419
2013	0.421	1.035	1.058	0.412
2014	0.383	1.019	0.975	0.401
				Projections (d)
2015				0.422
2016				0.432
1/1/2017				0.434

(a) See Exhibit 7.13.

(b) See AC 15-06-01, Exhibit 4.4.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC 15-06-01, Exhibit 6.4, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 on-level ratios.

**Developed Loss Ratios Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates  
Based on Latest Year Selections  
Based on Experience as of March 31, 2015**

	(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	0.111	1.017	1.110	0.123	0.156	0.151	1.031	1.419	0.214	0.338
2006	0.141	1.024	1.137	0.160	0.197	0.191	1.037	1.471	0.282	0.442
2007	0.188	1.032	1.174	0.221	0.269	0.262	1.042	1.532	0.401	0.622
2008	0.233	1.042	1.223	0.285	0.326	0.317	1.053	1.614	0.512	0.797
2009	0.257	1.054	1.289	0.332	0.363	0.354	1.069	1.725	0.611	0.943
2010	0.234	1.077	1.388	0.325	0.334	0.328	1.093	1.885	0.618	0.943
2011	0.195	1.123	1.551	0.302	0.255	0.252	1.132	2.134	0.537	0.839
2012	0.146	1.219	1.891	0.276	0.185	0.185	1.217	2.597	0.481	0.756
2013	0.087	1.472	2.842	0.247	0.112	0.113	1.388	3.605	0.408	0.655
2014	0.033	2.382	7.224	0.241	0.052	0.052	1.925	6.939	0.364	0.605
2015										

- (a) Based on AC 15-06-01, Exhibit 1. Column 5 is shown for informational purposes only.
- (b) Age-to-age factors for developing accident years 2010 to 2014 were adjusted for changes in claim settlement rates based on latest year selections (see Exhibit 7.6, Item Q). The cumulative loss development factors for developing accident years 2011 through 2014 are adjusted for the impact of SB 863 (see AC 15-06-01, Exhibit 2.5.1).
- (c) Based on experience evaluated as of March 31, 2015. Reflects an adjustment for SB 863 of -4.9% applied to payments made before January 1, 2013, and adjustments for RBRVS of 0.9% applied to payments made before January 1, 2014, and 0.6% applied to payments made before January 1, 2015.
- (d) Age-to-age factors for developing accident years 2010 to 2014 were adjusted for changes in claim settlement rates based on 3-year average selections (see Exhibit 7.12, Item R). Age-to-age factors for developing accident years 2005 to 2014 reflect an adjustment for SB 863 of -4.6% applied to payments made before January 1, 2013, and adjustments for RBRVS of 0.9% applied to payments made before January 1, 2014, and 0.6% applied to payments made before January 1, 2015.

**Projected On-Level Accident Year  
Indemnity Loss to Industry Average Filed Pure Premium Ratios  
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates  
Based on Latest Year Paid Selections  
Based on Experience as of March 31, 2015**

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	1.379	0.763	0.223
2006	0.160	1.363	0.980	0.223
2007	0.221	1.320	1.252	0.233
2008	0.285	1.244	1.513	0.234
2009	0.332	1.219	1.630	0.248
2010	0.325	1.202	1.483	0.264
2011	0.302	1.189	1.351	0.266
2012	0.276	1.164	1.207	0.266
2013	0.247	1.164	1.058	0.271
2014	0.241	1.057	0.975	0.261
				Projections (d)
2015				0.266
2016				0.266
1/1/2017				0.264

(a) See Exhibit 8.1.

(b) See AC 15-06-01, Exhibit 4.1.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC 15-06-01, Exhibit 6.2, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 on-level ratios.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates  
Based on Latest Year Paid Selections  
Based on Experience as of March 31, 2015**

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 (1)×(2)÷(3)
2005	0.214	1.032	0.763	0.290
2006	0.282	1.084	0.980	0.311
2007	0.401	1.064	1.252	0.341
2008	0.512	1.056	1.513	0.357
2009	0.611	1.042	1.630	0.390
2010	0.618	1.039	1.483	0.433
2011	0.537	1.035	1.351	0.411
2012	0.481	1.034	1.207	0.412
2013	0.408	1.035	1.058	0.399
2014	0.364	1.019	0.975	0.380
				Projections (d)
2015				0.405
2016				0.414
1/1/2017				0.417

(a) See Exhibit 8.1.

(b) See AC 15-06-01, Exhibit 4.4.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC 15-06-01, Exhibit 6.4, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 on-level ratios.

**Developed Loss Ratios Using Latest Year Paid Loss Development Factors  
Adjusted for Insurer Mix  
Based on Experience as of March 31, 2015**

	(1)	(2) Indemnity		(3)	(4)	(5)	(6) Medical		(7)	(8)	(9)
Accident	Paid	Development Factors		Developed	Loss	Paid	Development Factors		Developed	Loss	Total
Year	Loss Ratio(a)	Annual	Cumulative(b)	Ratio(c)	(1) x (3)	Loss Ratio(a)	Annual	Cumulative(d)	Ratio(c)	(5) x (7)	Developed
											Loss
											Ratio
											(4) + (8)
2005	0.111	---	1.060	0.118	0.156	---	1.369	0.213	0.331		
2006	0.141	---	1.090	0.153	0.197	---	1.411	0.279	0.432		
2007	0.188	---	1.136	0.214	0.269	---	1.475	0.397	0.611		
2008	0.233	---	1.202	0.280	0.326	---	1.563	0.510	0.790		
2009	0.257	---	1.275	0.328	0.363	---	1.668	0.606	0.934		
2010	0.234	---	1.387	0.325	0.334	---	1.827	0.611	0.935		
2011	0.195	---	1.559	0.304	0.255	---	2.055	0.524	0.827		
2012	0.146	---	1.904	0.277	0.185	---	2.491	0.461	0.739		
2013	0.087	---	2.811	0.244	0.112	---	3.465	0.389	0.633		
2014	0.033	---	6.730	0.225	0.052	---	6.707	0.350	0.575		

- (a) Based on AC 15-06-01, 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 2014 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, 2015**

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	1.379	0.763	0.213
2006	0.153	1.363	0.980	0.213
2007	0.214	1.320	1.252	0.225
2008	0.280	1.244	1.513	0.230
2009	0.328	1.219	1.630	0.245
2010	0.325	1.202	1.483	0.263
2011	0.304	1.183	1.351	0.266
2012	0.277	1.158	1.207	0.266
2013	0.244	1.164	1.058	0.268
2014	0.225	1.057	0.975	0.243
				Projections (d)
2015				0.256
2016				0.256
1/1/2017				0.254

(a) See Exhibit 9.1.

(b) Based on AC 15-06-01, Exhibit 4.1.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC 15-06-01, Exhibit 6.2, the actual frequency trend for accident year 2014 from AC 15-06-01, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 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, 2015**

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 (1)×(2)÷(3)
2005	0.213	0.997	0.763	0.278
2006	0.279	1.047	0.980	0.298
2007	0.397	1.028	1.252	0.326
2008	0.510	1.020	1.513	0.344
2009	0.606	1.006	1.630	0.374
2010	0.611	1.003	1.483	0.413
2011	0.524	1.000	1.351	0.388
2012	0.461	0.999	1.207	0.382
2013	0.389	1.052	1.058	0.387
2014	0.350	1.026	0.975	0.368
				Projections (d)
2015				0.392
2016				0.401
1/1/2017				0.403

(a) See Exhibit 9.1.

(b) Based on AC 15-06-01, Exhibit 4.4.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC 15-06-01, Exhibit 6.4, the actual frequency trend for accident year 2014 from AC 15-06-01, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 on-level ratios.

**Projected Indemnity Loss Ratio Using the Bornhuetter-Ferguson (BF) Paid Development Method  
Accident Year 2014 Indemnity Projected from 15 Months to 27 Months**

1. AY 2014 Reported Paid Indemnity Loss Ratio at 15 Months (Based on Exhibit 1 of AC 15-06-01)	0.033
2. Reported Paid Indemnity Loss Ratios at 27 Months for ELR	
a) AY 2012 (Based on March 31, 2014 Experience)	0.099
b) AY 2013 (Based on Exhibit 1 of AC 15-06-01)	0.087
3. Frequency Adjustments to AY 2014 (Based on Exhibit 12 of AC 15-06-01 )	
a) AY 2012-2013 Frequency Change	0.5%
b) AY 2013-2014 Frequency Change	-0.2%
4. Average Indemnity Severity Change, AY 2008-2013 (Based on Exhibit 6.2 of AC 15-06-01)	-0.9%
5. Composite Indemnity On-Level Adjustment Factors (Based on Exhibit 4.1 of AC 15-06-01) <sup>1</sup>	
a) AY 2012 to Current	1.158
b) AY 2013 to Current	1.164
c) AY 2014 to Current	1.057
6. Composite Premium On-Level Adjustment Factors (Based on Exhibit 5.2 of AC 15-06-01)	
a) CY 2012 to Current	1.207
b) CY 2013 to Current	1.058
c) CY 2014 to Current	0.975
7. AY 2014 Expected Paid Indemnity Loss Ratio at 27 Months	
a) Projected from 2012 = (2a) * [1 + (3a)] * [1 + (3b)] * [1 + (4)] <sup>2</sup> * [(5a) / (5c)] / [(6a) / (6c)]	0.086
b) Projected from 2013 = (2b) * [1 + (3b)] * [1 + (4)] * [(5b) / (5c)] / [(6b) / (6c)]	0.087
c) Average of 2012 and 2013 Projections = [(7a) + (7b)] / 2	0.087
8. Projected Indemnity 15-to-27 Paid Development Factor (Based on Exhibit 2.5.1 of AC 15-06-01)	2.414
9. Projected AY 2014 Paid Indemnity Loss Ratio at 27 Months = (1) + (7c) * [1 - 1 / (8)]	0.084

<sup>1</sup>Includes full impact of SB 863.

**Projected Medical Loss Ratio Using the Bornhuetter-Ferguson (BF) Paid Development Method  
Accident Year 2014 Medical Projected from 15 Months to 27 Months**

	Adjusted for Reforms <sup>1</sup>
1. AY 2014 Reported Paid Medical Loss Ratio at 15 Months (Based on Exhibit 1 of AC 15-06-01)	0.052
2. Reported Paid Medical Loss Ratios at 27 Months for ELR	
a) AY 2012 (Based on March 31, 2014 Experience)	0.132
b) AY 2013 (Based on Exhibit 1 of AC 15-06-01)	0.113
3. Frequency Adjustments to AY 2014 (Based on Exhibit 12 of AC 15-06-01 )	
a) AY 2012-2013 Frequency Change	0.5%
b) AY 2013-2014 Frequency Change	-0.2%
4. Average Medical Severity Change, AY 2008-2013 (Based on Exhibit 6.3 of AC 15-06-01)	0.6%
5. Composite Medical On-Level Adjustment Factors (Based on Exhibit 4.4 of AC 15-06-01)	
a) AY 2012 to Current	1.034
b) AY 2013 to Current	1.035
c) AY 2014 to Current	1.019
6. Composite Premium On-Level Adjustment Factors (Based on Exhibit 5.2 of AC 15-06-01)	
a) CY 2012 to Current	1.207
b) CY 2013 to Current	1.058
c) CY 2014 to Current	0.975
7. AY 2014 Expected Paid Medical Loss Ratio at 27 Months	
a) Projected from 2012 = (2a) * [1 + (3a)] * [1 + (3b)] * [1 + (4)] <sup>2</sup> * [(5a) / (5c)] / [(6a) / (6c)]	0.110
b) Projected from 2013 = (2b) * [1 + (3b)] * [1 + (4)] * [(5b) / (5c)] / [(6b) / (6c)]	0.106
c) Average of 2012 and 2013 Projections = [(7a) + (7b)] / 2	0.108
8. Projected Medical 15-to-27 Paid Development Factor (Based on Exhibit 2.6.1 of AC 15-06-01)	1.925
9. Projected AY 2014 Paid Medical Loss Ratio at 27 Months = (1) + (7c) * [1 - 1 / (8)]	0.104

<sup>1</sup>Based on experience evaluated as of March 31, 2015. Reflects an adjustment for SB 863 of -4.9% applied to payments made before January 1, 2013, and adjustments for RBRVS of 0.9% applied to payments made before January 1, 2014, and 0.6% 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, 2015**

	(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	
<u>Year</u>	<u>Loss Ratio(a)</u>	<u>Factor(b)</u>	<u>Unadjusted for SB863</u>	<u>Adjusted for SB863</u>	<u>Loss Ratio (1) x (3)</u>		<u>Loss Ratio(c)</u>	<u>Factor(d)</u>	<u>Factor</u>	<u>Loss Ratio (6) x (8)</u>	<u>Loss Ratio (5) + (9)</u>	
2005	0.111	1.017	1.110	1.110	0.123		0.151	1.031	1.419	0.214	0.338	
2006	0.141	1.024	1.137	1.137	0.160		0.191	1.037	1.471	0.282	0.442	
2007	0.188	1.032	1.174	1.174	0.221		0.262	1.042	1.532	0.401	0.622	
2008	0.233	1.042	1.223	1.223	0.285		0.317	1.053	1.614	0.512	0.797	
2009	0.257	1.054	1.289	1.289	0.332		0.354	1.069	1.725	0.611	0.943	
2010	0.234	1.084	1.397	1.397	0.327		0.328	1.098	1.894	0.621	0.948	
2011	0.195	1.129	1.578	1.570	0.306		0.252	1.137	2.153	0.542	0.847	
2012	0.146	1.227	1.936	1.926	0.281		0.185	1.221	2.629	0.487	0.767	
2013	0.087	1.477	2.859	2.905	0.252		0.113	1.390	3.655	0.414	0.666	
2014	0.084		2.859	3.099	0.261		0.104		3.655	0.382	0.642	

- (a) Based on AC 15-06-01, Exhibit 1. The 2014 indemnity loss ratios 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 AC 15-06-01, Exhibit 2.5.
- (c) Based on experience evaluated as of March 31, 2015. Reflects an adjustment for SB 863 of -4.9% applied to payments made before January 1, 2013, and adjustments for RBRVS of 0.9% applied to payments made before January 1, 2014, and 0.6% applied to payments made before January 1, 2015. The 2014 adjusted loss ratio is based on Exhibit 10.2.
- (d) Age-to-age factors for developing accident years 2010 to 2014 were adjusted for changes in claim settlement rates based on 3-year average selections (see Exhibit 5.12, Item R). Age-to-age factors for developing accident years 2005 to 2014 reflect an adjustment for SB 863 of -4.6% applied to payments made before January 1, 2013, and adjustments for RBRVS of 0.9% applied to payments made before January 1, 2014, and 0.6% 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, 2015**

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	1.379	0.763	0.223
2006	0.160	1.363	0.980	0.223
2007	0.221	1.320	1.252	0.233
2008	0.285	1.244	1.513	0.234
2009	0.332	1.219	1.630	0.248
2010	0.327	1.202	1.483	0.265
2011	0.306	1.189	1.351	0.269
2012	0.281	1.164	1.207	0.271
2013	0.252	1.164	1.058	0.277
2014	0.261	1.057	0.975	0.282
				Projections (d)
2015				0.280
2016				0.280
1/1/2017				0.278

(a) See Exhibit 10.3.

(b) Based on AC 15-06-01, Exhibit 4.1.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC 15-06-01, Exhibit 6.2, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 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, 2015**

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 (1)×(2)÷(3)
2005	0.214	1.032	0.763	0.290
2006	0.282	1.084	0.980	0.311
2007	0.401	1.064	1.252	0.341
2008	0.512	1.056	1.513	0.357
2009	0.611	1.042	1.630	0.390
2010	0.621	1.039	1.483	0.435
2011	0.542	1.035	1.351	0.415
2012	0.487	1.034	1.207	0.417
2013	0.414	1.035	1.058	0.405
2014	0.382	1.019	0.975	0.399
				Projections (d)
2015				0.417
2016				0.427
1/1/2017				0.429

- (a) See Exhibit 10.3.
- (b) Based on Part A, Section B, Exhibit 4.4.
- (c) See Part A, Section B, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC 15-06-01, Exhibit 6.4, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then separately applied to the 2013 and 2014 on-level ratios.

**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 2014  
Based on Experience as of March 31, 2015**

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	1.379	0.763	0.223
2006	0.160	1.363	0.980	0.223
2007	0.221	1.320	1.252	0.233
2008	0.285	1.244	1.513	0.234
2009	0.332	1.219	1.630	0.248
2010	0.327	1.202	1.483	0.265
2011	0.306	1.189	1.351	0.269
2012	0.281	1.164	1.207	0.271
2013	0.252	1.164	1.058	0.277
2014	0.247	1.057	0.975	0.267
				Projected (d)
2015				0.268
2016				0.267
1/1/2017				0.265

(a) See AC 15-06-01, Exhibit 3.1.

(b) See AC 15-06-01, Exhibit 4.1.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC 15-06-01, Exhibit 6.2 and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then applied to the 2014 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 2014  
Based on Experience as of March 31, 2015**

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 (1)×(2)÷(3)
2005	0.214	1.032	0.763	0.290
2006	0.282	1.084	0.980	0.311
2007	0.401	1.064	1.252	0.341
2008	0.512	1.056	1.513	0.357
2009	0.611	1.042	1.630	0.390
2010	0.621	1.039	1.483	0.435
2011	0.542	1.035	1.351	0.415
2012	0.487	1.034	1.207	0.417
2013	0.414	1.035	1.058	0.405
2014	0.369	1.019	0.975	0.386
				Projected (d)
2015				0.396
2016				0.405
1/1/2017				0.407

(a) See AC 15-06-01, Exhibit 3.2.

(b) See AC 15-06-01, Exhibit 4.4.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC 15-06-01, Exhibit 6.4 and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then applied to the 2014 on-level ratio.

**Projected On-Level Accident Year  
Indemnity Loss to Industry Average Filed Pure Premium Ratios  
Separate Applications of Frequency and Post-2005 Severity Trends  
Applied to Accident Years 2013 and 2014  
Based on Experience as of March 31, 2015**

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	1.379	0.763	0.223
2006	0.160	1.363	0.980	0.223
2007	0.221	1.320	1.252	0.233
2008	0.285	1.244	1.513	0.234
2009	0.332	1.219	1.630	0.248
2010	0.327	1.202	1.483	0.265
2011	0.306	1.189	1.351	0.269
2012	0.281	1.164	1.207	0.271
2013	0.252	1.164	1.058	0.277
2014	0.247	1.057	0.975	0.267
				Projected (d)
2015				0.277
2016				0.280
1/1/2017				0.280

(a) See AC 15-06-01, Exhibit 3.1.

(b) See AC 15-06-01, Exhibit 4.1.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend of approximately 1.2% based on accident years 2005 to 2013 in AC 15-06-01, Exhibit 6.2, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then applied to the 2013 and 2014 on-level ratios.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Separate Applications of Frequency and Post-2005 Severity Trends  
Applied to Accident Years 2013 and 2014  
Based on Experience as of March 31, 2015**

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 (1)×(2)÷(3)
2005	0.214	1.032	0.763	0.290
2006	0.282	1.084	0.980	0.311
2007	0.401	1.064	1.252	0.341
2008	0.512	1.056	1.513	0.357
2009	0.611	1.042	1.630	0.390
2010	0.621	1.039	1.483	0.435
2011	0.542	1.035	1.351	0.415
2012	0.487	1.034	1.207	0.417
2013	0.414	1.035	1.058	0.405
2014	0.369	1.019	0.975	0.386
				Projected (d)
2015				0.419
2016				0.435
1/1/2017				0.440

(a) See AC 15-06-01, Exhibit 3.2.

(b) See AC 15-06-01, Exhibit 4.4.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend of approximately 3.9% based on accident years 2005 to 2013 in AC 15-06-01, Exhibit 6.4, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then applied to the 2013 and 2014 on-level ratios.

**Projected On-Level Accident Year  
Indemnity Loss to Industry Average Filed Pure Premium Ratios  
Separate Applications of Frequency and Post-2008 Severity Trends  
Applied to Accident Years 2013 and 2014  
Based on Experience as of March 31, 2015**

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	1.379	0.763	0.223
2006	0.160	1.363	0.980	0.223
2007	0.221	1.320	1.252	0.233
2008	0.285	1.244	1.513	0.234
2009	0.332	1.219	1.630	0.248
2010	0.327	1.202	1.483	0.265
2011	0.306	1.189	1.351	0.269
2012	0.281	1.164	1.207	0.271
2013	0.252	1.164	1.058	0.277
2014	0.247	1.057	0.975	0.267
				Projected (d)
2015				0.269
2016				0.266
1/1/2017				0.263

(a) See AC 15-06-01, Exhibit 3.1.

(b) See AC 15-06-01, Exhibit 4.1.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend of approximately -0.9% based on accident years 2008 to 2013 in AC 15-06-01, Exhibit 6.2, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then applied to the 2013 and 2014 on-level ratios.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Separate Applications of Frequency and Post-2008 Severity Trends  
Applied to Accident Years 2013 and 2014  
Based on Experience as of March 31, 2015**

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 (1)×(2)÷(3)
2005	0.214	1.032	0.763	0.290
2006	0.282	1.084	0.980	0.311
2007	0.401	1.064	1.252	0.341
2008	0.512	1.056	1.513	0.357
2009	0.611	1.042	1.630	0.390
2010	0.621	1.039	1.483	0.435
2011	0.542	1.035	1.351	0.415
2012	0.487	1.034	1.207	0.417
2013	0.414	1.035	1.058	0.405
2014	0.369	1.019	0.975	0.386
				Projected (d)
2015				0.399
2016				0.401
1/1/2017				0.399

(a) See AC 15-06-01, Exhibit 3.2.

(b) See AC 15-06-01, Exhibit 4.4.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend of approximately 0.6% based on accident years 2008 to 2013 in AC 15-06-01, Exhibit 6.4, the actual frequency trend for accident year 2014 from AC 15-06-01, Exhibit 12, and projected frequency trends for accident years 2015, 2016, and 2017 from AC 15-06-01, Exhibit 6.1; these trends were then applied to the 2013 and 2014 on-level ratios.

**Projected On-Level Accident Year  
Indemnity Loss to Industry Average Filed Pure Premium Ratios  
Post-2005 Exponential Trend  
Based on Experience as of March 31, 2015**

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	1.379	0.763	0.223
2006	0.160	1.363	0.980	0.223
2007	0.221	1.320	1.252	0.233
2008	0.285	1.244	1.513	0.234
2009	0.332	1.219	1.630	0.248
2010	0.327	1.202	1.483	0.265
2011	0.306	1.189	1.351	0.269
2012	0.281	1.164	1.207	0.271
2013	0.252	1.164	1.058	0.277
2014	0.247	1.057	0.975	0.267
				Projected (d)
2015				0.286
2016				0.295
1/1/2017				0.299

(a) See AC 15-06-01, Exhibit 3.1.

(b) See AC 15-06-01, Exhibit 4.1.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 3.2% based on the 2005 to 2013 on-level indemnity to industry average filed pure premium ratios to each of the 2013 and 2014 on-level indemnity to industry average filed pure premium ratios. Each stated projection is equal to the average of the corresponding trended on-level ratios.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Post-2005 Exponential Trend  
Based on Experience as of March 31, 2015**

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 (1)×(2)÷(3)	(5) On-Level Medical to Industry Average Filed Pure Premium Ratio(e)
2005	0.214	1.032	0.763	0.290	0.290
2006	0.282	1.084	0.980	0.311	0.311
2007	0.401	1.064	1.252	0.341	0.341
2008	0.512	1.056	1.513	0.357	0.357
2009	0.611	1.042	1.630	0.390	0.390
2010	0.621	1.039	1.483	0.435	0.435
2011	0.542	1.035	1.351	0.415	0.458
2012	0.487	1.034	1.207	0.417	0.461
2013	0.414	1.035	1.058	0.405	0.452
2014	0.369	1.019	0.975	0.386	0.430
				Projected (d)	
2015				0.435	
2016				0.463	
1/1/2017				0.477	

(a) See AC 15-06-01, Exhibit 3.2.

(b) See AC 15-06-01, Exhibit 4.4.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 6.4% based on the 2005 to 2013 on-level medical to industry average filed pure premium ratios to each of the 2013 and 2014 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) 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  
Post-2008 Exponential Trend Applied to Accident Years 2013 and 2014  
Based on Experience as of March 31, 2015**

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	1.379	0.763	0.223
2006	0.160	1.363	0.980	0.223
2007	0.221	1.320	1.252	0.233
2008	0.285	1.244	1.513	0.234
2009	0.332	1.219	1.630	0.248
2010	0.327	1.202	1.483	0.265
2011	0.306	1.189	1.351	0.269
2012	0.281	1.164	1.207	0.271
2013	0.252	1.164	1.058	0.277
2014	0.247	1.057	0.975	0.267
				Projected (d)
2015				0.286
2016				0.295
1/1/2017				0.300

(a) See AC 15-06-01, Exhibit 3.1.

(b) See AC 15-06-01, Exhibit 4.1.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 3.3% based on the 2008 to 2013 on-level indemnity to industry average filed pure premium ratios to each of the 2013 and 2014 on-level indemnity to industry average filed pure premium ratios. Each stated projection is equal to the average of the corresponding trended on-level ratios.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Post-2008 Exponential Trend Applied to Accident Years 2013 and 2014  
Based on Experience as of March 31, 2015**

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 (1)×(2)÷(3)	(5) On-Level Medical to Industry Average Filed Pure Premium Ratio(e)
2005	0.214	1.032	0.763	0.290	0.290
2006	0.282	1.084	0.980	0.311	0.311
2007	0.401	1.064	1.252	0.341	0.341
2008	0.512	1.056	1.513	0.357	0.357
2009	0.611	1.042	1.630	0.390	0.390
2010	0.621	1.039	1.483	0.435	0.435
2011	0.542	1.035	1.351	0.415	0.458
2012	0.487	1.034	1.207	0.417	0.461
2013	0.414	1.035	1.058	0.405	0.452
2014	0.369	1.019	0.975	0.386	0.430
				Projected (d)	
2015				0.426	
2016				0.448	
1/1/2017				0.459	

(a) See AC 15-06-01, Exhibit 3.2.

(b) See AC 15-06-01, Exhibit 4.4.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 5.1% based on the 2008 to 2013 on-level medical to industry average filed pure premium ratios to each of the 2013 and 2014 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) 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  
Post-2008 Exponential Trend Applied to Accident Year 2014  
Based on Experience as of March 31, 2015**

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	1.379	0.763	0.223
2006	0.160	1.363	0.980	0.223
2007	0.221	1.320	1.252	0.233
2008	0.285	1.244	1.513	0.234
2009	0.332	1.219	1.630	0.248
2010	0.327	1.202	1.483	0.265
2011	0.306	1.189	1.351	0.269
2012	0.281	1.164	1.207	0.271
2013	0.252	1.164	1.058	0.277
2014	0.247	1.057	0.975	0.267
				Projected (d)
2015				0.276
2016				0.285
1/1/2017				0.290

(a) See AC 15-06-01, Exhibit 3.1.

(b) See AC 15-06-01, Exhibit 4.1.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 3.3% based on the 2008 to 2013 on-level indemnity to industry average filed pure premium ratios to the 2014 on-level indemnity to industry average filed pure premium ratio.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Post-2008 Exponential Trend Applied to Accident Year 2014  
Based on Experience as of March 31, 2015**

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 (1)×(2)÷(3)	(5) On-Level Medical to Industry Average Filed Pure Premium Ratio(e)
2005	0.214	1.032	0.763	0.290	0.290
2006	0.282	1.084	0.980	0.311	0.311
2007	0.401	1.064	1.252	0.341	0.341
2008	0.512	1.056	1.513	0.357	0.357
2009	0.611	1.042	1.630	0.390	0.390
2010	0.621	1.039	1.483	0.435	0.435
2011	0.542	1.035	1.351	0.415	0.458
2012	0.487	1.034	1.207	0.417	0.461
2013	0.414	1.035	1.058	0.405	0.452
2014	0.369	1.019	0.975	0.386	0.430
				Projected (d)	
2015				0.405	
2016				0.426	
1/1/2017				0.436	

(a) See AC 15-06-01, Exhibit 3.2.

(b) See AC 15-06-01, Exhibit 4.4.

(c) See AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 5.1% based on the 2008 to 2013 on-level medical to industry average filed pure premium ratios to the 2014 on-level medical to industry average filed pure premium ratio.

(e) 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  
Post-2008 Exponential Trend with no Adjustment for the Impact of Wage Inflation  
Applied to Accident Years 2013 and 2014  
Based on Experience as of March 31, 2015**

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	1.185	0.545	0.268
2006	0.160	1.190	0.732	0.260
2007	0.221	1.171	0.978	0.264
2008	0.285	1.111	1.206	0.262
2009	0.332	1.091	1.307	0.277
2010	0.327	1.087	1.225	0.290
2011	0.306	1.092	1.151	0.290
2012	0.281	1.089	1.065	0.287
2013	0.252	1.093	0.939	0.294
2014	0.247	1.007	0.889	0.279
				Projected (d)
2015				0.295
2016				0.301
1/1/2017				0.304

(a) See AC 15-06-01, Exhibit 3.1.

(b) Based on AC 15-06-01, Exhibit 4.1.

(c) Based on AC 15-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 1.9% based on the 2008 to 2013 on-level indemnity to industry average filed pure premium ratios to each of the 2013 and 2014 on-level indemnity to industry average filed pure premium ratios. Each stated projection is equal to the average of the corresponding trended on-level ratios.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Post-2008 Exponential Trend with no Adjustment for the Impact of Wage Inflation  
Applied to Accident Years 2013 and 2014  
Based on Experience as of March 31, 2015**

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 (1)×(2)÷(3)	(5) On-Level Medical to Industry Average Filed Pure Premium Ratio(e)
2005	0.214	1.032	0.545	0.406	0.406
2006	0.282	1.084	0.732	0.417	0.417
2007	0.401	1.064	0.978	0.436	0.436
2008	0.512	1.056	1.206	0.448	0.448
2009	0.611	1.042	1.307	0.487	0.487
2010	0.621	1.039	1.225	0.526	0.526
2011	0.542	1.035	1.151	0.488	0.538
2012	0.487	1.034	1.065	0.473	0.523
2013	0.414	1.035	0.939	0.456	0.509
2014	0.369	1.019	0.889	0.423	0.471
				Projected (d)	
2015				0.457	
2016				0.468	
1/1/2017				0.474	

- (a) See AC 15-06-01, Exhibit 3.2.
- (b) See AC 15-06-01, Exhibit 4.4.
- (c) Based on AC 15-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected by separately applying an exponential trend of approximately 2.5% based on the 2005 to 2013 on-level medical to industry average filed pure premium ratios to each of the 2013 and 2014 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) These on-level ratios include MCCP and are used to calculate the exponential trend to project future on-level ratios.

Item AC15-08-04  
Computation of Industry Average Filed Rates as of 7/1/2015

In 2011, the WCIRB was directed by the California Insurance Commissioner to modify the manner in which it presents its proposed advisory pure premium rates by benchmarking the average proposed pure premium rate against the industry average filed pure premium rate rather than the average of the advisory pure premium rates in effect. In response, the WCIRB, using a process developed in consultation with California Department of Insurance (CDI) staff, has been computing the industry average filed pure premium rate and using that as a benchmark for advisory pure premium rate indications beginning with the January 1, 2012 Pure Premium Rate Filing.

Staff anticipates benchmarking the proposed January 1, 2016 advisory pure premium rates to the industry average filed pure premium rates as of July 1, 2015. A summary of the computation of the industry average filed pure premium rates as of July 1, 2015 will be presented at the meeting.